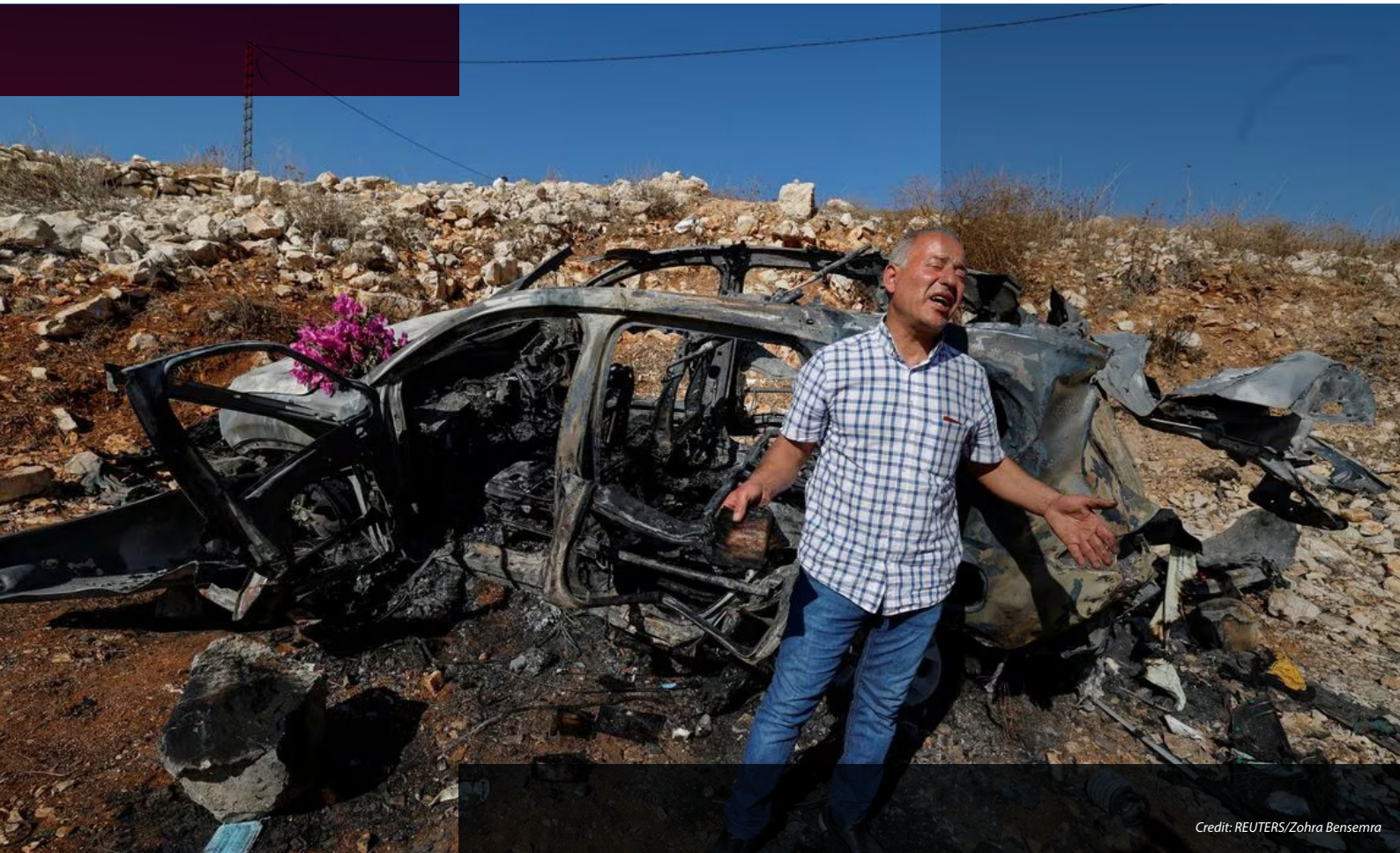


# Lebanon Crisis Update

October 2023 ■ ■



Credit: REUTERS/Zohra Bensemra

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The Monthly Lebanon Crisis Update provides an overview of economic and political developments to alert the international aid response to new and emerging challenges that could impact the humanitarian situation in Lebanon. In the context of the multiple crises affecting Lebanon, the update tracks the impact of political developments on the economy, relevant international developments, updates on service delivery and governance issues, and analysis of the drivers of humanitarian need as they develop. The report also aims to provide nuanced forecasting on contextual shifts relevant to shifting needs and the implementation of humanitarian programming. The report draws upon a desk review of currently available literature, analysis of relevant quantitative data, and key informant interviews with a range of experts and individuals with knowledge of Lebanon's economy.

The Lebanon Crisis Analytics Team (LCAT) provides reactive and in-depth context analysis to inform the aid community in Lebanon. The information and analysis contained in this report is therefore strictly to inform humanitarian and development actors and associated policymaking on Lebanon.

*This study/report is made possible by the support of the American People through the United States Agency for International Development (USAID) and European Union Humanitarian Aid. The contents of this report are the sole responsibility of the LCAT and do not necessarily reflect the views of USAID, the United States Government, or the European Union.*



## Key Takeaways:

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- Since October 8, Hezbollah and Israel have engaged in escalating tit-for-tat attacks along Lebanon's southern border. Eleven civilians have been killed in the fighting and 31 others injured as of November 9. As of November 1, 25,708 individuals had been internally displaced by the conflict, impacting access to education and healthcare.
- Fighting along the southern Lebanese border caused material damage to public infrastructure, houses, and farms, raising concerns that an escalation in fighting could damage more essential infrastructure and further degrade state water and electricity provisioning.
- The National Committee for the Coordination of Threats from Disasters and National Crises, the Coordination Committee with International Organizations, and the cabinet's Disaster Risk Unit published a draft national emergency contingency plan. The plan would take effect in the event of a wider conflict in South Lebanon or other regions of the country. The emergency plan stipulates at what point the response would go into effect, contains an assessment of state resources that can be mobilized, and designates which ministries and bureaucratic entities would be responsible for engaging in the response and how they would coordinate with international non-governmental organizations.
- Parliament's Finance and Budget Committee called on the Court of Audit to review the caretaker government's conversion of USD 1.063 billion in International Monetary Fund (IMF)-issued Special Drawing Rights (SDR) by September 2023. The committee asserts that the caretaker government's action violates Article 83 of the Lebanese Constitution and Public Accounting Law Article 242 because the government used SDRs to cover fuel, wheat, and pharmaceutical imports without first seeking approval from parliament.
- The Finance and Budget committee merged and initiated a review of the 2023 and 2024 draft budgets. The committee announced that the caretaker cabinet prioritized operational expenses over essential economic reforms in the drafts sent to parliament, with "long-term investments" comprising just 7% of the total LBP 277 trillion in expenditures. Committee members also asserted that tax code adjustments in the drafts sent to the parliament are selective and are not compatible with structural reforms required by the IMF to unlock state financial assistance.



# 2023

## OCTOBER

Parliament's Finance and Budget Committee requests that the Court of Audit review the caretaker government's decision to convert Special Drawing Rights to cover state expenditures.



Hezbollah targets Israeli military posts in the disputed Chebaa Farms and Israeli forces shell Kfar Shouba in Lebanon, marking the first exchange between both sides since Hamas launched Operation Al Aqsa Flood on October 7.

Parliament's Finance and Budget Committee reviews the merged 2023-2024 draft budget law.



Caretaker Minister of Education and Higher Education Abbas Al Halabi announces that schools located along Lebanon's southern border will be closed.

Exploratory drilling in Block 9 of Lebanon's offshore ends after no commercially viable deposits of natural gas are discovered.



The Lebanese cabinet approves a 13-point plan drawn up by the Ministry of Public Works and Transportation to improve aviation safety at Beirut International Airport.

Caretaker Minister of Foreign Affairs Abdallah Bou Habib calls on the United Nations High Commissioner for Refugees to grant Lebanese state institutions access to data on Syrian refugees in Lebanon.



The Lebanese government releases a draft emergency response plan, which would take effect in the event of further military escalation along Lebanon's southern border or other regions of the country.





REUTERS/Aziz Taher

## South Lebanon Crisis:

Operation “Al Aqsa Flood” – the October 7 operation launched by Hamas on Israeli targets bordering the Gaza Strip – and subsequent Israeli military action targeting Gaza was accompanied by an escalation along Lebanon’s southern border between Hezbollah and the Israeli military. Since October 8, Hezbollah, Palestinian factions,<sup>1</sup> and Israel have engaged in tit-for-tat attacks that have gradually increased in scope and frequency.<sup>2 3 4</sup>

Hezbollah has carried out approximately 120 attacks using anti-tank guided missiles, mortars, or other heavy weapons against Israeli military sites, troops, and aircraft since October 8.<sup>5</sup> As of November 8, 63 Hezbollah fighters have been killed by Israeli forces.<sup>6</sup> On November 2, Hezbollah conducted 22 separate attacks along the border, including one with explosive-laden unmanned aerial vehicles, the most attacks in one day by the organization since the current conflict broke out. About a dozen salvos of rocket fire from Lebanon have targeted civilian population centers in northern Israel, with their depth growing from 5 kilometers past the border on October 10, to 30 kilometers past the border on November 6.<sup>7</sup>

<sup>1</sup> The Islamic Jihad Movement in Palestine claimed credit for a cross-border armed infiltration attempt on October 9.

