

LEBANON THIS WEEK

In This Issue

Economic Indicators.....1
Capital Markets.....1
Lebanon in the News.....2

Lebanon ranks in 112th place globally, 11th regionally on prosperity index

Banque du Liban's foreign assets at \$14.5bn, gold reserves at \$17.6bn at mid-March 2023

Surveyed economists expect Lebanon's real GDP growth at 0.6% in 2023

United States to launch \$20m energy fund to support financing of renewable energy solutions

Japan grant of \$2m to support food security in Lebanon

Lebanon ranks 160th globally, seventh in Arab world in terms of women's empowerment

UN basic assistance at \$225.3m in 2022

Outward greenfield foreign direct investment at \$327m in 2021

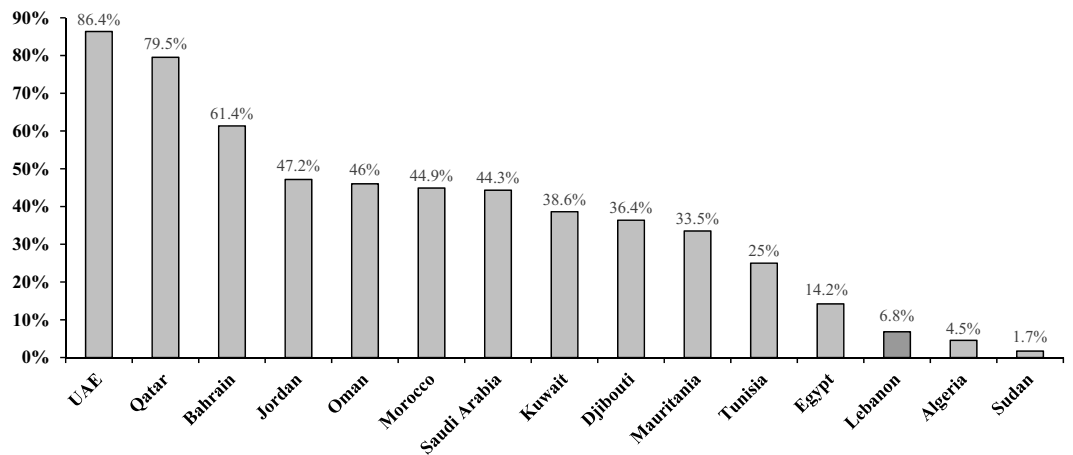
Corporate Highlights

Berytech launches program to support innovation and technology

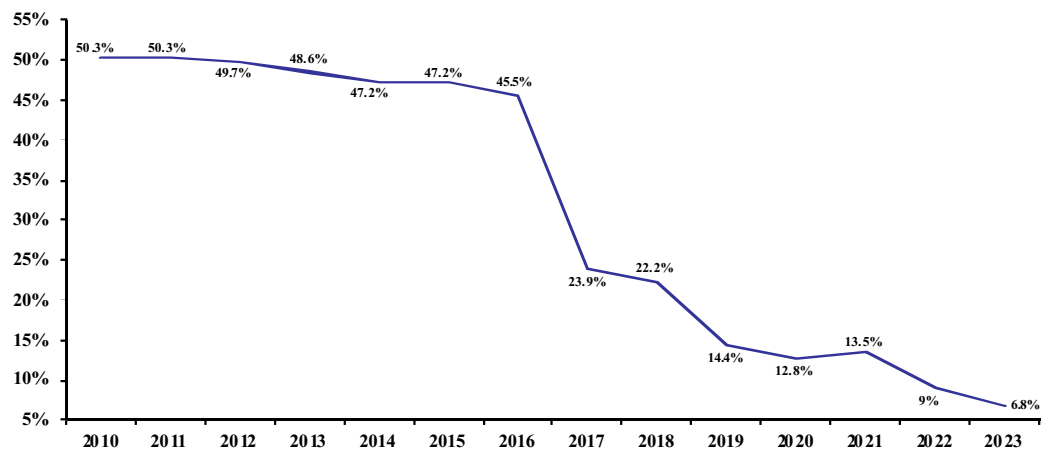
Ratio Highlights.....8
National Accounts, Prices and Exchange Rates8
Ratings & Outlook.....8

Charts of the Week

Percentile Rankings of Arab Countries in terms of Judicial Effectiveness for 2023*



Percentile Rankings of Lebanon in terms of Judicial Effectiveness



*Judicial effectiveness is defined as efficient and fair judicial systems that ensure that laws are fully respected and appropriate legal actions are taken against violations

Source: Heritage Foundation, Index of Economic Freedom for 2023, Byblos Bank

Quote to Note

"Auditing the finances of Electricité du Liban, establishing the Electricity Regulatory Authority and activating it, and having a cost recovery plan."

