



MEADFA CONFERENCE 2018

The MEADFA Conference 2018

Beirut - Phoenicia Intercontinental Hotel

19-20 November 2018.

## Lebanon Economy Data

- Lebanon is governed by a complex system which aims to maintain a precarious balance of power across religious and political communities.
- Lebanon's deteriorating economic situation could significantly, if no structural reforms are swiftly, enacted.
- The country's economy is forecast to grow 1.3% in 2018, down from an estimated 1.8% in 2017, due to political deadlock over forming a cabinet.

### Impact of the Syrian crisis

Up to 1.5 million Syrians, about a quarter of the Lebanese population, have taken refuge in Lebanon since March 2011.

This has strained Lebanon's public finances, service delivery, and the environment.

The crisis is expected to worsen poverty incidence among Lebanese citizens as well as widen income inequality.

Result of the Syrian crisis: 200,000 additional Lebanese have been pushed into poverty, an additional 250,000 to 300,000 Lebanese citizens are estimated to have become unemployed

# SYRIAN REFUGEES IN LEBANON

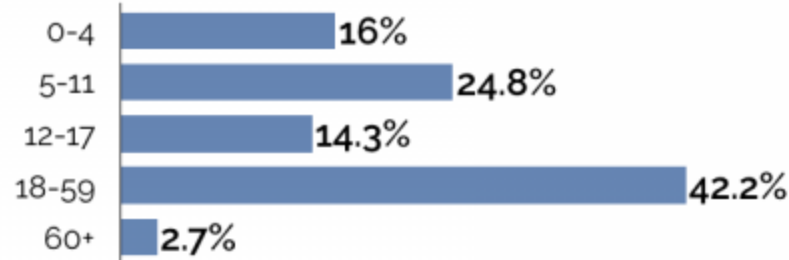
**991,165** registered Syrian refugees in Lebanon

**16.5%** percentage of Syrians out of Lebanese total population

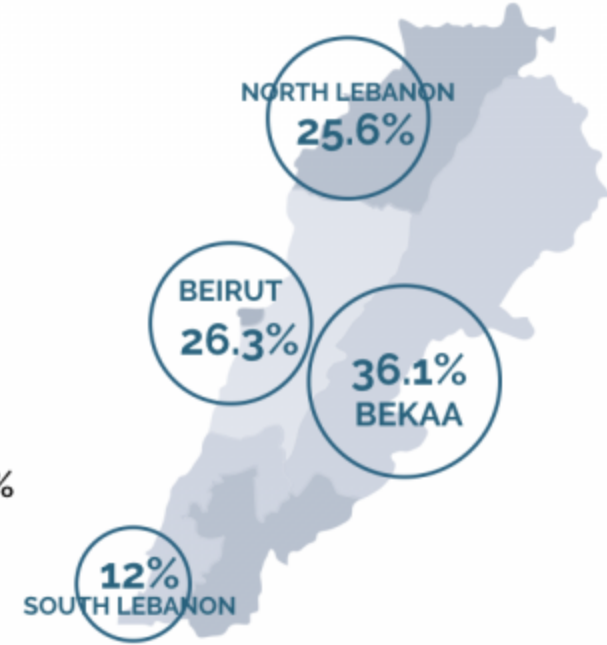
## SEX RATES



## AGE RATES



## GEOGRAPHICAL DISTRIBUTION



## LIVING CONDITIONS

- 76%** of refugee households live below the poverty line
- 58%** of refugee households live in conditions of extreme poverty
- 71%** of refugee households receive cash/non-cash assistance from humanitarian organisations
- 12%** of youngsters in the age span 17-19 has completed intermediate school

## ECONOMY

- \$18.15 BILLION** the financial burden of the Syrian crisis on Lebanese economy at the end of 2015
- \$1.68 BILLION** international funding received by Lebanon in 2017 to deal with the refugee crisis
- \$2.68 BILLION** required funding for 2017-2020 in the framework of the Lebanon Crisis Response Plan
- \$11 BILLION** international aid pledges won by Lebanon in April 2018 during the CEDRE donor conference in Paris

Source: UNHCR (total number of refugees as for March 2018, geographical distribution, age and sex rates), World Bank (percentage of refugees and economy), UNICEF (living conditions), WFP (living conditions), OCHA (Lebanon Crisis Response Plan). Notes: Poverty line equals to less than \$3.84/person per day.

## Figures and Numbers related to the situation in Lebanon



In April, at the Cedre conference in Paris, international donors pledged more than \$11 billion in loans and grants to help improve Lebanon's ailing infrastructure but they want to see reform first.

Lebanon promised reforms including measures to fight corruption and reduce budget deficits.

