

Chapter Three
Socio-economic Situation

3.1 Introduction

Lebanon is divided into 6 Mouhafazats or governorates as follows: Beirut, North-Lebanon, South-Lebanon, Nabatieh, Mount-Lebanon and Bekaa (see Map 3.1 for the geographical distribution of the Mouhafazats and Table 3.1 below for the area of each Mouhafazat, its population number and density). The economy of Bekaa is predominately agricultural, as are those of the North and South. The coastal cities Beirut, Tripoli (Northern Lebanon), Saida (Southern Lebanon) have large ports and mostly engaged in commerce and other services. The bulk of industry is concentrated in Mount Lebanon the sea front suburbs of Beirut and the coastal area of northern Lebanon.

The favorable geographic position, combined with the high entrepreneurial ability of its population and a liberal, market-oriented economic policy, made of Lebanon the gateway to and the turntable of Near-East economy, especially in the services sector. This sector accounts for almost 70% of GDP and industry for 18%. As for the agricultural sector, the literature review from different sources showed that contribution of the agricultural sector to GDP has been around 8-12% during the last few years. However, this sector has long been given a low priority in government policy.

Lebanon is a major food importer, with local production satisfying only 20% of local consumption. Food deficit is mostly manifested in cereals. Fruits, vegetables and poultry production exceed the local market consumption and could contribute substantially to increasing exports.

According to 1998 survey results, (Ministry of Industry, 2000) the food industries showed to be the largest industry in the economy accounting to around 23% of the industrial enterprises, and almost 26% of total industrial output. Almost half of the enterprises of the sector are bakeries and are generally of small units.

The agricultural labor force went down from over 30 % in 1964 to approx. 9% today. Regional variations exist however. In Bekaa, for example, the figure goes up to 20.4% because the population is highly dependent on agriculture (Table 3.2) and to as high as 40 % when the proportion of population indirectly involved in agriculture is also considered.

Table 3.1 Population distribution and density per Mouhafazat

Mouhafazat	Population Number	Percent	Area (km ²)	Population density person/km ²
Beirut	403 337	10.0	19	21228.3
Beirut Suburbs	899 792	22.5		
Mount-Lebanon	607 767*	15.1	1986	759.1
North Lebanon	807 204	20.1	2008	402.0
South Lebanon	472 105	11.8	939	502.8
Nabatieh	275 372	6.9	1102	249.9
Bekaa	539 448	13.6	4163	129.6
Total Lebanon	4 005 025	100	10,217	400

Source: CAS, 1997

Table 3.2: Distribution of Population Labor Force by Sector and Region

Mouhafazat	Agriculture	Industry	Construction	Commerce	Services	Total
Beirut	0.2	12.4	6.4	24.2	56.8	100
Beirut suburbs	0.6	20.8	9.5	24.4	44.7	100
Mount-Lebanon	5.1	14.1	14.6	20.4	45.8	100
North Lebanon	14.8	14.9	10.4	21.0	38.9	100
South Lebanon	16.4	12.2	14.5	23.5	33.4	100
Nabatieh	17.2	12.3	16.9	21.8	31.8	100
Bekaa	20.4	12.5	9.5	20.3	37.3	100
Lebanon	9.0	14.7	11.2	22.3	42.8	100

Source: CAS, 1997

3.2 The war (1975-1990) and its consequences

Today, in 2003, the Lebanese economy is still struggling to recover from nearly two decades of civil conflict and instability created by Israeli occupation and military actions. While economic growth was strong early in the decade of the 90s, the economy has shown little or no progress in recent years and unemployment remains high.

The war that devastated Lebanon attained the majority of cities, towns and villages and affected all productive resources. The widespread high inflation rate from the mid 1980 and until 1992 has been the most important prominent impoverishment mechanism, leading to the deterioration in real incomes of the Lebanese.



Agriculture was severely affected through direct loss of structures, resources, and assets where the agriculture support institutions almost completely stopped activities.

According to UNDP, among a population of 3 million, about 150,000 people lost their lives, 200,000 were injured and 50,000 were left with serious disability. In addition, nearly half a million were displaced and about one third of the population, or 900,000, left the country. Losses in terms of infrastructure were estimated at \$25-\$30 billion US, ten to twelve times the national income.

