

# Lebanon Crisis Update

February 2024



Credit: AP Photo/Mohammed Zaatari

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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.

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## Key Takeaways:

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- The National Social Security Fund announced that it raised the exchange rate – effective February 1 – at which it calculates payments and transfers to 89,000 Lebanese pounds (LBP) per 1 US dollar (USD). The new exchange rate will apply to subscribers whose income is partially or fully denominated in USD.
- On February 2, the Central Bank issued Circulars 166 and 167. Circular 166 will allow depositors who are not benefiting from Circular 158 to withdraw USD 150 per month from their USD-denominated commercial bank accounts. Circular 167 requires commercial banks and other financial institutions to base their accounting on the Central Bank digital exchange platform (formerly “Sayrafa”) exchange rate.
- On February 6, Electricité du Liban (EdL) adjusted the LBP-USD exchange rate used to calculate billing from LBP 104,000 to LBP 89,500, by eliminating a 20% surcharge that was implemented in late 2022.
- On February 28, the caretaker government approved temporary wage bonuses for public sector employees, excluding the education system and judiciary. Salaries will increase to nine times their pre-crisis levels in LBP, and 30% to 40% of pre-crisis levels in USD (when calculated at the 89,500 LBP-USD exchange rate). Bonus beneficiaries will also be compensated for transportation expenses.
- Despite an overall reduction in the total number of Israeli air and artillery strikes in February, the Israeli military targeted areas deeper into Lebanese territory. The five-month-old conflict has heavily impacted the south, as damage to essential infrastructure, civilian deaths, and the number of internally displaced persons increased during the month. Diplomatic efforts to end the conflict are ongoing, marked by US envoy Amos Hochstein’s shuttle diplomacy and a French-led proposal for post-conflict stabilization measures along the Lebanese-Israeli border.
- After visiting Lebanon on February 21, Quintet group ambassadors from the United States, France, Qatar, Egypt, and Saudi Arabia reiterated the importance of electing a “consensus” president and suggested that the adoption of a “third candidate” could break the political deadlock, which has left Lebanon without a head of state for 16 months.



# 2024

## FEBRUARY

Judicial clerks seeking higher wages and benefits announce that they are going on strike.



The Central Bank issues Circular 166 to manage withdrawals from USD-denominated deposit accounts, and Circular 167 to regulate commercial bank accounting.



The National Social Security Fund raises the exchange rate at which it calculates payments and transfers to 89,000 Lebanese pounds (LBP).



Electricité du Liban adjusts the LBP-US dollar exchange rate at which bills are calculated from LBP 104,000 to LBP 89,500.



Employees at state telecommunication companies Alpha and Touch go on strike to demand salary increases.



Five ambassadors representing the Quintet Group meet at the French Embassy in Beirut.



Mukhtars stage demonstrations in Saida and Tripoli to protest an increase in official stamp fees.



Kataeb, Renewal, and Change MPs file an appeal with the Constitutional Council regarding the 2024 Budget Law.



Ministry of Finance employees announce an open-ended strike.



The caretaker cabinet increases monthly bonuses and benefits for public sector employees.





Credit: Reuters

## South Lebanon Crisis:

Israeli air and drone strikes in February targeted areas deep into Lebanese territory, including the first strike on the Bekaa Valley since 2006. Since October 8, Israeli artillery, air, and drone strikes have killed 47 civilians and injured over 900.<sup>1</sup> Strikes in February damaged infrastructure, including a water pumping station,<sup>2</sup> solar-powered water pumps,<sup>3</sup> vehicles (including ambulances),<sup>4</sup> several homes and residential areas, commercial centers, warehouses,<sup>5</sup> and an Islamic Health Authority center. As a result of fighting along the southern border, 91,288 individuals have been displaced. Of these internally displaced persons (IDPs), 79% are living with host families, 15% are in rented accommodations, and 2% are staying in one of the country's 18 collective shelters. Almost half of all IDPs have fled to Sour (27,065 IDPs) and Nabatieh (16,027 IDPs).<sup>6 7</sup>

The geographic scope of military operations widened significantly in February, though the majority of cross-border fire remained confined to border areas. On February 8, Israel launched a drone strike targeting a vehicle in Nabatieh, its first such action north of the Litani River in two weeks.<sup>8</sup> Hours after the attack, Hezbollah responded with missile strikes on the Mount Meron air traffic control base and Ein Zeitim base in northern Israel.<sup>9</sup> On February 10, Israel struck a vehicle north of Sidon, some 41 kilometers from the border, reportedly targeting a Hamas official.<sup>10</sup> On the morning of February 14, in an attack unclaimed by any groups in Lebanon, a barrage of rockets struck Safed. This prompted an Israeli retaliation that killed 10 civilians in two separate airstrikes, the highest one-day civilian death toll since October 8.<sup>11</sup> On February 19, Israel bombed warehouses in Ghazieh, near Sidon, stating that it was in retaliation for an alleged UAV attack near Safed.<sup>12</sup>

<sup>1</sup> Ministry of Public Health, [التقرير التراكمي للطوارئ الصحية](#) February 23, 2024.

<sup>2</sup> NNA, [غارة فجر على محطة ضخ مياه الزوناني](#) February 7, 2024; / NNA, [غارات معادية تستهدف الغازية وخلف منشآت الزهراني](#) February 19, 2024.

<sup>3</sup> NNA, [غارة على حي المشاع في مجدل زون](#) February 21, 2024.

<sup>4</sup> NNA, [العدو يغير مجددا على مثلث بلدات الجين وشيخين وطير حيفا واصابة سيارة اسعاف](#) February 5, 2024.

<sup>5</sup> LCAT has monitored and logged incidents of Israeli shelling reported by Lebanon's state-run National News Agency and major news outlets since fighting broke out on October 8 along Lebanon's southern border. Incidents are sorted by type of shelling, type of target, location, and date. Data cited in this report is based on reported incidents, meaning that additional, unrecorded shelling incidents have possibly occurred.

