



The Impact of the Syrian Displacement Crisis on the Lebanese Economy

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10 May 2016 | Geneva, Switzerland

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I. Introduction

The spillover from the Syrian conflict has intensified in Lebanon, especially with the continuing influx of displaced persons into the country since the outbreak of the bloody incidents in Syria in March 2011.

The Lebanese scene, at the start of the conflict, was experiencing a serious political rift that delayed the formation of the Lebanese government for 11 months, not to mention the shifting security tensions in the North and South, passing through the capital city Beirut and its suburbs. After a multi-partisan government was formed, the political scene again faced another constitutional vacuum, this time in the seat of the Presidency, which has been ongoing for close to two years (since May 24, 2014) and has aggravated the socio-economic situation.

The Lebanese economy was hit hard by the Syrian conflict. Several economic sectors were undermined, particularly trade and tourism. Economic activity declined and production waned resulting in a downturn in government revenues and an uptick in public deficit.

The first section of the paper outlines the impacts of the Syrian conflict in general, and the Syrian displacement crisis in particular, on the Lebanese economy. The second section presents the Lebanese official position. The third section details the Lebanon crisis response plan that highlights national Lebanese initiatives to alleviate the socio-economic implications of the Syrian displacement crisis. The fourth section focuses on international assistance to Lebanon as a host country to the displaced Syrians. Finally, we will examine the solutions proposed by Lebanon and the international community.

A caveat is in order here. In this talk, I am representing my own follow-ups and analysis. It does not represent those of any Lebanese official authorities.

II. Socio-Economic Impacts of the Syrian Displacement Crisis on Lebanon

A. Number and Distribution of the Displaced Syrians in Lebanon

The heavy influx of displaced Syrians lasted up to mid-2014 when the Lebanese government issued a decision preventing the entry of more displaced persons from Syria as of June 1st, 2014.

In its latest report published on February 26, 2016 the United Nations High Commission for Refugees (UNHCR) revealed that 1,055,984 displaced Syrians were registered with the agency in Lebanon¹, indicating a decrease from the peak number of displaced persons recorded on April 10, 2015 (1,185,241 registered displaced Syrians).² As one of the many illustrative examples, we note that the UNHCR had tallied, on December 31, 2014, 1,158,995 displaced persons in its surveys, 1,146,405 of whom were registered with the agency and the other 12,590 were waiting to be registered.³

Statements by Lebanese officials estimate the number of displaced Syrians in Lebanon at 1.5 million, driven up, by comparison to UNHCR figures, by the number of unregistered displaced Syrians.

According to the UNHCR, 48.1% of displaced persons in Lebanon are males whereas 59.1% are females.⁴ UNHCR data shows that 79% of the displaced persons are women and children. The number of the displaced persons in Lebanon, up to August 1st, 2014, according to a published UNHCR report, was 1,138,874. The agency has similarly published statistics on the distribution of displaced persons across the regions of Lebanon on that date.⁵

Distribution of Displaced Syrians across Lebanon
up to August 1st, 2014

Lebanese Governorate	Number of Registered Displaced Persons	Number of Unregistered Displaced Persons
Beqaa	393,948	21,968
Beirut & Mount Lebanon	298,286	4,143
North Lebanon	285,415	1,527
South Lebanon	133,214	373
Lebanon	1,110,863	28,011

Source: UNHCR, <http://data.unhcr.org/syrianrefugees/country.php?id=122>

Lebanese and international officials concerned with the response to the Syrian crisis agree that the number of displaced Syrians is so large that they now make up a third of the Lebanese population, incurring a huge burden on such a small country "this is equivalent to 80 million Mexicans arriving in the United States over a span of 18 months."⁶ The majority of the displaced live in 225 of the poorest localities in Lebanon, which has exacerbated the suffering of the Lebanese people.

Compared to the vast capacities of the EU and the limited means of Lebanon, it appears that "Europe with a population of 512 million—128 times greater than the Lebanese population—and an area of 4.4 million square kilometers—i.e. 440 times larger than the area of Lebanon—had a massive debate about hosting 120,000 refugees—that is 12 to 15 times fewer than the number of refugees in Lebanon."⁷

The magnitude of the crisis is clearly demonstrated by comparing the reaction of the bulk of European countries and the small country that is Lebanon to the displacement crisis. "If Europe, with its sizable capacities and generous humanity, has been confused at the sight of thousands of displaced

persons erupting suddenly in its cities, Lebanon, with its scarce capacities had been crawling for the past four years under the burden of 1.5 million displaced Syrians or almost a third of its population. The public infrastructure and hosting communities in Lebanon have been exhausted to the limit while international assistance has been steadily declining because of so-called 'donor fatigue'.⁸

B. Impact of the Syrian Conflict on Lebanon

Aside from Lebanese and international official statements and UN agency data illustrating the conditions of displaced Syrians, funding needs and required humanitarian assistance, identifying the economic implications of the Syrian conflict calls for extensive studies featuring accurate statistics that are unavailable from Lebanese public authorities. The 2012-2014 World Bank study on the impact of the Syrian conflict on the Lebanese economy remains, in its figures and estimates, a major benchmark for researchers and officials.

