LEBANON ECONOMIC MONITOR

DOWNSIDE RISKS MATERIALIZE

Fall 2014

Global Practice for Macroeconomics & Fiscal Management, GMFDR

MIDDLE EAST AND NORTH AFRICA REGION

The World Bank

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 Wissam Harake (Economist) and Samer Matta (Economic Analyst), under the general guidance of Eric Le Borgne (Lead Economist) and Bernard Funck (Global Practice Manager). Haneen Sayed (Program Leader) and Dima Krayem (Research Analyst) authored the Special Focus on social safety nets. May Ibrahim (Senior Executive Assistant) provided Arabic translation and Zeina El Khalil (Communications Officer) print-produced the report.

The findings, interpretations, and conclusions expressed in this Monitor are those of World Bank staff and do not necessarily reflect the views of the Executive Board of The World Bank or the governments they represent.

For information about the World Bank and its activities in Lebanon, including e-copies of this publication, please visit www.worldbank.org.lb

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 Wissam Harake (wharake@worldbank.org) Eric Le Borgne (eleborgne@worldbank.org). Questions from the media can be addressed to Mona Ziade (mziade@worldbank.org).

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF BOXES

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.   A new domestic political stalemate has developed while spillovers from the Syrian conflict further exacerbated. The Presidency of the Republic has been vacant since May 2014 due to domestic political deadlock, which could eventually lead to an unprecedented political vacuum in the three branches of government simultaneously. Meanwhile, in August 2014, Lebanon faced the first coordinated attack by Islamic State and Al-Nusra in the village of Arsal close to the Syrian border. While the Lebanese Armed Forces were able to eventually take back control of Arsal and repel the terrorists to the outskirts of the village, around 20 Lebanese soldiers were captured during combat, three of whom were later executed. Lebanon remains host to the largest number of Syrian refugees, with about 1.2 million of them registered with the UNHCR.

ii.   A mid-year lull in the security situation gave a temporary boost to consumer and investor sentiment. High frequency data suggest that tourism, commerce and real-estate, all of which contracted sharply during the past three years, underwent a mild rebound during the relatively stable spring and summer, marginally boosting growth. Overall, we expect real GDP to grow by 1.5 percent in 2014, an improvement over 2013, which, at 0.9 percent, was the worst performance since 1999.

iii.   Lebanon's current account deficit remains elevated, albeit lower than during the pre-crisis period. The current account balance is forecast to hover around -8 percent of GDP in 2014, in line with the previous two years. To meet its balance of payments needs, Lebanon remains dependent on capital inflows, generated, in large part, from the displaced Syrians and international aid for refugees. As a result, the stock of international reserves (excluding gold) at the central bank rose to the equivalent to 12.1 months of imports by end-2013.

iv.   Lebanon's fiscal position continues to deteriorate. The central government's overall fiscal deficit is forecast to widen to 10.2 percent of GDP in 2014, compared to 9.4 percent in 2013. Moreover, Lebanon's primary balance in 2014 is expected to be in deficit for the third consecutive year as it widens by a projected 0.7 percentage points (pp) to 1.2 percent of GDP. As a result, gross public debt would reach 149 percent of GDP in 2014, up from 143.1 percent of GDP at end-2013.

v.   Banque du Liban maintained an expansionary monetary stance to support the economy, while sustaining confidence in the Lebanese pound. Conservatism in financial regulations and private sector banking helped maintain a well-capitalized and resilient domestic banking sector, despite sluggish growth and downgrades by international rating agencies. Elevated spreads between domestic and international rates of return supported continued inflows of deposits to Lebanese banks, leading to larger liquidity buffers.

vi.   The expanding political stalemate at home and regional spillovers pose significant downside risk to growth. The economy is projected to grow by 2 percent in 2015 on account of a low base effect and an assumed abating of current domestic and regional tensions. Given current developments, this assumption of a pre-May and June 2014 environment could fail to materialize. This would negatively impact growth in 2015.

الملخص التنفيذي

i. ظهر نمط جديد من الجمود السياسي المحلي في لبنان، بينما تصاعدت تداعيات الأزمة السورية على البلد. لا يزال الكرسي الرئاسي شاغراً منذ شهر أيار/مايو ٢٠١٤ بسبب الجمود السياسي، ممّا قد يؤدي إلى فراغ غير مسبوق في فروع السلطة الحكومية الثلاثة في آن واحد. وقد واجه لبنان في شهر آب/ أغسطس أول هجوم عسكري منسق من قبل تنظيم الدولة الإسلامية وجبهة النصرة في منطقة عرسال القريبة من الحدود السورية. وبينما استعاد الجيش اللبناني السيطرة على عرسال ونجح في إبعاد الإرهابيين إلى ضواحي المنطقة، تم اختطاف ٢٠ جندياً خلال المعارك المسلّحة، قام الإرهابيون بإعدام ٣ جنود منهم. ولا يزال لبنان المضيف الأكبر للّاجئين السوريين، حيث بلغ عدد اللّاجئين المسجلين لدى المفوضية السامية للأمم المتحدة لشؤون اللّاجئين ١,٢ مليون سوري.

ii. لقد أدّى الهدوء الأمني خلال منتصف العام إلى تحسن مؤقت في ثقة المستهلك والمستثمر. وتدل البيانات ذات الترددية العالية إلى أن القطاعات التي تضاءل نشاطها بشكل كبير خلال السنوات الثلاث الماضية، بالأخص السياحة، والتجارة، والعقارات، قد شهدت انتعاشاً معتدلاً خلال فصلي الصيف والربيع بسبب الهدوء الأمني، ممّا أدّى إلى تنشيط النمو على نحو هامشي. وبشكل عام، من المتوقع أن ينمو الناتج الإجمالي المحلي بنسبة ١,٥ بالمئة في ٢٠١٤، ممّا يعكس تحسناً مقارنةً بالعام ٢٠١٣ الذي شهد أسوأ نمواً (٠,٩ بالمئة) منذ عام ١٩٩٩.

iii. ما زال العجز في الحساب الجاري اللبناني مرتفعاً، ولكن نسبة العجز تبقى أدنى من تلك التي سُجلت ما قبل الأزمة. من المتوقع أن يلامس العجز في الحساب الجاري نسبة –٨ بالمئة من الناتج الإجمالي المحلي في العام ٢٠١٤، وذلك تماشياً مع العامين الماضيين. وبهدف تغطية حاجات ميزان المدفوعات، يعتمد لبنان على التدفقات الرأسمالية التي ما تزال ناشطة، ويعود ذلك جزئياً إلى النازحين السوريين والمساعدات الخارجية المخصصة للّاجئين. ونتيجة لذلك، تزايدت احتياطات النقد الأجنبي (باستثناء الذهب) لتبلغ ما يعادل ١٢,١ شهراً من الواردات في نهاية عام ٢٠١٣.

iv. يستمر الوضع المالي في التدهور. من المتوقع أن يتوسع العجز المالي العام للحكومة المركزية ليبلغ ١٠,٢ بالمئة من الناتج الإجمالي المحلي في ٢٠١٤، مقارنة بـ ٩,٤ بالمئة في عام ٢٠١٣. وبالإضافة، من المتوقع أن يستمر العجز الأولي في ٢٠١٤ للعام الثالث على التوالي، وسوف يزداد بالتوسع بنسبة ٠,٧ نقطة مئوية، ليبلغ ١,٢ بالمئة من الناتج الإجمالي المحلي. ونتيجة لذلك، سوف

تبلغ نسبة الدين العام إلى الناتج المحلي الإجمالي ١٤٩ بالمئة في العام ٢٠١٤، مقارنةً بـ ١٤٣,١ بالمئة من الناتج المحلي الإجمالي في نهاية ٢٠١٣.

٧. حافظ مصرف لبنان على سياسته التوسعية لدعم الاقتصاد، محافظاً في الوقت ذاته على الثقة في الليرة اللبنانية. ساعدت السياسة المحافظة في ما يخص تنظيم القطاع التمويلي والقطاع المصرفي الخاص في حماية القطاع المصرفي المحلي الذي يتمتع برأسمال قوي ومرونة ملحوظة، على الرغم من التباطؤ في النمو وانخفاض مستوى التصنيف من قبل الوكالات العالمية. كما ساهمت الفروقات بين معدل العائدات المحلية والخارجية في دعم تدفق الودائع إلى المصارف اللبنانية، ممّا أدّى إلى توسع في السيولة كأداة عزل لدى المصارف.

vi. إن الجمود السياسي على صعيد الوطن وتداعيات الصراعات الإقليمية قد يحدّان من قدرة الإقتصاد اللبناني على النمو وفقا للتقديرات إذا ما تفاقمت الأوضاع. من المتوقع أن ينمو الاقتصاد بنسبة ٢ بالمئة في العام ٢٠١٥ انطلاقاً من القاعدة الأدنى، ذلك إذا تراجعت حدة التداعيات من جرّاء التوتر الحالي على الصعيدين المحلي والإقليمي. ونظراً للتطورات الراهنة، قد لا تتحقق فرضية ما قبل أيار/مايو وحزيران/يونيو ٢٠١٤، ممّا سوف يؤثر سلباً على النمو في عام ٢٠١٥.

RECENT ECONOMIC AND POLICY DEVELOPMENTS

1.   Expanding regional turmoil holds back economic activity in Lebanon. The World Bank's Coincident Indicator (WB-CI) dipped by one percent (yoy) in Q1 2014, compared to a contraction of 0.8 percent for the same period a year earlier (Figure 1).[1] This coincided with a series of terrorist attacks, one of which took the life of former finance minister Mohammad Shattah. The security situation improved thereafter, following the success of the security plan that was approved by the new government. On top of that, GCC countries rescinded travel advisories that urged their citizens to avoid Lebanon. As a result, the World Bank's Leading Indicator (WB-LI) points to a significant improvement in Q2 2014. In mid-June, however, the Islamic State in Iraq and Syria (ISIS), subsequently renamed the Islamic State (IS), took control of large parts of Northern and Western Iraq, sending shock waves across the region. Terrorist activity returned to Lebanon in the wake of the IS advance, along with coordinated attacks on Lebanese Armed forces by militants. The fluid security environment has induced a high level of uncertainty, one that is bound to impact business and consumer sentiment for the rest of the year. Nonetheless, overall economic activity this year is expected to pick up slightly compared to 2013, primarily due to the lull experienced during spring and summer (Figure 2). All the while, Lebanon remains host to the largest number of Syrian refugees; according to the UNHCR, as of September 9, the number of Syrian refugees, both registered and awaiting registration, reached 1.18 million, representing 26.7 percent of the total Lebanese population.

Output and Demand

2.   The mid-year security improvement led to slightly firmer economic activity. Relative calm in the security situation between February and June 2014 noticeably improved consumer and investor

FIGURE 1. Economic activity remains contingent on the security situation.
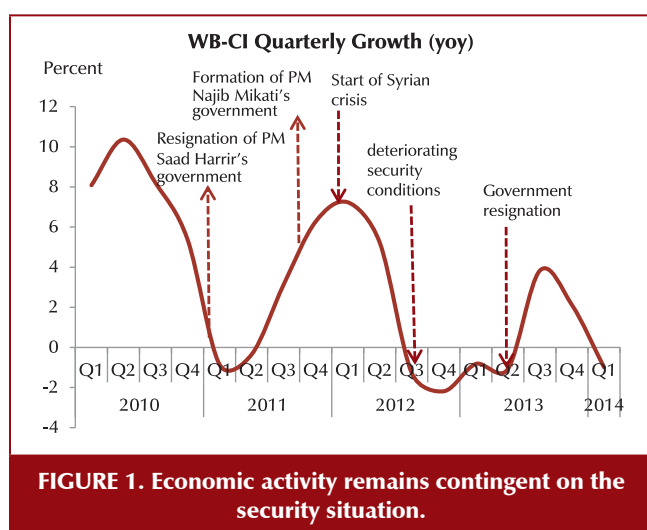
Source: WB staff calculations.