<sup>6</sup> IOM, [Mobility Snapshot - Round 26 - 29-02-2024 | Displacement Tracking Matrix](#) February 29, 2024.

<sup>7</sup> Mercy Corps Lebanon, [Lebanon Data Analysis Platform](#).

<sup>8</sup> L'Orient Today, [Two injured in Israeli drone strike on Nabatieh, south Lebanon: Day 125 of Hamas-Israeli war](#) February 8, 2024.

<sup>9</sup> Ibid. / NNA, [مجاهدون استهدفوا مقر قيادة لواء المشاة 3 في قاعدة عين زنتيم بعشرات من صواريخ الكاتيوشا](#) February 8, 2024.

<sup>10</sup> NNA, [مسيرة تغير على سيارة في حيفا وتوقع اصابات](#) February 10, 2024.

<sup>11</sup> L'Orient Today, [Israeli air raid kills two children, a woman, and a Hezbollah fighter in south Lebanon: Day 131 of the Hamas-Israeli war](#) February 14, 2024;

LCAT has monitored civilian casualties in Lebanon as part of its conflict data tracking, using Lebanon's state-run National News Agency and other media outlets to identify casualties and the circumstances of their death.

<sup>12</sup> L'Orient Today, [Several injured in Israeli strikes south of Saïda; Israel claims targeting Hezbollah weapons depots: Day 136 of Hamas-Israeli war](#) February 19, 2024.



One week later, Israel responded to the downing of one of its UAVs with strikes near the town of Baalbek, some 84 kilometers from the border, its deepest attack yet into Lebanon.<sup>13</sup> Hezbollah responded with several strikes, including one on the Nafah base, over 20 kilometers from the border, the deepest strike into Israel claimed by the organization to date.<sup>14</sup>

The pace of Israel’s shelling of southern Lebanon decreased in February, although strikes on residential buildings and civilian casualties increased.<sup>15</sup> On at least eight separate days, Israel struck targets 10 kilometers or more from the border, down from 12 such days in January. Israel carried out at least 77 air and artillery strikes directly targeting residences in February, slightly more than the 73 and 71 strikes it conducted in January and December, respectively.<sup>16</sup> February was the deadliest month of the conflict for civilians in Lebanon, with 20 killed in eight separate strikes.

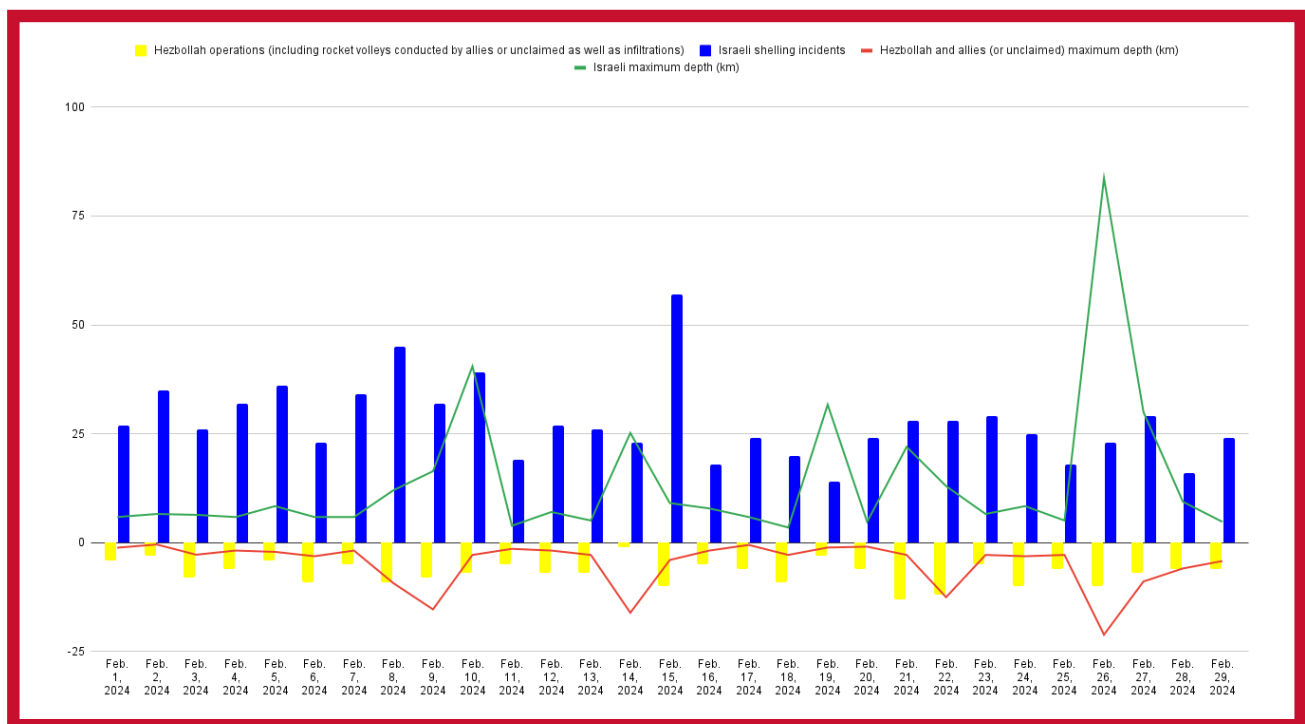


Figure 1: Israel and Hezbollah attacks and their depth along the border.

Diplomatic efforts to secure a ceasefire continued into February, marked by the arrival of French Foreign Minister Stéphane Séjourné in Lebanon on February 6. During his visit, Séjourné presented a proposal aimed at a cessation of hostilities and the demarcation of the Lebanese-Israeli border.<sup>17</sup> The plan outlined three initial steps, including a ceasefire, followed by the withdrawal of Hezbollah’s elite forces and other armed groups 10 kilometers north of the border, and the subsequent deployment of the Lebanese Armed Forces (LAF) in South Lebanon.

