

The socioeconomic impacts of the 2024 war on Lebanon



Shared Prosperity Dignified Life



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UNITED NATIONS PUBLICATION
E/ESCWA/CL6.GCP/2025/2
PRINT ISBN: 9789211543490
PDF ISBN: 9789211576016
Sales no: E.25.II.L.4
2500251E

Acknowledgements

The report was produced as a joint effort between the United Nations Economic and Social Commission for Western Asia (ESCWA), under the overall guidance of the Executive Secretary, Rola Dashti, and the United Nations Development Programme (UNDP), under the overall guidance of the Regional Director of Arab States, Abdallah Al Dardari. The report also received inputs from the United Nations Children's Fund (UNICEF), the International Labour Organization (ILO) and UN Habitat. The report received insightful direction of the Cluster Leader of the Governance and Prevention Cluster at ESCWA, Tarik Alami and the UNDP Resident Representative, Blerta Aliko.

Authors:

ESCWA: Youssef Chaitani, Chief, Conflict and Development Section; Jan Gaska, Economic Affairs Officer; Hassan Hamie, Associate Social Affairs Officer; and Nancy Zreik, Administrative Assistant.

UNDP: Kawthar Dara, Senior Economist; Sara Zeineddine, Economist; and Joseph Chedid, Economic and Policy Associate.

ILO: Aya Jaafar, Labour Economist.

UNICEF: Yasmine Ibrahim, Social Policy Specialist; Khalil Dagher, Social Policy Specialist; and Jamil El Khoury, Research and Analysis Officer.

UN Habitat: Nanor Karageozian, Urban Analysis and Development Expert.

Regional expert reviewers:

UNDP: George Roland Gray, Head of Strategic Engagement Unit and Chief Economist; Mohamed Hedi Bchir, Regional Bureau for Arab States (RBAS), Strategic Initiative Advisor; Taoufik Rajhi, RBAS, Chief Technical Advisor; Tehmina Akhtar, RBAS, Senior Strategic Advisor; and Adnan Mazarei, RBAS, Economic Advisor.

Key messages

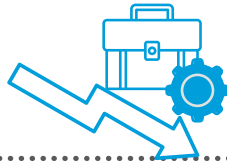
The 2024 war came after **six years of economic and social crises**, compounded by decades of structural political, security and governance challenges.



The war inflicted **massive destruction on Lebanon**, with the number of Israeli airstrikes from October to November 2024 ranking among the **highest number of attacks globally in the 21st century**.



Private sector employment fell by 25 per cent, and around **29 per cent** of war-affected **businesses no longer have any employees**.



Around **15 per cent**, of surveyed businesses **shut down permanently**, while **21 per cent suspended operations temporarily**. In the areas most impacted by the war, **24 per cent remain closed** after the ceasefire.



Around **500,000 students** faced **severe educational interruptions**; during the war, **69 per cent** of **children** were **out of school** until the ceasefire.



Child nutrition reached critical levels, particularly in the Baalbek-Hermel and Bekaa governorates, where over **51 per cent** and **45 per cent** of under-2-year-olds, respectively, experienced **severe food poverty**.



The Human Development Index rank of Lebanon regressed to 2010 levels, marking a 14-year setback due to the overlapping crises.



The 2030 **gross domestic product** of Lebanon is projected at **\$46.9 billion** should the necessary reforms be implemented, but even then, it will be **8.4 per cent** below its pre-crisis 2017 peak [\$51.2 billion].



Sustainable recovery requires prioritizing key enablers, fostering healthy economic growth, strengthening social protection, and reforming the financial sector. Trust in institutions must be restored through better governance, service delivery and infrastructure access.



Executive summary

Executive summary

The outbreak of war on 8 October 2023 compounded the existing crises in Lebanon, coming after six years of economic and social challenges. The war caused severe damage to communities, institutions and infrastructure, leading to profound human, economic and social losses in addition to the immediate physical destruction.

Human cost

The Ministry of Public Health reported in January 2025 that the war had claimed 4,285 lives, 27 per cent of whom were women and children. Approximately 17,200 people suffered serious injuries, (including 2,890 women and 1,479 children). Direct attacks on hospitals, health centres and ambulances caused 241 deaths and 295 injuries among medical and paramedical staff. The violence displaced 1.2 million civilians within days. Although many returned after the 27 November 2024 ceasefire, 98,994 remain displaced due to ongoing insecurity and destroyed infrastructure. Approximately 1.6 million people are expected to face high levels of acute food insecurity.

Physical destruction

By December 2024, the war had caused catastrophic damage to the country's physical capital, with 90,076 structures affected including homes, businesses and critical infrastructure. Of these, 23,489 were completely destroyed. The housing sector suffered the most losses with 59,577 units damaged, 29 per cent of them rendered uninhabitable. Commercial and agricultural assets also sustained heavy destruction: 14,748 businesses and 14,762 agricultural assets were damaged. Essential

infrastructure was particularly vulnerable, with 989 vital facilities including hospitals, schools, roads and water treatment plants experiencing attacks. Overall, 63,962 buildings (229,125 units) were damaged or destroyed across the South Lebanon, Nabatieh, Baalbek-Hermel, Bekaa, Beirut and Mount Lebanon governorates. Nabatieh recorded the worst destruction with 31,451 affected buildings, followed by the South Lebanon governorate (17,842 buildings). Water infrastructure was particularly targeted; attacks damaged 34 facilities, disrupting clean water access for over 400,000 residents.

Economic collapse

The workforce and business sector of Lebanon experienced heavy losses. Private sector employment decreased by 25 per cent. The most severe impacts were in areas directly targeted, where job losses reached 36 per cent, more than double the 17 per cent rate in areas that did not experience attacks. Even after the ceasefire, recovery remained uneven; 24 per cent of workers in hardest-hit regions were still unemployed by December 2024 compared to 7 per cent elsewhere. Women were disproportionately affected, sustaining 18 per cent of job losses versus 12 per cent for men. For those who remained employed, 35 per cent experienced reduced incomes. Average earnings decreased by 15 per cent nationwide.

The micro, small and medium enterprises (MSMEs) sector, which forms the backbone of the Lebanese economy (90 per cent of all businesses), was deeply impacted. Concentrated in Beirut and Mount Lebanon, these enterprises faced direct bombardments, workforce displacement, supply chain collapse and infrastructure failures. Over half (55 per cent) sustained physical damage to their premises, including 50 per cent of manufacturing firms. The Nabatieh governorate bore the most severe destruction with 31 per cent of businesses damaged, followed by the South Lebanon governorate (23 per cent). Due to the war, 15 per cent of MSMEs permanently closed down, while 75 per cent suspended operations temporarily.

Key economic sectors were severely affected, including tourism, agriculture and manufacturing. In 2024, the contribution of the tourism sector to the national economy was estimated to have declined to 5.5 per cent.

The agricultural sector (8 per cent of gross domestic product (GDP)) endured particularly heavy losses. Artillery shells and chemical agents, including white phosphorus, damaged or destroyed 2,193 hectares, comprising 1,917 hectares of forest and 275 hectares of farmland. Agriculture land damage included the total loss of 134 hectares of olive groves, 48 hectares of citrus orchards, 44 hectares of banana plantations and 15 hectares of other fruit trees. The war forced farmers to abandon over 12,000 hectares of agricultural land in the Nabatieh and South Lebanon governorates. Missed harvests caused farmers significant income losses, particularly in the Marjaayoun, Bent Jbeil, Hasbaya and Nabatieh districts, where harvests were reported to have shrunk by 84 per cent, 75 per cent, 70 per cent and 62 per cent, respectively. The livestock sector lost 10 per cent of animals in the South Lebanon and Nabatieh governorates, while another 30 per cent were sold at distressed prices.

Manufacturing was also severely impacted. Only 22 per cent of businesses resumed normal operations post-ceasefire, while 13 per cent closed permanently and 45 per cent are operating at reduced capacity. In the worst-hit areas, 70 per cent of enterprises shut down completely, while 18 per cent maintained limited operations. After the ceasefire, 24 per cent of manufacturers remained closed and 20 per cent operated partially, leaving 56 per cent functioning normally.

One of the most significant consequences of the war was the loss of human capital. Among businesses surveyed, 29 per cent reported that their entire workforce had left or become unavailable following the war. Business needs are considerable, with 80 per cent of businesses identifying access to finance as their top priority, followed by affordable energy (40 per cent), market access (35 per cent) and wage subsidies (25 per cent).

The Human Development Index rank of Lebanon regressed to 2010 levels, marking a 14-year setback due to the overlapping crises.

Foreign direct investment has remained very low since the beginning of the financial crisis in 2019, dropping from a pre-crisis level of \$2.7 billion in 2018 to just \$0.58 billion in 2023. Already minimal capital inflows into Lebanon are expected to be further disrupted due to the war.

Education crisis

By 1 October 2024, displacement caused by military attacks had led to 769 educational facilities being repurposed into shelters, including 523 public schools, 84 vocational

training centres and several branches of the Lebanese University. Nearly 400 schools closed completely due to sustained bombardment. While the November ceasefire allowed some facilities to reopen, as of December 2024, 64 shelters remained operational, 19 of them in school buildings.

Displacement severely affected educational continuity; around 500,000 students were displaced, as well as 18,792 public school teachers and 16,798 private school teachers. With learning spaces repurposed as shelters, school attendance plummeted with 69 per cent of children missing classes during active fighting, and 31 per cent never returning after hostilities ceased. Most parents (85 per cent) express serious concerns about their children's educational future. These disruptions to education significantly increase risks of child exploitation, including the risk of hazardous child labour.

Path to recovery

This report highlights how the political transition in Lebanon, including the election of a new president, prime minister and cabinet, could catalyze critical reforms. While both the Presidency and Council of Ministers have expressed commitment to change, meaningful progress will require concrete actions. Key priorities include combating corruption and strengthening core government functions, particularly in planning and decision-making, revenue generation, public financial management, security and the rule of law, social protection and oversight mechanisms. These reforms are essential not only for postwar recovery but for addressing the pre-existing crises in Lebanon.

Economic projections suggest potential GDP growth of 8.2 per cent in 2026 and 7.1 per cent in 2027 if reforms succeed. However, even with this growth, the 2030 GDP of Lebanon would reach only \$46.9 billion, 8.4 per cent below its 2017 peak of \$51.2 billion. Achieving this level of domestic output demands the implementation of a rigorous reform agenda focused on stimulating growth and rebuilding State institutions. This will require strong political commitment and coordinated efforts to ensure the appropriate scale and sequencing of reforms.

Restoring trust in the financial sector is identified as a critical prerequisite for economic recovery. This report also recommends prioritizing specific economic sectors, including agriculture, tourism, construction and manufacturing, to promote inclusive and equitable growth.

To guide this process, the report outlines short-, medium- and long-term policy directions across four main priority areas: (1) restore and strengthen the functions and capabilities of the State at all administrative levels to re-establish and support local and central governance and enhance social stability; (2) advance economic recovery through targeted economic reforms and food system recovery and stimulus to generate decent jobs, restore business confidence, and foster entrepreneurship; (3) ensure more efficient and sustainable basic services while strengthening national social protection systems; and (4) restore environment ecosystems in Lebanon. Addressing these emerging priorities and structural challenges will require substantial financing, which may be sourced through a combination of domestic revenue mobilization, private sector investment, official development assistance and foreign direct investment.

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List of acronyms

FDI	foreign direct investment
GDP	gross domestic product
IDP	internally displaced person
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	integrated food security phase classification
MENA	Middle East and North Africa
MSMEs	micro-, small- and medium-sized enterprises
NGO	non-governmental organization
ESCWA	United Nations Economic and Social Commission for Western Asia
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
UNITAR	United Nations Institute for Training and Research
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOSAT	United Nations Satellite Centre
WASH	water, sanitation and hygiene
WFP	World Food Programme

Objective and methodology

This report provides a comprehensive analysis of the war's impact on Lebanon since its outbreak on 8 October 2023. It builds upon several field surveys implemented in the aftermath of the ceasefire, covering small- and medium-sized enterprises (SMEs), the labour market, children and other areas, providing bottom-up, micro-level evidence to complement the macro-level Rapid Damage and Needs Assessment.

The report provides solid analysis to inform the Government's immediate recovery plan and to guide long-term reform efforts to address the structural challenges the country is facing. The report examines the impact of the war on various sectors, from physical damage incurred to infrastructure and economic systems to the profound effects on life, livelihoods and the country's social fabric. Additionally, the report assesses the broader macroeconomic impacts, highlighting how the war has exacerbated existing challenges and deepened vulnerabilities across society and the economy. Based on this analysis, the report presents short-, medium- and long-term policy recommendations that can serve as a basis for recovery efforts.

This report is a joint effort by the United Nations Economic and Social Commission for Western Asia (ESCWA), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the International Labour Organization (ILO) and the United Nations Human Settlements Programme (UN-Habitat), and was prepared following the ceasefire. It reflects the situation as of the cover date. The analysis draws on several sources: (i) primary data collected by UNDP on micro-, small- and medium-sized enterprises (MSMEs) (December 2024–January 2025), data collected by ILO on private sector workers and businesses (December 2024), and data collected by UNICEF between December 2024 and February 2025; (ii) satellite imagery analysis of building damage and debris quantification by UN-Habitat together with partners, including the United Nations Satellite Centre (UNOSAT) and partner universities; and (iii) a desk review of available data and sources collected by partner agencies. The analysis was complemented by informal interviews with key stakeholders and sector-specific assessments.

Background and context

1



1. Background and context

Over the past two decades, Lebanon has faced significant challenges, including periods of economic contraction, political instability, deteriorated socioeconomic conditions and social unrest, in addition to the spillover effects of the conflict in the Syrian Arab Republic. Over the past six years, Lebanon has been struggling with a multifaceted crisis and multiple shocks: the presence of a sizeable refugee population, uncontrolled borders with the Syrian Arab Republic exacerbating illicit trade, the COVID-19 pandemic, the Beirut port explosion, an economic crisis, the collapse of the banking sector and political stalemate since the May 2022 parliamentary elections. These challenges have been further intensified by weak institutions, high levels of corruption and inadequate public services, contributing to further deterioration in socioeconomic conditions. Political gridlock has hindered effective responses to crises. The outbreak of the war on Gaza on 7 October 2023 immediately triggered a conflict around the southern border of Lebanon, which had a significant impact on the country, particularly on the surrounding areas. In September 2024, military operations escalated, expanding to affect the whole of Lebanon and adding an additional layer of complexity to the already profound and multifaceted crisis that had been affecting Lebanon for the previous six years. Beyond the loss of human life and physical destruction, the economic and social toll has been immense. The direct impact of the attacks has resulted in asset and capital losses, while the broader slowdown in economic activity has led to severe financial repercussions across the country.

The economy of Lebanon contracted by around 38 per cent between 2019 and 2024.¹ Before the escalation of military action in September 2024, economic growth was expected to resume in 2024, at a rate of between 0.5 per cent² and 1.7 per cent,³ following six consecutive years of significant contraction. However, given the severity of the attacks and the massive damage they caused, the economy is now expected to have contracted further in 2024, by between 5.7 per cent⁴ and 10 per cent. It is projected to contract by a further 2 per cent, in 2025 if no economic reforms are undertaken.⁵ It is now expected that it will take several years before the economy returns to its growth trajectory. A previous UNDP report on the war's impact estimated that the economy would shrink by 9.2 per cent compared to a no-war scenario, assuming the war would be over by the end of 2024. The report also projected continued economic contraction in 2025 and 2026, with declines of 2.28 per cent and 2.43 per cent, respectively.⁶

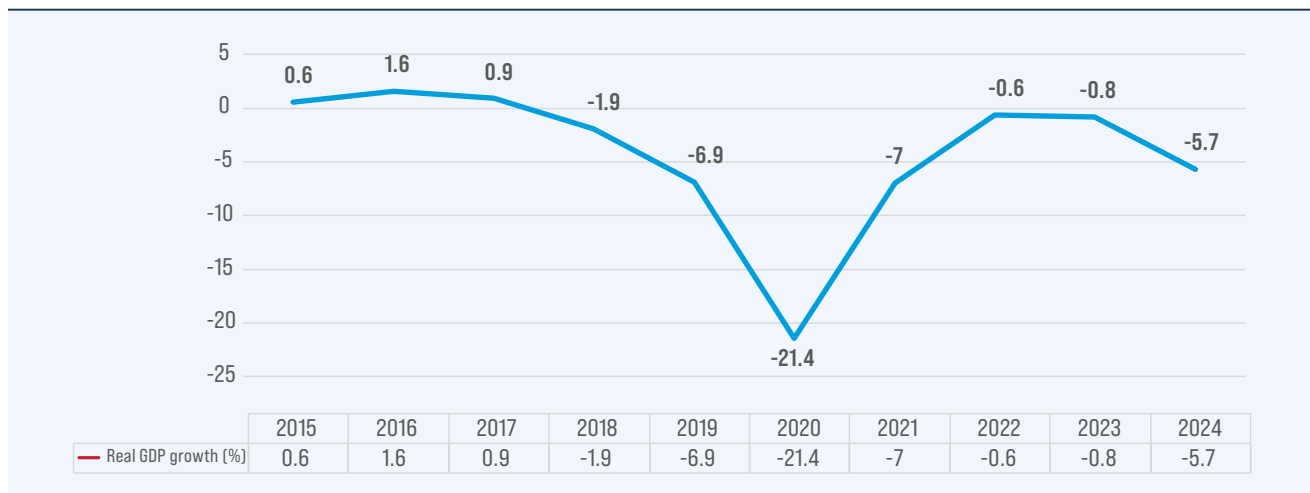
The Lebanese pound sharply depreciated from the onset of the economic crisis in October 2019, losing more than 98 per cent of its value by March 2023. Inflation soared to triple-digit levels for 44 consecutive months since July 2020, cumulatively rising by more than 6,300 per cent since the start of the crisis. This prolonged inflationary trend significantly eroded the real value of incomes and severely weakened purchasing power, particularly among low- and fixed-income groups and civil servants. In the second quarter of 2024, annual inflation began to decelerate. Annual inflation declined to 51.59 per cent in May 2024 and dropped further to

18.12 per cent in December 2024, signalling a relative easing of price pressures (figure 2).

Public debt rose to 180 per cent of gross domestic product (GDP) in 2023 amid continuing fiscal imbalances and uncertainties. Lebanon is in a state of restricted default on its foreign-currency debt following its failure to settle its Eurobond

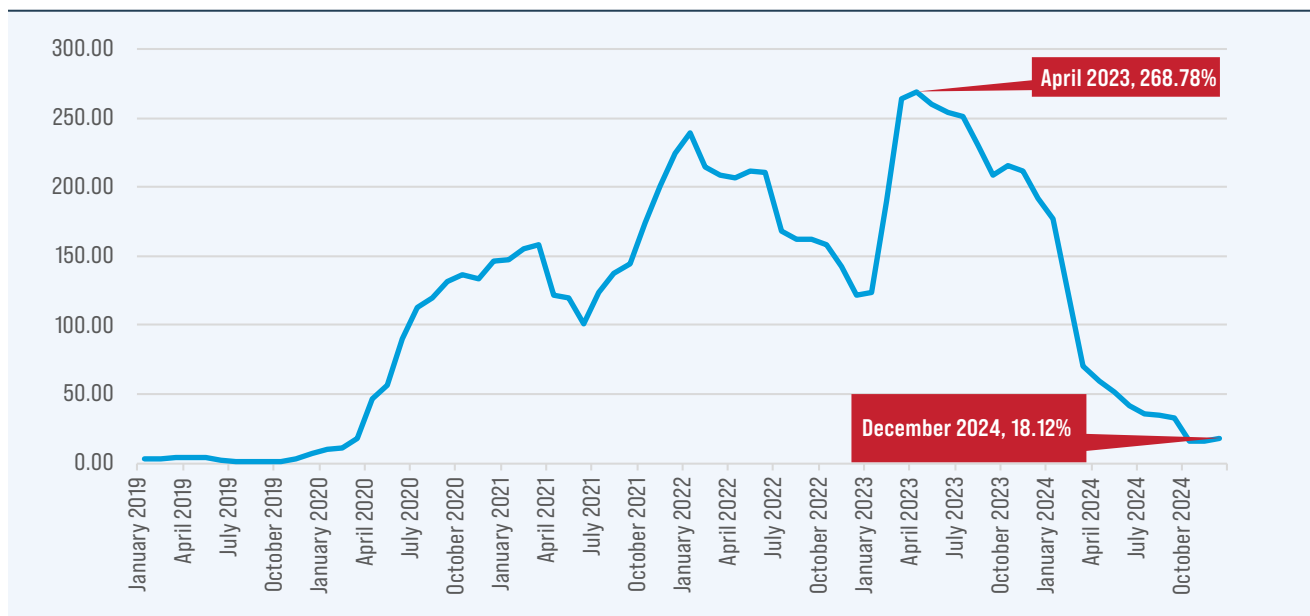
principal in March 2020.⁷ This default has restricted the country's access to market financing. This will remain the case until a comprehensive debt restructuring plan is put in place. The prolonged crisis affected the country's fiscal position, straining government revenue and expenditure. Revenue declined sharply, dropping from 21 per cent of GDP in 2018 to just 6.1 per cent in 2022, one of the

Figure 1. Real GDP growth, 2015–2024 (Percentage)



Source: World Bank data, Lebanon Economic Monitor, December 2024.

Figure 2. Annual inflation rate, 2019–2024 (Percentage)



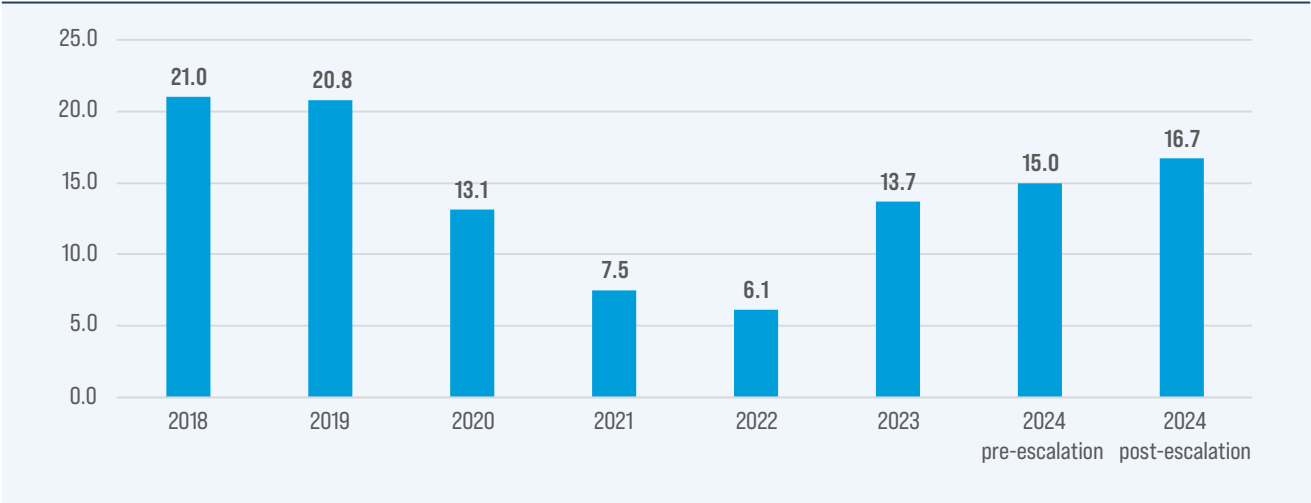
Source: Central Administration of Statistics, UNDP calculations.

lowest revenue-to-GDP ratios globally. In response, the Government introduced corrective measures in 2023, adjusting taxes and customs rates to account for inflation and exchange rate depreciation. Despite these efforts, available data for 2024 suggest that revenue is expected to remain far below its pre-crisis level (figure 3).⁸

Public expenditure has also fallen sharply, decreasing from 31.4 per cent of GDP in 2019 to 6.5 per cent in 2021. This decline, largely driven by the deterioration of the exchange rate and high

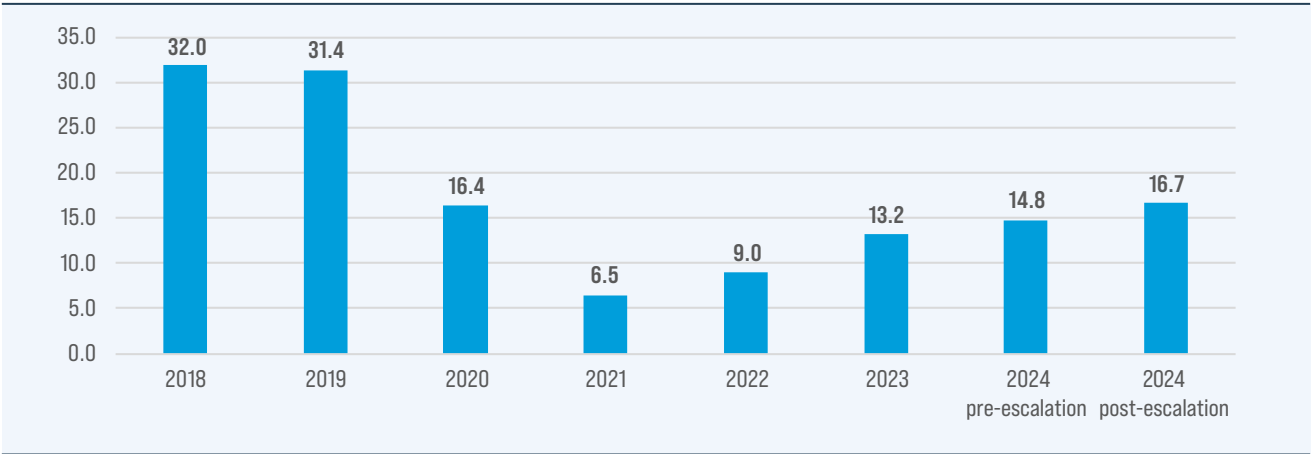
inflation, has severely limited the Government’s ability to maintain adequate service delivery. Although expenditure has gradually increased since 2021, it was estimated to have reached 16.7 per cent of GDP in 2024, still far below the pre-crisis level (figure 4). The current fiscal position demonstrates that the Government has limited fiscal capability to pursue significant recovery efforts using domestic resources. Given the projected impact on economic growth, the Government has little room to expand its fiscal base, at least in the short to medium term.

Figure 3. Government revenue as a percentage of GDP, 2018–2024



Source: World Bank, *Lebanon Economic Monitor*, December 2024. 2024 figures are forecasts based on actual data available for part of the year.

Figure 4. Expenditure as a percentage of GDP, 2018–2024



Source: World Bank, *Lebanon Economic Monitor*, December 2024. 2024 figures are forecasts based on actual data available for part of 2024.

The deteriorating macroeconomic context has exacerbated socioeconomic challenges and hindered the country's progress towards achieving the Sustainable Development Goals (SDGs) across all pillars. It is expected that progress will have further worsened as a result of the war. Of the 17 SDGs, 11 face major challenges (figure 5). Progress towards achieving nine SDGs, including SDGs on poverty, health, education, gender equality, partnerships, energy, and clean water and sanitation, has stagnated, while progress towards achieving five SDGs – Zero Hunger, Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Consumption and Production, and Climate Action – has declined. Only one SDG, on Industry, Innovation and Infrastructure, showed a positive trajectory, though challenges persist.

Social development indicators for Lebanon have deteriorated significantly. Poverty and

food insecurity have escalated as a result of economic deterioration and displacement due to the war, placing additional pressure on already strained social protection systems. Food security has also been severely undermined, with climate change intensifying water scarcity and diminishing agricultural yields, compounding the economic hardship faced by vulnerable communities. The health sector is experiencing overwhelming challenges, including infrastructure damage, shortages of medical supplies, and increased demand for emergency care. The collapse of basic services has further exacerbated vulnerability to crises. Wastewater treatment plants have largely ceased to operate, complicating responses to outbreaks such as cholera in areas heavily populated by displaced communities. Poor air quality linked to reliance on diesel generators, has further heightened respiratory health risks. Education

Figure 5. Progress towards achieving the SDGs in Lebanon, with direction of trends



Source: Sustainable Development Solutions Network, the Sustainable Development Report 2024.

has also been seriously disrupted, with many schools either destroyed or repurposed as shelters. The war also deepened gender inequalities, leaving women more vulnerable to economic and social marginalization. Environmental sustainability has also been affected by the war. Damage to water resources, waste management, climate action and biodiversity have worsened the country's existing crises. Infrastructure damage has disrupted water treatment facilities and compromised waste management systems,

while military operations have increased pollution. Natural habitats and coastal ecosystems have suffered direct harm, increasing the country's vulnerability to climate change and biodiversity loss. Economic conditions continue to deteriorate, with increased job losses, rising unemployment, widening inequalities and stalled infrastructure development. Energy shortages persist, constraining business activity and day-to-day life, while investment in innovation and sustainable industries remains limited.



