

How to Build Resilience in Municipalities Affected by the Impact of the Syrian Crisis

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Introduction

The impact of the Syrian crisis on Lebanon is reaching a scale unprecedented in the history of complex, refugee-driven emergencies. There were 19.5 million refugees worldwide at the end of 2014, and by September of 2015 the number of Syrian UNHCR registered refugees in the Middle East area is estimated to be 4,088,099, with Lebanon hosting approximately 1,172,753 registered, or awaiting registration displaced Syrian, an increase of over 25% of the total Lebanese pre-crisis population¹. Lebanon is thus host to the largest number of refugees per capita (one in four of the population is a refugee). To contextualize the impact further, Lebanon was already one of the most densely populated countries in the world, with an average of over 400 people per square km of land.²

This sudden and large influx of displaced Syrian from Syria is now placing enormous pressure on the country and its people, especially those in the poorest areas, where displaced Syrian concentrations have been greatest. Local authorities are faced with situations where the needs have grown exponentially. The current structures are not well equipped to respond to the overload request on services and do not have the full capacity to provide these services. The crisis is not only challenging the country's existing social and economic infrastructure, institutional stability and development advances, it is bringing to Lebanon a set of new tensions which threaten to undermine Lebanon's delicate social and political balance of power while amplifying pre-existing inter Lebanese divisions and provoking increasingly negative reactions against the Syrian refugees presence.

¹ Lebanon Crisis Response Plan 2015-2016, Institut Des Finances Basil Fuleihan

² www.tradingeconomics.com

From a resilience perspective, municipalities and their unions are the most relevant entry point for building stability and face the impact of the crisis in a sustainable manner. Owing to their proximity to the people they serve, whose needs they know well, they are better positioned to work in a sensitive environment, focusing on conflict mitigation, community revival and restoration, sustainable livelihood opportunities, self-organization and participation with the objective of increasing community capacity for the delivery of basic services.

While humanitarian support for refugees will remain essential to the international community's support to Lebanon, ensuring the economic security and access to basic public services for host and refugee communities must also be a priority. Assisting municipalities in their provision of basic services and in institutional capacity building offers considerable potential to support both communities and the wider objectives of increasing societal resilience and stability. However, it is obvious that the main objective is related with the capability of local communities themselves to innovate ways for relying less on external aid and central government funds. Of course the main concerns refer to the municipal capabilities and possibilities for satisfying needs (mainly improved services and infrastructures and creating the enabling environment for the local economic development.

The question is: following years of chronic under-investment, how the Municipalities can face the challenge responding to the stress? Is this an opportunity for expanding access to and quality of basic public services? Do the Municipalities have resources, instruments and mechanisms to absorb, adapt and transform capacities to engage systems and promote resilience?

The Impact of Refugee Crisis on Host Communities

According to official figures, more than one million Syrian Refugees are scattered over more than 1000 municipality in the country (Mercy Crops, 2014). The main areas include

North and Central Bekaa, Wadi Khaled, Sahel Akkar, and increasingly suburban areas of main cities (Beirut, Tripoli, Tyr and Saida). The 85% of registered refugees live in 182 localities (in certain villages they outnumber local residents) in which 67% of the population is below the poverty line³ (Multi-Deprivation Index (MDI))⁴.

The prolongation of the crisis and the increase in refugee populations are putting enormous pressure on land, environment, and infrastructure such as water, sanitation, waste management, education, health care systems, electricity, and transportation. The social impact includes higher prices, reduced income, job losses, and colossal gap between supply and demand of affordable housing. The unregulated and haphazard refugee camps encroaching on agricultural land threatens the employment of thousands of farmers.⁵ The crisis is challenging the country's existing social and economic infrastructure, and is exacerbating significant development deficiencies such as unemployment, especially among women and youth, and profound disparities between the wealthy and the poor. In a country of four million people, the number of poor Lebanese has risen by two-thirds since 2011 and Lebanese unemployment has doubled. Children and youth are most affected by the four years of economic hardship and strain on social services.⁶

An assessment conducted by the World Bank has estimated the cumulative loss in government revenue during the 2012 to 2014 period at US\$1.5 billion, as a result of

³ Lebanon Crisis Response Plan 2015-2016.

