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FINANCIAL MARKETS

Equity Market

The Beirut Stock Exchange (BSE) performed well for the third week in a row despite the political bickering that emerged this week over the launching of the Lebanese oil fields exploration. Therefore, the BLOM Stock Index (BSI) inched up by a weekly 0.27% to close the week at 1,148.15 points. As a result, the market capitalization broadened during this week by $26.28M to reach $9.19B with an average daily traded volume of 54,618 shares worth $314,535 which is higher than the previous week’s 117,615 shares valued at $777,147.

The BSI underperformed the MSCI emerging and the S&P AFE40 indices that climbed 0.88% and 0.31% to end the week at 1,014.05 points and 60.81 points, respectively. However, the benchmark advance was similar to that of the S&P Pan Arab composite Large MidCap that edged up by a weekly 0.27% to 125.23 points.

When comparing to Arab stock markets, the BSI ranked fourth out of eleven preceded by the respective bourses of Egypt (3.48%), Kuwait (1.86%) and Jordan (0.71%). As for the worst performer of the week, it was Dubai Stock Exchange with a weekly decline of 3.15%. Qatar and Saudi Arabia followed with respective drops of 0.38% and 0.37% from last week.

The real estate stocks were the main driver of the BSE this week capturing 52.39% of total traded value. Solidere class “A” stock price witnessed a 0.43% increase to $11.55, while its “B” counterpart slid 1.04% to close at $11.37.

As for the banking stocks’ activity that captured 46.13% of total traded value, it posted positive results with Audi common shares rising 0.82% to reach $6.15.
The BLOM preferred shares index (BPSI) rose by 0.13% during the week to reach 104.55 points. The preferred shares of Bank of Beirut class “I” and “H” kept on boosting the BPSI performance this week with the former increasing by 0.19% to $25.80, while the latter added a weekly 1.13% to $26.00. Byblos Preferred shares 09 were also behind the positive performance of the BPSI, posting a 0.20% weekly advance to $100.20.

On the London Stock Exchange, the GDRs of BLOM, Audi, Byblos and Solidere declined by 0.12%, 0.21%, 3.79% and 6.58% to close at $8.49, $6.35, $71.85 and $10.50, respectively. Within the industrial sector, HOLCIM shares showed a 4.61% weekly progress to $14.98.

In conclusion, the BSI recovered some of the losses it made during the previous months but remains 1.79% in the red regarding its year to date performance. The relative stability on the security front is weighing positively on the index. Next week will be short as the BSE will be closed for 3 out of 5 trading days for the Adha holiday. It is no doubt that any positive news regarding the formation of a new cabinet will improve performance and activity of the BSE.
Demand on the US Dollar eased as the range at which banks exchanged the currency went from $/LP 1,510.5-$/LP 1,514.5, with a mid-price of $/LP1, 512.5 to $/LP 1,508. $/LP 1,512 with a mid-price of $/LP 1,510. Foreign assets (excluding gold) at the Central Bank stood at $35.74B as of end September compared to $36.15B as of end August. Meanwhile, the dollarization rate of private sector deposits went from 65.8% in July to 65.7% in August.

Despite investors’ nervousness about the budget deadlock, the dollar still managed to post minor gains against the euro. First, investors avoided aggressive betting on the dollar’s weakness as the resolution of the ongoing crisis remains a viable option and no one wanted to be too short on the currency. Second, the greenback was boosted by news of Janet Yellen’s nomination for the Fed’s presidency.

By Friday October 11, 2013, 12:30 pm Beirut time, the euro closed at 1.35 down by a weekly 0.32%. As for the dollar-pegged LP, it appreciated to 2,045.23 from 2,051.86 recorded on Friday October 4th. The Nominal effective exchange rate (NEER) rose by 0.33% over the cited period to 127.06 points, while its year-to-date performance stood at 22.40%.

During the week ending September 26th, broad Money M3 narrowed by LP38B ($25M), to reach LP 163,994B ($108.79B). M3 growth rate reached 7.24% on a year-on-year basis and 3.84% from end of December 2012. As for M1, it also decreased by LP38B ($25M) due to the LP93B ($62M) drop in currency in circulation and the LP55B ($36M) rise in demand deposits. Total deposits (excluding demand deposits) narrowed by LP1B ($0.66M), given the LP50B upturn in term and saving deposits in domestic currency and the $34M fall in deposits denominated in foreign currencies. During the period 19-26 September, the broad money dollarization rate slid from a previous 59.31% to reach 59.30%. According to the Central Bank, the overnight interbank rate stood at 2.75% at the end of August 2013.

