

PREFACE

The *Lebanon Economic Monitor* provides an update on key economic developments and policies over the past six months. It also presents findings from recent World Bank work on Lebanon. It places them in a longer-term and global context, and assesses the implications of these developments and other changes in policy on the outlook for Lebanon. Its coverage ranges from the macro-economy to financial markets to indicators of human welfare and development. It is intended for a wide audience, including policy makers, business leaders, financial market participants, and the community of analysts and professionals engaged in Lebanon.

The *Lebanon Economic Monitor* is a product of the World Bank's Lebanon Poverty Reduction and Economic Management (PREM) team. It was prepared by Ibrahim Jamali (Economist) and Samer Matta (Economic Analyst), under the general guidance of Eric Le Borgne (Lead Economist) and Bernard Funck (Sector Manager). Eric Le Borgne authored the Special Focus on the economic and social impact of the Syrian conflict on Lebanon. May Ibrahim (Senior Executive Assistant) provided Arabic translation and Zeina El Khalil (Communications Associate) print-produced the report.

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To be included on an email distribution list for this Lebanon Economic Monitor series and related publications, please contact Nada Abou Rizk (nabourizk@worldbank.org).

For questions and comments on the content of this publication, please contact Eric Le Borgne (eleborgne@worldbank.org).

Questions from the media can be addressed to Mona Ziade (mziade@worldbank.org).

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LIST OF KEY ABBREVIATIONS USED

bps:	Basis points
H1, H2:	First half of the year, second half of the year.
3mma:	Three-months moving average
pp:	Percentage points
Q1 (Q2, Q3, Q4):	First (second, third, fourth) quarter of the year
qoq:	Quarter-on-quarter
sa:	Seasonally adjusted
saar:	Seasonally adjusted, annual rate
yoy:	Year-on-year
LHS, RHS:	Left hand side, right hand side (for axis of figures)

EXECUTIVE SUMMARY

i. **Spillovers from the Syrian conflict are imposing a heavy toll on Lebanon's economy which, under an unchanged environment, is projected to grow by 1.5 percent in both 2013 and 2014.** Compared to our spring 2013 *Lebanon Economic Monitor*, our GDP growth projection was revised down to 1.5 percent due to continued political uncertainty and weaker than projected economic activity indicators. After robust growth performance from 2007 to 2010, growth is estimated to have decreased significantly to 1.4 percent in 2012 and is projected to continue to expand at a subdued pace in the next two years unless the regional and domestic environments improve. From the demand side, private consumption and investment remain soft as consumer and investor confidence have been particularly affected by the volatile security environment. From the supply side, tourism, a central source of employment and growth for the Lebanese economy, is negatively affected.

ii. **The economic slowdown and domestic and regional turmoil also affected banking activity.** Credit is decelerating, reflecting the reluctance of banks to lend in the midst of the heightened uncertainty as well as increased risk aversion following the losses experienced by subsidiaries of Lebanese banks operating in Syria. The banking sector remains nonetheless highly liquid and resilient to external shocks. While the losses impact short-term profitability, the medium- and long-term outlook for the banking sector remains positive. The dollarization rate of deposits has increased moderately over the past year to 65.7 percent in August 2013.

iii. **After a strong fiscal expansion in 2012, the fiscal deficit continues to widen in 2013, to a large extent driven by the spillovers from the Syrian conflict.** The effects of the major fiscal expansion that started in 2012 continue to reverberate in 2013. The overall budget deficit increased to 8.7 percent of GDP in 2012 equally divided between soft revenue performance and rising expenditure. On the revenue side, the weakness partly stems from VAT

exemptions on fuel oil. On the expenditures side, key drivers are the increase in demand for public services stemming from the Syrian refugees and the continued impact of the 2012 wage increases. The rising fiscal deficit combined with low growth will lead to a reversion in the downward trend in the debt-to-GDP ratio which is expected to increase to 137.1 percent in 2013.

iv. **The balance of payments strengthened during the first seven months of 2013, in part due to the weakening economic activity and sustained capital inflows.** The trade-in-goods balance improved through July due to a decrease in imports arising from a weakening in economic activity and a softening in local demand but also large and lumpy oil imports by Electricité du Liban (EdL). Exports also surged, from a low base, in the first eight months of 2013 reflecting increased food and oil demand from Syria. Meanwhile, the elevated spread between domestic and international interest rates continues to attract capital inflows which contribute to narrowing the balance of payments deficit.

v. **The conflict in Syria is having a large, negative, and rapidly growing impact on Lebanon's economy, its social fabric, and its public services (Special Focus).** The cumulative losses in economic activity could reach USD7.5 billion by end-2014. Social cohesion is rapidly deteriorating partly due to combination of rising poverty—approximately 170,000 Lebanese would be pushed into poverty—a worsening labor market, rising insecurity, amid deteriorating core public services. Public services are under pressure given the sudden and large increase in demand arising from the Syrian refugee influx. The fiscal cost of Syrian conflict is estimated at USD2.6 billion. Across all core public services, the surge in demand is currently being partly met through a decline in public service access and quality. It is estimated that an additional spending of USD2.5 billion would be required to reinstate the access to and quality of public services to their pre-Syrian conflict level.

الملخص التنفيذي

١, ١٣٧ بالمئة من الناتج في عام ٢٠١٣.

٤. لقد شهد ميزان المدفوعات أداءً قوياً خلال الأشهر السبعة الأولى من العام ٢٠١٣، ويعود ذلك جزئياً إلى الضعف في النشاط الاقتصادي واستمرار تدفق رؤوس الأموال. سجّل ميزان تجارة السلع تحسناً حتى شهر تمّوز/يوليو وذلك بفضل انخفاض نسبة الواردات التي نتجت عن ضعف الحركة الاقتصادية وتباطؤ الطلب المحلي، إضافة إلى واردات مؤسّسة كهرباء لبنان النفطية الكبيرة والمتقلبة. أما الصادرات فقد ارتفعت أيضاً، من قاعدة منخفضة، في الأشهر الثمانية الأولى من عام ٢٠١٣ ممّا يعكس الطلب المتزايد على المواد الغذائية والنفطية من سوريا. وتزامناً مع ذلك، يستمر التفاوت الكبير بين معدلات الفائدة المحلية والعالمية بجذب رؤوس الأموال، ممّا يساهم في تضيق عجز ميزان المدفوعات.

٥. ينجم عن الصراع في سوريا تداعيات كبيرة وسلبية وسريعة الانتشار على اقتصاد لبنان ونسيجه الاجتماعي وخدماته العامة (تقرير خاص). قد تبلغ الخسائر التراكمية في النشاط الاقتصادي ٧,٥ مليار دولار أميركي في نهاية العام ٢٠١٤. كما يتعرض التماسك الاجتماعي إلى تدهور سريع وذلك بسبب تنامي نسبة الفقر (حيث من المتوقع أن يلامس حوالي ١٧٠ ألف مواطن خط الفقر)، وضعف سوق العمل، وتصاعد التوتر الأمني، وتردي الخدمات العامة الأساسية. وتزداد الضغوطات على الخدمات العامة في ظل الارتفاع الكبير والمفاجئ من ناحية الطلب الناتج عن أزمة اللاجئين السوريين. أما الكلفة المالية لتداعيات الصراع في سوريا على لبنان فتقدّر بـ ٢,٦ مليار دولار أميركي. وفي ما يخص تزايد الطلب على الخدمات العامة الأساسية، فقد تأثرت تلك الخدمات سلباً من ناحية النوعية وسهولة الحصول عليها. أمّا النفقات الإضافية المطلوبة لإعادة تثبيت نوعية الخدمات العامة إلى ما كانت عليه قبل الصراع في سوريا فتقدّر بـ ٢,٥ مليار دولار أميركي.

١. إن التداعيات الناجمة عن الصراع في سوريا تفرض عبئاً ثقيلاً على الإقتصاد اللبناني الذي من المتوقع، في ظل الظروف الحالية غير المتغيرة، أن ينمو بنسبة ١,٥ بالمئة خلال العامين ٢٠١٣ و٢٠١٤. مقارنةً مع النشرة الاقتصادية السابقة التي صدرت في الفصل الأول (ربيع العام ٢٠١٣)، لقد تمت مراجعة توقعاتنا في ما يخص نسبة نمو الناتج المحلي الإجمالي إلى ١,٥ بالمئة، وذلك بسبب عدم الاستقرار السياسي المستمر وضعف النشاط الاقتصادي بحسب المؤشرات الأخيرة. فبعد أداء قوي للنمو في الفترة ما بين ٢٠٠٧ و٢٠١٠، لقد شهد معدل النمو انخفاضاً ملحوظاً ليبلغ ١,٤ بالمئة في العام ٢٠١٢، ومن المتوقع أن يستمر مستوى النمو بالتوسع ضمن إطار محدود خلال العامين المقبلين، إلا إذا ما طرأ تحسناً على الصعيدين المحلي والإقليمي. فمن جانب الطلب، يسجل الاستهلاك الخاص والاستثمار حركة خجولة بحيث تأثرت ثقة المستهلك والمستثمر بالأوضاع الأمنية غير المستقرّة. أما من جانب العرض، فقد تأثر قطاع السياحة، أي المصدر الأساسي لفرض العمل ولتحريك النمو في الإقتصاد اللبناني، على نحو سلبي.

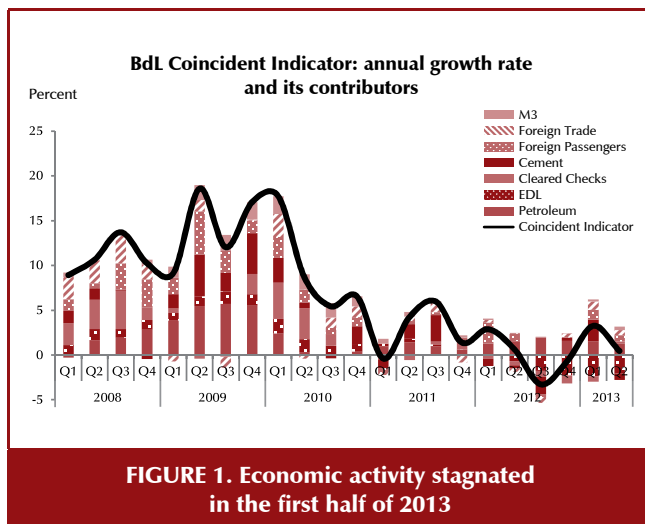
٢. كما أثر التباطؤ الاقتصادي والاضطرابات الداخلية والإقليمية على النشاط المصرفي، حيث تراجعت حركة الإئتمان مما عكس تردّد المصارف في مجال التسليف في ظل الأوضاع غير المُطمئنة وتزايد حرصها على تفادي الأخطار في أعقاب الخسائر التي تتعرض لها المؤسسات المالية التابعة للمصارف اللبنانية العاملة في سوريا. بالرغم من ذلك، تبقى نسبة السيولة عالية وقادرة على التصدي للصدّات الخارجية. وفي حين أن الخسائر تؤثر على نسبة الأرباح في المدى القصير، تبقى التوقعات إيجابية للقطاع المصرفي على المدى المتوسط والطويل. وقد ارتفعت نسبة الودائع بالدولار الأميركي بشكل معتدل خلال العام الماضي لتبلغ ٦٥,٧ بالمئة في آب/أغسطس ٢٠١٣.

٣. فبعد توسع حاد في المالية العامة خلال العام ٢٠١٢، لا يزال العجز المالي يشهد تضخماً في عام ٢٠١٣، وذلك إلى حد بعيد بسبب تداعيات الأزمة السورية على لبنان. إن الآثار الناتجة عن التوسع المالي الحاد الذي بدأ خلال عام ٢٠١٢ تستمرّ بارتداداتها في عام ٢٠١٣. فقد ارتفعت نسبة العجز الإجمالي في الميزانية العامة إلى ٨,٧ بالمئة من الناتج المحلي الإجمالي في العام ٢٠١٢، وتتنوع هذه النسبة على نحو متساو بين الأداء الضعيف للإيرادات وارتفاع حجم النفقات. من جانب الإيرادات، يعود الضعف الحاصل بشكل جزئي إلى إعفاء مادة زيت الوقود من ضريبة القيمة المضافة. أما من جانب النفقات، فالدوافع الرئيسة تتضمن زيادة الطلب على الخدمات العامة بسبب أزمة اللاجئين السوريين واستمرار التأثير الناتج عن قرار زيادة الأجور الذي تم تفعيله عام ٢٠١٢. إن تزامن العجز المالي المتصاعد مع النسبة الضعيفة للنمو قد يؤدي إلى عكس الاتجاه الانحداري لنسبة الدين العام إلى الناتج المحلي الإجمالي، والتي من المتوقع أن ترتفع إلى

RECENT ECONOMIC AND POLICY DEVELOPMENTS

Output and Demand

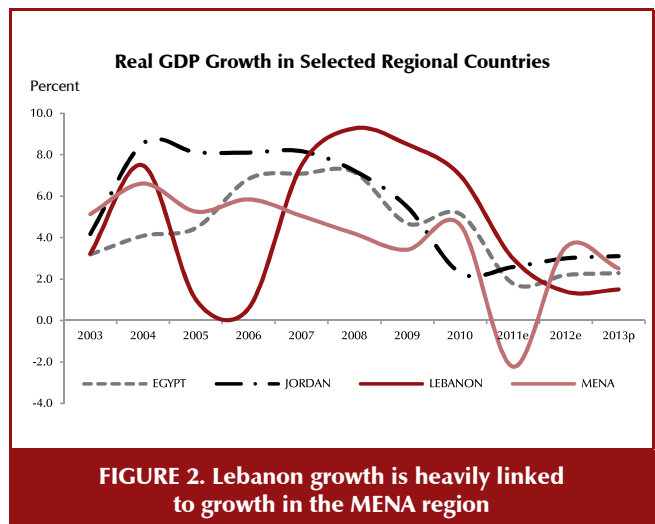
1. Economic activity has decelerated since July 2012 as the Syrian conflict increasingly took its toll on Lebanon. The subdued economic activity was reflected in a stagnating growth rate of Banque du Liban (BdL)'s coincident indicator, one of the few available high frequency measure of economic activity, at an average of 2.5 percent (yoy) in the first half of 2013 (Figure 1). The services sector, which accounts for about 75 percent of GDP, and consumer confidence have been particularly affected by the volatile security environment. The muted GDP growth in Lebanon is in line with the regional economic stagnation, and more specifically, across countries affected by the Arab Spring (Figure 2).



Source: Banque du Liban and World Bank staff calculations.

2. From the demand side, the deteriorating security environment also negatively affected

consumer confidence (Figure 3). The Byblos/AUB consumer confidence index dropped by an average of 37 percent in 2012¹. The increase in checks cleared by 1.8 percent (yoy) during the first seven months of 2013 reflects an increase from a low base in 2012 rather than a pick-up in consumption². A multitude of indicators additionally point to a decrease in private investment in first five months of 2013 (Figure 4). Electricity production dropped by 4.9 percent (yoy) while construction permits declined by 17.4 percent (yoy) in the first half of 2013. The heightened investment risk perceptions are reflected, at the sovereign credit risk level, in Moody's downgrade of Lebanon's outlook from stable to negative in May 2013.



Source: World Bank.

3. From the supply side, tourism, a central source of employment and growth for the Lebanese economy, was negatively affected by the security environment. A number of Gulf

¹ The latest available data for the consumer confidence index dates back to end-2012.

² The average growth rate of checks cleared during the period 2008 to 2012 averaged 15.9 percent. The 1.8 percent growth rate in the first seven months of 2013 is significantly lower than the average historical growth rate.