⁴ Multi-Deprivation Index (MDI): The MDI is a composite index, based on deprivation level scoring of households in five critical dimensions: Access to Health services; Income levels; Access to Education services; Access to Water and Sanitation services; Housing conditions

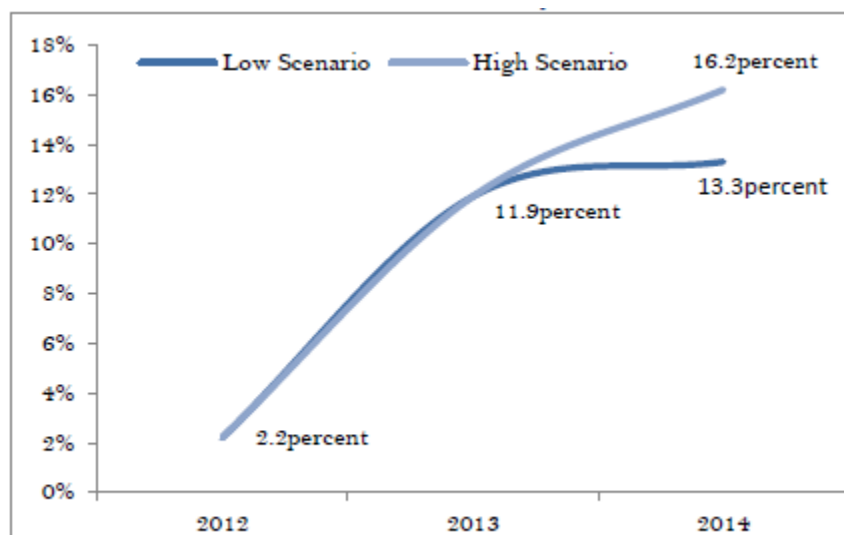
⁵ The Lebanese government has so far refused the establishment of formal camps for Syrian refugees in Lebanon. The urgent need for basic shelter has pushed many Syrian families to rent houses at an average of US\$200, a month. Today fifth of the refugee population live in poor conditions, as people run out of savings.. It is estimated that 41% of the refugees live in insecure dwellings and in spaces not designed as shelters. At the same time there are cases of forced eviction of Syrian tenants. Providing shelter to refugees has been the main focus of International aid of which 267,664 Syrian families benefited between 2012-2013. However, the extension of the crisis could be seen as an opportunity to reflect on medium and long term housing solution through an integrated housing program in collaboration with the municipalities, such as collective shelters and dealing with the issue of informal housing and stimulus package for establishing low cost housing. See: UNHabitat, EU, UNHCR. Housing, Land & Property Issues in Lebanon: Implications of the Syrian Refugee Crisis. Beirut. UNHCR, 2014.

⁶ World Bank. 2013. Economic and Social Impact of the Syrian Conflict. (Poverty Reduction and Economic Management Department Middle East and North Africa Region)

decreased economic activity. In addition the fiscal cost of the Syrian conflict on infrastructure over the period 2012-14, is estimated at USD589 million, while USD1.1 billion would be required for stabilization⁷, including USD258million for current spending".⁸ In the municipal sector alone, the estimated requirements for stabilization for just 2012-14 are about US\$200 million. Spending at the municipality level increased v40% mainly on waste disposal, 92% of sewage running untreated into watercourses. The demand for water has increased by 8 to 12% by the end of 2014.

In most sectors, the government is trying to meet the increased demand for public services through higher budgetary spending, which in turn is leading to a decrease in the level of access to and quality of public services, provoking increasingly negative reactions against the Syrian refugees presence in some areas.

Figure 1. Change in the Employment Rate for Low Skilled Youth Due to the Syrian Conflict



Source: World Bank staff simulations.

⁷ Idem

⁸ The World Bank estimated expenditure needed to restore health care expenditure system to its pre-refugee access and quality levels at USD 177 million in 2013 and USD 216 million in 2014, depending on the refugee projections. During 2013/14 school year, 229,000 children out of the 619,100 in need received support in accessing education, leaving an estimated 390,100 children out of school, of which approximately 300,000 are Syrians registered with UNHCR as refugees.

