

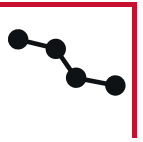
# Lebanon Crisis Update

April 2023 ■ ■



Credit: AFP

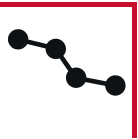
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The Monthly Lebanon Crisis Update provides an overview of economic and political developments to alert the international aid response to new and emerging challenges that could impact the humanitarian situation in Lebanon. In the context of the multiple crises affecting Lebanon, the update tracks the impact of political developments on the economy, relevant international developments, updates on service delivery and governance issues, and analysis of the drivers of humanitarian need as they develop. The report also aims to provide nuanced forecasting on contextual shifts relevant to shifting needs and the implementation of humanitarian programming. The report draws upon a desk review of currently available literature, analysis of relevant quantitative data, and key informant interviews with a range of experts and individuals with knowledge of Lebanon's economy.

The Lebanon Crisis Analytics Team (LCAT) provides reactive and in-depth context analysis to inform the aid community in Lebanon. The information and analysis contained in this report is therefore strictly to inform humanitarian and development actors and associated policymaking on Lebanon.

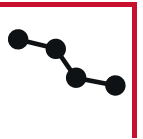
*This study/report is made possible by the support of the American People through the United States Agency for International Development (USAID) and European Union Humanitarian Aid. The contents of this report are the sole responsibility of the LCAT and do not necessarily reflect the views of USAID, the United States Government, or the European Union.*



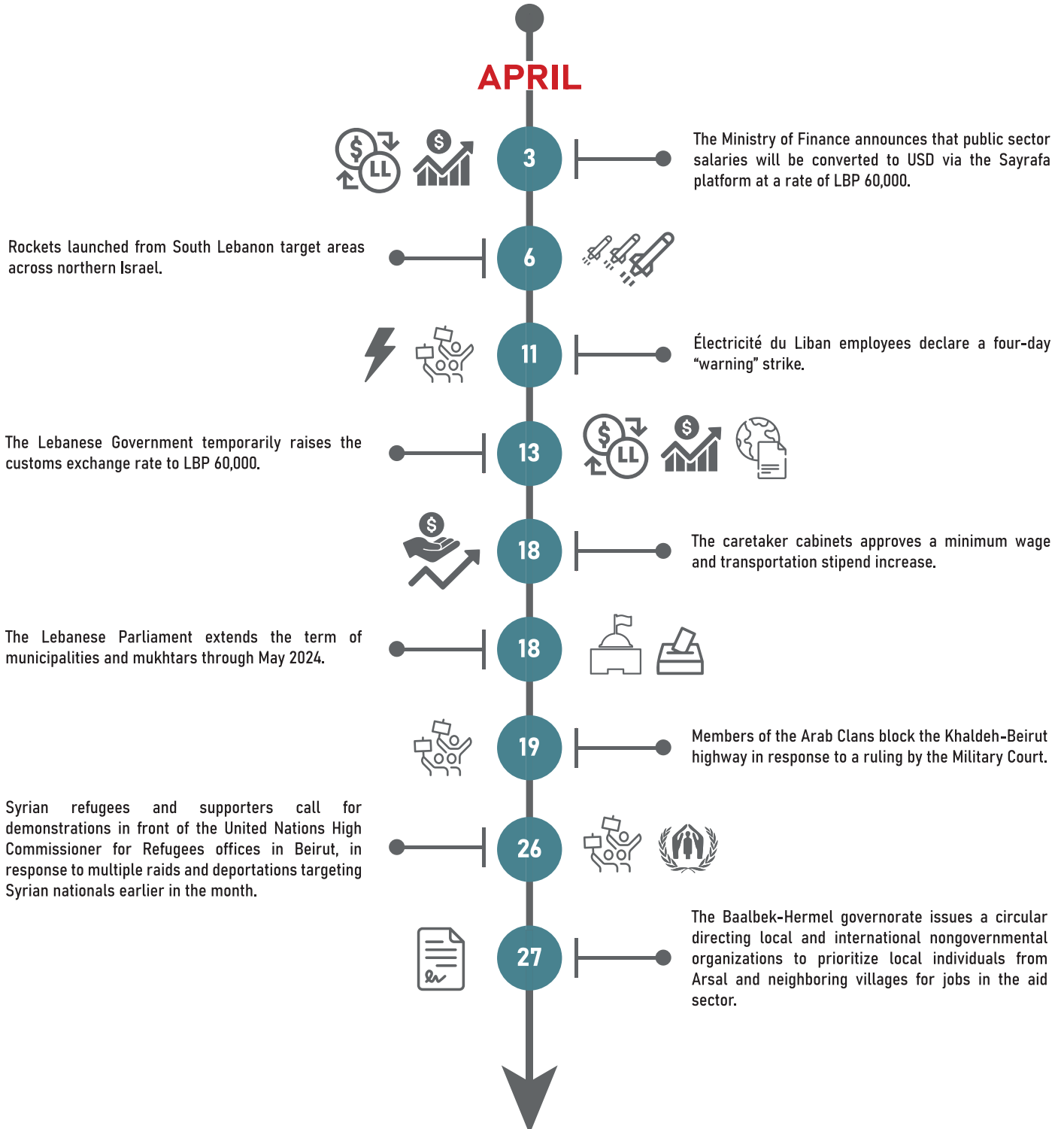
## Key Takeaways:

