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SPECIAL REPORT

POVERTY

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POVERTY 101



The many new faces of Lebanese poverty

No wonder the Lebanese would rather be Swiss.

In a world where global average wealth, according to the 2019 global wealth report (GWR) by Credit Suisse, has approached \$71,000 and the average net wealth of the Swiss was said to be top of the world at \$565,000, the disparity between the average net wealth of a Lebanese adult and that of a Swiss adult would have been well over half a million dollars, with the Lebanese average net wealth estimated at \$23,056 according to Credit Suisse's GWR's report at the end of June 2018.

The main conceptual problem with such a dream - when for the sake of the dream, not considering practical and legal barriers that any foreigner faces when seeking Swissness - is the distorted perception of the fortune of the Swiss as demonstrated by a distance between their wealth and the fact that wealth and happiness are not synonymous or positively correlated.

Concretely, a wealth-seeking dream of being Swiss would have been compelling when conditioned on biased looks at the world's most boringly rich countries.

Swiss average net wealth per adult, defined as sum of financial and non-financial assets minus debt, according to the 2019 GWR was \$565,000 by mid of last year, 55 percent of which in financial assets. Median wealth - the line separating the richer half from the less affluent half in the population - by end June 2019 was just below \$228,000, or about 40 percent of the mean wealth per adult. Although the bottom of the wealth pyramid in Switzerland in the World Bank's new Poverty and Shared Wealth 2020 report did not show anyone in Switzerland living below the \$1.90/day international poverty line (IPL) - small surprise in a country whose statistics agency sees the relative poverty line above \$80/day for an individual.

HAPPINESS: THE TIMELESSLY VENERATED QUEST

A time-tested aspect of the poverty/wealth conundrum is that the sole orientation towards financial wealth and accumulation of net assets does not directly correlate with happiness and well-being. For the archetypical utopian Thomas More, the dream of

society was the “wise and good constitution of the Utopians, among whom all things are so well governed and with so few laws, where virtue has its due reward, and yet there is such equality that every man lives in plenty.”

Whereas More's views in his Utopia – such as the abolition of private property – overall contain much that disables them as recipe for constructing a society, many studies with the best-available surveying and modeling methodologies of the 21st century support the idea that the theist intellectual More was not entirely wrong when he expressed his conviction that a nation cannot be governed justly or happily “as long as there is any property, and while money is the standard of all other things.”

For example, a recent story based on data collected by an online job search platform claims that incomes in the 25 happiest states in the United States are on average between \$35,000 and \$70,000 and that seven out of the ten happiest states are in Midwestern/Northwestern landlocked areas of the USA.

More serious findings of the latest World Happiness Report on happiness in cities and countries, show that it is not the weather, but also not money or homogeneity and small populations size that explains why Europe's Nordic countries are consistently rated among the happiest in the world. It is rather a combination of political rights, democratic and social trust, equality and social safety with autonomy, freedom, and self-reliance that exists in those societies. Perhaps surprisingly to some, Lebanon is not at the bottom of the 2020 happiness rankings but in the lower midfield.

All annual global surveys of happiness and wealth factors will very probably be beaten over their heads by the world's changing socio-economic realities in 2020. In short, global poverty is predicted to increase, inequality is expected to increase, labor pressures and job destruction will universally distort societies, and the poor everywhere will be the ones to suffer most.

“Poverty reduction has suffered its worst setback in decades, after nearly a quarter century of steady global declines in extreme poverty,” opens the World Bank's aforementioned Reversals of Fortune report on Poverty and Shared Prosperity in 2020. According to this perspective, new poverty will afflict better educated and more urban populations when compared to the old rural poverty concentrations in the pre-Covid-19 world. Poverty is projected to push between 88 and 115 million people worldwide into extreme poverty within the current year and be driven into an indeterminate future by convergence of three risk factors, the COVID-19 pandemic and associated global recession; resurgence of armed conflicts; and climate change, which the report characterizes as “a slowly accelerating risk

Definitions: The Gini coefficient, relative poverty, poverty gap, plus a new multidimensional approach in brief.

The Gini coefficient is the most used indicator for inequality in distribution of incomes or assets among individuals or households within an economy. Relative poverty describes poverty in an economy in terms of comparison to other people's situation, for example calling someone poor if her or his income is less than half of the median national income. A comparable measure has been the societal poverty line, or SPL, combining elements of absolute poverty with elements of relative poverty. The poverty gap describes intensity of poverty by showing the ratio by which the mean income of the poor falls below the poverty line. In currently fashionable definitions of poverty, one is furthermore invited to use what the World Bank calls multidimensional poverty measure (MPM) which measures deprivation in money, education, and access-to-basic-utilities. There is also the multidimensional poverty index (MPI) of the UNDP. Lastly, there is also the Oxford Poverty and Human Development Initiative (OPHI) that is built on ten vectors of health, education, and standard of living. Lebanon notably is not mentioned in MPM or MPI.

■ “Poverty reduction has suffered its worst setback in decades...”



that will potentially drive millions into poverty”.

“Findings about the new poor have important policy implications, in particular for the design of safety nets and for measures to rebuild jobs and strengthen human capital in the recovery phase,” the report admonishes under a more granular view, indicating that countries facing social safety net (SSN) challenges may need to ramp up support to poor households that are already covered by SSN programs, but that these same countries might struggle to activate such nets for people in urban informal sectors who are hit by job and income losses.

On the bright side, the immense attention to poverty that has been expressed by the United Nations, World Bank and International Monetary Fund; the political and economic forums of developed countries; and a plethora of multilateral development

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agencies and civil society organizations, represents a groundswell of interest and attention to poverty problems in the neoliberal capitalist world of the 21st century that may alter geopolitical processes and development trajectories.

Wealth and poverty in this sense are sides of the same monetary coin. For the longest time the default state of human living conditions was some form of subsistence economy that usually was almost, or totally, moneyless and minimalist in terms of market interactions until the market, profit and money focuses of the capitalist mindset gradually took over (subsistence farming persisted could be found in Europe and the United States well into the 20th century). It could be fatal at the current juncture to forget that poverty, like wealth, is a construct of social organization that is anything but inevitable.

THE CHANGING FACES OF POVERTY

The issue of increasing poverty in Lebanon has commanded significant attention in the past twelve months: the difficulty to access liquid cash; the implications of inflation; the uncontrolled indexing of many goods and services; the skyrocketing US dollar exchange rate on the unsupervised market; job losses and pressures on day laborers in the informal market; job destruction through bankruptcies and company closures in the formal economy - all weigh heavy on the national psyche. It is not really worth repeating that these burdens have been exacerbated by the COVID-19 driven global recession, as well as local lockdowns and responses to the pandemic.

In this context, the oft-repeated headline assessments of rising national poverty are of very limited use for understanding and charting courses to remedy either imported refugee poverty, newly revealed ur-

ban poverty that has apparently been on the increase for years, or long-standing rural poverty in Lebanon.

A neglected aspect of the poverty narrative in Lebanon is that according to an elaborate study, the regional poverty impact of the Syrian conflict was most pronounced in Lebanon. "Poverty [in Lebanon] is 7.1 percentage points higher in the counterfactual than the actual outcome," said the paper.

Beirut urban poverty, in previous years, seemed to be more of a hidden poverty in the sense that many people, according to observers from longer-established charities and NGOs, were concealing their real state of need and destitution. Until this summer when escalating poverty forced the former middle class to

reveal their destitution. Moreover, Lebanon's fate was rocked once again and most brutally into total awareness of the spectre of Lebanese poverty on the evening of August 4, 2020.

■ Poverty is projected to push between 88 and 115 million people worldwide into extreme poverty within the current year.

In this context, the first measurable result of the spike in Lebanese poverty has been the humanitarian response that was implemented over two months in the direct aftermath of the disaster. On the international and macro levels, this response found its first prominent expression through the pledging of nearly \$300 million in assistance at the French-organized International Conference on Assistance and Support to Beirut and the Lebanese people on August 9. A notable further international expression of support soon after came from UNESCO's global appeal for emergency responses to save Lebanon's health, cultural heritage, and education capacities.



SPIKE IN HUMANITARIAN AID

Meanwhile, tangible and measurable on-the-ground aid was documented by the United Nations' Office for the Coordination of Humanitarian Affairs (OCHA), starting with a first situation report on August 7. The OCHA numbers are as follows; over more than two weeks after the port explosion, 200 food parcels were supplied by the World Food Program to communal kitchens in the worst affected areas, facilitating distribution of some 3,000 warm daily meals. By the end of August, over 50,000 hot or ready-to-eat meals were distributed in 11 neighborhoods and the number of persons in need of protection services was estimated by OCHA partners at 152,200. One month later, the number of distributed meals was stated as more than 92,000. Of the identified 152,200 needy individuals, 47,500, or slightly over 31 percent, have been reached by OCHA protection partners as of September 23. Maps published by OCHA one month after the disaster showed the approximate areas of extreme economic vulnerability and humanitarian responses by organizations that partnered with OCHA. Humanitarian disaster response by its emergency nature is not ever a glass that is half full but always a jug that is never full enough.

