

Lebanon Economic Crisis Is World's Worst Since 1850s: World Bank

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Lebanese economy contracted by 20.3% in 2020 (File)

Beirut: Lebanon's economic collapse is likely to rank among the the world's worst financial crises since the mid-19th century, the World Bank said in a damning report released Tuesday.

The report predicts that Lebanon's economy will shrink by close to 10 percent in 2021 and stresses there is "no clear turning point in the horizon".

Lebanon defaulted on its debt last year, the currency lost around 85 percent of its value and poverty is devastating a country once seen as a beacon of prosperity in the region.

"The economic and financial crisis is likely to rank in the top 10, possibly top 3, most severe crisis episodes globally since the mid-nineteenth century," the report said.

The latest World Bank Lebanon Economic Monitor report, entitled "Lebanon Sinking: To the Top 3", said such brutal economic collapses are usually the result of war.

The complete meltdown of Lebanon's economy over the past 18 months is widely blamed on corruption and mismanagement by the country's hereditary political elite.

"Policy responses by Lebanon's leadership to these challenges have been highly inadequate," the report says.

Lebanon's ruling class has failed to act on the country's worst emergency in a generation, which was compounded by the coronavirus pandemic and a devastating explosion at Beirut port last August.

"The increasingly dire socio-economic conditions risk systemic national failings with regional and potentially global effects," the World Bank said.

The International Monetary Fund has offered assistance but the country's political barons have failed to even form a government that could deliver the reforms on which foreign aid is conditioned.

"Subject to extraordinarily high uncertainty, real GDP is projected to contract by a further 9.5 percent in 2021," according to the World Bank, dashing any hopes of a quick recovery.

According to the monetary institution, the economy contracted by 6.7 percent in 2019 and 20.3 percent in 2020.

- AFP