The World Bank Group conducted a socio-economic impact assessment of the Syrian conflict on Lebanon⁹ at the request of the Lebanese government and in partnership with UN agencies, the EU and the IMF. The final assessment was reviewed during a forum held in parallel with the UN General Assembly in New York on September 25, 2013.¹⁰

The World Bank published the report on the overall impacts of the Syrian conflict, including the implications of the Syrian displacement crisis on Lebanon. Below is a summary of the report:¹¹

1) Overall Impact on the Economy

Disrupting trade and impacting both consumer and business confidence, thus reducing Lebanon's GDP growth by an annual 2.9%.

2) Impact on Public Finance

- Cumulative loss in government revenues in 2012-2014, estimated at 1.5 billion USD, as a result of the slowdown in economic activity;
- Sudden sharp rise in demand for public services, generating an increase in public expenditure by 1.1 billion USD;
- Decline in revenues and increase in expenditure, driving up the deficit in Lebanon's public finance to 2.6 million USD in 2012-2014;
- An additional 2.5 billion USD needed to restore stability.

3) Impact on Human and Social Development

a) Poverty

- The impact of the massive waves of displaced persons pushed 170,000 more Lebanese nationals into the

maws of poverty by 2014, with the descent of the current one million poor into further destitution;

- Restoring social services to their pre-crisis level, while maintaining quality and accessibility, up to late 2014, required the investment of 177 million USD.

b) Job Markets

- Intense competition for jobs by new entrants raised unemployment and informal business activities by 10 percentage points, with 220,000 - 324,000 Lebanese nationals joining the ranks of the unemployed by 2014;
- Addressing the sudden spike in the number of job-seekers requires resources ranging between 166 million and 242 million USD.

c) Health

- The urgent health needs of displaced persons drove up the cost to the Lebanese health system, decreased the supply of medications and made healthcare more inaccessible to Lebanese nationals (displaced Syrians accounted for 40% of total primary healthcare visits), which may also result in the overall rise in disease;
- The impact of the healthcare system on public finance was estimated at 48 million to 69 million USD in 2014, based on the influx of displaced persons, while restoring health services to pre-crisis levels required between 216 million and 306 million USD in 2014.

d) Education

Some 90,000 Syrian children were enrolled in schools for the academic year 2013-2014, a figure that will soar to 140,000-170,000 children in the following academic year. As a result, the Lebanese public education system required between 348 million and 434 million USD in additional funds in 2014.

4) Impact on Infrastructure

a. Water and Sanitation

The water and sanitation network in Lebanon experienced a sudden and massive rise of 7% in overall demand, accompanied by a rise in the cost to public finance, in 2012-2014, by approximately 18 million USD, requiring 340 million-375 million USD during the same period to sustain service delivery and quality.

b. Solid Waste

The sudden increase in the population more than doubled the generated solid waste, thus contributing to the pollution of water resources and the spread of disease, which required the investment of 139 million - 206 million USD for waste management in 2012-2014.

c. Electricity

The sudden and considerable rise in demand on the electricity grid drove up costs by 314 million - 393 million USD in 2014, with investments ranging between 310 million and 440 million USD to boost electricity generation capacity and improve the electricity network by late 2014.

d. Transportation

Truck transit through Syria saw a declined in business by 65% due to the shrinking economic activity. Traffic circulation, however, increased by 15 - 50% across Lebanon due to the new arrivals, with 246 million - 525 million USD needed in 2012-2014 to cover the costs of additional maintenance of roads and for expanding the scope of public transportation and disbursing compensations to truck operators.

-End of World Bank Report-

The World Bank focused on the disadvantages of the conflict and the rising costs to the economy, but did not account for the positive economic aspects of the Syrian displacement crisis on the Lebanese economy.

C. Income-Generating Aspects of the Displacement Crisis for the Lebanese Economy

Despite the gravity of the crisis and its heavy burden on Lebanon and its population, objectively speaking there have been some advantages to the Lebanese economy from the employment, livelihoods and income-generating activities of displaced Syrians. It is difficult to find studies that factor in these advantages and their value, and the real size of the incomes generated by the Syrian displacement crisis. For example, undeclared Syrian labor wages are part of the invisible economy which makes them impossible to calculate since they are not taxable.

The main income-generating aspects are:

i. Reducing Labor Wages and Cost of Production

Syrians are active in several production sectors, with over 60% working in low-skill occupations, such as agriculture, construction, and services.

Prior to the recent conflict in Syrian, Lebanon employed approximately 300,000 Syrian workers, according to some estimates. Although there are no labor statistics in Lebanon, an official statement¹² confirmed that over 500,000

Syrian laborers were working in the construction and agriculture sectors in Lebanon prior the Syrian conflict. The International Labor Organization (ILO) estimates that Syrian labor reached 160,000 workers and 80,000 job-seekers in mid-2014. Under the Syrian conflict, most Syrians are working without legal permits from the Lebanese Ministry of Labor which restricts their employment, based on a decree issued in June 2014, to the construction, agriculture, and sanitorial services sectors.