However, these OCHA numbers are an indicator of compassionate actions that in all likelihood is unable to capture the full extent of this altruism and solidarity. This is the implication of a multi-tiered stream of support – one part coordinated with international help, one part organized through local volunteerism and local NGOs, and one part informal and based on family, clan and neighborhood human networks. Informal support has been observable in a myriad of daily anecdotal incidents around the affected area and cannot be fully quantified and measured, however much a hypothetical or practical observer might have tried.

Local responders also coordinated their efforts more formally through several initiatives, an example being the Ground-0 Relief Committee that was initiated as an active civil society organization within ten days of the explosion. Young Ground-0 volunteers from mid-August onward were combing the streets of Achrafieh, giving out aid, collecting information on needs of area residents and receiving applications for specific support such as home repairs and reconstruction.

CHALLENGES OF FIGHTING POVERTY

"Ground-0 focuses on emergency relief in addition to the response to protect the most vulnerable and work on long term reconstruction and recovery," explains the new initiative's chairperson, former min-

ister and well-known media personality May Chidiac.

Chidiac tells Executive that Ground-0 partnered with several local and international NGOs and entities that have long experience addressing vital needs for development, reconstruction, and humanitarian assistance, including health assistance. In this regard, Ground-0 delivered meals and foodstuffs to families and individuals, first-aid and medical assistance in addressing about 1,500 injuries in the first week after the blast, additional medications and mental health support for traumatized children, and a rehabilitation plan for damaged dwellings.

"But fighting poverty is difficult," Chidiac continues. "It is not a simple job, because it needs transformation and change." She elaborates that this participatory and collaborative approach requires firstly to create a common goal to fight poverty and create jobs

■ "But fighting poverty is difficult... It is not a simple job, because it needs transformation."

under a multi-stakeholder approach. This approach should be inclusive of private, civil society, and public and municipal stakeholders, and entail work on a national roadmap strategy of trans-sectarian and

corruption-proof "well-defined organized collective actions", she asserts.

Juxtaposed with the initiatives of long-standing charities, international NGOs, newly formed civil society initiatives, and informally acting volunteers, is the absence of a national, governmental, strategic action plan that addresses poverty and labor.

Executive is presenting a lineup of insights from the best researched international stakeholders in poverty mitigation among Lebanese, resident Palestinian, and Syrian refugee populations on the following pages. ■



SAFETY NETS VERSUS SUBSIDIES

Why direct support is more efficient than general subsidies and how to transition

Before the Beirut port explosion, which took the lives of close to 200 people, injured thousands, and destroyed swaths of the capital, the Lebanese people faced a deteriorating economic and social situation: the banking crisis, the COVID-19 pandemic, and a 10-year humanitarian crisis caused by the unprecedented influx of displaced Syrians.

The pre-explosion economy was already in a severe contraction, with real GDP growth in 2020 expected to be well into the negative double digits. Job losses were very high with more than 220,000 jobs temporarily or permanently lost between October 2019 and February 2020, according to local publisher Infopro. More recent results from web-based [surveys](#) conducted in April-May 2020 by the World Food Programme showed that one out of every three Lebanese has been pushed into unemployment, while one in five respondents faced income reductions.

The severe contraction of the Lebanese economy is estimated by the World Bank to result in more than a doubling of extreme poverty to 22 percent in 2020 from 10 percent in 2012, and an increase in overall poverty to 45 percent in 2020. This translates into approximately 1.7 million people (350,000 households) falling under the overall poverty line, of which 841,000 people (156,000 households) will be under the extreme/food poverty line.

To partially mitigate the impact of the crisis on households, the Banque Du Liban (BDL) allows wholesalers and the government to import wheat, medication, and fuel at the rate of LBP 1,507 per USD for 85 to 90 percent of the value of the items (versus the market rates). In May 2020, a basket of key essential food and non-food commodities was also included in the subsidy scheme, providing the rate of LBP 3,900 for 100 percent of the value of the items. The cost of this scheme in 2020 – being the difference between the BDL rate and that of the black market – is estimated by the BDL to be in the billions of dollars, creating a drain on scarce foreign exchange reserves. In addition, the Government of Lebanon (GOL) has been running other subsidy schemes prior to the economic crisis to ensure basic services to portions of the popula-



tion and support the income of specific economic groups. These included, but are not limited to, the annual budgetary transfer to Electricité du Liban (EDL), wheat (price) subsidy, interest rate subsidy, rent subsidy, tobacco subsidy and other in-kind subsidies. The average annual budgetary transfers to EDL alone over the past decade [averaged 3.8 percent of GDP](#). By contrast, Lebanon spends very little on social safety nets (SSN) for the poor and vulnerable. In 2020, such programs are estimated by World Bank staff to reach no more than 0.35 percent of GDP – far less than the 1-2 percent that most countries spend.

DIRECT SUPPORT TO FAMILIES VS GENERALIZED SUBSIDIES

Governments do often use generalized subsidies to lower cost of living for poor households and to shield households from price fluctuations – hence, Lebanon is not alone in its approach. However, subsidies are a blunt and inefficient instrument. They can be regressive, benefiting the rich more than the poor. [IMF studies](#) show only 7 percent of fuel subsidy spending in poor countries benefits the poorest quintile of households, while 43 percent benefit the richest quintile. In Lebanon, only 24 percent of the poorest quintile own motor vehicles versus 80 percent of the richest quintile, according to Household Budget Surveys administered by the Central Administration of Statistics in 2011 and 2012, hence much of the gasoline subsidy is consumed by the rich. Subsidies are also unpre-

dictable on state budgets, prone to leakages, and difficult to target. They can also have distortionary effects on economic incentives.

[International experience shows](#) that a shift in government expenditures from generalized subsidies to direct support to the poor could result in an improvement in public welfare. Hence, the recent policy direction of the Government of Lebanon and the BDL to shift away from price support (FX subsidies on commodities and price controls) towards direct transfers to households through a social assistance program is a step in the right direction. The price supports are unaffordable during the current crisis and are inefficient as policy instruments to help the poor and vulnerable.

However, the shift must be planned in advance and well implemented. To do so, several steps need to be taken in advance. Firstly, an assessment of the size of the price subsidy in question and understanding who benefits from it is needed. Secondly, the impact of the subsidy removal on households, especially of the poor and near-poor, and on businesses needs to be understood. Thirdly, it is critical to understand the readiness in terms of adequacy and efficiency of the existing social protection system, and social safety nets (SSN) in particular such as the National Poverty Targeting Program (NPTP). Finally, to ensure the reform is implementable, financing of the fiscal cost of the alternative compensation scheme needs to be ensured. With high level commitment, the four steps, if commenced immediately, could be achieved in 6 months.

In Lebanon, the removal of subsidies must be accompanied by a large scale-up and strengthening of Lebanon's SSN program such as the NPTP to reach at least all the 156,000 extreme-poor households. While the NPTP has demonstrated the ability to channel targeted social assistance to poor and vulnerable Lebanese households in the form of e-card food vouchers and health and education benefits, its impact is limited by low coverage of the poor and underfunding. The current NPTP provides e-card vouchers to 15,000 households, and health and education benefits to around 43,000 households representing only 1.04 percent and 4.5 percent of all Lebanese households, respectively, already short of the estimated share of extreme poor and poor households even at pre-crisis levels (16 percent and 37 percent, respectively).

But reaching only the 156,000 extreme poor households with social assistance will not be sufficient to cushion the impact of price increases brought on by subsidy reform on the Lebanese population. Lebanon may also need to consider a broad-coverage SSN program that will reach the middle class (between 60-80 percent of the population). To achieve this, several critical considerations need to be taken into account.

Firstly, Lebanon needs to invest in building the sys-

tems that must underlie an effective and transparent SSN program. A key feature of such programs is the development of a national integrated social registry – based on a unique identifier - which would serve as a gateway for people to be considered for inclusion in one or more social programs based on an assessment of their needs and conditions. Such a social registry could reduce transaction costs and increase access for citizens, produce cost-savings and efficiency of user programs, and serve as a powerful platform to coordinate social policy. In addition, a robust grievance redress mechanism that receives citizen's complaints and addresses them adequately must be in place. Furthermore, third-party monitoring of the program and stakeholder engagement is important for transparency and credibility of such programs.

THE VITAL ROLE OF COMMUNICATION

Secondly, a well-prepared communication and out-reach campaign must precede and accompany any subsidy reform program (i.e. transforming the subsidy into a broad-coverage SSN program). International experience demonstrates that well-planned and consistent communication is critical for successful subsidy reforms. Making effective use of available channels to provide

■ The removal of subsidies must be accompanied by a scale-up and strengthening of SSN programs.

transparency and clarity on the role of the program, its objectives, operation rules, and results, are necessary to tackle information asymmetries and concerns of different sectors of the population.

