

# Is there protection in the region?

Leveraging funds and political capital  
in Lebanon's refugee crisis

CRU-report

Ana Uzelac  
Jos Meester



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# Abstract

This report analyses the challenges of implementing a “protection in the region” agenda in Lebanon, a country that hosts the highest number of refugees per capita in the world, and which has been the recipient of one of the largest per capita aid and support packages since 2016. Our main finding is that EU diplomatic efforts and financial commitments to date have made very limited progress in ensuring protection for Syrian refugees in the country or improving their dismal socio-economic position. On the contrary, the main socio-economic indicators for Syrian refugees have remained very poor for the past three years, and the refugees’ continued presence in the country is increasingly questioned by parts of Lebanon’s political establishment. This report traces the reasons why donor efforts have had such limited success: restrictions created by Lebanese and European political narratives of displacement; the limitations imposed by Lebanon’s clientilistic economy; and the challenges of combining protection in the region with an economic reform agenda. Many donors have opted for predominantly technical approaches, based on cooperation with line ministries and state institutions. In our view, these approaches pay insufficient heed to the complex web of sectarian and personal interests that fuel Lebanese policy-making, with the result that limited progress is achieved for refugees.

# Abbreviations

CRRF	Comprehensive Refugee Response Framework
EU	European Union
FDI	Foreign direct investment
FAO	Food and Agricultural Organization of the United Nations
FPM	Free Patriotic Movement
GDP	Gross domestic product
GSO	General Security Office (Lebanon)
ILO	International Labour Organization
(I)NGO	(International) Non-Governmental Organisation
LBP	Lebanese Pounds
LCRP	Lebanon Crisis Response Plan
MoFA	Ministry of Foreign Affairs
Mol	Ministry of Interior
MoSA	Ministry of Social Affairs
PSP	Progressive Socialist Party
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees

UNICEF	United Nations Children's Fund
USD	United States Dollar
VASyR	Vulnerability Assessment of Syrian Refugees
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

# Executive summary

Exactly three years have passed since a massive movement of Syrian refugees across the Mediterranean brought the severity of the displacement crisis in the Levantine Middle East into the focus of European public and its policymakers. Driven by concerns about the destabilising rise of populist and anti-establishment sentiments that this influx has caused, and the strain that this has put on the European Union's institutions, European policymakers responded to the crisis by devising an agenda of "protection in the region". According to this approach, refugees should be hosted in the countries to which they were initially displaced – Lebanon, Jordan and Turkey – and should not attempt to cross the Mediterranean and seek asylum in Europe. In turn, the EU and other donors committed to providing funds to assist with the needs of refugees and host communities, providing protection, quality of asylum and a boost to these countries' economic development.

The agenda found expression in the EU-Turkey Agreement and Jordan and Lebanon Compacts, and it included opening up new funding channels to these countries. It has also created a complex interdependency between the legal protection of refugees and their access to services and labour, and the economic development and structural reform of their host countries that were all already struggling with governance issues, economic decline and political instability.

This report analyses the political and economic implications of the protection in the region agenda in Lebanon. This country hosts by far the largest number of Syrian refugees per capita in the world, and has also been the recipient of one of the largest per capita aid and support packages since 2016. Our main finding is that EU diplomatic efforts and financial commitments have made very limited progress in ensuring protection for Syrian refugees in the country, and have had very little positive impact on refugees' socio-economic position. On the contrary, the main socio-economic indicators for Syrian refugees have been declining steadily since 2016, and the refugees' continued presence in the country is increasingly questioned by parts of Lebanon's political establishment. Recent months have witnessed regular localised returns, whose voluntary nature is unverifiable – and some of which took place under the auspices of the Shi'ite militia Hezbollah. These elements of the Lebanese government are using increasingly hostile public discourse towards the refugees and exerting political pressure on UNHCR. Taken together these facts illustrate a growing insecurity for both the refugees and the main international organisation mandated with their protection.

While the sectarian nature of Lebanon's political system creates a number of challenges for anyone engaged with it, the refugee response is an especially sensitive political issue. Owing to the predominantly mono-sectarian (Sunni) profile of the Syrian refugees,

securing their protection has proven to be exceptionally difficult given that the present political context and security arrangements are strongly influenced by an alliance of Shi'ite and Christian parties and non-state actors with close ties to the Syrian regime. Donor activities have also been complicated by a number of political narratives, ubiquitous in both Lebanon and Europe, which restrict what is possible in terms of refugee protection: the narrative of Lebanese victimhood; narratives about the negative impact of refugees on Lebanon's economy; and finally narratives about refugees as a danger to European societies. The latter restricts resettlement policies within the EU and undermines the normative and political credibility of the protection in the region agenda.

Even in such a complex and politically sensitive environment, however, more can and should be done to deliver on this agenda. Donors should accept the inherently political nature of discussing refugees in Lebanon, and engage with the consociational nature of the Lebanese political settlement on a political level. Engaging with the politics of the refugee agenda (albeit not necessarily publicly) may be fraught with difficulties, but is more likely to produce tangible results than technical approaches that are uninformed by a political strategy.

The current donor approach of tying economic and governance reform to the protection agenda is complex on both normative and political levels, as it includes a strong element of political and economic bargaining. But it offers an opportunity to engage a larger and more diverse group of stakeholders in Lebanon. A thorough understanding of the interests and motivations of these stakeholders is not just prudent but necessary if funding is to succeed in ensuring genuine refugee protection.

That said, refugee protection is based on a set of international legal and ethical norms, and not all aspects of the refugee response should be subject to political bargaining. For the protection in the region agenda to be credible and sustainable (both in the region and for domestic European constituencies), there should be clear red lines surrounding the *non-refoulement* principle, basic human rights and quality of asylum. Our research shows that such red lines are currently absent not just from public discourse but – more worryingly – also from private conversations among key stakeholders. In the highly fragmented political space that is Lebanon, failure to establish such lines may weaken the position of European donors, as well the position of those Lebanese stakeholders who are willing to uphold this principle.

Finally, our research shows that anti-refugee rhetoric now ubiquitous in Europe provides the blockers among Lebanese politicians with discursive ammunition that undercuts the value of EU funding in this response. In order for the EU to facilitate refugee protection in the region, European politicians need to adapt both their discourses and their current burden-sharing policies and practices. By increasing resettlement quotas or opening legal pathways for temporary asylum, the EU could give its response a much-needed boost, benefiting the vast majority of Syrians who are determined to wait out the war close to home.

# Acknowledgement

This report is the final in a series of papers documenting the findings of the Clingendael Conflict Research Unit (CRU) research into the refugee response in Lebanon. This research would not have been possible without generous funding from the Dutch National Postcode Lottery and support from the aid community in the Netherlands and Lebanon. Tina Gewis, Mariska van Beijnum, Fransje Molenaar and Megan Price provided excellent peer reviews; the reflections from Markus Göransson, Nick Grinstead and Willem van den Berg helped shape our thinking; and Robert Wood helped bring the paper to its final format. Cheryl White and Matt Rowland Hill carefully edited the report on tight deadlines. We thank them all for the time and effort they invested in the project.

Prof. Imad Salamey of the Lebanese American University and his team (Basma Chaikh and Layan El Khatib) offered invaluable analytical insights and research support throughout. We are grateful to our Lebanese interlocutors on all sides of the country's complex political landscape, who have shared with us their analyses, personal views and often also their affection for their troubled country.

The researchers owe a special debt of gratitude to the Syrian refugees we interviewed, who shared their stories of life in displacement with remarkable openness and generosity. We are thankful not just for the insights they helped us acquire, but also for a valuable lesson in retaining human dignity in the face of tremendous challenges.

# Introduction

Seven years after the first Syrian refugees started arriving in Lebanon, this population of over a million men, women and children has become more vulnerable than ever. Despite the exceptionally high levels of financial support that Lebanon has received in the past years, over half of Syrian refugees are living in extreme poverty and more than three quarters live below the poverty line. As a result of a series of state policies implemented since 2015, in the eighth year of displacement as many as 76% of Syrian refugees aged 15 and above did not have legal residency and were struggling to access jobs and make ends meet.<sup>1</sup>

In 2017 Lebanon received around USD 2.8 billion in grants and loans to fund the refugee response and to strengthen the state and local communities hosting the displaced population. In 2018 the international community made further commitments amounting to over USD 12 billion (over USD 1 billion in humanitarian funding for 2018, and over USD 11 billion in development-focused grants and loans for the next 10 years).

And yet the quality of asylum for Syrian refugees in Lebanon is dismal, in terms of access to rights, services and livelihoods as well as in terms of simple human dignity. The structural poverty, exploitation, abuse and discrimination refugees face raise questions about donors' ability to deliver "protection in the region".

This policy agenda, promoted by the EU and its member states since the Mediterranean crisis of 2015, is based on the premise of Syrian refugees staying in regional host countries. In return, the EU has committed to supporting these countries to shelter and protect the displaced population until safe and voluntary returns or resettlement is possible. The agenda initially found expression in the EU-Turkey Agreement in 2016, and was developed further through the EU Compacts signed with Jordan and Lebanon later that year.

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1 UNHCR, UNICEF and WFP, Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR) 2018, preliminary results, presented on July 23, 2018 in Beirut, Lebanon.

“Protection in the region” has been challenged on the basis of its perceived inconsistencies with international refugee law, and these debates are nowhere near an end.<sup>2</sup> While remaining cognisant of these discussions, and sharing some normative concerns raised in them, we recognise that protection in the region could have strong merits for refugees. Living in geographical proximity to Syria and in societies with shared languages and broadly similar cultural norms could mitigate the fallout of displacement for many refugees.

However, the merits of protection in the region depend heavily on the donor community’s capacity to deliver on the key aspect of this agenda: actual legal and social protection of the displaced population. By seeking to understand the political and economic factors affecting Lebanon’s refugee response, our research explores the extent to which the aims of this agenda have been achieved and the challenges that it continues to face.

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2 Although the references on this debate could be as long as this report, for a summary of the key arguments we recommend consulting the original legal reasoning behind the EU-Turkey agreement, as presented by the European Stabilisation Initiative, which strongly informed the “protection in the region” agenda. ESI, 2015. *Turkey as a “Safe Third Country” for Greece*, Background document, 17 October, <https://www.esiweb.org/pdf/ESI%20-%20Turkey%20as%20a%20safe%20third%20country%20-%2017%20October%202015.pdf>, (Accessed July 2018). For a critical overview of the inconsistencies of this agenda with International Human Rights Law, see Human Rights Watch, 2016. ‘EU Policies Put Refugees At Risk: An Agenda to Restore Protection’, 23 November, <https://www.hrw.org/news/2016/11/23/eu-policies-put-refugees-risk>, (Accessed July 2018).

# Methodology and structure of the report

While no human society is simple, Lebanon is known for the particular complexity of its political settlement. One of the world's last remaining consociational states, Lebanon is largely ruled through an agreement between the elites which represent the country's three main confessional groups: Sunni, Shi'ite and (majority Maronite) Christians. This state of affairs is further complicated by the fact that some of these groups maintain proxy relations with rival regional powers, most prominently Saudi Arabia and Iran. This power sharing arrangement is formally reflected in the country's governance structures and informally in the country's economy. For these reasons, any reference to Lebanon as a state speaking in a single voice should be caveated, and positions and actions of individual state officials are best understood in the context of sectarian and regional divisions. This is even – or especially – true when some among them try to cross such divisions and act in support of the fragile public interest.

As a matter of deliberate methodological choice we spent most of our time talking to Lebanese political and economic actors and to the refugees themselves. We have also interviewed numerous representatives of the aid community and some key European donors, as well as the broad range of EU officials engaged in this response. But the main added value of our research lies in the glimpse it offers into the complexities of the host country and the ways in which Lebanon's political economy responds to the refugee and donor presence. In order to understand the ways in which various interests influence Lebanon's capacity and willingness to host refugees, or receive and utilise assistance offered for this purpose, we have tried to cover as broad as possible a spectrum of sectarian opinions and positions. With outstanding assistance from our research partner, the Lebanese American University, we were able to approach some of the key decision-makers across sectarian divides and speak to at least one representative of each main political community, as well as representatives of all line ministries relevant to the response. Our interlocutors were members of parliament, high-ranking civil servants, ministerial advisers and in some cases ministers – as well as members of the Lebanese business community, from small and mid-sized entrepreneurs to prominent international businessmen and bankers.

We also tried to understand and capture the lived experiences of protracted displacement across as broad a spectrum of communities as possible within the constraints of time and funding. We held focus group discussions, followed by in-depth individual interviews in the South (Hebbariyeh), North (Akkar), the Beka'a valley (Zahle and Saadnayel) and finally in Beirut (areas of Bourj Hammoud and Aramoun). Our main

interests were refugee households and the ways in which they interact with their social environment.<sup>3</sup> These discussions informed our understanding of the reality of refugees' lives in Lebanon and the way in which donor efforts impact that experience, giving a personal dimension to the literature and statistics that are already available.

We combined this field research with a careful study of the often mutually contradicting economic data produced by the country itself and by international financial institutions such as the World Bank. The economic analysis – and the challenges we encountered in conducting it – was particularly important for understanding the complexities that stem from combining reform and refugee protection agendas.

We have tried to mitigate the complexity of Lebanese reality by proposing a simple report structure. The first section focuses on politics, exploring its sectarian nature and the ways in which different interest groups align around the refugee issue. The next section is about the economy of the refugee presence, analysing its macro-economic impact and the narratives, which surround it. These two chapters feed into our final arguments about the ways in which Lebanon's political economy interacts with the international aid response and the specific challenges related to protection in the region. The conclusion lays out our main findings and discusses policy options available to donors and EU policymakers.

We recognise that donors have an exceptionally difficult task in front of them. Engaging with Lebanon requires knowledge and political sensitivity of the highest order. But we believe failure to rise to these challenges could cause long-term damage not just to refugees and Lebanese society but to Europe's political reputation and its ability to use this policy tool in future crises. We hope our findings will help in finding new ways to ensure that refugees are protected and their hosts' needs are met, on the basis of their shared interests and human dignity.

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3 The specific insights we derived from those conversations is captured in Uzelac, A. et al. 2018. 'The untapped resource: Protecting and leveraging refugee social capital in protracted displacement', *CRU Policy Brief*, the Hague, the Clingendael Institute, [https://www.clingendael.org/sites/default/files/2018-07/PB\\_Protecting\\_and\\_leveraging\\_refugee\\_social\\_capital\\_in\\_protracted\\_displacement\\_July2018.pdf](https://www.clingendael.org/sites/default/files/2018-07/PB_Protecting_and_leveraging_refugee_social_capital_in_protracted_displacement_July2018.pdf).

# 1 By all possible means

## 1.1 Prologue: the making of the threat

With its snow-covered mountains plunging into the Mediterranean Sea, Lebanon is situated in one of the most beautiful corners of the Middle East – and in one of its most troubled. Its fate is closely intertwined with the politics of the wider region and specifically of its challenging neighbours Israel and Syria. The current refugee crisis and the politics surrounding it are in part a continuation of that complex interdependency, which Lebanon has balanced with various degrees of success in the past.

By the time the civil war in Syria started in 2011, Lebanon had enjoyed full sovereignty for a mere five years. The Syrian army had withdrawn from the country only in April 2005 following almost 30 years of military occupation. The direct cause for withdrawal was the Cedar Revolution – a series of mass demonstrations following the assassination of the Lebanese Prime Minister Rafik Hariri, committed by the members of the country's Shi'ite militant group Hezbollah, most likely on the orders of the Syrian state, already run by the current president Bashar Al-Assad.<sup>4</sup>

Following these events, Syria and Lebanon maintained uneasy but close bilateral relations. The border between the two countries was open and Syrian citizens could live in Lebanon for six month stretches without formal residency. The countries' economies – however different in structure<sup>5</sup> – were highly interdependent, with Lebanon's agriculture and booming construction industry relying on cheap Syrian seasonal labour. In good years, the number of seasonal workers from Syria in Lebanon would reach 300,000.<sup>6</sup>

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- 4 Bergman, R.2015. 'The Hezbollah Connection', *New York Times Magazine*, 14 February, <https://www.nytimes.com/2015/02/15/magazine/the-hezbollah-connection.html>, (Accessed July 2018); Knudsen, A. and Kerr, M. (eds.) 2012. *Lebanon: After the Cedar Revolution*, London: Hurst Publishers; Macdonald, N. 2010. 'CBC Investigation: Who Killed Lebanon's Rafik Hariri', *CBS News*, 21 November, <https://www.cbc.ca/news/world/cbc-investigation-who-killed-lebanon-s-rafik-hariri-1.874820>, (Accessed July 2018).
- 5 While Lebanon's economy is driven by private sector and international trade in goods and services, Syria was one of the world's last command economies in the socialist style: state-run, self-reliant and focused on industrial production.
- 6 For a detailed analysis of this complex interdependence, see: Chalcraft, J. 2008. *The invisible cage: Syrian migrant workers in Lebanon*, Stanford, Stanford University Press.

