

# Lebanon at War

## Crisis Update

December 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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- Since agreeing to the Cessation of Hostilities (CoH) on November 27, Israel has conducted extensive military operations across southern Lebanon, including over 88 artillery strikes, 92 airstrikes – 42 of which targeted areas north of the Litani River – and numerous small arms attacks. These actions have killed at least 36 and injured 49. Property destruction has also escalated, with Israeli forces demolishing neighborhoods in several southern Lebanese towns, including Kfar Kila and Naqoura. Lebanon has formally accused Israel of 816 violations of the CoH, including offensive military actions, airstrikes, and road blockages. Despite calls for withdrawal, Israeli troops remain in several areas and have deployed to strategic locations (such as Naqoura and the Wadi Saluki) as they continue their campaign to destroy alleged Hezbollah infrastructure.
- Israel has imposed a 7-kilometer-wide exclusion zone along Lebanon’s southern border, which blocks access to numerous towns and prevents some 65,000 internally displaced persons (IDPs) from returning home. Returning residents must contend with widespread property damage (nearly 100,000 housing units have reportedly been damaged or destroyed), disrupted services, and the threat of unexploded ordnance. The Lebanese government and Hezbollah have begun to clear the rubble and assess the damage, but the scale of destruction presents significant long-term challenges.
- Since the overthrow of Bashar al-Assad’s government by Hay’at Tahrir al-Sham (HTS) and allied forces on December 8, nearly 90,000 people, including 20,000 Lebanese citizens, have fled to Lebanon’s Baalbek-Hermel Governorate. Due to a shortage of public shelters, most displaced individuals are seeking informal shelter within local communities, with 17,000 in Baalbek alone relying on religious centers and relatives. Lebanon’s government has committed to aiding Lebanese returnees but refuses to establish new camps for Syrian refugees, some of whom have been detained and repatriated since December 8. Tensions along the Lebanese-Syrian border, including a January 3 exchange of fire that injured four Lebanese soldiers, are indicative of ongoing instability.
- On January 9, Lebanon’s 13th attempt to elect a president proved successful. Unlike the previous attempts, parliamentary quorum was maintained in the second round, during which Lebanese Armed Forces (LAF) Commander-in-Chief Joseph Aoun received 99 votes. Opposition MPs argued that Aoun should not assume the office without amending Article 49 of the Constitution, which prohibits grade-one civil servants from assuming the presidency until two years after leaving their position.
- As of December 7, the telecommunications sector had incurred an estimated 117 million US dollars (USD) in conflict-related damage. While services have resumed in parts of southern Lebanon and the southern suburbs of Beirut, many regions are still contending with limited or no connectivity. Similarly, although the South Lebanon Water Establishment (SLWE) is working with the United Nations Children’s Fund (UNICEF) and the International Committee of the Red Cross (ICRC) to restore water supply to southern towns, funding constraints and systemic challenges hinder progress, particularly given acute water shortages in the Mount Lebanon Governorate due to reduced rainfall. In the electricity sector, limited restoration of service in Nabatieh and Bint Jbeil highlights the sector’s chronic underperformance, with much of the population still reliant on private generators. Reconstruction efforts, including debris removal, are underway, though these measures are hampered by a lack of resources.

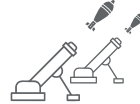


# 2024

## DECEMBER

Hezbollah launches two mortar rounds into the disputed Shebaa Farms

2



6

The Israeli military bombs crossing points, both official and unofficial, along the Lebanon-Syria border in northeast Lebanon

The Ministry of Energy and Water grants a license to Norwegian firm TGS to survey Block 8 of Lebanon's Exclusive Economic Zone for natural gas deposits

10



11

Israeli forces withdraw from the southern Lebanon town of Kham

The Ministry of Public Works allocates 2.3 trillion Lebanese pounds for reconstruction work and debris removal in South Lebanon and Beirut's southern suburbs

17



19

Ahmed al-Sharaa, the leader of Syria's transitional government, emphasizes his commitment to mutual respect and non-interference in Lebanon's internal affairs

The Central Bank increases January withdrawal limits for Circular 158 and 166 beneficiaries