FIGURE 2. Real GDP growth is expected to pick up slightly.
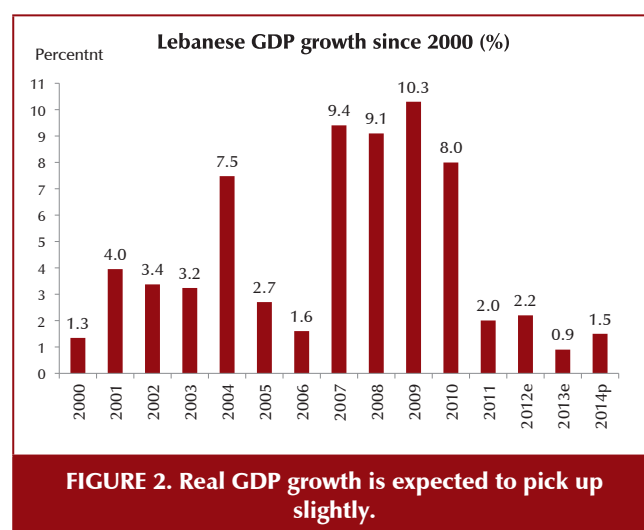
Source: Lebanese authorities and WB staff calculations.

---

[1]   As national accounts in Lebanon are only available with a significant time lag—e.g., the latest accounts are from 2011—World Bank staff have developed two new indicators, a Coincident Indicator (WB-CI) and a Leading Indicator (WB-LI) to better assess recent economic developments (for details, see Matta, S. (2014) "New Coincident and Leading Indicators for the Lebanese Economy," World Bank Policy Research Working Paper No. 6950).
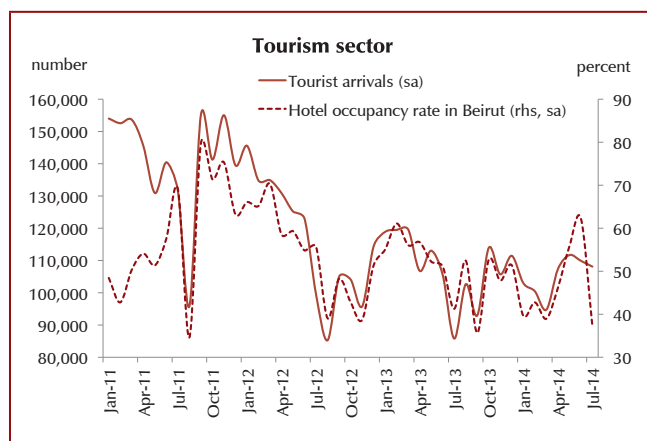
FIGURE 3. A mid-year rebound in tourism ...

Source: Lebanese authorities and WB staff calculations.
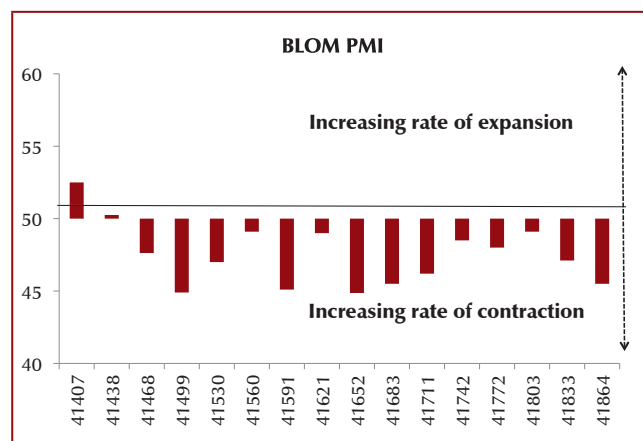
FIGURE 4. ... and in private sector activity ...

Source: BLOM Bank.

sentiment. In addition, the rescinding of the GCC travel advisory in time for the Eid festivities following the month of Ramadan translated into a rise in the number of tourists visiting Lebanon (Figure 3). These positive developments are reflected in an improved BLOM purchasing managers' index (PMI)[2] during that particular period (Figure 4). This, however, remained timid, contingent on the security situation, which deteriorated once again towards mid-June. The average PMI for the year through August remained low at 46.9 points, pointing to a continued contraction in activity. Nonetheless, overall, the firmer activity in the first half of the year[3] is expected to help boost real GDP by 1.5 percent in 2014, an improvement over the previous year, which, at 0.9 percent, was the worst growth performance since 1999.

3.   From the production side, the services sector benefited more from the perceived improvement in security. The services sector, which

historically dominated the Lebanese economy,[4] suffered a major hit in recent years due to the regional turmoil.[5] However, high frequency data suggest that tourism, commerce and real-estate, all of which had experienced a sharp contraction during the past two years, underwent a mild rebound during the relative stability of spring and early summer of 2014, marginally boosting growth (Figure 5). Externally, the trade deficit has remained broadly unchanged at between 14 to 15 percent of GDP; over the past few years lower exports resulting from the loss of regional markets due to the turmoil were offset by a decline in imports due to lower economic activity.

4.   From the demand side, the improved security situation boosted consumer and investor sentiment, which is estimated to have resulted in strong private demand. The ARA consumer confidence index[6] rose by 81 percent from January 2014 until May (Figure 6). During the same period, private investment was positively

---

[2]   The PMI is an indicator that is based on a monthly survey of business conditions in the Lebanese private sector. It is a composite index calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). A value of the PMI above 50.0 signals an improvement in business conditions from the previous month, while a drop in the PMI below the 50.0 threshold indicates a slowdown in business activity (BLOM Bank, 2013).

[3]   This is suggested by the World Bank Coincident and Leading Indicators.

[4]   Between 1997 and 2011, the services sector accounted, on average, for 73.5 percent of real GDP. In addition to its large share of the Lebanese economy, the tertiary sector attracted more than two thirds (71.6 percent) of the Lebanese workforce as of 2009.

[5]   The service sector's contribution to growth declined from an average of 4.6 percentage points (pp) in the 2005-2010 period to only 0.9 pp in 2011.

[6]   ARA Marketing Research and Consultancy, a private consultancy firm, constructs and disseminates a consumer confidence index on a monthly basis. This Index is based on the following six sub-indices: current economic situation index, expected economic situation index, current personal income index, expected personal income index, current employment opportunities index and purchase of durables index. We calculate the 3-months moving average.
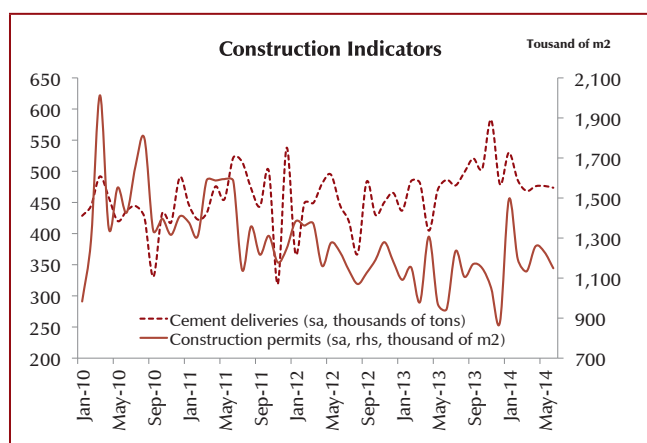
FIGURE 5. ... including construction...

Source: BLOM Bank.

FIGURE 6. ... and consumption.

Source: ARA Marketing Research and Consultancy and BdL.

impacted by the pickup in construction activity, which has traditionally been a principal driver of the former. Further evidence suggesting an uptick in private consumption and investment can be deduced from the 7.4 percent rise in loans to the private sector (in local and foreign currencies) during the first half of the year, compared to 4.1 percent for the same period a year earlier. In addition, the large influx of Syrian refugees has also boosted private demand.

LABOR MARKETS

5.   **The large influx of Syrian refugees is adding to longstanding structural stresses in the labor market.** Labor supply expanded by an estimated 30 percent in 2013 (World Bank, 2013[7]) and is forecast to grow a total of 50 percent by end-2014 (IMF, 2014[8]). With the majority of Syrian refugees being low- to semi-skilled workers, job competition, especially in the informal sector, has materially increased. Youth unemployment in Lebanon is estimated to have exceeded 22 percent in 2013 (ILO, 2014[9]). The labor market continues to suffer from skill mismatches,

widespread informality (more than 56.2 percent of total employment) and low-productivity and low-quality jobs (ILO, 2014). The competition created by low- to semi-skilled Syrian refugees at times fuels social discontent and tensions between the refugee and host communities.

6.   **Lebanon's inability to generate sufficient jobs has acute demographic implications.** Real estate, construction, finance and tourism have been the traditional drivers of economic activity.[10] Since these sectors either are not labor intensive, or attract lower skilled and cheaper foreign labor, growth observed in Lebanon does not adequately generate employment for Lebanese nationals. In fact, the long-run employment-growth elasticity is estimated to be 0.2 (World Bank, 2012[11]), much lower than an estimated MENA average of 0.5 (IMF, 2014). Furthermore, during the 2005–09 period, Lebanon created only 3,800 jobs per year (one for every six new entrants to the labor market), while some 22,000 new Lebanese entrants are expected each year until 2019 (excluding the Syrian refugees) (World Bank, 2012). The unemployment rate in 2011, still yet unaffected by regional hostilities, stood at 11 percent, slightly exceeding the MENA average of 10

---

[7]   World Bank et al., 2013, *Lebanon: Economic and Social Impact Assessment of the Syrian Conflict*, Washington DC

[8]   IMF, July 2014, *Article IV Consultation and Selected Issues*, Washington DC.

[9]   International Labor Organization, 2014, *Global employment trends 2014: Risk of a jobless recovery?*

[10]   The real estate sector, in particular, has accounted for anywhere between 50 and 70 percent of total gross fixed capital formation (GFCF) since 1997.

[11]   World Bank, December 2012, *Republic of Lebanon—Good Jobs Needed: The Role of Macro, Investment, Education, Labor and Social Protection Policies*, Washington DC.

FIGURE 7. The widening fiscal deficit...

Source: MoF and WB staff calculations.

FIGURE 8. ... reversed the downward trend of debt- to-GDP

Source: MoF and WB staff calculations.

percent, and reflecting insufficient job opportunities. Unemployment is estimated to have worsened significantly since then. Demographic implications have been acute; educated Lebanese have sought employment in countries with a demand 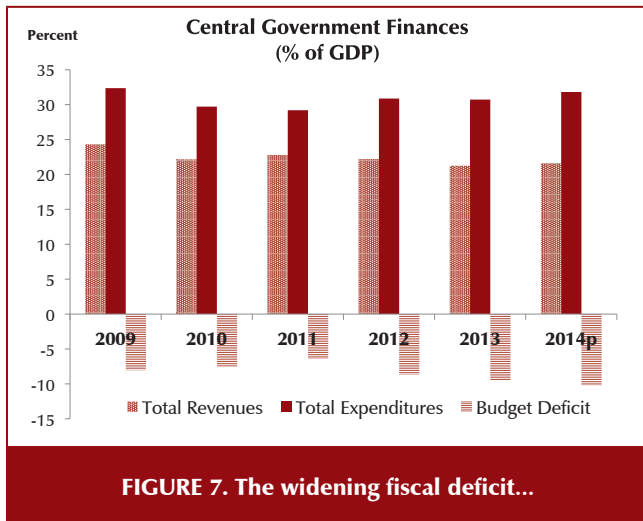for high skilled labor, creating a large diaspora. Meanwhile, non-Lebanese dominate the unskilled labor market, pricing out the nationals.

FISCAL POLICY

7.   Lebanon's fiscal position continues to deteriorate. The central government's overall fiscal deficit is forecast to widen to 10.2 percent of GDP in 2014, compared to 9.4 percent in 2013 (Figure 7). Moreover, Lebanon's primary balance in 2014 is expected to be in deficit for the third consecutive year, widening by a projected 0.7 percentage points (pp) to 1.2 percent of GDP. This comes despite an expected improvement in domestic revenues due primarily to higher tax revenues (both direct and indirect taxes), reflecting improving economic conditions. Total revenues are projected to increase by 0.3 pp to 21.6 percent of GDP. From the expenditures side, current expenditures are forecast to grow by 0.9 pp led by higher interest payments, offsetting lower transfers to EDL, which dropped by 0.6 pp to 4.2 percent of GDP. Capital expenditures

are also forecast to rise somewhat to 2.1 percent of GDP, compared to 1.9 percent in 2013.