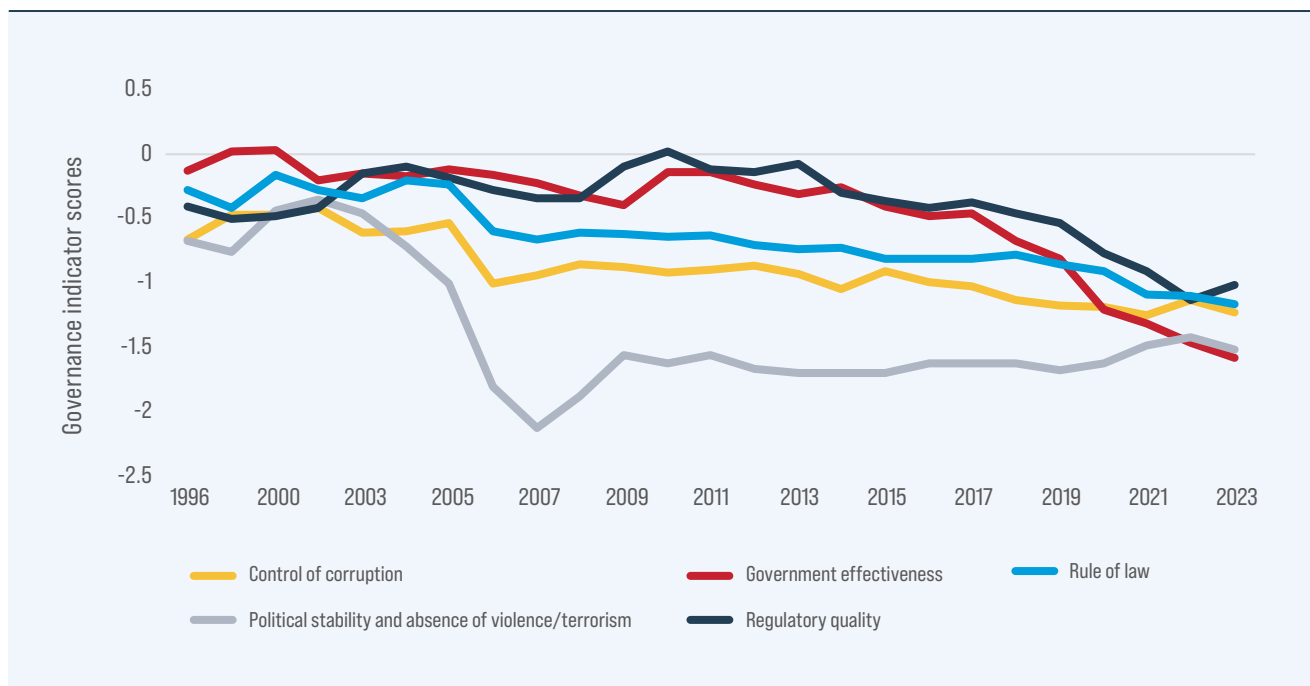
Political instability and weak governance have restricted progress on promoting peace, justice and strong institutions. The war has exacerbated governance challenges, causing further delays in implementing a comprehensive reform agenda. As a result, governance remains fragile and institutional trust has eroded.

The economic and financial crisis Lebanon is experiencing is deeply rooted in decades of political gridlock and chronic governance deficits. Between 1996 and 2023, governance indicators declined steadily (figure 6), reflecting a broader deterioration in institutional quality and public sector performance. Corruption, a longstanding challenge in Lebanon, became more pervasive, undermining public trust and eroding the effectiveness of government institutions. Three quarters of Lebanese citizens state that they have no trust in their government institutions. An analysis of ordinal data from

four waves of Arab Barometer surveys (2013, 2016, 2019 before the crisis, and February 2024) shows a steady decline in trust in the country's Government and Parliament.⁹ This state of affairs not only hastened the economic collapse, but has also left the country ill-equipped to respond to sudden shocks, significantly delaying any recovery.

Between the parliamentary elections held in May 2022 and early 2025, the country experienced a governance and institutional vacuum. The Government assumed a caretaker role, which considerably slowed down decision-making processes. This slowdown was exacerbated after the former President's mandate ended in October 2022, which pushed the country further into a political deadlock. State institutions were drained of their financial and human resources by the economic and financial crisis, and struggled to deliver on their mandates.

Figure 6. Trends in Lebanese governance indicators, 1996–2023



Source: Worldwide Governance Indicators, accessed on January 2025.



After more than two years of vacuum, the recent election of a President of the Republic, the appointment of a Prime Minister, and the swift formation of a cabinet present an opportunity to break the long-lasting political gridlock in Lebanon. These developments can provide momentum not only for a rapid recovery from the impact of the war, but also for addressing the country's deep-rooted governance, financial, economic and environmental challenges.

In his inauguration speech, the newly elected President emphasized the urgency of systemic reforms in governance, public administration and economic policy to improve efficiency and service delivery. He also outlined plans to strengthen education, expand social protection and reconstruct areas destroyed by the war. The Government also expressed its commitment to implementing United Nations Security Council Resolution 1701¹⁰ in full.

War synopsis: attacks and unexploded ordnance

2

2. War synopsis: attacks and unexploded ordnance

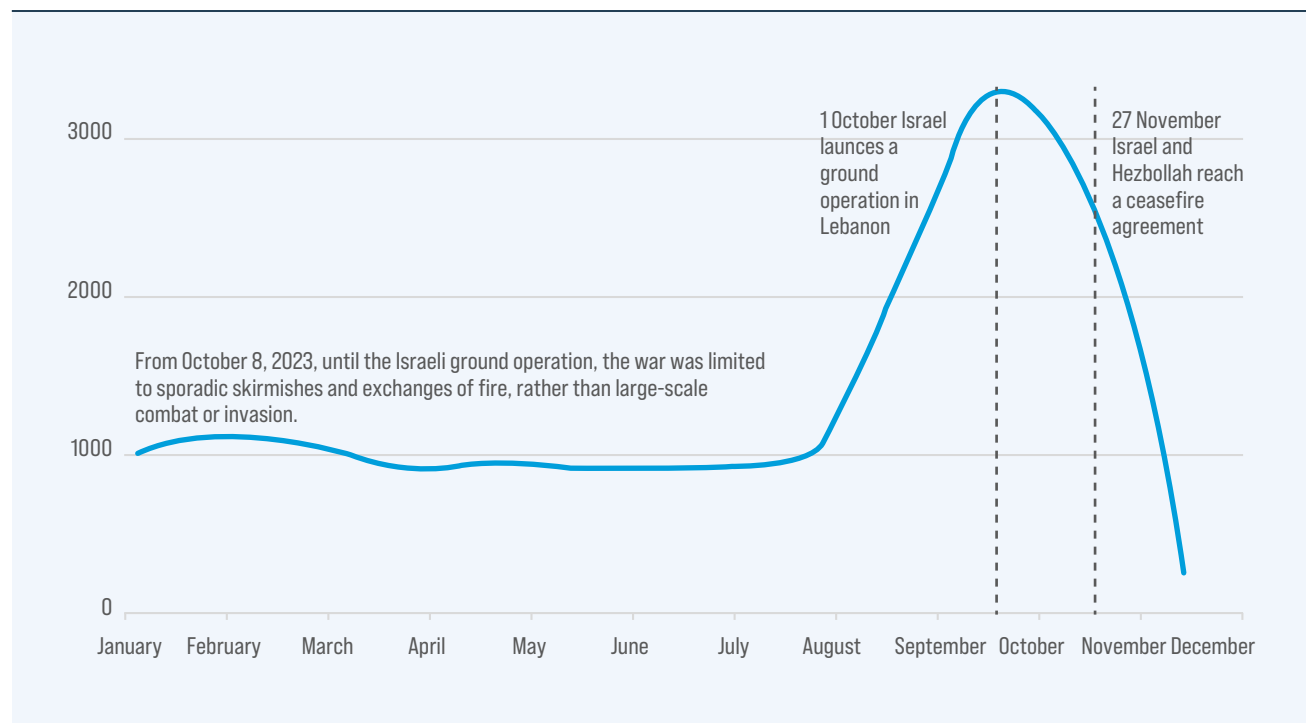
The war, which began on 8 October 2023, can be divided into three phases:¹¹

- Controlled conflict (8 October 2023 to 22 September 2024). During this phase, the war was limited to daily skirmishes and exchanges of fire, mostly along the southern border.
- Escalation of conflict (23 September to 27 November 2024). Israel launched a full-scale military operation, which expanded to target areas across the entire of Lebanon. This phase included a ground invasion that began on 1 October 2024.

- Ceasefire (from 27 November 2024). A 60-day ceasefire entered into force, which was later extended to 18 February 2025. The ceasefire remains in place at the time of writing, despite numerous reported violations.

Attacks were most concentrated in October and November 2024 (figure 7). The number of airstrikes that struck Lebanon between October and November 2024 is among the highest recorded globally in the twenty-first century.¹² The period preceding the escalation of hostilities on 23 September was characterized

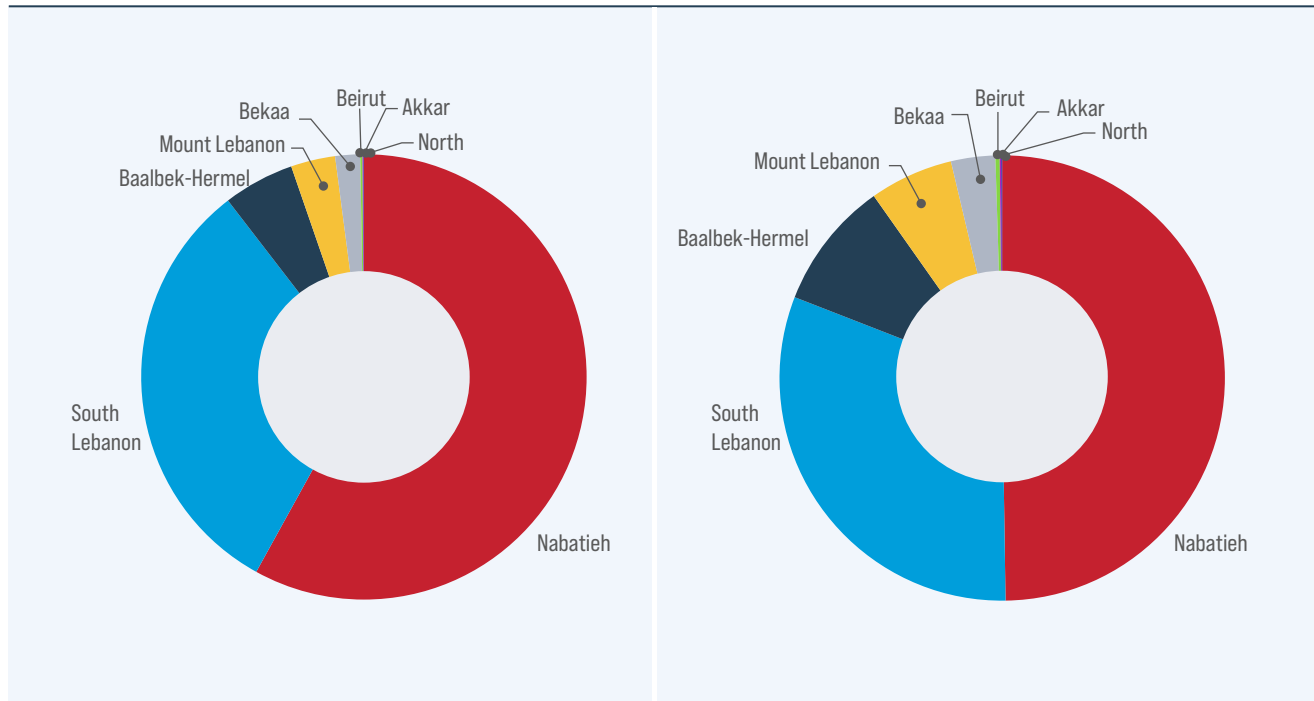
Figure 7. Number of attacks by month, 2024



Source: Armed Conflict Location and Event Data, accessed on 16 January 2025.

Note: "Events" covers battles, air strikes, shootings, riots, explosions, remote violence and other occurrences.

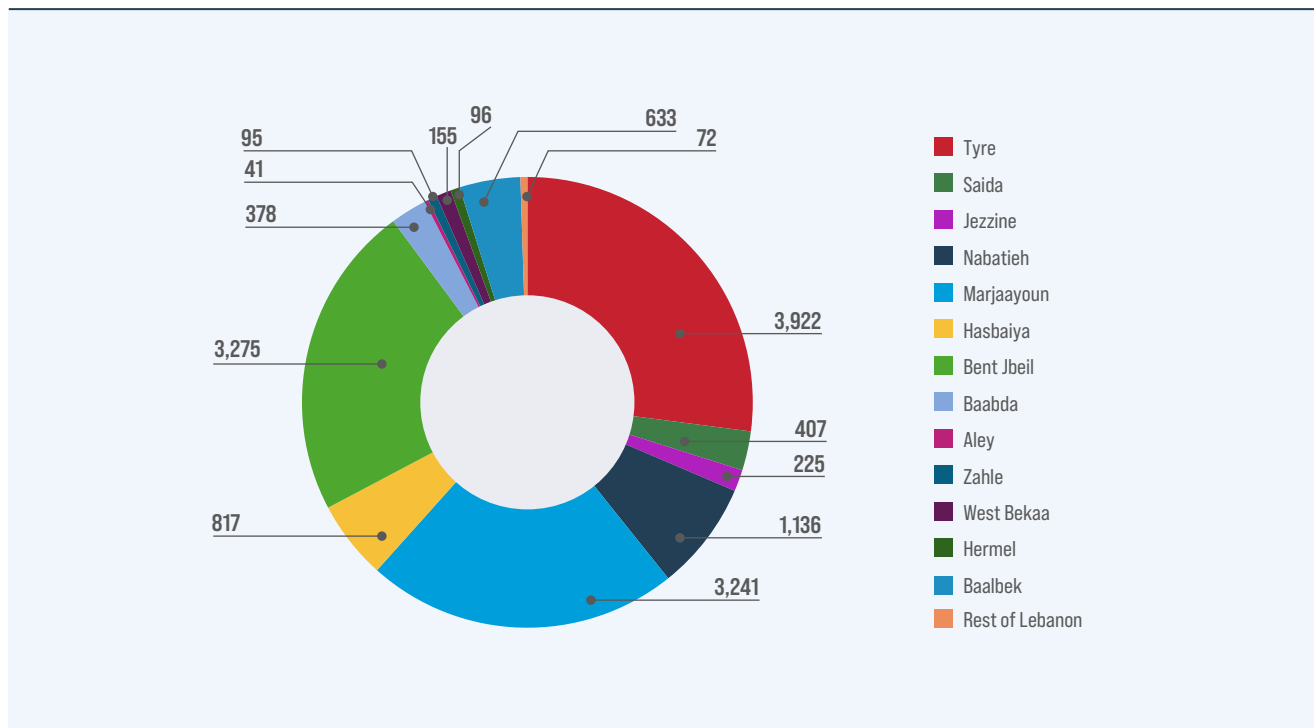
Figure 8. Distribution of attacks by governorate in the controlled and escalation phases of the war



Source: Centre national de la recherche scientifique, Israeli Offensive on Lebanon 2023–2024, 10 December 2024.

Note: The figure on the left represents the “controlled” and “ceasefire” phases, while the figure on the right shows the “escalation” phase.

Figure 9. Number of attacks by district since the beginning of the war



Source: Situation report No. 51: Escalation of hostilities in Lebanon, as of 19 December 2024.



by a significant number of attacks each month, which remained consistent; however, attacks were limited to the country's southern border. Although a ceasefire has been in place since 27 November 2024, there have been numerous violations. More than 800 Israeli air and land violations were reported between 27 November and 22 December 2024.^{13,14}

The Centre national de la recherche scientifique¹⁵ analysed the total number of attacks throughout the war. Across both the controlled and escalation phases of the war, the total number of attacks reached 14,775 by 10 December 2024, with slightly more than half (7,753 attacks) occurring during the escalation phase. The South Lebanon governorate experienced the highest concentration of attacks as the primary focus of the war was along the country's southern border (figure 8).

Additional disaggregated statistics on the distribution of attacks during the contained and escalation phases are shown in figure most attacks concentrated in the districts of Bent Jbeil, Marjaayoun, Nabatieh and Tyre.

The war has further increased unexploded ordnances (UXO) contamination in Lebanon. During the ceasefire period and beyond, UXO will remain a major threat that will affect the return of the internally displaced population. This will have an impact on civilian safety, economic recovery and the environment. The latest statistics indicate that by early 2025, around 23.2 km² of land remained hazardous, with around 15.8 km² being contaminated with mines, 4.76 km² with cluster munitions, and 2.73 km² are classified as dangerous areas.

A photograph of a man with a beard holding a young child. The child has visible injuries, including a bandaged head and a red, inflamed arm. The man is looking off to the side with a somber expression. The background is a plain, light-colored wall.

Human losses and displacement

3

3. Human losses and displacement

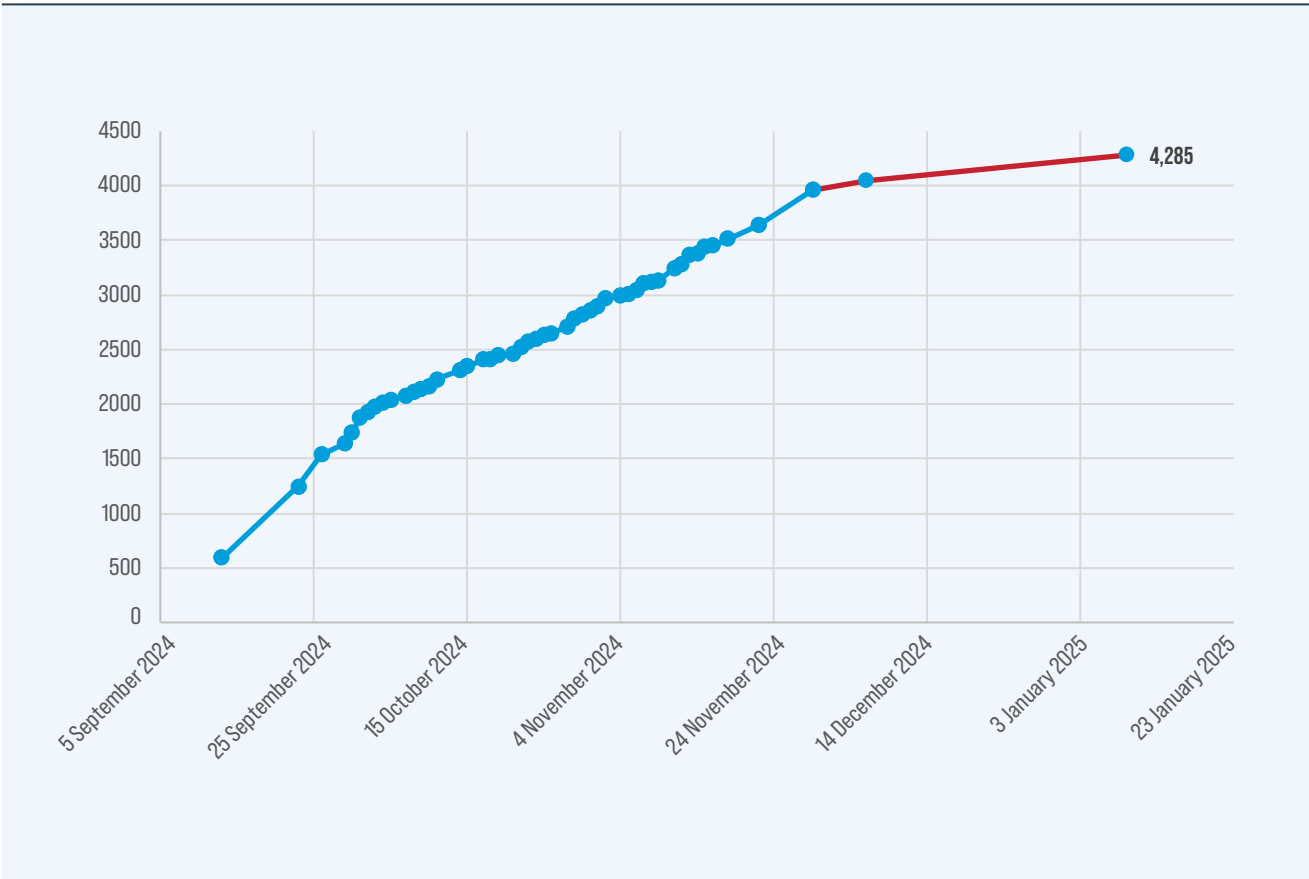
A. Deaths and injuries

Following the September escalation, a humanitarian crisis unfolded, marked by a sharp rise in deaths, injuries and displacement. The toll on civilians, including women and children, was massive. The number of casualties continued to rise even after the ceasefire took effect on 27 November.

On 9 January 2025, the Ministry of Public Health reported that 4,285 persons had been killed.¹⁶ This figure includes 292 children and 861 women, representing 27 per cent of all fatalities since October 2023.¹⁷

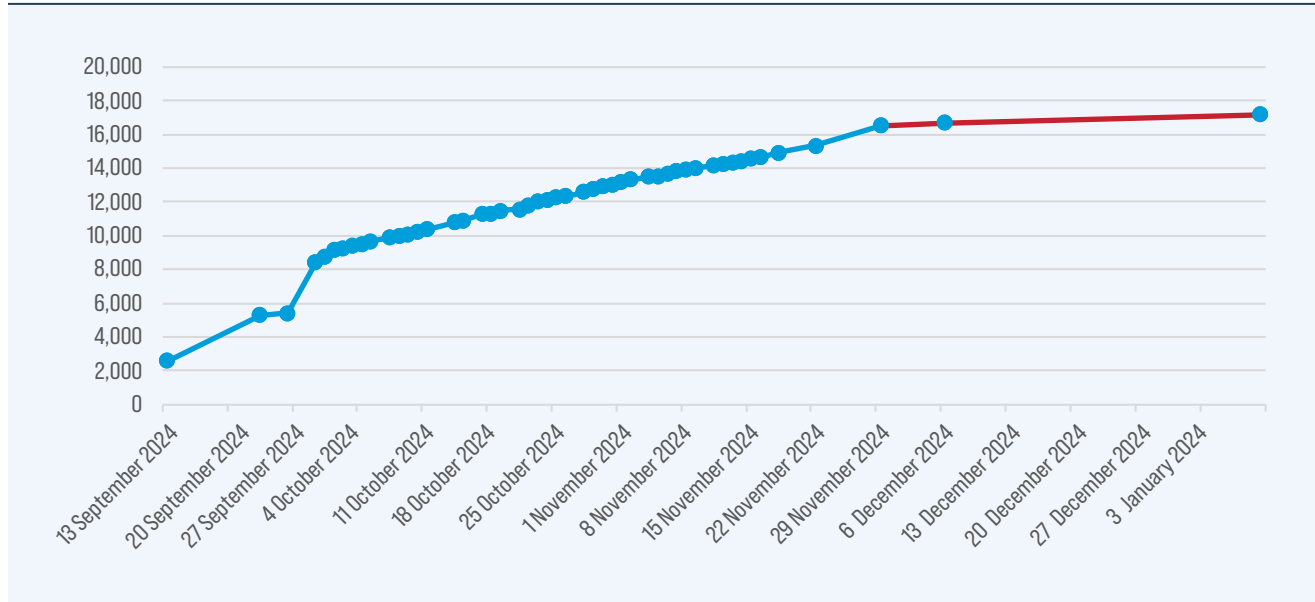
In addition to the massive death toll, attacks caused a large number of injuries. By 9 January 2025, around 17,200 people had been injured, including 1,479 children and 2,890 women.¹⁸

Figure 10. Death toll in Lebanon since the start of the escalation in hostilities in September 2024



Source: Situation reports (No. 1/51): Israeli hostilities on Lebanon for the period from 23 September 2024 to 6 December 2024; UNOCHA flash update No. 54, figure for 9 January 2025.

Figure 11. Cumulative number of injuries sustained since 24 September 2024



Source: Situation reports (No. 1/51): Israeli hostilities on Lebanon for the period from 23 September 2024 to 6 December 2024; UNOCHA flash update No. 54, figure for 9 January 2025.



B. Displacement

The war triggered significant displacement, forcing approximately 1.2 million civilians to flee their homes within just a few days. Of these, more than 190,000 individuals were hosted in public shelters across the country, with Mount Lebanon and Beirut hosting the largest number of internally displaced persons (IDPs).

Between 23 September and 26 November 2024, cross-border movements by both Syrian and Lebanese people significantly increased. Reports indicate that 326,523 Syrians returned to the Syrian Arab Republic, in addition to 244,640 Lebanese citizens who crossed to the Syrian Arab Republic seeking shelter.¹⁹

Immediately after the ceasefire was announced on 27 November 2024, a significant number of IDPs began returning to their places of origin. By 6 December 2024, the number of IDPs registered in shelters across Lebanon had dropped by 95.35 per cent, decreasing from over 190,000 to 8,655 registered in 139 centres, predominantly in Mount Lebanon and Beirut. The number of IDPs in Beirut declined from 55,169 to only 3,014 after the ceasefire.²⁰ The total number of registered IDPs continued to decline, reaching 3,769 IDPs registered in 39 shelters by 8 January 2025.²¹ By 29 January 2025, at least 103,346 IDPs not registered or no longer registered in shelters were still unable to go back to their communities due to the continued occupation, infrastructure and housing damage and destruction, as well as security concerns.²²



Damage assessment

4



4. Damage assessment



The escalation of hostilities since September 2024 resulted in widespread physical damage. Damage due to daily attacks has been reported to residential buildings, business units, infrastructure, land, cultural and tourist sites, health and educational facilities, municipal and other government buildings, and essential utilities, such as power, water and telecommunication. The exact level and cost of damage has not yet been comprehensively determined in the absence of detailed and comprehensive field-based assessments covering all affected areas. However, some assessments relying on data from satellite imagery and phone interviews provide analysis of the level of damage inflicted during two months of attacks.

According to remote assessments based on post-ceasefire satellite images conducted by UN-Habitat Lebanon and UNOSAT, in collaboration with the University of Balamand and the Center for Environmental Research of the Eastern Mediterranean at Saint Joseph University, as well as information received from the Union of Municipalities of Dahieh, it is estimated that 63,962 buildings, corresponding to 229,125 housing and non-housing units, were destroyed or damaged in the South Lebanon, Nabatieh, Baalbek-Hermel, Bekaa, Beirut and Mount Lebanon governorates (table 1). The estimated volume of the debris generated from these buildings is 12,008,535 cubic metres and the debris weight is between 27,019,204 (upper estimate) and 20,294,424 (lower estimate) metric tonnes (excluding debris from road damage) (table 2 and figure 12).

Table 1. Building and unit damage by damage level and governorate

Governorate	District	Total number of pre-conflict buildings in the affected 321 cadastres	Total number of destroyed or damaged buildings	Total number of destroyed or damaged units	Number of completely destroyed or severely damaged buildings (percentage of pre-conflict buildings)	Number of moderately damaged buildings (percentage of pre-conflict buildings)	Number of possibly damaged buildings (percentage of pre-conflict buildings)
South Lebanon	Jezzine	2,340	540	941	163 (6.96%)	89 (3.8%)	288 (12.3%)
	Saida	20,603	1,197	2,831	299 (1.45%)	198 (0.96%)	700 (3.39%)
	Tyre	65,021	16,105	40,363	6,503 (10%)	3,005 (4.62%)	6,597 (10.14%)
	Total	87,964	17,842	44,135	6,965 (7.92%)	3,292 (3.74%)	7,585 (8.62%)
Nabatieh	Bent Jbeil	37,081	11,223	21,099	5,884 (15.86%)	2,085 (5.62%)	3,254 (8.77%)
	Nabatieh	48,182	8,686	28,501	2,438 (5.05%)	1,499 (3.11%)	4,749 (9.85%)
	Hasbaiya	3,146	558	937	257 (8.16%)	73 (2.32%)	228 (7.24%)
	Marjaayoun	31,549	10,984	16,866	5,830 (18.47%)	2,734 (8.66%)	2,420 (7.67%)
	Total	119,958	31,451	67,403	14,409 (12.01%)	6,391 (5.33%)	10,651 (8.88%)
Bekaa	Zahleh	25,670	1,424	6,272	201 (0.78%)	281 (1.09%)	942 (3.66%)
	Rachaiya	7,762	843	1,708	145 (1.86%)	176 (2.26%)	522 (6.72%)
	West Bekaa	23,694	1,530	3,108	320 (1.35%)	369 (1.55%)	841 (3.55%)
	Total	57,126	3,797	11,088	666 (1.17%)	826 (1.45%)	2,305 (4.03%)
Baalbek-Hermel	Baalbek	96,680	3,178	5,047	781 (0.81%)	787 (0.81%)	1,610 (1.66%)
	Hermel	15,003	498	687	83 (0.55%)	98 (0.65%)	317 (2.11%)
	Total	111,683	3,676	5,734	864 (0.77%)	885 (0.79%)	1,927 (1.73%)
Beirut	Beirut	10,492	42	609	6 (0.05%)	12 (0.11%)	24 (0.22%)
	Total	10,492	42	609	6 (0.05%)	12 (0.11%)	24 (0.22%)
Mount Lebanon	Baabda	29,580	7,115	99,610	460 (1.55%)	90 (0.30%)	155 (0.52%)
	Aley	6,890	39	546	19 (0.27%)	15 (0.21%)	5 (0.07%)
	Total	36,470	7,154	100,156	479 (1.31%)	105 (0.28%)	160 (0.43%)
TOTAL		423,693	63,962	229,125	23,389 (5.52%)	11,576 (2.73%)	28,997 (6.84%)

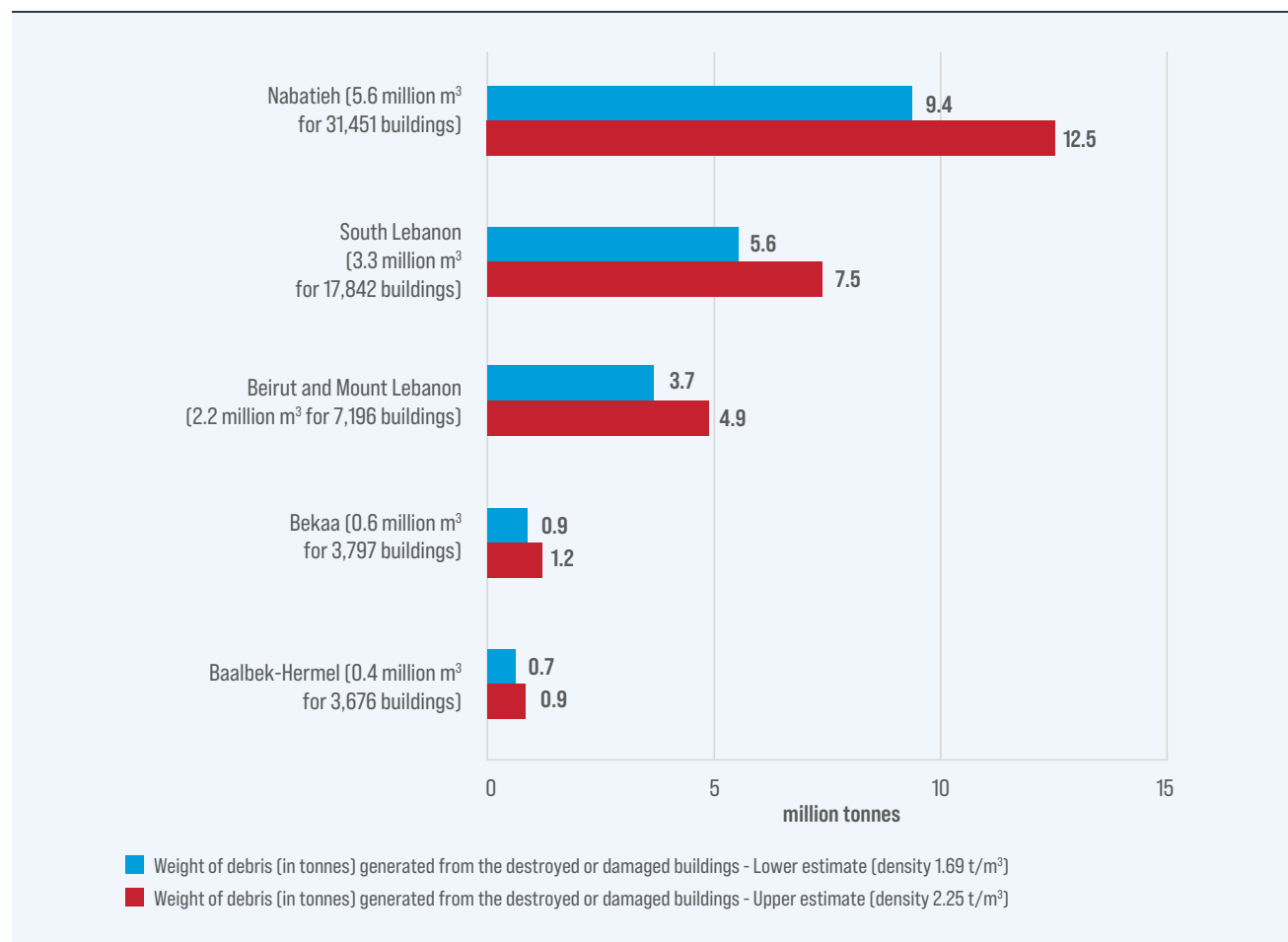
Source: Remote assessments by UN-Habitat, UNOSAT and partner universities, with support from the Shelter Sector Information Management focal point, as well as information received from the Union of Municipalities of Dahieh. The publication summarizing the findings of the assessments is under preparation.

