

## **LONDON CONFERENCE – LEBANON STATEMENT OF INTENT**

### **Presented by the Republic of Lebanon**

#### **Key Messages**

As we enter the sixth year of the Syrian crisis, all international data concur that Lebanon is bearing a disproportionately high burden as a result of this conflict and is facing a humanitarian tragedy, especially in terms of refugees per capita – the highest rate in the world. There are 1.1m Syrian registered with UNHCR as refugees and likely to be several thousand more unregistered, meaning there are approximately **1.5m Syrians** in a country of 4 million, placing enormous pressure on the country.

The World Bank has estimated that **Lebanon has incurred losses of \$13.1bn since 2012 out of which \$5.6bn in 2015 alone (over 11% of GDP)**, as well as massive impacts on public services including education, health, energy, water, waste collection and treatment and infrastructure, all of which had been strained even before the crisis. Despite these difficulties, the Lebanese Government and people have extended commendable hospitality to the Syrians – especially at the municipal level where municipalities and communities have displayed unparalleled generosity and fortitude.

Several plans have already been developed in cooperation with the Lebanese Government in order to address the situation, the most exhaustive being the Lebanon Roadmap of Priority Interventions for Stabilization from the Syrian Conflict, and the Lebanon Crisis Response Plan (LCRP). The LCRP brings together the Government and national and international partners to deliver integrated and mutually reinforcing humanitarian and stabilisation interventions. The 2016 LCRP estimates the funding needs at \$2.48bn to provide humanitarian assistance and protection to almost 2.8 million highly vulnerable individuals and invest in services, economies and institutions reaching out to the most vulnerable communities. Lebanon calls upon the international community to continue provide the necessary support to implement the jointly identified priority interventions.

In recognition of the protracted nature of the current crisis, the Lebanese Government, supported by the co-hosts of the London Conference, wishes to seize the opportunity to launch a new approach and vision on how to manage the temporary and ongoing stay of the Syrians in a way that is neither prejudicial to the interests of the country nor to those of the Lebanese citizens, while abiding to the principle of non-refoulement and anticipating the safe return of Syrian nationals to their home country, in order for them to contribute effectively in the reconstruction and economic development of Syria.

For this purpose, and in line with the themes of the London Conference, the Lebanese Government presents a unified plan comprised of an ambitious five-year programme on a) education and b) economic opportunity and jobs, taking into consideration the 2016 LCRP and any future plans. Implementation of the components of this plan are also contingent upon scaled up and multi-annual international funding being made available at the Conference.

To this end, the Government is further cognizant of the fact that the employment of Syrians necessitates a review of existing **regulatory frameworks** related to residency conditions and work authorizations. It is seeking, in conformity with Lebanese laws, ways to facilitate the streamlining of such regulations, including periodical waiver of residency fees and simplifying documentary requirements such as waiving the “pledge not to work” requirement for Syrians, and, by so doing, to ease the access of Syrians to the job market in certain sectors where they are not in direct competition with Lebanese, such as agriculture, construction and other labour-intensive sectors.

The Government of Lebanon will work with international partners towards achieving the priorities outlined in this Statement. It calls upon the international community to provide

support to the identified priority areas and to assist in strengthening the institutional capacity of the Government, as well as enhancing other national implementation capacities.

## **EDUCATION**

The ambition of the Government of Lebanon on education is high: Lebanon is committed to getting all children aged 3-18 into quality education through the Reaching All Children with Education (RACE) plan. The Ministry of Education and Higher Education (MEHE) has already delivered transformational results on the ground with over 200,000 Syrian children in formal schools achieved through the 2015/16 enrolment campaign. Lebanon is now accelerating its targets to achieve the Syria Conference goal of all children aged 5-17 in education by the end of the 2016/17 school year. Lebanon will go beyond the Conference targets and aims to provide Early Childhood Education for all 3- 5 year old children.

**A second RACE plan** is now being established to ensure that education results are irreversible, that Lebanese public schools achieve high learning standards, and that the national education system performs highly amongst its peers in the region and beyond. RACE II has six components:

- Scaling up equitable access to educational opportunities for girls and boys in the formal public school system (3-18)
- Construction, expansion, rehabilitation and equipment of schools
- Expand access to education opportunities for the most vulnerable out of school through quality and regulated Non-Formal Education
- Expand access of youth to vocational and technical education and training (15 - 24).
- Improve the quality and inclusiveness of the teaching and learning environment, including through curriculum reform
- Strengthening national education systems, policy, planning, financing and monitoring capacity.

