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PROGRAMMES OF ECONOMIC ASSISTANCE****Assistance for the reconstruction and development of Lebanon****Report of the Secretary-General****CONTENTS**

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I. INTRODUCTION

1. The present report is submitted to the General Assembly in pursuance of its resolution 40/229 of 17 December 1985. It provides a brief description of various programme of assistance to mid-October 1986.

II. GENERAL SITUATION AFFECTING ASSISTANCE EFFORTS

2. During the period under review, a continuing lack of security throughout Lebanon was the main factor affecting the capability of the United Nations system to provide assistance for the reconstruction and development of the country. The necessary reduction of international staff owing to hazardous conditions and the paucity of financial resources have adversely affected the overall activities of the United Nations in Lebanon. In general, the economic situation of Lebanon has reflected a marked downturn owing to the deterioration of the Lebanese pound. This factor alone has precipitated increased hardship for the Lebanese people.

3. During the reporting period, many business concerns shut down their offices in Beirut and transferred their operations to other countries. Moreover, public utilities that had been providing much needed services such as electricity and water, began to encounter serious financial and operational difficulties.

4. According to recent reports by the Bank of Lebanon and the International Monetary Fund (IMF), public debt approached 54 billion Lebanese pounds (LL) by the end of 1985 and was expected to rise by another LL 20 billion in 1986, due to the inability of the Government to collect revenues. Moreover, inflation, which had reached 55.8 per cent during 1985, was expected to continue rising, in part owing to the accelerated depreciation of the Lebanese currency. As noted in the following table, the Lebanese currency lost 90 per cent of its value against the United States dollar during 1985 and in the first half of 1986.

| <u>Period</u> | <u>Rate of exchange of the Lebanese pound to the United States dollar (average)</u> |
|---------------|---|
| 1984 | 6.50 |
| 1985 | 16.50 |
| January 1986 | 20.25 |
| February 1986 | 21.75 |
| March 1986 | 20.35 |
| April 1986 | 28.25 |
| June 1986 | 39.75 |

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5. Despite these conditions, foreign trade revealed some improvements in 1985 over previous years. The trade imbalance, which ranged between \$US 3.1 to 2.3 billion between 1980 to 1984, dropped substantially in 1985 to \$US 1.4 billion, and was expected to drop further in 1986. Moreover, the Government of Lebanon was able to pursue some reconstruction efforts. During 1985, the Council for Development and Reconstruction allocated over LL 1.5 billion to new projects while its expenditure exceeded LL 2.1 billion.
6. Road rehabilitation, which started in 1980, continued to be the sector of the economy that utilized the greatest portion of the expenditures of the Council for Development and Reconstruction. Work has been executed or is under way on more than 1,000 kilometres of international and principal roads. Financing for this road programme was mobilized mainly from local sources.
7. By the end of 1985, telecommunication projects valued at more than LL 900 million were committed by the Government while actual expenditures exceeded LL 330 million. Such programme covered the replacement of central switching units, the addition of over 200,000 new telecommunication lines and the rehabilitation of existing networks. Financing for this programme was secured mainly from bilateral agreements.
8. The school rehabilitation programme, which covered more than 1,500 public schools, was still under execution. Outstanding commitment at the end of 1985 exceeded LL 160 million.
9. The Government continues to assist the productive sectors of the economy such as industry and housing through its credit programmes. Loans allocated to industries and private hospitals by the end of 1985 exceeded LL 1 billion.
10. Expenditure in the ports and airport sector continued in 1985 at the same pace as in previous years.
11. The Government's expenditures on projects in the water sector exceeded LL 83 million in 1985. At the end of 1985, total outstanding commitments in this sector exceeded LL 60 million.

III. UNITED NATIONS ROLE AND ACTIVITIES

A. Emergency relief activities

12. With the continued military activities causing destruction and the displacement of civilian populations, emergency assistance is therefore still a primary concern for the United Nations system in Lebanon. However, a little resources have been made available to the United Nations Co-ordinating Committee in Beirut. Nevertheless, this Committee is fulfilling a very important function by co-ordinating the work not only of all United Nations agencies, but international non-governmental organizations as well. Special tribute must be paid to these organizations for their dedication, commitment and effectiveness in carrying out their action under the extremely difficult circumstances.

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13. The Office of the United Nations Co-ordinator of Assistance for the Reconstruction and Development of Lebanon continued to enjoy close co-operation with the non-governmental organizations and the trust and understanding of Lebanese authorities, diplomatic missions and the donor countries. Co-ordination meetings, which were held regularly, brought together Lebanese officials, representatives of non-governmental organizations, relief agencies and donors. These meetings also facilitated mutual understanding and were helpful in the assessment of needs for the affected populations and with respect to the potential utilization of available resources and assistance.