8.   Lebanon's debt-to-GDP ratio is rising for the second year running. Growing deficits coupled with subdued GDP growth are estimated to push gross public debt to a projected 149 percent of GDP at end-2014, compared to 143.1 percent of GDP at end-2013, and up from 133.5 percent of GDP at end-2012 (Figure 8). It is also projected to continue increasing in 2015. The government financed the widening fiscal deficit primarily by issuing Treasury bills (TBs) and Eurobonds. The stock of debt outstanding remains mostly internal[12] and as of mid-2014, 75.7 percent of gross public debt it is held by commercial banks and the BdL.

EXTERNAL SECTOR

9.   Lebanon's current account deficit remains elevated, albeit lower than during the pre-crisis period. The current account balance is forecast to hover around -8 percent of GDP in 2014, in line with the previous two years. In 2011, however, prior to the regional turmoil, Lebanon's current account was -10.9 percent. The improvement over the past three years is primarily attributed to a drop in the trade deficit, and in particular to a decline in imports.[13]

---

[12]   Internal debt is defined as the sum of Treasury bills and Eurobonds held by commercial banks plus the Treasury bills held by BdL.

[13]   Total imports are expected to decrease to around 64 percent of GDP in 2014, compared to 71 percent a year ago, and 78 percent in 2011.

However, this conceals multiple offsetting dynamics. Petroleum imports have fluctuated in volumes.[14] Additionally, the influx of Syrian refugees has pushed up demand for imports of consumption goods. As a result, freights incoming at the Port of Beirut have risen in volume by 8.4 percent in 2012, 13.4 percent in 2013 and are projected to grow robustly this year as well. Lastly, imports of industrial machinery increased by 13 percent in 2012, as Lebanon began replacing many industries in Syria, and 4.3 percent in 2013, as Syrians began finding more competitive suppliers.

The decline in total imports has more than offset a fall in exports, which is forecast to reach about 50 percent of GDP in 2014, compared to 56.9 percent a year ago and 61.2 percent in 2011. Lebanon mostly exports services (e.g., financial services, advertising) to the region, and as such, the turmoil has caused significant market loss. Merchandize exports have also been negatively impacted, driven by a sharp drop in exports of pearls, precious stones and metals.
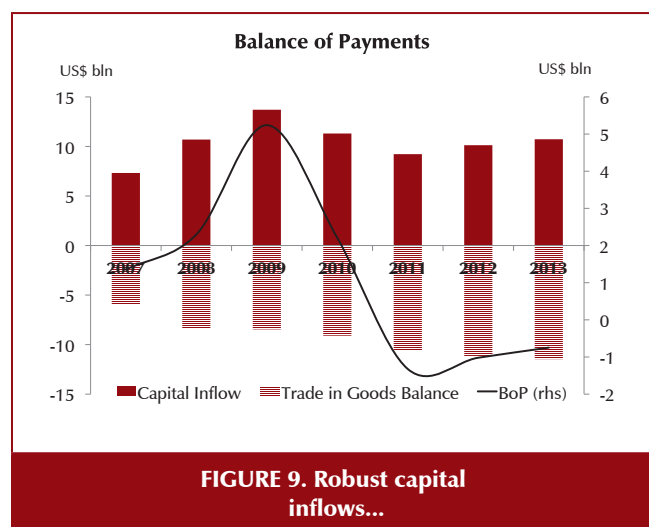
10. **Lebanon is heavily dependent on capital inflows to finance its current account deficit (Figure 9).** For the past three years, sectors toward which most foreign capital has traditionally gravitated, have suffered a significant decline in activity, ceasing to be an attractive destination for capital (e.g., real estate, tourism). However, the influx of Syrian refugees has partially offset those losses; the longer the Syrians are displaced from their country, the more likely they will seek more medium-term adjustments to their financial situation. This involves investments and bank deposit transfers to their host country, in the form of FDI and short-term flows. Additionally, international aid for Syrian refugees is also reflected in the balance of payments. FDI in 2012 (the latest available data) rose by 13 percent to US$3.1 billion, equivalent to 7.1 percent of GDP. We estimate that in 2013, FDI reached about 7.3 percent of GDP, and project that in 2014, as Syrians adjust for the medium term, FDI will rise to about 8 percent. Deposit transfers and international aid helped short-term capital flow to almost double in 2013 to an estimated US$3 billion, and is projected to further rise this year. This is also reinforced by the wide spread between domestic and international interest rates that reached an average of 421 basis points[15] by mid-2014.

11. **Foreign reserves accumulation by the BdL remains robust.** Robust inflows have pushed the stock of international reserves (excluding gold) at the central bank to US$31.7 billion (71.5 percent of GDP) by end-2013, increasing by 5.8

FIGURE 9. Robust capital inflows...
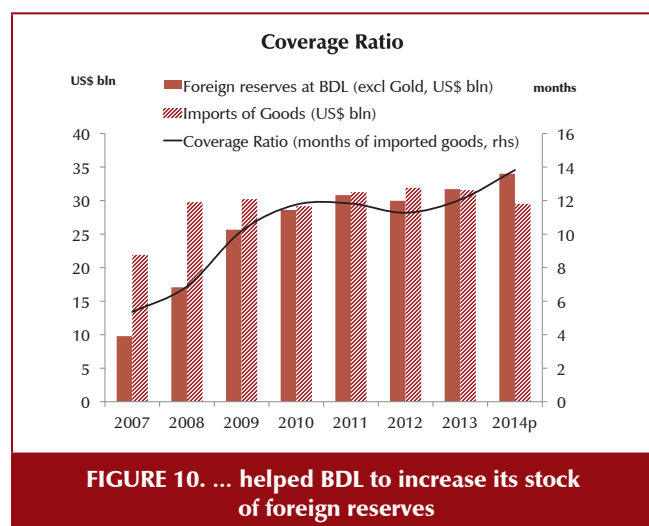
Source: BdL, Lebanese Customs and WB staff calculations.

FIGURE 10. ... helped BDL to increase its stock of foreign reserves

Source: BdL, Lebanese Customs and WB staff calculations.

---

[14] In 2012, Lebanon began importing fuel bound to Syria as Syria lost access to its own oil fields, increasing the volume of fuel imports to Lebanon by 8 percent. Regarding this as support for the Syrian regime, anti-Syrian regime groups in Lebanon began attacking trucks carrying fuel to Syria; this curtailed the volume of imported fuel to Lebanon by 0.5 percent in 2013. In 2014, a moderate rebound is expected as the political noise around the issue has dissipated.

[15] This is the interest rate differential between the 3-month Lebanese T-bill and the 3-month LIBOR.

percent compared to end-2012 (Figure 10). In terms of months of imported goods, the coverage ratio increased from 16.9 percent in 2012 to 17.9 percent in 2013. This trend is projected to continue throughout the remainder of 2014 with reserves reaching around US$34 billion, equivalent to 13.8 months of imports.

Monetary Policy, Banking and Prices

12.   Amid a sizeable cumulative output gap, Lebanon's inflation rate reached is lowest level in a decade. According to the Consultation and Research Institute (CRI) the headline CPI inflation averaged 2.7 percent in 2013, representing a 3 pp decrease relative to the same period in 2012 (Figure 11).[16] The declining inflation rate reflects both domestic factors and import inflation. The former is illustrated by falling core inflation, resulting from the sharp deceleration in economic activity, and the latter by declining energy and food prices. Rent/housing inflation is not adequately captured in the various existing inflation measures in Lebanon. Anecdotal evidence from Lebanon and evidence from Jordan (which has a larger population and a smaller number of Syrian refugees) suggest a large increase in rents due to the surge in Syrian refugees and the associated demand for housing. As a result, existing inflation indices are likely to currently underestimate actual inflation. The slowdown in inflation has translated into tepid growth in money supply (M3, including non-resident deposits), which by June 2014 increased 6.8 percent (yoy), compared to 10 percent a year earlier.

13.   Exchange rate stability and low inflation, allowed BdL to continue its expansionary monetary
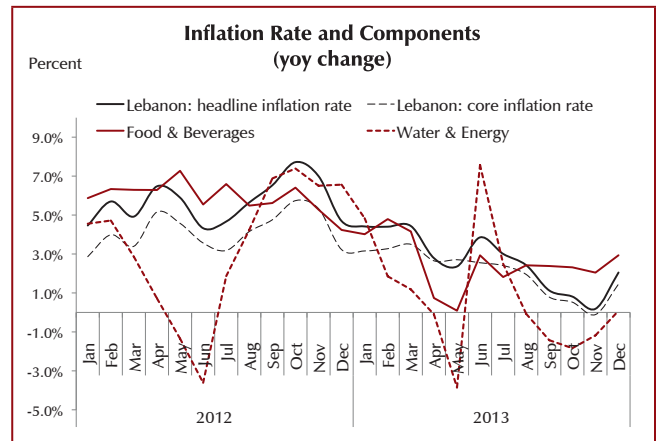
FIGURE 11. Headline and core inflation abated in 2013.

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.
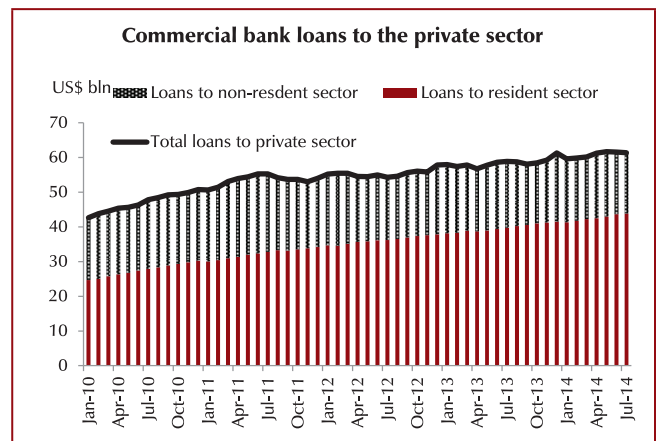
FIGURE 12. Lending to the private sector grew, partly due to BdL's stimulus package

Source: BdL and WB staff calculations.

policy. Exchange rate stability can be discerned from a stable dollarization rate, which declined by 11 basis points during the first half of 2014 to reach 66 percent by end-June, again reflecting the mid-year lull in the security situation. This, along with low inflation, allowed the Banque du Liban (BdL) to launch a stimulus package in 2014 for the second year running[17] in the amount of US$800 million. These packages have been vital for stabilizing the

---

[16]   Inflation data in Lebanon are problematic. The CRI CPI index does not include rents and only collects price data for the Greater Beirut area. As such, the Central Administration of Statistics' CPI inflation, which does reflect infrequent measurement of rent inflation, averaged 5.7 percent in 2013. The CAS inflation time series is relatively short and its methodology was recently changed (e.g., to better capture rents). Additionally, CAS did not collect any price data between January and May 2013. These make the use of the CAS CPI challenging for economic analysis.

[17]   The last stimulus package was launched in January 2013 in the amount of USD1.46 billion and proved successful. As detailed in the Spring 2013 issue of Lebanon Economic Monitor, the real estate sector benefited the most from the subsidized loans. Start-ups and venture capital (relatively nascent in Lebanon) are also responding favorably to BdL's subsidized loans.

FIGURE 13. Lebanese banks' sovereign debt exposure increased in 2013...

Source: BdL and WB staff calculations.

FIGURE 14. ... as did commercial banks' assets
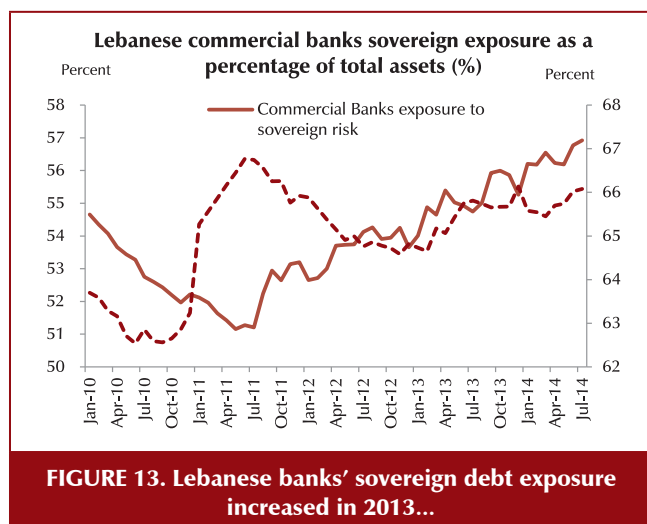
Source: BdL and WB staff calculations.

real estate sector by boosting domestic demand after demand from Lebanese expatriates and foreign buyers dropped sharply.