24



## JANUARY



9

Lebanese Armed Forces Commander-in-Chief Joseph Aoun is elected as president



Source: Lebanese Army Command - Directorate of Orientation

# Conflict Updates :

## Cessation of Hostilities

Despite the CoH coming into effect on November 27, Israel has continued its military operations as part of its campaign to force Hezbollah north of the Litani River and enable residents displaced from northern Israel to return home. While the US-brokered CoH forbids Israel from conducting “offensive” military actions in Lebanon,<sup>1</sup> Washington provided undisclosed guarantees that give Israel considerable latitude to target alleged Hezbollah military infrastructure south of the Litani.<sup>2</sup> As of January 6, Israeli artillery and tanks have shelled Lebanese territory – mostly south of the Litani – at least 88 times, while Israeli troops have opened small arms fire at least 80 times. In addition, Israel has carried out at least 92 airstrikes, 42 of them north of the Litani.<sup>3</sup> The reported US guarantees also empower Israel to act against perceived Hezbollah threats north of the Litani – in consultation with Washington – if the LAF are incapable of addressing them.<sup>4</sup> Since the start of the CoH, Israeli military actions have killed at least 36 people and injured another 49,<sup>5</sup> or roughly half the total casualties incurred between October 8, 2023 and mid-September 2024,<sup>6</sup> when Israel escalated its military campaign.

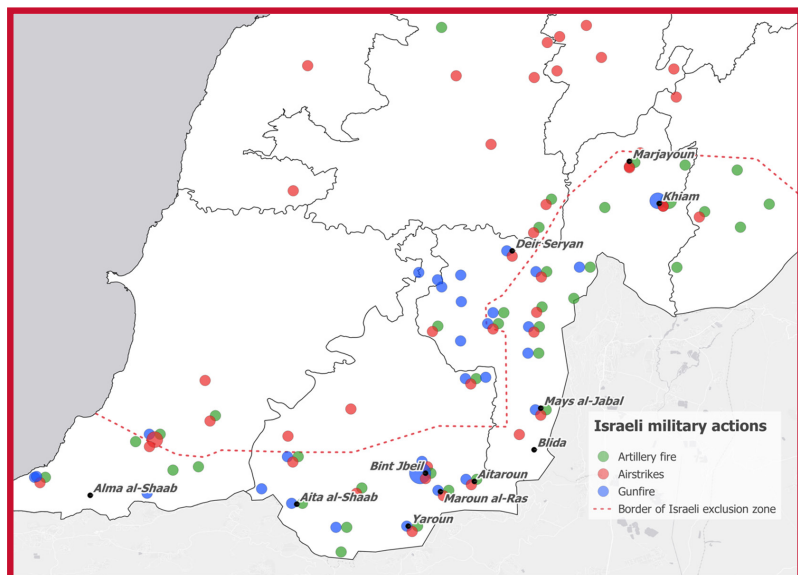


Figure 1: Israeli military actions in southern Lebanon from the start of the CoH on November 27 through January 6, as logged by LCAT.

<sup>1</sup> The National, [Revealed: Full text of the Israel-Hezbollah ceasefire agreement](#) November 27, 2024

<sup>2</sup> Ynet News, [Cease-fire in Lebanon began at 4 a.m.](#) November 26, 2024;

Axios, [Israel and Lebanon agree on a ceasefire](#) November 26, 2024

<sup>3</sup> LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon’s National News Agency, *L’Orient Today*, and *Al-Mayadeen*.

<sup>4</sup> Axios, [Israel and Lebanon agree on a ceasefire](#) November 26, 2024

<sup>5</sup> LCAT logs all reports of deaths and injuries caused by Israeli military actions since the start of the CoH.

