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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE

Assistance for the reconstruction and development of Lebanon

Report of the Secretary-General

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* A/35/50 .

I. INTRODUCTION

1. General Assembly resolution 33/146 of 20 December 1978 was adopted with the broad aim of co-ordinating international assistance to Lebanon for relief, reconstruction and development. Under the terms of the resolution, the Assembly established at Beirut a co-ordinating committee of the specialized agencies and other organizations within the United Nations system, headed by a co-ordinator, with the specific task of assisting and advising the Government of Lebanon in (a) all matters relating to reconstruction and development and (b) the assessment, formulation and phasing of aid, and of ensuring its implementation within the framework of the needs of Lebanon. The Assembly also endorsed the Secretary-General's appeal for international assistance for Lebanon and urged all Governments to contribute to the reconstruction of Lebanon. Implicit in this mandate is the provision of assistance to the Government of Lebanon in drawing up long-term projects as well as plans for relief and rehabilitation of an immediate nature, in strengthening the capacity of the Government of Lebanon to make and implement reconstruction and development plans and in raising the necessary funds from external sources, and any other assistance, within the terms of the mandate, which the Government of Lebanon considers appropriate. The Co-ordinator of the Committee on Assistance for the Reconstruction and Development of Lebanon appointed by the Secretary-General on 17 September 1979, assumed his post towards the middle of October and is in the process of establishing his office. The present report is based on his preliminary observations and discussions. He is in close and regular contact with government authorities and others concerned to determine how best the United Nations may help in the reconstruction and development of the country.

2. In its resolution 34/135 of 14 December 1979, the General Assembly, among other things, noted the appointment by the Secretary-General of a co-ordinator and requested the Secretary-General to pursue the implementation of Assembly resolution 33/146 and to report to the Economic and Social Council at its first regular session of 1980 and to the General Assembly at its thirty-fifth session on the progress achieved.

II. BACKGROUND

3. The war and civil strife which erupted in Lebanon in 1974 cost the lives of 60,000 people and caused widespread destruction of property. A comprehensive assessment of the devastation caused by these events cannot yet be made because their effects continue to be felt in every sphere of activity. According to an estimate made by the Ministry of Planning in 1977, material losses suffered by the public and private sectors during the years 1975-1976 amounted to 7,500 million Lebanese pounds; the gross national product (GNP) lost in the same two years came to LL 2,577 million and LL 6,014 million respectively. More than a million people (nearly one third of the total population) were displaced from their homes. In the south, where the security situation is most precarious, the destruction and dislocation have been extensive: 15,000 homes totally or partially demolished, schools, hospitals, roads, water and electrical supply systems destroyed and 250,000 persons forced to leave their homes. War and civil disturbance are partly responsible also for the large-scale exodus of professionals

and skilled workers from the country - according to one estimate the net emigration in recent years totals 500,000 persons, including about 30-40 per cent of the industrial labour force. In a country with a total population of approximately 3 million, such large displacements of people are bound to have serious and far-reaching social and economic consequences.

4. Moreover, the disturbances resulted in a general breakdown of services across all sectors, as movement in and between many areas of the country became hazardous and people, including government workers, stopped reporting for work, channels for distributing food, drugs and other essential commodities were disrupted, and there was widespread destruction or looting of property, including government offices and public installations. Government writ does not extend to the whole country and in Beirut itself large areas are hostage to anonymous gunmen. This has affected the ability of the Government to collect income taxes or to stop the widespread smuggling which exists. As a result, while in 1974 Lebanon had a budgetary surplus of LL 5,900,000, there was a budget deficit of LL 858 million in 1978 and of LL 1 billion in 1979.

5. The picture which emerges is a stark one and emphasizes the enormity of the task of reconstruction and development which confronts the Government even as the immediate economic problems of unemployment and inflation are becoming acute. On the other hand, it serves to put in relief the fact that, despite the enormous setbacks it has suffered and the severe strains to which it is subjected, the Lebanese economy continues to function. Statistics just released by the Ministry of Industries and Petroleum show that in 1979 industrial exports totalled LL 1.2 billion, which is 63 per cent higher than last year's figure. Imports during the year of machinery and raw materials - one indicator of the rehabilitation and development of industry - totalled 63,000 tons, valued at LL 490 million. Notwithstanding the extensive smuggling which goes on, receipts from customs duties during 1979 amounted to LL 682 million, an increase of 34 per cent over 1978; 48 per cent of this amount came from imports through the Port of Beirut, though it is still the scene of sporadic trouble and exchange of fire. The 1979 balance of trade was in deficit to the amount of LL 4.5 billion but this was more than covered by remittances from Lebanese residents abroad - an indication of their confidence in the country's future. Bank deposits rose from LL 9 billion in 1974 - the pre-war year - to LL 15 billion in 1978 and LL 19 billion in 1979. The Lebanese pound was relatively stable in terms of the United States dollar and the recent increase in the price of gold has multiplied many times over the value of the Central Bank's extensive bullion and foreign exchange holdings.