<sup>13</sup> AFP, [First Israeli strikes on east Lebanon kill two Hezbollah members](#) February 26, 2024.

<sup>14</sup> LCAT monitors all Hezbollah attacks, reviewing the statements they issue following each attack and calculating the depth of the strike based on the location of the attack as given by Hezbollah in their publicly released maps.

<sup>15</sup> LCAT logs all Israeli shelling incidents reported by Lebanon’s state-run National News Agency, Hezbollah’s Al-Manar, and Al-Mayadeen television, along with other outlets when applicable. Airstrikes and artillery fire that directly hit residences are logged by LCAT and tabulated each day. The number of Israeli shelling incidents, including artillery fire and airstrikes, decreased overall to an average of 27.5 a day, down from 39.2 in November, 43.2 in December, 40.2 in January. In October the average was 13.125 a day, far below all subsequent months.

<sup>16</sup> LCAT logs all strikes that cause property damage, noting ones that are direct strikes or indirect strikes, based on media reports of the incidents. As with the shelling tracking, LCAT uses Lebanon’s state-run National News Agency, Hezbollah’s Al-Manar, and Al-Mayadeen television, as well as other outlets where applicable.

<sup>17</sup> Reuters, [Exclusive: France proposes Hezbollah withdrawal, border talks for Israel-Lebanon truce](#) February 13, 2024.

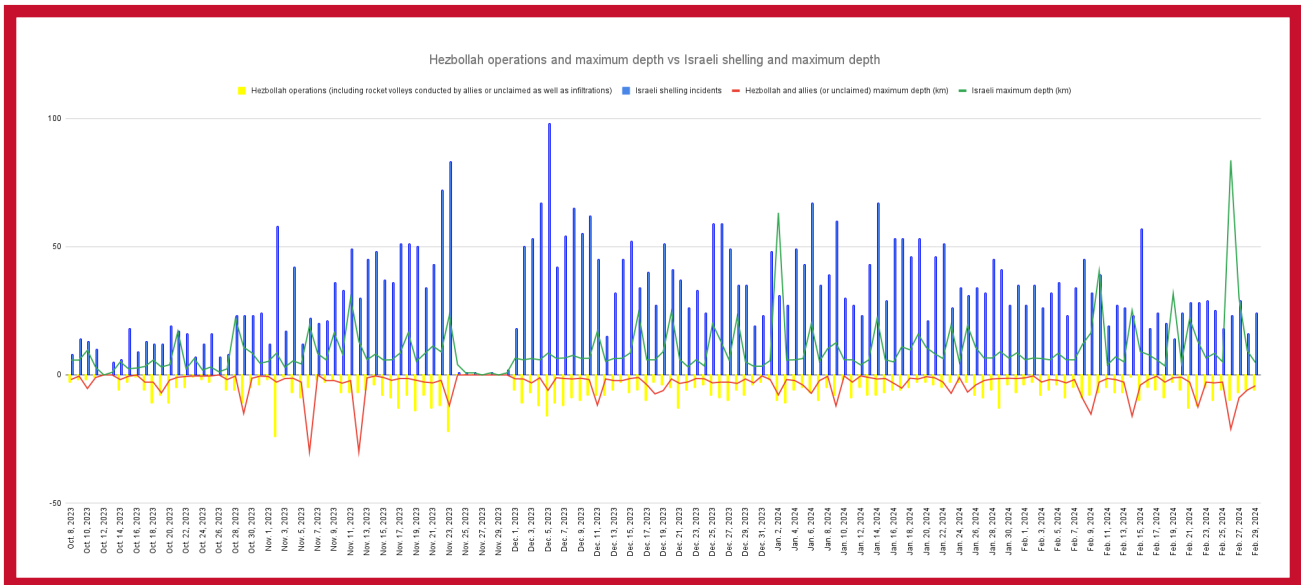


Figure 2: Israel and Hezbollah cumulative attacks and their maximum depth.

The final step of the plan calls for negotiations regarding demarcating the Lebanese-Israeli border. While Israeli officials stated that the proposal is being reviewed, Lebanon expressed concerns about the plan's ambiguities, including whether Hezbollah-affiliated civilian institutions would be included in the withdrawal process. Reports suggest that the United Kingdom (UK) has also tried to push forward a ceasefire,<sup>18</sup> suggesting that watch towers – similar to the UK-funded towers built along the Syria-Lebanon border to control illegal infiltrations and smuggling<sup>19</sup> – be constructed along the Israeli-Lebanese border. Hezbollah has stated that it will stop firing on Israel during a ceasefire in Gaza while Lebanese officials said the organization would then enter into talks on the border situation.<sup>20</sup> Israeli officials have signaled that a cessation of hostilities in Gaza will not necessarily lead it to halt strikes in Lebanon, absent a change in the status-quo along the border.<sup>21</sup>

**United Nations Relief and Works Agency for Palestine Refugees (UNRWA) funding shortages are jeopardizing essential services for many Palestinian refugees in Lebanon.** UNRWA was expected to exhaust its funds by the end of February, prior to a March 1 European Commission announcement that it would release 60% of the 82 million euros earmarked for UNRWA.<sup>22 23</sup> Despite the EU announcement, reduced funding threatens to compromise vital support for Palestinian refugees who rely on cash assistance, including 200,000 who depend on UNRWA health centers and 38,000 school-age children (grades 1 to 12).

<sup>18</sup> L'Orient Today, [South Lebanon negotiations take shape amid escalation and one-upmanship](#) February 21, 2024.

<sup>19</sup> Syria has recently lodged an official complaint about these watchtowers through its foreign ministry. LBCI, [Watchtowers on the borders: What prompted Syrian authorities to protest?](#) February 23, 2024.

<sup>20</sup> Reuters, [A halt to Gaza fighting would trigger Lebanon cease-fire talks, Mikati says](#) February 29, 2024.