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- The Lebanese national government implemented a range of new policies regarding Syrian refugees in Lebanon, in addition to raiding Syrian national's residences, a portion of whom were deported. An increase in raids and deportations earlier in the month sparked calls for protests and counter protests late in the month. The government has since ordered a nationwide "sweep" to determine the number of Syrian nationals currently residing in Lebanon, and municipalities have placed further restrictions on Syrian nationals' movement, access to administrative documentation, and access to housing.
- The US dollar (USD) to Lebanese pound (LBP) parallel market exchange rate was largely stable in April, fluctuating between LBP 95,000 and LBP 98,000. This marks the first time that a Central Bank intervention resulted in a stable parallel market rate for a sustained period since the launch of the Sayrafa exchange platform. The commercial banking sector operated without interruption throughout April - contrary to past months when the Association of Lebanese Banks declared multiple "strikes" - which may have positively affected the parallel market exchange rate since depositors had greater access to Sayrafa transactions.
- The Lebanese government approved a temporary minimum wage increase for public and private sector workers effective May 1. The minimum monthly public salary will increase to LBP 8 million, military retirees' compensation to a minimum of LBP 7 million, and the private sector minimum wage to LBP 9 million. The decree also increased the daily transportation stipend for both public and private sector employees. Additionally, the Ministry of Finance announced that the Sayrafa rate at which active and retired civil servants and public employees have their salaries converted would be adjusted from LBP 45,000 to LBP 60,000. This policy change reduced the USD value of LBP-denominated public sector wages by approximately 30% compared to March.
- The Ministry of Finance temporarily increased the customs exchange rate from LBP 45,000 to LBP 60,000. The increase, effective from April 18 to April 30, was implemented to narrow the gap between the customs and Sayrafa exchange rates, a key requirement to unlock International Monetary Fund financial assistance. The rate hike is expected to lead to a rise in consumer prices.
- In a legislative parliamentary session on April 18, MPs extended the term of municipalities and mukhtars through May 2024 and passed amendments to the 2021 Public Procurement Law. Following the session, opposition parties filed challenges with Higher Constitutional Council, arguing that the session and passed legislation violate the Lebanese Constitution. Implementation of term extension has since been put on hold, and the court is expected to issue its decision in either late May or early June.



## APRIL





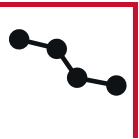


## Economic and Financial Updates:

The Lebanese pound (LBP) to US dollar (USD) parallel market exchange rate was largely stable throughout April. The parallel market rate decreased to LBP 97,000 per USD 1 by April 8, from a rate of roughly LBP 110,000 one week prior. The rate then fluctuated between LBP 95,000 and LBP 98,000 through the end of the month. This marks the first instance in which a Central Bank currency intervention resulted in a relatively stable and sustained parallel market rate since the introduction of Sayrafa, the Central Bank-run “official” exchange platform. Past interventions resulted in immediate but not sustained LBP appreciation, followed by sharp rebounds.



Figure 1: The LBP-USD parallel market exchange rate in April.



Notably, the commercial banking sector was operational throughout April - in an already limited fashion compared the pre-October 2019 period - contrasting previous months when the Association of Lebanese Banks declared multiple bank “strikes”, cutting off depositors from most financial services. This likely affected the parallel market exchange rate, as depositors could access Sayrafa transactions to a greater degree compared past periods in which the Central Bank adjusted Sayrafa policy.

Central Bank foreign assets increased by USD 40 million<sup>1</sup>, a notable change compared to the first three months of 2023, when the balance sheet recorded a drain in reserves.

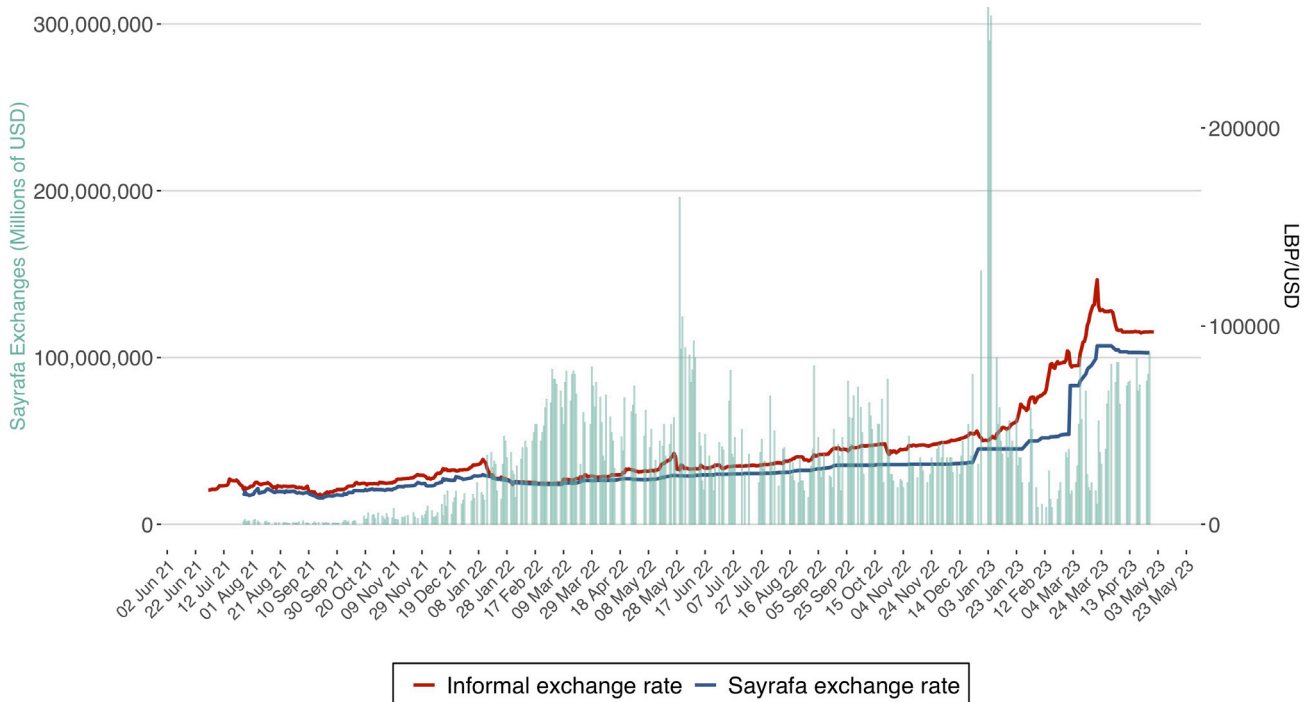


Figure 2: Sayrafa Exchanges.

