

Country Development Cooperation Policy for the Lebanese Republic

September 2023

1. Purpose of Development Cooperation

Lebanon has a complex political and social structure with a mix of Christian and Muslim sects¹ and has historically always been affected by conflicts in neighboring countries and has been the scene of repeated armed conflicts, including civil war (1975-1990) and military conflict with Israel (2006). In recent years, the country has also been hit by multiple crises, including a massive influx of Syrian refugees², default (2020), the COVID-19 pandemic, the Beirut port explosion (2020), currency collapse, hyperinflation (especially in food prices), and chronic electricity shortages that have had a serious impact on the availability of safe water and sanitation, especially for poor and vulnerable groups. The country has been suffering from food insecurity and hunger issues, as well as Lebanon's downgraded classification as a low- and middle-income country³ in July 2022.

Due to the complex crises described above, the country is facing a growing socio-economic and humanitarian crisis, including a rising proportion of households with poor access to healthcare⁴, a worsening education crisis⁵ and power outages due to fuel shortages. In addition, as of March 2023, approximately 80% of Lebanese were living below the poverty line, of which about 36% were living below the extreme poverty line. Overcoming these difficulties and achieving steadfast recovery and stability in Lebanon is extremely important for the peace and stability of the entire Middle East region, and contributes to the objective of Japan's development cooperation, which is to "make a more active contribution to the formation of a peaceful, stable and prosperous international community", and to efforts to achieve the SDGs, which aim to eradicate poverty and hunger.

While there are many inherent elements of instability, Lebanon has a strong media and academic base that enjoys a relatively high level of freedom and democracy within

¹ There are 18 sects in Lebanon, and political power is distributed among them with the intention of ensuring a balance (President: Maronites, Prime Minister: Sunnis, Speaker of Parliament: Shiites). Within each religion or sect, there are several different political positions and a complex structure based on their respective interests.

² Lebanon has the highest number of refugees per capita in the world. (Approximately 1.5 million Syrian refugees and over 200,000 Palestinian refugees compared to Lebanon's total population of approximately 5 million.)

³ World Bank classification of low- and middle-income countries: per capita GNI \$1,136 to \$4,465.

⁴ "Lebanon National Health Strategy: Vision 2030".

⁵ According to the 2024 UNOCHA report, the equivalent of about 25% of all children in the country (about 476,994) remain uneducated.

the Arab countries, as well as a wealth of human resources who are active through diaspora networks around the world. In order to halt the brain drain of talented human resources and promote self-reliant and sustainable growth, it is essential to support administrative and financial reforms and develop human resources to strengthen the management capacity of public infrastructure, and to cooperate with the private sector and the international community, making use of Japan's experience and technology.

2. Basic policy of Japanese ODA

Comprehensive Cooperation for the Stability of Lebanon

Since instability in Lebanon has a significant impact on peace and stability in the Middle East region as a whole, it is necessary to have comprehensive assistance from humanitarian aid to economic recovery and development for poor and vulnerable groups to promote sustainable growth. Maximum consideration will be given to the humanitarian-development nexus.

3. Priority Areas

Development Issue 1: Cooperation to improve the livelihood of the socially vulnerable

Energy in particular to reduce poverty and social disparities among the socially vulnerable (women, children, persons with special needs, refugees, etc.) affected by the complex crises; cooperation to improve the security and the living conditions of populations affected by the conflict, and to reduce the economic and social burden on host communities that are hosting large numbers of refugees; contribution to the maintenance of security and social stability in Lebanon through cooperation in areas such as water, education and health.

Development Issue 2: Cooperation to strengthen governance for administrative and financial reform

Cooperation on strengthening infrastructure management capacity and institutional development to enhance investment in human resources in the public sector (in particular energy, water, education and health), which are the backbone for boosting administrative and financial reforms essential for self-reliant and sustainable growth.

4. Points to be considered

(1) Western countries in particular are actively providing assistance to Lebanon from the perspective of stabilizing the region and reducing their burden of hosting refugees. On the other hand, the political situation in Lebanon is unstable, and there are many challenges in the implementation of medium- and long-term development assistance, as progress in administrative and financial reforms, political decision-making for the election of the president and acceptance of IMF's Extended Funding Facility has been

slow.⁶ There is an active coordination among development partners in Lebanon, including donors, UN agencies, and the World Bank, and Japan will continue to actively cooperate with them.

(2) From the perspective of strategic management of the ODA budget, Japan strives to formulate projects that combine initiatives of different schemes and modalities to achieve a high overall development impact.

End

Annex: Rolling Plan for the Lebanese Republic

⁶ Within the Lebanese Government, there is no department in charge of accepting foreign aid across ministries, and the Government has not developed a comprehensive national development plan.