

STOCKHOLM CONFERENCE FOR LEBANON'S EARLY RECOVERY

August 31, 2006

Stockholm, Sweden

Background

To address immediate early recovery needs amounting to US\$ 537 million, a donors' conference organized by the Swedish government took place on August 31, 2006 in Stockholm and resulted in around US\$ 900 million of assistance. The conference was dedicated to the early recovery and humanitarian needs in Lebanon resulting from the July 2006 hostilities. The conference was organized in close cooperation between the Lebanese government and the United Nations Development Programme. The focus of the conference was to cover the immediate needs of the Lebanese people.

Projects and Costing:

During the conference the Lebanese Government presented its plan for early recovery. Initiatives in the plan are described in the document prepared by the Government of Lebanon for the Stockholm Conference for Lebanon's Early Recovery 31 August 2006 (published on <http://www.lebanonundersiege.gov.lb>). The document describes the government strategy and its objective. Additionally, a preliminary assessment of damages is provided particularly for infrastructure damages. Twenty one projects in the above areas amounting to US\$ 537 million and encompassing all of the priority sectors for Lebanon's early recovery needs are presented.

1. **Displacement and shelter:** Approximately 30,000 housing units were destroyed during the war. Although, an estimated 500,000 internally displaced people have returned to their areas of residence, and an additional 150,000 individuals are reported to have returned from outside the country, many reside in their partially destroyed houses. To address this issue, the government is embarking on a project costing approximately \$75 million to provide shelter to 30,000 families via a transitional shelter approach centered on pre-fabricated units.
2. **Mines and unexploded ordnance:** The intensive bombardment of Lebanon has resulted in a widespread contamination of unexploded aerial

- bombs, missiles, rockets, cluster munitions and the likes. By the end of August, over 50 deaths and injuries had resulted from these unexploded ordnances. To prevent further casualties and allow for the normal movement of the population, a project is underway dedicated to the removal of such items costing approximately \$4.15 million.
3. **Infrastructure:** Key infrastructure has sustained extensive damage from bombardments, resulting in the disruption to the country's ability to provide basic services and effective recovery operations. The report describes the cost of damages in each of the electricity (\$114 million), telecommunications (\$134 million), transport (\$484 million), and government infrastructure (\$4 million). Seven projects dealing with these sectors are described for a total cost of \$148 million.
 4. **Basic Social Services:** Severe disruptions resulted in the government's ability to deliver basic social services including water and sanitation, health, education, protection of children, women and vulnerable Groups. The government is embarking on four projects for a total cost of \$87 million to enable it to resume its normal delivery of these services.
 5. **Environment:** Although the damage to the environment is harder to quantify, the document describes the effect of the large oil spill through the bombing of the Jiyeh power plant and the hazardous waste left resulting the large destruction. Two projects costing a total of \$53 million will start to reverse some of this damage.
 6. **Unemployment and livelihoods:** Poverty in areas hardest hit has become the highest in Lebanon. Preliminary estimates indicate an increase in national unemployment rates from 8-10% prior to the war to 25%. Three projects targeting this area costing a total of \$132 million will aim at generating employment and supporting SMEs.
 7. **Palestinian refugee camps:** The Palestinian refugee population suffered serious economic, health and social issues compounded with the lack of access to government or UNRWRA social services. A project aiming at providing shelter, basic social services and creating employment is embarked on for a cost of \$3 million
 8. **Agricultural and Industrial Production:** The industrial sector has sustained severe damages, estimated at US\$220 million. This assessment

does not currently factor in the revenue losses due to under-utilization. The agricultural sector was hit just as hard with farmers and fishermen suffering greatly. Two projects each aiming at one of these two sectors will have an initial cost of \$34 million.

9. **Public Finance:** The war has put a halt on the amelioration in public finances achieved prior to the start of aggression. The large loss of output will lead to reduced revenues and the damages will lead to significantly higher expenses leading to a deteriorating fiscal position.

Major Results

The conference demonstrated the international community's strong support to the Lebanese government. An amount estimated at US \$900 million was pledged by the end of the conference, much higher than the initial objective of US \$500 million. Of the total funds pledged, 87 percent are in the form of grants and 13 percent or approximately \$120 million are in concessional loans.

Table 1. Stockholm Conference – Summary of Pledges

US\$	Pledges	Percent
Grants	776,238,989	87%
Soft Loans	120,321,633	13%
Total	896,560,621	100%

Source: Received data as October 11, 2006

Out of the 38 donors that pledged donations for early recovery, Arab donors led the way with Qatar representing slightly more than 33% of contributions, the Arab Fund for Economic & Social Development with around 13%, UAE with 8% and the Kingdom of Saudi Arabia with 7%. EC contributions which include humanitarian assistance through ECHO and technical assistance (non-ECHO) represented 10%. The US's contribution which is part of the total \$230 million pledged, constituted approximately 6%.

