

Key questions and types of input/comments sought

Respondents are requested to limit their comments to a maximum of 2,000 words. Additional supporting materials, such as reports, academic studies, and other background materials may be annexed to the submission.

While all submissions are welcome, and the questions below are by no means exhaustive, the Special Rapporteur would be grateful for comments that address topics such as:

- **The nature of poverty and inequality in Lebanon, including how poverty is or should be defined and measured, its prevalence, and its distribution.**

Complex crisis which results in multidimensional poverty. Poverty is reflected in:

The debate on poverty and inequality is not recent in Lebanon, the most commonly used study for a poverty profile of Lebanon, is the 2007 national report, 'Poverty, Growth and Income Distribution in Lebanon' conducted by the UNDP and MoSA. Relying on the expenditure data from the 2004/05 National Survey, the study uses a money-metric poverty measure and determines a national poverty line based on household expenditures. This study established a lower poverty line of \$2.40/person/day and an upper poverty line of \$4.00/person/day for Lebanon. Using these poverty lines, 28.6% of Lebanese households were found to be poor and of these, 8% were considered extremely poor or below the lower poverty line. The discrepancy between this rate (28.6%) and the income-related component of the living conditions index (LCI) (51.6%) is noteworthy and indicative of the significance of the methodology used to measure poverty. The mentioned study concluded that disparities between the Governorates are glaring with Nabatieh, Beka'a, South Lebanon and North Lebanon as the most deprived and Mount Lebanon and Beirut the least deprived Governorates in the country. The 2007 UNDP study also measured inequality, using the Gini

coefficient at 0.37 for nominal consumption and 0.36 for real consumption. Compared to the recent studies according to WFP mVAM we find that Nationally, food insecurity among Lebanese households is found to be 22 percent during the period of March-April 2021. At the governorate level, the North is found to have the highest level of food insecurity (27 percent), followed by Akkar (26 percent), Baalbek El hermel, and El Nabatieh (25 percent each).

Comparing 2007 to the period starting from November 2019 until the time of writing these lines despite its sorrow, it is considered as paradise compared to the multi-crisis Lebanon is passing through. For the past two years starting from November 2019, Lebanon has been Sinking in turmoil. From the devastating Beirut explosion in August 2020 to the outbreak of COVID-19, Lebanon's already unstable infrastructure has been overwhelmed by crises. As one would expect, Lebanon's economic crisis has caused Lebanese society to deteriorate into chaos. Now, the Lebanese people are enduring what is being described as one of the "worst economic disasters since the mid-19th century." Today, 50% of the population now lives below the poverty line. According to WFP¹, a continuous deterioration in the ability of the Lebanese households to access food and other basic needs was noted during March-April 2021. Forty seven percent of the households reported having challenges in comparison to 43 percent reported in November-December 2020, nationally.

- **Lack of money and travel restrictions** were two major barriers for accessing markets during this round. This can be explained by the nationwide lockdown and the state of

¹ <https://reliefweb.int/report/lebanon/lebanon-m-vam-vulnerability-and-food-security-assessment-march-april-2021>

medical emergency imposed during the period of January- March 2021, in addition to the deeper deterioration of the economy and currency depreciation. Nationally, food insecurity among Lebanese households is found to be 22 percent during the period of March-April 2021. At the governorate level, the North is found to have the highest level of food insecurity (27 percent), followed by Akkar (26 percent), Baalbek El hermel, and El Nabatieh (25 percent each).