<sup>21</sup> Times of Israel, [Gallant: Israel will increase strikes on Hezbollah even during potential Gaza truce](#) February 26, 2024.

<sup>22</sup> The remaining 40% of the amount will be released in two subsequent phases contingent on the auditing of UNRWA personnel.

<sup>23</sup> Reuters, [EU to pay UN Palestinian agency 50 mln euros but hold back some funds](#) March 1, 2024.





Photo by Mostafa Jamal El Dine

## Economic Updates:

**On February 2, the Central Bank issued Circular 166 to manage monthly withdrawals from USD-denominated accounts established immediately after October 2019.** Under the terms of the circular, account holders who currently do not benefit from Circular 158 may withdraw up to USD 150 each month, though several conditions apply. Depositors ineligible for the circular include those who converted LBP deposits to USD 300,000 or more, utilized their balances for trading and servicing loans of the same value or higher, and conducted transactions exceeding USD 75,000 through the Sayrafa platform.<sup>24</sup>

**On February 2, the Central Bank issued Circular 167, requiring that banks calculate figures in their financial position documents based on the official Central Bank LBP-USD exchange rate.**<sup>25</sup> Under the terms of the circular, all banks and financial institutions must comply with International Accounting Standard IAS 21 when compiling financial statements. This includes converting foreign-currency-denominated accounts of monetary assets and liabilities, as well as non-monetary assets, into their equivalent values in LBP. Conversions must be based on the highest exchange rate displayed on the Central Bank's digital platform (formerly Sayrafa) on the date that the financial statements are prepared.<sup>26</sup>

**On February 22, 3,000 Ministry of Finance staff members went on strike to protest the suspension of productivity bonuses.** Prime Minister Najib Mikati suspended the temporary bonuses following strikes by civil servants from the Ministries of Labor, Economy, and Information, who were protesting being excluded from bonuses granted to staff at the Ministry of Finance (MoF), Grand Serail, Council of Ministers, and Presidential Palace.<sup>27</sup> The bonus was equal to 20% of the base salary.<sup>28</sup> The MoF employee strike threatens to delay payment of civil servants' salaries and limit the government's access to funding from donors.<sup>29</sup>

<sup>24</sup> Depositors wishing to subscribe to Circular 166 will be required to lift banking secrecy protections applied to their bank accounts. Banque du Liban, [Exceptional Measures to pay deposits made after October 31, 2019 in foreign currencies](#) February 2, 2024.

<sup>25</sup> Financial position documents include balance sheets, cash flow statements, and income statements.

<sup>26</sup> Banque du Liban, [Principles of converting assets and liabilities denominated in foreign currencies into the Lebanese pound](#) February 2, 2024.

<sup>27</sup> L'Orient Today, [Finance Ministry workers strike over frozen bonuses](#) February 22, 2024.

<sup>28</sup> L'Orient Today, [Economic news recap: Here's what happened last week in Lebanon](#) February 26, 2024.

<sup>29</sup> L'Orient Today, [Finance Ministry workers strike over frozen bonuses](#) February 22, 2024.





**On February 28, the caretaker government raised public sector salaries for the first time since the minimum wage was increased in April 2023.** Pay increases are calculated based on the pre-crisis value of salaries in LBP, supplementing the salary adjustments approved in April. Public sector employees and LAF personnel will also receive transportation allowances and fuel coupons, based on seniority and rank. Active-duty LAF members will receive three extra salaries, in addition to their monthly wages. After the raise, soldiers' monthly wages will be the equivalent of nine months of pre-crisis wages in addition to an LBP 9 million transportation allowance. Veterans will also receive three extra salaries and LBP 5 million for high-ranking veterans who have personal drivers. Public sector employees will receive two additional months' wages in addition to their monthly salary. Their new wages will be the equivalent of nine pre-crisis base salaries and every employee's salary is expected to increase by LBP 8 to LBP 30 million. In addition to the wage increase, employees will receive incentive payments for being physically present during the month, and fuel vouchers, each with a value of LBP 1.5 million.<sup>30</sup>

**The Central Bank increased the LBP-USD exchange rate for the biweekly balance sheet to LBP 89,500, matching the rate listed on the Central Bank digital exchange platform.** As a result of this adjustment, the amount of the initial balance sheet in February increased from LBP 1,622 trillion to LBP 8,325 trillion. During the first half of the month, Money in Circulation (M0) decreased from LBP 57 trillion to LBP 55 trillion.<sup>31</sup>

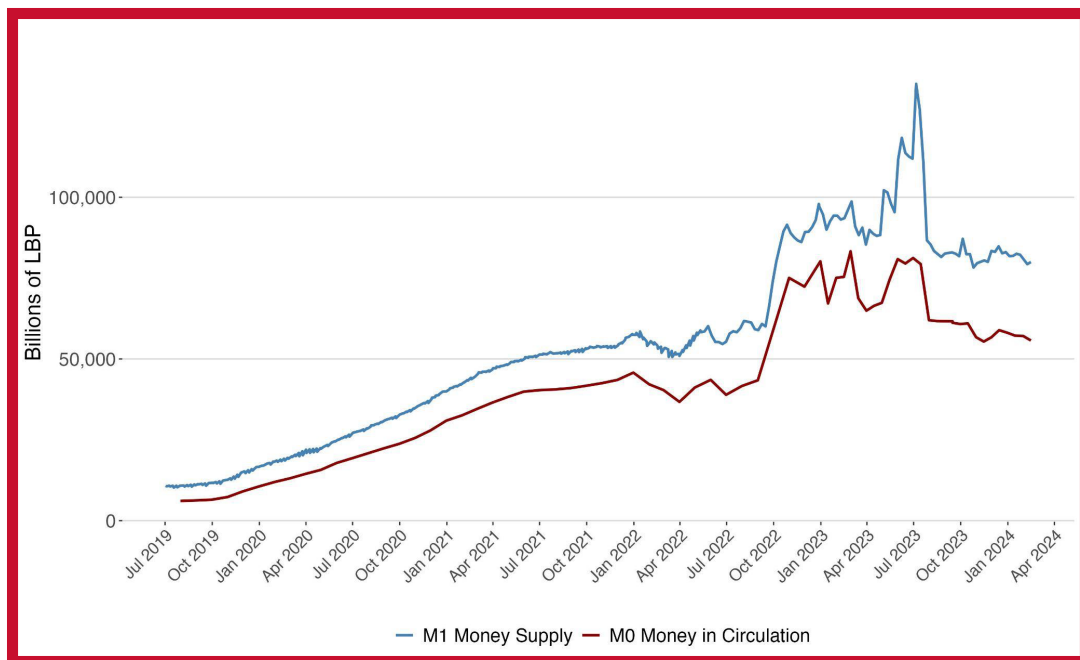


Figure 3: Money Supply and Currency in Circulation.