14.   Lending to the private sector has expanded briskly in the first half of 2014. Credit to the private sector increased by 13.2 percent (yoy) in June 2014, compared to 8.9 percent a year ago (Figure 12). This is in no doubt propelled by BdL's stimulus packages. Nonetheless, lending remains below the 2008-2012 average rate of 16.5 percent, reflecting reduced economic activity and elevated risk aversion from the volatile security environment.

Financial Markets

15.   Lebanon's banking sector is liquid, profitable and well regulated, but highly exposed to the public sector. Banks are well capitalized and resilient owing to prudent investments and conservative regulation by BdL and the Banking Control Commission. In 2013, the tier one capital-to-risk-weighted-asset ratio was 12.2 percent, which was double what is required by Basel III. By 2015, BdL mandates that banks should have an additional

4 percent conversion buffer, compared to the Basel III mandated 2.5 percent. The loan-to-deposit ratio, an indicator of short-term liquidity, stood at 31.1 percent in June 2014 and rema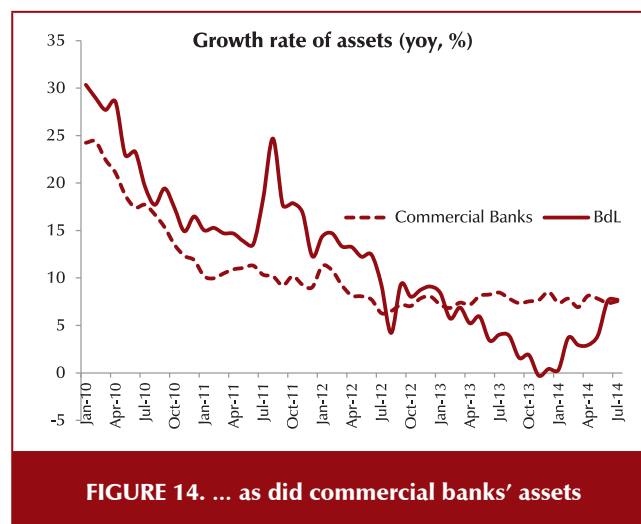ins one of the lowest in the world.[18] Moreover, non-performing loans (NPLs) are low and return on equity is in the double digits.[19] Nonetheless, commercial banks are highly exposed to sovereign credit risk as they are a large investor in public debt.[20] In fact, Lebanese banks' sovereign debt exposure[21] increased slightly from 55.2 percent end of 2013 to 56.4 percent by June 2014 (Figure 13). In an attempt toward diversification, banks expanded regionally, an effort that has been largely arrested by the recent regional upheaval.

16.   Deposit growth decelerates. Commercial banks' balance sheet continued to grow, rising by 7.9 percent (yoy) in June 2014, compared to 8.3 percent a year earlier (Figure 14). Tier one capital constitutes the principal funding source for commercial banks, with the deposit-to-total liabilities ratio at 87.5 percent. However, and despite large spreads between domestic and international interest rates, a worsening in the security situation at the start of 2014 led to a deceleration in deposit inflows into the banking sector; the non-resident private sector deposit growth (y-o-y) slowed to 5.2 percent in

---

[18] Such a low loan-to-deposit ratio indicates limited liquidity risk for Lebanese banks.

[19] There has been some deterioration in profitability and NPL ratios since the beginning of the Syrian crisis in 2011.

[20] Interest income, as obtained from BilanBanques, amounted to, respectively 64.09 percent, 65.31 percent and 64.06 percent of total consolidated banks' income in 2010, 2011 and 2012.

[21] The sovereign debt exposure is computed as a ratio of commercial banks' aggregate investment in Treasury bills, Eurobonds and deposits at BdL relative to total assets.

FIGURE 15. Deposits at commercial banks continued to rise steadily in 2013.

Source: BdL and WB staff calculations.

FIGURE 16. … Falling risk premium on Lebanese Eurobonds translated into narrowing spreads.
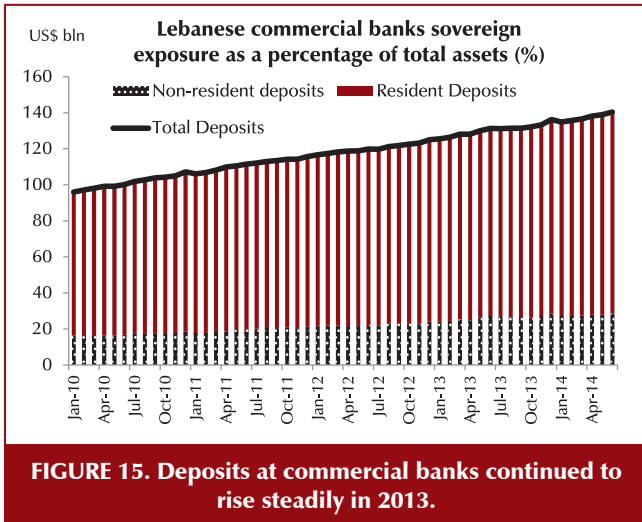
Source: JP Morgan and WB staff calculations.

June 2014, compared to 22.1 percent a year earlier. Resident private sector deposit, on the other hand, grew by 7.4 percent (yoy) in June 2014, compared to 6.6 percent a year earlier (Figure 15).

17. Spreads on Lebanese Eurobonds have narrowed in first half of 2014. This likely reflects the mid-year improvement in the security situation and the formation of new government on 15 February

2014 (Figure 16). This dynamic was also reflected in the Beirut Stock Exchange (BSE), which rose by 6.7 percent (yoy) in June 2014 (Figure 17). Total trading value at the Beirut stock exchange (BSE) also rose by 47 percent for the year to June, while market capitalization of stocks grew by 3.4 percent to reach US$ 11.2 billion, equivalent to 25.3 percent of 2013 GDP.

FIGURE 17. The equity market improved over the first half of 2014.
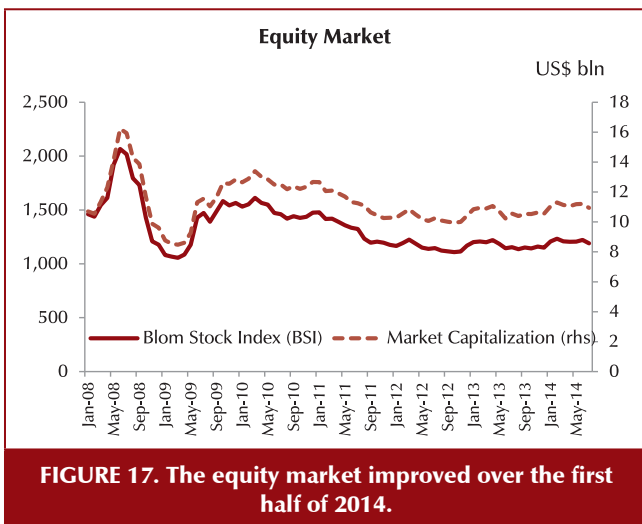
Source: Beirut Stock Exchange, BLOM Bank and WB staff.

FIGURE 18. … Lebanon is vulnerable to reversal of deposit inflows
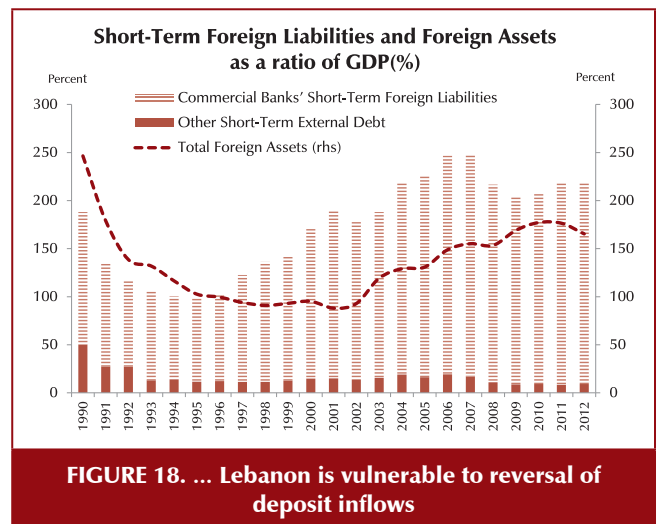
Source: BdL and World Bank staff.

PROSPECTS

18.   Regional turmoil will continue inhibiting economic activity. World Bank staff projections through 2016 are based on the assumption that spillovers from the Syrian conflict gradually abate in 2015 and 2016. Relative to our Spring 2014 issue of the Lebanon Economic Monitor, we maintained our growth projection for 2014 at 1.5 percent, but have revised our forecasts downwards for 2015 and 2016 to 2 percent (from 2.5 percent) and to 3.4 percent (from 4 percent), respectively. This reflects a change in the assumption regarding the timing of a major improvement of the conflict in Syria and the associated security spillovers in Lebanon. The return to potential output growth critically hinges on a resolution of the conflict in Syria as well as a marked improvement in the security and political situations in Lebanon.

19.   Significant risk emerges as Lebanon begins to be directly impacted by expanding regional turmoil. Our forecast assume that the attack on Arsal by IS and Al Nusra does not signal a decision by these groups to expand their military conquests to Lebanese territory. Even if this were to be the case, a worsening of the Syrian conflict would still likely result in increasing spillovers to Lebanon. Simultaneously to these regional developments, Lebanon faces increased stalemate and political vacuum at home. Such developments weigh down heavily on consumer and investor sentiment and generate significant downside risks to our economic growth forecast.

20.   Under current circumstances, the Lebanese Government is unlikely to address Lebanon's longstanding and worsening structural bottlenecks. Lebanon continues to be beset by structural bottlenecks, including in infrastructure such as electricity, water, transportation and telecommunications. The short-term focus on maintaining security, the political stalemate and the additional requirement of absolute consensus for passage of government decrees will likely prevent any progress on longstanding structural issues. Water and electricity have especially deteriorated over the summer as winter produced record low rainfall, while strikes and funding quarrels caused a dramatic increase in power outages. These bottlenecks are translating into a worsening of Lebanon's international ranking among key investment climate assessment (e.g., the World Bank's Doing Business indicators or the World Economic Forum's Global Competitiveness Index). Addressing these bottlenecks is essential for fostering a favorable environment for small to medium size enterprises and to create quality jobs.

21.   Macroeconomic fragility stems from the delicate fiscal-financial co-dependence. The delineation between fiscal, monetary and the financial sectors becomes less pronounced as government collects bank liquidity via T-bills and Eurobonds in order to finance persistently large fiscal and current account deficits, thus supporting the exchange rate. The risk is illustrated by considering Lebanon's short-term foreign liabilities, which surpasses the country's foreign asset reserve, exposing the country to a sudden stop scenario (Figure 18). The former are largely foreign liabilities of commercial banks, which reached 222 percent of GDP (US$98.5 billion) by end-2013. On the other hand, Lebanon's total foreign assets, consisting of BdL foreign reserves (foreign currency and gold) and commercial banks' foreign assets, was 157 percent of GDP (US$69.5 billion) in the same period. A sufficiently large shock could undermine confidence in the banking sector in Lebanon, reversing foreign currency deposits and resulting in a balance of payments crisis. This makes Lebanon vulnerable to an increase in global interest rates.

