

## COUNTRY PROFILE



## Lebanon

GLOBAL RANK: 79th of 104



Lebanon ranks 79th overall in terms of prosperity drivers, ranking better in Economic Competitiveness (82nd) than Comparative Liveability (70th), due in part to a poor environment and high unemployment.

## ● BACKGROUND

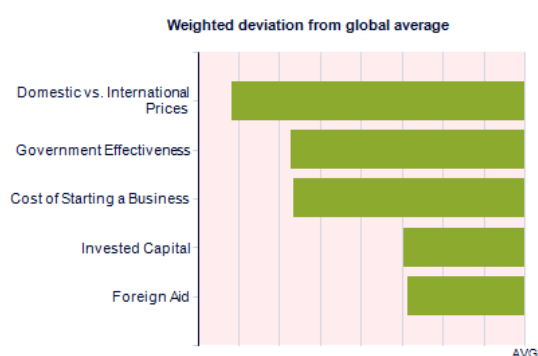
Once one of the most prosperous and stable countries in the Middle East, Lebanon emerged from its 15-year civil war in 1990 economically devastated and highly indebted. The economy has made a faltering recovery, but growth is still undermined by sectarian tensions between the Sunni, Shia, and Christian populations. The Islamic terrorist group Hizbullah operates in the south, and its attacks on Israel led to war in 2006. Lebanon's human rights situation is poor, with free speech repressed and a climate of impunity for abuses by the police and military. The country is also home to over 200,000 Palestinians living in extreme poverty in refugee camps.

## FAST FACTS

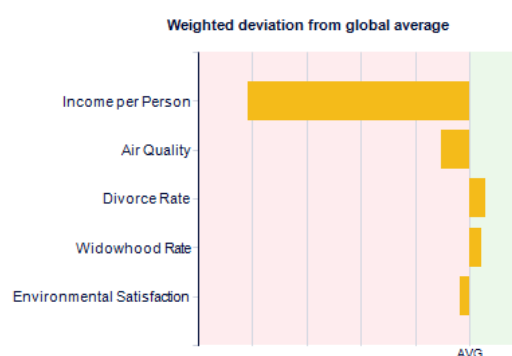
<b>Population:</b>	3.9 million (2008 est.)	<b>FDI (net inflow):</b>	11.72% (2005 est.)
<b>Life Today</b>	5.1 (2006 est.)	<b>Exports</b>	12.39% (2006 est.)
<b>GDP (PPP)</b>	\$42.27 billion (2007 est.)	<b>Imports</b>	42.46% (2006 est.)
<b>GDP (Growth)</b>	4% (2007 est.)	<b>Unemployment:</b>	20% (2006 est.)
<b>GDP (per Capita)</b>	\$11,300 (2007 est.)	<b>Life Expectancy</b>	73.41 years (2008 est.)
<b>Political System:</b>	Republic		
<b>Foreign Aid:</b>	3.09% (2006 est.)		

## ● KEY SCORE DRIVERS

## ECONOMIC COMPETITIVENESS



## COMPARATIVE LIVEABILITY



The 1975-1990 civil war cut Lebanese national output in half, crippled infrastructure, and caused the country to lose its position as a major trade and banking hub in the Middle East. After the conflict enormous national debts were incurred to rebuild the country's physical and economic infrastructure, and capital investment remains scarce. Despite later austerity measures, financial reforms have been unsuccessful and Lebanon has become a significant foreign aid recipient. Public debt currently stands at around 187% of GDP.

Poor governance scores are a result of the political conflict in the region that continues to internally destabilise the economy, particularly in the tourism and retail sectors. With the service sector accounting for

Civil strife and political upheaval have become a way of life for a generation of Lebanese, hindering investment and growth in the country. As a result, average incomes are low at around \$4,900 per capita, which has a severely detrimental effect on life satisfaction.

Poor roads and little public transport have resulted in significant air pollution in cities from traffic, especially Beirut, with a mere 43%<sup>9</sup> of Lebanese reporting that they are satisfied with the quality of air, according to the Gallup World Poll. Furthermore, waste incineration, as well as pollution to coastal waters from raw sewage, contributes to a badly degraded environment.

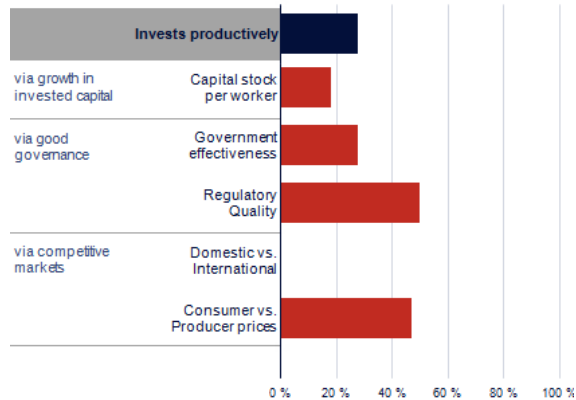
75.9% of GDP, this damages the economy as a whole.

Options for economic growth are further limited by the high cost of starting a business, resulting in very low levels of entrepreneurship. Movements in domestic vs. international prices suggest competitiveness in domestic markets is weak. Relatively good scores for mass education, where on average Lebanese attain 2.78 years of secondary study, suggest that there is potential waiting to be realised.