Many refugees trickling in to Lebanon during the early years of the Syrian war already had connections to the country through seasonal work or more advanced business, personal and political ties.<sup>7</sup> Initially, the overall climate was one of welcome. Memories of Lebanese citizens seeking shelter in Syria during the 2006 war with Israel were still vivid, and there was no sense that the refugees presented an immediate danger. The war was framed as a calamity from which the Lebanese government had officially “disassociated” itself, in the hope of preventing the increasingly sectarian strife from spilling over into the country.<sup>8</sup>

In these early days, Lebanese and Syrians alike seemed to hope and believe the war would be short-lived and that life would return to the old ways soon. Many Syrians tried to maintain life in both countries, regularly traveling back to Syria to check on the security situation and their properties. But as the war continued, the number of refugees rose and people began arriving from further afield, with fewer connections to Lebanon. Increasing numbers were fleeing immediate violence, bringing fewer assets and arriving more traumatised. And though nobody registers refugees’ sectarian allegiance, the areas from which they fled – Homs, Hama, Idlib, Aleppo – and the areas in Lebanon where they settled indicated that these were likely predominantly Sunnis.<sup>9</sup>

### **Box 1 The Palestinian experience**

For decades Lebanon has hosted Palestinian refugees and their descendants, who arrived in two waves following the Arab-Israeli wars of 1948 and 1967. Politically mobilised, financially supported by regional actors and determined to fight their cause, Palestinian militias sprang up in the refugee camps during the 1960s and 1970s and became one of the more important actors in Lebanon’s civil war, which lasted from 1975 to 1990. This experience has fed into a narrative among many Lebanese that casts refugees as a threat to the country’s security.

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7 Interviews with UN officials, Beirut, September 2017.

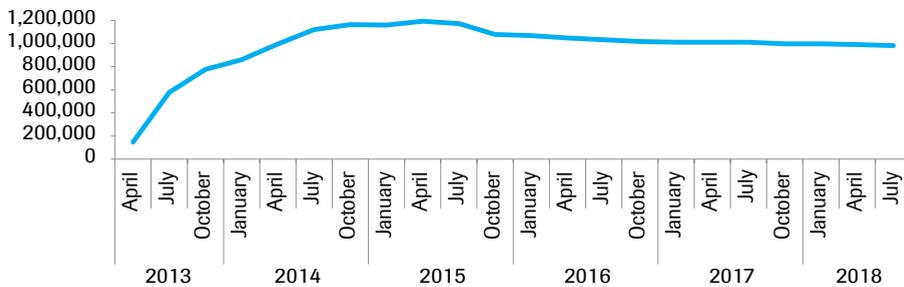
8 Mourad, L. 2017. “Standoffish” Policy-making: Inaction and Change in the Lebanese Response to the Syrian Displacement Crisis’, *Middle East Law and Governance*, 9(3), pp. 249-266.

9 No census has ever been conducted among the Syrian refugees to determine the sectarian breakdown of the population. As already noted, the assumption that the vast majority are Sunni has been drawn mainly on the basis of their places of origin, their selected places of settlement in Lebanon and voluntary self-identification when such takes place. While anecdotal evidence can barely be more than an illustration, all the refugees the author met during the 6 months of this research would self-identify as Sunni Muslims, even if they were of different ethnic origins (e.g. Syrian Arabs and Kurds).

The number of UNHCR-registered refugees started climbing steeply in 2013, reaching over a million in the second half of 2014 (see figure 1). By this time, Lebanon’s Hezbollah militia had slowly become embroiled in the Syrian war, defying the country’s policy of disassociation. Hezbollah offered much-needed military support to the embattled Syrian president, Bashar Al-Assad, whose impact on Lebanese society was still a cause of friction between the country’s Sunni, Shi’ite and Christian residents.

When refugee number continued to increase and the protracted nature of Syria’s war became evident, perceptions of Syrian refugees changed, with many in Lebanon fearing a loss of control over the country’s border and territory.<sup>10</sup> Once seen as temporary guests enjoying the hospitality of a neutral neighbour, Syrian refugees began to touch on Lebanon’s social, economic and political strife. They became a threat to be contained.

**Figure 1 The number of UNHCR-registered Syrian refugees in Lebanon<sup>11</sup>**



## 1.2 Lebanon’s political settlement

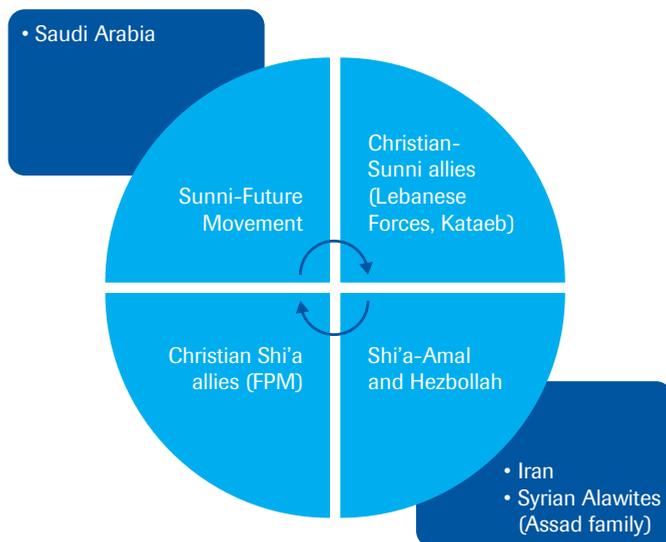
Lebanon’s response to the presence of over one million Syrian refugees on its territory is best understood through the lens of its political settlement and the way it is influenced by regional interests and power relations. The country’s state policies and behaviours may sometimes appear erratic and self-contradicting to outside observers, but they

10 International Alert, *Citizens’ Perceptions of Security Threats Stemming from the Syrian Refugee Presence in Lebanon*, 2015. February. [https://www.international-alert.org/sites/default/files/Lebanon\\_SSRSyrianRefugees\\_EN\\_2015.pdf](https://www.international-alert.org/sites/default/files/Lebanon_SSRSyrianRefugees_EN_2015.pdf) (Accessed July 2018).

11 UNHCR, *Operational portal, refugee situations: Syria Regional Refugee Response*, 2018. <http://data2.unhcr.org/en/situations/syria/location/71>. (Accessed June 2018). It bears emphasising that the drop in refugee numbers from 2015 onwards is not a consequence of the stagnating influx or onward movement, but a result of Lebanon government’s politically motivated request to the UNHCR to stop registering the refugees. The actual number of Syrian refugees on Lebanon’s territory is estimated at 1.5 million.

are often an outcome of intricate internal trade-offs between the country's three main societal and political groups, aligned roughly along sectarian lines.

**Figure 2 Lebanon's political alliances**



The Lebanese political system is a complex consociational power and wealth-sharing arrangement between its Shi'ite, Sunni and Christian elites that emerged from the 1975-1990 civil war. Although consociationalism in Lebanon predates the civil war, its current version is laid out in the Saudi-brokered Ta'if Accord that marked the end of this war.<sup>12</sup>

The system is based on the premise that all three groups should have equal access to formal power, each providing one of the three key posts in the country's political system: Christians the president, Sunnis the prime minister and Shi'ite the speaker of parliament.<sup>13</sup> The Shi'ites are the only sectarian group that still maintains an active militia, Hezbollah. The armed groups of the other two sects are largely dormant or defunct, with the exception of some localised Sunni militias in Tripoli and Sayda.

12 For a detailed analysis of the T'aif Accord, see Hamdan, A. 2012. 'The Limits Of Corporate Consociation: Taif and the Crisis of Power-Sharing in Lebanon Since 2005' in Knudsen, A. and Kerr, M.(Eds.) *Lebanon: After the Cedar Revolution*, London: Hurst Publishers.

13 For a detailed description of sectarian power sharing see: "Salloukh, B. et al. 2015. *The Politics of Sectarianism in Postwar Lebanon*, pp. 12-31, London: Pluto Press."

For Sunnis and Shi'ites the key political prize is to ensure the Christian president is aligned with their interests. This issue has been the cause of the main political battles since the civil war, bringing the country to the edge of violence at worst and grinding its policy-making to a halt at best. These battles have recently been won by the Shi'ites and specifically by Hezbollah.<sup>14</sup>

Lebanon's main sectarian groups often act as proxies for regional powers. The Sunnis, grouped around the Future Movement now led by the late prime minister Hariri's son Saeed, have close relations with Saudi Arabia, while the two Shi'ite parties, Amal and Hezbollah, are similarly if not more closely linked with Iran. Since before the Syrian war, Hezbollah has also sided with the ruling Baath party in Syria, dominated by the Assad family.<sup>15</sup>

Lebanese Christians have divided allegiances, with some parties such as the Lebanese Forces or Kataeb aligning roughly with the Future Movement, and others, such as the Maronite Free Patriotic Movement (FPM) aligned with the Shi'ite groups. The small Druze minority, represented by the Progressive Socialist Party (PSP) and its leader Walid Jumblatt has shifted allegiances in the course of Lebanon's modern history, although its role as a kingmaker has recently faded. And while the Sunni/Shi'ite regional allegiances are fixed, those of the Christians are less firm. The current president Michel Aoun, whose party is now a staunch Hezbollah ally, has in the past been an equally staunch opponent of Syrian presence in Lebanon, and was even once exiled for this reason.

The premise of Lebanon's power sharing arrangement is that the three groups are roughly equal in size – an assumption so fundamental to Lebanon's political settlement that it has remained untested since the 1932 census. Demographic figures have deep political implications in Lebanon, and any measurable imbalance between the main demographic groups could be perceived as a threat to the fragile status quo.

As a result, the country has never ratified the 1951 Refugee Convention or additional protocols for fear that nationalising newcomers could bring about demographic imbalances. Lebanon's explicitly states that it is not a country of asylum, and concerns

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14 Since 2008 Hezbollah has managed either to ensure its allies were in presidency or otherwise block the elections of the Lebanese president. In 2016, such paralysis was overcome only when Michel Aoun, leader of the Maronite Free Patriotic Movement and openly allied with the militia, was elected president. In May 2018 Hezbollah also won the parliamentary elections.

15 Daher, A. 2015. 'Hezbollah and the Syrian Conflict', *Middle East Institute*, <http://www.mei.edu/content/map/hezbollah-and-syrian-conflict> (Accessed July 2018).

about demographic change run so deep that Lebanese women who marry foreigners are not permitted to pass citizenship on to their children.<sup>16</sup>

The presence of over one million Syrian refugees, predominantly Sunnis, is therefore perceived as deeply problematic by the country's Shi'ite and Christian political establishments. And while no international or Lebanese stakeholder has ever suggested the option of giving Lebanese nationality to the refugees, even this notional possibility has been used to disrupt substantive debate on the country's treatment of refugees.<sup>17</sup> At least two main actors – the Shi'ite groups and their FPM Christian allies – have framed refugees as a potential long-term threat to the Lebanese political system and as an existential threat to the future of their sectarian groups. The latter framing is more prevalent among the country's Christians, whose politicians are more prone to invoking the spectres of political irrelevance and physical disappearance as a rallying tool.

Syrian refugees also represent a political challenge for the Sunni establishment, albeit of a different kind. Either through previous relations or by word of mouth or simply by knowing where they may expect a welcome, many have settled in the poorer Sunni areas in the south of the Beka'a Valley and the northern Akkar region, increasing the strain on already inadequate public services and often competing with locals for low-paid jobs. Whatever sympathy there may initially have been in these communities for the Syrians' plight, by the seventh year of displacement it is dwindling under the strain of economic competition.<sup>18</sup>

### 1.3 Attitudes to refugees

This balance of economic, ideological, sectarian and demographic concerns held by the three main groups creates the political framework within which the refugee response takes place. Based on extensive interviews with representatives of all three groups in high-ranking government positions, we have identified three main types of attitudes/concerns regarding Syrian refugees:

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16 Janmyr, M. 2017. 'No country of asylum: 'legitimizing' Lebanon's rejection of the 1951 Refugee Convention', *International Journal of Refugee Law*, 29 ( 3), pp. 438–465.

17 For the latest such spat, see Reuters, 2018, 'International community 'dismayed' at Lebanese allegations on Syrian refugees', 14 June 2018, <https://www.reuters.com/article/us-mideast-crisis-lebanon-syria-refugees/international-community-dismayed-at-lebanese-allegations-on-syrian-refugees-idUSKBN1JA1J7>. (Accessed July 2018).

18 Interviews and focus group discussions with Sunni communities and political representatives, July–November 2017.

- **Primarily economic concerns.** This attitude is found mainly among the country's Sunni establishment. It incorporates a degree of understanding of the refugees' position and sympathy for their plight with some levels of broader solidarity and a sense of sectarian responsibility, which manifests itself in a (diminishing) political protectiveness towards the refugee community. Within this attitude the dominant concerns are of an economic nature and are related to the economic pressures that a refugee presence exerts on the host communities, including the Sunni constituencies. These economic concerns easily translate into political ones, as illustrated by the rift between the Sunni voters and the establishment in the latest parliamentary elections.

*In our assessment, actors that harbour this attitude would be willing to continue hosting the refugees in principle given sufficient outside assistance. Such assistance could represent a "refugee dividend" for those who do not harbour existential concerns about the presence of Sunnis, thus strengthening their readiness to host.*

- **Moderate sectarian concerns combined with economic concerns.** This attitude is found among Christian parties that are loosely aligned with the Sunni end of the political spectrum. It can also be found among some Christians and Shi'ite individuals who see an opportunity for personal political advancement by presenting themselves as competent managers of the refugee crisis and as providers for their constituencies. The attitude combines both long-term demographic and economic concerns with an awareness of the immediate economic opportunities the refugee presence brings. We encountered these individuals in high-level government and representative functions as well as in some key advisory positions in the private sector. While some Christian actors, like Lebanese Forces or former Minister of Education Eliaas Abou Saab, have carefully articulated these views in public, Shi'ite power brokers who harbour these attitudes air them in private only, outside the realms of public debate.

*In our assessment, actors who hold this attitude would be willing to continue hosting the refugees for a limited and agreed period of time, under clear conditions related to the eventual return process. Some of their concern about demographic changes could be mitigated by an improved sense of state control over the response and an influx of funds with visible "refugee dividends" for their constituencies.*

- **Far-reaching demographic concerns.** This attitude can be found predominantly among members of the country's Shi'ite and Maronite Christian establishments. Especially at the more militant end of the Shi'ite spectrum and among their Christian allies, concerns about long-term demographic changes trump economic considerations. These fears reflect the anxieties of Middle Eastern minorities that fuel many of the region's current conflicts, made more salient by the link between demographics and political representation in Lebanon's political settlement. While

the Shi'ite community has been emboldened by the recent successes of their political parties in the May 2018 parliamentary elections, the existential anxiety of the Maronite Christians still finds expression in the belligerent discourse and policies of their most vocal representative in the government, the FPM and especially its foreign minister Gebran Bassil.

*In our assessment, actors who harbour this attitude are difficult to argue with on the practicalities of refugee hosting. Their concerns go beyond (re)asserting state control over the response and are not assuaged by any form of development dividend that could be derived by leveraging the refugee crisis. It is doubtful whether these actors perceive any of the economic and political reforms donors have linked to this dividend as beneficial to them or their constituencies. In fact we believe many among them may have a stake in reverting to economic status quo ante and are not interested in reforms. Community and state-level policies enacted by this powerful coalition of actors are aimed at facilitating the departure of refugees from Lebanon. The rhetoric is often populist and plays on the anxieties of their respective constituencies – and is very effective.*

**Figure 3 Alignment of actors by attitudes towards Syrian refugees**



## 1.4 Made to be broken: Lebanon's legal framework on Syrian residency

The result of a complex set of political attitudes, Lebanon's new legal framework on refugee residency ended decades of visa-free travel between Syria and Lebanon and closed the borders to new refugees. More importantly, it deliberately created mass legal insecurity and undermined the living conditions of refugees in order to prompt their

return. The minutes of the Council of Ministers meeting held in October 2014<sup>19</sup> made explicit the government's aim of reducing the Syrian refugee population in the country by "encouraging their returns or onward movement to third countries by all means possible", resulting in structural securitisation of the refugees' presence and attempts to reclassify many among them as migrant labour (see box 2).<sup>20</sup>

## Box 2 October Policy

The policy was aimed at: 1) reducing arrivals at the border, 2) reinforcing internal security and 3) protecting Lebanese citizens by strict law enforcement among refugees.

The first objective of the policy was given shape in January 2015 through the GSO circular which tightened the regulations on Syrians attempting to enter Lebanon by severely restricting the inflow of people on the run from conflict and increasing the documentation requirements for those seeking employment in the country. Additionally, obstacles were put in the way of those seeking to maintain legal status in Lebanon. UNHCR was asked to end the registration of new displaced Syrians and residency documentation renewals are required every six months costing 200 USD.

Additionally, the documentation required for renewal was expanded to include an expensive housing commitment document and a pledge not to engage in paid work of any sort.

The government of Lebanon has repeatedly said that individuals who are suspected to be working, or opt to maintain their ability to work, irrespective of the reasons for having sought refuge in Lebanon, will not be considered as "displaced" anymore (the term that Syrian refugees are being referred to by the government of Lebanon ).