Table 2. Estimated debris volume and weight by district

Governorate	District	Volume of debris (in m ³) generated from the destroyed or damaged buildings	Weight of debris (in tonnes) generated from the destroyed or damaged buildings - Upper estimate (density 2.25 t/m ³)	Weight of debris (in tonnes) generated from the destroyed or damaged buildings - Lower estimate (density 1.69 t/m ³)
South Lebanon	Jezzine	60,633	136,423	102,469
	Saida	174,072	391,662	294,182
	Tyre	3,080,707	6,931,591	5,206,395
	Total	3,315,412	7,459,677	5,603,046
Nabatieh	Bent Jbeil	2,133,694	4,800,811	3,605,943
	Nabatieh	1,585,268	3,566,854	2,679,103
	Hasbaiya	66,975	150,694	113,188
	Marjaayoun	1,781,082	4,007,433	3,010,028
	Total	5,567,019	12,525,793	9,408,262
Bekaa	Zahleh	256,141	576,318	432,879
	Rachaiya	88,813	199,828	150,093
	West Bekaa	208,234	468,527	351,916
	Total	553,188	1,244,673	934,888
Baalbek-Hermel	Baalbek	360,735	811,654	609,643
	Hermel	34,664	77,993	58,581
	Total	395,399	889,647	668,224
Beirut	Beirut	18,371	41,334	31,047
	Total	18,371	41,334	31,047
Mount Lebanon	Baabda	2,114,288	4,757,148	3,573,147
	Aley	44,858	100,931	75,810
	Total	2,159,146	4,858,079	3,648,957
TOTAL		12,008,535	27,019,204	20,294,424

Source: Remote assessments by UN-Habitat, UNOSAT and partner universities, with support from the Shelter Sector Information Management focal point, as well as information received from the Union of Municipalities of Dahieh. The publication summarizing the findings of the assessments is under preparation.

Figure 12. Debris quantities generated from destroyed and damaged buildings in the South Lebanon, Nabatieh, Baalbek-Hermel, Bekaa, Beirut and Mount Lebanon governorates



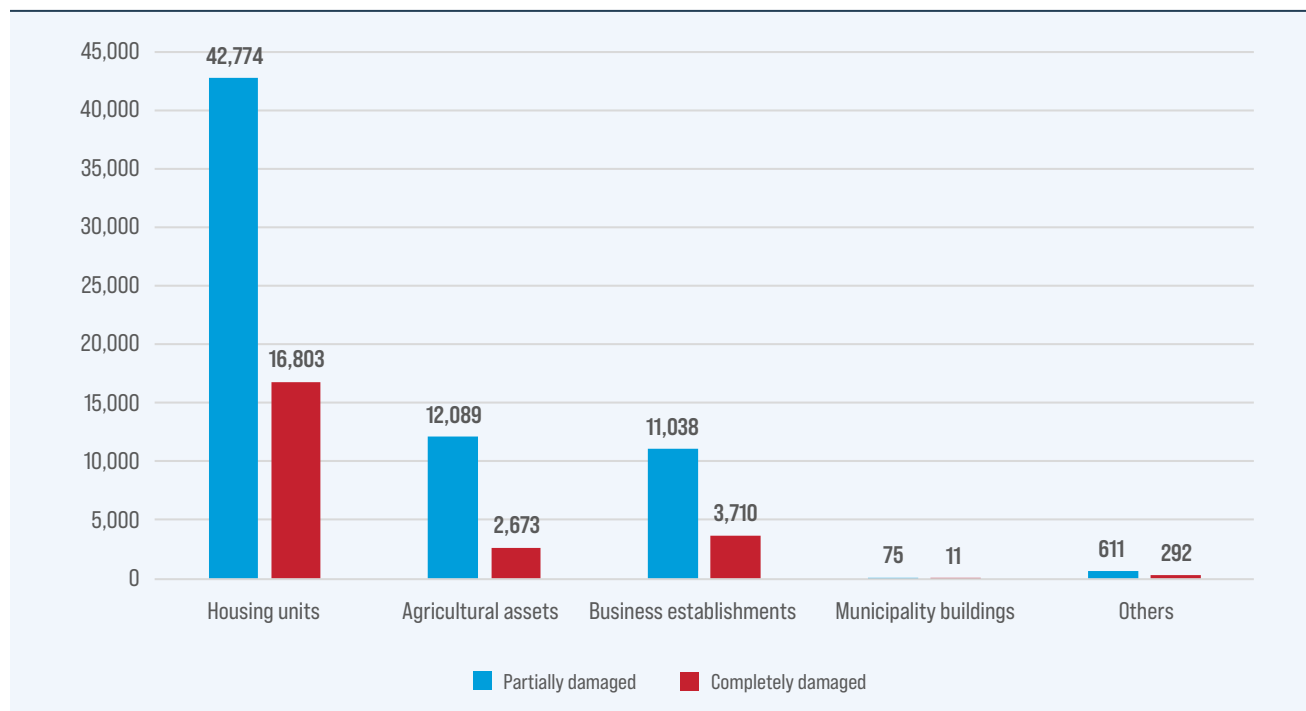
Source: Remote assessments by UN-Habitat, UNOSAT, and partner universities, with support from the Shelter Sector Information Management focal point, as well as information received from the Union of Municipalities of Dahieh. The publication summarizing the findings of the assessments is under preparation.

In December 2024, UNDP, in coordination with the Disaster Risk Management Unit,²³ conducted a rapid assessment to evaluate the war's impacts on municipalities. Collected data illustrated that the war caused partial or complete damage to a large number of private and public assets, including housing units, businesses, agricultural land, infrastructure and essential services. The assessment identified damage across 90,076 assets, with 66,587 partially damaged and 23,489 completely destroyed. This included 59,577 housing units, of which 29 per cent were completely destroyed; 14,748 business units/

establishments, of which 26 per cent were completely destroyed; and 14,762 agricultural assets, of which 19 per cent were completely destroyed. Infrastructure and essential services, encompassing 989 assets such as health and educational facilities, roads and water treatment plants, also sustained significant damage (figure 13).²⁴

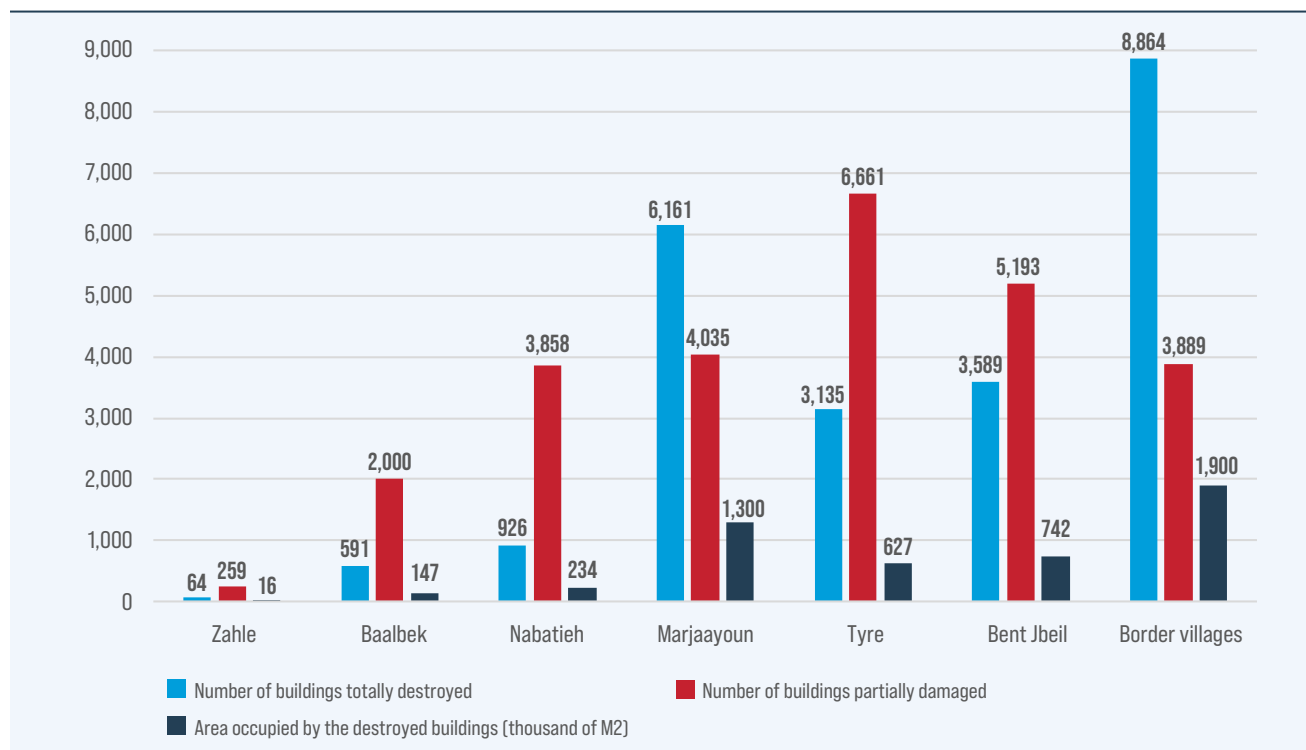
The highest concentration of damage was reported in Baalbek, where 22,082 assets were affected. Other severely affected areas included Baabda, the southern suburbs of Beirut,

Figure 13. Types of reported damage resulting from the conflict across various asset categories



Source: UNDP Lebanon, *From crisis to recovery: local authorities confronting post-war realities in Lebanon rapid impact assessment*, January 2025.

Figure 14. Number of buildings damaged in selected governorates



Source: National Center for Natural Hazards and Early Warning Centre national de la recherche scientifique, War Dashboard, December 2024.

Nabatieh, Bent Jbeil, Tyre and Saida. The war had a devastating impact on agriculture, with Nabatieh recording the highest percentage of complete agricultural destruction, at 58 per cent, followed by Tyre at 52 per cent and Bent Jbeil at 33 per cent.

The National Center for Natural Hazards and Early Warning of the Centre national de la recherche scientifique Lebanon conducted a war damage assessment across several regions, using high-resolution satellite imagery combined with advanced geospatial artificial intelligence. It provides a breakdown of damaged buildings in various governorates of Lebanon (figure 14).

Critical infrastructure

1. Crossings, roads and transport

Crossings along the border between Lebanon and the Syrian Arab Republic were intensively targeted. These attacks severely disrupted movement between the two countries and isolated communities. Additionally, major internal roads, primarily located in the south of Lebanon, such as Ibl al-Saqi-Kawkaba, Kfar Kila-Adaisseh and Mashghara-Ain al-Tineh, were heavily damaged, further complicating access to affected areas and worsening the humanitarian crisis. The old airport road near Rafic Hariri International Airport was also significantly damaged, further straining transportation and logistics.

The transport sector, already severely underperforming prior to the conflict, has faced additional challenges due to the war. The dominance of private vehicles (accounting for over 85 per cent of vehicles) and the absence

of a structured public transport system have left mobility options fragmented and inefficient. Informal transport operators, such as minibuses and shared taxis, continue to dominate without regulatory oversight, while formal public transport services remain limited. The conflict has exacerbated these challenges, with disrupted mobility corridors, reduced fuel availability and damage to key transport infrastructure further isolating vulnerable communities and hindering economic activity across sectors. The increase in electric vehicles and charging infrastructure is happening in a regulatory vacuum, raising safety concerns and complicating recovery efforts.

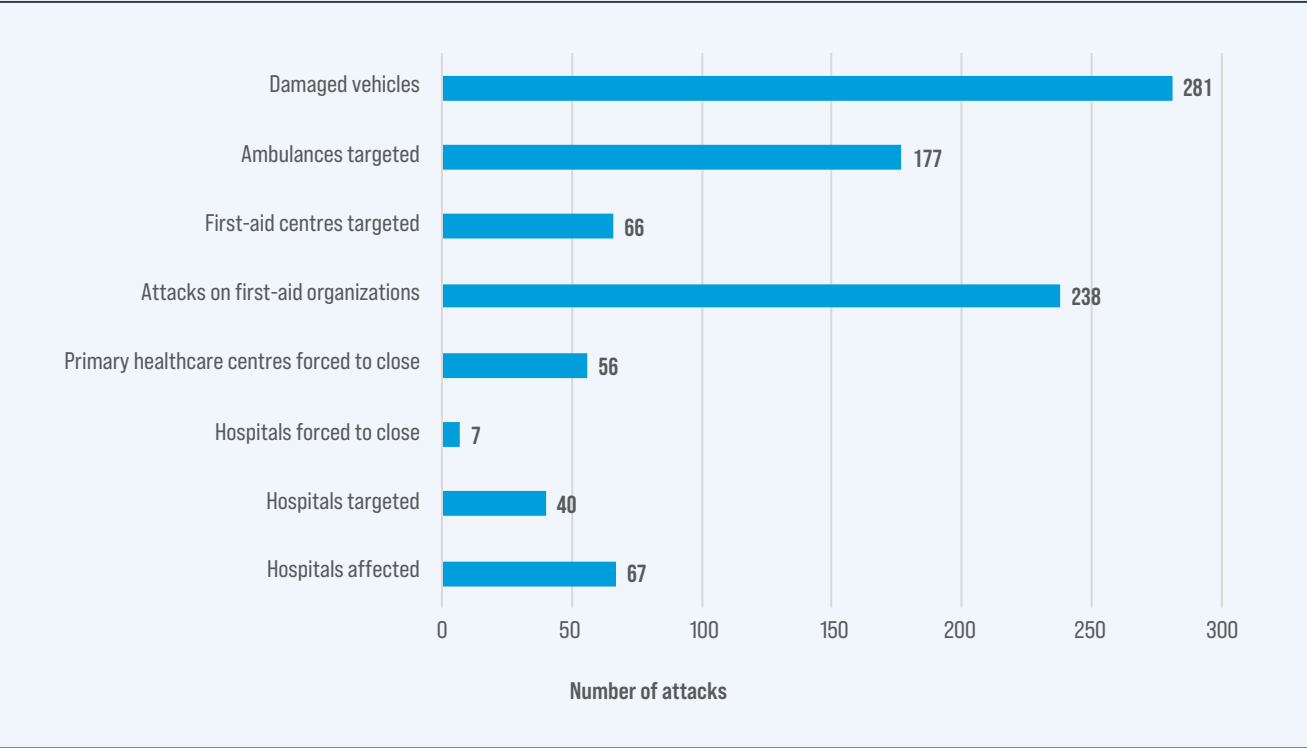
2. Schools and municipal centres

Schools and municipalities were also severely affected by the attacks. Five schools were directly hit by shelling, with additional schools incurring damage from nearby strikes.²⁵ Five municipal centres were targeted, while others sustained damage from attacks in their vicinity. Also, 86 buildings and facilities associated with municipalities reported damage, mostly minor, with the highest impacts in Nabatieh (31) and Tyre (12) districts.²⁶

3. Health facilities

By 6 December 2024, 67 hospitals had been directly affected: 40 hospitals had been directly targeted, and 7 hospitals and 56 primary healthcare centres had been forced to close, including 33 centres which suffered severe damage. There were also 238 attacks on first aid organizations reported, with 66 first aid centres targeted. The conflict has also damaged numerous vehicles, including ambulances, fire engines and rescue vehicles, as shown in figure 15.²⁷

Figure 15. Breakdown of attacks affecting the health sector, by type



Source: Situation Report No. 51, 6 December 2024.

4. Public utilities

Public electricity and telecommunication networks also faced significant disruptions. Around 34 per cent of public electricity network facilities were affected across the country. Also, private investment in the power sector was heavily impacted by the conflict. According to Centre national de la recherche scientifique estimates, approximately 4,000 solar photovoltaic units were damaged in the southern suburbs of Beirut. A UNDP assessment of photovoltaic deployment and conflict-related damages reported between 2,751 and 3,188 photovoltaic units damaged nationwide, representing 1.4–1.5 per cent of the total installed photovoltaic area in 2023. This corresponds to a damaged surface area of 93,016 to 104,061m², with damage in the

districts of Baabda, Baalbek, Tyre and Nabatieh. When damaged, these panels can release toxic dust and hazardous chemicals, posing significant environmental and health risks if not properly handled. Similar hazardous materials are likely present in the rubble.

The telecommunication sector has suffered significant damage. Of the 91 Ogero assets available in selected surveyed communities, 18 were damaged, 9 of which were completely destroyed.²⁸ Ogero assets include facilities, locations, equipment and network infrastructure.

Human and social impact

5

5. Human and social impact

Beyond the widespread physical destruction, the war has inflicted major human development losses that will take years to recover from. The war has increased poverty, deepened inequality, further distorted labour market conditions, and affected education and health outcomes. Access to basic services and essential utilities has also been severely restricted, exacerbating pre-existing vulnerabilities and making recovery even more challenging.

A. Income poverty, inequality, food insecurity and social protection

Between 2012 and 2022, the proportion of Lebanese citizens living below the poverty line in Lebanon, excluding the Baalbek-Hermel, Nabatieh and South Lebanon governorates owing to lack of data, more than tripled, rising from 11 to 33 per cent.²⁹ These figures represent the most recent poverty statistics for Lebanon. The impact of the 2023-2024 war, particularly on the aforementioned governorates, undoubtedly contributed to a further rise in monetary poverty.

Inequality has also worsened significantly. The country's Gini³⁰ score rose from 0.42 in 2019 to 0.61 in 2022, reflecting the sharp rise in inequality. While income declined across segments of the population owing to negative economic growth, the poorest experienced the largest losses, contributing to a rise in income inequality. Although official figures on income inequality have

not been updated since 2022, the war's impact can be understood through broader economic trends.

Conflict typically drives inequality higher, both during hostilities and in their immediate aftermath. The shocks of economic crises have compounded the shocks caused by recent conflicts, distorting income and wealth distribution. In southern Lebanon, key sectors such as tourism and agriculture have been severely affected, while limited and costly access to utilities has constrained the productivity of SMEs. Additionally, cuts in social assistance, along with the dwindling incomes of government employees owing to inflation and the depreciation of the Lebanese pound, all point to a significant shift in income inequality.

In the absence of updated monetary poverty figures,³¹ and to gain a more comprehensive and up-to-date understanding of the situation, the Integrated Food Security Phase Classification (IPC) – the global standard for assessing food insecurity – provides a clear national picture. The latest IPC measurement dated from November 2024, and latest projections for the period from December 2024 to March 2025 were published in March 2025.³²

According to the latest projections, approximately 1.6 million people are expected to face high levels of acute food insecurity (IPC Phase 3 or higher),³³ a number which is expected to increase to 1.65 million in the coming months. Around 928,000 of these are Lebanese residents, while the rest include Syrian refugees, Palestinian refugees and migrant workers. The Baalbek-Hermel, Nabatieh and South

Lebanon governorates, which were not included in the income poverty analysis, are classified as IPC Phase 3. In comparison with earlier IPC reports (which did not cover the war period), the updated classification, covering most of the war's duration, shows an increase in districts experiencing IPC Phase 3 or higher. The number of districts in this category has risen from 7 to 12, including those that have experienced intense bombardment.

Since these projections were made in December 2024, the analysis assumed that the ceasefire would extend beyond the initial 60 days and that the situation would not escalate further. Therefore, the reality is likely to be worse than the projected IPC scenario.

Given the increase in the number of vulnerable individuals owing to the war, it is crucial that food insecurity be addressed through reliable and efficient social protection programmes. Currently, Lebanon has one main social safety net programme and one social grant: the National Poverty Targeting Programme, which was integrated into the Emergency Social Safety Net in October 2024, and the National Disability Allowance. However, the Emergency Social Safety Net is facing targeting challenges, particularly in connection with budgeting.

Social assistance and humanitarian responses to mitigate the war's impact have been limited. In response to hostilities in the south, a total of \$2.7 million was allocated for transfers in January 2024 across all districts in the South Lebanon and Nabatieh governorates. Two additional one-off payments were made in June and July 2024 to approximately 12,000 vulnerable Lebanese households registered in the Ministry of Social Affairs databases.

In 2024, National Disability Allowance payments were regularly made to 28,000 Lebanese and non-Lebanese beneficiaries aged between 15 and 30 years. These payments will continue to be disbursed throughout 2025. In response to the September 2024 escalation of conflict, a \$100 emergency one-off payment was provided to each of the 5,030 regular Lebanese National Disability Allowance beneficiaries from affected areas in Lebanon. The Government also allocated \$5 million for an emergency extension of the National Disability Allowance from December 2024 to January 2025. Up to 44,000 persons across different age groups with a valid personal disability card received a one-off transfer of \$100.

Just over half (56 per cent) of the population of Lebanon is covered by social insurance, which is provided through the National Social Security Fund, public-sector schemes for civil and military officials, and various public and private mutual funds. The National Social Security Fund is facing significant sustainability and adequacy risks as a result of protracted economic and financial challenges. Particularly, both health benefits and end-of-service indemnities have lost their value in monetary terms, leaving workers and their families exposed to expensive healthcare costs and without economic security in retirement. The sustainability of the social security system is at an increasing risk after the recent escalation of war.

In this context, reinforcing non-contributory programmes such as social safety nets and the National Disability Allowance and developing additional social grants based on a lifecycle approach can help fill gaps in coverage and ensure that vulnerable populations receive the necessary support.

B. Labour market distortion: loss of jobs and income

Even before the onset of the war, the labour market of Lebanon faced significant structural challenges, including limited economic transformation and job creation, widespread informality and the prevalence of low-quality jobs. Underutilized workforce potential and weak labour institutions further compounded these systemic issues, hindering sustainable growth and resilience. High unemployment rates and widespread labour underutilization had stifled economic growth, with 29.6 per cent of the labour force unemployed and 50.1 per cent classified as underutilized prior to the war. Youth unemployment was particularly alarming, with 47.8 per cent of young people unable to secure jobs that matched their skills, qualifications and aspirations. Informal employment was also pervasive, accounting for 62.4 per cent of the workforce and characterized by precarious working conditions, a lack of social protection and low wages.³⁴

The war has severely deepened these vulnerabilities, thrusting the country's labour market into a profound and multifaceted crisis. Conflict-affected regions have suffered widespread devastation, with critical infrastructure and businesses reduced to ruin, triggering mass job losses and displacement. The ripple effects have reverberated across the country, driving unemployment rates higher and exacerbating poverty and economic insecurity.

During the war, three sectors were identified as the most severely affected: agriculture, construction and manufacturing. Additionally, four other sectors – transport and storage, arts and entertainment, accommodation and food services, and wholesale and retail trade – were also significantly affected, though to a relatively lesser extent.

In total, an estimated 689,000 individuals employed in these seven hardest-hit sectors were affected. Men constitute the overwhelming majority, with 584,000 either losing their jobs – temporarily or permanently – or facing significant risks of job and income losses, compared to 104,000 women.³⁵



Table 3. Employment distribution by economic activity, sex and impact level

Sector	Impact level	Employment distribution (percentage)		
		Total	Male	Female
Agriculture, forestry and fishing	High	4.1	5.1	1.3
Construction	High	8.0	10.6	0.4
Manufacturing	High	12.1	13.0	9.5
Transport and storage	Medium-high	5.6	7.1	1.4
Art, entertainment and recreation	Medium-high	0.6	0.7	0.6
Accommodation and food services	Medium-high	4.2	4.7	2.8
Wholesale and retail trade; repair of motor vehicles and motorcycles	Medium-high	18.8	20.0	15.2
Real estate activities (rental and property leasing)	Medium	0.2	0.2	0.3
Education	Medium	9.3	4.0	24.9
Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use	Medium	2.5	0.8	7.5
Information and communication	Medium-low	1.5	1.6	1.3
Professional, scientific and technical	Medium-low	2.9	2.6	4.0
Energy supply (electricity, gas and water)	Low	1.7	2.2	0.3
Financial and insurance activities	Low	2.5	1.7	4.8
Health and social work activities	Low	5.3	2.7	12.9
Public administration and defence	Low	12.0	14.4	4.8
Activities of extraterritorial organizations and bodies	Low	0.3	0.1	0.6
Other services	Not classified	8.2	8.5	7.5
Total		100.0	100.0	100.0

Source: ILO/Central Administration of Statistics Labour Force and Household Living Conditions Survey, 2022.

Note: Employment distributions are based on the latest ILO/ Central Administration of Statistics Labour Force and Household Living Conditions Survey, 2022; and the impact level is based on ILO assessment. See annex for a detailed description of the war's impact on the different sectors.

1. Impact on private-sector workers

A recent survey conducted by the International Labour Organization (ILO) revealed profound disruption in the labour market as a result of the war.³⁶ It is estimated that around 20 per cent of surveyed workers became unemployed during the two months of the escalated conflict, 5 per cent exiting the labour force entirely, and 7 per cent forced to switch jobs. Workers living in areas directly affected by bombings faced

particularly severe challenges. In these regions, 36 per cent of workers lost their jobs either temporarily or permanently, compared to 17 per cent in non-affected areas.³⁷

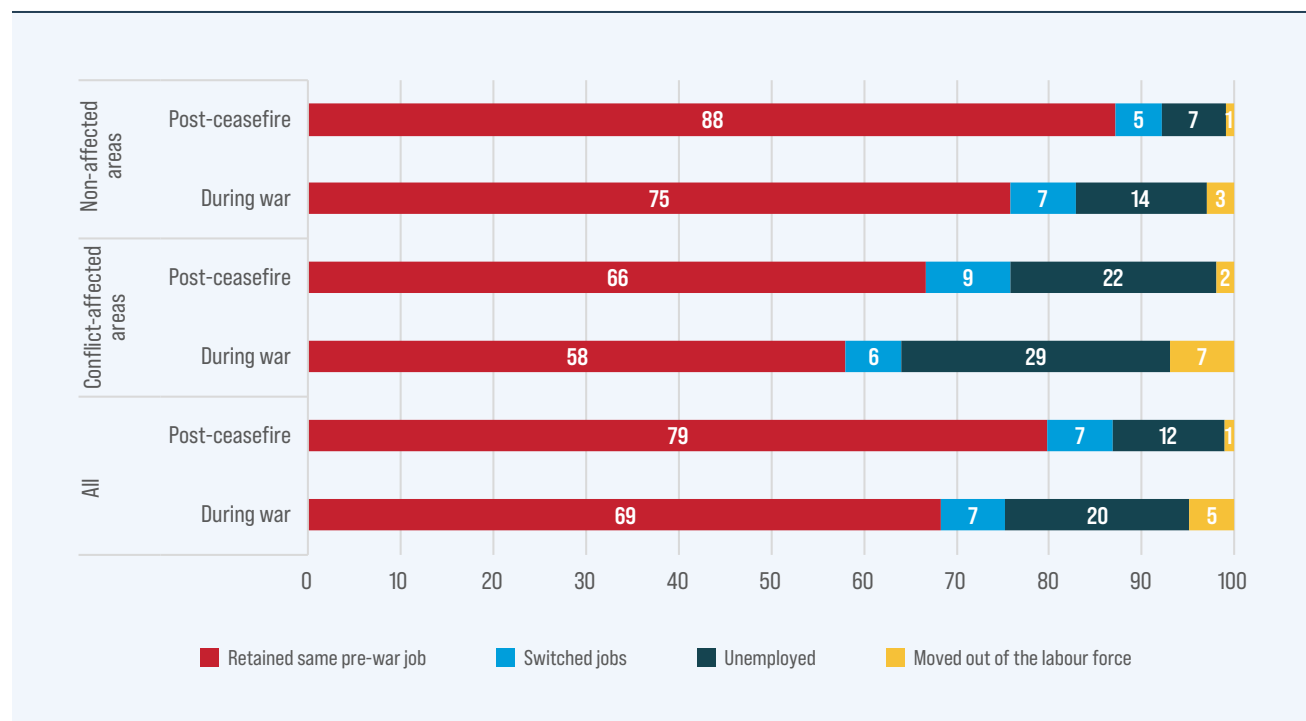
Notably, the effects persisted beyond the ceasefire. A significant number of those who became unemployed or left the labour force did not return to work after the ceasefire. Overall, 14 per cent of surveyed individuals who were employed before the war were without jobs after

the conflict ended. Women workers in the private sector were disproportionately affected, with 18 per cent out of employment compared to 12 per cent of men. These differences are primarily driven by the increased care burden on women during periods of war, with displacement further compounding these challenges, restricting women's mobility, access to livelihoods and legal protections, while also exposing them to higher risks of exploitation and gender-based violence. Women are also often the first to lose their jobs during economic downturns, as they tend to work in sectors that are considered non-essential or easily downsized, such as hospitality, retail and domestic work. Even after a ceasefire, women face significant barriers to re-entering the workforce owing to the loss of childcare services, increased unpaid care responsibilities, and limited physical mobility, especially in

conflict-affected areas. Post-conflict recovery efforts often prioritize male-dominated sectors such as construction, infrastructure and security, sidelining women from job-creation programmes and economic reintegration efforts.