SPECIAL FOCUS

TOWARDS AN EFFECTIVE SOCIAL SAFETY NET IN LEBANON

Lebanon's social safety nets (SSNs) fail to protect poor and vulnerable Lebanese as it consists of a multitude of small and poorly targeted programs that suffer from low coverage, high leakage, and limited benefit levels, while large budgetary resources are expanded on universal subsidies which are pro-rich and crowd out other social spending. With poverty incidence elevated and broadly unchanged for the past 25 years, Lebanese citizens revealed in a World Bank (2014d) survey of country stakeholders that social protection ranked second in their development priorities. International experience reveals that carefully designed SSNs can help prevent shocks from pushing vulnerable households into poverty, help tackle the problem of spatial pockets of poverty in slums and rural areas, and also can help break the cycle of intergenerational poverty. With these objectives in mind, in 2011 the Ministry of Social Affairs embarked on a modernization of Lebanon's SSN system, starting with the introduction of the National Poverty Targeting Program. The NPTP is the first means-tested targeting social assistance program in Lebanon. With the Syrian crisis pushing vulnerable households into poverty, the NPTP has been scaled up to cover more beneficiaries as part of a three year emergency project to help mitigate the impact of the Syrian crisis on Lebanese households. Most recently, the institutionalization of the NPTP into a permanent program with an annual budgetary allocation has been proposed by members of Parliament, which if approved would constitute a significant positive step forward in the effectiveness of Lebanon's SSN system.

Social Safety Nets and Poverty

22.   Social safety nets (SSNs) are non-contributory transfers designed to provide regular and predictable support to targeted poor and vulnerable people. Non-contributory transfers are also referred to as "social assistance" or "social transfers." SSNs are part of broader social protection systems that include measures such as contributory insurance and various labor market policies. When well crafted, SSNs can contribute toward breaking the cycle of intergenerational poverty by helping families to keep children healthy and in school. SSNs along with increased social services can also help to tackle the problem of spatial pockets of poverty in slums and rural areas. The main types of SSNs include conditional cash transfers, unconditional cash transfers, conditional in-kind transfers, unconditional in-kind transfers, public works, and general subsidies (State of Social Safety Nets, 2014),[22] hence SSNs fall under two broad categories: (i) subsidies; and (ii) non-subsidy SSNs.

23.   Social safety nets play a number of crucial roles. For example, they help alleviate poverty, food insecurity, and malnutrition. They contribute to reducing inequality and boosting shared prosperity. They support households in managing risks and coping with shocks. They help build and protect human capital and connect people to job opportunities. And they are an important factor in shaping social contracts between states and citizens (State of Social Safety Nets, 2014). In broad terms, SSNs can promote three main outcomes: (i) social inclusion, by enabling investment in human capital (such as supporting school attendance or better

---

[22]   The World Bank (2014): "The State of Social Safety Nets" Washington, DC, The World Bank.

nutrition for children); (ii) livelihoods, by protecting against destitution; and (iii) resilience to crises, by helping households to navigate the effects of shocks (Silva et al., 2012).[23]

24.   A key factor behind effective SSNs is the method of targeting. Globally, there are three main targeting methods for SSNs. (i) Methods that assess the eligibility of the individual or the household in need of assistance. Eligibility can be determined by status of wealth (measured by means or proxy means tests) or assessed by the community (community based targeting); (ii) Methods that select beneficiaries based on categories (categorical targeting) such as age (demographic targeting) or place of residence (geographical targeting). (iii) Self-targeting method, where a program is designed in such a way that encourages the needy to target themselves while discouraging (but not excluding) the participation of those are who in less need.[24]

Lebanon: SSN Effectiveness, Types, Targeting, and Spending

25.   The following types of public social safety nets (SSNs) exist in Lebanon: (i) Social services and programs targeted to certain categories of the population (e.g., disabled persons, juvenile delinquents, school dropouts, orphans) provided by the Ministry of Social Affairs (MOSA) with the majority of its budget distributed to NGOs, Civil Society Organizations (CSOs), and religious organizations. SSN distribution handled by these charitable and religious organizations (who are 90 percent confessional-based) can result in under-coverage of the poor and vulnerable that might not have a political or religious affiliation, and in inefficient distribution of SSN resources to the non-
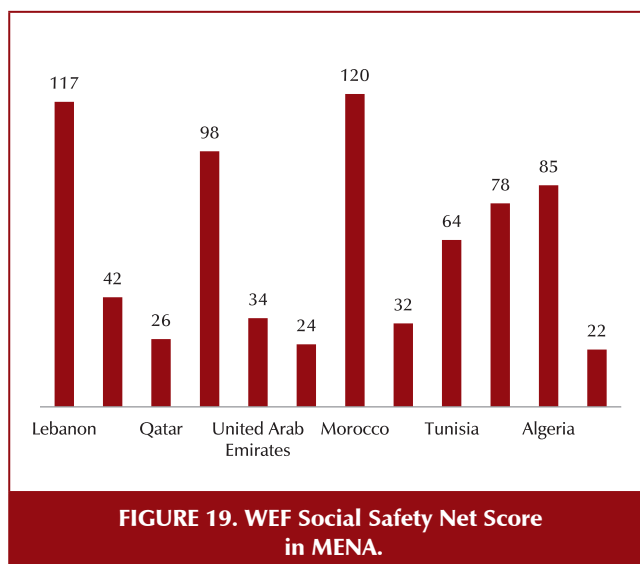
FIGURE 19. WEF Social Safety Net Score in MENA.

Source: World Economic Forum, Human Capital Report, 2013.

needy clients of such organizations; (ii) Fee waivers for hospitalization in public and private hospitals which is for use of hospital services by those not covered by the National Social Security Fund and lacking the means to purchase insurance, provided by the Ministry of Public Health. (iii) Education fee waivers and scholarships provided by the Ministry of Education and Higher Education (MEHE). (iv) Price subsidies for electricity, diesel[25], bread, agricultural exports, and domestic production of tobacco. Although universal, these subsidies reach a small number of beneficiaries and tend to be pro-rich. They utilize a significant amount of financial resources that could be spent on more efficient and effective SSN programs. Their specific SSN role is also often not their primary goal.

26.   Although hard evidence is not available, it is considered that existing public SSNs in Lebanon have not contributed significantly to poverty alleviation. Poverty incidence has been elevated and broadly unchanged for the past 25 years in Lebanon. Today, it is estimated that nearly 27 percent of the Lebanese population, or 1.2 million people, are poor, living on less than US$4 per day. Seven percent, or close to 300,000 people, are extremely poor, living on less than US$2.40 per day. As one

---

[23]   Silva, Joana; Levin, Victoria; Morgandi, Matteo. (2012), "Inclusion and resilience: the way forward for social safety nets in the Middle East and North Africa", MENA Development Report. Washington, DC: World Bank.

[24]   FAO (2011), "Safeguarding Food Security in Volatile Global Markets".

[25]   The diesel subsidy has been discontinued in 2012.
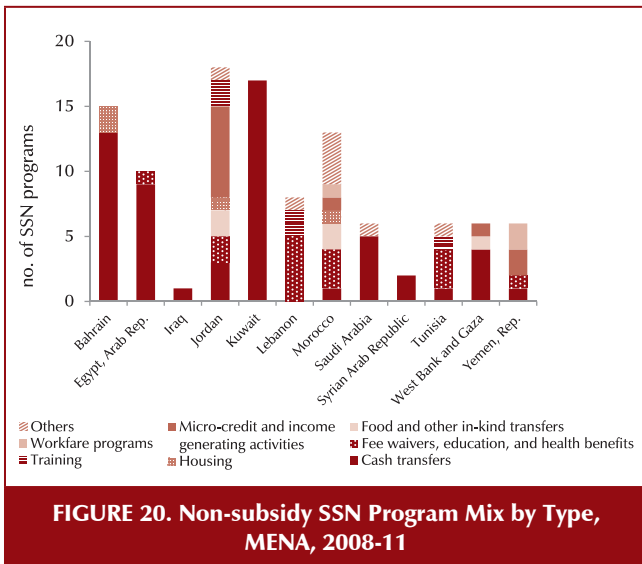
FIGURE 20. Non-subsidy SSN Program Mix by Type, MENA, 2008-11

Source: World Bank (2012), "The Way Forward for Social Safety Nets in the Middle East and North Africa" Washington DC.
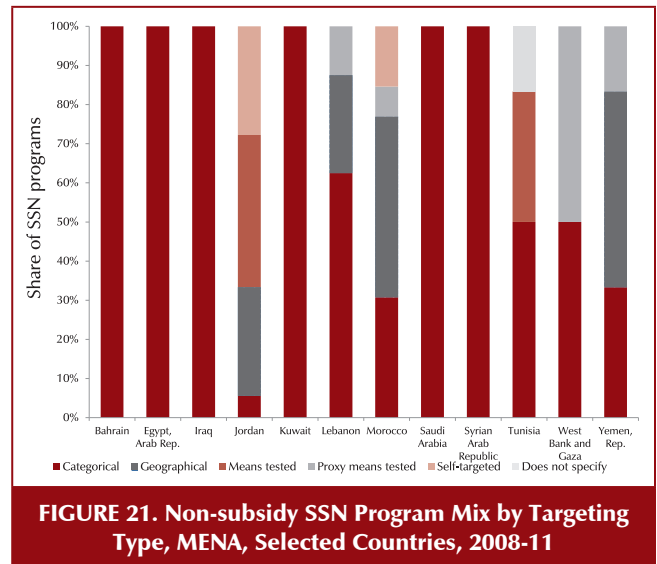
FIGURE 21. Non-subsidy SSN Program Mix by Targeting Type, MENA, Selected Countries, 2008-11

Source: World Bank (2012), "The Way Forward for Social Safety Nets in the Middle East and North Africa" Washington DC.

of the most urbanized countries in MENA and the world, Lebanon has the majority of its poor located in urban areas (World Bank, 2011c).[26] Regional inequalities are stark with the highest concentration of poor people found in the North governorate (52.5 percent), followed by the South governorate (42 percent) and the Bekaa (29 percent).[27]

27.   Lebanon's social safety net system is also considered to not have provided sufficient protection against job loss or disability. According to citizens surveyed for the 2013 World Economic Forum (WEF) Human Capital Report, Lebanon ranked among the weakest in the world with respect to providing such protection (117 out of 122).[28] Figure 19 compares Lebanon's WEF SSN ranking to countries in the MENA region; the average score across the countries is 62, while only Morocco's rank is worse than Lebanon's. Lebanon's ranking shows the need for improvement of its provision of social safety nets.

28.   Excluding price subsidy programs—whose focus is not primarily SSN—Lebanon's non-subsidy SSN spending does not exceed 1 percent of GDP in 2013. Although no incidence analysis is available

due to the lack of micro data, it is concluded by most that what is spent on SSNs is not contributing to reducing poverty or addressing inequalities, nor is it doing an adequate job in protecting vulnerable Lebanese. The same programs have been present since 2005 with limited reform and improvement to coverage and targeting.

29   In addition, Lebanon's non-subsidy SSN programs are numerous and relatively small. In 2012, five out of the eight non-subsidy SSN programs consisted of fee waivers, education and health benefits. This pattern is not dissimilar to other MENA countries (Figure 20). In addition, several of Lebanon's SSNs overlap between various ministries. For example, the MOSA provides education fee waivers for the disabled, while MEHE also provides education fee waivers. Similar overlap exists for hospitalization fee waivers.

30.   Targeting methods for non-subsidy SSNs in Lebanon are primarily categorical which is a factor behind their low effectiveness. Five out of the eight non-subsidy SSN programs are categorically targeted, meaning beneficiaries are selected based upon belonging to certain categories

---

[26] World Bank, (2011), "Poor Places, Triving People: How MENA Can Rise Above Spatial Disparities", Report No. 58997, January.

[27] UNDP. (2008) "Poverty, growth, and income distribution in Lebanon" Beirut,Lebanon: UNDP.

[28] The administered question in the World Economic Forum, Executive Opinion Survey: In your country, does a formal social safety net provide protection from economic insecurity due to job loss or disability? [1 = not at all; 7 = fully] ¦ 2012–2013 weighted average.