2- The Evolving Local and International response to the Crisis

In 2013, two years after the crisis, the government has adopted a general program to mitigate the security conditions and called for a shift of the humanitarian response to address the shared need of vulnerable Lebanese and Syrians to mitigate resource-focused tensions. It had also taken steps to strengthen the security apparatus and linkages with security cells at the district level.

Lebanese Crisis Response Plan (LCRP) was developed later in the year 2013 addressing long-term poverty and social tensions while also meeting humanitarian needs. It integrates a targeted humanitarian response into a broader plan to support Lebanon's stabilization, with an emphasis on investment in service and social welfare systems, job creation and conflict mitigation in high-risk parts of the country using Lebanese systems to channel international financing. In short the plan emphasized 1) strengthen national and local service delivery systems 3) reinforce Lebanon's economic, social, environment, and institutional stability.⁹

According to World Bank estimates humanitarian assistance, directly targeting the refugees and the agencies working with them, exceeded \$1 billion in 2013 and almost reached that level in 2014¹⁰. The LCRP estimates in the Social Stability sector 140.8 million USD supporting the capacities of the municipalities in the crisis response (total \$2.14 billion LCRP funding required, 724 million exclusively for stabilization programs). Since 2013 UNDP invested around 55 million USD at municipal level, through the Lebanon Host Communities Support Program in partnership with the Ministry of Social Affairs (MoSA)¹¹. According to the World Bank estimates of humanitarian assistance,

⁹⁹ The plan was developed in collaboration with the World Bank and UNDP and in harmony with the decisions of the Regional Response Plan for 2013, calling for aid development. Lebanon Crisis Response Plan 2015-2016

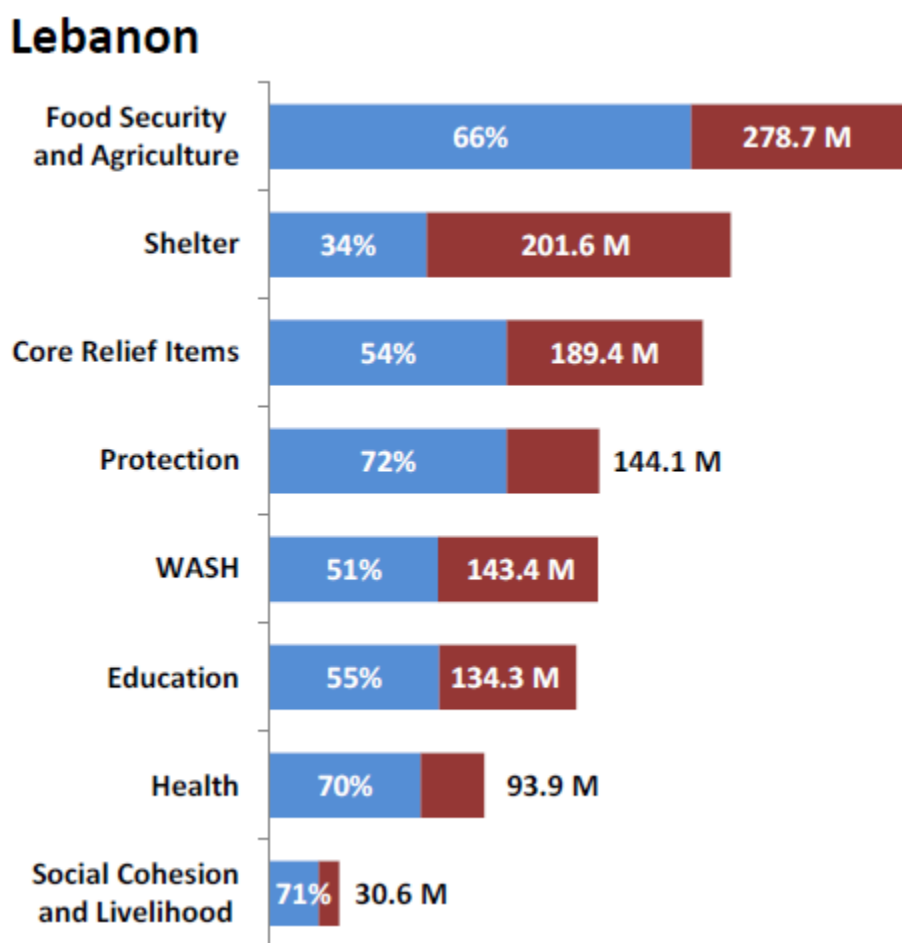
¹⁰ World Bank, 2013

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11. Lebanon Crisis Response Plan 2015-2016