Reforms can succeed only if an informed public accepts and supports the reform's rationale. Clearly communicating who will be impacted, and how, is vital to generate public buy-in.

Finally, and maybe most importantly, the SSN program must be adequately funded through the GOL budget. This poses a particular challenge for Lebanon at this juncture as there is no room in the budget for additional spending. Hence, it is critical to embed subsidy reform in an IMF program where reforms will be committed to and where re-prioritization is made from wasteful spending to the much needed SSN program. International funding can help fill the short-term funding needs until Lebanon can create the fiscal space in the budget to self-finance its SSN program. Ultimately, there is no other path than for Lebanon to undertake much needed reforms that will reduce poverty and bring social stability. ■

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SCHOOL REHABILITATION EFFORTS POST BEIRUT BLAST



UNESCO tackles physical, psychological and systemic challenges

UNESCO began coordinating school rehabilitation efforts after the massive port explosion in Beirut on August 4th. The Ministry of Education and Higher Education (MEHE) has requested UNESCO to lead a wide international effort to coordinate the rehabilitation of public and private schools in the Beirut governorate. In this role, UNESCO will be coordinating partnerships, finance, implementation, monitoring, and reporting in relation to the rehabilitation of the damaged schools. On August 27, 2020, UNESCO launched an international fundraising appeal, [‘LiBeirut’](#), to accelerate international response for the rehabilitation of schools, historic heritage buildings, museums, galleries and the creative economy.

Putting education, culture and heritage at the heart of reconstruction efforts is paramount because the explosion resulted in diminishing or eliminating access to education for over 85,000 children and youth. According to the latest available reports from MEHE, at least 199 schools (90 public, 109 private), 5 technical and vocational compounds, including 20 buildings, as well as 32 higher educa-

tion facilities in Beirut and surrounding areas have been damaged or destroyed. The severe wreckage of these academic institutions in Beirut and neighboring areas has therefore affected thousands of learners who are unable to access and learn in a safe and healthy environment. This makes rehabilitation, reconstruction, the provision of distance learning, as well as psycho-social support, priorities in an education system that was already facing significant challenges. These challenges are posed mainly by the country's financial and economic collapse, which makes it more difficult for parents to cover their children's education costs and needs; the political and security crisis which have caused multiple school-closures throughout this academic year; as well as the COVID-19 pandemic which has impacted the accessibility to school, disrupted the learning process, and added the sudden complexity of distance and online learning.

THE MEHE BEIRUT BLAST COMMITTEE

The Ministry of Education and Higher Education formed the MEHE Beirut Blast Committee with the aim of following-up on the school rehabilitation process, mechanisms, and outcomes. Rapid and thorough assessments of the damaged facilities have been conducted and coordinated by multiple partners, including MEHE, UNICEF, and UN-Habitat. Overall, the response priorities identified by MEHE include the complete assessment of rehabilitation and equipment needed for schools (public, private, Technical and Vocational Education and Training (TVET) institutes), as well as the provision of solutions to accessing remote learning, mainly in terms of devices and connectivity.

In order to ensure safe learning environments that are conducive to quality learning for all, the schools' rehabilitation and refurbishing will be based on MEHE's Effective School Profile (ESP) framework, including the guidelines on Water Sanitation and Hygiene (WASH), which address safe drinking water, proper plumbing infrastructure, toilets and latrines, etc.) and accommodating children with physical and mental/learning disabilities.

As per initial assessments and estimates by the UN and MEHE, around \$42 million are required to respond to the rehabilitation needs of public and private schools, universities, and public TVET facilities for rehabilitating and reconstructing the damaged buildings. Around \$22 million are also required to ensure access and connectivity to remote learning for students and teachers affected by the Beirut blasts.

As of early October 2020, funds have been committed by diverse partners including UNESCO, UNICEF, Education Cannot Wait, the Swiss Agency for Development and Cooperation, Education Above All, and others. The UN Office for the Coordination of Humanitarian Affairs (OCHA) also launched a [Flash Appeal](#) for immediate humanitarian response, including for the support of rehabilitation and education facilities under the Beirut Blast Response.

LONG-TERM IMPLICATIONS, DAMAGE

In addition to coordinating UN efforts to support education in Beirut, UNESCO will also directly support the rehabilitation of schools, thereby supporting at least 30,000 students to access safe learning environments, with funds it has already raised through the international initiative, Education Cannot Wait (ECW) over an 8-month period running between October 2020 and June 2021.

It is important to realize that the negative impact on education goes beyond the physical damages of structures, equipment, and furniture, but encompasses a complex web of long-term implications, including post-traumatic effects on learners, increased risk of school dropout, and increased vulnerability of marginalized children including those living in poor households which can no longer afford to cover school fees or even the remote learning devices, not to mention those who are


refugees, and those who have special needs or learning difficulties.

Children and youth who have been affected by the Beirut explosions may have suffered physical losses, including accessibility tools (electricity and internet connection) and electronic devices, which may hamper their access to and participation in education in the academic year 2020-2021, which may largely be online due to Covid-19 precautions. Accordingly, and in addition to the immediate physical rehabilitation and refurbishing of the schools, UNESCO is also supporting the distance learning and

psycho-social support (PSS) systems, especially as MEHE has announced blended learning (combination of in-school and on-line) in Fall 2020. For example, UNESCO will develop and distribute distance learning toolkits to

teachers and students, secure tablets to vulnerable teachers who cannot afford them along with user-guidance manuals, and train educators and teachers in distance learning methods and tools, especially on-line teaching.

In addition, UNESCO, with financial support from the King Salman Humanitarian Aid and Relief Center (KSRelief), has developed a programme called “Endi Kodra”, which means “I have capacity”, targeting more than 300 elementary school children and their parents, who were exposed and affected by the Beirut explosion. The objective of this programme, which started in October and is on-going for at least the next 3 months, is to support these children and parents in coping with, and recovering from the traumatic experience and learning to deal with the stress, anxiety and fear. UNESCO is also planning on developing training programmes and toolkits that target teachers in particular, in order to build their competences in providing psycho-social and emotional support to the students affected by the explosion and who may suffer from post-traumatic impacts.

Ultimately, education remains an essential dimension for the reconstruction of the social, economic and political fabric of Lebanon. Rehabilitating the academic institutions and improving the overall learning environment is one of the basic conditions for the rightful access to education, fighting for a brighter future for the generations to come. 

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■ At least 199 schools, 5 technical and vocational compounds, and 32 higher education facilities in Beirut and surrounding areas were damaged or destroyed.



Poverty

By Khalid Abu-Ismail and Vladimir Hlasny

LEBANON'S POVERTY AND SCOPE FOR ALLEVIATION



Poverty rates swell across income groups

Over the past year, Lebanon has experienced an onslaught of multiple growth shocks including a banking and exchange-rate crisis, an outbreak of COVID-19, and an explosion that has claimed large swathes of Beirut's commercial centre and a bulk of trade facilities. These new shocks add to the longer-standing economic and financial crunch that have swelled Lebanon's poverty rate at the upper, or moderate, national poverty line (\$14/day), as well as the lower, or extreme, poverty line (\$8.5/day) identified by the United Nations Development Programme and the Government of Lebanon. Since the start of this year, the moderate poverty head count is projected to have nearly doubled, and extreme poverty nearly tripled. At the same time, the mass of the middle-income and wealthy individuals, as estimated

from the full distribution of incomes and wealth in Lebanon, has contracted due to the collapse of the banking system and out-migration. This implies that the recent shocks have caused not only

■ Since the start of 2020, the moderate poverty head count is projected to have nearly doubled, and extreme poverty tripled.

a humanitarian tragedy at the bottom of society, but also perilous attrition of physical, human and entrepreneurial capital higher up in the social ladder. This places hurdles in

Lebanon's course to lifting the downtrodden out of poverty and returning on a growth trajectory. Public, private and civic sectors need to coordinate to implement a comprehensive yet politically

feasible policy response, and different socioeconomic groups must band together to assuage the devastation and deprivation among the least fortunate and the opportunity-trapped.

BACKGROUND

Since at least the mid 2010s, the Lebanese economy has been on a downward spiral due to exhaustion of the country's growth model, which had been relying on inflow of remittances and speculative investments. The decline was partly related to the developments in the region at large: the influx of Syrian refugees; the drying out of remittance inflows in connection with the fall of Gulf oil prices; and a decline in tourism and private investment from the Gulf Cooperation Council (GCC) countries. Remittance inflows fell from over [20 percent of GDP pre-2010 to around 13 percent in the years since 2017](#). Foreign direct investment fell from over [11 percent of GDP pre-2010 to less than 5 percent since 2017](#). These factors have added pressure to the balance of payments leading to a deteriorating fiscal position and a sovereign debt crisis. In Spring 2020, for the first time in Lebanon's history, the country defaulted on its debt-service obligations.

