



Key Facts

Lebanon: Economic and Social Impact Assessment of the Syrian Conflict

September 2013

Lebanon is straining under multiple social and economic shocks as a result of the conflict in Syria:

The Economy

*Interruptions to trade and the impact on both business and consumer confidence are expected to lower the growth rate of Lebanon's Gross Domestic Product by 2.9 percent each year.

*The cumulative loss in government revenue during the 2012 to 2014 period as a result of decreased economic activity is estimated at US\$1.5 billion.

*The addition of large numbers of Syrian refugees to the Lebanese population has led to a surge in demand for public services that is projected to raise public expenditures over the same period by US\$1.1 billion.

* The combination of lower revenue and higher expenditure is widening Lebanon's already large fiscal deficit and is expected to reach US\$2.6 billion over the 2012 to 2014 period.

Poverty/Social Safety Nets

*The government of Lebanon is partly managing increased demand from the growing refugee population, expected to reach 1.6 million by 2014, by reducing access to and the quality of public services.

*The impact of the massive influx of refugees on social services is expected to push an additional 170,000 Lebanese into poverty by 2014, with the current 1 million poor falling deeper into poverty.

*To return social services to their pre-crisis levels and maintain both quality and access through to the end of 2014 would require an investment of US\$177 million.

Labor Markets

*Increased competition for jobs from the new arrivals is expected to push up the rate of unemployment and informal work by 10 percentage points each and add 220,000 to 324,000 Lebanese to the ranks of the unemployed by 2014.

*Active labor market programs to address the sudden increase in the number of people looking for work would require resources in the range of US\$166million-US\$242 million.

Health

*The urgent health needs of refugees is driving up costs for the Lebanese healthcare system, generating shortages of medicines and making it harder for the Lebanese population to access healthcare (Syrian refugees accounted for 40 percent of all primary care visits in December, 2012) which could lead to a rise in overall levels of morbidity.

*The fiscal impact on the healthcare system is estimated at US\$38 million for 2013 and US\$48-US\$69 million for 2014 (depending on flow of refugees), while restoring levels of access and quality to pre-crisis levels would require US\$177 million in 2013 and US\$216 –US\$306 million in 2014 (depending on flow of refugees.)

Education

*The Lebanese public education system accommodated 40,000 refugee children in 2012 at a direct additional cost of US\$51 million (US\$27 million of these costs were assumed by Lebanese government, while US\$24 million was financed by international donors through the United Nations.)

*90,000 refugee children are expected to enroll in the 2013 to 2014 school year, a figure that will climb to an estimated range of 140,000 to 170,000 in the subsequent school year, with the implication that the public education system will need an additional US\$183 million in 2013 and between US\$348 million and US\$434 million in 2014.

Infrastructure

*Lebanon's water and sanitation system faces a seven percent surge in total demand with an estimated fiscal impact over the 2012 to 2014 period of US\$18 million, and requiring an estimated US\$340 million to US\$375 million over the same period to maintain levels of access and quality.

*Sudden population growth has more than doubled the production of solid waste, contributing to the contamination of water resources and the spread of diseases, which will require investments of between US\$193 million and US\$206 million in waste management during the 2012 to 2014 period.

*The surge in demand on the electrical grid will lead to additional costs estimated at US\$170 million in 2013 and US\$314-393 million in 2014, with investments on the order of US\$310 million to US\$440 million needed to boost generation capacity and improve the electrical network by the end of 2014.

*While trucking services will see a 65 percent fall in business due to lower economic activity, traffic will increase from 15 to 50 percent throughout Lebanon as a result of the new arrivals, with an estimated US\$246 million to US\$525 million needed over the 2013 to 2014 period for additional road maintenance, expanded public transportation and compensation for trucking operators.