NNA, [الجهاد الإسلامي “نعت اثنين من مجاهدي “سرايا القدس”: مستمرين في مواجهة العدو دفاعًا عن شعبنا ومقدساتنا”](#) October 10, 2023;

The Izza al-Din Al Qassam Brigades (military wing of Hamas) fired a barrage of rockets into Israel on October 10.

NNA, [كتائب عز الدين القسام: “خطونا خطوة على طريق التحرير بقصف صاروخي على مغتصبات الجليل الغربي من جنوب لبنان”](#), October 10, 2023;

The Fajr Forces (the newly-revived wing of the Jamaa al-Islamiya organization) claimed it launched an attack on Israeli troops on October 18.

NNA, [قوات الفجر: وجهنا ضربة صاروخية استهدفت مواقع العدو في الأراضي المحتلة وحقت إصابات مباشرة”](#) October 18, 2023

<sup>2</sup> UNIFIL, [UNIFIL statement on rocket and return fire on 08 October](#) 2023 October 8, 2023

<sup>3</sup> NNA, [انفجار صاروخ من مسيرة للعدو في الوادي بين سجد والريحان في جزين](#), October 21, 2023

<sup>4</sup> On November 2, Hezbollah claimed that it used an explosive UaV against Israel for the first time.

<sup>5</sup> LCAT’s analysis seeks to determine how many Hezbollah attacks have used heavy weapons and not count the numerous operations in which small arms fire targeted Israeli military infrastructure. LCAT has reviewed every Hezbollah statement, which usually include a time of operation(s), target(s) and weapons used. LCAT also reviewed every video released by Hezbollah of its operations. These were cross-referenced with all tweets by the Israeli military’s Hebrew-language Twitter account for announcements of attacks on sites along the Israeli border and weapons used. LCAT counts every attack in which Hezbollah or the Israeli military claim to have used heavy weapons. Attacks in which Hezbollah or the Israeli military are vague in describing which weapons were used, or in which there is not supporting video evidence, are not counted. Rocket salvos at civilian areas are counted separately. Hezbollah’s claims of anti-aircraft fire on Israeli UAVs are counted.

<sup>6</sup> Hezbollah’s reported death toll rose to 63 on November 6, 2023, according to LCAT’s analysis of the organization’s individual announcements of militants’ deaths.

<sup>7</sup> On October 10, the Izza al-Din Al Qassam Brigades (military wing of Hamas) claimed credit for a salvo of rockets that extended as far as Matsuva in Israel, 5 kilometers south of the Blue Line. / Lebanon Debate, [كتائب “القسام” تنقذ عملية عسكرية ضد إسرائيل من لبنان](#), October 10, 2023;

Tzevaadom via X (formerly Twitter), [Mtsova, Batza, Shlomi, Achziv Milovat industrial zone, Liman, Hanita](#) October 10, 2023;

On November 6, the Izza al-Dim Al Qassam Brigades claimed credit for a salvo of rockets that extended as far as the northern Haifa suburbs, 30 kilometers south of the Blue Line./ NNA, [لبنان: قصفنا مستوطنة نهاريا وجنوب حيفا بـ 16 صاروخا](#) November 6, 2023;

Tzevaadom via X (formerly Twitter), [Nahariya, Sa’ar, Achziv Milovat Industrial Zone, Batza, Liman, Rosh Hankara, Shlomi, Kiryat Yam, Gesher Haziv, Shaar Naaman Industrial Zone, Kiryat Bialik, Kfar Masrik, Ein Hamfaretz, Acre - Industrial area, Acre](#) November 6, 2023



Israeli artillery shelling has extended since the start of the conflict, with rounds landing in Qlaayleh and Chaaitieh on October 29, over 10 kilometers north of the border.<sup>8</sup> The following day, artillery fire reached as far as Kfar Tebnit, a village north of the Litani River, the northern demarcation of United Nations Interim Force in Lebanon (UNIFIL) peacekeeping area of operations as defined in UN Security Council Resolution 1701.<sup>9</sup> On November 6, Israel conducted an airstrike near Aramta, 20 kilometers north of the Blue Line, the third such bombing in the Iqlim al-Tuffah region north of the Litani since the conflict began.<sup>10</sup> The following day, Hezbollah launched a rocket barrage into northern Israel, saying it was in retaliation to Israeli airstrikes in Iqlim al-Tuffah.<sup>11</sup>

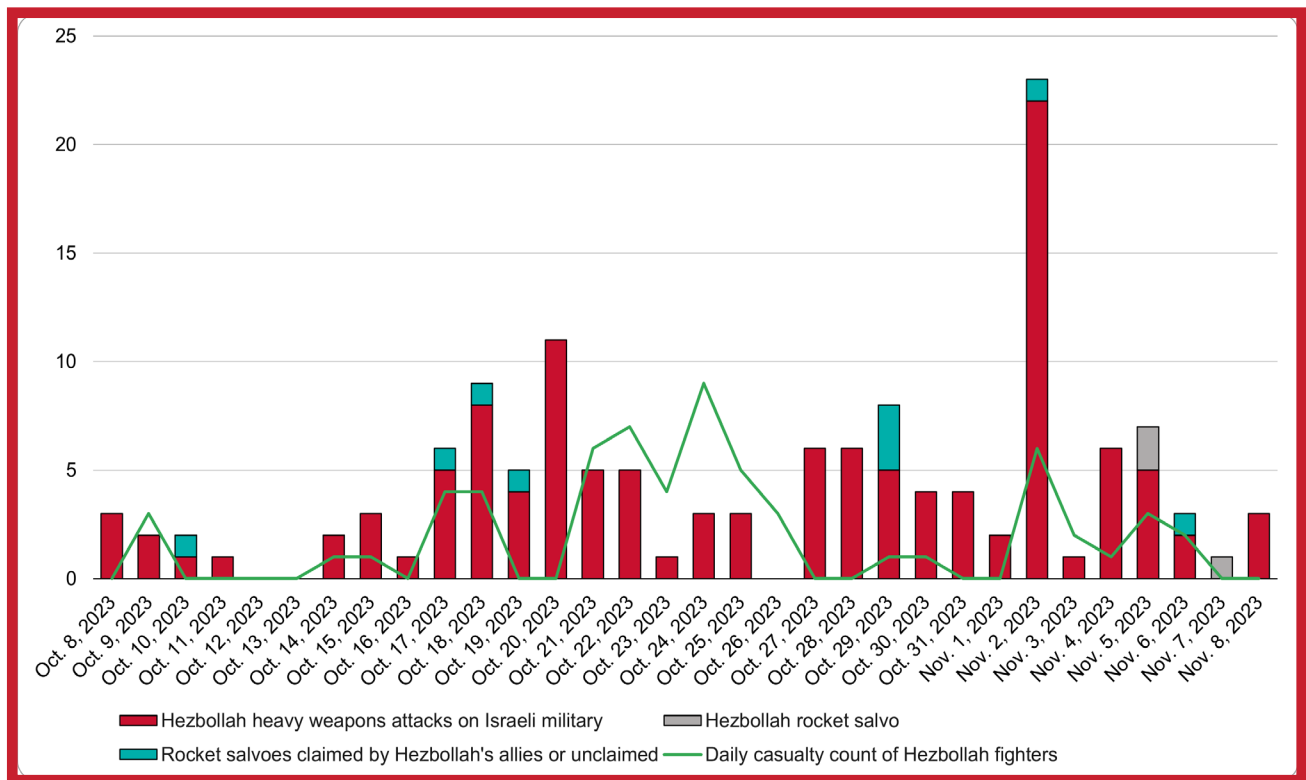


Figure 1: Hezbollah and its allies attacks since October 8, 2023.

<sup>8</sup> Israeli artillery fire reported in the area of Qlaayleh, Chaaitieh and Zibqine on October 29, 2023

NNA, [قصف معاد عنيف يستهدف الان محيط بلدات القليلة والشعبية وزيقين](#) October 29, 2023

<sup>9</sup> Israeli artillery fire reported in Kfar Tebnit and Mazraat al-Hamra on October 30, 2023

NNA, [رقعة الاعتداءات الاسرائيلية تتوسع وتطال المنطقة الواقعة بين كفرتينب ومزرعة الحمرا](#), October 30, 2023

<sup>10</sup> Israeli UAV strike reported in Aramta on November 6, 2023

NNA, [طائرة استطلاع معادية استهدفت ضهور عرمتى في جزين بغارتين](#), November 6, 2023;

Israeli air strike reported in Jabal Safi on October 28, 2023

NNA, [ثلاث غارات على تلة الأميركان وجبل صافي في إقليم التفاح](#), October 28, 2023;

Israeli air strike reported outside Sejoud on October 21, 2023

NNA, [ثلاث غارات على تلة الأميركان وجبل صافي في إقليم التفاح](#), October 21, 2023

<sup>11</sup> On November 7, Hezbollah claimed credit for a rocket barrage into northern Israel.

NNA, [المقاومة الاسلامية: استهداف مرابض مدفعية العدو في الداخل المحتل ردا على قصف اقليم التفاح](#), November 7, 2023.

