



TOWARDS AN INCLUSIVE, INTEGRATED, AND SUSTAINABLE SOCIAL PROTECTION SYSTEM IN LEBANON

Policy Dialogue Series Report



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CONTEXT

The European Union and the United Kingdom Foreign, Commonwealth, & Development Office funded a series of three national policy dialogues on “Promoting Universal Social Protection in Lebanon”. This series was convened by the International Labour Organization (ILO) and the Arab Reform Initiative (ARI), in partnership with Human Rights Watch and Amnesty International. The first dialogue on 12 March 2025 examined “The Sustainability of the Social Assistance System and its Linkages with the Humanitarian Assistance Sector”. The second dialogue on 10 April 2025 explored “Implementation of the New Pension Scheme Under Law 319: Challenges and Opportunities”. The final dialogue on 29 May 2025 addressed “Recovery from a Struggling Health Financing System: Advancing Pathways to Reform.” All dialogues were physically held in Beirut and included online engagement. This policy report compiles the edited policy briefs ensuing from these dialogues, beginning with an introduction that integrates insights from in-depth interviews with five subject matter experts within the framework of “Governance of the Social Protection System in Lebanon under the National Social Protection Strategy”. The report highlights key takeaways from the series and presents a number of actionable policy recommendations.

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The policy dialogue series was coordinated by Ghassan AlDaoud.

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Many thanks to the key informants for their contributions to the introduction.

ABBREVIATIONS

ARI	Arab Reform Initiative
ALI	Association of Lebanese Industrialists
CGTL	Confédération Générale Des Travailleurs Du Liban (General Confederation of Lebanese Workers)
DC	defined contributions
ESSN	emergency social safety net
EOSI	end-of-service indemnity
GRM	grievance redress mechanism
IT	information technology
ILO	International Labour Organization
MEHE	Ministry of Education and Higher Education
MoL	Ministry of Labor
MoPH	Ministry of Public Health
MoSA	Ministry of Social Affairs
NDA	National Disability Allowance
NHA	National Health Authority
NPTP	National Poverty Targeting Program
NSPS	National Strategy for Social Protection
NSSF	National Social Security Fund
NGO	non-governmental organization
PHC	primary healthcare center
PMT	proxy-means testing
UHC	universal health coverage
WFP	World Food Programme
WHO	World Health Organization

INTRODUCTION¹

Diala Ahwach, Farah Al Shami, Ghassan AlDaoud, and Nadi Farag

Lebanon stands at a critical juncture in the evolution of its social protection system. In recent years, a succession of shocks, including the financial and economic collapse since 2019, the COVID-19 pandemic, the August 2020 Beirut port explosion, and the 2023-2024 conflict between Israel and Lebanon, has exposed deep structural weaknesses in the country's fragmented social protection architecture. These shocks have amplified poverty, widened social disparities, and revealed the limited ability of existing schemes to provide universal, equitable, and shock-responsive protection to the population.

Yet, the same crises have spurred unprecedented momentum for reform, culminating in the adoption of the National Social Protection Strategy (NSPS), the launch of the National Disability Allowance (NDA), consolidation of poverty-targeted programs into the scaled-up emergency social assistance program (AMAN), and the passage of Law 319, which introduces a new pension system.

The three policy dialogues, complemented by insights from interviews conducted with five key experts and stakeholders, converge on a central message: Lebanon must transition from a patchwork of donor-dependent programs and ad hoc emergency responses to an integrated, rights-based social protection system. Achieving this will require addressing three interlinked imperatives, starting from strengthening governance and coordination of the social protection system, ensuring financial sustainability, and adopting a systemic and coherent approach that links social assistance, social insurance, and humanitarian aid, all the while learning from the failures and successes of previous programs.

From Fragmentation to Governance: Bridging the Gap Between Strategy and Implementation

At the heart of the challenges facing Lebanon's social protection system lies fragmentation. Responsibilities are dispersed across multiple ministries and agencies, such as the Ministry of Social Affairs (MoSA), the National Social Security Fund (NSSF), the Ministry of Labor (MoL), the Ministry of Public Health (MoPH), the Ministry of Education and Higher Education (MEHE), and other entities. Overlapping mandates and parallel delivery mechanisms have led to duplication, inefficiency, and inequitable access, while humanitarian actors – both local and international – operate largely outside formal state structures, reactively filling gaps with temporary interventions. This institutional patchwork means the system is vulnerable to political and financial volatility.

As emphasized by Khalil Dagher, “coordination is not an administrative detail but the bridge between vision and execution”. As such, the essential dimensions of coordination include:

- **Policy-level coordination** to ensure coherence across policy frameworks and strategies across key sectors (social affairs, labor, finance, health, and education), and to promote a coherent vision.
- **Programmatic coordination** to harmonize assistance programs and schemes to ensure complementarities, close coverage gaps, and maximize their multidimensional impact.
- **Administrative and operational coordination** to reduce duplication and improve efficiency through national mechanisms such as unified registries and grievance redressal mechanisms (GRMs).
- **Vertical coordination** linking central policymaking with local implementation for more inclusive and responsive service delivery.

¹ Interviews in July 2025 with Khalil Dagher (Social Policy Specialist, UNICEF Lebanon), Lamia Moubayed Bissat (President of the Institut des Finances Basil Fuleihan), Lara El Feghaly (Public/Social Policy Expert), Lea Yammine (Co-Director of the Centre for Social Sciences Research and Action), and Sadek Alawieh (Member of the Economic, Social, & Environmental Council and Legal Researcher in Social Protection Affairs).

Yet, much of Lebanon's current coordination mechanisms are informal and rely on personal networks or ad hoc donor-driven structures. Formalizing social protection governance is thus a precondition for implementing the NSPS. To that end, immediate steps could include activating an inter-ministerial committee on social protection, chaired by MoSA and supported by a dedicated coordination unit, whether it takes the form of a technical committee or a governance/policy steering committee supported by a technical secretariat, for example. In the medium term, more ambitious institutional options may be pursued, as suggested by Lara El Feghaly, such as "merging selected social sector ministries to create a single social development ministry or establishing an independent social protection fund combining contributory and non-contributory benefits, following Oman's model".

Such reforms must be rules-based, inclusive, and transparent with clear mandates, with mechanisms for horizontal and vertical integration, and "institutionalized stakeholder participation, including civil society, social partners, and local authorities", as stressed by Lea Yammine. This would ensure that the social protection system evolves from a series of disconnected programs to a coherent system that is capable of sustaining public trust and reinforcing the social contract.

Financing Social Protection: Building Fiscal Space and Sustainability

Even with robust governance, Lebanon cannot achieve universal and sustainable social protection without reliable financing. As highlighted by Lamia Moubayed Bissat, "the country's macroeconomic context is extremely constrained: real GDP contracted by 7% in 2024 amid renewed conflict. The banking sector remains insolvent and public finances have been eroded, with limited fiscal space for discretionary spending". Historically, social protection spending has been low and misclassified, often dominated by regressive subsidies, such as fuel or commodity support, rather than direct investments in human capabilities.

Despite these challenges, recent reforms offer glimmers of progress. The NDA, for instance, transitioned within two years from a donor-funded pilot to a nationally co-financed program, signaling political will and the creation of a new budget line for social grants. The consolidation of the National Poverty Targeted Program (NPTP) and the Emergency Social Safety Net (ESSN) into the AMAN program streamlines resource allocation and opens potential linkages between social assistance and humanitarian assistance programs.

A multi-pronged social protection financing strategy should:

- **Recognize the overall and primary responsibility of the State:** This would entail a clear commitment to progressively increase the share of domestic resources allocated to financing social protection, recognizing it as a public good and a fundamental component of the social contract.
- **Mobilize and diversify domestic financing instruments:** This can include a mix of progressive taxation, improved compliance, gradual formalization of the informal economy, and contributory mechanisms (from workers, employers, and the Government), earmarking specific budget lines, and reprioritizing fiscal policy (i.e. phasing out inefficient expenditures and redirecting resources toward universal and shock-responsive programs).

