



Rebuilding Lebanon Together...

100 days after

Tuesday, November 21, 2006

A historical milestone

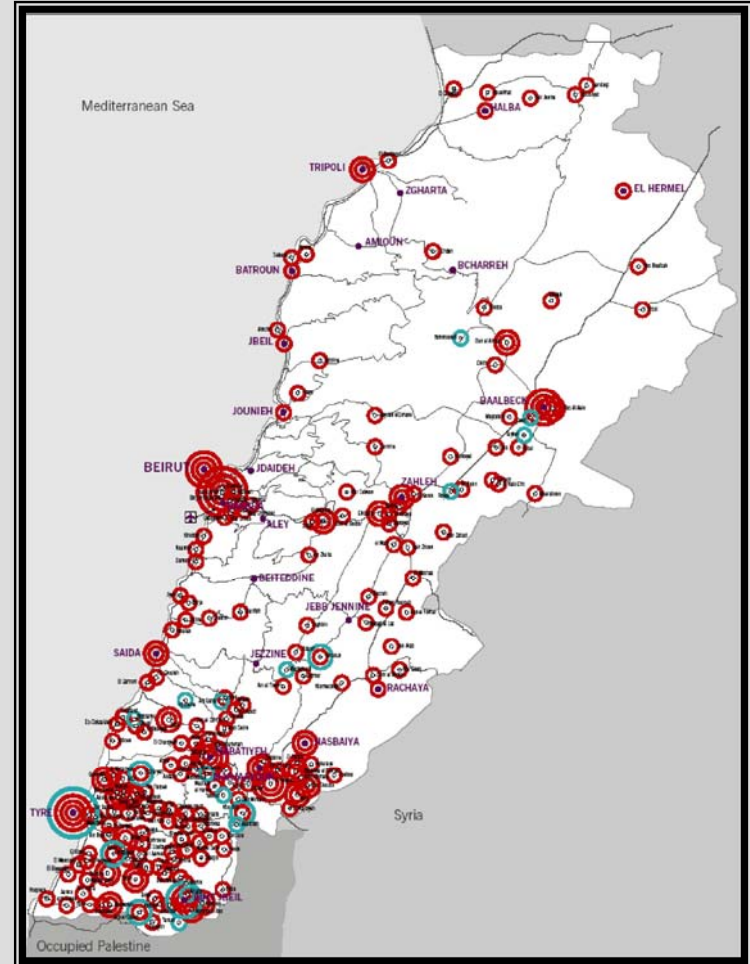
- **The July 2006 Israeli aggression was among the most intense conflicts ever witnessed by Lebanon.**
- **The 34-day war and 25-day blockade that followed, have caused immense social, economic and environmental devastation.**





Together, we take stock...

- **What was the direct impact of the conflict?**
- **How far has the reconstruction effort progressed?**
- **What are the plans for going forward?**



□ Map Source: www.virtualhic.org



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**What was the direct impact of
the conflict?**



Severe human suffering

- **Close to 1,200 martyrs (*a third of which are children below the age of 12*), and increasing due to unexploded ordnances.**
- **More than 4,400 injured (*out of which, 15% are permanently disabled*), and increasing due to unexploded ordnances.**
- **Temporary displacement of more than the quarter of the population and psychological traumas, particularly to children.**



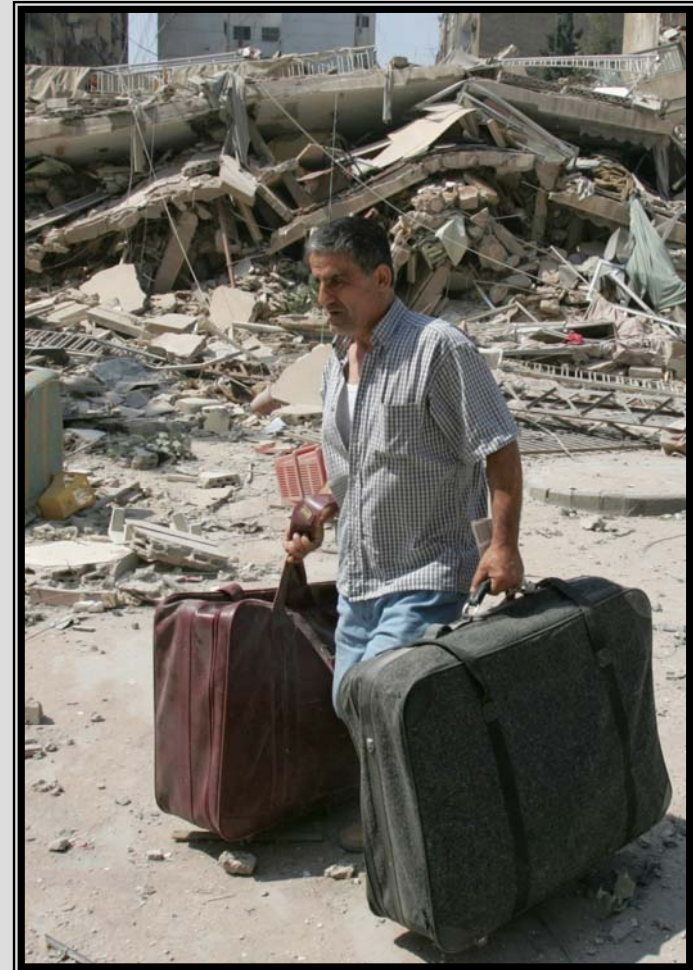
Deterioration of living conditions

- **More than 100,000 housing units totally or partially destroyed or damaged.**
- **Loss of shelter for more than 200,000 persons.**



Increase in social vulnerability

- **Unemployment rate doubled and exceeds 20%.**
- **Permanent migration of highly educated and skilled labor (*exceeding 100,000*).**
- **Further impoverishment of areas and regions affected by the war.**