**Sayrafa exchanges averaged from USD 70 million to USD 100 million per day in April.** Commercial banks remaining open contributed heavily to the high volume of transactions compared to previous months. Moreover, since many businesses and residents were able to exchange limited portions of their LBP deposits and withdraw USD at the Sayrafa rate, more opted for Sayrafa instead of the parallel market to access USD compared to March.

**LBP money supply increased in April and the Central Bank registered a net increase in foreign currency holdings.** Money supply (M1) increased by approximately LBP 2.8 trillion and currency in circulation (M0) increased by approximately LBP 2.4 trillion throughout the month. This marks a noted departure from trends observed in the first three months of 2023, when money supply fluctuated by amounts ranging from LBP 15 trillion to LBP 20 trillion per month.

<sup>1</sup> This balance is calculated - for Central Bank accounting purposes - using the LBP 15,000 official exchange rate. The parallel market equivalent value is considerably lower. Converted at the parallel market exchange rate, the Central Bank balance sheet still shows a net positive value for FX transactions compared to previous months.

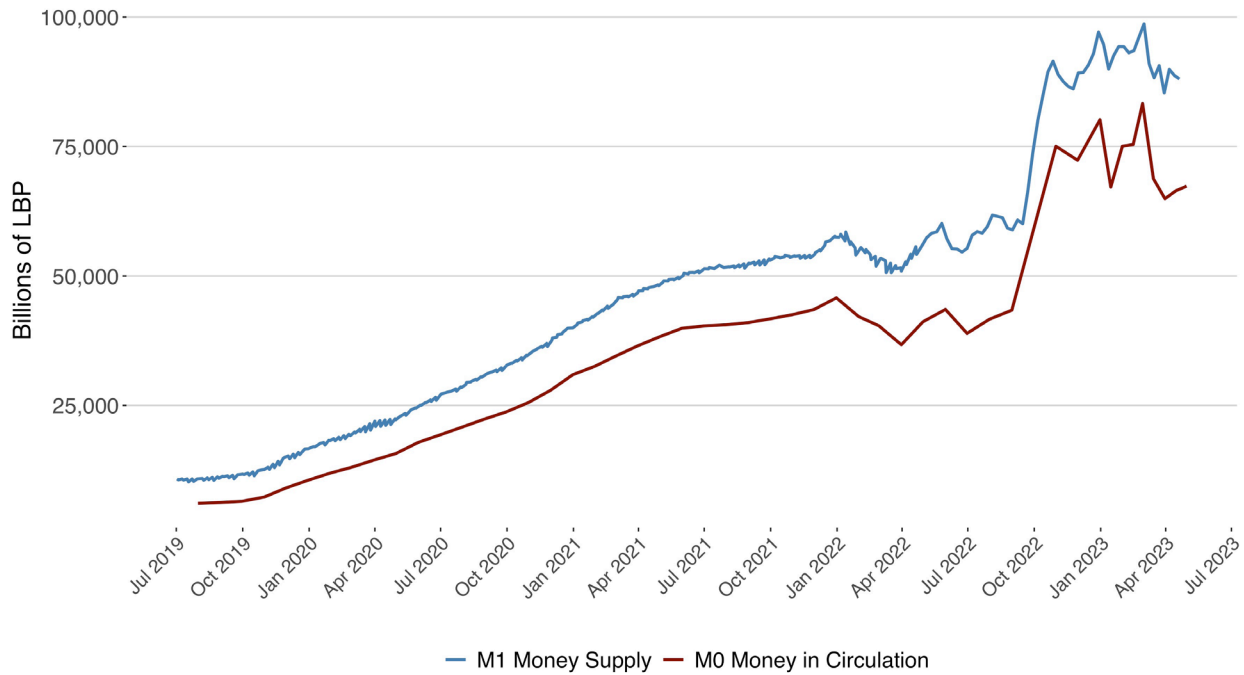
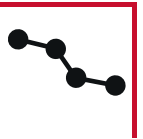


Figure 3: Money Supply and Money in Circulation.<sup>2</sup>

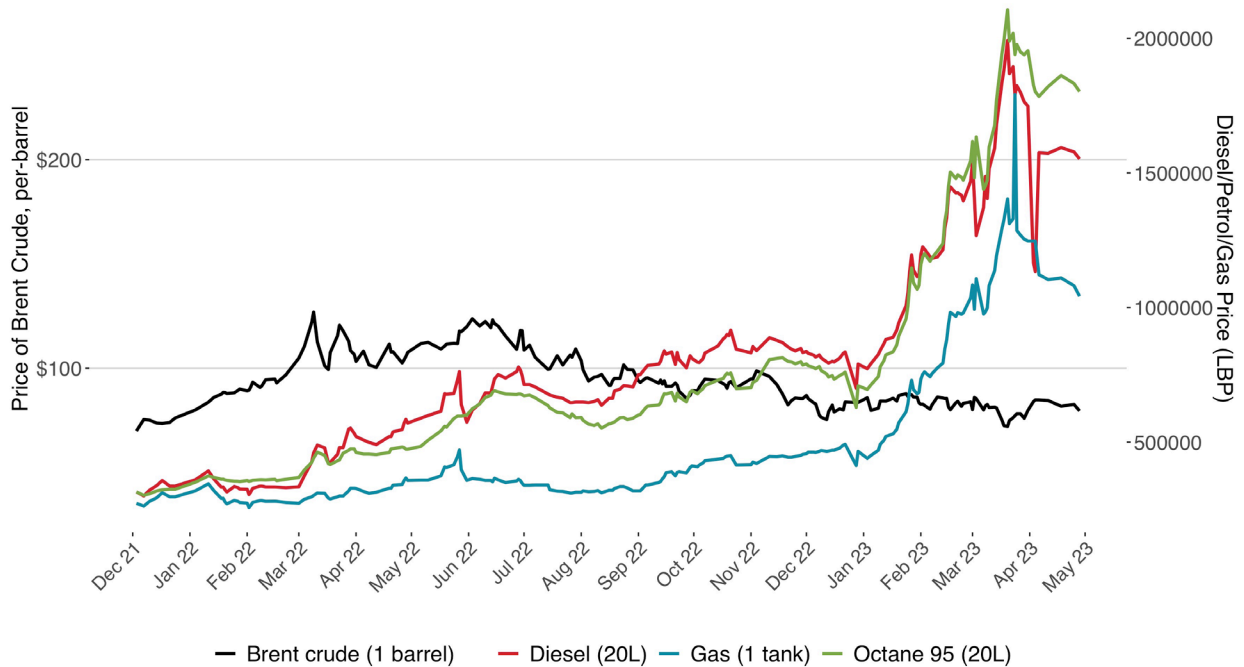
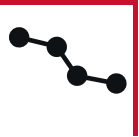