Nonetheless, as pointed out by Sadek Alawieh, "financing social protection is not only a fiscal question but also a political choice, which implies that building consensus in parliament and among key stakeholders – especially in the run-up to municipal and parliamentary elections – is crucial to sustaining reforms". Demonstrating both the economic and social returns of social spending and investment in social protection, from growth and poverty reduction to enhanced resilience and social cohesion, can help secure buy-in for sustained allocations.

Integrating Humanitarian Assistance and Social Protection: Towards a Shock-Responsive System

Lebanon's repeated crises have blurred the line between humanitarian assistance, social protection, and other social policies such as health, education, and housing. Donor-funded emergency programs have long provided extensive and multi-sectoral support, which could not, however, fill the gap left by the absence of a nationally owned, universal social protection system. While these interventions provide life-saving support, they also entrench parallel systems, thus undermining capacity of the State and long-term sustainability.

A central insight from the policy dialogues was the need to integrate humanitarian assistance into a state-led, shock-responsive social protection system. The recent conflict highlighted both the potential of current arrangements and their limitations. While the World Food Programme (WFP) used the NPTP registry to deliver emergency cash to 58,000 households (demonstrating the value of leveraging national systems), delays in disbursement and limited coverage exposed systemic weaknesses.

In addition, while the NDA emergency transfer was relatively fast because the database of the Rights and Access Program was up-to-date, its coverage was limited to the registry of people with disabilities.²

A resilient model requires a nationally owned, flexible, and scalable set of social assistance programs, with potential for expansion or contraction – both vertically and horizontally – during and after crises. This enables beneficiaries of humanitarian aid to be transitioned to social security schemes. For that to be possible, humanitarian actors should function as partners within a government-led framework, rather than through parallel coordination. While past coordination mechanisms provide important lessons of success, the path forward requires additional substantive mechanisms such as a National Social Assistance Committee, including development agencies, a unified national registry, joint monitoring and a grievance redressal system to effectively operationalize the humanitarian-development-peace nexus within Lebanon's overall social protection system.

This approach is consistent with the life-cycle and universalist vision of the NSPS, moving away from tangential humanitarian aid and transient poverty-targeting schemes and toward inclusive programs like the NDA, child grants, and old-age benefits. Syrian refugees and displaced populations should also be included in this strategic vision. By embedding humanitarian aid within a coherent social protection system, it is possible to reduce duplication, enhance efficiency, and ensure continuity from crisis response to long-term social security.

From Programs to Systems: A Strategic Way Forward

In conclusion, the three policy briefs presented here underscore a strategic inflection point: Lebanon has taken important legislative and programmatic steps, from launching the NDA to adopting Law 319, but the real challenge lies in putting these reforms into practice and translating them into an operational, integrated system. To achieve this, four main policy actions are required:

- **Institutionalize governance and coordination** with clear mandates, budgets, and accountability lines to bridge strategy and implementation.
- **Secure sustainable financing** through domestic resource redistribution and fiscal reprioritization.

² Saghir, C., Al Shami, F., Tonea, D. Lebanon's Social Protection System Suffers Amidst the Current War: Urgent Action Needed! Policy Paper. Arab Reform Initiative and CAMEALEON, 3 Oct. 2024. URL: <https://camealeon.org/lebanons-social-protection-system-suffers-amidst-the-current-war-urgent-action-needed/>

- **Embed humanitarian assistance** within a national shock-responsive system.
- **Invest in data systems and monitoring** to ensure transparency, accountability, and evidence-based decision-making. This will pave the way for universalism and life-cycle approaches, which can reduce fragmentation while rebuilding the social contract.

As Khalil Dagher aptly framed it, **“Lebanon must shift from the logic of programs to the logic of systems.”** Such transformation cannot happen automatically but, rather, demands political will, technical innovation, and inclusive social dialogue. The foundations for it are now in place – a national strategy, emerging institutional structures, and growing public recognition that social protection is not a luxury, but critical for managing everyday life-cycle risks, mitigating crises and promoting recovery.

If Lebanon can realize these reforms, it will move closer to fulfilling the NSPS vision for a rights-based, universal, and sustainable social protection system that not only protects citizens from shocks, but also contributes to rebuilding trust, fostering social cohesion, and enabling inclusive human and economic development at large.

Sustainability of the Social Assistance System and Linkages with the Humanitarian Assistance Sector³

Policy Brief 1

³ This brief is based on the policy dialogue held on 12 March 2025, with contributions from Alessandra Viezzer (Head of Cooperation, EU Lebanon), Akhil Iyer (Representative, UNICEF Lebanon). The roundtable discussion commentators were Cynthia Saghir (Social Protection Policy Advisor, CAMEALEON Consortium), Kristine Beckerle (Deputy Regional Director and Beirut Office Director, Amnesty International) and Diana Tonea (Inter-Agency Senior Cash Advisor, United Nations Resident Coordinator Office Lebanon). Their insights were further complemented by questions, comments, and interventions from the event's audience

BACKGROUND

The first policy dialogue was held at a critical moment for Lebanon, as the country's social protection system stands at a pivotal juncture. In recent years, several developments have created a major opportunity for reform: the introduction of the NDA; amendments to the Social Security Law; the adoption of Law 319 (introducing a new pension scheme within the NSSF); significant reforms to the governance and operational framework of the NSSF; and the approval of the NSPS. In parallel, Lebanon's two main poverty-targeted social assistance programs – the ESSN and the NPTP – are currently being merged into a single, integrated, and scaled up national social assistance program, referred to as AMAN. These promising developments may gain additional support from the new Government's reform-oriented agenda, the election of a new president, and a political environment that appears to be more open to structural reforms.

Despite positive momentum, Lebanon's social protection system remains fragile, fragmented, and exclusionary. Fragmentation across institutions and programs, between contributory and non-contributory programs and schemes, and between national and humanitarian actors requires building robust legal and institutional frameworks to advance reforms and close gaps in legislation, as well as differences between the legislative and executive branches. These challenges were aggravated by the conflict between Israel and Lebanon, which began in October 2023 and intensified in September 2024, before a ceasefire was agreed in November 2024. Ongoing instability and attacks, especially in the South and Bekaa regions, further deepened humanitarian needs, exacerbating vulnerabilities and inequalities, straining the State's limited resources, thereby exposing underlying deficiencies in the social protection system. This has highlighted a critical need for universal social protection, and underscored the need for a sustainable social assistance system, with enhanced coordination and integration with the humanitarian assistance sector.

The NDA still prioritizes a narrow age group and provides limited benefits. Poverty-targeted social assistance programs continue to exhibit persistent weaknesses, such as ineffective targeting, and expensive and burdensome certification procedures, which increase exclusion risks and endanger sustainability.⁴ This has led to a reliance on patchy and transient humanitarian programs delivered by national and international NGOs, which assume a large presence in the social protection space in Lebanon.

These issues formed the crux of the first national dialogue, which convened a diverse group of stakeholders, including academics, political reformers, social justice and human rights activists, policymakers, donors, and representatives from civil society, international organizations, humanitarian NGOs, labor unions, and others. Panelists and participants explored the following questions:

- How can social assistance in Lebanon deliver meaningful benefits while ensuring affordability and sustainability?
- How can we improve the targeting mechanisms of poverty-targeted social assistance programs and enhance their rights-based nature, and find complementarity with a life-cycle approach to social protection?
- What universal social grants should be introduced and how can this be done within the current constraints on fiscal space?
- What are the cross-cutting challenges (financial, institutional, etc.) and how to overcome them?
- How can we ensure better coordination between humanitarian actors and the state-led social assistance system?
- How to transition beneficiaries of humanitarian assistance programs to the latter system?