Such Syrian labor has benefited Lebanese employers and businesses which were able to pay cheap wages and save disbursing benefits and compensations by avoiding to register the Syrian workers at the social security administration, thus driving down the costs of production for Lebanese business establishments. Syrian workers accept wages much lower than their Lebanese counterparts. The influence of these workers on work opportunities for Lebanese nationals and unemployment in Lebanon is rather limited due to the types of jobs they hold. Syrians mostly work in agriculture and construction—two sectors abandoned by the majority of Lebanese nationals due to the low agricultural revenue which is unsubsidized by the state and the cheap wages of construction labor. In fact, unemployment in Lebanon is not in such sectors, it is high among young people, especially university graduates, who emigrate abroad in droves.

ii. Spending on Housing Rents

The UNHCR report published on April 22, 2014 stated that “81% of registered refugees pay rents averaging 200 USD per month, whether for apartments or any other type of housing, including sub-standard accommodations. Refugees in Lebanon reside in over 1,600 locations.”¹³

iii. Consumer Spending

In addition to the daily spending of more than one million mainly poor Syrians, many wealthy and middle-class Syrian families may be considered permanent tourists as a result of their long stay in Lebanon. They spend on maintaining their life style, children schooling, apartments, communication fees, etc...

iv. Influx of Funds from Donor Countries

Funding was received from donor countries to the Lebanese economy through the UNHCR which is working with several international and local NGOs to deliver humanitarian assistance—whether in-kind or cash—including consumer products, food, medical supplies, hospitalization, monthly salaries, spending on infrastructure, support to the Lebanese host community, the education of displaced children and creating new jobs. In its reports, the UNHCR confirms that Lebanon received 842 million USD from donor countries in 2013¹⁴, 795 million USD in 2014 and 1.12 billion USD in 2015.

v. Starting New Businesses

Many displaced Syrians started small- and medium-sized enterprises (SMEs). The Lebanese state did not adopt a policy for attracting large-scale Syrian investments and industries, unlike Jordan and Turkey which have witnessed the opening of hundreds of Syrian factories on their territory.

The advantages combined can never come close to the disadvantages visited upon Lebanon - a country already weighed down by political, security, economic and social crisis - particularly the economic, social and demographic implications of the spillover which constitute serious challenges that should be addressed, responsibly, to lift their burden from the shoulders of both Lebanese and Syrians.

III. Lebanon official position with respect to the crisis

The Lebanese state is flagging under the weight of 70 billion USD in public debt with a ratio of 145% to GDP, which makes it harder to address the tragic situation of displaced Syrians and assist host areas and municipalities, and limits the government's capacity to spend on the infrastructure consumed by the massive number of displaced persons.

The accumulation of public debt has cost the Lebanese state more than four billion USD per year in annual interests in recent years to service its debt, thus exhausting public finance and creating a deficit in the state's budget. The deficit in the Balance of Payments reached an unprecedented Three Billion USD, after it had peaked as high as Eight Billion USD in 2009. The economy is also plagued with our political system. The World Bank estimated the cost of the adverse impact of the sectarian political regime in Lebanon on the economy at approximately 9% of annual GDP.¹⁵

Added to all these factors undermining the Lebanese economy is the Syrian displacement crisis and its grave implications which Lebanon has had to exert herculean efforts to deal with, finally arriving at a rigorously well-thought-out plan in collaboration with international organizations concerned with the response to the Syrian displacement crisis.

The Lebanese government and its collaborating partners, consisting of local and international agencies and organizations, developed a strategy that established priorities and tasks and proposed solutions to address the Syrian displacement crisis in Lebanon. The plan foregrounds stability in Lebanon and the role of the Lebanese government to manage the displacement crisis through the Ministry of Social Affairs (MoSA) under the supervision of the inter-ministerial crisis cell.

After having first been handled by the Higher Relief Commission at the outbreak of the conflict then transferred to the MoSA, the issue of displaced Syrians was assigned to the inter-ministerial crisis cell formed by virtue of a decision by the Lebanese Council of Ministers on May 26, 2014 to follow up on the various aspects of Syrian displacement in Lebanon. The cell is chaired by the Prime Minister with the membership of the Minister of Foreign Affairs and Emigrants, the Minister of Interior and Municipalities, and the Minister of Social Affairs. The committee develops recommendations to manage the influx of displaced Syrians.

Responsibilities were divided as follows:

- Assigning the Minister of Interior and Municipalities to work, after consulting all stakeholders, on regulating the displacement process in

compliance with international standards to ensure the safe return of displaced persons to their home country;

- Assigning the Minister of Foreign Affairs and Emigrants to seek the establishment of safe camps in Syria, or the border buffer zone between Lebanon and Syria, in collaboration with all concerned international, regional and local authorities and agencies;
- Assigning the Minister of Social Affairs to define and regulate the relationship with all concerned international, regional and local organizations, and take the appropriate measures to reduce the influx of displaced Syrians and meet their pressing needs, in addition to strengthening the capacities of local communities hosting displaced Syrians.¹⁶

The Lebanese state did not address the pressures created by the crisis on the economy and the labor market. Government position and decisions were mostly political statements focused on the constant influx of displaced Syrians since 2011. Lebanese officials turned to World Bank studies and reports to learn about the conditions of displaced persons and the consequences of Syrian displacement. There was a flurry of long-winded speeches on the dangers of the crisis and its catastrophic repercussions on the situation in Lebanon.

