

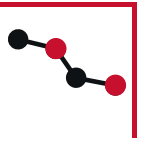
# Lebanon Crisis Update

August 2024 ■ ■



Credit: Reuters

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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.

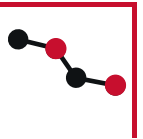
*This study/report is made possible by the support of the American People through the United States Agency for International Development (USAID) and European Union Humanitarian Aid. The contents of this report are the sole responsibility of the LCAT and do not necessarily reflect the views of USAID,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



## Key Takeaways:

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- The exchange of fire between Israel and Hezbollah on August 25 – the heaviest such exchange since October 8, 2023 – brought an end to a cycle of escalation that began in late July. Intensified Israeli airstrikes and artillery fire throughout August resulted in substantial civilian casualties, severe infrastructure damage in southern Lebanon, and the displacement of over 15,000 people. Israel also expanded its targeted assassinations to Saida for the first time.
- State electricity producer Électricité du Liban (EdL) halted nearly all production in early August due to fuel shortages at the Deir Ammar and Zahrani power plants. The near-total outage throughout most of August affected the entire country, although EdL continued to supply limited amounts of electricity to critical infrastructure, including Beirut International Airport. According to caretaker Minister of Energy and Water Walid Fayyad, “logistical” disruptions were the cause of Iraqi fuel shipment delays. The government made a spot purchase of Egyptian fuel that was offloaded on August 30, after which the Deir Ammar and Zahrani power plants came back online.
- Flour mills and bakeries expect World Bank-backed subsidies on wheat imports to end by mid-September. When they do, the exchange rate used for wheat imports will increase from 60,000 Lebanese Pounds (LBP) per 1 US dollar (USD) to the current parallel market exchange rate of LBP 89,500, which will lead to higher prices for bread and wheat-based foods and products.
- The Committee for Contract Teachers demanded higher wages, productivity bonuses, and expanded transportation allowances for teachers who are paid on an hourly basis. The committee also requested that registration fees be waived for students from South Lebanon. Meanwhile, the Private School Teachers Union announced that it will vote on taking unspecified “escalatory measures” in September, in reaction to the government not securing necessary financing for the Compensation Fund for Private School Teachers and failing to appoint the Fund’s board of directors.
- Caretaker Minister of Public Health Firass Abiad announced an increase in public health assistance for beneficiary hospitals and patients, and that the ministry will provide coverage for 50 additional medical procedures.



# 2024

## AUGUST

The World Health Organization delivers 32 tons of medical equipment to Lebanon.

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The Deir Ammar power plant in northern Lebanon shuts down due to fuel shortages.

The Zahrani power plant in South Lebanon shuts down due to fuel shortages.

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The Algerian government announces that it is donating fuel to Lebanon.

Caretaker Prime Minister Najib Mikati orders an investigation into sustained public electricity outages.

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The Executive Council of the Private School Teachers Union announces that it will vote on taking unspecified "escalatory measures" in September.

Israel forces shell the Hamoul Valley, where firefighters are working to put out a blaze.

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Hezbollah launches an attack deep into Israel, in retaliation for the strike in South Beirut on July 30 that killed Hezbollah Senior Commander Fuad Shukur and five civilians.

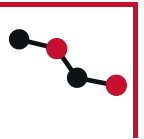
The Committee for Contract Teachers demands improved working conditions, higher hourly wages, and benefits.

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Caretaker Minister of Public Health Firass Abiad announces that the government will provide additional financial support to the public healthcare sector.



Credit: AFP

## Cross-Border Conflict:

On August 25, Hezbollah and Israel traded their heaviest fire since October 8, 2023.<sup>1</sup> The exchange ended an escalatory cycle that began on July 27, after an explosion in Majdal Shams that killed 12 children – Israel claimed the explosion was caused by a Hezbollah rocket, which Hezbollah denied<sup>2</sup> – that was followed by a retaliatory Israeli strike in southern Beirut on July 30 that killed a senior Hezbollah leader and five civilians.<sup>3</sup> Israel said that it launched its largest air raid of the conflict on August 25 – approximately 100 jets struck 40 locations in southern Lebanon – aimed at pre-empting Hezbollah’s retaliation for the south Beirut strike. Hezbollah denied that Israel successfully foiled its attack, which it claimed consisted of a barrage of 320 rockets aimed at military targets in northern Israel and a swarm of drones at bases in the center of the country. Hezbollah Secretary-General Hassan Nasrallah said that this operation concluded its retaliation to the Beirut strike.

Israeli shelling killed 21 civilians and injured at least 207 more in August, raising the death toll of non-combatants in Lebanon since October 8, 2023 to 133,<sup>4</sup> and the number of injured to 1,848.<sup>5</sup> Stepped-up Israeli artillery fire and airstrikes caused further damage to commercial property and homes in southern Lebanon and endangered the lives of emergency responders.<sup>6</sup> Israeli strikes damaged infrastructure throughout the month, including a diesel storage tank in Khiam,<sup>7</sup> an electrical facility in Taybeh,<sup>8</sup> electrical and water infrastructure in Aita al-Shaab,<sup>9</sup> and the municipality building in Kfar Kila.<sup>10</sup>

<sup>1</sup> BBC, [Israel and Hezbollah exchange heavy fire in major escalation](#) August 25, 2024;

The New York Times, [Israel Strikes Hezbollah in Lebanon and Says It Thwarted Major Attack](#) August 24, 2024;

Long War Journal, [IDF confronts major Hezbollah barrage using preemptive airstrikes](#) August 25, 2024

<sup>2</sup> Reuters, [Israel cabinet authorizes government to respond to Hezbollah rocket strike](#) July 29, 2024

<sup>3</sup> Al-Mayadeen, [Toll of Israeli attack on Beirut: 7 martyrs, including Iranian advisor](#) August 1, 2024

<sup>4</sup> LCAT logs the death of all non-combatants, noting their identities and the circumstances of their death.