**SSN Spending
(% of GDP)**

Percent
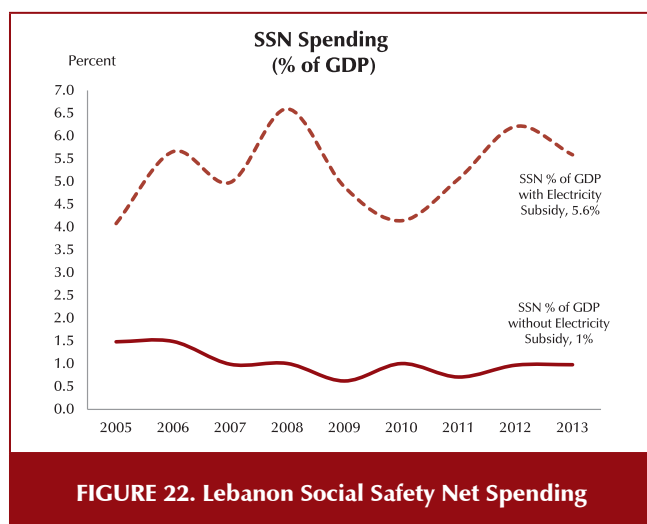
FIGURE 22. Lebanon Social Safety Net Spending

Source: Ministry of Finance, 2014 and World Bank staff calculations.

such as disabled, widowed, orphaned and the like.[29] Two programs are geographically targeted, while only one SSN program – the recently introduced National Poverty Targeting Program (NPTP) - is targeted based on proxy means testing, meaning beneficiaries are selected based upon their level of poverty. Similar to Lebanon, the SSN programs in the MENA region overwhelmingly use geographic and categorical targeting. Figure 21 depicts the different targeting methods across the region. Such targeting methods work well in environments where poverty is concentrated, but not when poverty is multifaceted and spatially dispersed as in the case of Lebanon. In the latter case, methods that identify households or individuals based on their means or correlates of poverty (proxy-means testing; PMT) are preferable. The overreliance on categorical and geographical targeting methods in Lebanon induces high rates of leakage to the non-poor. Enhancing targeting towards the poor and vulnerable in Lebanon will allow improving SSNs to better promote inclusion, livelihood, and resilience.

31.   If subsidy SSNs are taken into account, Lebanon's spending on SSNs as a whole increases dramatically to over 5.6 percent of GDP. Specifically, the dramatic increase is accounted for

by the large transfers to Electricité du Liban (EdL). Figure 22 below shows the percentage of GDP spent on SSNs with and without the electricity subsidy since 2005. Although the electricity subsidy is perceived as a social safety net for the Lebanese poor as it has a progressive tariff fixed since 1996, it is not intended or designed as such; not surprisingly it suffers from high leakage and offers a small benefit value to the poor; hence, the programs' efficiency as a social safety net is weak. As such, at 5.6 percent of GDP, spending on SSNs becomes extremely costly and crowds out spending on more effective social programs. It also widens inequality arising from the following aspects: (i) consumers who are not billed are cross subsidized by taxpayers and EdL customers that are paying their bills; (ii) consumers who suffer from electricity blackouts are faced with higher cost alternatives (e.g., private generator for the rich, candles for the poorest consumers); (iii) poor regions go without public electricity for 12-13 hours every day, while richer ones such as Beirut are subject to 3 hours of daily blackouts (World Bank, 2009c).[30]

Path Towards More Effective SSNs

32.   Moving from the current social safety net status toward more effective, reliable, and equitable social safety nets requires taking into account several aspects of sustainability namely: (i) fiscal sustainability, (ii) political economy sustainability, and (iii) administrative sustainability (Silva et al., 2012).[31]

33.   To achieve fiscal sustainability, Lebanon is in need of focusing on programs that are well targeted to the poor, and rationalizing its high cost subsidies such as the large transfers to EdL. To

---

[29] Categorical targeting could be effective if those belonging to specific categories were all poor. However, it is usually not the case that all orphans, or widows, or disabled are poor. And neither are most poor among these categories. Hence, the potential high levels of inclusion and exclusion errors in this targeting method.

[30] World Bank, 2009c, "Lebanon - Social impact analysis : electricity and water sectors," Report No.48993-LB, June.

[31] Silva, Joana; Levin, Victoria; Morgandi, Matteo. 2012. Inclusion and resilience : the way forward for social safety nets in the Middle East and North Africa - overview. MENA development report. Washington, DC: World Bank.

In your country, are you satisfied or dissatisfied with efforts to deal with the poor?
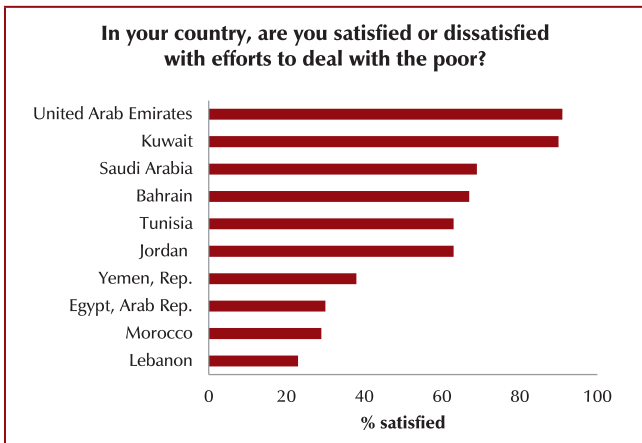
FIGURE 23. Citizens' Satisfaction with Government Assistance to the Poor the MENA region, 2011.

*Source: The Way Forward for Social Safety Nets in the Middle East and North Africa, World Bank 2012.*
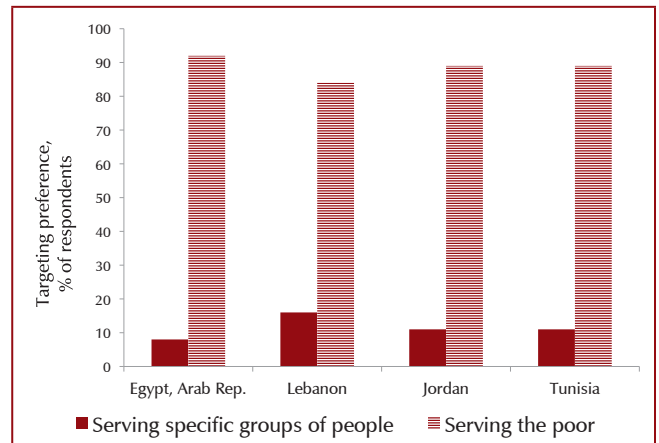
FIGURE 24. Preference for poverty targeting (vs. categorical).

Source: The Way Forward for Social Safety Nets in the Middle East and North Africa, World Bank 2012

achieve political economy sustainability, Lebanon could benefit from feedback from public opinion about poverty and redistribution in designing new and effective programs. Lebanese citizens revealed in a World Bank (2014d) survey of country stakeholders that social protection ranked second in their development priorities (public sector governance and job creation ranked first and third, respectively), hence the overall importance that the population puts on protection of the poor and vulnerable. Similarly, a recently conducted Gallup poll in Lebanon and three other countries inquired about citizens' attitudes and knowledge about SSNs, in addition to support for reform of SSNs in the region. Citizens in Lebanon expressed the least satisfaction among other MENA countries, in the Government's assistance to the poor. Merely 20 percent of the citizens surveyed expressed their satisfaction (Figure 23). This result confirms the urgent need to step up the government intervention in improving its social safety nets. Moreover, an overwhelming majority of citizens surveyed (close to 80 percent) in Lebanon prefer SSN programs to target the poor rather than specific categories, in addition to preferring cash benefits over in-kind (Figure 24 and 25). Those results are consistent with the preferences of citizens around the region.

34. To achieve administrative sustainability, Lebanon must define appropriate institutional responsibilities while developing efficient targeting and management systems, in addition

to working towards compiling consistent and reliable household data. Such requirements will pave the way towards establishing a record of transparency, effectiveness, and impact on alleviating poverty in Lebanon. The most critical constraint in Lebanon for the analysis of SSN performance is the lack of household budget survey data from which poverty profiles and impact can be measured. Lebanon lacks recent and relevant household surveys (with relevant SSN questions) that can be used to assess coverage, targeting, generosity, and overall impact on poverty and inequality. Moreover, not enough data is available to accurately identify the principal challenges faced by the poor, such as those that contribute to perpetuating poverty across

FIGURE 25. Preference for cash-benefits (vs. in kind).

Source: The Way Forward for Social Safety Nets in the Middle East and North Africa, World Bank 2012

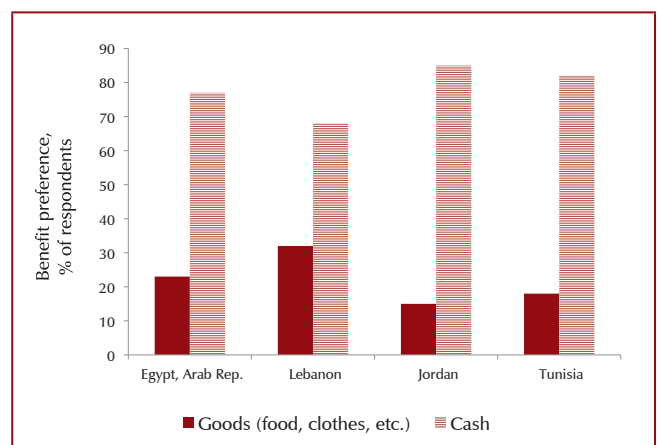generations and those that can lead the vulnerable into a quick descent into poverty. Lastly, in terms of targeting, it is essential that Lebanon moves away from geographical and categorical targeting towards PMT, that better suits the multi-dimensional and dispersed poverty reality in Lebanon. In this regard, the National Poverty Targeting Program (NPTP) is considered a best practice to follow and is presented in detail below.

The National Poverty Targeting Program (NPTP)

35.   The NPTP is a new program aimed at modernizing Lebanon's SSN system, raising its effectiveness and efficiency at protecting vulnerable and poor households. Arising from the need for an effective and targeted social safety net system, the World Bank supported the Government of Lebanon (GOL) and MOSA in the aftermath of the Paris III economic and social action plan to design, develop and finance the implementation of a poverty-targeted social assistance program. Officially launched in October 2011, the NPTP is the first poverty-targeted social assistance program in Lebanon with the objective to "provide social assistance to the poorest and most vulnerable Lebanese households based on transparent criteria that assess each household's eligibility to receive assistance, given the available public resources".[32] The NPTP specifically targets the extreme poor in Lebanon (7 percent of the population) and is based on a proxy-means testing (PMT) targeting mechanism – which is among the global best-practices.[33] As mentioned before, the PMT has been demonstrated to work well in countries with high informality and unreliability of income information, and it relies on an objective assessment of a household's welfare based on observable correlates of living standards.

36.   As of May 2014, more than 102,400 households (460,000 individuals) had applied to the NPTP program, and approximately 52,000 households (235,500 individuals) were deemed eligible to receive the benefits, representing 67 percent of extreme poor. The NPTP is managed by the MOSA and the Presidency of the Council of Ministers (PCM). It is implemented through approximately 375 social workers and inspectors who have been hired at the level of 100 Social Development Centers of the Ministry. The social workers/inspectors have been trained to implement the targeting method and collect needed household information that is verified and processed using an automated management information system. To date, the NPTP social assistance (the basket of benefits) consists of the following: (i) comprehensive health coverage for beneficiaries in public and private hospitals, through the waiver of 10-15 percent copayments for hospitalization; and (ii) registration fee waivers and free books for students in primary and secondary public schools. The Council of Ministers approved US$28.2 million for the financing of the social assistance for 2011-12, demonstrating its commitment to the NPTP.

Syrian Crisis and NPTP

37.   Prior to the Syrian crisis, the Ministry of Social Affairs (MOSA) was in the process of implementing reforms to its SSN system. However, more than three years of conflict in Syria have resulted in a massive outflow of refugees into neighboring countries, thus shifting the priorities of the government. Lebanon has received the largest number of refugees reaching more than 30 percent of its pre-crisis population. By end 2014, it is estimated that the number of Syrian refugees will increase to 1.6 million refugees (37 percent of Lebanon's pre-crisis population).

---

[32] Cabinet policy statement on the NPTP (June 18th, 2009) established the program.

[33] The NPTP was successfully piloted in 2009 with assistance from the World-Bank ESPISP I funds, in three areas in Beirut, namely Ein El Remmeneh, Chiyeh, and Tarik El Jdideh.