In the TBs auction held on October 3rd, the Ministry of Finance raised LP265.75B ($176.28M) through the issuance of 1 Year (1Y), 2Y and 3Y Treasury Bills. The highest demand was witnessed on the 3Y bills, capturing 86% of total subscriptions, while the 1Y and 2Y notes captured respective shares of 13% and 1%. The average discount rate for the 1Y bills stood at 5.08% while the coupon rate for the 2Y and 3Y notes registered 5.84% and 6.50%, respectively. New subscriptions exceeded maturing T-bills by LP90.27B ($60M).
Eurobond Market

Eurobonds Index and Yield

<table>
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<tr>
<th>10/10/2013</th>
<th>3/10/2013</th>
<th>Change</th>
<th>Year to Date</th>
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</thead>
<tbody>
<tr>
<td>BLOM Bond Index (BBI)*</td>
<td>103.850</td>
<td>103.590</td>
<td>0.25%</td>
</tr>
<tr>
<td>Weighted Yield**</td>
<td>6.11%</td>
<td>6.17%</td>
<td>-6</td>
</tr>
<tr>
<td>Weighted Spread***</td>
<td>475</td>
<td>489</td>
<td>-14</td>
</tr>
</tbody>
</table>

*Base Year 2000 = 100; includes US$ sovereign bonds traded on the OTC market
** The change is in basis points
***Against US Treasuries (in basis points)

Lebanese Government Eurobonds

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>2014, Apr - 7.375%</td>
<td>101.47</td>
<td>101.41</td>
<td>-0.06%</td>
<td>4.43%</td>
<td>4.64%</td>
<td>-21</td>
</tr>
<tr>
<td>2014, May - 9.000%</td>
<td>102.52</td>
<td>102.47</td>
<td>-0.04%</td>
<td>4.40%</td>
<td>4.62%</td>
<td>-23</td>
</tr>
<tr>
<td>2015, Jan - 5.875%</td>
<td>101.44</td>
<td>101.43</td>
<td>-0.01%</td>
<td>4.68%</td>
<td>4.71%</td>
<td>-3</td>
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<tr>
<td>2015, Aug - 8.500%</td>
<td>106.30</td>
<td>106.56</td>
<td>0.24%</td>
<td>4.84%</td>
<td>4.73%</td>
<td>10</td>
</tr>
<tr>
<td>2016, Jan - 8.500%</td>
<td>107.25</td>
<td>107.36</td>
<td>0.10%</td>
<td>5.08%</td>
<td>5.06%</td>
<td>2</td>
</tr>
<tr>
<td>2016, May - 11.625%</td>
<td>114.75</td>
<td>114.68</td>
<td>-0.06%</td>
<td>5.43%</td>
<td>5.49%</td>
<td>-6</td>
</tr>
<tr>
<td>2017, Mar - 9.000%</td>
<td>109.70</td>
<td>109.61</td>
<td>-0.08%</td>
<td>5.85%</td>
<td>5.89%</td>
<td>-4</td>
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<tr>
<td>2018, Jun - 5.150%</td>
<td>96.88</td>
<td>97.13</td>
<td>0.26%</td>
<td>5.92%</td>
<td>5.86%</td>
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<tr>
<td>2020, Mar - 6.375%</td>
<td>98.96</td>
<td>98.90</td>
<td>-0.06%</td>
<td>6.58%</td>
<td>6.59%</td>
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<tr>
<td>2021, Apr - 8.250%</td>
<td>107.91</td>
<td>107.79</td>
<td>-0.12%</td>
<td>6.88%</td>
<td>6.91%</td>
<td>-2</td>
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<tr>
<td>2022, Oct - 6.100%</td>
<td>95.27</td>
<td>94.50</td>
<td>-0.81%</td>
<td>6.81%</td>
<td>6.93%</td>
<td>-12</td>
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<tr>
<td>2023, Jan - 6.000%</td>
<td>93.98</td>
<td>93.65</td>
<td>-0.35%</td>
<td>6.89%</td>
<td>6.94%</td>
<td>-5</td>
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<tr>
<td>2024, Dec - 7.000%</td>
<td>100.48</td>
<td>100.07</td>
<td>-0.41%</td>
<td>6.94%</td>
<td>6.99%</td>
<td>-5</td>
</tr>
<tr>
<td>2026, Nov - 6.600%</td>
<td>96.47</td>
<td>95.40</td>
<td>-1.11%</td>
<td>7.01%</td>
<td>7.14%</td>
<td>-13</td>
</tr>
<tr>
<td>2027, Nov - 6.75%</td>
<td>97.29</td>
<td>96.36</td>
<td>-0.95%</td>
<td>7.06%</td>
<td>7.16%</td>
<td>-11</td>
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</tbody>
</table>

