Responding to the Coronavirus Crisis
Update on Lebanon (18/05/20)

EBRD Policy Comparator

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social sec. contr.</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
<td>Inspections/ audits suspended</td>
</tr>
<tr>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

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.
- A five-phase plan was approved in April to gradually ease the general mobilization.

Selected crisis impact indicators
EBRD GDP growth outlook (May 2020)
2020: -11.0%
2021: 6.0%

Purchasing Managers Index
(April 2020) 30.9 (down 4.1 points m/m)

Banque du Liban Coincident Indicator
(January 2020) 259 (down 2.6 per cent m/m)

Lebanon stock market (BLOM)
(May 11 2020) 619 (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 LL0.4mn ($264 at the official rate) to the families most in need.
- Agriculture Ministry reduces prices of vegetables and fruits.

Selected crisis response indicators

Payment holidays for loans
(months)

Committed external assistance

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.

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

Media enquiries: Nibal Zgheib nibal.zgheib@ebrd.com