14. In November 1985, a mission from the Office of the United Nations Disaster Relief Co-ordinator (UNDRD) visited Lebanon to examine current needs. As a result, an appeal was issued by UNDRD on 5 November 1985 for \$US 51 million. Unfortunately, this appeal did not result in any cash contributions. However, a grant of 1.5 billion liras (\$US 875,000) that had already been under consideration, was received from the Italian Government at the end of 1985. Furthermore, a donation of 500,000 ECUS (European Currency Units) (approximately equivalent to \$US 456,000) from the European Economic Community (EEC) was received in early 1986. UNDRD and the Middle East Council of Churches have established assistance programmes to deliver and monitor assistance provided from these grants in two areas where fighting had continued during the reporting period, i.e., the Matn mountains north-east of Beirut, and the area between the Litani river and the international border.

15. Five non-governmental organizations were invited to participate in the implementation of this programme - The Medical Association for Lebanese Children (AMEL), CARITAS, the Lebanese Red Cross, Middle East Council of Churches, and the Mouvement Social. These organizations have established activities in the two mentioned areas of Matn and south of Litani. UNDRD will continue to maintain its representative in Beirut during the implementation of these programmes.

16. In addition, UNDRD granted \$US 50,000 for emergency relief in the beginning of 1986, which was used for emergency medicaments for relief in the southern part of the country. A small amount was also allocated to establish a warehouse in the barracks of the United Nations Interim Force in Lebanon at Tyre as a preparedness measure for immediate action in the event people are displaced as a result of military activities. In response to an appeal for assistance to Lebanon by UNDRD of 2 May 1986, a contribution of \$US 134,023 was received in September 1986 from the Government of Norway. Moreover, a contribution of \$US 287,328 was received from the Government of Canada in October 1986. A donation of 50,000 blankets valued at approximately \$US 200,500 was received from a non-governmental organization, Church World Services of New York.

17. The United Nations High Commissioner for Refugees continued to participate in the efforts of the United Nations, the Lebanese High Relief Committee, and other relief agencies to meet the immediate needs of newly displaced families and allocated \$100,000 from Emergency Funds for this purpose. These funds were used mainly for the procurement and transportation of food items, milk, clothing for children, heaters, cookers and mattresses. The actual delivery of this assistance has been implemented by the Middle East Council of Churches which purchased the relief goods and channelled them through the Lebanese High Relief Committee.

18. The report Of the Secretary-General on the United Nations Interim Force in Lebanon Of 17 June 1986 (S/18164) describes the continued co-operation of UNIFIL with Lebanese authorities as well as the United Nations Relief and Works Agency, the United Nations Children's Fund, and the International Committee of the Red Cross in extending assistance to the local population.

19. In its annual report to the General Assembly, 1/ the Commissioner-General of UNRWA describes the assistance to Palestine refugees in Lebanon, including the emergency relief assistance provided to them.

20. In 1986, UNICEF completed the project funded by the Secretary-General's Trust Fund (\$US 60,000) which was designed to rehabilitate the water supply system in the city of Tripoli which had been damaged by military action.

21. During 1985-1986, some 260,000 families (or approximately 1,800,000 persons) throughout the country benefited or will benefit from assistance by the World Food Programme (WFP) at an approximate cost of \$US 10,000,000.

22. Owing to the disturbances that occurred in the Tripoli area in October 1985, emergency food aid was approved by WFP to assist 300,000 persons for a period of 90 days. This operation was extended until 31 July 1986 to permit completion of the distribution of the above-mentioned commodities.

B. Technical co-operation activities

23. During the reporting period, no international personnel previously evacuated had returned to Lebanon where a Phase V evacuation was still in effect. However, a representative of UNHCR arrived in Beirut to supervise the implementation of the emergency grant from Italy and EEC, and at the same time to act as officer-in-charge of the Office of the United Nations Co-ordinator of Assistance for the Reconstruction and Development of Lebanon.

Food and Agriculture Organization of the United Nations

24. FAO is active in various regions in Lebanon, e.g. Beirut-Peninsula-northern Lebanon and Bekaa. FAO assistance to Lebanon may be described as follows:

(a) Technical co-operation programme projects

Four technical co-operation programme projects have been approved for: rehabilitation of processing centres; determining the levels of pesticide residues in fruit and vegetables; identification of the main ectoparasites and endoparasites of livestock and poultry; and assistance in the development of exotic fruit crops. Two other projects are being approved: aquaculture study of Lebanese shrimp, and rehabilitation of fisheries and equipment. The approximate total for these projects, which have been approved or are awaiting approval, is \$US 890,000.

(b) FAO/UNDP programme

Four **FAO/UNDP projects** are currently operational and concern the following disciplines: restoration of the national hydrometric department, improvement of olive cultivation, animal health, and protected crops. All these projects will reach their term at the end of December 1986. At the request of the Government, however, three of the projects are to be extended for two years. The total for this programme for the year 1986 is \$US 203,921.

(c) Trust Fund programme

This programme concerns the provision of equipment to strengthen the operational and technical capacity of the Ministry of Agriculture. This assistance amounts to \$US 1,714,600.

