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Report

Lebanon's Deepening Disparities: The Impact of Multiple Crises on Vulnerable Populations

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Lebanon's Deepening Disparities: The Impact of Multiple Crises on Vulnerable Populations

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Introduction

Income inequality has drawn growing attention from international organizations due to its impact on economic growth (Ostry et al., 2014), social cohesion (Zhou and Jin, 2018), and sustainable development (United Nations, 2020; World Inequality Lab, 2022). While global average income in 2021 was $23,380 per adult (PPP), stark disparities remain. North America and Europe, with 17% of the adult population, hold 57% of total household wealth, while Africa, with 13% of adults, owns only 1% (Credit Suisse Research Institute, 2021). Globally, the top 10% capture 52% of income, compared to 8% for the bottom half; in wealth, they hold 76%, while the bottom half owns just 2% (Chancel, Piketty, Saez, Zucman et al., 2022). Inequality varies across regions, from 36% of income for the top decile in Europe to 58% in the Middle East—contradicting some official estimates suggesting low inequality in the Arab region (UNESCWA, 2019).

The example of Lebanon demonstrates this clearly. Once seen as relatively equal, with a GINI index of 0.32 in 2011 (CAS and World Bank, 2015), newer studies reveal extreme inequality. Assouad (2023) finds that in period of 2005–2014, the top 1% and 10% captured 25% and 55% of income, respectively, while the middle class received only 30%—a far smaller share than in countries with similar GINI levels. Saliba et al. (2017) confirm this for 2014, with the top 2% earning 17% of income and the lowest 59% just 22%, while Lebanon's GINI reached 0.507, ranking it 129th of 141 countries. Historical evidence also shows deep inequality: IRFED's 1961 report found 50% of Lebanese living in poverty while the top 4% received 32% of income (Assouad, 2021).

The 2019 financial collapse drastically worsened disparities. Poverty surged, erasing earlier gains (Makdessi et al., 2023), with the World Bank (2024) estimating poverty tripled in five governorates between 2012–2022 and the GINI rising to 0.61 by 2022–2023. Households dependent on Lebanese lira wages face inflationary collapse, while dollar earners remain shielded, creating sharp geographic inequalities, particularly in the North. UNESCWA (2020) shows the middle class shrank by 17 percentage points between 2019–2020, with the top 10% owning 70.6% of wealth in 2019. Lebanon also ranks poorly in the 2022 CRI Index (122nd globally; 9th worst in MENA), reflecting weak labor rights (86th), low social spending (108th), and highly regressive taxes (150th).

This research explores how inequality—worsened by regressive taxation, weak public services, and crisis mismanagement—affects

children's access to education, healthcare, and social protection. It aims to identify how Lebanon can shift toward an economic model prioritizing equity and adopt policies that reduce disparities.

I Methodology

This report adopts a holistic approach to examine socio-economic disparities in Lebanon, combining desk research with qualitative fieldwork.

Desk Research

A multi-source strategy was applied, drawing on publications by UNICEF, ESCWA, UNDP, the World Bank, and the World Inequality Lab, alongside recent studies by development agencies, think tanks, and NGOs. Analysis also incorporated available national statistics and data from relevant ministries. This ensured both breadth and depth in capturing the evolving dynamics of inequality.

Key Informant Interviews (KIIs)

Twenty in-depth interviews were conducted with experts, policymakers, and stakeholders whose work intersects with inequality and social cohesion. Interviewees represented a diverse spectrum, including:

- **Civil society organizations** supporting disadvantaged groups and providing safety nets.
- **International NGOs and organizations** addressing economic disparities.
- **Academics and experts** researching inequality, fiscal policy, education, and healthcare.
- **Government officials** shaping taxation, labor regulations, and social protection.
- **Think tanks, political party officials, and private sector representatives**, offering perspectives on policy design, reform, and the economic role of businesses.

Interviewees were asked general and sector-specific questions. General questions focused on:

1. Links between the ongoing crisis and widening disparities.
2. Impacts of inequality on social cohesion and civic space.
3. The role of taxation, public spending, and labor regulations in shaping income distribution.
4. Effects of disparities on children's access to education, healthcare, and social protection.

This mixed-methods design enabled triangulation of secondary data with expert insights, enriching the analysis and grounding findings in Lebanon's complex socio-economic context.

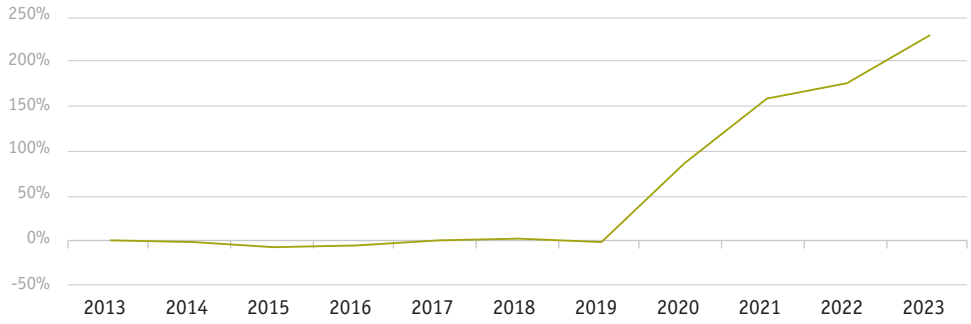
II Research Findings

The Current Crisis and Widening Social Disparities

Economic instability can profoundly reshape social structures, often leading to lasting changes in society. As economic decline is rarely random, it is often deeply rooted in historical and structural issues within a country. In Lebanon, the current economic collapse is a cumulative outcome of years of political mismanagement, widespread corruption, and external pressures. With the beginning of the third quarter of 2019, a new chapter in Lebanon's modern history started, with consecutive shocks hitting the country: October 2019 social uprisings, Covid-19 pandemic spread, followed by the lockdown policy, and the Beirut port blast.