3.3 The social situation

The long war led to forced displacement of very large numbers who suffered acute impoverishment in the process as a result of losing their productive resources and being obliged to leave their place of residence or work.

The alarming emigration rate is also adding to the problems of the Lebanese labor market. It is mostly young skilled male who emigrates. Since 1992 it has been estimated that around 690,000 Lebanese are thought to have emigrated (UNDP, 2000).

Displacement is not only due to deprivation but also due to different reasons. These include economic and social pressures, namely the lack of employment opportunities (Baalbeck, Akkar), the Israeli occupation and security considerations (Nabatieh Mouhafazat and Bent-Jbeil, Marjaayoun and West-Bekaa cazas), forced displacement (some cazas of Mount- Lebanon), and cultural consideration residing in the pursuit of improvement of life conditions (See section 2.6.1 on Human Settlements).

The extensive emigration abroad has distorted the population pyramid. The majority of these emigrants were young people, in the age group 20-25 years, mostly male, which was also reflected in the rise of the ratio of the female population to the total.

The national age dependency¹ ratio is around 57% (MOSA and UNDP, 1998). The dependency ratio is at its highest (86.6%) in Akkar, compared to 43.7% in Kesrouan (Table 3.3). The high age dependency rate implied added burdens for the economically active population in having to support a larger than average number of persons. It results from the interaction of several factors among which the internal displacement or migration abroad reflected in imbalance between the number of females and males, and between age groups, that is as a result of the migration of male youth.

Moreover, some of the cazas with low indicators have a low ratio of old people (Akkar, El-Minieh, Baalbeck, Hermel) indicating that the average age is below the national average. However, it is the reverse case in some cazas (Bent-Jbeil, Marjaayoun, Jezzine) implying a high rate of emigration among young people, or in other cazas where the migration of young people is due to other than security considerations (Bcharre, Batroun, Zgharta, Jbeil), among which are low economic conditions associated with the availability of resources and better opportunities.

Today, significant poverty and income disparities prevail as society is increasingly dichotomized between the very rich and the poor. Illiteracy reaches 15% to 20% in the disadvantaged areas of the Bekaa valley, South Lebanon and the North, and is acute amongst women. Unemployment reaches up to 16% and is highest amongst the young. Tight monetary policy, a narrow tax base, and economic recession have led to declining real incomes of many salary earners. Without adequate social integration, the problem of poverty, particularly in cities, may prove destabilizing. Public welfare programs and social safety nets are largely non-existent in Lebanon, are narrowly based, and often subject to mismanagement. Remittances from expatriates alleviate the situation amongst underprivileged communities.

Additionally, national health care policy is absent. The system favors equipment, curative and tertiary services driven by the supply of an abundant

¹ The percentage of persons in the ages defined as dependent (under 15 and over 65 years old) to those in the ages defined as economically productive (15 to under 65 years) in the population.

private sector, rather than primary health care and prevention. There is a need to develop national poverty reduction programs, to establish a comprehensive social development policy, and to tackle health care.

Rights of women are affected by various forms of sectarianism (e.g. there is no civil marriage law). Their participation rate in public and political life is low (only 2% of the 128 parliamentary deputies are women; only three of the 300 municipal councils are headed by women), when measured against university graduation rates (50% women), and contribution to employed labor force (27%).

Table 3.3 Characteristics of the most deprived cazas compared to the average and to the least deprived Caza of Kesrouan

Caza	Average household size	School enrollment ratio (6-12 years) %	Illiteracy rate (10 years and above), %	Age dependency ratio (%)
Akkar	5.95	83.5	30.5	86.6
El-Minieh	5.69	85.0	24.8	70.5
Marjaayoun	4.50	90.1	23.6	67.5
Hermel	5.77	86.7	23.2	68.8
Bent-Jbeil	4.84	91.4	19.6	71.3
Baalbeck	5.26	90.7	18.3	68.9
Tyre	5.07	89.2	16.6	67.1
All Lebanon	4.65	88.9	13.6	56.8
Kesrouan	3.96	90.1	7.9	43.7

Source: MOSA and UNDP, 1998

3.4 Income inequalities and the erosion of purchasing power

According to UNDP (2000) currently 80% of the families receive 50% of the national income, the next 10% receive 15%, and the richest 10% receive 35% of income (Table 3.4). The average purchasing power of households in 1999 was 20.9% against 1974 and the mean income dropped from 1.5 million Lebanese Pound in 1997 to 1.2 m in 1999.