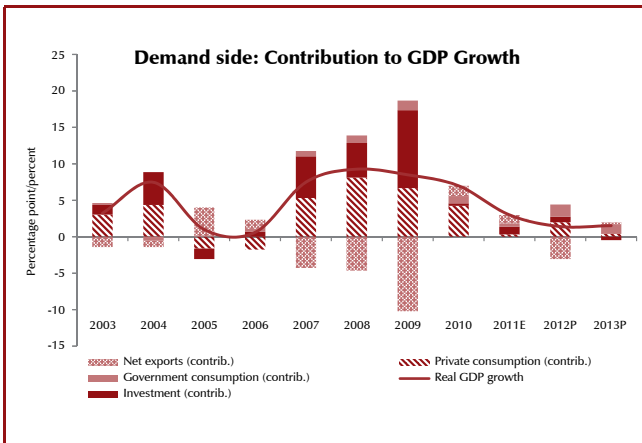


FIGURE 3. Private consumption and investment are expected to decrease in 2013

Source: National Accounts and World Bank Staff Calculations.

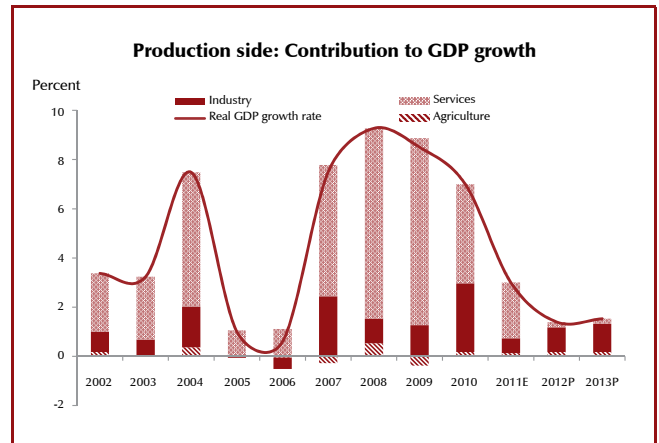


FIGURE 5. Services, historically the strongest driver of growth, stalled as...

Source: National Accounts and World Bank Staff Calculations.

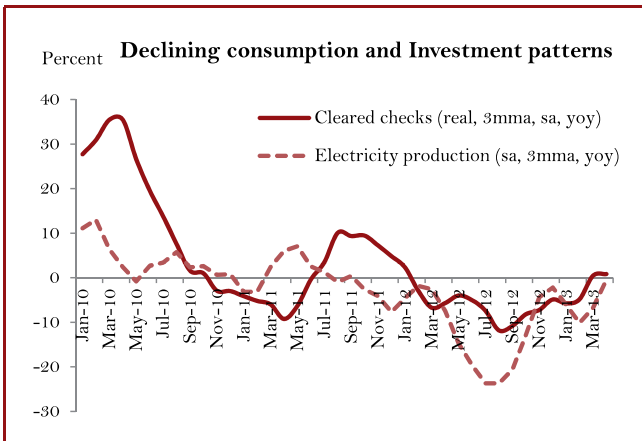


FIGURE 4. ...as reflected by the devlining trends in the value of cleared checks and electricity production

Source: BDL and World Bank Staff calculations.

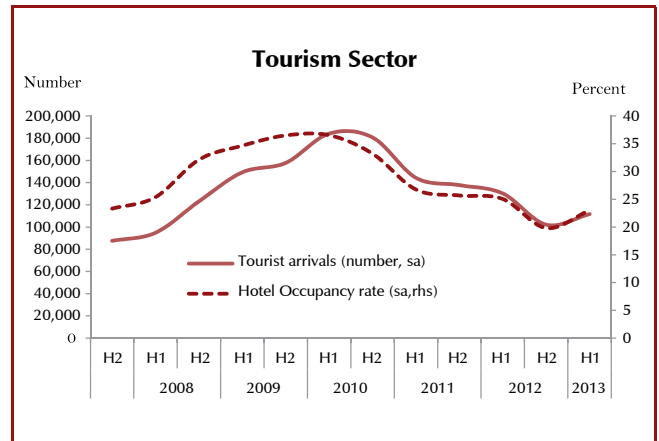


FIGURE 6. ...as tourism declined

Source: Ministry of tourism and World Bank staff calculation.

Cooperation Council, the United States, and European countries, among others, have issued travel advisories urging their citizens not to travel to Lebanon. As a result, tourist arrivals slumped 17 percent in 2012, and dropped an additional 10 percent (yoy) in the first eight months of 2013 (Figure 5). The decline in tourist activity was also reflected in low hotel occupancy rates which stood at 23.2 percent in the first half 2012, declining by 2 percentage points from the first half of 2012³ (Figure 6 and Figure 30). The modest drop in hotel occupancy between 2012 and 2013 reflects the sharp increase in Syrian refugees, some of whom are accommodated in hotels, especially those at the lower price range.

Labor Markets

4. The large influx of Syrian refugees exacerbated the already difficult labor market conditions facing low skilled workers. Even without the Syrian refugees, the Lebanese economy needed to create six times the amount of jobs it previously did to absorb new entrants to the labor market. Prior to the Syrian conflict, labor markets were characterized by a low, albeit increasing, participation rate (especially by women) and a high prevalence of informal employment. The large influx of Syrian refugees, the vast majority of whom are low- to semi-skilled workers, increase the labor

³ Hotel occupancy rates registered 17.3 percent in November 2012, their lowest level in three years.

supply by an estimated 30 percent in 2013 (World Bank, 2013⁴). A number of Syrian refugees are also establishing small enterprises. The intensifying competition among Lebanese and Syrian low- and semi-skilled workers and small enterprises is fueling social discontent, tensions among the host and refugee communities and is expected to result in sharply higher unemployment, especially among low-skilled Lebanese workers.

Fiscal Policy

5. The effects of the permanent fiscal spending increases that started in 2012 are continuing in the first five months of 2013 (Figure 7). The central government's overall fiscal deficit widened by 46.7 percent (yoy) in the first five months of 2013 while the primary fiscal surplus shrank by a staggering 91.9 percent (yoy). Government expenditures increased by 11.4 percent (yoy) driven by an increase in (i) the cost of servicing Lebanon's large public debt as interest costs have increased, especially on external debt, (ii) the public sector wage bill due to the cost-of-living adjustment that started in 2012, and (iii) capital expenditures which increased by 46.1 percent (yoy). On the revenue side, total revenues increased by 2.3 percent (yoy), significantly below nominal GDP growth. This weak revenue performance partly stems from the spillovers from the Syrian conflict and the associated weakening in private consumption and investment, but it also reflects the continued impact of the VAT exemption on fuel oil introduced in early 2012.

6. The rising fiscal deficit combined with low growth is projected to lead to a reversal in the downward trend in the debt-to-GDP ratio that started in 2006. Lebanon's debt dynamics improved markedly after 2006. The improvement was, however, largely cyclical (due to high economic growth), rather than structural.

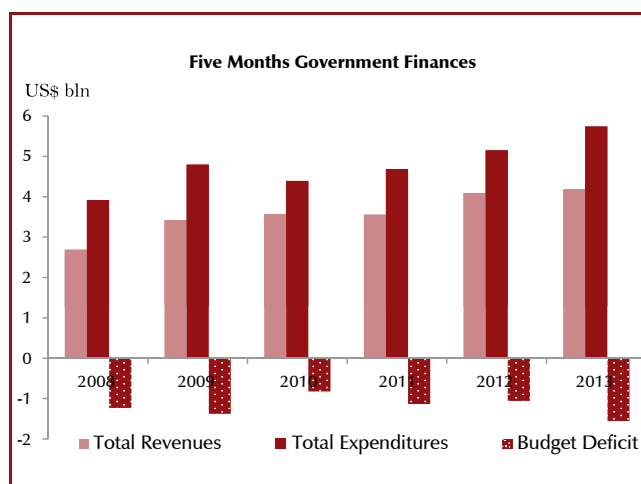


FIGURE 7. The widening fiscal deficit due to increased current expenditures and a drop in revenues.

Source: Ministry of Finance and World Bank staff calculations.

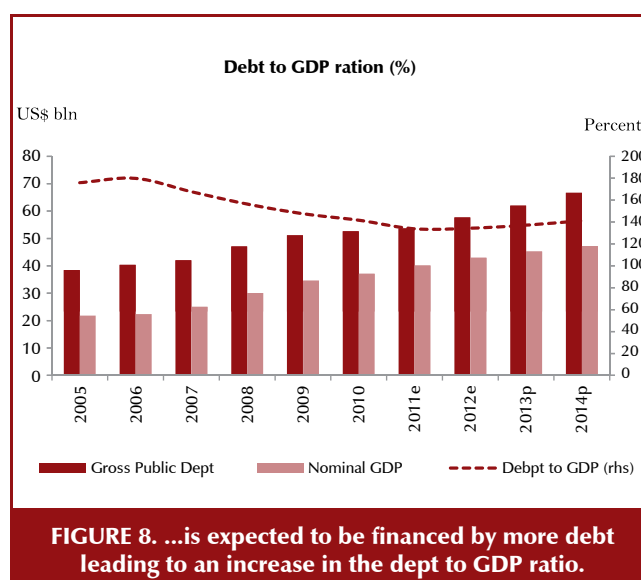


FIGURE 8. ...is expected to be financed by more debt leading to an increase in the debt to GDP ratio.

Source: National Accounts and World Bank staff calculations.

The decelerating economic activity, wider fiscal deficits and rising interest risk premium due to the Syrian conflict have halted Lebanon's remarkable progress in reducing its debt-to-GDP ratio. That ratio is projected to increase to 137.1 percent and 141.2 percent in 2013 and 2014, respectively. The reversal of the downward trend in the debt-to-GDP ratio is an important source of risk and subjects Lebanon to shifts in market sentiment (Figure 8).

⁴ World Bank (2013) Lebanon: Economic and Social Impact Assessment of the Syrian Conflict, September, Report No. 81098, Washington DC.

Monetary Policy, Banking and Prices

7. Inflation started decreasing in 2013 though the extent to which this stems from weakening activity, one-off factors, or underreporting of rent inflation is unclear. Measured headline and core inflation accelerated considerably in 2012 due to (i) an increase in the minimum wage and cost of living adjustment; (ii) a positive output gap resulting from above potential growth in 2007-2010; and (iii) localized price pressures and an increased consumption of a large influx of Syrian refugees. Headline (core) inflation abated to 3.1 (2.2) percent in July 2013 compared to 4.9 (3.7) in July 2012 (Figure 9). The deceleration in output growth in 2013 and 2014 will contribute to further easing inflationary pressures. As rent inflation, which account for 16 percent of the inflation weight, is not reported since July 2012, inflation is likely underreported, potentially by a significant margin. Rent pressures are indeed likely to be present in Lebanon given the large increase in housing demand stemming from the Syrian refugees. A pickup in rent inflation is materializing in Jordan, a country which has significantly less refugees while having a larger population and country size.

8. The Lebanese banking sector, one of Lebanon's main services sectors, has traditionally enjoyed high liquidity and a large asset base. The sector has shown resilience to external shocks. The sector benefited from (i) prudent management and (ii) conservative regulation and oversight by the BdL and the Banking Control Commission (BCC). With relatively under-developed financial markets, the banking sector has been at the center of financial intermediation in the country. After steadily increasing over the 2009-2012 period, assets of commercial banks continued growing by 8.5 percent (yoy) in the first seven months of

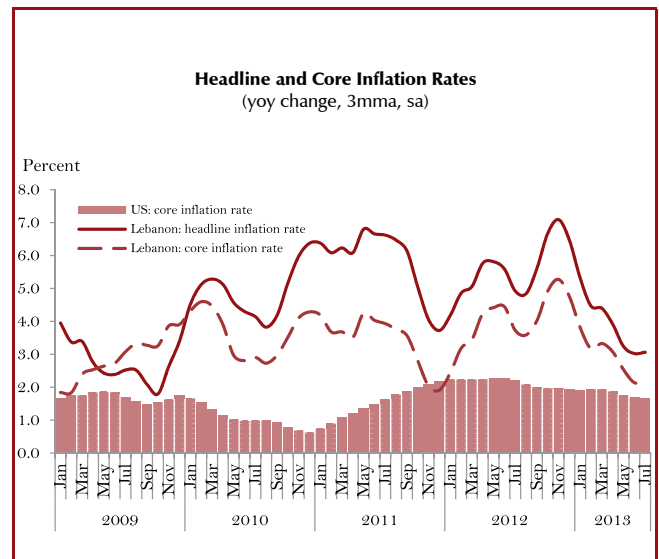


FIGURE 9. Headline and core inflation have adapted in the first half of 2013

Source: CAS, CRI, and WB Staff Calculations. 1/ Core inflation depicts changes in domestic prices excluding fuel and food. It is calculated using the CPI figure of CRI and recalibrated by the weights of the official CPI of CAS

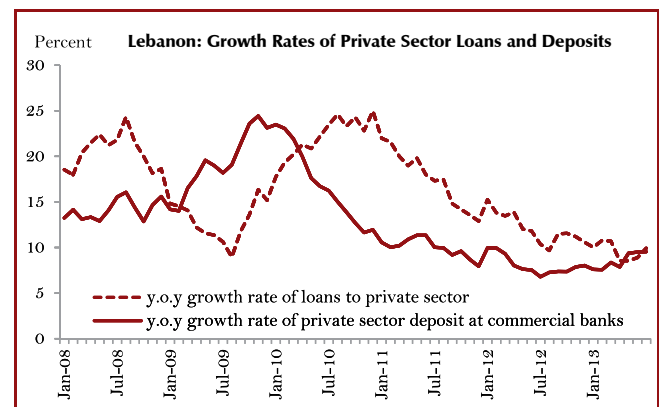


FIGURE 10. The banking sector growth slowdown started prior to the Syrian conflict...

Source: BDL and World bank staff calculations.

2013.⁵ Liquidity in the banking sector has typically been cushioned by non-resident deposits that are attracted by the elevated spread between domestic deposit and international interest rates⁶ (Figure 11).

9. The banking sector continues to benefit from the inflow of foreign deposits but bank lending remains tepid amid a weak economic

⁵ According to International Monetary Fund (IMF, 2012) estimates, commercial banks' assets are 350 percent of GDP. The loan-to-deposits ratio was 30.3 percent in July 2013, one of the lowest in the world. This indicates the absence of funding risks for Lebanese banks (IMF, 2012).

⁶ The IMF (2012) estimate that 40 percent of total bank deposits belong to non-residents. While these are in principle short-term deposits, evidence shows these are loyal customers and ensures that they behave as long-term deposits.

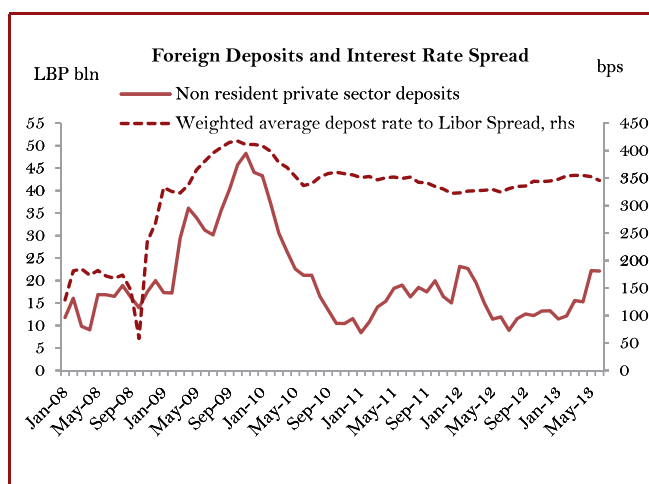


FIGURE 11. ...but favorable interest rate spreads continue to attract foreign deposits

Source: BDL, ABI and World Bank staff calculations.

