

Lebanese Republic
Presidency of the Council of Ministers

NAHR EL BARED CRISIS APPEAL

Post Conflict Relief, Recovery and Reconstruction

Background Paper

September 10th, 2007

Grand Serail

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1. Introduction

One year since the July 2006 war, the Government of Lebanon and its development partners are facing together a new challenge. On 20th May 2006, fierce clashes erupted between armed members of the radical group Fatah Al Islam (FAI) and the Lebanese Army in Tripoli in northern Lebanon. These quickly spread to the nearby Palestinian refugee camp of Nahr el Bared (NBC), causing more than 300 deaths. The human, economic and political consequences of this conflict are severe.

This document presents the background of the NBC, the government strategy towards Palestinian refugees in Lebanon, current humanitarian needs and the preliminary estimates of the cost of the recovery and reconstruction effort. The document summarizes a series of technical documents prepared by the Government, the World Bank and UNRWA, in close collaboration with other UN agencies, NGOs and the private sector. These technical documents are:

- (i) *UNRWA Emergency Appeal*
- (ii) *Relief and Early Recovery for the Municipalities of Muhammara, Bebnine, Bhanine, Minieh, Beddawi and Deir Ammar*
- (iii) *Nahr el Bared and Surroundings: Reconstruction and Recovery Program*
- (iv) *Preliminary Economic and Social Impact Assessment of the Conflict at Nahr el Bared*
- (v) *Damage Assessment of Palestinian Refugee Camp of Nahr el Bared, Lebanon: Objectives, Methodology and Core Results, Working Paper.*

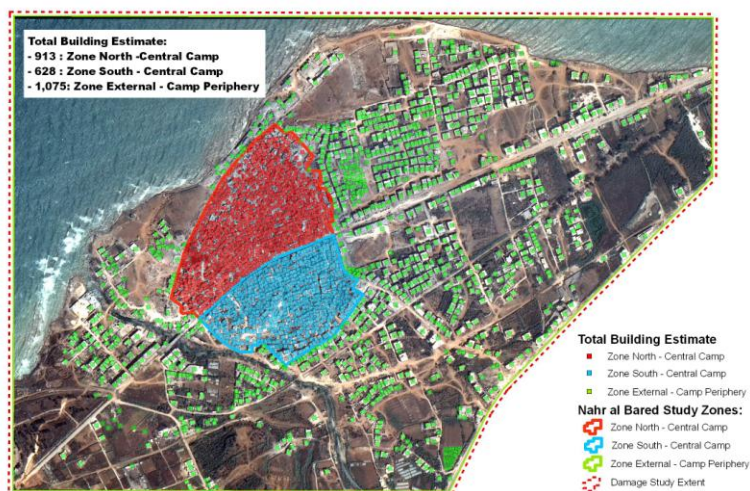
These documents are an integral part of the *Nahr el Bared Appeal* for this donor meeting. A diagram summarizing the figures as well as the financing and implementing mechanisms is at the end of this document.

2. Nahr el Bared Palestinian Refugee Camp: Background Information

The Nahr el Bared Camp (NBC) was established in December 1949 by the League of Red Cross Societies in order to accommodate the Palestinian refugees suffering from the difficult winter conditions in the Beqa'a valley and the suburbs of Tripoli. Located 16km from the city of Tripoli and occupying an area of about 20 km², some 31,000 displaced Palestinians and their descendents live in and around the camp, named after the river that runs south of the camp.

The NBC is made up of the official camp (the “old camp”) and the adjacent area (the “new camp”). The old camp is under UNRWA management responsibility, while the new camp obviously requires stronger collaboration between UNRWA, local and national authorities. While the aggregate social indicators for Nahr el Bared old camp are far below the national average, the new camp presents a different social mix and a much lower density of population. The new camp is also housing affluent Palestinian families who have built large housing units. While relatively small, the number of Lebanese families grows progressively as one moves away from the old camp boundaries.