<sup>5</sup> Ministry of Public Health via X (formerly Twitter), [الصحة للطوارئ التراكمي التقرير](#) July 31, 2024;

Ministry of Public Health, [الصحة للطوارئ التراكمي التقرير](#) August 20, 2024

<sup>6</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.

The location of these strikes is logged, and the geographic distribution of Israel’s strikes are analyzed daily.

Throughout August, Israel conducted 518 rounds of artillery and airstrikes within 5 kilometers of the border, its highest tally since March, when it conducted 550 rounds of artillery and airstrikes.

<sup>7</sup> L’Orient Today, [Day 322 of the Gaza war](#) August 23, 2024

<sup>8</sup> L’Orient Today, [Day 303 of the Gaza War](#) August 4, 2024;

<sup>9</sup> L’Orient Today, [Day 321 of the Gaza war](#) August 22, 2024

<sup>9</sup> NNA, [ماهول غير منزل دمرت معادية غارة](#) August 14, 2024

<sup>10</sup> NNA, [كفر كلاً بلدية مبنی، دمرت معادية غارة](#) August 6, 2024



Israeli bombardment also disrupted electricity and water networks in Hanawiyah, located 12 kilometers from the border.<sup>11</sup> According to Lebanon’s state-run National News Agency, a wave of Israeli airstrikes in Kfar Kila on August 29 destroyed an entire neighborhood.<sup>12</sup> Amid increased Israeli shelling and growing fears of the outbreak of a wide-scale war, the number of internally displaced persons (IDPs) surged from 98,750 on July 25 to 113,729 on August 27.<sup>13</sup>

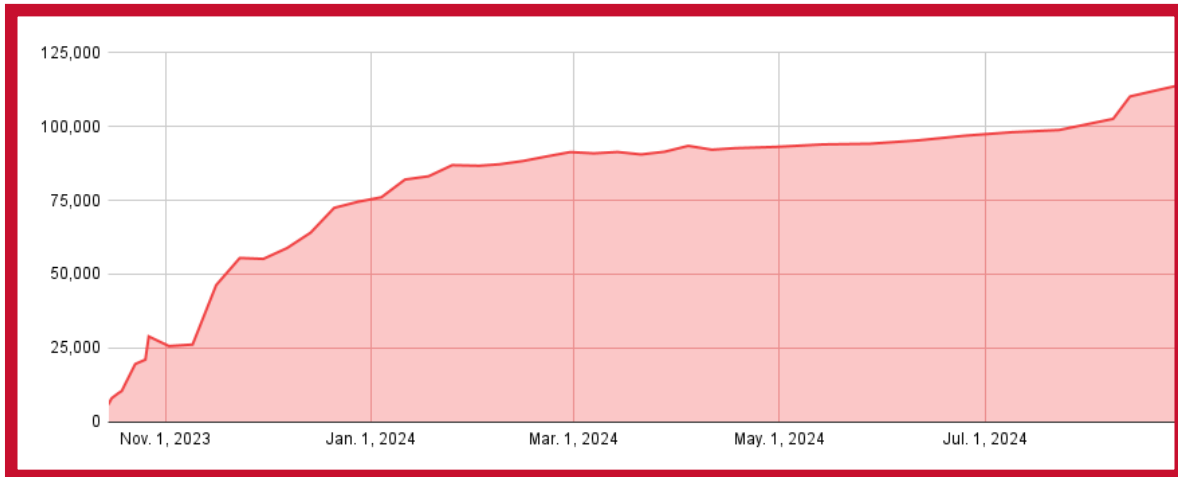


Figure 1: Number of Internally Displaced Persons reported by the International Organization for Migration.

Israel and Hezbollah continued to escalate their attacks throughout August, though without crossing the threshold into wide-scale war. For the first time, Israel expanded its targeted assassination campaign to Saida, Lebanon’s third-largest city, where it conducted three drone strikes.<sup>14</sup> Israel also carried out five rounds of airstrikes in the Bekaa Valley in eastern Lebanon.<sup>15 16</sup>