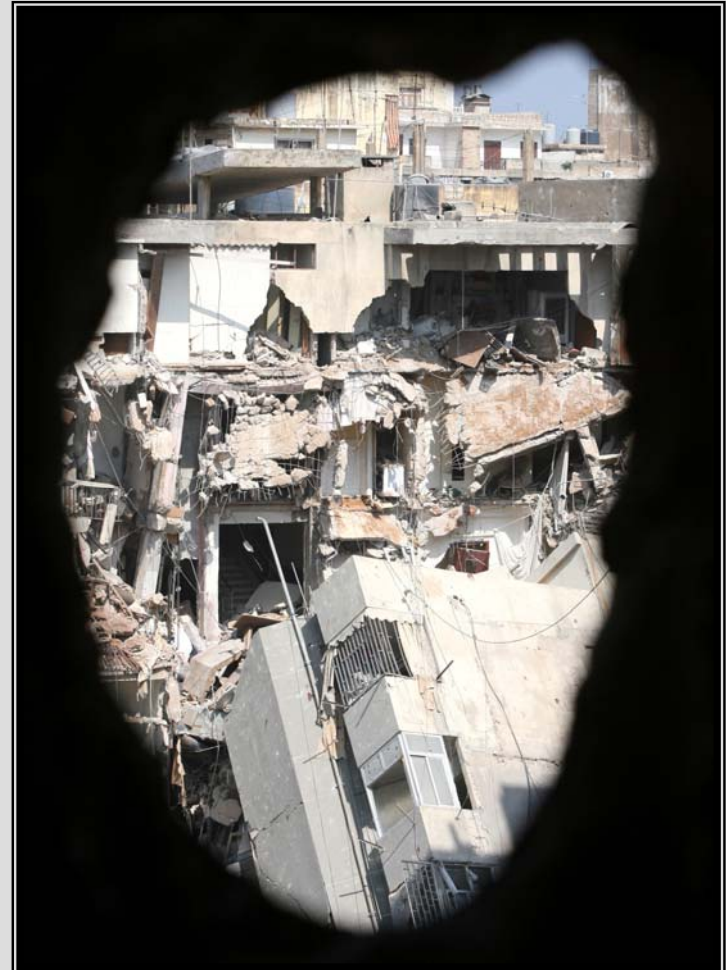




Disruption to education and health care services

Total or partial destruction or damage to:

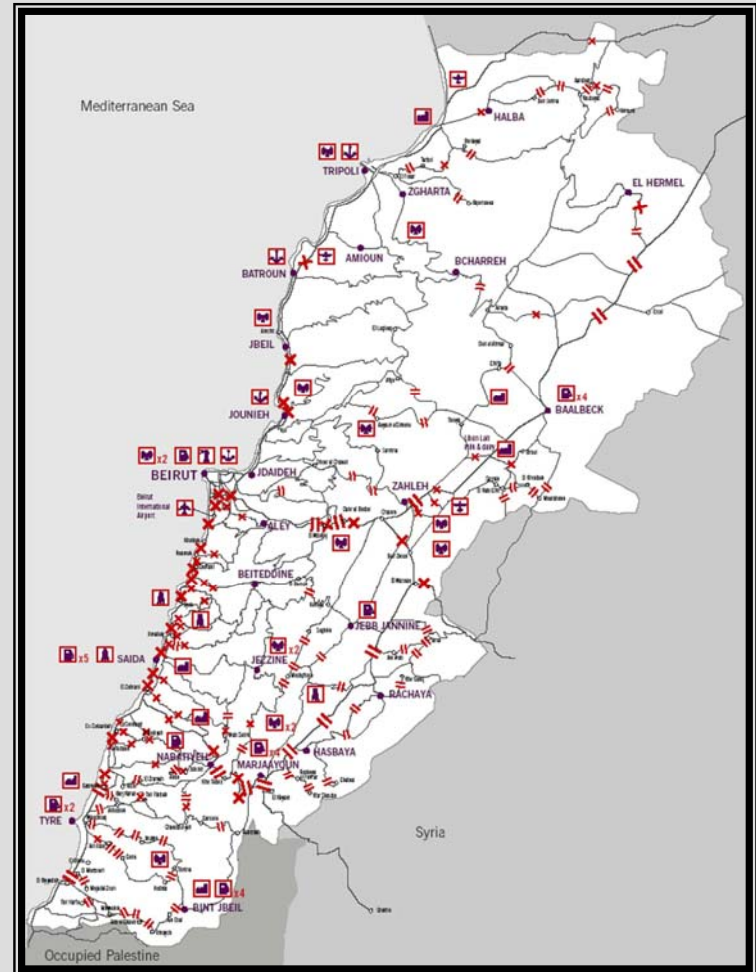
- **612 public and 80 private schools as well as 23 public vocational training centers.**
- **16 hospitals and 65 outpatient facilities.**





Dislocation and isolation

- **A total of 97 bridges and 151 road sections damaged or destroyed.**
- **Damage to three (3) runways and three (3) fuel tanks at the Rafic Hariri International Airport (RHIA).**
- **Damage and destruction to all border posts aggravated by 59 days of land, air and sea blockades.**



□ Map Source: www.virtualhic.org

Severe environmental pollution

- **The 15,000 tons oil spill is the worst environmental disaster in Lebanon's history.**
- **More than 2.5million m³ of debris and rubble to be cleared (*more than 3 times the annual amount of municipal waste generated in Lebanon*).**
- **Public health risks from the release into the air of toxic lead, mercury and dioxin resulting from the burning of 20,000 tons of oil from the Jiyeh fuel tanks over a period of 20 days.**



Losses to the private sector

- **Direct damages to the farming and fishery sectors exceeding US\$200 million.**
- **Physical damage to more than 850 enterprises in the manufacturing and services sectors.**
- **Loss of revenues exceeding US\$1billion in the tourism sector.**