Mr. Ferid Belhaj, Vice President for the Middle East & North Africa at the World Bank, on the three conditions of the bank to provide financing to Lebanon's electricity sector

Number of the Week

\$48.5bn: The contraction in private sector deposits at commercial banks between the start of 2019 and the end of January 2023, according to Banque du Liban

Lebanon in the News

\$m (unless otherwise mentioned)	2020	2021	2022	% Change*	Dec-21	Nov-22	Dec-22
Exports	3,544	3,887	3,492	-10.2%	616	274	272
Imports	11,310	13,641	19,053	39.7%	1,269	1,584	1,251
Trade Balance	(7,765)	(9,754)	(15,562)	59.5%	(653)	(1,310)	(979)
Balance of Payments	(10,551)	(1,960)	(3,197)	63.1%	(384)	(354)	17
Checks Cleared in LBP 3,686	19,937	18,639	27,14	6	45.6%	1,738	3,003
Checks Cleared in FC	33,881	17,779	10,288	-42.1%	1,079	767	577
Total Checks Cleared	53,818	36,418	37,434	2.8%	2,818	3,770	4,263
Fiscal Deficit/Surplus**	(2,709)	1,457	-	-	-	-	-
Primary Balance**	(648)	3,323	-	-	-	-	-
Airport Passengers	2,501,944	4,334,231	6,360,564	46.8%	455,087	446,450	551,632

	Dec-21						% Change*
BdL FX Reserves	13.65	10.63	10.78	10.60	10.40	10.40	(23.8)
In months of Imports	-	-	-	-	-	-	-
Public Debt	100.37	103.65	102.71	101.94	-	-	-
Bank Assets	174.82	168.75	167.01	164.64	165.05	169.06	(3.3)
Bank Deposits (Private Sector)	129.47	125.02	124.96	124.37	124.57	125.72	(2.9)
Bank Loans to Private Sector	27.72	22.82	22.28	21.93	21.29	20.05	(27.7)
Money Supply M2	52.41	50.87	62.15	72.31	71.40	77.34	47.6
Money Supply M3	133.38	127.71	138.46	148.13	147.09	152.29	14.2
LBP Lending Rate (%)	7.14	4.85	5.09	5.00	5.30	4.56	(258)
LBP Deposit Rate (%)	1.09	0.60	0.66	0.70	0.65	0.60	(49)
USD Lending Rate (%)	6.01	5.51	4.61	5.11	4.35	4.16	(185)

*year-on-year

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	98.00	22.5	83,591	47.3%	May 2023	6.40	6.75	7,651.28
Solidere "B"	100.00	22.9	55,026	31.4%	Apr 2024	6.65	6.75	491.78
BLOM GDR	2.50	(9.1)	21,500	0.9%	Jun 2025	6.25	6.75	166.53
Audi Listed	1.50	(3.8)	20,000	4.3%	Nov 2026	6.60	6.75	88.37
Audi GDR	1.34	(2.2)	8,664	0.8%	Mar 2027	6.85	6.75	80.00
HOLCIM	32.00	(1.4)	738	3.0%	Feb 2030	6.65	6.75	42.93
Byblos Common	0.72	0.0	-	2.0%	Apr 2031	7.00	6.75	36.28
BLOM Listed	2.50	0.0	-	2.6%	May 2033	8.20	6.75	28.39
Byblos Pref. 08	27.00	0.0	-	0.3%	Nov 2035	7.05	6.75	22.55
Byblos Pref. 09	37.98	0.0	-	0.4%	Mar 2037	7.25	6.75	20.20

Source: Beirut Stock Exchange (BSE); *week-on-week

Source: Refinitiv

	Mar 13-17	Mar 6-10	% Change	February 2023	February 2022	% Change
Total shares traded	191,719	260,138	(26.3)	397,775	1,217,016	(67.3)
Total value traded	\$13,299,140	\$10,528,030	26.3	\$16,431,863	\$15,255,094	7.7
Market capitalization	\$20.70bn	\$17.75bn	16.6	\$16.32bn	\$9.81bn	66.5

Source: Beirut Stock Exchange (BSE)



Lebanon ranks in 112th place globally, 11th regionally on prosperity index

The Legatum Institute ranked Lebanon in 112th place among 167 countries globally and in 11th place among 19 Arab countries on its Prosperity Index for 2023. In comparison, Lebanon came in 107th place globally and in 10th place regionally on the 2021 index, and in 88th place worldwide and in eighth place among Arab economies on the 2013 index. Based on the same set of countries in the 2021 and 2023 surveys, Lebanon's global rank regressed by five spots, while its Arab rank retreated by one notch from the 2021 survey.

The institute assesses the prosperity of citizens based on their material wealth and social well-being. The data covers 300 indicators grouped in 12 sub-indices that are Economic Quality, the Investment Environment, Governance, Education, Health, Safety & Security, Personal Freedom, Social Capital, the Natural Environment, Market Access & Infrastructure, Enterprise Conditions, and Living Conditions. The rankings are based on the simple average of the scores of the 12 sub-indices for each country.