A succession of challenges—including currency depreciation, hyperinflation, and a failing banking sector—has eroded citizens' financial stability. The local currency lost its value from USD/LBP of 1,515 in 2019 to more than 100,000 LBP in 2023, or a 99 percent depreciation rate. Accordingly, inflation increased from 3 percent in 2019 to 85 percent in 2020 (Figure 1). The rapid upward trend in inflation continued in the following years, recording triple-digit inflation since June 2020, with the highest average of 268.8% in April 2023. These crises act as transmission mechanisms that intensify the link between economic stagnation and rising income inequality.

Figure 1 **Inflation Rate in Lebanon (%)**



Source: Central Administration of Statistics (2023)

Regarding systemic problems exposed by the crisis, interviewed experts identified the country's low productivity and the rentier structure of its economic model as key vulnerabilities. Lebanon's heavy dependence on imports, financed primarily by remittances, was noted as an inherently fragile approach, lacking resilience to external shocks. Interviewees highlighted two major monetary developments during the crisis: the shift toward a dollarized economy, which disproportionately impacted the working class, and restrictive banking measures that limited access to personal savings and credit. These challenges were compounded by poor policy decisions and corruption, further complicating the recovery process and deepening social inequalities.

A closer look at prices and access to basic necessities highlights how the crisis has deepened social disparities. Table 1 shows inflation rates across expenditure categories, with costs rising more than fourfold since 2020. These increases were shaped largely by the government's subsidy policy, which, though designed to keep essentials affordable, proved inefficient—depleting reserves and worsening inequality.

Table 1 **Inflation according to expenditure divisions**

Expenditure Division	Inflation 2019	Inflation 2020	Inflation 2021	Inflation 2022	Inflation 2023
Food and non-alcoholic beverages	9.77%	402.25%	438.65%	142.94%	207.60%
Housing, water, electricity, gas and other fuels	1.29%	18.51%	103.08%	52.88%	206.71%
Health	0.05%	17.39%	404.94%	167.46%	173.59%
Transportation	14.15%	206.14%	522.39%	127.22%	123.88%
Education	3.96%	10.27%	35.04%	191.35%	595.18%
Restaurants and Hotels	2.56%	608.97%	414.71%	149.56%	197.62%

Source: Central Administration of Statistics (2023)

Complementing these figures, interviewees highlighted the failure of Lebanon's subsidy policy, noting its regressive structure and economic inefficiencies that disproportionately benefit higher-income households. The richest quintile received up to six times more in fuel subsidies than the poorest, underscoring subsidies as a costly and ineffective means of poverty alleviation. Lebanon's subsidy system is notoriously opaque, fostering corruption and black-market activity, where subsidized goods are frequently smuggled or misappropriated. Approximately 55% of energy-related subsidies went to the wealthiest 20%, 80% of whom

own vehicles, compared to less than 25% ownership among the poorest (Maddah and Tfayli, 2024).

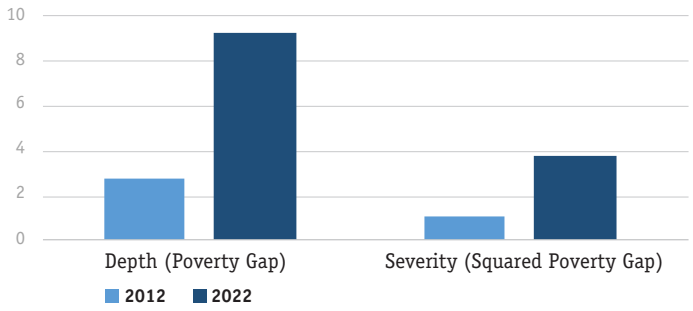
Amid the breakdown of subsidies and the unavailability of cash support in the early stages of the crisis, Lebanon has faced a severe threat to food security, particularly among low-income households. Currently, Lebanon ranks among the top three countries experiencing the highest nominal food inflation (World Bank, 2023). According to the Integrated Food Security Phase Classification (2024), over half a million Lebanese residents were expected to face food insecurity from October 2023 to March 2024.

Furthermore, Lebanon's regional disparities in poverty and inequality are stark, with peripheral areas like Akkar, Tripoli, Baalbek-Hermel, Marjeyoun, and Sidon suffering disproportionately from food insecurity and economic vulnerability. Interviewees identified these areas as particularly hard-hit by the ongoing crises, with food insecurity rates reaching critical levels. Poverty trends to underscore these geographical inequalities: According to a World Bank report (2024), Lebanon's consumption-based poverty rate surged from 12% in 2012 to approximately 44% in 2022, with the poverty gap[1] expanding from 3% to around 9% (Figure 2).[2] Poverty rates differ significantly across regions, ranging from just 2% in Beirut to a staggering 70% in Akkar, where the economy is heavily dependent on low-paying sectors.