⁴ Amnesty International, Human Rights Watch, and Arab Reform Initiative, "Lebanon's Poverty Crisis: A Dire Need for Universal Social Security", August 2024, available at <https://www.arab-reform.net/publication/lebanons-poverty-crisis-a-dire-need-for-universal-social-security/>; CAMEALEON and Arab Reform Initiative, "Lebanon's Social Protection System Suffers Amidst the Current War: Urgent Action Needed!", October 2024, available at <https://camealeon.org/wp-content/uploads/2025/07/SP-War-Policy-Paper-Final.pdf>

Centre for Social Sciences Research and Action, Beirut, "No Reform Without Rights: Rights-Based vs. Donor-Led Approaches of Social Protection in Lebanon", May 2025, available at https://civilsociety-centre.org/sites/default/files/resources/cessra-noreformwithoutrightslb_online-may25.pdf

Proudfoot, P, Zoughaib, S, The Institute of Development Studies and Partner Organisations, "The Politics of Social Assistance in Lebanon", February 2025, available at <https://doi.org/10.19088/BASIC.2025.001>

KEY TAKEAWAYS

Building on Progress: Expanding and Securing the NDA

The NDA, launched in 2023 through a partnership comprised of MoSA, the United Nations Children's Fund (UNICEF), the European Union, and the ILO, represents a landmark achievement as Lebanon's first rights-based social assistance program. Initially targeting people with disabilities aged 15-30, the NDA reached over 27,000 beneficiaries in October 2024, including Palestinian and Syrian refugees with disabilities identified by the United Nations High Commissioner for Refugees (UNHCR) or the United Nations Relief and Works Agency for Palestinians in the Near East (UNRWA), as well as Lebanese citizens. More recently, the program expanded to include Lebanese children aged 0-14, extending coverage to an additional 6,200 beneficiaries, bringing the total number of beneficiaries to 33,200 in March 2025.

A key factor in the NDA's success has been its incremental expansion. This approach has created space for continuous improvement, made the expansion financially feasible, and helped strengthen partnerships between stakeholders, contributing to greater governmental commitment to the program. The implementation of the NDA aligns with the priorities of the NSPS, chiefly by providing predictable income support, upholding a rights-based approach, and covering previously excluded groups. However, it is not yet embedded within a binding legal framework. Despite its inclusive inclinations, the NDA is limited in terms of coverage, comprehensiveness, and benefit adequacy. Thus, expanding coverage and improving adequacy – alongside efforts to ensure sustainability – is a paramount national objective.

Both expansion and sustainability hinge on fiscal stability and diversified financing. While the NDA is being implemented with support from UNICEF and the ILO, with additional funding from the European Union and the Netherlands, the Lebanese Government disbursed approximately US\$5 million from the 2024 national budget as an

emergency response to the recent conflict, demonstrating the NDA's capacity to respond to shock. This disbursement marked a significant precedent in developing a sustainable financing model, grounded in a diversity of financing sources. Ensuring the NDA's long-term sustainability, however, will require greater domestic resource allocation through progressive taxation and other potential streams.

Efforts are also underway to establish a management information system for the NDA, aimed at capturing and updating registry data to allow for interoperability and integration with other government systems. Furthermore, international partners are actively supporting MoSA to ensure a full transfer of ownership of the NDA to it by 2025.

Improving Poverty-Targeted Social Protection Whilst Building a Universal Social Protection System

Following the 2019 financial and economic crisis, the Lebanese Government relied on donor-dependent, poverty-targeted programs for social assistance, with additional financial support from the World Bank and implementation support from the WFP. Given the Government's fiscal constraints, poverty-targeted programs remain the dominant component of Lebanon's non-contributory social assistance system. These programs target the poorest and most vulnerable households using proxy-means testing (PMT) to establish entitlements.

Over the past year, the ESSN program has been expanded through an additional loan from the World Bank, in preparation for phasing out the NPTP and merging it with the ESSN. This aims to establish a unified social registry and a scaled-up poverty-targeted social assistance program. While the creation of a unified registry is a welcome step, it is important to ensure that this registry is based on accurate, reliable,

up-to-date data. However, this is just one element toward the progressive realization of a universal social protection system, as stipulated in the Social Protection Floors Recommendation, 2012 (No. 202).

Building on a wealth of global evidence,⁵ a recent report⁶ by Amnesty International highlighted the clear and serious shortcomings of targeted programs, especially given the rapidly evolving socioeconomic needs in Lebanon. In contexts like Lebanon – where conditions change dramatically – even high-quality data quickly becomes outdated. Such programs tend to lag behind the actual needs of the population, thus failing to respond effectively or in time. Public trust in these programs is also limited, particularly because of perceptions of clientelism and corruption within the selection process; there is a lack of transparency about how such programs work and who benefits from them.

Studies by the civil society organizations previously cited have consistently shown that poverty-targeting undermines social trust, increases stigma toward beneficiaries, fosters social divisions and tensions, and creates substantial exclusion errors. The narrative that emerges around who “deserves” assistance is antithetical to a rights-based approach to social protection.

In addition, PMT is a complex, financially burdensome methodology with high administrative costs, and often perceived as opaque. It inflicts high transaction and opportunity costs for would-be recipients and deters uptake. This is partly why the NDA has been positively received: the NDA is simple, direct, and predictable. It is easy to implement, cost-effective, and inspires greater trust in the process.

“PART OF THE REASON WHY WE HAVE THE NDA IS BECAUSE OF THE OUTSTANDING ORGANIZING EFFORTS OF DISABILITY RIGHTS ACTIVISTS. THE GOVERNMENT SHOULD BE HAVING CONVERSATIONS WITH CSOS. THERE IS REAL OPPORTUNITY IN A PARTICIPATORY PROCESS.”

Kristine Beckerle - Deputy Regional Director and Beirut Office Director - Amnesty International

While the case for universal coverage of broad population groups is compelling, poverty-targeting schemes still have a role within universal social protection systems. They serve as a vital last-resort safeguard for people with needs not addressed by other mechanisms, while fitting within fiscally constrained budgets. Therefore, any reassessment or attempt at improving poverty-targeted programs must be considered in tandem with other social protection programs. As Lebanon reforms its social protection system, it is crucial to ensure that poverty-targeted programs have their rights-based nature enhanced and integrated within a life-cycle vulnerability framework, including strategies that promote inclusive and productive economic activity and employment.

Linking Humanitarian Assistance with Social Protection in Lebanon’s Crisis Context

There is a growing need for a shock-responsive social protection system. The protracted economic crisis and the recent conflict have further underscored the urgent need to build such a system and enhance coordination with humanitarian actors. Linking humanitarian cash assistance to social protection is vital for several reasons. It allows the scaling up of humanitarian responses by leveraging existing infrastructure (rather than establishing parallel systems), it enhances cost-efficiency, and it ensures better “return on investment” for all actors involved. Additionally, delivering cash assistance through established systems enables a timely coordinated response.

During the recent conflict, WFP used the NPTF database to extend support to households that had been cut off from the ESSN, reaching 58,000 families in November and December 2024 with a one-time cash payment of US\$200. This initiative highlighted the potential to build on existing systems to improve humanitarian responses during crises. However, coverage was still limited, leaving many households excluded. Despite improvements in response times, significant delays in disbursing payments (in

5 Razavi, S, et al., “Building Universal Social Protection Systems for All: What Role for Targeting?”, September 2022, available at <https://doi.org/10.1177/14680181221121449>

6 Amnesty International, “Lebanon: “The Country is Dissolving and No One Cares”: Surging Need and Crashing Support for Social Security During Lebanon’s Economic Crisis”, December 2024, available at <https://www.amnesty.org/en/documents/mde18/8685/2024/en/>

January, after the conflict) indicates a lack of capacity to respond to emergencies and disasters.