Figure 4: Fuel Prices from June 2021 to April 2023.<sup>3</sup>

<sup>2</sup> [BdL Statistics and Research](#)

<sup>3</sup> [Lirate.org](#)



**Official Fuel prices stabilized throughout April as global oil prices decreased.** Fuel prices across the board decreased by LBP 150,000 on average and closed the month at LBP 1,844,000 for Octane-98, LBP 1,802,000 for Octane-95, LBP 1,552,000 for diesel, and LBP 1,042,000 for cooking gas.

**The Lebanese government increased the minimum wage and transportation stipends for public and private sector workers.** On April 18, the caretaker government approved a temporary minimum wage increase,<sup>4</sup> which will go into effect on May 1. The decree increased the minimum monthly public salary to LBP 8 million and military retirees' compensation to a minimum of LBP 7 million. Additionally, contractual instructors' hourly rate increased by 50% and the private sector minimum wage increased to LBP 9 million. The cabinet previously adopted the 2020 minimum public sector wage as a base salary,<sup>5</sup> which is used to calculate salary raises indexed to inflation and LBP devaluation. Therefore, the minimum wage was increased by three times the base salary in March and four times the base salary in April. In addition to the wage increase, the decree adjusted the daily transportation stipend for both public and private sector employees.<sup>6</sup>

**On April 3, the Ministry of Finance announced that active and retired civil servants and public employees would be paid at the LBP 60,000 Sayrafa rate, instead of last month's LBP 45,400 rate.**<sup>7</sup> The 25% Sayrafa rate adjustment led to an approximate 30% reduction in the USD value of LBP-denominated public sector wages compared to March, when public sector salaries were paid at a rate of LBP 45,400. Minister of Finance Youssef Khalil also announced that some public sector employees had their April salaries converted at the commercial Sayrafa rate of LBP 90,000, and that these individuals should contact banks to correct the error.

**The Ministry of Finance temporarily increased the customs dollar exchange rate.** The rate increase from LBP 45,000 to LBP 60,000 was implemented from April 18 to April 30. The ministry stated that the measure is part of an attempt to narrow the gap between the customs and Sayrafa exchange rates. This would mark a key step toward unifying exchange rates, a top International Monetary Fund (IMF) requirement.

**On April 4, LBCI reported that Lebanon converted between 60% and 70% of its IMF-issued Special Drawing Rights (SDR).**<sup>8,9</sup> About USD 300 million worth of SDRs remain of Lebanon's original USD 1.139 billion account balance, originally issued in September 2021.<sup>10</sup> The funds were used to purchase fuel for Lebanon's state electricity company Electricite Du Liban (EdL), wheat subsidies and pharmaceutical subsidies, and covering public institution operating expenses.

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<sup>4</sup> مجلس الوزراء يقر زيادات للعاملين في القطاعين العام والخاص - مجلس الوزراء

<sup>5</sup> The 2020 base salary is what a public sector employee earned on 1/1/2020 and accounts for the number of years the employee had served in their position.

<sup>6</sup> According to the decree, public employees will receive an LBP 450,000 transportation stipend each time they travel to the office and private employees will receive LBP 250,000. However, public employees are required to work (in person and on premises) 14 days per month to receive the stipend.

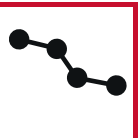
<sup>7</sup> Finance Minister: Public sector's salaries paid at Sayrafa's LBP 60,000 rate - National News Agency

<sup>8</sup> SDRs are an international reserve asset, the value of which is based on a basket of five currencies: the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling. SDRs are issued to boost a government's foreign currency reserves and are exchanged at a discounted rate.

<sup>9</sup> Lebanon's IMF SDR funds have disappeared into thin air - LBCI

<sup>10</sup> The Central Bank received USD 1.139 billion worth of SDRs from the IMF on September 16, 2021.