Since August 2019, the Lebanese Lira (LL) to USD market exchange rate started deviating from the official pegged rate of 1,500 LL/USD. The market exchange rate reached 2,200 in January, and briefly as high as [10,000 LL/USD](#) in July 2020.

In October 2019, the Lebanese economy suffered more because of heightened political instability and public demonstrations, which added pressure to the pegged exchange-rate and in turn on bank dollar reserves. The demonstrations persisted into January 2020, and only temporarily subsided with the election of the new government in January, and after that, the onset of the COVID-19 lock down.

The effects of the COVID-19 pandemic started bearing down on the Lebanese economy in February, as travel and shipping from East Asia and Southern Europe became restricted. Economic lock down was imposed in March starting with public institutions, but within weeks, extended to most establishments and public spaces. National land and sea borders and airports were closed from the middle of March to the end of June (beginning of September in the case of land borders), halting the inflow of raw materi-

als, essential goods and foreign currency. Cargo imports through the port of Beirut, before the explosion, had already contracted by half.

During the lock down, the market exchange rate rose from 2,470 LL/USD on 1 March, to 8,600 LL/USD on 30 June. The internal lock down directly affected Lebanese households' immediate consumption and capacity for income generation, and through multiplier effects even

■ The total number of poor is an estimated 1.1 and 2.7 million for the extreme and moderate poverty lines, respectively, even before the devastating port explosion.

their longer-term consumption, investment and income. Aggregate demand collapsed.

Because of the currency devaluation and the restriction of imports, consumer prices shot up, by [107 percent be-](#)

[tween December and August alone](#). In some categories prices more than quadrupled, including for restaurants and hotels (495% rise), food (317%), clothes (325%), alcohol and tobacco (324%), and furniture (567%).

On the heels of this retrenchment came the Beirut Port explosion, leaving the preeminent trade and shipping hub, as well as the neighboring industrial, commercial and residential zones in ruins. This will not only gobble up \$4-5 billion for reconstruction and humanitarian assistance, but it will dampen Lebanon's imports, exports, and other economic activity for months to come.

IMPACT ACROSS INCOME GROUPS

Given the unprecedented events in Lebanon in the first half of 2020, and their mutually reinforcing effects, the poverty rate according to the upper or moderate poverty line is projected to have near doubled from 28 percent in 2019 to 55 percent by May 2020. Correspondingly, extreme poverty near tripled from 8 percent to 23 percent. This brings the total number of poor among the Lebanese population to an estimated 1.1 and 2.7 million for the extreme and moderate poverty lines, respectively, even before the devastation brought by the Beirut Port explosion. These numbers suggest that some 750,000 Lebanese fell into extreme poverty – and 1.35 million into moderate poverty – in the first half of 2020, compared to the reference [pre-COVID-19 growth scenario for 2020](#) that saw the number of the extreme poor at 370,000

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and the number of the moderate poor at 1.32 million.

At the same time as the ranks of the poor have swelled, middle-income social groups have contracted from over 57 percent of the population in 2019 to less than 40 percent, projected as of May 2020, as living means withered. The real challenge facing Lebanon is that these groups, which represent the bulk of the country's human and entrepreneurial capital, may shun the uncertain economic opportunities in Lebanon under an expected protracted recovery, and may emigrate to the Gulf or beyond, should opportunity arise.

Another indication of the magnitude of the economic shock brought on by the not-legalized banking controls, the currency devaluation and the COVID-19 measures, is that the income-affluent group (individuals with more than \$34/day in income) is also projected to have shrunk significantly from 15 to 5 percent of the population. Moreover, the impacts of economic shock are not restricted to income and consumption flows during 2020, but extend to the stocks of available economic resources (even before the blow that the Beirut blast dealt to the capital city's infrastructure). Households and firms have experienced depletion, devaluation and freezing of their productive assets, which heightens their present deprivation and affects their longer-term ability to cope and spring back.

Since poorer households are more likely to hold their wealth in the devalued local currency, and may need to sell off their assets (or fail to upkeep them) to fund their consumption, wealth inequality in Lebanon may increase. For reference, Lebanon has one of the most unequal [wealth distributions in the region](#) and the world, ranking twentieth worldwide with a wealth Gini coefficient of [81.9 percent](#), and one of the highest [concentrations of billionaires per capita](#). The top 10 percent of Lebanese adults owned 70.6 percent, or \$151.4 billion, of all estimated personal wealth in the country in 2019. As of mid-2020, the wealthiest 10 percent are projected to hold \$90.8 billion of wealth, 40 percent down year-on-year. This is a result of the banking crisis, the associated restrictions on access to financial wealth, and the expected drop in the value of high-end land, real-estate property and natural resources. The Beirut Port explosion is expected to further diminish firms' and individuals' holdings of real estate and other capital, and their capacity for trading and economic activity.

The existing conditions spell havoc for Lebanon's ability to achieve economic recovery with an adequate supply of domestic investment and decent jobs, and retain its predominantly middle-income population status.

SCOPE FOR POVERTY ALLEVIATION

Despite the enormity of the economic shocks and their ripple effects, Lebanon could rebound and close its poverty gap quickly if key markets successfully kick start, if macroeconomic stability is restored, and if necessary economic governance reforms are enacted by the incoming administration. A primary policy response toward solving the country's humanitarian crisis should involve bolstering Lebanon's food and health security and social protection. This should be achieved by ensuring adequate access to food, medication, unemployment benefits and cash.


The establishment of a national [solidarity fund](#) should bring the country closer toward alleviating extreme and even moderate poverty. In addition to reaching out to international donors in the post-COVID-19 and post-explosion environment, Leb-

■ To close the extreme poverty gap, the required levy would be around 1 percent of the total assets held by the richest 10 percent.

anon should mobilize its own substantial resources, with a fair and progressive system of shared responsibility, supported by political will and strong institutional capacity to ensure

social solidarity. With shared responsibility and societal solidarity in place, especially between the wealthiest top decile and the poor, the bulk of the poverty impact can be absorbed.

Based on the distribution of wealth in Lebanon projected as of May 2020, it appears that a solidarity fund financed solely or primarily by a modest levy on the wealthiest 10 percent of nationals would go far toward eradicating poverty in the country. To close the extreme poverty gap, the required levy would be around [1 percent of the total assets held by the richest 10 percent](#) (compared to 0.2 percent in 2019). To close the moderate poverty gap according to the national poverty line, the corresponding levy would have to be approximately [3.6 percent](#) of the total assets held by the richest decile (1 percent in 2019).

Enacting these fiscal policies should go hand in hand with the introduction of the necessary economic governance reforms. Enhancing transparency and accountability should allow the ministries of finance, social affairs and related institutions to improve poverty targeting practices. 

Khalid Abu-Isma'il is Senior Economist at UN-ESCWA, and Vladimir Hlasny is an economic affairs officer with the UN-ESCWA.

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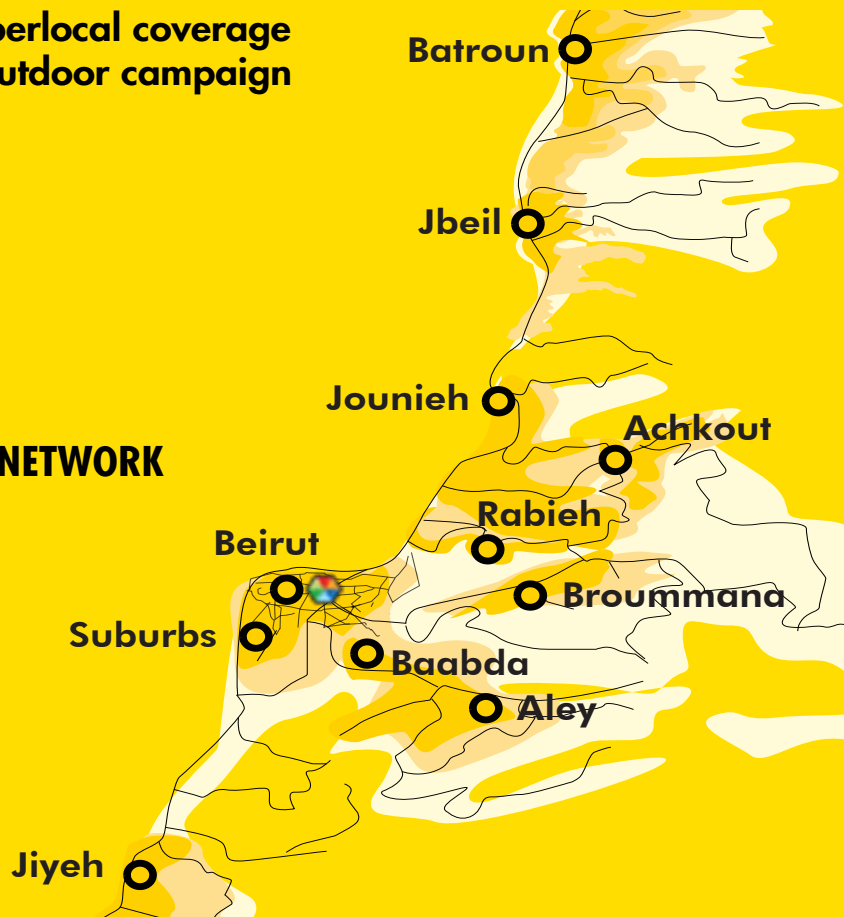
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ENABLING REFUGEES' DEVELOPMENT ENABLES SOCIETY AT LARGE



■ “We, the Syrian refugees in Lebanon, cannot take it anymore as the hunger is in our body, and the body of our children was ruined because of the lack of food and the quarantine. The evidence of our commitment to the general mobilization and the quarantine is that none of the refugees caught the virus. We committed and prevented the spread of the Coronavirus, but where is your commitment to us especially in this holy Ramadan month?”