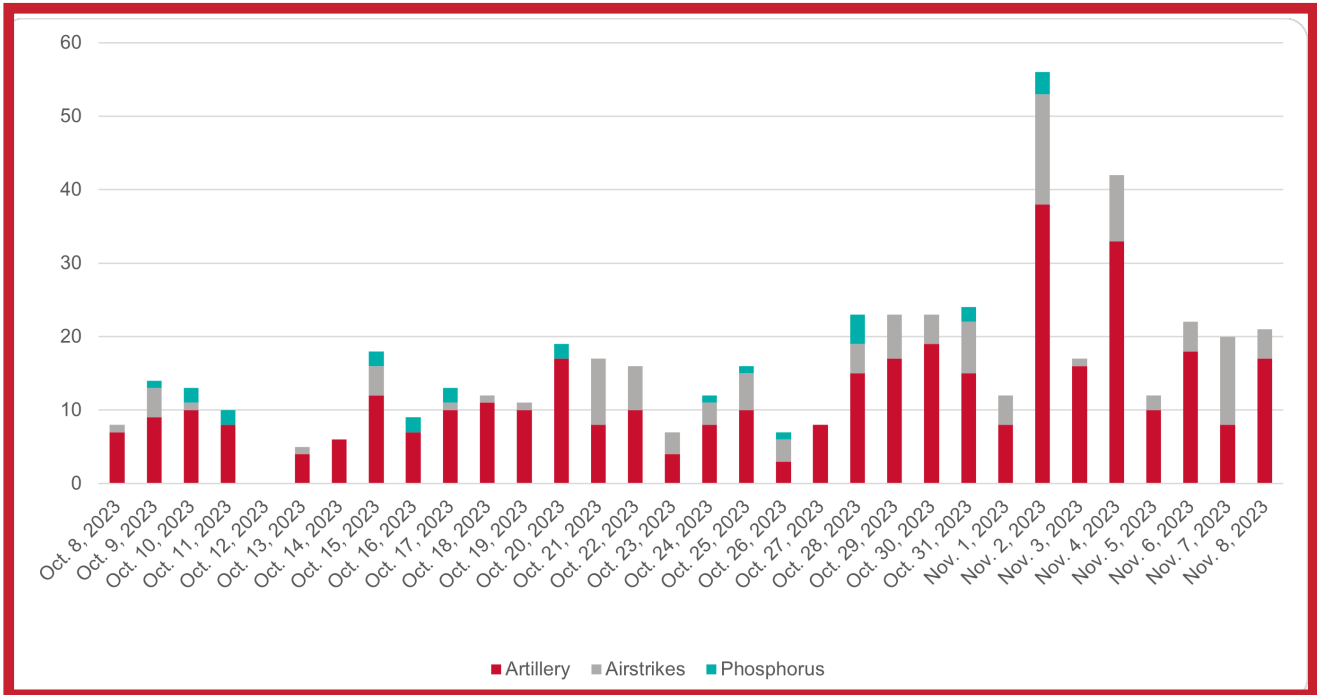


Figure 2: Israeli Shelling of Lebanon.

Israeli artillery and air strikes have killed 11 civilians and injured 31 more in Lebanese territory as of November 6. Israeli strikes have also damaged or destroyed civilian property and infrastructure, including several houses, one supermarket, a public school, livestock, agricultural land and vegetation (see below for more details), roads near a public hospital, and a solar power system used for water provisioning.<sup>11 12</sup> UNIFIL structures have also been damaged, including UNIFIL headquarters in Naqoura and other UNIFIL bases near the Blue Line,<sup>14</sup> incidents that are still under investigation.<sup>15 16</sup> On October 11, Israeli forces shelled a water tank in the town of Yarin, resulting in a leak that could negatively affect residents' access to water in the near term.<sup>17</sup> Further targeting of infrastructure could result in water scarcity, electricity shortages (compounding already poor state electricity provision in South Lebanon), and health and hygiene concerns.

Caretaker Minister of Education and Higher Education (MEHE) Abbas Al Halabi ordered the closure of all schools along Lebanon's southern border on October 10.<sup>18</sup>

<sup>12</sup> NNA, [تضرر منازل في قرى الظهرية وبارين والبيستان جراء القصف المعادي](#), October 09, 2023;

NNA, [هدوء حذر في قرى وبلدات القطاع الغربي واضرار خلفها القصف المعادي أمس واليونيفيل تسيير دوريات](#), October 10, 2023;

NNA, [طيران معاد في أجواء القطاع الغربي وحذر في قرى استهدفها القصف وأسفر عن إصابة 3 اشخاص](#), October 11, 2023;

NNA, [إعتداءات العدو في الجنوب: جرح ثلاثة اشخاص في بلدة مروحين واضرار كبيرة في الممتلكات والحقول الزراعية](#), October 11, 2023;

NNA, [قصف عنيف على شبعاء وخراج مزعة حلتا وخراج بلدة كفرشوبا وأطراف بلدة راشيا الفخار](#), October 14, 2023;

NNA, [تحليق لمسيرات العدو فوق كفر كلا والوزاني وقصف مدفعي عنيف بطاول الضهرة مجددا](#), October 16, 2023;

NNA, [إصابة منزل في بليدا بقذيفة اسرائيلية](#), October 17, 2023;

NNA, [مدفعية العدو قصفت اطراف مزارع شبعاء واصابت منازل في كفرشوبا](#), October 18, 2023;

NNA, [العدو قصف الطريق العام لبلدة ميس الجبل](#), October 18, 2023

<sup>13</sup> NNA, [طيران العدو يقصف مشروع الطاقة الشمسية في طبرحرفا](#), November 03, 2023

<sup>14</sup> The Blue Line is a demarcation between Lebanon and Israel that was established by the UN in June 2000, following the withdrawal of Israeli military forces from South Lebanon. The Blue Line is not officially recognized by either Lebanon or Israel as a border but serves as a de-facto frontier between the two states, which technically have been at war since May 1948.

<sup>15</sup> UNIFIL, [UNIFIL Statement | UNIFIL](#), October 28, 2023

<sup>16</sup> UNIFIL, [UNIFIL Statement | UNIFIL](#), October 29, 2023

<sup>17</sup> The South Lebanon Water Establishment via Facebook, [في تعدد سافر مخالف لكافة الشرائع والقوانين الدولية، لاسيما تلك المتعلقة بالحروب وتحييد البنى،#التحتية المرتبطة بالحاجات](#), October 11, 2023

<sup>18</sup> The MEHE ordered that public and private schools, high schools, and technical schools adjacent to the Southern border be closed on October 10. Al Halabi also recommended that displaced students enroll in nearby schools.

MEHE Statement via X (formerly Twitter), [بيان صادر من قبل وزير التربية والتعليم العالي الدكتور عباس الحلبي](#), October 9, 2023



On October 24, Al Halabi urged United Nations Secretary-General António Guterres to pressure Israel into ensuring that the neutrality of public and private schools is respected, noting that they can be used as centers for displaced persons to take refuge and to distribute humanitarian aid.<sup>19</sup>

As of November 1, 25,708 Lebanese residents have been internally displaced by fighting along the southern border, with nearly 1,000 internally displaced persons (IDPs) now temporarily housed in designated shelters. Among IDPs not in shelters, 42.3% are staying with host families, 36.4% are renting an alternative residence, and 18.2% own or have access to other houses.<sup>20</sup> Internal displacement will likely reduce access to education and healthcare, exacerbating an already precarious situation. In May 2023, the Integrated Food Security Phase Classification (IPC) had already classified several areas, including Nabatiyeh (13.68% of IDPs), Hasbaya (5.26%), Marjaayoun, Rachaya, Saida (31.76%), West Bekaa and Zahle, in Phase 3 (Crisis).<sup>21</sup>

