

LEBANON

Structural challenges and obstacles to the implementation of the 2030 Agenda

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Several challenges hinder the implementation of the 2030 Agenda on Sustainable Development in Lebanon. During the UN Conference on Sustainable Development in September 2014 Lebanese President Tammam Salam identified the humanitarian issues caused by the Syrian refugee crisis as one of the greatest challenges to development.¹ It is indeed a significant constraint; yet, one should note that Lebanon was facing a political and socio-economic crisis reflected by a high rate of unemployment and marginalized people, even before the Syrian crisis and the flood of refugees. Therefore, it is worth highlighting that the Syrian war shed light on the structural and systemic problems of Lebanon and aggravated them.

To date, Lebanon does not have a national strategy for sustainable development nor a national economic plan nor a poverty reduction strategy. According to the 2014 International Parliamentary Union Secretary General's annual report: "the Lebanese Parliament reported that the Sustainable Development Initiative was in the agenda of the Public Work Committee between 2009-2010 period. The current political instabilities, however, forced the Parliament to shift its priorities."² The same report indicates that the Parliament has not been informed of the Sustainable Development Goals (SDGs) and has not taken any steps to discuss them.

Political challenges

The political system in Lebanon is characterized by the confessional partition of power which is causing many structural challenges. It weakens state institutions and governance, and it allows the concentration of power in the hands of few political/confessional leaders. Thus any agreement among these "powerful lords" applies to the state/public institutions while their disagreement paralyzes them. The expressive description of this system highlights "the weak state but the relatively strong power" where the power is not within the state³.

Obviously, political instability impacts the Lebanese economy and institutional performance. There has been a presidential vacuum since November 2014. General elections were supposed to take place in June 2014, but were postponed when the Parliament renewed its mandate in an explicit violation of the constitutional law. The local elections held in May 2016 proved the country's ability to hold general elections, but unfortunately the leadership in power is avoiding any uncertainty by preventing scrutiny that might bring changes to the status quo while the regional geopolitical tendencies are not yet clear.

In this context, policy planning and implementation became extremely complicated. The weak governance, the fragile institutional framework and the lack of

¹<https://sustainabledevelopment.un.org/content/documents/19451lebanon.pdf>

² <http://www.ipu.org/cnl-e/196/6%28b%29-r1.pdf>

³ Some of these powerful lords own strong "hegemonic tools" enabling them to impose or to block any agreement. These tools include economic activities and a network for social services, some of them own their own militia, intelligence and security forces.

transparency trigger the corruption, impunity and political interference in the judiciary. According to Transparency International report in 2015, Lebanon rated 123/168 in terms of corruption perception.⁴

Budgetary transparency is problematic as well; budget documents are hardly available. The last official budget law was approved by the Lebanese Assembly in 2005.

On the other hand, the administrative framework is largely inefficient and structural reforms are necessary to increase its efficiency at implementing and issuing decrees. Moreover, there is no institutional mechanism to facilitate social dialogue, as the Economic and Social Council, which is one of the essential elements for participation in policy making has been paralysed since 2005.

Socioeconomic policy choices

Lebanon has long followed the liberal economic model, relying mainly on the banking system, services, mainly financial, and tourism. Production and agriculture were relatively active sectors. Since 1990, more attention has been given to financial and real estate services. Reconstruction after the civil war in Lebanon relied on over-borrowing. This induced the stabilization of the exchange rate to increase its global competitiveness—a measure frequently adopted by developing countries in post-conflict periods.

As a result of the borrowing spree, public debt as a percentage of GDP escalated from 50 percent in 1992 to an estimated 205 percent in 2014. The main investments generated by the increased borrowing, targeted infrastructure, reconstruction and service sectors mainly through the private banking sector (49% of the net public debt⁵). As a result, the banking sector profits rose significantly from USD 123 million capital in 1990 to around USD 3.6 billion in 2003.⁶ Thus, the private banking sector lost the profit motive to lend to the

private sector, particularly for investments and projects in productive sectors.

In addition to the banking sector, the Lebanese economy targeted mainly the real estate sector; built space rose by about 129 percent between 1993 and 1995, an expansion aimed at stimulating foreign demand. While in the second half of the 1990s, the demand for real estate dropped dramatically, tax breaks and privileges allocated for the purchase of housing bank loans were accorded. As a result, the real estate sector has been absorbing from 50 to 70 percent of gross fixed capital product in Lebanon since the 1990s. Today, after more than two decades of donor-backed socio-economic reforms, the Lebanese economy has fallen short in terms of achieving the desired levels of development and in decreasing its deficit, especially after the Syrian crisis when exports fell from USD 405 million in 2013 to USD 244 million in 2014, while the trade deficit increased from USD 16.797 billion in 2012 to USD 17.292 billion in 2014. In addition, it has failed to jumpstart the inclusive and sustainable growth needed to ensure better provision of economic and social rights.