The direct cost of the war



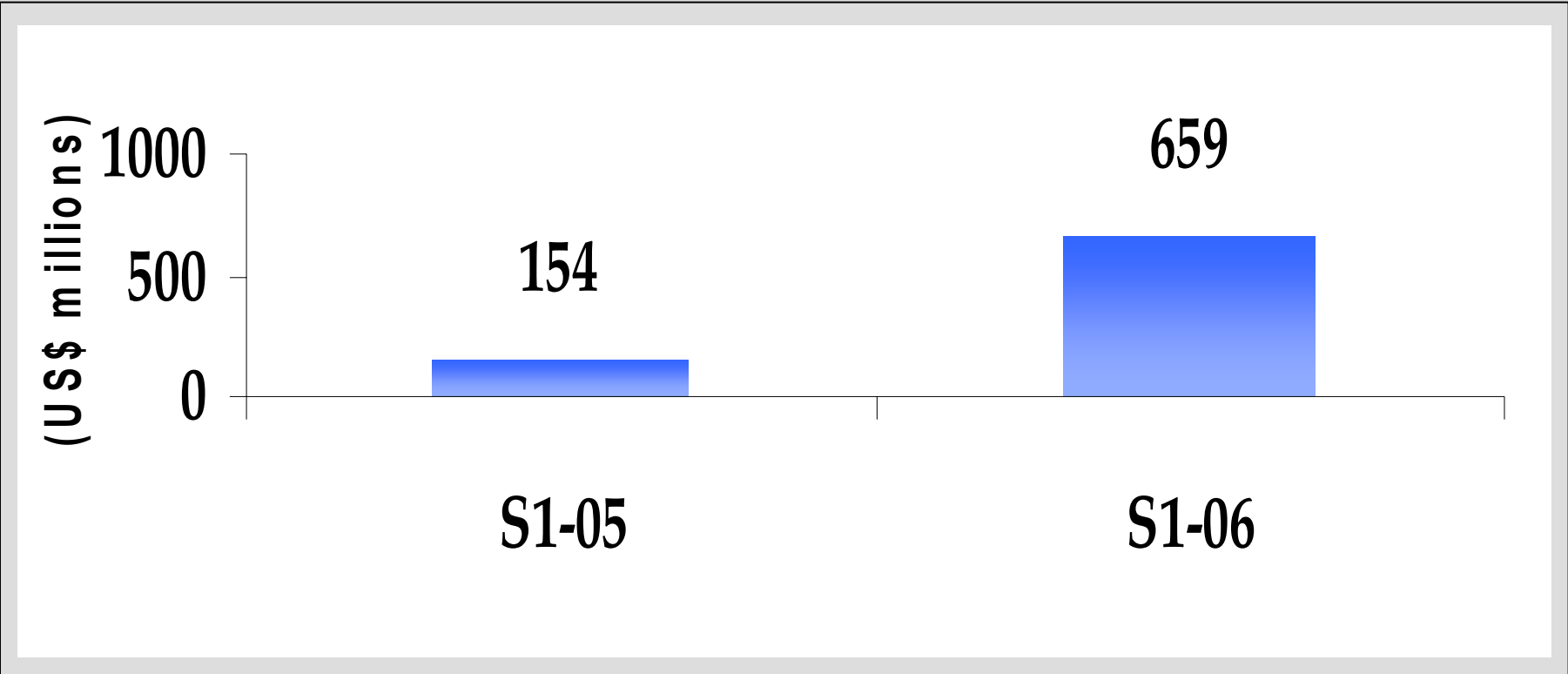
<u>Sector</u>	<u>Damages (US\$ million)</u>
Transportation	120
Electricity	160
Telecommunications	135
Water and wastewater	40
Health	15
Education	45
Industrial/Commercial <i>(incl. informal sector)</i>	380
Agriculture & Irrigation	210
Housing <i>(replacement cost)</i>	1,700
Total	2,800





Lebanon's pre-war economy

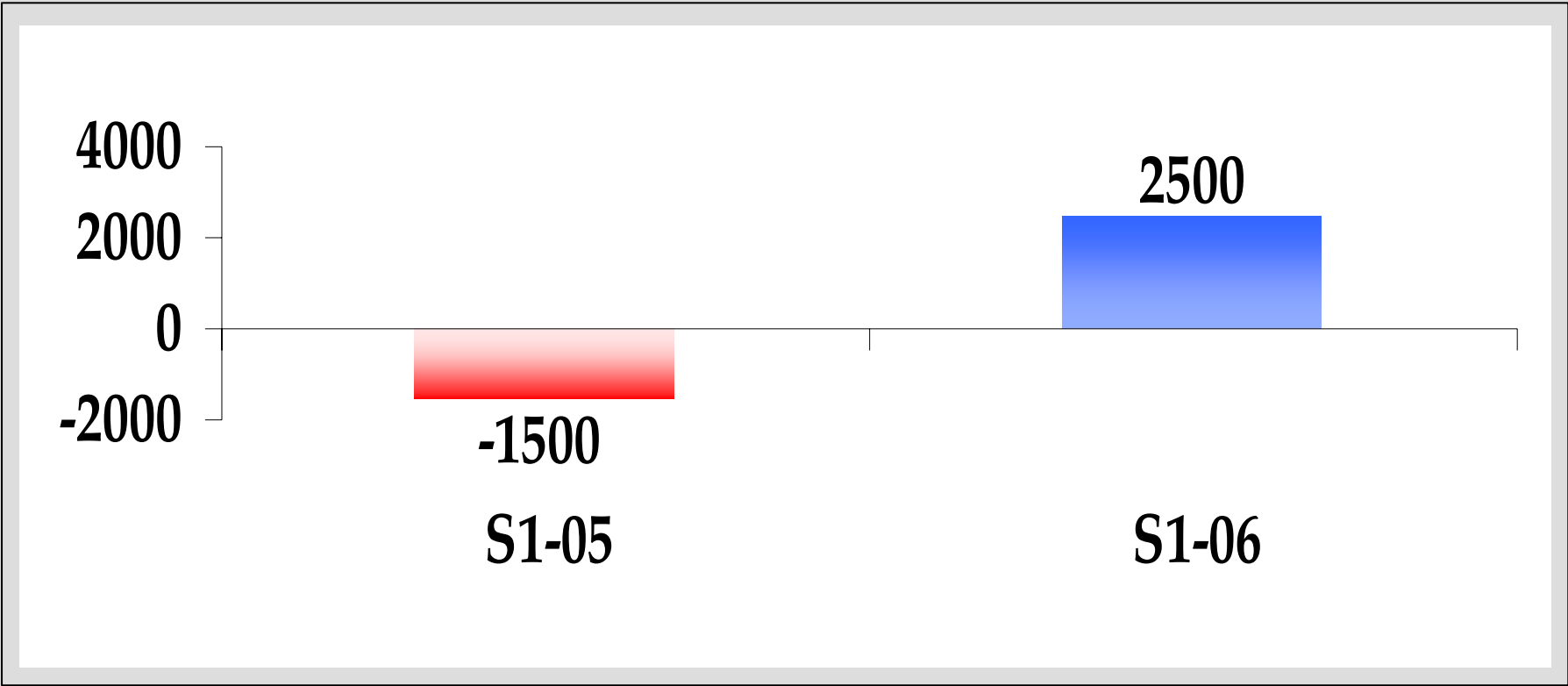
Primary surplus by end 1st Semester (\$1) in 2006 more than quadrupled its value in 2005