OVERVIEW MAP OF TOTAL BUILDING COUNT FOR NAHR AL-BARED CAMP



3. Government Strategy Towards Palestinian Refugees in Lebanon¹

After decades of a turbulent relationship, the Government decided in October 2005 to open a new page in Lebanese-Palestinian relations. Lebanon's current policy is based on four principles: Recognition of Lebanese sovereignty and security; Support for the inalienable rights of the Palestinian Refugees; Promotion of a dignified and prosperous life for Palestinian Refugees in Lebanon, pending a just and comprehensive solution of the Arab-Israeli conflict and shared international responsibility for the refugee issue. The Government strategy towards Palestinian refugees is helping to build greater confidence, with the establishment of the Lebanese Palestinian Dialogue Committee (LPDC), based at Prime Minister Office, and the re-opening the PLO office in Beirut. The Lebanese and the Palestinians will work together in areas such as improve Refugee living conditions, the security conditions of the camps and support for the internationally-recognised rights of the Refugees (including the right to return) firmly embedded in the Lebanese constitution, which rejects the permanent settlement of Palestinian Refugees in Lebanon

¹ This section summarizes the contents of the Government Strategy Towards Palestinian Refugees in Lebanon, see Annex 1.

4. Phase 1: Humanitarian Needs of el Bared and Surroundings

Addressing humanitarian needs of the Nahr el Bared displaced population together with those of the surrounding areas, will take longer than expected. During the first stages of planning of the emergency response, it was envisaged that the fighting would be short lived and access to the camp, including the return of displaced families to NBC would be possible during the first three months of implementation of the UNRWA Flash Appeal (June-August 2007). A *Return Plan* was prepared jointly by the Government of Lebanon, UNRWA, UN agencies and other stakeholders. Unfortunately, whereas a part of the NBC population will be able to return immediately, it is now clear that a longer term humanitarian relief operation will be required, and a full return to NBC will take longer than initially expected, at least two years.

4.1. The UNRWA Emergency Appeal²

Under the new Emergency Appeal (September 2007- August 2008), UNRWA is seeking US\$ 54,801,082 in order to (i) meet the emergency needs of the affected population in terms of relief and social services, health, education, temporary shelter, water and sanitation, protection, early recovery and (ii) the plan for a safe return for the displaced from NBC. It is worth noting that, during the period June-August 2007, the overall humanitarian support was considered *good* or *acceptable* by the majority of the displaced population.

Relief and social services. This will include the following activities: Distribute food parcels and hygiene kits to the to the 5,449 displaced families, parcels of milk, cereals, diapers to babies and infants; distribute cash for household items at \$500 per family for 3,000 families requiring household goods for their temporary shelters or rentals; assist community-based organizations to re-establish themselves in locations where displaced families will require direct services for women, disabled and children; establish and operate a Emergency Employment Services Centre.

Health. This will include the following activities: Operate UNRWA's newly established emergency clinic on a six-day week schedule; renew contracts with private hospitals, other health facilities and pharmacies; distribute health education materials and conduct health education sessions; implement a regular visiting schedule for a health team to visit the displaced in northern Lebanon on a regular basis; and ensure that patients displaced to areas outside northern Lebanon are fully covered.

Education. This will include the following activities: Install pre-fabricated school premises on rented land; convert single shift schools operating in Tripoli town to double shift; provide psychosocial activities for traumatized children; repair schools that were used as temporary shelter for the displaced

Temporary shelter. The aim is to secure temporary shelter for the 5,449 displaced families, and to allow the quickly and safe return to shelters in NBC for the families who are able to return, once the camp is accessible. This will include: provide rent subsidy (2,500 families); rent land close to Beddawi camp and NBC to construct temporary shelters to house the displaced (1,000 families); improve shelters of host families (1,200 families); provide quick and emergency repairs (800 families); provide essential services and include a participatory approach with the affected population in the implementation of the process.

² This section summarizes the contents of the UNRWA Emergency Appeal for Northern Lebanon; see Annex 2

UNRWA Emergency Appeal budget

Sector/Cluster	Cost US \$
Food items	\$ 2,489,175
Non Food Items	\$ 1,288,710
Early Recovery	\$ 15,722,040
Health	\$ 887,805
Shelter	\$ 23,532,000
Water and Sanitation	\$ 3,407,700
Education	\$ 1,277,006
Protection	\$ 205,350
Emergency and Recovery Capacity ³	\$ 5,991,297
Grand TOTAL (US)	\$ 54,801,082

Source: UNRWA

affected by the crisis and hosting communities in Beddawi Camp and NBC; provide psycho-social support to women and young girls.

