

RESPONSES TO THE LEBANON-SYRIAN CONFLICT: ROADMAP AND TRUST FUND

In the September issue of the MoET Lebanese Economic Highlights, we summarized the Economic and Social Impact Assessment (ESIA) document prepared by the World Bank (WB). As such, the socio-economic costs of the Syrian conflict on the Lebanese economy and the required stabilization needs to return the situation to its pre-crisis levels were identified. The following costs and stabilization needs are summarized in the below table:

	A	B	C	A+B+C
	2012 (USD millions)	2013 (USD millions)	2014 (USD millions) (Baseline Influx)	CUMULATIVE (2012-2014)
ECONOMIC IMPACT				
Nominal GDP (counter-factual: no Syrian conflict spillover) (Millions USD)	44,088	47,662	51,157	
Nominal GDP (actual and projected) (Millions USD)	42,945	45,203	47,230	
Loss in Economic Activity (Nominal; Millions USD)	1,143	2,459	3,927	7,529
QUANTIFIED IMPACT ASSESSMENT				
Total Impact Assessment, of which:	62	315	520	897
Health	6	38	48	92
Education	29	63	102	194
Employment & Livelihoods				
Poverty & Social Safety Nets	6	6	9	21
Water	5	5	8	18
Solid Waste Management		33	39	72
Electricity Sector	16	170	314	500
Transportation Sector				
QUANTIFIED STABILIZATION ASSESSMENT				
Total Stabilization Assessment, of which:	206	821	1,462	2,489
Health	38	177	216	431
Education	97	183	348	628
Employment & Livelihoods			166	166
Poverty & Social Safety Nets	23	67	85	175
Water	5	89	246	340
Solid Waste Management	4	48	141	193
Electricity Sector	39	214	57	310
Transportation Sector		43	203	246
IMPACT ASSESSMENT	62	315	520	897
STABILIZATION ASSESSMENT	206	821	1,462	2,489
LOSS IN REVENUES	369	573	592	1,534
TOTAL	637	1,709	2,574	4,920

The response to the needs quantified in the ESIA report includes preparations of a new roadmap and financing mechanism. First, the Government of Lebanon (GoL), with the support of the ESIA partners, developed a "Roadmap of Priority Interventions for Stabilization" in order to alleviate the impact of the Syrian conflict on Lebanon. The Roadmap prioritizes interventions according to their delivery time and impact rapidity and as such, are allocated according to the following four tracks:

Track Number and Title	Description
Track 1: Rapid Delivery and Immediate Impact	<ul style="list-style-type: none"> • Include programs and/or projects which would have an immediate impact on Lebanese families and communities affected by the Syrian crisis. • Seek to fund existing programs/projects that can be enlarged and/or rapidly implemented, and for which donor grant resources can be made available
Track 2: Medium Term Delivery and Impact	<ul style="list-style-type: none"> • Include program and/or projects of medium size and that need longer preparation and implementation time.
Track 3: Long-Term Delivery and Impact	<ul style="list-style-type: none"> • Include programs and/or projects with a sustained development impact and the potential to carry sectorial policy reforms, such as infrastructure and finance and private sector investments and/or emergency projects to mitigate the impact of the Syrian crisis. • In time, programs/ projects could benefit from long-term development funding, increased empowerment and participation of local municipalities and the possibility of grant financing from donors. • The finalization of these programs and projects will require the appropriate institutional setting and the capacity and political will to enter into sector policy reform programs.
Track 4: Private Sector Engagement	<ul style="list-style-type: none"> • Considers how to involve the private sector in entering the Lebanese market through targeted financing aimed at the delivery of services, such as energy, electricity, water and transport, and in connection with the policy reform agenda pursued in Track 3.

- Second, the GoL asked the WB to help establish a financing mechanism that would allow for the flow of funds to finance the identified activities under the Roadmap. As such, the Lebanon Syrian Conflict Trust Fund (LSCTF) was created. Although it is one of several financing mechanisms available at the national level, the LSCTF however is an effective coordination, fiduciary and management vehicle that specifically channels resources to the activities identified under the Roadmap and in turn, supports the Lebanese government's response plan indicated in the ESIA document.
- Although, there would be no earmarking under LSCTF, areas of interventions could be established along one or more of the following lines:
 - Thematic-based
 - Sector-based
 - Area-based
 - Beneficiary-based
 - Budget line funding-based

In fact, the World Bank, in close consultation with the GoL, will administer the fund. Both will also select the operations that would receive funding, starting with priority interventions listed in the Roadmap, particularly under tracks one and two.

Lebanon Syrian Conflict Trust Fund's Governance Structure

The governance structure will consist of 3 tiers:

- **The Steering Board (SB):** Would provide overall strategic direction, and set the priorities within the ESIA framework, taking into account the resources available within the trust fund.
- **The Technical Sector Groups (TSGs):** Will be responsible for selecting priority activities and determining fund allocation according to the specifications of the SB. Each TSG is accountable for LSCTF activities under its sector coverage, which may include Finance, Economy, Interior, Social Affairs, Education, Health, Energy, Water Supply and Sanitation.
- **World Bank Secretariat:** Will provide support to the TSG in program implementation following World Bank policies and procedures as referenced in an Operations Manual.

MONTHLY ECONOMIC TRENDS :

• ECONOMIC FORECASTS

The **Coincident Indicator** — a compound index of a number of economic indicators published by BDL that estimates economic performance—saw a recovery in its figures in October 2013, by recording a YTD increase of 3.0% in the first ten months of 2013 relative to the 3.7% fall attained in the first ten months of 2012.

• REAL ESTATE

Real Estate continued to worsen by November 2013. The **Value of Real Estate Sales** fell by 5.4% in the first eleven months of 2013 relative to the same period in 2012 while the **Number of Sale Transactions by foreigners and locals** fell by 7.7% and 5.4% respectively. This was mainly due to the uncertainty arising from the regional turmoil that has left a negative impact on investor and consumer sentiments at large.

• TOURISM

For the third year running, **Number of Tourists** witnessed a fall in their figures from the peak attained in 2010. The number of tourists fell from 2,015,755 in the first eleven months of 2010 down to 1,525,038, 1,255,091 and 1,162,962 in the same period in 2011, 2012 and 2013 respectively. Similarly, **Hotel Occupancy Rates** reached a low of 51%. This downturn continues to be the result of the local and regional situation deterring Arab tourists from visiting the country.

- **The Number of Arab tourists** also declined over this period, falling 56.1% from 837,683 in the first eleven months of 2010 to 367,401 in the same period in 2013. As such, they now represent 31.6% of total tourists versus 49.4% in the same period of their peak year. Europeans on the hand, continued to hold the top spot, as they captured 34.3% share of tourists in the first eleven months of 2013 relative to 29.8% in the same period in 2010.

• TRADE

- **Value of Imports** saw a 0.1% increase in the first eleven months of 2013 relative to the same period a year earlier, to reach USD 19,433 Million while **Volume of Imports** rose by 2.2%. Removing the effects of oil imports however leads to a steeper rise in both the value and volume of imports, the former climbing by 5.9% while the later rises by 16.3%.

- **Value of Exports** however saw a 6.9% decline in figures over the same period, reaching USD 3,817 Million in the first eleven months of 2013 relative to the USD 4,102 Million attained a year earlier. This was mainly due to the sharp decline in jewelry exports, which fell 54% in the first eleven months of 2013 relative to the same period in 2012, to make up only 20% of total exports compared to the 39% reported last year. The **Volume of Exports** however rose by 9.2%. This is mainly attributed to the 492% rise in the volume of mineral fuel oils, which now make up 13% of total exports compared to the 2% reported last year, as supply of oil products to Syria skyrocketed since the start of the conflict.

