

Review of the Government Spending on Social Protection in Lebanon

2017-2024

Report Summary

— Rising vulnerabilities underlined the need for evidence-based, — equitable, and sustainable social protection system



Economic Collapse & Rising Informality



Poverty & Inequality Deepened



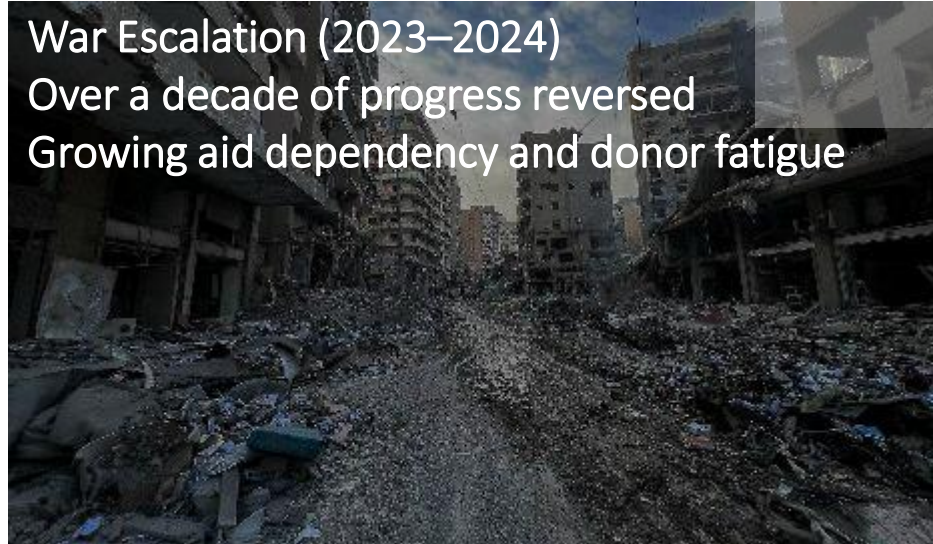
Unemployment Soared



Malfunctioning Public Sector

War Escalation (2023–2024)

Over a decade of progress reversed
Growing aid dependency and donor fatigue



Progress in Social Protection (2023–2024)

- Launch of the National Disability Allowance (22,000 beneficiaries)
- Private Sector Pension Law No. 319 ratified
- National Social Protection Strategy adopted by the Government
- Targeted social safety nets reinforced with the AMAN program

Cover of the report or
the executive brief
when it's done

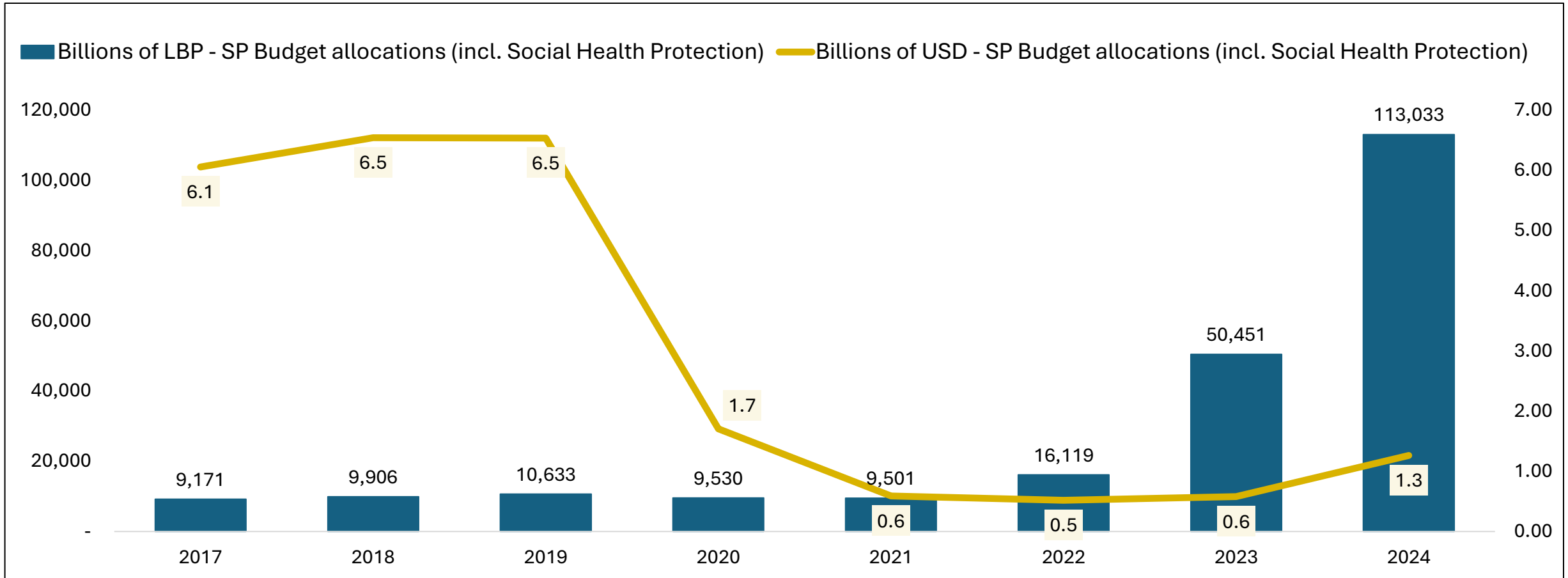
1

A MACRO-FISCAL ANALYSIS OF SOCIAL PROTECTION SPENDING FROM 2017 TO 2024

1

Allocations for social protection grew in LBP but contracted in USD, reflecting a substantial erosion in expenditure capacity