Geographic disparities were also stark, with 24 per cent of workers from conflict-affected areas still jobless, compared to 7 per cent in regions that were not directly targeted. These regional disparities are further compounded with structural regional vulnerabilities, notably climate challenges. For instance, areas such as the Bekaa and southern Lebanon — which are conflict-affected — are projected to experience Wet Bulb Globe Temperature increases of 2°C to 3.5°C by the end of the century. Without adaptation, these heat levels will severely reduce labour capacity, particularly for

Figure 16. Employment status of surveyed workers in conflict-affected areas and non-affected areas, during the war and after the ceasefire (Percentage)



Source: ILO survey on the impact of the war on private sector workers in Lebanon.

outdoor manual workers, amplifying existing socioeconomic vulnerabilities.

Informal workers face heightened vulnerability to job losses, largely because they operate without contracts, legal safeguards or access to social protection. Many are concentrated in sectors that were heavily affected by the war, such as construction and agriculture. According to the ILO survey, employment among informal workers declined by 17.2 per cent following the ceasefire, significantly higher than the 4.2 per cent drop observed among formal workers.

Geographic disparities were stark, with 24 per cent of workers from conflict-affected areas still jobless, compared to 7 per cent in regions that were not directly targeted. Young people were also disproportionately affected. Among interviewed workers aged 15–29 years, 29.3 per cent were out of work during the war, compared to 23.5 per cent of adults aged 30 years and above. Even after the ceasefire, 17.9 per cent of previously working young people remained out of employment, compared to 12.7 per cent of their older counterparts.³⁸

According to a survey conducted by UNICEF in February 2025, the majority of the respondents aged 15–24 years (71 per cent) had not engaged in any form of work during the week preceding the survey, with higher jobless rates among young women girls (79 per cent) compared to young men (62 per cent). The primary reasons for not working included the unavailability of jobs (18 per cent), along with high demand for business start-up support (28 per cent) and on-the-job training (28 per cent). In addition, 62 per cent of the surveyed young people identified employment and income generation as a top

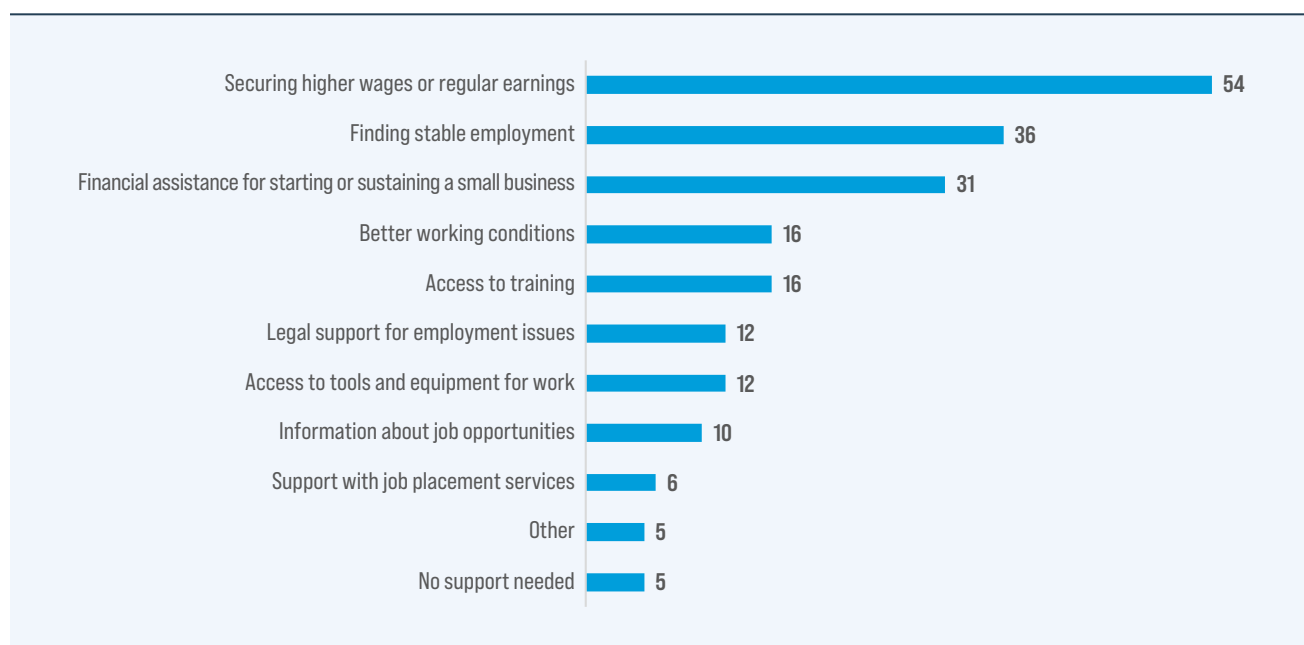
priority. The majority of respondents (70 per cent) expressed willingness to actively participate in recovery if given the chance. According to the Child-focused Rapid Assessment conducted by UNICEF in 2025, one quarter of surveyed caregivers had not worked in the seven days prior to the survey.

Sector-specific analysis based on the above-mentioned ILO survey further highlights the disproportionate toll on certain industries. The construction sector was the hardest hit, with 24 per cent of workers still without jobs after the war, given that construction activities were entirely halted during the conflict and have yet to recover. Similarly, agricultural workers faced significant challenges, with 21 per cent remaining jobless. This is particularly significant in regions such as the Bekaa and the South Lebanon governorate, where agriculture is a major activity for generating local employment and was heavily disrupted by the conflict.

In addition to job losses, the war resulted in income reduction for a wide segment of workers. Among those who remained employed, 35 per cent saw their earnings decrease, 58 per cent retained the same income and only 6 per cent experienced a salary increase. On average, the monthly income of those who remained employed dropped by 15 per cent. However, among those who experienced a reduction in earnings, the average drop was 40 per cent.

The number of hours and days of work among those who continue to work post-war have also been affected. On average, working hours have decreased by 5 per cent compared to pre-war levels, and the average number of working days per week decreased by 6 per cent.

Figure 17. Distribution of workers by type of support needed to recover their livelihoods (Percentage)



Source: ILO survey on the impact of the war on private sector workers in Lebanon.

In the aftermath of the war, workers identified several critical priorities for restoring their livelihoods. Foremost among these was the need to increase income, cited by 54 per cent of respondents, whether through securing higher wages, diversifying income sources, or achieving greater financial stability. Following, 36 per cent of workers stressed the importance of finding stable employment, underscoring the pervasive lack of employment opportunities and job insecurity that have gripped the labour market in the aftermath of the conflict. Financial assistance for launching and sustaining businesses emerged as another prominent need, highlighted by 31 per cent of respondents. This points not only to a resilient entrepreneurial spirit but also to the necessity of self-employment in the face of scarce formal job opportunities. Additionally, access to training (16 per cent) and a demand for better working conditions – including safer work environments and stronger labour rights (16 per cent) – were notable, reflecting efforts by

some to adapt to shifting job markets or improve their current employment circumstances.

2. Labour market challenges moving forward

With the ceasefire agreement in place, focus has shifted from immediate crisis management to the medium- to longer-term process of recovery and rebuilding. This transition unfolds against a backdrop of difficult economic and labour market conditions, felt most acutely by workers whose workplaces – whether farms, factories, shops or homes – were destroyed or rendered inoperable during the war. The path to recovery will require substantial investment to support displaced workers, rebuild critical infrastructure, restore lost assets, and revitalize businesses across the affected sectors.

Complicating the recovery landscape is the evolving situation regarding Syrian refugees.

The regime change in the Syrian Arab Republic opened the door for the potential return of many Syrian refugees to their homeland. While the number of returnees remains limited for now, a significant increase could have profound implications for the labour market in Lebanon. Sectors such as construction and agriculture, where Syrian workers have historically constituted a major part of the workforce, are particularly vulnerable. A mass departure of these workers could create acute labour shortages, potentially slowing down recovery efforts and increasing costs. Addressing these emerging challenges will require proactive strategies to attract, train and retain local or foreign labour. Ensuring that these roles are filled effectively while maintaining fair labour standards will be critical to the broader recovery and future resilience of Lebanon.

C. Disruption in access to education

By 1 October 2024, displacement caused by military attacks had led to 769 educational facilities being converted into shelters, including 523 public schools, 84 vocational training centres and branches of the Lebanese University.³⁹ In addition, around 400 public schools were closed due to direct and continuous attacks in certain areas. Further to the ceasefire agreement announced on 27 November, shelters started to be gradually vacated by IDPs, while 64 facilities are still being used as shelters, of which 19 are public schools (data from 13 December 2024).

Displacement severely affected educational continuity, with around 500,000 students displaced, along with 18,792 public school teachers and 16,798 private school teachers.

Beyond education, the war has further compounded challenges for communities in Lebanon, especially children and vulnerable segments of the population, affecting their well-being, long-term health and access to services. Students' ability to develop foundational literacy, numeracy and life skills needed for a brighter future is at serious risk. These challenges have further strained the country's education system, already weakened by the multifaceted crisis of the past several years. As a result, the start of the new public-school year was delayed until November 2024, further hampering children's education.

There is a gendered aspect to repercussions, with different effects on girls and boys. Changes in access to schools disproportionately affect girls, who may face additional barriers such as cultural norms and gender-based violence. Both boys and girls experience trauma and stress from instability, which can hinder their ability to learn and thrive. Financial constraints on households often lead to difficult decisions, with girls more likely to be kept out of school to help with domestic chores or for early marriage, although boys can also be pushed into the workforce to support the family. As per a UNICEF Child-focused Rapid Assessment conducted in November 2023, even before the war, 16 per cent of families were sending their children aged under 18 years to work to supplement household income; more than a quarter of surveyed households said they had school-aged children not attending school, and many young people could no longer afford education and had been forced to drop out to seek work.⁴⁰ In January 2025, UNICEF conducted a rapid assessment to understand the impact of the war on children and assess the situation after the ceasefire. The results show that 69 per cent of children were not attending school before the ceasefire was announced. Only 31 per cent

reported going back to school. Additionally, the survey found that 85 per cent of caregivers were concerned about their children's education in the near future, 30 per cent of them had already reduced expenditure on education, and 15 per cent had stopped education for their children after the ceasefire.⁴¹

According to UNICEF in February 2025,⁴² 65 per cent of respondents were not attending any formal school or university, primarily as a result of financial constraints (46 per cent). Access to non-formal education or training was also low (8 per cent). Around 28 per cent of respondents identified support for education and training as a key need for recovery. Around 55 per cent of youth respondents expressed an intention to migrate abroad within the next year, primarily driven by a desire for better learning opportunities (14 per cent) and feelings of hopelessness about the country's future (14 per cent). One in five young people has taken steps to migrate.

With the war causing further severe disruptions to education, the risk of child labour, including in its worst forms, has become even more pronounced; there is an urgent need for targeted interventions to protect children from exploitation and ensure their access to education. Children with disabilities face additional challenges and barriers to continued access to education. Even before the war, over 700,000 children were out of school. The continued disruption to education could make it even harder for out-of-school children to return to school, stay enrolled and acquire the learning they need. Conflict and displacement threaten access to education and learning continuity for at least a third of school-aged children and young people in Lebanon, compounding learning losses from interruptions over the last six years. The

extensive use of schools as collective shelters and the damage to educational facilities disrupt not only immediate learning but also have long-term consequences on the academic success and future prospects of children in Lebanon, particularly affecting the most vulnerable groups. Children face the risk of long-term psychological harm owing to the absence of safe, child-friendly spaces and support services, adversely affecting their learning, well-being and development. Those with specific protection risks, including children and young people with disabilities and out-of-school children, are particularly vulnerable to widening educational inequalities.



Registration for the 2024-2025 academic year's second shift was delayed until 25 November 2024, with the Minister of Education and Higher Education awaiting a decision from the Cabinet on the registration of refugee children lacking proper documentation. On 19 September 2024, the Cabinet issued a decision prohibiting children from registering for the second shift unless they possessed a UNHCR identification card or a valid residency permit. In response, the Minister opened registration at 340 schools, allowing children to register regardless of documentation, but clarified that no seat would be guaranteed unless the Cabinet issued a waiver. Initially, registration numbers were very low as many children without proper documentation were hesitant to register.

Between 2005 and 2018, Lebanon experienced steady progress in its Human Development Index (HDI) rank, increasing from 0.710 to a peak of 0.774. However, since 2019, a series of overlapping and prolonged shocks have reversed this trend. HDI declined further in 2024, reaching 0.750. The HDI score of Lebanon was last at this level in 2010, reflecting a significant setback (14 years) in human development. Although the war has had a relatively limited impact on HDI so far, the cumulative effects of the multi-dimensional crisis have clearly stalled human development progress over the past five years.

D. Disruption in access to utilities

Between 8 October 2023 and the start of the ceasefire, at least 34 water infrastructure facilities in Lebanon were damaged by attacks, affecting water supply to more than 400,000 people.⁴³ These developments exacerbated the pre-existing structural challenges to water supply and

availability triggered by climate change. These include rising temperatures, reduced rainfall and increased evaporation rates which have collectively decreased annual water availability by up to 9 per cent. In the dry season, this figure could reach as high as 54 per cent, intensifying pressure on water supply systems, especially in conflict-affected and rural areas.

Assessing the full extent of damage to water infrastructure is difficult at the time of writing owing to ongoing occupation in several areas. Access restrictions prevent a thorough evaluation of damage in various stages of the water supply process. Early surveys, however, indicate extensive damage to water distribution networks in border villages, which saw ground combat and heavy bombing. Public utility personnel have been unable to operate or repair the damage, which, along with the lack of electricity in severely affected villages, has severely hindered the population's access to water services. Water fee collection has fallen to nearly zero in southern Lebanon.

Estimates suggest that the most significant damage to the water sector occurred in water production (water wells and lifting/pumping stations), followed by distribution networks and storage facilities. Geographically, most of the damage is located south of the Litani River, particularly in the Tyre, Bent Jbeil and Marjaayoun districts. Water transmission, distribution and storage infrastructure damaged in rural areas includes the Taybeh, Al Wazzani and Nabatieh AlTasse pumping stations; the Yarin and Maaroub water tanks; and the solar-powered water system at the Rmeich pumping station in the Tyre district. In Rmeich alone, water access was disrupted for an estimated 1,325 households, including 175 displaced families

sheltering there.⁴⁴ The combined impacts of conflict-related destruction and climate-induced water stress are expected to further strain groundwater resources, worsening water scarcity for both domestic use and agriculture.

In urban areas that are not under direct occupation, the most significant infrastructure damage after September 2024 occurred at the Al-Buss water station. In general, urban areas with high concentrations of residents did not experience direct targeting of water infrastructure. This does not mean that the infrastructure remained unaffected, as the intense bombing of residential buildings also damaged infrastructure, affecting both water transmission and distribution. Water and sanitation services continue to operate in non-occupied urban areas such as Tyre, Nabatieh and Baalbek. However, other challenges persist, not as a direct result of conflict but due to fuel shortages, electricity supply and challenges to the resumption of normal operations.

Billing is currently a problematic issue, as it remains unclear how residents will respond. Nearly all residents of southern Lebanon were displaced during the war and therefore did not benefit from services during this period. In most villages, water production and distribution were halted as a result of the hostilities. In terms of human loss, the Southern Lebanon Water Establishment alone lost 10 employees during the war.⁴⁵

Electricity infrastructure was also damaged during the war. Nearly all of the transmission and distribution grids in the border villages have been affected by shelling and direct occupation, although not in a uniform or equal manner. Other key public electricity infrastructure located south of the Litani River was directly targeted, resulting

in partial damage, such as the power station in Marjaayoun. These energy system vulnerabilities are compounded by climate change, primarily affecting energy generation using hydropower.

Losses in the electricity sector can be attributed to the additional costs of rapid relief, infrastructure improvement services in displaced areas, and, most importantly, insufficient bill collection. According to the Ministry of Energy and Water, there are about a year and a month of suspended bills, particularly in conflict-affected areas.

E. Poor health, mental health and hygiene

The war has severely affected the ability of health workers to provide services. Many have been forced to relocate to safer regions, leaving health facilities without the necessary skilled personnel to support healthcare delivery. Additionally, the health sector has faced significant losses. At least 241 deaths and 295 injuries amongst medical and paramedical staff have been reported, caused by direct attacks on hospitals, health centres and ambulance services. This loss has affected how communities, especially those in heavily conflict-affected areas, receive healthcare. The situation has been further exacerbated by the increased demand for health services from returnees after the ceasefire.

1. Crowdedness in collective shelters: poor sanitation and spread of diseases

The movement of people from high-risk to safer areas created a need for collective shelters within schools and other structures. Most of these spaces, repurposed as shelters, lack the capacity to host

large numbers while maintaining adequate water sanitation and hygiene (WASH) services.

Because of overcrowding and insufficient WASH facilities, these shelters have become breeding grounds for communicable diseases, including cholera, with scabies, lice and other conditions reported in some locations. These conditions heightened the demand on an already strained healthcare system, particularly in the safer regions where most of the displaced have sought refuge.

After the ceasefire, the need for services shifted back to the areas affected by the war as people returned to their homes or nearby areas. Collective shelters were opened to host the returnees whose homes had been totally or partially destroyed.

2. Mental health of children and caregivers

The mental health of children and adults has been significantly affected. Results from the January 2025 UNICEF Child-focused Rapid Assessment show that 72 per cent of caregivers reported their children being anxious or nervous before the ceasefire. After the ceasefire, 80 per cent of this number reported that their children were less anxious. Similarly, 62 per cent of caregivers reported that their children were depressed or sad during the war; after the ceasefire, 81 per cent of this number reported that this was no longer the case. In total, around 66 per cent of caregivers reported that their children's well-being had improved after the ceasefire, while 30 per cent reported that it had remained the same.⁴⁶



3. Disruption in access to essential health services

Access to routine healthcare has also been affected, with essential services such as immunization being disrupted, leaving children more vulnerable to preventable conditions. The ongoing instability continues to make both routine and emergency care increasingly inaccessible, compounding the health risks for children who require regular vaccinations and treatment for existing health conditions worsened by the conflict. The 2025 UNICEF assessment found that one third of households did not have access to medicines for their children when needed. Also, 45 per cent of households had reduced expenditure on health owing to money shortages.

4. Shortage in medical supplies and commodities

As the healthcare system responded to escalating emergencies, the availability of medical commodities and acute medications within the country was affected. Additionally, with certain areas becoming inaccessible, transporting essential supplies and medicines has become increasingly challenging, further restricting access to quality care.

Since the ceasefire, the Ministry of Public Health has highlighted shortages in essential medical supplies and medications, especially for acute conditions. This shortage limits the ability to efficiently respond to the basic health needs of the returnees as well as those of newly arrived refugees from the Syrian Arab Republic.

F. Psychosocial and cultural impacts of loss of home, physical damage and displacement

Beyond the physical damage, the conflict has had psychosocial and cultural implications related to damaged housing and building stock, and associated displacement. These range from emotional and psychological impacts to changes in social dynamics and cultural identity. While they are hard to quantify and no comprehensive data exist about their short- and longer-term impacts, it is essential to consider them in people-centred recovery planning. Many implications would be expected in any conflict or other setting where there is physical destruction of houses and buildings, while others are particularly relevant to Lebanon and the areas affected by the recent conflict specifically. These issues include:

- Feelings of grief, insecurity, despair and distress caused by the loss of home, personal belongings and personal/family memories associated with home, which might have short- and long-term effects, including psychological trauma among children and young people. These are especially aggravated among people with preexisting economic hardships or difficulty finding alternative income sources to rebuild their homes or pay their rent, such as older persons, migrants, refugees and people living in poverty, especially given the country's acute economic crisis and lack of proper social protection systems.

- Feelings of insecurity and uncertainty are also linked to the loss of property documentation and to fears related to unprotected housing, property and land rights, particularly for those that resided in informally-owned structures, which lacked official ownership documentation, yet were accepted prior to the conflict in some areas, especially rural ones, based on customary tenure practices, shared local community understanding or traditional practices, personal agreements or family connections. In areas where land was not previously surveyed, disputes over property ownership are likely to escalate, as boundaries were never officially recorded. Issues related to unprotected housing,

property and land rights are especially important in the case of migrants, women and women-headed households, which traditionally have faced vulnerabilities in Lebanon, including due to the existing the housing-, property- and land -related legal framework and relevant practices. A comprehensive assessment is needed to evaluate the full impact of the war on housing, land and property rights.

- Feelings of insecurity caused by residing in temporary shelters during displacement. These feelings might be especially exacerbated when shelter conditions are inadequate or unaffordable, owing to overcrowding, a lack of necessary





infrastructure or hygiene systems, fears or risks of eviction, or high rent prices. In this regard, households with women and young girls, and women-headed households,⁴⁷ as well as migrants, were particularly vulnerable during the recent war.

- The disruption of social relations and networks and sense of belonging, owing to the social fabric and collective memory affected or destroyed in local communities, as people who used to live as neighbours became physically separated as a result of the destruction of their homes.
- Feelings of distress related to the loss of buildings or sites of heritage or cultural value, which are integral to the community's cultural and religious identity and collective memory.
- Feeling less tolerant towards their children. During the war, 20 per cent of caregivers reported having treated their children harshly. After the ceasefire, 82 per cent of these caregivers stopped this behaviour. Concerns about children's safety were prevalent, with 71 per cent of caregivers worried about their children's safety, 85 per cent worried about their children's future, 45 per cent worried about their children's safety during the war, 42 per cent worried about the risk of health issues, 34 per cent worried about the risk of injury or death, 31 per cent worried about the risk of violence or abuse, and 20 per cent worried about the risk of child labour. Additionally, 10 per cent of households reported knowing at least one girl (below 18 years of age) in their community who had married in the past year.⁴⁸

Economic impact

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6. Economic impact

Key sectors of the economy have been severely affected, including tourism, agriculture, manufacturing, trade and finance. These sectors are the main contributors to the economic output of Lebanon.

A. Tourism

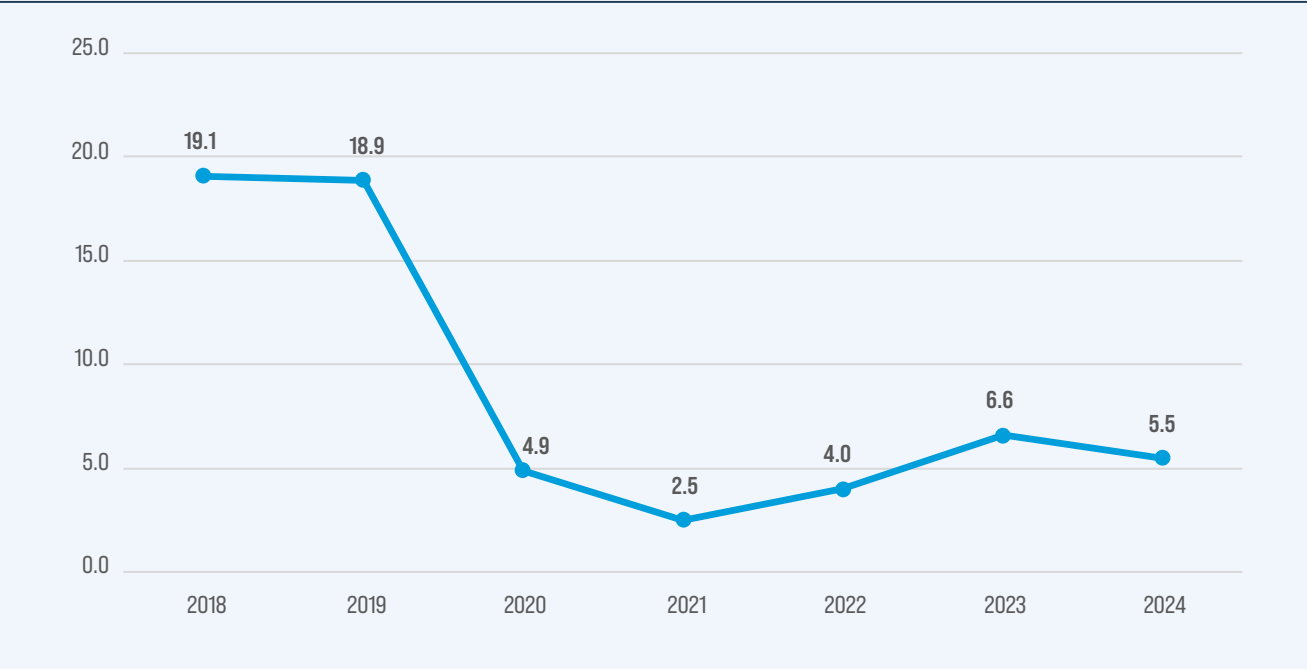
Tourism, an important source of revenue and foreign currency for Lebanon, was severely affected by the war. Historically, the tourism’s contribution to GDP was estimated at 19.1 per cent⁴⁹ and 18.9 per cent in 2018 and 2019, respectively,⁵⁰ accounting for 20.8 per cent of total employment in 2019.⁵¹

The COVID-19 pandemic caused a global decline in tourism, with Lebanon being especially affected as a result of the compounded crises the country is facing. The sector began to recover in 2022, its contribution to the country’s GDP rising from 2.5 per cent in 2021 to 6.6 per cent in 2023.

In 2024, tourism is expected to have declined as a result of the conflict. The sector’s contribution to the economy is forecast to drop to 5.5 per cent (figure 18).

Hospitality and transportation revenue fell by more than 50 per cent (year-on-year in early January 2025) as a result of travel restrictions, the lack of entertainment events, and a decline in visitors from the Gulf States.⁵²

Figure 18. Contribution of the tourism sector to GDP (Percentage)



Source: Byblos Bank, Lebanon this week – issue 820, 27 May–1 June 2024.

The decline in tourism arrivals is a critical determinant of the sector's financial performance. Passenger flows through the airport decreased by 20.84 per cent in 2024, with around 5.6 million passengers compared to 7.1 million in 2023.⁵³

The highest impact on travel activities was reported in October and November 2024, with a large drop of 61 and 69 per cent, respectively, compared to September 2024. The decline in arrivals was highest, dropping by around 80 per cent between September and October 2024, as illustrated in figure 19.⁵⁴

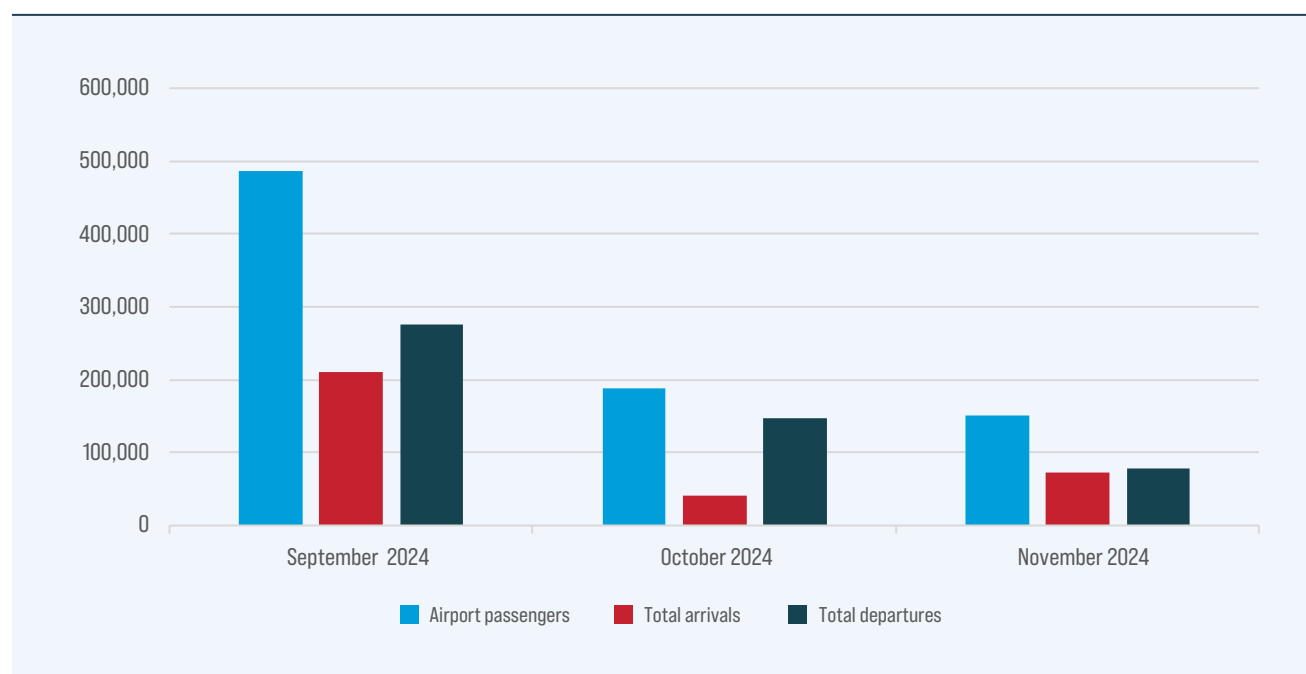
Total tourist arrivals declined sharply during 2024. Between January and November, around one million tourists visited Lebanon, down from 1.57 million during the same period in the previous year, a decline of 32.5 per cent. In November 2024, Lebanon recorded a massive

drop in the number of tourists, from around 59,000 in 2023 to around 21,000 in 2024, a 64.4 per cent decline. This figure represents the lowest number of tourist arrivals for the month of November for more than two decades.⁵⁵

As the conflict escalated, international airlines started gradually suspending their flights to Lebanon. As a result, flight availability was significantly reduced by 30-40 per cent by mid-September 2024.⁵⁶ At that time, Middle East Airlines was almost the only airline still operating. Between 12 and 27 November 2024, around 109 flights to Beirut were cancelled. Following the ceasefire, airlines started gradually resuming their flights to Lebanon, albeit at a very slow pace, amid uncertainty regarding the security situation.