While this provision formally changed in 2017 and refugees were allowed to apply for work permits in construction, agriculture and waste management, without

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19 Levy, A. & Shamiyeh, G. 2016. 'Responding to crisis: How Lebanon determines its refugee policies', *IMES Capstone Paper Series*, The Elliott School of International Affairs, The George Washington University, <https://imes.elliott.gwu.edu/sites/g/files/zaxdzs2261/f/downloads/Levy%20and%20Shamiyeh%20-%20%20Capstone%20Final%20%28July%202016%29.pdf>, (Accessed June 2018).

20 Government of Lebanon, 2014. Session notes from 23 October 2014, <http://www.pcm.gov.lb/arabic/subpg.aspx?Pageid=6118>, (Accessed May 2018). The research team thanks our colleague Nancy Ezzeddine for providing an excellent translation of these notes.

compromising their status as displaced, GSO offices across the country have not been implementing the changes structurally. As application for work permits is complex and costly, only 1,500 Syrians currently hold work permits in Lebanon.

As a consequence of these measures, the proportion of refugees without valid residency permits increased to 76% by mid-2018. The numbers with valid work permits are negligible, as are the number of those in legal employment. Being a Syrian refugee and trying to make ends meet inevitably means breaking at least some of the laws set up to frame the response.

In January 2015 the policy was translated into a complex set of rules for extending residency registration, making it almost impossible for the majority of Syrian refugees to comply. This resulted in the loss of residency permits for huge numbers of refugees, and subsequent impairment of their freedom of movement.<sup>21</sup> Several months later, the government asked UNHCR to stop registering refugees in the country, leaving an estimated 500,000 Syrians without recourse to UNHCR registration documents and internationally recognised status as persons of concern.

At the time of this report, some of the restrictive provisions for residency extension have been lifted, although their implementation remains uneven and this move has not resulted in a tangible improvement of legal security for refugees. According to preliminary findings of the 2018 UN Vulnerability Assessment of Syrian Refugees (VASyR), as many as 76% of surveyed Syrian refugees over the age of 15 do not have legal residency.<sup>22</sup> Our own anecdotal evidence confirms this. In the course of our field research we did not meet a single Syrian refugee with a valid residency permit extended on the basis of their UNHCR-issued ID. Those that did have Lebanese residency all obtained it through entering the *kefala* system, where a Lebanese citizen acts as a guarantor for them, often in exchange for money and discounted labour.<sup>23</sup>

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21 Government of Lebanon, 2018, تنظيم دخول السوريين إلى لبنان و الإقامة فيه, <http://www.general-security.gov.lb/ar/posts/33>, (Accessed July 2018) On 30 December 2014, GSO issued a Circular pertaining to entry, renewal and regularisation of residency visas for Syrian nationals. This Circular was made public on 31 December 2014 and entered into force on 5 January 2015. It was modified on 13 January, 3 February, and 23 February. See also Human Rights Watch, 2016, "I Just Wanted to be Treated like a Person": How Lebanon's Residency Rules Facilitate Abuse of Syrian Refugees, <https://www.hrw.org/report/2016/01/12/i-just-wanted-be-treated-person/how-lebanons-residency-rules-facilitate-abuse>, (Accessed June 2018).

22 UNHCR, UNICEF and WFP, VASyR 2018, *preliminary results*.

23 Focus group discussions and subsequent in-depth interviews, Hebbariyeh, July and September 2017; This system not only creates a high degree of dependency between the Syrian refugee and the "guarantor"/"sponsor", but also makes it impossible for them to revert to renewing residency on the basis of UNHCR-registration. It means that in the eyes of the Lebanese government they become labour migrants whose presence in the country is predicated on the goodwill of the "sponsor".

The impact of a losing residency permit on refugees' vulnerability is hard to overestimate. Extensive evidence built up by aid actors active in Lebanon shows the following key pathways in which the lack of legal residency affects refugees' lives:<sup>24</sup>

- by limiting their freedom of movement by exposing refugees to risks of detention, harassment and potentially even deportations, thereby affecting access to work and services such as health or education as well as cutting them off from their social networks.
- direct restriction on access to services.
- by cutting refugees' access to legal recourse, thereby fuelling exploitation.
- by limiting access to important civil documentation (such as birth, death and marriage certificates).

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24 Focus group discussions and in-depth interviews with Syrian refugees conducted in July and September 2017. Also, a multitude of reports published since 2015 documents this impact at great length. In this report we have primarily relied on Norwegian Refugee Council/Internal Displacement Monitoring Centre (NRC/IDMC), *Universal Periodic Review of Lebanon Submission to the Human Rights Council by the Norwegian Refugee Council (NRC)*, 2015. <http://www.refworld.org/docid/582d8cef4.html>, (accessed July 2018); Alef and Pax, 2016. *Trapped in Lebanon: The alarming human rights situation of Syrian refugees in Lebanon*, Beirut & Utrecht, <https://alefliban.org/publications/trapped-lebanon/>, (Accessed June 2018); Université Saint-Joseph, 2017. *Syrian Refugees in Lebanon between Resilience and Vulnerability*, Beirut, <http://www.isp.usj.edu.lb/pdf/LR%20-%20SYRIAN%20REFUGEES%20IN%20LEBANON%20BETWEEN%20RESILIENCE%20AND%20VULNERABILITY.pdf>, (Accessed June 2018); Saferworld & LCPS, 2018. Building peace into refugee responses Syrian refugees in Lebanon, *Briefing*, <https://www.saferworld.org.uk/resources/publications/1172-building-peace-into-refugee-responses-syrian-refugees-in-lebanon>, (Accessed July 2018).

**Table 1    Impact pathways of the lack of residency**

Type of pathway	Impact description		Lived outcomes
<b>1. Restriction of movement (including curfews).</b>	Fearing detention, harassment or deportation, Syrians (and especially men over the age of 15) avoid crossing permanent or <i>ad hoc</i> checkpoints, which exist along all main Lebanese routes and are especially common in areas closer to the Syrian and Israeli borders.	This hampers access to jobs, ability to accompany children to school or seek medical help beyond checkpoints.	Limited access to livelihoods – both labour and private initiative, as a valid residency permit is required for opening businesses.  Contributes to high levels of poverty among refugees and increase in child labour.  Dependency on job brokers for safety.  Vulnerability to exploitation.  Inability to invest in social networks.  Limited access to civil documentation (birth, death and marriage certificates as a result of being unable to reach relevant state offices).
<b>2. Direct restriction on access to services.</b>	A valid residency permit is required for accessing mid and higher education.  Refusal of medical help due to lack of residency permit.	Youth unable to access mid and high education.  Refugees in need of health provisions unable to access services.	Stunted education.  Poorer health outcomes as a result of inability to access health services.
<b>3. No legal recourse.</b>	Having unresolved residency status, refugees are unable to file legal complaints of any kind.	This hampers access to justice and facilitates harassment.	Increased vulnerability to exploitation by employers (not being paid daily wages).  Increased vulnerability to harassment of any kind.

It is impossible to fully disentangle the impact of lack of residency on refugees' wellbeing from the impact of a sluggish economy or the availability of jobs in particular sectors. It is also not an exaggeration to say that government policies enacted in 2015 have been a major contributing factor in the worsening of many socio-economic indicators for the refugee population.<sup>25</sup>

25 For an attempt to capture and measure some the causality between specific government measures and some of these indicators, see Université Saint-Joseph, 2017. *Syrian Refugees in Lebanon*.

According to the most comprehensive vulnerability assessment available in Lebanon, in 2017 as many as 76% of all refugee households were living below the national poverty line (estimated at USD 3.84 per person per day) and 58% were actually living below the survival minimum expenditure basket. While levels of debt have improved slightly since 2016, the average amount of debt in 2017 was still high, at USD 798 per household. The main reasons for borrowing money have stayed the same over the years: buying food (72%), paying for rent (43%) and covering health expenses (27%).<sup>26</sup>

Refugee attitudes towards staying in Lebanon or moving on were based on respect for human rights and the difficulty in meeting the high cost of living in Lebanon. These were among the top reasons why Syrian refugees may consider moving abroad, with 26% and 25% of VASyR respondents naming them as such.<sup>27</sup>

## 1.5 The framemakers: the road to refugee policies

Many of the key refugee policies in recent years were created and implemented in times of political gridlock in Lebanon. Until November 2016, Lebanese politics had been dominated by a prolonged political struggle between the country's Sunni and Shi'ite elites for control of the country's presidency. This struggle was eventually won by the Shi'ite-dominated bloc, whose preferred candidate, FPM chairman General Michel Aoun, was finally elected to the post. Part of the deal that secured his election was the return from exile of Saeed Hariri, son of the late prime minister Rafik Hariri, in order to take the position of prime minister. With a new government installed, a new momentum was created around refugee policy, resulting in what looked like a window of opportunity for improving refugees' legal status and access to livelihoods.

The Future Movement and its political allies ended up in charge of several key government posts relevant to the management of the refugee crisis: the Prime Minister's Office, in charge of negotiating major development aid packages; the Ministry of Interior (MoI), in charge of managing municipality-level responses; the newly formed Ministry of Refugees and the Ministry of Social Affairs (MoSA), the key actor in charge of coordinating the response. The latter post was allocated to Future-allied Lebanese Forces.

The key security post remained in the hands of the Shi'ite/FPM coalition – the powerful General Security, although formally a part of the MoI, has continually been run by

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26 UNHCR, UNICEF and WFP, 2017. Vulnerability Assessment of Syrian Refugees in Lebanon: VASyR 2017, Geneva, <https://data2.unhcr.org/en/documents/details/61312>. (Accessed June 2018).

27 Ibid.

Hezbollah-aligned General Abbas Ibrahim, the driving force behind the securitisation of the refugee response and the GSO circular of January 2015.

A result of this division of posts was a perceptible shift in the design and implementation of refugee policy in 2017. The Prime Minister's Office led a push to raise significant amounts of funding from western donors and investors, aiming for a hefty development dividend. With the lead of the Finance Committee,<sup>28</sup> parliament managed to pass the first budget in twelve years and adopt a series of laws aimed at ensuring legal basis for private-public partnerships and more transparent tendering procedures – all of which were donor pre-conditions for access to funds. In parallel, the government was making small symbolic concessions towards refugee wellbeing. The residency renewal fee of USD 200 was lifted and refugees were formally allowed to cross checkpoints in Lebanon's territory using the UNHCR registration document. However, the UNHCR was not allowed to restart refugee registration, and the implementation of positive measures was patchy, with GSO offices approaching the relevant circulars and bylaws arbitrarily.<sup>29</sup> There was also a clear discursive pushback against the more radical proposals coming from the president's office and the MoFA, which argued for refugee return to Syria even in the absence of a peace settlement. Prime Minister Hariri drew what seemed like a red line by stating that the government would only support returns organised under the auspices of UNHCR.<sup>30</sup>

But beneath the surface, power relations in Lebanon were shifting. Unable to control Hezbollah's growing influence, the prime minister could not prevent the small-scale forced returns of Syrian refugees negotiated by Hezbollah or prevent Hezbollah and FPM's visible rapprochement with Syria's president. In November 2017, Mr Hariri resigned from his post. Delivered in the Saudi capital Riyadh, the resignation was believed by many to have been forced by Saudi Crown Prince Mohammad bin Salman as a power play against Iran and its Lebanese proxy Hezbollah.

Prime Minister Hariri returned to Beirut via France several weeks later only to immediately retract his resignation. But his return to the prime minister's post, and successful efforts in to mobilise donor funds and secure a refugee dividend for Lebanon, could not balance the loss of political clout created by the episode. Sunni voters barely

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28 The Committee was headed by a prominent Shi'ite politician and businessmen, Yassin Jaber, former Minister of Economy in Rafik Hariri's government, with a strong track record of cooperation with Sunni elites and general public-minded polices.

29 Interviews with UN officials and aid workers, Beirut, September 2017.

30 Reuters, 2017. 'Lebanon will coordinate refugee returns to Syria only with U.N.: PM Hariri', 14 July, <https://www.reuters.com/article/us-mideast-crisis-lebanon-syria-idUSKBN19Z1M4>. (Accessed July 2018).

showed up for the country's parliamentary elections in May 2018, delivering Hezbollah and its allies, the FPM, a strong majority in parliament.<sup>31</sup>

Whatever the outcome of the ongoing negotiations to form a new government, the Sunni bloc remains weakened, as does the minimal political protection from *refoulement* that refugees counted on until now. At the time of writing, anti-refugee rhetoric is picking up. Localised forced returns have been taking place again and Foreign Minister Bassil has moved to freeze UNHCR visa requests in an apparent retaliation for the organisation's refusal to endorse these returns. Lebanon's balancing act between generosity and outright breach of international human rights law has become even more precarious.

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31 Aljazeera, 2018. 'Unpicking the results of Lebanon's elections', 10 May, <https://www.aljazeera.com/news/2018/05/unpicking-results-lebanon-elections-180510171253490.html>, (Accessed July 2018).

## 2 The effectiveness challenge

This chapter sets out to explore the economic impact of Syrian crisis in Lebanon and the narratives surrounding it among Lebanese actors and donors. Two economic narratives are of particular relevance for the effectiveness of the protection in the region agenda:

- the narrative stressing the lack of export opportunities as a driving factor behind Lebanon's slowing economic growth, which is important for understanding the attitudes of Lebanese actors in negotiations on aid modalities with key donors.
- the narrative of the negative impact of the physical presence of refugees on the country's economy in general, and infrastructure in particular, that frames the discussions on aid.

It is beyond the scope of this chapter to provide anything resembling a comprehensive analysis of the full economic impact of refugee presence or Syrian crisis on Lebanon. The Lebanese political economy is not only reproduced through its informality<sup>32</sup> and clientelistic service allocation but also through the narratives it creates to explain them. Reliable data is impossible to come by on most topics because such data could jeopardise the different sectarian narratives. In many cases data is either not produced (e.g. an updated population census), or of questionable quality, making it subject to various interpretations and contentious debate (e.g. financial reporting, such as the national accounts, balance of payments, labour market assessments, etc.).<sup>33</sup> The lack of reliable data is so acute that the World Bank's blueprint for economic reform states that tackling it is a priority.<sup>34</sup> The analysis that informs this chapter is subject to similar data constraints, but nevertheless serves to highlight the strong role of Lebanese narratives framing the impact of the Syrian crisis.

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32 Note that the size of the informal economy in Lebanon may have grown over the past years, as smuggling into Syria increased with the collapse of Syrian production and the sanctions regime imposed on the country.

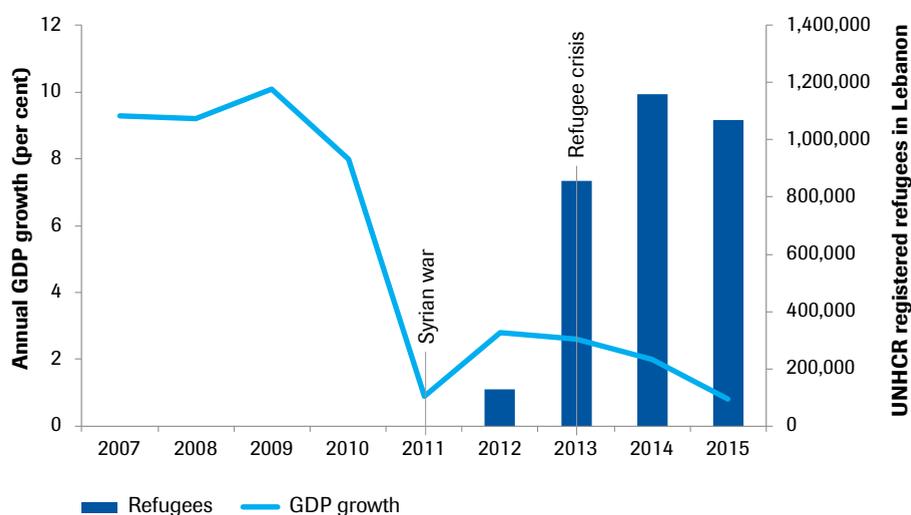
33 The Economist, 2016. 'Census and sensibility', 5 November 2016, <https://www.economist.com/middle-east-and-africa/2016/11/05/census-and-sensibility>, (Accessed July 2018); Harake, W., 2017. *Priority reforms* for the government of Lebanon (English), *Working paper*, Washington D.C., World Bank Group, <http://documents.worldbank.org/curated/en/438461495869364907/Priority-reforms-for-the-government-of-Lebanon>, (Accessed July 2018).

34 Harake, W., 2017. *Priority reforms*.

## 2.1 The Syrian war and its economic fallout

While the Lebanon’s economy has undoubtedly been affected by the Syrian war and the subsequent influx of refugees, our findings confirm the growing consensus that not all of the country’s current economic woes can be attributed to these events. What is more, the impact of the Syrian war and refugee crisis should not be considered as a single event. Lebanon’s GDP growth rate dropped sharply at the onset of the Syrian war, while the large influx of refugees did not commence until over a year later (see figure 4). In the following pages we will explore the impact of each event in turn.