Although the Cash Working Group (established in November 2024) represents an important milestone in enhancing collaboration, in times of conflict and other crises coordination needs to be facilitated via national mechanisms such as the Social Assistance Committee, which is yet to be installed at MoSA. Given the fragility and unpredictability of the situation in Lebanon, transitioning from humanitarian assistance to a state-led social protection system will require a flexible system that can be scaled up or down, as needed. A core component of such a system is a shock-responsive social assistance program, adaptable to the humanitarian-development nexus. Clear criteria must be defined to determine when additional support should be activated or phased out, allowing for a smooth and automatic transition.

POLICY RECOMMENDATIONS

STRATEGIC RECOMMENDATIONS ON THE SOCIAL PROTECTION REFORMS

Move from Strategy to Implementation

- Establish a legal framework for social protection reforms. While Lebanon has adopted the NSPS, the strategy remains unenforceable without legal backing. Turning the strategy into laws (e.g. a social assistance law) would ensure enactment, enshrine accountability, build public trust, and reduce dependence on donor funding.
- Support the NSPS with an implementation plan. While the NSPS is comprehensive and technically sound on paper, the next step is to develop an equally robust and actionable implementation plan.

Improve Inter-Ministerial Coordination

- To ensure coherence across the social protection sphere, there must be stronger coordination between ministries, especially those responsible for social services, education, labor, and health. The current Government promises to provide an opportunity to reshape coordination

“THERE IS A NEED FOR CLEAR COLLABORATION PROTOCOLS BETWEEN THE INTERNATIONAL HUMANITARIAN COMMUNITY AND THE AUTHORITIES IN CHARGE OF SOCIAL PROTECTION, INCLUDING RELATED DATA PROTOCOLS DURING CRISES.”

Diana Tonea - Inter-Agency Senior Cash Advisor - United Nations Resident Coordinator Office Lebanon

and break down silos through such national mechanisms as the Social Assistance Committee. In this context, a unified social registry should adopt a person-centered approach and serve as a starting point for integration.

Rebuild the Social Contract through Solidarity

- A long-term vision for Lebanon must be centered on re-establishing the social contract between the State and the people. Social protection should not be reserved only for the poorest population groups while the wealthy opt out of contributing to national solidarity. Instead, the system should be universal and rights-based, aligned with Lebanon's economic and social development goals.

EXPANDING AND SUSTAINING THE NATIONAL DISABILITY ALLOWANCE

Expand the NDA Gradually

- Build on the progress of the NDA by continuing its gradual and phased expansion to ultimately cover all people with disabilities, regardless of age.
- A sustainable financing model should be developed through a combination of progressive taxation and diversified national revenue. Complementarity with contributory schemes should also be sought.
- Caution must be taken in relying on foreign loans, given Lebanon's current debt burden. A blend of tax revenues, grants, and carefully considered loans, among others, is essential.

Strengthen Participation and Stakeholders' Involvement

- The recent momentum represents a unique opportunity for meaningful

engagement between the Government and civil society. Learning from the effective advocacy and organizing of disability rights groups, the Government should institutionalize an inclusive dialogue for future developments of the NDA.

IMPROVED TARGETING AND THE ADOPTION OF HYBRID TARGETING MECHANISMS

- Gradually move toward a hybrid model that combines poverty-targeting with categorical approaches, particularly capturing vulnerable groups such as the elderly and people with disabilities.
- Poverty-based targeting should be complemented with a life-cycle contingency approach to ensure broader and fairer inclusion. Careful consideration should be given to how such targeting can be rendered more rights-based, for instance, including on-demand enrollment to ensure easier access to benefits.
- Design and implement strategies that support social assistance beneficiaries to transition toward employment and contributory social insurance schemes. This could involve integrated support, such as skills training, employment promotion services, and legal empowerment, particularly for migrant workers, refugees, undocumented migrants and informal workers, as well as vulnerable Lebanese workers.

GRADUAL, EVIDENCE-BASED TRANSITION FROM HUMANITARIAN TO STATE-LED SOCIAL ASSISTANCE

Formalize Humanitarian Assistance Under a Unified, State-Led Framework.

- Humanitarian cash-based responses should be harmonized and integrated within a formal, state-led framework to ensure efficiency, consistency, and long-term sustainability. This formalization should include clear collaboration protocols, particularly in areas such as data sharing and joint programming. They should also sustain existing coordination platforms, such as the recently established Cash Working Group, and build new ones, such as the Social Assistance Committee.

Build Trust through Participation and Accountability

- Enhance the credibility of humanitarian assistance programs by involving beneficiaries and local communities in their design and implementation. Establish a robust and unified grievance redress mechanism (GRM), building on the success of the NDA's GRM and merging it with mechanisms for AMAN and other programs to ensure transparency and accountability.

Implementation of the New Pension Scheme Under Law 319: Challenges and Opportunities⁷

Policy Brief 2

⁷ This brief is based on the policy dialogue held on 10 April 2025, with contributions from Batool Khansa (Director of the Minister of Labor's Office), Mohamad Karaki (Director General, NSSF), Salim Zeenni (President of ALI), and Bechara Asmar (President of CGTL). The roundtable discussion commentators were Chawki Abou Nassif (Finance Director, NSSF), Raji Jabbour (Social Security Officer, ILO), and Assaad Sammour (Legal Researcher). Their insights were further complemented by questions and comments from the audience.

BACKGROUND

In December 2023, the Lebanese Parliament adopted Law 319, introducing a new pension scheme within the NSSF, as well as significant reforms to the fund's governance structure and operational framework. This development stands out as one of the most ambitious socioeconomic reforms in the country over the past decade, given the genesis and evolution of Lebanon's social protection system, the country's poor baseline of retirement benefits, and its politico-economic model. Before this major breakthrough, Lebanon was the only country in the Arab region, apart from the State of Palestine, that did not provide a proper pension system for workers in the private sector. Prior to Law 319, about 450,000 workers were covered by Lebanon's end-of-service indemnity (EOSI) scheme, the value of which became severely eroded during the 2019 economic and financial crisis.

Lebanon's first pension system is considered a legislative breakthrough as it promises indexed periodic payments and income security in case of disability and death. Previously, there was no guaranteed income in old age beyond the EOSI scheme. While this legislative advancement was long overdue and signals a political will to protect human rights and dignity, it represents a first step in building a true social security system. The real challenge lies in its swift and effective implementation, which is expected to have a positive spillover effect on other ongoing reforms. This spillover effect could also develop through other channels, such as properly regulating the declaration of salaries and the integration of complementary schemes, among others.

To ensure the effective implementation of this progressive legislation, it is important to address any challenges from the outset. This policy dialogue brought together representatives from the MoL, the NSSF, employers' bodies (the Association of Lebanese Industrialists (ALI), and others), the General Confederation of Lebanese Workers (CGTL), and a number of labor unionists, as well as experts from academia, civil society, and international organizations, as well as donors and labor rights activists. In addition, the dialogue facilitated a tripartite exchange between the Government, employers, and employees.

Discussions tackled the challenges facing implementation, laying the foundation for advancing further reforms to the pension system. Topics included the need to bridge the gap between legislative intent and executive action in order to put reforms into practice. Participants reflected on the recurring shocks, crises, and conflicts that have characterized Lebanon's socioeconomic context, and how its pension system needs to be resilient and shock-responsive. The timeliness of these discussions stems from the new Government's overall reform agenda, which presents an opportunity to catalyze broader policy change on wages, investment patterns, and the social protection system at large. This policy dialogue specifically examined the following questions:

- What progress has been made vis-à-vis implementation of the pension reforms?
- What are the operational, legal, and administrative challenges to rolling out the pension system?
- Are these pension reforms comprehensive? What further reforms, amendments, and expansions should be considered in the future?
- What is needed to ensure the shock responsiveness and resilience of this system, especially in the face of economic/ financial crises and conflicts?