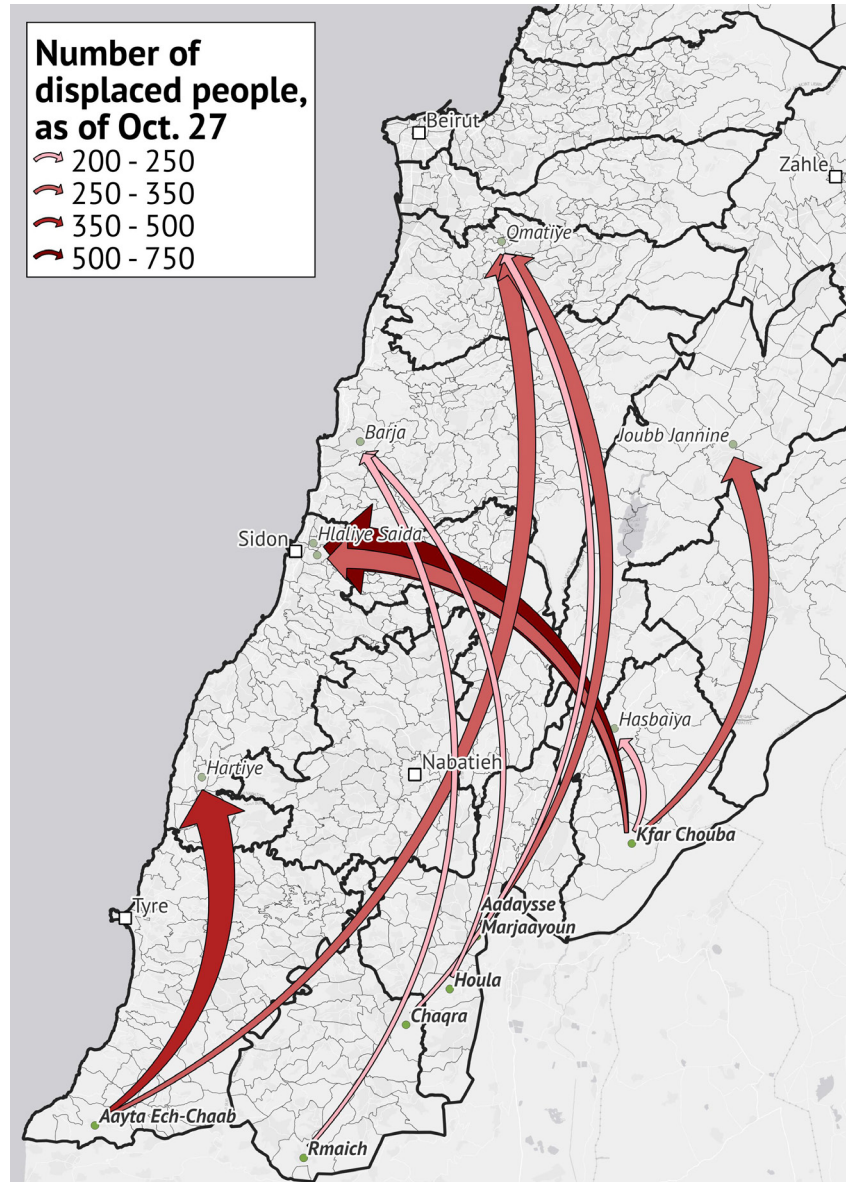


Figure 3: Top 10 most frequent cadaster-to-cadaster origin-destination movements in the south due to the conflict, as of 27 October.<sup>22</sup>

<sup>19</sup> MEHE Statement via X (formerly Twitter), نداء لوزير التربية والتعليم العالي الدكتور عباس الحلبي، إلى الأمين العام للأمم المتحدة السيد أنطونيو غوتيريش، October 24, 2023

<sup>20</sup> IOM, DTM Lebanon Mobility Overview - Round 9 (02 November 2023) | Displacement Tracking Matrix November 2, 2023

<sup>21</sup> IPC, Lebanon: Acute Food Insecurity Situation May - October 2023 August 7, 2023

<sup>22</sup> IOM, Mobility Snapshot - Round 8 - 27-10-2023 | Displacement Tracking Matrix (iom.int) October 27, 2023



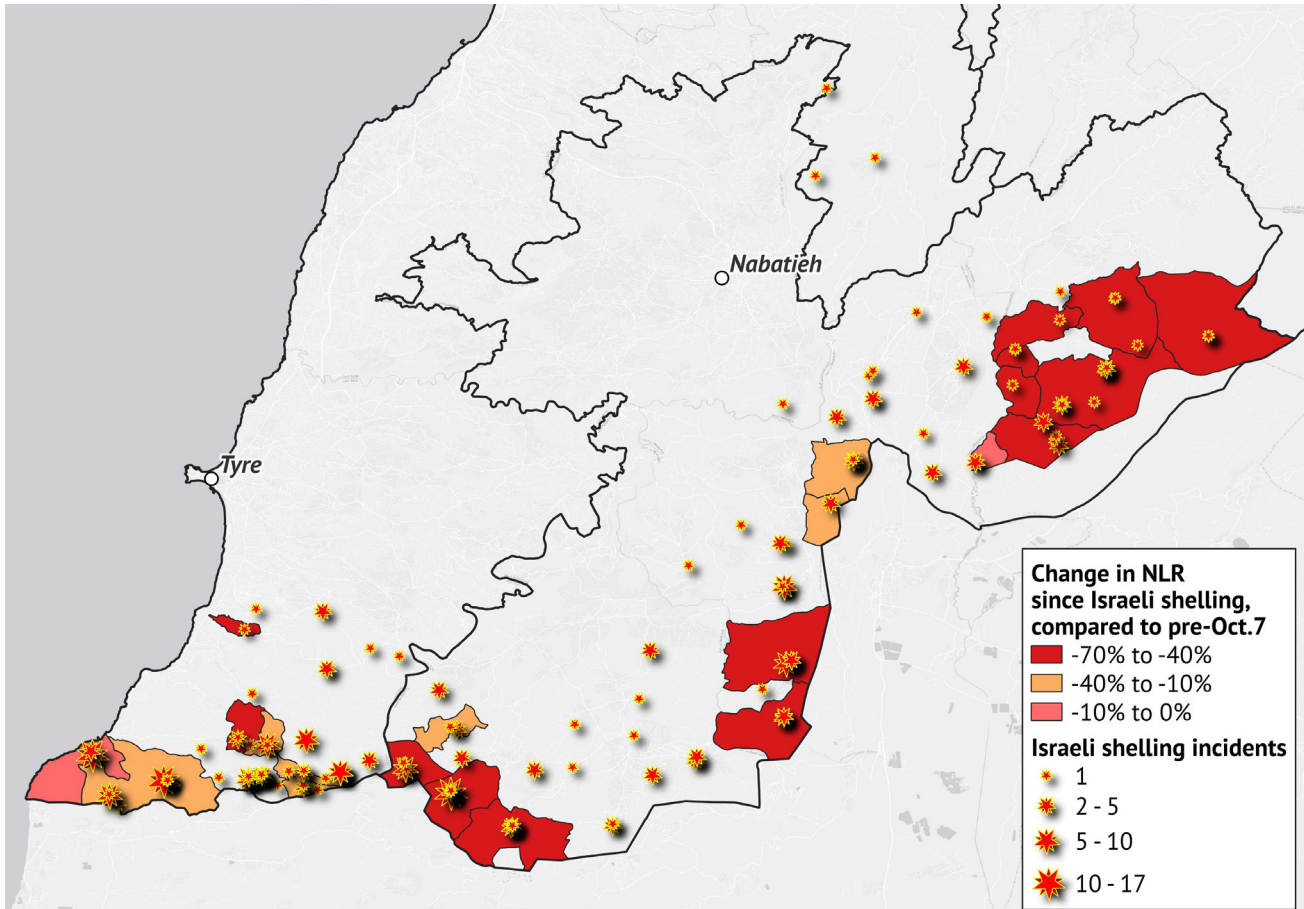


Figure 4: Change in night lights reflectance (NLR) in cadasters that experienced decreased light lights from Israeli shelling since 7 October.<sup>23</sup>

Israeli shelling and use of other heavy weapons have had a strong negative impact on electricity consumption in most South Lebanon cadasters. Figure 4 shows the change in night lights reflectance (NLR)<sup>24</sup> in cadasters along the southern border and the location of Israeli shelling incidents since October 7. Most cadasters that were targeted by shelling experienced a significant decline in NLR, especially those in Hasbaya.

Cadasters hosting the highest number of IDPs had significant declines in NLR; specifically, Kfar Chouba in Hasbaya (-64% decline in NLR and 2,439 IDPs), Aayta Ech-Chaab in Bent Jbeil (-49% and 1,804 IDPs), and Chebaa in Hasbaya qada (-70% NLR decline and 1,148 IDPs).<sup>25</sup>

<sup>23</sup> Not all cadasters that were hit by shells could be included in the analysis due to inconsistent cloud cover over nightly NLR images.

<sup>24</sup> The data analysis utilizes VIIRS night lights satellite imagery derived from the EOG Nighttime Lights database, from which cloud cover was removed using a complementary EOG Nighttime Lights database. Only images with 95% or more cloud-free coverage were used. Earth Observation Group, [VIIRS Nighttime Lights data](#).

<sup>25</sup> IOM, [Mobility Snapshot - Round 8 - 27-10-2023 | Displacement Tracking Matrix](#) October 27, 2023