- **Lack of access to health services:** Lack of reliable electricity, fuel and water supply threatens daily operations of hospitals and health facilities, including intensive care units, dialysis units, cold chain requirements, sterilization and diagnostic procedures. Currency exchange rates and cash flow restrictions on US Dollars have limited international purchasing power for essential medicines, supplies and various reagents while local suppliers – including pharmacies – suffer similarly depleted stocks. These combined factors threaten continued operation of health facilities and pharmacies. Outstanding reimbursements owed to hospitals by the Ministry of Public Health (MoPH) further compound cash flow woes. Financially-driven layoffs of health workers, transition to non-clinical employment with better salaries, and emigration of human resources continue unabated. Women make up over 80 per cent of registered nurses in Lebanon and are working in ever-more precarious environments, including frontline COVID-19 care and increasingly high ratios of nurses to patients. Women make up over 80 per cent of registered nurses in Lebanon and are working in ever-more precarious environments, including frontline COVID-19 care and increasingly high ratios of nurses to patients. They simultaneously shoulder the burden of unpaid care work in their households and closure of nurseries during lockdowns, placing them under increased mental health pressures²
- **Basic needs:** Limited food access and availability is now a widespread issue in Lebanon: WFP surveys have found that 22 percent of Lebanese, 50 percent of Syrian refugees, and 33 percent of refugees of other nationalities are food insecure. High prices mean food is out of reach for most, and retailers face serious challenges to restock and keep their businesses running. The ongoing reduction and lifting of government food, fuel and medicine subsidies is likely to make the situation much worse. As affordable food and fuel become scarce, competition for basic resources is on the rise, inflaming social tensions.
- Basic services (electricity, fuel). The fuel and electricity shortages have forced Lebanon's largest hospitals to reduce their activities. At the same time, public water supply and wastewater treatment systems that rely on fuel have cut back on their operations, leaving millions without access to water, and jeopardizing environmental and public health.
- Lebanon's health system is already facing significant threats due to the country's deteriorating socio-economic conditions, including medication shortages and the loss of hundreds of personnel who have migrated abroad.
- The fuel and electricity crisis in Lebanon is not limited to shortage, it is a combination of both shortage and huge increase of prices due to sudden removals of government subsidies from fuel, price rose around 200% in a very short period that did not exceed one month during September 2021 resulting in increase of prices putting more burdens on already vulnerable population.

² UN Women, WHO, NCLW, UNFPA and UNHCR Inter-agency coordination unit (2020).

<https://www2.unwomen.org/-/media/field%20office%20arab%20states/attachments/publications/2020/07/ga%20lebanon%20no4/gender%20alert%20on%20covidlebanon%20issue%204.pdf?la=en&vs=4317>

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- Loss of jobs. According to a study conducted By the international Labour Organization and Basmeh & Zeitooneh named “A blast in the midst of crises” in Beirut and mount Lebanon and other data collected by Basmeh and Zeitooneh that shows In addition to the pressure that Micro, small and medium-sized enterprises were experiencing due to the impact of Covid19, and in many cases, damages as a result of the blast, many shops and businesses were forced to close during the further deepening socio economic crisis. Micro, small and medium-sized enterprises (MSMEs) account for more than 97 percent of all private enterprises in Lebanon and employ more than 50 per cent of the country's workforce. Thus, B&Z response has focused on supporting these businesses through cash and in-kind assistance and professional advice, reviving household economies and local commerce. These companies are now facing more difficulties to continue working because of the electricity cuts & fuel shortage to show that structural support is also needed.
- **The devalue of the Lebanese Lira.** According to Lebanon economic monitor Monetary and financial turmoil are driving crisis conditions, more palpably through interactions between the exchange rate, narrow money and inflation. Acute exchange market pressures in Lebanese markets are reflected by heavy fluctuations in the US\$ banknote exchange rate, which temporarily breached LBP 15,000/US\$, before falling back down. This is within the context of a multiple exchange rate system, which includes the official exchange (LBP 1,507.5/US\$) as well Banque du Liban’s (BdL) platform rate set at LBP 3,900/US\$. Overall, the World Bank Average Exchange Rate (AER) depreciated by 129 percent in 2020. Exchange rate pass through effects on prices have resulted in surging inflation, averaging 84.3 percent in 2020. Meanwhile, the stock of currency in circulation increased by 197 percent, even as broad money supply (which includes bank deposits) declined, with the latter weighed down by deleveraging in the financial sector.

- **The major challenges and most severe human rights-related problems confronting those living in poverty.**

Basmeh & Zeitooneh is part of a larger coalition of organizations working on refugee issues, entitled the “Refugee Protection Watch” (RPW). The “Upinion” platform, which is based in the Hague, is also part of this coalition and helps B&Z with data collection inside Lebanon as part of the joint research conducted behind RPW. What follows is small excerpts from an upcoming RPW report on return conditions, where we ask Syrian refugee respondents in Lebanon about their status and situation. Percentages are based on a panel of 600 individuals from various geographical regions across Lebanon who participated in these surveys virtually at any given moment:

In November 2020, respondents were asked what main challenges they were facing, with multiple answers being possible. **Not being able to cover their living costs** (rent, food, medical needs, etc.) came out as the main challenge (79.5%), followed by the lack of a work permit or the right to work (30.6%) and no available jobs in their area (29.6%). As the second challenge is mainly faced by Syrian refugees in Lebanon, it shows how major this obstacle is for that cohort.

