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The Political Economy of Lebanon's Garbage Crisis

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Lebanon's eight-month garbage crisis, in which mountains of trash accumulated in the suburbs of Beirut, has reached a temporary stasis. In mid-March, the Lebanese government reopened the Naameh landfill, which had been closed because it was at full capacity. Yet, this only provides temporary relief to a problem that has roots in Lebanon's inability to provide basic services to its citizens and is aggravated by more than 1.3 million Syrians who have sought refuge in Lebanon since the beginning of the Syrian war in 2011.

The crisis began in July 2015, when the Naameh landfill, south of Beirut, was closed without an alternative garbage disposal site. In the months that followed, political

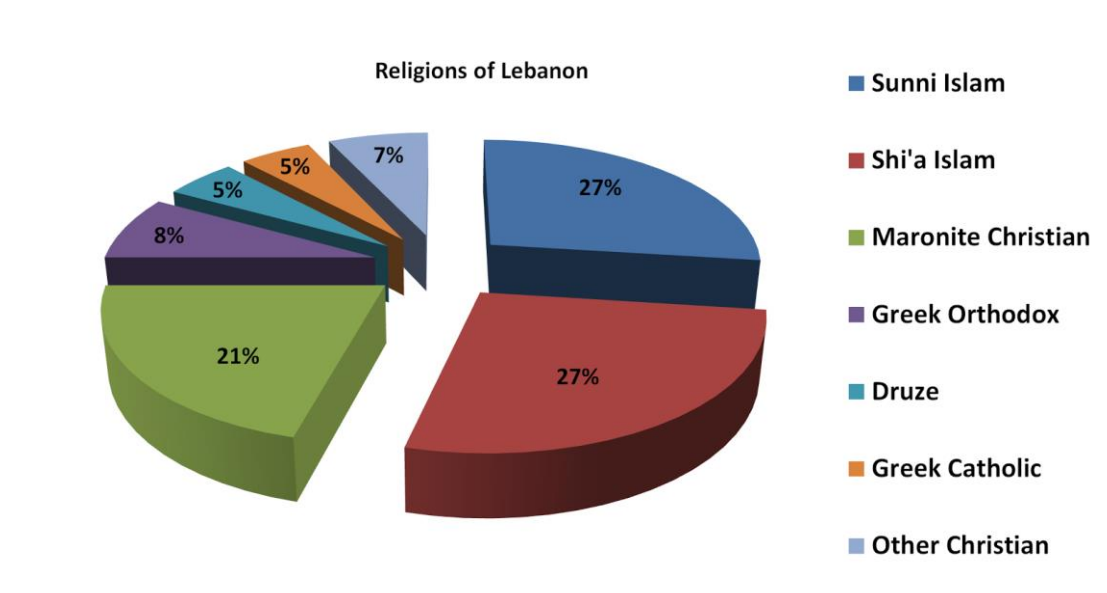
deadlock due to Lebanon's fragmented and sectarian political system prevented any progress towards a solution. Thus, a "river of trash" formed in the Beirut suburb of Jdeideh. As the [mountains of trash](#) were piled higher and health hazards emerged, a new protest movement under the name "You Stink!" pressured the government to find a solution to the garbage issue and at the same time protested a host of other issues, including rampant corruption. On March 12, 2016, the government agreed to a [temporary fix](#) that included reopening Naameh and two other landfills for the next four years, during which a new sustainable plan was to be found.

However, the problems facing Lebanon run deeper than trash collection. Since the start of the Syrian war in 2011, approximately 1.3 million refugees have fled to Lebanon, a country of 4.47 million people. Combined with vulnerable Lebanese citizens and pre-crisis refugees, the UN estimates 3.32 million people, or 56 percent of the population in Lebanon is in need of assistance. With an estimated 29 percent increase in its population during the past five years, Lebanon's public services are underfunded and overstretched. Lebanon's water network coverage dropped from 80 percent to 48 percent, while the demand for water increased by 28 percent since the start of the Syrian crisis. Electricity costs have raised between \$500 and \$580 million from 2012 to 2014, and spending on waste disposal has increased by 40 percent since 2011. All the while 41 percent of displaced Syrians in Lebanon live in substandard shelter, many without access to basic services.

The United Nations has sought to assist Lebanon; however, UN projects remain severely underfunded. According to the United Nation's Lebanon Crisis Response Report (LCRP), \$2.14 billion in aid was requested for 2015, of which only \$1 billion was funded, leaving the project underfunded by more than 50 percent in 2015. The [2016 LCRP](#) requested \$2.48 billion in aid, and it is still unclear how much of the UN's request for aid will be fulfilled.