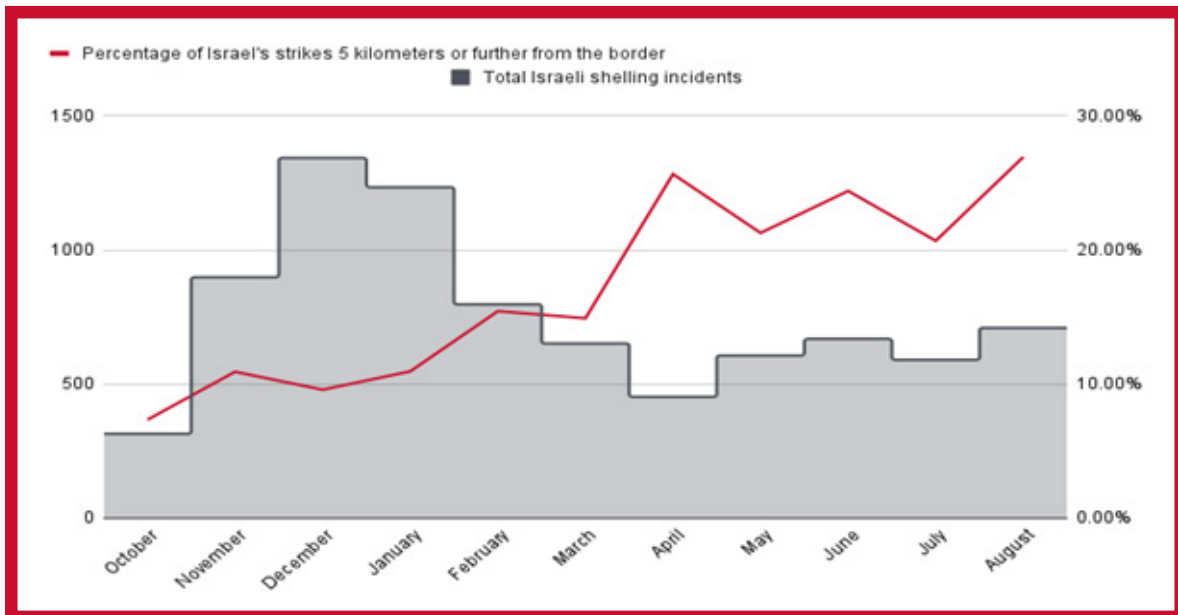


Figure 2: Percentage of Israel's strikes five kilometers or further from the border and total Israeli shelling incidents.

<sup>11</sup> NNA, [حناوييه في المنازل بعض زجاج تحطم](#) August 8, 2024

<sup>12</sup> NNA, [كفرلا بلدة العدو على غارات](#) August 29, 2024

<sup>13</sup> IOM, [Mobility Snapshot - Round 44- 29-08-2024 | Displacement Tracking Matrix](#) August 29, 2024

IOM, [Mobility Snapshot - Round 40- 25-07-2024 | Displacement Tracking Matrix](#) July 25, 2024

<sup>14</sup> NNA, [الجنوبي صيدا مدخل عند سيارة استهدفت معادية مسيرة](#) August 9, 2024;

NNA, [اسرائيلية مسيرة من غارة جراء شهيد](#) August 21, 2024;

NNA, [عبرا منطقة على اسرائيلية غارة](#) August 26, 2024

<sup>15</sup> LCAT logs reported Israeli shelling incidents, categorizing those conducted in eastern Lebanon.

<sup>16</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.

The location of these strikes are logged and the geographic distribution of Israel’s strikes are analyzed daily. Between October 2023 through July 2024, the percentage of Israeli shelling further than 5 kilometers from the border ranged from 7.33% to 25.66%.





Israel continued to use white phosphorus munitions in southern Lebanon throughout August, which started at least five fires.<sup>17</sup> On August 22, firefighters battling a blaze in the Hamoul Valley – reportedly ignited by phosphorus munitions<sup>18</sup> – were fired upon by Israeli artillery but escaped injury. Shelling and airstrikes also continued to target areas where paramedics were present, including in Blida,<sup>19</sup> Hamoul,<sup>20</sup> and Kfar Kila.<sup>21</sup> At least 20 first responders and repair personnel have been killed since October 2023.

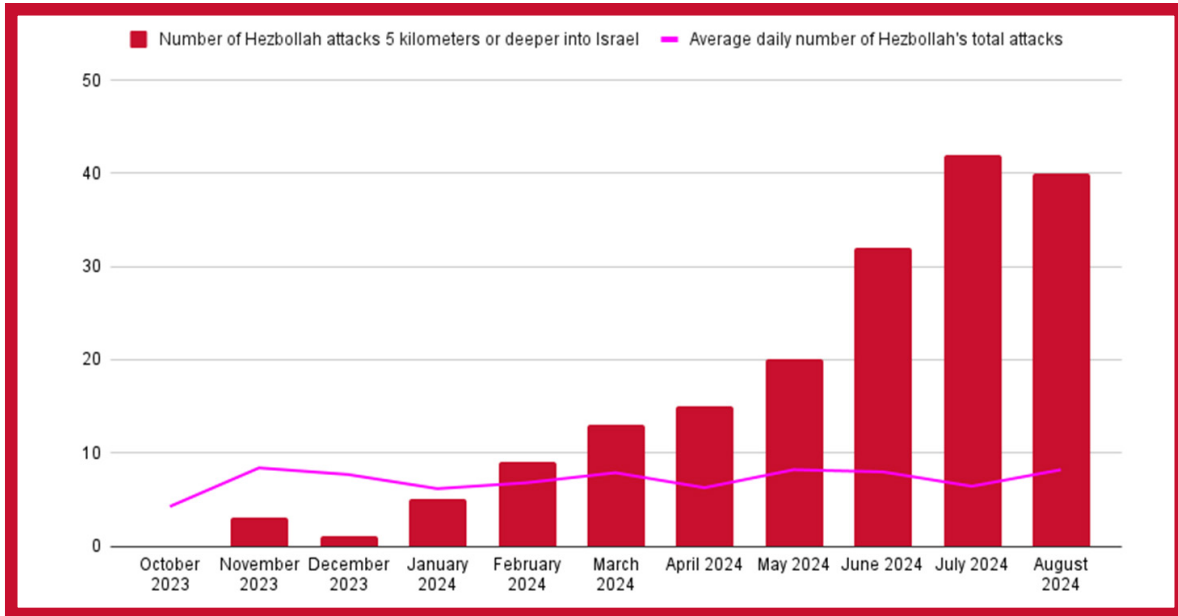


Figure 3: Number and depth of Hezbollah operations targeting areas over five kilometers into Israel.