Aside from the mounting debt problems, the Lebanese economy has not generated sufficient and decent job opportunities, serving as a low-added-value service-based economy, externally oriented, and dependent on foreign capital. Successive governments have supported policies and strategies for developing medium and small enterprises (SMEs), with the result that 90 percent of companies in Lebanon employ one to five workers, mostly in import and trade as well as services (about 74% of GDP between 1997 and 2011). It is worth mentioning that most of the workers in this sector fall within the informal labor and lack the basis of decent and sustainable jobs.

In Lebanon, the private sector has always played an active role in service provision, although the country lacks any safeguard mechanism to ensure public rights over private interests. Moreover, the concentration of power in the hands of a few, weak public administration, lack of transparency (especially in procurement) and accountability mechanisms,

⁴ See at <https://www.transparency.org/country/#LBN>

⁵ <http://www.ffapivatebank.com/Library/Assets/FFA-Lebanese%20banking%20sector%20reviewd%202008.pdf>

⁶ http://www.blombank.com/Library/Files/pdf/annualreport_en_pics05.pdf

prevalence of corruption are factors that facilitated the creation of cronies benefiting from these opportunities to accumulate fabulous fortunes on the account of the national wealth. Sustainable economic growth has been seriously impeded by the lack of economic diversification and the concentration of economic activity in sectors, such as real estate and finance, that have failed to generate positive spillovers into the overall economy.

Currently, additional measures are recommended and pushed by the donor community that risk hindering all possibility to override the neoliberal policies that have been in force for the past decades. This situation is reflected in the recent and ongoing economic and investment measures showcasing the trend towards adopting more pro-free market and free trade measures; obviously without taking care of the measures needed to reform the national economy and strategic economic sectors such as industry, agriculture and services. This approach reflects the sole consideration of the market economy's analysis, focusing on growth as the key to development, hence security and stability, especially with the strains of the Syrian migration crisis. Consequently, both donors and the Government are continuously promoting the adoption of public-private partnerships (PPPs). While these are regarded as an essential tool to improve public services, in drafting a new law on PPPs and the empowerment of entrepreneurs and SMEs, decision-makers fail to define strategic sectors for job creation.

Within this orientation, Lebanon has re-launched the World Trade Organization (WTO) accession negotiations, entailing bilateral agreements with several member countries and an expansion of the Lebanese market through increased competitiveness; while ignoring the fragile status of both the industrial and agricultural sectors as well as services and consequently the lack of employment protection mechanisms and measures.

Taxes

Lebanon's tax system is designed in order to increase public revenues and not to serve as a tool to protect justice by redistributing wealth and addressing inequality. The regulations are unfair, relying heavily on

indirect taxation through the Value Added Tax (VAT) on consumption, which ultimately impact the poor. Indirect taxes make up 70 percent of public revenues and around 12 percent of GDP. By contrast, direct taxes represent only 6 percent of GDP. Taxes on individual income are partially progressive and range between 4 percent and 21 percent. However, limited liability companies pay a flat rate of 15 percent.⁷ The tax system does not reach rich people in Lebanon despite several proposals by the labour movement over the last three years to shift towards a more just one. Tax evasion remains a major obstacle, with the volume estimated at 70 percent, despite the existence of an active and specialized administration run by the Ministry of Finance and the Central Bank.

Social protection

The social protection system in Lebanon is still limited to the narrow approach of social security which in itself is suffering gaps and shortages, whether on the legal and regulatory framework level or the implementation level. In addition, the different systems for social security cover around 50 percent of the population, including employees in the private and public sectors. The other 50 percent are covered by the private insurance sector and by various public programmes run by the Ministry of Health and Social Affairs (82% from the budget of the Ministry of Public Health covers hospitalization, services mainly provided by the private sector). The gaps in wealth have widened, with 53.3 percent of the population outside any structured health coverage system,⁸ and 65.5 percent of the labour force not contributing to social security. Vulnerable groups, in particular women, are being discriminated against and refugees (Palestinians and Syrians) are excluded from the system.