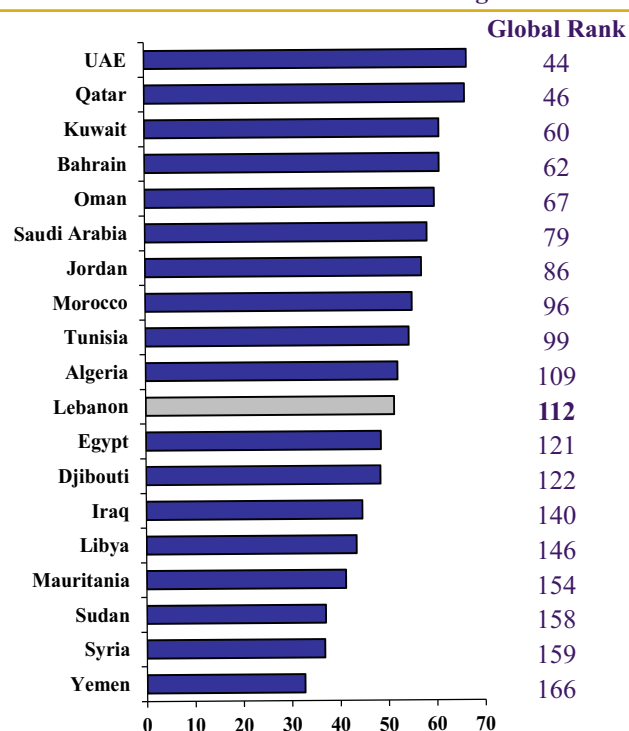
Lebanon received a score of 51.38 points on the 2023 index compared to 51.93 points in the 2021 survey. Lebanon's score was below the global average score of 58.1 points, while it was higher than the Arab countries' average score of 51.37 points. Denmark ranked first globally on the 2023 index, while South Sudan came in last place. Globally, Lebanon has a higher level of prosperity than Nicaragua, Laos, and Tanzania, and a lower level than Algeria, Nepal and Rwanda among economies with a GDP of \$10bn or more. Also, Lebanon preceded Egypt, Djibouti, Iraq, Libya, Mauritania, Sudan, Syria, and Yemen among Arab countries.

Lebanon ranked ahead of Sudan and Iran, and came behind Honduras and Myanmar on the Governance Sub-Index. This category measures a country's performance on the effectiveness and accountability of the government, the level of democracy and political participation, and the rule of law. Regionally, Lebanon came ahead of Sudan, Mauritania, Libya, Syria and Yemen on the sub-index.

Further, Lebanon preceded Zambia and Yemen, and trailed Mozambique and the Democratic Republic of Congo on the Economic Quality Sub-Index. This category measures how well an economy is equipped to generate wealth in a sustainable manner and with the full engagement of its workforce. Lebanon ranked ahead of only Yemen and Sudan on this category in the Arab region.

In addition, Lebanon ranked ahead of Tunisia and Côte d'Ivoire, and came behind Pakistan and Tanzania on the Enterprise Conditions Sub-Index. This category measures the degree to which regulations in a country enable businesses to start, compete and expand. Regionally, Lebanon ranked ahead of Tunisia, Djibouti, Algeria, Iraq, Sudan, Yemen, Libya, Syria and Mauritania on this category.

**Prosperity Index for 2023
Arab Countries' Scores & Rankings**



Source: Legatum Institute, Byblos Research

Components of the Prosperity Index for 2023

	Global Rank	Change in Rank*	Arab Rank	Lebanon Score	Global Avge Score	Arab Avge Score
Economic Quality	161	-1	17	31.89	51.57	45.08
Investment Environment	104	-6	12	45.48	53.01	47.04
Governance	143	-15	14	32.90	50.36	38.95
Education	65	3	5	67.08	58.72	52.20
Health	102	-2	11	68.65	68.62	68.78
Safety & Security	128	4	13	56.41	67.24	57.46
Personal Freedom	100	8	2	52.89	56.83	35.91
Social Capital	165	0	18	33.69	54.47	43.65
Natural Environment	116	-1	1	51.90	56.23	44.87
Enterprise Conditions	104	-23	10	50.05	54.79	48.84
Market Access & Infrastructure	101	-8	12	50.88	55.02	52.17
Living Conditions	83	-1	10	74.77	69.80	71.32

* year-on-year

Source: Legatum Institute, Byblos Research



Banque du Liban's foreign assets at \$14.5bn, gold reserves at \$17.6bn at mid-March 2023

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP1,519 trillion (tn), or the equivalent of \$101.3bn, on March 15, 2023, constituting a marginal decrease of 0.6% from LBP1,528.4tn (\$101.9bn) at end-February 2023. Assets in foreign currency reached \$14.47bn at mid-March 2023, representing a decrease of \$708.9m, or of 4.7%, from the end of 2022 and a drop of \$2.1bn (-12.7%) from \$16.6bn at mid-March 2022. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier. The dollar figures up until the end of January 2023 are based on the official exchange rate of the Lebanese pound to the US dollar of LBP1,507.5 per dollar at the time, while the dollar figures starting in February 2023 are based on the new official exchange rate of LBP15,000 per dollar.