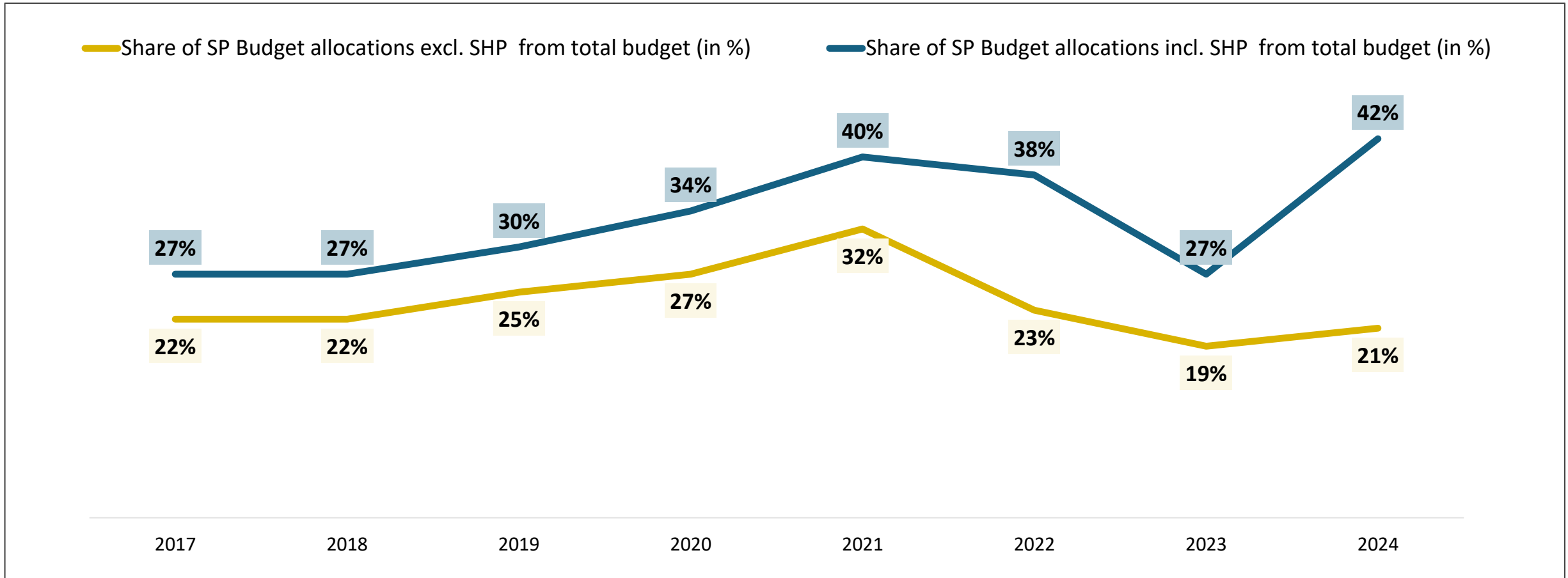
Allocations to Social Protection between 2017 and 2024 (in USD billions and LBP billions)



2

The share of budget allocated to Social Protection increased, with funding mostly earmarked for Social Health Protection

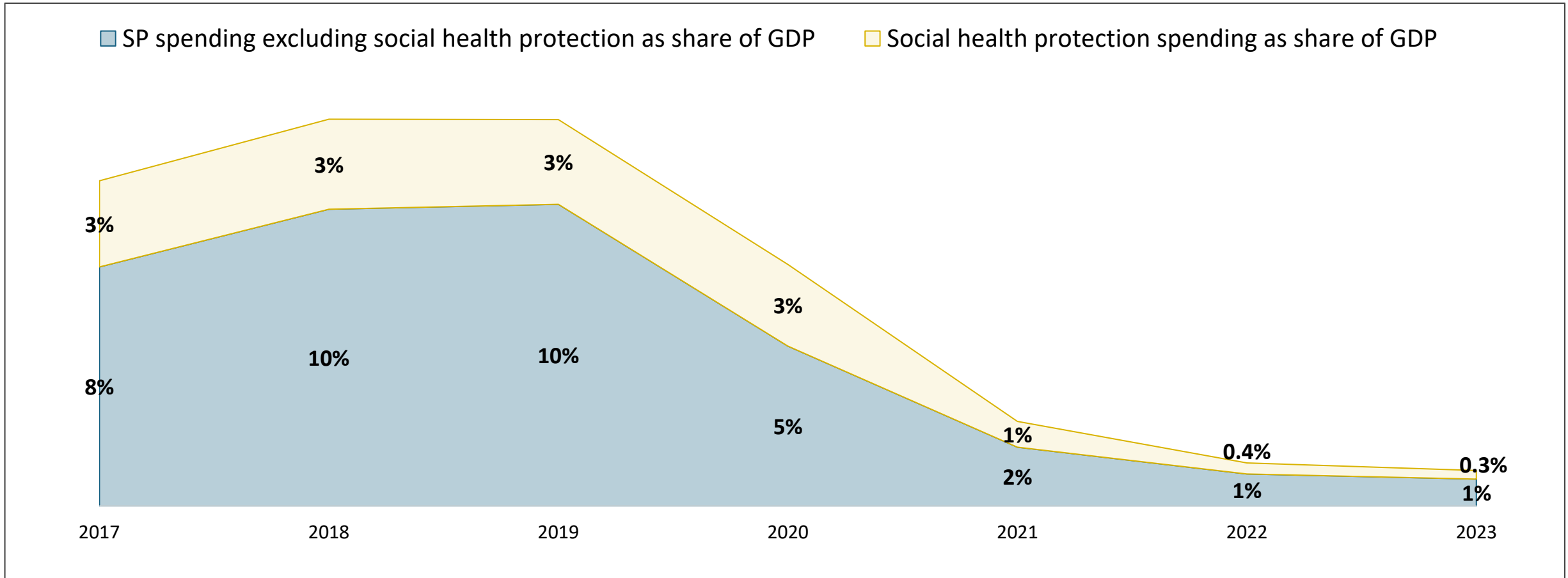
Size of Social Protection as Share of the Budget between 2017 and 2024



3

Despite higher allocations to Social Health Protection, effective spending decreased