<sup>30</sup> First, second, third, fourth, and fifth-degree employees will receive 16, 14, 12, 10, and 8 fuel tank coupons, respectively. PCM, [مجلس الوزراء يقر زيادات وتقدميات لموظفي الإدارة والأسلاك العسكرية والمتقاعدين](#), February 28, 2024.

<sup>31</sup> Ban Banque du Liban, [BdL Interim Balance Sheet](#).



**The Consumer Price Index (CPI) rose by 2.87% in January.** Beirut registered the highest CPI increase among all Lebanese governorates (6.22%). By comparison, the CPI in South Lebanon and Nabatieh increased by only 0.94% and 0.93% respectively, despite being the most affected by the ongoing conflict. Among the CPI basket components, prices for goods and services registered the sharpest rise (20.34%). Rents also rose by 11.78%, possibly due to internal displacements resulting from the South Lebanon conflict.<sup>32</sup>

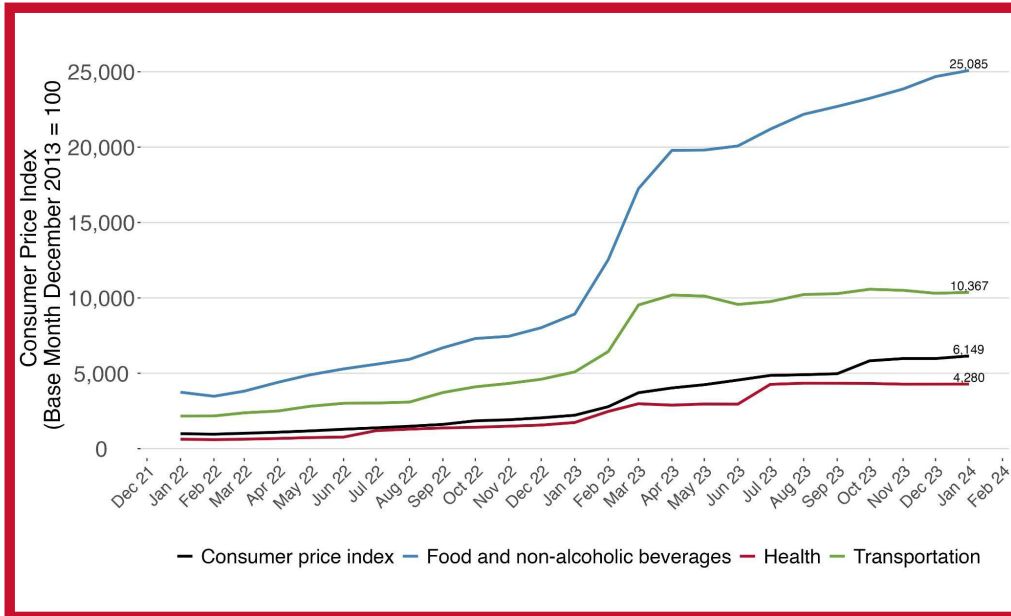


Figure 4: Evolution of Consumer Price Index Major Components.

Fuel prices increased in line with global market trends, closing out the month at LBP 1,641,000 for Octane-95, LBP 1,679,000 for Octane-98, LBP 1,613,000 for diesel, and LBP 944,000 for cooking gas.

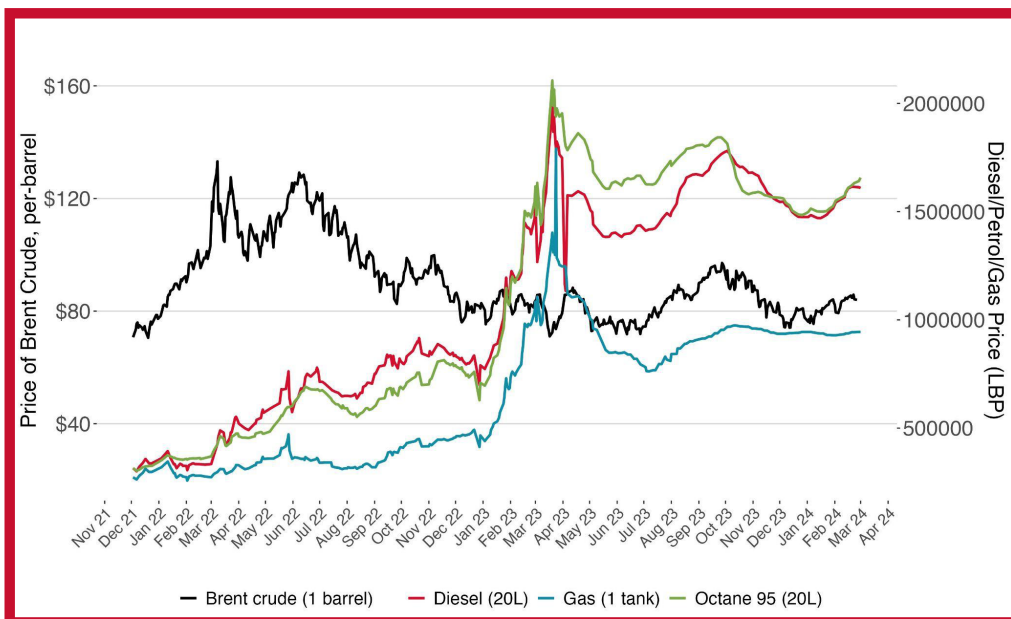


Figure 5: The Evolution of Fuel Prices (from IPT).