Early recovery. This will lay the ground for the recovery and reconstruction process and includes the following activities: remove and recycle up to 800.000 m3 of rubble; to provide support and ensure minimum standard of electricity, where needed (e.g. temporary camps); optimize and facilitate temporary income and employment generation for the most affected displaced population; and prepare a comprehensive recovery and reconstruction needs assessment.

Emergency and recovery capacity. The aim is to strengthen the capacity of UNRWAs emergency programme, including improved coordination, management and monitoring, security, communications and contingency planning.

Water and sanitation. This will include the following activities: Establish and maintain minimum acceptable environmental health conditions; continue to upgrade water and sanitation facilities to meet minimum acceptable standards; provide immediate emergency services to returnees to NBC and to public and semi-public buildings, including UNRWA temporary clinics and schools.

Protection. This will include the following activities: Monitor protection issues of affected refugees, referring and coordinating adequate responses with other clusters and partner organizations; implement awareness raising campaign activities for refugees

³ This sector includes \$104,118 for establishing Camp Information Offices in Beddawi and Nahr el Bared camps; \$786,546 for Management, Coordination, Security and Support; \$3,132,231 for Relief, Recovery & Reconstruction Management Unit (RRMU); \$1,168,830 for Logistics and Operational Supplies; and \$799,572 for UN Department of Safety and Security.

4.2. Relief and Early Recovery for the municipalities of Muhammara, Bebnine, Bhanine, Minieh, Beddawi and Deir Ammar⁴

The region surrounding the NBC sustained serious damages over the period of the conflict. Six municipalities, which are among Lebanon's poorest, were mainly affected. These include: *Muhammara, Bebnine, Bhanine, Minieh, Beddawi and Deir Ammar*.

The Lebanese Government is seeking pledges in aid for the relief and early recovery efforts in the areas adjacent to the NBC. The direct damage wrought by the NBC crisis on the population of the six adjacent municipalities runs well above the USD28million. This excludes the cost of housing and infrastructure reconstruction within the NBC and the adjacent areas (*i.e. new camp*), as well as losses in economic output, jobs, and the long-term direct and indirect costs to the economy including lost revenues in tourism, agriculture and industry.

Assistance to the affected Lebanese population will be done in accordance with normal Government practices in the aftermath of domestic terror attacks and will target primarily the affected low-income and vulnerable social groups. The Higher Relief Commission (HRC) has identified about 348 casualties, 995 households, 460 businesses and 2,427 fishermen that are eligible for financial assistance as well as shelter, food and income subsidies. Eligible beneficiaries include: (i) families of martyrs and handicapped persons; (ii) households that suffered direct losses in assets or housing damage; (iii) households that were forced to leave their homes under difficult conditions; and (iv) businesses that had to close or those who lost their economic activity during the period of the conflict.

***Financial Assistance-* Financial assistance is being sought to the families of Lebanese martyrs and to handicapped persons.** It is reported that 164 military and 45 civilians lost their lives during the NBC crisis. Also, 139 military were rendered handicapped as a result of the injuries sustained during the fighting. Each of the above will receive an amount equivalent to USD13,333. Clear and transparent eligibility criteria for injured persons are determined by the HRC. The estimated total amount of financing needed for this category is equal to **USD4.64million**.

Shelter, Food and Income Subsidies- The provision of food subsidies to displaced persons and host families is required in the coming period. With over 65% of the adjacent areas to the NBC allegedly destroyed, it is estimated that around 995 Lebanese households will require food subsidies during the coming 12 months to help affected families meet their basic requirements in food. The HRC has specified a household food ration that lasts for 2 weeks costing 33 USD. The estimated total cost of this subsidy is equal to USD0.79million.

Similarly, around 995 Lebanese households will require rental subsidies during the coming 12 months. The HRC estimates that the cost of a monthly rent in the region is on average equal to 300 USD. The estimated total cost of this subsidy is equal to USD3.60million.

⁴ This section summarizes the Government of Lebanon Appeal, see Annex 3.