The Lebanese Prime Minister Tammam Salam touched on the fallout of the Syrian conflict on several occasions:

“The problem of displacement is only one aspect of the many blows dealt Lebanon... by the war raging next door. The most dangerous implication was perhaps terrorism which we have paid a high price to quell. It is a fact that several of our own soldiers have been detained by the terrorist groups for over a year, and we are sparing no effort for their release.”¹⁷

The PM also stated: “In recent years we have incurred some 13 billion USD losses according to the World Bank estimates.”¹⁸

In fact, The World Bank has estimated that Lebanon has incurred losses of 13.1 billion USD since 2012 out of which 5.6 billion USD in 2015 alone (over 11% of GDP).¹⁹

Lebanese officials warned of the dangers of displacement and potential terrorism on Lebanon, the region and Europe. In a message during the EU, Jordan and Lebanon foreign ministers’ UN meeting on the Syria conflict, Lebanese Minister of Foreign Affairs Jibril Bassil said: “Lebanon is facing two dangers: displacement and terrorism.” He observed that this crisis is unprecedented in numbers in human history, especially with “the presence of 200 displaced Syrians per square Kilometers across the expanse of Lebanon. Displaced Syrians and Palestinian refugees in Lebanon account for 45% of the country’s population. We are fighting terrorism on our borders and within our territory. There are also 210,000 Syrian students in our schools, against 225,000 Lebanese students, in addition to 70,000 Syrian children born in Lebanon.”

The government arrived at a national strategy on the matter of displaced Syrians, which was unanimously passed in the “Strategy Paper” presented by the Lebanese Premier at the International Berlin Conference on October 27, 2014. The paper covers all aspects of security, economic and social cooperation, ending asylum and extraordinary cases, enforcing labor laws, safeguarding the Lebanese workforce, preventing competition, and dealing with international organizations, where the Lebanese state was declared the reference authority for such organizations on Lebanese soil.²⁰

The official government decision governing Syrian displacement in Lebanon became effective as of June 1st, 2014. All displaced Syrians registered with the UNHCR were asked not to cross into Syria as of that date at the risk of losing their capacity as displaced persons in Lebanon.²¹

It was later confirmed that recent decisions made by the inter-ministerial committee to limit the influx of displaced persons were irrevocable, affirming that the standards adopted by Lebanon to this effect were enshrined in the Geneva Convention, and therefore imply no violation of any kind of refugee or human rights. The official Lebanese source categorically denied any intention to deport the displaced who fulfill the requisite criteria, explaining that there have been no conclusive results with the UN on establishing camps in the border zone between Lebanon and Syria.²²

IV. The Lebanon Crisis Response Plan 2015 - 2016

The Lebanese government developed, in November 2013, in collaboration with the UN and World Bank, a Lebanon Stabilization Roadmap that constituted a comprehensive plan setting out the priorities of intervention to secure stability and address the fallout of the Syrian conflict. The roadmap aimed to create special economic opportunities for vulnerable groups, ensure a favorable climate for private-sector investments and improve the quality of basic public services.

In December 2013, the Lebanese government developed its 6th Report on the Syria Crisis Response Plan in association with the UN and World Bank, requesting further assistance of 1.85 billion USD to shelter and assist displaced Syrians. It also called for projects to address the repercussions of the crisis.

In 2015, the international community collaborated with the Lebanese government to develop a new plan to address the implications of the Syrian conflict. It was called Lebanon Crisis Response Plan 2015 – 2016.

The new plan features humanitarian programs to ensure stability in Lebanon by countering socio-economic pressures, especially poverty, under the following goals and priorities:

1. Prioritizing the provision of humanitarian support and protection of the most vulnerable displaced persons and poorest Lebanese nationals.

The plan seeks to assist displaced persons and local communities affected by the crisis by meeting their material needs, including, specifically, food and

shelter. It also stipulates the registration of the displaced to ensure their protection and facilitate their management. Collaboration is already in place between the Ministries of Social Affairs and the Ministry of the Interior, in coordination with the Directorate-General of the General Security and other relevant authorities, to achieve these goals.

2. Prioritizing the strengthening of capacities of national and local public services systems, i.e. education, health and water.

The government strategy aims to develop and rehabilitate infrastructure, train human resources for social work and public services, provide basic health and education expenses, reinforce the development capacities of municipalities and participate with them in planning and expenses.

The government strategy includes the following programs and projects:

- The Lebanon Roadmap of Priority Interventions for Stabilization from the Syrian Conflict 2013;
- The 2014-2016 Reaching All Children with Education (RACE) strategy, led by the Ministry of Education and Higher Education;
- The 2010-2015 Water Sector Strategy, led by the Ministry of Energy and Water;
- The National Plan to Safeguard Children and Women in Lebanon 2014, led by the Ministry of Social Affairs; and
- The 2014 Lebanese Health System Support Program, led by the Ministry of Public Health.

3. Prioritizing the promotion of economic, social, environmental and institutional stability in Lebanon:

The plan proposes to create work opportunities for the most vulnerable unemployed persons, small-scale farmers and youths. It also proposes to back economic reforms to stimulate the private sector, develop regulations, train youths and adolescents to acquire new skills, and foster local agricultural projects.

The main official partners in this plan were the Office of the Prime Minister, the Ministry of Social Affairs, the Council for Development and Reconstruction, the Ministry of Interior and Municipalities, and ministries concerned with labor, environmental and youth affairs.