## Analysis and Impact:

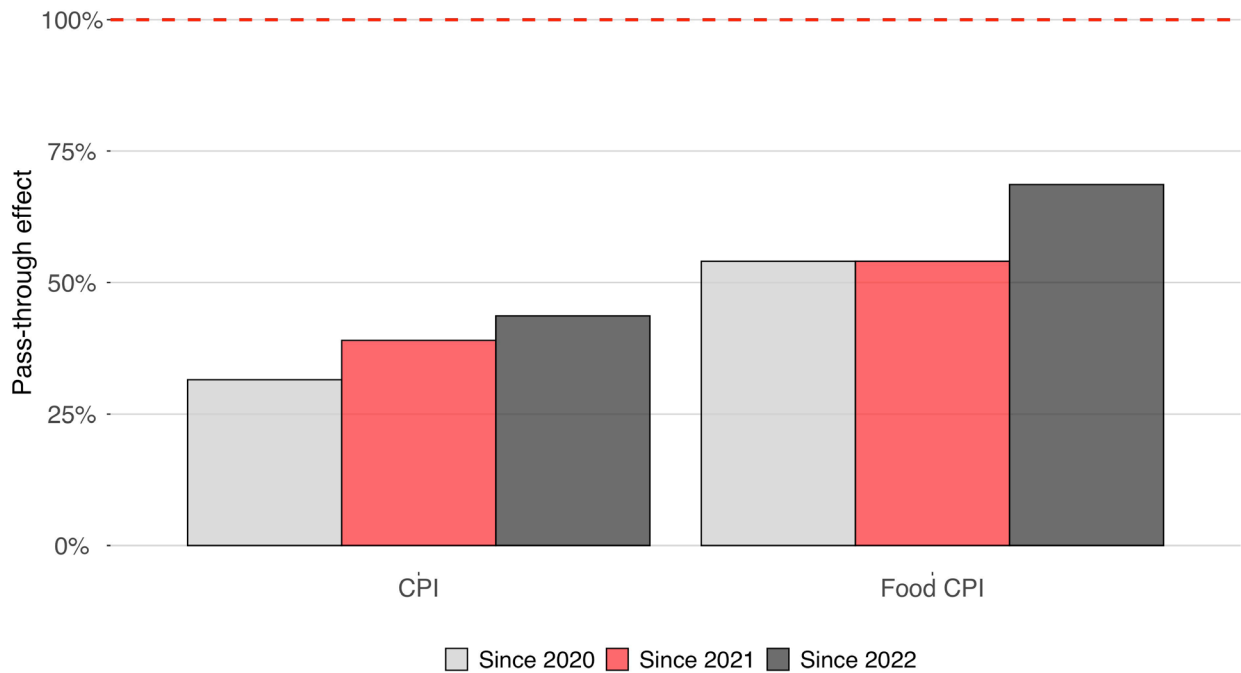
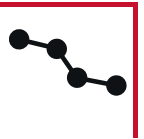
Central Bank Sayrafa policy coupled with relative stability in commercial bank operations heavily contributed to USD-LBP parallel market rate stabilization. While this is a promising sign to many, the sustainability of these policies remains in question, as do the effects of these policies on Lebanese labor and consumers. While Central Bank foreign currency reserves slightly increased in April, FX transactions to sustain dollar injections into the market via Sayrafa may not be sustainable in the long term, particularly amid a reduction in both usage and interest in holding LBP among the population. Central Bank methods of collecting USD from the market could be subject to change and significant Central Bank policy adjustments could be forthcoming following the end of Riad Salemeh's term on July 31. Moreover, should Central Bank policy shift away from USD injections via Sayrafa, LBP earners - specifically those who do not have regular access to "fresh dollars" - could be compromised, as inflation remains high and prices have not rebounded in line with recent LBP appreciation.

Dollarization of the Lebanese economy continues apace. Many consumers are now using USD notes for daily transactions following the February decision by supermarkets to price most goods in dollars. This followed dollarization of the tourism sector and effective dollarization of other key imported commodities, such as diesel. Regardless of apparent exchange rate stability, these developments stand to hit consumers and portions of the labor market hard, as LBP salaries indexed to LBP depreciation do not entirely - or put more directly, adequately - account for price inflation. Indeed, increasing the Sayrafa rate sustained the FX market in April, but it also decreased the value of civil servant and LAF salaries and increased service fees indexed at the Sayrafa rate, notably, electricity and telecommunication bills.

This should not make one lose sight of the fact that Lebanon's multiple exchange rates<sup>11</sup> are now closer in value than at any point since 2021. Unifying the country's multiple exchange rates is a key requirement to unlock IMF financial assistance, as outlined in the staff level agreement signed on April 7, 2022. However, prospective changes in Central Bank policy could result in a divergence, again, in exchange rates, meaning that if Lebanon is committed to seeing through this key IMF requirement, careful coordination and planning will be necessary in the coming months. This would not only contribute to unlocking IMF funding but, as a more practical matter, potentially facilitate balancing the state budget, as taxes and customs rates are indexed to LBP depreciation. Put more succinctly, regular currency fluctuations affect both the rate at which citizens pay taxes on income and how other state-issued bills are priced in USD. Changes in other exchange rates (such as the customs and VAT exchange rates) hamper efforts to estimate needed state revenues and expenditures, largely because they complicate Ministry of Finance projections used to determine the exchange rate at which citizens pay taxes in LBP.

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<sup>11</sup> The following are different exchange rates used in Lebanon: The parallel market rate, Sayrafa rate, official exchange rate, customs dollar rate, indexed EdL bill rate, public sector salaries rate, and VAT rate.



**Figure 5:** The percent of LBP/USD dynamics passed onto the Food CPI and Total CPI from 2020, 2021, and 2022 (pass-through effect). The red dotted line indicates full dollarization (100% LBP/USD pass-through effect).

Prices of imported goods, which comprise a sizeable portion of consumer goods in Lebanon, are likely to rise in line with the latest “temporary” customs exchange rate adjustment. The 25% minimum wage increase and adjustments to transportation stipends were welcome news for many across the country but it is unlikely that consumers’ purchasing power will rise significantly. Consider that the consumer price index (CPI) increased by 33% and the Food CPI increased by 38% from February 2023 to March 2023. Figure 5 shows the pass-through effect of the CPI and Food CPI, which indicates that dollarization of food items rapidly increased in 2022 (15 percentage points higher compared to the calculation since 2020), and the dollarization of the CPI linearly increased (10 percentage points higher compared to the calculation since 2020). The food CPI dollarizing at a far quicker rate than the CPI is alarming in terms of food security in Lebanon, given that wages paid in LBP dollarize much slower than market prices.