1
The poverty gap is the minimum financial amount required to bring the spending levels of the poor up to the poverty line, expressed as a share of the latter.

2
The data covers five governorates: Akkar, Beirut, Bekaa, North Lebanon, and most of Mount Lebanon, excluding Baalbek El-Hermel, El-Nabatieh and South Lebanon due to the lack of observational data.

Figure 2 **Depth and Severity of Poverty Among Lebanese (in %)**



Source: World Bank (2024)

Lebanon's crisis has deepened long-standing regional inequalities, with North Lebanon—particularly Akkar—emerging as the poorest region. Poverty in Akkar reached 70% by 2022 (World Bank, 2024), reflecting its dependence on agriculture, construction, and public sector jobs and the absence of economic diversification. In contrast, the

Bekaa recorded a lower but still significant 26% poverty rate in 2022 (World Bank, 2024). This reflects a persistent urban–rural divide: while Beirut and its suburbs have historically received most development investments, peripheral regions such as North Lebanon, Bekaa, and the South remain marginalized and underdeveloped (World Bank, 2024).

Regional disparities are closely tied to employment structures. Public sector work is far more prevalent in poorer regions—31% of Akkar's workforce is in public employment compared to 6% in Beirut (World Bank, 2024)—making these areas particularly vulnerable to the erosion of public wages. The severe currency depreciation eliminated more than 80% of income value for those paid in Lebanese pounds, worsening inequality between regions where dollar incomes are scarce and those with better access to foreign currency (World Bank, 2024). Disparities have also widened due to the uneven growth of the informal economy. Informal employment surged from 35.2% in 2019 to 48.3% in 2022 (World Bank, 2024), a shift most visible in rural areas reliant on low-wage, insecure work without social protections. This has further entrenched regional poverty and limited resilience against economic shocks (World Bank, 2024).

The crisis has disproportionately impacted populations in peripheral regions. Income inequality across five surveyed governorates rose from 0.4 in 2012 to 0.6 in 2022 (World Bank, 2024). Vulnerable groups—especially retirees, children, women, and persons with disabilities—face heightened hardship in these areas, often depending on limited programs such as the National Disability Allowance and the Emergency Social Safety Net (ESSN) (World Bank, 2024). Business closures driven by the collapse of lira-based jobs have worsened unemployment, deepening economic insecurity in already disadvantaged regions (World Bank, 2024). Lebanon's economic collapse has magnified structural inequalities, leaving peripheral and rural regions increasingly excluded from investment, employment opportunities, and social protection. These entrenched disparities now define the geography of poverty and resilience across the country (World Bank, 2024).

The Impact of Economic Inequalities on Social Cohesion and Civic Space

Economic inequality has a profound effect on social cohesion, eroding collective action, and diminishing civic engagement.

Rising Inequalities and Social Unrest

The existing literature highlights that increasing horizontal inequality—where different social groups experience starkly unequal economic opportunities—is positively correlated with social unrest. Studies by Stiglitz (2012) and Houle et al. (2022) demonstrate that inequality often breeds instability, making countries with high disparities prone to social disturbances such as riots and protests. For Lebanon, this dynamic is evident, as the lack of progress on necessary reforms has contributed to political deadlock, preventing access to international financial assistance from organizations like the IMF. This inaction undermines public confidence, fueling frustrations and exacerbating tensions between the elite and the general populace (Acemoglu & Robinson, 2006; Roe & Siegel, 2011).

In 2023, Lebanon's score on the Fragile State Index reached 91.8, placing the country in a state of alert. The score attributed to the refugees and displaced indicator, which measures the pressure upon states caused by the forced displacement of large communities, was particularly high, at around 9. This reflects the immense strain placed on Lebanon due to the ongoing refugee crisis, with the presence of more than 1.5 million Syrian refugees contributing to social and political instability.

Economic Inequalities and Social Cohesion

Interviews with key respondents confirmed that economic inequalities in Lebanon have deeply eroded social cohesion. Two main factors were highlighted:

1. **Competition for Resources:** Growing rivalry over jobs, services, and access to resources—especially between politically connected groups and those without—has fueled tensions. These pressures contributed to the 2019 protests and continue to drive social unrest.
2. **Political Narratives:** Divisive rhetoric, particularly blaming Syrian refugees for the crisis, has worsened mistrust and exclusion, weakening social cohesion.

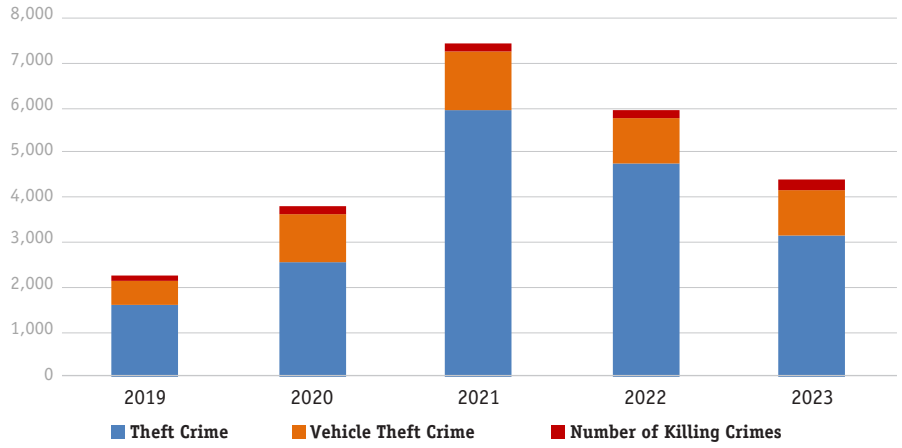
Respondents emphasized that inequality has intensified incidents of armed conflict, acting as a catalyst for instability. Rising tensions are especially visible in refugee-hosting regions like the Beqaa Valley. The erosion of cohesion also undermines marginalized groups' ability to organize and engage in civic action. Refugees and other disadvantaged