*Bloomberg Data

The Eurobonds market activity gained momentum during the week ending October 11, 2013 with an improved demand over Lebanese Eurobonds, thus sending prices higher. Accordingly, the BLOM Bond Index (BBI) edged 0.25% up to hit its highest level in 6 weeks at 103.85 points, narrowing its year to date loss to 4.78%. 5Y yields increased by 7 basis points (bps) to stand at 5.92%, which is the highest level in 6 weeks at 103.85 points, narrowing its year to date loss to 4.78%. In regional markets, the BBI underperformed the JP Morgan emerging markets’ bond index that increased by a weekly 0.90% to 627.99 points.

In the U.S., investors’ fears rose during the week over the government’s budget impasse. Accordingly, demand for medium and long term Treasuries dropped in favor of shorter term bills. In this context, yields on 5Y and 10Y notes and bonds increased by 8 bps and 9 bps to reach 1.44% and 2.71%, respectively. The 5Y spread between the Lebanese and U.S benchmarks contracted by 5 bps to stand at 448 bps, while the 10Y spread narrowed by 14 bps to stand at 418 bps.

An important key measure of Lebanon’s default risk is credit default swaps contracts for 5 years that rose to 384-404 bps this week as compared to 376-405 bps a week ago. The 5Y Lebanese CDS continued to trade at lower levels than the 5Y spread between the Lebanese Eurobonds and their U.S comparable for the 5th week in a row. In regional markets, Dubai and Saudi Arabia’s quotes narrowed to 195-205 bps and 60-65 bps from last week’s respective quote of 190-205bps and 66-73bps. Moving to regional emerging markets, Turkey’s risk premium eased to 166-169bps, whereas Brazil’s default cost steadied at 124-126bps. As for emerging economies, the insurance premiums against state-debt default closed at 151-154 bps in Brazil and 194-198 bps in Turkey, from last week’s respective levels of 170-174bps and 212-215bps.
ECONOMIC AND FINANCIAL NEWS

Central Bank’s Assets Almost Unmoved at $78.60B by End September

The Central Bank’s balance sheet unveiled a negligible 0.2% monthly slip in total assets to $78.60B by September’s end. This slide is due to the respective 4.4% and 1.1% drops in the value of gold reserves to $12.32B and foreign assets to $35.74B. International gold prices were mainly subdued as a result of the expected tapering in the Fed’s quantitative easing, which would strengthen the dollar and weaken the demand for safe haven assets. Interestingly, after Ben Bernanke announced the pursuit of the lax monetary policy gold prices did not surge but rather posted temporary and limited gains before dropping again, as some Fed officials still expected a policy-shift in late 2013.

Back to BDL’s balance sheet, the monthly increases of 0.9% in the securities portfolio to $11.99B and 6.4% in loans to the local financial sector to $2.09B partly offset the decreases in the value of gold reserves and other foreign assets. On the liabilities side, financial sector deposits fell by 3.6% to $55.88B while public sector deposits surged by 23.9% to $7.38B by September’s end.

BoP Registers a Deficit of $1.18B in the First Eight Months of 2013

Lebanon’s Balance of Payments (BoP) registered a deficit of $1.18B during the first eight months of 2013 mainly due to repercussions of the neighboring war in Syria and local instability of the country. However, the deficit registered a decline of 35.8% y-o-y in the first eight months of 2013 following an improvement in capital inflows, mostly due to the Cypriot financial crisis that led depositors to repatriate their money to Lebanon. BdL’s Net Foreign Assets (NFA) rose by $1.37B y-o-y up to August 2013, while Commercial Banks’ NFAs dropped by $2.55B.