KEY TAKEAWAYS

Understanding Law 319: A New Paradigm for Old-Age Security, Governance, and Inclusivity

The new pension system represents a fundamental shift in Lebanon's approach to security in retirement, and introduces a hybrid model that combines *capitalization* and *distribution*. While capitalization consists of notional individual accounts in

which contributions are recorded, distribution consists of a pay-as-you-go, solidarity-based financing system. The hybrid design balances individual entitlements with social solidarity and blends the defined contributions model, which is intended for long-term stability, with a defined benefits model.

Another novelty of this system is that benefits are designed to be indexed, initially to wage inflation and subsequently to price inflation when economic conditions permit, to protect the pension fund's real purchasing power over time. This indexation mechanism is a significant improvement over the more static EOSI and public-sector pensions. Given the dramatic depreciation of the Lebanese pound and the inability of past wage adjustments to keep pace, it is critical for the system's viability that benefits are indexed to inflation.

Pensions start at retirement age (64 years) and are contingent upon 15 years of contributions.⁸ The pension amount is calculated based on the most favorable of the following three methods:

1. The beneficiary's notional account balance is converted into a pension amount using a conversion factor based on life expectancy, interest rate, pension cost-of-living adjustments, and whether or not the beneficiary has eligible survivors or dependents.
2. Number of years of contribution is multiplied by an average of revalorized career earnings using a 1.33% accrual rate per year.
3. The pension is linked to the official minimum wage. This formula incorporates minimum social security guarantees, especially for low-income earners.

A cornerstone of Law 319 is its significant expansion of coverage. Mandatory coverage now extends to currently insured private-sector workers under employment contracts, permanent employees working in agricultural establishments, and certain non-employed public administration staff. It also includes teaching staff in higher education institutions, unless they had a mandatory private pension scheme.

Voluntary coverage is also available for

several groups: own-account workers, employers, and non-permanent employees working in agricultural establishments. This will apply until the Government formally establishes mandatory coverage for such workers, as well as domestic workers, Lebanese citizens working abroad (whether employed or self-employed), and former members of the pension scheme who no longer qualify for mandatory coverage.

For those voluntarily covered, there remains a possibility for them to become mandatorily covered in the future. A particularly progressive step is the inclusion of foreign workers holding work permits in Lebanon. However, eligibility is limited to nationals of countries with bilateral social security agreements with Lebanon (currently Belgium, France, Italy, and the United Kingdom). As for foreign workers ineligible to receive any pension (e.g. upon disability, death or leaving Lebanon), their individual accounts will be settled and paid out as a lump sum.

Workers under the age of 49 years are mandatorily included in the new system, while those aged 49 years and above may choose to either join the new pension scheme or remain under the old EOSI system. All new entrants into the formal labor market following the law's approval are mandatorily covered. While this phased approach to mandatory coverage and the option for older workers creates transitional complexity, it is expected to be carefully managed with clear timelines and robust communication to avoid inequities or confusion among the various cohorts of workers. Beyond old-age benefits, Law 319 also broadens the scope of social security by providing disability and survivor pensions, thereby addressing other life-cycle contingencies.

The law also mandates significant reforms to the NSSF's governance structure, a critical element for the system's success. This includes reducing the Board of Directors from 26 to 10 members – four representatives of workers, four of employers, and two of the Government. The law places a strong emphasis on the need for expert competencies among board members in full compliance with the competencies and skills framework set forth by the Civil Service Board. The new composition aims to balance stakeholder representation and strengthen the role and influence of workers and

⁸ Early retirement is possible upon reaching the age of 60, provided the contribution period is at least 20 years and the accumulated individual notional account is higher than the two minimum pension guarantees.

employers in the fund's governance, particularly as they are the primary stakeholders of the pension scheme.

Further, the law calls for an independent investment committee to oversee and guide the fund's investment decisions – essential for avoiding a recurrence of past investment failures. In addition, an executive investment director position and a dedicated investment department will need to be established. These governance reforms are considered central to building public trust and ensuring the efficient, transparent, and professional management of pension funds, moving away from past practices that eroded confidence.

Challenges in Implementation and Governance

Despite legislative progress, significant challenges remain with respect to implementation, including certain technical and governance aspects, as well as finance. The transitional arrangement decree is a cornerstone for shifting from EOSI to the new pension scheme, and addresses the settlement and transition of accrued rights under the former to the latter. The implementation of this decree needs to be supported by an actuarial study to inform the contribution rates and their distribution between employers and workers, as the reform relied on an outdated actuarial study in 2020-2021 using obsolete currency exchange rates and assuming an unrealistic 15% nominal wage growth. Thus, it is crucial to update actuarial figures to determine appropriate contribution rates while ensuring the system's long-term financial sustainability.

In addition, the pension system relies on contributions from employers and employees, investment returns, and government contributions. The State's historical failure to meet its financial obligations to the NSSF, coupled with its role in the devaluation of accumulated funds, raises concerns about trust in the State's position as the ultimate guarantor of the system's financial stability. A clear mechanism for the State's annual contribution and its role in supporting vulnerable groups is, therefore, essential. The system's sustainability also depends on wage levels and indexation, both of which rely on

economic stability. More importantly, appropriate mechanisms are required to make adjustments for price inflation, not just wage inflation.

One of the most pressing challenges is the issuance and signing of executive decrees required to operationalize Law 319 as soon as possible. While the most representative decree, which specifies the bodies that will hold seats on the Board of Directors,⁹ was drafted and approved by the Council of Ministers in September 2024, political circumstances and the conflict have delayed other necessary decrees. The supervisory committee mandated to oversee implementation of the scheme recently convened, and a decision has been made to move forward with swift implementation. However, tangible results have yet to materialize. This must be accompanied by the establishment of clear mechanisms for dispute settlement, since resolving disputes within the pension system and the investment committee is critical. The law stipulates that a dedicated body within the NSSF should be established to handle disputes but, while this body is scheduled to be formed by virtue of a decree once the scheme becomes operational, it should not be delayed unnecessarily.

Once the main decrees are issued, attention should be geared toward issuing specific decrees and strategies to encourage voluntary enrollment and address the challenges of collecting contributions. This step is imperative for including key social groups in the future. More than 62% of the Lebanese workforce are in informal employment¹⁰ and not covered by social security. Therefore, expanding coverage to include informal workers, self-employed workers, foreign workers in Lebanon, and even Lebanese working abroad is essential for the system's financial viability and *raison d'être*. Finally, the law's provisions for other vulnerable groups, such as integrating people with disabilities into the workforce, need to be clearly defined. In addition, measures to combat employers who default on making contributions are essential for the system's success.

9 Chambers of Commerce, ALI, syndicates of liberal professions, Banks Association, CGTL.

10 Central Administration of Statistics and ILO, "Lebanon Follow-Up Labour Force Survey", 2022, available at http://www.cas.gov.lb/images/Publications/LFS_2022/Lebanon%20FLFS%20Jan%202022%20EN.pdf

“THE NEW ACTUARIAL STUDY, WHICH WILL REFLECT UPDATES RELATED TO ALL INFLUENCING FACTORS, WILL CONSTITUTE THE STARTING POINT FOR THE TRANSITIONAL AND EXECUTIVE DECREES THAT ARE NEEDED FOR THE SOUND IMPLEMENTATION OF THE LAW AND THE DIVISION OF LABOR AMONG STAKEHOLDERS.”

Raji Jabbour - Social Security Officer – ILO

Opportunities for a Robust System

A wide array of opportunities promise positive results in the next couple of years. The new system is built on lessons learned, including the EOSI devaluation and the politico-economic impediments to reform, entailing a strong potential for public buy-in. Along with the legislative progress made so far and the new Government's reform-oriented agenda, this indicates a strong political will to implement the pension system. There was consensus among participants on the need to modernize Lebanese labor laws to align with this system, define rights and obligations, and catalyze other crucial reforms (e.g. better wage declarations, greater compliance, stronger data systems, and more inclusive social security coverage). Moreover, the continued engagement and agreement among the tripartite constituents (government, employers, and workers) is a strong foundation for overcoming concerns, such as the anticipated increase in contribution rates required. Furthermore, ongoing efforts to develop an IT system for registering workers and recording their contributions and entitlements will prove crucial for efficiency and transparency. Such moves can help resolve governance and politico-economic issues, such as inspectorate corruption and ineffectiveness.