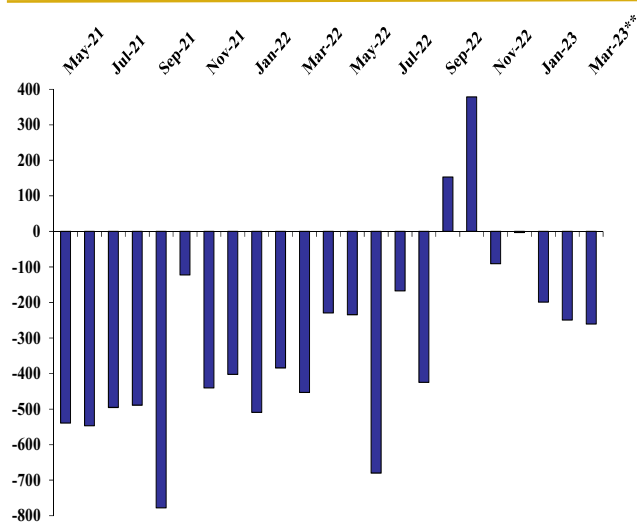
BdL's gross foreign currency reserves, which consist of its assets in foreign currency excluding Lebanese Eurobonds, stood at \$9.44bn on March 15, 2023, constituting decreases of \$260.4m (-2.7%) from \$9.7bn at end-February 2023 and of \$339.8m (-3.5%) from \$9.78bn at mid-February 2023. They dropped by \$709m (-7%) from the end of 2022 and by \$2.1bn (-18.3%) from \$11.55bn at mid-March 2022. The cumulative decline of BdL's gross foreign-currency reserves in the past 12 months is largely due to the financing of the imports of hydrocarbons, wheat, medicine, medical equipment, and raw materials for agriculture and industry, as well as to the implementation of BdL circulars that allowed depositors to withdraw US dollar banknotes from their accounts or to buy dollar banknotes from BdL through commercial banks. It is also due to the steep drop in capital flows to Lebanon since September 2019, and to the near halt of inflows after the government decided to default on its Eurobonds obligations in March 2020. However, the decline in BdL's assets foreign currency was offset in part by the allocation of about \$1.13bn in Special Drawing Rights that the IMF transferred to BdL's account on September 16, 2021.

Further, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP68,779bn on March 15, March 2023, constituting a decrease of 14.2% from LBP80,171.3bn at end-2022, and a surge of 86.4% from LBP36,902.6bn at mid-March 2022. Also, the item "Other Assets" on BdL's balance sheet reached LBP148,637bn or \$9.9bn at mid-March 2023, representing an increase of 1.1% from LBP147,060bn (\$9.8bn) a month earlier.

In parallel, the value of BdL's gold reserves amounted to \$17.57bn on March 15, 2023, constituting an increase of \$928.14m (+5.6%) from the end of 2022 and a decrease of \$850.8m (-1.2%) from \$17.8bn at mid-March 2022. The value of gold reserves reached a peak of \$18.15bn at mid-April 2022. Also, the securities portfolio of BdL totaled LBP67,953.7bn or \$4.5bn at mid-March 2023. Further, loans to the local financial sector stood at LBP16,879bn, or \$1.12bn; while the deposits of the financial sector at BdL reached LBP1,346.1tn or \$89.7bn at mid-March 2023. In addition, public sector deposits at BdL stood at LBP78,102bn at mid-March 2023 and surged by LBP58,760.5bn from a year earlier.

Moreover, the balance sheet shows that BdL's loans to the public sector totaled LBP248,116bn (\$16.5bn) as at March 15, 2023. BdL indicated that it started in 2019 to make payments on behalf of the Lebanese government from its own foreign currency reserves, either against cash collateral in Lebanese pounds at the existing official exchange rate of LBP1,507.5 per dollar, which consists of public sector deposits, or in exchange for a pledge by the government to repay the amounts in the same foreign currency at a later stage. It said that the public sector's deposits valued in local currency exceeded the net cumulative balance for the payments it made on behalf of the government in foreign currency, which allowed BdL to maintain a net credit balance for public sector deposits. It noted that, after the modification of the exchange rate from LBP1,507.5 per dollar to LBP15,000 a dollar at the start of February 2023, the countervalue of the net cumulative balance of assets in foreign currencies exceeded the value of the cash collateral in Lebanese pounds, which resulted in a net debit balance in favor of BdL and required the presentation of \$16.5bn in loans to the public sector on the "assets" side.