directly targeting the refugees and the agencies working with them, exceeded \$1 billion in 2013 and almost reached that level in 2014¹².

Figure 2. Funding per Sector US\$



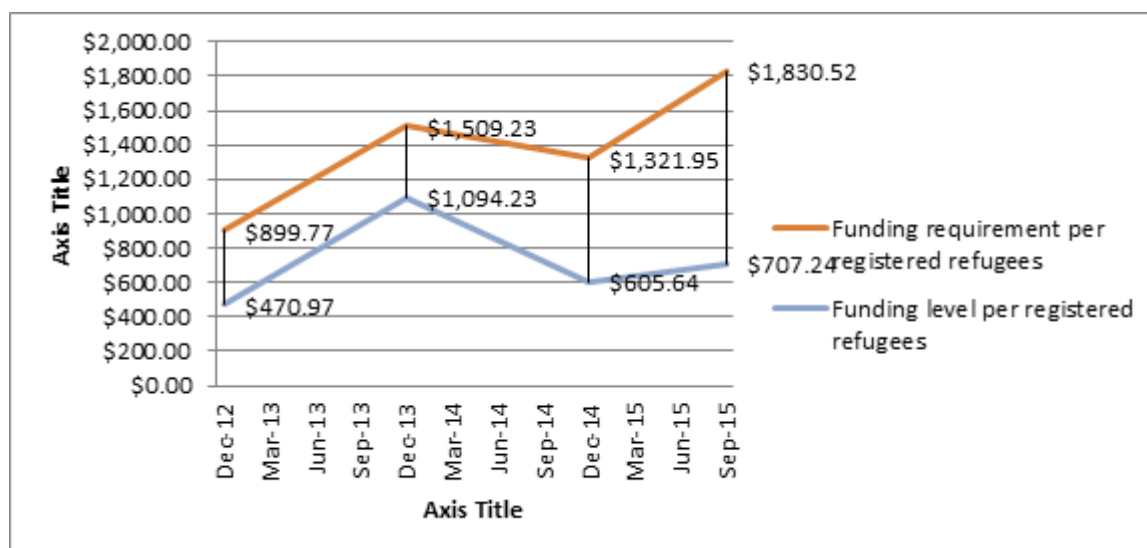
Source: UNHCR REGIONAL RESPONSE PLAN (JAN-DEC 2013)
<https://data.unhcr.org/syrianrefugees/download.php?id=4082>

However, as shown in Figures 3 below, donor support, while sizable, is not being able to cover the increasing needs of an unprecedented level of humanitarian crisis.¹Critical

¹² World Bank, 2013

funding shortages threaten to halt the United Nations World Food Program e-card¹³. In 2014 the UN launched its largest-ever appeal for a single crisis, \$6.5 billion, in response to increasing humanitarian needs in Syria and neighboring countries, but only 26 per cent of the humanitarian appeals were funded. The total appeal is for US\$1.7 billion for the inter-agency response (including 80 million presented by the Government of Lebanon (GoL) with UNDP and WFP) and US\$165 million presented by the Government.