The HRC has identified 460 businesses that are eligible for income subsidy for losses suffered due to closure or interruption of their economic activity. The assumption made is that the recovery period required would be equal to six (6) months for businesses to resume their pre-conflict level of economic activity. The HRC intends to pay an average monthly income of 300USD⁵ for the period of one (1) year. The estimated total cost of this subsidy is equal to USD0.83million.

The HRC has accounted for a total of 2,427 affected fishermen⁶ eligible for income subsidy for losses suffered due to the interruption of their fishing activity during the hostilities. Fishermen in the port of Abdeh will each receive an income subsidy equal to USD300 per month while the fishermen in Tripoli will receive 200 USD per month. The estimated total cost this subsidy is equal to USD3.71million.

The total cost of shelter, food and income subsidies is equal to **USD8.90million**. It is expected that all of these will have a positive impact on the local retail trade and will thus accelerate the recovery process. The HRC has established clear and transparent eligibility criteria for receiving subsidies

Repair of Public Assets- Local roads and sewerage networks were severely damaged as a result of the military operations. A total of 43km of roads will require repair and rehabilitation in Bhanine, Beddawi, Minieh and Mohammara, Bebnine and Deir Ammar. The total cost is estimated to be equal to USD2.41million. Emergency repairs to 6km of sewerage networks in Bhanine and Mohammara are estimated to cost around USD0.40million.

Throughout the Nahr el Bared crisis, a total of eight (8) public schools (*1 in Bhanine and 7 in Beddawi*) were offered by the government as temporary shelter to the displaced Palestinians. These will require urgent repair and maintenance. The total cost for this activity is estimated to be equal to USD0.24million.

Damage to the electricity distribution and generation systems proved to be considerable. Distribution systems were destroyed and one fuel tank was damaged at the Deir Ammar power plant. The respective estimates are equal to USD3.00million and USD0.25million. The total cost of repair of public assets is equal to **USD6.3million**.

Repair and Replacement of Private Assets- A large number of houses, businesses and medium and small industries were affected by the conflict. The government intends to finance the repair and replacement to the houses that were subjected to light damage. Also, the cost of replacing damaged fishing boats, fishing nets, greenhouses and petrol stations damaged during the conflict. The estimated total amount of financing needed for this category is equal to **USD2.71million**.

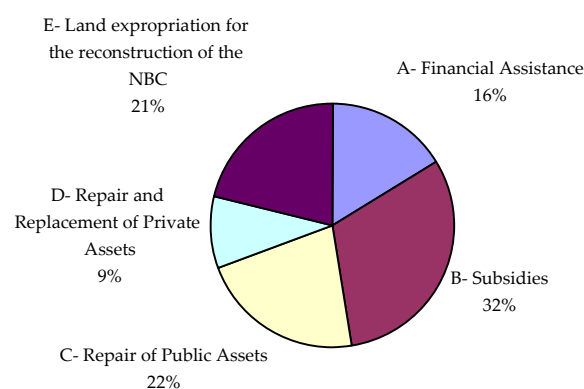
Land Expropriation- Among the key challenges facing the reconstruction process is the availability of land. Hence, the bulk of the old NBC is located on private land that requires to

⁵ This is an estimate of the average monthly income of households living in the North.

⁶ HRC have divided the targeted population into two categories according to level of impact. Category 1 the Bebnine-Abdeh fishermen=1,324, Category 2 the Tripoli fishermen= 1,103

be expropriated by the government. This represents 290,000sq.m. and an estimated value equal to **USD6million**.