Lebanon's pre-war economy

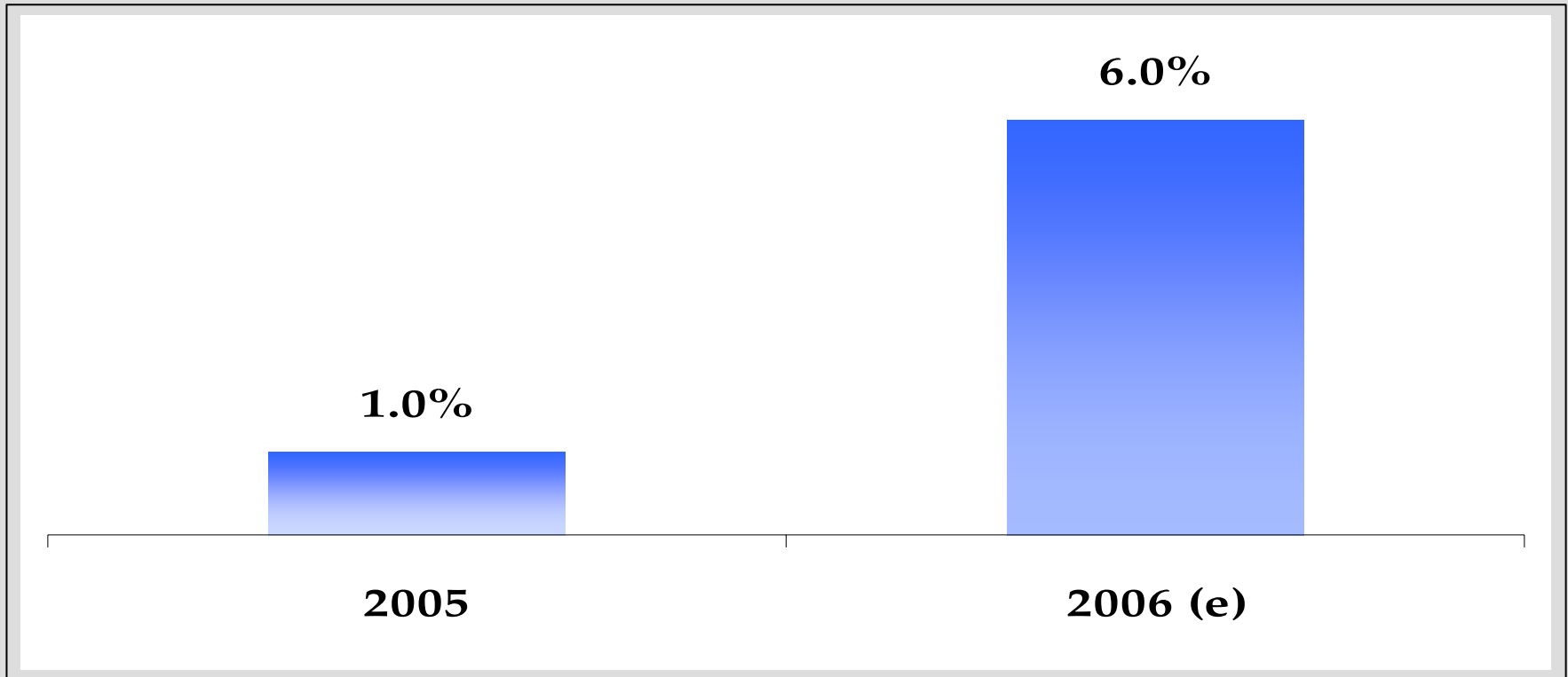
Balance of payments registered a surplus of US\$2,562 million by end of June 06





Lebanon's pre-war economy

Expected real GDP growth by end of 2006 to be close to six times the 2005 rate





Lebanon's post-war economy

- **Projected negative growth by end of 2006 (*from 6% to -5%*).**
- **More than 40% reduction in the number of tourist arrivals (*compared to September 2005 figures*).**
- **Severe long-term impacts of projected loss of GDP exceeding US\$2 billion by end of 2006.**





Lebanon's post-war public finances

(Cont'd)

- **Projected loss in revenues to the Treasury exceeding US\$700 million (excl. grants).**
- **Projected increase in public expenditure exceeding US\$700 million.**
- **Projected FY06 primary deficit close to US\$800 million compared to an anticipated surplus close to US\$830 million (excl. grants).**





Rebuilding Lebanon Together...

100 days after

How far has the reconstruction effort progressed?

The recovery represents a formidable challenge

- *“In 11 humanitarian emergencies, I had never seen such a national effort to clean up the rubble and get ready for the reconstruction process”.*

**David Shearer,
UN Humanitarian Coordinator for
Lebanon**





Government's guiding principles for post-war reconstruction

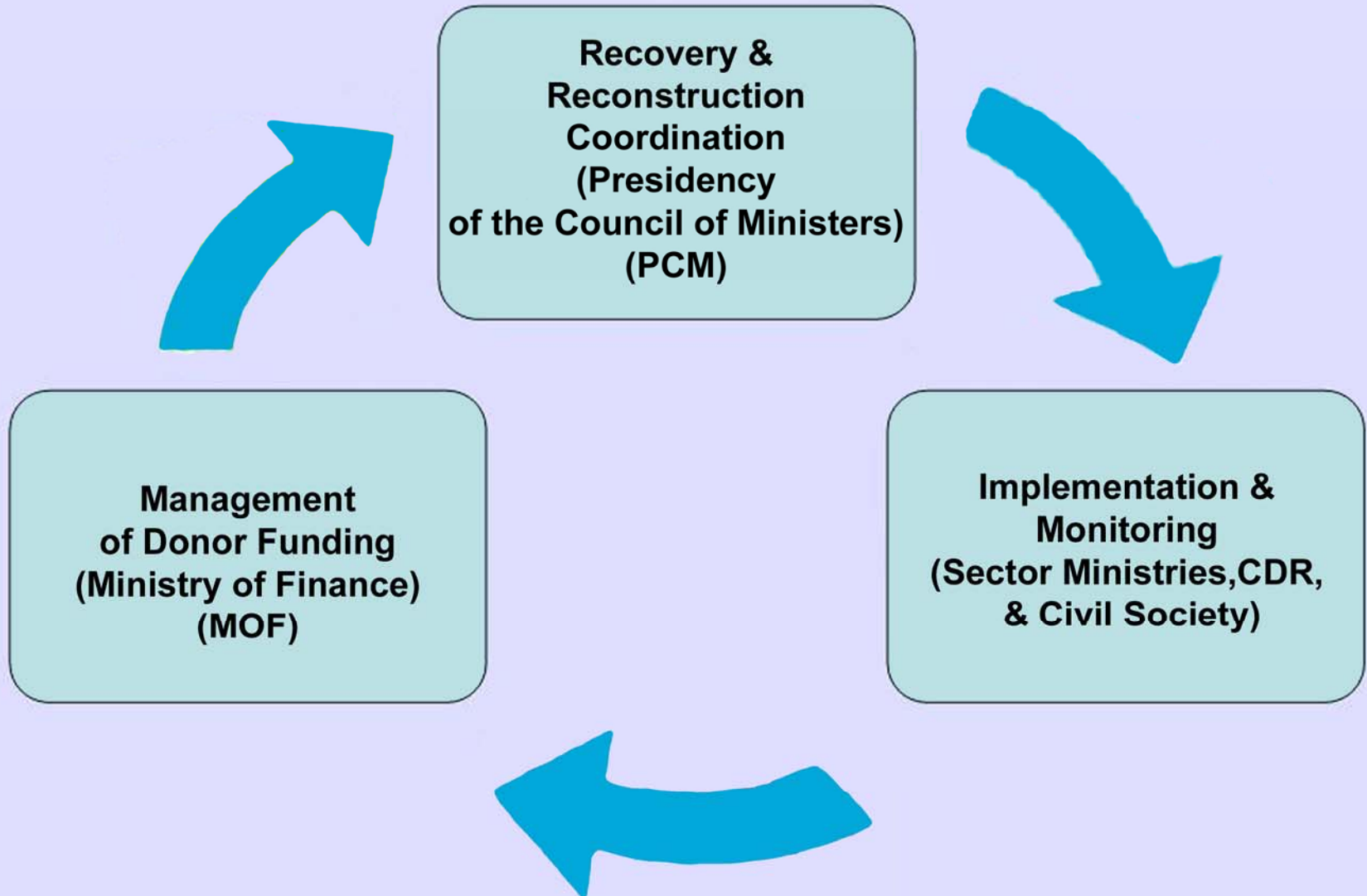
- **Guarantee transparency and accountability to both donors and beneficiaries.**
- **Promote partnership, expediency and cost-effectiveness through the direct participation of donors in the reconstruction activities.**
- **Endorse social equity and economic growth as part of the process.**