Lebanon's political commitment to open the doors of its public schools to all children must be matched by a serious commitment from the international community to provide financing for this new five-year plan of at least **\$350m a year** (\$1.75bn over five years). This requires donors to commit to large-scale, multi-year financing and for education investments to exclusively support the RACE framework, which is inclusive of all required actions and stakeholders. This will maximize effectiveness, sustainability, and strengthening of Government structures and systems. Commitments for funding should be in place prior to the start of the 2016/17 school year to allow proper planning by Government with partners. The earlier donors commit, the more ambitious the pace and scale of their contributions, the more results can be achieved for both the education and well-being of a whole generation of children threatened by child labour, child trafficking and radicalisation. The more hope we create for them here the less likely it is they or their parents will attempt a dangerous journey to Europe.

## **ECONOMIC OPPORTUNITIES and JOBS**

Lebanon is under substantial strain to deal with the economic consequences of the conflict. The Government is highly concerned by the dire and worsening conditions that host communities are in, as well as the increasing difficulties faced by the Syrians across the country. Even before the crisis, growth was not accompanied by new jobs and this situation has been exacerbated – Lebanese unemployment is estimated to be up to 20% (30% amongst the youth), and growth is close to zero. The deficit has risen to 9% of GDP. Public debt stood at 138% of GDP in 2015 instead of the projected 122% that Lebanon would have achieved without the impact of the Syrian crisis. It is also recognized that an expansion of economic opportunity will diminish the need for humanitarian assistance as growth will result in jobs for Lebanese and Syrians.

In order to address this situation the Government is proposing a new combination of programs that aim to stimulate the economy by investing in several areas that will provide a solid foundation for sustained economic growth and trigger business expansion, at the same time as directly providing additional job opportunities for both Lebanese and Syrians. **Through these interventions, an estimated 300,000 to 350,000 jobs could be created over the coming 5 years, 60% of which for Syrians.** The Government will make work permits available as appropriate. These programs include:

- **Investments in Municipalities.** The Government of Lebanon requests support for **projects at municipal levels that create job opportunities and contribute directly to fighting poverty.** Municipalities have been the 'first-responders' to the Syria crisis. Despite their limited administrative, governance and financial capacities, local authorities deal with the complex repercussions of the crisis such as housing shortages, sewage treatment, healthcare service provision and security challenges. The Government is proposing a number of ways that donors can support investments in municipalities:
  - a. Municipalities suffer from irregular and insufficient financial support from the central government due to Lebanon's fiscal problems and chronic budget constraints. Ensuring direct financial support to municipalities will provide them with the financial resources they need to play a positive role in local economic development, ease community pressures, contribute to job creation, enhance local accountability and improve the quality and delivery of basic services at the local level.
  - b. Projects can be financed in single municipalities and/or at regional level (concerning a group of municipalities or a Union of Municipalities). There are a wide range of needs, such as solid waste management and liquid waste treatment, renewable energy and transportation. The latter could support main roads connecting regions and existing networks in order to decrease transport costs thus promoting trade and facilitating labour mobility.

There are existing mechanisms that donors can use to rapidly scale up municipal support in liaison with the Ministry of Interior and Municipalities – either through the Ministry of Social Affairs-led Lebanon Host Communities Support Programme or – at the Union or inter-regional level - by working with the Council of Development and Reconstruction. The funding needs for municipal investments through these various mechanisms are estimated at **\$1bn** over five years.

- **Subsidized Temporary Employment Programme.** On job creation, the Government will unveil in London a new flagship programme, the **Subsidized Temporary Employment Programme (STEP)**. The scheme will provide finance and employment incentives accompanied with a portion of technical assistance that will encourage micro, small and medium-sized businesses to expand production and create new permanent jobs for Lebanese workers as well as temporary jobs for Syrians. This scheme will provide financial and/or non-financial services such as matching grants for businesses to carry out necessary investments that will stimulate job-rich growth. It also favours the recruitment of a large number of Syrian nationals. It has the added incentive of allowing Syrian workers to accumulate social security contributions that can be collected by the workers upon the completion of the programme and their safe return to Syria, or their resettlement to a third country. STEP will be implemented in close coordination between concerned ministries and with the support of international institutions. It will provide the needed investments to allow Syrian nationals to work while providing them with savings to safely return to their home country.
- **Access to Markets.** On **trade**, the Government (led by the Ministry of Economy) will work with international partners such as the EU and the World Bank to expand on work already being carried out to strengthen value chains and ensure that Lebanese products