Change in Gross Foreign Currency Reserves* (US\$m)



*month-on-month change

**as at mid-March 2023, change from end-February 2023

Source: Banque du Liban, Byblos Research

Surveyed economists expect Lebanon's real GDP growth at 0.6% in 2023

Bloomberg's quarterly survey of economists and analysts about the outlook on the Lebanese economy projected economic activity to grow by 0.6% in 2023, compared to an earlier forecast of a real GDP growth of 0.9% in the December 2022 survey. The individual forecasts for 2023 ranged from a contraction of 2% to an expansion of 5% for the current year, with a median real GDP growth rate of 0.8% for 2023. Also, the poll indicates that the consensus forecast among 58.3% of participants is that real GDP will improve by more than 0.5% this year. Bloomberg conducted the poll in March 2023, and the survey's results are based on the opinions of 12 economists and analysts based in Lebanon and abroad.

Further, participants forecast the average inflation rate in Lebanon at 122.3% in 2023 compared to a projection of 116% in the December 2022 survey. The opinions of surveyed analysts differed on the magnitude of the increase in consumer prices in 2023, with expectations ranging from 45% to 259.4% and a median inflation rate of 110.8% for 2023. Also, 50% of participants predicted that the inflation rate would range between 100% and 259.4% this year.

In addition, surveyed analysts projected Lebanon's fiscal deficit at 3.2% of GDP in 2023 compared to a previous forecast of 4.8% of GDP in the December 2022 survey. The projections of polled economists for the fiscal balance ranged from a deficit of 11.2% of GDP to a surplus of 0.8% of GDP in 2023, with a median deficit of 2.3% of GDP. Further, the survey's participants forecast the current account deficit at 16% of GDP in 2023 compared to a previous forecast of a deficit of 13.8% of GDP in December 2022. The polled analysts expected the current account deficit to range from 38.7% of GDP to a surplus of 1.5% of GDP in 2023, with a median deficit of 11.9% of GDP for the year.

United States to launch \$20m energy fund to support financing of renewable energy solutions

The United States government announced the launch of the \$20m Solar & Renewable Energy Fund (SREF) to support financing of renewable energy solutions in Lebanon. The fund, which will be established by the United States Agency for International Development (USAID) through its Trade and Investment Facilitation Activity (TIF) and its Lebanon Investment Initiative (LII), aims to attract private sector investments to finance the cost of solar panel installations for Lebanese to reduce their cost of energy. It also aims to encourage Lebanese businesses and investors to invest in the fund in order to support Lebanon's economy, the viability of domestic businesses, as well as the jobs of hundreds of Lebanese.

Further, the USAID indicated that it has committed through the TIF and the LII \$4m in seed funding and \$500,000 to structure the SREF, and expected investments in the fund to reach up to \$20m, which would be redeployed to support a number of small- and medium-sized enterprises and increase their export capacity. It added that up to 25 firms will benefit from the SREF in the first round of investments, and that the fund's investments would help sustain the jobs of those working in companies that have been affected by the economic and financial crisis in the country.

According to the USAID, the TIF aims to enhance economic opportunities in Lebanon by facilitating trade and investments in targeted business sectors. It also works towards increasing the exports of Lebanese goods and services, facilitating investment opportunities, and improving the business and investment environment in the country. Further, the LII focuses, through the IM Ventures company, on providing and leveraging investment capital, scaling up successful investment strategies, building networks of investors, and offering technical support, strategic guidance, and mentoring. IM Ventures works in partnership with business incubators and accelerators, and venture capital and private equity funds to co-fund and provide needed technical support to a broad spectrum of businesses ranging from seed stage to growth phase firms.

Japan grant of \$2m to support food security in Lebanon

The Japanese government announced that it will allocate a \$2m emergency grant to Lebanon through the World Food Program (WFP), in response to the deterioration of the food security situation across the country, which has been exacerbated by Russia's invasion of Ukraine. It said that the grant aims to support the WFP's efforts to assist 300,000 vulnerable individuals in Lebanon through monthly in-kind food parcels that would help them meet their nutrition needs for a period of six months and mitigate the impact that the socio-economic crisis is having on their livelihoods. The initiative is part of a \$130m support package that Japan pledged through the WFP in January 2023 to support vulnerable persons in 37 countries across Asia, the Middle East and Africa

Last month, the Japanese government and the United Nations Human Settlements Program (UN-Habitat) announced a new \$900,000 urban farming, clean water and renewable energy project in Tripoli's Abu Samra neighborhood. A UN-Habitat assessment identified 11,000 inhabitants in the neighborhood who live in sub-standard housing conditions, as they lack basic services such as water, electricity and waste management, as well as access to livelihood opportunities. As such, the project aims to address increasing socio-economic livelihood challenges in the community, and mitigate rising risks and tensions.

In parallel, Japan has extended to Lebanon about \$27m in grants for 291 projects during the 1996-2020 period. The projects are in the agriculture, drug prevention, education, environmental, healthcare, waste management, water, and welfare sectors, among others.