Photo by LBCI

## Political Updates:

**The national government and municipalities across Lebanon implemented a range of policies affecting Syrian refugees in Lebanon.** On April 26, Caretaker Prime Minister Najib Mikati chaired a cabinet meeting, at which the Council of Ministers tasked the Ministry of Labor with ensuring that Syrian nationals are exclusively employed in sectors in which they are legally permitted to work, in addition to issuing a formal request that United Nations High Commissioner for Refugees (UNHCR) share data about displaced Syrians with municipalities and the Ministry of Interior and Municipalities within one week. The cabinet also considered revoking the refugee status of Syrian nationals who leave Lebanon and accelerating the “voluntary return” of Syrian nationals, and requested support from the international community to support “bearing the burdens of Syrian refugees”.<sup>12</sup>

This executive-level action came as security forces and the Lebanese Armed Forces (LAF) ratcheted up operations targeting Syrian migrants in Lebanon. As of May 1, the LAF had carried over 60 raids across Lebanon since early April, in which 450 Syrian national were arrested on various charges. One hundred thirty of those detained are slated to be deported.<sup>13</sup> Amnesty International has warned that such returns are unsafe and subject returnees to prosecution and persecution in Syria.<sup>14</sup>

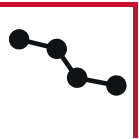
Government action in late April came as municipalities across Lebanon also adopted restrictive measures which apply to Syrian nationals. For example, municipalities in Marjaayoun district now require that Syrian refugees receive official approval to obtain documentation, rent a house or apartment, and engage in business activities. Many municipalities are also reiterating that those registered with UNHCR are not allowed to work and have tasked officials with confirming that refugees are not participating in the labor force.<sup>15</sup>

<sup>12</sup> (Update) Mikati Chairs Meeting On Syrian Refugee Affairs: Unhcr Should Provide Ministry Of Interior With All Refugee Data Within One Week - NNA

<sup>13</sup> Syrian refugees deported from Lebanon face arrest, conscription, say relatives - Reuters

<sup>14</sup> Lebanon: Authorities must halt unlawful deportations of Syrian refugees - Amnesty International

<sup>15</sup> بلديات في قضاء مرجعيون اعلنت اجراءات لضبط وتنظيم الوضع القانوني للمهاجرين السوريين - NNA



North Lebanon Governor Ramzi Nohra also announced that a thorough “sweep” would be conducted, focusing on foreign nationals - mainly Syrians - to verify that they have residency permits (if applicable). According to the governor, those who are not registered will be evicted from their residences if not registered within 10 days and prosecuted for unlawful entry and residency in Lebanon. The governor also announced that a curfew applying to foreign nationals would be put in place from 6 p.m. to 5 a.m. and ordered that Syrian-owned businesses be immediately closed.<sup>16</sup> On May 2, caretaker Minister of Interior and Municipalities Bassam Mawlawi announced that his ministry, in collaboration with governorate- and municipal-level officials, will conduct a nationwide sweep to determine the number of Syrian refugees in the country. The operation will entail assessing Syrian’s legal status in Lebanon and verifying their status before allowing them to rent and receive administrative documentation from Mukhtars or public notaries. He also called on UNHCR to close the files of refugees who leave Lebanon and to no longer consider them refugees.<sup>17</sup>

In response to the deportation of about 50 Syrian nationals in early April, Syrian refugees in Lebanon called for demonstrations in front of UNHCR’s offices on April 26. A counter-demonstration was called for on the same day. Mawlawi officially banned both demonstrations on April 25.<sup>18</sup>

Deporting Syrian nationals risks violating international law and standards concerning non-refoulement, as affected individuals can be subject to risks such as persecution, an inability to ensure their livelihoods, and compulsory military service. Moreover, revoking refugee status significantly reduces migrants’ mobility within and outside of Lebanon, as well as access to needed aid. Government-level requests for international support are not new and it is likely that the Mikati cabinet’s latest appeal is partially intended to leverage aid actors amid changes in Lebanon’s official refugee policies.

Several MPs have highlighted the role that non governmental organizations (NGOs) play in relation to refugees. MP Sami Gemayel stated that most international aid should be allocated to returning refugees to Syria. Gemayel argued that most areas of Syria are safe for return - despite findings to the contrary<sup>19</sup> - and that refugees have become an “unbearable burden” on the Lebanese economy and society. The Progressive Socialist Party stated that Syrian refugees should return to Syria but that their return must be contingent on guarantees issued by the international community regarding their safe return and ensuring they have livelihood opportunities, especially to those who are opposed the Syrian regime. Additionally, the Baalbeck-Hermel governorate issued a circular on April 27, directing local and international nongovernmental agencies to prioritize local individuals from Arsal and neighboring villages for jobs in the aid sector. These statements and actions indicate that aid programming could be affected by the latest policy changes in the near term, possibly even those which are not specifically focused on Lebanon’s Syrian refugee population.

**Parliament extended municipal council and mayoral terms for one year.** On April 18, parliament renewed the term of municipal councils and mukhtars for one year (Law 310), through May 31, 2024.<sup>20</sup> Caretaker Minister of Interior Mawlawi announced in March that elections would take place in May 2023 but that the ministry had not secured necessary funding to hold elections. Neither the Lebanese Forces (LF) nor Kataeb party attended the April 18 parliamentary session.