In a survey (CAS, 1997) on the living conditions of households the total Lebanese families' showed that the average annual household income

amounted to L.L. 18.5 million (1.54 million per month). Regional variations reveals that the average annual family income in Beirut is more than 70% of that of the families of Northern Lebanon which recorded to have the lowest value among the Lebanese Mouhafazats (Table 3.5).

In fact according to the MOSA and UNDP (1998), it appears that 42.8% of the Lebanese households fall below the threshold of satisfaction with respect to the index of income related indicators and that Hermel Caza comes first in this classification (68.1%), followed by Marjaayoun (67.7%), Akkar (62.1%), Bent-Jbeil (61.7%), Baalbeck (57.7%), and the last is Kesrouan (21.2%).

Table 3.4 Change in purchasing power of families between 1992 and 1999

	Purchasing power change between 1992 and 1999 (1988 prices)	% of families		
		1974	1992	1999
High income	4.8%	19.5	10.3	8.8
Middle income	-8.4%	60.1	40.2	29.3
Low income	-4.6%	20.4	54.6	61.9

Source: Calculations of Ibrahim Maroun based upon studies made by CAS Reach-Mass and Yves Schemeil (St. Joseph University)

3.5 The unbalanced development and access to basic services

The spread of poverty and impoverishment are often attributed to war and political instability. However, poverty has also structural causes and determinants that are not related to war. Many social researches distinguish between “central” and “peripheral” Lebanon in terms of socio-economic and development indicators (Nehmeh, 2001).

Disparities can be observed in the economic diversity and activities; human development levels; social structure and living conditions; and in political representation and participation in decision-making processes. Economic growth and reconstruction have favored some regions, notably parts of the Beirut region, to the detriment of large parts of the country. It has also favored

services sectors over typically labor-intensive employing activities in agriculture and industry.

Table 3.5 Socio-economic profiles of regions.

Regions	Average size of household	Illiteracy rates %	Schooling 10-15 years (%)	Individuals less than 20 years (%)	Unemployment (%)	Income (USD/month)	Poverty (LCI level)%		
Beirut	4.3	8.7	96.1	31.7	7.5	1,379	low	Intermediate	High
Beirut suburbs	4.6	8.7	94.9	37.2	8.6	1,149	18.4	38.7	43.0
Remaining Mount Lebanon	4.4	6.6	98.4	32.3	7.0	1,297	24.7	43.6	31.7
North Lebanon	5.5	16.7	90.0	45.5	10.6	823	43.8	37.6	18.7
South Lebanon	5.0	14.4	93.3	42.9	9.1	756	36.9	44.7	18.4
Nabatieh	4.4	14.8	96.8	38.8	9.6	726	51.0	39.8	9.3
Bekaa	5.0	103.5	93.3	41.4	10.7	842	40.6	43.3	15.9
Average	4.8	11.6	93.9	38.9	9.0	1,026	32.1	41.6	26.4

Source: CAS, 1998

According to a study conducted by UNDP and Ministry of Social Affairs, estimating the poverty phenomenon in Lebanon in a broader term as measured by the Living Condition Index within each Mouhafazat (and subsequently within each Caza), i.e., the degree of satisfaction of basic needs (see Table 3.6).

The study showed that 32.1% of the households residing in Lebanon live below the threshold of the Living Condition Index, 42% at the intermediate level, while 26% reach the high end of the Index. Disparities at the Mouhafazat and Caza level do exist.

In summary, the study reveals that, in general, the Caza having a low Living Conditions Index share a number of features that indicate high rates of deprivation. These cazas are characterized by high illiteracy rates, low school enrollment ratios for children aged 6-12 years, have a large household size and a high age dependency ratio (see Table 3.5).