Hotel occupancy rates, a key determinant of tourism, decreased in 2024 following the

Figure 19. Passenger activity through Beirut International Airport between September and October 2024



Source: BLOMinvest, 4 December 2024.

outbreak of the war on Gaza as a result of the decline in visitor arrivals. Even in October 2023, the occupancy rate was below the yearly average, reaching as low as 13 per cent in November 2023. In January 2024, the hotel occupancy rate reached 20 per cent, a reduction of almost half from its January 2023 level of 37 per cent.

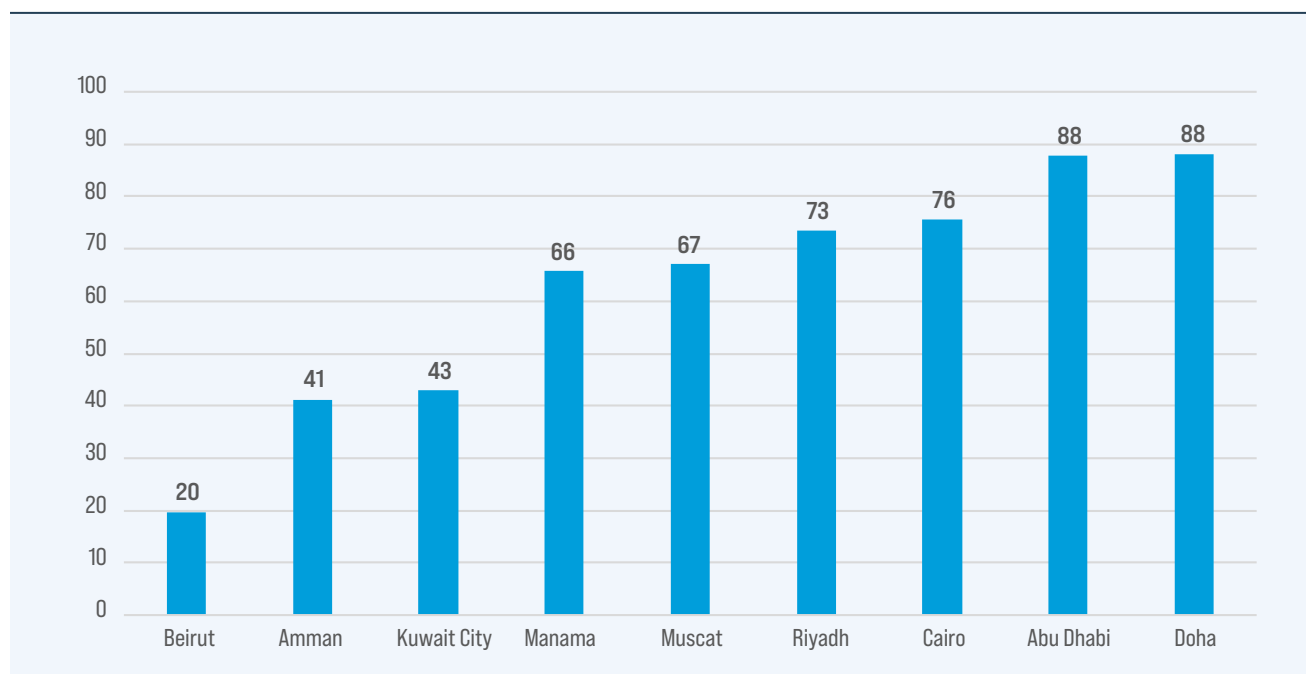
At this level of occupancy in January 2024, Beirut recorded the lowest hotel occupancy rate in the Middle East and North Africa region (figure 20).⁵⁷

While no official data are available for the period following the September 2024 escalations, unofficial estimates suggest a 60 per cent decline in hotel activity and the cancellation of around 90 per cent of reservations, mostly by Lebanese guests.⁵⁸ While many hotels and guesthouses in southern Lebanon have ceased operations, some hotels in Beirut and other regions experienced an

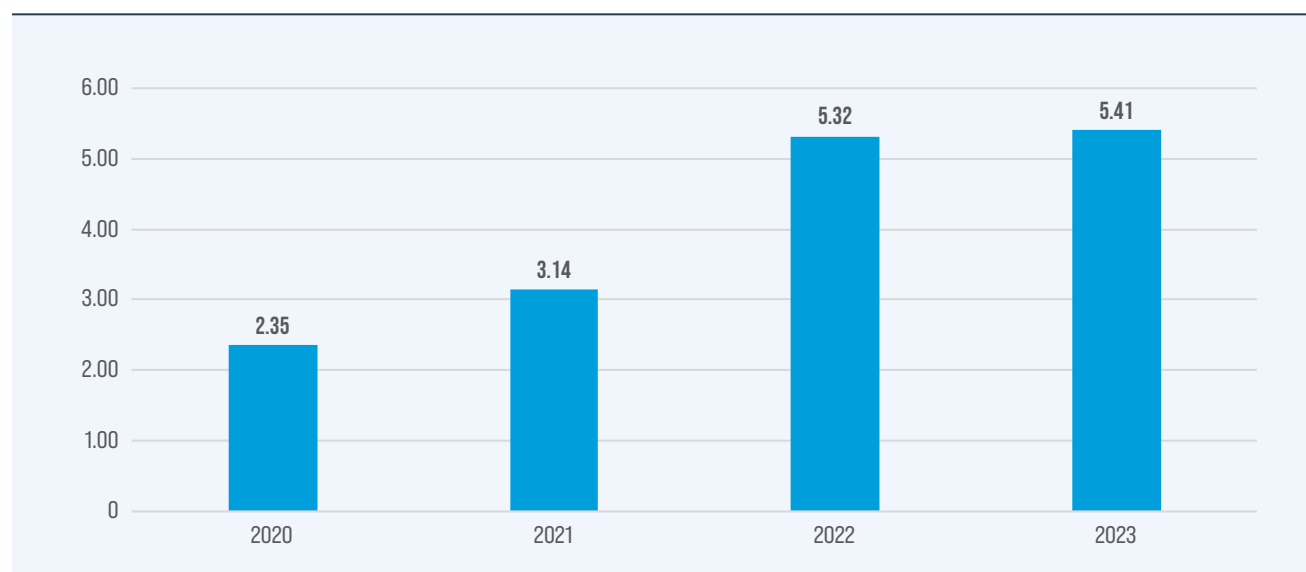
increase in demand, reaching near full occupancy as a result of the arrival of IDPs.⁵⁹ Despite the ceasefire, the sector remains unstable, with December 2024 occupancy rates reportedly not exceeding 10 per cent in Beirut and almost zero in other regions.⁶⁰

Restaurant activity, another key indicator of the tourism sector's performance, was severely affected by the war. Unofficial estimates suggest that over 600 restaurants were closed or indirectly affected by the war.⁶¹ According to the same sources, the restaurant sector provides around 160,000 permanent jobs and over 150,000 seasonal opportunities. A recent UNDP survey on the impact of the war on MSMEs revealed that of the 524 businesses surveyed in the accommodations and food services sector, 80 per cent reported a significant decrease in sales between the fourth quarter of 2023 and the fourth quarter of 2024.

Figure 20. Hotel occupancy rate in the Middle East and North Africa region, January 2024 (Percentage)



Source: BLOM Invest, Ernst & Young, Middle East Hotel Benchmark Survey Report: 30 April 2024.

Figure 21. Tourism receipts in Lebanon (Billions of dollars)

Source: Banque du Liban, External sector and balance of payments, travel services.

Despite the ceasefire, ongoing uncertainty means that the tourism sector is likely to continue to suffer, especially during the winter holiday season. Tourism receipts for 2024 are expected to have drastically declined to much lower levels than in 2023, when the effects of the war on Gaza were already apparent (figure 21).

B. Agriculture, livestock, aquafarming and forestry

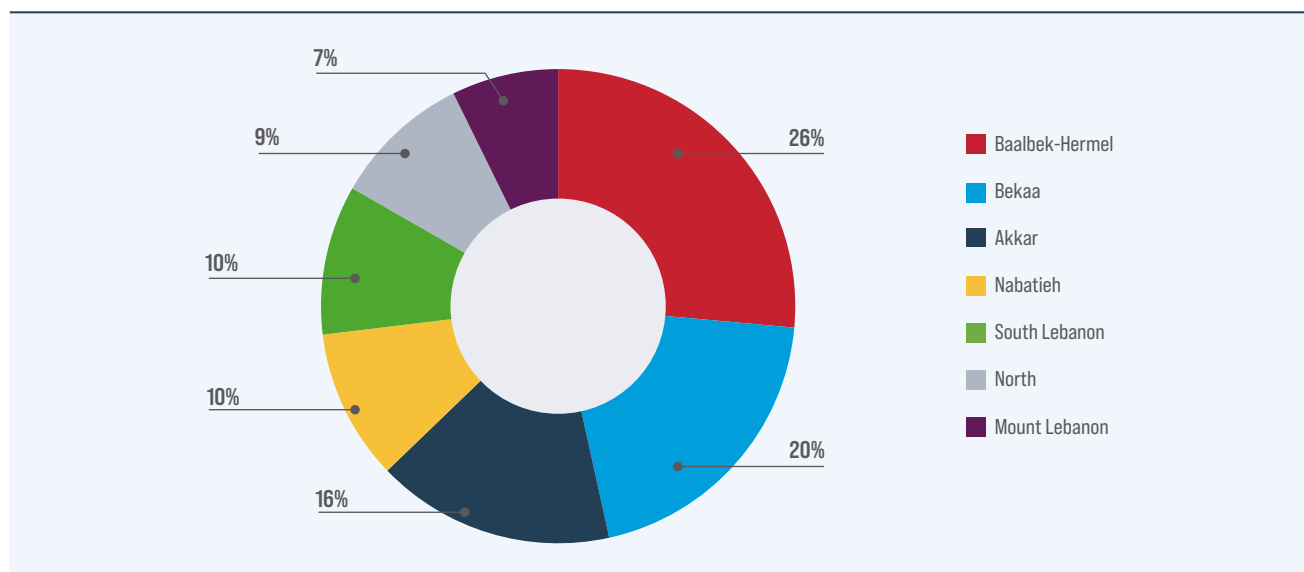
Agriculture is one of the strategic sectors in the Lebanese economy, given its important role in ensuring food security, employment generation and livelihoods, as well as promoting rural development. The sector contributed, after the economic meltdown of 2019, around 8 per cent of GDP.⁶² The sector showed a relatively high level of resilience in coping with the economic crisis and constitutes a significant source of income in rural areas. The significance of the agriculture sector extends beyond mere

economic metrics; it is integral to the country's social fabric and cultural heritage. Agricultural activities support livelihoods, sustain local traditions, and contribute to the preservation of the environment.

The agriculture sector is one of the sectors most affected by the war. It is an important contributor to the economy and generates employment in the areas heavily targeted by continuous attacks, being a source of primary and secondary income for a large segment of the population in these areas (notably, the South Lebanon, Nabatieh, Bekaa and Baalbek-Hermel governorates). These areas account for the majority of croplands in Lebanon (figure 22).⁶³

Agriculture accounted for a significant proportion of economic output in the Bekaa and South Lebanon governorates in 2020. Given the high importance of agriculture in the heavily targeted regions of Lebanon, the agricultural and food sector has been subject to severe

Figure 22. Distribution of cropland by governorate (Percentage)



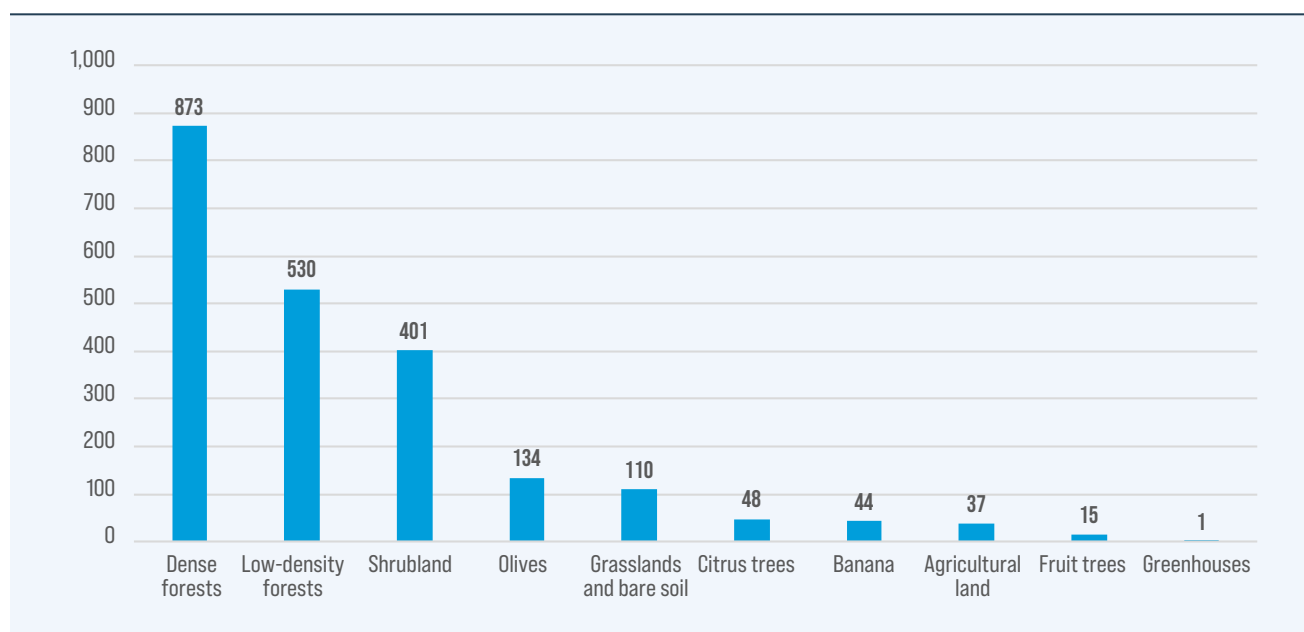
Source: FAO, 2024.

disruption as a result of the war, mainly as a result of fires, shelling, and missed harvesting and planting seasons.

Attacks caused massive damage to the sector's enabling infrastructure, capital and assets. The most significant damage was reported in irrigation infrastructure, including damage to the Litani River Authority irrigation network, the destruction of 20 local water harvesting ponds and connected networks, as well as the loss of farm-level irrigation networks. Apart from the damage to the Litani River Authority network, damage to irrigation infrastructure in border villages was caused by intensive airstrikes, shelling and ground operations. Losses in productive infrastructure and capital also included damage to five dairy factories, complete destruction of around 23 cooperatives, 16 olive mills, in addition to damage and loss of production in more than 200 plant nurseries. An agricultural service centre in Maroun Al-Rass was completely destroyed. Limited losses were reported in the fisheries sector.

Major crops have been affected by the fires caused by shelling. A total of 2,193 hectares of agricultural land and pastures (1,917 hectares of forest and 275 hectares of agricultural land) was affected, primarily damaged by the use of white phosphorus, shelling and other chemicals.⁶⁴ Agricultural land damage included the total loss of 134 hectares of olives, 48 hectares of citrus trees, 44 hectares of banana trees and 15 hectares of other fruit trees. In addition to fires and burned land, more than 12,000 hectares of agricultural land in the Nabatieh and South Lebanon governorates were abandoned as a result of the continuous attacks.⁶⁵

Missed harvests caused significant losses in income generation for farmers. Specific crops were highly affected, including olive, avocado and non-wood forest products. Losses caused by missed harvests were particularly high in the districts of Marjaayoun, Bent Jbeil, Hasbaya and Nabatieh, which reported a reduction in harvests of 84 per cent, 75 per cent, 70 per cent and 62 per cent, respectively.⁶⁶

Figure 23. Burned areas by type of vegetation (Hectares)

Source: CNRS, Israeli Offensive on Lebanon 2023–2024, Overview of Attacks and Damage Across Key Sectors, December 10, 2024.

- Olive farmers were affected by the war twice over the past year: the first time on the outbreak of the conflict in October 2023, and the second time with the escalation of hostilities in September–November 2024. Both occurred during the season of the olive harvest. It is estimated that a total area of 4,800 hectares of olive orchards in border villages was not harvested in 2023 and 2024. Similarly, it is estimated that the late harvest of 14,400 hectares of olive orchards south of the Litani river (in December 2024 following the ceasefire agreement) led to a 60 per cent drop in production. Overall, the total output loss in the olive sector amounted to 26,000 tons. The missed olive harvest had a significant impact on the local price of olive oil, which increased by around 60 per cent compared to the 2022 price level.
 - Avocado farmers were partially unable to harvest their crops (especially the fuerte variety, which is harvested late in the year).
 - A sizeable amount of the 133 hectares of annona fruits was not harvested. The harvest starts in November and continues up to June.
 - Non-wood forest products were impacted due to the difficulty in accessing forests, which affected locals, particularly rural women, who rely on non-wood forest products such as laurel oil, carob molasses, thyme, sage and other herbs as a source of income. Wild harvesting of laurel leaves and carob was not possible in 2023 and 2024 as a result of forest fires, inaccessible areas and population displacement. Similarly, the harvest of thyme and sage was not possible in early 2024. Despite small harvest volumes, these products are a key income source for local women.⁶⁷
- Farmers in the targeted regions missed opportunities for planting. This was particularly true for winter crops, leafy vegetables, legumes and wheat. Greenhouse production in the area

south of the Litani river was completely lost for the 2024/2025 season, as soil preparation usually occurs from August to September, and plantation in early October. Greenhouse production in the area is limited, and its impact on vegetable prices in winter 2025 is expected to be small.

Significant losses to livestock were also reported in the targeted regions. The Nabatieh and South Lebanon governorates have around 15,000 cattle and 150,000 goats, with large numbers in border villages. When the war started, to minimize losses, farmers resorted to several mitigation strategies such as selling livestock at a 70 per cent loss and moving animals to safer areas or abandoning them. According to key informants, it is estimated that around 10 per cent of livestock assets in the South Lebanon and Nabatieh governorates were lost, and about 30 per cent of livestock was sold at a loss. Around 340 dairy farms, including 60 large-scale farms, were destroyed in border villages.

The poultry sector was also heavily impacted by the war. The capacity of poultry production in the South Lebanon and Nabatieh governorates is equivalent to 6 million chickens per 60-day cycle and 300,000 hens producing 250,000 eggs daily.⁶⁸ Border villages accounted for 800,000 chickens and 50,000 hens. It is estimated that all poultry production in border villages was lost, and 70 per cent of poultry producers in other areas of the South Lebanon and Nabatieh governorates also lost production capacity – as farmers were displaced, poultry was abandoned. Furthermore, 45 medium to large producers and 600 small-scale producers in border villages lost their production infrastructure, such as chicken coops.

Production capacity in aquaculture was almost completely lost in the South Lebanon and Nabatieh governorates. There are an estimated 21 producers in these two governorates, mainly around the Wazzani river, with a total production capacity of 200,000 fish per cycle. All aquaculture assets and infrastructure were lost.

Beehives and honey production reported major losses. It is estimated that 1,500 beehives were directly destroyed by direct hits, resulting in the death of bees. In October 2023, beekeepers from border villages relocated their bees to coastal areas earlier than usual. The relocation coincided with citrus tree spraying, leading to a significant loss of beehives because of pesticide exposure.



Indirect losses were also reported in the sector as remaining beehives in the South Lebanon, Nabatieh and Baalbek-Hermel governorates were abandoned as a result of displacement.

C. Impact on productive sectors and MSMEs

MSMEs represent around 90 per cent of the Lebanese economy, heavily concentrated in the Beirut and Mount Lebanon governorates.⁶⁹ The conflict has forced many MSMEs to halt operations as a result of direct shelling, economic uncertainty, displacement of owners and workers, damage to infrastructure and supply chain disruptions. In addition, the daily operation of MSMEs was affected by damage to essential infrastructure, such as water supply, roads, electricity and communications. This directly affected their production and capacity.⁷⁰

1. Damage to MSMEs premises

More than half of surveyed businesses across Lebanon sustained damage to their premises.⁷¹ Around 9 per cent of businesses reported that their premises had been destroyed, and 7 per cent were reportedly severely damaged. Among businesses in the manufacturing sector, 50 per cent reported damage to their premises. According to an assessment conducted by UNDP, the governorate with the highest proportion of severely damaged and fully destroyed business premises was Nabatieh, with 31 per cent of surveyed businesses, followed by the South Lebanon governorate, at 23 per cent. In terms of gender, the findings show that 18 per cent of women business owners/managers have completely or severely damaged premises, compared to 15 per cent of their male counterparts. Businesses with few employees,

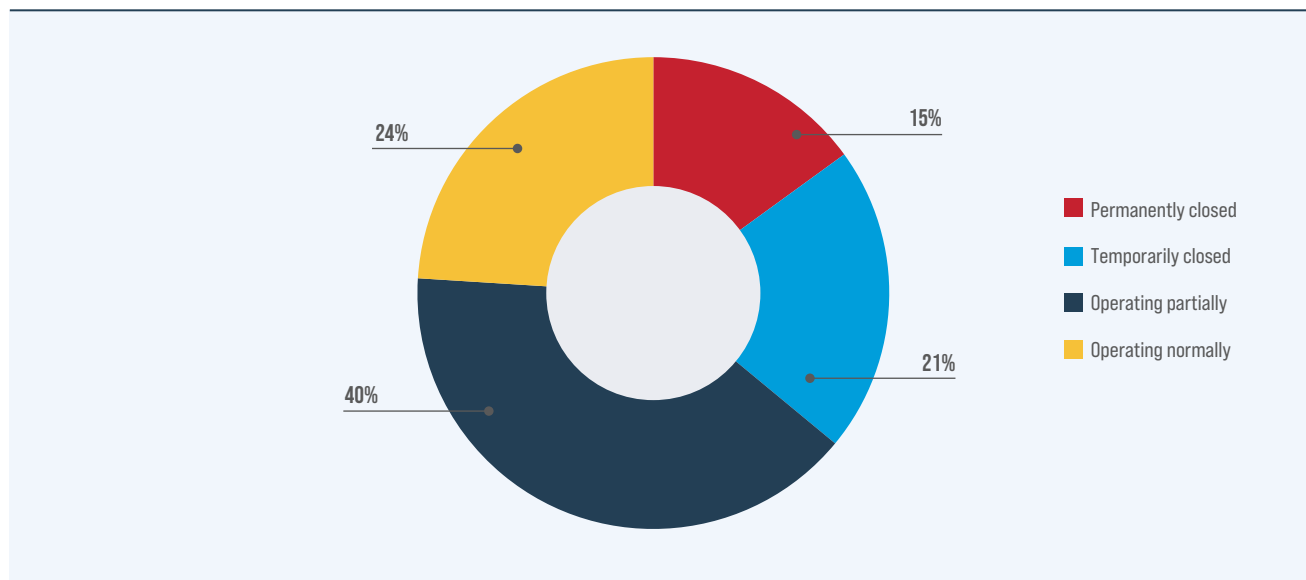
such as self-employed individuals (17 per cent), those with 2–4 employees (16 per cent), and those with 5–9 employees (16 per cent) reported a higher proportion of fully and severely damaged premises than businesses with a larger workforce, those with 10–49 employees (12 per cent).

2. MSMEs operations across the country

The war has significantly affected the business continuity and operations of MSMEs across the country.⁷² Around 15 per cent of businesses and livelihood activities have permanently ceased their operations. Additionally, around 21 per cent of businesses across the entire country have temporarily closed, around 40 per cent of businesses are operating at lower capacity, and 24 per cent of businesses are operating normally. UNDP data suggest that the manufacturing sector, in particular, faced severe disruptions: around 12 per cent of businesses have permanently closed, 21 per cent temporarily ceased operations, around 45 per cent continue to function partially, and just 22 per cent are operating normally.⁷³ Key productive and service sectors saw significant declines in their real output, including mining, manufacturing and utilities, with the output reported to have fallen by 43 per cent. Disruptions to the manufacturing sector could further impact economic recovery, given that manufacturing plays a critical role in recovery.⁷⁴

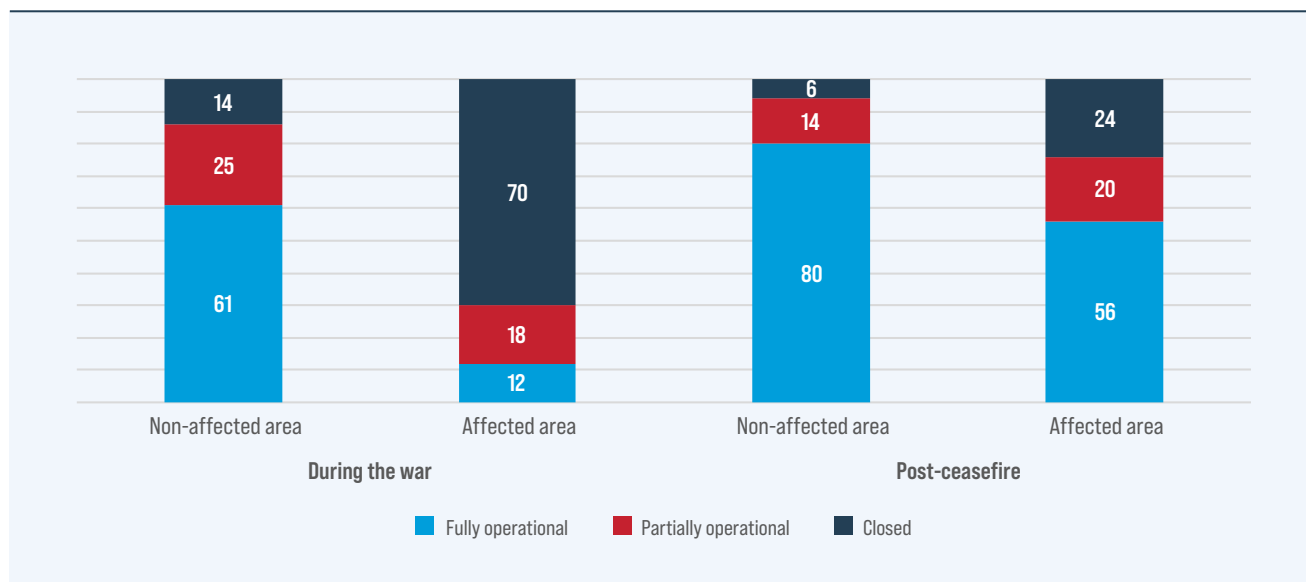
Micro and small businesses were the most affected by the disruptions. Those with fewer than five employees had the highest permanent closure rates, confirming the vulnerability of smaller businesses that lack resources to draw on and capacity to sustain operations. On average, 41 per cent of small businesses, including self-employed and those with up to nine employees, are only partly operating.

Figure 24. MSMEs operation status (Percentage)



Source: UNDP MSMEs survey March 2025.

Figure 25. Enterprise operational status during wartime and post-ceasefire in conflict-affected and unaffected areas (Percentage)



Source: ILO survey on the impact of the war on private sector businesses in Lebanon.

An ILO survey of private businesses⁷⁵ showed that 70 per cent of enterprises in the areas affected by the war had been forced to close entirely, while 18 per cent managed to operate on a limited basis – for a few days per week or a few hours per day. Only 12 per cent of

businesses in these areas managed to maintain full operations during the war.⁷⁶

Even after hostilities ceased, businesses in war-affected areas were still affected. After the ceasefire, 24 per cent of businesses

remain closed, 20 per cent are only partially operational, while 56 per cent have resumed full functionality. Meanwhile, in non-affected areas, business operations started to improve noticeably, though they have not fully returned to normal. Following the ceasefire, 6 per cent of businesses remain closed, 14 per cent continue to function below full capacity, and 80 per cent have returned to full operations.⁷⁷

Regardless of their operational status, the majority of businesses reported reduced activity following the war. According to the ILO survey, of those still operating, 71 per cent noted a decline in business activity, 26 per cent maintained pre-war levels, and just 3 per cent experienced growth. This trend was more pronounced in war-affected areas, where 80 per cent of businesses reported decreased activity, 15 per cent saw no change, and 5 per cent witnessed growth. In contrast, non-affected areas reported 66 per cent of businesses facing reduced activity, 32 per cent maintaining previous levels, and only 3 per cent achieving growth.