Table 2. Detailed List of Pledges Including Loans

Donor	Amount pledged in USD
Qatar	300,000,000
Arab Fund of Economic and Social Development*	114,114,000
UAE	70,000,000
KSA	60,000,000
EC	54,846,939
US	53,400,000
EC-ECHO	38,265,306
Italy	38,265,306
Spain	34,438,776
Germany	28,061,224
France**	25,216,837
Sweden	20,000,000
Turkey	10,000,000
Netherlands	7,653,061
Egypt	6,000,000
Japan	5,000,000
Republic of Korea	5,000,000
Belgium	3,826,531
Finland	3,826,531
Greece	3,188,776
Denmark	3,000,000
China	2,503,129
UK	2,238,806
Australia	1,526,718
Poland	1,275,510
Ireland	1,275,510
Romania	637,755
Austria	510,204
Brazil	500,000
New Zealand	462,963
Slovakia	430,740
Iceland	340,000
Czech Republic	281,000
Luxemburg	191,327
Bulgaria	127,551
Cyprus	100,000
Malta	30,612
Estonia	25,510
Total	896,560,621

* \$103.7 million in loans, ** \$16.6 million in loans

Update on Follow-up:

1. Based on information collected by the Ministry of Finance, total funds raised are estimated at \$896 million.
2. Of the total funds donated, \$120.3 million are in loans from the Arab Fund (\$103.7 million) and France (\$16.6 million). The Arab Fund is working with CDR on the terms of the loan and its uses.
3. Excluding these loans, total grants stand at \$776 million, \$440.4 million are donated by Arab countries.
4. Excluding loans and Arab donations, remaining grants amount to \$335.9 million. U.S. and EC (ECHO and non-ECHO) account for \$147 million of that number.
5. US funds are channeled through USAID which is in discussions with CDR regarding projects.
6. EC-Non-ECHO will provide technical assistance based on government needs including police training. An EC delegation is in Lebanon assessing damages and is in contact with CDR and the Ministry of Finance.
7. Nine countries with a total of \$27.6 million will channel donations through the various UN agencies. This amount is based on the donors that have explicitly indicated to the Ministry of Finance that they have or will channel their donations to UN agencies. Approximately, \$21.2 million of total donations will be channeled by donors to NGOs.
8. Of the remaining \$140 million, Germany and Spain have explicitly indicated that a total of \$40.8 million is earmarked for the future (post 2006). Spain has \$25.5 million earmarked for 2007 and 2008, while Germany expects \$15.3 million to be disbursed in the future based on the government's commitment and project performance.
9. Seven countries have expressed interest in implementing projects with governmental agencies for a total of \$33.2 million.
10. Egypt (\$6 million) and Poland (\$1.27) will be sending supplies - electrical in the case of Egypt and de-mining in the case of Poland.
11. The remaining funds approximating \$59.4 million are yet to be allocated to a specific area or through a specific channel. The funds may be donated to the Government of Lebanon through a fund as mentioned in the Stockholm document. Spain has indicated that they are waiting for the creation of a UNDG Fund.

Table 3. Summary table on donations

Classification	Donor	Amount
Loans	Arab Fund of Economic and Social Development and France	120,321,633
Arab Governments	Qatar, UAE, Saudi Arabia, Arab Fund	440,374,000
EC (ECHO & non-ECHO) and US	EC & US	146,512,245
Expressed interest in donating to UN Agencies	Italy (Partly), Netherlands, Japan (partly), Finland, Brazil, New Zealand, Iceland (partly), Luxemburg (partly), Estonia	27,550,718
Expressed interest in donating to NGOs	Italy (partly), Ireland, Austria, Iceland (partly), Slovakia (partly), Luxemburg (partly)	21,155,944
Countries that may choose to utilize a UNDG Fund	Spain (partly), France (partly), Sweden, Turkey, Japan (partly), UK, Belgium, Greece, Denmark, Australia, Romania, Czech Republic, Malta, Bulgaria	59,401,116
Countries that have indicated future dates for donations	Germany (partly) and Spain (partly)	40,816,327
Physical Supplies	Egypt and Poland	7,275,510
Possible donations to Government	Italy (partly), Germany (partly), France (partly), Korea, China, Slovakia (partly), Cyprus	33,153,129
Total		896,560,621

Attendees

The Lebanese delegation was headed by Prime Minister Siniora and included, in alphabetical order, the Ministers of Economy and Trade, Education, Environment, Finance, Foreign Affairs, Health, and Social Affairs, Transport and the Head of Council for Development and Reconstruction.

Representatives from over 50 countries and representatives of UN Agencies, international financial institutions, the European Commission, the European Union and international non-governmental organizations attended the Stockholm Conference. Opening statements were given by Prime Minister Siniora, the Prime Minister of Sweden H.E. Mr. Goran Persson, and United Nations Deputy Secretary- General Mr. Mark Malloch Brown.

Means of Donations and Coordination Mechanisms

In principle, donors have three channels for supporting the Lebanese government's early recovery effort. Donors may sponsor a project directly such as reconstruction of a bridge, may opt to donate in cash to the Government's account with Banque du Liban (which two internationally recognized accounting and auditing firms will review its accounts and operations), or provide in-kind contributions such as equipment to replace those destroyed by the war. As was successfully done in other post-conflict countries, we are also working on quickly establishing an early recovery fund, with the UN Development Group's assistance.

The Ministry of Finance is currently coordinating with the various donors to ensure the utmost transparency and that funds received will be used according to donors' specifications. Should countries wish to make cash contributions, the Ministry of Finance will remain their contact address. However, in case countries / funds wish to make in-kind or project related donations, the Ministry of Finance will channel inquiries related to technical matters in the context of each donation to a team of professionals at the Prime Minister's Office. The Council for Development and Reconstruction is responsible for implementing the various initiatives with the support of multinational organizations as needed.

For any questions, donors should contact the Ministry of Finance and they will be directed to the appropriate authority based on the nature of their questions.



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