Moreover, according to the World Bank, the labour force informality rate in Lebanon was 56 percent in 2010, reaching 48.3 percent for urban workers and 66.7

7 Jad Chaaban, "Rewrite Lebanon's unfair tax laws," Executive Magazine, 6 March, 2014, available at <http://www.executive-magazine.com/opinion/comment/lebanon-tax-laws-unfair-jad-chaaban>.
8 ANND, Universal Periodic Review, Lebanon, 2015.

percent for rural workers. The “share of informal employment is significantly lower among the wealthiest segments of the population”⁹ (82.5% for the poorest quintile compared to 35.1% for the richest). This means that the great majority of the marginalized, who are in most need of social security, cannot benefit from any of its services.

The Syrian refugee crisis

Compounding this situation is the Syrian crisis; as the Syrian conflict spills over, economic and security risks for Lebanon are increasing. The refugee crisis places a strain on the fragile balance in the country and increases pressures on the poor infrastructure. The current crisis poses a challenge to implementing the 2030 Agenda, in terms of the ability to combine humanitarian intervention with a long-term development approach. On the one hand, the aim of humanitarian assistance should focus on the socioeconomic stabilization of both the Syrian refugees and the host communities. It should also aim at preparing the prerequisites and incentives for their return when that becomes possible. On the other hand, the interventions should overcome the institutional deadlock caused by the current political crisis and the prevalence of corruption at the various levels: political, institutional and administrative. This can happen by proposing, adopting and implementing institutional and economic reforms designed to address the structural and economic challenges.

The focus on the Syria crisis and on measuring its impact on national GDP reflects its complexity. However, despite the lack of accurate statistical data about the Syrian refugees in Lebanon some conclusions can be predicted: a negative impact on the environment, a high degree of uncertainty and its negative impact on investment, continued brain drain, the degradation of infrastructure, political instability, the threat to social cohesion and mounting tendencies towards xenophobia and racism,

more pressure on the labour market and so on. These factors should be taken into consideration while planning and adopting a comprehensive and proper response to the crisis.

The international community, State and non-State donors and implementing agencies are not meeting their pledges of humanitarian and financial support undertaken during international conferences. They distrust the integrity and the ability of Lebanese institutions to manage the refugee situation or the implementation of the 2030 Agenda. The political crisis in Lebanon is harming its reputation as a democracy with effective accountability mechanisms. In turn, the international actors are not empowering the country system to play the necessary role in facing these challenges.

This reality is in fact the main argument used by the international actors to bypass the country system, thereby undermining the principle of national ownership. This in turn is causing a lack of coordination and policy coherence, waste of resources and energy, lack of transparency and a limited short-term impact of policy decisions.

Lack of data

The lack of relevant up-to date data from the State statistical bodies is a crucial obstacle to the proper implementation and later on monitoring of the SDGs. Data from international financial institutions (IFIs) and private research institutes are the only available sources. These data can serve some political purposes. For instance, Lebanon does not have comprehensive, recent data on poverty (the last figures dating back to 2004), and lacks accurate figures about the Syrian and Palestinian refugees in the country. Nonetheless, the lack of accurate data is the pretext used by the public administration to avoid planning and adopting national and comprehensive strategies which is favoring nepotism and enhancing corruption.

The 2009 draft law presented by Lebanese civil society organizations to the Parliament on access to information has not yet been ratified. Access to

⁹ Roberta Gatti, Diego F. Angel-Urdinola, Joana Silva, Andras Bodor, *Striving for better jobs : the challenge of informality in the Middle East and North Africa. Directions in development; human development. Washington, DC : World Bank Group, 2014.*

information is vital for increasing transparency and accountability, and to increase public awareness and ensure participatory democracy. Thus, it must be a priority Government agenda item. In addition to many other anti-corruption laws submitted to the parliament by CSOs but they were never approved by the assembly.

Lack of gender equality

Equality between citizens is enshrined in Article 7 of the Constitution of Lebanon. However, the discrimination faced by women is seen in terms of unequal economic rights, especially in receiving unequal pay for the same work and inequality in social security provisions. In terms of political rights, women's participation in political leadership as well as participation in key public administrative positions shows the highest level of discrimination.

Women-headed households represent one of the most marginalized segments in Lebanon, making up more than 120,000 people.¹⁰ The rate of participation of women in the labour market is 22.8 percent, compared to 70.5 percent for men,¹¹ with women making up 24.7 percent of the workforce, according to the Central Administration of Statistics (CAS) Living Conditions Survey of 2007.¹² The majority of women work in the services sector, which is seen as an extension of their traditional roles. Moreover, there is an income gap between men and women, reaching 38 percent in the telecommunications sector,¹³ for example.