	Number of Cases	Total (USD)
A- Financial Assistance		4,640,000
Families of martyrs (164 military and 45 civilians)	209	2,786,667
Handicapped persons (139 military)	139	1,853,333
B- Subsidies		8,904,840
Food subsidy to displaced households (over a period of 12 months)	995	788,040
Rental subsidy to displaced households (over a period of 12 months)	995	3,582,000
Income subsidy to locally affected businesses (over a period of 6 months)	460	828,000
Income subsidy to locally affected fishermen in Bebnine and Abdeh (over a period of 6 months)	1,324	2,383,200
Income subsidy to locally affected fishermen in Tripoli (over a period of 6 months)	1,103	1,323,600
C- Repair of Public Assets		6,300,000
Repair of road infrastructure (43km)		2,408,000
Repair of sewerage infrastructure (Muhammara, Beddawi, Borj Yahoudia) (6km)		402,000
Production damage in the electricity sector (One Fuel Tank)		250,000
Distribution damage in the electricity sector		3,000,000
Repair of public schools used as temporary shelter (7 schools in Beddawi and one in Bhanine)	8	240,000
D- Repair and Replacement of Private Assets		2,712,100
Damaged petrol stations	5	500,000
Replacement of lost equipment and inventories of local businesses and small industries		800,000
Replacement of destroyed fishing boats	5	25,000
Replacement of damaged fishing nets	70	157,500
Repair of fishing boats in Bebnine and Abdeh	316	94,800
Repair of fishing boats in Tripoli	416	124,800
Replacement of loss of agricultural crops and damaged greenhouses	40	400,000
Repair of lightly damaged houses	488	610,000
E- Land expropriation for the reconstruction of the NBC		6,000,000
Land expropriation for the reconstruction of the NBC		6,000,000
TOTAL		28,556,940



5. Phase 2: The Recovery and Reconstruction Process⁷

The Government of Lebanon (GoL) requested a preliminary assessment of damage and reconstruction needs resulting from the conflict and a socio-economic impact assessment. This initial assessment has been conducted under exceptional circumstances and results should be treated with caution. Because of the strict military restrictions to access the conflict area the assessment does not encompass the usual routine field visits of the affected areas. For the same reasons, the consultation with affected peoples, Palestinian Refugees and Lebanese household representatives, local entrepreneurs, and NGOs working in the area was restricted to the feedback collected through existing networks. In addition, socio-economic information, gathered under constraints of time and emergency, is often preliminary and sometimes incomplete.

5.1. The physical reconstruction of Nahr el Bared camp

The physical reconstruction of Nahr el Bared will be a huge challenge. A recent survey shows that the population declared that most critical need is *Rebuilding a house in Nahr el Bared* (64%). A significant challenge, given that after three months fighting, the old camp has been largely destroyed, while the new camp has been less severely damaged. Preliminary estimates show that the total asset losses reached US\$155 million and US\$180 million when accounting for the improved-standard reconstruction costs.

Nearly 6,000 residential and commercial units were damaged or destroyed. Even for building which have not been fully demolished, their structural integrity is at risk. Moreover, considering the extent of the damage, it would be justified to level the residential buildings to provide much improved urban planning and higher quality buildings. Also at least 433 small enterprises—especially single family artisans, shopkeepers—were also totally or partially destroyed by the heavy bombing and rocket explosions.

Health and education infrastructure was severely damaged, with 3 hospitals and 4 clinics requiring either reconstruction or extensive repair, and over 15 schools, mainly kindergarten, destroyed or damaged. With the education and health facilities hit in the UNRWA compound the damage almost doubles. The loss of public building (community centers, mosques) represents the second largest loss after the housing sector. Other infrastructure services like water supply, electricity and telecommunications, were less extensively impacted.

Among the infrastructure networks the water and sanitation sector suffered most. Water wells and reservoirs providing water for domestic needs and industry were damaged, most of which will need complete reconstruction. The small-scale industries and the few medium-scale enterprises locate in the vicinity of the old camp were affected. Roads sustained minor damage mainly as a result from the intensive use of heavy military vehicles. Other infrastructure services like power and telecommunications suffered minimal disruption. Civil administration was affected, with office buildings and records destroyed. More problematic is

⁷ This section summarizes the contents of the World Bank Technical Note, see Annex 4

the impact of chemical pollution on the ground water. An environmental health assessment will be required as soon as situation allows.

The physical reconstruction includes improved-standards reconstruction cost, in order to build back better. The assessment team explored the two options: (i) same-standard replacement costs; and (ii) improved-standard reconstruction costs. Considering the generally sub-standard housing norms and the poor infrastructure in the Nahr el Bared camp, preference should be given to reconstruction with improved building standards and upgraded infrastructure.

The direct of physical reconstruction cost adds up to US\$ 221 million. This includes the total expenditure for housing is estimated at US\$125 million while the rehabilitation cost for social and physical infrastructure will amount to US\$55 million. This also includes the UNRWA compound rehabilitation work, the program development and management cost and the physical (5%) and financial (5%) contingencies. A more detailed description and sectoral analysis will be required from the relevant line ministries, as soon as access to the site will be granted by the government/military officials. The provisional recovery cost in each sector is summarized below.