6. All things considered, one cannot yet say that the Lebanese economy is well on the way to recovery, much less that the fundamental short-comings and weaknesses from which it has suffered in the past are on the way to being resolved. The fact that, despite the prevailing lawlessness, lack of security and various other problems, the economy is functioning as it does is an indicator of the potential of the economy and its capacity to grow rapidly once the present difficulties and obstacles have been overcome. Meanwhile - and this is the most positive element in the situation - the Government has expressed its determination to start the reconstruction and development without waiting until the political issues have been settled or until law and order have been fully restored all over the country.

On the contrary, the Government believes - and rightly so - that the process of economic development itself can have a salutary effect on the security situation.

7. To this end, by a legislative decree issued on 31 January 1977, there was established a Council for Development and Reconstruction. The Council has extensive powers and responsibilities to prepare programmes and plans of reconstruction and national development, to implement plans, to execute projects and raise and disburse funds, and to co-ordinate the work of all ministries and government departments to that end. The Council has prepared a reconstruction programme consisting of a number of major projects (e.g., the Beirut port and airport, the construction of houses and the Beirut-Tripoli highway) which are urgent and whose implementation the Council considers to be a pre-condition to more extensive and long-term development. The Council has also prepared a draft development programme for the social sector, which provides for the improvement and enlargement of health and educational services as well as rural development and agricultural credit. The two programmes, which will not run simultaneously, are expected to be completed over a period of between five and eight years. The total cost of the reconstruction programme at the time it was drawn up was estimated at LL 22 billion and that of the development programme at LL 4 billion. These figures may have to be revised to take account of inflation since then and over the likely period of implementation. The Government intends to bear 25 per cent of the cost of the reconstruction programme and the whole cost of the development programme from its own sources, namely, surpluses on current account, domestic and external borrowing.

8. The programme does not claim to be a comprehensive or integrated plan but is made up, in the Council's view, of "the extraordinary projects which need to be mounted to allow Lebanon to return to normalcy". The Council is frank in admitting the absence of adequate statistics on key economic indices, of feasibility studies in most cases and of knowledge about the size and quality of the labour force that would be available for reconstruction. Furthermore, the Council concedes the need for a long-term development plan and the importance of ensuring that reconstruction projects are consistent with longer-term development goals. It also recognizes the necessity of introducing reforms in the existing system, for example, in administration, in order to strengthen the public sector, and in taxation, as a means of redressing the inequities and imbalances between groups of people and regions, which are now generally accepted as having been among the causes of the Lebanese crisis. However, in the Council's view, these matters, as well as long-term planning, can best be taken up once reconstruction is well under way and a more conducive atmosphere has been created for the discussion and settlement of fundamental and politically controversial issues.

9. The programme was drawn up in the second half of 1978. Despite the recrudescence of internal trouble and the Israeli invasion that year, some of the projects have already been started, for example, the port and airport of Beirut. Grants and loans for reconstruction and development obtained by the Government of Lebanon from various sources add up to the sizeable figure of \$US 470,064,416. However, the reconstruction programme has not yet got under way. In the Council's own words "the feasibility of a programme of this size is contingent not only on the availability of finances, but also the capacity of the Government to act

effectively, the availability of the requisite skills and improvement in the security situation". It is evident that the launching of a full-scale reconstruction and development programme would call for a concerted effort to improve the security situation and strengthen the Government's enforcement authority as well as its administrative capacity, and measures to mobilize Lebanese capital, skills and labour and above all to channel the proven and well-known adaptability, energy and spirit of initiative of the people of Lebanon into the task of rebuilding their country on a new basis. Meanwhile the Council is preparing a programme for 1980 consisting of projects that can begin to be implemented in the current year within the prevailing security, political and administrative constraints and may indeed help to enhance security by offering constructive employment opportunities to people now engaged in paramilitary occupations.

