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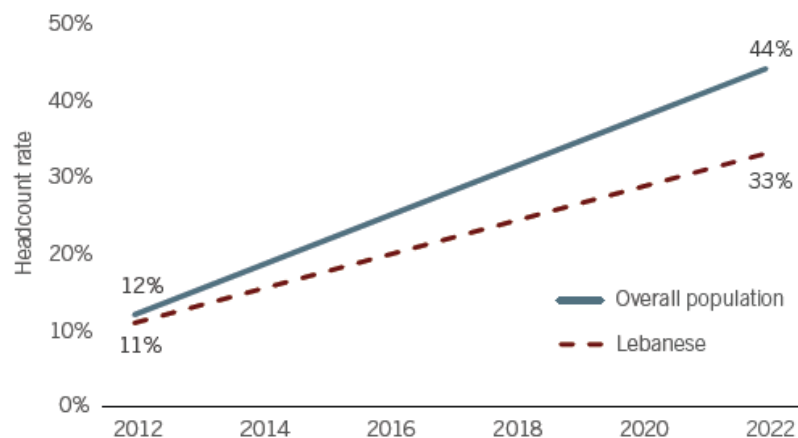
The economic crisis that began in 2019 has led to a substantial loss of purchasing power for most Lebanese households. Triple-digit inflation rates, driven by a collapsing currency that lost 98 % of its pre-crisis value by December 2023, have exacerbated food insecurity and forced households to alter their diets. According to survey data from 2022 and 2023 by the World Bank, it reveals that 32 % of poor households had less than acceptable food consumption scores, indicating severe dietary compromises. Moreover, nearly 83% of all households had to rely on less preferred or cheaper foods, with the poorest twice as likely to cut meal portions, reduce the number of meals, borrow food, or seek assistance from relatives or friends.

The 2024 report titled "Lebanon Poverty and Equity Assessment 2024: Weathering a Protracted Crisis" by the World Bank provides a thorough examination of the escalating poverty and inequality in Lebanon. This review delves into the report's findings, analysing the profound impact of the enduring economic crisis on Lebanese households, their coping mechanisms, and the changes in labour market dynamics.

Lebanon is grappling with a significant rise in both poverty and inequality. Over the past decade, poverty in Lebanon has significantly surged, more than tripled in some regions. Data from recent surveys in the governorates of Akkar, Beirut, Bekaa, North Lebanon, and Mount Lebanon illustrate a dramatic increase in consumption-based poverty, which climbed from 12 % in 2012 to 44 % by 2022. Within these areas, the proportion of Lebanese individuals living in poverty escalated from 11 % to one-third of the

Lebanese population over the same period. Additionally, the depth of poverty, measured by the poverty gap, has deepened significantly, growing from 3 % in 2012 to 9.4 % in 2022, noting that the poverty gap is the ratio by which the mean income of the poor falls below the poverty line

Figure 1: Poverty has tripled in Lebanon from a decade ago



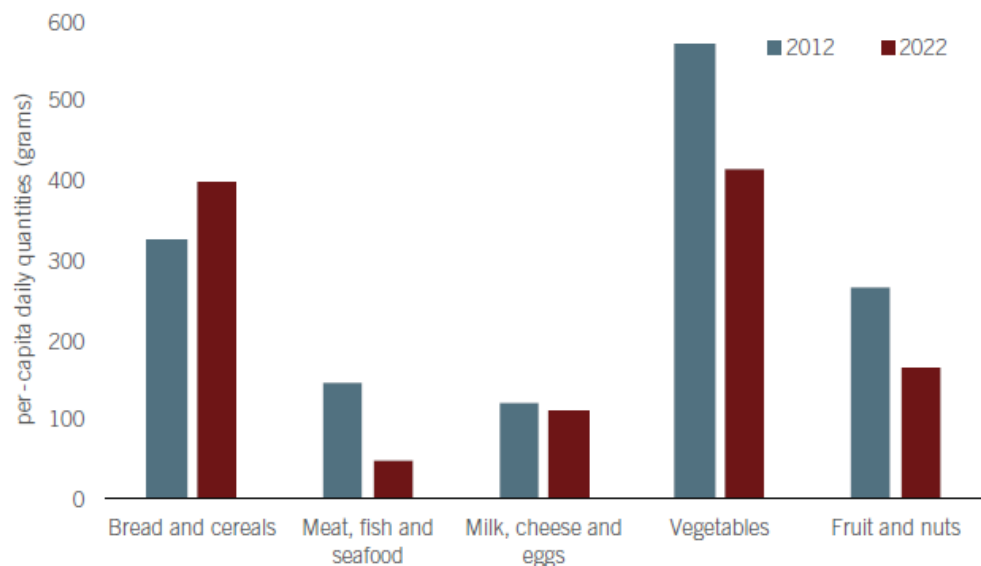
Note: Estimates are limited to households in the governorates of Akkar, Beirut, Bekaa, Mount Lebanon and North Lebanon.
Source: World Bank staff estimates using HBS 2011/2012 and LHS 2022/2023.