Lebanon ranks 160th globally, seventh in Arab world in terms of women's empowerment

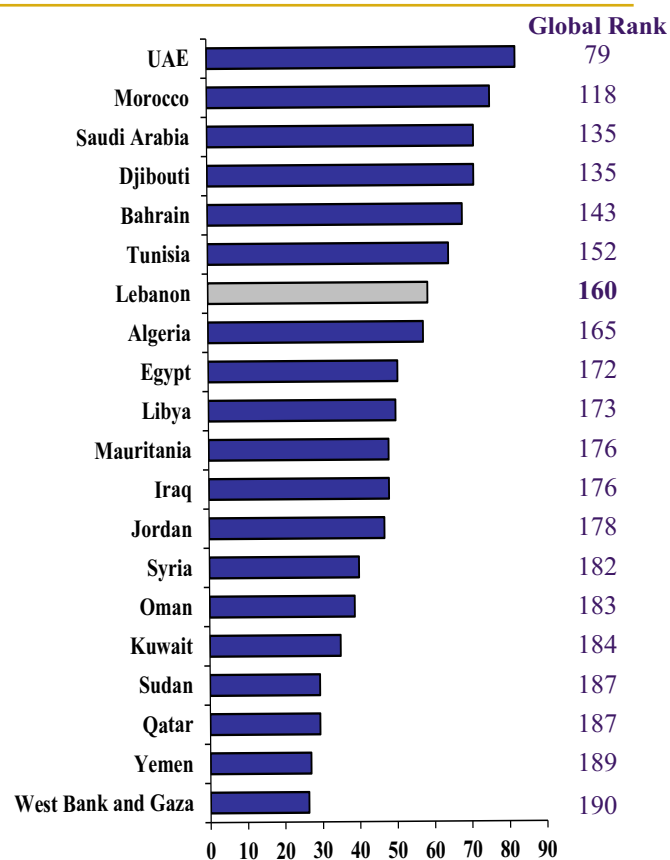
The World Bank ranked Lebanon in 160th place among 190 countries around the world and in seventh place among 20 Arab economies on its Women, Business and the Law Index for 2023. Lebanon's global and regional ranks were unchanged from the 2022 survey. In comparison, Lebanon came in 161st place globally and in fourth place regionally on the 2013 index.

The index assesses how a country's laws influence the equality of opportunities for women during different phases of their working lives, and how the laws affect the empowerment of females and their participation in the labor force. The index is an unweighted average of eight indicators that examine the constraints on the freedom of movement of females (Mobility), that measure laws and regulations affecting women's pay (Pay), that analyze laws affecting women's decisions to work (Workplace), and that assess the legal constraints related to marriage and divorce (Marriage). The other four indicators analyze the obstacles that women face when starting and running businesses (Entrepreneurship), examine laws affecting women's work after having children (Parenthood), consider gender differences in property and inheritance laws (Assets), and assess laws affecting the size of a woman's pension (Pension). A country's overall score ranges from zero to 100, with a score of 100 meaning that a country gives women and men equal legal rights in the eight measured areas.

Globally, Lebanese laws provide the same empowerment to females as laws in Myanmar and Pakistan, while they give more empowerment to women than laws in the Republic of Congo, Algeria, and Niger, but empower women less than legislation in Haiti, Cameroon and Papua New Guinea among economies with a GDP of \$10bn or more. Also, Lebanon trailed only the UAE, Morocco, Djibouti, Saudi Arabia, Bahrain and Tunisia regionally on the index. Lebanon received a score of 58.75 points in the 2023 survey, which means that Lebanese laws provide females with nearly 60% of the legal rights that they provide to males on the eight indicators. Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Latvia, Luxembourg, the Netherlands, Portugal, Spain and Sweden are the only countries in the world where men and women have equal legal rights across all indicators.

Lebanon's score was unchanged from the previous survey and between 2016 and 2021, but it slightly improved from 50 points in the 2015 survey. Lebanon maintained a score of 44.4 points between 1971 and 2000 and a score of 50 points between 2001 and 2015. Lebanon's score in the 2023 survey is lower than the global average score of 77.1 points, but is higher than the Arab region's score of 50.9 points. Further, the World Bank indicated that Lebanon gets a perfect score when it comes to the freedom of movement and laws affecting women's decisions to work. It noted that Lebanon could consider reforms to laws affecting women's pay, constraints related to marriage, laws affecting women's work after having children, constraints on women starting and running a business, gender differences in property and inheritance, and laws affecting the size of a woman's pension. In parallel, it pointed out that it did not observe any reforms of Lebanese laws that protect women's right during the survey's timeframe between October 2, 2021 and October 1, 2022.