Why investing in refugees benefits the host community and the refugees' country of origin

Cited above is the message sent by more than one hundred Syrian refugees in Lebanon to UNHCR in mid-April 2020. It echoes the call of [hundreds of thousands](#) of other men and women living as refugees in villages and cities across Lebanon.

Years of displacement with few possibilities to earn a stable income, coupled with monthly payments of rent, food, medicine and other basic expenses, has depleted any savings refugees carried with them as they fled to Lebanon. Instead, most have built up hefty debts to landlords, shop keepers, relatives and people in the community who have been kind enough to lend some money.

The conflict in Syria has imposed a heavy economic and social toll on Lebanon with decreasing transit trade through Syria between 2010 and 2018, and stalling service exports like tourism, as highlighted by the World Bank in *The Fallout of War: The Regional Consequences of the Conflict in Syria*. The marginal effect of the trade shock on GDP reached -2.9 percentage points in Lebanon between 2012 and 2018, while the refugee arrivals [boosted GDP by 0.9 percentage](#) points by increasing aggregate demand and labour supply.

Lebanon remains host to the largest refugee population per capita in the world, with an estimated 1.5 million Syrian refugees, around 16,500 refugees of other nationalities, and more than 200,000 Palestinian refugees, according to the Lebanon Crisis Response Plan (2017-2020). The solidarity shown by Lebanon and its people is remarkable and has been praised across the world as a contribution to the 'global public good' by the World Bank. The Lebanon crisis response has served as a model for the [Global Compact on Refugees](#) affirmed by the UN General Assembly in December 2016 and secured over \$8 billion in funding since 2011 from the international community, according to Inter-Agency Coordination Lebanon.

Thanks to this, it was for some years possible to mitigate a sharp rise in poverty through a humanitarian safety net providing multipurpose cash and food assistance to the most extremely vulnerable families, and subsidizing health care.

But the socioeconomic impact of the economic crisis in Lebanon, COVID-19, and most recently the devastating port explosion in Beirut on August 4, 2020, has tested the existing safety net to its limits and revealed its insufficiency in the new reality.

Data collected in April and May 2019 by UNHCR, UNICEF and WFP for the *2019 Vulnerability Assessment of Syrian Refugees (VaSyR)* found that 55 percent of the Syrian refugees were at that time living below the extreme poverty line (USD 2.9/day) and 73 percent below the poverty line (USD 3.8/day).

Since then, the people in Lebanon have endured crisis upon crisis. The Lebanese pound (LBP) has lost nearly 80 percent of its value against the USD and the Consumer Price Index (CPI) has more than doubled between July 2019 and 2020, according to the Central Administration of Statistics. Moreover, Covid-19 lockdown measures have further accelerated the loss of jobs. Surveys conducted by UNHCR Lebanon between February and August 2020 with more than 22,000 refugee households show that around 65 percent have lost their livelihoods during this period and 70 percent of Syrian families have no working member.

The loss of incomes, coupled with the devaluation of the Lebanese pound and the simultaneous rise in prices has led to a dramatic rise in poverty over a short period of time, and an increase in debt.

UNHCR's [surveys](#) show that 92 percent of Syrian refugee families and 71 percent of refugee families of other nationalities have incurred new debt since March 2020, as they have been forced to borrow money to pay for basic needs like rent and food.

Today, well over 80 percent of the Syrian refugees are living below the extreme poverty line. At the same time, the funding available for humanitarian assistance reaches 31 percent of the total number of Syrian refugee families with monthly multipurpose cash and food support, and an additional 17 percent with food assistance only.

To cope with the extreme poverty, families are reducing their food consumption and spending on health care, at the same time as more and more are being evicted from their homes because of inability to pay the rent.

The situation is particularly acute for elderly refugees and those with a disability or a critical

medical condition. In our surveys, this target group reports lack of food (87 percent), shortage of medicines (65 percent) and inability to afford health-related costs (60 percent) as their main concerns. Poverty has also compelled many parents to take their children out of school to [work in exploitative conditions](#). The risk is even higher this

academic school year when there is the additional challenge of managing online schooling.

These negative coping strategies will have longer-term negative effects on people's physical and mental well-being and children's development and possibility of future success.

A recent illustration of the desperation is the spike in refugees trying to reach Cyprus by boat to seek international protection or reunification with family members living there, citing the sheer inability to survive in Lebanon as the main motivating reason. Since mid-July, hundreds of [Syrian refugees](#), as well as a [growing number of Lebanese](#) have attempted to escape the hardship in this dangerous way. A few have made it, but the [majority](#) have found themselves

■ "I used to work in the summer, spend as much as we need and keep some money for winter. Whatever work came to us, we would do it. This year, everything has stopped." **Fatima, single mother and refugee.**

Poverty



in distress at sea and a number, including children, have lost their lives.

Reversing the rise in poverty and the erosion of resilience against a multitude of risks requires not only an expansion of existing programs that alleviate the impact of poverty, but also new approaches. In formulating its approach and advocacy, UNHCR is guided by the Global Compact on Refugees that looks at comprehensive and whole-of-society responses to refugee situations. UNHCR also uses the [2030 Agenda for Sustainable Development](#), which recognizes that its goals and targets should encompass all people.

While it could appear counterintuitive, in times of shrinking resources and economic downturn, the inclusion of refugees in economic activities and social protection not only contributes to recovery, but is also key to the realization of solutions for refugees outside Lebanon. This has been documented by various studies like [Impact of Humanitarian Aid – UNDP and UNHCR \(2015\)](#); [The Mobility of Displaced Syrians \(2019\) – World Bank](#); and [The Fallout of War \(2020\)](#).

OUR RECOMMENDATIONS

1. Include refugees in economic growth and job creation strategies to enable them to become contributing and self-sustained members of a society that needs to recover, generate new infrastructure and reinforce its productive sector. It has been amply demonstrated that economically active refugees are consumers, and more confident in their capac-

ity to repatriate and re-establish themselves and provide for their families back home, compared to families who have been depending on aid.

2. Include refugees in social protection frameworks and programs to enable their equal access - in policy and practice - to basic services, including social services, health care and education. The internationally defined “social protection floor” is for all human beings, regardless of their nationality or status.

3. Expand the cash safety net for vulnerable refugees and Lebanese who cannot support themselves while the economy recovers. They cannot wait any longer. The existing cash safety net for refugees is grossly insufficient, as indicated earlier, and needs sustained humanitarian funding. It simultaneously needs to be expanded through contributions from development funding sources, because this is about chronic poverty alleviation. Furthermore, the safety net for refugees needs to be consistent


with an expanded safety net to alleviate the poverty of a growing number of Lebanese.

Around 50 percent of Lebanese are estimated to now be living in poverty and the competition for resources for survival between people and communities is becoming increasingly fierce and fuel-

■ “I was evicted from our home because we could no longer afford the rent, now I don’t have 1,000LL to buy a bag of bread for my children. What am I supposed to do and where am I supposed to go?”

Ahmed, Syrian refugee living in the Bekaa

ling tensions. The safety net for Lebanese is at best embryonic and needs a major overhaul, now. Supporting one community in need and not another can only fuel inter-communal tensions and feelings of injustice and neglect.

In order to prevent a further deterioration of services and instability in Lebanon that will take long to reverse, efforts should focus on developing a medium-term strategy to both address structural problems and mitigate the adverse effects of the crises on individuals, whoever they are. Creating conditions in which these men, women and children can live safe, secure and dignified lives and develop their human capital will benefit both Lebanon and its recovery, and the development of the refugees’ home country. 

Karolina Lindholm Billing is the Deputy Representative (protection) at UNHCR in Lebanon.

DARK DAYS AHEAD FOR SYRIAN REFUGEES

Winter is coming to crisis-hit Lebanon

For Neji*, the two-room apartment he shares with seven other men was supposed to be a refuge. Six years ago, he fled his home in Syria to escape the bombings that haunted ordinary life there. Last month, he narrowly survived the shockwave from Lebanon's largest explosion as it tore through his neighbourhood a mere kilometre away from the port, smashing windows and causing buildings around him to crumble.