<sup>32</sup> [Central Administration of Statistics \(CAS\).](#)



## Analysis and Impact:

Commercial banks have not fully implemented Circular 166, as few have reportedly hammered out the logistics necessary to implement it.<sup>33</sup> Circular 151 expired in December, leaving “post-October 2019” USD-denominated (non-“fresh” dollar) account holders with no way to access – even partially – their life savings. Technically, only two depositor-focused Central Bank circulars are currently in force: Circular 166 and the two versions of Circular 158 (see Table 1). In practical terms, however, only old USD depositors (pre-October 2019) may currently withdraw funds from non-fresh dollar accounts.

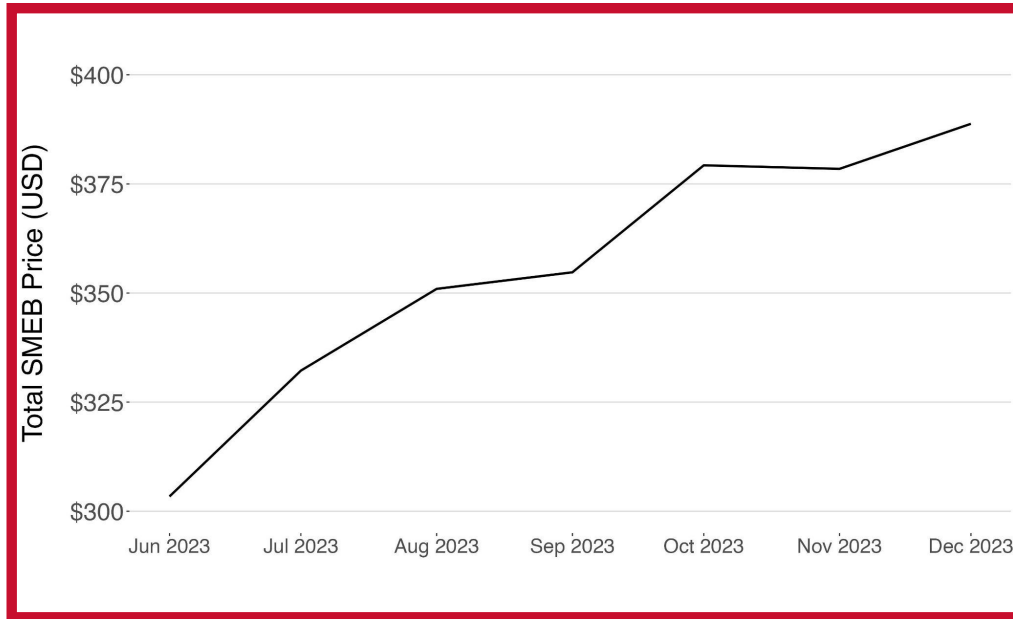
Circular Number	Eligibility Requirement	Monthly Limit	Real Value of the Monthly Limit on the Parallel Market	Date of Issue	Expiry Date
151	USD account holders not benefiting from Circular 158 and 166	USD 1,600 (at the official exchange rate of LBP 15,000 per USD)	USD 268	April 21, 2020	December 31, 2023
158	Depositors who deposited USD balances or converted their existing balances to USD before October 2019 and subscribed to circular 158 in their correspondent banks before July 2023	USD 400	USD 400	June 8, 2021	Extended
158	Depositors who deposited USD balances or converted their existing balances to USD before October 2019 and subscribed to circular 158 in their correspondent banks after July 2023	USD 300	USD 300	September 15, 2023	Extended
166	Depositors who converted their balances from LBP to USD after October 2019	USD 150	USD 150	February 2, 2024	June 30, 2024 (renewable)

*Table 1: Circulars for foreign accounts withdrawals (from the Central Bank).*

Amid limited deposit account access, the Survival Minimum Expenditure Basket (SMEB) continues to rise, leaving many people across the country in a position where they cannot use their savings to cope with surging inflation and cover minimal expenditures. Limited monthly withdrawals must therefore be combined with other sources, much of it gleaned from Lebanon’s USD cash economy, just to cover the cost of the SMEB, which topped USD 390 by the end of 2023.

Taking a closer look at the new circulars, the Central Bank’s recent decisions may be a sign of its unwillingness to restructure the commercial banking system, notwithstanding acting Central Bank Governor Wassim Mansouri’s public statements to the contrary. Circular 166 will extend the time haircut on trapped deposits and widen the range of depositors who are subject to this measure.

<sup>33</sup> Al Modon, [متى تبدأ المصارف بتطبيق التعميم 166... وماذا عن السحوبات؟](#) February 13, 2024



**Figure 6:** Total SMEB price (USD) from June 2023 to December 2023. Source: WFP Market Monitoring price data.

Raising the NSSF exchange rate to LBP 89,500 burdens SMEs with higher employment costs, at a time when the job market is already suffering. Micro, small, and medium enterprises will be hardest hit by the NSSF’s announcement, which comes on the heels of the newly approved 2024 budget that puts the onus on smaller businesses with higher profit and value-added taxes. The new rate may well dissuade companies from investing, limiting their growth and contributing to rising unemployment against the backdrop of a faltering formal economy.