For the month of August alone, the BoP displayed a negative result of $223.0M. This is mainly attributed to a rise of $75.6M in commercial bank’s NFAs from July 2013 versus a $298.8M monthly drop in BdL’s NFAs.
Trade Balance Deficit Reaches $11.47B up to August 2013

The Lebanese trade balance deficit widened by 6.4% to $11.47B during the first eight months of this year compared to a deficit of $10.77B in the same period last year. Exports covered 20.1% of imports by July 2013 edging down from last year’s ratio of 20.8%. Total imports attained $14.34B up to August 2013 marking an increase of 5.4% parallel to last year, whereas total exports reached $2.87 rising by 1.7% year on year.

Mineral products ranked first among total imports accounting for 23% of the total at $3.37B, followed by machinery and electrical instruments at 12% and transport equipment at 9%. With respect to exports, pearls/precious stones topped the list with 22% of total exports at $620.04M, while Base metals and articles of base metal came in second at 13%.

China remains at the top of the list of countries exporting to Lebanon with a value of $1.40B, accounting for 9.8% of total imports. Italy kept its second place with an 8.3% stake, followed by the United States in third place. On the other hand, Syria maintained its leading rank among countries that import from Lebanon.

For the month of August alone, Lebanon’s trade deficit widened by 7.3% to $1.55B compared to $1.44B registered in August 2012 as exports dropped by 17.5% coinciding with a 2.6% increase in imports.

Cleared Checks Value Reached $53.82B by September

Cleared checks activity, one of the major economic indicators in Lebanon, grew in September by 1.9% in terms of volume, with the total number of checks at 1.09M worth $5.99B compared to a total of 1.07M checks valued at $5.81B in September 2012.

On a cumulative basis, the total number and value of checks in the first nine months of 2013 rose by 1.7% and 1.6% respectively to 9.89M checks at $53.82B from the same period in 2012. The value of checks denominated in foreign currencies edged down by 1.6% y-o-y to $41.30B, while the value of checks in LBP edged up by 13.8% to $12.52B.

As for the dollarization rate of the checks’ value, it fell to 76.7% from 76.9% a year earlier. This decrease shows an increasing role of the national currency despite the persistent dominance of checks denominated in foreign currencies. Worth noting that the rate of defaults which is the number of returned checks from the total number of checks, registered a 2.0% share, down from 2.2% in the same period last year, while the default rate for the value of checks increased to 2.3%, from 2.2% at end September last year.
Tourist Spending Dropped 11% y-o-y Up to September

Statistics published by Global Blue showed that tourist spending in Lebanon declined by 11% up until September 2013, compared to the same period in 2012. With respect to demographics, Arab spending continued to take the largest share of total tourist spending in Lebanon by September this year. Saudi incomers’ payments dropped 23% by September 2013 however maintaining their leading position as the highest spender in Lebanon, corresponding to 15% of the total. With respect to tourists heading from the UAE, their spending increased by a timid 2%, and represented 14% of total spending.

As for the number of VAT refund transactions, it also decreased by 13% in 2013 from the previous year. Refund transaction by tourists from Nigeria increased by 17% from the previous year, followed by respective annual increases of 7% and 2% by French and Emirati tourists. All other nationalities showed drops in the number of their refund transactions especially Kuwaiti and Saudi nationals with respective declines of 34% and 25%.

Tourists generally dedicated 72% of their tax-refundable expenditures in Lebanon on fashion and clothing. Watches and Jewellery took up 12% of their total spending, while “Home & Garden”, “Department stores” and “Souvenirs and gifts” expenditures constituted 4% each. With respect to point of sale distribution, Beirut shops attracted visitors the most, catching 82% of their total spending.
Number of Real Estate Transactions up to August

2013 sluggish economic performance was reflected in the indicators of tourism and construction. In fact, the number of tourists dropped to 891,079 up to August, posting a 9.7% yearly decline. However, tourism recorded a yearly rebound of 19.5% in August alone to 137,293 tourists. As for construction activity, it retreated during that period compared to last year, with the number of transactions decreasing from 12,120 in the first eight months of 2012 to 11,388 in 2013.

With respect to construction area authorized by permits (CAP), it registered a 6.1% drop in 2013 from a year earlier to reach 8.45M sqm. This decrease is mainly attributed to the weakening demand for real estate primarily from Lebanese expatriates and Gulf citizens as they preferred to invest their projects in more secure countries.

Fears of the Syrian war spillovers or a new political development on the domestic front reduced construction area and the number of transactions in August 2013 compared to the same month last year. Accordingly, CAP fell 0.37% coupled with a 10.2% decrease in the number of transactions.