"All of our windows are destroyed, door locks broken, the walls have cracked, and parts of the roof in the kitchen have collapsed," Neji says. "We need urgent repairs ahead of the winter but with no jobs and income we can't afford to repair all the damage. Water is leaking from both the ceiling and the walls. We don't live in dignified conditions, but we can't afford to move either."

Neji was subsisting on informal work at the port. Work had already started to dry-up as the COVID-19 pandemic began to spread through Lebanon earlier in the year. The explosion has now caused a total loss of income. He does not know if

he will be able to pay his rent anytime soon and wonders how long his landlord's patience will last. It's the story of thousands of people, and refugees in particular, in Lebanon, who, for several months, have struggled as three different crises have conspired to leave the country on edge: an unprecedented economic crisis, a pandemic, and the world's third largest explosion.

50 PERCENT OF LEBANON IN POVERTY

Since the August 4 explosion, it is estimated that more than 70,000 people have lost their jobs. The devastation wrought by the shock waves has put thousands of businesses at risk. Many now fear they will not have enough to eat, with the price of common goods rising as the Lebanese lira languishes at a fifth of what its value was a few months ago. Those with savings in their bank accounts cannot access them due to the banks' restrictions.

Even before the blast, Lebanon was on its knees. A prolonged economic crisis worsened by the corona virus pandemic has resulted in a rise in



poverty rates across the country. Already in April 2020, in a survey conducted by CAMEALEON, a Norwegian Refugee Council (NRC)-led research network, 96 percent of Syrian respondents from the Bekaa and North of Lebanon, reported that the COVID-19 pandemic had negatively affected their ability to find work.

Recent surveys put more than 50 percent of the population below the poverty line, with 23 percent of Lebanese facing extreme poverty. For Syrian refugees, the figure is even higher, with 83 percent living below the extreme poverty line. Poverty amongst Palestinian refugees is also expected to increase. And the sharp rise in corona virus cases across the country will only add more misery to an over stretched health system while measures to curb the spread of the virus will further negatively impact businesses and livelihoods. During NRC's recent assessment of families' needs in Karantina, an area near the port where NRC is responding to the aftermath of the explosion, 95 percent of responders with chronic medical conditions said they cannot continue their treatment because they can no longer afford it.

LEBANON NEEDS LONG-TERM AID

The immediate effect of the explosion has been a shocking rise in homelessness, affecting up to 300,000 people. Thousands of homes were badly damaged, but the economic reality means that many will not be able to repair or even return to their homes. The funding for the shelter response has also not hit the ground fast enough, with only 7.5 percent of the UN flash appeal disbursed at the time of writing. As we warn, this may mean tens of thousands of people made homeless by the explosion in Beirut risk being left out in the rain and cold unless aid funding is stepped up immediately.

And to add further stress to families affected, the NRC has already documented a sharp increase in threats of evictions and actual evictions by property owners before the blast. With the economic disaster affecting everyone, both parties are facing grim prospects: tenants cannot afford the rent, and their landlords need the income.

This is not a crisis from which Lebanon will emerge anytime soon. The full consequences of the economic, health and physical devastation are yet to become fully apparent. It is tragic that it took an explosion of such magnitude to call the world's attention to what Lebanon has been enduring for several months now. The outpouring of sympathy has been encouraging, but it threatens to fade away



before the necessary political reforms are implemented and the country begins to get a fraction of the assistance that it so desperately needs.

While welcome, the pledges of emergency assistance from the international community have scarcely even addressed the immediate needs of

■ 23 percent of Lebanese, and 83 percent of Syrian refugees, are living below the extreme poverty line.

people in Lebanon, including its refugees and migrant worker communities. The devastation wrought by the explosion alone is estimated to reach into the bil-

lions of dollars. Beyond the repair and reconstruction that needs to take place, there are deeper crises that demand more sustained, longer-term international attention: shortages of food, electricity, jobs and homes. The country needs long-term aid that supports rebuilding livelihoods and kick-starting early recovery. Structural changes must also not be neglected, and the people's voices and demands for accountability need to be heard.

No country has been more generous in opening its door to refugees than Lebanon. It is crucial that Syrian refugees, who have befallen yet another tragedy, continue to receive the assistance that they need, but also that vulnerable Lebanese communities and migrant workers, who share many of the same tribulations, are also supported. Without long term international assistance and much needed reforms, Lebanon may see further entrenched poverty and prolonged suffering across the country. [REDACTED]

**Name changed to protect identity*

*Carlo Gherardi, Lebanon Country Director
for the Norwegian Refugee Council*

Q&A WITH PHILIPPE LAZZARINI

The Palestinian experience of the Lebanese crises

Human catastrophes are inextricably interconnected to each other through the basic sharing of suffering and human compassion. The Palestinian catastrophe in this sense can neither be ignored nor excised from the intensity of the Lebanese experience. To gain a perspective on the Palestinian dimension of the crisis in Lebanon, and on the magnitude of the suffering of the Palestinian population in the Near East this year, Executive sat down with Philippe Lazzarini, the commissioner-general of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

E *You have just completed your first official visit to Lebanon since you were appointed to the post of UNRWA commissioner-general. I understand that your schedule in Beirut was overwhelming.*

It indeed was overwhelming because I did not come only as the new [commissioner general] but also as a former [national resident], knowing a lot of people in Beirut. With all what has happened, there was obviously a need to meet as many people as possible.

E *As perhaps the highest-profile practitioner of development aid with experience in Lebanon in the past six years, my first question is in this context of poverty and the need for development. Given your recent visit in this September of 2020, are we in hell, are we heading to hell, or will we be able to redeem something?*

I feel that [you in Lebanon] will be the only ones able to answer this larger question. But it is true that I left Lebanon six months ago and I was shocked to see how people have changed, how their optimism has disappeared [and] how people were more in disbelief and in despair. I have not met anyone who expressed a glimpse of optimism for the near future. This is not the Lebanon that I have experienced over the last five years. Indeed, if you look at all the events that have taken place in the last year, from the financial collapse to the economic crisis and the political stalling, and after that the blast, which seems to be the outcome of a criminal negligence and criminal corruption at every level,



this has been the [straw breaking] the camel's back.

Most of the people who I met during my stay, were talking about leaving the country if they can or could, and also talking with some colleagues from embassies, it seems that today you have an important brain drain which has been accelerated. It was already the case when I was in the country because of the difficulties of graduates to find jobs in the country, but it seems that even those who were in the country and had a job, are now looking to leave Beirut, so it was not the same soul or spirit anymore. Something was broken. I was very shocked to find that I did not have any professional or private meeting that ended with the belief that things in the near future will or can improve. Despite this, I have witnessed extraordinary individual initiative of solidarity among the people. This is among the people, but what I could feel is the total absence of any expectation on what the state could deliver to the people. This has certainly contributed to the moroseness of the mood in Beirut.

E *Indeed, it seems that nobody is expecting anything positive in terms of either the leadership or in terms of revising the system. But still, could one say that the people here have a human capacity that might translate*

into something positive and surprising?

A general observation: the notion of “social contract” in Lebanon has been extremely loose over several decades, I would say, definitely since the beginning of the civil war. This has gone as far as that everything has been privatized in the country and nothing has been expected from the state in terms of services. Education has been privatized, health has been privatized, water and electricity, everything has at a given point been privatized in the country. Thus, there were very low expectations from the state in the country. If you look also at Lebanese everywhere in the world, they brilliantly succeed elsewhere. But in the context of Lebanon, they are not the same anymore. I would agree with you that the entrepreneurial spirit of the Lebanese is very well alive but the problem is that the context of Lebanon is not conducive for this to fully succeed. This is the reason why successful Lebanese are tempted to make their careers outside of the country.

E *Some years ago you authored a [piece](#) where you said that if this country collapses, the only model of tolerant coexistence in the Middle East would be lost. What do you see today as the outcome if Lebanon, as a state, were no longer viable?*

This is a difficult geopolitical question, but as the country is now celebrating its 100th anniversary, and more than ever, 100 years [after its founding], you have a very deep communal divide which is completely paralyzing the country. This is the reason why there is a political stalemate, why it is all so difficult to form a government today. Because of the sectarian way of doing business in the country. What will the country look like if the Lebanese fail today? I think it will go through even more difficulties and more despair. Time today is of the essence, the country is on its knees, there are almost no economic opportunities anymore, and it requires a government focusing on and prioritizing socioeconomic issues, but for that, you need to reform the system. For the time that I have been in Lebanon, in almost all my meetings, I was asking the decision makers: where is the sense of urgency? While we see month after month and year after year, the debt increasing and the country nearing the financial and economic collapse, why is there not more of a sense of urgency to reform? To reform the public sector and improve the perception of corruption as the country ranks very badly on the Corruption Perception Index, if I remember well in 137th place, at the time. There were a number of low-hanging

fruits, such as electricity reform where everybody knew exactly what needs to be undertaken and which would have saved the state billions of dollar and despite that, nothing has been undertaken. Also one would have believed that after the blast – the worst-ever blast besides an atomic blast in an urban setting – this would finally [result in change] but now we are one-and-a-half months later, and we are back to the same way of doing business

■ “For the time that I have been in Lebanon, in almost all my meetings, I was asking the decision-makers: where is the sense of urgency?”

which prevailed in the country [previously]. [If] with all these external shocks, reform does not happen, I do not see how the country can bounce [back] for the time

being. It might have to dive deeper before it will really bounce [back].