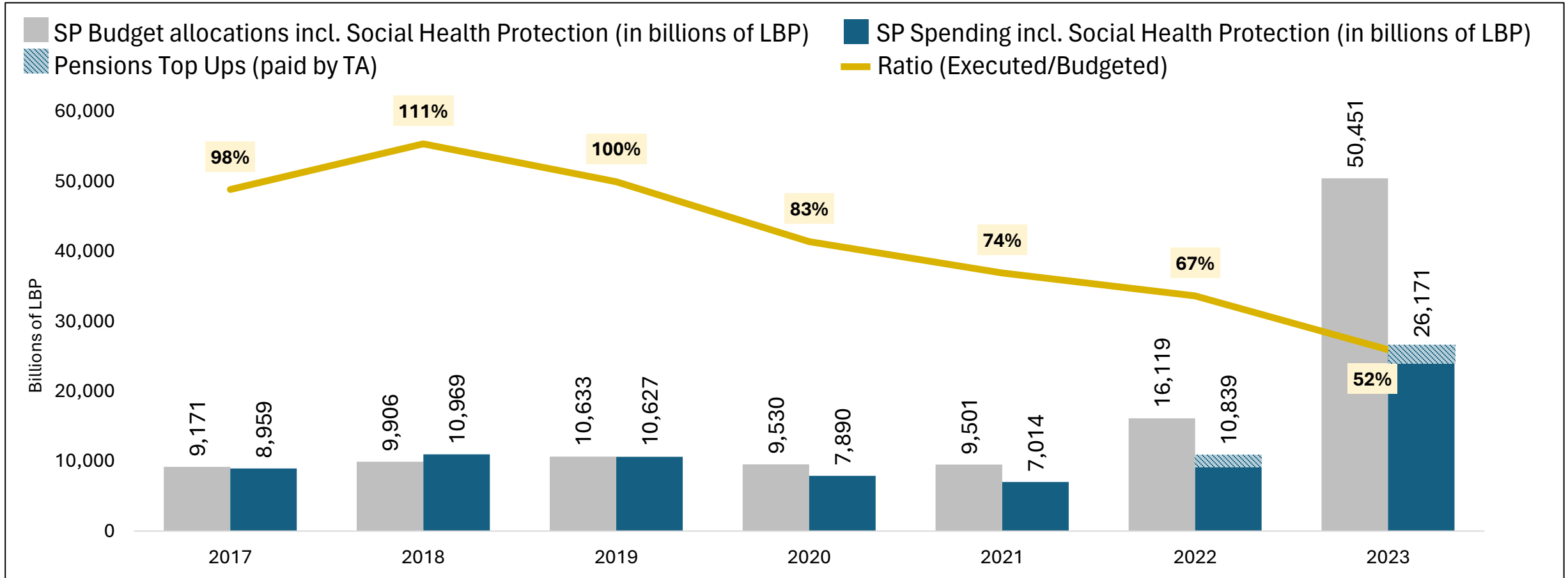
Social Protection Spending as share of GDP between 2017 and 2024



4

Spending was constrained by weak capacity and recurrent delays in the budget process

Social Protection Spending Outturns between 2017 and 2023



2

SOCIAL PROTECTION SPENDING ANALYSIS FROM VARIOUS PERSPECTIVES

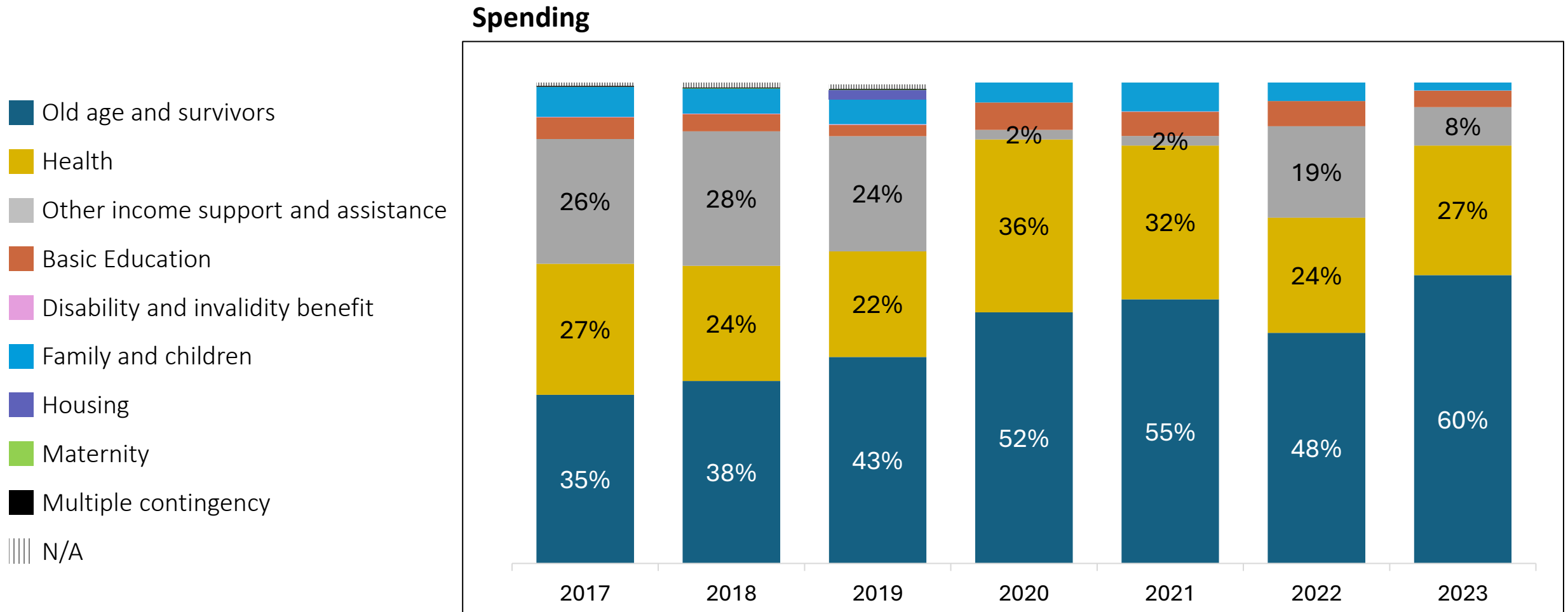
— Social Insurance and Financial Access to Health dominate SP — spending *(analysis as per the pillars of the NSPS)*

Social Protection Spending as per the pillars of the National Social Protection Strategy (2017-2023)