III. THE SOUTH

10. The relatively arid and hilly south, which was comparatively backward even before the conflict, has, because of its situation on the borders with Israel, suffered more than the rest of the country from the ravages of war. The prevailing security situation is described in the Secretary-General's report to the Security Council on the United Nations Interim Force in Lebanon (S/13691), dated 14 December 1979. The report illustrates the peculiar difficulties of the tasks of rehabilitation, reconstruction and development in this region: large numbers of the inhabitants of the south have left the region for other parts of the country or have gone overseas; at the same time, most villages lack the basic necessities and amenities of life, such as schools and clinics or dispensaries, water and electricity etc. Clearly a special effort needs to be mounted in this region in order to rehabilitate the property, equipment and facilities destroyed by war, to compensate for past backwardness and to integrate the region into a revitalized national economy.

11. In recognition of the special situation and acute needs of the south, the Government has established a Council for the South, which was created in 1969 and is presided by the Minister of Labour and Social Affairs. The Council for the South operates primarily as a Claims Board to compensate for damages incurred in the south. It disposes of a government allocation for this purpose. It is also responsible for the socio-economic development of the south but its main activity in recent years has been to survey damages to buildings caused by the Israeli invasion in 1978 and to distribute subsidies for repairing houses with an allocation of LL 30 million from the Government and \$US 2.5 million from the Office of the United Nations High Commissioner for Refugees (UNHCR).

12. Within the framework of the over-all programme for reconstruction, an emergency development plan is being prepared for the south with the broad aim of inducing those persons who left their homes and places of work to return and of preventing any further exodus. Recently a delegation consisting of ministers of social affairs from six Arab countries visited Beirut and studied a working paper prepared by the Lebanese Government, with the help of a number of United Nations agencies, setting out the specific needs of south Lebanon and the means required

to meet them. The Ministers are to submit this working paper for consideration to a conference of all the Arab ministers of social affairs, to be held in the second half of May, with the object of obtaining the necessary financial assistance.

IV. INTERNATIONAL ASSISTANCE AND THE ROLE OF THE UNITED NATIONS
IN RELIEF AND REHABILITATION

13. In the aftermath of war and civil disturbance and after every external attack or major outbreak of violence, aid effort was concentrated on providing immediate relief to the victims and helping to restore disrupted services and damaged equipment and facilities. The figures for such emergency aid disbursed by the United Nations, by bilateral donors and by non-governmental organizations for the previous three years are as follows:

1977

\$US

Assistance delivered by United Nations organizations 19,015,000

\$US

United Nations High Commissioner for Refugees 898,000

United Nations Children's Fund 4,865,000

United Nations Trust Fund 2,052,000

World Food Programme 11,200,000

Assistance delivered by bilateral donors and by
non-governmental organizations 15,881,000

Main donors:

\$US

Canada 544,000

France 625,000

Sweden 1,573,000

Switzerland 480,000

United Kingdom of Great Britain and Northern
Ireland 675,000

United States of America 11,350,000

1978

Assistance delivered by United Nations organizations 19,328,571

\$US

United Nations Trust Fund 2,038,111

United Nations Children's Fund 4,970,270

1978 (continued)

	<u>\$US</u>
World Food Programme	10,190,550
United Nations High Commissioner for Refugees	1,750,033
Food and Agriculture Organization of the United Nations	147,000
World Health Organization	232,607

\$US

Assistance delivered by bilateral donors and by
 non-governmental organizations 50,757,284

Main donors:

	<u>\$US</u>
Canada	2,646,302
Commission of the European Economic Community	13,155,891
Federal Republic of Germany	3,815,903
France	1,744,186
Japan	500,000
Sweden	751,613
Switzerland	1,404,649
United Kingdom of Great Britain and Northern Ireland	894,950
United States of America	20,132,000
Catholic Relief Services	1,463,386
International Committee of the Red Cross	3,021,721

1979 a/

Assistance delivered by United Nations organizations 13,863,362.84

	<u>\$US</u>
United Nations Trust Fund	250,946
Office of the United Nations Disaster Relief Co-ordinator	20,000
United Nations Children's Fund	6,383,483

1979 (continued)

	<u>\$US</u>
World Food Programme	4,689,600
United Nations High Commissioner for Refugees	1,554,333.84
Food and Agriculture Organization of the United Nations	890,000
World Health Organization	75,000

a/ Figures for relief aid by bilateral donors and non-governmental organizations not yet available.