Source: Embassy of France in Lebanon

## Political Updates:

**On February 21, Quintet Group ambassadors from the United States, France, Saudi Arabia, Egypt, and Qatar met at the French embassy in Beirut to discuss progress on electing a new president.**<sup>34</sup> Speaker of the Parliament Nabih Berri met with Quintet ambassadors earlier in the month, after he called for the next president be elected pursuant to an agreement among Lebanon's established political parties.<sup>35</sup> Opposition parties, represented by MPs from the Lebanese Forces (LF), Kataeb, the Renewal Bloc, and the Change Coalition, reiterated their objection to Sleiman Frangieh, leader of the Marada Movement and Hezbollah's favored candidate. The MPs also welcomed suggestions by the Quintet that broader support for an alternative candidate could resolve the presidential deadlock, nearly one and half years after former President Michel Aoun's departure.<sup>36</sup>

**On February 26, Kataeb, Renewal Bloc, and the Change Coalition MPs filed an appeal with the Constitutional Council regarding the 2024 budget law.** The group called for the law's suspension and dismissal, claiming the process by which it was passed and its contents are not compatible with the Lebanese Constitution. The MPs highlighted how some amendments were added during budget debates, other amendments were made by the government after the draft budget was voted into law, and that the budget was approved before an audit of the 2023 government accounts was completed.<sup>37</sup> The Constitutional Council has yet to issue a ruling in response to the appeal.

<sup>34</sup> L'Orient Today, [Group of Five meet in Beirut, push for presidential election](#) February 21, 2024.

<sup>35</sup> L'Orient Today, [Berri voices agreement with quintet on election of president 'made in Lebanon'](#) February 3, 2024.

<sup>36</sup> L'Orient Today, [The opposition's latest attempt to break presidential deadlock](#) February 20, 2024.

<sup>37</sup> Nidaa Al Watan, [طعن من نواب الكتائب وتجدد وتحالف التغيير بقانون الموازنة](#) February 26, 2024.



Source: Joseph Eid/AFP

## Access to Services:

**The USD-LBP exchange rate used by the National Social Security Fund (NSSF) increased to LBP 89,000, effective February 1.** The NSSF director explained that the decision was implemented in line with other public services unifying their exchange rates. The director also said the adjustment is expected to restore the fund's capacity to support beneficiaries, particularly regarding healthcare. The new exchange rate will apply to beneficiaries whose income is partly or fully denominated in dollars.<sup>38</sup>

**Judicial clerks went on strike on February 1 to demand wage increases and improved benefits.** The strike impeded legal proceedings, delaying prosecutors' submissions of criminal charges and civil lawsuits, and trials.<sup>39</sup> Negotiations between caretaker Justice Minister Henri Khoury and head of the Mutual Fund of Judicial Clerks Joseph Tamer resulted in an increase in court officers' compensation, ending the strike on February 19.<sup>40</sup>

**On February 20, mukhtars took part in demonstrations in Saida and Tripoli against a 2024 budget provision that increases official stamp fees.**<sup>41</sup> Mukhtar stamp fees, which are essential to completing administrative procedures, were raised 50-fold (from LBP 1,000 to LBP 50,000). This adjustment will result in higher costs for obtaining civil status records, family and individual identification documents, as well as other records subject to approval by the Ministry of Foreign Affairs.<sup>42</sup>

**On February 6, Électricité du Liban (EdL) announced that it would lower the exchange rate used for billing.** In a statement, EdL announced that it was eliminating the 20% exchange rate surcharge that was introduced in December 2022. As a result, the rate is expected to drop from LBP 104,000 to LBP 89,500 per USD. The state electricity company also announced that it would accept subscriber payments in USD and that public institutions will be required to settle any outstanding bills by February 29.<sup>43</sup>

<sup>38</sup> CNSS, [كركي: سعر الصرف القانوني لإشتراكات الضمان 89500 ل.ل.](#) February 2, 2024.

<sup>39</sup> NNA, [اعتكاف المساعدين القضائيين يشل قصور العدل](#), February 1, 2024.

<sup>40</sup> NNA, [المساعدون القضائيون أعلنوا تعليق الاعتكاف والعودة إلى العمل بانتظار ما سيصدر عن مجلس الوزراء](#), February 18, 2024.

<sup>41</sup> Kataeb, [Lebanese Mayors Rally Against Soaring Civil Registration Fees](#) February 21, 2024.

<sup>42</sup> LBCI, [Impact of Fee Changes in Lebanon: Budget Revisions and Financial Realities](#) February 20, 2024.

<sup>43</sup> Electricite du Liban, [إلغاء بدل التأهيل وإلغاء الـ20% المضافة على سعر منصة صيرفة في الفاتورة الكهربائية وتخفيض المشترك بين تسديدها بالدينار الأميركي أو بالليرة اللبنانية](#) February 6, 2024.



The company warned public institutions to pay delayed electricity bills in fresh USD for the period between November 1, 2022 and June 30, 2023 or their connection to the national electricity grid could be cut.<sup>44</sup> EdL also urged citizens and residents to settle their bills in a timely fashion to avoid power cuts and additional charges.

**Employees at state-owned telecommunications operators Alfa and Touch went on strike on February 5, demanding wage increases.**<sup>45</sup> The employees also demanded that a collective bargaining agreement be drafted and signed that would guarantee the rights and privileges of mobile operator employees.<sup>46</sup> The strike affected the distribution of prepaid cell phone cards, which are necessary to access Lebanon's cell phone network. The strike ended on February 14, following a meeting between representatives of the Syndicate of Telecommunications Employees and Users and MP Farid Al Khazen, who conveyed the Ministry of Telecommunications' commitment that employees' rights and wages would be safeguarded.<sup>47</sup>

<sup>44</sup> EdL, [تمديد مهلة تسديد فواتير الكهرباء المترتبة على الإدارات العامة والمؤسسات والمصالح العامة لنهاية شهر شباط الحالي](#), February 20, 2024.

<sup>45</sup> L'Orient Today, [Mobile operator employees announce strike](#) February 5, 2024.

<sup>46</sup> L'Orient Today, [Six killed in south Lebanon, mobile operators strike, Lebanese army retirees protest: Everything you need to know to start your Tuesday](#) February 6, 2024.