	Pillar					
	Financial Access to Education	Social Insurance	Social Assistance	Social Welfare	Financial Access to Health	Eco Incl & Labor Activation
2017	4%	43%	23%	2%	27%	2%
2018	4%	45%	25%	1%	24%	1%
2019	2%	50%	23%	1%	22%	1%
2020	4%	59%	0%	1%	36%	0%
2021	3%	64%	0%	0.4%	32%	0%
2022	4%	72%	0%	0.3%	23%	0%
2023	2%	71%	0%	1%	27%	0%

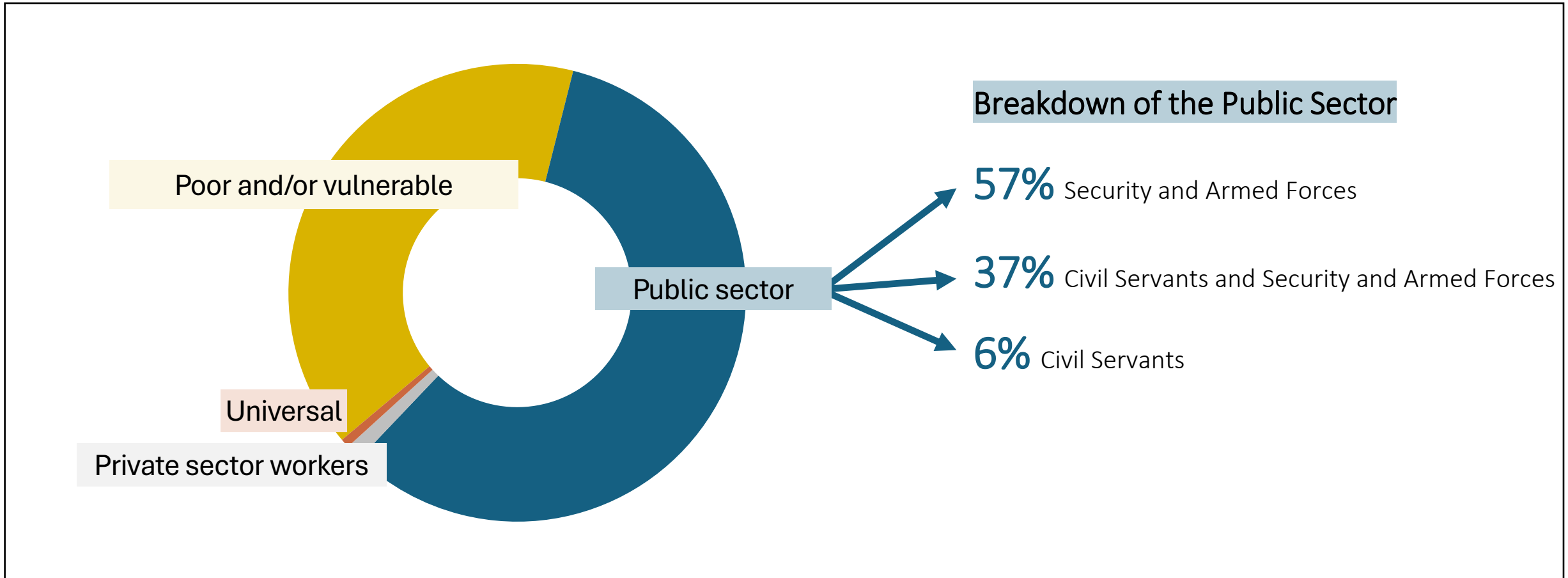
Figures include Subsidies such as Transfers to EDL

Old Age benefits crowd out spending on other lifecycle contingencies *(analysis as per the ILO lifecycle contingencies)*



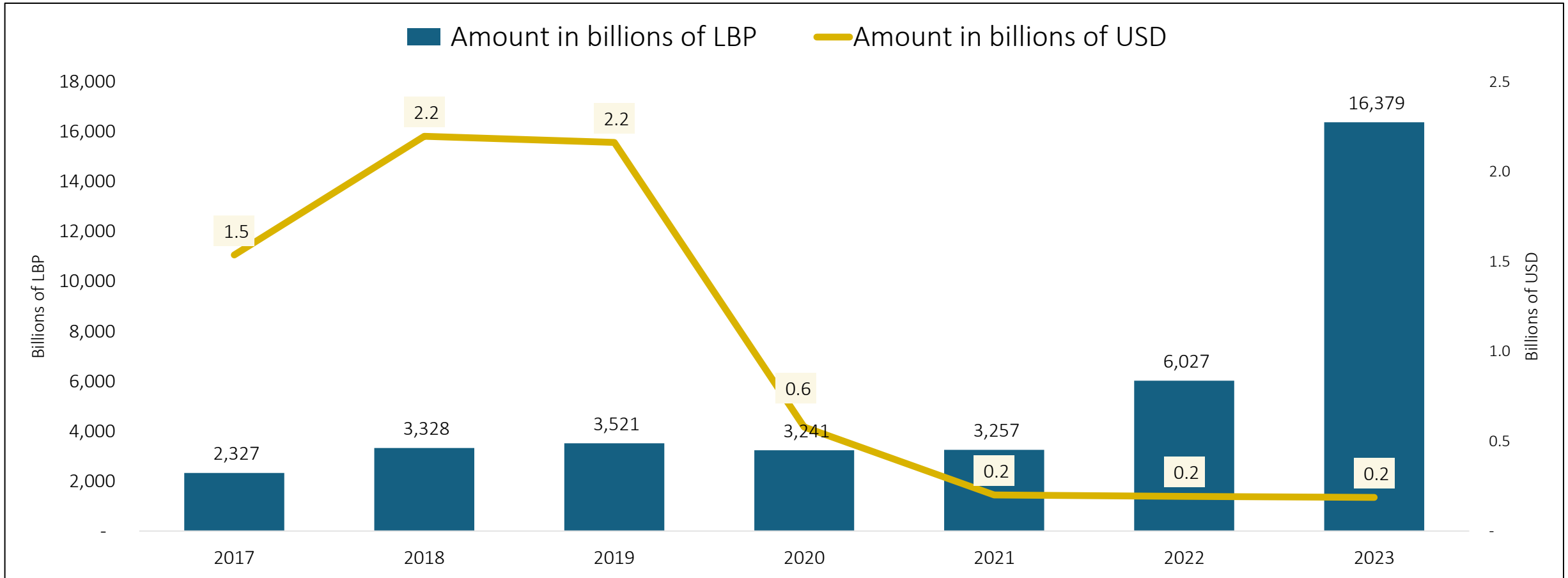
— The public sector remains the largest beneficiary of spending on social protection