Consequently, respondents indicated to be mainly in need of support to cover basics when asked where their main needs were: support to pay for House rent (76.1%), Food (67.9%) and Healthcare/medicine (39.8%) were in the top three. Lebanese and Syrian respondents’ answers

to this question were similar, indicating the increasing difficulty of all people residing in Lebanon to pay for essentials.

When respondents were asked the same question in September 2021, the top 3 highest needs had remained the same (rent: 74.7%; food: 57.6%; and healthcare: 46.6%), however, **the need for cleaning and sterilizing materials (37.4%) and education and/or skills building (36.8%) increased significantly since the year before.**

In September 2021, the majority of women in our panel (78.0%) said they had difficulty accessing services because of their gender. However, among Syrian women, the percentage of those who had difficulties was even higher (84.8%) than Lebanese women (70.8%)

Moreover, nearly **three quarters (74.4%)** of the respondents with school-aged children (360 out of 485) reported that their child(ren) were **not able to attend school**. The reasons for this included the absence of physical education possibilities and the lack of means to follow online education (i.e. lack of electricity, devices etc), as well as financial constraints, such as the inability to afford transportation fees or supplies.

- **The impacts of poverty on economic, social and cultural rights, such as the rights to health, housing, food, education, and social security, as well as on civil and political rights.**

The multiple crises afflicting Lebanon have led to a severe deterioration in people's standard of living. Basic rights are being denied as people are unable to afford or access basic goods and services including health, food, education, electricity, water and wastewater management. Extreme poverty - also known as "food poverty" - increased three-fold from 2019 to 2020, rising from 8 per cent to 23 per cent. Meanwhile GDP is estimated to have fallen by 20.3 per cent in 2020. In March 2021, 78 percent of the Lebanese population (3 million people) was estimated to be in poverty. Extreme poverty has reached an estimated 36 percent of the Lebanese population (1.38 million). In parallel, according to the 2020 Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR), 89 percent of Syrian refugee families (nine out of ten) live in extreme poverty, increasing from 55 per cent only a year before, with even worse conditions for female-headed households. As the situation continues to deteriorate, an even greater number of people is falling into absolute poverty and food insecurity³.

- **The role of international financial institutions such as the International Monetary Fund and the World Bank; the management of public finances; and the role of the corporate sector, including commercial banks, in relation to poverty.**

The banking sector, which informally adopted strict capital controls, has ceased lending and does not attract deposits. Instead it endures in a segmented payment system that distinguishes between older (pre-October 2019) dollar deposits and minimum new inflows of "fresh dollars." The former is subject to sharp deleveraging through de facto liraification and haircuts (up to 70%

³ <https://data2.unhcr.org/en/documents/details/85003>

on dollar deposits)⁴. The burden of the ongoing adjustment and deleveraging is highly regressive, falling hardest on smaller depositors and Small and Medium Enterprises (SMEs). Inflationary effects are highly regressive factors, disproportionately affecting the poor and middle class. The social impact, already dire, could become catastrophic; more than half the country's population is likely below the poverty line; a higher share of households is facing challenges in accessing food, healthcare and basic services; like poverty, unemployment is on the rise.

As per Basmeh and Zeitooneh Regional Finance Officer, the IMF and world bank enlarged the problem in Lebanon and other countries that led to more poverty. Giving loans to already corrupted ministries without certain loan conditions, lack of accountability such pre and post evaluation for the use of funds. This increased corrupt politicians' power, by enlarging the gap between rich and poor people, making more people submissive to the ruling power, thus leading to more dictatorship movements in these countries. In addition to their controlling power in imposing unsound policy for fixation exchange rate or floating exchange rate, etc.

- **The impacts of the Lebanese political and governance system on the capacity of the State to alleviate poverty without discrimination.**

Poor governance is not recent in Lebanon; it is inherited from decades. Over the past three decades directly after the civil war, Lebanon's ruling class—which comprises intertwined political and business elites—has run the country into the ground. To survive its ongoing accumulation of challenges, including the financial crisis that erupted in October 2019, Lebanon requires a revamped state backed by a new economic model with social justice at its core. Since 2005, Lebanon has been characterized by extreme inequality in both income and wealth. The richest 1 percent of the population receives, on average, 25 percent of national income, while the poorest half receives less than 10 percent. Regarding wealth, the richest 10 percent of the population owns almost 70 percent of total wealth. Additionally, the middle class and the poor have little chance of upward mobility. Those responsible for this situation are the country's political and business elites. Together, they have divided the country's public and private sectors between themselves and created a system in which they can extract rent on virtually any economic activity. Without radical and immediate reforms, Lebanon will become a failed state. Though major political and institutional change is necessary, redesigning the country's economic model is no less urgent. The key to designing such a model as well as a new state guaranteeing a fairer distribution of resources is fiscal reform.

