Responding to the Coronavirus Crisis
Update on Lebanon (04/05/20)

**EBRD Policy Comparator**

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**Economic channels of disruption**
*Tourism, trade, investment, reforms*

- Lebanon’s underlying economic situation is already challenging, with negative growth, and high public debt, twin deficits, and funding needs. The spread of COVID-19 will deepen the economic recession.
- The global implications of the pandemic on tourism, trade and investment are undermining the timely implementation of crucial fiscal, energy and structural reforms.

**Selected crisis impact indicators**

- **EBRD GDP growth outlook (April 2020)**
  - 2020: deep recession
  - 2021: strong recovery
- **Purchasing Managers Index**
  - March 2020: 35 (down 10.4 points m/m)
- **Banque du Liban Coincident Indicator**
  - 2020: 259 (down 2.6 per cent m/m)
- **Lebanon stock market (BLOM)**
  - April 29 2020: 617 (down 21% YTD)

**Crisis response measures to date**

**Support for healthcare, workers and businesses**

- Reduce Beirut Reference Rate to 5.75% for USD and 7.75% for LBP.
- Pay part of the sums due to hospitals in a bid to mitigate the financial difficulties they are enduring.
- A national solidarity fund that would accept in-kind and monetary donations.
- Solidarity basket of food and sanitizers for families most affected by the crisis.
- BdL allows banks and financial institutions to extend exceptional 5-year 0% interest rate loans to customers. BDL will in turn provide banks and financial institutions 5-year 0% interest rate credit lines in dollars equivalent to the value of exceptional loans granted.
- Suspend dollar withdrawals until the airport reopens.
- Provide financial assistance of LBP400thousand to the families most in need.
- Agriculture Ministry reduces prices of vegetables and fruits.

**Selected crisis response indicators**

- **Payment holidays for loans (months)**
  - Exceptional 5-year 0% interest rate loans to customers that already have credit facilities but are unable to meet their obligations
  - WB: re-allocate $40mn from the Health Resilience Project ($120mn) to strengthen the Health Ministry
  - USA: $13.3mn donation for medical supplies.

**Committed external assistance**

- Project ($120mn) to strengthen the Health Ministry

**Key short-term priorities**

Boost financial sector diversification; provide labour market opportunities for excluded groups; National Poverty Targeting Programme

To learn more about EBRD’s support to Lebanon visit: [https://www.ebrd.com/lebanon.html](https://www.ebrd.com/lebanon.html)

Media enquiries: Nibal Zgheib [nibal.zgheib@ebrd.com](mailto:nibal.zgheib@ebrd.com)