Hezbollah maintained its tempo of rocket and drone attacks on areas further than five kilometers into Israel, the de facto line of evacuation.<sup>22</sup> On August 17, Hezbollah fired rockets at the Israeli town of Ayelet Hashahar, approximately 10 kilometers from the border, as part of its policy to strike previously untargeted Israeli towns in retaliation for the killing of civilians in southern Lebanon.<sup>23</sup>

<sup>17</sup> LCAT logs all reported strikes in Lebanon, classifying them by their type, such as a fighter jet attack, attack helicopter strike, UAV strike, artillery strike, and tank strike. LCAT logged 29 reported incidents of white phosphorus attacks in August, down from 52 in July. There were 57 such incidents in June, 42 in May, 9 each in April and March, and 7 in February. January and December were the previous peak months for white phosphorus use, with 46 and 41 reports respectively; 28 and 27 reports were logged in November and October, respectively.

<sup>18</sup> NNA, [حامول وادي في كبير حريق](#) August 22, 2024

<sup>19</sup> NNA, [بليدا مركز محيط استهدف الاسرائيلي العدو](#), August 28, 2024

<sup>20</sup> Ministry of Public Health (via NNA), [الصحة وزارة: 4 سقوط جرحى بينهم 3 جرحى سقطوا](#), August 20, 2024

<sup>21</sup> L'Orient Today, [Day 304 of the Gaza war](#) August 5, 2024

<sup>22</sup> LCAT logs all Hezbollah statements claiming responsibilities for attacks in Israel and registers their distance from the border.

<sup>23</sup> L'Orient Today, [Ten dead in Israeli strike on Kfour; Hezbollah fighter killed in attack north of Sour](#) August 17, 2024



Credit: REUTERS/Issam Abdallah

## Economic Updates:

**State electricity production largely halted in August due to fuel shortages.** On August 7, the Deir Ammar electricity plant in Northern Lebanon reported a total shutdown due to fuel shortages. Concurrently, the Zahrani electricity plant in Southern Lebanon began running at reduced capacity before ceasing operations completely on August 17.<sup>24</sup> On August 12, Minister of Energy and Water Walid Fayyad stated that “logistical delays” in Iraqi fuel shipments were the cause of the shutdown.<sup>25</sup> During the caretaker cabinet meeting on August 14, Fayyad blamed the Central Bank for delaying payments for Iraq fuel shipments and called on the parliament to enact legislation to smooth the payment authorization process for fuel procurements. The minister also requested that EdL be allowed to “borrow” fuel from other government institutions in case of emergencies.<sup>26</sup> News outlets reported on August 18 that Algeria would donate fuel to EdL to cover the period until Iraq fuel shipments could resume.<sup>27 28</sup> The next day, as the blackouts persisted, Caretaker Prime Minister Najib Mikati tasked Chairman of the Central Inspection George Atiyeh with investigating the prolonged outages.<sup>29 30</sup> On August 26, EdL announced that the Lebanese government, as part of a “one-time deal”, had purchased a spot cargo of 30,000 tons of Egyptian diesel, which was delivered on August 30. The shipment was divided between the Zahrani and Deir Ammar plants, both of which were “gradually” brought back online.<sup>32 33</sup>

<sup>24</sup> LBCI, [معمل دير عمار عن العمل بسبب نفاذ الفيول ومجموعة واحدة تعمل في معمل الزهراني بنسبة 002 ميغاوات لتأمين الكهرباء للمرافق الحيوية بانتظار وصول الفيول العراقي](#) August 7, 2024

<sup>25</sup> LBCI, [ملف الكهرباء... بحث في إمكان إيجاد حل لدفع مستحقات لبنان الدولة العراقية](#), August 12, 2024

<sup>26</sup> L'Orient Today, [The government adopts three measures to defuse the electricity crisis](#) August 14, 2024

<sup>27</sup> Reuters, [Algeria to supply Lebanon with fuel for power stations](#) August 18, 2024

<sup>28</sup> Although the Algerian fuel shipment arrived on August 27, investigators reportedly discovered that despite the high quality of the donated fuel, it was not the type used in the Deir Ammar and Zahrani power plants. The Public Procurement Authority then issued a tender to exchange the fuel, valued at USD 25 million, for other fuel types that meet the two power plants' specifications.

LBCI, [Algerian Fuel Grant to Lebanon: High Quality Confirmed Amid Speculations](#) August 31, 2024

<sup>29</sup> LBCI, [رئيس الحكومة طلب من رئيس هيئة التفتيش المركزي إجراء تحقيق فوري للانقطاع الكلي للتيار الكهربائي](#), August 19, 2024

<sup>30</sup> As part of the investigation of the power outage that began on August 7 and lasted through the end of the month, Cassation Public Prosecutor Judge Jamal Al-Hajjar questioned Fayyad and General Manager of EdL Kamal Hayek on August 21.