The concerned ministries collaborate to manage and implement the projects with 77 local and international actors.

The Lebanon Crisis Response Plan 2015 -2016, proposed a 2.14 billion USD support program for 2015 from donor countries to meet its goals and priorities:

- Direct humanitarian support and protection for some 2.2 million people in dire need, especially displaced Syrians;
- Investing in public services, businesses and economic projects serving some 2.9 million people in the poorest localities.

The Crisis Response Plan proposes to allocate 724 million USD of the requested funding for stability programs, to which 1.9 billion USD are added as new funding required for 2015.

Additionally, the Lebanese government presented at the Supporting Syria and the Region conference, held in London on February 3, 2016, a consolidated plan consisting of a 5-year program for education, economic opportunities and jobs.²³ The plan required 11.26 billion USD in financial support from donor countries.

The sum ranges between grants dedicated to support refugee needs, and loans to fund development projects, distributed as follows:

- 2.48 billion USD for the 2016 Crisis Response Plan;
- 1.4 billion USD allocated to the education sector;
- 800 million USD allocated to municipalities;
- 280 million USD allocated to the subsidized employment program which aims to stimulate the economy.

As such, the total value of requested grants was 4.96 billion USD.

Soft loans, of 6.3 billion USD were also requested, of which two billion USD to inject into the budget and 4.3 billion USD to implement 136 large-scale investments in infrastructure.

Lebanon had high hopes for this ambitious plan. However, donor Countries contributed funding at a much lower level. At the London conference, Germany, Kuwait, Norway and the United Kingdom decided to provide over 550 million USD this year for Lebanon as part of the needed total funding of \$11,260 million USD. This funding is now being programmed in coordination with Lebanese institutions, the United Nations, and the World Bank.²⁴

All officials are aware that Lebanon's institutions and organizations are unprepared to resolve on their own the problems of hundreds of thousands of affected families, provide them with shelter, food, medical services and education without assistance of the international community, institutions and organizations.

V. The International Support

Since the beginning of the Syrian conflict, many international conferences were held to address the Syrian refugees crisis, its impact on Lebanon and other host countries, as well as the needed international support. Most UN and European officials appreciated the responsibility shouldered by the Lebanese state and society in bearing the brunt of the crisis. All states concerned with the crisis agree on assisting Lebanon by offering direct funding to meet the needs of the displaced, including food, shelter, housing, hospitalization, medication and education, and support the infrastructure-electricity, water and sanitation networks - of the host state.

a) International Organizations Contributing to the Crisis Response

International officials in the UN and its relevant agencies have focused on the humanitarian aspect of the Syrian displacement crisis and its impacts on the Lebanese host community. They approached the issue of Syrian displacement from the angle of protection and support of displaced persons to meet their needs once their numbers are tallied, their needs are identified and their situation evaluated.

The international community has concurred to hand over the matter of displaced Syrians to the care of the UNHCR. This key international organization handles its responsibilities in collaboration with other UN agencies, and coordinates with the various donor organizations, actors and countries, alongside its vital role in direct support to displaced Syrians, given the humanitarian, social and economic implications of the conflict on the regional and international levels.

UNICEF has also supported the Lebanese government by ensuring the supply of drinking water and safe sanitation, promoting hygiene, basic healthcare, and availing education and child protection services for all displaced Syrian children and the most underserved host communities in Lebanon.

Two other UN agencies played a fundamental role in supporting displaced persons in Lebanon: the UNDP and WFP. Some 22 international NGOs have partnered with the UNHCR as implementers²⁵ and some 16 international NGOs partnering with the UNHCR have participated in operations.²⁶

These NGOs and UN agencies have helped displaced Syrian in all respects, starting with comprehensive and detailed studies on the different dimensions of the displacement crisis and its socio-economic impacts, to the abundant humanitarian assistance covering some of the needs of displaced Syrians, passing through raising funds, to varying degrees, from donor countries.

b) International Solidarity with Lebanon

In his visit to Lebanon on March 24, 2016, UN Secretary-General Ban Ki Moon said that Lebanon was “hosting the largest number of refugees in the world per capita.” He stressed that the international community will support “Syrian refugees temporarily sheltered by Lebanon, until their peaceful and safe return to Syria.”²⁷

French President François Holland affirmed on April 16, 2016 that his visit to Lebanon “is an expression of solidarity with, and support to Lebanon, refugees and humanitarian organizations.” He announced “additional French assistance dedicated to refugees to help alleviate the burden on Lebanon.”²⁸

On her March 20, 2016 visit to Lebanon, Federica Mogherini, High Representative of the EU for Foreign Affairs and Security Policy, noted that the issue of Syrian refugees was “a political responsibility that is shared by all and we have to put an end to this tragedy.” She commended “the efforts of Lebanon, which is hosting a large number of them, to assist them,” adding that refugees “want to continue to lead a normal life and we should exert political and diplomatic efforts to help them achieve this goal. The EU is helping refugees directly, as well as host communities, because public services in Lebanon are under intense pressure because of refugees.”²⁹

On September 30, 2015, The International Support Committee for Lebanon held a meeting in parallel with the 70th session of the UN General Assembly. An official Lebanese delegation headed by the Lebanese PM attended the international meeting. The French President announced that attempts will be made during the meeting to broker further assistance to Lebanon from donor countries. He said that France had proposed the initiative months earlier and there were new efforts with donors to help Lebanon.³⁰