How far has the reconstruction effort progressed?

**At the institutional level:
a sense of urgency...**

Step 1: Clarify responsibilities for recovery & reconstruction





Step 2: Strengthen the coordination of reconstruction efforts

By establishing:

- **A recovery and reconstruction cell at the PCM with UN support.**
- **A donor coordination unit at the MOF with representatives from the PCM and the CDR.**





Step 3: Strengthen the management of donor funds

By establishing:

- a) A Lebanon Recovery Fund at the PCM with UN and donor support.**

- b) Donor- and project-specific High Relief Committee (HRC) accounts at the Central Bank.**



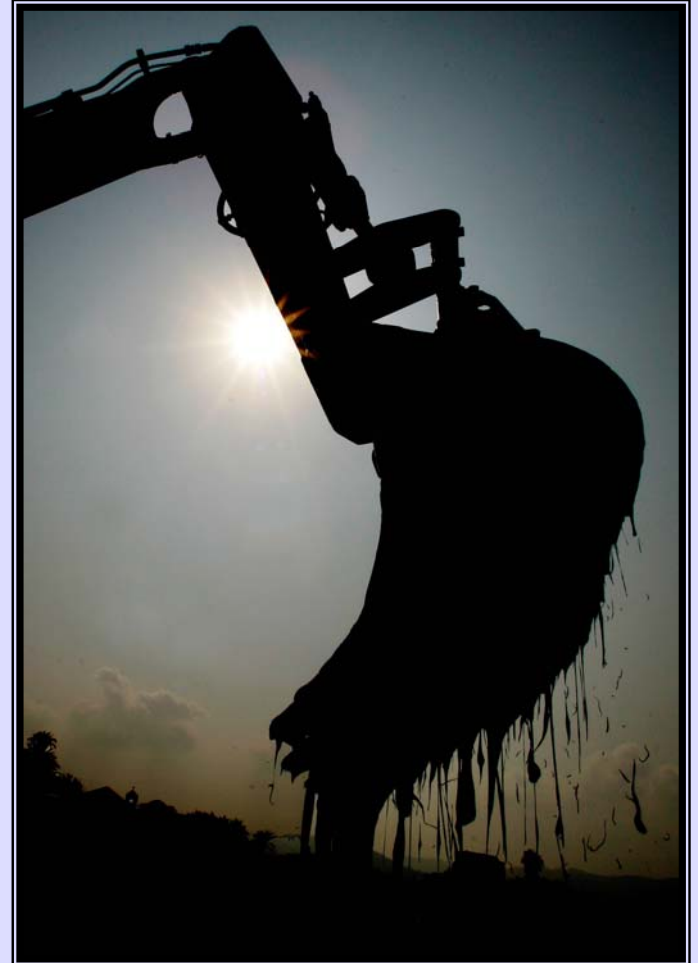
Step 4: Strengthen aid coordination

By establishing:

- **A Development Assistance Database (DAD) at the PCM that captures fund allocations by sector, agency, etc.**

(www.dadlebanon.org)

- **A Monitoring Information System at the MOF that monitors financial flows to the transaction level.**





Step 5: Improve CDR's implementation capacity

By introducing:

- **A procurement agent and additional technical and procurement staff.**
- **A project management information system (*underway*) to automate all internal transactions.**





Step 6: Realign the public investment program

By adopting:

- a public investment program consistent with the government's financial constraints and macro-economic targets.
- the use of grants and soft loans effectively while limiting the use of local financing to expropriations and operation and maintenance.
- new projects based on CDR's land use master plan as well as the newly emerging socio-economic priorities.





Step 7: Improve governance

By introducing:

- **the reform to the public procurement system (*new draft procurement law to be ready by end of 2006*).**
- **anti-corruption measures and using private firms to undertake fiduciary audits on an ongoing and ex-post basis (*under discussion in Parliament*).**
- **new measures to the Public Accounting Law to streamline its functions (*under discussion in Parliament*).**



How far has the reconstruction effort progressed?

**At the resource mobilization level:
partnership and support...**



Stockholm donor conference

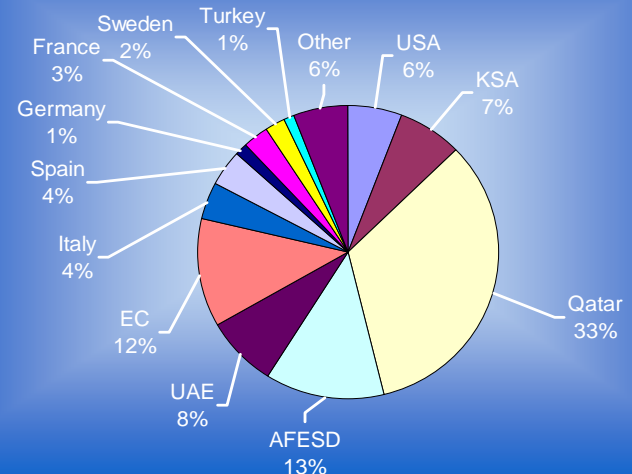
(US\$900 million)