**Figure 4 GDP growth against the onset of the Syrian war and refugee influx<sup>35</sup>**



In 2011 the growth of Lebanon’s economy, which in previous years had been oscillating between 8 and 10%, took a plunge, slowing to less than 1%.<sup>36</sup> This sudden slowdown coincided with the onset of the Syrian war and a parallel was easily drawn. The correlation between the two events was frequently linked to reduced export opportunities for the Lebanese, effectively externalising the cause of the decline.

35 Trading Economics, Lebanon GDP Annual Growth Rate, 2018. <https://tradingeconomics.com/lebanon/gdp-growth-annual>, (Accessed July 2018); UNHCR, *Operational Portal*, 2018. Number of refugees per December each year.

36 World Bank, *World Development Indicators: Lebanon*, 2018. Washington D.C., <https://data.worldbank.org/country/Lebanon>, (Accessed June 2018).

Later, this served as the basis for an appeal to widen export opportunities from Lebanon to the EU.

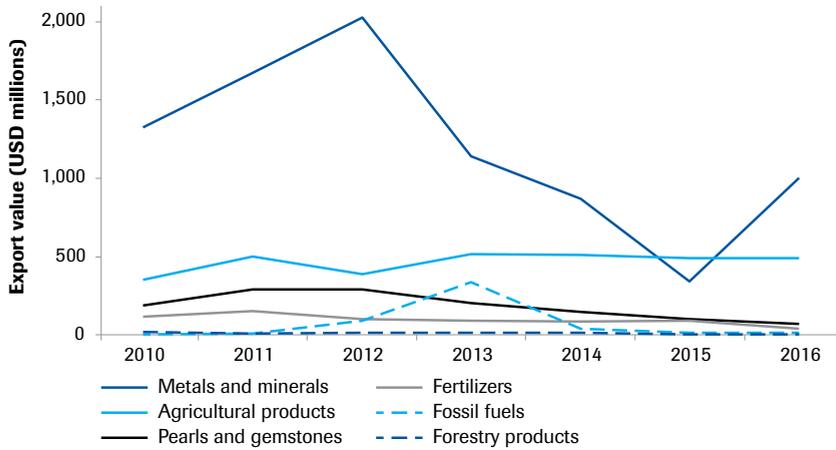
The argument around reduced export opportunities was couched in two main claims: 1) export to Syria declined (especially for agricultural goods) as the Syrian market collapsed; and 2) exports to other important trading partners (Turkey and the Gulf) fell as transport routes through Syria became inaccessible.

As regards the first claim, a closer look at Lebanese exports does indeed confirm that Syria consistently ranks among the top 10 export destinations of Lebanese goods, yet agricultural exports to Syria are a relatively minor component of total exports. It also reveals however, that exports of natural resources to Syria increased from 2011 to 2013, as agricultural exports remained relatively stable and a new stream of refined oil and oil products developed. Natural resource exports dropped significantly following 2013 as oil-related earnings dropped once again, with agricultural exports forming the main export at comparable levels as before (with the exception of 2015). However, it should be noted that exports to Syria (on average USD 123 million between 2010 and 2016) are a minor flow compared to an overall export of natural resources averaging USD 2 billion. The export of metals and minerals (mainly gold) to South Africa and Switzerland formed a far more significant component of the Lebanese export earnings (USD 672 million and USD 562 million in 2011 respectively), and declined significantly in this period (see figures 5 and 6).<sup>37</sup> The high salience of exports to Syria may be based more on the importance of agricultural districts in Lebanese politics than on an actual reduction of agricultural exports to Syria.

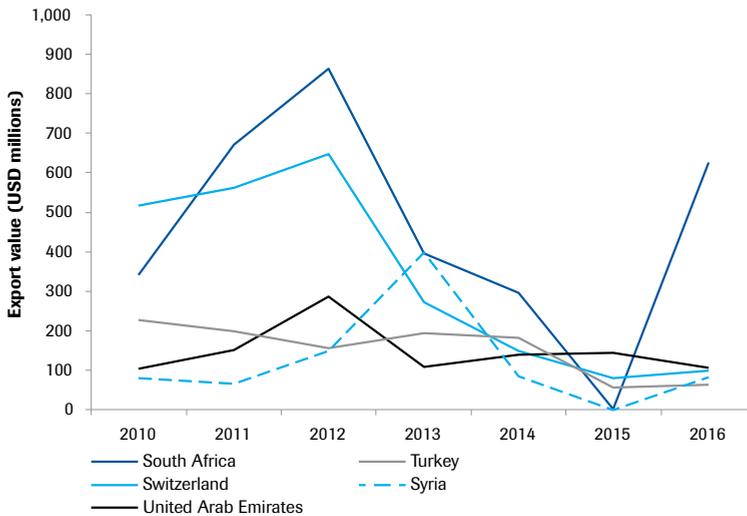
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37 Gold exports declined largely due to a slowdown in world demand, as well as a substantial decline in gold prices. However, Lebanon mainly serves as a transit hub in the gold industry. Gold is not produced or refined in Lebanon, but imported and re-exported to major refining hubs in South-Africa and Switzerland. Therefore, the impact of the gold trade on Lebanon's GDP is limited. See Rose, S., 2017. "Glittering in the Shadows: An analytical view of the Lebanese gold trade", 26 May 2017, <http://globalinitiative.net/glittering-in-the-shadows-an-analytical-view-of-the-lebanese-gold-trade/> (accessed July 2018) for an exploration of Lebanon's role in the gold trade. Also, it should be noted that UNCTAD export data shows a somewhat different trade picture.

**Figure 5 Main Lebanese exported natural resources (2010-2016)<sup>38</sup>**



**Figure 6 Main Lebanese export destinations for natural resources (2010-2016)<sup>39</sup>**

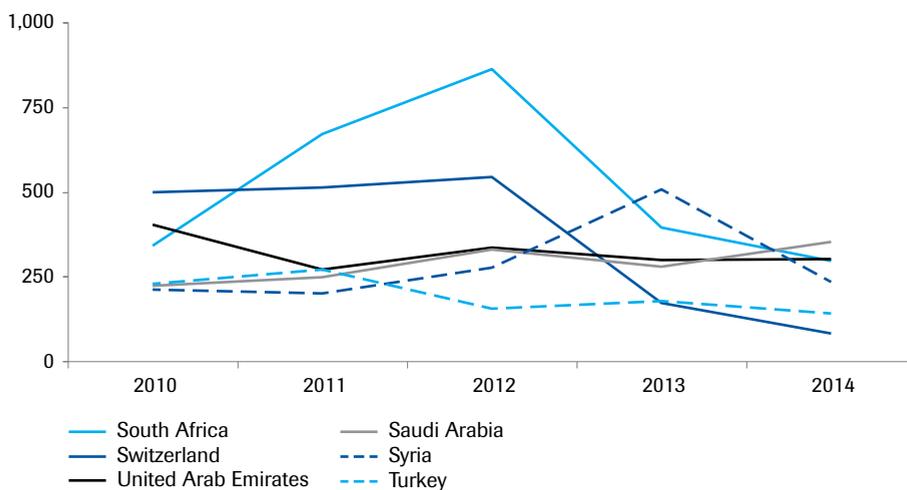


38 Chatham House, *Exploring interdependencies in global resource trade*, 2018. <https://resourcetrade.earth/>, (Accessed July 2018).

39 Ibid.

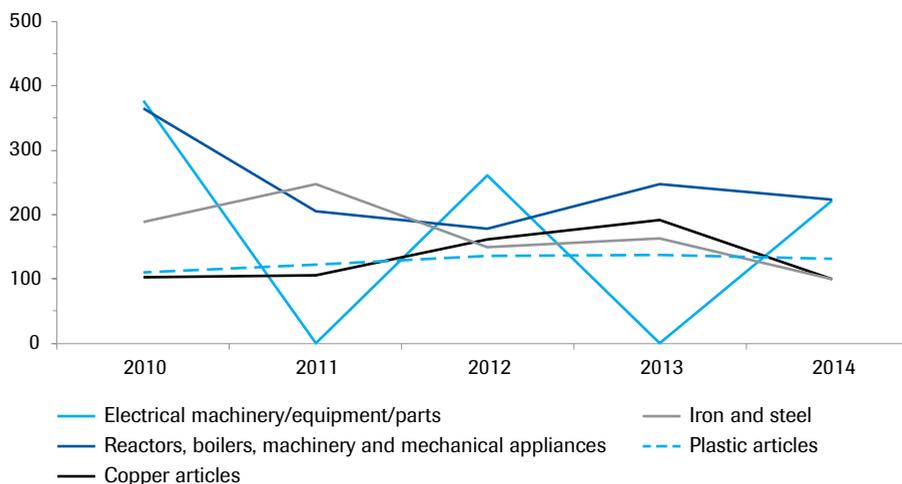
The inclusion of manufactured goods does little to change the picture described above. While it does highlight the United Arab Emirates as an important export destination, pointing at the potential impact of route closures, overall the export earnings from manufactured goods do not substantially change the pattern set by natural resources (especially the predominant metals and minerals exports to South Africa and Switzerland). Once again, a minor decline is visible in exports to Turkey, while a minor increase of exports to Syria in 2013 is maintained (see figure 7). While the export of electrical machinery fluctuates strongly over the years and a decline can be noted in the case of reactors, boilers and mechanical appliances, most other manufactured goods hold relatively stable (see figure 8). Overall, no fluctuations substantial enough to impact overall GDP growth are evident.

**Figure 7 Main export destinations of Lebanese goods (2010 - 2014)<sup>40</sup>**



40 Based on United Nations. *UN Comtrade Database*. 2018. <https://comtrade.un.org/>, (Accessed July 2018).

**Figure 8 Main Lebanese export goods (excluding precious metals and minerals) (2010 - 2014)<sup>41</sup>**



Export figures do not give unequivocal support to the second strand of the export argument concerning the closure of export routes to the Gulf. The figures above show that the exports of goods to the Emirates (the only major Gulf destination for goods exports), actually increased in 2011 and 2012, before returning to 2010 levels. Exports to Turkey did show a slight decline following the outbreak of the war but rebounded and did not decline substantially until 2015.

It should be noted however that Lebanese export earnings derive mainly from the export of services rather than goods, and these did decline following their peak in 2011 (see figures 9 and 10). The services exported from Lebanon consist mainly of travel related services, financial services and business services (related to various back-office functions). Of these, the travel sector in particular has suffered a significant decline owing to a drop in Gulf tourism as a consequence of frequent security-related or politically motivated negative travel advice.<sup>42</sup> The decline is mainly related to a levelling

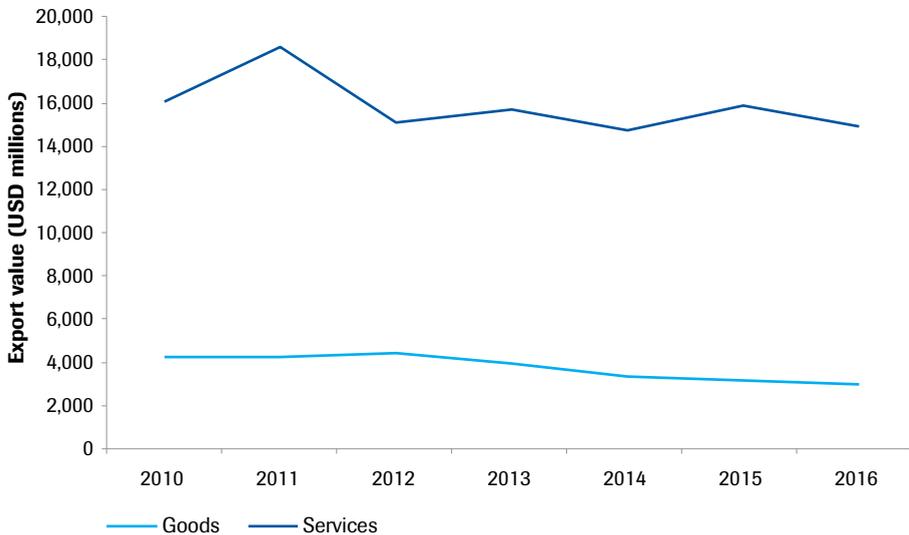
<sup>41</sup> Ibid.

<sup>42</sup> For examples of such politically motivated bans, see: Aljazeera, 2016. 'Saudi and UAE ban citizens from travelling to Lebanon', 24 February, <https://www.aljazeera.com/news/2016/02/saudi-uae-ban-citizens-travelling-lebanon-160223154000581.html>, (Accessed July 2018); The National, 2017. 'UAE calls on citizens not to travel to Lebanon', 10 November, <https://www.thenational.ae/world/gcc/uae-calls-on-citizens-not-to-travel-to-lebanon-1.674633>, (Accessed July 2018).

off of a peak in business travel in 2011, as the value of non-business travel – such as diaspora travels during the summer period – has remained relatively stable.

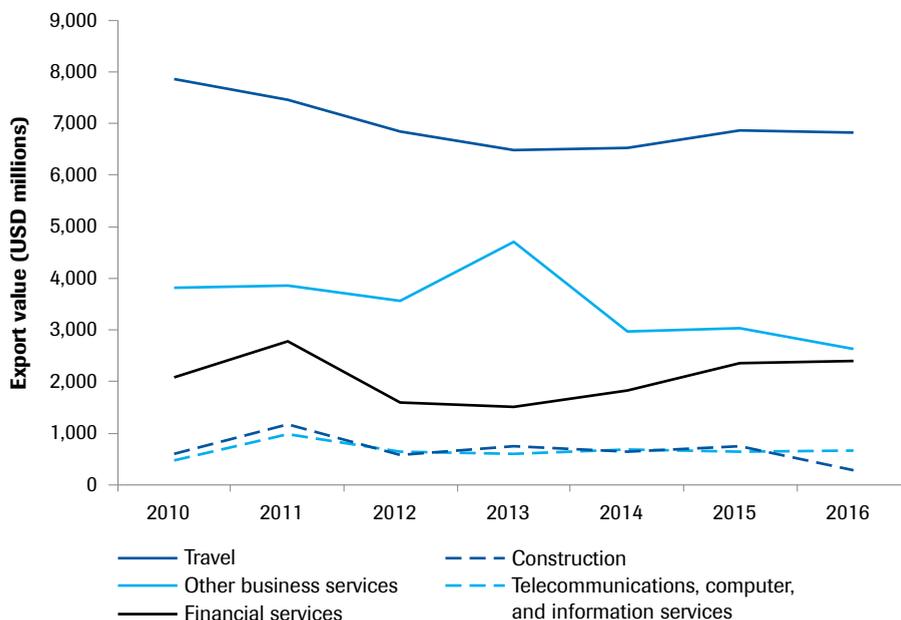
Earnings on financial services faced a more marked decline throughout the initial years of the war, while other business services went through a substantial uptick over the same period. Consideration should be given to how far the delivery of business services relies on the existence of direct physical land routes between trading partners. In many cases, communication facilities and flight connections may suffice. While some trade undoubtedly became more restricted because of the conflict along its main transport routes, no major exported goods or services seemed to be affected substantially enough to account for the major economic downturn Lebanon faced.

**Figure 9 Total Lebanese export goods and services (2010 – 2016)<sup>43</sup>**



43 Based on UNCTAD, *General Profile: Lebanon*, 2018. <http://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/422/index.html>, (Accessed June 2018) and United Nations. *UN Comtrade Database*. 2018. No data available for goods in 2015.

**Figure 10 Main Lebanese export services (2010 – 2016)<sup>44</sup>**



Examining the evidence potentially driving the economic downturn in Lebanon, we find that domestic factors may better explain Lebanon’s downturn than current narratives around declining exports. During this period the country was in the grip of protracted political and legislative paralysis, with Sunni and Shi’ite blocs fighting over the presidency until late 2016 and parliamentary elections seemingly indefinitely postponed.<sup>45</sup> Syrian war was also gradually “imported” into Lebanon’s public discourse as some political elites used the positioning towards Syrian refugees as a rallying factor among their domestic constituencies (see previous chapter). While such sectarian appeals varied in success, narratives framing refugees as an existential threat or “ticking time bombs”<sup>46</sup> or stressing the risk of conflict spilling over to Lebanon, may have contributed to a decline in domestic consumer spending. As the Syrian war unfolded, consumer confidence faced a relatively steep decline, hitting a low in 2013 as Syrian

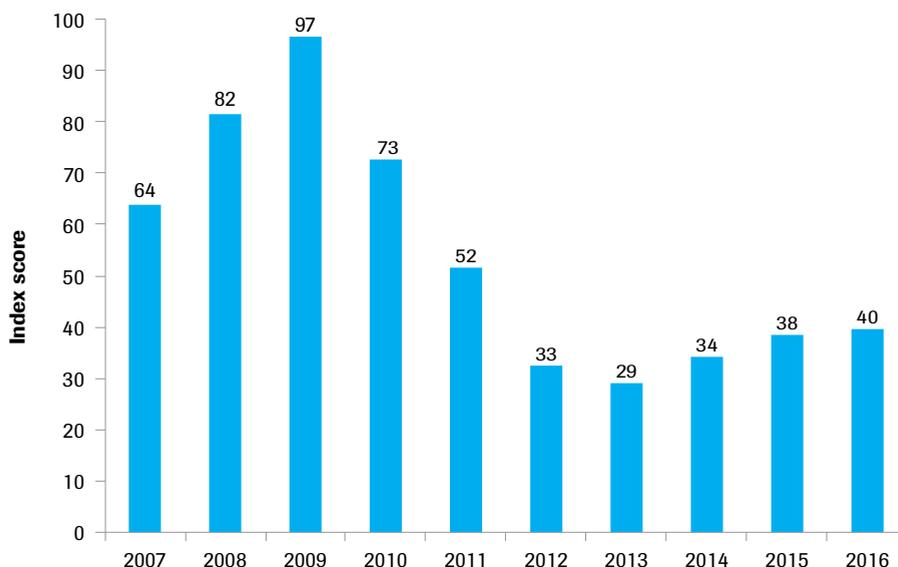
44 Based on UNCTAD, *General Profile: Lebanon*, 2018.