- As such, the **Value of the Trade Deficit** in the first eleven months of 2013 showed a rise of 2% when oil products are included in the equation. Removing oil products however leads to a year on year surge in the trade deficit in 2013 so that it rises by 11.2% relative to the first eleven months of 2012.

- The **Balance of Payments** even saw a net improvement in the first eleven months of 2013, as its deficit fell to USD 1,660 Million from the USD 1,849 attained in the same period in 2012. This improvement came about despite the 2% rise in the trade deficit, as the 7.3% rise in **Capital inflows** made up for the decline over the said period.

• FISCAL PERFORMANCE

- The continued combination of a surge in expenditures and a downturn in revenues has led to a widening in the Fiscal Balance. The **Fiscal Deficit** reached USD 3,519 Million in the first ten months of 2013, rising by 31.5% relative to the same period in 2012.

- **Total Revenues** fell 2.2% to reach USD 7,921 Million in the first ten months of 2013 and was mainly driven by a 1.1% fall in tax revenues, resulting from a 4.5% and 3.6% respective drop in revenues from customs and property transactions, and an 11% reduction in non tax revenues, mainly due to the 15.2% decline in Telecom revenues.

- **Total Expenditures** reached USD 11,439 Million in the first ten months of 2013 relative to the USD 10,774 Million attained in the same period of 2012, constituting an increase of 6.2%. This surge was the result of a 9.5% in general expenditures, of which 3.4% are the result of a rise in interest payments, as well as a rise in transfers to the municipalities and suppliers arrears. EdL payments however continued their downward trend as they fell by 4% relative to the same period in the previous year.

• BANKING

- Although **Private Sector Deposits** continued to grow in the first ten months of 2013, Year to Date growth in 2013 witnessed a slight slowdown relative to the YTD growth attained in 2012, given that the former reached 5.7% compared to 5.9% in the later. Nevertheless, private sector deposits surpassed USD 132 Billion, accounting for 83% of total commercial bank assets by October 2013.

- **Foreign Assets** fell by 2.6% in the first ten months of 2013 relative to the 0.2% rise observed in the same period a year earlier. The reduction was mainly the result of the continued plunge in the value of **Gold Reserves**, which fell 19.9% in the first ten months of 2013 relative to the 10.1% rise witnessed in the same period in 2012.

Disclaimer:

The most recent month is highlighted for each of the following indicators:

- Coincidence Indicator: October 2013
- Real Estate: November 2013
- Tourism: November 2013
- Trade: November 2013
- Balance of Payments: November 2013
- Fiscal Performance: October 2013
- Banking Sector Deposits: October 2013
- Foreign Assets: October 2013
- Gold Reserves: October 2013

For more information or assistance, please do not hesitate to contact the Economic Research Unit at the Ministry of Economy and Trade:

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KEY ECONOMIC INDICATORS

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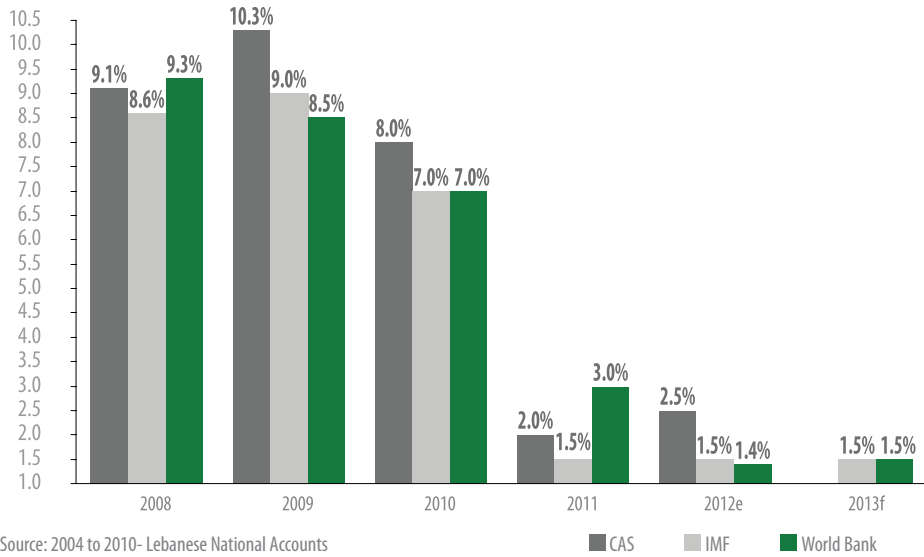
GENERAL INDICES	Footnote	Period	2013	2012	2013/2012 % Δ	2011	2012/2011 % Δ	2010	2009	2008
Nominal GDP (Billions USD)										
CAS	1	Jan- Dec	-	42.9		40.1	7.0%	38.0	35.1	28.8
IMF	2	Jan- Dec	43.5	41.3		39.0	5.9%	37.1	34.7	29.7
World Bank	3	Jan- Dec	-	42.9		40.1	7.0%	37.1	34.7	30.1
Real Economic Growth Rate (%)										
CAS	1	Jan- Dec		2.5%		2.0%		8.0%	10.3%	9.1%
IMF	2	Jan- Dec	1.5%	1.5%		1.5%		7.0%	9.0%	8.6%
World Bank	3	Jan- Dec	1.5%	1.4%		3.0%		7.0%	8.5%	9.3%
Coincidence Indicator (1993 =100)	4	Oct	270.5	255.6	5.8%	259.50	-1.5%	249.9	233.5	200.2
Growth in Coincident Indicator (%)	4	YTD Oct	3.0%	-3.7%		1.6%		3.9%	11.4%	6.7%
Inflation Rate (%)	1	Jan-Nov	130.4	129.6	0.7%	117.6	10.2%	113.50	108.80	106.2
Electricity Production (Millions Kwh)	4	Jan-Oct	9,968	9,148	9.0%	10,589	-13.6%	10,484	10,004	9,308
Number of New Car Registrations	5	Jan-Nov	32,695	32,049	2.0%	29,712	7.9%	30,957	29,122	30,603
Number of Industrial Licenses	6	Jan-June	210	170	23.5%	206	-17.5%	-	-	-
LABOR										
Number of Renewed Work Permits given to Foreign Workers	7	Jan-Dec	-	137,034		123,975	10.5%	114,810	-	-
Number of 1st Time Work Permits given to Foreign Workers	7	Jan-Dec	-	53,985		60,981	-11.5%	45,005	-	-
CONSTRUCTION AND REAL ESTATE										
Cement Deliveries (000s Tons)	4	Jan-Oct	4,931	4,474	10.2%	4,783	-6.4%	4,417	4,191	3,477
Construction Permits area (000s of Sq m)	8	Jan-Nov	11,701	13,066	-10.4%	14,760	-11.5%	15,694	11,414	10,801
Total Number of New Permits	8	Jan-Nov	15,412	16,682	-7.6%	16,892	-1.2%	15,957	13,377	9,906
Total Value of Real Estate Sales (Millions of USD)	9	Jan-Nov	7,666	8,109	-5.5%	7,656	5.9%	8,294	5,711	11,139
Total Number of Property Sales, of which:	9	Jan-Nov	61,996	65,562	-5.4%	73,207	-10.4%	84,101	71,415	72,097
Sales to Locals	9	Jan-Nov	60,891	64,365	-5.4%	71,907	-10.5%	82,435	69,617	70,461
Sales to Foreigners	9	Jan-Nov	1,105	1,197	-7.7%	1,300	-7.9%	1,666	1,798	1,636