During that meeting, the UN launched a so-called humanitarian appeal to support refugees which, based on UN reports, was apparently the biggest of its kind in UN history, making a plea to countries in Europe, North America and the Pacific to provide 30,000 opportunities for the permanent or temporary settlement of Syrian refugees in 2014, and 100,000 in 2015 and 2016. These countries accepted only a little over 15,000 applications.³¹

The Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn stated that the next massive wave of illegal migrants to Europe may set out from Lebanon, a fragile state in a tragic situation.³²

The UN Resident and Humanitarian Coordinator in Lebanon Ross Mountain declared that “no country in the world can bear what Lebanon and the Lebanese are bearing.”³³ He announced in a press conference held on May 16, 2014 in Geneva that “the UNHCR has a plan to move some 100,000 refugees from Lebanon to other countries, but these countries are refusing to admit such numbers.”³⁴

Moreover, the UN High Commissioner for Refugees António Guterres declared that “Lebanon is a key pillar in the international framework for the protection of Syrian refugees, and without it, that entire system would collapse.”³⁵

Several European countries have called for raising the ceiling of resettlement to share the burden with Lebanon. This proposition included neighboring states, especially that there are countries capable of better hosting displaced persons. But Lebanon did not wait for the Europeans to admit immigrants into their countries, taking instead the initiative to develop plans to address the implications of the crisis.

c) International Funding vs. Actual Disbursement

Lebanon carried the Lebanese government plan to the Supporting Syria and the Region conference held in London on February 3, 2016. The paper presented a consolidated plan and consisted of a five-year program on education, economic opportunities and employment. As mentioned earlier, it called for 11.26 billion USD in financial support from donor countries. Lebanon, as a host to nearly 1.5 million displaced Syrians, sought, through its program, to achieve sustainable development across the board, having anticipated the prolongation of the crisis based on a reading of the regional and international climate.

Donor countries did not outright adopt Lebanon's program and demands, but have they responded to the appeal made by the UNHCR?!

There was an Arab and international consensus on restricting funding to assist displaced Syrians to the UNHCR who led the coordinated action of more than 50 UN agencies and national and international NGOs.³⁶ These local and international organizations assess the annual needs of displaced Syrians, including housing, food, education, medical attention and other necessities for displaced persons, through reliable and accurate statistics. The necessary funding needs are then made public through the annual appeal. The UNHCR launches the appeal at the start of each year, calling for donor countries to rise to their responsibilities and contribute by providing the needed funding to cover the costs of Syrian displacement in all affected countries.

The total funding required to cover the overall costs of the Syrian displacement crisis in the main host countries for the massive numbers of displaced persons in 2015-2016 was 8.4 billion USD.³⁷

Over the past few years, the UNHCR and partner UN agencies, identified the annual funding needed to cover the costs of Syrian displacement in Lebanon alone and meet the needs of displaced persons coming to Lebanon.

In 2016, the UNHCR issued an appeal estimating the funding needed from donor countries at 1,759 million USD³⁸, of which only 390 million USD have been delivered up till yesterday (May 9, 2016)³⁹, revealing a funding gap at that date of 1,369 million USD.

In 2015, the UNHCR appeal estimated the funding required from donor countries to cover the costs of Syrian displacement in Lebanon alone at 2,140 million USD⁴⁰. Donor countries paid 1,412 million USD, that is 66% only⁴¹ of the total required funding.

In 2014, the UNHCR made an appeal in which it established the value of donations required to meet the needs of displaced Syrians in Lebanon at 1,515 million USD.⁴² However, the maximum amount reached by international funding up to December 31, 2014 was only 47% of the required funds for 2014, i.e. approximately 795 million USD only, according to UNHCR estimates and reports.⁴³

In July 2013, The UNHCR appeal⁴⁴ was for 1,723 million USD to support the displaced and the Lebanese host community. An IMF statement reported on May 9, 2014 that the assistance of approximately 800 million USD received by Lebanon from the international community was insufficient, and that the support of donors to the Lebanese people remained limited despite repeated pleas.⁴⁵ Moreover, the UNHCR in its report published on December 16, 2013 revealed that Lebanon only received 842 million USD from the international community up till December 9, 2013, i.e. about 51% of the basic needs.

Required International Funding to Support Lebanon
Millions USD

Year	Required Funding	Disbursed Funding	Funding Gap
2013	1,723	842	881
2014	1,515	795	720
2015	2,140	1,412	728
2016	1,759	390*	1,369
Total	7,137	3,439	3,698

Source: Lebanon Crisis Response Plan (LCRP) 2015-2016, developed by the Lebanese government and the UN, December 15, 2014,
<http://data.unhcr.org/syrianrefugees/regional.php> and
<http://data.unhcr.org/syrianrefugees/country.php?id=122>

*Funding delivered up to May 9, 2016

The resulting annual funding gap indicates that donor countries are falling short of meeting the UNHCR plea to fund the needs of displaced Syrians in Lebanon. These countries are only delivering half the required funding per year. The shortfall accumulated, from January 1st, 2013, till May 9, 2016, a funding gap of almost 3,698 million USD owed to displaced Syrians in Lebanon based on the accurate and objective estimates of the UNHCR and every other local and international NGO collaborating with the agency.

d) Donor Country Contributions

The International Support Committee for Lebanon founded the Trust Fund to support Lebanon and held several meetings and conferences in which it announced donations to assist the country although these have remained meager and modest compared to the actual needs of Lebanon to bear the burden of displaced Syrians.