can reach international markets to their full potential in order for the above measures to succeed, in the light of the closure of the land borders which has had a crippling effect on trade since the onset of the crisis. The most important area of focus will be to improve the quality and standards of Lebanese agricultural products so that they can benefit from existing access to EU markets, and pave the way for further concessions.

- **Crisis and National Security Needs.** The Government of Lebanon is also seeking support for **urgent national-level infrastructure needs** in areas related to the crisis and national security, which will also create further job opportunities. These are:
  - a. The Government-approved plan in response to **Lebanon's solid waste crisis** is based on a solution that converts waste to energy and foresees the implementation of major new projects in this field through CDR. The estimated cost in Beirut and parts of Mount Lebanon is **\$500m** and could be financed through a market-based approach.
  - b. Severe fighting against terrorists in the Palestinian camp of **Nahr-el-Bared**, home to 27,000 Palestinians in 2007-2008, has left the area devastated and in urgent need of reconstruction lest renewed problems emerge. The estimated cost of this project is estimated at **\$156 million**.
  - c. **Prison expansion and improvement** according to International Humanitarian Standards, as part of a wider drive on security and justice reform, at a cost of **\$63m**, to account for the fact that the prison population has swelled by 26% since the beginning of the Syrian crisis and conditions are rapidly deteriorating.
- **Investments in Infrastructure and Public Services.** The Government is submitting a portfolio of high-impact **large infrastructure projects**, strategically selected from the transport, energy, water, environment and public services sectors, which are proposed to be financed by blending grants and loans to create **concessional finance**, delivered via the World Bank, EBRD (pending ratification of Lebanon as member), EIB and IDB. This is a developing body of work but current projections are for \$4.3 billion over five years in investment needs. It is because of the difficult state of the Lebanese public finances that the Lebanese Government is seeking grants to finance this programme in recognition of the global public good it is providing by hosting the very large number of refugees. As a financing of last resort, it is seeking financing at very concessional terms to fund its development needs in sectors heavily impacted by the Syrian crisis, provided it is matched by sufficient grants to compensate for the increased debt. This extra burden, also due to the crisis impact on public finance necessitates a macro fiscal assistance component to ensure the sustainability of the system.

### **Summary**

The Government of Lebanon affirms that the success of the Conference in London will depend on how international partners respond to this vision and support Lebanon to uphold the central pillars of providing humanitarian assistance, education for all, and the expansion of economic opportunities and jobs. The Government urges that the international community provide multi-annual development assistance (grants and loans) totalling **\$11bn over a five year period** – which takes into consideration the 2016 Lebanon Crisis Response Plan and should be adjusted to factor in any future plans over the next five years.

**Annexes available on request:**

1. Summary table of funding needs.

<i>In millions of \$</i>	2016	2017	2018	2019	2020	TOTAL
LCRP (including Education, Municipalities and STEP)	2,480	0*	0*	0*	0*	2,480
Education		350	350	350	350	1,400
Municipalities		200	200	200	200	800
STEP	pilot	60	100	120		280
<b>Total GRANTS</b>	<b>2,480</b>	<b>610</b>	<b>650</b>	<b>670</b>	<b>550</b>	<b>4,960</b>
Budget Support	400	400	400	400	400	2,000
Large Infrastructure Investments	860	860	860	860	860	4,300
<b>Total CONCESSIONAL LOANS</b>	<b>1,260</b>	<b>1,260</b>	<b>1,260</b>	<b>1,260</b>	<b>1,260</b>	<b>6,300</b>
<b>TOTAL</b>	<b>3,740</b>	<b>1,870</b>	<b>1,910</b>	<b>1,930</b>	<b>1,810</b>	<b>11,260</b>

*\* LCRP figures for future years to be added when available*

2. Breakdown of financing needs
3. Details on municipal support scale up
4. Details on RACE 2
5. STEP Concept Note
6. Priority national infrastructure projects
7. Details on concessional finance package