Evaluating implementation of the SDGs

Lebanon does not have a national strategy for development or a national economic plan or a poverty

¹⁰ CRI, World Bank and MoSA, Post Conflict Social and Livelihoods Assessment in Lebanon, 2007.

¹¹ http://www.escwa.un.org/information/publications/edit/upload/E_ESCWA_EDGD_14_3_A.pdf

¹² <http://www.lb.undp.org/content/lebanon/en/home/library/poverty/living-conditions-of-households-2007.html>

¹³ http://www.cas.gov.lb/images/PDFs/Gender_statistics/Status%20of%20Women%20in%20Lebanon_Dr.%20Maral%20Tutelian.pdf

reduction strategy. Over the past 10 years, various Ministries have suggested sectorial policies supporting certain sustainable development goals with implementation plans. An overview of these policies issued since 2005 leads to a number of observations to evaluate the commitments of the Government and suggest recommendations in pursuit of the SDGs.

First of all, **planning and implementation of these policies lack comprehensive and inclusive approaches taking into consideration the different sectoral and geographical dimensions. They are limited to some targeted interventions with a special focus on specific groups. They also lack inclusive, participatory mechanisms.** The process does not allow the inclusion of all the relevant stakeholders and the participation of civil society in decision-making. Civil society participation is ad-hoc and often limited, when it exists, to implementation.

Most policies have been elaborated by drawing on the support of UN or other development agencies, yet **not all policies are made available to the public**, as for example the Solid Waste Management plan issued in 2014. Some policies become available to the public when they get approved by the Cabinet but reporting back on the implementation is rare, which weakens accountability and responsibility. However, some documents have been revised and re-issued, highlighting the issue of monitoring and follow-up.

Often the national plans include **high aspirations without clear road maps/strategies of implementation.** For example the National Social Development Strategy of Lebanon issued in 2011 has a strong social focus on inequality, participation, workers' rights, and strengthening social protection. Yet it is not comprehensive since it covers only four sectors: health, education, environment and social affairs. Moreover, it does not identify clear targets nor does it frame strategies to achieve them.

The tendency of ministers as political actors is to adopt strategies with quick and tangible results. So they **suggest policies with a short-term vision.** Moreover, only a few of these have time-bound, quantitative indicators with identified goals. The Lebanon Economic and

Social reform plan (2012-2015) shows many shortcomings in this respect. It lacks of a long-term vision. As the document covers four years, the goals identified are short and medium term. Moreover, there is no mention of means of implementation, no proposed quantitative targets, and no mechanism for monitoring and accountability. As mentioned, the involvement of stakeholders in policy planning is a key issue. The plan does not even refer to any process of consultation in its development.

The lack of a rights-based approach is also a challenge. For instance, the National Poverty Programme targets only specific segments of society, focusing on increasing the income of the poorest families. Such an approach can barely address the intergenerational transfer of poverty, which can only be done by ensuring the full enjoyment of economic and social rights including access to health, education, housing, labour, clean water, and so on. Moreover, some important sectors are still excluded from efforts to adopt a comprehensive developmental agenda including employment, industrialization, agriculture, transportation, energy, social protection, urban planning and many others. These problems are not confined to these policy examples but rather appear to be a common trend, raising concerns on the effectiveness of the strategies devised.

In general, there are a number of identified policy gaps. **Concerning environment, food security, trade and industrial policy, no strategy appears to have been put in place in the last 10 years.** In terms of the sustainable management of water resources, the question has been historically ignored by successive governments. The main problems could be summed up in theft, mismanagement, maldistribution, waste in distribution networks, corruption, and delays in adopting strategies for rationalization and control of consumption in various sectors.¹⁴ This is in addition to the lack of a national strategy for water management. Recently, the State has opted to construct dams in various areas in the country

as a solution to the water problem. However, several environmental organizations and experts are warning about their detrimental effects. The latest meeting of the Government postponed the implementation of the plan and mandated the World Bank to conduct an impact assessment, saying that the decision will be based on its results.

Similar problems can be identified in relation to waste management and electricity generation. Lebanon has been focusing on symptoms (such as landfills for municipal solid waste instead of decreasing the production of solid waste and relying on recycling, etc.; renting of electricity generating ships to cover the shortages in electricity instead of increasing power generation capacities) without looking into the root causes. A sustainable development strategy in this regard is urgent. It should be noted that the only proposal for a “national strategy” made by the Lebanese Government was at the CoP15 meeting on climate change in Copenhagen in 2009. However, the proposal was intended for funding purposes through “partnerships” and did not take into consideration the real and comprehensive national needs.