E *Turning to the situation of the Palestinian population in Lebanon and the Palestinians in general, the economic shortfall in the UNRWA budget was mentioned by you in one interview during your visit. A message that has been iterated several times since earlier in 2020 by the organization's representatives on various levels. It seems that institutionally, you are almost in the position of a pre-cariat in an informal economic setting that lives from one month to the next, but despite that, you are functioning as an institution that gives aid and keeps people in their livelihoods. What is your expectation for UNRWA funding and for the impact of Covid-19 on the Palestinian economy?*

Let me make a few comments before I comment on the financial situation of UNRWA. What I met in the camps [during the visit to Beirut in September 2020] was a very high level of despair, a high level of hopelessness. Basically, when we talk about the increase of poverty in Lebanon, this is amplified in the Palestinian camps. So when we hear that by World Bank estimation 50 percent of the Lebanese population is living below the poverty line, this percentage goes up to 90 percent in the Palestinian camp, and as you know, the Palestinians in Lebanon also do not have equal access to the job market, to land and property and hence have socioeconomically been discriminated. Clearly, what happened over the last year in the economic and financial collapse is complicated by the impact of Covid-19 – which by the way goes beyond the health hazard into triggering an additional level of misery. I keep saying that what we should fear the most in our days with the Covid-19 is a pandemic

Poverty

of abject poverty. Abject poverty has now become a reality in the camps to the extent that if you talk to people in the camp, most of the time they will tell you, “I prefer to take the risk of getting Covid-19 over taking the daily risk of not having food for my children.” This has become the reality in the camp.

As UNRWA we are providing quasi-state services to the Palestinians. Our mandate is to provide education to the Palestinian refugees, to provide access to health services, and also provide relief to the poorest among the poor as minimum social safety net. With all that happened in the country, expectations are rising that UNRWA delivers even more, especially more when it comes to social safety net. Those people just do not have income anymore – the majority of people in the camp are daily workers and they do not have the minimum income they used to have. So they turn to UNRWA, like the Lebanese challenge their governments. This is taking place at a time when UNRWA experienced a financial crisis which is not new, it started five years ago and takes place at a time when people expect UNRWA to deliver more. And, the countries supporting UNRWA are also experiencing their own financial crises. Most of the countries supporting us are entering into economic recessions, which makes the environment much more difficult to deal with.

Having said that, as you were referencing the month-to-month financial situation, this is because UNRWA has two problems. The first is a constant cash flow crisis – we are constantly on the edge of a cash crash – because of the lack of liquidities. We are an organization of about 30,000 staff between Lebanon, Syria, Jordan, West-Bank and Gaza; we are an organization that has a budget of more than 1 billion dollars because of all the services that we are providing. But in terms of cash flow, we never have more than a few weeks. This is highly unnerving and this is the reason why you might have heard many times already in the past that we are always on the edge of ceasing payment of salaries or ceasing services. This needs to be addressed and is an issue that I brought to the table with [UN] member states, telling them, “You gave us a multi-year mandate and we are highly predictable in the services we are delivering – we know already today what our budget will be next year and the year after, so you should be also more predictable in your contributions so that we can manage the cash flow better.” That is number one.

Number two is that we have a discrepancy between yearly contributions for our mandated activ-



■ “We are an organization that has a budget of more than \$ 1 billion... but in terms of cash flow, we never have more than a few weeks.”

ities and the resources that are made available. We have also a mismatch between the political mandate and the expectation of what we have to deliver

with the resources that are made available. This is an issue that I am also trying to address with the member states, to make sure that they walk the talk if they ask us to deliver education to half a million Palestinian refugee girls and boys, and that we need the necessary

resources for this. That is where we are today. I am very worried about the level of despair in the Palestinian camps and this is also why I have asked donors and member states to make sure that we continue to remain a source of predictability and stability in a highly instable and unpredictable region.

E *In a discussion held a few years ago at the American University of Beirut (AUB), a comment of yours on longer-term humanitarian emergencies was that, “the more protracted the situation is, and the less jobs are... available from the market, the more human assistance becomes a social safety net of people”. Then, you remarked that to make humanitarian assistance sustainable in the long-term from short-term money, was a challenge that you did not see the answer to yet. Now, you are dealing with the same sort of challenge on a much bigger level than at the time. Were you able to make progress towards finding a formula of solving this quagmire?*

My comment at the time was on the Syrian refugees in the country, where we are basically now dealing with a more protracted situation, and the

assistance to the population was being provided through a limited resource, and the more protracted [the situation was], the less was made available as there were competing emergencies elsewhere in the world. The question was, if these people are not economically integrated and go back to their country of origin, who will be in charge in the longer term to provide the assistance, which is comparable to a social safety net for a vulnerable population? I don't think we have found the answer yet today. It is always a struggle within this humanitarian-government nexus. But if I look today at how to ensure sustainable livelihood for the refugees, that can be done by helping them access the job market. If they cannot [access a labor market], then one of the important tools at their disposal today is micro-credit. Within UNRWA we do have a micro-credit fund which I have asked to be reinforced in order to better deal with the economic impact of Covid-19... Having said that, there is still no mechanism substituting for the short-term humanitarian funding to ensure welfare and assistance in the long-term for this kind of population, especially refugee population.

E *Would this micro-credit fund be instituted here and be accessible from Lebanon, given the central bank's prerogatives in managing and licensing micro-credit and micro-finance institutions (MFIs)?*

We are looking at bringing back micro-credit in Lebanon, so we have indeed discussions with the central bank regulatory authority. We have already micro-credit activity in Palestine, the West-Bank, East Jerusalem, Jordan, and we had it also in Syria. It is true that Lebanon was lagging behind but we are looking today at how we can

resume or initiate micro-credit also in Lebanon to make sure that Palestinian refugees also have access to this additional tool.

E *As some see it, poverty can be defined as a choice that society makes; but it seems not to be the right choice.*

In the Palestinian scenario, could the wrong choices that have entrenched poverty among Palestinian groups be turned into productive power via humanitarianism? Research into international responses to war, disaster and other humanitarian emergencies, has shown tremendous growth of the humanitarian market, highlighted a few years ago as "humanitarian economics" by Swiss economist Gilles Carbonnier. Do you think that this rise

■ "I have asked donors and member states to make sure that we continue to remain a source of predictability and stability in a highly instable and unpredictable region."

of humanitarian economics could offer a way forward for better management of the Palestinian issue and poverty in this group?

I was a student together with Gilles Carbonnier in university and I heard him talk about [his] book [at AUB's Issam Fares Institute], but I have not read the book, so I know of the book but not in all detail. Is poverty the outcome of the choice of society? You do not decide to have poverty, but depending on the nature of the society that you decide to have, the social contract you decide to have, you will have a level of poverty, this is the way he wanted to frame it.

Today, the new framework that is being put in place to address poverty is the agenda 2030 and the [social development goals], which is today the

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Executive

Poverty

most ambitious anti-poverty agenda ever adopted by member states. The question is what kind of additional avenue these SDGs are providing and the real questions is not what are the additional avenues, but what will in the future be the funding model to ensure that we are reaching these goals – because we are talking about trillions of dollars to be invested on quasi a yearly basis. This can only be addressed if you have a combination of macro-economic policies and financial instruments that are accessible to the most vulnerable. This must be complemented also by access to socioeconomic rights starting with education. I don't know what Gilles had in mind at the time, [seeing that] the protracted poverty situation cannot be addressed just through the humanitarian lens, so shall we talk about humanitarian economy? There is a humanitarian industry, but is there an economy? I don't know. This is something which could be debated. These are my thoughts in rough terms but I have not read the book precisely.

E *If I may cite one chapter title in Carbonnier's book, this chapter deals with "the transformative power of humanitarian crises". Its underlying question seems especially timely for Lebanon, given that we recently had a humanitarian crisis that can be defined as nothing other than an entirely man-made disaster, and the result of an unnatural hazard that was amplified by human stupidity and irresponsibility. In which way could, as Carbonnier is saying, humanitarian crises be "junctures that radically alter long-term economic trajectories"? Could, in other words, 2020 in context of the overall crisis in Lebanon or the global crisis impact on UNRWA, still be a pivotal point for creating a better economy?*

For the time being, I do not yet see anything

■ "What we are trying to do here is to match the very strong political support provided to UNRWA with resources."

positive arising on the horizon. Right now we are dealing with a very difficult situation with despair and hopelessness, where the country does not seem to be in a position to offer any alternative right now because the trend is more for people towards looking to leave rather than at creating opportunities in the country. There is still no signal about a proper consensual political desire to reform the country. We are stuck for the time being.