<sup>6</sup> Lebanon’s Ministry of Public Health registered 610 deaths from October 8, 2023 through September 15, 2024, or an average of 1.78 fatalities per day. NNA, [الحصيلة الإجمالية منذ 8 أكتوبر: 1640 شهيدا و8408 جرحى](#) September 28, 2024



The success of the CoH depends on the LAF's ability to deploy south of the Litani and dismantle Hezbollah's military infrastructure, and Israel withdrawing its troops by January 26. As of the date of publication, the Israeli military has withdrawn only from Khiam, in the eastern sector of the border region, on December 11,<sup>7</sup> and from Shamaa and Naqoura, in the western sector, on December 31 and January 6.<sup>8</sup> Elsewhere, the Israeli military has not only delayed its expected withdrawals – including in the southern and eastern outskirts of Khiam<sup>9</sup> – but also deployed troops to areas it had not entered during the ground invasion. These include Naqoura,<sup>10</sup> where the United Nations Interim Force in Lebanon (UNIFIL) is headquartered; Wadi Saluki,<sup>11</sup> which was the site of intense battles in the 2006 War; and the town of Qantara near the Litani River.<sup>12</sup>

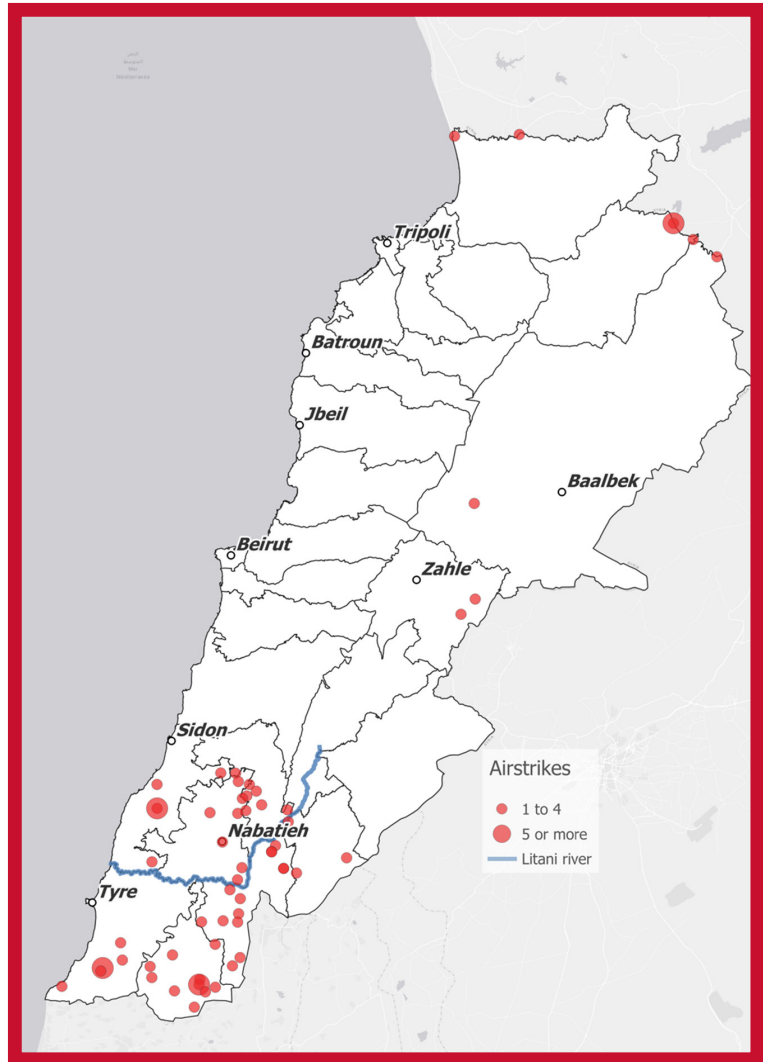


Figure 2: Israeli airstrikes in Lebanon from the start of the CoH on November 27 through January 6, as logged by LCAT.

Since the CoH came into effect, Israeli troops in southern Lebanon have conducted controlled demolitions of entire neighborhoods – including in Kfar Kila and Shamaa – bulldozing structures and setting buildings on fire.<sup>13</sup> From November 27 through January 6, Israel destroyed property at least 136 times in 31 localities along the border,<sup>14</sup> including 35% of the structures in Naqoura, according to a local official.<sup>15</sup> Israel has also continued to destroy agricultural property, including a seed propagation facility in Wadi Hujeir funded by the World Food Program, which Lebanon's Ministry of Agriculture said was vital for supporting local farmers.<sup>16</sup>