Figure 3. Funding requirement and funding level in Lebanon



Faced with uncertainty about the end of the Syrian crisis and anticipating that the gap of unmet needs could grow wider over time¹⁴, humanitarian finance support that focuses on re-building capacity, as well as a set of specific actions to help people to move from

¹³. The program has since June 2012, been providing US\$30 credit per person each month, but in December 2014 the payments to all Syrian refugees were temporarily suspended due to shortages in Funding. Although payments were quickly restored following an emergency fundraising campaign, support is now often below targeted (subsistence) levels, at less than \$20 per month per refugee. World Food Programme. <https://www.wfp.org/news/news-release/funding-shortfall-forces-wfp-announce-cutbacks-syrian-food-assistance-operation>

¹⁴"In 2014 the UN launched its largest-ever appeal for a single crisis, \$6.5 billion, in response to increasing humanitarian needs in Syria and neighbouring countries. This is half the total 2014 global \$12.9 billion appeal, which itself is the largest appeal the UN has had to make at the start of a year. As the required financial resources to respond to humanitarian emergencies increase, so does the financing gap of unmet needs. As of early June 2014, only 26 per cent of the humanitarian appeals for Syria and neighboring countries was funded". A closer look at humanitarian appeals shows the tendency for new emergencies to divert scarce humanitarian resources from ongoing efforts in more protracted crises to new emergencies. This is the case with the Syrian refugee crisis where more than \$3 billion of humanitarian aid was channeled towards the two appeals related to the Syrian crisis, representing 35.5 percent of the total funding towards all 25 appeals in 2013. See: Bayat-Renoux & Glemarec, Yannick. Financing Recovery for Resilience. UNDP, 2014

dependence on humanitarian relief towards development, relies on the mutual learning between local and int'l and results in interventions that are better designed, more holistic and more effective.

A Shift Towards Development Aid

One of the major aims of the international community is to enhance the institutional capacities of central and local authorities to better manage the crisis and to create an enabling environment for facilitating their operations to shift from dependency on humanitarian aid towards achieving sustainable development. Supporting public institutional capacities to deliver core functions is at the heart of today's humanitarian aid programs.

International interventions should be well-aligned with the key principles for aid effectiveness in terms of country ownership, alignment with country systems, donor harmonization and results-oriented approaches. Whereas national authorities are responsible for strengthen their capacities and leadership to develop goals, targets and common indicators to monitor and evaluate the impact of Syrian refuge relief and recovery program, the donor's community in return, pledge to streamline donor assistance to meet these objectives and to ensure predictable aid flows.

To deal with an increasingly complex and evolving risk landscape and to place the humanitarian response within the larger framework of Lebanese stabilization, on 25-26 of September, three years after the refuge crisis, OECD and UNDP organized a workshop on "Stabilization Systems Analysis Lebanon Results and Roadmap"¹⁵, to consult and

15. Stabilization Systems Analysis-Lebanon: Results and Roadmap Workshop: Bieurt. OECD and UNDP (The Development Assistance Committee). The OECD Better Life Initiative launched in May 2011 on the occasion of the OECD's 50th Anniversary, focuses on developing statistics that can capture aspects of life that matter to people and that, taken together, help to shape the quality of their lives. Two important elements of this initiative are the How's Life? report and the Better Life Index. The Better Life Index provides interesting information on what really matters to people in their conception of a „good life“ (see The OECD Better Life Initiative: Measuring well-being and progress.2013; <http://www.oecd.org/std/Measuring%20Well-Being%20and%20Progress%20Brochure.pdf>)

explore, with a large segment of Lebanese society¹⁶, how to support stabilization in Lebanon, with a specific focus on the risks related with the impact of the Syrian crisis to incorporate them in the recovery plan and development interventions. As result, the workshop delivered a roadmap concerning actions for the short, medium to longer term change and how to integrate these actions into sectorial plans, identifying the role of the intervening different actors (including the government, private sector, UN agencies and communities themselves).

It also provided a common shared strategy for recovery and development, streamlining interventions as much as possible and seeking partnerships to develop more cost-efficient delivery. It fed the process of integrating resilience strategies into the LCRP framework; prioritization and programme design decisions across the sectors as well as into each stakeholder's development and humanitarian programming. This effort can align with the country's Millennium Development Goals (MDG) and with the Sustainability Development Goals into the future.¹⁷

¹⁶ The workshop gathered political parties, representatives of local families, experts in risks, experts in systems and key decision makers from the government, NGOs, the United Nations and donors.