Background

- **Conference took place on August 31, 2006**
- **Conference was organized by the Swedish government**
- **Government approached conference with a portfolio of early recovery needs amounting to US\$537 million**

Outcome

Pledges (in US\$ million equivalent)

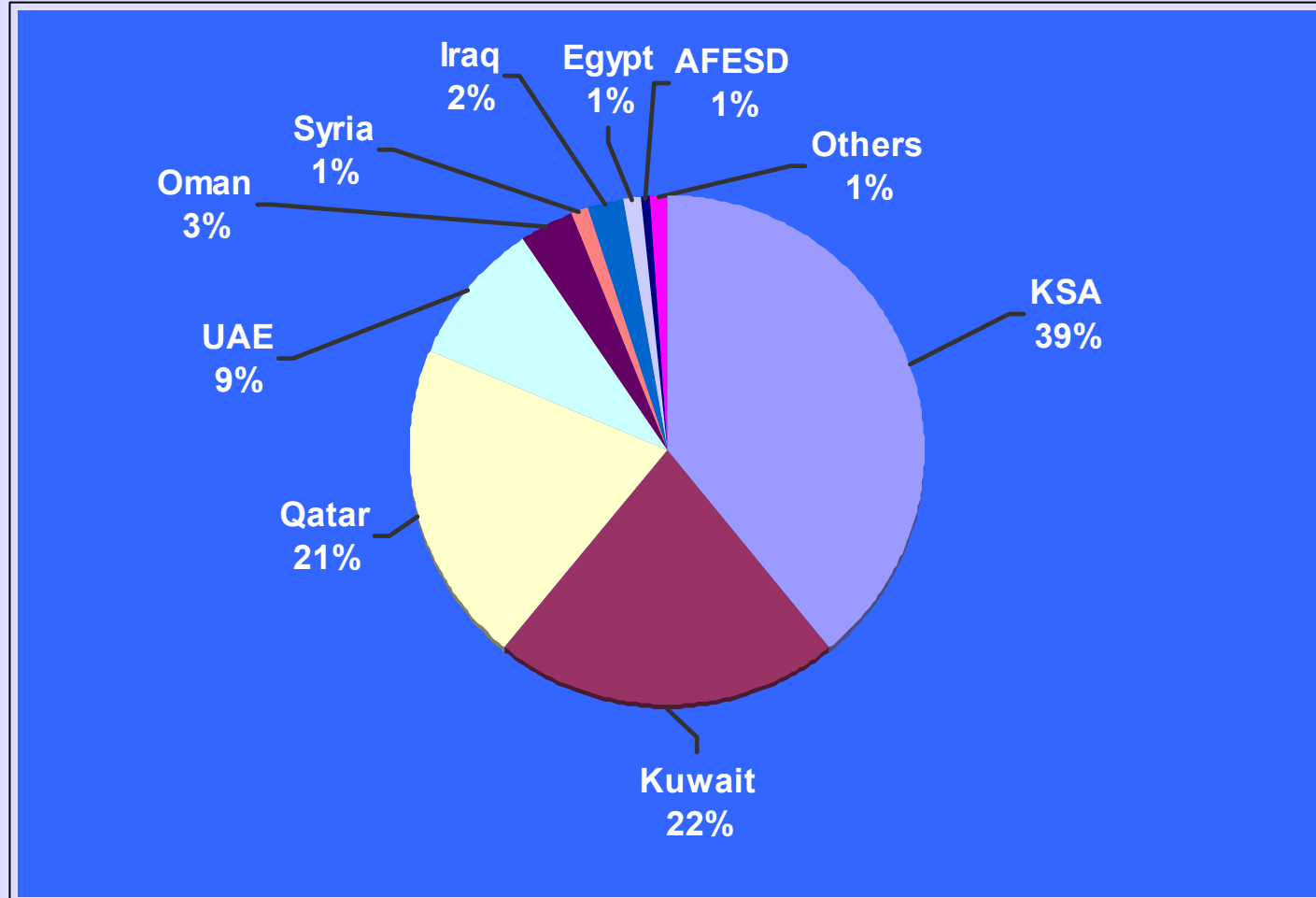


- **60 participants, pledges received from 47 countries**
- **Conference resulted in pledges close to US\$ 900 million.**



Resource mobilization (Cont'd)

Grants from Arab countries pledged or received (US\$1,470 million)