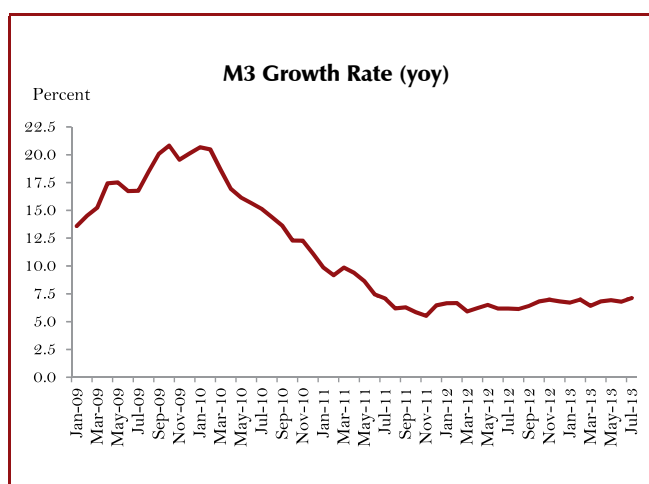


FIGURE 12. The growth in M3 reflects the accommodative policy adopted by BdL

Source: BDL and World Bank staff calculations.

environment and rising uncertainty. Non-resident private sector deposits grew by 23.4 percent (yoy) in the first seven months of 2013. Nonetheless, the banking sector remains exposed to sovereign (and exchange rate) risk as it is a large holder of Lebanon sovereign debt.⁷ In a bid to diversify their investments, commercial banks attempted to expand regionally. A total of seven Lebanese banks operated in Syria at the start of the crisis. The Syrian subsidiaries of Lebanese banks have been materially impacted by the Syrian conflict. Excluding unrealized foreign

exchange gains, Lebanese banks operating in Syria experienced a loss of USD205.3 million (Byblos bank, 2013). Banks have increased their provisions to cover these losses. The worsening security environment and the heightened uncertainty have also led to a deceleration in the growth rate of lending to the private sector from 17.3 percent (yoy) in July 2011 to 10.3 and 9.9 percent (yoy) in July 2012 and 2013, respectively (Figure 10). While the losses in Syria materially impact Lebanese banks' profitability in the short term, the medium- to long-term prospects remains positive when the Syrian conflict is resolved.

10. Money supply increased in the seven months of 2013 partly reflecting the central bank's attempts to stimulate the sluggish economic activity. Money supply (M3) increased by 3.2 percent between year-end 2012 and July 2013. The increase in M3 reflects, in part, BdL's accommodative monetary policy stance that aims to stimulate economic activity (Figure 12). The increase in the money supply is expected to have a limited multiplier impact due to weak consumer sentiment and a deceleration in the growth lending to the private sector by commercial banks. The dollarization rate of deposits inched slightly up to 65.7 percent in August 2013 increasing by 0.9 percentage point from end-2012 likely reflecting a worsening in Lebanon's outlook, as captured, for example, by Moody's outlook downgrade from stable to negative in May 2013 (Figure 20).

Financial Markets

11. The stock market index declined in the first half of 2013. The BLOM stock index dropped by 5.4 percent between January and August 2013 as the prices of equities trading on the Beirut Stock Exchange (BSE) were affected by the volatile security environment and the

⁷ Despite being on a downward trend, commercial banks holdings of total outstanding Treasury bills, stood at around 50.2 percent in July 2013. This exposes commercial banks directly to sovereign credit and foreign exchange risks. Commercial banks also intermediate deposits at the BdL. In fact, 35 percent of total assets of commercial banks are held as deposits with the BdL. Given that the central bank also invests in government debt, this creates an indirect exposure of commercial banks to sovereign default.

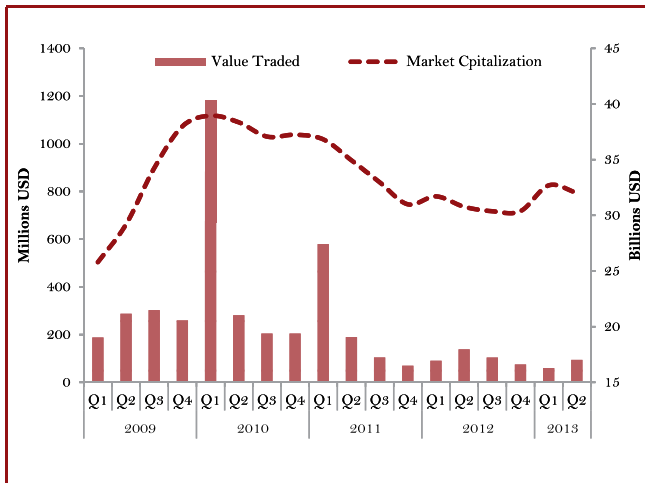


FIGURE 13. The performance of the Beirut stock exchange weakened in the first half of 2013

Source: Beirut Stock Exchange and World Bank staff calculations.

economic slowdown. Volumes traded registered a sharp decrease of 43.7 percent over the same period likely echoing the weakening investor sentiment (Figure 13). The depth of financial markets remains shallow in Lebanon as shown by low market capitalization (as a percent of GDP), traded volumes, and liquidity in the BSE compared to international standards.

Balance of Payments and External Debt

12. Lebanon’s trade in goods deficit shrank in the first eight months of 2013 as a result of increased exports to Syria and decreased (lumpy) fuel imports (Figure 14). The trade in goods deficit narrowed by 0.9 percent (yoy) during the eight months of 2013 as a result of a 0.4 percent (yoy) drop in imports and a 1.7 percent (yoy) rise in exports. The decrease in imports was driven primarily by a 20.1 percent (yoy) drop in energy imports due to lumpy oil imports by EdL in February 2012 that have not yet materialized. On the other hand, imports excluding energy products increased by 6.6 percent (yoy)—Figure 14—reflecting (i) the increased demand stemming from Syrian refugees which partly offsets the decreasing consumption patterns of the Lebanese, and (ii) production disruptions in Syria—as a result

of the military conflict— that have pushed Lebanon to substitute away from cheap Syrian products (towards more expensive imports). On the other hand, the increase in exports was primarily boosted by exports to Syria, as these increased more than two folds benefitting from a captive market that is currently under sanctions.

13. The overall balance of payments has strengthened so far this year due to the continuous inflow of capital and the improvement observed in the trade balance. The balance of payments shrank by 28.7 percent (yoy) in the first seven months of 2013, due to the 2.1 percent (yoy) decrease in the trade deficit and the 1.9 percent (yoy) increase in net foreign inflows of transfers, income, services and capital (Figure 15). The increase in net foreign inflows compares to a 15.8 percent (yoy) rise over the same period in 2012. This deceleration in the growth rate of foreign inflows, despite the wide spread between average domestic interest rates that reached 349 basis points by July 2013, can be attributed to (i) lower inflows from tourism, and (ii) an expected decrease in Foreign Direct Investment (FDI) due to the heightened risk caused by the Syrian conflict.

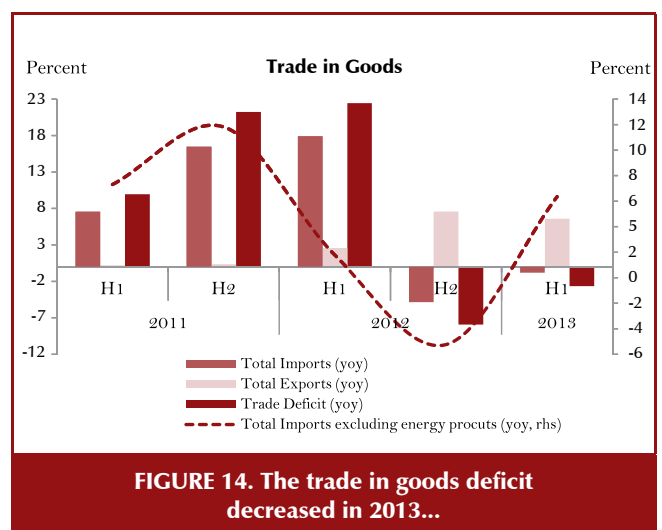
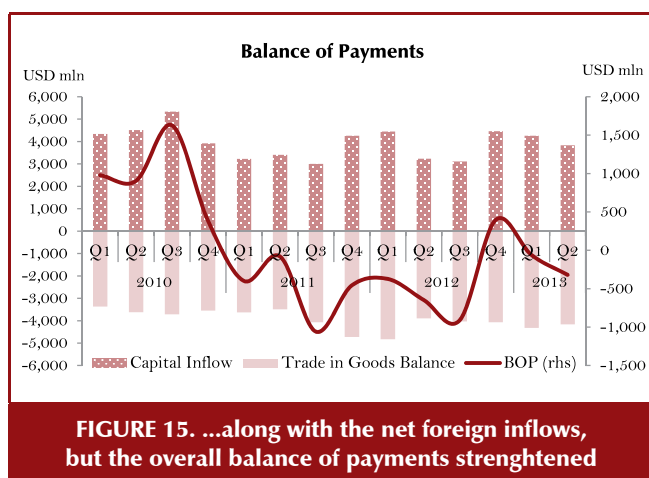


FIGURE 14. The trade in goods deficit decreased in 2013...

Source: Lebanese Customs, World Bank staff calculations



14. As a result, foreign reserves have increased. Despite the decrease in gold prices, foreign gross reserves held by the central bank increased by 4.3 percent (yoy) during the first seven months of 2013 and reached US\$ 31.3 billion by July 2013. In terms of months of imports, the coverage ratio remains elevated, at around 11.

PROSPECTS

15. Assuming unchanged dynamics in Syria's conflict in the near term, spillovers onto the Lebanese economy are projected to continue to pose significant challenges. World Bank staff projections through 2014 are based on the assumption that spillovers from the Syrian conflict abate significantly towards end-2014. Some of the downside risks identified in our spring 2013 Lebanon Economic Monitor materialized.⁸ In particular, increasingly more frequent security incidents have impacted consumer and investor confidence while weaker than expected economic indicators have emerged. Our spring 2013 GDP growth projections have, therefore, been revised down and we now project that GDP growth in both 2013 and 2014 will remain tepid, at 1.5 percent for each of these years. For 2015, a rebound to 4 percent is projected. This growth acceleration, however, hinges critically on a resolution of the conflict in Syria and an improvement in the security and political environments in Lebanon.

16. Risks to these growth projections are broadly balanced. Upside growth potential exists should spillovers from Syria abate earlier than assumed. Downside risks are also present. Key risks include a further worsening in the security situation or deepening of the domestic political gridlock, and regional risks. Among the latter, events unfolding in Egypt or a widening of the Syria crisis to a regional context, could result in higher oil prices and a decrease in multiple country tourism. As Lebanon is a large net oil importer and has a large tourism sector, these shocks would worsen Lebanon's trade-in-goods and balance of payments.

17. Lebanon's fiscal deficits and debt dynamics are another important source of risk. Given the permanent (non-discretionary) nature of the increase in government expenditures, weak revenue collection, large debt and deficits, fiscal space is limited in Lebanon. As a result, the country's capacity to absorb shocks to public finances is reduced and constitutes a source of risk. The large and rising deficit and debt generate substantial gross financing needs that expose the country to sudden shifts in investor sentiment. Structural reforms on the revenue and expenditure sides would reduce these risks.

18. Infrastructure bottlenecks in the electricity, water, transportation and telecommunication sectors need to be addressed to improve public service delivery and boost growth. Addressing infrastructure bottlenecks, especially in the electricity sector, would alleviate fiscal pressures. Structural reforms will also be critical to achieving inclusive and sustained growth and for improving the investment and business climate as the infrastructure bottlenecks increase the cost of doing business.

⁸ The Spring 2013 issue of the *Lebanon Economic Monitor* can be found at: www.worldbank.org/lb

SPECIAL FOCUS

LEBANON: ECONOMIC AND SOCIAL IMPACT OF THE SYRIAN CONFLICT⁹

19. *During the 2012-2014 period, the conflict in Syria is having a large, negative, and rapidly growing impact on Lebanon's economy, its social fabric, and its public services. On the economic front, the deteriorating security situation is undermining consumption, investment which is dragging down growth. The cumulative losses in economic activity could reach an estimated USD7.5 billion. On the social front, social cohesion is rapidly deteriorating partly due to combination of rising poverty—approximately 170,000 Lebanese would be pushed into poverty (over and above the 1 million currently living below the poverty line)—a worsening labor market which is estimated to result in a doubling of the unemployment rate to above 20 percent, rising insecurity, amid deteriorating core public services. Public services are under pressure given the sudden and large increase in their demand arising from the Syrian refugee influx. The fiscal cost of Syrian conflict is estimated at USD2.6 billion, of which USD1.5 billion stems from foregone government revenue collection while the remaining USD1.1 billion are expenditure incurred by the government to meet some of the surge in demand for public services. Across all core public services, the surge in demand is currently being partly met through a decline in both the access to and the quality of public service delivery. It is estimated that an additional spending of USD2.5 billion would be required for stabilization,*

i.e., to reinstate the access to and quality of public services to their pre-Syrian conflict level.

20. **At the request of Prime Minister Najib Mikati, the World Bank led an Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon for the 2012-2014 period.**

This effort was a collaborative one between the World Bank, the United Nations,¹⁰ the European Union, and the International Monetary Fund. Strong collaboration from numerous government ministries and agencies was also extended to the ESIA team. The ESIA report is limited to quantifying the impact and stabilization needs of Lebanon. Based on priorities set by the Government, a second report will focus on the identification of policy recommendations, programs and projects to mitigate the impact of the Syrian conflict. This Special Focus provides an overview of the key findings of ESIA report

21. **The ESIA differs in important ways from typical impact and needs assessments due to the nature of the shock that Lebanon is facing.**

Key differences are that the shock is (1) ongoing—Lebanon has been, and continues to be, subject to the spillover effects of conflict in a neighboring country, but it is neither in a post-disaster situation, nor is it in a post-conflict situation; (2) of uncertain magnitude, both in terms of duration and size—the start of the spillover is diffuse while the end date unknown, and the size of the shock depends to a large extent on the intensity of the (ongoing) conflict in Syria; (3) temporary—Lebanon is not facing a permanent shock, as is the case with a natural disaster or

⁹ For further details, see World Bank (2013) Lebanon: Economic and Social Impact Assessment of the Syrian Conflict, Report No. 81098, Washington DC, September.

¹⁰ The United Nations agencies that collaborated in the ESIA are: ILO, OHCHR, UNESCO, UNICEF, UNHCR, UNDP, UNESCWA, UNFPA, UN Habitat, UNRWA, UN Women, FAO, WFP, and WHO.

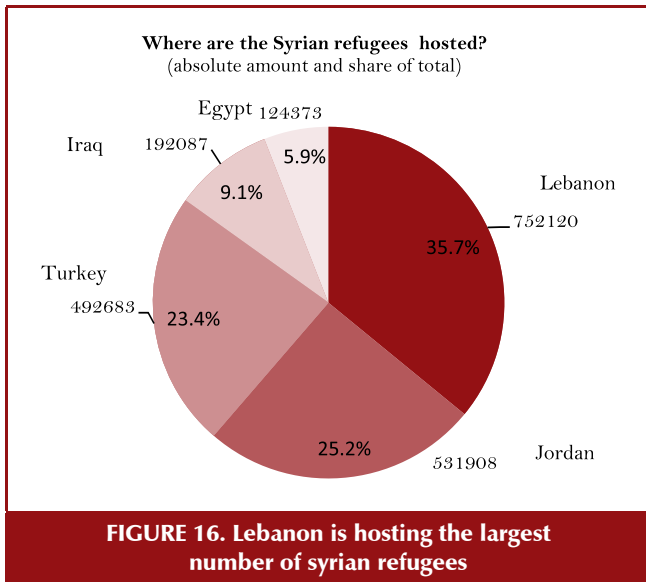


FIGURE 16. Lebanon is hosting the largest number of syrian refugees

Source: UNHCR.