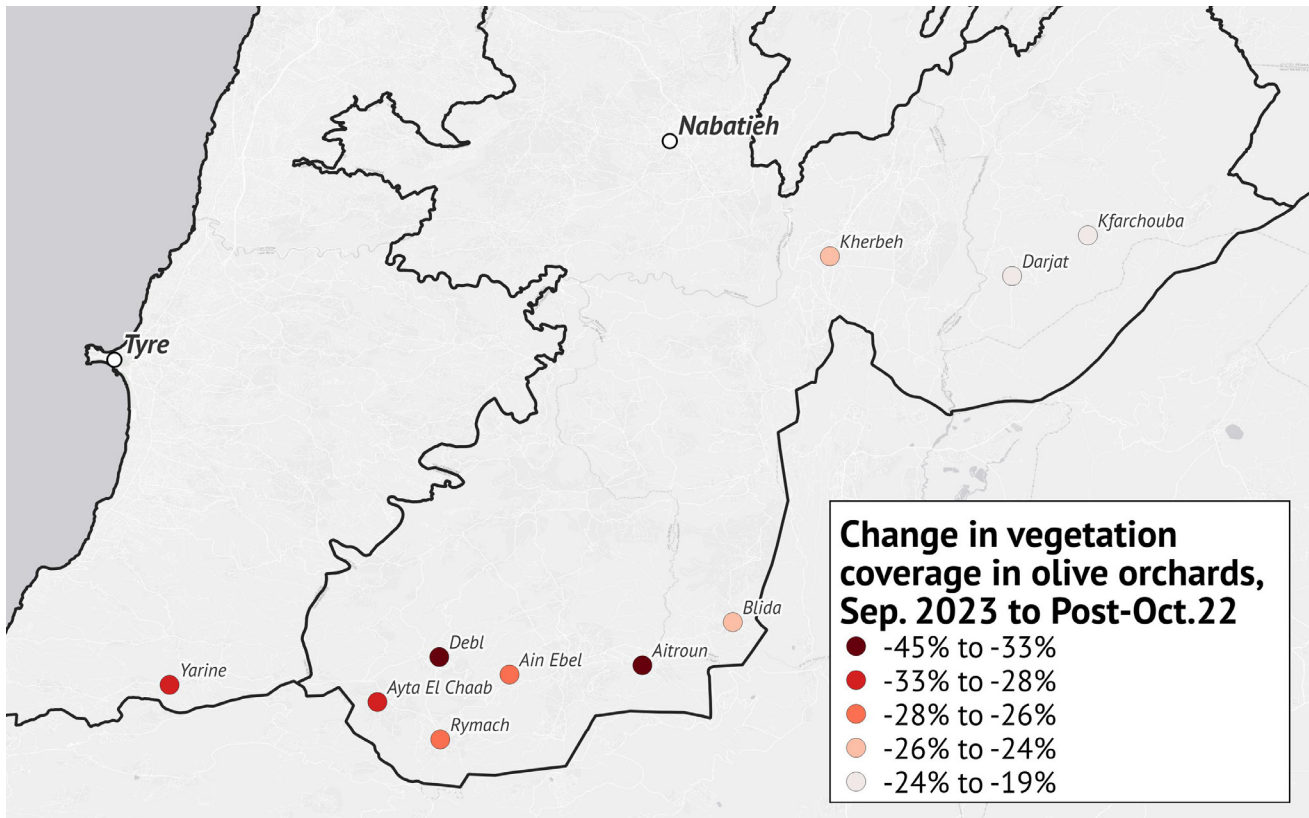


Figure 5: Change in the vegetation content of olive orchards hit by Israeli shelling.

Several olive groves have been damaged or destroyed across southern Lebanon due to Israeli shelling.<sup>26</sup> In an effort to determine the extent of damage caused by Israeli military action, LCAT located olive groves where shelling was reported and measured the change in vegetation levels in affected areas using satellite imagery (Figure 5).<sup>27</sup> LCAT analysis shows that olive orchards near Aitroun and Debl were most heavily damaged.

Several states issued travel warnings for Lebanon and Middle East Airlines grounded part of its fleet. Throughout mid to late October, the United States, United Kingdom, Saudi Arabia, France, Germany, Ukraine, Russia, Australia, Canada, Bahrain, Sweden, and Oman issued warnings that urged their citizens to leave Lebanon using the earliest commercial flight available.<sup>28</sup> On October 20, Middle East Airlines (MEA), the Lebanese national commercial airline carrier, announced a reduction and rescheduling of flights, as insurance coverage premiums have increased due to military escalations along the border.<sup>29 30</sup> On October 27, Beirut Rafic Hariri Airport issued evacuation guidelines in case of an emergency at their facilities.<sup>31</sup>

<sup>26</sup> The use of phosphorus munitions and other incendiary munitions have resulted in wildfires in South Lebanon, causing severe damage to agricultural land and vegetation. In one incident on October 25, the use of phosphorus munitions ignited a fire that burned through the following morning in Aaita al Chaab.

<sup>27</sup> LCAT used the Normalized Difference Vegetation Index (NDVI), a commonly-used satellite imagery vegetation indicator, to carry out its assessment.

<sup>28</sup> The updated travel warning was issued after the Al Ahli hospital explosion in Gaza and subsequent demonstrations at the United States and French embassies.

<sup>29</sup> Middle East Airlines, [MEA - Middle East Airlines | Flight Reschedule](#) October 20, 2023

<sup>30</sup> MEA announced that only eight of its aircraft will service flights from Lebanon, while the 14 remaining aircraft in the MEA fleet are currently being stored in other countries, including Turkey, Cyprus, and Kuwait. Several airlines halted their flights to and from Lebanon, including Lufthansa (through late November) and Swiss Airlines.

<sup>31</sup> The National, [Lebanon issues 'precautionary' evacuation measures for Beirut airport](#) October 28, 2023



## Political Developments

The conflict in South Lebanon has elicited a range of responses from domestic political actors. The Lebanese government has adopted an official policy of condemning Israel's ground offensive in Gaza and strikes along Lebanon's southern border and calling for a drawdown in military action. In the immediate aftermath of the October 7 Hamas operation, Hezbollah political opponents called for Lebanon to be kept out of the fighting, including Lebanese Forces Leader Samir Geagea, who stressed on October 10 that Lebanon should not to be dragged into the Gaza crisis, citing limited state capacities and a lack of international willingness to provide assistance.<sup>32</sup> Later in the month, Caretaker Prime Minister Najib Mikati affirmed Lebanon's commitment to the United Nations Security Council Resolution (UNSCR) 1701,<sup>33</sup> after he and Commander-in-Chief of the Lebanese Armed Forces (LAF) General Joseph Aoun visited the Southern Border and UNIFIL headquarters on October 26. Mikati and Aoun's visit came days after UNIFIL called for a ceasefire on October 24.<sup>34</sup>

Hezbollah Secretary-General Hassan Nasrallah<sup>35</sup> spoke on November 3 for the first time since Hamas launched the October 7 operation and Israel began its ground offensive in Gaza, stating that potential escalatory measures by Hezbollah depend on the extent of Israeli military action in Gaza and targeting of civilians in Lebanon.<sup>36</sup> On November 5, Israel targeted a civilian vehicle in South Lebanon killing three children and their grandmother.<sup>37</sup>

Following an explosion at the Al Ahli Arab (Baptist) hospital in Gaza on October 17 that reportedly claimed the lives of hundreds of people – an incident widely covered by media outlets across the world that sparked popular anger across the Arab and Muslim world in particular – caretaker Prime Minister Najib Mikati announced October 18 as a national day of mourning. Several protests were held that day, including at the United States Embassy in Awkar and the French Embassy in Beirut. Shops near the US Embassy were damaged during the demonstration and police dispersed protesters using teargas and water cannons.<sup>38 39 40</sup>

<sup>32</sup> NNA, [جججج: كل الحسابات التي تُجرى الآن ليست لبنانية وإنما استراتيجيّة على مستوى الشرق الأوسط ومركزها إيران](#), October 10, 2023

<sup>33</sup> UNSCR 1701 (2006) was adopted unanimously by the UNSC in August 2006 to end hostilities between Hezbollah and Israel. It calls for the deployment of the LAF and UNIFIL along Lebanon's southern border and the withdrawal of the Israeli military forces from Lebanese territory.

<sup>34</sup> UNIFIL, [On United Nations Day, UNIFIL urges parties to cease fire](#) October 24, 2023

<sup>35</sup> On October 25, representatives of Hamas and Islamic Jihad, and Hezbollah Secretary-General Hassan Nasrallah met to discuss the "path to victory"

<sup>36</sup> L'Orient Today, [Hezbollah's Hassan Nasrallah's speech LIVE: "All options are open on our front of support...We can resort to them at any time"](#) November 3, 2023

<sup>37</sup> Associated Press, [A woman and 3 children are killed by an Israeli airstrike in south Lebanon, local officials say](#) November 6, 2023

<sup>38</sup> L'Orient Today, [Hezbollah calls for 'day of rage' over Gaza hospital strike](#) October 18, 2023

<sup>39</sup> Al Jazeera, ['Can't stay silent any more': Rage in Lebanon over Israel's war on Gaza | Israel-Palestine conflict News](#) October 19, 2023

<sup>40</sup> Multiple protests were held across Lebanon in support of Palestine: On October 8, the Communist Party in Lebanon took part in a protest in Riad El Solh square. Other protests condemning Israeli airstrikes targeting Gaza were held in Tripoli, the Beddawi refugee camp, and Beirut. On October 23, several Palestinian demonstrators at the the United Nations and UNRWA offices in Beirut expressed their dissatisfaction with United Nations relief and aid operations in Gaza.



## Contingency planning

The National Committee for Coordination of Threats from Disasters and National Crises, the Coordination Committee with International Organizations, and the cabinet's Disaster Risk Unit developed a draft national emergency contingency plan that was published in late October. The plan aims to improve multiple sectors' responses to emergencies, specifically a possible escalation of the ongoing conflict in South Lebanon, and sets out a coordination mechanism for assessing the needs of affected populations and developing an action plan to meet those needs in the event of a wider conflict.<sup>41</sup> It also establishes three warning levels<sup>42</sup> that trigger different levels of response. At the highest level, the prime minister would activate a "national operating unit" and mobilize all available resources, including requesting aid from international actors.

Given that access to electricity and water in Lebanon is currently constrained and heavily reliant on informal networks of power and water suppliers, the most prominent vulnerability the plan highlights is limited domestic fuel storage capacity. Aggregate domestic storage can cover fuel needs for 15 days, meaning the country is heavily dependent on imports to maintain consumption levels.

