

Coronavirus response in 2021: building back better

Update on Lebanon (06 December 2021)



Covid-19 policy response

- **Lebanon continued to sink into financial, economic and social crisis in 2021, hindering any effective response to Covid-19.** Currency depreciation has deepened, the government has yet to rein in the parallel foreign-exchange market, inflation continues to spiral and external imbalances point to further economic decline. Consequently, unemployment and poverty levels are projected to have skyrocketed.
- **The vaccination campaign was rolled out in March 2021 and the uptake was initially slow.** However, it is gathering pace as the government attempts to minimise damage to public health (more than 25 per cent of population was fully vaccinated as of early December 2021).
- **Delays in an agreement on a much-needed International Monetary Fund (IMF) programme is derailing reforms and drying up international support.** This, in turn, is placing more financial strain on households, government spending and the availability of basic goods, not to mention the potential for recovery in 2022.

Macroeconomic indicators (per cent)

	2018	2019	2020
GDP growth	-1.7	-7.2	-25.0
Annual inflation (year end)	5.6	7.0	145.8
Government balance/GDP	-11.2	-10.3	-3.2
Current-account balance/GDP	-28.5	-27.6	-17.8
Net FDI/GDP	3.7	3.3	15.8
Public debt/GDP (year end)	154.0	171.1	150.4
Unemployment rate (year end)	6.1	6.0	n/a

Short-term indicators

EBRD GDP growth forecast (Nov 2021)

2021: -10.0%; 2022: 3.5%

PMI (BLOM): 46.1 (Nov 2021)

Annual inflation: 173.6% (Oct 2021)

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: selected ongoing initiatives

Competitive

- The Public Procurement Law of 2021 was passed by parliament to improve financial governance, transparency and competition.

Well-governed

- Partial subsidy reforms were undertaken to alleviate fiscal pressure, notably on fuel, bread and some medicinal items.

Green

- Lebanon is targeting an increase in energy generation from renewables to 30 per cent by 2030.

Key short-term priorities

- Agreement on an IMF-supported stabilisation and structural reform programme remains the most immediate priority.
- Comprehensive social safety nets are a pressing need, in tandem with the reform programme.
- Strong commitment is needed to expedite the forensic audit of Banque du Liban (BdL), retrieve stolen assets and combat corruption.