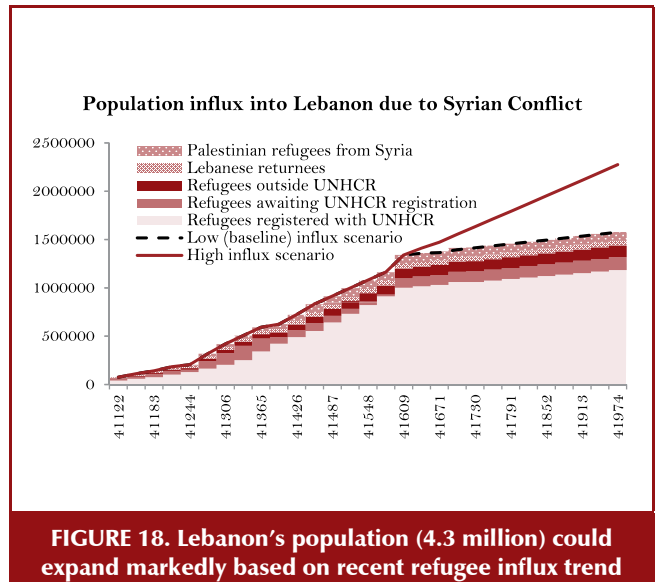


FIGURE 18. Lebanon's population (4.3 million) could expand markedly based on recent refugee influx trend

Source: UNHCR, UNDP, UNICEF, UNRWA, WBI's WDI, and World Bank staff projections.

a (direct) war; (4) without material damages to Lebanon's infrastructure, housing, capital or human stock. Losses, instead, are on flows, such as loss of economic activity, income, access to and quality of public services. Based on a request from the Government of Lebanon, the ESIA is a rapid assessment, having been completed at very short notice, in light of the ongoing degradation of the situation and the request to have the report ready for the United Nations General Assembly meeting on September 25, 2013.

22. The initial spillovers from the Syrian conflict were primarily of a humanitarian nature and related to the influx of refugees into Lebanon. Since the onset of the Syrian crisis, Lebanon has generously maintained an open border policy and has permitted refugees to temporarily but freely settle across the

country. This policy and the close historical links binding the two countries has resulted in Lebanon receiving the lion share of the refugees (Figure 16), despite being the smallest of Syria's neighbors, be it by land area or population (Figure 17). To assist Lebanon in coping with the humanitarian dimension of the refugee influx, the international community, through the UNHCR and UN partner agencies, promptly established operations in Lebanon. By August 2013, the refugee influx had expanded dramatically—to 914,000 equivalent to 21 percent of Lebanon's pre-crisis population—and led to the largest humanitarian emergency operation of its kind for many years. Based on current trends, a total of 1.3 million Syrian-conflict refugees are projected to have entered Lebanon by end-2013 (as presented in the Regional Response Plan 5 in June 2013).

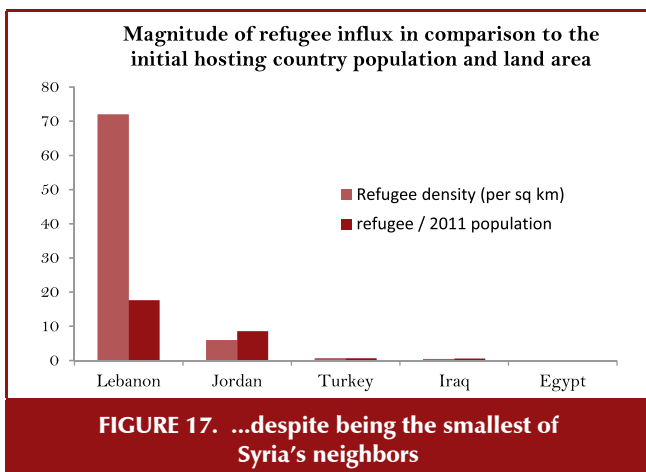


FIGURE 17. ...despite being the smallest of Syria's neighbors

Source: UNHCR and World Bank 2013 World Development Indicators.

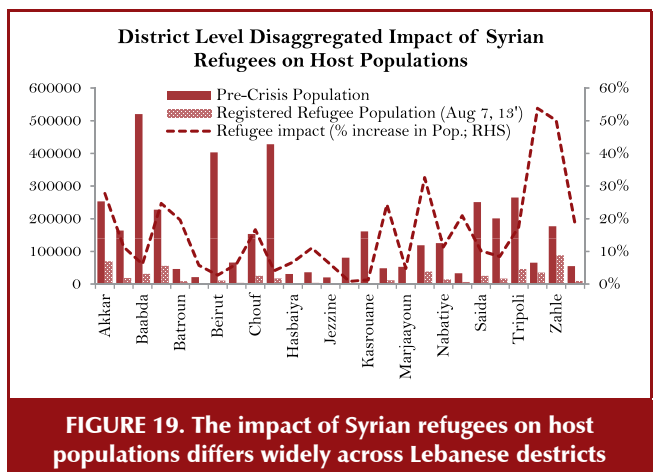
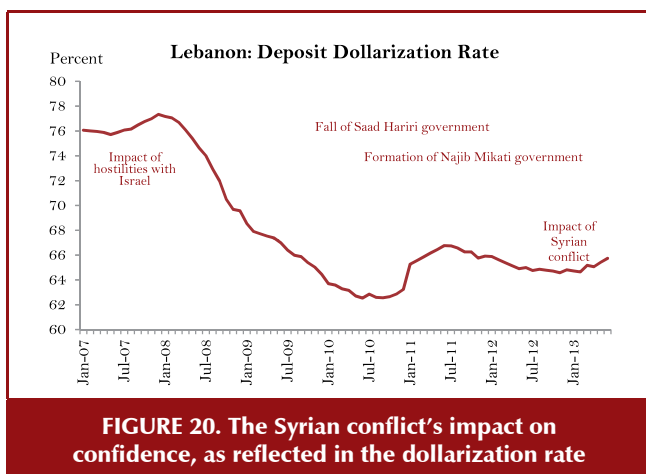


FIGURE 19. The impact of Syrian refugees on host populations differs widely across Lebanese districts

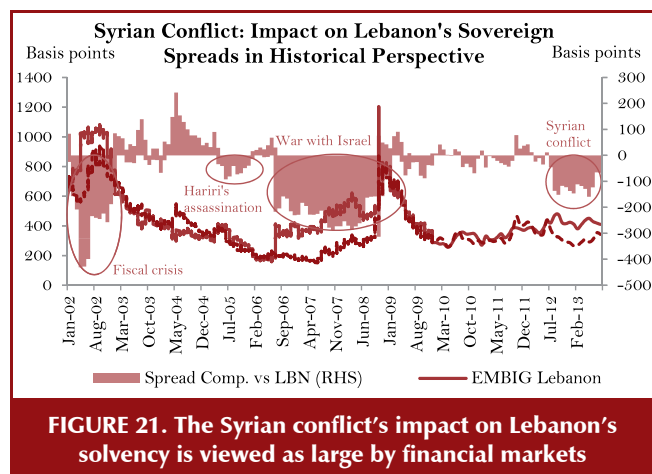
Source: UNICEF, UNHCR CDR, and World Bank staff.



Source: Lebanese customs and World Bank staff calculations.

Projections for 2014 are subject to significant uncertainty. To address this, two scenarios are analyzed. A baseline refugee influx scenario forecasts 1.6 million refugees by end-2014 (37 percent of Lebanon's pre-crisis population). For illustration and sensitivity purposes, a lower probability/higher impact scenario is also used (high refugee influx scenario)—Figure 18. The existing influx of refugees is already overwhelming some host communities where, in some case, the refugees account for more than half the pre-crisis community population (Figure 19).

23. With the escalation of the Syrian conflict, spillovers onto Lebanon have rapidly moved beyond the humanitarian to the economic and social spheres where large, negative, and growing spillovers are occurring (Table 1). In summary, the ESIA report finds that during the 2012-2014 period, the conflict may (1) cut real GDP growth by 2.9 percentage points each year, entailing large losses in terms of wages, profits, taxes, or private consumption and investment; (2) push approximately 170,000 Lebanese into poverty (over and above the 1 million currently living below the poverty line) and double the unemployment rate to above 20 percent, most of them unskilled youth; and (3) depress government revenue collection by USD1.5 billion while simultaneously increasing government expenditure by USD1.1 billion due to the surge in demand for public services, bringing the total fiscal impact to USD2.6 billion. Across all key public services, the surge in demand is currently being partly met through a decline



Source: Banque du Liban.

in both the access to and the quality of public service delivery. It is estimated that an additional spending of USD2.5 billion would be required for stabilization, i.e., to reinstate the access to and quality of public services to their pre-Syrian conflict level. It is estimated that the economic impact of the Syrian conflict became significant during 2012, as revealed by indicators such as deposit dollarization (Figure 20) or spread on Lebanon's Eurobonds (Figure 21).

Economic Impact

24. The conflict in Syria—a country that is closely linked, through historical, social and economic ties to Lebanon—is severely and negatively impacting the Lebanese economy. Lebanese growth is estimated to be down by 2.9 percentage points each conflict year. This is generating cumulative losses in economic activity of USD7.5 billion over the 2012-2014 impact assessment period—Table 1 and Figure 22. The largest impact arises through the insecurity and uncertainty spillovers which profoundly and negatively affect investor and consumer confidence. The resulting lower economic activity is putting downward pressure on government revenues (Figure 24) which, combined with rising demand for public services stemming from the large refugee influx, is generating large costs for the budget (Figure 25) and damaging Lebanon's structurally weak public finances. For 2014, these costs are largely driven by the projected influx of refugees into Lebanon (Figure 26).

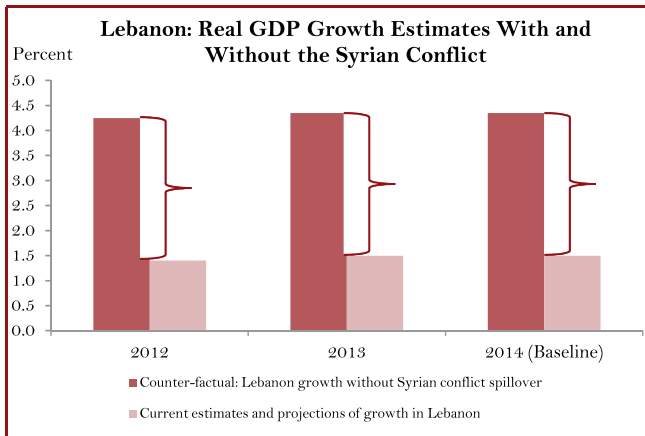


FIGURE 22. Syria’s conflict is estimated to subtract 2.9 percentage points annually to Lebanon’s real GDP growth, for a cumulative cost of USD7.5 billion

Source: World Bank staff estimates.

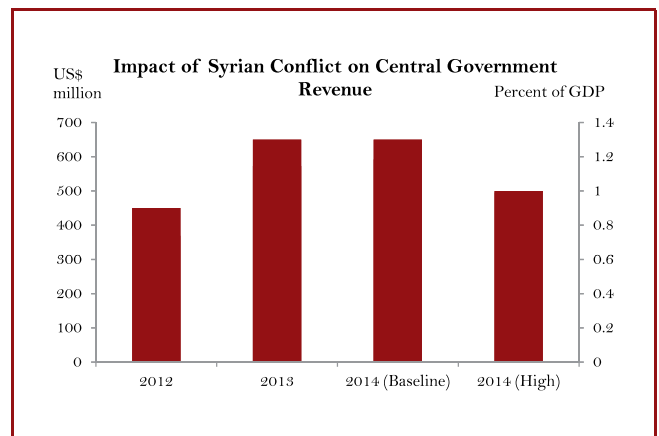


FIGURE 24. Revenue losses became substantial early on as the Syrian conflict’s rapidly cut economic activity

Source: World Bank (2013).

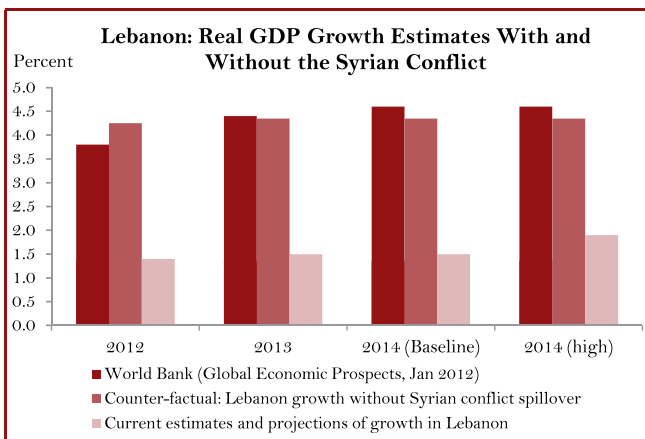


FIGURE 23. GDP growth forecast made prior to the crisis compared to the latest forecast point to a 2-3 percentage points drop due to syrian conflict

Source: EUI, IMF, World Bank

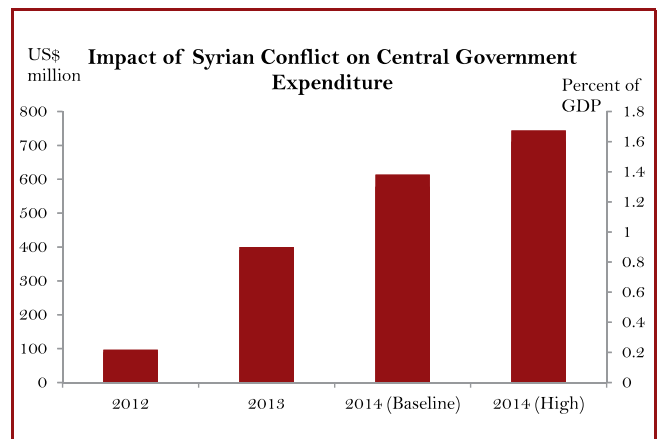


FIGURE 25. Spending pressures are building over time, mostly in the line with the growing refugee influx

Source: World Bank (2013).

25. The impact of the Syrian conflict is also particularly pronounced in the trade sector, affecting goods and services trade, and in particular the large tourism sector. An economy with a large trade sector, Lebanon is significantly exposed to Syria not only due to its role as a trading partner, but also because a sizable share of Lebanese trade transits through Syria and because of the risk a destabilized Syria creates for Lebanon’s large services exports, especially tourism, with the number of international visitors having steadily declined since 2010. The first half of 2013 witnessed sharp reductions in trade flows, particularly for food products and consumer goods. While Lebanon was traditionally a net food importer from Syria, the country posted its first food trade surplus in 2012 – wheat is one such stark example of rapidly changing

trade flows (Figure 27). Conversely, trade disruptions are pushing up domestic prices of some staples such as wheat flour, which has important implications on welfare, particularly for poor households.

26. Lebanon’s public finances were structurally weak prior to the Syrian shock and are now becoming severely strained, with the deficit estimated to widen by USD2.6 billion over the 2012-14 period—(Table 1, baseline refugee influx projections). Following half a decade of robust growth, Lebanon experienced a remarkable decrease in its debt-to-GDP ratio, from about 180 percent in 2006, to 134 percent at the eve of the Syrian conflict in 2011. The country’s improved public finances, however, were to a large extent due to a cyclical improvement, as strong

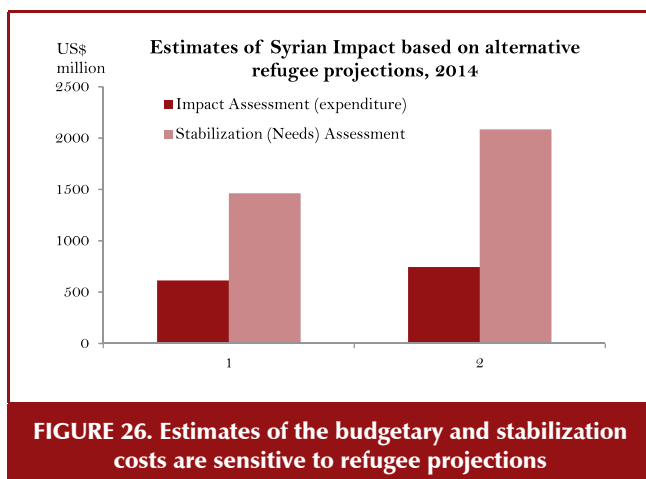


FIGURE 26. Estimates of the budgetary and stabilization costs are sensitive to refugee projections

Source: WB staff calculations based on data from Ministry of Economy and Trade.

structural reforms envisaged as part of the Paris III conference have yet to be fully implemented. The Syrian conflict shock is putting Lebanon's public finances under severe and rapidly escalating strains, unsustainable given Lebanon's initial weak public finances. On the revenue side, spillovers from the conflict are estimated to cut USD1.5 billion in revenue collection over 2012-14, due to a combination of direct impact on key sectors (e.g., tourism) and indirect impacts through weaker economic activity. On the expenditure side, total budgetary spending by the Government alone is estimated to grow by up to USD1.1 billion over 2012-2014 because of the Syrian conflict and the associated sharp increase in demand for and consumption of public services by refugees from Syria. The wider fiscal deficits, lower economic growth, and rising interest risk premium due to the Syrian conflict have halted Lebanon's remarkable progress in reducing its debt-to-GDP ratio; for the first time since 2006, Lebanon's debt ratio rose again in 2012 with further increases projected through 2014.