Financial soundness of the new system will be ensured by the investment committee's role in managing the pension fund (i.e. diversifying the investment portfolio, balancing returns against risks, and maintaining liquidity). The system will rely on five primary funding sources:

1. Contributions from both employers and employees.
2. Investment returns generated from NSSF-managed pension funds.
3. Penalties levied for late or non-payment of contributions.
4. An annual government-funded contribution, primarily intended to support vulnerable groups who are unable to afford full contributions.
5. Transfers of accumulated balances from individual accounts under the old EOSI system.

These are central to building trust in the NSSF and the new pension system, especially the system's financial model and its sustainability. Participants agreed that the financing model, especially the indexation methodology, necessitates raising significant public awareness and building the technical capacity of administrators. Given Lebanon's past negative experiences with financial institutions, it is vital to achieve a high degree of public trust in the new system.

Another reason for building trust is the widespread perception of clientelism and corruption. Law 319 has reduced political influence on the NSSF board by increasing representation of the social partners. But stakeholders also emphasized the importance of having a genuine, more inclusive, and ultimately institutionalized social dialogue that is more action-oriented. They agreed that the current low representation of workers in trade unions highlights a need to strengthen union freedoms and independence. Finally participants agreed on the need for new governance safeguards such as mandatory periodic reporting of investment performance, an enhanced auditing process, and mechanisms to ensure the independence of NSSF inspectors. These should contribute to greater transparency and accountability.

POLICY RECOMMENDATIONS

STRATEGIC IMPERATIVES FOR LAW 319 IMPLEMENTATION AND NSSF TRANSFORMATION

Expedite the Issuance of Executive Decrees

- The Government, particularly the MoL, must prioritize and expedite all necessary executive decrees for Law 319 to ensure its immediate operationalization. Such decrees include those that detail the competencies and functions of the NSSF board and its investment committee, define contribution rates and their allocation between employers and workers, and outline the procedures for optional enrollment and coverage of specific social categories. Public transparency on decree timelines and contents is desirable for more participatory, accountable, and inclusive reforms.

Strengthen NSSF Governance and Autonomy

- Accelerate appointments to the NSSF board and its investment committee, and ensure these appointments are strictly based on merit, expertise, and transparency, free from political and sectarian affiliations.
- Develop robust internal oversight mechanisms for the investment committee to safeguard funds and ensure prudent financial management. In addition, deploy a periodic, external, and independent auditing system.

Establish Clear Dispute Settlement Mechanisms

- Define clear legal and administrative procedures for resolving disputes related to the pension system to ensure fairness and transparency for all beneficiaries.

Modernize NSSF Operations and Strengthen Its Institutional Capacity

- Accelerate the development and implementation of a comprehensive IT system for electronic registration, data management, and interoperability with other state institutions (e.g. Ministry of Finance) to combat evasion and improve efficiency.

- Address the shortage of inspectors, train them, and enhance the effectiveness of NSSF inspection and enforcement mechanisms.

ENSURING FINANCIAL SUSTAINABILITY AND ACTUARIAL SOUNDNESS

Ensure Fair Wage Policies and Indexation

- Implement regular, inflation-adjusted wage reviews to ensure that contributions are based on realistic income levels and that pensions maintain their value over time.
- Ensure the effective implementation of the pension indexation mechanism, linking it to appropriate metrics of price inflation to protect beneficiaries' purchasing power.

Update Actuarial Studies

- Conduct an urgent and comprehensive actuarial study that reflects current economic realities and determine sustainable contribution rates and benefit levels to ensure the long-term financial viability of the pension system. Such studies should be undertaken every 3-5 years on a fixed-cycle basis, or as required.

Formalize State Contributions and Guarantees

- Establish a clear and binding legal framework for the State's annual financial contributions to the NSSF, ensuring its role as the ultimate guarantor of the pension system's sustainability, especially in times of crisis. This could include legislating a floor percentage for state contributions or a defined share of specific (perhaps earmarked) taxes, among other options.

Address Past Devaluation of End-of-Service Indemnities

- Compensation should be provided for using NSSF funds for currency stabilization purposes in the past. Mechanisms for reimbursing those who lost a significant portion of their EOSI entitlements during the 2019 financial crisis should be considered to rebuild trust and promote equity. Such mechanisms could include a restitution fund or compensation bonds, but should exclude NSSF bank deposits

denominated in USD from future financial restructures, gradually freeing those amounts.

FOSTERING SYSTEMIC COHERENCE AND ENHANCING INCLUSIVITY

Enhance Social Dialogue and Worker Representation

- Formalize and strengthen social dialogue mechanisms, ensuring meaningful participation of workers' and employers' representatives in all stages of pension reforms and implementation.
- Support initiatives to strengthen trade union freedoms and increase worker representation to ensure robust and accountable social dialogue.

Integrate Complementary Schemes and Policy Reforms

- Recognize the importance of complementary social protection schemes, such as unemployment insurance and parental benefits, and work toward their simultaneous development and implementation to create a comprehensive and inclusive social protection system.
- Initiate other socioeconomic reforms, such as modernizing labor laws and taxation.

Expand Coverage and Promote Inclusion

- Develop and implement decrees to include informal workers, self-employed workers, Lebanese expatriates, and foreign workers residing in Lebanon in the pension system.
- Design targeted outreach and awareness campaigns to encourage voluntary enrollment among eligible groups.
- Integrate the specific needs, including employment opportunities, for people with disabilities and other vulnerable social groups within the implementation decrees and NSSF schemes.
- Establish clear guidelines for the optional enrollment of eligible groups, including Lebanese abroad and former NSSF members, and explore mechanisms to enhance labor mobility through future portability of pension benefits across public, private, and foreign schemes for Lebanese workers.

“FOR THE IMPLEMENTATION OF THE LAW TO BE SUCCESSFUL, THERE NEEDS TO BE A GRADUAL REBUILDING OF TRUST IN STATE SYSTEMS, WHICH CAN HAPPEN INCREMENTALLY THROUGH QUALITY SERVICE PROVISION AND CONTINUOUS SOCIAL DIALOGUE”

Chawki Abou Nassif - Finance Director - National Social Security Fund (NSSF)

Recovery from a Struggling Health Financing System: Advancing Pathways to Reform¹¹

Policy Brief 3

¹¹ This brief is based on the policy dialogue held on 29 May 2025, with contributions from Nadeen Hilal (WHO Consultant for Health Reforms with MoPH Lebanon) and Alissar Rady (National Professional Officer, WHO). The roundtable discussion commentators were Hasan Diab (Technical Committee Member, NSSF), Sabine Hatem (Chief Economist, Institut des Finances Basil Fuleihan), and Hassan Sherry (Consultant, Arab NGO Network for Development). Their insights were further complemented by questions and comments from the audience.

BACKGROUND

Much of the reform rhetoric regarding health policy and universal health coverage (UHC) has been driven by increasing recognition that Lebanon's health and social protection systems are not only underperforming but are structurally unfit to deliver equitable, universal, adequate, and sustainable coverage.

In response to the various crises and multiple challenges facing the country, Lebanon has witnessed a surge in multi-stakeholder dialogue, reform initiatives, and lawmaking aimed at moving toward UHC. Key developments have aimed at advancing a more integrated, inclusive, and universal social protection framework, including endorsement of the NSPS and adopting Law 319. The most salient of these remains the current draft UHC law – the fifth to be drafted in the past 18 years after many failed attempts characterized by political gridlock, sectarian clientelism, private-sector resistance, and other factors. The latest iteration under parliamentary discussion has been accompanied by growing momentum in support of establishing a National Health Authority (NHA) to consolidate the fragmented, inefficient, and inequitable health financing and delivery framework.