National News Agency, [القاضي الجار استمع الى افادة وزير الطاقة والمدير العام لمؤسسة كهرباء لبنان في ملف](#), August 21, 2024

<sup>31</sup> L'Orient Today, [EDL on the verge of returning to pre-blackout production level](#) August 26, 2024

<sup>32</sup> L'Orient Today, [EDL begins unloading Egyptian fuel, production set to increase this Friday](#) August 30, 2024

<sup>33</sup> LBCI, [ميفاتي عرض مع وزير الطاقة تطورات أزمة الكهرباء والتقى بوحبيب وشخصيات](#), August 19, 2024





Compounding the effects of fuel shipment disruptions, EdL employees went on strike on August 7, demanding the immediate disbursement of bonuses. In a statement issued on August 6, they protested Finance Minister Youssef Khalil's refusal to sign Salary Bonus Decision 13020,<sup>34</sup> which dates back to February 28, 2024.<sup>35</sup> After not attending a meeting with the employees union, Khalil announced that the ministry had approved salary bonuses for EdL employees on August 9, based on the scales specified in Decision 13020. However, the ministry did not provide any details as to how these bonuses would be disbursed.<sup>36</sup> In response to the minister's absence and a lack of assurances that the Decision would be implemented, the employees extended their strike through August 12.<sup>37</sup>

*Power outages disrupt the lives and livelihoods of Lebanese households – especially those with no access to “backup” generators – and businesses that depend on EdL-generated electricity. The countrywide outage in August forced households with access to generators to more heavily rely on privately produced electricity, which is more expensive than EdL electricity.*

*As an illustration, EdL's lowest consumption bracket (200 kWh every two months – the standard billing period) is priced at about 10 cents per kWh and the next-highest bracket (400 kWh every two months) is priced at about 27 cents per kWh. Thereafter, prices increase progressively through higher consumption brackets. By comparison, since private generators do not distinguish between consumption brackets, the power they produce is typically priced at about 39 cents per kWh for rural areas and areas located at least 700 meters above sea level, and about 35 cents per kWh for cities and areas below 700 meters. While households – especially vulnerable ones – often try to limit heavy electricity use to periods when they can access EdL power, extended state electricity outages leave households largely, if not entirely, dependent on generator power, which costs up to 75% more.<sup>38</sup>*

**On August 7, Finance Minister Khalil approved the issuance of 15 million official stamps valued at LBP 20,000 each,<sup>39</sup> but did not announce when they would be released.** Since the onset of the economic crisis in late 2019, Lebanese residents have been contending with a shortage of official stamps – a form of indirect taxation – which must be attached to official government documents to be processed. Hoarding and illegal sales of official stamps have caused their informal market price to rise in recent years.<sup>40</sup>

**On August 6, Director General of the National Social Security Fund (NSSF) Mohammed Karaki announced that LBP 28 billion will be distributed to all NSSF branches.** The exceptional disbursement will cover illness and maternal benefits, in addition to family allowances. Karaki stated that the funds should be released by year's end.<sup>41</sup>

<sup>34</sup> Decision 13020 includes salary bonuses ranging between USD 168 and USD 280 depending on the employee's position.

L'Orient Today, [Public sector bonuses re-instated, with conditions, to end strike](#) March 21, 2024

<sup>35</sup> National News Agency, [نقابة عمال ومستخدمي كهرباء لبنان: اضراب تحذيري غدا](#) August 6, 2024

<sup>36</sup> L'Orient Today, [Caretaker finance minister will pay productivity bonuses to EdL employees](#) August 9, 2024

<sup>37</sup> National News Agency, [نقابة عمال ومستخدمي مؤسسة كهرباء لبنان: الاستمرار في الاضراب لغاية نهار الاثنين المقبل](#) August 7, 2024

<sup>38</sup> Official private generator prices are taken from the [Ministry of Energy and Water website](#).

<sup>39</sup> National News Agency, [قرار بوضع 51 مليون طابع مالي من فئة العشرين ألف ليرة في التداول لطرحتها في الاسواق](#) August 7, 2024

<sup>40</sup> Mercy Corps Lebanon, [May Crisis Update](#) June 7, 2024

<sup>41</sup> National News Agency, [كركي: 62 مليار ل.ل. سلفات مالية استثنائية لمكاتب الصندوق](#) August 7, 2024



**On August 12, the government reportedly signed a bill to tax individuals and entities who repaid LBP-denominated loans at advantageous exchange rates.**<sup>42</sup> The bill, which was put forward by the Ministry of Finance, treats the discrepancy between these rates as income that should be taxed at 17% for corporate entities, and between 4% and 25% for individuals, depending on which tax bracket applies to them.<sup>43</sup> The legislation does not apply to real estate and consumer loans below USD 100,000. Revenues generated from this tax will become part of the “deposit recovery fund”, the goal of which will be to partially free up trapped savings at commercial banks.<sup>44</sup>

**On August 14, Syndicate of Owners of Travel and Tourism Agencies President Jean Abboud announced that the tourism sector has incurred significant losses this summer.** Abboud stressed that tourism activity is off by more than 70% compared to 2023, and that daily arrivals in August at Beirut International Airport fell short of initial expectations.<sup>45</sup> Restaurant bookings decreased by nearly half, while hotel occupancy rates failed to surpass 25% in July.<sup>46</sup> Service sector industries are heavily dependent on foreign currency influxes from tourists and employ low-income labor, who stand to be negatively affected by the depressed tourism season. Many service sector employees will either see their working hours reduced or lose their jobs altogether.