(d) Regional projects

Lebanon benefits from the activities of certain regional projects based either in Lebanon (production of selected seeds) or abroad in the form of fellowship holders participating in seminars or consultations. Despite the events that prevailed during the first six months, the activities of the FAO office have continued normally. It should be noted that the FAO office has had to take charge of the administrative management and technical supervision of all the above-mentioned projects because international experts have been evacuated.

United Nations Children's Fund

25. Basic services programmes under way or planned include inter alia a programme aimed at immunizing all children up to five years of age against the six children's immunizable diseases and beginning in 1986 with the vaccination of 50,000 children; the training of and service delivery to field workers for growth monitoring, oral rehydration, breast feeding, immunization, female education and family planning; assistance to the Government in its efforts to revise the Health Education Curriculum of the public primary schools; providing recreational and educational activities for children affected by war, with the active participation of the community. The estimated budget for these programmes is \$US 251,500.

26. In addition, a major new project developed jointly between UNICEF and the General Directorate of Social Affairs has been designed to provide and consolidate innovative approaches in support of "family-based assistance to widowed mothers and their children". The budget allocated for this project is approximately \$US 1 300,000 to be spent in 1986 and 1987.

27. The programmes of reconstruction mounted by UNICEF have continued since 1981. A programme sponsored by the Council for Development and Reconstruction and UNICEF for the reconstruction of Lebanon (LL 150 million) is being completed. Between June 1985 and June 1986, a total of 21 projects were completed for a cost of LL 6.3 million. In June 1986, the implementation of 15 similar projects was under way at a cost of LL 6.6 million.

28. During the period between July 1985 and July 1986, of projects funded by the appeal of UNICEF in 1982, 31 were completed at a cost of \$US 1.9 million. These included health projects, water projects, education projects and community self-help projects. Seventy-seven similar projects were under implementation, bidding and study at a cost of \$US 6.6 million.

29. In 1986, a new work plan "X" was elaborated, including only projects for the rehabilitation of 10 water supply systems all over Lebanon, mainly the war-affected areas in the middle and northern parts of the country. The total funds for this work plan of 114 projects amounted to \$US 5.6 million donated by the United States Agency for International Development (USAID) (\$US 4 million), Canada (\$US 729,927) and Australia (\$US 897,200). The progress of the work to June 1986 indicates that 44 projects were completed for \$US 6.1 million; 22 projects were under implementation for \$US 1.1 million, and 45 projects were under bidding, study and survey for \$US 1.9 million. It is projected that the work plan should be completed by June 1987.

United Nations Development Programme

30. During the past year, the delivery of programmed UNDP technical co-operation activities continued to be adversely affected by the precarious security situation. As a consequence, several adjustments in the execution of projects had to be made in order to achieve a realistic level of implementation.

31. Despite those constraints, the execution of some of the UNDP programmes continued. Under the present Indicative Planning Figure cycle (1982-1986), actual expenditures during 1985 were equivalent to \$US 625,000 against the IPF, and \$US 61,000 from government cost-sharing. The authorized budget level for 1986 was set at \$US 750,000 since the rate of delivery of UNDP and agency inputs was likely to follow the same trend as in 1985.

32. UNDP operational projects during 1985/86 included activities for the improvement of agricultural productivity, animal health services, health laboratory services, as well as a number of fellowship programmes related to civil aviation and other development needs.

World Food Programme

33. WFP has traditionally rendered important assistance to Lebanon in a variety of projects. During 1986, three development projects were operational. These included a socially-oriented programme to reduce malnutrition among children through a basic diet feeding programme, an integrated development project in the Lebanese mountain areas directed towards the improvement of the economic and social conditions of the rural population, and a project geared towards the rehabilitation and revival of the silk industry. WFP estimates that the average yearly amount committed to those three developmental projects is approximately \$US 3,715,000.

World Health Organization

34. The assistance of the World Health Organization to Lebanon for 1986 fell within the planned programmes of WHO as described in the regular budget approved for the country and which amounted to \$US 294,900. Such assistance focused on:

(a) health systems infrastructure) (b) health science and technology - health promotion and care) and (c) health science and technology - disease prevention and control. In addition, the Director-General of WHO has allocated the sum of \$US 20,000 from the Director-General's development programme for the procurement of priority drugs.

IV. CONCLUSION

35. It should be stressed that United Nations organizations have continued in their efforts to render assistance to Lebanon notwithstanding the untoward situation affecting security. At the same time, the full economic and social recovery of Lebanese society will depend in a large measure on the cessation of the hostilities which at present are unfortunately continuing.

36. Despite the situation confronting Lebanon, there are some positive signs, within various sectors of the economy which augur well for eventual recovery. It is therefore hoped that the coming months will bring an improvement in the security situation, at least to the extent that (a) more international staff will be able to return to their assignments, and (b) donor countries will resume much needed contributions. In this connection, the Secretary-General and the United Nations system will, to the extent possible, continue and intensify the efforts to mobilize all possible assistance to help the Government in its programme of reconstruction and development.

Notes

1/ Official Records of the General Assembly, Forty-first Session, Supplement No. 13 (A/41/13).