communities struggle to mobilize for their rights, reinforcing a cycle of exclusion, unrest, and limited participation.

Negative Coping Mechanisms: Crime and Social Unrest

As economic conditions worsened, Lebanon experienced a surge in negative coping mechanisms such as crime. Research and interviews confirm the link between rising poverty and criminal activity (Becker, 1968; Ehrlich, 1973). Reported crimes rose sharply from 2,403 in 2019 to 7,600 in 2021, before declining to about 6,000 in 2022 and 4,500 in 2023—still high levels of unrest. Theft, up 58% from 1,610 in 2019 to 2,536 in 2020, has been the most common crime, reflecting desperation among disadvantaged groups. This trend undermines community stability, erodes trust, and heightens tensions.

Figure 3 **Security Crimes in Lebanon**



Source: Information International[3]

Syrian Refugees and Tensions with Lebanese Communities

The Syrian refugee crisis further complicates Lebanon's social fabric. Syrians are estimated to make up 42% of the population,[4] straining resources and fueling tensions, especially in the Beqaa Valley. Respondents reported that unequal access to land and water exacerbates local conflicts. Violence has also escalated in Palestinian refugee camps like Ein El Helwe, deepening societal divisions.

Erosion of Civic Space and Collective Action

The weakening of social cohesion has constrained collective action. Vulnerable groups facing violence have less capacity to organize,

3 Retrieved from Information International based on reports from the General Directorate of Internal Security Forces.

4 Retreived from Elnashra. (October 5, 2023).

while political polarization and resource competition widen divides. Women, people with disabilities, refugees, and migrant workers are disproportionately excluded from the economic mainstream, with unfair policies reinforcing their marginalization.

The Influence of Taxation, Public Services Expenditure, and Labor Regulations on Income Disparities

Taxation System

Lebanon's taxation system significantly contributes to income inequality. Before the crisis, tax revenues were only 15% of GDP, well below the average for developing countries, limiting the state's ability to fund social services. A key issue is the regressive structure of the tax system. Interviewees emphasized that heavy reliance on indirect taxes, particularly VAT, places a disproportionate burden on low-income groups. While wages, property income, and inheritance are taxed progressively (3%–45%), corporate profits face a flat 17% rate, weakening redistributive efforts. Even with the 2024 budget's tax brackets (Table 2), high-income earners continue to benefit from relatively favorable rates, highlighting limited progress toward equitable wealth distribution.

Table 2 **New tax rates according to income brackets**

Percentage of Tax	Income Brackets (in Lebanese lira)
2%	360 million and below
4%	360 million - 900 million
7%	900 million - 1.8 billion
11%	1.8 billion - 3.6 billion
15%	3.6 billion - 7.2 billion
20%	7.2 billion - 13.5 billion
25%	13.5 billion and above

Source: Budget law 2024

Sources of Tax Inequality

Structural issues compound these inequalities:

- **Banking Secrecy Law**: Prevents banks from disclosing depositor information, enabling tax avoidance (Law No. 1/1956).
- **Tax Exemptions**: The tax code provides tax exemptions on capital gains when transferring shares in Lebanese joint companies, which is again associated with tax avoidance.

- **Uncollected Overseas Taxes**: Interest, dividends, and capital gains earned abroad by Lebanese residents remain untaxed (despite being legally subject to domestic taxation).

Declining Public Revenues: A Barrier to Economic Support

Lebanon's flawed taxation system, compounded by systemic corruption and weak enforcement, has resulted in persistently low public revenues. The situation was exacerbated by the economic collapse that followed years of mismanagement. In 2019, tax revenues totaled LBP 12.5 trillion (approximately $7.65 billion at an average rate of 1,633.9 LBP/USD), but dropped to LBP 10.4 trillion (around $1.55 billion at 6,704.95 LBP/USD) in 2020—a stark decline largely driven by the pandemic's impact on trade and consumption. In 2021, tax revenues totaled LBP 15.2 trillion (approximately $904 million at 16,820.8 LBP/USD).

VAT revenues declined in real terms from LBP 3.2 trillion ($1.96 billion) in 2019 to LBP 1.8 trillion ($268 million) in 2020, and to LBP 4.8 trillion ($285 million) in 2021. Similarly, customs revenues dropped from LBP 1.8 trillion ($1.10 billion) in 2019 to LBP 1.2 trillion ($179 million) in 2020 and to LBP 1.5 trillion ($89 million) in 2021.[5]

Severe revenue fluctuations have drastically reduced the Lebanese government's capacity to fund essential social programs and support vulnerable populations. Temporary initiatives, such as the National Social Solidarity Program (NSSP) launched during the COVID-19 lockdown, were limited in scope and duration. Interviewees identified tax evasion and avoidance—enabled by legal loopholes, corruption, and weak oversight—as major contributors to revenue shortfalls, depriving the state of critical financial resources.