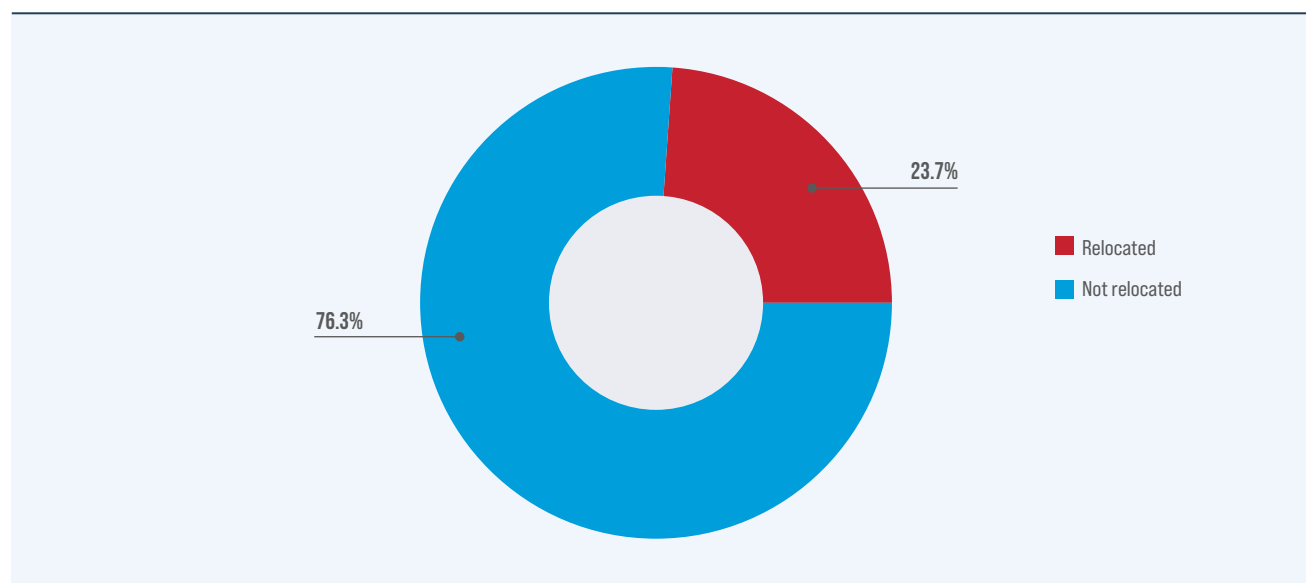
As a result of reduced activity across the country, businesses that remained open after the conflict experienced notable reductions in staffing. Full-time employment declined by an average of 13 per cent, while part-time employment fell by 33 per cent.

3. MSMEs relocation to safer areas

The war forced several businesses to relocate to safer areas. According to preliminary results of the UNDP survey, between 2023 and 2024, 24 per cent of businesses relocated, with 87 per cent of these relocations being due to the war. The governorates most affected by these relocations include Nabatieh, where 38 per cent of businesses declared that they had moved, followed by the South Lebanon governorate, with 24 per cent, and Beirut, with 18 per cent.

The highest share of business relocations was reported among self-employed enterprises (24 per cent) and businesses with between two and four employees. Larger firms, particularly those with 250 or more employees, did not report any relocations.

Figure 26. MSMEs relocation status (Percentage)



Source: UNDP MSMEs survey.

4. Prices of goods and services

The war had an impact on the prices of goods and services produced by the different sectors of the economy. Around 37.6 per cent of businesses have reported price decreases since the beginning of the war, of which 24.9 per cent were significant. Meanwhile, 26 per cent of businesses reported price increases, of which 9 per cent experienced significant increases. Regional disparities are evident in price fluctuation trends. The Akkar governorate has the highest proportion of businesses (44 per cent) reporting price decreases, with 24.5 per cent noting significant reductions. Price decreases were very significant in the agricultural sector (60 per cent).⁷⁸

Sales of goods and services were highly affected by the war, particularly in the southern areas. Approximately three quarters (77 per cent) of businesses reported a significant decrease in sales, while 13 per cent experienced a slight decline, and 3 per cent saw no change. In contrast, 3 per cent of businesses surveyed saw an improvement in sales.

Small businesses have been more affected than larger ones, due to limited financial buffers, a narrower customer base, and reduced capacity to absorb shocks or maintain operations. Sales drop was slightly recorded more among men-owned businesses (79 per cent) than women-owned businesses (73 per cent).

The Bekaa, Baalbek-Hermel and Nabatieh governorates reported the highest percentages of MSMEs owners expecting a significant decrease in sales, at 76 per cent, 84 per cent and 85 per cent, respectively. Smaller businesses

reported more significant decreases in sales than larger businesses. Men-owned businesses reported slightly higher decreases (78.6 per cent) than women-led establishments (73.3 per cent).

The market instability is mirrored by price fluctuations. Some businesses have reduced prices to attract customers or to sell excess inventory, while others have increased prices due to rising costs. This deepens disparity gaps across sectors and regions. Overall, businesses have experienced a decline in revenue and employment opportunities. Should these trends continue, the risk of more businesses closing or shifting to the informal economy will increase, further complicating economic recovery.

One of the most significant consequences of the war was the loss of human resources. Overall, 29 per cent of businesses surveyed reported losing all their employees because of the war. Additionally, 43 per cent experienced a decrease in employment, while 15 per cent of businesses reported no change in employment levels. The governorates where most businesses lost all of employees were Nabatieh (45 per cent), Baalbek-Hermel (31 per cent), South Lebanon (31 per cent) and Beirut (27 per cent). More than one third of businesses in accommodation and food service activities (35 per cent) lost all their employees, followed by administrative and support service activities (32 per cent), and wholesale and retail trade (32 per cent). Nearly 30 per cent of businesses in the manufacturing sector also lost all their employees. Half of businesses in energy, accommodation and food service activities, agriculture, forestry and fishing, and manufacturing reported a decrease in employment. Around 20 per cent of businesses lost all their women employees, while 27 per cent reported a decrease in

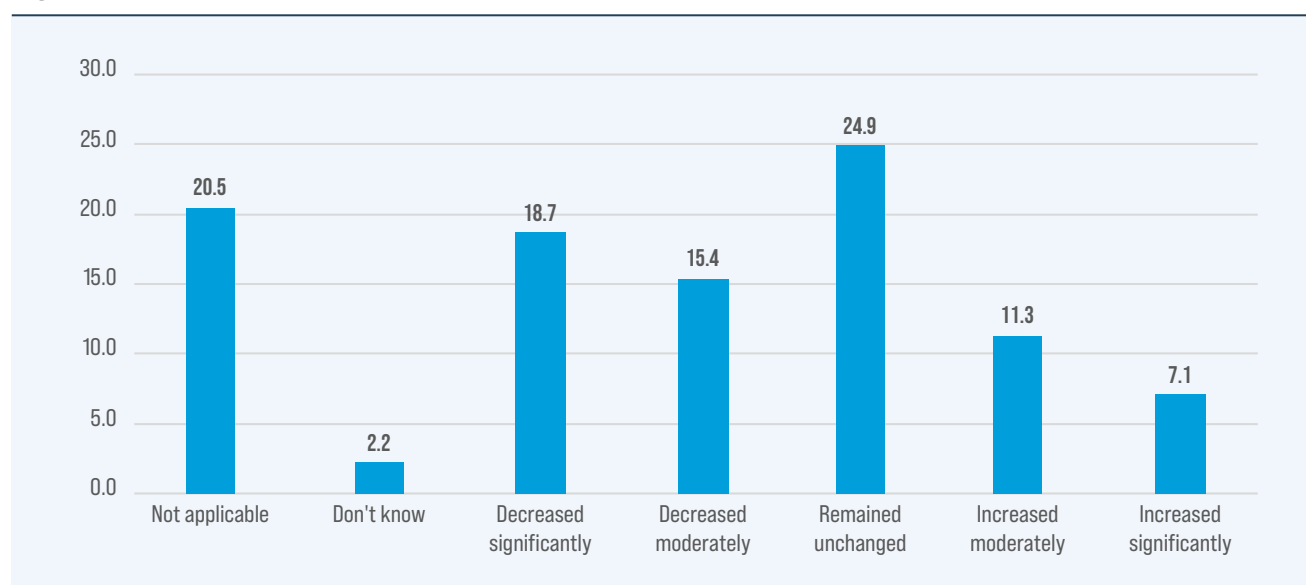
women's employment. The highest proportion of businesses reporting the loss of all women employees was in the accommodation and food service activities sector (30 per cent), followed by professional activities (25 per cent), arts, entertainment and recreation (24 per cent), and administrative and support service activities (24 per cent). The highest decreases in women's employment were in education (38 per cent) and mining and quarrying (35 per cent), followed by agriculture, forestry and fishing (33 per cent), and manufacturing (32 per cent). These sectors cater for a significant share of the employment base in Lebanon and are vital for economic recovery.

Employees and workers' salaries have also been affected in the past three to six months. Around 34 per cent of businesses reported a decrease in salaries of their employees, with 19 per cent reporting a significant decrease and 15.4 per cent a moderate decrease. Around 18 per cent of businesses reported an increase in workers' salaries, with 7 per cent reporting a significant increase and 11 per cent a moderate increase.

Access to financial resources was constrained by the escalation of hostilities for the majority of businesses. Around 74 per cent of businesses suffered a decrease in cash flow availability during the fourth quarter of 2024 compared with the same period in 2023. The same applies to purchases on credit (55 per cent). This trend was reported across all governorates. At the sector level, preliminary findings show that the real estate sector experienced the highest decrease in cash flow availability, with two in three businesses facing a significant decrease. The other sectors with significant decreases in cash flow availability are wholesale and trade (56 per cent), accommodation (57 per cent), and arts and entertainment (57 per cent). A similar trend is found for purchases on credit, with the real estate sector having the highest decrease (48 per cent), followed by the mining sector (40 per cent), the wholesale and trade sector (39 per cent), and the construction sector (39 per cent).

Access to finance is the most pressing need for businesses so that they can resume or

Figure 27. Changes to employee salary status as a result of the war (Percentage)



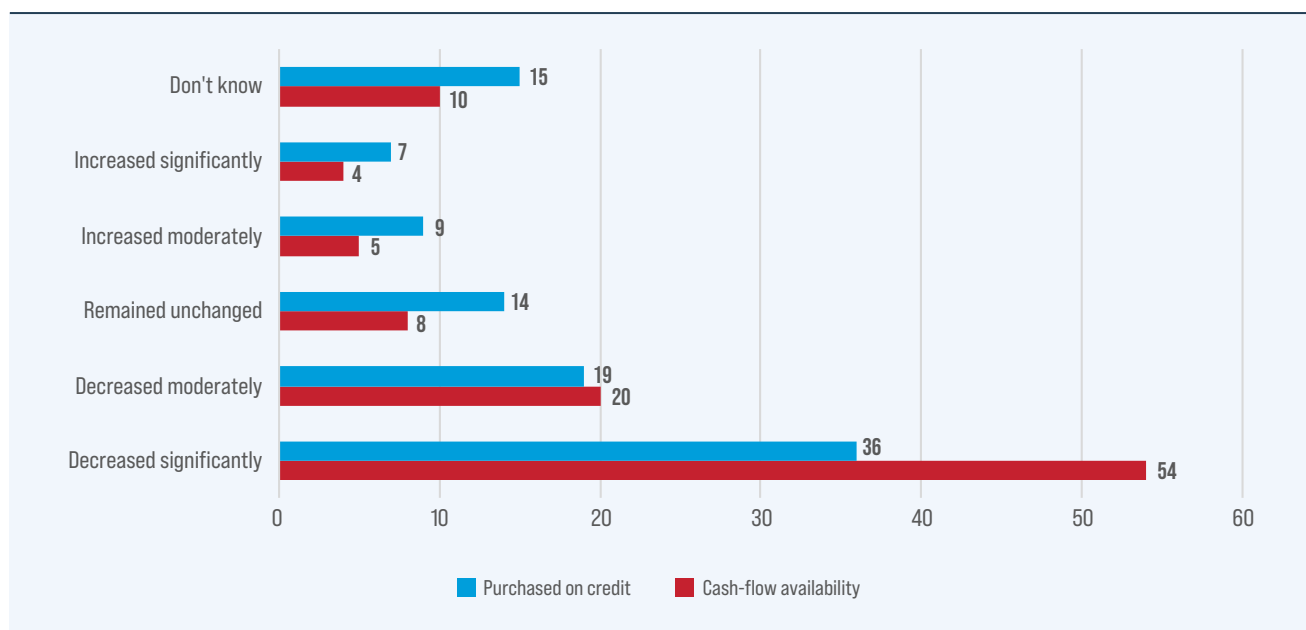
Source: UNDP MSMEs survey.

sustain operations, with 72 per cent of owners reporting a significant decline in profitability due to the war. Many businesses are unable to increase prices despite rising operational costs, especially rent, which has increased by 24.5 per cent in the past year, as per the Central Administration of Statistics.⁷⁹

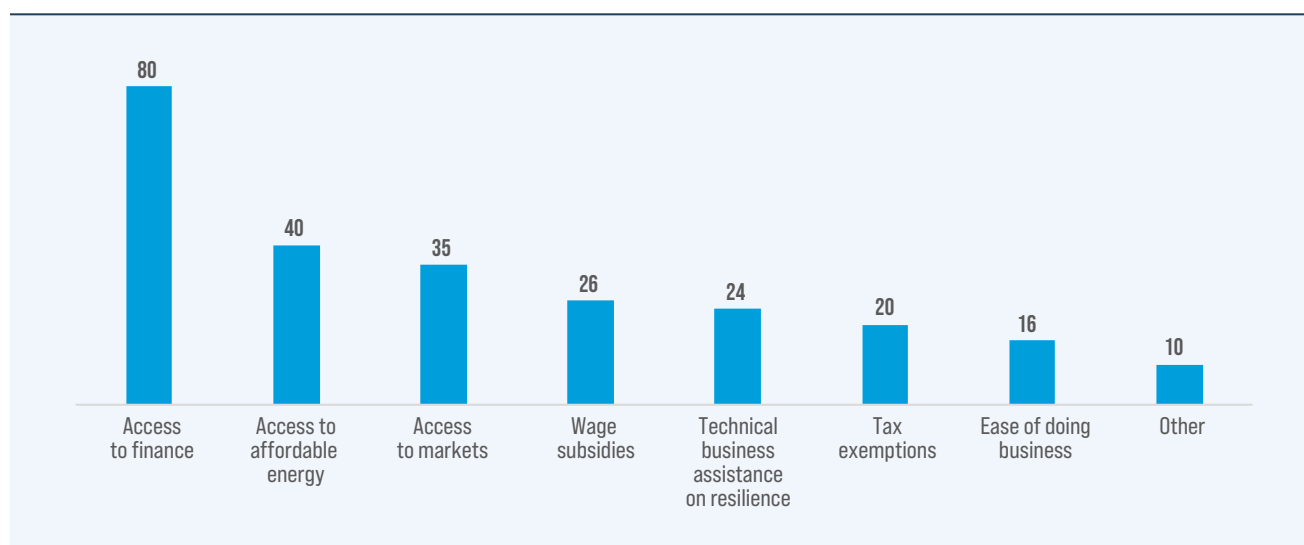
Businesses across the country continue to face a multitude of challenges in the aftermath of the war, making it essential to address their critical needs to support a sustainable recovery in the post-war period. Access to finance emerged as the most pressing requirement, cited by 80 per cent of businesses, underscoring the urgent need for capital to resume or sustain operations. Other significant needs include access to affordable energy (40 per cent), which reflects the high cost and unreliable supply of power, and access to markets (35 per cent), highlighting disruptions in supply chains and reduced consumer demand. Wage subsidies



Figure 28. MSMEs access to financial resources status (Percentage)



Source: UNDP MSMEs survey.

Figure 29. Proportion of businesses with major types of support needed for recovery (Percentage)

Source: ILO survey on the impact of the war on private sector businesses in Lebanon.

were also identified by 26 per cent of businesses as essential to easing the financial burden of retaining staff.

D. Trade and manufacturing

The trade and manufacturing sectors in Lebanon have been affected by the war, with both exports and imports showing substantial declines. In 2022, manufacturing accounted for 12 per cent of the workforce,⁸⁰ and each newly created job in the sector can generate 2.2 additional jobs in other sectors along respective value chains.⁸¹ The disruptions to key transport routes, alongside the challenges in the manufacturing sector, particularly for smaller businesses, have caused ongoing strain on the country's economy. The war caused physical damage, labour shortages, and displacement, especially in the South Lebanon and Bekaa governorates. Even in safer regions such as Mount Lebanon, the loss of migrant workers created workforce gaps. Many assets were damaged by debris and

contamination, while losses of perishable raw materials required costly replacements. Financial constraints, including the scarcity of credit, forced manufacturers to rely on their savings, reducing their ability to invest in necessary upgrades, maintenance and machinery, threatening their long-term competitiveness.⁸²

Air freight became more expensive owing to higher insurance fees and reduced airline operations, causing delays, particularly for complex goods requiring rapid shipping. Sea freight was also affected by increased insurance premiums and longer shipping times, further compounded by instability in the Red Sea. Meanwhile, foreign buyers shifted to post-delivery payment terms, straining cash flow. Land transport, mainly relying on routes through the Syrian Arab Republic, was less disrupted, with delays occurring due to rerouted traffic after airstrikes damaged two of the three border crossings between Lebanon and the Syrian Arab Republic. Traffic was redirected through the Arida crossing, which remained open.

To address disruptions, manufacturers adopted various strategies, including maintaining full salaries for employees, offering temporary housing, and enabling remote work. While these measures allowed some businesses to continue partial operations, recovery has been uneven. Regions less affected by the war rebounded more quickly, whereas businesses in conflict zones continue to struggle with security risks, damaged infrastructure and labour shortages, leading to a fragmented recovery across the manufacturing sector. The strategies manufacturers adopted are costly, with some paying up to 35 cents per kWh for electricity.⁸³ This increased energy cost makes Lebanese products less competitive internationally. Efforts by the Government to secure discounted fuel have been largely ineffective, and the quality of fuel has often fallen short. Many manufacturers opted to freeze their national grid meters to avoid being charged for unreliable public electricity, as the high fees and frequent disruptions made it impractical.

Despite challenges in the electricity and water sectors, decentralized energy solutions such as private generators and solar systems allowed some businesses to maintain operations.

An indication of the sector's performance is the purchasing managers' index, an economic indicator based on surveys of private sector businesses, reflecting activity in sectors such as manufacturing, services and construction. The index can serve as a proxy for economic performance, providing insights into business conditions.

The war negatively affected the private sector in Lebanon. The purchasing managers' index dropped from 47 in September 2024 to 45 in October, marking the sharpest decline since February 2021.⁸⁴ This downturn was driven by

disrupted economic activity, including a decline in output and new orders, and a slowdown in exports. The war escalated regional tensions, leading international clients to stop placing orders from conflict-affected areas owing to rising shipping costs. Local demand was mainly restricted to essential goods, which contributed to the private sector's negative outlook.

Despite these challenges, the purchasing managers' index showed signs of improvement in November 2024, rising to 48. However, the rating remains below the 50 mark, indicating contraction and continued challenges. The increase followed the Central Bank's injection of liquidity in the form of United States dollars, which helped stabilize financial conditions and increase business confidence. This support contributed to modest improvements in exports and future output, although the sector remains under pressure. The ceasefire, although it has been received positively, is not in itself sufficient to fully offset the overall economic damage caused by the war.⁸⁵

Sector-specific impacts

Agricultural exports and sectors such as hygiene products and pharmaceuticals experienced significant setbacks. Stricter security measures on chemical imports created delays, higher costs and restricted shipping options, significantly affected these sectors. The placement of Lebanon on the grey list by the Financial Action Task Force in 2024⁸⁶ worsened liquidity issues, with suppliers demanding full prepayment. Stockpiling essential inputs for manufacturing in secure and remote warehouses helped maintain supply levels. However, continuous security threats and attacks across Lebanon limited the possibility of safely transporting stored materials from storage places to factories.

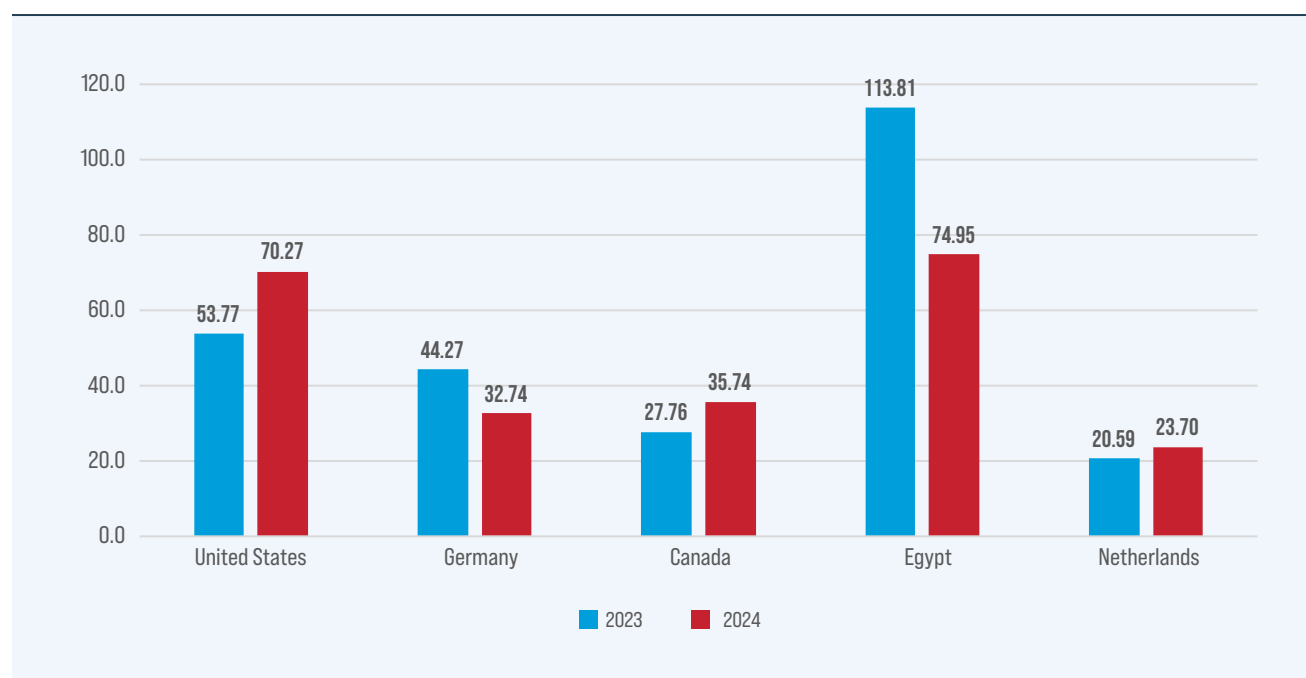
In the absence of updated customs data, analysis has relied on partner country data from UNCTAD to estimate export trends in agrifood, hygiene products and pharmaceuticals.⁸⁷ Preliminary findings indicate declines in agrifood and pharmaceutical exports, while the hygiene sector remains stable. Contributing factors include reduced client confidence, logistical delays, liquidity constraints and economic instability in partner markets. In Egypt, currency devaluation has made Lebanese goods more expensive, reducing demand. In Saudi Arabia, stricter licensing requirements have delayed pharmaceutical exports, adding to the sector's challenges.

The war caused significant farmland destruction, sharply reducing supplies of wheat, fruits and vegetables, and causing a 34 per cent drop in agrifood exports to Egypt between 2023 and 2024, a key market for Lebanon. This disruption in agricultural production strained supply chains,

increasing costs and limiting production capacity for manufacturers dependent on local inputs. The sector witnessed a decline in export revenues of \$23 million, from \$260 million to \$237 million. Although there was an increase in sales to the United States, Canada and Germany, these gains were not enough to make up for the losses. The graph below shows Lebanese agrifood exports to its top five markets (United States, Germany, Canada, Egypt and the Netherlands).

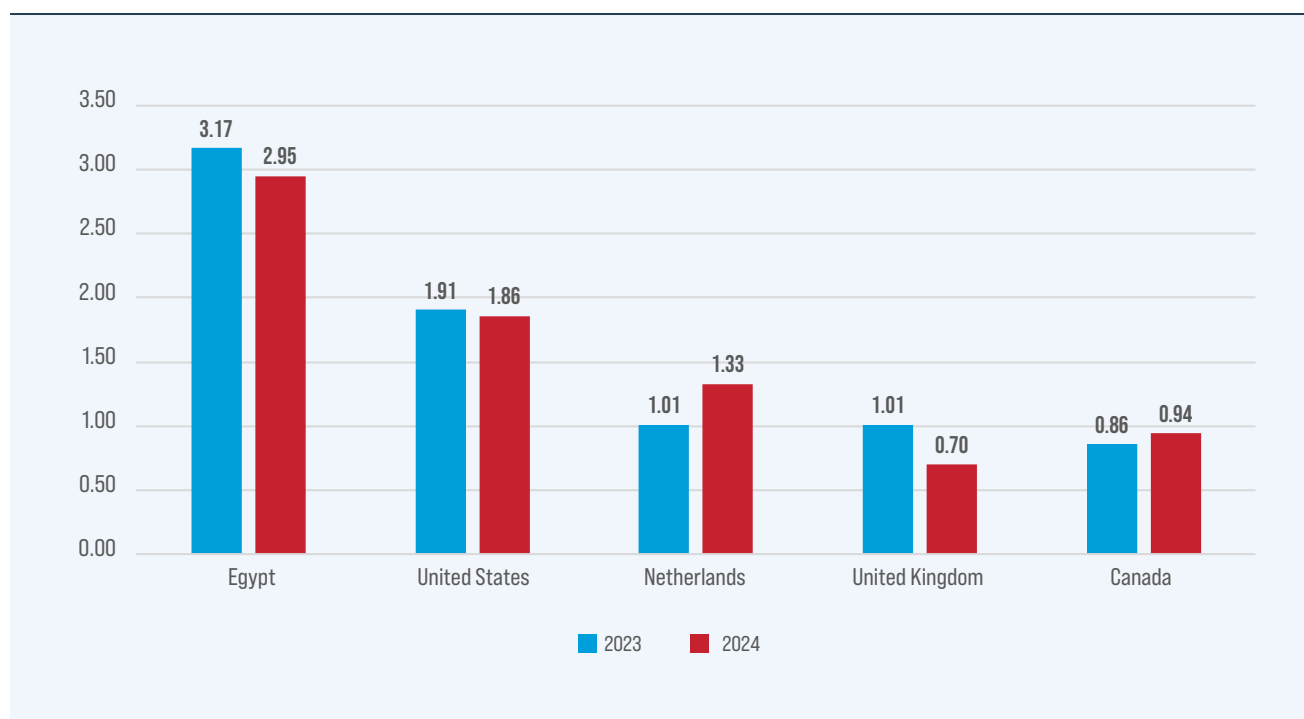
Surplus inventories accumulated during the COVID-19 pandemic initially provided a temporary buffer for the hygiene products sector. The hygiene sector saw little change, with a slight decrease in exports of around \$200,000 between 2023 and 2024. The United Kingdom and Egypt, being primary destinations for Lebanese exports, saw the most significant declines in their imports from Lebanon, while exports to the Netherlands rose by 32 per cent.

Figure 30. Lebanese exports of agrifood to the top five markets in 2023 and 2024 (Millions of dollars)



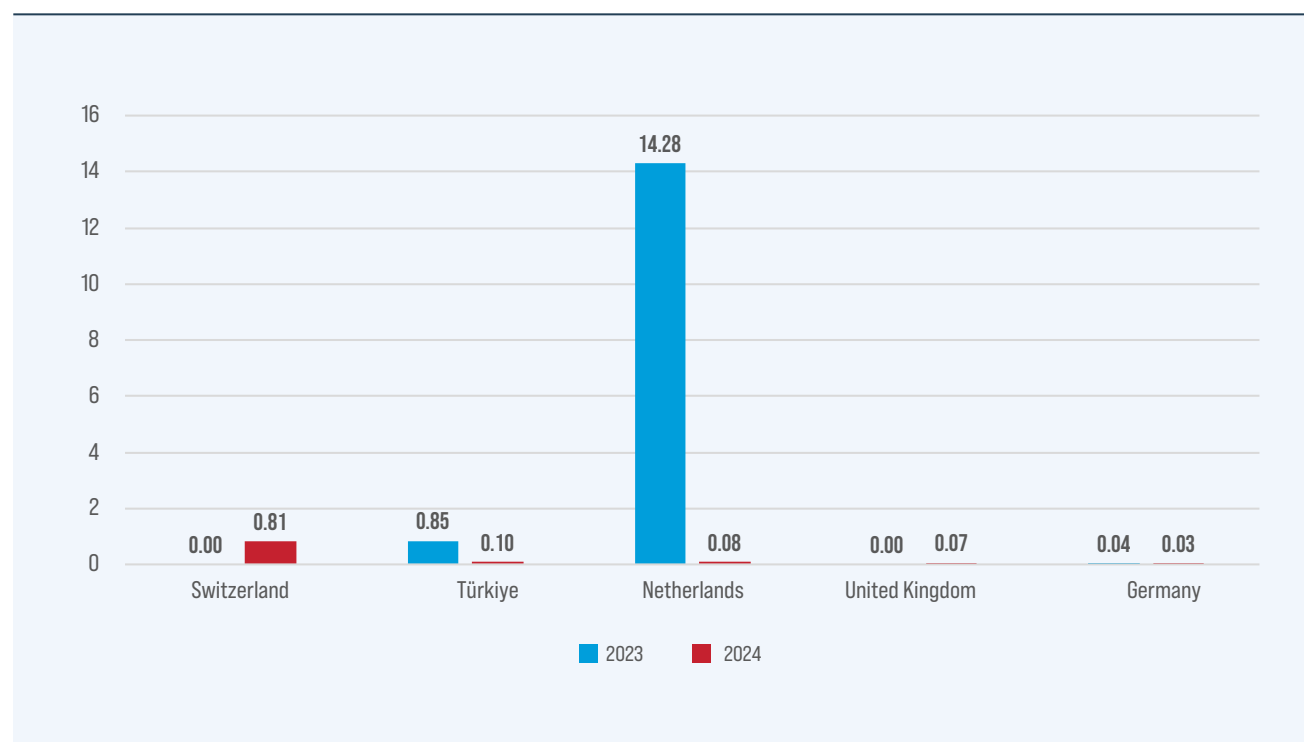
Source: UN Comtrade raw trade data, [UN Comtrade](#).