Table 3: Projected Expenditure on Reconstruction

Sector Expenditures	US \$	%
Housing*	125 044 000	
Health	1 400 000	
Education	2 000 000	
Water supply and sanitation	12 799 000	
Public buildings	26 200 000	
Power	800 000	
Roads	1 770 000	
Municipal Infrastructure/I	4 000 000	
Telecommunication	600 000	
Environmental Actions	5 000 000	
<i>Sub-Total of Sector Expenditures</i>	<i>179 613 000</i>	
Associated Reconstruction Expenditures		
UNRWA Compound Rehabilitation	11 889 000	
Project Dev. & Implementation	9 883 000	

Physical & Financial Contingencies	20 139 000	(10%)
Sub-Total Associated Expenditures	40 991 000	
Grand Total	221 524 000	

*Note: Sectors where private sector participation is possible./I Includes street lighting, solid waste equipment and other municipal expenses. Source: Joint Assessment Team estimates, preliminary (as of August 31, 2007)

Any decisions to assist other sectors would contribute towards increasing the expenditure of the Government even further. For example, if the reconstruction costs would include the replacement of household goods and if this assistance is applied only to the totally destroyed building it would cost an extra US\$14 million.

5.2. The Preliminary Economic and Social Impact Assessment⁸

The conflict in NBC is also having a significant socio-economic impact. The conflict resulted in a large scale destruction of businesses in the camp and surrounding area. The amount of destruction in businesses reaches US\$15.2 million for businesses in the old and new camp. Moreover, businesses suffered also from losses in equipment and inventories, reaching US\$12.5 millions.

Aside from assets losses, the conflict in NBC is having a strong economic impact on the camp and the surrounding region. Nahr el Bared is one of the most economically integrated camps in Lebanon with a wide range of interaction and externalities with the region. NBC has a dense trade and services activity and is a labor provider to the surrounding areas. The camp is close to a major transport network linking Tripoli to Syria and the coast to the hinterland of Akkar. Therefore, many of businesses at NBC are oriented toward: (i) servicing the transport sector (reparation and maintenance), (ii) servicing travelers and drivers (food and beverage), (iii) providing neighboring villages and Akkar with goods and services. Available information show that the Value Added (VA) that would have been generated by end-2009 would reach US\$100 million.

The survey of businesses gives an assessment of the level of activity inside NBC, where more than 433 businesses have been affected. Based on the survey, we estimate that prior to the conflict, 443 businesses were censused in NBC. Over 69 percent of these businesses were owned, the rest being rented. These businesses are entirely operated by Palestinian nationals, and are mainly self operated entities, since they employed altogether 450 people, including the owners. Most of the businesses are in the services sector (94 percent) and, more specifically, retail trade (79 percent). With the extent of destruction, these businesses are virtually not operational since the beginning of the fighting at end-May 2007 and for the rest of the year 2007.

⁸ This section summarizes the contents of the Preliminary Economic and Social Impact Assessment, see Annex 5.

Nearly 4,976 jobs have been lost and unemployment reached 80% of the NBC displaced population. Before the crisis 64% of the population of Nahr el Bared was between 15 years old and 64 years old. The labor force participation rate for Nahr el Bared was 46% (around 9,200 people), a mere 17% for women compared to 78% for men. Unemployment was estimated to be approaching 27%. Preliminary information gathered during the conflict indicates that up to 80% of the working force declared themselves unemployed. Out of the 6,716 people employed before the conflict, available surveys estimates that 4,876 lost their jobs during the crisis (see Table 4). Social works is the sector less affected by the crisis, and is expected to fully recover by mid 2008. Construction will benefit from the beginning of housing reconstruction, which should boost the first semester of 2007. Other sectors (e.g. trade, small industry) will rely heavily on the pace of return of displaced to NBC. It is expected that the unemployment population will find opportunities as a result of the recovery and reconstruction process.