45 The parliamentary elections did finally take place in May 2018.

46 The Daily Star Lebanon, 2017, ‘Lebanon is a ticking time bomb: Hariri’, 5 April 2017, <http://www.dailystar.com.lb/News/Lebanon-News/2017/Apr-05/400670-hariri-urges-intl-community-to-act-responsibly-towards-refugees-hosting-communities.ashx>, (Accessed July 2018).

refugees started entering the country in more substantial numbers (see figure 11). While overall consumer spending kept growing (though at a lower rate than before), consumer spending per capita declined significantly (see figure 12) even though the substantial diaspora remittances (a considerable driver of consumer spend in Lebanon) grew over the same period.<sup>47</sup> In light of the importance of consumer spending to the Lebanese economy (accounting for approximately 80 to 90% of GDP), this decline may well have been a considerable driver behind the wider economic slowdown.<sup>48</sup>

**Figure 11 Consumer confidence index<sup>49</sup>**

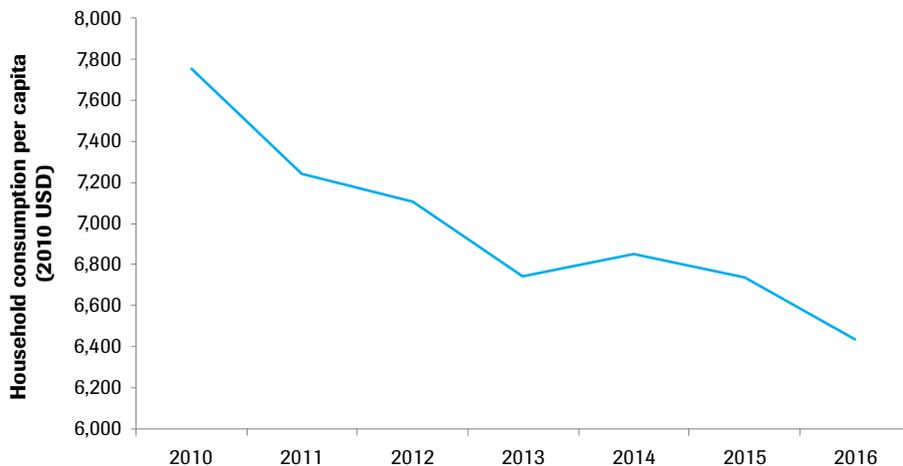


47 UNCTAD, *General Profile: Lebanon*, 2018.

48 World Bank, *World Development Indicators*, 2018.

49 Byblos Bank Economic Research and Analysis Department, 2016. 'The Lebanese Economy 2016', Beirut, <https://www.byblosbank.com/Library/Assets//Gallery/Publications/TheLebaneseEconomy/Overview%20and%20Performance%20of%20The%20Lebanese%20Economy%20in%202016.pdf>. (Accessed June 2018).

**Figure 12 Household final consumption expenditure per capita (2010 – 2016)<sup>50</sup>**

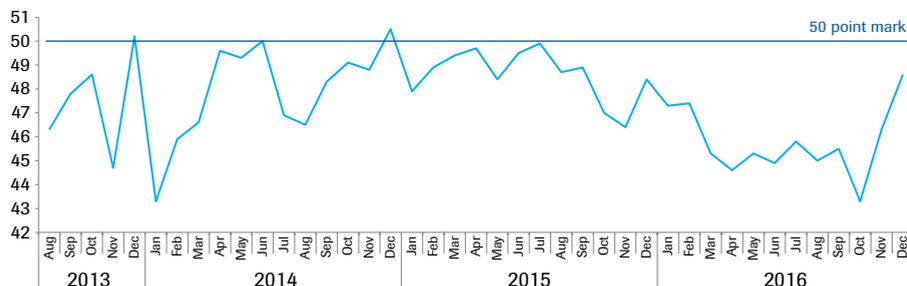


A similarly bleak picture is found in the case of corporate investments. In all likelihood responding to similar cues as consumers, capital inflows from foreign investors started to decline in 2010 and continued a downward trend throughout the Syrian war (see figure 13). Lebanon’s purchasing managers’ index has been consistently negative since 2013, only occasionally reaching the 50 point mark (indicating a neutral outlook) (see figure 14).<sup>51</sup> Considering the relatively inward focus of the Lebanese economy, it would seem as though the Lebanese economic prospects are mainly related to perceptions and expectations of domestic risk factors, rather than driven by export opportunities. The decline in corporate investments appears to be related to the broader sense of insecurity, fuelled by the way events in Syria are framed in domestic political narratives, rather than any direct impact stemming from the crisis.

50 World Bank, *Households and NPISHs Final consumption expenditure per capita*, 2018. Washington D.C., <https://data.worldbank.org/indicator/NE.CON.PRVT.PC.KD?end=2016&locations=LB&start=2007&view=chart>, (Accessed June 2018).

51 There is no data available before 2013.

**Figure 13 Purchasing managers index (2013 - 2018)<sup>52</sup>**



**Figure 14 FDI inflows (2010 - 2016)<sup>53</sup>**



## 2.2 Effects of the refugee influx

While the aggregate macro-economic view may highlight the wider drivers of Lebanon’s economic developments, it does not account for the highly unequal impact of the refugee influx on individuals in Lebanon’s diverse and complex society with high income inequalities and complex redistributive system. Following the onset of the Syrian war, the influx of Syrian refugees has visibly affected the lives of the vast majority of Lebanese

52 Blom Bank Group, *Blom Lebanon Purchasing Managers’ Index*, 2018. <https://brite.blominvestbank.com/series/BLOM-Lebanon-Purchasing-Managers-Index-9675/>, (Accessed June 2018).

53 UNCTAD, *General Profile: Lebanon*, 2018.

citizens, whether through their joint use of public spaces or consumption of the same basic goods and services. Over a million Lebanese citizens that were already near or below the poverty line have been feeling the pressure.<sup>54</sup>

On a political level, the refugee presence is reflected in narratives concerning Lebanese hospitality, as well as in narratives of Lebanese victimhood in the face of growing population pressures.

The narrative of Lebanese victimhood from mass displacement is based on two claims:

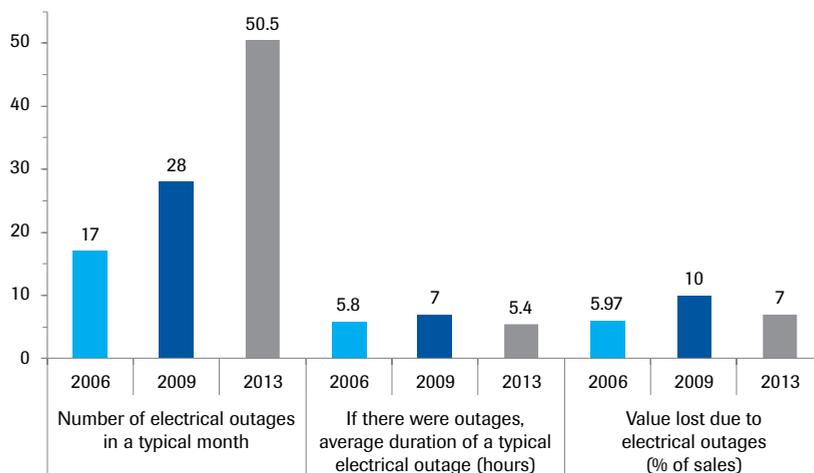
Firstly, it stresses the heavy strain on Lebanese public services and infrastructure. The additional strain put on utilities, waste disposal and roads by the presence of over a million refugees is indeed substantial, and in all probability does cause a tangible decline in service levels. The resulting failure of basic services is highly visible in daily life – seen, for instance, in the 2015 garbage crisis – and provides an easy rallying point for anti-refugee sentiment. It should be noted, however, that the system was not able to handle the demand put on it before the influx of Syrian refugees. While services such as electricity provision have declined, most Lebanese households have been relying on alternative solutions such as electricity generators for years.<sup>55</sup> The Lebanese state is not focused on the public provision of such goods and services but has instead allowed the existence of informal private markets to cater to these needs. These private markets are often inaccessible to those on low incomes, who are forced to rely on threadbare public utilities. The increased strain on the public system has highlighted and allowed for the politicisation of pre-existing failures rather than causing them (see figure 15 and 16).

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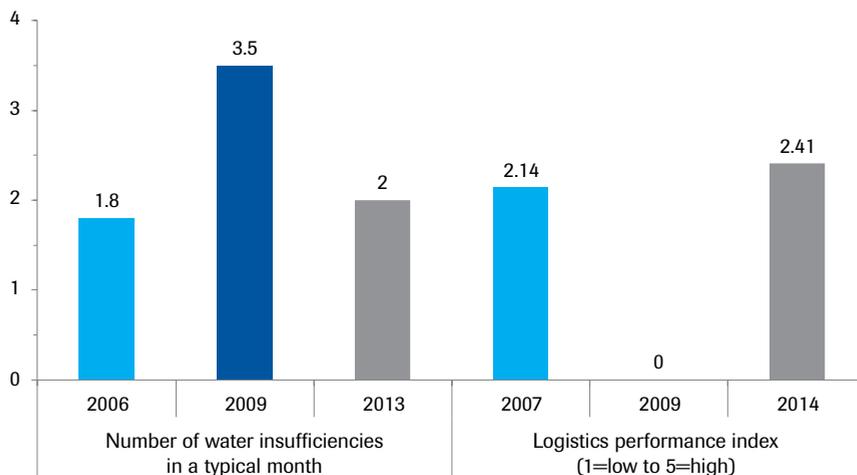
54 In 2012 27,4 per cent of the Lebanese lived below the poverty line. World Bank, *World Development Indicators: Lebanon*, 2018.

55 Interview with Lebanese banker, Beirut, September 2017; Stel, N. 2013. 'Entrepreneurs in the dark: The impact of fragile and hybrid governance on Lebanese entrepreneurship – a case study of the electricity sector', *Journal of Development Entrepreneurship*, 18(3), pp. 1-17.

**Figure 15a Performance of electricity infrastructure<sup>56</sup>**



**Figure 15b Performance of water and transport infrastructure<sup>57</sup>**



56 World Bank, *Enterprise surveys for Lebanon 2006, 2009 and 2013, 2018*. <http://www.enterprisesurveys.org/data>; World Bank, World Development Indicators.

57 World Bank, *Enterprise surveys for Lebanon 2006, 2009 and 2013, 2018*. <http://www.enterprisesurveys.org/data>; World Bank, World Development Indicators.

The second strand of the Lebanese victimhood narrative surrounds increases in the already high unemployment rate due to competition between Syrian refugees and Lebanese. Overall unemployment is indeed substantial in Lebanon (6.3 %)⁵⁸, and even higher among young people (16.5 %).⁵⁹ Yet patterns of job competition are more complex than this narrative suggests. While competition between Syrian refugees and Lebanese is significant and highly visible in the transport sector (e.g. taxi drivers) and restaurant services, the significance of these sectors in the Lebanese economy is limited (see figure 16). In practice, most Syrian refugees work informally in the construction and agricultural sectors, which were already heavily reliant on migrant workers (often, indeed, from Syria). While job competition is strong in these sectors (and may negatively affect wages), it mainly takes place between migrant workers from different countries and among Syrian refugees themselves, rather than involving Lebanese labourers. An example can be seen in the construction sector. A Syrian migrant labourer in the informal construction sector can earn a wage of approximately 15.000 LBP (10 USD) for an 8-12 hour day.⁶⁰ Given this wage, his monthly income is likely to end up around 200 USD/month or lower (assuming 20 days of work a month). Such an income puts a Syrian worker at the bottom end of the labour market.⁶¹

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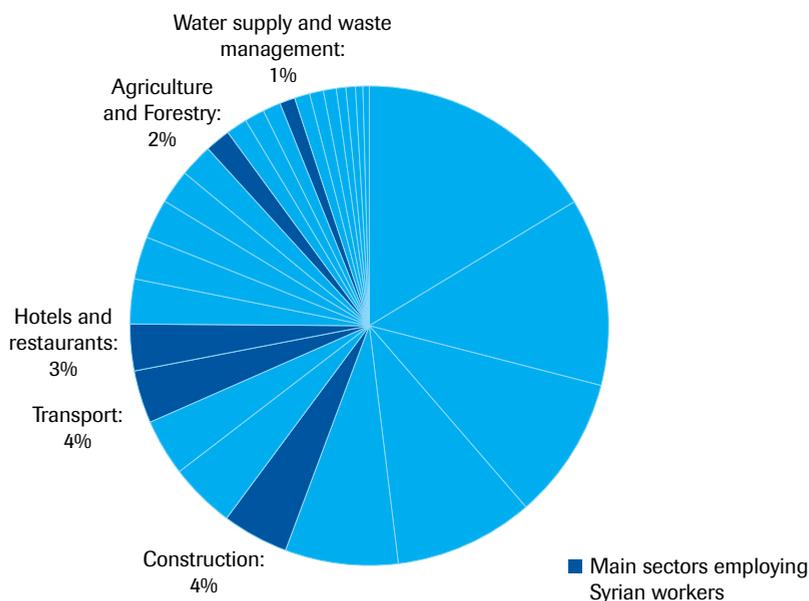
58 World Bank, *Unemployment, total. ILO estimates*, 2018. Washington D.C., <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=LB>, (Accessed July 2018).

59 World Bank, *Unemployment, youth total (age 15-24) ILO estimates*, 2018. Washington D.C., <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=LB>, (Accessed July 2018).

60 Interviews with entrepreneurs in the construction and agricultural sector in the Beka'a valley.

61 Syrians refugees make up the majority of labour in the agriculture and construction sector, with limited participation of other migrant workers, although our interlocutors have pointed out the increase of Bangladeshi migrants in construction. For a comparison with other migrant worker in the domestic work sector, see ILO, 2016. *Intertwined: A study of Employers of Migrant Domestic Workers in Lebanon*, Geneva, [http://www.ilo.org/beirut/publications/WCMS\\_524149/lang--en/index.htm](http://www.ilo.org/beirut/publications/WCMS_524149/lang--en/index.htm), (Accessed June 2016).

**Figure 16 GDP by sector (2016)<sup>62</sup>**



While labour competition between refugees and migrant workers may be a worrying factor from a humanitarian point of view, it should be noted that the Lebanese economy has long relied on the cheap foreign labourers. Syrian workers have long fulfilled this role.<sup>63</sup> A number of small and medium sized enterprises, including some based in the regions absorbing the most refugees, actually cited the influx of refugees as a key factor in their ability to overcome constraints imposed by Lebanon’s poor infrastructure and regain some competitiveness. As a number of interviewees noted, the main driver behind the employment of Syrian refugees has been their willingness to work longer hours at lower wages than other migrant workers, not their cultural proximity or shared language.<sup>64</sup> The arrival of Syrian refugees allowed these firms to produce at competitive prices, regardless of the otherwise high operating costs in Lebanon. While

62 Government of Lebanon, Central Administration of Statistics, *National Accounts 2004 – 2016 Tables, 2017*. <http://www.cas.gov.lb/index.php/national-accounts> (Accessed June 2018).

63 Syrian withdrawal in 2005 resulted in a drastic reduction in numbers of Syrian labour migrants, whom the Lebanese private sector relies on. Only displacement following the Syrian uprising and war restored previous numbers. See Chalcraft, J., 2008. *The Invisible Cage*.

64 Interviews with entrepreneurs in the agricultural and construction sector. Note that other migrant workers are more likely to be formally registered labour migrants, and are thus limited to 8 hours of work per day.

many businessmen expressed their preference of employing Syrian workers, a number also noted that they did not employ Syrians in consumer-facing positions as their employment is highly politicised and may cause a backlash against the business.

In addition to cost savings on their operations, a number of businesses also benefited from additional demand. While the influx of additional loans and grants into Lebanon to fund the refugee response provides an obvious stimulus, the additional demand for basic goods by refugees (estimated at USD 1.6-1.8 billion for 2017)<sup>65</sup> and the impact of an influx of aid workers should not be ignored.