[1] Lebanese Central Administration of Statistics (CAS) National Account figures, October 2013 [2] World Economic Outlook Report, October 2013, [3] World Bank [4] Central Administration of Statistics, [4] Banque du Liban, [5] Association of Car Importers in Lebanon, [6] Ministry of Industry, [7] Ministry of Labor [8] Order of Architects in Beirut and Tripoli, [9] Real Estate Directorate

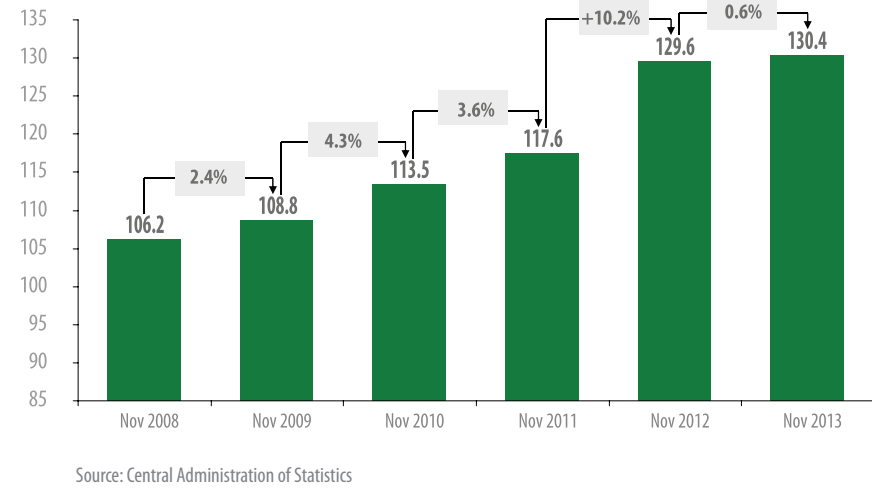
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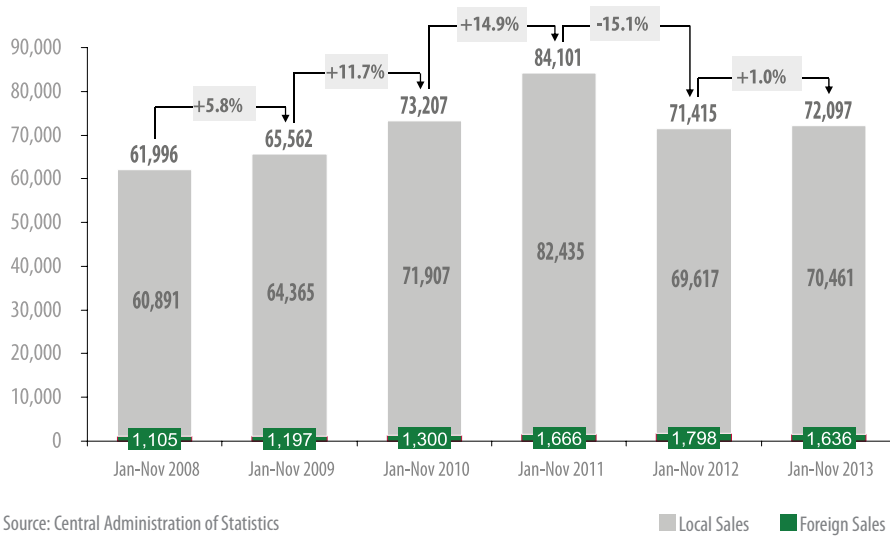
GDP GROWTH (IN PERCENTAGE; 2008-2013F)



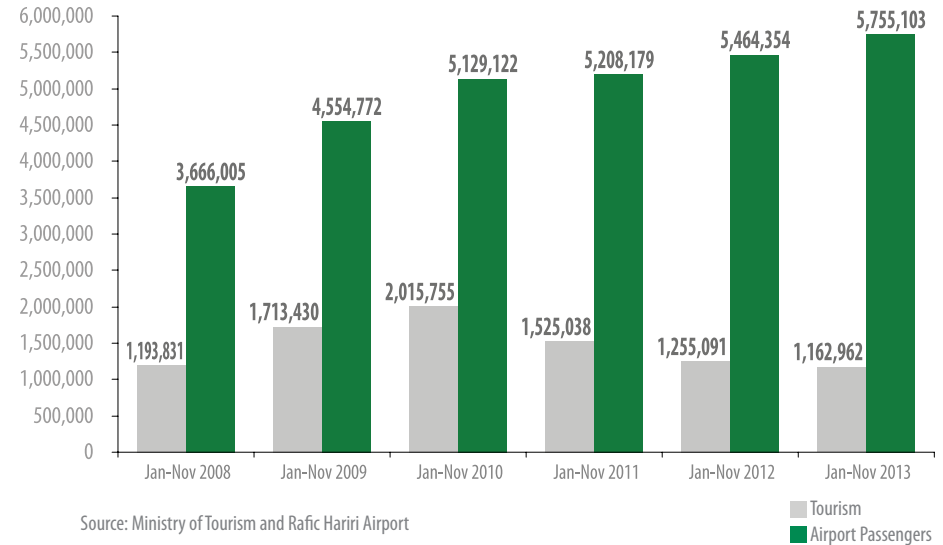
EVOLUTION IN CONSUMER PRICE INDEX (DEC 2007=100)



EVOLUTION OF THE NUMBER OF PROPERTY SALES (IN NUMBER OF SALES; 2008-2013)



EVOLUTION IN THE NUMBER OF TOURISTS AND AIRPORT PASSENGERS (2008-2013)