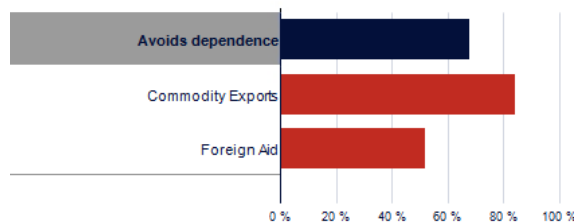
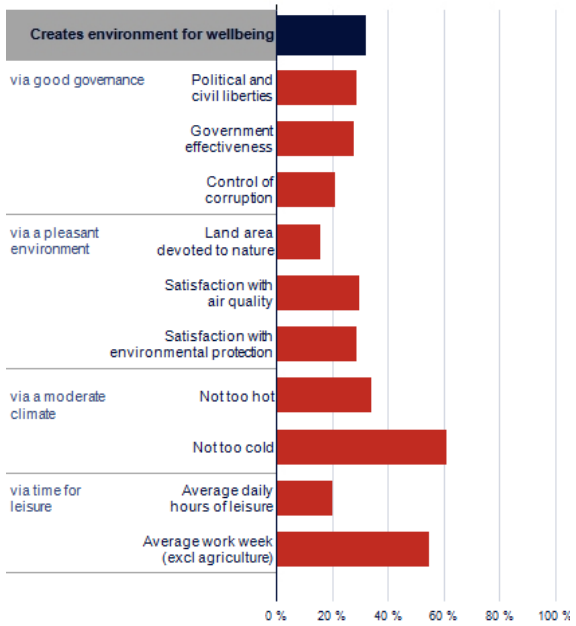
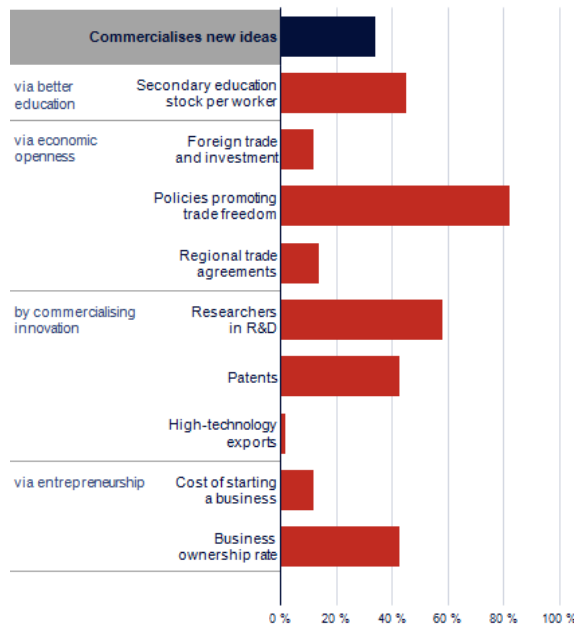
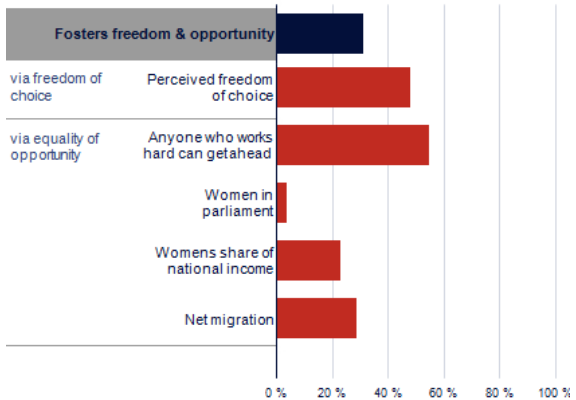
Political and religious divisions, and the huge influx of Palestinian refugees on the southern border with Israel, have created a fragmented society. However, despite these social problems, family life scores remain robust, with surprisingly low rates of divorce and widowhood at 0.9%<sup>9</sup> and 3.6%<sup>9</sup> respectively.

Only 2% of seats in parliament are held by women, and Lebanese women earn approximately 30% of male earnings. This points to notable gender inequality and contributes to Lebanon's low score for opportunity.

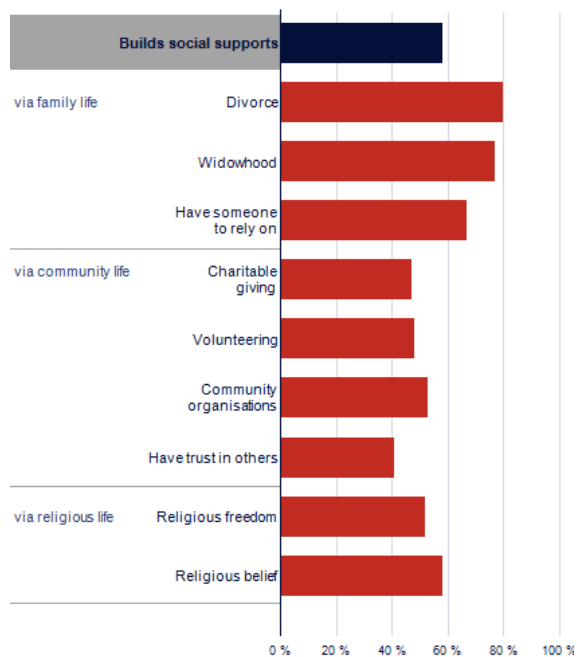
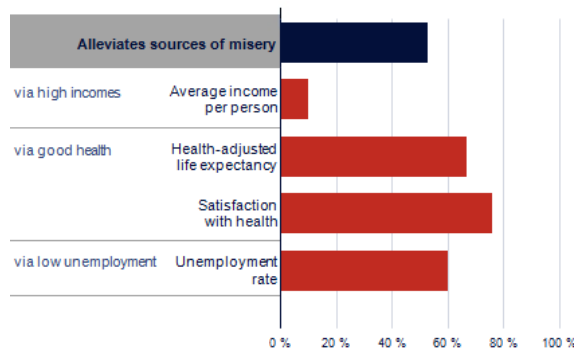
### ECONOMIC COMPETITIVENESS: SCORECARD



### COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.