

Lebanon Pharmaceuticals & Healthcare Report

Executive Summary

You have downloaded a PDF of BMI's latest views on the market, summarising the key findings that are assessed in detail in the new report, as well as the full report Table of Contents.

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BMI View: The ongoing Syrian civil war has had a substantial impact on Lebanon's healthcare service and finances, with a troubled political climate further exacerbating the crisis. On a positive note, the influx of international funds to help with the country's refugee surge has led to an increase in primary healthcare centres opening, providing greater access to the country's most vulnerable people. Over the long term, we expect a growing and ageing population, coupled with relatively high per capita spending, to contribute to rising sales of high-value medicines, keeping Lebanon amongst the most attractive pharmaceutical markets in the Middle East and African region.

Headline Expenditure Projections

- **Pharmaceuticals:** LBP2.47trn (USD1.64bn) in 2015 to LBP2.60trn (USD1.73bn) in 2016; +5.6% in local currency and US dollar terms. *Forecast in line with last quarter.*
- **Healthcare:** LBP5.04trn (USD3.34bn) in 2015 to LBP5.28trn (USD3.50bn) in 2016; +4.8% in local currency and US dollar terms. *Forecast in line with last quarter.*

Headline Pharmaceuticals & Healthcare Forecasts (Lebanon 2014-2020)

	2014	2015	2016f	2017f	2018f	2019f	2020f
Pharmaceutical sales, USDbn	1.529	1.635	1.726	1.825	1.916	2.002	2.103
Pharmaceutical sales, % of GDP	3.09	3.10	3.24	3.25	3.24	3.23	3.22
Pharmaceutical sales, % of health expenditure	48.0	49.0	49.3	49.7	50.1	50.4	50.8
Health spending, USDbn	3.187	3.339	3.499	3.672	3.828	3.971	4.142

f = BMI forecast. Source: WHO, National Sources, BMI

Risk/Reward Index

For Q117, Lebanon's Pharmaceutical Risk/Reward Index (RRI) score is calculated at 52.8 out of 100, unchanged from last quarter's score. The country's score sits between Kuwait (53.3) and South Africa (52.6), making it the fifth most attractive market out of 33 in our Middle East and Africa matrix. Despite increased demand for modern medicines, population growth (score of 4.5 out of 5) and healthcare service improvements, Lebanon's pharmaceutical market is heavily constrained by the relatively small population and limited funding (Market Expenditure score of 8.0 out of 20).

Latest Updates

- In October 2016, the Kuwait Red Crescent Society delivered medical supplies to Lebanon's Rafik Al-Heriri University Hospital in an effort to aid the treatment of displaced Syrians.
- In September 2016, according to a report published by the UN Refugee Agency (UNHCR), the surge in refugees in Lebanon has led to greater access to primary healthcare in a number of specialties for both Lebanese and Syrians as a result of generous funding from donors.
- According to UNHCR data, the number of registered Syrian refugees in Lebanon was 1.02mn as of September 2016, which is equal to around 25% of its population.
- In August 2016, the UAE's Khalifa bin Zayed Al Nahyan Foundation announced that it would help fund the

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reopening and management of Lebanon's Sheikh Khalifa bin Zayed Al Nahyan Hospital in the town of Chebaa, with a 10-year funding plan of around USD10mn.

BMI Economic View

The Lebanese economy will remain in the doldrums over the coming quarters, as protracted regional instability and political paralysis at home continue to erode the country's competitiveness. While we forecast growth to inch up to 2.0% in real terms in 2016 and 3.0% in 2017 from our estimate of 1.6% for 2015, this rate will remain too low to make a tangible difference to Lebanese living standards.

BMI Political View

Lebanon's political impasse will remain acute over the coming quarters with no meaningful political reform likely. The lack of a president or a budget and regional tensions between Iran and Saudi Arabia will continue to weigh on the outlook for many years. There will continue to be spillover from the chaos in neighbouring Syria; however, a complete collapse in government institutions is not the on the cards.