Moreover, governance pillars are usually downplayed in economic and social policies and less often explicitly addressed. As acknowledged by the UN regional economic and social commission assessment, no national plan has been devised to enhance implementation mechanisms which, as outlined in goal 17 of the SDGs, will be crucial for successful implementation of the goals. These include capacity building, trade, policy coherence, multi-stakeholder partnerships, data, monitoring and accountability.¹⁵

Public awareness

According to the International Parliamentary Union (IPU) Secretary General’s 2014 report, “the Lebanese Parliament reported that the Sustainable Development Initiative was on the agenda of the Public Works Committee during the 2009-2010 period. The current political instabilities, however, forced the Parliament to

¹⁴ Habib Maalouf, “The problem with the dams is not merely in their damage,” Assafir Newspaper, 7/6/2016, <https://assafir.com/Article/8/497796>

¹⁵ <http://css.escwa.org.lb/SDPD/3572/Lebanon.pdf>

shift its priorities.”¹⁶ The same report indicates that the Parliament has not been informed of the SDGs and has not taken any steps to discuss them.

Overall, the efforts by the Government to increase public awareness of the SDGs are not satisfactory. In this regard, measures taken to communicate relevant information and increase public involvement are inadequate and information overall is not easily accessible.

Recommendations

1. **Commit to the consolidated approach and adopt an integrated model among targets and goals.** It is time to reject sectoral fragmentation, separating goals from general development plans. It is obvious that a national strategy needs to be put in place in order to fulfill the 2030 Agenda,
2. **Establish an independent inclusive national multidisciplinary and multisectoral mechanism to ensure policy coherence, coordination and monitoring.** Institutionalizing the implementation of the SDGs requires the creation of an integrated body responsible for the coordination and implementation of the Agenda; this entity will ensure national and inclusive dialogue. It is fundamental to complement the Agenda with defining indicators, both qualitative and quantitative. All these steps will help localize the 2030 Agenda and identifying challenges and remedial actions towards achieving it.
3. **Adopt the administrative and developmental decentralization plan and empower the elected local authorities.** Agenda 2030, as well as many other challenges related to the public goods and services and the refugee issue can't be easily solved without adopting a national strategy with a mechanism of implementation.
4. **Prioritize the principles of transparency, accountability and inclusiveness during the implementation of the**

2030 Agenda. Ensuring accountability of all involved parties necessitates the empowerment of the public administration, enhance transparency and accountability as well as creating efficient mechanisms for the monitoring of the business sector, whose development role has increased. There is a need for an independent regulatory framework to be developed. Enhancing transparency and inclusiveness necessitates the active role of the Economic and Social Council with the inclusion of all the relevant stakeholders in the policy-making process.

5. **Revisit social and economic policies to ensure their alignment with a rights-based development approach.** A new and comprehensive approach to address inequalities, unemployment, poverty reduction and social marginalization must be adopted. This includes a shift to a productive economy, enhancing inclusive growth that generates jobs. This requires reviewing trade and investment policies to diversify the job market, and adopting a tax system that stimulates local productivity

It is necessary to shift the Government's overall approach to development, and reconsider the way social protection is conceived of in Lebanon. As the right to social protection is part of redistribution policies, programmes should be based on the principle of equitable distribution of wealth. There is a need to adopt social policies that increase the scope of coverage to tackle discrimination against the most vulnerable groups and ensure their inclusion in society. It is also crucial to ensure the adoption of fair taxation based on a progressive direct taxation and to avoid the negative impacts of value-added tax (VAT) increases.

To ensure the right to work, labour laws need to be implemented and amendments need to be introduced in line with international commitments. All discriminatory clauses need to be removed and the gender gap in labour market participation addressed.

¹⁶ <http://www.ipu.org/cnl-e/196/6%28b%29-r1.pdf>

This includes canceling the sponsorship system to which domestic workers are subject and granting Palestinian refugees full rights in the Social Security programme as part of their labour rights.

Addressing disparities in education requires enhancing the quality of public education at different levels, including primary, secondary and higher education. It also requires implementing strategies aimed at supporting public schools and higher education in rural areas and ensuring the enrollment of Syrian refugees.

Moreover, revisiting socioeconomic policy choices should aim at achieving equitable partnership for women. This requires their integration into development plans and policies and providing the necessary resources. Focus should be put on the question of budgets in general and especially budget allocations that target equality between the sexes. It is also important to integrate the needs of women into national strategies, budgets and programmes, based on equality and the disaggregation of data according to sex/gender.