<sup>16</sup> NNA - تعميم للمحافظ نهرًا لتنظيم العمالة الأجنبية في محافظة الشمال حفاظاً على السلامة والأمن العام

<sup>17</sup> NNA - مولوي وجه كتاباً إلى وزارة العدل والمحافظين والمفوضية العليا لشؤون اللاجئين لإطلاق حملة مسح وطنية لتعداد وتسجيل النازحين السوريين

<sup>18</sup> Mawlawi: Syrian refugees’ presence in Lebanon must be ‘regulated’ - L’orient Today

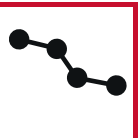
<sup>19</sup> Lebanon: Authorities must halt unlawful deportations of Syrian refugees - Amnesty International

Statement: Lebanon’s Forced Deportations Pose Grave Risk to Syrian Refugees- ReliefWeb

Syrian refugees deported from Lebanon face arrest, conscription, say relatives - Reuters

<sup>20</sup> مجلس النواب أقر قانوناً تمديد ولاية المجالس البلدية والاختيارية وقانون تعديل قانون الشراء العام - Lebanese Parliament





The LF-led Strong Republic bloc, in collaboration with other opposition groups, submitted an appeal to Law 310 at the Higher Constitutional Council, claiming that the Lebanese citizens have a right to elect their local representatives.<sup>21</sup> The Kataeb party and independent factions from the parliament submitted an appeal to the Higher Constitutional Council, arguing that the decision to extend local elected officials' terms violates the constitution.<sup>22</sup> The Higher Constitutional Council suspended the implementation of municipal council and mayoral term extensions on May 3, and will review the challenges. The council is expected to issue its decisions within one month.<sup>23</sup>

**Parliament amended the 2021 Public Procurement Law, drawing criticism and legal challenges from political parties opposed to the move.** The amendments altered the role of the Public Procurement Authority (PPA), which is now tasked with establishing ad hoc selection criteria for members of the Tendering and Acceptance committees in each public sector institution, thus removing previously established criteria, including criminal background checks. Additionally, the PPA is now tasked with pre-classifying bidders, thus hindering the "competitive" standard set internationally.<sup>24</sup> Moreover, the amendment to article 11 of the law excludes the security forces from being obligated to detail their purchases. Critics of the amendments argue that the amendments gravely threaten the transparency of the procurement process. Implementation and adherence to the Public Procurement Law is a key IMF requirement.<sup>25</sup> Prior to the amendments, the Public Procurement Law was not fully adhered to, with one key example being the issuing of a contract absent a competitive bidding process for a company to expand the Beirut airport. Minister of Public Works and Transportation Ali Hamie canceled the contract in late March, citing criticism from civil society groups over apparent violations of the 2021 law. Moreover, the unified online platform for procurement activity - which according to the Public Procurement law should be administered by the PPA - has yet to be implemented.

**Legal Agenda Director Nizar Saghieh appeared before the Beirut Bar Association Council.** The April 20 hearing went ahead despite Saghieh filing an appeal with the Beirut Court of Appeals against the bar association's decision to prohibit lawyers from speaking to the media without obtaining prior authorization from the bar association president.<sup>26</sup> Demonstrations were held at the Beirut Justice Palace in Beirut in support of Saghieh. The bar association did not take any punitive actions against Mr. Saghieh, and a decision on his appeal is expected on May 4.

**Tensions escalated along the Lebanese-Israeli border in early April.** On April 6, multiple rockets were launched from Lebanon into Israel, reportedly by pro-Palestinian militants.<sup>27</sup> Israeli forces retaliated along the Gaza strip and South of Lebanon on April 7, claiming that they targeted Hamas strategic strongholds.<sup>28</sup>

**A parliamentary committee drafted a law aimed at protecting depositor accounts in commercial banks.** On April 4, the Justice and Law Parliamentary Committee drafted a law stipulating that governments (current and future) would not be able to cancel deposits or pay them out in a currency other than the currency in which they were deposited.<sup>29</sup>

<sup>21</sup> NNA - "الجمهورية القوية" طعنت بالتمديد للمجالس البلدية والاختيارية

<sup>22</sup> NNA - نواب الكتائب و"تجدد" وتغييريون ومستقلون طعنوا بالتمديد للمجالس البلدية والاختيارية

<sup>23</sup> Constitutional Council suspends law extending the terms of municipal councils - L'Orient Today

<sup>24</sup> Parliament undermines new procurement law - L'Orient Today

<sup>25</sup> Lebanon: Staff Concluding Statement of the 2023 Article IV Mission

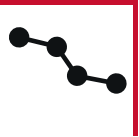
<sup>26</sup> Beirut Bar Association took no decision on banning lawyer Nizar Saghieh - L'Orient Today

<sup>27</sup> Dozens of rockets fired from Lebanon, Israel points finger at Hamas - L'Orient Today

<sup>28</sup> Israeli night strikes on South Lebanon and Gaza - L'Orient Today

<sup>29</sup> الوكالة الوطنية للإعلام - لجنة الإدارة أقرت اقتراح قانون إطار يتعلق بأموال المودعين. عدوان: برقع محاولات المس بها ويتضمن عقوبات (nna-leb.gov.lb)





While most depositors have already withdrawn large sums from their accounts at commercial banks, the draft law is more relevant to shaping the future of the commercial banking system in Lebanon. Among the IMF requirements for unlocking state financial aid is safeguarding commercial bank depositors, largely by maintaining the value of their deposits regardless of actions by the Central Bank or commercial banks. It is unclear when or whether the draft law will be passed.