¹⁷ UNDP – MERCY CORPS, *Stabilization & Resilience In Protracted, Politically-Induced Emergencies: A Case Study Exploration of Lebanon*, 2015

Roadmap for stabilisation in Lebanon: Key priorities

	Absorptive capacity	Adaptive capacity	Transformation
Household	Small agricultural production and marketing	Employment programs and vocational training Access to info (e.g. Hotline)	
Community	Host / refugee community dialogue Labour intensive programmes Small agricultural production and marketing	Employment programs and vocational training Access to info (e.g. Hotline)	Youth at risk Greater collaboration with Private Sector
Municipality	Strengthen existing basic services Labour intensive programmes	Link formal and informal decision making and participatory governance especially via municipalities Public works infrastructure Early warning and surveillance response systems	Youth at risk
National		Legal status of refugees Right to work Systemic border control Public works infrastructure Early warning and surveillance response systems	Natural resources management policies Greater collaboration with Private Sector Social safety net for all

Source: (OECD & UNDP, 2014) Stabilisation Systems Analysis - Lebanon
Results and roadmap Workshop: Beirut September 25/26 2014

Municipalities and Unions the Most Relevant Entry Point

In a country that is confessional-based, one of the main entry points to build resilience and ultimately to facilitate a transformational agenda, is through sub-national structures and networks. Governance needs to be hyper-local.

An essential element of the LCRP is its call for coordination and collaboration within the international community, within the government, within civil society, within the private sector and among the four to converge resources to support service delivery by municipalities and social agencies at the national and subnational levels.

A major component is the empowerment of municipalities to take local actions to improve infrastructure and services, Conflict mitigation mechanisms, enforce rules and

create a collaborative action among community groups, including the refugees themselves¹⁸. This view is more positive rather than strengthening the Municipalities structures as separate discrete actions.¹⁹

This approach has an evidence through the Lebanon Support to Host Communities Programme (LHSP), a programmatic partnership since 2013 between Municipalities, MoSA and UNDP, which implements a multi-level bottom-up approach to strengthen local capacities for resilience. After two years of implementation the experience shows that²⁰

- The Municipality as an elected body is seen as part of a governance structure that includes local authorities, civil society organizations and public sector representatives joint to build consensus on needs and solutions²¹ through dialogue, promote trust, and integrate conflict prevention into programmes and services.
- in the LCRP as mechanisms for community engagement, local institutions like health clinics, schools, and Social Development Centers provide key services to vulnerable localities, but also represent key social networks and relationships that can be strengthened for future shocks and stresses, and ultimately could be transformed to offer more equitable social welfare.
- The Municipalities own an instrument for planning and partnership with national institutions, public sector and international cooperation (Municipal Multi Sectorial Action Plan)²², build upon the agreement with the local stakeholder that allows the

¹⁸ While municipalities lack key resources, they had been proactive and working to address community-level needs. The results of a survey conducted by Mercy crops with 12 municipalities reveals that '100% of the municipalities are registering refugees and providing housing assistance, while 89% are facilitating assistance provision, 78% have increased their security presence with more staff in their communities, and 78% are providing dispute resolution facilities between refugee and host communities' (Mercy-Corps 2014).

¹⁹ UNDP, MercyCrops, 2015

²⁰ AKTIS, Lebanon Municipal Support Programme Monitoring and Evaluation, Beirut 2015

²¹ LHSP conflict-sensitive and participatory methodology "Maps of Risks and Resources (MRR)"

²² The Municipal Multi Sectorial Action Plans are the result of the MRR methodology

coordinated approach between the local and national dimension of needs, policies and available programmatic resources.

- Three realities (local stakeholders, national institutions and international partners) can meet around a common agreed platform, where short, medium and longer term initiatives can be planned.
- The change happens overcoming the top-down decision making and promoting a permanent dialogue at all levels (between the local dimension actors and between the local with the national environment).
- The legitimacy of the municipality, understood as citizens' acceptance of the state's right to rule²³, can improve and increase satisfying needs in a comprehensive way, reducing potential conflicts between Lebanese population and Syrian refugees.
- The Municipalities can strengthening the relationships among themselves, and between themselves and the Unions, linking local government institutions to create peer support networks.