5
The exchange rate at the parallel market was calculated using data from https://lirarate.org/ by taking, for each year, the average of all recorded rates.

Public Expenditure and Inequality

On the expenditure side, Lebanon's budget remains heavily weighted toward current spending—notably public sector wages, debt servicing, and transfers to state institutions—rather than developmental or social investment. Government spending contracted sharply in real terms: from $14.4 billion in 2019 (LBP 23.6 trillion at 1,633.9 LBP/USD), to $2.34 billion in 2020 (LBP 17.1 trillion at 6,704.95 LBP/USD), and $933 million in 2021 (LBP 15.7 trillion at 16,820.8 LBP/USD).

Although budget documents report substantial allocations to social sectors under the IMF functional classification, actual spending is often overstated due to misclassification. For example, 'Social Protection'

spending was reported at LBP 12.4 trillion in the 2022 Budget Law (≈$409 million at 30,313.13 LBP/USD), but much of this covers public sector pensions, end-of-service indemnities, and employment-related benefits (e.g., transport, schooling, healthcare), rather than programs such as universal healthcare, child allowances, or unemployment support. Politically motivated transfers are sometimes also included, inflating reported spending while masking underfunding of essential services.

The depreciation of the Lebanese pound has further eroded the purchasing power of public funds, worsening the government's ability to sustain services. While the 2024 budget includes increased allocations to health, education, and social assistance—along with temporary compensation adjustments for public employees—these remain insufficient in light of growing needs and rising costs.

In the 2024 budget, total expenditures were estimated at LBP 308,435 billion, reflecting a nominal increase from the previous year's proposal of LBP 199,307.4 billion. Despite this nominal rise, the real-term allocations for critical sectors such as education remain substantially below pre-crisis levels. For instance, the Ministry of Education and Higher Education's budget in 2024 is approximately 82% lower in real terms compared to its 2019 allocation. Similarly, the Ministry of Social Affairs' budget lags by 67%, while the Ministry of Public Health's allocation slightly surpassed its 2019 level by 9%.[6]

6 The Policy Initiative (2024).

To address the diminishing value of salaries due to inflation, the government implemented temporary compensation adjustments for public sector employees. These adjustments increased wages by three times the basic salary for retirees and active members of the security and armed forces, and by two times for active members of public administrations, effective retroactively from December 1, 2023. This resulted in total salaries amounting to nine times the basic salary.[7] However, when adjusted for the prevailing exchange rate of LBP 89,500 to the US dollar, these increases translate to only 30% to 40% of their pre-crisis value in USD terms.[8] Interviewees emphasized that without robust measures to combat tax evasion, enhance public financial management, and implement progressive taxation, the budget's redistributive impact would remain minimal, exacerbating existing inequalities.

7 Blom Invest Bank (2024).

8 Mercy Corps (2024).

Impact on Social Services

Interviewees stressed that weak investment in health, education, and social protection has worsened disparities, especially for marginalized

groups. Limited access to affordable healthcare and quality education continues to block upward mobility and entrench poverty.

- **Public Health:** Budget cuts, currency depreciation, subsidy removal, and doctor emigration have reduced medical services, hitting low-income families hardest.
- **Education:** Underfunding has lowered public school standards. The crisis forced many families to move children from private to public schools, straining resources, while others withdrew them entirely.
- **Social Protection:** The collapse of institutions like the NSSF and the erosion of retirement salaries left many without safety nets, further widening gaps.

The lack of targeted investment in these sectors has amplified the crisis, deepened inequality, and limited recovery prospects. Strengthening and better allocating public expenditures is crucial to rebuilding trust and advancing equity (see Section 4).

Labor Regulations and Income Disparities

Lebanon's prolonged economic crisis has severely disrupted the labor market, deepening existing inequalities. Youth unemployment remains high, as the economy struggles to absorb an increasing number of educated job seekers (LCPS, 2012). Meanwhile, informal employment—lacking labor protections and benefits—has surged, further widening income disparities. According to the Central Administration of Statistics (CAS), informal sector employment increased from 35% in 2019 to 46% in 2022, while overall informal employment rose from 55% in 2018 to 62% in 2022.[9] Interviewees noted that informal work exposes employees to low wages — often below the minimum wage — and excludes them from social protection such as healthcare, pensions, and paid leave. Lacking formal contracts, they also face job insecurity, exploitation, and arbitrary dismissal.

The widespread nature of informal employment reflects structural weaknesses in Lebanon's labor market, including poor enforcement of labor laws and weak regulation. These conditions perpetuate poverty and worsen inequality.

The Refugee-Labor Nexus and Income Inequality

The influx of Syrian refugees has reshaped Lebanon's labor market, heightening competition for low-skilled jobs. Since refugees often accept lower wages, earnings for Lebanese workers in similar roles have declined, deepening disparities. Interviewees stressed the need for labor

9 Informal employment manifests in two ways: (1) Informal Sector Employment: Workers employed in unregistered businesses, and (2) Informal Employment Across Sectors: Workers lacking formal contracts or employment relationships, even within registered businesses.

reforms that integrate refugees into formal markets without displacing locals. Refugees and migrants also face legal barriers and discrimination; Palestinian refugees remain excluded from many professions, while Syrians are largely confined to low-wage sectors such as agriculture and construction (TIMEP, 2023).