<sup>7</sup> Reuters, [US general monitors first withdrawal of Israeli troops from Lebanon](#) December 11, 2024

<sup>8</sup> Lebanese Armed Forces, [تمركز وحدات الجيش حول بلدة شمع](#) December 31, 2024;

Lebanese Armed Forces, [تمركز وحدات الجيش حول بلدة الناقورة](#) January 6, 2025

<sup>9</sup> Al-Akhbar, [انحسار احتلال الناقورة وميفاتي وعون في مرجعيون](#) December 23, 2024;

Al-Manar, [مماطلة اسرائيلية أخرت دخول الجيش اللبناني](#) December 18, 2024

<sup>10</sup> L'Orient Today, [Despite the cease-fire, south Lebanon residents are watching their villages be destroyed](#) December 20, 2024

<sup>11</sup> NNA, [قوات العدو تمشط الأودية الواقعة بين قريخا والغندورية](#) December 20, 2024;

NNA, [سكان من القنطرة وصلوا الى الغندورية](#) December 26, 2024

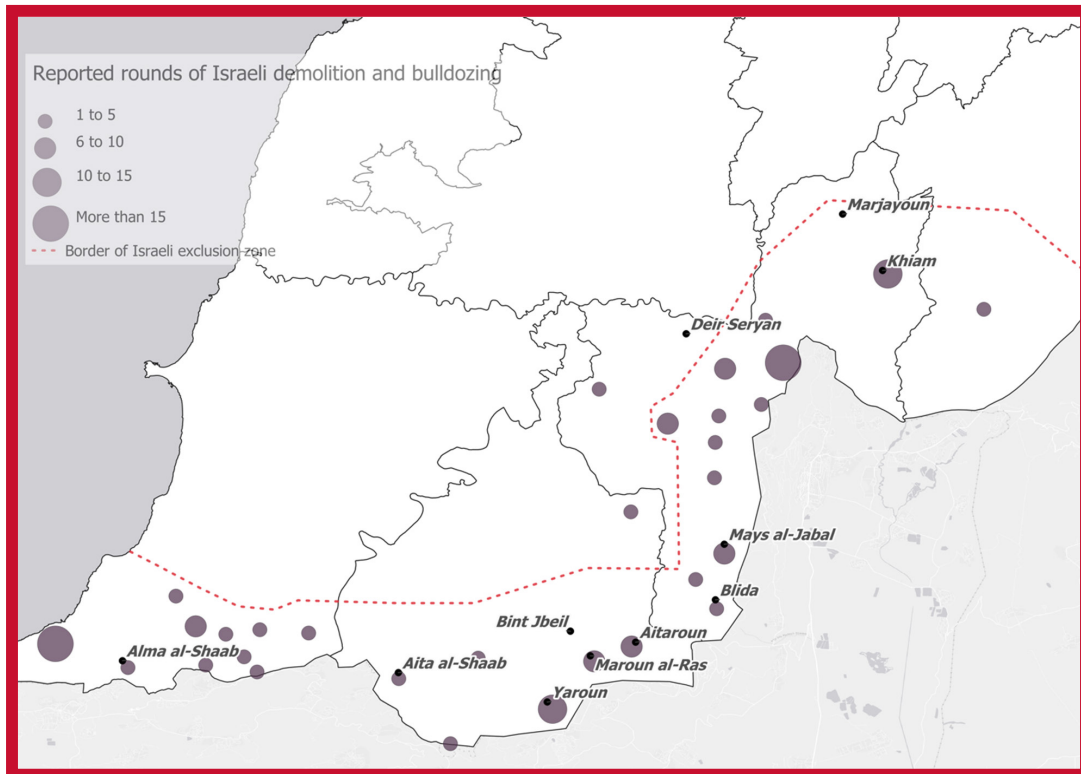
<sup>12</sup> Lebanese Armed Forces, [توغل قوات تابعة للعدو الإسرائيلي](#) December 28, 2024

<sup>13</sup> LCAT logs all incidents of Israeli property destruction reported by the National News Agency, L'Orient Today, and Al-Mayadeen.

<sup>14</sup> Ibid.