Disparities were also shown in educational attainment and dwellings services between Beirut, other cities and rural areas. For example, over one third of the dwellings were not connected to the water network compared to only 6% in Beirut.

Moreover, the regions suffering most from deprivation (in terms of the ratio of the deprived to total resident population), are mostly rural cazas. The deprived, however, are concentrated in urban areas and are of rural origins and have displaced for different reasons.

The bulk of the deprived is wage earners and is self-employed (representing 40.9% of the population falling within the category of low satisfaction). The deprived are to be found in the following occupations: farmers, and skilled workers, and employees engaged in selling and services, agricultural workers and fisheries, and unskilled workers in mines, construction, and public works industry and transport.

The study also suggests that priority should be given to programs that are directed towards improving wages, providing more productive employment opportunities and reducing the cost of commodities and services that enter into the formation of the basic needs especially education and health. As for water and sewerage, priority in this field is to be given for rehabilitation and for increasing the hours of water supply and quality control.

Table 3.6 The Living Conditions Index According to Caza: 3-Level Classification in Descending Order Based on the Percentage of Households Having a Low Degree of Satisfaction (Percent of Households in the Caza)

	Low	Intermediate	High	Total
Bent-Jbeil	67.2	28.5	4.3	100
Hermel	65.9	28.6	5.6	100
Akkar	63.3	29.1	7.6	100
Marjaayoun	60.0	32.3	7.6	100
El-Minieh	54.2	39.3	6.5	100
Baalbeck	49.2	40.1	10.7	100
Tyre	45.0	41.0	14.0	100
Hasbaya	41.5	48.4	10.1	100
Nabatieh	40.0	47.4	12.6	100
Rachaya	39.5	51.9	8.7	100
Jezzine	35.7	49.8	14.5	100
Tripoli	34.9	38.2	26.9	100
Bcharre	34.8	45.4	19.8	100
Batroun	34.2	45.0	20.8	100
Lebanon	32.1	41.6	26.4	100
Baabda	31.6	42.2	26.1	100
Chouf	31.0	50.0	19.0	100
Western Bekaa	30.7	53.6	15.8	100
Jbeil	30.1	46.7	23.2	100
Zgharta	29.7	43.0	27.3	100
Saida	28.9	47.2	23.0	100
Zahle	28.9	45.3	25.8	100
Koura	27.0	44.7	28.3	100
Aley	25.0	45.6	29.3	100
EL-Metn	19.7	43.9	36.4	100
Beirut	18.4	38.7	43.0	100
Kesrouan	13.5	38.3	48.2	100

Source: MOSA and UNDP, 1998

3.6 Government challenges

Since the war ended Lebanon witnessed the launching of massive reconstruction and economic recovery process in an earnest effort to compensate for the earlier losses. However, efforts to deal with the social issues and the distortions and disparities that existed before the war need to be intensified. This reflects a lack of an overall development vision, which would otherwise ensure balance among regions and sectors. The political instability and the awaited administrative reforms represent main hindlers for economic growth more than the economic financial constraints.

The government, however, is now aware of the problem. To this effect, a number of projects are starting or are within the pipeline and managed by CDR. These projects aim to improve public services in certain rural areas that have limited economic development and lack basic services and to develop their agricultural, industrial and handicraft production in the framework of balanced development (Appendix IV).

Moreover, CDR considers the key outputs in social development as “the improvements, which are possible to make in the quality of life of the more disadvantaged groups through a sustainable and balanced approach to development, focusing on equity, empowerment and on redressing disparities” .

To this effect, CDR's role has been to strengthen the institutional as well as the managerial capacities of both the Ministry of Social Affairs (MOSA) and the National Employment Office (NEO).

However, coordination and or complementarity of all the socioeconomic development and poverty alleviation efforts ensuring the sustainable use of natural resources, and mainstreaming gender issues in the programming process within the country both at the national and local levels and based on a decentralized and community driven approaches is still a challenge.

To this effect, the line of action of socioeconomic national frame is to be elaborated in accordance with these ongoing efforts and agreed upon within the concerned stakeholders.