27. To date, the Syrian conflict has had a sizable negative impact on overall trade in Lebanon. The deceleration of exports experienced during the last two years implied about USD2.8 billion of foreign exchange income foregone, that results from comparing actual export trends with the projected one, had the growth trend of 2000-2008 continued over the period 2011-2012. Similarly,

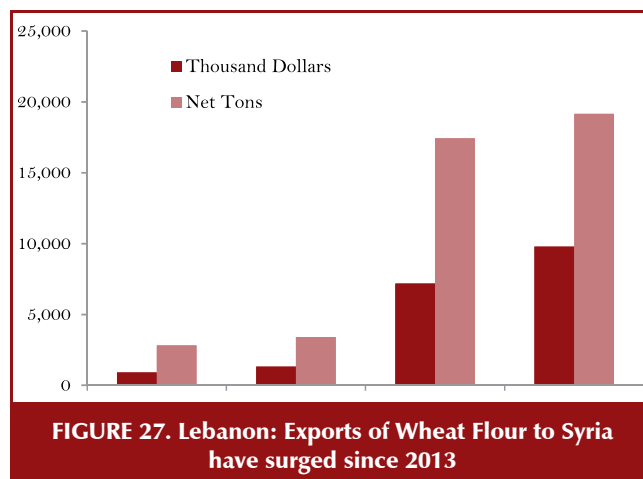


FIGURE 27. Lebanon: Exports of Wheat Flour to Syria have surged since 2013

Source: WB staff calculations based on Lebanese Customs data. Note: (*) denotes that data for 2013 are only available until June..

the deceleration of imports implied consumers and firms foregoing foreign goods of the value of USD1.7 billion. More importantly, both export and import growth is likely to contract further in light of the first six months data available from 2013.

28. The contraction in Lebanese exports and imports that travel through Syria accelerated during the first months of 2013. Figure 28 shows the evolution of monthly export growth rates for total exports and for exports through Syria as well as trends for each of the series. The growth rate of exports through Syria fell by 11.6 percentage points when comparing the pre- and post-Syrian conflict periods. The fall in growth rates becomes particularly important in 2013. Figure 29 does the same for imports, and the picture that emerges is similar. Growth of imports through Syria fell by 43.6 percentage points when comparing pre- and post-conflict periods, and in this case the sharp reductions in the growth of imports started earlier in 2012.¹¹

29. The impact of the Syrian crisis through disruptions in services trade is having significant impacts on Lebanon's economy, most clearly in the tourism sector but also the banking sector. On the one hand, this is largely due to the importance of services for the domestic economy, with services' share of GDP at 75 percent in 2011. In addition, nearly 80 percent of Lebanon's total exports were services, totaling USD19.8 billion

¹¹ While on average the post-conflict reduction in the growth of exports is about 4 percentage points, for import growth, the post-conflict period displays a 3.4 percentage-point higher growth rate (though neither of these changes in growth rates is different from zero statistically.)

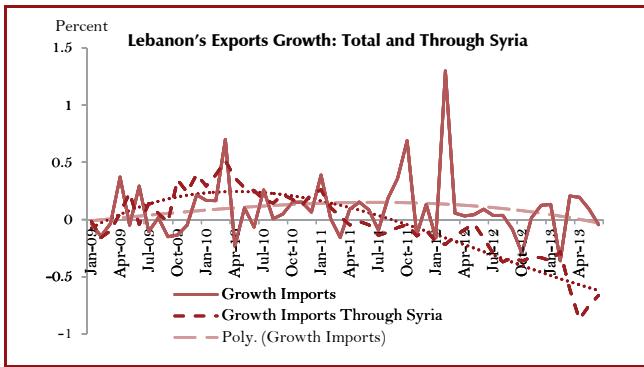


FIGURE 28. The contraction in Lebanese exports through Syria accelerated in the first half of 2013... 1/

Source: WB staff calculations based on Lebanese Customs data. 1/ Data for 2013 are only available until June. Seasonally adjusted.

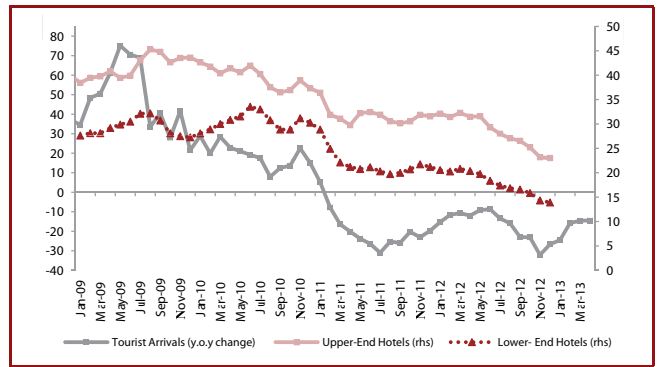


FIGURE 30. Tourist arrivals and hotel occupancy rates (percent; 3 months moving average)

Source: Ministry of Tourism and World Bank staff calculations. Upper-end is defined as 5 and 4 star hotels; lower-end is 3 and 2 star hotels. Classification adopted is that of the ministry of tourism.

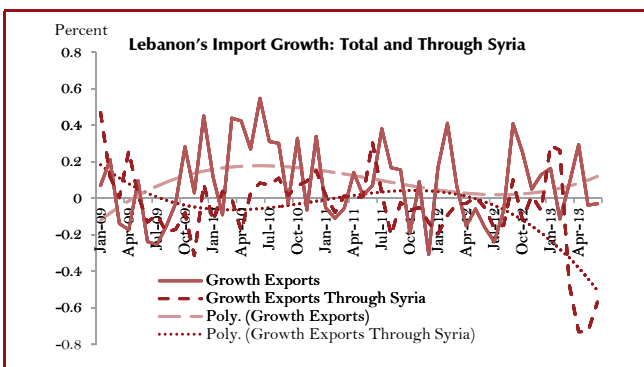


FIGURE 29. ...as did the growth rates in imports coming through Syria 1/

Source: WB staff calculations based on Lebanese Customs data. 1/ Data for 2013 are only available until June. Seasonally adjusted.

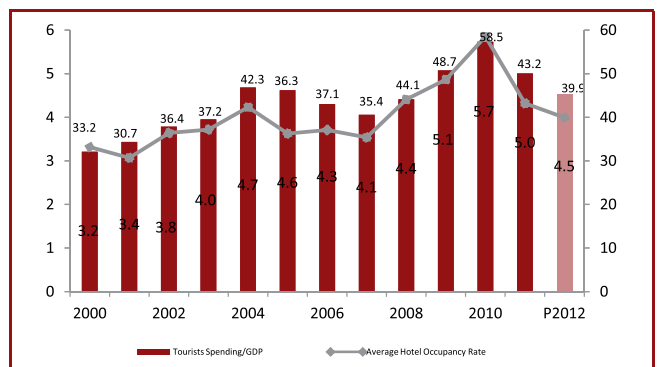


FIGURE 31. Tourism expenditures and hotel occupancy rates (percent)

Source: National Accounts for tourism spending, Ministry of Tourism for occupancy rates, and WB calculations. Note: 2011-2012 is projected using a simple OLS regression with tourists spending as a function of hotel occupancy rates and tourists arrivals.

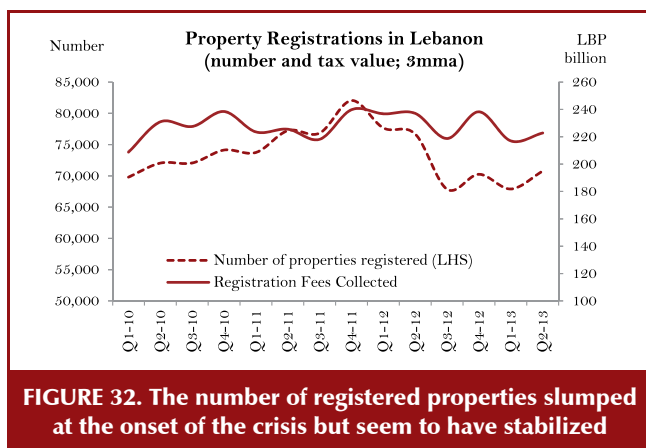
(equivalent to 49.4 percent of GDP) compared to merchandise exports of USD5.4 billion. While services imports are also important, Lebanon has maintained a positive services trade balance over the last decade equivalent to 17 percent of GDP in 2011. On the other hand, the composition of Lebanon's services exports also plays a role, as the impact of the Syrian crisis is being felt in particular sectors, such as tourism and, to a lower extent, banking.

30. Tourism losses were partly compensated by the consumption of Syrian citizens and refugees who entered and are residing in Lebanon. As the conflict intensified many Syrian citizens arrived into Lebanon while some Lebanese citizens living in Syria have returned to their home country. At end-2011, some 5,668 people

had moved from Syria to Lebanon because of the conflict. At end-2012, that number grew to 204,826, and by July 2013, it reached 832,118 (Figure 18).¹² Tourism industry reports indicate that the sector has partly catered for the housing demands of these refugees and returnees. This is most visible with rental apartments and occupancy at non-luxury hotels, especially in the North, Beka'a. For example, average hotel occupancy rates in the North and Beka'a have dropped less severely than in Beirut as these two regions witnessed a large influx of Syrian refugees. This is especially true for lower quality (and thus cheaper) hotels that serve as residences for the growing number of Syrian refugees in the North and Beka'a. This explains some of the resilience depicted in occupancy rates for this segment of hotels. The average stay of Syrian nationals significantly exceeds

¹² This number also includes Palestinian refugees from Syria.

¹³ As evidenced by the contraction or softness in housing construction indicators (e.g., cement deliveries, new construction permits)

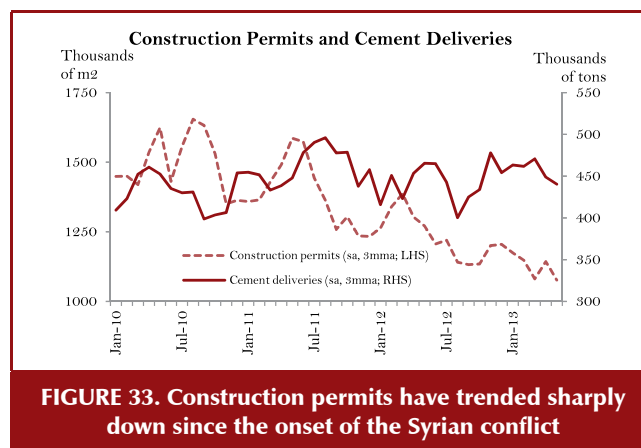


Source: Cadastre and World Bank Staff Calculations

regular tourists. Many Syrians also opt to stay in apartments and therefore exert upward pressure on rent prices. This is notably the case in border areas, especially in the North and the Beka'a.

31. The Syrian conflict impacts Lebanon's real estate sector through two key channels: putting an upward pressure on rents, but a downward pressure on sales (at least initially). Specifically:

- **The large influx of Syrians is boosting the demand for housing, putting upward pressure on rents.** Although no rent data are available to capture the recent increase in the Syrian refugee population, given the suddenness and magnitude of the increase in housing demand this generates, and the fact that housing supply is not responding meaningfully¹³ to what could be seen as a temporary surge in demand, rents are expected to be rising rapidly, especially in areas of the country where the increase in the population has been strongest (Figure 19). Such pressures on rent have been observed in Jordan's inflation numbers. As Jordan has received a lower number of Syrian refugees than Lebanon while having about 50 percent more population, the upward pressure on rents is expected to be noticeably stronger in Lebanon.
- **While real estate transactions had entered a consolidation phase prior to the Syrian conflict, the impact of the conflict seems to have initially accelerated this trend but might recently have been a stabilizing force.** While



Source: Cadastre and World Bank Staff Calculations

the number of registered properties and property registration fees started declining prior to the Syrian conflict and contracted sharply during 2012 and early 2013, a stabilization seems to have taken place in Q2 2013 (registration fees grew by 6.9 percent yoy in that quarter while the number of registered properties shrank by a modest 2 percent yoy)—Figure 32. The decline in registration fees and number of registered properties observed through Q1 2013 may be attributable to several factors, such as (1) the continuing decline in consumer confidence likely affected prospective buyers' willingness to purchase a property amid a deteriorating security environment, (2) a deceleration in economic growth might have also contributed to decreasing local demand, and (3) the decrease in foreigners demand for Lebanese real estate amid rising security incidents. The strengthening observed in Q2, if confirmed over subsequent quarters, could reflect buy-to-rent Lebanese investors given the high demand for housing that is maybe being slowly perceived as less temporary than initially thought, and growing demand from Syrian nationals given their strong increase in absolute and relative terms (in December 2012, the Syrian-related increase in population was 204,826; by June 2013, that number had surged to 722,851—which compares to a pre-crisis Lebanese population of 4.2 million).¹⁴ Construction permits, however, still point to continued challenges for the sector (Figure 33).

¹⁴ Such transactions from Syrian nationals have likely partially offset the drop in real estate activity observed since 2010.

Human Development and Social Impact

32. Over 2012-14, the Syrian conflict is estimated in health, education and social safety nets to have a fiscal cost of USD308-USD340 million while USD1.4-1.6 billion (3-3.4 percent of GDP) will be needed for stabilization – i.e., to restore access to and quality of these services to pre-conflict levels—including USD166-242 million for short-term job creation (Tables 1 and 2). The conflict is estimated to negatively and materially affect the poverty, livelihoods, health and human capital conditions of the Lebanese people. By end-2014, some 170,000 additional Lebanese will be pushed into poverty (over and above the current 1 million below the poverty line). Furthermore, an additional 220,000-324,000 Lebanese, primarily unskilled youth, are expected to become unemployed, thus doubling the unemployment rate to over 20 percent. The influx of refugees has challenged the already weak public social services sector in Lebanon and social tensions, including gender issues, among refugees and Lebanese communities are on the rise.

- **The increase in demand for health services caused by the Syrian conflict is straining Lebanon’s health system.** The conflict in Syria is impacting Lebanon’s health system through: (1) increased demand for health care services (Figure 34); (2) increased unpaid commitments of the Ministry of Public Health (MOPH) to contracted hospitals; (3) shortages in health workers including specialists and nurses; (4) a

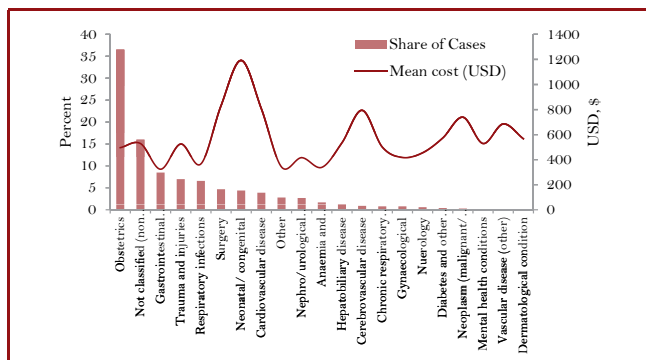


FIGURE 34. Secondary and tertiary health care: Referrals and associated costs for refugees, H1 2013

Source: UNHCR, 2013.

sharp rise in communicable diseases (the number of measles cases, for example, increased from 9 in 2012 to 1,456 in 2013) and the emergence of previously absent diseases, such as leishmaniasis (420 cases); and (5) increased risks of epidemics such as water-borne diseases, measles, and tuberculosis. Overcrowding, lack of water and sanitation infrastructure and other poor environmental conditions also pose significant risks to increased infections, as outbreaks of lice and scabies among refugees have shown. Thus, demand for health services has markedly increased over the past 6-12 months—in December 2012 alone 40 percent of primary health care visits were for Syrian refugees (Figure 35). In addition, strong demand for hospital care is crowding hospitals and compromising access to healthcare, thus exerting financial pressure on hospitals, increasing costs, and generating medication shortages. In the medium- to long-term, the impact of delayed health care could result in increased overall levels of morbidity, particularly for the vulnerable. The fiscal impact has been estimated to be USD38 million in 2013 and USD48-69 million in 2014, depending on refugee projections. Health care costs needed to restore the system to its pre-refugee access and quality levels is estimated at USD177 million in 2013 and USD216-306 million in 2014, depending on the refugee projections.