Budget allocations to Social Protection by beneficiary groups for 2024



— The public pensions scheme in need of reform, with benefits
— now at less than 25% of their pre-crisis real value

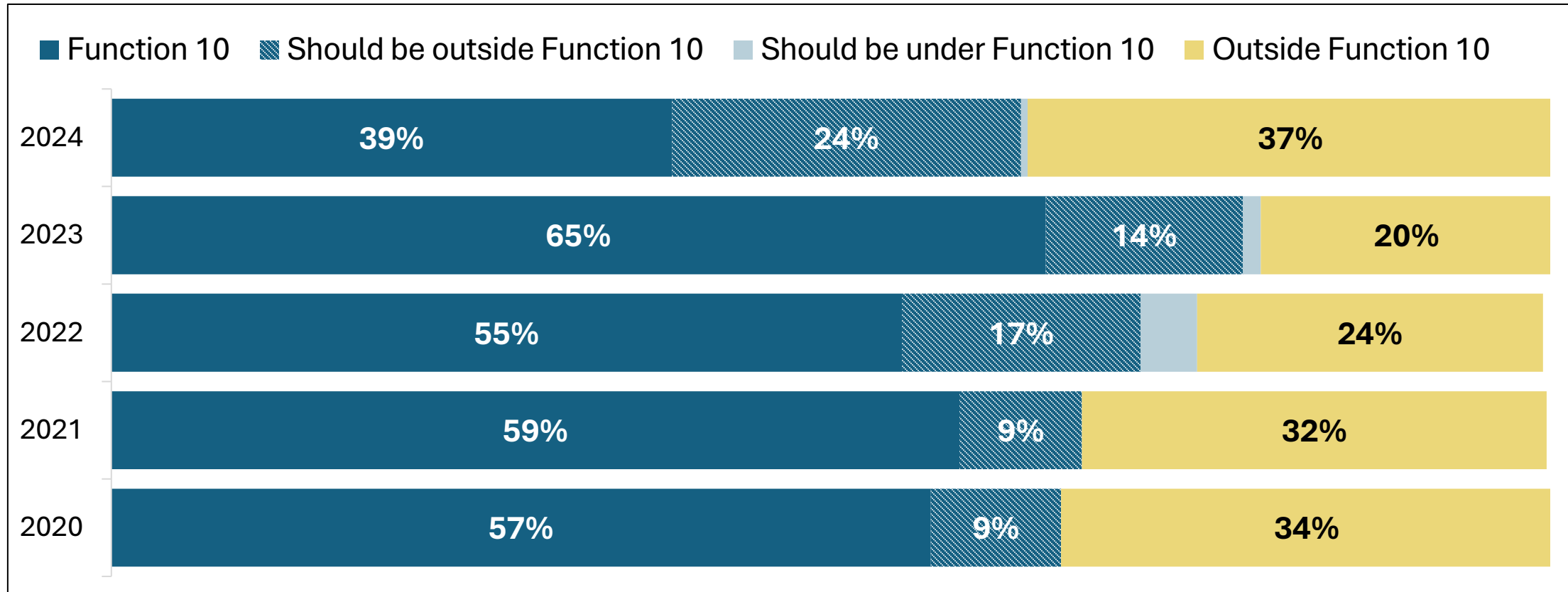
Comparative Spending on Pensions (2017-2024) in LBP and USD



Available budget data does not reflect accurately spending on social protection

Budget lines classified under "Function 10 – Social Protection" have been distorted by large public sector social allowances post-crisis, requiring cautious interpretation.

The Government classifies its spending on social protection under Function 10 – Social Protection (2017-20024)