Out-of-pocket expenditure in Lebanon is among the highest levels globally, with over 90% of total health expenditures being paid by patients, indicative of the largely privatized health system. This is substantially higher than the 15% threshold recommended by the World Health Organization (WHO) to avoid population impoverishment.¹² The public health infrastructure, in spite of its resilience during the most recent conflict, is chronically underfunded and has been weakened by an exodus of human resources and severe, widespread damage to infrastructure, as well as political interference and paralysis.

Social health insurance, already inadequate, was rendered dysfunctional following the 2019 financial crisis. In line with challenges facing the larger social protection framework, the health insurance system and its overlapping schemes suffered from an absence of a national health information system and limited public funds, constricting efforts toward consolidation and universality.

Currently, health insurance services are delivered through a patchwork of actors, including multiple government bodies, private-sector entities, non-governmental organizations, and international donors, with no unified regulatory or coordination framework, nor a centralized patient referral, care, or identification system. Such fragmentation worsens financial burdens by decreasing resource allocation efficiency and increasing administrative costs, leaving the health system with considerable gaps in coverage, particularly for workers in the informal sector, refugees, people with disabilities, and other vulnerable groups.

Within this context, the third national policy dialogue in the ILO-ARI series on “Promoting Universal Social Protection in Lebanon” brought together a wide range of stakeholders, including government officials, international organizations, public health experts, civil society representatives, and other development partners. The dialogue explored opportunities, challenges, and pathways for advancing health and social protection reforms, particularly the proposed UHC law. It also assessed the readiness of public infrastructure and digital information systems, addressed financing and governance challenges, and highlighted the intersectional needs of vulnerable populations. Panelists and participants explored the following questions:

- What are the existing health financing gaps and the reasons behind them?
- What progress has been recently made on recovery plans?
- What do recent social health protection reforms entail in terms of progress on recovery?
- What are the necessary steps to advance a sustainable and accessible health system for all?
- How can we ensure that the health insurance system is responsive and resilient to various shocks, including humanitarian crises?

¹² Abou Samra, C, Assal, M, El-Jardali, F* K2P Policy Brief: Financing Universal Health Coverage in Lebanon through Health Taxes. Knowledge to Policy (K2P) Center. Beirut, Lebanon; August 1st, 2023.

KEY TAKEAWAYS

Fragmentation as a Systemic Barrier

The deep institutional and operational fragmentation of Lebanon's health and social protection systems represent failure. Schemes and ministries operate in silos, with weak inter-agency coordination, redundant operational structures, and lack a unified management information system or national registry. Such fragmentation¹³ heightens inefficiencies, increases overhead costs, and results in weak resource pooling, thereby increasing financial and health risks. As a result, the Government's ability to design and implement comprehensive reforms and equitable benefit packages is hampered.

The UHC Law: A Starting Point

The proposed UHC law reflects political consensus regarding the role of the MoPH as the purchaser, provider, and regulator of health services. However, many stakeholders argue that this law does not truly constitute a structural reform. The proposed NHA, set to be housed within the MoPH, risks undermining the potential success of the law without sufficient independence.

Splitting the regulation and procurement roles – by granting the NHA an independent role – is essential to balance cost containment with quality assurance and performance measurement. Similarly, an effective purchaser-provider split is expected to yield a more efficient use of outsourcing to the private sector, stronger stewardship and regulation, strategic purchasing and cost control through promoting competition and innovation, and providing greater flexibility and responsiveness, with fewer bureaucratic burdens.

Importantly, the proposed budget estimate is based on aggregated private-sector data, as Lebanon has lacked national health accounts since 2017, implying that such estimates may not reflect the reality of current patient expenditure patterns. This represents a financial risk for implementing the UHC law in a sustainable way.

Persistent Coverage Gaps and Inequities

Despite historically strong healthcare infrastructure and expertise in Lebanon, the current health system remains exclusionary, particularly to people in poverty and other vulnerable groups. Informal workers, people with disabilities, older persons, refugees, and patients with chronic conditions all face significant barriers because of underfunded, financially unsustainable schemes, a lack of inclusivity in the system's design, and the normalization of rising out-of-pocket expenses. Mental health, special needs care, end-of-life care, and advanced cancer treatments are largely unaddressed or inadequately covered in existing schemes, including NSSF and MoPH mechanisms.

In Lebanon, healthcare is dominated by private providers, and largely focused on hospital and curative care. To counter this, the MoPH has partnered with NGOs and private entities to expand the network of primary healthcare centers (PHCs) to over 200 centers in the aftermath of the COVID-19 pandemic.

"LEBANON SUFFERS FROM WEAK PRIVATIZATION, PUBLIC-PRIVATE PARTNERSHIP FRAMEWORKS, AND SERIOUS ISSUES RELATED TO TRANSPARENCY, ACCOUNTABILITY, AND ACCESS TO INFORMATION. REFORMS SHOULD THEREFORE LIE IN SUPPORTING THE ROLE OF THE STATE IN GUARANTEEING SOCIOECONOMIC RIGHTS INSTEAD OF DELEGATING THIS ROLE TO THE PRIVATE SECTOR."

Hassan Sherry - Consultant - Arab NGO Network for Development

Political and Technical Paralysis in Financing Health Coverage

In this third dialogue of the series, sin taxes, earmarked taxes, and monotaxes were raised, in line with former policy dialogues

¹³ Multiple actors include MoPH, NSSF, Army, Internal Security Forces, and Civil Servants Cooperative, among others.

and related literature. However, as emphasized by panelists, it is essential to tackle Lebanon's fiscal crisis as a political issue, rather than treating it simply as an economic problem. Public budgets currently prioritize debt servicing over social spending on health and education. The need to increase domestic revenues through progressive and redistributive taxation, eliminate a number of arbitrary tax exemptions, and improve enforcement of tax law and transparency in collection and budget allocation are all identified as essential steps to implementing effective reforms.

Agreements between the MoPH and private hospitals require further transparency mechanisms to avoid the ad hoc setting of tariffs and possible political pressure, for example. In addition, donor dependency and delayed disbursements were consistently identified as critical risks. While the proposed economic restructuring processes reflect shifting priorities, coupled with a consideration of windfall taxes (taxes on exceptional profits) and considerable social investments, they can only meet their purpose if underpinned by collective political will and systemic accountability with respect to governance.

The UHC law, together with broader social protection reforms, should be considered largely political challenges just as much as they are technical and fiscal challenges. Reclaiming public spending as a key part of the social contract and centering citizens' participation and equity are essential to help restore both political will and people's trust in the State. Currently, the private sector is the dominant actor in Lebanon's health sector, accounting for the majority of hospital beds and services, as well as health insurance coverage.¹⁴ The MoPH has attempted to encourage public hospital utilization rates by improving the distribution of service providers, reducing cost-sharing, and earmarking budgets, but poor regulatory enforcement has defanged such attempts.

Similarly, the proposed UHC law's reliance on the private sector, which lacks sufficient transparency and accountability mechanisms, and the looming weight of the historical failures of public-private partnerships all signal political failure ahead – not merely a technical or financial one. Key to curbing these impediments is a clearer separation between procurement and

and regulatory roles, and ensuring greater accountability than what is presently guaranteed in the suggested NHA framework.

Service Levels, Gatekeeping, and Referral Challenges

Lebanon's public health system places most of its focus, in terms of both communication and resources, in tertiary care and hospitalization, leaving health promotion, preventive treatments, and outpatient care either chronically underfunded or fully neglected. Attempts to implement gatekeeping mechanisms through PHCs have been challenged by regulatory, behavioral, and infrastructural deficiencies. Many PHCs are run by NGOs and are highly donor-dependent, rendering them inconsistently regulated and reliant on volatile external funding. As a result, inadequate access to healthcare, in combination with the absence of a unified referral system or a unique identification system, worsens cost containment and undermines public trust, leading to inefficiencies between agencies, and a lack of continuity of care for patients.