To more accurately reflect current conditions, a new unofficial poverty line was introduced in 2022. The previous national poverty line, based on 2012 consumption patterns, no longer mirrors the realities faced by households amid the economic crisis. Overall, prices in Lebanon have increased by nearly fifteen times over the past decade, which has severely eroded the purchasing power of incomes denominated in Lebanese lira. Survey data also reflects a remarkable change in household consumption patterns as Lebanese families residing in the covered five governorates of Akkar, Beirut, Bekaa, North Lebanon, and Mount Lebanon consumed only a third of the imported meat and seafood compared to a decade ago, while the consumption of more affordable nutrients such as bread and cereals rose by over 20 % by 2022.

Poverty distribution varies significantly across Lebanon, with the northern regions of Akkar and North Lebanon experiencing the most rapid escalation. In Beirut, poverty rates are relatively low at 2 %, while in Akkar, they soar to 62 %. This disparity is partly attributed to the higher concentration of agricultural workers in the northern governorates, who are among the poorest demographic groups, followed closely by those in the construction sector.

Unfortunately, income inequality has also become more pronounced from a decade ago. Lebanon's income inequality was already one of the highest globally in 2014, ranking 129 out of 141 countries globally with respect to high income inequality. Recent Survey data suggest that per-capita income inequality for Lebanese households, measured by the Gini index, increased from 0.4 in 2012 to 0.6 (1 is absolute inequality) in 2022 in the five governorates; whereas the share in total income of the top 10% has increased from 49% to 54%. Indeed, amidst the on-going banking crisis and high inflation, Lebanon shifted towards a dollarized and cash-based economy, providing some protection for workers getting paid in foreign currency. However, this practice worsened economic disparities between the rich and the poor. The top 20 % of households earned over half of their income in dollars, effectively shielding them from inflationary pressures, whereas the bottom 20 % received only 6 % of their income in dollars, making them far more vulnerable.

Figure 2: Lebanese households are consuming less meat, vegetables and fruits, and more bread and cereals compared to a decade ago



Note: Estimates are limited to households in the governorates of Akkar, Beirut, Bekaa, Mount Lebanon and North Lebanon.

Source: World Bank staff estimates using HBS 2011/2012 and LHS 2022/2023.

In response to the economic strain, households have adopted various coping strategies to maintain a semblance of stability. Many have depleted personal savings, sought assistance from various sources, taken loans, or reduced expenditures, particularly on food and essential non-food items

like petrol and utilities. Health expenditures have also been negatively impacted for a significant portion of families.

Households headed by individuals with post-secondary education or those receiving remittances from abroad have shown greater resilience against impoverishment. Education continues to be a critical factor in enhancing household resilience, highlighting the importance of human capital investments even in times of crisis. Remittances from the Lebanese diaspora have become increasingly crucial in mitigating the risk of poverty.

The crisis has particularly devastated Syrian households in Lebanon. The population of registered displaced Syrians, which surged from under 5,000 at the end of 2011 to nearly 1.5 million or more today, represents about a quarter of Lebanon's population. Syrian households are disproportionately affected, with almost 90% living below the poverty line in 2022. They face severe food insecurity, low educational attainment, and precarious employment conditions, further exacerbating their vulnerability.

Looking forward, the report underscores the necessity of comprehensive reforms to halt the decline in living standards. Strengthening social safety nets, investing in human capital, and improving access to formal job opportunities and affordable public transportation are critical steps to alleviate poverty and inequality. It is crucial to enhance social assistance programs, expand access to education and healthcare, and ensure better public transportation in order to building resilience among Lebanese citizens. Furthermore, Lebanon must improve the collection and analysis of household well-being data to update the national poverty line regularly.

In conclusion, the World Bank's "Lebanon Poverty and Equity Assessment 2024" report offers a detailed analysis of the socioeconomic challenges facing Lebanon. It highlights the urgent need for targeted interventions and reforms to address the growing poverty and inequality, improve living conditions, and create a more resilient and equitable society. A first step towards achieving that is to implement an economic and financial reform plan with a sound restructuring of public expenditures towards more social and humanitarian spending.

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