Caretaker Minister of Telecommunications Johnny Corm announced that national telecommunications companies Ogero, Alfa, and Touch submitted a contingency plan for the sector on October 26. Ogero's plan tackles the availability and accessibility of networks across the country including fuel provisioning, remote access to equipment, use of operational Optical Transport Networks, Star Link<sup>43</sup> kit provisioning for emergency response teams and public agencies, and safeguarding data.<sup>44</sup>

On October 30, the Ministry of Public Health (MoPH) issued a circular detailing steps it has taken to elevate the health sector's readiness for a potential conflict. The MoPH is evaluating hospitals' capacities, furnishing hospitals with trauma kits provided by the World Health Organization, and planning to provide healthcare in case of mass displacement.<sup>45</sup>

The financial and logistical capacity of the Lebanese state has been significantly reduced in recent years, due in part to governance deficiencies and unsustainable monetary and fiscal policies. This has left Lebanon with dilapidated infrastructure and reduced social and healthcare services, significantly affecting vulnerable communities that heavily rely on state services. The dire economic situation and the government's delay in implementing socio-economic reforms cast a bleak outlook over prospects for adopting and successfully implementing a functional national emergency plan in the event of a wider conflict, the implementation of which would require substantial financial resources. Such funds are unlikely to be readily available to the government without the enactment of a law authorizing the withdrawal of needed amounts from the Central Bank, as repeatedly stressed by acting Central Bank Governor Wassim Mansouri.<sup>46</sup> Moreover, assumptions undergirding the current emergency plan are largely based on the July 2006 conflict between Israel and Hezbollah – when the state was unable to mount an adequate response – despite projections and expectations that Israel could engage in a wider campaign if a large-scale conflict erupts in Lebanon.<sup>47</sup>

<sup>41</sup> The emergency plan addresses enhancing the preparedness of multiple sectors (health services, displacement, food security, water, sanitation, hygiene, basic assistance, protection, social stability, and logistical organization) and defining the roles of the different actors (including international organizations).

<sup>42</sup> The emergency plan would be implemented in accordance with three warning levels, the first of which would activate "operating units" at a municipal union and municipal level. The second level would activate governorate-level operating units. At the third level, the prime minister would activate a national operating unit, mobilize all available resources, and request aid from international entities.

<sup>43</sup> Star Link, the satellite internet service offered by SpaceX, provides scalable internet connectivity to service remote or underserved regions.

<sup>44</sup> NNA, [أوجيرو: تدابير لاستمرارية قطاع الاتصالات في حال حصول عدوان على لبنان](#), October 25, 2023

<sup>45</sup> Ministry of Public Health, [الابيض أصدر مذكرة للمستشفيات حول كيفية الاستعداد للطوارئ: بالوحدة والتنسيق تتجاوز الأزمة](#), October 30, 2023

<sup>46</sup> MTV Lebanon, ["منصوري يرفض التمويل... لا بالسلم ولا بالحرب"](#), November 6, 2023

<sup>47</sup> According to the assessment, 2 million liters of diesel are needed to power public water pumping and filtration facilities for 45 days.



## Economic repercussions

Commodity prices were immediately affected by fighting along Lebanon's southern border. Insurance companies have already increased premiums for cargo ships and planes destined for Lebanon,<sup>48</sup> meaning total imports could decline and increase in price and the prices of available goods could also fluctuate depending on the continuity of trade and shipping. Despite regional tensions, the global commodity market has thus far responded calmly, likely because fighting has not expanded to other countries in which major regional suppliers would be more directly affected.

Apart from consumables, housing rent prices are rising due to increased demand for safe accommodation by displaced refugees, particularly along the northern coast and across Mount Lebanon. Monthly rent hikes vary from 30% to 50% depending on the property.<sup>49</sup>

From a macroeconomic perspective, the conflict in South Lebanon has taken a marked toll on Lebanon's tourism sector. Depending on the scale and escalation of the conflict in the near future, the Gross Domestic Product is expected to shrink by 0.5% to 1% by the end of this year, and by 4% to 30% in 2024.<sup>50</sup> Notably, the Caretaker Government Cabinet is already struggling to cover its operational expenditures without borrowing or converting more International Monetary Fund (IMF)-issued Special Drawing Rights (SDR). The recently released emergency response contingency plan would likely necessitate considerable funding and possibly drawing on the remaining USD 8 billion in the Central Bank's foreign reserve account. The parallel market exchange rate response to such dynamics is unpredictable taking into account the expansion of the USD cash economy since early 2022.<sup>51</sup>

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<sup>48</sup> L'Orient Today, [For insurance companies, Lebanon is already at war](#) October 24, 2023

<sup>49</sup> Lebanon Files, [50% و 20 بدلات الإيجار تقفز بين](#) October 31, 2023

<sup>50</sup> Institute of International Finance, [War in Gaza: The Fallout for the MENA Region](#) October 26, 2023; The National, [Israel-Gaza war may wipe 23% off Lebanon's GDP as conflict hits tourism](#) November 7, 2023

<sup>51</sup> Dollarization has resulted in a divide between those with greater access to and those with limited access to foreign currency, the latter of whose purchasing power would be further decimated by another LBP currency shock. Accordingly, it is reasonable to assume that the ongoing conflict in South Lebanon might gradually increase demand for cash USD in the intermediate term, especially among the residents who will look for a reliable store of value. This would risk currency fluctuations in an already dollarized economy, as USD cash velocity could reduce because Lebanese residents will more judiciously and reluctantly spend hard cash holdings. This would likely result in LBP depreciation against the dollar, following a period of relative parallel market exchange rate stability.

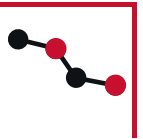


Photo by REUTERS

## Economic Updates:

Fuel prices decreased in October except for cooking gas, which increased in line with global market trends. Local market prices closed the month at LBP 1,586,000 for octane-95, LBP 1,626,000 for octane-96, LBP 1,681,000 for diesel, and LBP 960,000 for cooking gas.

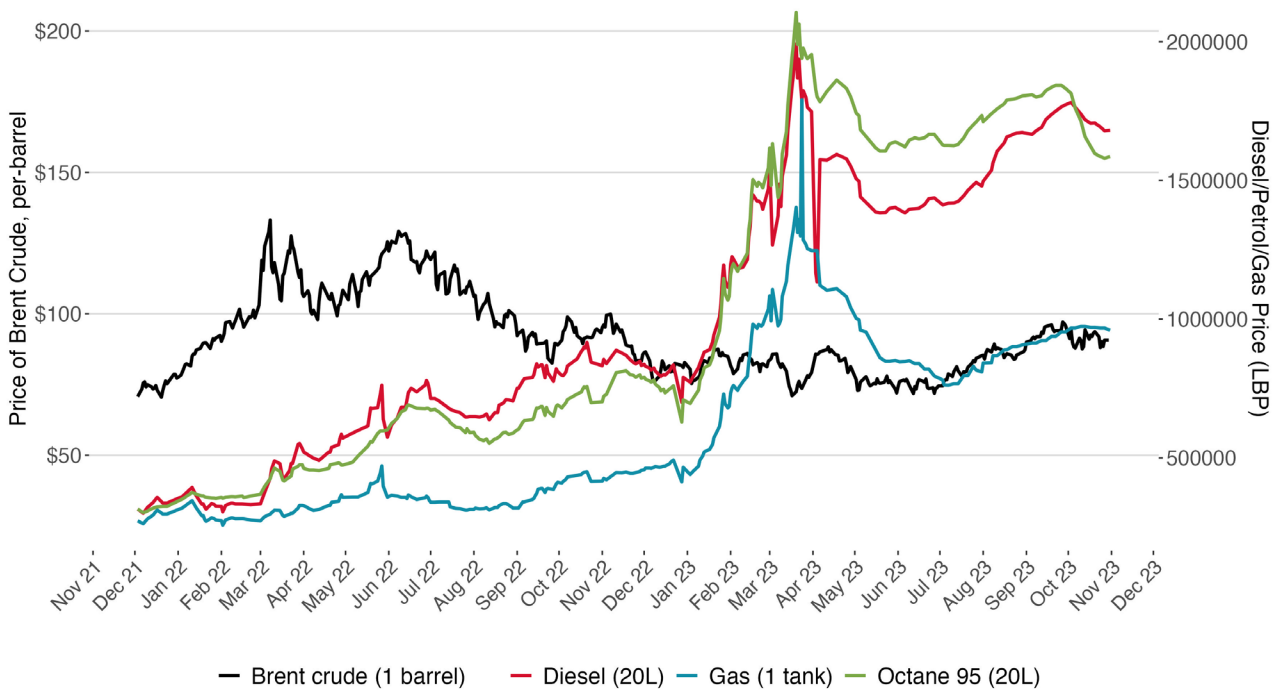


Figure 6: Fuel Prices.



**Money Supply (M1) decreased by LBP 615 billion in October,<sup>52</sup> while money in circulation (M0) was substantially cut by LBP 4 trillion.<sup>53</sup>** LBP in circulation slipped below LBP 60 trillion – currently at LBP 56 trillion – for the first time in the past year to date, a result of the Central Bank’s contractionary monetary policy aimed at stabilizing the LBP-USD parallel market exchange rate.