### Box 3 Lebanon's sectarian economic model

Effectively Lebanon's "personal status system thus serves to deny the Lebanese their inalienable rights as citizens, and obliges them to be members of a recognised sect and hence sectarian subjects",<sup>66</sup> instead of citizens. The political system is not designed around the provision of public goods, but around the clientelistic allocation of goods through sectarian elites to their own constituencies. The effects of the Syrian crisis have been filtered by the same sectarian clientelistic systems, thus impacting Lebanon's various communities in different ways. The lack of clear public data on the impact and the wide array of interpretations/narratives explaining the impact reflects the particularistic power relations that structure Lebanon's political and economic space.

The macro-economic overview presented in this chapter sheds a light on the overall impact of the Syrian crisis, but cannot give a comprehensive overview of the sectarian differences that are feeding the political discourse. A prime example of these differing sectarian interests was illustrated in an interview with a high-ranking political appointee at the Lebanese Ministry of Labour. Stressing the impact of the reduced export opportunities to Syria, this advisor suggested the Syrian refugees could stay if the EU would guarantee increased agricultural imports from Lebanon. In the context of the wider response, the value of these additional imports would have been negligible compared to the Lebanon-wide refugee response, and it does not stand in relation to any significant losses due to exports to Syria. The offer then should be interpreted from a sectarian rather than a public point of view, as the influx of low wage Syrian labour coupled with additional EU demand would provide a major benefit to this interviewee's predominantly agricultural constituency.

65 Own calculations, based on UNHCR, UNICEF and WFP, 2017. VASyR 2017 and Janmyr, M. 2016. 'Precarity in Exile: The Legal Status of Syrian Refugees in Lebanon', *Refugee Survey Quarterly*, 35(4), pp. 58-78.

66 Salloukh, B. et al. 2015. *The Politics of Sectarianism*, pp. 35.

Besides inter-sectarian differences, notable intra-sectarian class inequalities also exist. The effectiveness of the clientelistic allocation of basic public goods relies significantly on Lebanon's high income inequality.<sup>67</sup> While the costs associated with the Syrian crisis may to a considerable degree be offset by new economic opportunities, it should be clear that while the costs affect all Lebanese (and low income Lebanese in particular), the opportunities are only accessible to a select few. Whereas a medium sized company may benefit from reduced labour costs and face only minor increases in the costs of operating its electricity generator, a low income Lebanese employee may not be able to afford private electricity provision nor hiring any kind of employee. The benefits of the Syrian crisis are thus likely to accrue to the Lebanese elite, while the costs hit lower income Lebanese population disproportionately hard. Though this pattern of inequality predates the onset of the Syrian crisis, it has been aggravated by the influx of refugees. As a result, the issue has become a tool for political mobilisation.

The sectarian system has proven hard to navigate for donors seeking to support refugee and host communities through humanitarian and development efforts. Donors departing from a Western narrative that emphasises the central role of the state risk getting trapped in Lebanon's sectarian maze. As a consequence, donors who seek to partner with the central Lebanese government to provide public goods without sectarian targeting are unlikely to achieve tangible results.

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67 Assouad, L. 2017. 'Rethinking the Lebanese economic miracle: The extreme concentration of income and wealth in Lebanon 2005-2014', WID.world working paper series, number 2017/13, <https://wid.world/document/rethinking-lebanese-economic-miracle-extreme-concentration-income-wealth-lebanon-2005-2014-wid-world-working-paper-201713/>, (Accessed July 2018).

## 3 A very large response

Lebanon has been a recipient of large international support during the refugee crisis. This support is channelled to the refugees via a complex and sometimes inefficient coordination and implementation structure that increasingly reflects the dynamics of the country's political settlement. This chapter explores the ways in which Lebanon's political economy interacts with the international aid architecture, shedding light on mechanisms and relations that directly impact the effectiveness of delivering protection in the region.

### 3.1 Coordinating the response

The main formal space where the delivery of humanitarian aid interacts with Lebanese policymaking is the Lebanon crisis response coordination structure.

#### Box 4 What is coordination of a humanitarian response?

“Coordination is the systematic utilization of policy instruments to deliver humanitarian assistance in a cohesive and effective manner. Such instruments include: (1) strategic planning; (2) gathering data and managing information; (3) mobilizing resources and assuring accountability; (4) orchestrating a functional division of labour in the field; (5) negotiating and maintaining a serviceable framework with host political authorities; and (6) providing leadership. Sensibly and sensitively employed, such instruments inject an element of discipline without unduly constraining action.”<sup>68</sup>

Coordination as an approach to delivery of humanitarian assistance has emerged under the so-called Transformative Agenda<sup>69</sup> (see box 4 for the most commonly used formal definition of coordination). In practical terms, coordination is a complex web of semi-regular meetings with semi-fixed agendas that offer a structured space in which key actors – including government ministries, UN agencies, donors and implementing aid

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68 Minear, L., 1992. 'United Nations Coordination of the International Humanitarian Response to the Gulf Crisis, 1990-1992', *Occasional Paper nr. 13*, Watson Institute for International Studies.

69 Inter-Agency Standing Committee, 2018. *IASC Transformative Agenda*, Geneva, <https://interagencystandingcommittee.org/iasc-transformative-agenda>, (Accessed June 2018).

agencies – can discuss the planning, funding and implementation of a humanitarian response. Ideally, such coordination should be run by the government of the host country.

While it is widely assumed that the coordination structure is where much of the politics of aid takes place, this structure (i) often coexists with other channels of aid delivery and (ii) its internal decision-making is significantly influenced by the political processes of the country where a response takes place. The effectiveness of aid greatly depends on, first, the design of the response and, second, the donors' and host government's capacity to create political acceptance and enabling conditions for its implementation. Parliamentary elections, presidential nominations, interference by outside actors, regional or global financial and economic crises – all these can have a profound impact on the outcomes of aid responses and on the capacity of the key actors to deliver them. While the political microcosm of aid response plays an important role in determining the quality of implementation, the way in which aid interacts with the political economy of the host country is often crucial for determining its success.

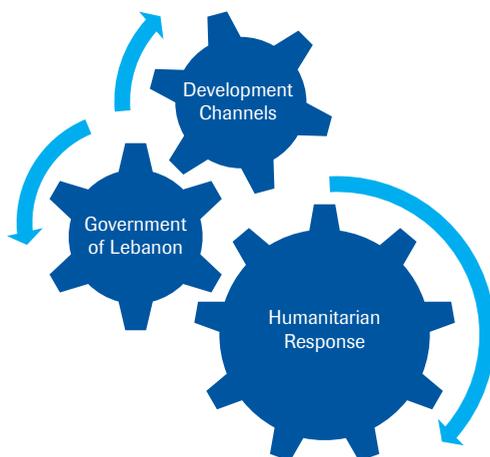
By early 2018 the coordination structure in Lebanon had become an extraordinarily complex one, with multiple and sometimes mutually conflicting decision-making centres and agendas. This complexity is an outcome of the intricacies of international aid architecture and the convolutions of the Lebanese political system discussed in the first chapter. While initially focused on delivering humanitarian assistance, the complexity of the response increased in 2016 with the inclusion of development funding, governed by its own set of political rules and conditions. A lot of development funding has not been formally included under the coordination structures and may never be, but its very presence has impacted the political dynamics around the response in ways we will analyse further in the report.

### 3.2 Coordination tools

By the summer of 2018 there were three main fora in which the refugee response in Lebanon was shaped: the actual aid response; the Lebanese government; and the third, new, development-focused dialogue (see figure 17). One set of actors is contributing to all three conversations: international donor countries, which are investing in the

humanitarian response, development aid/loans and conducting political dialogue with the government actors.<sup>70</sup>

**Figure 17 The three main fora in which the refugee response is shaped**



The Lebanon aid response is formally classified as a *refugee emergency*. This means that UNHCR has a leading role in the actual humanitarian response, fulfilling a triple function of coordinating the response along with the host government, (co)implementing key large-scale interventions, and being one of the main (I)NGO donors.<sup>71</sup> Until recently, UNHCR has also attracted by far the most international financing, meaning it had de facto “coordinated through the allocation of resources.”<sup>72</sup>

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70 One more important but less well-documented channel also exists: the security dialogue and various security-related funding lines. The EU and some member states fund Lebanon’s border control capacity building, while some member states engage in more direct security funding. While this channel is not the focus of this report, we recognise its existence and its potential to influence refugee-related conversations. The impact of security funding is to some extent discussed in Saferworld & LCPS, 2018. *Building peace*.

71 Most emergency responses in the world are classified as complex or mixed emergencies, featuring both refugees and internal displacement, and are coordinated by the special UN Office for Coordination of Humanitarian Action or UN OCHA. UN OCHA is present in Lebanon, but it does not have as prominent a role as UNHCR. On this, see Deardorff Miller, S., 2017. *Political and humanitarian responses to Syrian displacement*, New York, NY, Routledge.

72 Bonard P. et al., 2015. Coordination Review: External review of coordination in Lebanon, [http://www.un.org.lb/library/assets/FINAL%20report%20Lebanon%20Crisis%20Response%20Coordination%20Review\(ver2\)-115458.pdf](http://www.un.org.lb/library/assets/FINAL%20report%20Lebanon%20Crisis%20Response%20Coordination%20Review(ver2)-115458.pdf). (Accessed June 2018).

This control over the largest part of available financial resources and “triple-hatted” role has often been questioned by other aid agencies concerned about the conflict of interest it represented.<sup>73</sup> It also gave the UNHCR considerable power in shaping the response from within and made it a key interlocutor to both donors and the Lebanese government.

At the same time, UNHCR’s political position in the country has always been relatively weak. Lebanon is not a signatory of the 1951 Refugee Convention, and UNHCR is present in the country on the basis of Lebanon’s invitation.<sup>74</sup> Unlike in neighbouring Jordan, where a strictly implemented Memorandum of Understanding defines UNHCR’s activities, there is a lack of clarity about the agency’s formal status and the division of responsibilities between the UNHCR and the Lebanese Government. This has made UNHCR both freer to design its interventions and more vulnerable to government policy changes, pressures limiting the reach of its protection mandate and opportunistic attacks by Lebanese politicians for short-term political gains.<sup>75</sup>

UNHCR’s negotiating position relies heavily on the support of key donors: various countries that wield influence on different parts of the government by virtue of the amount of funding they provide and their bilateral relations with Lebanon. In its own words and the perception of the donor community, the UNHCR has also tried to carefully calibrate the response to ensure the maximum impact for refugees with minimal damage to the relationship with the government.<sup>76</sup> This is a balance that, after the May 2018 elections, is becoming increasingly difficult to strike. UNHCR’s position has become increasingly precarious in the light of recent efforts by the General Security<sup>77</sup> to return

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73 *Ibid.* Janmyr, M., 2018, ‘UNHCR and the Syrian refugee response: negotiating status and registration in Lebanon’, *International Journal of Human Rights*, 22(3), pp. 393–419 and interviews with UN and INGO representatives in Beirut, June–November 2017.

74 The UNHCR and the Lebanese government did sign a Memorandum of Understanding in 2003, when the agency engaged on protection of Iraqi refugees. This MoU however has been largely defunct. See: <http://blogs.lse.ac.uk/mec/2016/09/23/relations-between-unhcr-and-arab-governments-memoranda-of-understanding-in-lebanon-and-jordan/>.

75 Janmyr, M., 2018, ‘UNHCR and the Syrian refugee response: negotiating status and registration in Lebanon’, *International Journal of Human Rights*, 22(3), pp. 393–419 and interviews with UN and INGO representatives in Beirut, June–November 2017.

76 Interviews with UN officials in Beirut and various donors in Beirut and Europe throughout the research process.

77 As already mentioned, GSO has been headed by an informal Hezbollah-ally for several terms already.

Syrian refugees, which UNHCR refused to endorse.<sup>78</sup> The ensuing threats and measures taken against the agency by Hezbollah-allied Foreign Minister Gebran Bassil further undermined the agency.<sup>79</sup>

The (multi)annual planning base for the response is the Lebanon Crisis Response Plan (LCRP) whose Steering Committee sets the overarching response framework. This document is produced jointly by the UNHCR and the Government of Lebanon, with input from other UN agencies and some limited input from civil society.<sup>80</sup> LCRP serves as the needs overview, strategic response plan, and international funding appeal for the response, and it incorporates both humanitarian/refugee and stabilisation/resilience components. It does not, however, coordinate the large-scale development and infrastructural funding that has become available through World Bank and other similar IFI channels.

The LCRP for 2017-2020 explicitly recognises the need to provide protection and assistance to vulnerable populations and puts the responsibility of implementation on Lebanese institutions, including the responsibility for defining the target population and the allowed scope of interventions. This is a position the government occasionally uses to restrict the scope and target populations of interventions.<sup>81</sup> These limitations have been strongly felt in several key sectors, as will be outlined below.

The response is organised in Sector Working Groups originally formed under the leadership of UNHCR and the government, and led by the UNHCR Inter-Agency Coordination Unit. The UNHCR Representative has a direct communication line with the government, giving the agency an important role in negotiating the possible modalities of interventions, albeit with the above mentioned limitations.

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78 Starting from July 2017, Hezbollah has in coordination with the Syrian authorities organized several convoys of Syrian refugees who returned to Syria allegedly voluntarily, and has recently announced a more structural “assistance” to those wishing to return. See The Daily Star Lebanon, 2018. ‘Hezbollah-run centers open to refugees hoping to return to Syria’, 4 July, <https://dailystar.com.lb/News/Lebanon-News/2018/Jul-04/455358-hezbollah-run-centers-open-to-refugees-hoping-to-return-to-syria.ashx>, (Accessed July 2018) and Reuters, 2018. ‘Lebanon’s Hezbollah to work with Syrian state on refugee returns’, 29 June, <https://www.reuters.com/article/us-mideast-crisis-lebanon-syria-refugees/lebanons-hezbollah-to-work-with-syrian-state-on-refugee-returns-idUSKBN1JP29Q>, (Accessed July 2018).

79 The Daily Star Lebanon, 2018. ‘Bassil freezes UNHCR staff residency permit’, 8 June, <http://www.dailystar.com.lb/News/Lebanon-News/2018/Jun-08/452537-bassil-says-steps-to-be-taken-against-unhcr.ashx> (Accessed July 2018).

80 National and international non-governmental actors as a rule do not draft the LCRP, but provide feedback to the chapters drafted jointly by UN and the Government representatives, limiting their role to mainly reactive.

81 Alef and Pax, 2016. *Trapped in Lebanon: The alarming human rights situation of Syrian refugees in Lebanon*, Beirut & Utrecht, <https://alefiban.org/publications/trapped-lebanon/>, (Accessed June 2018).

The response is divided into sectors: energy, basic assistance, food security, health, livelihoods, protection, shelter, social stability, water and education. Inter-agency and inter-sector coordination is led by the Lebanese Ministry of Social Affairs (MoSA) and co-chaired by UNHCR and UNDP. As of 2016, all sectors are under the leadership of the government of Lebanon line ministries, with co-ordination from UNHCR and global cluster lead agencies for their respective sectors (UNDP, UNICEF, WFP/FAO, WHO).

At the beginning, this structure allowed for the participation of the UN, the government and the INGOs. As already discussed, the government was initially satisfied to outsource refugee crisis management to the UN. But the adoption of the October Policy marked a change in the broader policy context and the increased involvement and even gradual takeover of some sectors by relevant line ministries. It also meant restrictions on some interventions.

For example, aid agencies were highly restricted when it came to livelihood interventions and work on refugee resilience, and were instead encouraged to work on the resilience of Lebanese host communities.<sup>82</sup> Attempts by the government to legally re-classify large numbers of refugees as labour migrants meant that by the end of 2015, refugees were largely faced with a choice between poverty and aid dependency or the loss of the limited protection that refugee status afforded them.

This state of affairs contradicts the very purpose of any refugee response, which in principle seeks to ensure conflict-sensitive refugee protection, access to livelihoods and, where possible, refugee self-reliance. Thus in the course of 2015, aid actors and the government found themselves at loggerheads on both the principle and purpose of the response.

An uneasy balance was maintained by finding concrete areas where the interests of specific ministries overlapped with the broader purpose of the refugee response. As individual government ministers slowly started recognising the scale of challenges faced in their sectors, as well as the potential for a development dividend from donors, their interest in the response grew. The Ministry of Education, the Ministry of Public Health and gradually the Ministry of Environment moved in to assert control over the funding flows that would support these sectors and offer some modest support for a continuing refugee presence from within the government.

In 2016, for instance, the Ministry of Education increased the capacity of the public education system and accepted a large number of previously rejected Syrian children after the international community agreed to pay for the education of both refugee and Lebanese children. While minister Eliaas Abou-Saab's long-term political alliances were

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82 Interviews with UN officials in Beirut, September 2017.

with Hezbollah and the Alawite minority in Syria, the development dividend proved a strong enough incentive to allow Syrian children access to a highly important service. By 2017, even under the new minister, high-ranking civil servants were preparing to use the available development funding to further strengthen the system.<sup>83</sup>

These examples illustrate two trends at work since 2015. First, the response has become increasingly influenced by the agendas of individual Lebanese power brokers. Second, the balancing act between these individuals' interests and the stated intentions of the country's security apparatus provided space within which the refugees were able to stay on Lebanon's territory and receive at least minimal protection.