The main matter concerns the municipal possibilities for satisfying needs (mainly improved services and infrastructures and creating the enabling environment for the local economic development) based at least in part on their own resources, which concerns the municipal financial autonomy and their capacities for financial management, and so the respective implications related with transparency, accountability and efficiency of financial operations.

A reference book on financial reforms for municipalities, published in 2010, include 138 reforms affecting laws and regulations that are required by the current structure, to impulse and making possible the financial autonomy of the Municipalities. The main focuses remain around taxes collection and taxes return and how making the Municipalities able to collect and manage taxes could enable them to increase their

²³ Rocha Menocal, A. University of Birmingham, 2011

financial capacities and autonomy from the Independent Municipality Fund and the relative delay in disbursing.²⁴

Lucrative type of tax based on industrial and big scale commercial property, which are not interesting poor Municipalities (so the ones most affected by the crisis); other lucrative taxes that are not collected by the municipalities, specifically electricity and communications bills which are under the control of the Ministry of Finance and the Ministry of Telecommunications. The proceeds from these taxes do not automatically reach the municipalities in a timely manner, further isolating the poorer areas of Lebanon from income they crucially need.

As assessment done by Mercy Crops identified a Property and Tax Mapping System as being the most strategic investment to assist municipalities. The impact of such a system comprises its two components: first, the property mapping will enable the municipality to assist its citizens with land disputes which are common due to the lack of regulation of land use and construction, and which often lead to violence; second, the tax mapping will improve the ability of the municipality to tax its citizens fairly and accurately, thereby increasing the capacity of the municipality to provide social services and resolve resource-based tensions.

In parallel, the finance function at the municipal level should be professionalized to the maximum extent possible; financial operations at the municipal level should be conducted in an economical and cost effective manner. Economical and cost effective management of the finance function at the municipal level implies efficient use of qualified staff since payroll costs are the largest component of the cost of financial management. Because Lebanon has so many municipalities it is not going to be economical or cost effective for every small municipality to staff up to perform all

²⁴ UNDP & Mercy Crops, 2014

required finance functions. Some functions can be performed more cost effectively by Unions of Municipalities on behalf of their smaller members instead.²⁵

Finally, looking at the transformation, which is the core of resilience, and a growing capacity of the Municipalities playing an active and independent role responding to their territory's necessities, financing of municipal government should contribute to local economic development. Contributing to local economic development implies that the financing of municipal government should encourage the healthy growth of businesses in the locality and thereby increase employment opportunities for the community.

Several elements can play together for creating the enabling environment for the local economic development, stimulating investments and the startup of Small and Medium Enterprises:

- The municipal fees on property should be managed to encourage development. While there are at least 36 different types of tariffs and fees that can be levied by municipalities, the most significant potential for improvement and revenue growth lies with the fees on property. Property fees currently collected by municipal government based on the assessment of the rental value of each property. As a result, revenue yields have been seriously degraded by Lebanon's rent control regulations. In addition, there is not currently a uniform basis for property tax assessment at the municipal level, nor an efficient collection procedure.²⁶
- The intergovernmental transfers should be less unpredictable, enabling the Municipalities to plan infrastructure and service improvements that encourage local economic development.
- Encourage partnerships between local governments, civil society organizations and private sector through market-oriented investment, reducing upfront financial costs for the service delivery, stimulating access to the best technical and

²⁵ REPUBLIC OF LEBANON - MINISTRY OF INTERIOR AND MUNICIPALITIES, Municipal Finance Studies Program - Final Strategic Framework, 2011 © Institut Des Finances Basil Fuleihan

²⁶ Idem

management skills from both public and private sectors and offering better and more sustainable results for communities and businesses.

- Connect the Municipalities with the Lebanese diaspora and remittances, increasing their positive economic impact and correlation with domestic investments. The role of the Municipalities in facilitating the healthy local economic environment is related with their capacities of marketing their own territory, promoting the territorial brand and attracting the investment.

In conclusion the Municipalities have a protagonist role in building a resilient environment and institutional fabric with room to identify and implement a transformational agenda. This requires moving towards innovation, experimentation and learning, and therefore towards the possibility of learning opportunity, between local government, national government and the people.

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