KEY ECONOMIC INDICATORS

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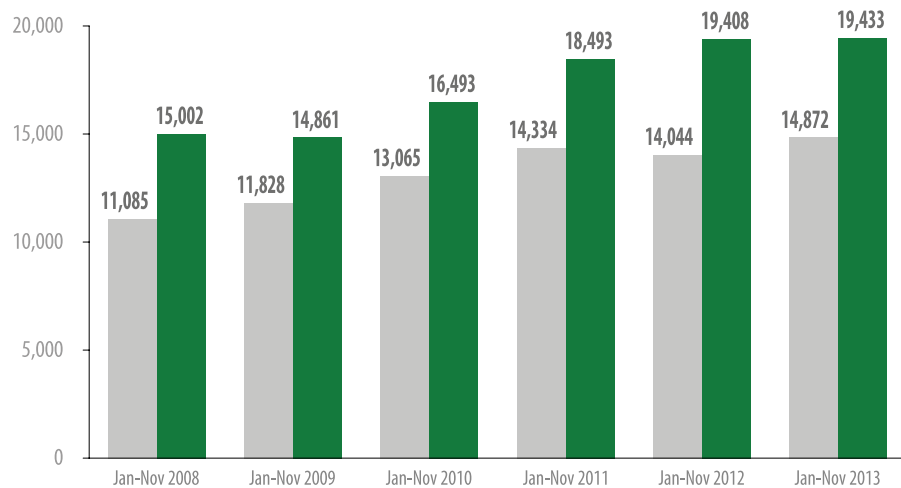
TRADE	Footnote	Period	2013	2012	2013/2012 % Δ	2011	2012/2011 % Δ	2010	2009	2008
Exports Value (Millions of USD), of which:	10	Jan-Nov	3,817	4,102	-6.9%	3,927	4.5%	3,766	3,122	3,229
Exports Volume (Millions of Tons)	10	Jan-Nov	2.61	2.39	9.2%	2.52	-5.4%	2.80	2.68	3.26
Imports Value (Millions of USD), of which:	10	Jan-Nov	(19,433)	(19,408)	0.1%	(18,493)	4.9%	(16,493)	(14,861)	(15,002)
Mineral Fuels and Oils	10	Jan-Nov	(4,561)	(5,364)	-15.0%	(4,159)	29.0%	(3,428)	(3,033)	(3,917)
Imports Value, excl Oil Products	10	Jan-Nov	(14,872)	(14,044)	5.9%	(14,334)	-2.0%	(13,065)	(11,828)	(11,085)
Imports Volume (Millions of Tons), of which:	10	Jan-Nov	14.52	14.21	2.2%	13.99	1.6%	13.92	13.56	11.60
Mineral Fuels and Oils	10	Jan-Nov	4.43	5.53	-19.9%	4.80	15.2%	4.57	5.19	4.23
Imports Volume, excl Oil Products	10	Jan-Nov	10.09	8.68	16.3%	9.19	-5.6%	9.35	8.37	7.37
Trade Deficit (Millions of USD)	10	Jan-Nov	(15,616)	(15,306)	2.0%	(14,566)	5.1%	(12,727)	(11,739)	(11,773)
Trade Deficit, excl Oil Products	10	Jan-Nov	(11,055)	(9,942)	11.2%	(10,407)	-4.5%	(9,299)	(8,706)	(7,856)
Industrial Exports (excluding Gold Ingots)	6	Jan-Oct	2,642	2,444	8.1%	2,761	-11.5%	2,677	2,085	-
Industrial Machinery	6	Jan-Oct	264	239	10.4%	207	15.8%	196	168	154
Capital Inflows (Millions of USD), of which:		Jan-Nov	14,436	13,457	7.3%	11,879	13.3%	14,810	18,028	14,520
Balance of Payments (Millions of USD)	4	Jan-Nov	(1,660)	(1,849)	-10.2%	(2,687)	-31.2%	2,083	6,289	2,747
Value of Transit Goods (Millions of USD)	10	Jan-Nov	421.4	312.0	35.1%	368.6	-15.3%	350.0	389.0	303.3
Port Activity (000s Tons of Goods)	11	Jan-Nov	7,502	6,687	12.2%	6,092	9.8%	5,947	5,772	5,255
Port Revenues (Millions of USD)	11	Jan-Nov	183.2	158.5	15.6%	145.7	8.8%	152.3	149.8	120.1
Total TEU (Twenty Foot Equivalent Unit) of which:	11	Jan-Nov	1,025,263	956,440	7.2%	945,139	1.2%	872,804	914,476	861,938
TEU to Local Market	11	Jan-Nov	695,431	580,624	19.8%	533,315	8.9%	551,765	537,389	476,843
Transshipment	11	Jan-Nov	329,832	375,816	-12.2%	411,824	-8.7%	321,039	377,087	385,095
TOURISM										
Number of Tourists	12	Jan-Nov	1,162,962	1,255,091	-7.3%	1,525,038	-17.7%	2,015,755	1,713,430	1,193,831
Hotel Occupancy Rates	13	Jan-Oct	51%	56%	-8.9%	56%	0.2%	68%	72%	51%
Evolution in Tourism Spending	14	Jan-Sept			-11%		1%			
Number of Airport Passengers (in Millions)	15	Jan-Nov	5.76	5.46	5.3%	5.21	4.9%	5.13	4.55	3.67

[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Beirut Port
 [12] Ministry of Tourism, [13] Ernst and Young Hotel Benchmark Survey Report June 2013, [14] Global Blue [15] Rafic Hariri Airport

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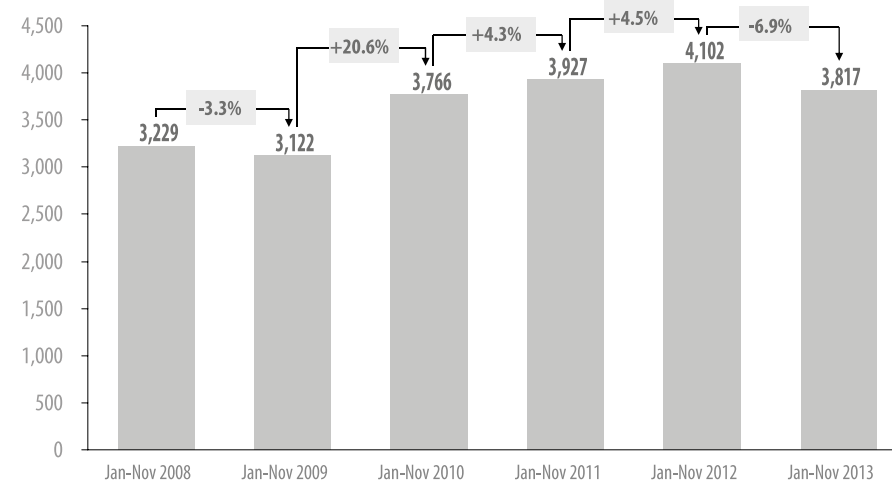
EVOLUTION OF IMPORTS (IN MILLIONS OF USD; 2008 TO 2013)



Source: Lebanese Customs

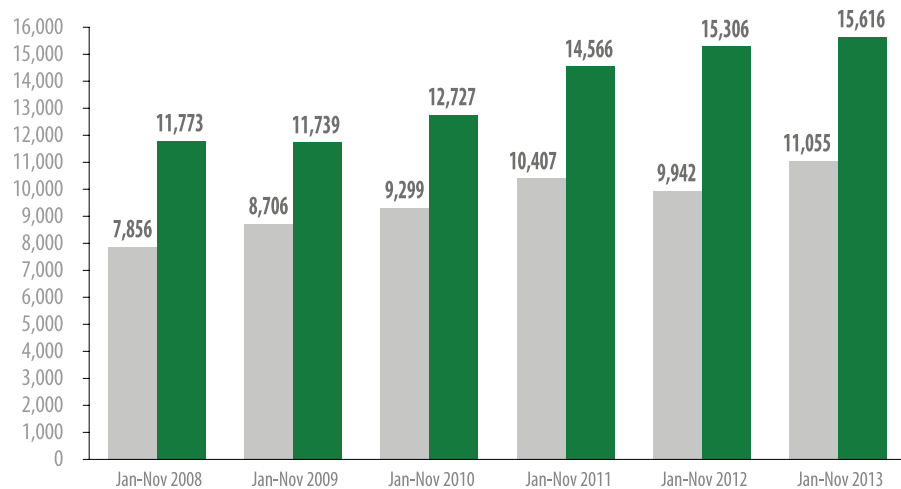
■ Excluding Oil ■ Including Oil

EVOLUTION OF EXPORTS (IN MILLIONS OF USD; 2008 TO 2013)



Source: Lebanese Customs

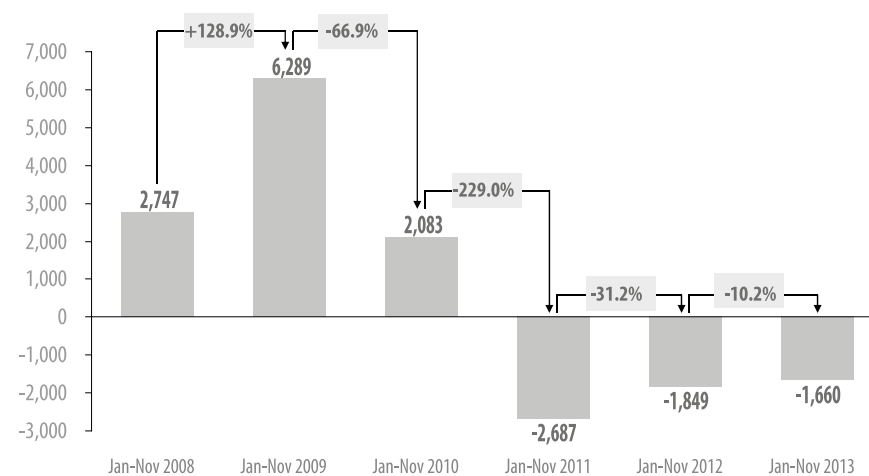
EVOLUTION IN TRADE DEFICIT (IN MILLIONS OF USD; 2008 TO 2013)