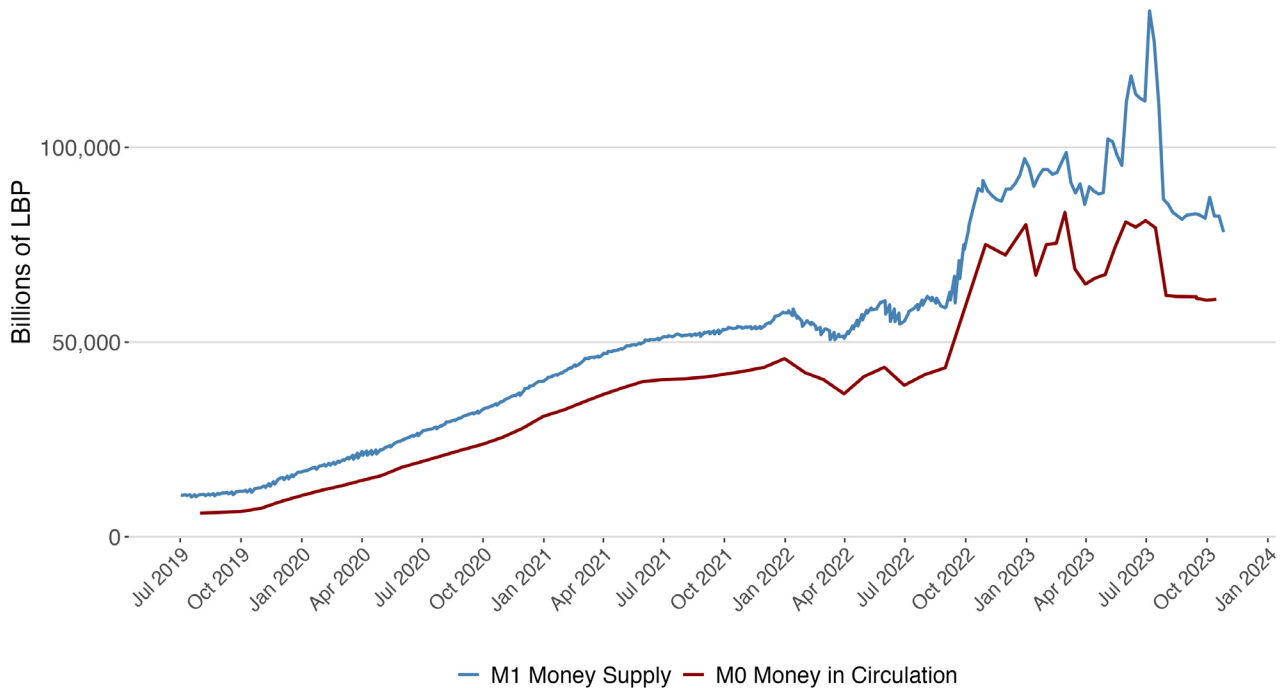


Figure 7: LBP Money Supply.

**Parliament’s Finance and Budget Committee referred a case to the Court of Audit regarding the caretaker government’s decision to convert most of Lebanon’s remaining Special Drawing Rights (SDR).<sup>54</sup>** On October 2, the committee cited two “violations” of Article 83 of the constitution and Article 242 of the Public Accounting Law by the caretaker government. According to PM Ibrahim Kanaan, the caretaker government converted SDRs without first seeking legal approval from the parliament and the Central Bank. Through September, SDR conversions totaled USD 1.063 billion from an original balance of USD 1.39. USD from converted SDRs was largely allocated to purchasing fuel imports (for state electricity company Électricité du Liban) and subsidized wheat and pharmaceutical imports, in addition to other state operational expenditures.<sup>55</sup>

**On October 9, the Finance and Budget committee merged the 2023 and 2024 draft budgets and began deliberations on a single version.<sup>56</sup>** Members of the committee asserted that the caretaker cabinet based the 2024 draft budget largely on projected operational expenditures without incorporating reforms in line with IMF requirements to unlock state financial assistance.

<sup>52</sup> Banque Du Liban, [Statistics and Research, Money supply](#)

<sup>53</sup> Banque Du Liban, [Interim Balance Sheet](#)

<sup>54</sup> Parliament Finance Committee, [الموازنة والموازنة تابعت موضوع إنفاق أموال حقوق السحب الخاصة وأحالت ملف السحوبات الخاصة إلى ديوان المحاسبة](#), October 2, 2023

<sup>55</sup> L’Orient Today, [MPs criticize executive branch over SDR spending](#) October 3, 2023

<sup>56</sup> L’Orient Today, [Lebanon’s 2023 and 2024 budgets have been merged](#) October 10, 2023







Combining the 2023 and 2024 budgets marks the first time that the parliament has merged two budgets. In practical terms, this means that the Finance and Budget Committee will pass a settlement law for public accounts by the end of 2023, which is a detailed audit of the government's revenues and expenditures, an annual practice that was adopted from 2005 through 2019. Without the legal support that a budget law provides, the government for now must seek parliamentary permission to source funds for its needed expenditure. The Finance and Budget Committee could exercise more scrutiny regarding government borrowing in light of increased political tensions between the head of the committee MP Ibrahim Kanaan and the Ministry of Finance.

Drawing further on Central Bank foreign currency reserves or increasing LBP money supply would threaten parallel market exchange rate stability. Adopting contractionary monetary policies in concert with a decrease in the import bill in August helped stabilize the parallel market exchange rate despite an apparent decline in the Central Bank-administered Sayrafa exchange platform's role over the last four months.<sup>65</sup>

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<sup>65</sup> The import bill declined from approximately USD 1.5 billion in June and July to USD 500 million in August, a 70% decrease. Mercy Corps Lebanon, [LCAT - Lebanon Crisis update September 2023](#)



Photo by Mohamed Azakir/REUTERS

## Political Updates:

**Discussions about extending LAF Commander-in-Chief General Joseph Aoun's term are intensifying in the leadup to his scheduled retirement on January 10, 2024.** On October 31, the Lebanese Forces submitted a draft law to parliament to raise the retirement age from 60 to 61 for the LAF "commander-in-chief" post.<sup>66</sup> Free Patriotic Movement leader Gebran Bassil, who opposed Aoun's original promotion to LAF commander-in-chief, opposes the proposed extension and has stated that a current LAF general can be promoted to command the country's armed forces. Bassil added that an extension of Aoun's term would largely serve political ends and would preserve Aoun's candidacy for president.<sup>67</sup> On November 1, Parliament Speaker Nabih Berri said that the Lebanese Forces has previously objected to passing legislation before electing a new president and that neither former Director General of General Security Abbas Ibrahim nor former Central Bank Governor Riad Salameh had their term extended.<sup>68</sup>

**Lebanese officials and political figures intensified their calls for the forcible return of Syrian refugees in October.** Ministers and political figures called for Syrian refugees to be forcibly returned to their home country throughout October, with Hezbollah Secretary-General Hassan Nasrallah suggesting on October 2 that Lebanon could facilitate sea migration to Europe as a means to pressure European states. Caretaker Minister of Displaced Issam Charafeddine backed Nasrallah's call<sup>69</sup> on October 3 and Caretaker Minister of Interior Bassam Mawlawi claimed on October 4 that Syrian refugees commit 30% of crimes (figures and nature of crimes undisclosed).<sup>70</sup> Mawlawi also called on municipalities to reject aid targeting refugees, as it dissuades refugees from returning to their home country, adding that "Lebanon is not for sale". He also encouraged municipalities to increase patrols targeting beggars and motorcycle riders without Lebanese citizenship.<sup>71</sup>

<sup>66</sup> Lebanese Forces, "الجمهورية القوية" بقلب المعادلة.. التمديد لقائد الجيش يحكم الـ "Raison d'état" - Lebanese Forces Official Website November 1, 2023

<sup>67</sup> NNA, ياسيل: لا نريد جر لبنان الى الحرب ولكن نرفض جره الى هزيمة October 30, 2023

<sup>68</sup> NNA, النهار: في ذكرى الفراغ... رئاسة منسبة أمام "طوارئ الحرب" November 1, 2023

<sup>69</sup> L'Orient Today, 'The sea is ahead of you': Minister backs Nasrallah's call to allow refugees to travel by sea October 3, 2023

<sup>70</sup> NNA, مولوي: لن نقبل بمساعدات للتغاضي عن وجود أيّ سوري غير قانوني ولبنان ليس للبيع October 4, 2023

<sup>71</sup> Ibid



On October 25, caretaker Minister of Foreign Affairs Abdallah Bou Habib warned the United Nations High Commissioner for Refugees (UNHCR) that delays in the submission of Syrian refugee data beyond the end of October are unacceptable.<sup>72</sup> This follows UNHCR reportedly reaching an agreement with Bou Habib in August to share Syrian refugee data with the Lebanese government.<sup>73</sup>

**October 31 marks one year of “presidential vacuum” in Lebanon.** International efforts to broker an agreement to elect a new president have thus far failed to force a decisive vote in parliament on who should be Lebanon’s next head of state. The “five-nation group” (the United States, France, Qatar, Egypt, and Saudi Arabia), represented by French Envoy and ex-Minister for Europe and Foreign Affairs Jean-Yves Le Drian, warned in September that figures obstructing the election process will be held accountable.<sup>74</sup> Among the remaining presidential candidates are Suleiman Frangieh, Jihad Azour, and possibly Commander-in-Chief of the LAF General Joseph Aoun.<sup>75</sup> Parliament Speaker Nabih Berri has not called for an electoral session since the opposition refused to partake in a dialogue preceding another round of electoral sessions, 12 of which have already failed to net Lebanon a new president. The presidential vacuum is impeding appointments to key positions, including commander-in-chief of the LAF and director general of General Security.