Worth to note that construction remains concentrated in Mount Lebanon with 595 transactions or 47% of the total, while the South region posted 191 transactions or 15% share. The average area per transaction has decreased by 6.3% y-o-y to 742.24 sqm/permit in August this year, confirming investors shift towards smaller plots of land for their new projects.
## Lebanon’s Ranking Details

<table>
<thead>
<tr>
<th>Ranking /122</th>
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<tbody>
<tr>
<td><strong>Education</strong></td>
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</tr>
<tr>
<td>Quality of Primary Schools</td>
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<tr>
<td>Quality of Math and Science Education</td>
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<tr>
<td>Quality of Management Schools</td>
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<td><strong>Health and Wellness</strong></td>
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<tr>
<td>Stress (% of Respondents)</td>
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<tr>
<td>Depression (% of Respondents)</td>
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<tr>
<td><strong>Workforce and Employment</strong></td>
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<td>Labor force participation rate, age 15-64 (%)</td>
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<tr>
<td>Economic Participation Gender Gap</td>
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<tr>
<td><strong>Enabling Environment</strong></td>
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<td>Quality of Domestic Transport</td>
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<tr>
<td>State of Cluster Development</td>
<td>103</td>
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<tr>
<td>Social Safety Net Protection</td>
<td>117</td>
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</table>

Source: World Economic Forum

### Lebanon Ranks 74th on the Human Capital Index

In its latest Human Capital Report, covering 122 countries, the World Economic Forum sought to measure which countries invest the most in the health, education and talent of their people and which countries manage to generate productivity through these investments. With talent shortage expected to increase, addressing this issue on the short-term and preventing it on the long-term is deemed crucial. Hence, the construction of the Human Capital Index was based on four pillars: Education (Access, Quality and Attainment), Health and Wellness (Survival, Well-Being Services), Workforce and Employment (Participation, Talent, Training) and Enabling Environment (Infrastructure, business clusters, legal framework and Social Mobility).

Lebanon’s overall ranking stood at 74, above Morocco, Egypt, Algeria, Mauritania and Yemen but below Qatar, UAE, Saudi Arabia, Bahrain, Oman, Jordan, Kuwait and Tunisia. Lebanon’s ranking for the education pillar stood at 32, mainly boosted by the quality of primary schools, math and science education and management schools. However, Lebanon’s health and wellness ranking, of 77, is much more subdued on account of one of the lowest levels of well-being measured in terms of stress and depression.

Lebanon’s ranking deteriorates further as the workforce and employment standards placed the country in the 96th position, on the back of a dismal labor force participation rate and a wide economic participation gender gap. Finally, the weakest pillar for Lebanon turned out to be the Enabling environment, earning it the 104th spot and the widest score-spread against MENA economies. In order to create an environment suited for the development of human capital, efforts should be placed on improving Lebanon’s infrastructure and legal framework, currently amongst the poorest of studied countries.
CORPORATE DEVELOPMENTS

The Port of Tripoli Partners up With Gulftainer

The Lebanese government signed a 25-years build, operate and transfer (BOT) contract with the Emirati firm Gulftainer. The port-management firm was hired to rehabilitate the port of Tripoli’s container terminal. Gulftainer will disburse $10M to kick-start infrastructure work on the terminal and allocate an additional $65M for equipment purchases. Local contractors Mouawad-Edde are set to handle the first phase of infrastructure works, which will extend over an area of 50,000 square meters and will allow the port to process 400,000 containers each year. This capacity is set to double in the project’s second phase.

Total Customs Revenues Up to June 2013

- Port of Beirut: 85.4%
- Rafic Hariri International Airport: 9.1%
- Tripoli: 3.6%
- Other: 1.8%

Source: Ministry of Finance Trade Statistics
FOCUS IN BRIEF

Lebanon: an Overview of Education

Education: Selected Indicators

For many in Lebanon, the beginning of fall announces the back-to-school season. Households prepare to meet the change in social routines, adapt their finances, or face a series of decisions with a long-term impact. At this time of the year, education pops right back to the front line of concerns.

Awareness of the importance of education is deeply entrenched in Lebanon as history repeatedly proved it to be a strong asset for this country with limited resources. As such, literacy and school enrollment rates are well above the world averages and rankings are numerous to flaunt the quality of education in Lebanon. In fact, the population is famous for its tri-linguistic fluency in Arabic, French, and English.