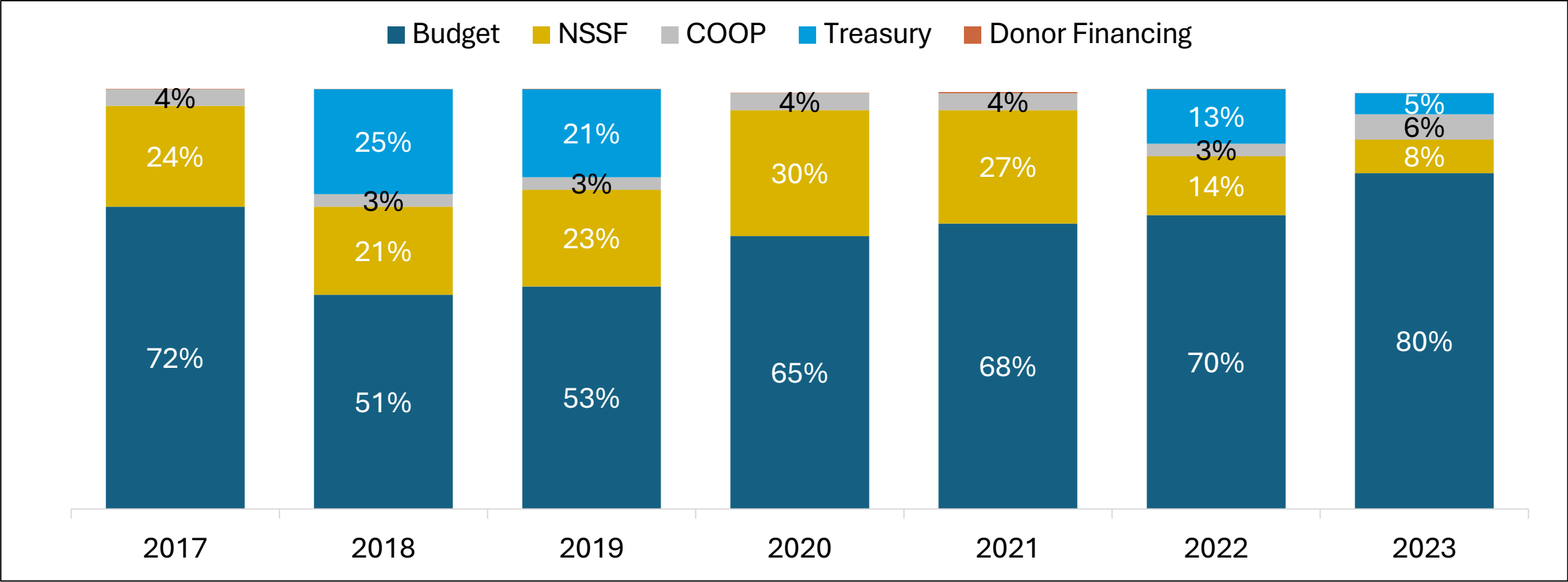


3

THE FINANCING STRUCTURE OF SOCIAL PROTECTION

Available financing dedicated to SP is at 9% of its pre-crisis level

Domestic financing sources of Social Protection programs



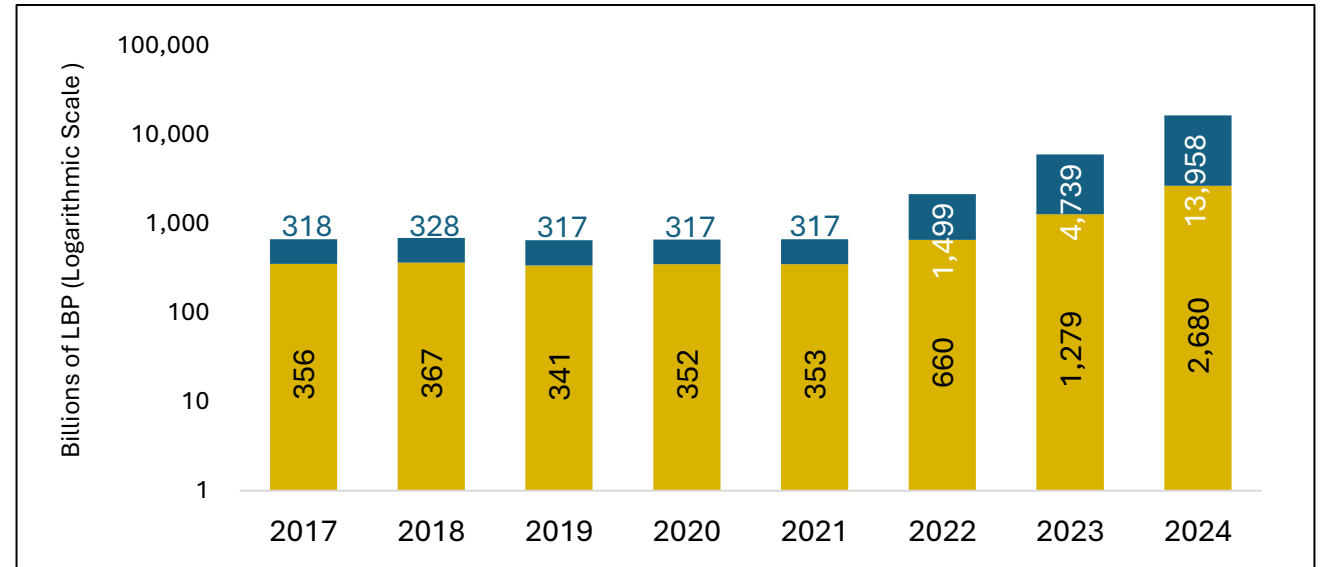


Government Arrears Undermine NSSF and CSC capacities

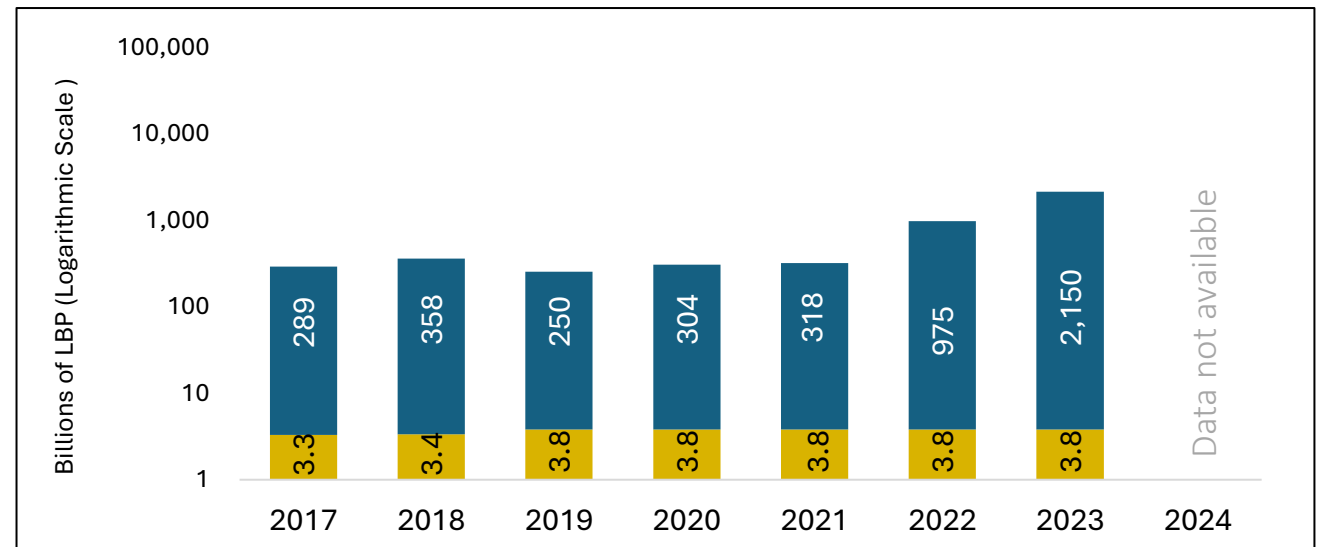
- The Government's failure to pay its employer contributions to the NSSF weakens the financial sustainability of social protection through existing social insurance funds.
- Accumulated arrears to the NSSF, along with only partially settled dues to the CSC, are adding pressure to already fragile social insurance finances.

Allocations

■ To COOP ■ To NSSF



Spending



Off-Budget Spending provided temporary relief but is unsustainable

- 1 | The Government resorted to Treasury Advances to finance social protection during the crisis

In 2023, the Government approved LBP 57,518 billion in TA.