### 3.3 A sea change

The sight of Syrian refugees arriving in their thousands on Greek islands in the summer of 2015 opened the eyes of European publics and policymakers to the scale of the displacement crisis and the consequences it could have on European stability. The summer of 2015 was seen by many observers as a political turning point which led to important changes in the response to the crisis in both Europe and Lebanon.

The history of the Mediterranean crisis is significant for the policy framework of Europe's renewed engagement in Lebanon in autumn 2015. The moral panic that engulfed the continent was followed by a series of policy and funding approaches aimed at shoring up protection in the region in the expectation that improved quality of asylum would prevent refugees from embarking on the journey to Europe.

Based on the interviews conducted for this research, we conclude that these policies were based on a combination of several factors: need to respond to public anxiety; a genuine realisation of the challenges host countries were facing; and a set of misunderstandings about refugee demography and their transit routes including the erroneous assumption that Lebanon and Jordan had a pool of Syrian refugees capable of reaching Europe and ready to embark on the journey. In an interview with News Deeply, a UNHCR official summarised the impact of these combined wrong assumptions: "If no one had arrived in Europe that summer, would there have been a deal [with Lebanon and Jordan]? No."<sup>84</sup>

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83 Interviews with donors and Lebanese government officials, Beirut, September 2017 and World Bank, *Emergency Education System Stabilization*, 2018. Washington D.C., <http://projects.worldbank.org/P152898/?lang=en&tab=overview>, (Accessed July 2018).

84 Howden, D. et al., 2017. 'The Compact Experiment: Definitive account of the push for jobs for refugees in Jordan & Lebanon', *News Deeply Quarterly*, <http://issues.newsdeeply.com/the-compact-experiment>, (Accessed June 2018).

But the refugees did arrive and agreements were made, starting with the EU-Turkey agreement, which closed exit routes for refugees from the region. These efforts succeeded in stemming refugee flows to Europe, but with the effect of burdening all future EU policies in the region, including Lebanon, with a significant moral debt. Policies assisting the Levantine host countries in managing the refugee crises on their territories were seen by the Lebanese government as reactive and disingenuous as far as the plight of refugees was concerned. Instead they were perceived to have been motivated by the self-interested protection of EU border<sup>85</sup>. Many donors have pointed out that, since 2015, Lebanese policymakers often begin negotiations by stating that they “don’t want refugees here anymore than you in Europe do”, undermining the normative and political value of EU funding from the outset.<sup>86</sup> We regularly encountered this framing throughout our research.<sup>87</sup>

### **Box 5 Lebanon: the misunderstood transit hub**

Lebanon’s significant role in the development of the Mediterranean crisis has been somewhat misunderstood and is not always accurately presented in the public or policy discourse.

Despite the January 2015 tightening of entry requirements for Syrian citizens, in the summer of that year Syrians were still allowed transit through Lebanon on the condition that they were able to show an onward ticket and a visa for their final destination. Turkey was one of the few countries that still accepted Syrian citizens without visas, so an onward ticket to Turkey was sufficient to grant Syrians regular transit through Lebanon.

At the time a booming business developed between Syria and Lebanon, with bus tour operators in Syria buying ferry tickets between Lebanon’s northern harbour of Tripoli and Turkey, and bussing Syrians from Damascus and Latakia to Tripoli, where they would take the line ferry service to Turkey. The regular ferry service was fully booked over the summer, carrying what the UN at the time estimated was a total of around 150,000 Syrians to Turkey. It is important to stress that this whole operation was fully legal according to Syrian, Lebanese and Turkish laws and that the vast majority of people taking the ferries were Syrians that had until that point remained in Syria. Realising, most likely, that the war would be protracted and its outcome uncertain, many among them invested their last

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85 The sentiment was echoed through most of our conversations with the Shi’ite and Christian officials at all levels of government throughout the autumn and winter of 2017.

86 Interviews with various donor representatives, July-November 2017.

87 Interviews, Beirut, September-November 2017.

savings or sold their property in Syria in order to invest in the prospect of a safer life in Europe.

Only 10-20% of the people making this journey were Syrian refugees from Lebanon. Years of life in displacement and recent state policies aimed at creating legal insecurity and poverty succeeded in marginalising them sufficiently for the Turkey route to become almost insurmountably difficult and financially unaffordable for the vast majority.

This sea route to Turkey was narrowing down in the autumn of 2015, and had effectively stopped when Turkey introduced visas for Syrians coming via third countries in January 2016, triggering automatic closure of the transit route through Lebanon. The EU-Turkey agreement followed in March 2016, tightening the lid on this operation.

### 3.4 The coming of the compacts

With a new awareness of the crisis taking hold among Europeans, on February 4 2016 the UK, Germany, Kuwait, Norway and the UN co-hosted a conference in London aimed at raising significant new funding for the response. The participants also hoped to reframe the issue, acknowledging its protracted character and its political importance in Europe and beyond. The funding raised in London was supposed to “meet the immediate and longer-term needs of those affected”<sup>88</sup>, reflecting two important ideas that would dominate discussion of the crisis in the coming years:

- (a) the recognition that the crisis will be long-term and that donors and host countries alike would need to adopt new language, policies and policy instruments in order to tackle it;
- (b) the recognition that the crisis affects not just displaced Syrians but also their host communities.

The conference raised over USD 12 billion in pledges – USD 6 billion for 2016 and a further USD 6.1 billion for 2017-20 – to “enable partners to plan ahead”.<sup>89</sup>

The London Conference marked a clear shift towards a response that linked humanitarian and development agendas. The shift was captured in LCRP which was

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88 Government of the United Kingdom, 2018. ‘Supporting Syria and Region Conference 2016’, Archive, <http://webarchive.nationalarchives.gov.uk/20180313172041/https://www.supportingsyria2016.com/>, (Accessed June 2018).

89 *Ibid.*

being drafted at the time and which, for the first time, spanned a period longer than a year (2017-2020).<sup>90</sup> The very framing of the document – which at the time of writing is still the main policy basis for the response – contains an implicit acknowledgement by Lebanon’s political establishment that the crisis will be protracted and that refugees will likely stay in large numbers on Lebanon’s territory for the foreseeable future. It was also an outcome of an implicit understanding that large amounts of previously inaccessible funding, such as World Bank concessional loans, would now be made available for Lebanon’s development needs. Difference remains over whether this should be interpreted as an investment in Lebanon’s capacity to host displaced Syrians, or is a pay-off for its decision to allow them protection, regardless of the quality of asylum.<sup>91</sup>

If there were ever talks about conditionality between the quality of asylum and the availability of funding, their content was never made public.<sup>92</sup> This was in part done as a way to ease the interactions in the contexts of mixed humanitarian/development funding, where the unconditional nature of humanitarian aid coexists uncomfortably with various types of conditioning that are part and parcel of development assistance. The lack of explicit discussion of Lebanon’s obligations towards refugees was a result of a shared understanding that the ambiguity was essential for maintaining any form of political acceptance, if not buy-in, from those political actors who saw the protracted presence of Syrian refugees as an existential threat.<sup>93</sup>

The main policy instrument designed by the EU to deliver this ambitious agenda was the EU Compact<sup>94</sup>: an agreement between the EU Commission and the Lebanese government to deliver a comprehensive approach to support Lebanon in offering protection to an estimated 1.5 million Syrian refugees with a budget of around EUR 400 million.

The aspirational EU public document describes the Compact’s objectives as:

- strengthening mutual cooperation between Lebanon and the EU over the period 2016-2020
- supporting the stabilisation of the country

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90 Government of Lebanon and the United Nations, 2017. Lebanon Crisis Response Plan 2017-2020, Beirut, <https://data2.unhcr.org/en/documents/download/53061>, (Accessed June 2018).

91 Interviews with Lebanese government officials and politicians, Beirut, September–November 2017.

92 Interviews with donor representatives and Lebanese state officials, July–November 2017.

93 Interviews with UN officials and donors, July–November 2017.

94 A detailed comparative history of how the EU Compacts were designed can be found in Howden D. et al., 2017. ‘The Compact Experiment.’

- providing an appropriate and safe environment for refugees and displaced persons from Syria, including their residency status, and a beneficial environment for vulnerable host communities
- increasing the resilience of Lebanon's economy and infrastructure
- investing in job-creating projects to allow needs, including humanitarian needs, to be addressed in an effective, dignified and fair manner.<sup>95</sup>

In the actual text of the Compact, however, Lebanon only “commits to continue seeking, in conformity with Lebanese laws, ways to facilitate the streamlining of regulations governing [Syrian refugees’] stay ... with a view to easing their controlled access to the job market in sectors where they are not in direct competition with Lebanese...”<sup>96</sup> While Lebanon has only committed to “continue seeking” solutions, in a similar document signed with the EU, Jordan has committed itself to tangible objectives including the commitment to create 200,000 job opportunities for Syrians over a period of three years. The ambiguous nature of Lebanon's commitments to address the issues at the heart of the refugee crisis (refugees' access to legal stay and labour) remain, and continue being the key obstacles to improving refugees' conditions.

Complementing the EU Compact, the World Bank has opened its Concessional Funding Facility for both Lebanon and Jordan, for which as middle-income countries they had previously been ineligible. Donor commitment to Lebanon was further showcased in two major conferences held in April 2018 in Brussels and Paris, one focused on the refugee crisis and the other on creating the development dividend. Even though pledges against the LCRP remained stable, joint commitments and pledges made at the two conferences were exceptionally high by the standards of almost any aid response since the end of Cold War.

According to an EU-run financial tracking mechanism, total support to Lebanon in 2017 amounted to USD 2.8 billion, out of which 1.3 billion was in grants and the rest in loans.<sup>97</sup> Lebanon is a very close second to Jordan in grants per refugee with USD 1304 to Jordan's USD 1456 – but with much less improvement in socio-economic indicators to show for these sums. Turkey, which hosts 3.5 million Syrian refugees, has received only USD 447 per refugee under the EU-Turkey agreement. The Jordan and Lebanon

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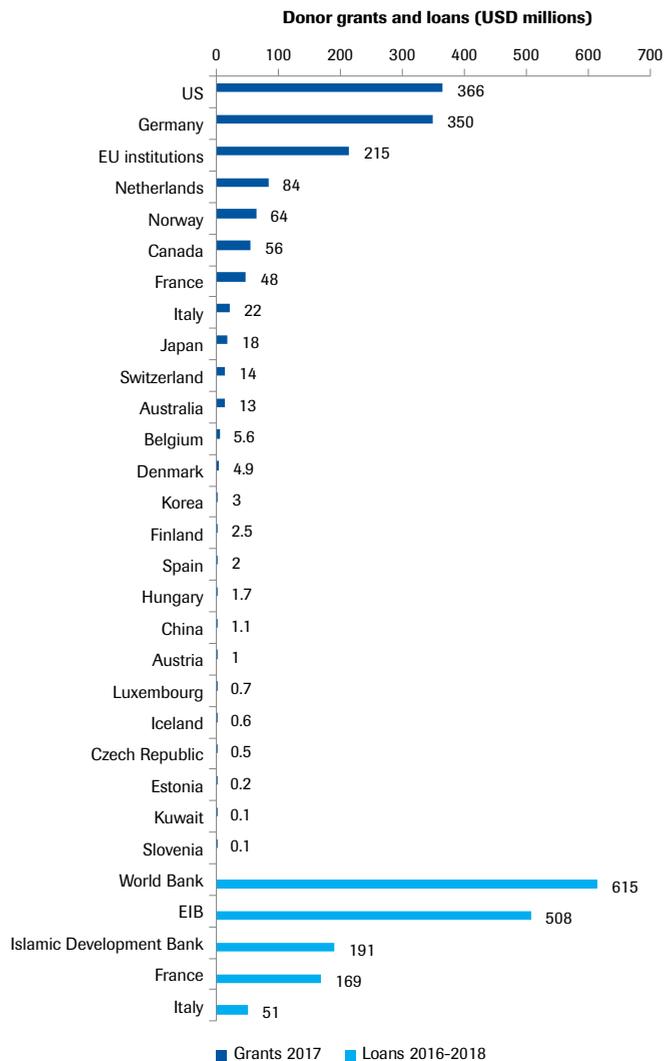
95 European Commission, 2017, EU – Lebanon Partnership: The Compact, Brussels, <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/lebanon-compact.pdf>, (Accessed June 2018).

96 EU-Lebanon Association Council, 2016. Decision No 1/2016 of the EU-Lebanon Association Council of 11 November 2016 agreeing on EU-Lebanon Partnership Priorities, pp. 12, <http://www.consilium.europa.eu/media/24224/st03001en16docx.pdf>, (Accessed June 2018).

97 European Council, 2018, Supporting Syria and the Region: Post-Brussels conference financial tracking, Report five, Brussels, [https://www.consilium.europa.eu/media/33790/supporting-syria-and-the-region\\_post-brussels-conference-tracking-proces.pdf](https://www.consilium.europa.eu/media/33790/supporting-syria-and-the-region_post-brussels-conference-tracking-proces.pdf), (Accessed June 2018).

Compacts have certainly delivered a much more generous aid package. Across all countries, close to three-quarters of the grants were provided by three donors – the US (USD 366 million), Germany (USD 350 million) and EU institutions (USD 215 million).

**Figure 18 Contributions to Lebanon by donor, 2017<sup>98</sup>**



98 Ibid.

In 2018 the commitments continued, albeit humanitarian donations remained at levels similar to 2017. But at a donor conference in Paris in April 2018 various donors and financial institutions committed an additional USD 11 billion to Lebanon's development in loans and grants. The conference firmly linked the loans to Lebanon's commitment to the reform agenda, and specifically reform of dysfunctional public services such as electricity, water or waste management. But the French president Emmanuel Macron also put the pledges firmly in the context of the refugee crisis by stating that the "exceptional mobilisation" of funds was needed "to guarantee the stability that Lebanon needs" in facing "the consequences of the Syrian civil war, by welcoming on its territory over a million Syrian refugees."<sup>99</sup>

### 3.5 Protecting the refugees by reforming the country?

The funds pledged to Lebanon following the London Conference opened a significant new chapter in the development of the country and the refugee response. As the preceding section sets out, the sheer amount of funding made available through these mechanisms in 2018 significantly outweighs the funding against the LCRP, and by now matches the losses Lebanon is believed to have suffered through the combined impact of the Syrian war and the refugee crisis.<sup>100</sup>

But the development funding – especially that being made available by development banks – is in principle accompanied by much higher levels of conditionality, and more often than not such conditionality concerns structural reforms. Lebanon is not an exception, but the fact that the funding was made available as an attempt to mitigate the pressures that come with hosting refugees also meant that refugee protection – grounded in international refugee and human rights law – now became intertwined with the highly political reform agenda.

The logic on which this connection is made is that the Syrian refugee crisis has exposed and worsened the structural problems of the Lebanese political economy, and uncovered the need to tackle at least the most severe among them. In its white paper on the most pressing issues, the World Bank states that "the Syrian crisis has exacerbated already existing challenges and pressures compounding the need for reforms".<sup>101</sup> A very similar sentiment has been echoed by high-ranking European officials, who see Lebanese public services as "always being fragile." In their eyes, this is the consequence

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99 'Transcription - Discours du Président de la République en clôture de la conférence du Cèdre', 2018. 6 April, Paris, <http://www.elysee.fr/declarations/article/transcription-discours-du-president-de-la-republique-en-cloture-de-la-conference-du-cedre/>, (Accessed June 2018).

100 For the assessment of these losses, see Harake, W., 2017. *Priority Reforms*, paragraph 26.

101 Harake, W., 2017. *Priority Reforms*, paragraph 4.

of “working with allegiances and sectarian/private interests rather than with the notion of public interest and public service”. “This has been exacerbated by the refugee crisis. Maybe the refugee crisis could be the final push to help them to reform.”<sup>102</sup>

While the logic behind this reasoning may in principle be correct, our research reveals at least three major challenges to this agenda:

- The first is the question of principle. Regardless of Lebanon’s ratification of the Refugee Convention, the principle of *non-refoulement*, which is the cornerstone of refugee protection, is one of the hardest principles of international law. Even the most critical thinkers on the extent of state duties towards refugees agree that this provision is so strong that “at the extreme, the claim of asylum is virtually undeniable”.<sup>103</sup> As already witnessed elsewhere in the region, making refugee protection a part of a conversation that includes conditionality risks weakening this principle – or, indeed, reversing it by making refugee-hosting conditional on aid.
- On the practical side, the reform/protection nexus helps Lebanese actors outsource some of the responsibility for providing services to international actors. For instance, the Ministry of Education’s move to open public schools to refugee children was prompted by the international community’s readiness to fund the whole public system for both Lebanese and Syrian students. The substantial WB funds made available to the Ministry of Education in 2016 and 2017 are being used to repair and renovate schools, but not to increase refugee children enrolment, which is still covered from the donations against the LCRP.