The last main International Conference held to share the burdens of the Syrian Refugees Crisis was "The Supporting Syria and the Region Conference", held in London on February 3, 2016. The donors reiterate their strong support for Lebanon's economic stabilization and social development. Donors will provide over 550 million USD for Lebanon during 2016.⁴⁶ In this context, French President François Hollande announced that the French assistance for Syrian refugees in Lebanon will reach 50 million euros in 2016, and 100 million euros over the next three years.⁴⁷

Federica Mogherini, High Representative of the EU for Foreign Affairs and Security Policy, stated that "We have agreed from the European Union's side to increase the support to Lebanon that has been significant so far, around 1.5 billion USD."⁴⁸

French ambassador to Lebanon Patrice Paoli had signed a donation agreement by which 10 million USD were supposed to be transferred to the Trust Fund, the total contributions to which had reached, by September 12,

2015, 30 million USD. Norway had taken the initiative to offer the first contribution, followed by Finland and France. It is worth noting that World Bank estimates show that Lebanon needs 1.6 billion USD to face the crisis and maintain a modicum of public services.⁴⁹

In this context, the Berlin Conference on the Syrian Refugees Situation, held on October 27 - 29, 2014, had produced several decisions concerning international funding to Lebanon:

- A sum of 57 million USD from Germany as Lebanon's share of the first installment of the 140 million USD scheduled to be distributed as of early 2015. Germany had allocated 500 million USD, installed over three years, for Syria's neighboring countries which will be paid starting next year;
- Ten million USD given by the US to the UNDP to support these countries, especially Jordan and Lebanon, which will be subsequently distributed;
- Five million USD to Lebanon given by the Netherlands through the Trust Fund, in line with the decisions of the New York Conference and the conclusions of the International Support Committee ratified by the Security Council on November 26, 2013, which estimated the damages of displacement to Lebanon at 7.5 billion USD;
- Eight million USD given by Sweden to the Trust Fund.⁵⁰

To that effect, several conferences of donor countries were held and many promises were made, but they did not achieve the results in terms of the urgent assistance needed by Lebanon.

VI. The Proposed Lebanese and International Solutions

The Lebanese government appealed to the international community to deploy all available capacities to find a solution to the Syrian displacement crisis. The Lebanese government contributed, in collaboration with international actors, to developing working solutions to the displacement crisis. Official Lebanese and international propositions include:

a) Repatriating of the displaced to Safe Areas in Home Country Syria

The propositions of most Lebanese officials focused on the need to ensure the return of displaced Syrians to safe areas in their home country Syria.

The long-term solution is for the displaced to return to safe areas in their country, to refuse integration, insist on the return of displaced persons home or to other safe areas in asylum-granting countries, and to deny naturalization which is prohibited by the Lebanese Constitution.⁵¹

It was officially declared that "it is critical to establish safe spaces or buffer zones for displaced Syrians in Syria or gathering sites for them at the border,"⁵² as Lebanon refuses to naturalize Syrians and the displaced must return home.⁵³

Thus, the fundamental Lebanese demand consisting of allowing the return of displaced Syrians to their homeland was declared in the Lebanese statements to international meetings and conferences on several occasions and in varying formulations.⁵⁴

b) Distributing Displaced Persons across Neighboring Countries and Europe

The solution to resettle displaced Syrians in third countries⁵⁵ was proposed by European officials, including French President François Holland.

c) The International Trust Fund to Support Lebanon

The Lebanon Trust Fund was founded to support Lebanon in addressing the implications of the Syrian conflict. It aims to support Lebanese communities hosting displaced Syrians. It is a multilateral trust fund created by the International Support Committee for Lebanon and managed by the World Bank, with contributions from several donor countries.

During the preparations for the conference of donor countries, the World Bank proposed to give Lebanon 2.5 billion USD in assistance from donor countries per year. Those funds would serve to help Lebanon assimilate such massive numbers of displaced Syrians. Of all neighboring countries, Lebanon is sheltering 35.7% of all Syrians displaced to neighboring countries, which is, by far, the largest share.

The implementation of projects with international backing was proposed:

- Providing preferential loans for investment projects benefiting displaced Syrians;⁵⁶
- Implementing agricultural development projects in the areas of Syrian displacement, benefiting the displaced and Lebanon alike. The representatives of several European countries approved these projects and developed memorandums which they will ask their countries to implement.⁵⁷

Some Economists expressed concern about the creation of the international fund to support Lebanon⁵⁸. That donors founded a fund to support Lebanon betrays an urgent and dire need since Lebanon should not be made to suffer the bulk of the fallout of the Syrian conflict alone. It also speaks of the already-precarious socio-economic situation in the country. Against this background, here are some recommendations:

- The Lebanon Trust Fund should actually be a support-based and not a loan-based fund;
- The Trust Fund should equally target Lebanese as well, specifically the most underserved, affected and vulnerable among them. This consequently raises the matter of "selection criteria" of beneficiaries, whether areas or isolated zones, households or individuals;
- It should be more a development fund than a fund aimed at "economic stabilization", which will back the production of low- and middle-class groups at the expense of backing the targeted consumption of these social groups;