<sup>47</sup> Annahar, [موظفو 'ألفا' و'تاتش' يعلنون فكّ الإضراب... عودة تسليم بطاقات التعبئة إلى السوق](#), February 13, 2024.



## Looking Forward:

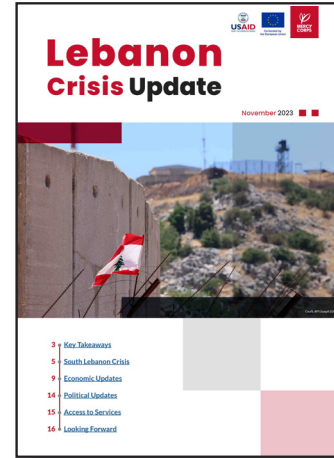
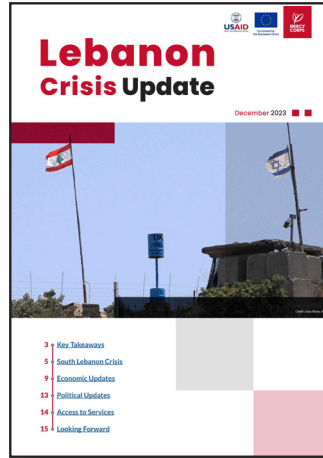
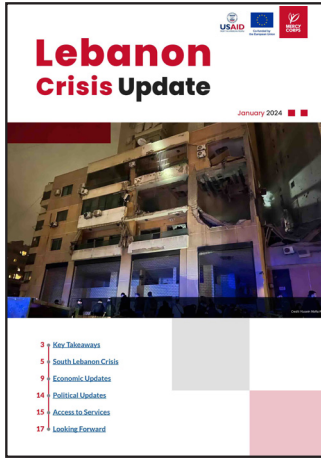
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- The Central Bank's shift to the LBP-USD 89,500 exchange rate lays the groundwork for a similar transition in the financial sector, but banks are not in a position to value their assets and liabilities at this rate, lest they risk official insolvency. Therefore, the financial sector will likely use the LBP-USD 15,000 exchange rate through the medium term, at least as long as the caretaker government's bank restructuring plan continues to take shape. Only when Circular 167 – requiring commercial banks to accurately reflect the market value of their assets and liabilities – is fully and robustly implemented will financial transparency be possible, an essential element for investment, economic growth, and a more positive global reputation.
- Despite adjustments to public sector salaries, more labor stoppages are likely this year. Wages in the public education and judicial systems are not covered by the recent adjustments and remain low, increasing the likelihood that teachers, judges, and other employees from these sectors will protest their lack of inclusion in the salary/compensation adjustments. In a worst-case scenario, all public employees will go on strike in response to marked increases in the cost of living, which in USD terms has returned to pre-crisis level, while wages have barely reached 30% to 40% of their pre-crisis USD values.
- Israeli air and artillery strikes persisted throughout February, penetrating deeper into Lebanese territory compared to previous months. Concurrently, both Hezbollah and Israel publicly assert their readiness in the event of a broader and more devastating conflict. Notably, Israeli officials have emphasized that a ceasefire in Gaza will not necessarily lead to a halt of Israeli strikes in Lebanon, and may even precipitate an escalation in Israeli attacks. During his third visit to Lebanon, US envoy Amos Hochstein unveiled a plan, aligned with a French proposal, aimed at stabilizing the situation in the south and dissociating the conflict in Lebanon from the Israeli military operation in Gaza. Prime Minister Mikati deemed the proposal, which is still under consideration, a positive step toward a ceasefire and, ultimately, the full implementation of UN Security Council Resolution 1701. However, numerous measures must be taken before citizens can safely return to communities along the border, both in Israel and Lebanon.

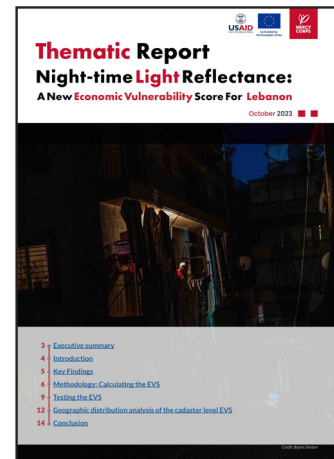
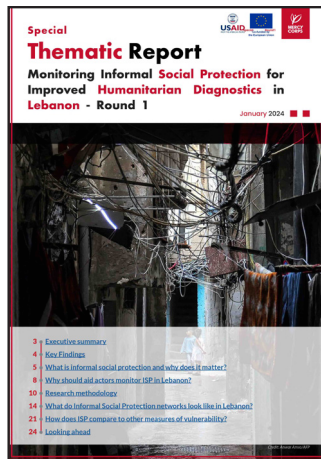




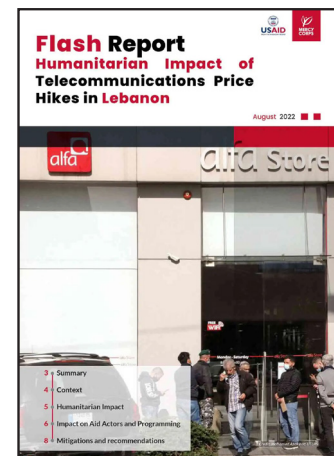
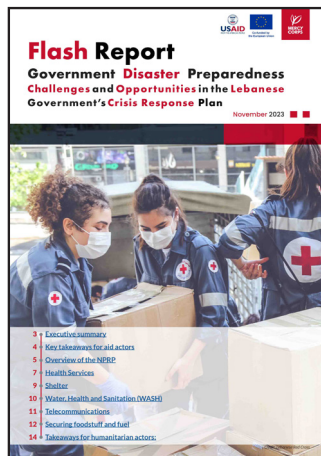
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# Contact

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**Team Lead: Crisis Analytics | Lebanon**  
[lb-lcat@mercy Corps.org](mailto:lb-lcat@mercy Corps.org)



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Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action – helping people triumph over adversity and build stronger communities from within. Now, and for the future.