Gender-Based Income Disparities

Gender income inequality remains entrenched in Lebanon. Women's labor force participation was only 22% in 2022, compared to 66% for men, and female unemployment rates remain significantly higher. The share of women earning less than LBP 1,066,000 increased from 18% in 2019 to 27% in 2022.[10] While the gender pay gap widened to 7.2% in favor of men. These figures highlight systemic barriers such as limited childcare access, workplace discrimination, and restrictive social norms that discourage women's employment. Targeted reforms — including equal pay legislation, workplace flexibility, and support for female entrepreneurship — are essential to closing the gap and enhancing economic productivity.

10 Central Administration of Statistics (Lebanon) & International Labour Organization. (2022, June 14). Lebanon Follow-up Labour Force Survey – January 2022. Beirut: CAS/ILO. Retrieved from https://www.ilo.org/publications/lebanon-follow-labour-force-survey-january-2022

Impact of Disparities on Children's Access to Services

The crisis has disproportionately affected households with children, as larger families face greater financial burdens. With the average household size around four individuals (ILO, 2021), many families struggle to meet essential needs like healthcare and education. As parental incomes decline, households have resorted to negative coping mechanisms, including cutting essential spending, withdrawing children from school, and delaying healthcare. These strategies, while immediate responses to financial stress, have long-term consequences on children's well-being, development, and future opportunities, limiting their access to healthcare, education, and social protection.

The Health Crisis: Impact on Children's Wellbeing and Access to Care

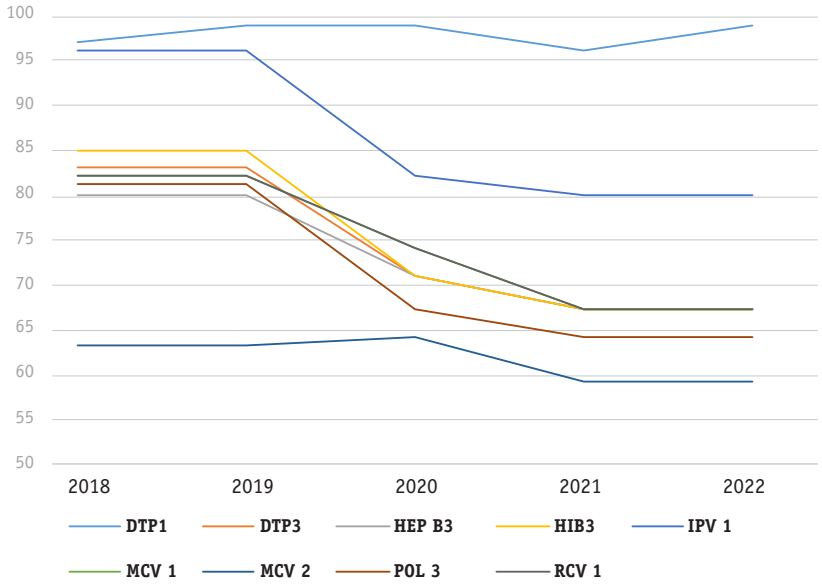
Lebanon's economic collapse has severely harmed children's health by driving many households into poverty (ESCWA, 2021). Poverty is closely linked to long-term adverse health outcomes, including higher risks of cardiovascular disease and type II diabetes (Raphael, 2011). National health indicators reflect this deterioration: life expectancy fell from 80 years in 2018 to 74 in 2022 (World Development Indicators), and under-five mortality rose by 25%, from 14 to 17.4 deaths per 1,000 live births over the same period.

The crisis has eroded healthcare access due to rising medication costs, increased hospital fees, and the removal of government subsidies. Families have resorted to negative coping mechanisms: 81% reduced healthcare spending (Child-Focused Rapid Assessment, 2023), while households deprived of healthcare increased from 9% in 2019 to 33% in 2021 (ESCWA, 2021). By late 2021, 34% of children in need of primary care were untreated (UNICEF, 2021).

Medication rationing and treatment alterations became common, and routine immunization coverage declined by 31% in 2021 (Hamadeh et al., 2021). The proportion of 'zero-dose' children—those missing the first pentavalent vaccine—tripled from 4% in 2019 to 13% in 2020 (UNICEF, 2022).

Figure 4 shows coverage rates by antigen from 2018–2022. While lockdowns partly contributed, the main driver was Lebanon's economic collapse. This decline heightens risks of preventable disease outbreaks. Lebanon already faces recurring measles outbreaks about every five years (Hamadeh et al., 2021). With vaccination gaps widening, children are increasingly vulnerable to severe health outcomes.