Figure 31. Lebanese exports of hygiene products to the top five markets in 2023 and 2024 (Millions of dollars)



Source: UN Comtrade raw trade data, [UN Comtrade](#).

Figure 32. Lebanese exports of pharmaceuticals to the top five markets in 2023 and 2024 (Millions of dollars)



Source: UN Comtrade raw trade data, [UN Comtrade](#).



The decline is attributed to plant closures in conflict-affected areas and workforce displacement to safer regions, which limited production capacity. Smaller manufacturers have been especially impacted, as they often lack the capital, logistical flexibility or reserve stocks to withstand prolonged supply-chain disruptions.

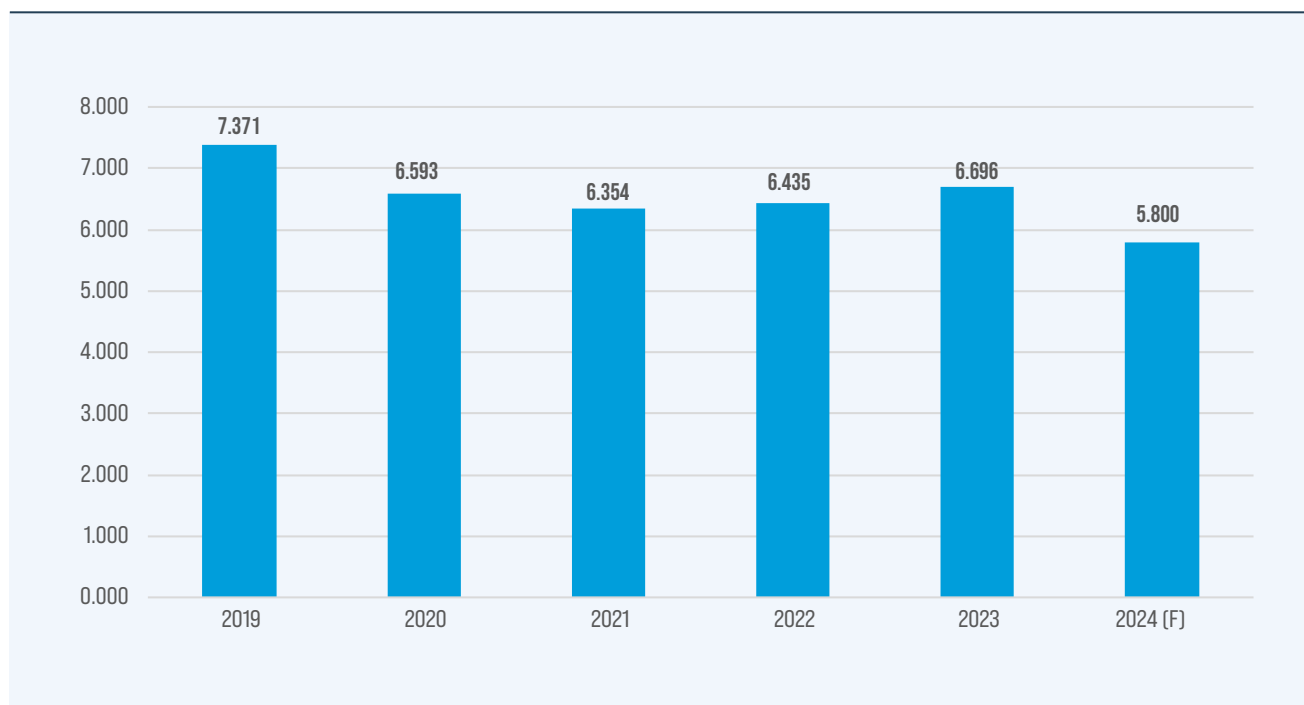
Pharmaceutical exports dropped significantly during the war. While exports to three of the country's top five trading partners showed a slight increase, the overall trend remains negative. The 99 per cent decline in exports to the Netherlands, resulting in a loss of \$14.3 million, cancelled out these gains. A closer look shows that a very large shipment of therapeutic medicaments to the Netherlands in February had inflated the baseline, making the drop appear greater than it actually was.

E. Monetary policy and financial flows (foreign currency reserves, remittances, foreign direct investment)

1. Impact on remittances

Remittance inflows have remained a crucial component of social and financial stability in Lebanon, and serve as a social safety net to cushion people against the impact of the financial and economic crisis, enabling households to access essential goods and services to mitigate income losses. A considerable proportion of Lebanese families relies on this support in the absence of adequate social protection mechanisms to protect against

Figure 33. Remittance inflows to Lebanon (Millions of dollars)



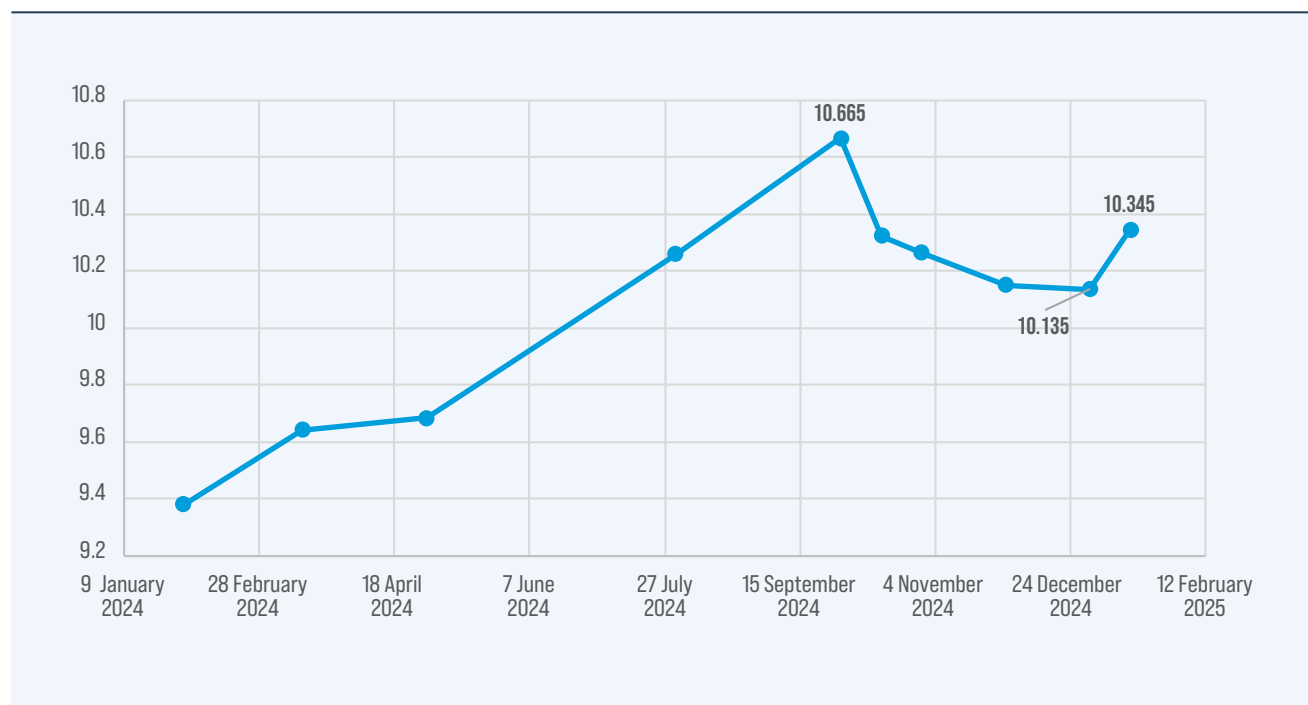
Source: World Bank – World development indicators.

shocks. Since the beginning of the economic and financial crisis in 2019, remittance inflows have been steady between \$6.3 billion and \$6.7 billion, representing around 31 per cent of GDP and accounting for more than 80 per cent of total external financial flows.⁸⁸ However, the escalation of the war is expected to have reduced these inflows, which are likely to have fallen from around \$6.7 billion to \$5.8 billion, or by around 13.4 per cent in just one year.⁸⁹

2. Impact on foreign currency reserves

Before the war, the Banque du Liban was able to increase its foreign currency reserves to around \$10.6 billion, following years of sharp decline. The accumulation of foreign currency reserves was achieved by intervening in the market, buying foreign currency, and reducing the money in circulation in local currency. This

strategy, however, is highly susceptible to external shocks that could interrupt the flow of foreign currency to Lebanon, mainly through tourism. In October 2024, the Banque du Liban introduced measures to improve the access of depositors to their foreign-currency accounts, amid rising security tensions. Consequently, Banque du Liban reserves declined from \$10.6 billion to \$10.3 billion in the first half of October,⁹⁰ and continued to decline towards a critical level, reaching \$10.1 billion towards the end of the year. As of January 2025, the Banque du Liban stopped the exceptional measures that were granted to help citizens cope with the consequence of the war, and the deposit withdrawal limits were reduced to their pre-war level. As an immediate result, Banque du Liban foreign currency reserves increased by around \$210 million, reaching \$10.4 billion by mid-January 2025.

Figure 34. Banque du Liban foreign reserves (Billions of dollars)

Source: Banque du Liban balance sheets.

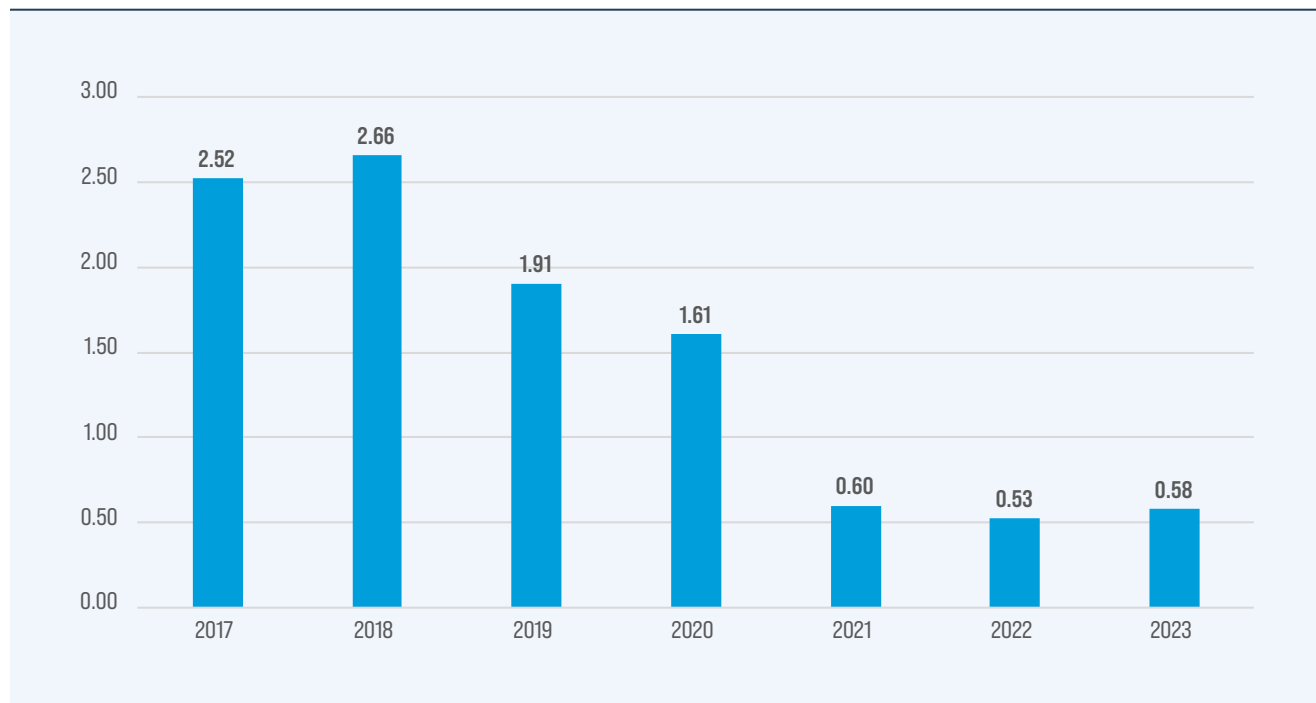


3. Impact on foreign direct investments

Foreign direct investment (FDI) has remained very low since the beginning of the economic and financial crisis in 2019, dropping from a pre-crisis level of \$2.7 billion in 2018 to merely \$0.6 billion 2023 (figure 35). The flow of FDI decreased notably after Lebanon defaulted on its Eurobonds for the first time in March 2020. As a result, international bond issuance has halted in recent years.

The war is expected to have disrupted the already minimal levels of capital inflow into Lebanon. The increased risk premiums associated with the war will further increase required return on capital, which is already high as a result of the sovereign default and banking crisis, making investment in Lebanon unattractive. Investor confidence is expected to be undermined given the limited prospects of identifying viable investment opportunities in a country facing such structural challenges.⁹¹

Figure 35. FDI, net inflows (Billions of dollars)



Source: World Bank data for all years and BDL for 2023.

Economic outlook

7

7. Economic outlook

A. Reforms and economic growth: modelling perspective

To demonstrate the potential impact of reforms, a simulation of a positive reform scenario has been conducted using the structural macroeconometric model of the Lebanese economy. Despite the clarity of the proposed reforms' objectives, the path to achieving them and the specific actions involved remain undetermined. Therefore, the introduction of scenarios is important to demonstrate, for indicative purposes, the potential economic growth if the reforms are successfully implemented. The expected positive effects of the reforms are as follows:

- The election of a president and formation of a government will lead to the gradual rebuilding of institutions, resulting in improvements in all areas in the functioning of the State. This stable institutional environment will lead to the improvement of the total productivity of the economy.
- The State will support the post-war reconstruction efforts and the hope resulting from the stabilization will encourage investments. The resumption of lending activity by the banks will facilitate reconstruction efforts and investment.
- The inflow of international aid and remittances will intensify because of the

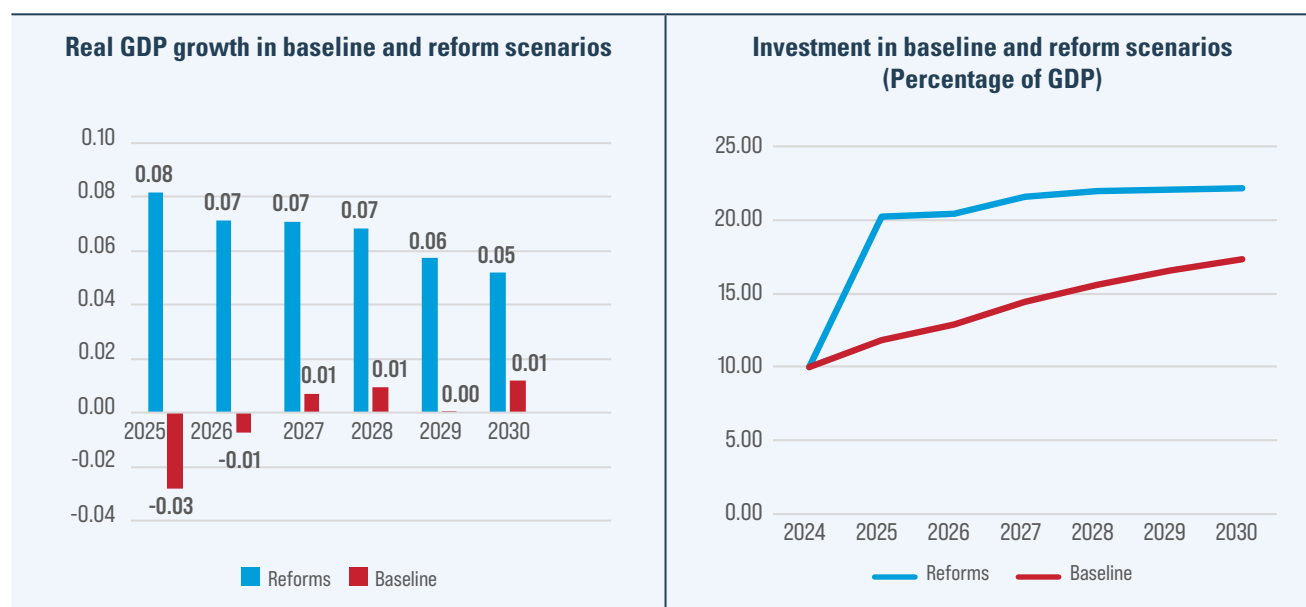
formation of a new government and trust in State institutions and the banking system will be regained.

- Improvements in stability and security will contribute to the recovery of tourism, a major driver of the economy. The resumption of diplomatic efforts will contribute to the opening of new export directions and elimination of barriers to trade.

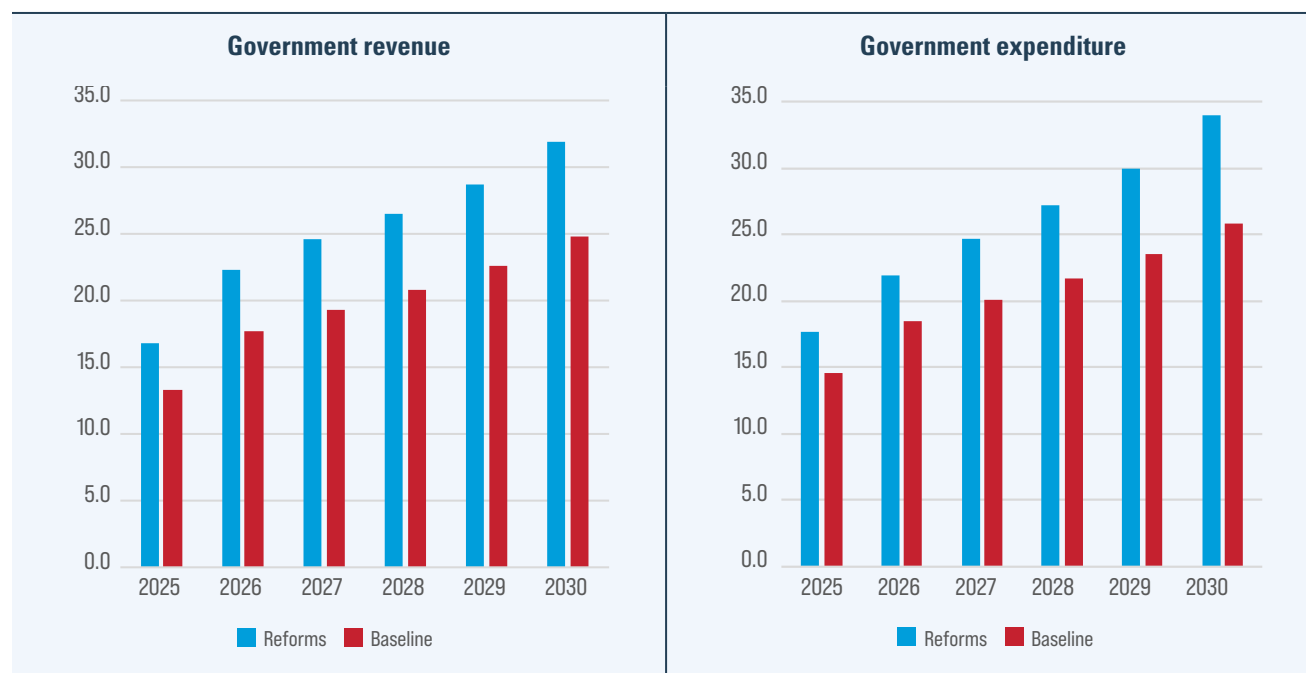
More efficient institutions would enable the State to collect taxes more effectively, leading to an increase in government revenue. A legitimate government will regain trust and unlock International Monetary Fund support, leading to an expansion of fiscal space in the short term. However, in the medium term, expenditure will be kept under control to regain access to international financial markets.

More information on modelling and simulation assumptions can be found in the annex.

In the baseline scenario, the reforms are postponed, despite the formation of the government. Should the political deadlock continue to persist, and the governance vacuum remain, progress of reforms will be hindered. Under this scenario, the country remains affected by crisis with a further fall in GDP of 2.8 per cent in 2025 (figure 36). In the following years, GDP growth fluctuates around zero.

Figure 36. Real GDP and investment growth, 2025–2030

Source: ESCWA calculations.

Figure 37. Government revenue and expenditure

Source: ESCWA calculations.

In the reform scenario, in which the reforms set out above are implemented, GDP growth is much higher than in the baseline scenario and equal to 8.2 per cent in 2025, and 7.1 per cent

in both 2026 and 2027. Even with substantial growth anticipated between 2025 and 2030, GDP in 2030 is projected to be \$46.9 billion, which represents 8.4 per cent less than the

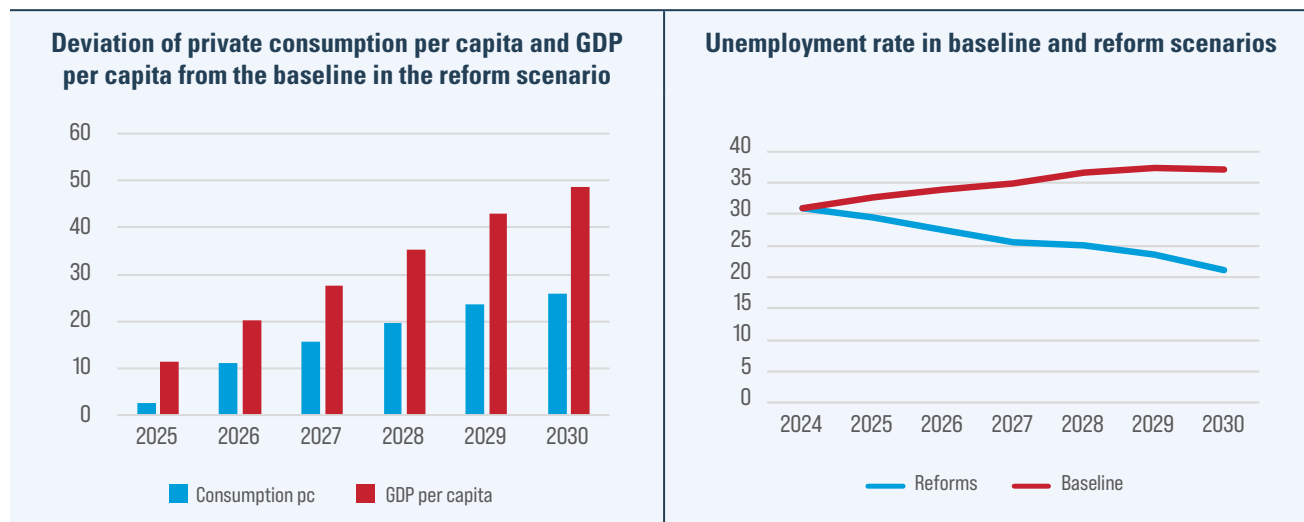
peak real GDP of \$51.2 billion recorded in 2017, before the crisis. In the baseline scenario, the GDP remains stagnant just below \$31.5 billion. As Lebanon needs to rebuild following the crises, the investment rate rises significantly in the reform scenario and exceeds 20 per cent throughout the remainder of the decade to allow for reconstruction of houses, infrastructure and factories destroyed by both the war and years of underinvestment.

The increase in the efficiency of the Government, as well as fiscal reforms, will lead to a predicted surge in revenue as a percentage of GDP to more than 30 per cent in 2030. While some increase in the proportion of government revenue in GDP is observed in the baseline scenario as well, it remains below 25 per cent of GDP until the end of the decade. This, together with the lack of access to international financial markets, severely limits the ability of the Government to invest in social expenditure towards achieving the SDGs.

In the reform scenario, government expenditure in 2030 reaches \$16 billion,⁹² in comparison to \$8 billion in the baseline scenario.

These positive developments will translate into improvements in quality of life. For instance, they will have an impact on reducing the unemployment rate. This is just one socioeconomic indicator that reflects the impact that such growth has on society, especially if the distribution of that growth is inclined to be pro-poor. Under the reforms scenario, the unemployment rate in 2030 is still slightly above 20 per cent; the reduction of 10 percentage points in a five-year span is a significant achievement that should also contribute to a reduction in poverty. GDP per capita in the reforms scenario in 2030 is almost 50 per cent higher than under the baseline scenario. Because of the significant investment in reconstruction efforts as well as the resumption of exports (that should contribute to the reduction of the huge current account deficit), the surge in private consumption per capita is smaller, at just below 30 per cent in comparison to the baseline scenario.

Figure 38. Deviation (relative difference) of private consumption per capita and GDP per capita between baseline and reform scenarios, and unemployment rate trend across the 2025–2030 period and scenarios



Source: ESCWA calculations.

Nevertheless, it would still contribute significantly to the quality of life of Lebanese families.

While the reforms will not enable Lebanon to return to 2017 GDP and levels of consumption overnight, they will still lead to significant improvements in all areas of the economy. In comparison to the baseline scenario, cumulative investment until 2030 is almost double in the reform scenario, allowing for the reconstruction of homes, factories and infrastructure. The resumption of exports would allow a reduction in the current account deficit, reducing the country's dependence on the inflow of funds from abroad. Similarly, by 2030, government expenditure under the reform scenario is twice as high as under the baseline scenario, as a result of both higher GDP and better efficiency of revenue collection, as well as a recovery of trust by international financial markets, allowing for greater social investment and faster progress in achieving the SDGs in line with the national agenda. Finally, a decrease in unemployment and a surge in private consumption would contribute to the improvement of the well-being of all residents of Lebanon.

B. Economic recovery in the Syrian Arab Republic: mixed impact on Lebanon

The implications for Lebanon of economic recovery in the Syrian Arab Republic are multifaceted. Lebanon could regain lost trade routes, benefit from reconstruction projects, and see reduced refugee-related pressures. However, competition for investment could disadvantage Lebanon, if it continues to face economic uncertainties limiting its ability to capitalize on potential advantages.

A recovering Syrian economy could significantly benefit Lebanon by revitalizing bilateral trade and economic cooperation. As the Syrian Arab Republic gradually stabilizes, Lebanese exports – particularly in agriculture, pharmaceuticals and manufactured goods – are likely to expand, fostering economic growth. The reopening of trade routes through the Syrian Arab Republic could revitalize Lebanese ports and logistics sectors, reinforcing its historical role as a regional trade hub. Joint infrastructure projects, such as transportation networks and energy pipelines, would not only strengthen economic ties but also position Lebanon as a key player in regional commerce. Lebanese businesses, particularly in construction, banking and services, could find lucrative opportunities in reconstruction efforts in the Syrian Arab Republic, attracting investment and creating jobs. The revival of cross-border commerce could also help curb smuggling, leading to more regulated and profitable trade relations. According to a computable general equilibrium assessment, a 10 per cent decrease in trade costs between Lebanon, the Syrian Arab Republic and the rest of the Levant and Gulf Cooperation Council countries could lead to an additional 0.04 percentage points of growth, a 0.05 per cent increase in FDI inflows, a 0.07 basis point decrease in unemployment, and a 0.09 per cent increase in government revenue. If the decrease in trade costs reaches 50 per cent, growth performance could potentially increase by 0.24 percentage points, total exports by 2 per cent and FDI by 0.26 per cent. Stability in the Syrian Arab Republic will encourage regional tourism, including religious and heritage travel between the two countries, benefiting the hospitality

industry in Lebanon, including health-related tourism. If improved conditions in the Syrian Arab Republic lead to the voluntary return of refugees, the overburdened public services of Lebanon would experience relief, notably in healthcare, education, housing, water, wastewater, sanitation and energy. Economic recovery in the Syrian Arab Republic could also pave the way for energy cooperation and regional economic integration, benefiting Lebanon given its depleted infrastructure. Discussions about electricity and gas imports via the Syrian Arab Republic could gain traction again, facilitating such cooperation and helping to alleviate chronic power shortages in Lebanon.

The long-term economic benefits for Lebanon from recovery in the Syrian Arab Republic are contingent upon its ability to implement structural reforms, stabilize the economy, and position itself as an active partner in the rebuilding process. Without domestic stability and necessary reforms, including reducing trade costs, enhancing logistical capacities, and reforming the banking sector, Lebanon risks missing out on the positive spillover effects of recovery in the Syrian Arab Republic. Reconstruction may attract foreign investment and funds that might otherwise have been directed to Lebanon. A recovering Syrian Arab Republic could disrupt the fragile labour market and remittance flows in Lebanon. Many Lebanese businesses rely on low-wage Syrian workers, often paid in United States dollars. As the economy improves in the Syrian Arab Republic, these workers may return home, potentially reducing the labour supply in Lebanon and impacting key sectors like construction and agriculture.

C. Regaining pre-crisis output levels remains challenging: a historical perspective

Looking at the growth scenario from a different perspective, and without relying on macroeconomic modelling, it is estimated that the economy of Lebanon would need an annual growth rate of 10 per cent to reach its pre-crisis 2017 level by 2030. This figure is relatively high, and while the country has faced numerous crises, sustaining such a growth rate consistently over the coming five to six years is highly challenging.

Since 1990, the only period during which the country's economy experienced consistently high year-on-year growth in real GDP over several years was at the conclusion of the civil war in 1990 and after the 2006 war. The 2024 war has been longer and more intense in terms of attacks, damage and fatalities than previous conflicts. The 2006 war also caused significant damage to the Lebanese economy, but it did not include financial collapse: banks remained operational, and people retained access to their funds.