Women, Business & the Law Index for 2023 Arab Countries' Scores & Rankings



Source: World Bank, Byblos Research

Components of the Women, Business and the Law Index for 2023

	Global Rank	Arab Rank	Lebanon Score	Global Average Score	Arab Average Score
Going Places	1	1	100	88.7	57.5
Starting a Job	1	1	100	81.2	58.8
Getting Paid	120	6	50	70.0	42.5
Getting Married	143	1	60	80.2	30.0
Having Children	145	12	20	56.4	32.0
Running a Business	90	9	75	85.0	85.0
Managing Assets	155	1	40	81.3	38.0
Getting a Pension	166	14	25	74.0	61.8

Source: World Bank, Byblos Research



UN basic assistance at \$225.3m in 2022

The United Nations indicated that international contributions for the basic assistance track of the Lebanon Crisis Response Plan (LCRP) reached \$225.3m in 2022 compared to \$200m in 2021. They consisted of \$25m in the first quarter, \$51.3 in the second quarter, \$64.8m in the third quarter, and \$84.2m in the fourth quarter of 2022. They represented 42.5% of the \$530m that the LCPR appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2022. It also noted that \$20.1m were carried over from funding received in 2021, which is equivalent to 3.8% of the total appealed funds. The LCRP 2022-2023 is a joint initiative between the Lebanese government and international and national partners that aims to address challenges posed by the large presence of displaced Syrians in the country. The plan comes after the expiration of the LCRPs for the 2015-2016 and the 2017-2021 periods.

Also, the UN indicated that it distributed the LCRP assistance to 1,504,799 individuals across Lebanon in 2022 who consist of 991,759 displaced Syrians, or 66% of the total, followed by 470,729 vulnerable Lebanese citizens (31.3%), 30,297 Palestinian refugees from Syria (2%), and 12,014 Palestinian refugees in Lebanon (0.8%). Further, it said that the LCRP support resulted in the injection of \$175m in the Lebanese economy in the form of cash assistance in the covered period. It disbursed \$57.6m as regular cash transfers to Syrian, Lebanese and Palestinian households in the first quarter, \$61.85m in the second quarter, \$46.3m in the third quarter, and \$9.3m in the fourth quarter of 2022.

Further, it noted that it disbursed cash assistance to 273,777 households with multi-sector cash transfers in the covered period, which consist of 193,069 Syrian households or 70.5% of the total, followed by 70,652 Lebanese households (25.8%), and 9,746 Palestinian families (3.6%). In addition, it pointed out that 141,587 Lebanese, Syrian and Palestinian households received cash from the UNICEF Integrated Child Well-Being Program.

In parallel, the UN stated that the Mount Lebanon region accounted for 35% of cash assistance for Syrian refugees in 2022, followed by the North (16%), the Bekaa (15%), the South, the Baalbeck-Hermel governorate and the Akkar administrative district (8% each), the Nabatieh area (5%), and Beirut (4%).

Further, it said that 273,777 vulnerable households were able to meet their basic survival needs through regular, unconditional, and unrestricted cash grants in 2022. It indicated that the highest coverage of monthly multi-purpose cash assistance for basic non-food needs in 2022 reached 193,069 Syrian households, 70,652 vulnerable Lebanese households, 9,746 Palestine refugee families from Syria, and 310 Palestinian refugee families in Lebanon. It added that it supported 70,652 vulnerable Lebanese families, or 92% of the total targeted by the end of 2022.

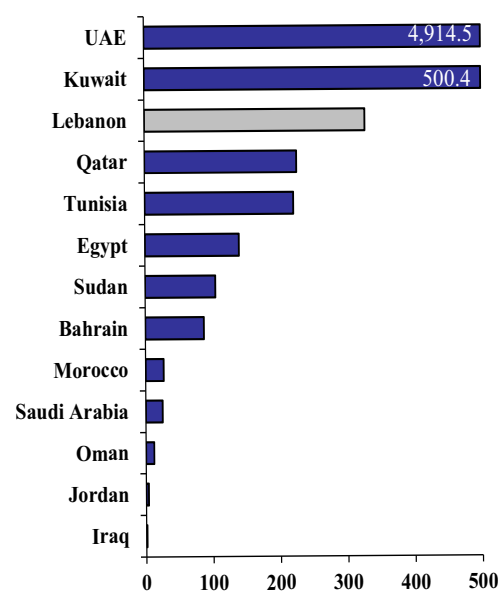
Outward greenfield foreign direct investment at \$327m in 2021

Figures compiled by fDi Markets and published by the Arab Investment & Export Credit Guarantee Corporation (Dhaman) show that outward greenfield foreign direct investments (FDI) from Lebanon totaled \$327.4m in 2021, the latest available figures. Lebanon was the third largest source of inter-Arab greenfield FDI among 13 Arab countries in 2021, after the UAE (\$4.9bn) and Kuwait (\$500.4m). The amount of outward Greenfield FDI from Lebanon to Arab countries accounted for 5% of aggregate inter-Arab Greenfield FDI that reached \$6.6bn in 2021. fDi Markets is a database that tracks cross-border greenfield investments across the world, and is owned by the Financial Times Group.