Data Gaps and Prospective Digitalization

While progress has been made in the digital surveillance of communicable diseases, Lebanon still lacks comprehensive data on key health indicators, leaving policy recommendations and health protocols empty of supportive evidence. The lack of data on morbidity and disease burden, mortality, and service utilization, together with outdated population census data and large data gaps in public hospitals, have led to poor planning. Without accurate data, all benefit package designs, sustainable financing proposals, and actuarial modeling are less credible. As with any other social and public policy, an independent, apolitical, and inclusive population census is essential for designing a comprehensive universal social protection system.

Moves toward digitalizing the health system seek to fill these data gaps, but challenges

¹⁴ According to the 2019 and 2022 Labor Force Surveys, in terms of coverage of the employed population, the NSSF is first, followed by the armed forces and Internal Security schemes, and then private health insurance and mutual funds. The remaining 40% of the employed population are uninsured.

remain. Certain digital platforms, such as MediTrack¹⁵ and the warehouse-level tracking of medical supplies, have improved distribution and leakage issues. But such platforms lack an enabling environment to succeed because of frequent electricity shortages, digital illiteracy and exclusion, and the absence of unique and universal identifiers to track patients, all of which limit the effectiveness of any proposed digital system or other such reform. While some pilot programs offer a starting point for patient record transfers and referral tracking, they are still limited by the country's inadequate IT infrastructure and lack of an independent regulatory backbone, both of which are required for a fully operational digital health system.

POLICY RECOMMENDATIONS

STRATEGIC RECOMMENDATIONS ON HEALTH REFORMS

Towards Effective Implementation

- Establish a clear and independent governance structure for health financing and reform: The current proposed NHA must be restructured as an independent and multi-sectoral body, either with a clear exit strategy from the MoPH or housed outside of any single ministry, made considerate of health economics, public health policy, IT, and finance, and made representative of all social actors including civil society. This helps establish a true purchaser-regulator split, which is essential for ensuring sustainable transparency.
- Legislate a detailed implementation plan. Whenever the UHC law will be adopted, it will require that a detailed, robust, and actionable implementation plan, together with implementation decrees, be effectively executed with political accountability.

Strengthen National Ownership and Inter-Ministerial Coordination

- By developing institutionalized inter-sectoral coordination. Unify efforts by incorporating multi-sectoral and separated bodies, similar to the case of the proposed Social Assistance

Committee under MoSA, to work alongside the MoPH. More specifically, establish a national Social Health Protection Committee acting as the executive arm for the NSPS social health protection pillar, with technical participation from key agencies and entities. A coordination mechanism with the Ministry of Finance is also critical for financial sustainability.

Rebuild Trust and Re-emphasize Universality

- Develop and implement an integrated national benefits package. Ensure that packages are inclusive of promotive, preventive, primary, secondary, and tertiary care, and that existing gaps in coverage of mental health, special needs, elderly care, and non-communicable diseases are filled, alongside setting standardized protocols across sectors.
- Prioritize public systems over current volatile and fragmented private systems and donor-led interventions. A gradual absorption of humanitarian and NGO-delivered services into nationally regulated systems – in addition to developing accountability and checks-and-balances mechanisms – must be transparently incorporated to help increase resource sustainability and efficiency, and reduce duplications. Investing in public health is crucial to transition from private-led healthcare, making the former affordable and accessible, and the latter more inclusive.
- Establish robust and effective grievance redress mechanisms (GRMs) across all national social programs and benefit packages: Effective GRMs could help increase transparency, resolve providers and beneficiaries' issues, and improve service quality and efficiency, thus increasing trust and accountability.

SUSTAINABLE FINANCING OF HEALTH REFORMS

Tax Reforms and Revenue Restructuring

- Expand public revenues through progressive taxation. The removal of arbitrary and outdated tax exemptions, implementation of windfall taxes on extraordinary wealth, and introduction/ scaling up and earmarking of sin taxes (tobacco, alcohol, sugary and salty foodstuffs), among others, help

¹⁵ MediTrack is a comprehensive pharmaceutical tracing system, launched by the MoPH in collaboration with WHO and supported by the European Union and the Italian Government.

revenues and move away from donor funding.

Increase Tax Collection and Budgeting Transparency and Efficiency

- Strengthen tax collection and administration and reduce leakages. Processes of automation, enforcement, and institutional transparency are necessary to ensure the implementation of existing (and future) tax laws as effective fiscal space strategies.
- Ensure earmarked revenues are transparently allocated to health and social protection programs. Lessons learnt from the road-traffic injury tax, whereby tax collections diverted from being earmarked for a specialized road injury compensation fund to the general treasury, show that effective tax laws are only possible when deemed both fiscally and politically desirable. Clear legal frameworks, legislations and implementation plans, independent oversight, and routine public reporting (including for monitoring and evaluation, follow-up and review) can help prevent the diversion of funds and enhance trust in fiscal integrity.

THE PUBLIC BUDGET IS NOT A MERE ACCOUNTING EXERCISE. IT'S A FINANCIAL TRANSLATION OF THE GOVERNMENT'S STRATEGY AND IT THUS REFLECTS THE GOVERNMENT'S VISION AND PRIORITIES.

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INSTITUTIONAL AND OPERATIONAL REFORMS

Unify Risk Pools Across Existing Funds

- An independent and centralized authority can improve efficiency, reduce duplication, and mitigate adverse selection. Currently, inefficiencies of the multiple purchasers and their different tariffs, processes, and coverage rates lead to greater ineffectiveness and fiscal leakages.

Introduce a Universal Unique Identifier

- Addressing the lack of a unique and universal ID system can curb the inability to track patients, services, payments, and

treatments. A single, private, and digital ID system can improve accountability and resource allocation, and streamline service. Ultimately, this ID would become a component of a national health information system that should be invested in. More so, these reforms should be tied to civil registry reforms in order to minimize the risk of exclusion.

Ensure the Viability of Supporting a Digital Infrastructure

- Digital transformations and investments must accompany any digital health reforms, accounting for issues of electrical infrastructure reliability, and digital literacy and inclusion, particularly for underprivileged and rural populations and older persons.

ACCESS, EQUITY, AND PEOPLE-CENTERED DESIGN

Counteract Emphasis on Secondary and Tertiary Care

- It is imperative to counter the fact that the health system in Lebanon caters near-exclusively to secondary and tertiary care, leaving primary, outpatient, and home-based care underfunded and neglected. Assigning and increasing allocations to PHCs is hence essential. By improving incentives to ensure that PHCs become meaningful entry points into the health system, neglected forms of care could be better supported and reinforced, eventually leading to regained trust in PHCs and the public health system at large. Such incentives include – but are not limited to – the initiation of a digitized patient records system at the PHC level and highlighting the importance of family medicine.

Address Social Determinants of Health and Exclusion

- Expand access to underserved and vulnerable social groups (including but not limited to refugees, informal, foreign and domestic workers, people with disabilities, older persons, marginalized communities, especially in remote areas, and the uninsured poor) by integrating health services within broader social protection schemes and services. Tailoring benefit packages to cater to these groups' different needs is also of utmost importance.

About the International Labor Organization

The ILO is the oldest specialized agency of the United Nations. It is mandated to advance social justice and promote decent work through its tripartite partners of governments, employers and workers. The Regional Office for Arab States was established in 1976, and is based in Beirut. It partners with ministries, employers' and workers' organizations to expand social protection, strengthen labor governance, and improve conditions for both nationals and refugees through policy dialogue, technical assistance, and capacity-building to help build resilient labor markets and uphold fundamental rights at work amid ongoing economic and humanitarian challenges.

About the Arab Reform Initiative

The Arab Reform Initiative is an independent Arab think tank working with expert partners in the Middle East and North Africa and beyond to articulate a home-grown agenda for democratic change and social justice. It conducts research and policy analysis and provides a platform for inspirational voices based on the principles of diversity, impartiality, and gender equality.