Table 4. Preliminary overview of number of jobs lost in NBC per economic sector

Sectors	Before		After		Job Lost	Decline
Trade	32%	2116	331	18%	1784	84%
Construction	26%	1753	550	30%	1203	69%
Health, Education and social work	22%	1478	786	43%	692	47%
Small Industry	11%	705	125	7%	580	82%
Others	10%	665	48	3%	617	93%
Total	100%	6716	1840	100%	4876	73%

Source: Joint Assessment Team

On the social side, the NBC conflict is both revealing and creating social vulnerabilities in the region. Available information suggests that an average NBC household consists of five people, but there is considerable variation in household size. 14% of all dwellings in Nahr el Bared consist of one room only, while 41% have just two rooms. School enrolment is fairly high, but some children leave school prematurely. In the age group 6-19, approximately 20% are not enrolled in any educational institution. Almost 30% of affected NBC families were living in poverty and unable to provide for their basic needs of food, clothing and housing; and the majority of the remaining families who are not much better off have strained their coping mechanisms and fallen into poverty. Displacement of refugees and loss of means of livelihood have added to their vulnerabilities at the social, economic and psychological levels. Actually, 13% of families include a disabled member and a fifth of the families have one or more member suffering from psychological diseases. Assessments carried out revealed the increase in inter-familial problems and escalating tension among the displaced and with the surrounding communities resulting in increased incidences of violence, abuses and harassment. A comprehensive assessment will provide further information, including the particular situation of the nearby Beddawi camp.

From the profile of the labor supply, we can estimate the forgone activity in the region surrounding the camp. We estimate the labor working in activities outside the camp, or that can not be classified as exclusively oriented to service the camp, at 66 percent of the working force. Knowing the sector distribution of workers and the average salaries they earn, we can estimate the economic losses related to the interruption of labor supply and of activity outside the camp. The foregone Value Added (VA) for the second half of the year 2007 reaches US\$52.6 million. For the whole period from the beginning of the conflict to the end of 2009, foregone Value Added would amount to US\$97 million. This also corresponds to respectively foregone salaries and wages of US\$13.5 million and US\$24 million for Palestinian and other workers, including Lebanese, taken together.

Aside from the interruption of labor and services supply from NBC, further impact and negative externalities can be identified on the national, regional and sub-regional levels. *On the national level*, several major impacts can be identified: (i) on the tourism sector, with cancellations of flight and hotel reservations in May and June, (ii) on the transport and trade sector with zero traffic on the Northern Border and the diversion of trade from, the border passes of Arida and Aboudieh from where 9 percent of exports and 1.2 percent of imports used to transit prior to the conflict (iii) the additional cost for the budget related to military and relief expenditures and to loss of revenues from customs, and (iv) the disturbance in the movement of oil tankers and the damage to infrastructure, especially the reduction in the production capacity of Deir Ammar power plant which increased power cuts all over the country.

On the regional level, the region of Akkar suffered from shortage of supply since transports where interrupted on the main highway. Also, fighting in Tripoli in the early days inflicted damages to some buildings and interrupted business. *On the sub-regional level, the immediate vicinity of NBC includes three municipalities, Muhammara, and Bebnine-Aabdeh.* These municipalities sustained direct and indirect damages during the fighting, both within their strict boundaries and in the parts of the so-called “New camp” that is under their direct jurisdiction. The direct damages are mainly in housing and businesses that have been destroyed. The indirect damages are at the level of interruption of activity: (i) agriculture suffered from interruption of labor supply and inaccessibility of some farming fields, (ii) fishermen of Abdeh were not able to access the sea for three months and sustained damages in their equipments (iii) businesses near the fighting zone had to close and (iv) the interruption of circulation on the highway had detrimental effect on all businesses directly or indirectly involved in the transport sectors.

Targeted support will be required for the restoration of livelihoods in NBC, amounting US \$ 27 millions. It is expected that the investment of the reconstruction will progressively offer opportunities to part of the people who lost their jobs. While a careful estimation of needs is not available at this stage, it is expected that livelihoods restoration in the *new* and *old camp* will require a large variety of interventions, including an emergency employment services center, training, asset replacement and the facilitation of temporary employment opportunities (within NBC). Therefore, it is estimated that NBC livelihoods programmes will require at least US \$ 27 millions (foregone salaries of NBC population and losses in equipment and inventories for Palestinian business).