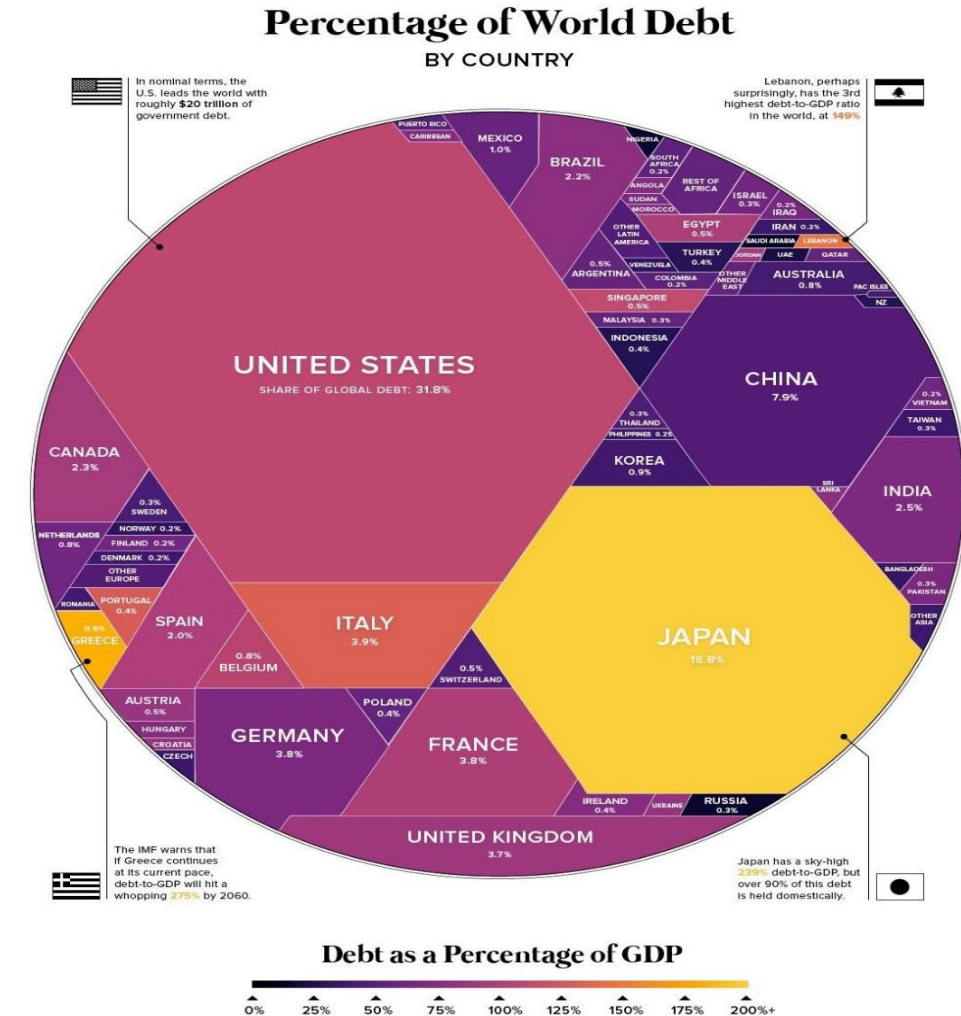
## Figures and Numbers related Lebanon

- Lebanon promised to reduce the budget deficit as a percentage of GDP by 5 percent over five years.
- Parliament approved the 2017 budget in October 2017 and the 2018 budget in March 2018, these being the first approved budgets in 12 years.
- In 2018, the country's fiscal deficit is expected to widen to 9.7% of the gross domestic product (GDP) as the public-sector wage bill increases.
- The fiscal deficit narrowed by 3 points in 2017 to reach 6.6 percent of GDP, primarily due to increased tax revenues.
- The International Monetary Fund has warned that Lebanon needs "an immediate and substantial fiscal adjustment" to make its public debt sustainable.
- Prices have rebounded in 2017, with inflation averaging 4.5% for that year and around 6.5% for 2018 compared to -0.8 percent in 2016.



# Figures and Numbers related Lebanon

- Public debt-to-GDP ratio is set to increase to 150 % from 148 % last year.
- GDP growth, adjusted for inflation, must reach at least 3% to begin reducing public debt.
- At 151 percent, Lebanon's nominal debt to gross domestic product (GDP) is the third-highest in the world
- Public Debt: 84 Billion Dollar