Further, Lebanon was the source of 18 greenfield FDI projects in the Arab world in 2021, constituting the second largest number of projects regionally after the UAE with 55 projects. Lebanon was the source of 13.4% of inter-Arab greenfield FDI projects in 2021, out of 134 inter-Arab greenfield FDI projects during the year.

Also, outbound greenfield FDI from Lebanon contributed to the creation of 1,653 new jobs in destination countries in 2021, equivalent to 15% of the 11,130 jobs created through inter-Arab greenfield FDI in the covered year.

Outward Greenfield FDI in Arab Countries (US\$m)



Source: Dhaman, Byblos Research

Berytech launches program to support innovation and technology

The technology pole Berytech launched Lebanon Innovate, a 42-month program that aims to foster innovation and support intellectual property and knowledge transfer in Lebanon. It indicated that five strategic organizations that are the ANIMA Investment Network, the European Business and Innovation Centre Network (EBN), the Industrial Research Achievement Association – Lebanon (IRALEB), the Industrial Research Institute (IRI), and the LEITAT Technological Center will implement the program and that the European Union will fund it. It said that it will invite universities, research centers, policymakers, small- and medium-sized enterprises, clusters, industrialists, and entrepreneurs to join the program.

Further, it pointed out that the initiative aims to support the transition of innovation and technological research from universities to market-ready products and commercial ventures in Lebanon's major sectors, particularly the agriculture and food sector, the Information and Communications Technology and digital economy sector, as well as the healthcare sector. It said that the program seeks to improve the competitiveness of each sector, promote innovation and knowledge transfer, and establish linkages and exchanges with European countries and Diaspora networks in order to access international markets.

In addition, Berytech pointed out that the program will offer various opportunities to the participants that include intellectual property rights and innovation capacity-building, the launch of three knowledge innovation communities, the management of national innovation programs, in addition to grants of €180,000 to develop technology transfer offices in the country and of €100,000 for researchers. It added that it will provide access to European markets through matchmaking. It said that the program will build national and international innovation platforms for Lebanon and will help establish more than 20 new companies.

Established in 2002, Berytech provides business support, counseling, funding, networking and service-hosting to companies. It has allocated more than \$1.7m in grants to startups, while its venture capital funds have invested more than \$70m in startups and small and medium-sized enterprises.



Ratio Highlights

(in % unless specified)	2019	2020	2021	Change*
Nominal GDP (\$bn)	53.2	24.7	23.4	(1.3)
Public Debt in Foreign Currency / GDP	63.4	56.8	26.2	(30.6)
Public Debt in Local Currency / GDP	108.8	93.8	42.1	(51.7)
Gross Public Debt / GDP	172.3	150.6	68.3	(82.2)
Trade Balance / GDP	(29.2)	(12.2)	(6.6)	5.6
Exports / Imports	19.4	31.3	28.5	(2.8)
Fiscal Revenues / GDP	20.8	16.0	8.5	(7.5)
Fiscal Expenditures / GDP	31.8	20.3	9.8	(10.5)
Fiscal Balance / GDP	(11.0)	(4.3)	(1.3)	2.9
Primary Balance / GDP	(0.5)	(1.0)	(0.1)	1.0
Gross Foreign Currency Reserves / M2	70.2	41.5	26.0	(15.5)
M3 / GDP	252.9	209.0	90.8	(118.2)
Commercial Banks Assets / GDP	407.5	296.2	119.1	(177.1)
Private Sector Deposits / GDP	298.6	219.2	88.2	(131.0)
Private Sector Loans / GDP	93.6	57.0	18.9	(38.1)
Private Sector Deposits Dollarization Rate	76.0	80.4	79.4	(1.0)
Private Sector Lending Dollarization Rate	68.7	59.6	56.3	(3.3)

*change in percentage points 21/20;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, Institute of International Finance, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2020	2021e	2022f
Nominal GDP (LBP trillion)	95.7	212.6	426.8
Nominal GDP (US\$ bn)	24.7	22.6	26.8
Real GDP growth, % change	-25.9	-9.9	2.5
Private consumption	-70	1.2	1.5
Public consumption	-4	-45.7	-9.8
Gross fixed capital	-63	-16.2	21.8
Exports of goods and services	-34.2	9.6	8.9
Imports of goods and services	-33.4	3.9	2.0
Consumer prices, %, average	84.9	154.8	97.7
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	11,754
Parallel exchange rate, average, LBP/US\$	6,705	16,821	26,070*
Weighted average exchange rate LBP/US\$	3,878	9,452	23,679

*Average year-to-July 22, 2022

Source: Central Administration of Statistics, Institute of International Finance- June 2022

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		-
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut – Lebanon
Tel: (961) 1 338 100
Fax: (961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293