**World-Bank-backed subsidies on wheat imports are expected to end by mid-September.**<sup>47</sup> The World Bank loan enables importers to purchase wheat with foreign currency exchanged at a discounted rate of LBP/USD 60,000.<sup>48</sup> Without the subsidy, mills must source dollars at the parallel market exchange rate of LBP/USD 89,500. On August 20, Mill Owners Association President Ahmed Hoteit announced that bread prices might increase within a month.

*Bread price increases will hit the poorest households the hardest, since they consume up to two bags of “Arabic Bread” per day to meet their baseline nutrition needs.<sup>49 50</sup> At LBP 70,000 to LBP 75,000 per bag, low-income households spend about LBP 4.5 million – equivalent to USD 50 at the parallel market exchange rate – to secure a month’s supply of bread. This represents 25% of the current minimum wage of LBP 18 million (about USD 200). By mid-September, as subsidized wheat reserves run out, the president of the Mill Owners Association expects the price of a bag of Arabic Bread to increase by LBP 5,000 to 6,000.<sup>51</sup> This constitutes an 8% increase in the price of bread compared to the 33% increase in the wheat import dollar’s exchange rate. Other bread input costs should remain constant, hence the sharp discrepancy between the percentages.*

<sup>42</sup> Throughout the economic crisis that began in October 2019, some borrowers repaid loans at “advantageous exchange rates”, i.e. they repaid them in LBP on the LBP 1,500 exchange rate, or other official rates, at a time when the parallel market exchange rate was higher.

L’Orient Today, [The government wants to make those who repaid large loans by taking advantage of the crisis pay](#) August 23, 2024

<sup>43</sup> Mercy Corps Lebanon, [Lebanon’s 2024 Budget: Austerity and Regressive Taxes](#) May 23, 2024

<sup>44</sup> The “deposit recovery fund” is reportedly being developed by the Lebanese government and its advisors as part of efforts to restructure commercial banks and free up trapped deposits. Details about the composition of the fund are unclear. Leaks and reports indicate that the fund will be utilized to “return” a percentage of each deposit (44% on average across all deposit categories). This could take the form of monthly payments, long-term government bonds with 11 to 30-year maturity rates, or the issuance of corporate shares from a depositor’s bank, depending on the size of the deposit. According to the broad contours of the plan, refunds will be issued in both LBP and USD, at a hitherto unspecified exchanged rate.

L’Orient Today, [Blocked deposits: New draft plan proposes partial restitution over 11 to 30 years](#) August 21, 2024;

L’Orient Today, [Karim Daher: Allocating existing taxes to the reimbursement of deposits does not amount to punishing taxpayers](#) September 2, 2024

<sup>45</sup> National News Agency, [07% عيود يكشف عن انخفاض أعمال قطاع السياحة والسفر](#) August 14, 2024

<sup>46</sup> L’Orient Today, [Visitors forced to leave Lebanon amid regional tension](#) August 1, 2024

<sup>47</sup> The wheat supply emergency response project by the World Bank was launched in February 2023. It consists of a USD 150 million loan for the Lebanese Ministry of Economy and Trade to subsidize wheat imports.

World Bank Group, [Lebanon: Wheat supply emergency response project](#)

L’Orient Today, [Bakers’ union warned of imminent removal of bread subsidies](#) August 12, 2024

<sup>48</sup> National News Agency, [نقيب اصحاب الاقران في النقا: دولة الخبز كارثة على المواطن](#) August 12, 2024

<sup>49</sup> Save The Children, [Months’ worth of bread costs 44% of minimum wage, as families cut back on basic food](#) August 27, 2021

<sup>51</sup> L’Orient Today, [Lebanon to remove bread subsidy, slight price increase expected](#) August 20, 2024



**On August 29, the group Depositors' Outcry organized a demonstration against commercial banks in downtown Beirut and Dora, demanding access to trapped deposits.** Some 200 protestors participated in the sit-in, including "Change" MPs Najat Saliba and Melhem Khalaf and Minister of the Displaced Issam Charafeddine. About 50 protestors then moved on to Dora where they vandalized branches of commercial banks and their ATMs.<sup>52</sup>

**The consumer price index (CPI) increased by 1.97% in July, while the year-on-year CPI increase fell from 41.78% in June to 35.57% in July.** According to CPI data compiled by the Central Administration of Statistics, prices increased in July by 3.03% in Bekaa, 2.64% in Beirut, 2.18% in North Lebanon, 1.91% in Mount Lebanon, 0.79% in South Lebanon, and 0.51% in Nabatieh. July's CPI increase was primarily due to healthcare costs rising by 17.33% across Lebanon.<sup>53</sup>

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<sup>52</sup> L'Orient Today, ['We destroyed and burned five banks in Dora,' says Depositors' Outcry](#). August 29, 2024

<sup>53</sup> Central Administration of Statistics (CAS), [Consumer Price Index – CPI July 2024](#)



## Political Updates:

On August 14, the caretaker Cabinet endorsed a plan to recruit 6,000 personnel into the Lebanese Armed Forces (LAF).<sup>54</sup> Full implementation of the plan is contingent on “political approval” and aims to bolster the LAF’s ranks amid an escalation in the cross-border conflict. Newly recruited soldiers will be tasked with facilitating the return of IDPs to South Lebanon and support the implementation of UN Security Council Resolution (UNSCR) 1701 once the conflict ends. The plan calls for three phases of recruitment, with 2,000 soldiers being trained and equipped in each phase. In the immediate term, the cabinet gave its preliminary approval to recruit 1,500 personnel.<sup>55</sup>