The Lebanese Ministry of Social Affairs has successfully directed parts of the funding for the refugee crisis to its poverty reduction programme. Initially this was done through WFP food vouchers (which are also provided to most vulnerable Lebanese) and against the LCRP funding, and since 2016 also by planning to tap into the World Bank concessional funding facility.<sup>104</sup>

As already described in the section above, hosting refugees has been perceived as a bargaining chip for access to economic benefits under the EU Compact negotiations. Both Lebanese officials and EU participants in this protracted process have shared stories of individual and sectarian interests, evolving mostly around access to European markets, reflected in these negotiations.

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102 Interviews, July –November 2017.

103 Walzer, M., 1983. *Spheres of justice: A defence of pluralism and equality*, Oxford, Robertson, pp. 51.

104 World Bank, 2016. Project Paper on a Proposed Additional Financing Grant in the Amount of US\$ 10 Million. to the Lebanese Republic for an Emergency National Poverty Targeting Program Project, 27 June 2016, Report No: PAD1850, Washington D.C., <http://documents.worldbank.org/curated/en/984391472013062965/pdf/PAD1850-PJPR-P158980-P149242-Project-Paper-Box396302B-PUBLIC.pdf>. (Accessed July 2018).

- Thirdly, there is no evidence thus far that this approach can systematically deliver on the quality of asylum. The availability of funding has certainly managed to create a few breakthrough moments, but none has been followed up on. Donors' readiness to pay for primary education of both Lebanese and Syrian pupils has opened the country's public school system to Syrian school age children. At the same time, this assistance has not translated into opening the legal pathways for Syrian students to attend secondary or tertiary education. Following the London Conference, and as a result of increased donor funding and the political shifts described in the previous chapter, refugees were allowed to apply for work permits in three categories of jobs previously "reserved" for foreign workers: agriculture, construction and waste management. The conditions of employment however remained exploitative and the lack of residency permits remained a major source of vulnerability. In 2018, the legal situation for Syrian youth improved significantly when the GSO issued a circular allowing Syrian children who turned 15-18 after entering Lebanon and who do not have a Syrian passport or identity card to apply for temporary residency by presenting their Syrian individual status record. This move was seen as a large step towards allowing some form of legal protection – and was seen as a concession on the part of the GSO in advance of the Brussels 2 Conference. Meanwhile, legal stay for adult Syrians remains as elusive as ever.

Implementation of the economic reform agenda also remains an open question. In the short window between the election of president Aoun and the parliamentary elections in May 2018, the availability of concessional funding has enabled some reforms to be enacted: Lebanon has passed its first budget in twelve years; adopted a Private Public Partnership law, needed for accessing WB infrastructural funds; and even started the Greater Beirut Urban Transport Project. The issue of inefficient electricity supplies is still waiting to be tackled, but Lebanese entrepreneurs are gearing up for other big infrastructural projects expected to be tendered by the World Bank.

And while the Future Movement with its key Ministries (Prime Minister's Office, Ministry of Interior and the Ministry of Displaced) have been the public face for the reform project, the interviews we conducted in Beirut showed that the economic reform agenda had surprisingly broad cross-sectarian support. Less well-known corners of the political establishment, such as reform-minded Christians and Shi'ites, have leveraged their influence to push through some of the necessary legislation.

Many among them echoed one of the key findings of the WB priority reforms paper: that it is not refugees but governance that lies at the root of Lebanon's failure to deliver basic services and generate inclusive growth and jobs.<sup>105</sup> In the view of these interlocutors, refugee presence may have opened the funds and triggered the quest for reform – and

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105 Harake, W., 2017. *Priority Reforms*; interviews, July-November 2017.

with it a struggle between the potential reformists and the forces determined to protect the rent-seeking arrangements that still dominate the country's politics and economy. But the refugees' lot remains dependent on a precarious balance between actors who see the potential for bringing the development dividend to Lebanon on the back of the refugee crisis, and the actors that see no interest in either. In this unfolding struggle, this most vulnerable group in Lebanon remain at risk of being either sidelined or instrumentalised as part of these opposing agendas.

## 4 Conclusions

The sectarian nature of Lebanon's political system presents a number of challenges to anyone engaged with it. Due to a deeply ingrained fear of refugee settlement, securing the effective protection of Syrian refugees has proven to be exceptionally difficult in the present political climate.

**Finding one: Donor policies seeking to influence the Lebanon response have been constrained by a number of erroneous normative and political narratives that restrict what is possible in terms of refugee protection.**

Lebanon is one of the few countries in the world that could credibly claim that the presence of a large number of Sunni refugees on its territory might threaten its politics and way of life, and therefore invoke a moral right to limit refugee reception.<sup>106</sup> While there is no agreed set of conditions under which such claims could be made, there is an understanding in current ethical debates that for such claims to have moral weight, the state needs to have undertaken a range of actions that create a conducive environment for refugee reception. These include attempting to shape its public opinion to be more accepting, and reducing causes for refugee flight.<sup>107</sup>

Lebanon has not succeeded in making this argument convincingly. On the contrary, a large number of its politicians, belonging to Shi'ite and Christian political parties, have created an atmosphere of hostility towards refugees and roused populist fears of refugee settlement. In recent years the FPM in particular has publicly distorted donor policies towards the country, accusing the west of harbouring a secret agenda to "settle the Syrian refugees" in Lebanon.<sup>108</sup>

Such strategies have been used to mobilise voters and as an instrument of political and moral coercion directed towards outside actors. Lebanon has also failed to prevent a

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106 For an extensive debate on the notion of relationship between right to asylum and community's right to protect its way of life see Walzer, M., 1983. *Spheres of Justice*, pp. 31-63.

107 Gibney, M., 2004. *The Ethics and Politics of Asylum: Liberal Democracy and the Response to Refugee*, Cambridge University Press, pp. 244.

108 For the most recent such incident, see Reuters, 2018. 'International community 'dismayed' at Lebanese allegations on Syrian refugees', 14 June, <https://www.reuters.com/article/us-mideast-crisis-lebanon-syria-refugees/international-community-dismayed-at-lebanese-allegations-on-syrian-refugees-idUSKBN1JA1J7>. (Accessed July 2018).

powerful Shi'ite militia, Hezbollah, from engaging in the Syrian war in support of the regime whose actions have often caused the displacement. Both these elements weaken the state's claim to exceptionality in terms of refugee protection, but Lebanon has not been openly challenged on this ground by any outside actors.

Instead donors have allowed two erroneous narratives to dominate public and, we believe, private conversations with Lebanese actors: the narrative of victimhood and neutrality and the narrative of self-harming hospitality. We believe these two narratives severely limited the policy options for providing protection from the outset.

While Lebanon has undoubtedly suffered economically from the onset of the Syrian crisis and the associated refugee influx, it should be noted that its economic woes cannot be fully explained by these events only. Lebanon's economic woes stem to a large extent from its governance system, which favours clientelistic redistribution, and in which inter-sectarian bargaining and catering to various-sized constituencies is key.

**Finding two: The impact of the Syrian crisis and refugee presence is influenced by the nature of the Lebanese political and economic system, which is not geared towards the overall economic benefit of Lebanese society, nor does it support the provision of public goods. Instead it serves to reinforce the sectarian political settlement by allowing for clientelistic redistribution and the protection of selected markets as private fiefdoms. This is why the presence of refugees does not only create tensions between refugees and the Lebanese host community, but also exacerbates sectarian tensions by influencing the distribution of goods and profits between and within host community sects.**

The overall economic impact of the Syrian crisis cannot be classified as clearly negative or positive. The Lebanese economy suffers from a number of structural problems, which inhibit its growth. The availability of low-wage foreign labour (often Syrian) has historically been one of the enabling factors allowing for growth in a number of sectors. Among small and medium sized companies, the lower wages of Syrian labourers (and their increasingly long working hours) are viewed as a positive development.

Nonetheless, the majority of Lebanon's population is affected by the worsening performance of the already weak public infrastructure, while only a limited number among the country's elites are able to benefit from the opportunities presented by the crisis.

While labour competition between Syrian refugees and Lebanese employees is limited, job competition between Lebanese and Syrians in taxi-driving and restaurant services has allowed for the politicisation of intra-sectarian inequalities that pre-date the arrival of refugees.

**Finding three: Domestic political narratives stressing the demographic risk of the refugee presence may have contributed to a loss in consumer confidence and household expenditures, reducing economic growth. At the same time, the availability of Syrian informal labour, refugee consumption expenditures and the additional grants, loans and local expenditures associated with the aid response may have had a stimulative effect.**

The available data does not support the narrative that blames Lebanon's economic slowdown on the loss of export markets for goods and services the beginning of the Syrian war. In a country driven by consumer spending, our findings suggest that the loss of confidence – driven by perceived risks related to the Syrian war and refugee influx – is a much more likely explanation of such a sharp drop. Employing Syrians may have allowed companies to offset their higher fixed costs due to poor infrastructure with lower labour costs and keep the economy growing albeit at a reduced rate. Additionally, increased demand from donor funds, the presence of various (I)NGOs, and refugee consumption provides an additional stimulus to an economy that is largely reliant on domestic consumption.

Increased donor funding, variety of funding instruments and government involvement in the coordination of an emergency response are in theory desirable developments, but in Lebanon this has also created dynamics more common in the Lebanese patronage system. These include intense bargaining and prioritisation of the interests of particular constituencies above the public interest, and a strong class dimension. All these elements became increasingly important in the aftermath of the 2015 Mediterranean crisis and the opening of previously inaccessible development funding channels.

**Finding four: There has been a sharp increase in the number and variety of donor instruments used to support the refugee response. The funding available for Lebanon through these instruments is significant. It is however not clear whether the instruments are actually well-aligned and capable of delivering protection in the region.**

Donors have created new channels for engaging with the complexity of Lebanon's refugee crisis. Since 2016, on top of existing humanitarian funding, Lebanon has become eligible for a range of previously inaccessible development instruments, such as concessional loans by international development banks and various new streams of (bilateral) development funding. There is also a steady stream of security funding, which our research has not explored in detail. All these instruments and available funding have, however, not prevented the deterioration of the protection environment for Syrian refugees. On the contrary, this already vulnerable group is now facing the risk of forced returns, and UNHCR is under political attack by parts of the country's establishment. In our view, this is the consequence of ineffective donor advocacy alongside the new instruments, both within and outside of the response coordination structure.

**Finding five:** As discussed in the previous chapter, implementing economic reforms significantly influences the interests of a number of sectarian constituencies. In order to improve the protection of refugees, donors must seek to understand which constituencies are affected and how, and whether the associated costs and benefits are likely to pass through Lebanon's political system. Tying economic reform to the refugee protection is a highly complex endeavour that requires detailed and tailored understanding of the sectarian implications if it is to deliver.

Lebanon's economy is subject to structural weaknesses stemming from its clientelistic nature and rooted in an agreement among sectarian elites. Attempting to implement economic reforms means challenging the nature of sectarianism, while trying to ensure refugee protection. The rationale for such mechanisms is that the Lebanese system, faced with internal weaknesses and the added challenge of refugee presence, would be more susceptible to reform. In our view, this notion is flawed in two respects:

- (a) The negative economic impact of the refugee presence, as discussed above, is not easily discernible and may differ strongly across different sectarian constituencies.
- (b) The system is entrenched for non-economic reasons, which may be more important to some of the sectarian actors than any positive impact of economic reform.

This in our view means that tying an economic reform agenda with a protection in the region agenda needs to be done carefully, on a case-by-case basis with a thorough understanding of the stakeholders. Otherwise it may jeopardise delivery of both, as reforms may encounter even more resistance from sectarian interests.

**Finding six:** EU member states' reluctance to increase the variety of burden sharing modalities in which it engages undermines its ability to ensure protection in the region.

While a protection in the region agenda may have merit, as long as it is seen as simply a way of keeping refugees out of the EU it will remain normatively and politically questionable. The choice is not between the two false extremes of keeping all Syrian refugees in the region or having all Syrian refugees resettle in Europe, but about finding a balance between various modalities of burden sharing, and keeping public opinion on both sides of the Mediterranean conscious of international obligations towards this group. Without this recognition, the ability of both sides to ensure dignified living conditions for refugees and vulnerable host communities is limited.

# 5 Recommendations

Lebanon represents a particularly challenging environment for donors, yet its complexity should not be used as a justification to falter on the commitment to protection in the region. Ways should be sought to ensure that the quality of asylum in Lebanon is significantly improved and that a development dividend reaches the vulnerable Lebanese who have faced the negative impacts of the refugee crisis. In order to achieve this, we believe that:

## 1) Donors should accept the sectarian nature of Lebanese society, engaging with it in a conflict-sensitive way

Engagement on the refugee protection agenda in Lebanon is inherently political: there is no apolitical way for European donors to engage with this topic. Consciously engaging in political issues surrounding the refugee agenda is preferable to engagement that is not informed by a political strategy that includes all Lebanese constituencies and their representatives. This includes Hezbollah, which is an important security actor that strongly influences Lebanon's capacity to ensure refugee protection.

Engaging with Lebanon's sectarian system carries political risks. It could be seen as a breach of the principle of neutrality and taking sides in a sectarian power-struggle and interfering with national political processes. That some of these sectarian interests reflect regional sectarian power struggles further complicates such an engagement.

At the same time, engaging only on technical issues, and through institutional channels, while leaving sectarian considerations aside carries its own set of risks. The main risk is that of ineffectiveness and failure of accountability on impact to refugees, Lebanese host communities and donors' own national constituencies.

## 2) Donors should include larger and more diverse groups of Lebanese stakeholders in the protection agenda and base their engagement on a thorough stakeholder analysis that explicates both their political and economic interests

As our analysis shows, donors are not operating in a consistently hostile or uniformly sectarian environment. Lebanon's politics and economy also contain powerful individuals who are interested in cross-sectarian cooperation on many important aspects of the reform agenda. These include businessmen, political brokers and powerful civil servants. Identifying and assisting those stakeholders in delivering a development dividend to the highest number of Lebanese while protecting refugees is essential for the success of both. Such stakeholder analyses should be conducted jointly

by key donors and other development actors (banks, multi-lateral donor funds, etc.) and at all levels: national, sectoral and community.

### 3) Donors should re-establish red lines for refugee protection

The protection in the region agenda may have set a precedent for “bargaining” refugee protection in return for financial compensation and a development dividend. But this does not mean all aspects of a refugee response should be subject to bargaining. For the protection in the region agenda to be credible and sustainable (both in the region and for domestic European constituencies), bargaining must contain clear red lines surrounding the *non-refoulement* principle, basic human rights and quality of asylum. This means first and foremost:

- restating the commitment to the principle of *non-refoulement* and robustly defending UNHCR’s protection mandate
- removing the remaining legal constraints on refugees’ access to residency, civil documentation and secondary and tertiary education
- ensuring an end to the systematic harassment and detention of refugees at checkpoints for reasons such as lack of valid residency

Such red lines seem to be absent at present, not just from public discourse but also from private conversations with key stakeholders. While maintaining flexibility is prudent, making everything subject to bargaining may cause irreparable damage to donor reputation and further undermine the existing normative order on refugee protection. In the highly fragmented political space that is Lebanon, not setting red lines may also weaken the position of those Lebanese stakeholders that would be interested in and capable of delivering on refugee protection and quality of asylum.

### 4) Coupling the economic development agenda and refugee agenda may work, but only if informed by a stakeholder analysis combining inter- and intra-sectarian interests.

The implementation of protection in the region related programming clearly impacts inter-sectarian political and economic competition. Yet it should be kept in mind that the influx of refugees has allowed for the politicisation of pre-existing intra-sectarian inequalities. For this reason, conflict sensitive programming ought to consider implications both in terms of sectarian positions on improving the position of refugees, as well as elite positions towards improving the socio-economic position of specific Lebanese constituencies. Programming that threatens the clientistic nature of the Lebanese economy is unlikely to succeed, but piecemeal reforms that benefit selected refugee and host constituencies may be able to engage an inclusive and effective enough national coalition.

Engaging with spoilers, not just likely allies, is an important element in ensuring the implementation of the protection in the region agenda. Individual politicians from sects with a platform incompatible with the presence of refugees may still be willing to engage positively (or recuse themselves from the decision-making process) given the right engagement.

5) The EU and its member state politicians should visibly push back on anti-refugee rhetoric at home and allow for the revision of current burden-sharing policies and practices

Current European populist narratives and policies closely mirror the Lebanese political discourse. In order for the protection in the region agenda to succeed, the often unjustified fears of refugee presence need to be allayed on both sides of the Mediterranean. European donors' funding will be worth less until they start pushing back against fear-mongering and anti-refugee rhetoric in their own public discourse at home and create policy change in Europe's approach to burden-sharing that goes beyond funding alone. Acts of solidarity such as an increase in resettlement quotas and the opening of other pathways could deliver the EU a much needed reputational boost to better leverage its assistance and provide genuine protection to the vast majority who will wait out the war in Lebanon.

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