

Lebanon

Note to the file

**CORE GROUP ON LEBANON MEETING
PARIS, 10 JANUARY 2007**



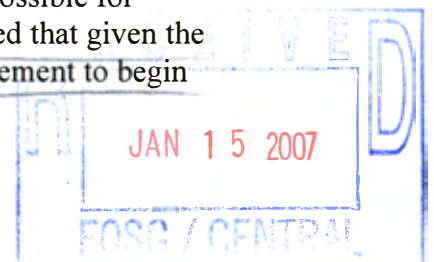
1. The 10 January 2007 Core Group meeting in Paris, a preparatory meeting for the 25 January Paris III Conference, was considered very successful by the Lebanese government and the French hosts given the broad participation and the indications that practically all members would have important ministerial level attendance at Paris III (some details given below). The Lebanese reform programme was praised as "serious, ambitious and comprehensive" but there was a desire for more details on how this would be turned into a national implementation agenda, keeping in mind sustainability.

2. The Government of Lebanon (GoL) delegation (Minister of Finance Azour, Minister of Economy Haddad, Central Bank Governor Salameh and the Prime Minister's Chief Adviser Chatah) presented the reform plan that Prime Minister Siniora had first made public on 4 January in Beirut. They emphasized that it was a comprehensive package that should be treated as such and that much if not all of it was already agreed before the war. This point was clearly directed at trying to alleviate concerns that the current political deadlock between the opposition and the government in Beirut would undermine the package of reforms proposed. Only Salameh, the Governor of the Central Bank, mentioned the need to be realistic taking into account the political situation in the country, and to think of contingencies.

3. Most speakers emphasized the need for a properly developed safety net in the reform package to make sure that the social welfare aspects are assured in light of the fiscal adjustment measures being proposed. The GoL assured the participants that this was indeed the case and that they had been working closely with the World Bank and UNDP in this regard.

4. Several speakers, including the European Union, Malaysia, Turkey, Germany, the World Bank, Egypt and Jordan, emphasized the need for national unity or consensus given the ambitiousness of the reform package. It was clear that they were referring to the current political crisis and urging the government to try to come to Paris III with a less fractious situation, at least in regard to the reform package within Lebanon. The EU was quite explicit in calling for a return to the National Dialogue; the World Bank, Egypt and Malaysia were also quite direct. While there was no doubt that they were all very supportive of Prime Minister Siniora, they wanted assurances of how it would be implemented.

5. In terms of assurances regarding implementation of the package, IMF involvement was suggested by a number of speakers, including the French, the UK, and the US. It was suggested going this route would make it much more possible for donors to come up with the amounts that are required. It was also noted that given the fragility of Lebanon at present, the appropriate vehicle for IMF involvement to begin





with should be one of their more flexible arrangements for post-conflict or emergency situations. The IMF, we understand, is willing to take this on as long as they assess that the package looks feasible in implementation terms and that there is a clear commitment to the financing required.

6. Despite some guardedness on the total amount being targeted on 25 January, there was some mention [, including by UNDP,] of the GoL's hope to receive commitments for some 9 billion USD. [Both UNDP and] the US urged the maximum contributions by donors, the US adding "until it hurts..."

7. Given the current political situation in Lebanon and the breadth of the reforms proposed, it was strongly suggested by various members, and especially the French hosts, that the GoL launch a media campaign to explain to and sensitize the population of the substance of the package in order to mitigate any misunderstandings (this will be even more necessary if the discussion about the IMF proposal spreads). Minister Azour assured participants that such a campaign was already underway.

8. There is an impressive turnout expected on 25 January. The hosts were extremely appreciative of the news that Secretary-General Ban would be attending Paris III. Other attendees announced included the President of the European Commission, José Manuel Barroso, the European Union's Javier Solana, the World Bank's Paul Wolfowitz, and Secretary of State Condoleezza Rice. Saudi Arabia intends to send both the Foreign Minister and the Finance Minister. Many countries will be represented at Foreign Minister level, including Germany, Italy, Finland, Spain, Greece, the Netherlands, Norway, Sweden, Malaysia and Jordan. The Chinese plan to send their Middle East envoy and the Russians promised a high level delegation. Both Norway and Sweden intend to send their Ministers of Development. A number of others, such as Kuwait, will have their Finance Ministers attending. Other countries scheduled to attend include the UAE, Bahrain, Brazil, Canada, Australia, Cyprus, Denmark, Austria, and the UK.

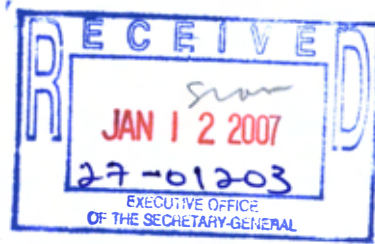
A handwritten signature in dark ink, appearing to be 'Hew' or similar, written in a cursive style.

12 January 2007

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Note to Mr. Nambiar

PARIS III LEBANON CONFERENCE – 25 JANUARY

Please find attached a note on the Preparatory Meeting for the “Paris III” Conference which I attended at the French Ministry of Foreign Affairs on 10 January.

cc: Paolo Galli

The French hosts were delighted by the news that the Secretary-General will be attending the 25 January meeting which will be chaired by President Chirac. Others attending will include Prime Minister Siniora, Secretary Rice, Paul Wolfowitz and German Foreign Minister Steinmeier.

Michael C. Williams
Special Adviser on the Middle East
12 January 2007

- cc: Mr. Kim
Mr. Gambari
Ms. Kane