Source: Lebanese Customs

■ Excluding Oil ■ Including Oil

EVOLUTION IN BALANCE OF PAYMENTS (IN MILLIONS OF USD; 2008 TO 2013)



Source: Port of Beirut



KEY ECONOMIC INDICATORS

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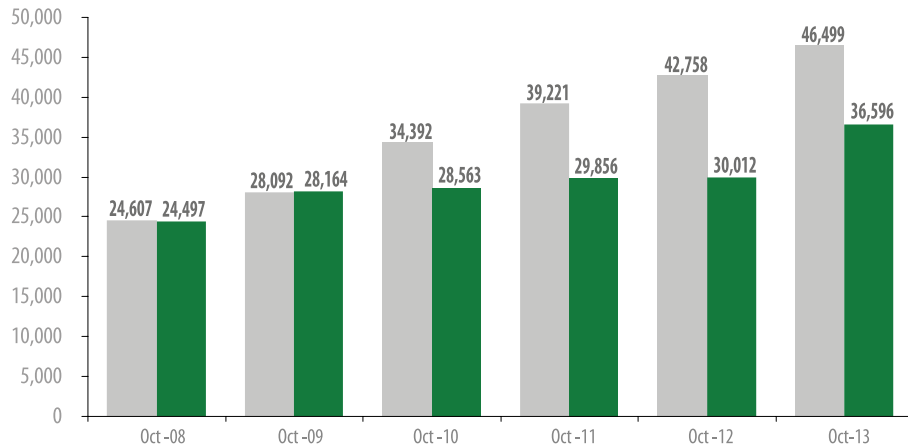
BANKING	Footnote	Period	2013	2012	2013/2012 % Δ	2011	2012/2011 % Δ	2010	2009	2008
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	Oct	160,600	149,375	7.5%	139,542	7.0%	126,648	111,569	90,431
Growth in Commercial Banking Assets (%)	4	YTD Oct	5.7%	6.3%		8.2%		9.9%	18.4%	9.9%
Private Sector Deposits (Millions USD)	4	Oct	132,098	122,597	7.7%	114,191	7.4%	104,185	92,442	74,795
Growth in Private Sector Deposits (%)	4	YTD Oct	5.7%	5.9%		6.5%		8.8%	18.9%	11.2%
Loans to the Private Sector (Millions of USD)	4	Oct	46,499	42,758	8.7%	39,221	9.0%	34,392	28,092	24,607
Growth in Loans to the P.S (%)	4	YTD Oct	7.0%	6.9%		12.3%		21.2%	12.2%	20.5%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	Oct	44,119	45,320	-2.7%	46,418	-2.4%	40,546	33,762	22,858
Growth in Foreign Assets (%)	4	YTD Oct	-2.6%	0.2%		11.6%		13.5%	34.5%	31.2%
Foreign Currency Reserves	4	Oct	31,855	29,459	8.1%	30,513	-3.5%	28,201	24,120	16,165
Growth in Foreign Currency Reserves (%)	4	YTD Oct	6.3%	-4.4%		6.7%		9.9%	41.4%	65.3%
Gold Reserves	4	Oct	12,264	15,861	-22.7%	15,905	-0.3%	12,345	9,642	6,693
Growth in Gold Reserves(%)	4	YTD Oct	-19.9%	10.1%		22.2%		22.7%	20.0%	-12.4%
Lebanese Pound Deposit Rate (%)	4	Oct	5.44	5.43	0.2%	5.60	-3.0%	5.72	6.86	7.28
Lebanese Pound Lending Rate (%)	4	Oct	7.59	7.31	3.8%	7.27	0.6%	8.15	9.32	9.90
USD Deposit Rate (%)	4	Oct	2.94	2.87	2.4%	2.82	1.8%	2.81	3.18	3.54
USD Lending Rate (%)	4	Oct	6.85	7.15	-4.2%	7.10	0.7%	7.08	7.28	7.53
3-Month TB Yield (%)	4	Oct	4.44	4.44	0.0%	3.93	13.0%	3.93	4.75	5.22
6 Month TB Yield (%)	4	Oct	4.99	4.99	0.0%	4.50	10.9%	4.52	5.98	7.22
12 Month TB Yield (%)	4	Oct	5.35	5.35	0.0%	4.81	11.2%	4.81	6.17	7.73
36-Month TB Coupon (%)	4	Oct	6.61	6.61	0.0%	6.03	9.6%	6.03	7.56	9.27

[4] Banque du Liban

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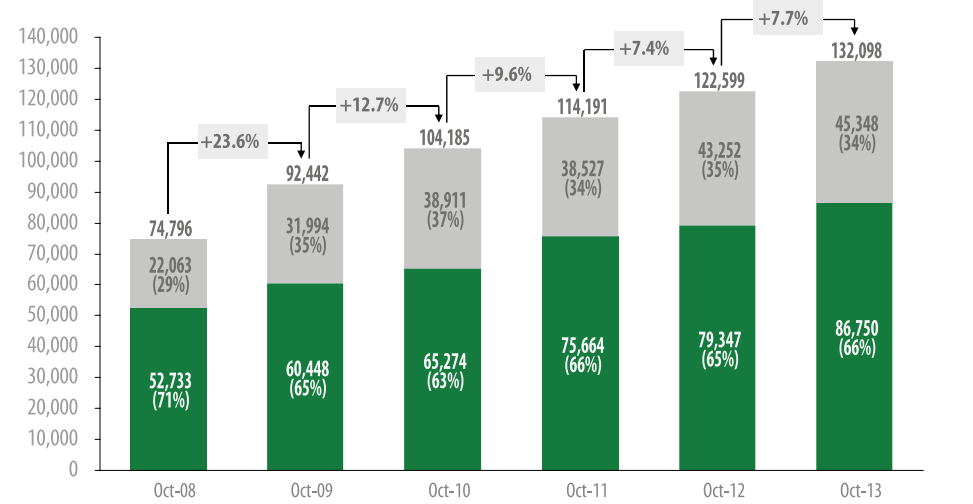
TOTAL LOANS TO THE PRIVATE (RESIDENT AND NON RESIDENT) AND PUBLIC SECTOR (MILLIONS OF USD; 2008-2013)



Source: Banque du Liban

■ Total Loans to the Private Sector
■ Total Loans to the Public Sector

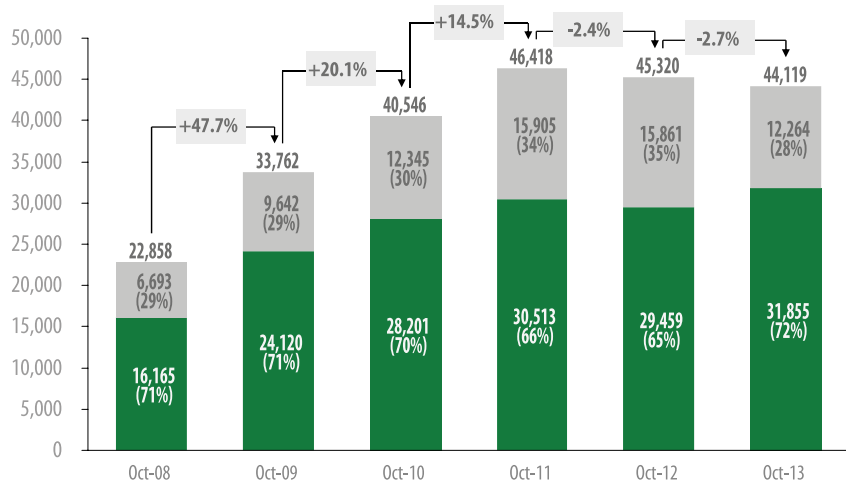
VALUE OF BANK DEPOSITS (LEBANESE AND FOREIGN CURRENCY) (IN MILLIONS USD; 2008-2013)