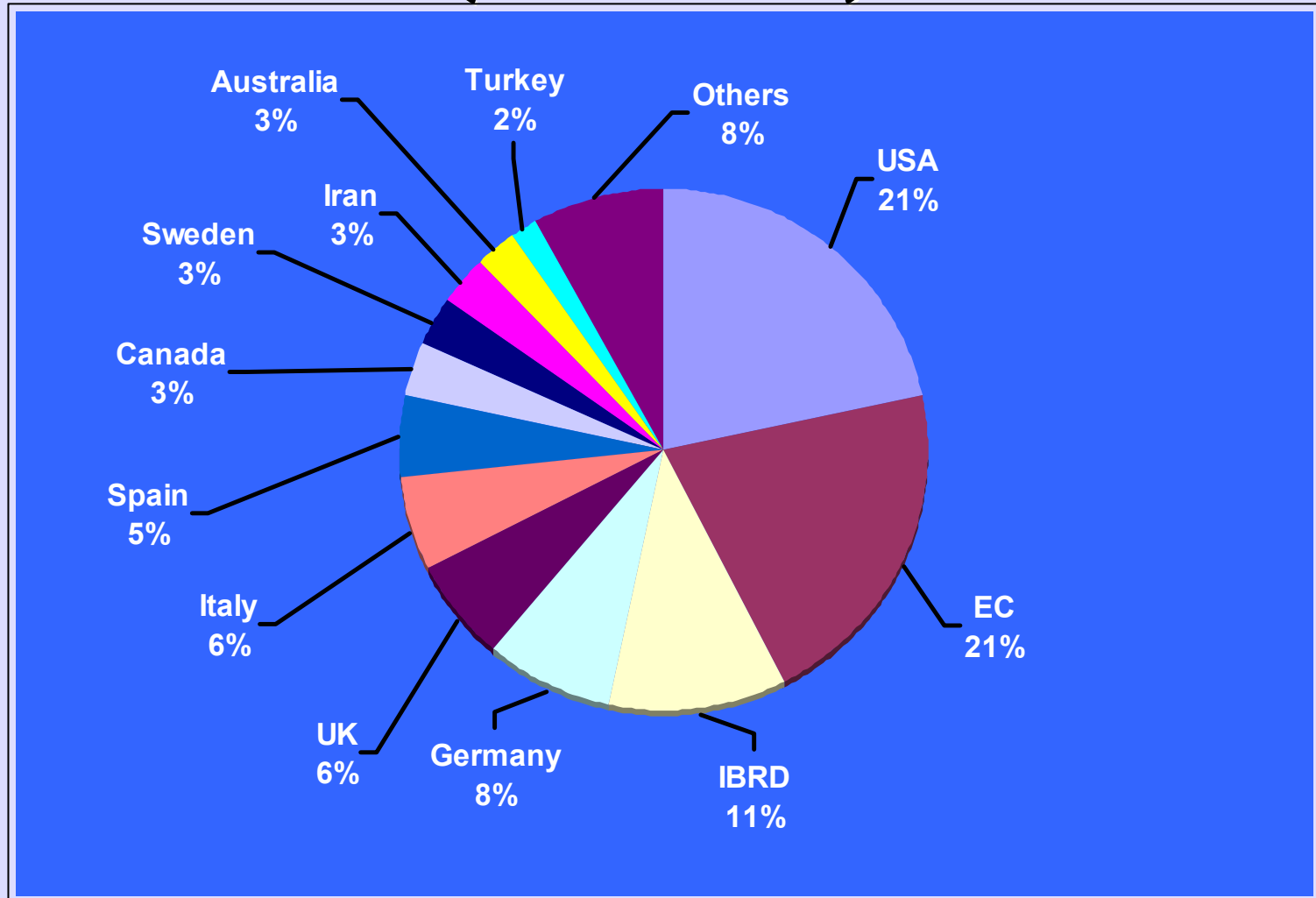




Resource mobilization (Cont'd)

Grants from international donors

(US\$649 million)

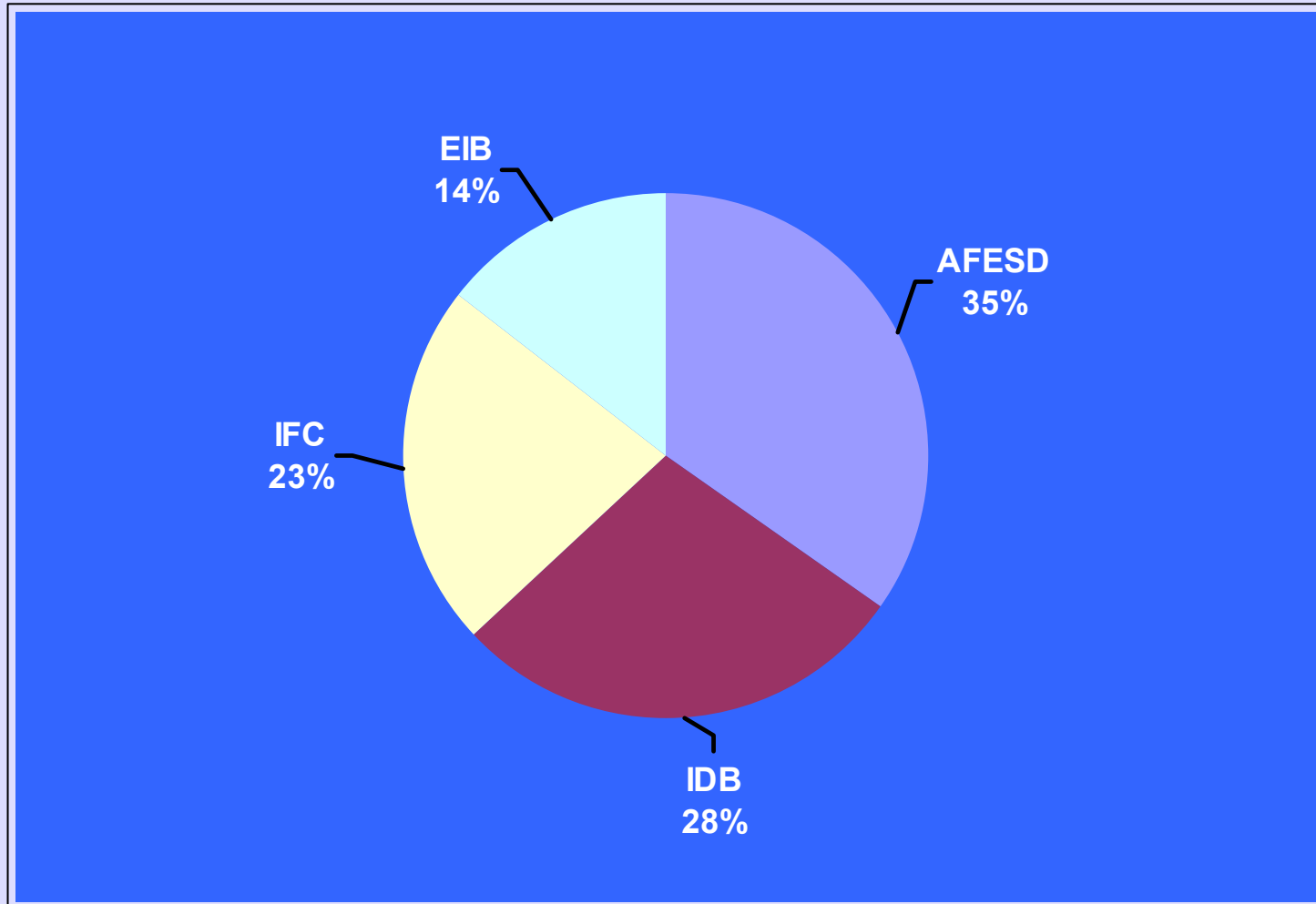


Resource mobilization (Cont'd)



Soft loans

(US\$883 million)



Donor pledges by sector

	De-mining	Education	Environment	health	Housing	Municipalities	Relief	Private Sector	Roads & Bridges	Water & Electricity	Un-Earmarked	Security
EGYPT			•	•	•		•			•		
IRAQ											•	
JORDAN				•	•		•					
KSA		•		•	•		•	•	•		•	•
KUWAIT		•		•	•		•		•	•	•	
OMAN					•		•				•	
QATAR		•		•	•	•	•	•		•	•	•
SYRIA					•		•			•		
UAE	•	•		•	•	•	•	•			•	•
AUSTRALIA			•								•	
FRANCE		•	•				•					•
GERMANY		•	•				•			•	•	
INDONESIA					•							
IRAN		•		•			•		•	•		
ITALY			•				•		•			
JAPAN	•		•									
KOREA		•										
NETHERLANDS	•		•							•		
SPAIN			•								•	
SWEDEN			•								•	
TURKEY		•			•		•					
USA	•	•	•		•	•		•	•			•
AFESD	•							•	•	•	•	•
EC	•	•	•			•		•			•	•
IBRD						•		•		•	•	

How far has the reconstruction effort progressed?