32% of the total advances were allocated to social protection.

- 2 | Cash assistance programs were primarily financed by Official Development Assistance



- 3 | Supplementary Financing from the SDRs to Social Protection

60% of SDRs were allocated to subsidies for medication, wheat, and fuel, before being partially then totally lifted.

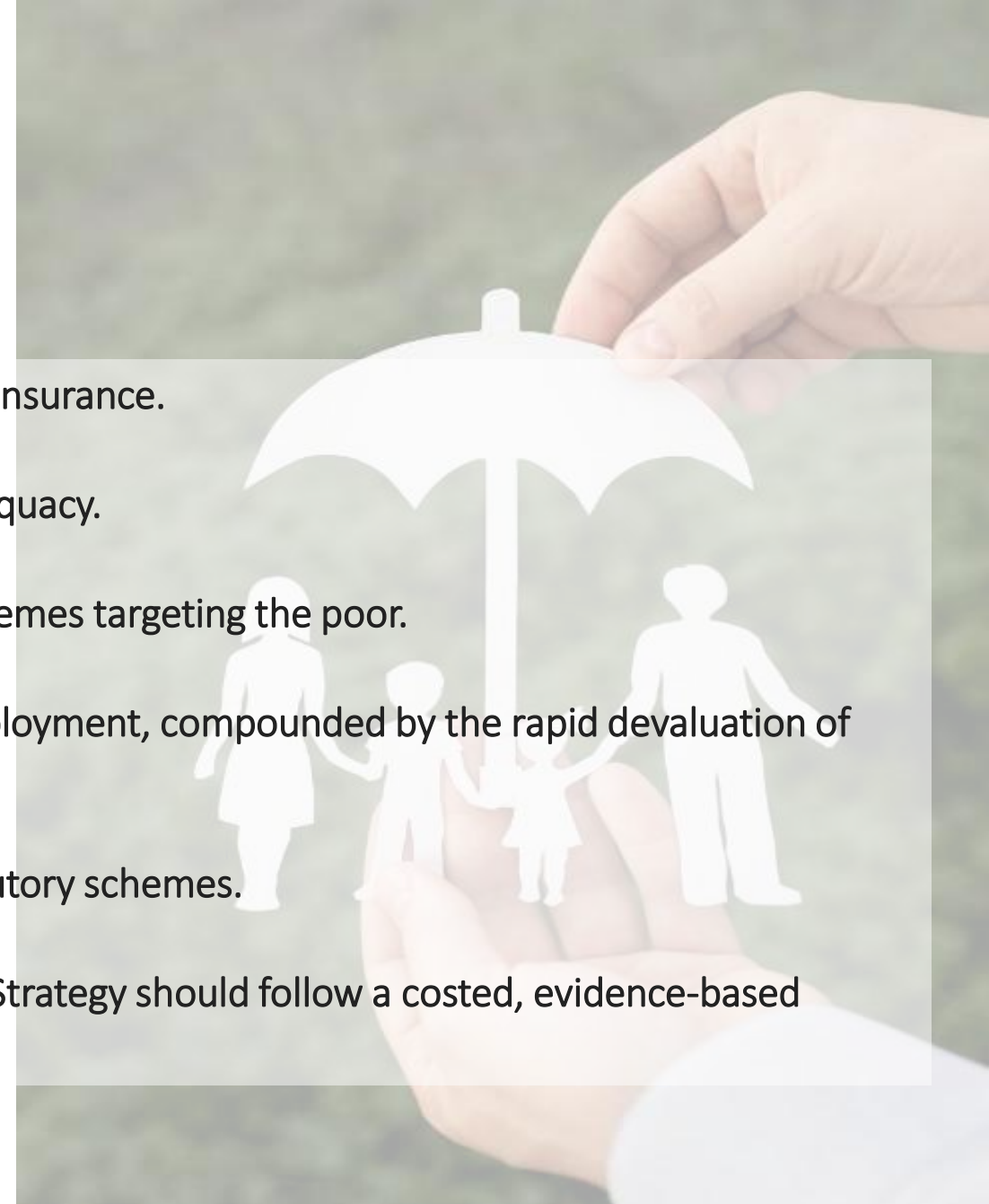
4

CONCLUSION AND RECOMMENDATION



Towards more universal, shock-responsive, and affordable social protection system

- 1** | Social protection remains focused on the non-poor and social insurance.
- 2** | More financing is needed to address gaps in coverage and adequacy.
- 3** | Government should increase funding for non-contributory schemes targeting the poor.
- 4** | The drop in number of active contributors due to rising unemployment, compounded by the rapid devaluation of contributory schemes' benefits, threaten future pensions.
- 5** | Expanding formal employment is key to strengthening contributory schemes.
- 6** | The gradual implementation of the National Social Protection Strategy should follow a costed, evidence-based prioritization.



Recommendations

Recommendation Area	Key Actions	
1. Expanding and Enhancing Data on Social Protection	<ul style="list-style-type: none"> Review and enhance social protection spending classification in collaboration with the Ministry of Finance. Resume the publication of the Public Finance Monitor. Ensure the regular publication of household data. Improve NSSF data transparency. Advocate for the publication of the Closure Accounts to improve access to audited spending data and strengthen fiscal transparency. 	<ul style="list-style-type: none"> Devise a methodology to “tag” social protection expenditures in the budget. Set up an integrated financial information management system linking agencies with the Ministry of Finance. Conduct institutional budget reviews for key providers (e.g., MoPH, MOSA). Resume integration ODA into the budget or develop a unified coordination and tracking mechanism.
2. Strengthening Institutional Capacities	<ul style="list-style-type: none"> Design a systematic approach to replicate and update budget reviews. Build capacity in budget planning and costing. Enhance data recording and reporting. 	<ul style="list-style-type: none"> Design solutions for the settlement of unpaid government contributions. Train Ministry of Finance staff on social protection.
3. Creating Fiscal Space for Social Protection	<ul style="list-style-type: none"> Earmark new taxes to social protection (e.g., on vacant properties, wealth, or excise taxes). Develop a mono-tax system for small contributors. Remove tax exemptions and improve tax collection. 	<ul style="list-style-type: none"> Address illicit financial flows and tax evasion. Seek a balanced financing mix with contributory revenues. Implement expenditure reallocation and limit the use of treasury advances.
4. Speeding Up Structural Reforms	<ul style="list-style-type: none"> Accelerate implementation of Pension Law 319. Reform public sector pensions. Conduct a costing study for NSPS programs and establish a medium-to-long-term financing strategy. 	<ul style="list-style-type: none"> Advocate for budget reform to transition to program-based budgeting. Pilot a shadow program-based budget in a key institution. Set concrete budgetary goals (e.g., share of GDP, digital disbursement, mutual fund mergers) with clear timelines.
5. Overcoming Resistance to Change	<ul style="list-style-type: none"> Launch a public communication campaign to raise awareness about the social protection strategy. Emphasize the universal benefits of social protection. 	<ul style="list-style-type: none"> Engage with the Ministry of Finance and Parliament, presenting affordability models and data-driven impact scenarios to gain support for increased social spending.