Note: Bank Deposits defined as Resident Private Sector Deposits (excluding Public Sector)
Source: Banque du Liban

■ Lebanese Deposits
■ Foreign Currency Deposits

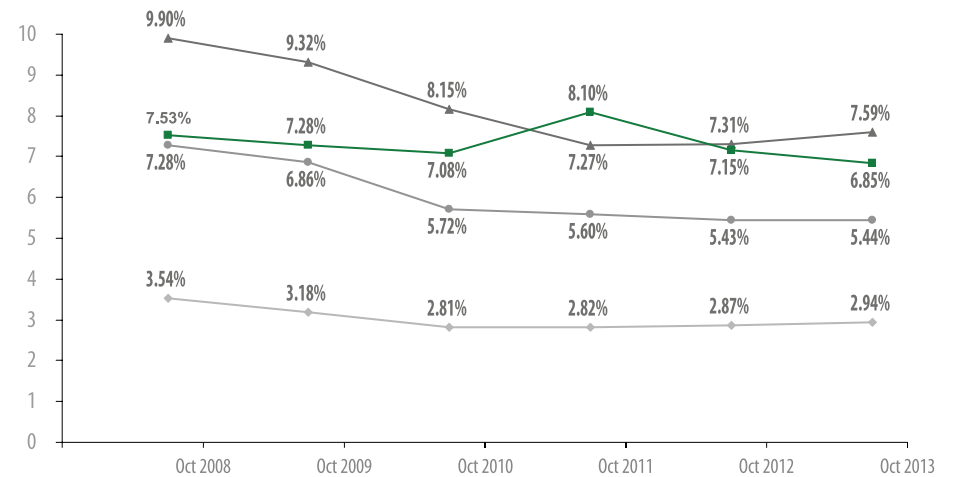
VALUE OF FOREIGN ASSETS HELD BY BDL (IN MILLIONS USD; 2008-2013)



Source: Banque du Liban

■ Gold
■ Foreign Currency

LBP AND USD DEPOSIT AND LOAN RATES (IN PERCENTAGE; 2008-2013)



Source: Banque du Liban

■ LBP Deposit
■ USD Deposit
■ LBP Loan
■ USD Loan



KEY ECONOMIC INDICATORS

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FINANCE	Footnote	Period	2013	2012	2013/2012 % Δ	2011	2012/2011 % Δ	2010	2009	2008
M3 Money Supply (Million USD)	4	Oct	109,020	102,422	6.4%	96,258	6.4%	90,569	79,706	66,379
Growth in M3 Money (%)	4	YTD Oct	4.8%	5.3%		4.5%		10.3%	16.1%	10.9%
Market Capitalization (Millions USD)[16]	16	Jan-Dec	10,545	10,421	1.2%	10,285	1.3%	12,676	12,843	9,609
Value of Traded Shares (Millions of USD)	16	Jan-Dec	375	409	-8.2%	515	-20.7%	1,871	1,038	1,710
Volume of Traded Shares (Millions of Shares)	16	Jan-Dec	51.4	55.0	-6.6%	77.5	-29.0%	271.1	102.6	105.5
Value of Kafalat Loans (Millions USD)[17]	17	Jan-Nov	108.1	128.5	-15.8%	151.9	-15.5%	155.7	127.4	117.1
Number of Kafalat Loans	17	Jan-Nov	801	953	-15.9%	1,182	-19.4%	1,293	949	842
Value of Cleared Checks (Millions of USD)[18]	4	Jan-Oct	60,031	59,036	1.7%	59,704	-1.1%	57,291	46,000	44,176
Number of Cleared Checks (in Millions)[19]	4	Jan-Oct	11.0	10.8	1.7%	10.8	0.0%	11.2	10.1	9.6
EXCHANGE RATE MARKETS										
YoY USD-LBP Exchange Rate[20]	18	Dec Close	1,503	1,508	-0.3%	1,506	0.1%	1,507.5	1,507.5	na
YoY EURO-USD Exchange Rate[21]	19	Dec Close	1.3743	1.3193	4.2%	1.2961	1.8%	1.3291	1.4321	na
YoY GBP-USD Exchange Rate[22]	19	Dec Close	1.6557	1.6153	2.5%	1.5543	3.9%	1.5426	1.617	na
YoY USD-JPY Exchange Rate[23]	19	Dec Close	105.31	86.75	21.4%	77.64	11.7%	81.53	93.03	na

[16] Beirut Stock Exchange, [17] Kafalat

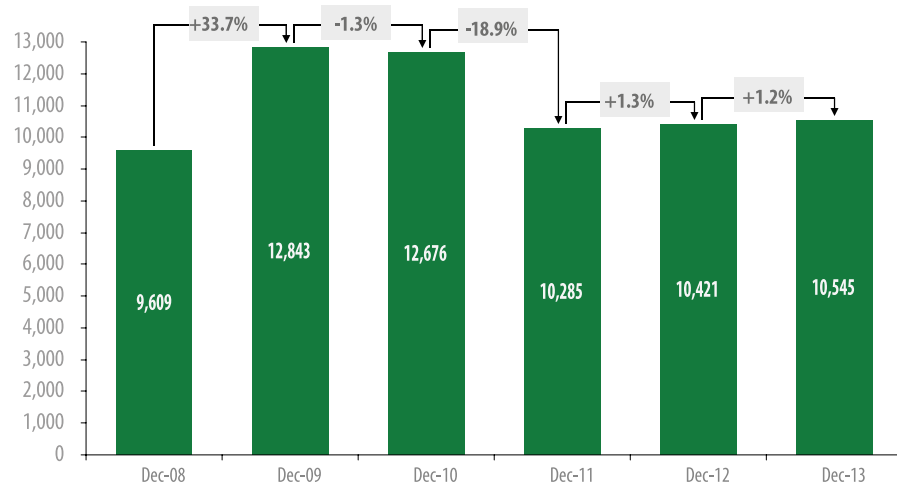
[4] Banque du Liban

[18] BLOM Bank "Lebanon Brief" Reports, [19] Bloomberg.com - Interactive Currency Charts

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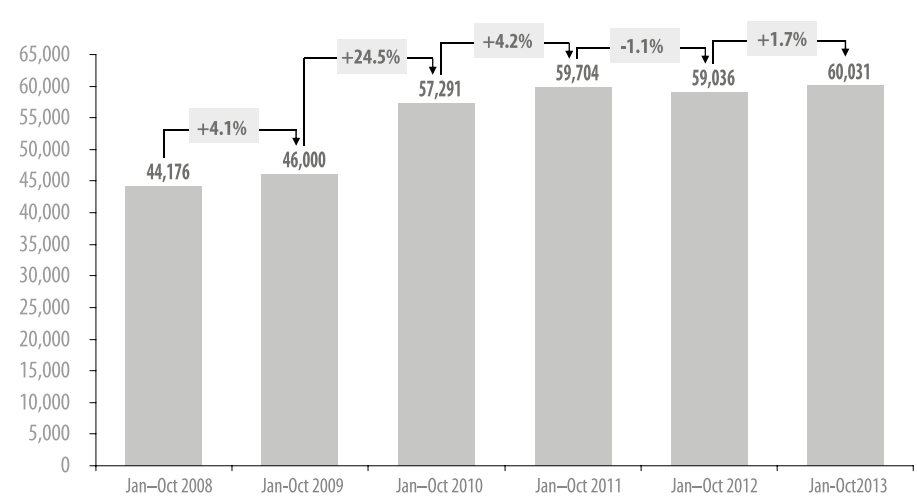