<sup>15</sup> L'Orient Today, [Despite the cease-fire, south Lebanon residents are watching their villages be destroyed](#) December 20, 2024

<sup>16</sup> NNA, [وزارة الزراعة: الاعتداءات الإسرائيلية المستمرة على القطاع الزراعي](#) December 28, 2024



**Figure 3:** Israeli demolitions and bulldozing of property since the start of the CoH on November 27 through December 9, as logged by LCAT.

On December 24, Lebanon filed a formal complaint with the UN Security Council, accusing Tel Aviv of 816 violations of the CoH, including offensive military actions, military overflights, and roadblocks.<sup>17</sup> The committee established to monitor the CoH – chaired by the United States (US) and comprising representatives of France, UNIFIL, Lebanon, and Israel<sup>18</sup> – has yet to issue a formal statement concerning Israel’s violations. On December 23, UNIFIL called for the Israeli military’s speedily withdrawal from southern Lebanon.<sup>19</sup> Three days later, the LAF stated that the monitoring committee had helped facilitate the withdrawal of Israeli troops from Wadi Hujeir, after they had moved into the area for the first time.<sup>20</sup> On January 2, Israel claimed it had relayed a request for the LAF to destroy medium-range rocket launchers in Iqlim al-Tuffah, which was not acted upon. Israel then launched airstrikes against the alleged Hezbollah infrastructure.<sup>21</sup> The LAF responded to the allegations, with a source telling local media that no such request had been made, while UNIFIL said it was unaware of the matter.<sup>22</sup>

On a single occasion, Hezbollah retaliated against Israel’s military actions, firing two mortar rounds on December 2 in the contested Shebaa Farms area claimed by Lebanon, Israel, and Syria.<sup>23</sup> Israel responded with 12 airstrikes, including one that destroyed a house in Haris, killing 6 people.<sup>24</sup> Hezbollah representatives have since said the organization wants to give the 60-day CoH an opportunity to succeed and does not want to hand Israel a pretext to keep its troops in southern Lebanon.<sup>25</sup>

<sup>17</sup> El-Nashra, [وزارة الخارجية قدمت شكوى لمجلس الأمن](#) December 24, 2024

<sup>18</sup> US Central Command, [MG Jasper Jeffers arrives in Beirut to Serve as Co-Chair](#) November 29, 2024

<sup>19</sup> UNIFIL, [UNIFIL statement](#) December 23, 2024

<sup>20</sup> L’Orient Today, [Israel withdraws from Wadi Hujeir after monitoring committee contacts](#) December 27, 2024

<sup>21</sup> Times of Israel, [IDF says jets hit Hezbollah rocket launchers in south Lebanon](#) January 2, 2025

<sup>22</sup> L’Orient Today, [Lebanese Army source denies Israeli allegations of pre-airstrike request](#) January 4, 2025

<sup>23</sup> Times of Israel, [IDF launches wave of strikes in Lebanon](#) December 2, 2024;

L’Orient Today, [To whom do Shebaa Farms belong?](#) January 24, 2024

<sup>24</sup> LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon’s National News Agency, *L’Orient Today*, and Al-Mayadeen;

NNA, [حاريس على للغارة محدثة حصيلة](#) December 3, 2024

<sup>25</sup> Al-Manar, [الشيخ نعيم قاسم: صيرنا قد ينفذ قبل الـ 60 يوما](#) January 6, 2025



## Barriers to Return

Israel is implementing a policy of preventing IDPs from returning to areas along the border during the CoH's 60-day transitional phase. Since November 27, the Israeli military has regularly publicized a map of an exclusion zone, extending seven kilometers from the border, that is off-limits to displaced residents.<sup>26</sup> Israel has responded to perceived Hezbollah infractions within the exclusion zone with gunfire, tank and artillery fire, and unmanned aerial vehicle (UAV) strikes.<sup>27</sup> On November 27, the LAF instructed displaced residents from towns and villages where Israeli forces were present to delay their return until Israel's withdrawal is complete.<sup>28</sup>

