

FINAL STATEMENT**INTERNATIONAL SUPPORT GROUP FOR LEBANON (ISG)****December 11th, 2019 – Paris**

1. A meeting of the International Support Group for Lebanon (ISG), jointly chaired by France and the Office of the United Nations Special Coordinator for Lebanon, was held in Paris on December 11th. China, Egypt, Germany, Italy, Kuwait, Russia, the United Arab Emirates, the United Kingdom, the United States, the European Bank for Reconstruction and Development, the European Investment Bank, the European Union, the International Monetary Fund, the League of Arab States, the World Bank and the International Finance Corporation took part in the meeting. Representatives of the Lebanese authorities also attended the discussions.

2. Lebanon has been left without a government for more than six weeks since Saad Hariri resigned on October 29th. The Group considers that preserving Lebanon's stability, unity, security, sovereignty, political independence and territorial integrity requires the urgent formation of an effective and credible government capable to meet the aspirations expressed by all the Lebanese that will have the capacity and credibility to deliver the necessary substantive policy package of economic reforms, and that will be committed to dissociate the country from regional tensions and crisis. It is urgent for the new government to be in place as quickly as possible.

3. The Group noted that Lebanon faces a deep economic and social crisis which has placed the country at risk of a chaotic unwinding of its economy and of increased instability. In order to halt the sharp deterioration in the economy and financial sector, to restore confidence in the economy and to address, in a sustainable manner, the social and economic challenges, there is an urgent need for the adoption of a substantial, credible and comprehensive policy package of economic reforms to restore fiscal balance and financial stability and address long-lasting structural deficiencies in the Lebanese economy. A sustainable financing model is needed to reduce the economy's vulnerability and reliance on external funding. These measures are of utmost importance to bring answers to the aspirations expressed by the Lebanese people.

4. The context requires, as part of a stabilization strategy, that Lebanese authorities fully commit themselves to timely and decisive measures and reforms. The Group therefore calls upon Lebanon to immediately adopt a reliable 2020 budget as a first step towards a multi-year fiscal program, including permanent revenue and expenditure measures, aiming at sustainable improvement of the primary balance, while strengthening social safety nets to protect the poorest and most vulnerable, and a debt management strategy. It also urges the Lebanese authorities to take decisive action to restore the stability and sustainability of the funding model of the financial sector, to tackle corruption and tax evasion (including adoption of an anti-corruption national strategy, the anti-corruption agency law and judicial reform and other measures to instill transparency and accountability), to reform state-owned enterprises and implement the electricity reform plan including governance-enhancing mechanism (through an independent regulatory body), and to markedly improve economic governance and the business environment, through the passing of and effectively implementing procurement laws.

5. On the longer run, within the first six months after the formation of the government, ambitious structural measures to ensure a sustainable economic model should be put in place. The Group reaffirms that the conclusions of the CEDRE Conference, agreed upon by the Lebanese authorities on

April 6, 2018, are still valid. In this regard, the Lebanese authority should accelerate implementation of existing projects and commit to prioritize the different projects of the Capital Investment Plan in line with people's needs and expectations and set up an interministerial committee to oversee their timely implementation. The Group considers that the support from international financial institutions is pivotal to help the authorities sustain their efforts to implement the necessary economic reforms over time.

6. The Group reaffirms its willingness to support a Lebanon committed to reforms in the implementation of such a comprehensive set of actions, including through technical assistance to a new government, and to ensure Lebanon's access to basic goods and trade facilities, as currently provided for by trade facilitation programs, to preserve the livelihood of the population and economic resilience. It encourages the Lebanese authorities to identify reasonable and sustainable ways to face the current crisis, notably through support from their development partners, including international financial institutions.

7. The Group commends the Lebanese Armed Forces and Internal Security Forces for their actions in securing the peaceful character of the protests and the rights of citizens more broadly. The Group reiterates that the right to peaceful protest must continue to be respected and call on all sides to act responsibly.

8. The Lebanese delegation discussed the conclusions of the meeting with its participants. It indicated Lebanon's appreciation for the support granted by the Group and Lebanon's determination to implement its conclusions with the support of the international community. Against this backdrop, the Group reaffirmed its readiness to accompany Lebanon in swiftly defining precise measures to be taken and modalities of support, inclusive dialogue with civil society and the private sector being part of this process.

9. The Group welcomes the prospect of future meetings with different configurations and levels as needed.