VALUE OF MARKET CAPITALIZATION (IN MILLIONS USD; 2008-2013)



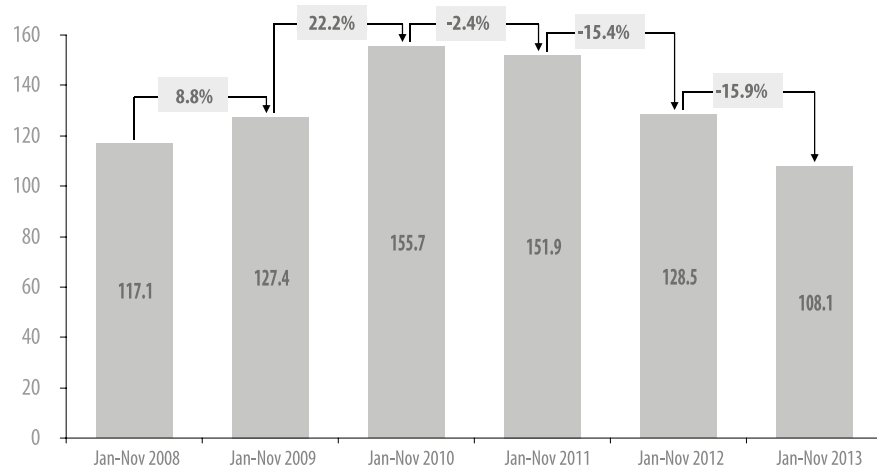
Source: Beirut Stock Exchange

EVOLUTION OF THE VALUE OF CLEARED CHECKS (IN MILLIONS USD; 2008-2013)



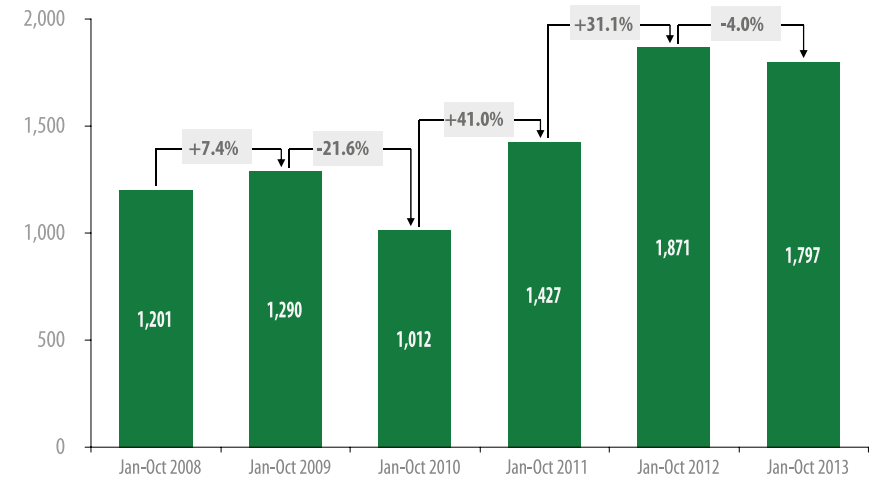
Source: Banque du Liban

EVOLUTION OF VALUE OF KAFALAT LOANS (IN MILLIONS USD; 2008-2013)



Source: Kafalat S.A.L

EVOLUTION OF EDL TRANSFERS (IN MILLIONS OF USD; 2008-2013)



Source: Banque du Liban



KEY ECONOMIC INDICATORS

DECEMBER 2013 ISSUE

PUBLIC FINANCE [24]	Footnote	Period	2013	2012	2013/2012 % Δ	2011	2012/2011 % Δ	2010	2009	2008
Total Revenues (Million USD)	20	Jan-Oct	7,921	8,097	-2.2%	7,853	3.1%	6,911	7,111	5,879
Total Expenditures (Million USD)	20	Jan-Oct	11,439	10,774	6.2%	9,366	15.0%	9,419	9,523	7,958
Fiscal Balance (Million USD)	20	Jan-Oct	(3,519)	(2,676)	31.5%	(1,514)	76.8%	(2,508)	(2,412)	(2,079)
Total Primary Balance (Million USD)	20	Jan-Oct	(313)	434	-172.2%	1,830	-76.3%	959	904	892
Public Debt (Billions USD)	21	Jan-Oct	62.44	56.7	10.1%	54.2	4.6%	51.1	49.9	46.1
Budget Revenues (Millions USD), of which:	20	Jan-Oct	7,463	7,726	-3.4%	7,464	3.5%	6,541	6,759	5,465
Tax Revenues, of which:	20	Jan-Oct	5,861	5,925	-1.1%	5,638	5.1%	5,730	5,102	3,987
Misc Tax Rev	20	Jan-Oct	2,726	2,736	-0.4%	2,519	8.6%	2,302	1,935	1,713
Customs Rev	20	Jan-Oct	1,192	1,248	-4.5%	1,208	3.3%	1,566	1,480	788
VAT Rev	20	Jan-Oct	1,943	1,941	0.1%	1,912	1.5%	1,862	1,687	1,486
Non Tax Rev	20	Jan-Oct	1,603	1,801	-11.0%	1,826	-1.4%	811	1,657	1,478
Budget Expenditures (Millions of USD)[25], of which:	20	Jan-Oct	8,973	8,376	7.1%	8,788	-4.7%	8,476	7,114	6,011
General Expenditures, of which:	20	Jan-Oct	5,767	5,265	9.5%	5,444	-3.3%	5,009	3,797	3,040
EdL	20	Jan-Oct	1,797	1,871	-4.0%	1,427	31.2%	1,012	1,290	1,201
Interest Payments, of which:	20	Jan-Oct	3,044	2,945	3.4%	3,152	-6.6%	3,287	3,163	2,778
Lebanese Lira Interest Payments	20	Jan-Oct	1,889	1,881	0.5%	1,989	-5.4%	2,111	1,953	1,606
Foreign Currency Interest Payments	20	Jan-Oct	1,155	1,065	8.5%	1,163	-8.5%	1,176	1,210	1,172
Principal Repayments	20	Jan-Oct	161	165	-2.5%	191	-13.6%	180	153	193
Treasury Revenues (Millions of USD)	20	Jan-Oct	457	372	23.0%	388	-4.2%	369	352	414
Treasury Expenditures (Millions of USD)	20	Jan-Oct	2,467	2,398	2.9%	578	314.6%	943	2,410	1,946
Budget Expenditures (Millions of USD) [26], of which:	22	Jan-Sept	9,376	8,486	10.5%	7,837	8.3%	7,577	7,505	6,529
Personnel Cost, of which:	22	Jan-Sept	3,181	2,963	7.3%	2,668	11.1%	2,474	2,381	1,897
Salaries and Wages	22	Jan-Sept	2,084	2,019	3.2%	1,780	13.5%	1,636	1,619	1,271
Retirement + End of Service	22	Jan-Sept	915	787	16.3%	729	7.9%	689	605	528
Transfers to EdL	22	Jan-Sept	1,686	1,739	-3.1%	1,130	53.9%	829	1,156	1,121
Debt Service, of which:	22	Jan-Sep	t 2,743	2,708	1.3%	2,945	-8.0%	3,124	2,917	2,606
Lebanese Lira Interest Payments	22	Jan-Sept	1,617	1,638	-1.3%	1,739	-5.8%	1,906	1,728	1,408
Foreign Currency Interest Payments	22	Jan-Sept	987	927	6.5%	1,041	-11.0%	1,056	1,045	1,011
Capital Expenditures	22	Jan-Sept	545	292	86.8%	300	-2.9%	336	262	251
Treasury Expenditures (Millions of USD)	22	Jan-Sept	940	760	23.8%	511	48.7%	657	985	533