- **The increase in demand for education services arising from the Syrian children refugees is leading to mounting fiscal costs, an adverse effect on quality of public education, and a**

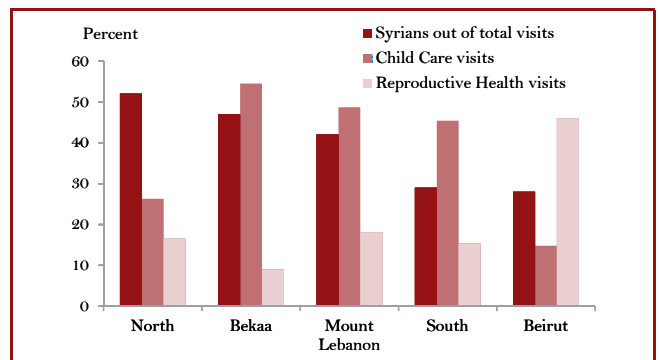


FIGURE 35. Primary health care: Use of PHC Services by refugees, December 2012

Source: MOPH, 2013.

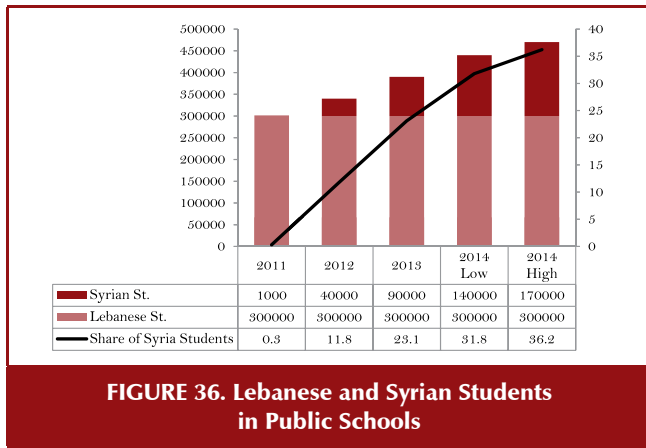


FIGURE 36. Lebanese and Syrian Students in Public Schools

Source: WB/UNICEF staff calculations based on UNHCR data.

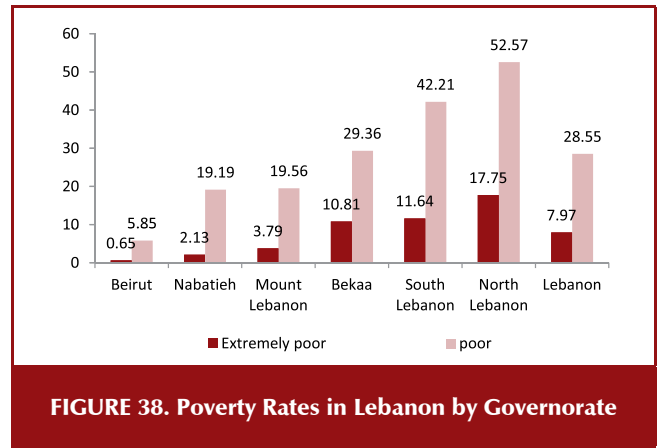


FIGURE 38. Poverty Rates in Lebanon by Governorate

Source: Government of Lebanon, 2010, and UNICEF (2011).

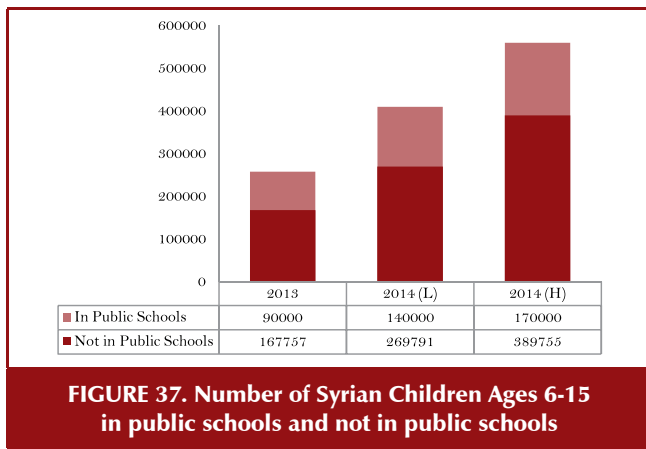


FIGURE 37. Number of Syrian Children Ages 6-15 in public schools and not in public schools

Source: WB/UNICEF staff calculations based on UNHCR data.

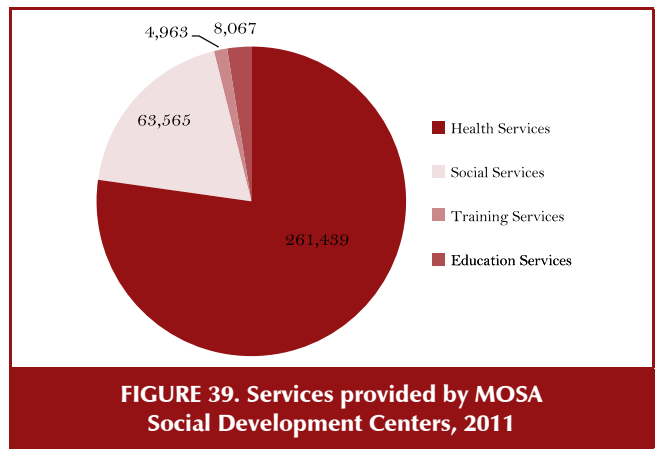


FIGURE 39. Services provided by MOSA Social Development Centers, 2011

Source: MOSA (2012).

significant need for non-formal education. Prior to the Syrian conflict, basic education enrollment in Lebanon had been stable at over 90 percent for a decade. Although public schools only accommodated 30 percent of total students, they catered predominantly to children of lower socio-economic status. Since the onset of the Syrian conflict, and the influx of refugees into the country, the Ministry of Education and Higher Education (MEHE) provided open access to refugees in its public schools. In 2012, 40,000 refugee children were accommodated in public schools for a budgetary cost of USD29 million. An additional USD24 million in costs were financed by donors through UN agencies, which the MEHE would otherwise have had to bear. These costs are projected to continue to escalate: in the coming academic year 90,000 refugees are expected to enroll, and, by 2014 that number would reach between 140,000 and 170,000. The latter figure amounts to 57 percent of public school students in Lebanon. Therefore, MEHE's stabilization needs amount to USD183 million

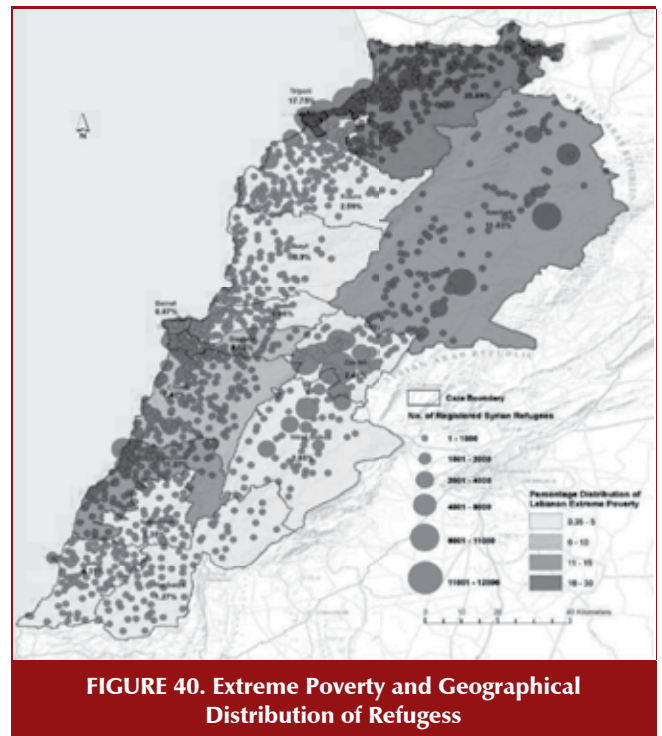
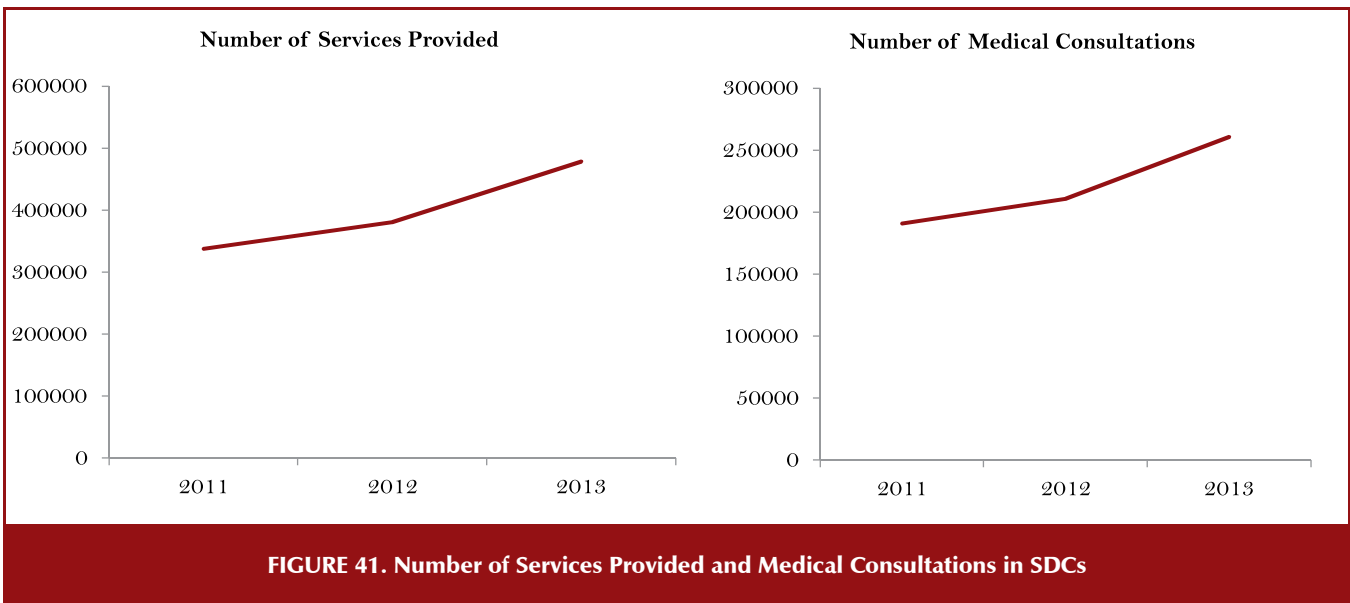


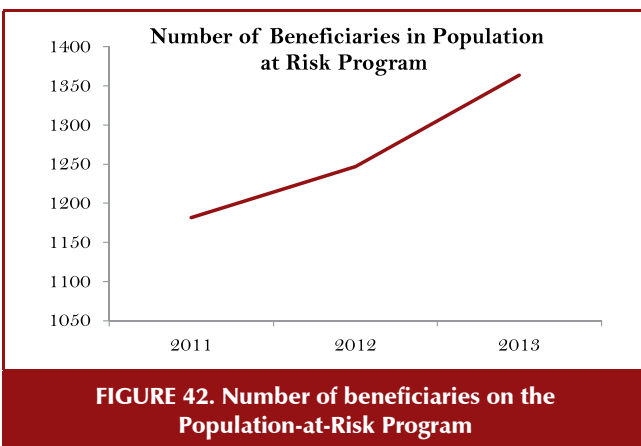
FIGURE 40. Extreme Poverty and Geographical Distribution of Refugees

Source: PCM, UNICEF, UNHCR, 2013.

in 2013 and between USD348-434 million in 2014, depending on the refugee influx scenario.



Source: MOSA (2013).



Source: MOSA (2013).

These figures do not reflect the 65 percent of refugees who are not expected to enroll in formal schooling, thus creating significant needs for non-formal/out-of-school education, necessary to control the onset of child labor and other negative social consequences.

- **As a result of the conflict, it is expected that by end-2014, an additional 170,000 Lebanese citizens will be pushed into poverty while the existing poor will fall deeper into it.** Prior to the Syrian conflict, poverty in Lebanon was significant and regional disparities in living conditions were acute (Figure 38). Nearly 1 million Lebanese were estimated to be poor (living on less than USD4 per day). Regions with a high poverty incidence are also the ones that are hosting large numbers of refugees (Figure 40). Social safety nets (SSN)

were weak, fragmented and poorly targeted. For this reason the Ministry of Social Affairs (MOSA) was in the process of implementing reforms to its SSN system. To date, the MOSA has noted a 40 percent increase in the utilization of its health and social programs (Figure 38 and Figure 39). To stabilize the situation, USD176 million will be required till end-2014, of which over USD50 million is needed to scale up the National Poverty Targeting Program for poor and vulnerable Lebanese.

- **The Syrian spillovers are further exacerbating already difficult labor market conditions and are expected to result in further unemployment and informality.** Prior to the Syrian crisis, labor market conditions in Lebanon were already dire. High unemployment rates coexisted with mismatches in the labor market and a high prevalence of low-quality and low-productivity jobs. The influx of Syrian refugees is expected to increase labor supply by between 30 and 50 percent—with the largest impacts on women, youth, and unskilled workers (Figure 43, left panel). It is worth noting that the probability of Syrian refugees to enter the labor force is higher than the probability that Syrian nationals had prior to the conflict (compare the two panels of Figure 43). Such a massive increase in the number of individuals looking for jobs at a time when economic activity is subdued is

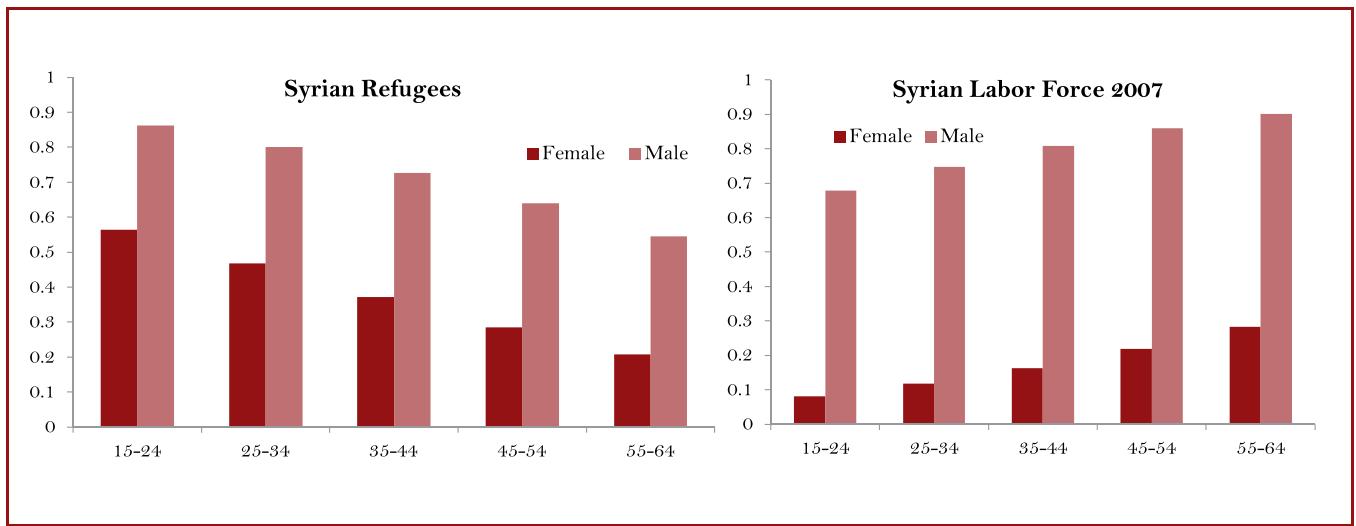


FIGURE 43. Probability of Entering the Labor Force, By Age Groups

Source: UNHCR Data August 2013 and Syrian Labor Force Survey 2007.