I think that the model for us, and I come back to that, is one to bridge our cash flow crisis between now and the end of the year and offer after that, a social contract to the member states and donors to have an agreed, forward-looking UNRWA, where we know in advance what services will be delivered to the Palestinian refugees

so that the Palestinian refugees can expect these services to be delivered without having to dive into the anxiety over a "yes" or "no" if these services will still be made available tomorrow or not. I think what we are trying to do here is to match the very strong political support provided to UNRWA with resources.

E *This region does not have efficient social safety nets. Are you the most capacious institution for health and education to be found in the Mashreq and Maghreb regions, in comparison to country-level institution of the same type? And by virtue of having functioned for 70 years in the region against all obstacles, are you a role model that other national institutions in the region could emulate?*

I talk about Lebanon now because there have been many discussions about the NPTP (National Poverty Targeting Program) of the Ministry of Social Affairs in this country, and what the criterion should be to be eligible for this additional layer of a social safety net policy. Very difficult discussions have been going on, on who should be eligible, not eligible, and how should such a fund be funded.

I think, indeed, that when it comes to assessing the level of vulnerabilities for people to decide on different levels to be accessible, UNRWA certainly has a lot to offer. I agree also that when it comes to social safety nets in general, this is a concept that has not been strongly developed



in the region. Most of the time government responses or policies are [to provide social support] through subsidies for critical products in the daily basket.

E *While it most certainly can be doubted that online knowledge resources such as Wikipedia are free from agendas, distortions, and biases, I was still surprised to recently see that the online encyclopedia's entry on UNRWA was over 20 times more verbose in the category of "criticism and controversies" than in the category of "assessment and praise". How do you comment on this extreme discrepancy in the online perception of the work that the agency has been engaged in for seven decades?*

I give you another example. If lawmakers anywhere ask a question to their government about contributions to UN agencies, there is a high likelihood that the question is on UNRWA and not any other UN agency. So the majority of questions on UN agencies will be on UNRWA and all the other agencies together will have fewer questions [asked about them] than UNRWA.

This shows that UNRWA is an organization which I would say is under political scrutiny. We are easily judged through the lens of relevancy, but not relevancy of the services that we are providing to the people, more about the fact that we are providing services to Palestinian refugees in the region. We are certainly the humanitarian agency which is most perceived through a political lens.

You thus have a lot of criticism of this nature, and after that, we should not completely underestimate the level of frustration that our beneficiaries might also have. We are providing the basics, but you know, when you live in Lebanon [as a Palestinian], and do not have access to the job market, you are discriminated [against] – where do you want to express your level of frustration?

You express it toward the organization which has a mandate to promote your rights and the rights of the Palestinian refugees. This dissatisfaction and frustration easily turns also against the organization because of the high expectation that we do deliver more. So I would say you have two types of criticisms, those coming from the detractors and also those coming from those who benefit from our assistance and would expect much more.



E *UNRWA's mandate at the end of last year has been confirmed with a strong majority in the UN General Assembly until 2023. However, given that much criticism comes with an ideological angle, and that realities in the Middle East have recently been subjected to impulses of change, such as initiatives for rapprochement between Israel and some Arab countries, and new political alignments in the region and beyond, do you believe that UNRWA will still see a 75th or 80th anniversary of the organization?*

Two or three comments. First, it is not a goal in itself of UNRWA to celebrate the 80th or 100th anniversary. The ultimate goal is to have a fair and lasting peace whereby Palestinian refugees can have

■ “I would say you have two types of criticisms, those coming from the detractors and also those coming from those who benefit from our assistance and would expect more.”

a state that they can live in and do not rely on UNRWA anymore. That is the ultimate goal. Meanwhile, I do believe that with all the ongoing developments in the region, we more than ever need an organization like UNRWA, which continues to focus on investing into the human development of the Palestinian refugees and on promoting their socioeconomic rights in the region. I do believe that this is one of the best investments we can have when it comes to investing into future stability in the region. Will UNRWA go to the 80th anniversary?

I don't know how things will develop in the region, but I do believe that UNRWA's role will be critical until such a day that there is a fair and durable peace agreement, which would also benefit the Palestinian refugees.



LEBANON 2020: URBAN POVERTY

Executive photo essay



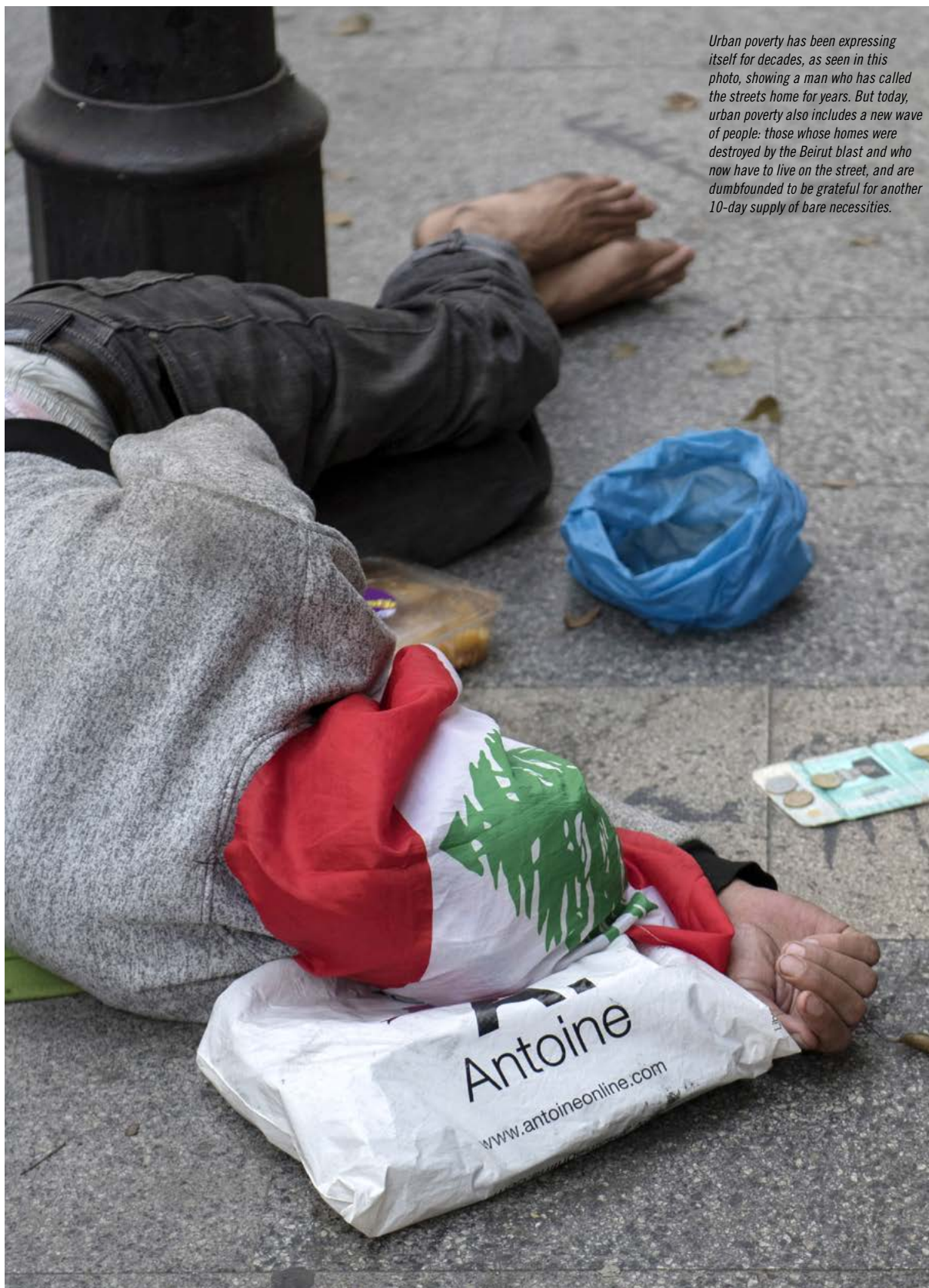
People who not long ago were comfortably middle class urban dwellers, find themselves thrown into poverty this year, to the point of relying on NGO-provided food aid.



■ From the old to the very young, the faces of poverty may be depressed or smiling, but the underlying realities are the same.



Poverty



Urban poverty has been expressing itself for decades, as seen in this photo, showing a man who has called the streets home for years. But today, urban poverty also includes a new wave of people: those whose homes were destroyed by the Beirut blast and who now have to live on the street, and are dumbfounded to be grateful for another 10-day supply of bare necessities.



■ As Beirut experienced the rapid devaluation of the Lebanese lira and suffered the August 4 blast, poverty afflicts all without differentiation by political or religious allegiance.



Poverty



■ Shadows of poverty are looming large. We wonder whether there is still hope they will not consume the lives of the old, young, the downtrodden and optimistic.