<sup>54</sup> Council of Ministers, [الموافقة المبدئية على تطويع ٦٠٠٠ عنصر لصالح الجيش اللبناني](#) August 14, 2024

<sup>55</sup> LBCI, [Cabinet grants initial approval for 1,500 new recruits in the Lebanese Army](#) August 14, 2024





## Access to Services:

On August 27, the Committee for Contract Teachers<sup>56</sup> demanded that hourly wages and benefits be increased before the start of the school year, including expanding transportation allowances.<sup>57</sup> The committee called for increasing contract teachers' hourly wages to LBP 600,000 for primary teachers and LBP 900,000 for secondary teachers, increasing the productivity allowance<sup>58</sup> to at least USD 600, and amending transportation payments to cover every working day. On August 26, the committee called for registration fees to be waived for students from South Lebanon, demanded that the government implement emergency education plans and decrees to guarantee contracts for teachers it represents, and ensure that all students affected by the cross-border conflict can access education.<sup>59</sup>

The Private School Teachers Union announced plans to vote in September on "escalatory measures" if the government does not take action to shore up management of the group's pension fund.<sup>60</sup> The union did not detail which measures they might take, though it did announce that the school year could be compromised if teachers' demands remained unmet. The union has repeatedly called on caretaker Prime Minister Najib Mikati and caretaker Minister of Education Abbas Al Halabi to appoint a new board of directors for the fund, approve related funding laws, and authorize disbursement increases for retirees ahead of the academic year.<sup>61</sup>

<sup>56</sup> The Committee for Contract Teachers advocates for the rights and improved working conditions of public school employees who are remunerated on an hourly rate.

<sup>57</sup> NNA, *لجنتا المتعاقدين في الأساسي والثانوي: العام الدراسي يشارف على البدء وعلى وزارة التربية وعي أهمية مطالبنا*, August 27, 2024

<sup>58</sup> The productivity allowance is a supplemental "performance-based" cash bonus.

<sup>59</sup> NNA, *جراك المعلمين المتعاقدين ثمن جهود وزير التربية في موضوع بدل الانتاجية: لإعفاء طلاب الجنوب من رسوم التسجيل*, August 26, 2024

<sup>60</sup> The fund finances end-of-service benefits and pension disbursements for retired tenured faculty members. Tenured teaching staff must contribute 6% of their monthly salary to the fund, while schools are required to contribute an additional 6%, which is based on the total salaries of all tenured faculty. Enrollment in the compensation fund is mandatory for all eligible individuals.

<sup>61</sup> NNA, *نقابة المعلمين لوّجت بالتحرك في حال عدم انصاف متقاعدي التعليم الخاص*, August 19, 2024





**On August 28, caretaker Minister of Health Firass Abiad announced that the Ministry of Public Health will boost funding to hospitals and patients benefiting from public healthcare.** The plan, which takes effect in September, includes supplementary coverage increases for beneficiary patients and hospitals,<sup>62</sup> physician compensation,<sup>63</sup> and expanded coverage to include nearly 50 additional medical procedures.<sup>64</sup> The minister also announced the implementation of a digital invoicing system to accelerate payment processing.

**The World Health Organization shipped 32 tons of medical supplies to Lebanon on August 5, including 1,000 trauma kits for treating conflict-related injuries.** Caretaker Minister of Health Abiad stated that the supplies will be distributed to hospitals and healthcare facilities across Lebanon, prioritizing areas most likely to treat patients affected by the cross-border conflict.<sup>65</sup>

<sup>62</sup> Hospital funding cap increases apply to hospitals that have depleted their existing cap. Abiad also warned that hospitals which have not spent their allocated funds - thus depriving Lebanese citizens of that service - will not receive the same amount of funding in the future.

<sup>63</sup> The Ministry of Public Health will increase physician fee allowances to LBP 450,000 per medical procedure or service, effective September 1.

<sup>64</sup> MoPH, [Abiad: The Decisions To Increase Coverage Will Make A Difference](#) August 28, 2024

<sup>65</sup> NNA, [الايض تسلم مساعدات طبية من منظمة الصحة العالمية: علينا أن نكون على أكبر قدر من الجهوزية أبو بكر: هدفنا تعزيز القطاع الصحي خلال الأزمات](#), August 5, 2024