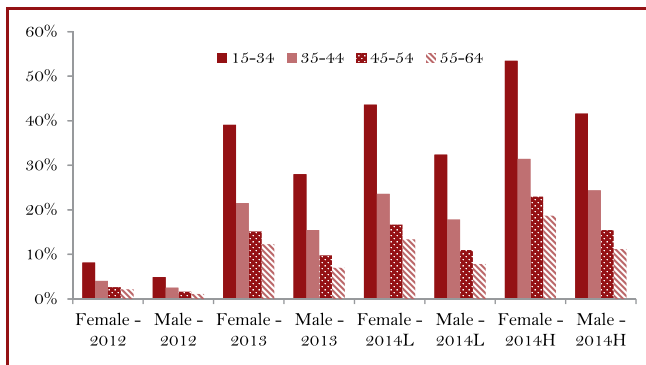


FIGURE 44. Percentage of Syrian Refugees out of Lebanese Labor Force, by Age Groups

Source: World Bank Calculations and UNHCR data 2013.

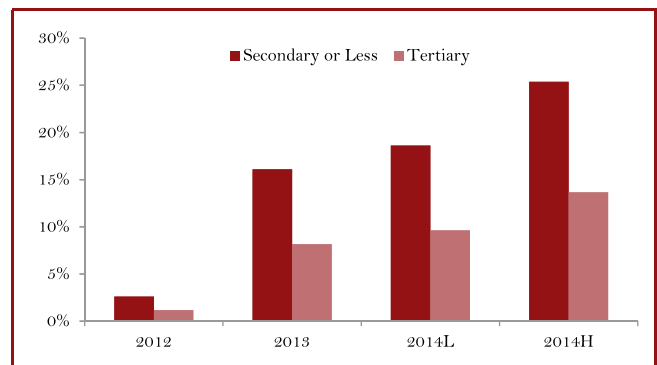


FIGURE 45. Percentage of Syrian Refugees out of Lebanese Labor Force, by Age Education

Source: World Bank Calculations and UNHCR data 2013.

expected to have major effects on labor market outcomes. The overall unemployment rate and the share of informal work in total employment could both increase each by up to 10 percentage points. Stabilizing the situation by implementing a comprehensive package of active labor market programs to improve livelihoods and earnings opportunities over the short-term would require resources in the order of USD166-242 million.

Infrastructure Impact

33. Over the period 2012-14, the fiscal cost of the Syrian conflict on infrastructure is estimated at USD589 million, while USD1.1 billion would be required for stabilization, including USD258 million for current spending (baseline influx scenario). The country's infrastructure (defined for

the purposes of this report as water and sanitation, municipal services, electricity and transport), already severely constrained, was ill-prepared to cope with increased use resulting from the surge in refugees. The cash-strapped and under-capacitated local and municipal governments and establishments are severely impacted by the crisis as they now extend basic services and tend to the immediate needs of both refugees and host communities. Tables 1 and 2 provide a sector breakdown of these impacts and stabilization (needs) assessments. Detailed tables identifying the various components of the impact and stabilization assessments are available at the beginning of each sector chapter.

- **Water supply and sanitation systems, already facing acute pre-crisis challenges in balancing supply augmentation with demand**

management, must now meet an additional estimated water demand of 26.1 million m³/year, equivalent to 7 percent of the pre-crisis demand. The cumulative fiscal impact over 2012-14 reaches approximately USD18 million (baseline influx projection). Between 2012-14, an estimated USD340-375 million will be required for stabilization interventions to reinstate pre-crisis levels of WSS service to host and refugee communities. These include: (1) humanitarian relief interventions such as distribution of bottled and tanked water, chlorination kits and storage tanks to the most vulnerable populations; (2) additional capital and operation and maintenance costs, provision of urgent equipment, and additional short-term infrastructure for restoring water supply infrastructure; and (3) acceleration of infrastructure investments and institutional reforms such as storage and transfer infrastructure, distribution network rehabilitation and replacement, water and wastewater treatment and irrigation expansion and improvement.

- **A markedly visible decline in the level and quality of solid waste management and municipal services has resulted from the sudden and sharp increase in demand and utilization by Syrian refugees.** Lebanon's local governments and municipalities are highly dependent on central government transfers, have a weak local revenue base, and have a backlog of investment needs that far exceed available resources. Solid waste generation has doubled in several areas, which is contributing to ground water contamination, pollution of water resources and spread of water-borne disease. Both municipal revenues and expenditures are expected to see a major shortfall in 2013 and 2014. This will further restrict the capacity of municipalities to deliver basic services and fund minimum maintenance of their already dilapidated assets. The cumulative fiscal impact over 2012-14 on solid waste management reaches USD71 million (baseline influx scenario). It is estimated that between USD193-206 million would be required over 2012-14 for stabilization interventions in the municipal sector including:

(1) the closure and rehabilitation of open and uncontrolled municipal solid waste dumps; (2) establishing composting, separating and landfilling facilities, and; (3) extending financial support to host municipalities to cover the expected additional operational and capital expenditures.

- **Increased electricity demand due to the incoming Syrian refugee population is estimated at 213 megawatts (MW) by end-2013 and between 251 to 362 MW by end-2014, depending on the refugee projection (Figure 46).** Even prior to the Syrian crisis, Lebanon's electricity sector had insufficient installed capacity, low efficiency, high losses and inadequate infrastructure, resulting in poor reliability, inadequate levels of supply and extensive load shedding. The current fiscal cost of providing electricity to the refugees is estimated at USD170 million for 2013 and USD314-393 million for 2014, depending on the projected influx of refugees (Figure 47). The interventions required to reinstate pre-crisis levels of electricity service to the Lebanese population and meet the needs of refugee communities include: (1) capital investment in generation capacity and associated transmission and distribution networks; and (2) institutional capacity and technical assistance for project preparation and implementation. It is estimated that between USD310-440 million would be required by end-2014 for stabilization interventions.
- **Regions with high influx of refugees such as Akkar, Zahleh, and Ba'albek, will witness traffic increase of more than 50 percent on some roads, resulting in accidents and the rapid deterioration of the transport network.** Lebanon's transport network is generally in fair to poor condition and is over-saturated, particularly in the Greater Beirut Area. While the Syrian crisis did not have direct fiscal impact on the government expenditures in the sector, it has affected Lebanon's transport sector in the form of: (1) increased wear and tear of the road and transport network; (2) substantial increase in traffic volumes causing congestion;

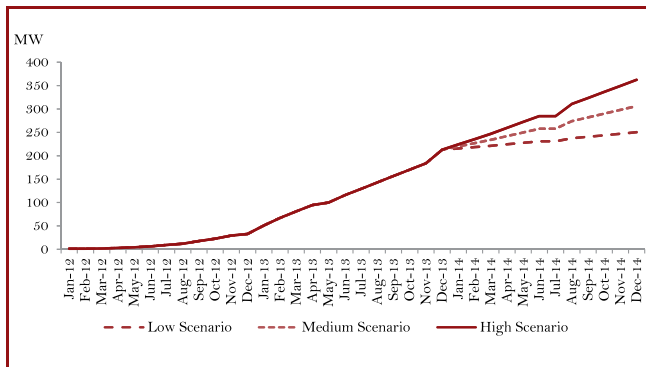


FIGURE 46. Increase in electricity demand due to the influx of Syrian refugees

Source: MOEW and World Bank calculations. Low scenario is the baseline scenario.

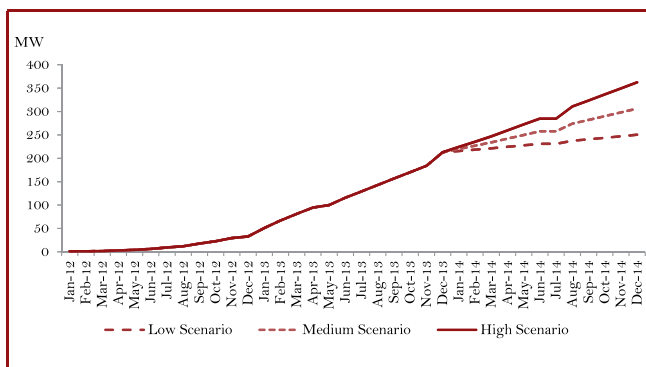


FIGURE 47. Budgetary cost of supplying (subsidized) electricity to refugees

Source: MOEW and World Bank calculations. Low scenario is the baseline scenario.

and (3) a near halt of Lebanon’s thriving transit business particularly for freight. The Greater Beirut Area will witness a 15-25 percent traffic increase which can reduce speeds and increase travel times by about 20-30 percent during the peak hours. Transit trucking services have decreased by over 65 percent following the crisis, particularly for Lebanese trucks. In order to restore transport sector performance to pre-crisis levels, investments ranging between USD246-525 million would be required over the period 2013-14 for the baseline and high refugee influx scenarios respectively. These investments can be categorized as follows: (1) asset preservation primarily including enhanced road maintenance; (2) capacity increases including network reconstruction, widening and expansion; and (3) public transport solutions such as mass transit.

To conclude:

34. Such large and growing impact and stabilization costs are unsustainable given Lebanon’s weak public finances and need to be promptly addressed. With a debt-to-GDP ratio of 134 percent in 2012 and an overall fiscal deficit of 8.6 percent of GDP, Lebanon cannot—and should not be expected to—shoulder on a sustained basis the impact and stabilization costs described above on its own.

35. Furthermore, the Syrian conflict at large has challenged the already delicate societal and inter-communal balance in Lebanon. As noted throughout the report, overcrowding, saturation of basic services and competition for jobs are among the root causes for social tensions between host and refugee communities. Maintaining and promoting greater social cohesion is important to reduce the negative social and economic impacts of this crisis.

36. While the scope of the ESIA report was limited to the quantification of the impact and stabilization costs, several options could significantly reduce the costs imposed on Lebanon. These include receiving external financing from the international community and introducing policy reforms to improve the efficiency of public service delivery. In practice, some combination of the various options will probably be required. Sustainable social cohesion will also need to be sought by investing in conflict mitigation mechanisms, processes and capacities at all levels, and through conflict sensitive programming.

Table 1.
Lebanon: Quantified Impact Assessment of the Syrian Conflict Spillovers

	2012	2013	2014		Cumulative 2012/14
			Baseline Refugee Influx	High Refugee Influx	Baseline Refugee Influx
	(in millions of Lebanese Pounds)				
Impact Assessment	94,343	475,745	781,984	973,041	1,352,072
Human Development & Social Impact	62,032	162,754	238,801	287,807	463,587
Health	9,088	57,999	71,688	103,705	138,775
Education	43,994	95,206	153,113	184,102	292,313
Poverty and Social Safety Nets 1/	8,950	9,550	14,000	...	32,500
Infrastructure Impact	32,311	312,991	543,183	685,235	888,485
Electricity	24,120	256,275	473,355	592,448	753,750
Water and Sanitation	8,191	7,571	11,337	14,698	27,099
Solid Waste Mangement & Municipal Services	-	49,145	58,491	78,089	107,636
	(in millions of US dollars)				
Impact Assessment	63	316	519	645	897
Human Development & Social Impact	41	108	158	191	308
Health	6	38	48	69	92
Education	29	63	102	122	194
Poverty and Social Safety Nets 1/	6	6	9	...	22
Infrastructure Impact	21	208	360	455	589
Electricity	16	170	314	393	500
Water and Sanitation	5	5	8	10	18
Solid Waste Mangement & Municipal Services	-	33	39	52	71
	(in percent of GDP, unless otherwise indicated)				
Impact Assessment	0.1	0.7	1.1	1.4	1.9
Human Development & Social Impact	0.1	0.2	0.3	0.4	0.7
Infrastructure Impact	0.0	0.5	0.8	1.0	1.3
Economic impact (public and private; in percent)	-2.9	-2.9	-2.9	-2.5	...
Real GDP growth rate: No Syrian Conflict Spillovers (in percent)	4.3	4.4	4.4	4.4	...
Real GDP growth rate: Actual and Projected (in percent)	1.4	1.5	1.5	1.9	...
Fiscal impact (change in overall fiscal balance due to conflict spillover)	1.1	2.1	2.6	2.6	5.8
Revenue: foregone due to conflict spillover	0.9	1.3	1.3	1.0	3.4
Expenditure: increment due to conflict spillover	0.2	0.9	1.3	1.6	2.4
	(in millions of US dollars)				
Memorandum item:					
Nominal GDP (actual and projected)	42,945	45,203	47,230	47,408	...
Nominal GDP (counter-factual: no Syrian conflict spillover)	44,088	47,662	51,157	51,157	...

Source: World Bank (2013).

1/ No high scenario has been calculated for Poverty and SSNs in 2014.

Table 2
Lebanon: Quantified Stabilization (Needs) Assessment
of the Syrian Conflict Spillovers

	2012	2013	2014		Cumulative 2012/14
			Baseline Refugee Influx	High Refugee Influx	Baseline Refugee Influx
(in millions of Lebanese Pounds)					
Stabilization (Needs) Assessment	309,734	1,237,495	2,205,928	3,145,052	3,753,157
Human Development & Social	237,373	643,389	1,230,226	1,480,770	2,110,988
Health	56,578	267,031	326,018	461,271	649,626
Education	145,692	275,245	524,903	654,999	945,840
Employment and Livelihoods 1/	...	...	250,875	364,500	250,875
Poverty and Social Safety Nets 2/	35,103	101,114	128,430	...	264,647
Infrastructure	72,361	594,106	975,702	1,664,282	1,642,169
Electricity	58,793	322,605	85,928	281,903	467,325
Water and Sanitation	8,141	133,866	370,893	422,854	512,900
Solid Waste Mangement & Municipal Services	5,427	72,511	212,859	232,607	290,797
Transportation infrastructure	-	65,125	306,023	726,918	371,148
Current spending	205,003	641,581	1,156,239	1,370,995	2,002,823
Capital spending	104,731	595,913	1,049,690	1,774,056	1,750,334
(in millions of US Dollars)					
Stabilization (Needs) Assessment	205	821	1,463	2,086	2,490
Human Development & Social	157	427	816	982	1,400
Health	38	177	216	306	431
Education	97	183	348	434	627
Employment and Livelihoods 1/	...	...	166	242	166
Poverty and Social Safety Nets 2/	23	67	85	...	176
Infrastructure	48	394	647	1,104	1,089
Electricity	39	214	57	187	310
Water and Sanitation	5	89	246	281	340
Solid Waste Mangement & Municipal Services	4	48	141	154	193
Transportation infrastructure	0	43	203	482	246
Current spending	136	426	767	909	1,329
Capital spending	69	395	696	1,177	1,161
(in percent of GDP)					
Stabilization (Needs) Assessment	0.5	1.8	3.1	4.4	5.4

Source: World Bank (2013).

1/ Stabilization costs for 2014 baseline and high scenarios include the needs for 2013.

2/ No high scenario has been calculated for Poverty and SSNs in 2014.