- **The potential of and challenges facing the existing social protection system to address poverty, inequality, and social exclusion, especially with a view to protecting informal and vulnerable workers, rural populations, migrants and refugees.**

The main challenge is that the current system, to begin with, is not equipped or set up to protect those it deems to be outside the body politic – i.e. non-Lebanese, non-wealthy et cetera. The challenge, therefore, is a systemic one. The issue with the socio-political landscape in Lebanon is that you have a semblance of a state, which caters directly to the elite and their inner circles, and you have a system of CSOs that is supposed to replace what the state is not providing. However, this system is not placed in order to check vulnerability, but rather to feed off it through

⁴ <https://www.worldbank.org/en/country/lebanon/overview#1>

a system of rigid grants and donations that does not do more than place a band-aid on a system that has already crumbled. Another challenge lies in the social protection system itself – that is to say, that it does not exist, and only existed marginally even before the culmination of the economic and social crisis in Lebanon in 2019.

- The main challenge here is breaking through to Lebanese policymakers in order to enact social protections for those who are seen by the elite to be 'outside' of Lebanese society. However, this is virtually impossible when policymakers themselves are part of the elite, and there exists a titanic cognitive dissonance between this class and the needs of the most vulnerable. It is therefore unrealistic to expect members of the social and political elite to come up with proper social protection mechanisms to address and solve the issues of the most marginal in Lebanese society when they themselves have never experienced marginality.
- In light of the aforementioned, another challenge is to address the system of aid and grants to CSOs in Lebanon. Without proper aid localization and a true relationship between donors and CSOs that revolves around a triple-nexus approach, we cannot begin to solve long-standing issues within our communities (in the absence of a real state-sponsored social protection system). Aid has to be allocated based on local needs, it has to be flexible with the changing situations, and it cannot already have an imposed agenda that is far removed from the current needs and realities of the most vulnerable.

- **The social and economic impacts of COVID-19 on poor and low-income groups.**

The outbreak of COVID-19 is further contributing to the economic recession, compounding existing weaknesses and increasing vulnerabilities of all residents in Lebanon⁵. According to the Government of Lebanon, the country experienced a 10 percent contraction of GDP in the last quarter of 2019 and will face 14 percent and 4 percent negative growth in 2020 and 2021, respectively. The disease outbreak placed additional pressure on an already collapsing economic system and has overburdened national social safety nets and the health system. Existing poor social safety nets, limited coverage in water and electricity services, weak solid waste management/disposal and overcrowded living conditions in many parts of the country can augment the risk of the spread of the virus as observed in the past weeks. Combined with an economic collapse, this could push Lebanon into a food crisis as stated by the Prime Minister in May 2020.

- **The role of fiscal spending, public finance management, and tax policy in relation to poverty.**

In theory the fiscal policy role is to influence and monitor a nation's economy to raise economic growth, through setting spending budgets based on the return, and well-chosen investment. Growth itself increases the tax base generating the potential for higher public spending on poverty reduction. However, this is not the case in our country "Lebanon" as the corrupted ministries created a corrupted tax collection system, leading to a lack of trust between the government and people, that causes tax evasion too.

- **Regions, districts, cities or municipalities in Lebanon that the Special Rapporteur should visit.**

⁵ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#L>

At Basmeh & Zeitooneh, we highly recommend to conduct the first visit to The union of municipalities of Fayah, it includes a union of five municipalities that includes four municipalities (Cities) that include Tripoli, Mina, Biddaw, and Qalamoun which represents the most vulnerable areas in Lebanon and can also show a clear image of the surrounding area of Akkar northern Lebanon. The second visit that we recommend is to Bar ELias city of Bekaa. These two recommended places also host a huge number of refugee communities. The final place that B&Z recommends to visit is Shatila Refugee camp in Mount Lebanon (located within Beirut Suburbs), this camp hosts Palistinian refugees and a large number of Syrian refugees living in dire situation.

- **Individuals and organisations the Special Rapporteur should meet with during his visit.**

No existing recommendations, however, an answer might be provided during the call.