Economic revival of the region is also critical, and will include a Local Development Program for Lebanese surrounding areas, amounting US \$ 50 million. Complementary to

the proposed set of immediate reconstruction actions, a medium term strategy for a sustainable development of the conflict area should not ignore the acute and chronic urban poverty of the region and the large, young and unskilled labor force. Specific government actions are required to re-invigorate the depressed local economy. An initial budget of US\$50 million would be required to support the local economic development at the proper scale. The Local development Program would significantly contribute to restore stability, limit the rise of extremism and reduce the level of hostility towards the Palestinians in the neighboring communities.

6. Recovery strategy and preliminary overview of needs

The recovery strategy will empower communities, mitigate social impacts, clarify outstanding policy issues and set-up sound implementation mechanisms. Learning from the experience gained from reconstruction efforts in other countries, the following three *core principles* will guide the reconstruction program: (i) ***Community Participation.*** Active and direct participation of the communities impacted by the crisis is at the heart of a successful recovery program. The development of effective networks that facilitate a necessarily locally driven recovery approach will be required. The majority of reconstruction efforts will closely associate the affected people themselves. In this context, the review of the Palestinian Refugees legal status, mainly their ability to access real estate property and employment, would require special attention. (ii) ***Communication, transparency and accountability:*** Communication and information dissemination are crucial to the harmonious implementation of the reconstruction and recovery program. The Government aims to devise a communication strategy to support the recovery program and ensure effective dialogue between the Government, the Palestinian Authorities, and the public at large. Such a strategy could be strengthened by adopting an effective grievance redressal mechanism. (iii) ***Affordability, private sector participation, and equity:*** Reconstruction of private and public property and efforts to revive the economy should take into account: potential impact on public finances; use of available private sector participation and financing; and relatively greater public assistance to those most in need. Public assistance and reconstruction efforts will prioritize those in greater need, and ensure that public policies and expenditures is pro-poor.

In line with the above mentioned principles, every effort will be made to clarify the ***outstanding policy issues of NBC.*** The Government, with the support of the relevant local authorities, will also undertake a more detailed damage assessment in an open, participatory, and transparent manner to ensure its local suitability and buy-in.

Implementation arrangements will be critical. The success of the strategy will be determined by the *appropriateness* of the implementation arrangements and the *ownership* of the reconstruction process by the concerned parties. A few steps to be considered. *First*, the reconstruction of the devastated housing stock needs to be launched as soon as possible. Within the Nahr el Bared *old camp*, the reconstruction program would essentially translate in the new development of an urban settlement with high rise building, through a centralized

management system, with close community participation. In the new camp, however, an owner-driven, *in situ* housing reconstruction (mostly rehabilitation) process is likely to lead to a faster reconstruction and more genuine acceptance by beneficiaries/owners. *Second*, the line department should be mobilized to coordinate the restoration of public services. *Third*, efforts need to be made to secure the livelihoods of vulnerable people in the conflict-affected areas. *Fourth*, the restoration of lost records of property rights to land and housing, with special efforts made to assist the refugees, who may have greater difficulty demonstrating legitimate rights.

Graph 1: Nahr el Bared post conflict funding requirements and implementation

	Palestinians Component	Lebanese Component	
Phase I: Relief and Early Recovery	55 m \$	28.5 m \$	Funding and Implementation Through UNRWA and HRC
Phase II : Recovery and Reconstruction	249 m \$	50 m \$	Funding and Implementation IBRD Trust Fund

- (i) *Recovery and reconstruction needs for Palestinians includes US \$ 222 millions of the cost of physical reconstruction and US \$ 27 millions for livelihoods restoration in NBC*
- (ii) *Figures put above are for illustration purposes and are preliminary findings based on best available information*
- (iii) *The whole region is considered as a disaster area with no differentiation between Lebanese and Palestinians*
- (iv) *Separation between Palestinian and Lebanese components because of different UNRWA and HRC mandates*
- (v) *Lebanese figure in Phase I will vary according to whether price of land included there or not*
- (vi) *Phase I requires immediate direct funding to UNRWA and HRC*
- (vii) *Phase II below the line will require funding later through a World Bank Trust Fund*