- A larger portion of the funds should be allocated for investment in local development projects (making use of the fact that over 20 municipal federations already possess streamlined plans for socio-economic development), in addition to several infrastructure projects that have developed full or partial technical studies and award conditions;
- Priority to be given to investing, as much as possible, in projects characterized by relatively heavy employment of low- and medium-skill labor (transportation, roads, electricity projects...) that is abundantly available and widespread among groups targeted by the fund;
- The Lebanese state should engage in serious review, upgrading and implementation of its existing economic visions and strategies for medium- and long-term social development; and
- The good management of the use and investment of funds would address two interrelated issues:
 - Disrupt the soaring problems of poverty, hunger and destitution in the midst of the Lebanese host communities and underprivileged displaced Syrians,
 - Avert the social integration crisis which is set to detonate at any moment between the two communities, as gleaned from everyday observations.

d) Channeling Lebanese investments to create free production border zones employing Syrian labor under Lebanese management.⁵⁹

The government could, in coordination with NGOs, the private sector and municipalities, strengthen the role of municipal federations which could implement tens of development projects if government funding of the independent Municipal Fund will be available, and promotion of Lebanese investments in production sectors, especially agricultural and industrial sectors.

e) Creating industrial investment zones with international funding—including funds allocated by the UN to support sectors in countries hosting displaced Syrians, and in collaboration with municipalities which play a key role by providing land at low or nominal rents. It is worth noting that municipal property does not require the passing of laws by the Parliament. Preparations are underway to implement three pilot industrial zones in collaboration with UNIDO in Baalbek, the town of Joon in the Chouf, and the town of Terbol in the Beqaa, across an approximate area of two million square meters. Implementing such industrial projects that are consistent with their agricultural environment will create 20,000 jobs, according to a study by the Association of Lebanese Industrialists.

f) Soft Loans from the World Bank, Interest-free soft loans were proposed in two main initiatives, the first entitled the Soft Funding Facilities Program and the second entitled the Guaranteed Facilities Program, during the Financial and Economic Challenges in the Middle East conference held in

Washington, D.C. on April 15, 2016. The conference was organized by the World Bank Group with the UN and the Islamic Development Bank. The World Bank had approved a 100 million USD zero-interest loan for the education sector. Some Lebanese officials object to the principle of loans and call for donors instead.

g) Creating a dedicated relief authority whose mission is to find solutions to the displacement crisis and source permanent funding.⁶⁰

h) Capitalizing on Strengths of both the Lebanese and Syrian economies, e.g. promoting agricultural crops of Syria through collaborating with Lebanese businesses for generating Agro-industrial products.

Despite being rational and comprehensive, the proposed solutions require political decisions to convert them from mere ideas to practical application in an attempt to diminish the effects of the crisis and restore political and economic stability in Lebanon and the region, given that the Syrian conflict seems poised to be a long one.

VII. Conclusion

Keen to carry out its humanitarian duty, safeguard the Lebanese economy and protect all members of the Lebanese community, the Lebanese government has collaborated with the UN to address the socio-economic implications of the Syrian displacement crisis. This has prompted cooperation among all concerned ministries, public institutions, local charities and civil society actors, and relevant international organizations. Despite the shortcomings of donor countries who delivered a mere fraction of the promised assistance, some European countries were finally roused to help, after experiencing the anguish of having displaced persons wash up in droves on their shores, their waters becoming mass graves for migrants, and terrorism striking at the heart of their cities.

But until the hoped international response to the proposed Lebanese solutions is achieved, the Lebanese state cannot tolerate the escalation of the social and humanitarian tragedy and its security, political and economic risks. Lebanon must properly manage the displacement crisis with extreme care by developing its institutions, procedures and infrastructure, and implementing development projects to deal with the burdens and implications of the crisis. Indeed, Lebanese ministries have countered the Syrian displacement crisis, each within their jurisdiction, capabilities and missions. The Ministry of Defense, through the Lebanese Armed Forces, proceeded to handle the security tensions generated by the Syrian conflict. The Ministry of the Interior worked on limiting the unregulated entry of Syrians. The Ministry of Social Affairs, in association with the Office of the Lebanese Prime Minister and the Crisis Management Cell, strove to resolve the severe impacts of the crisis on Lebanese society, under a comprehensive economic response plan to institute stability. Ministries similarly partnered with local NGOs and international organizations, particularly UN agencies, to assist displaced persons in terms of health, food, housing and education.

The Lebanese government has earned the trust of the international community. It ensured political stability and security, resolved to support displaced Syrians and has assumed the responsibility of sheltering them in Lebanon. The Lebanese government hopes to attract enough international funding to meet the livelihood needs of displaced Syrians and create multiple development projects to aid the Lebanese host community, in order to transform the challenge of Syrian displacement into an opportunity for economic development. The priority proposed by Lebanon is sustainable development in collaboration with donor countries international institutions led by the World Bank, the IMF, and relevant UN agencies.

The optimal solution for which we hope is the safe return of displaced Syrians to their home country in the light of a political resolution of the Syrian conflict that ensures stability and security in Syria.

Thank you.

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