Figure 4 **Immunization Coverage by Antigen (in %)**



Source: UNICEF database

Lebanon's economic crisis has made food insecurity a major coping mechanism. Food prices surged, and by 2021 accounted for 35–50% of household expenditures (CAS, 2021). Many families resorted to

borrowing or credit, rising from 62% of households in April 2021 to 72% in October (UNICEF, 2021). Coping strategies included reducing meat and dairy consumption, relying on cheaper substitutes, or skipping meals. The 2021 Child Focused Rapid Assessments found households with at least one child skipping a meal rose from 37% in April to 53% in October (UNICEF, 2022). These patterns have serious health consequences. In 2021, 7% of children suffered stunting from malnutrition (National Nutrition Survey). Over 90% of children under age two failed to meet minimum meal frequency and dietary diversity, while anemia affected more than 40% of children aged 3–59 months, particularly in rural areas most exposed to food insecurity.

The Crisis of Health Insurance and Regional Inequalities

Lebanon's economic collapse has severely disrupted health insurance coverage, widening inequalities in healthcare access. Many families who once relied on private insurance have shifted to public schemes or lost coverage altogether, leaving them unable to afford essential medications or services. The National Social Security Fund (NSSF) — covering private sector workers and contractual public employees — pays for only 10% of healthcare costs, forcing beneficiaries to cover the remaining 90%. The surge in informal employment, which excludes workers from NSSF benefits, has worsened this situation.

Regional disparities underscore the unequal impact: South Lebanon, Nabatieh, and Baalbeck-Hermel report the lowest coverage rates (Center for Social Sciences Research & Action, 2023). Those depending on public schemes — such as the NSSF, Civil Cooperative Society, or Armed Forces Funds — face major limitations, as currency depreciation has rendered benefits nearly worthless.

The Impact on Children's Mental and Social Well-Being

Children's mental health has been deeply affected by economic deprivation, unmet basic needs, the Beirut port explosion, and COVID-19 lockdowns. These stressors have disrupted education and heightened parental pressure, creating conditions beyond children's coping capacities. A 2023 UNICEF assessment found that 34% of Lebanese children believe their lives will worsen in the future. Meanwhile, transportation constraints and soaring costs have increased social isolation, often resulting in behavioral issues like heightened aggression (Evans, 2016).

Deteriorating Healthcare Infrastructure

The healthcare system's collapse compounds these challenges. Between 2018 and 2022, the number of maternity beds fell by 13%, pediatric beds by 27%, and pediatric ICU beds by 12% (UNICEF, 2022). Regional disparities remain severe, with Bekaa and Hermel witnessing the steepest declines in hospital capacity.

The Role of Remittances in Mitigating Healthcare Inequality

For many middle-class families, remittances from relatives abroad have become a lifeline amid the healthcare crisis. Once considered supplemental income, remittances now serve as a critical resource for maintaining access to basic services. By 2021, 46% of households relied on remittances to cover healthcare costs, and 18% used them for education fees.

However, the middle class—historically reliant on public institutions—now faces reduced access to essential services due to widespread resource scarcity and out-of-pocket healthcare expenses. By January 2022, less than half (49%) of Lebanese residents had any form of health insurance, reflecting a sharp decline in coverage. This pattern aligns with broader trends in the MENA region, where economic crises have pushed the middle class into poverty. Rising healthcare and education costs have eroded the middle class in countries like Egypt, Sudan, and Tunisia (Melber, 2016). Similarly, in Lebanon, the healthcare crisis continues to deepen inequality, disproportionately affecting vulnerable populations and further diminishing the quality of life for families already under strain.

Education: Rising Inequalities and Access Challenges

Lebanon's education system is among the most privatized in the region, with 60% of students enrolled in private schools before the crisis (Shuayb, 2016). The economic collapse pushed about 50,000 students into public schools between 2019 and 2021 (World Bank, 2021), but regional disparities persist: 69% of students in Beirut attend private schools versus 35% in North Lebanon (Assouad, 2021). Income-based inequality is stark — only 14% of low-income children in the South reach secondary school, and just 5% can afford private schooling (Shuayb, 2016).

The crisis has worsened these divides. Private school fees rose by up to 80% (HRW, 2021), excluding many middle-income families and limiting social mobility. Outcomes remain highly stratified: for every 1,000

students, only 75 from disadvantaged families complete the baccalaureate without repeating a grade, compared to 224 from middle-income families. Before the crisis, private school students were two years ahead of their public peers, and urban students one year ahead of rural ones (World Bank, 2018). Prolonged teacher strikes have cost public school students over 750 teaching days since 2016 (Nehme, 2023).

Student performance is weak across the board. A 2024 study found significant deficits in mathematics, English, and Arabic. Lebanon ranked lowest in the region for reading in the 2018 PISA, with two-thirds of students failing math and science. A gap of over three years separates students from the top and bottom income quintiles. Despite a public student-teacher ratio of 11 (Abdul-Hamid & Yassine, 2020), results remain poor, and even private schools face quality issues (World Bank, 2021).

Inequalities extend into the labor market: graduates from elite institutions secure the best jobs, while public and low-cost private school graduates face limited prospects. Most public schools lack basic health and psychological services, worsening malnutrition and undiagnosed disabilities. Lebanon also falls short of the World Economic Forum's 2015 benchmark for education spending. The Human Capital Index shows a child will reach only 52% of their potential productivity (World Bank, 2020), and test scores declined from 405 in 2018 to 390 in 2020 (HCI Database). An outdated curriculum (IOF, 2019) and weak school leadership (World Bank, 2021) further undermine quality.