Literacy among youth is particularly high and gender discrimination in education is minimal as both male and female literacy beat the world’s averages. The World Bank data shows that 90% of all adults in Lebanon (15 years +) are literate, above the world’s average of 84% recorded in 2011, the MENA and Arab regions’ 79% and 75%, but behind EU’s 99%. Young adults, aged 15 to 24, enjoy higher literacy rates with almost 99% of them literate, close to EU’s 99.7% and ahead of the world’s average of 87%. The World Bank data also shows that student enrolment in primary schools in Lebanon is high at 108% in 2011, crossing the world’s average of 107%, EU’s 104%, MENA’s 105% and Arab region’s 97%.

The education scene is well-heeled. In addition to the public sector that runs more than 1,750 schools and the Lebanese University, the private sector has long thrived in the field with around 1,025 private schools and more than 30 universities present in the country. Many private schools also offer the courses for international certificates alongside the officially adopted curriculums recognized by international norms.
More than 1.86 million students are enrolled\(^1\), with the private sector caring for 56% of them at all educational levels. Public schools account for more students in primary levels while their share decreases as levels go higher. In detail, primary public schools accounted for 52% of total enrolled students in 2009-2010, date of the latest available data, 41% of complementary and secondary levels’ students, and 40% of college attendees. During 2010, private universities attracted an increase of 7.9% in student enrollment, raising the figures from 100,163 in 2009 to 108,037 in 2010, while the Lebanese university maintained its students’ share almost unchanged from the previous year, counting 72,813 in 2010 against 74,134 in 2009. Private preschools and technical institutes are more active than public ones accounting for shares of 65% and 61% respectively.

Despite the general good feel, dropout and repetition rates in Lebanon remained high. The dropout rate in primary schools rose above 10% in 2004 and has been hovering around since. In 2011, the World Bank reported it at 13% compared to the world’s average of 9.4% and EU’s low 2%. It is suspected that dropouts in public schools are much higher reaching 22%, and are especially common among large households. As for repeaters, the World Bank data show that 7.7% of enrolled female students and 10.6% of male students repeated their classes in primary school in 2011, compared to EU’s respective rates of 2.6% and 0.9%.

Regarding the cost of education, the upward trend continues to compound. On the Consumer price index (CPI), education recorded a 50% surge between 2008 and 2012. The CPI attributes a 7.7% weight for education in its basket, noting that it involves the cost of education in private schools including institutes of technical education. This year’s increase is still not available as the annual costs of education are posted in October of each year, but so far, the past academic year 2011 witnessed the sharpest annual increase since 2008, amounting to 14.5%.

Tuition fees for primary and secondary education, and private universities totaled $3.02 billion in 2010, according to Lebanon’s national accounts. Increasing tuition fees were the main reason behind the increase in education’s output during that year, according to the national accounts, accounting for 9.8% of the total recorded growth of 11.2%. The real growth in education was therefore 1.3% only, largely attributed to the proliferation of private universities.

On the government’s expenditures side, total wages and salaries for the public educational body reached $663.35 million in 2012 compared to $501.49 million in 2011 and $606.30 million in 2010\(^2\). Lebanon’s public spending on education reached 1.8% of GDP in 2011 compared to the world’s average of 4.7% and EU’s 5.2% in 2010. As a share of government’s expenditures, spending on education represented 7.1% in 2011 compared to EU’s 11.4%.

Lebanon’s last available data from 2005 on expenditure per student stands at 7.9% of GDP per capita, compared to the world’s 16.2% in 2008 and the EU 23.6% in 2010. Lebanon’s expenditures’ per secondary student stands at 8.4% of GDP per capita as of 2005, compared to EU’s 26.9% in 2010. As for Lebanon’s tertiary expenditures per student, it has followed a down trend from 18.5% of GDP per capita in 2005 to 8.6% in 2011, compared to 24.4% in the EU.

Finally, the 2-years old crisis in Syria has resulted in an influx of refugees to Lebanon, many of whom are children or students in need to pursue a formal education. This has put pressure on the educational public institutions, which will necessitate further investments from the state. The private sector has also absorbed some of them but additional efforts will be required to level up the differences in curriculums between the coming students and the residing ones. The crowding of schools might have an adverse impact on the enrollment rates, the cost of education and the government finances, and the coming academic years and efforts will determine its size and direction.

\(^1\) According to national accounts, 2010

\(^2\) Later and consistent data is not available.