Even after Israel withdrew from Khiam on December 12 – one of the few areas where Israeli troops were present at the start of the CoH and had pulled back – Tel Aviv has continued to include the town in maps of the exclusion zone.<sup>29</sup> A day after withdrawing from Khiam, the Israeli military conducted a UAV strike in the town, killing two.<sup>30</sup> The exclusion zone also encompasses towns Israel had not entered during its ground invasion, such as Bint Jbeil, where limited returns of displaced residents have been reported.<sup>31</sup> Israeli troops have directed small arms fire toward Bint Jbeil regularly since the CoH came into effect, wounding at least two people.<sup>32</sup> Based on an analysis of International Organization for Migration (IOM) displacement figures from before the escalation of the conflict in mid-September, LCAT estimates that at least 65,000 Lebanese are unable to return to their homes in the exclusion zone.<sup>33</sup> As of the end of 2024, 123,774 people were still displaced, including IDPs from the southern suburbs of Beirut and eastern Lebanon.<sup>34</sup> Of these, 4,370 are seeking refuge in 42 collective shelters.<sup>35</sup>

Returning IDPs face significant challenges, including widespread property damage, disruptions to public services, and unexploded ordnance. Israel's heavy bombardment of southern Lebanon, the Bekaa valley, and Beirut's southern suburbs has destroyed property on a massive scale – according to a preliminary World Bank assessment, at least 99,000 housing units have been damaged or destroyed.<sup>36</sup> The final figure will likely be substantially higher. The LCAT [Assessment of Damages Report](#) estimates that 14,916 buildings have been damaged or destroyed in the Bint Jbeil district alone. According to LCAT's assessment of nationwide building damage, at least 139,716 structures have been damaged or destroyed, accounting for 40,877,684 m<sup>2</sup> of building space. Using the most conservative rebuild rate (USD 350 per m<sup>2</sup>), the total reconstruction cost would be USD 14.3 billion. This number is likely on the high side since not all homes need to be rebuilt, but may instead only require repairs. Therefore, assuming a 50/50 split between damaged and destroyed buildings and a repair rate of USD 150 per m<sup>2</sup> for damaged buildings, reconstruction costs would be USD 10.2 billion. As of the date of publication, the Lebanese government had launched rubble-clearing efforts and begun discussions on conducting damage assessment.<sup>37</sup>

<sup>26</sup> Times of Israel, [IDF warns Lebanon truce violations 'will be answered with fire'](#) November 27, 2024

<sup>27</sup> LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon's National News Agency, *L'Orient Today*, and *Al-Mayadeen*.

<sup>28</sup> Lebanese army, [الحفاظ على سلامة المواطنين مع دخول وقف إطلاق النار حيز التنفيذ](#) November 27, 2024

<sup>29</sup> Avichay Adraee on X (formerly Twitter), [تذكير جديد إلى سكان جنوب لبنان](#) January 3, 2025

<sup>30</sup> NNA, [مسيرة أغارت على بلدة الخيام وتسجيل إصابات](#) December 12, 2024;

<sup>31</sup> L'Orient Today, [Israeli airstrike hits Khiam a day after Lebanese army deployment](#) December 13, 2024

<sup>32</sup> Al-Araby, [نازحون يعودون إلى قراهم](#) November 27, 2024;

<sup>33</sup> Al-Mayadeen via X (formerly Twitter), [استمرار عودة أهالي بنت حبيب](#) November 28, 2024

<sup>34</sup> LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon's National News Agency, *L'Orient Today*, and *Al-Mayadeen*. LCAT also logs National News Agency and Ministry of Public Health reports of casualties caused by Israeli shelling.

<sup>35</sup> Using IOM data, LCAT tabulated the number of IDPs from the districts that, at least partially, are in Israel's exclusion zone. As of September 17, 2024, days before Israel heightened military campaign led to the displacement of nearly 900,000 people, there were 106,533 IDPs from the Bint Jbeil, Marjayoun, Sour, and Nabatieh districts. LCAT conservatively assumes that 70%, or approximately 74,000, of these IDPs were from areas within Israel's current exclusion zone, as Israel's shelling before the mid-September escalation was mostly focused within an area 5 kilometers deep from the border. LCAT then took this figure and assumed that 10% of these IDPs were able to return, as per the NNA report, yielding an estimate of 67,115.