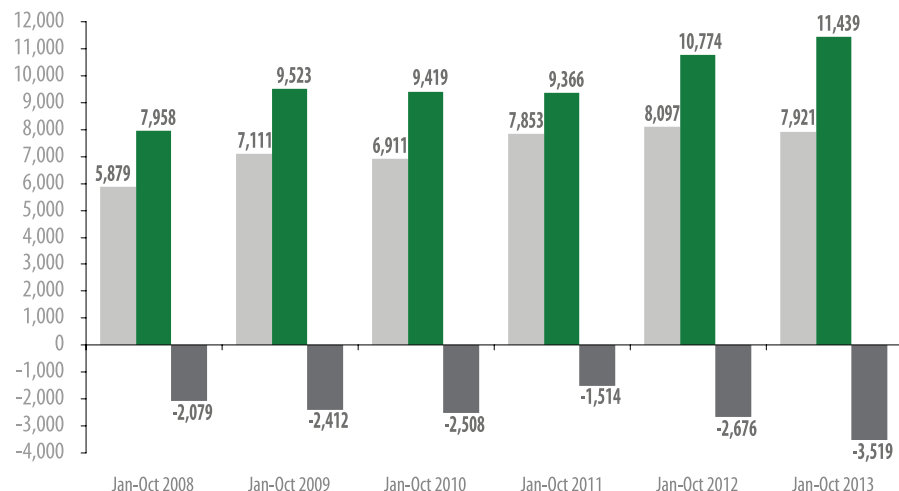
[20] Ministry of Finance- Fiscal Performance Sheet [21] Byblos Report Issue 328, [22] Public Finance Monitor

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EVOLUTION OF TOTAL REVENUES, EXPENDITURES AND FISCAL BALANCE

(IN MILLIONS USD; 2008-2013)

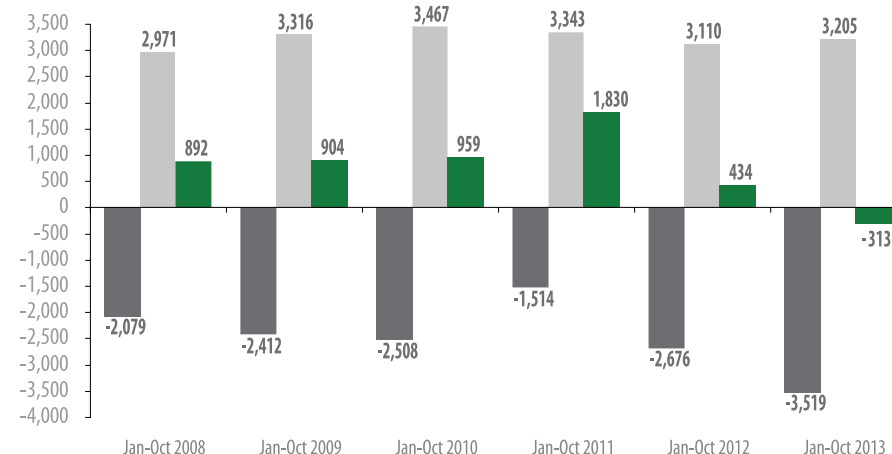


Source: Ministry of Finance

■ Revenues ■ Expenditures ■ Fiscal Balance

EVOLUTION OF THE FISCAL BALANCE, DEBT SERVICING AND PRIMARY BALANCE

(IN MILLIONS USD; 2008-2013)

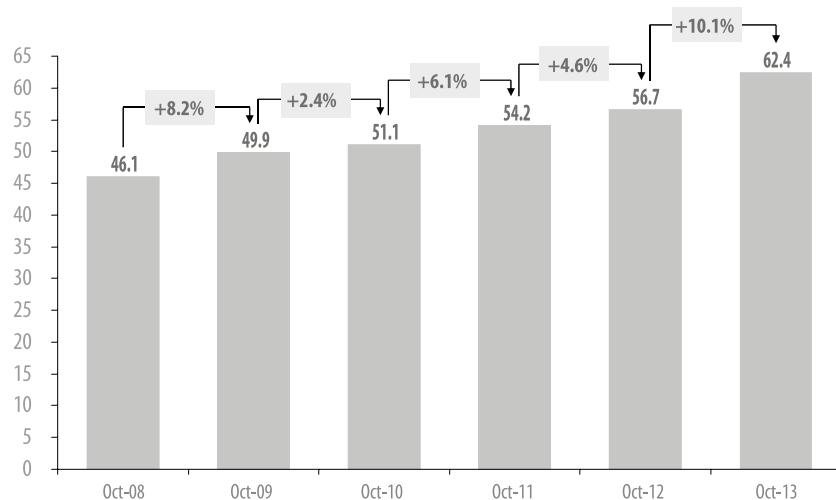


Source: Banque du Liban

■ Debt Servicing ■ Fiscal Balance ■ Primary Balance

EVOLUTION OF GROSS PUBLIC DEBT

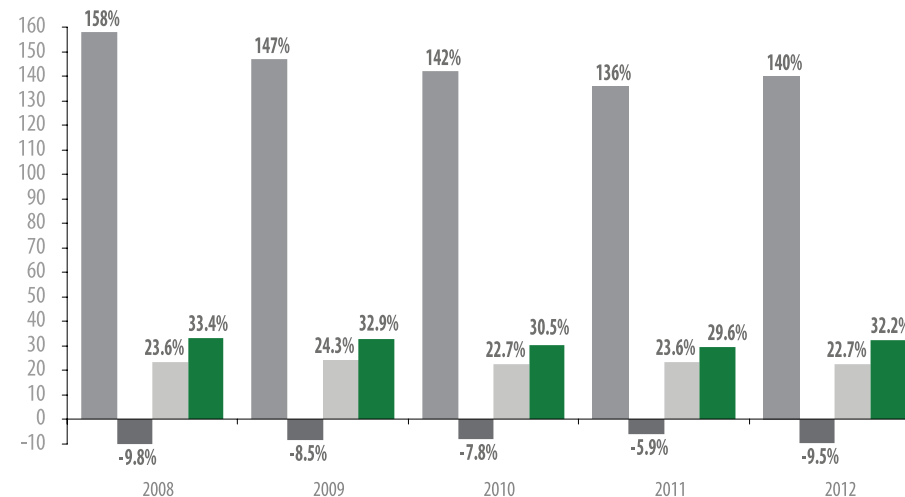
(IN BILLIONS OF USD; 2008-2013)



Source: Banque du Liban

EVOLUTION OF DEBT/GDP, DEFICIT/GDP, REVENUES/GDP AND EXPENDITURES/GDP

(IN PERCENTAGE; 2008-2012)



Source: Ministry of Finance

■ Debt/ GDP ■ Deficit/ GDP ■ Expenditures/ GDP ■ Revenues/ GDP