Rising costs have forced families to shift to overcrowded public schools that lack resources, while the influx of Syrian refugees and underpaid teachers add further pressure. Experts call for increased investment to retain teachers, improve school quality, and prevent widening inequalities.

The crisis has also driven families to adopt negative coping mechanisms. Child labor rose from 11% to 16% in 2023 (UNICEF, 2023). According to the Child Focused Rapid Assessment in 2023, the share of households with children not attending school increased from 18% in April to 26% in November, particularly in South Lebanon where conflict displaced thousands. Completion rates are highly unequal: only 50% of 18-year-olds in the poorest quintile finish school (CAS, 2020). Gender disparities also persist. The female NEET rate (youth Not in Education, Employment, or Training) is higher than the male rate in all governorates except Beirut and Bekaa; Akkar recorded the highest female NEET at 48.6%, followed by North Lebanon at 37.7%.

Social Protection Systems and Their Challenges

With rising private insurance costs, reliance on social protection has grown, yet current schemes remain insufficient, especially for children during the crisis. Interviewees highlighted outdated programs, lack of coordination, and limited transparency. Designed for a pre-2019 context, existing systems fail to meet today's needs, leaving children vulnerable. Political influence and corruption often skew aid distribution, giving some communities disproportionate benefits and widening inequalities.

Prior to 2019, only 13% of social assistance spending reached the poorest segments, while most resources went to other groups via universal subsidies (Bastagli, Holmes & Jawad, 2019). Such inefficiencies delayed needed reforms. According to the World Food Program (2022), overlap with applicants already enrolled in the Emergency Social Safety Net (ESSN) slowed the expansion of the National Poverty Targeting Program to 10,000 additional households. In 2024, funding shortages limited the ESSN to supporting 75,000 households for just three months.

The National Social Security Fund (NSSF) and other schemes have also proved ineffective, reinforcing the need for a unified digital social registry covering all residents (Dagher, Abboud & Sidani, 2023). Experts stress that this registry should be backed by a regularly updated dataset (Dagher, 2021) and a universal approach prioritizing disadvantaged groups.

Respondents further noted that the government's weak intervention created a gap filled partly by NGOs and civil society. Targeted programs providing healthcare and education are critical to reducing vulnerabilities and fostering long-term development. Broader reforms in education funding, labor market practices, and social protection are essential to promote inclusivity, equitable resource distribution, and access to quality public services.

III Conclusion and Policy Recommendations:

Lebanon's ongoing crises have entrenched systemic inequalities, devastated public services, and intensified the socio-economic vulnerabilities of large segments of the population. The erosion of public revenues, currency depreciation, and misclassification of spending, especially under social protection, have led to underfunded essential sectors like health, education, and social welfare, while regressive taxation and labor informality further reinforce inequality. As the

gap between regions and income groups widens, and access to basic services becomes increasingly unequal, bold, systemic, and targeted interventions are urgently needed.

Policy responses must begin with comprehensive economic reforms, including the adoption of a progressive tax system that taxes high-income groups fairly, introduces taxes on wealth and luxury goods, and abolishes regressive exemptions. Strengthening tax enforcement, repealing banking secrecy laws, and digitizing the tax system are also essential to improving transparency and curbing evasion. Reforms to the banking sector, including debt restructuring and the enforcement of audited reporting, are key to restoring trust. Strategic economic planning should also support investment in productive sectors like manufacturing, technology, and SMEs, and include robust anti-smuggling and border control mechanisms to protect local production.

In the social protection sphere, Lebanon must urgently implement the National Social Protection Strategy and expand programs such as the Emergency Social Safety Net (ESSN), unemployment benefits, disability allowances, child grants, and social pensions. Consolidating fragmented schemes into a unified, digitized system will improve targeting and reduce inefficiencies. Achieving universal health coverage should be prioritized through enhanced funding for primary care, especially in marginalized areas, free healthcare access for children, stronger regulation of drug prices, and revived vaccination and nutrition programs to combat rising malnutrition and stunting among children.

To reduce educational inequality, the government must strengthen public education through curriculum reform that emphasizes critical thinking and soft skills, teacher reskilling programs, and financial support for transportation, materials, and meals. Tuition waivers and targeted support for students in vulnerable areas, especially in vocational training, will foster inclusion and long-term employability.

Lebanon's labor market also needs deep restructuring. Introducing an inflation-indexed minimum wage, regulating informal employment, and implementing gender-sensitive employment policies, including childcare support, can improve equity and formalize the economy. Partnerships with the private sector for vocational training in growth sectors, and youth apprenticeship programs, will reduce the skills gap and foster job creation.

Governance reforms must accompany these efforts. This includes empowering independent anti-corruption bodies, digitizing public administration to increase transparency, and promoting civic

participation and inclusion of civil society in policymaking. Public resource allocation should be rebalanced to serve underserved regions, accompanied by decentralization measures that empower municipalities to respond to local challenges and allow residents to elect representatives where they reside, not just by origin.

Finally, long-term structural reforms are critical to ensure sustainable recovery. Lebanon must reduce reliance on imports by revitalizing agriculture and manufacturing, establish cross-party economic councils for policy continuity, align donor aid with national development priorities, and leverage its diaspora for investment and innovation. Only through such a comprehensive and inclusive agenda can Lebanon address the root causes of inequality and build a more just and resilient future.

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