The sectarian dynamic of Lebanon's government aggravated by the Syrian crisis continues to hinder the country's ability to cope with its multiple crises. Lebanon, which has not had a president since May 2014, is currently ruled by twenty-four ministers reflecting Lebanon's delicate sectarian balance of Maronite, Druze, Shi'a, Sunni, Greek Orthodox, Greek Catholic, and Armenian Orthodox. Each minister

holds [veto power](#), thus making progress on almost any issue nearly impossible, unless it reaches a point of national crisis. Furthermore, the influx of predominantly Sunni Syrian refugees, coupled with the Shi'a Hizballah's involvement in the Syrian war, has further fueled the country's Sunni-Shi'a divide and made cooperation difficult.



Lebanon's religions. Source: Wikimedia Commons

For example, progress on the garbage crisis, which [analysts argue](#) could have been solved much earlier, was stymied by the ministers' brinkmanship, with each minister refusing to establish a waste disposal site in his region and refusing to accept another confessional group's trash. Multiple proposals to deal with the garbage crisis, including establishing new waste sites and [shipping the trash abroad](#), were scuttled due to sectarianism and accusations of corruption. When a resolution was finally agreed upon to open a new waste disposal site in the mainly Sunni district of Akkar, angry protestors responded by [blocking the garbage trucks](#).

Sectarianism is so pervasive that talk of [dividing landfills](#) along primarily religious and ethnic divisions emerged as a potential solution, with each region's section of the landfills being dedicated exclusively to trash from its own constituency.

In February, sectarian geopolitics further obstructed progress in Lebanon. Saudi Arabia, a massive backer of the Lebanese government, [halted over \\$3 billion dollars in aid](#) to the Lebanese army. Riyadh was upset at the Lebanese government for failing to condemn Iran and Hizballah's roles in the Syrian war and the attack on the Saudi

embassy in Iran. The Lebanese government, which treads a fine line between Saudi Arabia and Iran and includes Hizballah ministers, was unable to issue a condemnation without triggering another political crisis.

Despite increasing numbers of refugees and hardline sectarianism, the Lebanese economy has managed to stay afloat. Lebanon's economy is notoriously difficult to measure due to weak, inconsistent, and unreliable data and a massive [shadow economy](#), however, the Lebanese pound, which is pegged to the US dollar, remains stable. Moreover, Lebanon's GDP showed small but positive growth from 2012 to 2015 and is projected to sustain positive growth through 2017. This is surprising given that the World Bank estimates a total of \$7.5 billion in economic losses due to negative spillover effects of the Syrian war, amounting to nearly 17 percent of Lebanon's 2013 GDP (\$44.35 billion).

Key Economic Indicators

	2014	2015e	2016p	2017p
Real GDP Growth (%)	1.8	1.5	1.8	2.3
Inflation Rate (%)	1.2	-3.7	1.5	2.5
Fiscal Balance (% of GDP)	-6.6	-7.3	-7.4	-8.7
Current Account Balance (% of GDP)	-26.7	-23.2	-21.3	-22.5

Source: World Bank

A variety of factors has helped the Lebanese economy during these years of crisis. The [banking sector](#), which forms the backbone of Lebanon's economy, remains largely unaffected by the political shocks of the Syrian war. An annual stimulus package, beginning in 2013 and averaging \$1 billion from the Bank of Lebanon, continues to be instrumental in stabilizing the real estate sector and domestic demand. Additionally, international aid has played a vital role in assisting with the humanitarian crisis, although it has not fully met Lebanon's humanitarian needs.

Lebanon, which is a net oil importer, has also seen improvements in its fiscal balance [due to the fall in oil prices](#). The primary source of the government's savings comes from cheaper electricity, which has averaged 3.9 percent of GDP during the last decade. However, sustained low oil prices will cause lower remittances and capital flows from GCC countries, which would [temper the positive effect](#) of lower oil prices.

Furthermore, Lebanon's exports, including to Syria, remain stable. Although demand for traditional Lebanese exports to Syria has been significantly reduced, Lebanese exporters have filled gaps in Syrian production of commodities like wheat. This created a [replacement effect](#) large enough to offset the collapse of Syrian demand for pre-crisis Lebanese exports. In addition, according to the World Bank, Syrian refugees act as links between the Lebanese and Syrian economies fueling the replacement effect in Lebanese exports to Syria. Hence, a [World Bank report](#) shows a 1.6 percent increase in exports with every one percent increase in registered refugees.

The apocalyptic pictures of rivers and mountains of garbage were a poignant symbol of Lebanon's deep-rooted economic, political, and humanitarian issues. Nevertheless, Lebanon must be given credit for maintaining stability while chaos rages across the border. Syrian refugees face serious challenges in Lebanon; however, the government has handled the massive and rapid population growth relatively well considering Lebanon's sectarian dynamics. Lebanon is still very susceptible to shocks and negative spillover from the Syrian war. Thus, its future economic and political stability is inevitably tied to its Syrian neighbor.

As summer approaches, there is growing concern that rising temperatures coupled with mountains of garbage will breed rampant [mosquitos and infestation](#). There are hopes that the government will follow through on its temporary solution to the garbage crisis before it mutates into a mosquito crisis.

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