**Tensions escalated in Khalde following a court ruling against members of the Arab Clans.<sup>30</sup>**

On April 19, members of Khalde's Arab Clans blocked the Khaldeh-Beirut highway, after the Military Court issued rulings against members of the Clans who were detained in 2021, following clashes with Hezbollah members and Hezbollah supporters in Khaldeh.<sup>31</sup> The rulings ranged from prison time and hard labor for detainees, to the death penalty for absentee defendants.<sup>32</sup> The Arab Clans accused the Military Courts of favoring Hezbollah and requested that the rulings be reversed.<sup>33</sup>

**No electoral parliamentary sessions were held in April.** To date, 11 electoral parliamentary sessions dedicated to electing a new president have failed to elect a new head of state, as in each case quorum was lost in the second round of voting, when the threshold for victory is reduced to a simple majority from two-thirds. The last electoral parliamentary session was held on January 15. Presidential hopeful Suleiman Frangieh has yet to officially announce his candidacy, stating that a formal announcement is contingent on Saudi Arabia's assent.<sup>34</sup> Lebanon's major Christian political blocs, namely those led by the FPM and the LF, remain opposed to his candidacy.

<sup>30</sup> Clashes erupted between the Sunni Arab Clans and Hezbollah in August 2020 after a Hezbollah member, Ali Chebli, hung up a picture of Salim Ayash, who was convicted by a UN tribunal in the 2005 assassination of Rafic Hariri. A member of the clans was killed by Hezbollah, and in retaliation, the brother of the deceased killed Chebli and the clan opened fire on the wedding he was attending in July 2021. The prosecution is related to the latter incident. The Arab Clans settled in Lebanon in the 12th century and were given Lebanese citizenship either through the 1932 census or through a 1994 naturalization decree by Rafik Hariri.

<sup>31</sup> [NNA - الوكالة الوطنية للإعلام - التحكم المروري: قطع السير على أوتوستراد خلدة بالاتجاهين](#)

<sup>32</sup> [NNA - المحكمة العسكرية تصدر أحكاماً في حق 36 مدعى عليهم في أحداث خلدة](#)

<sup>33</sup> [NNA - لقاء خلدة: رسائل السياسة والمكان فوق الأحكام | النهار](#)

<sup>34</sup> [Frangieh says he will not 'challenge' Saudi Arabia in presidential election - L'Orient Today](#)



## Access to Services:

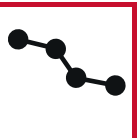
**The Lebanese Ministry of Electricity and Water claimed that funding shortfalls have prevented the rollout of its nationwide electricity provision plan.** At an April 13 press conference in Beirut, caretaker Minister of Energy and Water Walid Fayyad said that EdL had aimed to increase electricity coverage in Lebanon to eight hours a day, but that Central Bank funding shortages have limited supply to four to five hours.<sup>35</sup> Planned electricity provision expansion is contingent on increased EdL pricing schedules. Approximately 2,000 households have halted their EdL subscriptions as of March 2023, with most citing higher bills. No decision was made about the Sayrafa rate which will be used to calculate bills for early 2023.

**Public sector workers and retirees went on strike and participated in demonstrations over the reduced purchasing power of their salaries and pensions.** Judicial assistants at the Saida Justice palace announced a one-week strike on April 10 to demand higher salaries.<sup>36</sup> Military retirees and public employees demonstrated in downtown Beirut on April 8, 18, and 27, demanding that they be provided medical care, transportation fees, and salary payments in USD.<sup>37</sup> The protests were dispersed by security forces. EdL employees declared a four-day “warning” strike on April 11, during which they halted network monitoring and fuel management. The employees are demanding financial support to account for their salaries’ diminished purchasing power.

<sup>35</sup> [Fayyad: EDL's increased electricity plan saw 'relatively low' success - L'Orient Today](#)

<sup>36</sup> [Judicial Assistants at Saida Justice Palace Announce Work Stoppage Starting April 10 - NNA](#)

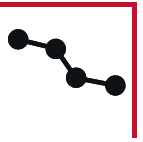
<sup>37</sup> [Lebanese retirees, employees protest for dollarized salaries ahead of cabinet meeting - L'Orient Today](#)



## Looking Forward:

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- Syrian refugees are in a more precarious position now than at any point in the past few years following the latest national and municipal level actions. National-level directives may succeed in accounting for most Syrian nationals residing in Lebanon and lead to many being returned to Syria. Measures undertaken at the local level can best be described as draconian, and run the risk of leaving many Syrian nationals without adequate standing and documentation to legally reside and participate in the Lebanese economy. Aid actors should not only be cognizant of the effect this will have on vulnerable populations, namely Syrian migrants, but also how these actions can be used to apply pressure on aid organizations.
- Affected by higher customs rates, prices of imported goods will burden LBP earners, whose wages are adjusted slower than taxes, bills, and tariffs. In actuality, USD payment of LBP-denominated public sector wages has proven largely ineffective, as it does not increase the purchasing power of earners. As the Sayrafa rate used to pay public sector workers “increases”, USD payouts from exchanges reduce. This, compounded by increasing tariffs and bills (ie. EdL bills and customs dollar rate), has the potential to result in the outright exhaustion of public sector wage purchasing power.
- The latest Sayrafa rate adjustment suggests that Central Bank policy is not aimed at increasing consumer purchasing power, but rather at controlling dollar supply in the market. LBP stability in the long term requires policy reforms and strategic planning to unify the exchange rates. The current Sayrafa measures are likely unsustainable because they require direct and constant intervention by the Central Bank. Riad Salameh’s term is soon coming to an end, which could usher in policy changes at the Central Bank, and disrupt the relationships with commercial banks who administer Sayrafa conversions.
- There is potential for additional work disruptions at public institutions and public administrative bodies. Delays in addressing the demands of public service sector employees (such as EdL) could lead to reduced service delivery, significantly affecting a multitude of sectors and aid delivery.
- Initial media reports suggest that the Higher Constitutional Council will not uphold the law extending municipal council and mukhtar terms. Such a decision would likely lead to municipal councils being dissolved, which would negatively affect service delivery. The council is expected to deliver its decision in late May or early June.



# Contact

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## ABOUT MERCY CORPS

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action – helping people triumph over adversity and build stronger communities from within. Now, and for the future.