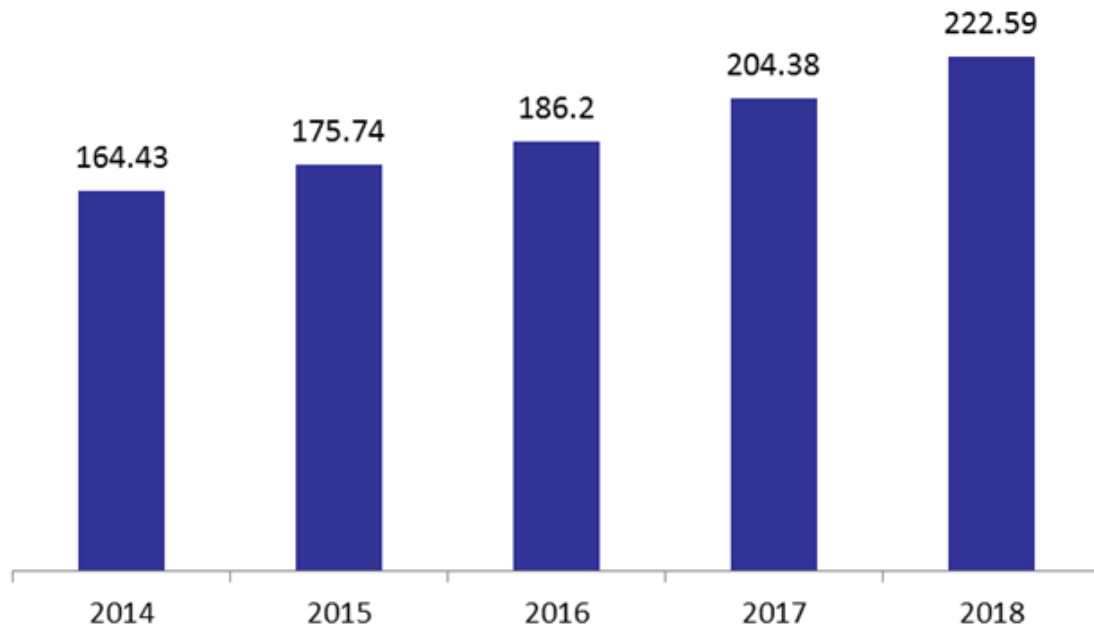
## What is requested?

The International institutions (IMF, World Bank...) are encouraging the authorities to use the current political momentum and financial pledges secured at the recent investment conference Cedre to undertake ambitious policies and reforms to tackle internal and external imbalances, improve investor confidence, and raise growth prospects.

- An immediate and substantial fiscal adjustment is essential to improve debt sustainability.
- The IMF recommended the increasing of The VAT rates, gradually eliminating electricity subsidies, and restraining public wages.
- The implementation of fundamental reforms in the electricity sector, including a gradual elimination of costly subsidies and expansion of production capacity, while minimizing the impact on the vulnerable population.
- Last year the government spent \$1.3 billion subsidizing the state power provider - 13 percent of primary expenditures.
- Lebanon needs to improve its business environment by enhancing governance to help reduce corruption, strengthen business confidence and boost investment.
- Lebanon's economy needs to grow by at least 4 per cent to absorb the new workers entering the job market, reduce unemployment and decrease government debt-to-GDP ratio

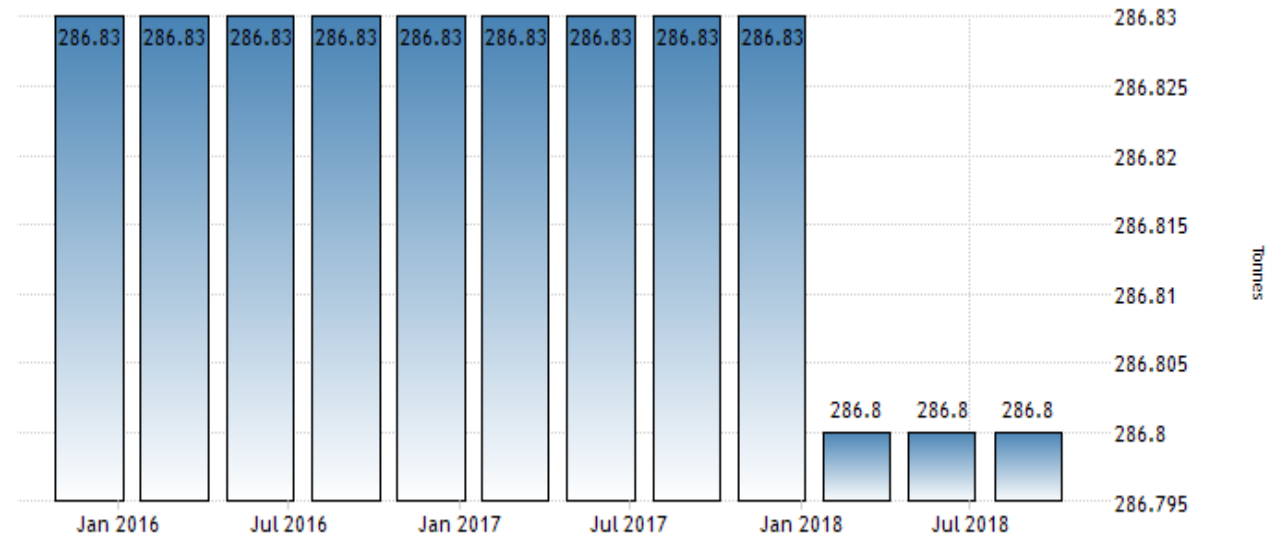
# Lebanese Banking Sector / Central Bank of Lebanon

Total Commercial Banks' Assets in January (in \$B)



Source: Central Bank of Lebanon

LEBANON GOLD RESERVES



SOURCE: TRADINGECONOMICS.COM | WORLD GOLD COUNCIL

The central bank has more than \$44 billion in assets, not including gold, which covers more than two years of imports.