Access to data: Lebanon's Social Protection Spending Tracker

Lebanon's Social Protection Spending Tracker

2017 – 2024 Data

Version 1.1 | 18 June April 2025

The **Lebanon's Social Protection Spending Tracker** is an interactive dashboard that allows users to track government spending on social protection over the years. It provides insights into both the actual expenditures and the budgeted amounts, offering a clear comparison between what was planned and what was spent. The platform presents detailed data on key social protection programs, including pensions, health coverage, social assistance, and labor market interventions. Users can explore trends, analyze funding gaps, and assess how government priorities have shifted over time. This tool is designed for policymakers, researchers, and citizens seeking transparency in public spending on social welfare.

[Learn more about Social Protection in Lebanon](#)



Dashboard

About

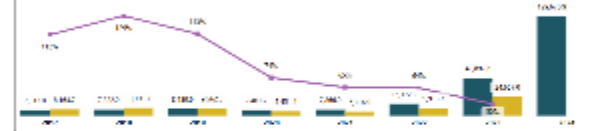
User Guide

Lebanon's Social Protection Spending Tracker

Amounts in billions of LBP

Share of Social Protection spending from total spending

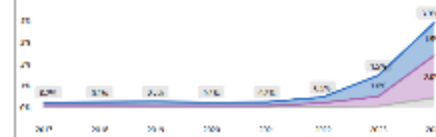
● Actual Spending ● Budgeted Spending ● Difference (Actual - Budgeted)



50%
Share of Social Protection from GDP

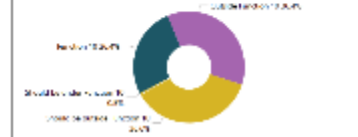
Share of SP from GDP

● Actual ● Budgeted ● Difference



Functional classification of social protection budgetary spending, in % of GDP

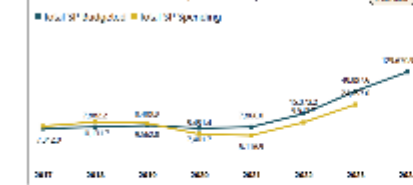
● Health ● Social Assistance ● Labor Market Interventions ● Other



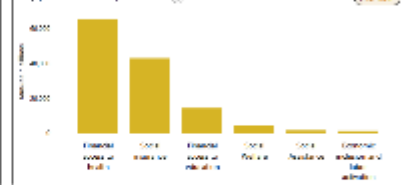
Lebanon's Social Protection Spending Tracker

Amounts in billions of LBP

Key Pillars of Social Protection: Total Expenditure (Billion LBP)



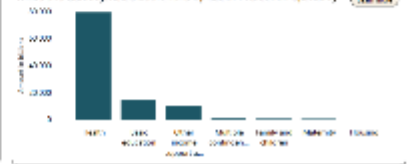
Key Pillars of Social Protection: Total Expenditure (Billion LBP)



Targeting Support: SP Spending by Group



Risks and Challenges Addressed by Social Protection Spending



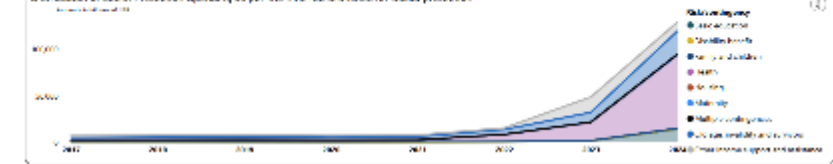
Lebanon's Social Protection Spending Tracker

Amounts in billions of LBP

Distribution of Social Protection Spending as per the new LDC standards for social protection – 2020 – 2019 – 2021 – 2022

Year	Category	Amount (Billion LBP)	Share of GDP (%)	Share of GDP (%)	Share of GDP (%)	Share of GDP (%)
2020	Health	10,000	10%	10%	10%	10%
	Social Assistance	10,000	10%	10%	10%	10%
	Labor Market Interventions	10,000	10%	10%	10%	10%
	Other	10,000	10%	10%	10%	10%
	Total	40,000	40%	40%	40%	40%
2019	Health	10,000	10%	10%	10%	10%
	Social Assistance	10,000	10%	10%	10%	10%
	Labor Market Interventions	10,000	10%	10%	10%	10%
	Other	10,000	10%	10%	10%	10%
	Total	40,000	40%	40%	40%	40%
2021	Health	10,000	10%	10%	10%	10%
	Social Assistance	10,000	10%	10%	10%	10%
	Labor Market Interventions	10,000	10%	10%	10%	10%
	Other	10,000	10%	10%	10%	10%
	Total	40,000	40%	40%	40%	40%
2022	Health	10,000	10%	10%	10%	10%
	Social Assistance	10,000	10%	10%	10%	10%
	Labor Market Interventions	10,000	10%	10%	10%	10%
	Other	10,000	10%	10%	10%	10%
	Total	40,000	40%	40%	40%	40%

Distribution of Social Protection Spending as per the new LDC standards for social protection



Thank you

www.institutdesfinances.gov.lb

 IOFLebanon

 Institut des Finances Basil Fuleihan

 IOFLebanon

 IOFLebanon

 InstituteOfFinance

512, Corniche Al Nahr
P.O.Box: 16-5870, Beirut - Lebanon
Phone: +961 425 146/9
institute@iof.gov.lb