**At the implementation level:
where do we stand today?**



Financial assistance

Support to vulnerable groups

- **Financial assistance to more than 427 families of war martyrs *(36% of total)*.**
- **Financial assistance to more than 921 injured *(21% of total)*. *Completion pending the submittal of supporting documents.***
- **Financial assistance to more than 7,500 fishermen.**





Financial assistance

Support to housing reconstruction

Financial assistance for Housing reconstruction:

- **has been initiated in the Beirut suburbs.**
- **has been processed for 69 villages in the South (21% of total).**
- **has been processed to more than 10,500 beneficiaries in the South (13% of total).**

Completion of the above pending the submittal of supporting documents to the “Council for the South” and “Fund for the Displaced”.





Reviving the real economy

Financial assistance to the private sector including:

- **Subsidized loans and loan guarantees to the private sector through commercial banks with support from international institutions.**

Tax incentives such as:

- **Rescheduling tax payments.**
- **Rescheduling loan payments and refinance.**
- **Partial cancellation of penalties on late tax declaration fees for 2006.**

Supporting measures such as:

- **Implementing measures to streamline trade facilitation and restore foreign trade.**



Public infrastructure

Transportation

- **Construction of 14 temporary steel bridges and 10 permanent bridges.**
- **Also, temporary diversions devised at all damaged crossings to facilitate traffic flow.**
- **Repair of 2 runways and restoration of normal operations at the Rafic Hariri International Airport.**





Public infrastructure (Cont'd)

Education and Health

- **Rehabilitation of 360 schools by the HRC and 207 by UAE, 30 by Qatar, 71 by Iran and 70 prefab schools from Turkey.**
- **Also, timely resumption of the 2006/07 school year *(with only 1 month delay)*.**
- **Health services fully restored in the South.**





Public infrastructure (Cont'd)

Utilities

- **Key utilities such as water and electricity have been fully restored.**
- **Over 81% of damaged telecommunications centers in the South have been repaired.**
- **The repair of the Jiyeh's fuel reservoirs soon to be initiated.**





Environment & de-mining

- **More than 1.7 million tons of rubble and debris have been cleared from Beirut, the South and the Bekaa.**
- **An oil spill clean-up program was initiated.**
- **More than 38 mine clearance teams have been mobilized to deal with 1.2 million cluster bombs and 430,000 landmines.**





Going Forward: Time Line for Reconstruction

		2006				2007				2008								
		3rd quarter		4th quarter		1st quarter		2nd quarter		3rd quarter		4th quarter		1st quarter		2nd quarter		
SECTOR		Mine Clearance																
				Airport fuel tanks														
				Health														
			Education															
			Transport															
			Housing															
						Fuel Reservoirs at the Jiyeh Power Plant												



Rebuilding Lebanon Together...

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**What are the plans for going
forward?**



Going Forward:

The three (3) pillars

Reconstruction Program

Repair and rebuild infrastructure facilities and utilities following the July 2006 war.

Public Investment Program

Adopt a public investment program that is consistent with government's financial constraints and macro-economic targets.

Reform Program

Government remains committed to reform program that promotes:

Governance

Improve governance , in particular management and efficiency of public resources and operations .

Growth

Launch an economic recovery program in parallel to growth enhancing reforms.

Social equity

Improve social outcomes and equity and strengthen social safety nets.

Privatization

Improve service quality & cost of while increasing investment and spurring economic growth (telecommunications to start in 2007).

Fiscal Adjustment

Public debt reduction to a sustainable level, while protecting social expenditures and increasing public investment.



Going Forward: Time Line for Recovery Plan



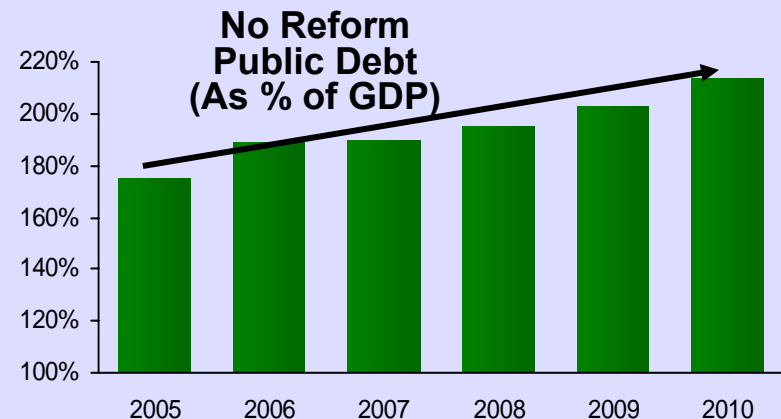
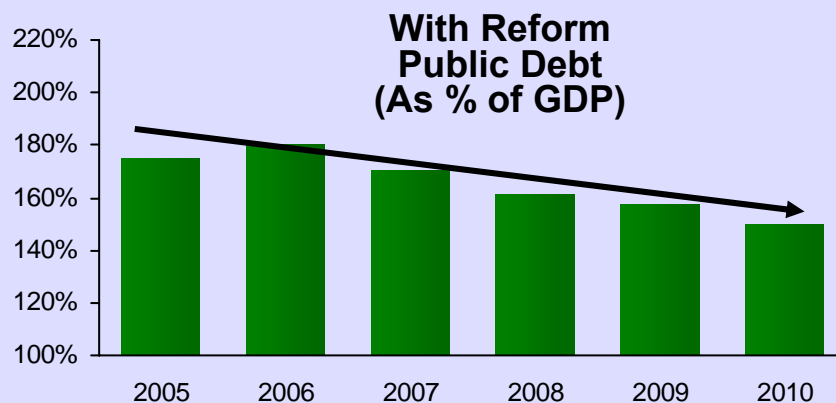
International support to Lebanon - Paris-III

Investing in Lebanon's democracy



External support to Lebanon through grants, concessional loans and loan guarantees, would:

- **Achieve growth with social equity and debt sustainability.**
- **Restore investment confidence and employment.**
- **Enhance political and social stability and strengthen democracy.**



A photograph of a Lebanese flag laid out on a dark surface. The flag features a red top and bottom stripe and a white middle stripe with a green cedar tree in the center. The flag is surrounded by a circle of lit white candles and scattered white flowers. The scene is dimly lit, with the primary light source being the candles. The text "We march on together ..." is overlaid in the bottom right corner.

We march on together ...