38.   With the escalation of the Syrian conflict, spillovers into Lebanon have rapidly moved beyond the humanitarian to the economic and social spheres where large, negative, and growing spillovers are occurring. The World Bank/UN Economic and Social Impact Assessment (ESIA)[34] finds that during the 2012-2014 period, the conflict is estimated to push approximately 170,000 Lebanese into poverty (over and above the 1.2 million currently living below the upper poverty line). By 2014, the rate of poverty incidence in Lebanon would therefore be 3.9 percent higher due to the impact of the Syrian conflict. At the same time, the existing poor (about one in seven Lebanese) would be pushed deeper into poverty. In terms of the extreme poor, assuming that the same percentage of the poor that are extreme poor still holds from the latest available household budget data of 2004, we expect that the extreme poor will increase by 50,000 as a result of the Syrian crisis, to reach 8percent of the population by the end of 2014.

39.   Furthermore, the socio-economic consequences of the refugee crisis have led to increasingly fragile inter-communal relations and social tensions. Even if refugees are largely living in very basic and insecure circumstances themselves, Lebanese communities widely attribute the decline in their own living standards to the refugee presence. Notwithstanding the efforts of the Lebanese authorities to highlight their concerns on this point, the fact that Syrian refugees have hitherto been the main beneficiaries of international and government assistance remains a source of tension between communities.

40.   The GOL's Roadmap of Priority Interventions for Stabilization from the Syrian Conflict, developed as an outcome of the ESIA, provides a set of priority short and medium term interventions targeted towards supporting Lebanese communities, households, and the economy more broadly. In this regard, the GOL has placed

addressing the poverty impact of the Syrian conflict on poor Lebanese households as one of its main priorities in the immediate term through the scaling up of the NPTP.

41.   To mitigate the impact of the Syrian conflict on poor Lebanese, the World Bank prepared, at the Government's request, a grant-funded scaling up of the number of beneficiaries covered under the NPTP. The scale up is a 3-year US$8.2 million grant financed "Emergency National Poverty Targeting Program Project". The objective of the project is to expand the coverage and enhance the social assistance package of the NPTP to Lebanese affected by the Syrian crisis and all Lebanese households under the extreme poverty line. Specifically, the project aims to expand the coverage of the NPTP from approximately 195,000 (baseline in 2013) to 350,000 beneficiaries (2016/2017)—the program would therefore cover all of the extreme poor population of Lebanon (Figure 26).[35] It also aims to introduce new benefits to the already existing basket of benefits, namely food assistance (see Box) provided through an electronic card system, currently being implemented by the World Food Program (WFP) in Lebanon for more than 800,000 Syrian refugees and primary health care through
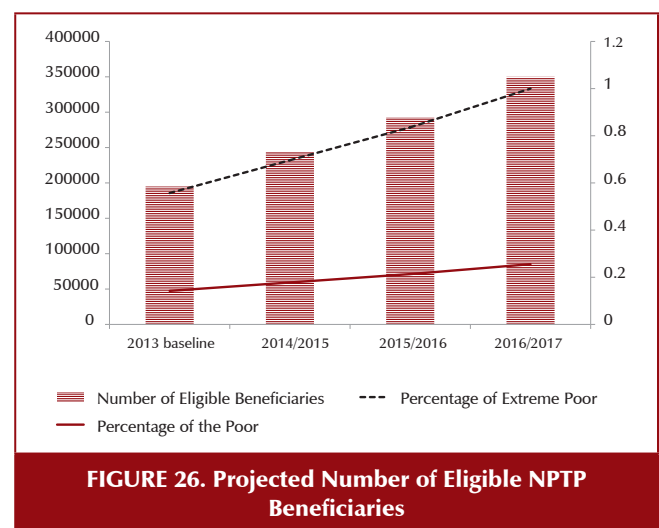
FIGURE 26. Projected Number of Eligible NPTP Beneficiaries

Source: World Bank Staff Calculations

---

[34]   World Bank, 2013d, "Lebanon - Economic and social impact assessment of the Syrian conflict," Report No. 81098-LB, September.

[35]   100 percent coverage rate assumes faultless outreach achieved by 2016/2017 assuming that in 2015 and 2016 the number of extreme poor remains constant.

the Ministry of Public Health. Finally, the UNHCR will be providing US $3 million to contribute to financing the e-card food voucher component of the project.

42.   The NPTP budget needed to cover all of Lebanon's extreme poor by 2016/ 2017 is about US$107 million; this represents a modest budgetary outlay given the benefits provided and in light of competing SSN programs in Lebanon. The coverage of all extreme poor Lebanese under the program would increase government expenditure on the NPTP from 0.08 percent of GDP in 2014/2015 (0.25 percent of total government expenditure) to 0.18 percent of GDP in 2016/2017 (0.57 percent of total government expenditure). While this constitutes an increase in spending on a single safety net, it will prove to be an important step towards spending on efficient and properly targeted programs. Moreover, these figures are congruent with the best-performing SSN programs, such as Mexico's Oportunidades, which covers about 30 percent of population at the cost of 0.3-0.5 percent of GDP (Table 1).

Year	2014/2015	2015/2016	2016/2017
Number of NPTP household beneficiaries	53,466	64,159	76,772
Number of NPTP Individual beneficiaries	243,750	292,500	350,000
NPTP Budget (millions US$)	42	65	107
NPTP Budget (percent of GDP)	0.08%	0.11%	0.18%
NPTP Budget (percent of public expenditures)	0.25%	0.36%	0.57%

TABLE 1. Lebanon: Household Coverage and Budgetary Implications of NPTP

Source: World Bank Staff Calculations.
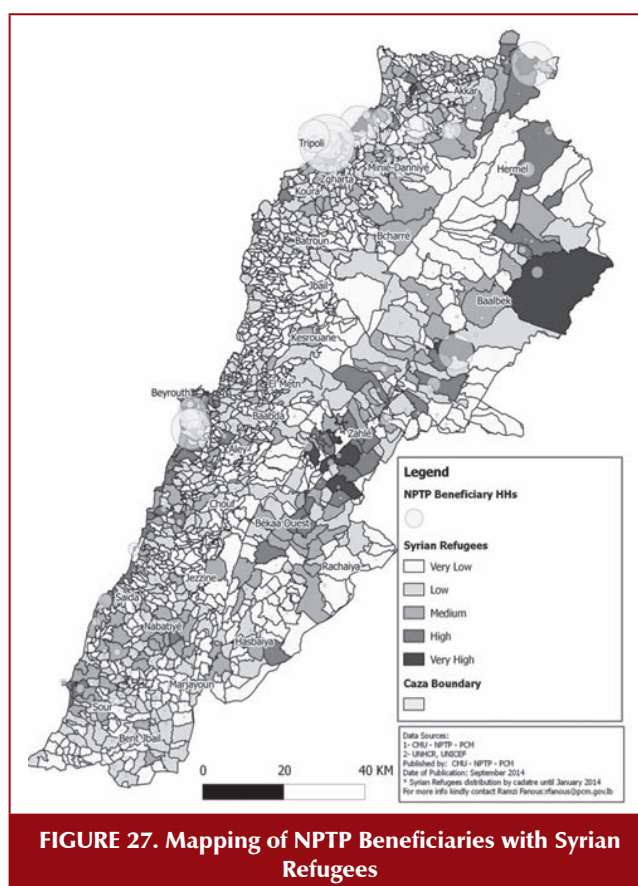
FIGURE 27. Mapping of NPTP Beneficiaries with Syrian Refugees

BOX 1: Using an E-Card Food Voucher System to Deliver Food Benefits

To provide a cost-effective and efficient way to deliver food benefits to households, the NPTP will use the same e-Card system as that deployed by the World Food Programme for some 800,000 Syrian refugees, with some modifications to align it with the implementation modality of the NPTP. Using the targeting criteria of the NPTP – that is, the poorest as defined by the Proxy-Means Testing methodology – each eligible household is provided an e-card (issued from MasterCard via a local partner commercial bank) with a monthly value of US$30/person. The e-cards can be utilized at some 285 shops around the country that have been contracted by the WFP.

The main aim of the e-card food voucher benefit is to provide needed food assistance to the most extreme poor Lebanese as a means to mitigate the impact of the Syrian crisis. Rising food prices and the coping mechanisms with food vulnerability indicate a need to provide food assistance to help alleviate the impact of the crisis on the food security of poor Lebanese. To cope with increased expenditures and decreased incomes many Lebanese households are reducing savings, increasing debt, or cutting on meals. Beka'a residents, for instance, reported to mostly having to purchase food on credit (59 percent), borrow food (42 percent), and are spending from their own savings (37 percent). North residents buy "only afford to" food items (43 percent), reduce quality of meals (40 percent) and spend from savings (40 percent) (UNDP, 2012).[36] Spending from savings indicates that Lebanese households might not be able to sustain the current situation in the near future.

Geographically the majority of Syrian refugees are located in regions already having high poverty rates and NPTP beneficiaries, deepening the vulnerability of the Lebanese in these areas as competition for jobs, services and resources increases. Figure 8 maps the significant overlap between Syrian refugees and NPTP beneficiaries. Seventy-seven percent of the bottom 50,000 NPTP beneficiaries that will receive e-card food vouchers in the first year reside in North Lebanon, while 14 percent reside in Beka'a. Introduction of the e-card food benefit for Lebanese families will help reduce tensions and conflict between the Lebanese communities and the Syrian refugees.

---

[36] 2012, "Rapid Assessment of the Impact of the Syrian Crisis on Socio-Economic Situation in North and Beka'a," UNDP, August 2012.

DATA APPENDIX

TABLE 2. Lebanon: Selected Economic Indicators, 2011-2016

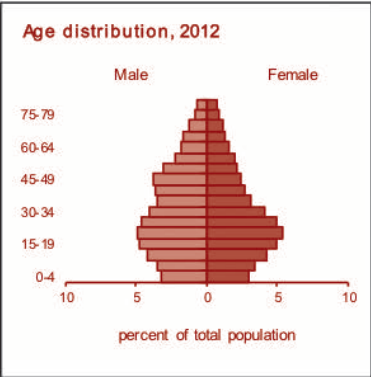|	2011	2012	2013	2014	2015	2016
	Act.	Est.	Proj.			
Real sector	(annual percentage change, unless otherwise specified)					
Real GDP	2.0	2.2	0.9	1.5	2.0	3.4
Real GDP per Capita	1.0	1.2	-0.1	0.6	1.0	2.5
Agriculture (share of GDP)	4.4	4.5	4.8	5.1	5.0	4.8
Industry (share of GDP)	21.1	21.5	22.1	22.1	22.5	22.5
Services (share of GDP)	74.5	74.0	73.2	72.8	72.5	72.7
Money and prices						
CPI Inflation (p.a)	5.4	5.7	2.7	1.5	3.4	3.7
Money (M3, including non-resident deposits)	7.1	8.1	9.0	9.0	8.7	8.7
Investment & saving	(percent of GDP, unless otherwise specified)					
Gross Capital Formation	26.7	29.4	27.9	29.8	27.8	26.9
o/w private	24.9	27.8	26.0	27.8	25.5	24.6
Gross National Savings	15.8	21.3	21.4	21.6	19.8	19.6
o/w private	19.2	24.5	29.4	29.7	28.7	28.1
Central Government Finance	(percent of GDP, unless otherwise specified)					
Revenue (including grants)	22.8	22.2	21.3	21.6	22.0	22.3
o/w. tax revenues	16.4	15.6	15.2	15.5	15.9	15.9
Total expenditure and net lending	29.2	30.9	30.7	31.8	33.2	33.1
Current	27.4	29.3	28.8	29.7	30.9	30.8
o/w Interest Payment	9.4	8.4	8.5	8.7	9.5	9.5
Capital & Net Lending (excluding foreign financed)	1.8	1.6	1.9	2.1	2.3	2.3
Overall balance (deficit (-))	-6.4	-8.7	-9.4	-10.2	-11.2	-10.8
Primary Balance (deficit (-))	3.0	-0.3	-0.8	-1.5	-1.7	-1.4
External sector	(percent of GDP, unless otherwise specified)					
Current Account Balance	-10.9	-8.1	-8.5	-8.3	-8.0	-7.3
o/w Export (GNFS)	61.2	59.1	56.9	49.6	48.7	49.1
o/w Import (GNFS)	78.0	73.8	71.2	64.2	63.4	64.0
Remittances	6.6	6.5	6.5	6.4	6.5	6.6
Trade Balance (GNFS)	-16.8	-14.8	-14.3	-14.6	-14.7	-14.9
Gross Reserves (months of imports GNFS) /1 /2	11.8	11.3	12.1	13.8	13.4	12.5
Total Public Debt						
Total Debt Stock (in million US$)	53,656	57,700	63,467	68,656	74,590	81,924
Debt-to-GDP ratio (percent)	133.9	133.5	143.1	149.4	151.0	152.0
Memorandum Items:						
Nominal GDP (in billion LBP)	60,419	65,132	66,861	69,280	74,471	81,244
GDP (in million US$)	40,079	43,205	44,352	45,957	49,400	53,893