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<sup>73</sup> L’Orient Today, [UNHCR agrees to provide Lebanon with data on Syrian refugees](#) August 9, 2023

<sup>74</sup> LCAT, [September Crisis Update - Mercy Corps Lebanon](#) October 6, 2023

<sup>75</sup> LBCI, [Qatar’s Role in Lebanon’s Presidential Election: A New Chapter Unfolds - Lebanon News](#) September 18, 2023



## Access to Services:

**On October 19, the cabinet approved a 13-point proposal submitted by the Ministry of Public Works and Transportation to enhance aviation safety at Beirut International Airport.** The plan addresses safety concerns raised by the European Union Aviation Safety Agency and the International Civil Aviation Organisation in August. It stipulates the hiring and training of an additional 25 air traffic controllers to address a shortage among existing staff. Under the terms of the plan, the International Civil Aviation Organization will provide funds to upgrade and replace radar systems at the airport and upgrade a system used to communicate with other airports.<sup>76</sup>

<sup>76</sup> [حمية من المطار: الإجراءات والتدابير المطلوبة وضعت على سكة التنفيذ وهو مستمر بأداء دوره الحوت: حركة الطيران مستمرة ومؤمنة بالطائرات الموجودة](#), NNA, October 26, 2023



# Looking Forward:

- The humanitarian outlook for Lebanon heavily depends on how the Israeli military's ground offensive in Gaza proceeds and the evolution of attacks between Lebanese and Israeli territory. The relatively muted speech by Hezbollah Secretary-General Hassan Nasrallah in early November suggests that the party is reluctant to escalate its engagement with Israel, beyond playing an attritional role by drawing Israeli troops north away from Gaza and the West Bank. Despite this, humanitarian actors should prepare for a potential escalation, as Hezbollah made clear that "all options are on the table". Events in Gaza, for example, may force the party's hand. Specifically, the destruction of Hamas, a stated aim of the Israeli government, could precipitate a stronger reaction from Hezbollah. Nasrallah also warned Israeli forces not to kill civilians on Lebanese soil, threatening retaliation against Israeli civilians. Such a course of events may spiral into a broader conflict that would place both Lebanese citizens and residents alike in greater danger and disrupt the Lebanese economy, particularly in the event Israeli forces target Lebanese national infrastructure. A wider conflict in Lebanon would impact the internally displaced most acutely, many of whom face inflated rental prices and losses of livelihoods.
- Most regional conflicts since 1973 have led to varying degrees of supply shocks in the hydrocarbons market, with secondary impacts on food prices that could increase the cost of Lebanon's survival minimum expenditure basket. Although oil prices have not significantly risen since the start of the crisis, increased geopolitical uncertainty is already reflected in the price of gold, which has increased by over 8% since Hamas launched the October 7 operation.<sup>77</sup> A sustained oil price spike would increase production and transportation costs for both food and fertilizers, raising food prices across the MENA region. If the prices of natural gas and coal were to rise markedly, fertilizer prices could also increase, driving up imported crop prices such as wheat and forcing domestic agricultural producers to move toward subsistence farming. Such a price shock in the global food markets would be devastating for the region and for Lebanon, a country where approximately 21% of the population is in a state of food security crisis (IPC Phase 3 and above).<sup>78</sup> According to the IPC, several areas in South Lebanon were in critical stages as of May 2023. When compounded by the loss of a harvest season due to the security situation and reduction in arable lands, households dependent on the agricultural sector could be faced with a marked reduction in income and livelihood opportunities.

<sup>77</sup> World Bank, [Potential Near-Term Implications of the Conflict in the Middle East for Commodity Markets: A Preliminary Assessment, Commodity Markets Outlook](#) October 2023.

LBCI, [Qatar's Role in Lebanon's Presidential Election: A New Chapter Unfolds - Lebanon News](#) September 18, 2023

<sup>78</sup> Integrated Food Food Security Phase Classification [Lebanon: Acute Food Insecurity Situation May](#) - October 2023



- The Lebanese state is not prepared to deal with the human and material costs of a wider conflict. The draft national emergency contingency plan published on October 31 is lacking in several respects. First, the plan assumes a worst-case scenario similar in scale to the 2006 war, despite the realistic possibility of a more protracted conflict combined with western sanctions. Even if 2006 were a reliable point of comparison, the government response during the July War was inadequate, leaving considerable gaps that were filled by international support for humanitarian assistance and reconstruction costs. Time is one advantage the government has today, a luxury not afforded to the government or the humanitarian community in 2006 due to the unexpectedness of Israel's offensive. However, the state's capacities have been significantly degraded since 2019, weakening institutional capacities.
- The health sector is an especially striking example. Before 2019, the Ministry of Public Health compensated hospitals to cover the bills of uninsured citizens, an insurance of last resort for Lebanon's most vulnerable that no longer can cover the needs of prospective beneficiaries. Combined with the unaffordability of private healthcare, many Lebanese now rely on primary healthcare facilities that were designed to serve Syrian refugees.<sup>79</sup> This situation has been driven by an historical lack of investment, shortages of medical staff and medicines, and soaring prices of healthcare and pharmaceuticals. South Lebanon faces particular challenges, with even lower absorption capacities compared to the rest of the country.<sup>80</sup> Strained capacities are evident in other sectors too, including public education and security, where the underfunding of the LAF, Directorate of General Security, and Internal Security Forces will exacerbate logistical difficulties in addressing internal displacement.<sup>81</sup> Therefore, even if the government is able to secure funding to finance the contingency plan – an unclear point, given Mansouri's unwillingness to open new credit lines from the Central Bank – institutional weaknesses will likely result in heavy reliance on Lebanon's humanitarian architecture.

<sup>79</sup> Heller, Sam. [Adopt a Ministry: How Foreign Aid Threatens Lebanon's Institutions](#), The Century Foundation, November 7, 2023

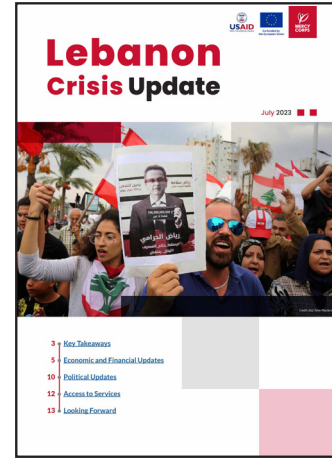
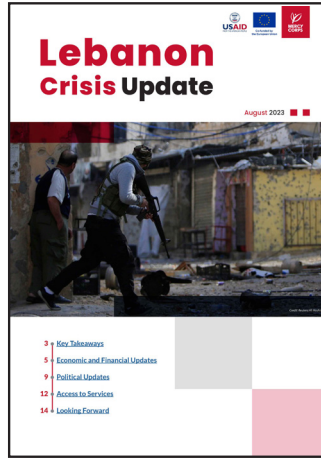
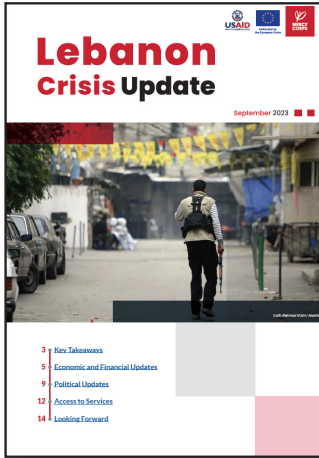
<sup>80</sup> ACAPS, [Lebanon: the effect of the socioeconomic crisis on healthcare](#) October 19, 2023

<sup>81</sup> MTV Lebanon, [امكانيات الدولة لمواجهة موجة نزوح من جنوب لبنان](#), October 13, 2023

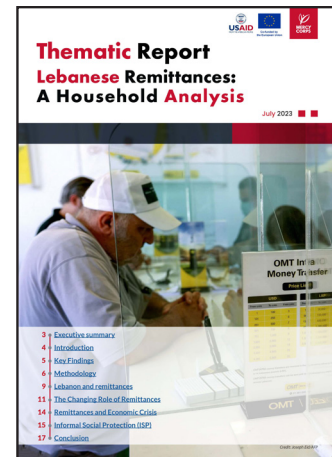
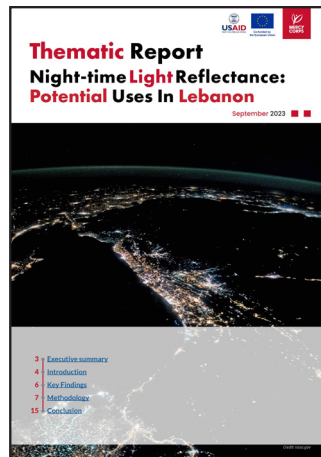
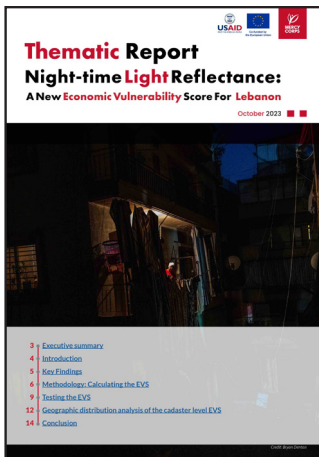
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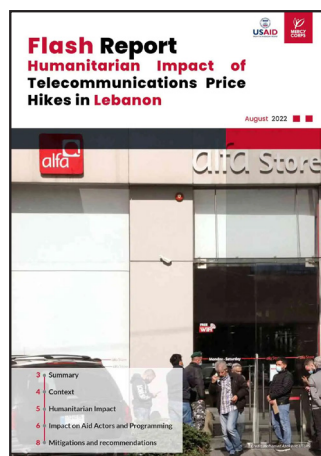
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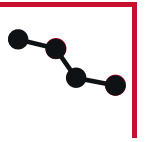


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