14. In December 1976 the Government of Lebanon established a High Relief Committee under the chairmanship of the Minister of Labour and Social Affairs and made it responsible for receiving donations of relief aid, in cash, kind or services, and for arranging the distribution of the aid to recipients in an appropriate manner. An advisory committee consisting of representatives of the United Nations, donor countries and non-governmental organizations assists the High Relief Committee in carrying out its tasks.

15. The project authority, the Office for Social Development, issues vouchers for the amount of aid needed (food, clothing, shelter, medicines) for the beneficiaries and food and commodities are transported accordingly from warehouses to packaging centres, where monthly family rations are prepared and sent to distribution centres indicated by the High Relief Committee. The United Nations agencies help to supervise the distribution of assistance.

16. United Nations emergency relief activities are co-ordinated with those of the Government and the United Nations Interim Force in Lebanon (UNIFIL) through the Office of the United Nations Co-ordinator for Reconstruction and Development.

17. For 1980, the Government of Lebanon has made a further request for foodstuffs and other commodities for distribution to a total of 115,000 families. After allowing for stocks left over from the previous year and aid expected from or pledged by various donors, there will still be a considerable gap in supplies if this request is to be met in full.

The role of the United Nations Interim Force in Lebanon

18. UNIFIL assistance has been invaluable in giving both security and logistical support to the relief effort. It has been helping to clear mines, store relief supplies and facilitate the transport of personnel and equipment for United Nations and government projects. Additionally, UNIFIL has assisted in the implementation of projects requiring the restoration of water, electricity and health services, the distribution of supplementary foods, the repair of buildings and roads and, when required, has lent its assistance in the solving of kidnapping cases. UNIFIL

has also helped to arrange and supervise the intermediate and baccalaureate examinations for students from certain districts in the south. At the request of the Committee on Assistance for the Reconstruction and Development of Lebanon (in which UNIFIL is represented) UNIFIL recently carried out a very useful survey of the needs and problems of the population in the south.

V. RECONSTRUCTION AND DEVELOPMENT

19. The available details of grants and loans extended in recent years for the reconstruction and development of Lebanon are set out below; much of the amount available has not been used because of the prevailing circumstances.

	<u>\$US</u>	<u>\$US</u>
<u>1977</u>		
Grants		41,112,500
United States of America	32,800,000	
France	312,000	
United Arab Emirates	8,000,000	
Loans		194,585,000
World Bank	89,600,000	
Federal Republic of Germany	9,825,000	
Arab Fund for Economic and Social Development	39,000,000	
Abu Dhabi Fund	17,400,000	
Kuwait	37,020,000	
United Arab Emirates	1,740,000	
<u>1978</u>		
Grants		-
Loans		234,366,916
Commission of the European Economic Community	3,000,000	
A syndicate of European and United States Banks	150,000,000	
France	55,813,953	
United States of America	22,590,000	
Kuwait Fund for Economic Development	2,962,963	

1979

At the summit-level meeting of the League of Arab States, held at Tunis from 20 to 22 November 1979, Arab countries pledged \$2 billion in aid for the reconstruction of Lebanon over a period of five years, half of the amount to be used in the south.

The role of the United Nations Development Programme

20. Lebanon's indicative planning figure (IPF) for the current cycle (1977-1981) totals \$US 12.5 million, including \$2 million carried over from the previous cycle.

21. The United Nations Development Programme (UNDP) drew up a medium-term programme in 1977 but, as a result of the events of 1978, much of it could not be implemented. Prevailing conditions have also made it difficult to draw up a country programme for the utilization of the current IPF for Lebanon and, in fact, for a while all UNDP development activity was stopped. UNDP programming was resumed around the middle of 1979 and up to now projects worth \$7,100,000 have been approved. 1/ These projects cover agriculture, health, industry, communication, social security, finance and training. As the Government's programme for reconstruction and development takes shape, UNDP will design its projects with a view to promoting the over-all aims and objectives of the programme.

VI. SUMMARY AND CONCLUSION

22. The reconstruction and development of Lebanon is a vast undertaking and one which will be a continuing process. It is evident that a country which has suffered such grave damage as a result of war and strife cannot itself muster the necessary resources. An international effort is required to help the Lebanese Government and people repair the ravages of war and rebuild their country. There has already been a positive response from friendly countries within the region and beyond to Lebanon's immediate and longer-term needs. The United Nations system stands ready, within the limits of its capabilities, to be of assistance to Lebanon in this endeavour.

1/ An additional \$4,000,000 is about to be approved.