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

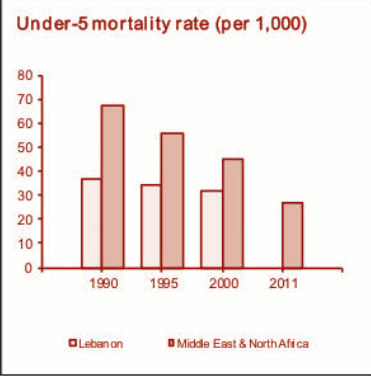/1 Gross Reserves (months of imports GNFS) = (Imports of Goods & Services / Gross Res. excl. Gold)*12

/2 Total Imports using the BOP data from the Quarterly Bulletin of BDL
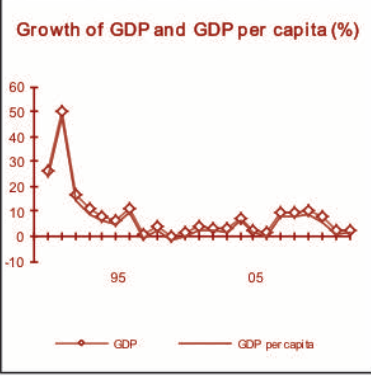
TABLE 3. Lebanon at a Glance

Key Development Indicators (2012)	Lebanon	M. East & North Africa	Upper middle income
Population, mid-year (millions)	4.4	340	2,391
Surface area (thousand sq. km)	10	8,775	43,472
Population growth (%)	1.0	1.7	0.8
Urban population (% of total population)	90	60	61
GNI (Atlas method, US$ billions)	42.1	1,114	16,598
GNI per capita (Atlas method, US$)	9,520	3,453	6,942
GNI per capita (PPP, international $)	14,400	6,897	10,639
GDP growth (%)	2.2	3.5	5.2
GDP per capita growth (%)	1.2	1.7	4.4

(most recent estimate, 2005–2012)

	Lebanon	M. East & North Africa	Upper middle income
Poverty headcount ratio at $1.25 a day (PPP, %)	..	2	8.4
Poverty headcount ratio at $2.00 a day (PPP, %)	..	12	19.5
Life expectancy at birth (years)	..	71	74
Infant mortality (per 1,000 live births)	..	21	16
Child malnutrition (% of children under 5)	..	6	3
Adult literacy, male (% of ages 15 and older)	93	85	96
Adult literacy, female (% of ages 15 and older)	86	70	91
Gross primary enrollment, male (% of age group)	105	109	111
Gross primary enrollment, female (% of age group)	99	101	110
Access to an improved water source (% of population)	..	89	93
Access to improved sanitation facilities (% of population)	..	89	74

Age distribution, 2012

Under-5 mortality rate (per 1,000)

Net Aid Flows	1980	1990	2000	2012 [a]
(US$ millions)				
Net ODA and official aid	298	286	200	448
Top 3 donors (in 2010):				
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	103

Long-Term Economic Trends

	1980	1990	2000	2012
Consumer prices (annual % change)	..	-99.7	-0.8	5.7
GDP implicit deflator (annual % change)	..	97.4	-2.1	5.5
Exchange rate (annual average, local per US$)	..	695.1	1,507.5	1,507.5
Terms of trade index (2000 = 100)	..	116	100	101

Growth of GDP and GDP per capita (%)

	1980	1990	2000	2012	1980–90	1990–2000	2000–12
					(average annual growth %)		
Population, mid-year (millions)	2.6	3.2	3.8	4.4	1.9	1.7	1.3
GDP (US$ millions)	..	4,690	17,260	43,205	..	8.4	5.7
		(% of GDP)					
Agriculture	..	7.3	7.1	6.1	..	6.4	1.2
Industry	..	25.5	22.8	20.5	..	4.5	6.7
Manufacturing	..	14.4	13.0	8.5	..	5.7	5.5
Services	..	67.2	70.1	73.4	..	5.7	6.6
Household final consumption expenditure	..	124.5	84.1	79.2	..	7.6	4.5
General gov't final consumption expenditure	..	14.0	17.3	12.0	..	14.2	3.2
Gross capital formation	..	29.3	20.4	29.4	..	9.4	9.4
Exports of goods and services	..	12.5	14.2	56.5	..	24.1	9.6
Imports of goods and services	..	79.9	35.9	77.1	..	11.8	6.5
Gross savings	..	-10.5	-1.3	21.3			

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

Development Economics, Development Data Group (DECDG).

TABLE 3 (CONT): Lebanon at a Glance

Balance of Payments and Trade   2000   2012

Central Government Finance

Governance indicators, 2000 and 2012

- Voice and accountability
- Political stability and absence of violence
- Regulatory quality
- Rule of law
- Control of corruption

0.0   25.0   50.0   75.0   100.0

■ 2012
■ 2000

Country's percentile rank (0-100)
higher values imply better ratings

Source: Worldwide Governance Indicators (www.govindicators.org)

Technology and Infrastructure   2000   2011

External Debt and Resource Flows

Environment

Composition of total external debt, 2012

Short-term, 3,943
IDA, 0
IMF, 217
Other multi-lateral, 885
IBRD, 253
Bilateral, 861
Private, 22,691
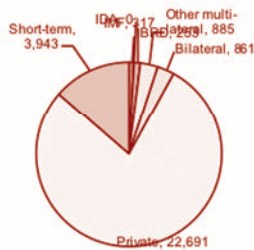
US$ millions

Private Sector Development   2000   2012

Ranked as a major constraint to business   2000   2012

World Bank Group portfolio	2000	2011
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	311	301
Disbursements	42	32
Principal repayments	17	53
Interest payments	14	4
IDA		
Total debt outstanding and disbursed	–	0
Disbursements	0	0
Total debt service	–	0
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	218	151
of which IFC own account	127	151
Disbursements for IFC own account	20	0
Portfolio sales, prepayments and repayments for IFC own account	25	11
MIGA		
Gross exposure	–	–
New guarantees	–	–

TABLE 4: Lebanon: Millennium Development Goals, 1990-2011

Millennium Development Goals
Lebanon

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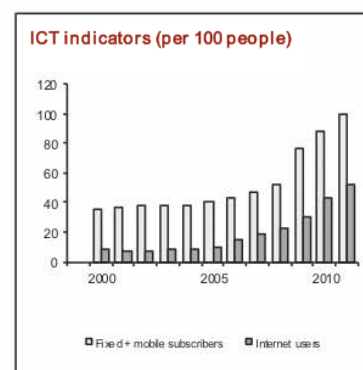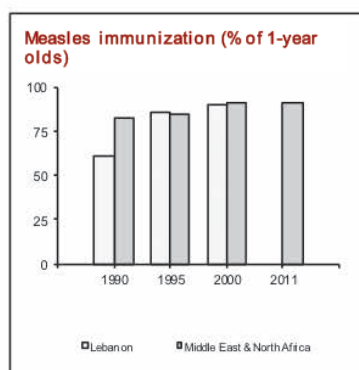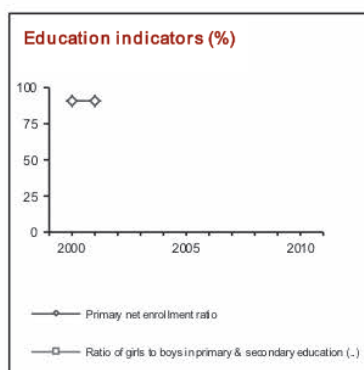*(estimate closest to date shown, +/- 2 years)*

	Lebanon			
Goal 1: halve the rates for extreme poverty and malnutrition	**1990**	**1995**	**2000**	**2011**
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	98	87
Secondary school enrollment (gross, %)	61	65	79	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 (%, 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)	3.4	4.5	4.7	4.7
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	8.7	6.8	6.6	8.7
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	13.4	13.0	15.4	20.3
Mobile phone subscribers (per 100 people)	0.0	3.5	19.9	79.5
Internet users (per 100 people)	0.0	0.1	8.0	52.0
Households with a computer (%)	..	..	18.8	71.5

Education indicators (%)

— Primary net enrollment ratio
— Ratio of girls to boys in primary & secondary education (..)

Measles immunization (% of 1-year olds)

☐ Lebanon ☐ Middle East & North Africa

ICT indicators (per 100 people)

☐ Fixed + mobile subscribers ☐ Internet users

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

9/15/14

Development Economics, Development Data Group (DECDG).

SELECTED SPECIAL FOCUS FROM RECENT LEBANON ECONOMIC MONITORS

SPRING 2014 LEM: A SLUGGISH ECONOMY IN A HIGHLY VOLATILE ENVIRONMENT

A Sovereign Wealth Fund for Lebanon: Issues and Preliminary Recommendations: (Special Focus 1) As Lebanon contemplates prospects of sizeable hydrocarbon discoveries, the country is in the process of designing an institutional framework to manage these resources. One such issue is the establishment of a Sovereign Wealth Fund (SWF), as required by the 2010 Hydrocarbon Law. This Special Focus provides an overview of the various types of SWFs that have been established across countries, draws lessons from these experiences, highlights some pitfalls, and presents preliminary recommendations for Lebanon as it moves towards establishing its SWF. Key among these recommendations is that the Lebanese SWF's design should include (i) integration with the budget system, (ii) some (limited) flexibility in operational rules, (iii) no (or limited) earmarking but no extra-budgetary spending, (iv) coherence with country investment strategy, and (v) transparency and accountability.

New Coincident and Leading Indicators for the Lebanese Economy: (Special Focus 2) Weak economic statistics in Lebanon impede economic analysis and decision making. To remedy this, World Bank staff developed two indicators of economic activity for Lebanon: a coincident indicator (WB-CI) and a leading indicator (WB-LI). These indicators, which are based on an expanded NBER-Conference Board methodology, reveal promising statistical properties that should make them valuable coincident and

leading (one-year ahead) indicators for the Lebanese economy. Based on these indicators, GDP growth for 2012 and 2013 is estimated to be, respectively, 2.2 and 0.9 percent while growth in 2014 is predicted to reach 1.5 percent. Aside from having a high degree of accuracy, both indicators are of relatively high (monthly) frequency and are available with a relatively small time lag (2-3 months), which make them ideally suited for economic analysts, investors, and policy makers alike. In contrast to the BdL-CI, the WB-CI points to a deceleration in economic activity during the first ten months of 2013, which, if sustained over a few more months, would warrant a different monetary policy stance than the one based on the BdL-CI. This monetary policy example highlights the critical importance of having accurate, high frequency, and timely economic indicators.

FALL 2013 LEM: THE BRUNT OF THE SYRIAN CONFLICT

<u>Lebanon: Economic and Social Impact of the Syrian Conflict:</u> (Special Focus 1) 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.

SELECTED RECENT WORLD BANK PUBLICATIONS ON LEBANON

(for an exhaustive list, please go to:

http://go.worldbank.org/8700A29QW0http://go.worldbank.org/5N4AMNJXV0)

New coincident and leading indicators for the Lebanese economy (English)	2014/06/01	Policy Research Working Paper
Lebanon Economic Monitor: Spring 2014 (English)	2014/04/30	Brief
Lebanon Economic Monitor: Fall 2013 (English)	2013/10/31	Brief
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
Lebanon - Thermal standards for buildings: Review and implementation plan (English)	2011/06/01	Working Paper
Lebanon - Prototype Carbon Fund (PCF) Trust Fund Grant for Nahr Al-Barid Project: grant completion report (English)	2010/12/31	Working Paper
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
Lebanon - Social impact analysis for the electricity and water sectors (English)	2009/11/01	Brief
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

The World Bank

www.worldbank.org/lb