DATA APPENDIX

Table 3.
Lebanon: Selected Economic Indicators, 2010-15

	2010	2011	2012	2013	2014	2015
	Act.	Prel.	Est.	Proj.		
Real sector	(annual percentage change, unless otherwise specified)					
Real GDP	7.0	3.0	1.4	1.5	1.5	4.0
Real GDP per Capita	6.2	2.3	0.7	0.8	0.7	3.2
Agriculture (share of GDP)	4.5	4.5	4.5	4.5	4.5	4.5
Industry (share of GDP)	20.1	20.1	20.1	20.1	20.1	20.1
Services (share of GDP)	75.4	75.4	75.4	75.4	75.4	75.4
Money and prices						
CPI Inflation (p.a)	4.9	5.7	5.7	3.8	3.2	2.9
Money (M3, including non-resident deposits)	12.1	7.1	8.1	8.0	8.0	10.0
Investment & saving	(percent of GDP, unless otherwise specified)					
Gross Capital Formation	33.9	29.8	29.4	28.5	27.9	30.0
o/w private	32.1	28.0	27.8	26.7	25.9	27.0
Gross National Savings	11.5	17.7	15.0	13.3	12.2	13.3
o/w private	16.8	22.3	21.4	21.0	20.1	19.9
Central Government Finance						
Revenue (including grants)	22.7	22.8	22.3	21.8	22.3	23.0
o/w. tax revenues	17.8	16.4	15.7	15.6	16.0	16.5
Total expenditure and net lending	30.4	29.2	31.1	31.6	32.2	32.6
Current	28.6	27.4	29.4	29.8	30.2	29.5
o/w Interest Payment	10.5	9.4	8.4	8.4	8.5	8.6
Capital & Net Lending (excluding foreign financed)	1.8	1.8	1.6	1.8	2.0	3.0
Overall balance (deficit (-))	-7.7	-6.4	-8.7	-9.8	-9.9	-9.6
Primary Balance (deficit (-))	2.8	2.9	-0.3	-1.4	-1.5	-0.9
External sector						
Current Account Balance	-20.4	-12.1	-14.4	-15.2	-15.3	-16.7
o/w Export (GNFS)	24.1	32.2	28.7	28.4	28.4	29.4
o/w Import (GNFS)	50.2	50.0	49.2	48.3	48.4	50.3
o/w Remittances	7.2	6.4	6.7	6.7	6.7	7.2
Trade Balance (GNFS)	-26.1	-17.7	-20.6	-19.9	-20.0	-20.9
Trade of Goods Balance	-31.5	-30.7	-30.1	-28.8	-29.1	-30.5
Gross Reserves (months of imports GNFS) /1 /2	11.5	12.1	11.3	11.3	11.5	10.5
Total Public Debt						
Total Debt Stock (in million US\$)	52,602	53,656	57,700	61,993	66,677	71,501
Debt-to-GDP ratio (percent)	141.7	133.8	134.4	137.1	141.2	141.6
Memorandum Items:						
Nominal GDP (in billion LBP)	55,965	60,442	64,740	68,143	71,199	76,097
GDP (in million US\$)	37,124	40,094	42,945	45,203	47,230	50,479

Source: Government of Lebanon data, World Bank staff for estimates and projections.

1/ Gross Reserves (months of imports GNFS)=(Imports of Goods and Services / Gross Res. excl. Gold)*12.

2/ Total Imports using the BOP data from the Quaterly Bulletin of BDL.

Table 4

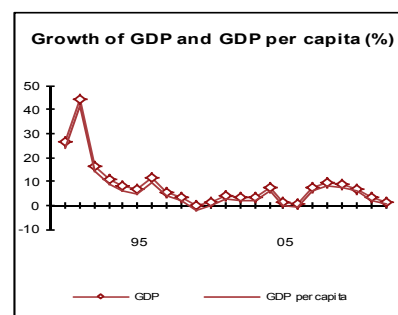
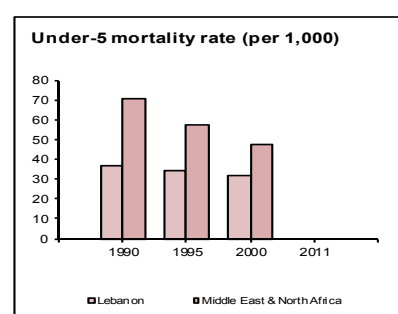
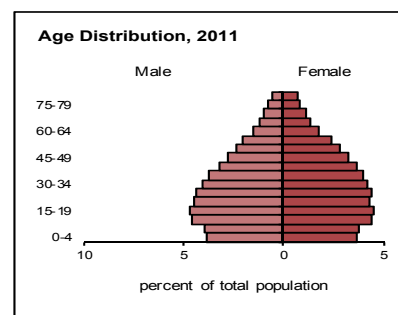
Lebanon at a Glance

Key Development Indicators	Lebanon	M. East & North Africa	Upper middle income
(2012)			
Population, mid-year (millions)	4.3	337	2,490
Surface area (thousand sq. km)	10	8,775	61,034
Population growth (%)	0.7	1.7	0.7
Urban population (% of total population)	90	59	61
GNI (Atlas method, US\$ billions)	40.7	1,279	16,341
GNI per capita (Atlas method, US\$)	9,490	3,866	6,563
GNI per capita (PPP, international \$)	14,470	8,052	10,703
GDP growth (%)	1.4	4.2	6.6
GDP per capita growth (%)	0.7	2.4	5.9
(most recent estimate, 2005–2012)			
Poverty headcount ratio at \$1.25 a day (PPP, %)	..	3	9.0
Poverty headcount ratio at \$2.00 a day (PPP, %)	..	14	20.4
Life expectancy at birth (years)	..	72	73
Infant mortality (per 1,000 live births)	..	26	16
Child malnutrition (% of children under 5)	..	6	3
Adult literacy, male (% of ages 15 and older)	93	84	96
Adult literacy, female (% of ages 15 and older)	86	68	91
Gross primary enrollment, male (% of age group)	105	108	111
Gross primary enrollment, female (% of age group)	99	101	111
Access to an improved water source (% of population)	..	89	93
Access to improved sanitation facilities (% of population)	..	88	73

Net Aid Flows	1980	1990	2000	2012 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	298	286	200	448
<i>Top 3 donors (in 2010):</i>				
United States	3	12	32	84
France	16	26	31	60
European Union Institutions	5	29	36	53
Aid (% of GNI)	..	2.6	1.1	1.2
Aid per capita (US\$)	114	90	53	106

Long-Term Economic Trends	1980	1990	2000	2012 ^a
Consumer prices (annual % change)	..	-99.7	-0.8	5.7
GDP implicit deflator (annual % change)	..	97.4	-2.1	5.6
Exchange rate (annual average, local per US\$)	..	695.1	1,507.5	1,507.5
Terms of trade index (2000 = 100)	..	91	100	79

	1980–90	1990–2000	2000–12
	<i>(average annual growth %)</i>		
Population, mid-year (millions)	2.6	3.2	3.8
GDP (US\$ millions)	..	4,690	17,260
	<i>(% of GDP)</i>		
Agriculture	..	7.3	7.1
Industry	..	25.5	22.8
Manufacturing	..	14.4	13.0
Services	..	67.2	70.1
Household final consumption expenditure	..	124.5	84.1
General gov't final consumption expenditure	..	14.0	17.3
Gross capital formation	..	29.3	20.4
Exports of goods and services	..	12.5	14.2
Imports of goods and services	..	79.9	35.9
Gross savings	..	-10.5	-1.2



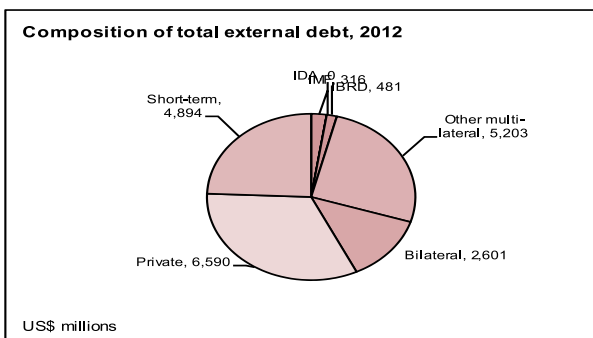
Note: Figures in italics are for years other than those specified. .. indicates data are not available.
a. Aid data are for 2010.

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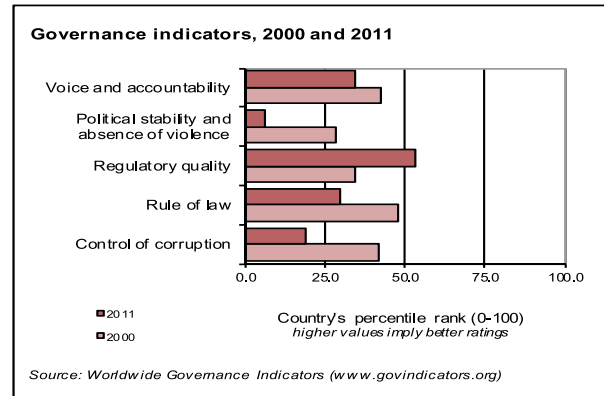
Table 4 (cont.): Lebanon at a Glance

Lebanon

Balance of Payments and Trade	2000	2012
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	1,050	5,632
Total merchandise imports (cif)	5,988	18,521
Net trade in goods and services	-3,774	-8,803
Current account balance as a % of GDP	-3,754	-6,173
	-21.7	-44.4
Personal transfers and compensation of employees (receipts)	2,544	7,322
Reserves, including gold	8,273	47,508
Central Government Finance	2000	2012
<i>(% of GDP)</i>		
Current revenue (including grants)	18.6	22.3
Tax revenue	14.6	15.7
Current expenditure	38.9	29.4
Overall surplus/deficit	-23.4	-8.7
Highest marginal tax rate (%)		
Individual	..	..
Corporate	..	..
External Debt and Resource Flows	2000	2012
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	29,137	20,085
Total debt service	812	610
Debt relief (HIPC, MDRI)	-	-
Total debt (% of GDP)	168.8	46.8
Total debt service (% of exports)	26.1	4.3
Foreign direct investment (net inflows)	..	..
Portfolio equity (net inflows)	..	..



Private Sector Development	2000	2012
Time required to start a business (days)	-	9
Cost to start a business (% of GNI per capita)	-	67.1
Time required to register property (days)	-	25
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2011
Access to/cost of financing	..	16.5
Electricity	..	12.5
Stock market capitalization (% of GDP)	9.2	25.3
Bank capital to asset ratio (%)	6.4	7.5



Technology and Infrastructure	2000	2011
Paved roads (% of total)	84.9	..
Fixed line and mobile phone subscribers (per 100 people)	35	100
High technology exports (% of manufactured exports)	2.3	2.4
Environment	2000	2011
Agricultural land (% of land area)	58	62
Forest area (% of land area)	..	..
Terrestrial protected areas (% of land area)	0.5	0.5
Freshwater resources per capita (cu. meters)	1,241	1,127
Freshwater withdrawal (billion cubic meters)	..	..
CO2 emissions per capita (mt)	4.1	5.0
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	6.6	8.3
Energy use per capita (kg of oil equivalent)	1,311	1,526

World Bank Group portfolio	2000	2011
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	311	521
Disbursements	42	40
Principal repayments	17	55
Interest payments	14	6
IDA		
Total debt outstanding and disbursed	-	0
Disbursements	0	0
Total debt service	-	0
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	218	151
Disbursements for IFC own account	127	151
Portfolio sales, prepayments and repayments for IFC own account	20	0
Disbursements for IFC own account	25	11
MIGA		
Gross exposure	-	-
New guarantees	-	-

Note: Figures in italics are for years other than those specified.
.. indicates data are not available. - indicates observation is not applicable.

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Table 5.

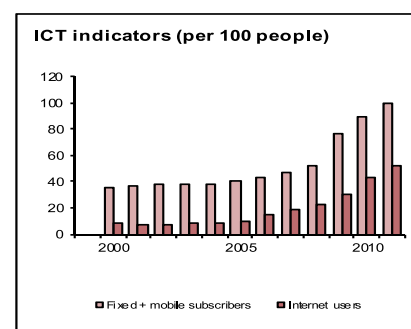
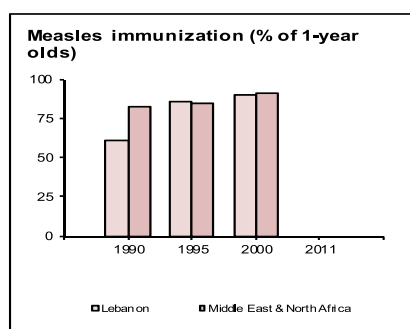
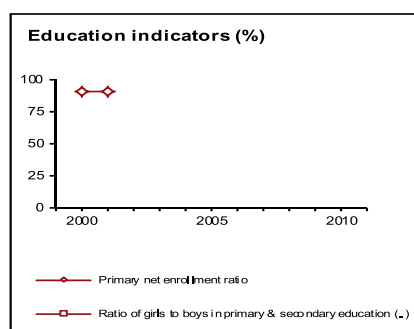
Lebanon: Millennium Development Goals, 1990-2010

Millennium Development Goals

Lebanon

*With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)*

	Lebanon			
	1990	1995	2000	2011
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$ 1.25 a day (PPP, % of population)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Share of income or consumption to the poorest quintile (%)	..	..	..	..
Prevalence of malnutrition (% of children under 5)	..	3.0	..	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	..	76	90	..
Primary completion rate (% of relevant age group)	..	84	102	87
Secondary school enrollment (gross, %)	61	65	77	83
Youth literacy rate (% of people ages 15-24)	..	..	..	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	..	..	..	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	..	..
Proportion of seats held by women in national parliament (%)	..	..	..	..
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	37	34	32	..
Infant mortality rate (per 1,000 live births)	32	30	28	..
Measles immunization (proportion of one-year olds immunized, %)	61	85	90	..
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	150	..
Births attended by skilled health staff (% of total)	..	89	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.1	0.1	0.1	0.1
Incidence of tuberculosis (per 100,000 people)	..	..	..	..
Tuberculosis case detection rate (% of all forms)	85	97	88	77
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	..	..	100	..
Access to improved sanitation facilities (% of population)	..	..	..	..
Forest area (% of land area)	..	..	..	..
Terrestrial protected areas (% of land area)	0.5	0.5	0.5	0.5
CO2 emissions (metric tons per capita)	3.1	3.9	4.1	5.0
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	8.7	6.8	6.6	8.3
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	13.4	13.0	15.4	21.1
Mobile phone subscribers (per 100 people)	0.0	3.5	19.9	78.6
Internet users (per 100 people)	0.0	0.1	8.0	52.0
Households with a computer (%)	..	..	..	71.5



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

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Development Economics, Development Data Group (DECDG).

SELECTED RECENT WORLD BANK PUBLICATIONS ON LEBANON

(for an exhaustive list, please go to:

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Title	Publication Date	Document Type
Lebanon - Economic and social impact assessment of the Syrian conflict (English)	2013/09/20	Board Paper
Lebanon Economic Monitor: Spring 2013 (English)	2013/06/25	Brief
Lebanon - Economic and labor force impact of the change in the wage structure of the public sector (English)	2013/06/01	Policy Note
Supporting innovation in SMEs in Lebanon through a public/private equity fund : the iSME fund (English)	2013/02/01	Brief
Doing business 2013: Lebanon - smarter regulations for small and medium-size enterprises : comparing business regulations for domestic firms in 185 economies (English)	2012/10/23	Working Paper
Lebanon - Economic monitoring note (English)	2012/09/01	Brief
Doing business in a more transparent world 2012 – economic profile: Lebanon - comparing regulation for domestic firms in 183 economies (English)	2012/01/01	Working Paper
PPIAF assistance in Lebanon (English)	2011/07/01	Brief
Lebanon - Large scale solar water heater market development program in Lebanon (English)	2011/06/01	Working Paper
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Status of Projects in Execution (SOPE) - FY10: Middle East and North Africa region - Lebanon (English)	2010/10/03	Annual Report
Lebanon - Statistical capacity building with the Central Administration of Statistics: report on gender statistics (English)	2010/08/28	Working Paper
Development horizons (English)	2010/04/01	Newsletter
Doing business 2011: Lebanon - making a difference for entrepreneurs : comparing business regulation in 183 economies (English)	2010/01/01	Annual Report
Lebanon - World trade indicators 2009 (Vol. 1 of 2) : Trade brief (English)	2009/12/01	Brief
Lebanon - World trade indicators 2009 (Vol. 2 of 2): Trade at a glance (English)	2009/12/01	Brief
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Status of Projects in Execution (SOPE) - FY09 : Middle East and North Africa region - Lebanon (English)	2009/10/02	Annual Report
Development horizons (Arabic)	2009/10/01	Newsletter
Development horizons (English)	2009/10/01	Newsletter

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