From 2007 onwards, Lebanon focused on rebuilding its infrastructure, particularly in the real estate and tourism sectors, which contributed to a relatively strong post-war economy. Between 2007 and 2010, the Lebanese economy demonstrated notable resilience, maintaining steady growth. With substantial capital inflows into the country, the economy grew at an average rate of approximately 9 per cent per year during this period. Despite this high growth, these figures are still not comparable to the 10 per cent real GDP growth projections over the coming five- to six-year period, which would represent a full recovery to 2017 economic levels.



Policy recommendations: towards a quick and sustainable recovery

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8. Policy recommendations: towards a quick and sustainable recovery

Analysis reveals that Lebanon has been severely affected by the war, which came after six years of economic and social turmoil, and decades of serious structural political, security and governance challenges. In addition to human losses and physical damage, Lebanon lost years of development gains and economic opportunities. The country will need years to recover its lost economic potential and to get back on a sound and sustainable development path. Even in the best-case scenario of an average year-on-year economic growth rate of 7 per cent, Lebanon will not be able to regain its pre-crisis domestic output level within the next five to six years. Such a scenario assumes that a rigorous reform agenda is put in place, prioritizing growth-stimulating reforms and State institutional rebuilding. This will require strong political ownership and synergy on the magnitude and sequencing of reforms. It also requires curbing corruption and elite capture, while strengthening core government institutions and functions, notably in planning and decision-making, revenue generation, public financial management, security and the rule of law, and social protection, in addition to control and oversight.

Restoring trust in the financial sector is of paramount importance, as it is a prerequisite to stimulating economic growth. Analysis indicates that access to finance is a top priority for 80 per cent of the war-affected business community, bypassing other needs such as access to electricity, markets and other possible support, confirming the criticality of reform.

Specific economic sectors should be prioritized, given their contribution to the economy, employment generation and the livelihoods of a wide segment of households, and given the level of damage these sectors have endured during the recent conflict. These include agriculture, tourism, construction and manufacturing, to which support should be channelled as a priority.

The most challenging issue continues to be the availability of financing resources to address these competing and urgent priorities. Financing is particularly challenging given the need to have a Government-led reform plan that will address the structural challenges in the economy, notably the financial and fiscal sectors. Also, bilateral and multilateral sources of funding are increasingly drying up or shifting to other hot spots and priority regions. In this challenging context, the country should aim to diversify the sources of financing and tap into different available resources: (i) domestic revenue mobilization; (ii) private sector investments; (iii) overseas development assistance and iv) foreign direct investment. For each of these resources, however, Lebanon has to implement a set of reforms to optimize financing flows.

To ensure a speedy and sustainable recovery, key enablers should be prioritized, paving the way to restore healthy economic growth and the creation of decent jobs and livelihood opportunities. Social protection systems must be strengthened and trust in government institutions restored through improved governance and service delivery, and

improved access to vital infrastructure. Ideally, these should be anchored in a nationally-owned development plan that articulates government priorities and defines responsibilities, with clear budget estimates. However, such a plan does not exist. In the absence of a nationally-owned plan, the ministerial statement of the newly formed Government could be used as an anchor for guiding the recovery plan. As such, the recovery priorities can address the various ways in which the crisis has affected Lebanon, while recognizing other response frameworks such as the Lebanese Response Plan, The United Nations Sustainable Development Cooperation Framework, and the Reconstruction, Recovery and Reform Framework.

The key guiding principle of the recovery plan is to ensure that Lebanon can foster a more inclusive, effective, equitable and sustainable recovery process that meets the needs of all populations, while leaving no one behind. The recovery plan should follow the building back better approach, be people centred, conflict sensitive and Government led. Government leadership is essential to align partners around a shared vision and ensure that recovery interventions will have an integral component of strengthening national institutions and systems. The plan should articulate pressing priorities, balancing urgent needs with medium- and long-term goals.

The recovery plan is structured along four priority areas, aligned with government priorities as spelled out in the ministerial statement of the newly formed Government, and where it is expected that the Government will play a lead role in its implementation:

Priority area 1: Restore and strengthen the functions and capabilities of the State at all administrative levels to re-establish and support

local and central governance and enhance social stability. The objective is to enable government institutions, including municipalities, to resume their core functions in governance and service provision, rebuild public trust, and regain the confidence of the international community, assuming a leading role in implementing the recovery plan. Support will focus on advancing critical reforms in public administration, public financial management and local governance. Notably, the support will entail strengthening national capacities to implement elections. It will also enable the implementation of comprehensive reforms in the justice sector to re-establish trust in the justice system.

Priority area 2: Advance economic recovery through targeted economic reforms and food system recovery and stimulus to generate decent jobs, restore business confidence and foster entrepreneurship. The aim is to revive economic activity by supporting a comprehensive package of reforms and incentives that stimulate private sector growth, encourage investment and create decent and productive employment opportunities. Interventions will focus on restoring macroeconomic stability, improving the business environment, and enabling MSMEs to invest, expand, and create jobs and play a central role in the recovery process.

Priority area 3: Ensure more efficient and sustainable basic services while strengthening national social protection systems. The objective is to restore access to essential services such as health and education, improve access to food, provide social safety nets to people living in extreme poverty, and bridge the poverty gap for the growing number of extremely poor populations. The recovery plan will focus efforts on reconstructing

and rehabilitating damaged facilities and infrastructure essential for the provision of basic services and life essentials such as food, health, education, water and sanitation, and other social services. These include hospitals, primary healthcare centres, schools and social development centres. Systems, policies and delivery mechanisms are also key areas to be strengthened as part of the recovery plan, notably in the areas of social protection, including social assistance, and access to quality educational and health services.

Priority area 4: Recover environment ecosystems in Lebanon. The aim is to address the environmental degradation caused by the war, including safe management of debris, restoration of damaged disposable sites, removal and treatment of contaminated waste, strengthening institutional capacity, clearing unexploded ordnance, and overall ecosystem restoration. This will include strengthening institutional capacities to assess and protect against environmental risks. As part of the building back better approach, focus will also be on restoring critical energy supplies and promoting the use of renewable energy.

A detailed framework across these priorities is presented.

Restore and strengthen the functions and capabilities of the State at all administrative levels to re-establish and support local and central governance and enhance social stability

Sustaining recovery and reform requires strong institutions and trust to enable the re-establishment of the social contract. Public administration in Lebanon is understaffed, with as many as 70 per cent of permanent positions vacant owing to hyperinflation that rendered salaries nearly worthless. This poses a serious threat to the sustainability of recovery and reconstruction efforts. These posts need to be filled through a process based on merit.

The tables below provide short, medium and long-term recommendations to strengthen the functions and capacity of State institutions to accompany the recovery efforts over the short and medium term and to sustain these efforts over the longer term.



Table 4. Short-, medium- and long-term recommendations to strengthen institutional functions and capacity as enablers for recovery

Priorities	Short- and medium-term recommendations	Long-term recommendations
National dialogue and anti-corruption	Foster inclusive political dialogue and consensus-building among the diverse Lebanese communities, especially given the current diverging views towards national priorities and the role of the State. This can aid in addressing the chronic governance deficit facing State institutions and advancing reforms. Promote social cohesion through employing a conflict-sensitive approach in planning and implementing recovery efforts to avoid any potential trigger for tension. This can be also achieved by employing community-based conflict resolution and peace building mechanisms through capacity-building initiatives, while prioritizing young people. Implement robust anti-corruption measures and enhance the rule of law. To strengthen governance and State institutions of central and local public entities that will be at the forefront of recovery efforts, it is also crucial to reform the public sector to improve efficiency and service delivery.	Strengthen agencies responsible for data collection to enhance transparency and evidence-based policymaking and embed it into the recovery process.
Core government functions (central and local)	Strengthen and reactivate core government functions in the following critical areas: planning and decision-making, security and the rule of law, revenue generation, public financial management, and control and oversight. Advance public financial management reform and modernization including budget planning, execution and reporting to support priority recovery needs. Support domestic revenue mobilization, to ensure sustainability of recovery efforts. Fill vacant critical and leadership positions in key functions and government institutions following a merit-based approach. Restore and reinforce local governance to enable local actors (municipalities and unions of municipalities) to assume a proactive role in recovery and local development.	Develop and implement a public administrative reform vision anchored in civil service reform and salary scale adjustment, while harnessing digitalization and new models of public service delivery.

Advance economic recovery through targeted economic reforms, food system recovery and stimulus to generate jobs, restore business confidence and foster entrepreneurship

As Lebanon moves from crisis response to recovery, it is critical to adopt a build forward better approach that focuses on the competitive sectors of the economy, addressing the immediate

needs of workers and enterprises, and laying the foundation for long-term, sustainable and inclusive growth. Central to this process is stabilizing the macroeconomic framework, creating an enabling business environment, while ensuring the active involvement of social partner organizations (employers and businesses), as well as workers' trade unions, with the Government to shape recovery efforts. Social dialogue and reactivation of the social contract must be at the heart of policy development, ensuring that recovery strategies are growth-stimulating, employment-rich, inclusive, equitable and responsive to realities on the ground.

The below priorities are suggested as part of the short, medium and long-term recovery vision.

Table 5. Short-, medium- and long-term recommendations to promote economic recovery and job creation

Priorities	Short- and medium-term recommendations	Long-term recommendations
Agriculture and forestry	Restore assets and income through financial grants to farmers, cooperatives and MSMEs for reinvestment in lost productive assets (e.g. equipment, agro-processing facilities), and temporary cash-assistance programmes to mitigate income losses and stabilize affected communities. Support repair and modernization of olive mills in border areas, improve harvesting and processing techniques, and strengthen marketing strategies for local olive oil production. Repair water infrastructure, including damaged irrigation networks, water harvesting structures and on-farm irrigation systems to secure water access for agriculture. Support supply chain and market access by establishing mechanisms to have better access to inputs, markets and financial services to prevent further disruptions in food supply and demand. Conduct training programmes on climate-smart agriculture, pest control and water conservation to enhance resilience and efficiency.	Introduce diversification of crop systems and export markets to increase agricultural sustainability. Adopt policies that support subtropical agriculture (such as citrus, banana and avocado), enhance water efficiency, promote alternative crops and enable adaptation to changing climate conditions. This will reduce dependence on single export markets and foster a diversified agricultural sector, contributing to long-term economic stability. Promote sustainable water management: crucial for both productivity and environmental sustainability, sustainable water management is promoted through efficient irrigation techniques (e.g. drip irrigation), empowering rural communities in water conservation and adopting water-saving technologies (e.g. soil moisture sensors, rainfall harvesting). This will optimize water use and minimize waste. Invest in forest recovery and non-wood forest products development: this will contribute to ecosystem restoration and rural economies. Reforestation programmes will restore degraded forest areas, enhance biodiversity and mitigate climate change effects. Developing value chains in this area (e.g. medicinal plants, honey, mushrooms) will provide income-generating opportunities for rural communities, diversifying livelihoods and increasing economic resilience while reducing reliance on traditional farming practices.

Table 5. Short-, medium- and long-term recommendations to promote economic recovery and job creation

Priorities	Short- and medium-term recommendations	Long-term recommendations
Agriculture and forestry	Prioritize farmland restoration: conflict-related destruction of farmland led to a sharp decline in agricultural yields, straining agrifood manufacturers reliant on local inputs. Dedicated funding and technical aid – covering everything from irrigation to seed distribution – are essential for bringing farmland back to full production. Restore damaged agriculture-related infrastructure and reestablish reliable supply chains. Promote the installation of drip irrigation to improve water efficiency and climate resilience in agriculture, along with training farmers in sustainable farming practices and climate-smart techniques. These efforts will strengthen local food security and reduce vulnerability to water stress. Enhance the adoption of climate-resilient crop varieties and agroforestry practices to diversify rural livelihoods and restore degraded landscapes, in line with climate-resilient agriculture objectives.	Promote public-private partnerships: This can foster investment in processing and storage facilities, decreasing post-harvest losses and improving supply chain efficiency. These investments will enhance food quality, availability, market access and employment opportunities creation. Deploy agroforestry and climate-resilient practices to build a more adaptive agricultural system. These can include integrated farming systems that combine tree cultivation with crop production to enhance biodiversity, soil health and economic diversification. Strengthen farm-to-factory links: • Cooperative models or contract farming arrangements can stabilize supplies for agrifood processors and reduce the risk of material shortages. • Increase the adoption of sustainable agriculture practices to increase domestic food production and meet up to 75 per cent of national demand, reducing reliance on imports and enhancing rural economic resilience. • Prioritize the valorization of climate-smart plant and animal genetics to strengthen agricultural resilience to climate risks and improve productivity over the long term. • Substantial capital investment to address weaknesses – such as limited access to affordable financing and outdated land registries – will also need to be addressed for the sector to regain its pre-conflict production capacity.
Transport system recovery and modernization	Prioritize the repair of damaged transport infrastructure and ensure emergency mobility services for affected regions. Introduce interim regulatory measures for informal transport operators to enhance safety and service reliability. Adopt standards for the import of used electric vehicles (EV) and installation of EV charging infrastructure to promote safe and regulated market growth.	Establish a Unified National Land Transport Authority to consolidate fragmented mandates and oversee integrated transport planning and operations. Expand EV incentives, electrify bus fleets with solar-powered depots, and promote structured parking solutions to reduce congestion. Institutionalize green public procurement in the transport sector to support low-emission fleet renewal and sustainable infrastructure development.

Table 5. Short-, medium- and long-term recommendations to promote economic recovery and job creation

Priorities	Short- and medium-term recommendations	Long-term recommendations
Manufacturing and trade	Provide grants to manufacturing MSMEs to restore their production capabilities. Foster collaboration between larger manufacturers and smaller ones, particularly in highly conflict-affected areas, to provide shared warehousing, distribution channels or raw materials in exchange for stable supply contracts. Support the Government in publishing up-to-date customs data to inform trade trends and sector reforms. Integrate climate-proofing measures into industrial development plans by promoting energy efficiency and low-carbon technologies within MSMEs to enhance competitiveness while supporting the net-zero transition in Lebanon.	Enhance ports and airport efficiency to reinforce the logistical advantages that ensured many producers remained operational even at the height of the conflict. Implement assessment of production capacity, workforce trends and inventory levels to help policymakers respond proactively to emerging bottlenecks or crises. Develop targeted export promotion programmes, trade missions and e-commerce platforms to tap into new regional and global markets. Advocate for a national industrial policy that identifies the country's comparative advantages – whether in agrifood, pharmaceuticals or specialized manufacturing niches – and strategically invest in those sectors to unlock new market potential. Leverage long-term low-emission development strategies for Lebanon to position the manufacturing sector as a driver of green growth, through investments in green industries and circular economy models that reduce waste and emissions. Enhance participation in global green value chains by promoting compliance with climate-related standards and certifications for Lebanese exports, improving market access and competitiveness in sustainable markets.
Banking and microfinance	Implement risk-sharing mechanisms; public-private partnerships or specialized guarantee funds can lower the risk profile for banks, encouraging lending to MSMEs in conflict-affected areas. Develop financing instruments to fund machinery and equipment recovery. Use digital solutions (fintech) to improve financial inclusion and access to finance. Develop green financing products and climate risk assessment frameworks in the banking sector to facilitate lending for renewable energy, sustainable agriculture and climate-resilient infrastructure projects.	Restore credit flows; banks remain constrained by solvency challenges and limited liquidity. Implementing banking-sector reform is critical for financing reconstruction projects, refinancing operational debts, and issuing new business loans. Support the issuance of green bonds and leverage debt-for-climate swaps to unlock capital for climate-aligned investments, particularly in conflict-affected and high-potential green sectors. Align financial reporting with international climate disclosure standards such as the Task Force on Climate-related Financial Disclosures, to improve transparency and attract climate-aligned investment into the Lebanese economy.

Table 5. Short-, medium- and long-term recommendations to promote economic recovery and job creation

Priorities	Short- and medium-term recommendations	Long-term recommendations
Create decent jobs while training and reskilling the workforce	Implement employment-intensive infrastructure programmes to support infrastructure recovery and rehabilitation and generate quality jobs while equipping workers with targeted skills through vocational training and work-based learning. Full compliance with labour law is required, particularly with regard to occupational safety and health, wages and working conditions. This is essential to safeguard workers' rights and foster sustainable economic recovery. Provide wage subsidies and targeted financial support for enterprises, particularly MSMEs. This will preserve jobs, sustain business operations, and revitalize local economies. Integrate decent work conditions into climate adaptation strategies, including establishing national heat stress guidelines and implementing continuous risk assessments for vulnerable sectors like agriculture, construction and manufacturing. Invest in re-skilling and upskilling programmes targeting green jobs and industries, focusing on young people and women, to ensure an inclusive and equitable transition to a sustainable economy. Employ trained young people to make minor repairs to damaged houses.	Develop an inclusive and comprehensive national employment strategy to address both structural labour market challenges and crisis-induced disruptions. This strategy, based on tripartite social dialogue, must tackle issues on both the demand and supply sides of the labour market, fostering sustainable job creation, economic resilience and an enabling business environment. Undertake labour force surveys and strengthen statistical systems to provide the evidence needed to inform decision-making, enabling policymakers to design targeted, responsive and forward-looking employment policies that drive inclusive and sustainable recovery. Promote strong employment services that support jobseekers, especially young people and vulnerable groups, with career guidance, skills matching, job placement and vocational training for smoother workforce integration, focusing on emerging green sector opportunities and ensuring that job creation from climate investment meets local employment needs. Address informality and expand social protection coverage, combining effective laws, policies and enforcement mechanisms with the right incentives for Lebanese companies and workers to transition into the formal economy. Review labour laws to ensure protection for previously excluded workers and those increasingly engaged in non-standard forms of employment. Develop a national framework for a just transition, ensuring that vulnerable workers and communities are supported through the economic transformation.
Access to affordable energy	Support energy transition for the productive sector and MSMEs to improve access to affordable and clean energy. Repair and rehabilitate war-damaged public energy infrastructure to restore critical services, particularly in severely affected areas. This includes fixing transmission lines, substations and distribution networks. Enhance decentralized renewable energy deployment and invest in grid modernization to improve energy access, reliability and affordability for both productive sectors and households.	Ensure climate-proofing of public energy infrastructure and incentivize private sector investment in renewable energy solutions through green public procurement and climate-responsive fiscal policies. Leverage the Lebanese Green Investment Facility and international climate finance to fund large-scale energy transition and reduce dependence on imported fossil fuels. Modernize the energy sector and promote sustainable, decentralized renewable energy solutions. Invest in grid modernization and expanding regulatory frameworks that enable private sector participation.

Ensure more efficient and sustainable basic services while strengthening national social protection systems

An integral part of the recovery plan is to develop proper social policies to reverse the human development losses incurred during the crisis period in general, and particularly during the recent war. Strengthening and expanding social protection systems is vital to alleviating poverty and to shielding vulnerable individuals, workers and households from economic shocks. These include social assistance, unemployment

insurance and essential benefits - including health, maternity and old-age protections. They also include broader social protection issues related to housing.

Targeted support for vulnerable groups – including women, young people, persons with disabilities and migrant workers – is essential, as they often face disproportionate barriers to services, employment and social protection. Ensuring their full inclusion in recovery efforts is not only a matter of equity but also a strategic imperative for fostering a resilient, inclusive and dynamic labour market. Tailored policies and programmes must remove structural obstacles, promote equal opportunities, and unlock the full potential of all workers to drive sustainable economic growth.

Table 6. Short-, medium- and long-term recommendations to ensure quality basic services and expand social protection

Priorities	Short- and medium-term recommendations	Long-term recommendations
Social protection	Develop a cash-for-recovery response to support affected households with emergency family cash for 6–12 months. Build on the registration of IDPs, returnees and population affected by the war exercise currently being undertaken by the Ministry of Social Affairs, with the support of UNICEF and WFP. The response should target households with children, protecting human capital (education and nutrition). Families can also be linked and referred to other services and opportunities from different sectors (cash-plus model). Maintain and expand social protection and support to include the incorporation of the most vulnerable families in existing social assistance interventions, namely the Emergency Social Safety Net, Aman and the National Disability Allowance. Develop cash-for-work programmes for households with children, protecting human capital (education and nutrition), again building on the registration exercise currently being undertaken by the Ministry of Social Affairs, UNICEF and WFP.	Operationalize the National Social Protection Strategy and invest in the expansion of the national social protection system and operationalize its governance structures. Ensure sustainable financing for social assistance interventions, maximizing domestic resource allocations. Strengthen the National Social Security Fund through fiscal consolidation, responsible governance, expanded social security coverage, improved fund management, diversified investment strategies and the gradual inclusion of informal sector workers to increase contributions and financial sustainability.

Table 6. Short-, medium- and long-term recommendations to ensure quality basic services and expand social protection

Priorities	Short- and medium-term recommendations	Long-term recommendations
Education	Support the re-enrolment of previously and currently displaced young people in formal education to avoid long-term absence from education. Support learning recovery and mental health and psychosocial support for students and teachers. Build learning and skills of out-of-school young people in occupations in demand in the different sectors of the recovery plan and engage them economically in recovery work including construction, WASH, agriculture and the productive sector. Repair/reconstruct education infrastructure, including schools and technical and vocational education and training centres. Extend vocational learning support, tutoring and cash assistance to young people at risk of dropping out of education to address the learning loss impact of the past four years. Develop multiple and flexible pathways for vocational learning and education. Re-enrol out-of-school young people in formal education through a package developed with the vocational training directorate of the education ministry.	
Housing	Support local governments in designing and implementing rental housing policies and strategies that address housing challenges, enhance affordability, and improve resilience in crisis situations.	Address housing, land and property issues, including violations of housing, land and property rights, particularly among vulnerable population groups, in collaboration with local governments and communities, taking into consideration informal ownership issues. This includes comprehensive assessments covering these issues, awareness-raising and capacity-building programmes for different stakeholders and data management system strengthening.
Health	Repair/reconstruct health infrastructure, including primary healthcare centres and hospitals. Expand and restore services provided by primary healthcare centres.	Improve public health functions, including reforms and governance strengthening.

Recover environment ecosystems in Lebanon

Municipalities must engage in large rubble removal operations prior to a potential future and wider reconstruction process. There are concerns that, owing to the urgent need for reconstruction, the Government may opt for quicker, cheaper disposal methods. Government officials have suggested expanding dump sites, such as Costa Brava, to manage the growing volume of debris.⁹³ Once debris is removed, there is a direct need to

embark on the reconstruction phase. There is an urgent need for robust environmental oversight, not only to manage the immediate challenges of hazardous debris but also to guide the country's broader reconstruction efforts toward sustainable and safe recovery pathways.

Effective environmental governance must be a cornerstone of recovery for Lebanon, ensuring that reconstruction efforts not only rebuild but also restore and protect the country's natural assets. Below is a summary of the main priorities to be considered to restore the environment ecosystem.

Table 7. Short-, medium- and long-term recommendations to recover the environment ecosystems in Lebanon

Priorities	Short- and medium-term recommendations	Long-term recommendations
Environmental assessments	Conduct an environmental assessment of accumulated debris at the municipal level (e.g. quantifying debris by type) and ensure environmentally sound collection, removal and disposal of debris, proposing specific locations for storage, sorting (if feasible) and safe disposal. Conduct assessments regarding the feasibility of reusing rubble within reconstruction sites and for specific works (filling cavities, backfilling under foundations or road pavements etc.). This will reduce the size of piled debris and the costs of transportation, alleviating any environmental burden of quarrying and sourcing natural construction materials. It will also introduce innovation to the reconstruction efforts. Engage young people through the National volunteer platform (such as Nahno, Youth Leadership Programme, etc.) to contribute to the assessment and implementation of related initiatives such as waste collection and awareness-raising on the environment.	
Unexploded ordnance	Given the intensity of bombings and the widespread presence of unexploded ordnance, including cluster bombs, the sustainability and effectiveness of explosive ordnance risk education must be ensured. Build the capacity of relevant institutions including local communities, the Lebanese army and other civil society institutions. Strengthen coordination mechanisms.	

Table 7. Short-, medium- and long-term recommendations to recover the environment ecosystems in Lebanon

Priorities	Short- and medium-term recommendations	Long-term recommendations
Unexploded ordnance	Advocate for policies that protect vulnerable communities, particularly children, from the risks of explosive hazards. Expedite clearance operations. Implement victim support programmes. Support the development of awareness campaigns.	
Reconstruction	Develop new or use existing mechanisms for the reconstruction process that are efficient, quick and that strictly adhere to transparency and other good governance practices. In parallel, establish local support modalities (such as regional technical offices) to provide affected families and municipalities with technical assistance for construction management, quality control and oversight. Integrate nature-based solutions in reconstruction, including urban greening (tree planting, green roofs) and flood protection measures to enhance urban resilience and reduce heat stress in rebuilt areas. Promote the use of sustainable, low-carbon construction materials and incentivize local production of green building supplies to reduce carbon footprint and create green jobs. Enforce green public procurement in reconstruction tenders to prioritize environmentally responsible materials and designs. Operationalize environmental monitoring of reconstruction sites to ensure compliance with waste management, air quality and pollution control standards.	Institutionalize circular economy principles in the construction sector, ensuring permanent recycling systems and supply chains for secondary construction materials. Mainstream climate resilience in urban planning by integrating risk assessments for flooding, heatwaves and water stress in master plans and building codes. Promote decentralized renewable energy systems (solar photovoltaic, solar water heaters) in all reconstructed public facilities and residential areas to reduce dependency on diesel and build long-term energy resilience. Establish a national platform for green financing (such as the Lebanese Green Investment Facility) to mobilize investment in sustainable reconstruction and environmental infrastructure.

Annex. Methodological note

The model used to project economic outlook is a single-country model based on the World Economic Forecasting Model built by the United Nations Department of Economic and Social Affairs.⁹⁴ It is built on a common theoretical structure with error-correction principles. It balances short-term data-driven dynamics with long-term macroeconomic theory. It consists of about 60 equations and captures key national economic behaviours, while taking into account global factors such as oil prices, exchange rates and domestic policies that influence short-term outcomes. Medium-term projections focus on GDP reaching potential, inflation targeting and the stabilization of key indicators such as government debt and unemployment, with limited emphasis on fine-tuned policy interventions. The World Economic Forecasting Model remains central to analysis by the United Nations of global economic trends, informing the flagship World Economic Situation and Prospects report.

The single-country World Economic Forecasting Model for Lebanon model inherits key features from its large-scale global predecessor. As a result:

- It is a simplified structural macro-econometric model.
- It consists of approximately 60 equations, including around 15 key behavioural relationships.
- In the long term, it follows a neoclassical supply-side framework.
- In the short term, it is primarily driven by Keynesian demand-side dynamics.

- The model incorporates backward-looking expectations (lagged dependent variables) and policy rules (both monetary and fiscal), simulating real-world policy development. All sectors are connected through the accounting system.

The primary econometric framework is based on the cointegration error correction model, which is used to estimate behavioural relationships. Estimation follows a two-step process, beginning with discounted least squares to adjust for bias. In some instances, constraints are applied to ensure coefficients have appropriate signs and reasonable bounds.

In the model, there are four types of agents. Households consume goods and demand services, providing labour in return. Firms produce goods and supply them to the market. These goods are demanded by households, firms and the Government. Firms also employ people (demanding labour from households) and invest, driving investment demand. The Government collects taxes, spends on government consumption, borrows (leading to the accumulation of public debt), and pays interest on the debt. The fourth sector is the external sector, where goods are exchanged on international markets. Domestic firms export (with external demand being exogenous) and import goods.

As the details of the proposed reforms are still unclear, this scenario is intended for indicative purposes to demonstrate the potential

economic growth if the reforms are successfully implemented. The expected positive effects of the reforms, based on proposed policies in Lebanon, are as follows:

- Total factor productivity is shocked to reflect general improvements in the efficiency and effectiveness of government institutions, including improved business stability and predictability, less corruption, and a level playing field for all businesses. Potential GDP under the reform scenario is by 50 per cent higher than under the baseline scenario.
- Investment demand is shocked to reflect the reconstruction effort as well as improved business sentiment leading to the inflow of FDI, as well as the strengthening of domestic investments. Investment under the reform scenario is more than 22.1 per cent of GDP, in comparison to 17.3 per cent under the baseline scenario. Under the reform scenario, the investment boost starts in 2025 (investments are 20.2 per cent of GDP already in 2025), while under the baseline scenario it is gradual.
- To account for improved compliance and better tax collection practices, tax revenue is shocked to gradually reach 20 per cent of GDP by 2030.
- The country's current account balance is shocked to reflect the increase in remittances and official development assistance resulting from stability and an improved institutional framework. The additional influence of funds gradually reaches 5 per cent of GDP by 2030.
- The costs of imported and exported goods are shocked to account for the opening of major trade routes with the Syrian Arab Republic and Iraq. This will reduce transportation costs and improve trade, along with a boost in exports to the Gulf States. Under the reform scenario, external demand increases by 50 per cent in comparison to the baseline scenario over the 2025–2030 period.

Endnotes

1. World Bank, Lebanon Economic Monitor, December 2024. The cumulative contraction assumes a war-triggered contraction of 5.7 per cent in 2024.
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The 2024 Lebanon war began on 8 October 2023. This report presents comprehensive analysis of its immediate impacts and far-reaching consequences. The analysis is intended to inform the country's immediate recovery plan and guide longer-term reform efforts to address the structural challenges Lebanon is facing. The report explores the impacts of the war on various sectors, from the physical damage incurred to infrastructure and economic systems, to the profound human and social costs. It also assesses the broader macroeconomic effects of the conflict, highlighting how existing challenges have been exacerbated, resulting in deepened vulnerabilities across multiple dimensions of society and the economy. The report provides short-, medium- and long-term policy recommendations to serve as foundations for recovery efforts.