## Looking Forward:

- While Hezbollah and Israel have brought to a close their most dangerous escalatory cycle yet, the belligerents remain locked in a tense situation in which further escalations are likely. On August 26, Israeli Military Chief of Staff Herzi Halevi said that his country would continue to assassinate top Hezbollah commanders and target the organization's assets.<sup>66</sup> Doing so – especially if they expand to the greater Beirut area – would spur new escalatory cycles. For its part, Hezbollah is expected to continue launching rocket barrages and drone attacks on non-evacuated areas of northern Israel at the same volume as in the past two months and could even expand its campaign. Any Hezbollah attack that causes civilian casualties should be expected to incur severe Israeli retaliation.
- Low EdL bill collection rates, dilapidated electricity infrastructure, reliance on limited sources of fuel, and the recent power outage are signs that the public electricity sector will continue to struggle in the immediate and medium term. Future outages should be expected, especially as EdL is heavily dependent on Iraqi fuel to supply its plants. Future delays in securing fuel might result in extended power outages, disrupting vital public institutions without adequate backups, such as public schools and hospitals that are unable to pay for private generators.<sup>67 68</sup>
- The upcoming academic year will undoubtedly be very challenging for internally displaced students and the schools hosting them. More than 70 schools have closed, as displacement rates in South Lebanon rise amid escalations in the cross-border conflict. Notably, some 35% of IDPs are under the age of 18,<sup>69</sup> and school systems in host communities will struggle to secure the required educational resources to accommodate them. Displaced students have already reported disruptions to their education and 40% of internally displaced students in shelters stated that they have not taken part in any educational activities.<sup>70</sup> Frequent power outages, limited and slow internet access, and poor digital literacy pose significant barriers to online learning, rendering this alternative medium impractical to many. Labor issues also threaten to upend the school year for displaced and non-displaced students alike, particularly as the government has not addressed the concerns and demands of educator unions and committees. This places young IDPs in a precarious position, one in which they are more at risk of dropping out of school and suffering mental health complications, thus compromising their future employment opportunities.
- The medium- and long-term effects on food prices of removing the World Bank-backed wheat import subsidy are uncertain. Absent the implementation of new subsidies or the Ministry of Economy and Trade imposing official price ceilings, bread prices will steadily inflate alongside other goods in the food Survival Minimum Expenditure basket (food SMEB). Bread prices may rise after mid-September, when the wheat reserve that was purchased using the World Bank loan could run out and/or be supplemented by non-subsidized grain purchases. Depending on the government's approach, this increase could be gradual or steep.

<sup>66</sup> Times of Israel, [Halevi hosts US army chief Brown in north: Gallant says must be ready to thwart Iran nukes](#) August 27, 2024

<sup>67</sup> L'Orient Today, [Another blackout: How did Lebanon get here?](#) August 22, 2024

<sup>68</sup> Al Anba, [خبير معني لـ «الانباء»: تشجيع الاستثمار الخاص بما يسهم في تحسين قطاع الكهرباء](#) August 20, 2024

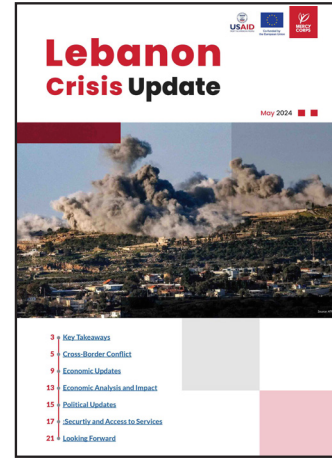
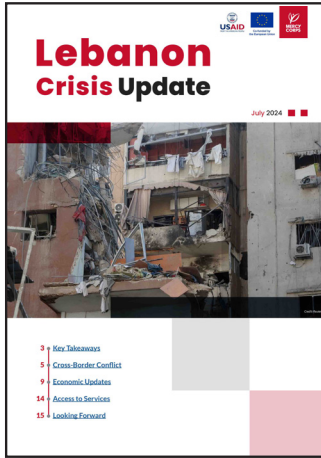
<sup>69</sup> UNICEF, [Children in Lebanon pay heavy price amid intensifying conflict in the south and compounding national crises April](#) 30, 2024;

IOM, [Mobility Snapshot - Round 44- 29-08-2024 | Displacement Tracking Matrix](#) August 29, 2024

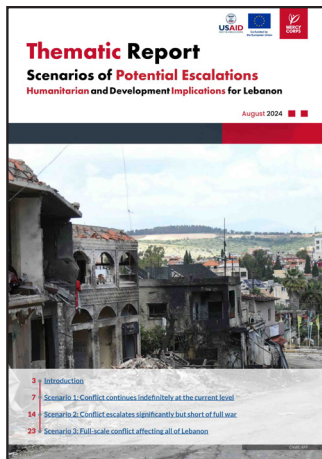
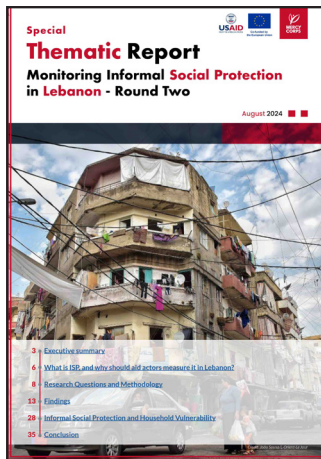
<sup>70</sup> UNICEF Lebanon, [Humanitarian Situation Report: Escalation of Hostilities \(Reporting Period: 9 October 2023 – 30 June 2024\)](#) August 8, 2024



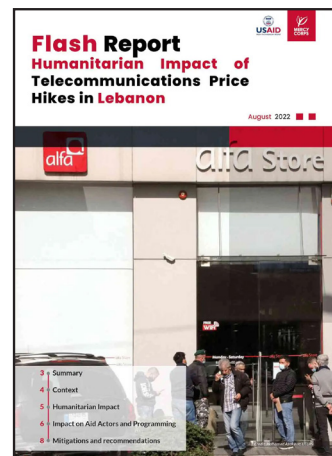
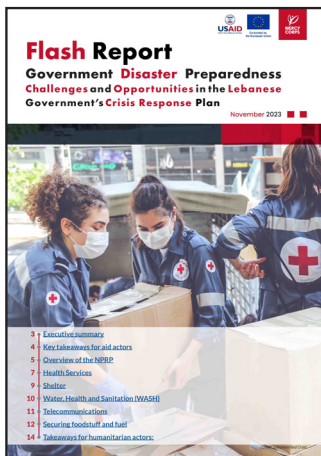
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## ABOUT MERCY CORPS

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