<sup>36</sup> IOM, [Lebanon - Mobility Snapshot - Round 47](#) September 19, 2024

<sup>37</sup> IOM, [Mobility Snapshot - Round 70](#) January 2, 2025

<sup>38</sup> Ibid.

<sup>39</sup> World Bank, [Lebanon Interim Damage and Loss Assessment](#) November 2024

<sup>40</sup> NNA, [مناقشة ترأس جلسة لمجلس الوزراء](#) December 17, 2024;

<sup>41</sup> MTV, [Hamieh: Debris removal underway as reconstruction efforts take priority](#) December 31, 2024





As of January 2, Hezbollah's Jihad al-Bina construction agency had thus far catalogued damage to 185,720 housing units across the country.<sup>38</sup> Hezbollah on December 15 announced the start of a parallel campaign to assess damages and offer compensation for damaged houses,<sup>39</sup> while cautioning the process would require patience.<sup>40</sup>

## Implications of Leadership Change in Syria

On December 8, HTS and allied insurgent groups toppled the Government of Syria headed by Bashar al-Assad.<sup>41</sup> Since then, approximately 90,000 people have fled Syria for the Baalbek-Hermel Governorate in northeast Lebanon.<sup>42</sup> Among these are 20,000 Lebanese nationals who resided in villages and towns south of the Syrian city of Homs near the border with Lebanon. According to UNHCR, some 70% of these individuals are seeking informal shelter within local communities.<sup>43</sup> In Baalbek, for example, where there is a shortage of public shelters, at least 17,000 displaced persons are being housed in religious centers and in the homes of relatives.<sup>44</sup>

Caretaker Minister of Social Affairs Hector Hajjar said on December 25 that the state would not open new camps for Syrian refugees, though he also stated that the government would work to provide aid for Lebanese displaced from Syria.<sup>45</sup> On December 27, Caretaker Minister of Environment Nasser Yassin announced that the government had distributed food and hygiene kits to Lebanese displaced from Syria.<sup>46</sup> Elsewhere in Lebanon, Syrians have been detained for allegedly entering Lebanon illegally following December 8, including suspected security force members of the overthrown Assad government. On December 28, Lebanese security forces handed over 70 detained Syrian nationals, including alleged former military officers, to the new authorities in Syria.<sup>47</sup>

In a December 19 interview, Syria's de facto leader Ahmed al-Sharaa, Commander of the Military Operations Administration and Leader of the Transitional Government (also known by his nom de guerre of Abu Mohammad al-Jolani), said that he does not seek to interfere in Lebanon's internal affairs.<sup>48</sup> On January 3, the LAF reported that four of its soldiers had been slightly wounded by unknown gunmen firing from Syria near the border village of Maaraboun, and close to an unofficial border crossing.<sup>49</sup> Caretaker Interior Minister Bassam Mawlawi stated the armed group on the Syrian side was not affiliated with the new Syrian administration.<sup>50</sup> On the day after this incident, Lebanese Caretaker Prime Minister Najib Mikati and Sharaa held a phone call during which the latter said he would work to prevent similar occurrences.<sup>51</sup>

This was the latest in a series of security incidents along the border since the overthrow of the Assad government. On December 26, unknown gunmen on the Syrian side of the border opened fire on a LAF patrol near Yanta, wounding a soldier.<sup>52</sup> In mid-December, reports emerged of clashes between HTS fighters and pro-Assad forces, including Hezbollah, in the Syrian border areas of Tal Kalakh north of Lebanon and Jdeidet Yabous on the highway to Beirut.<sup>53</sup>

<sup>38</sup> Lebanon Debate, [الأرقام... «جهاد البناء» تواصل جهودها في إعادة الإعمار](#) January 2, 2025

<sup>39</sup> Al-Manar, [وعد التزام - قطار التعويضات انطلق على سكة إعادة الإعمار](#) December 15, 2024

<sup>40</sup> L'Orient Today, [Reconstruction is a priority, Lebanese state is responsible for addressing Israeli violations: MP Fadlallah](#) December 15, 2024

<sup>41</sup> AP, [The fall of Bashar Assad after 13 years of war in Syria](#) December 8, 2024;

L'Orient Today, [Fall of Assad's regime: What we know](#) December 8, 2024

<sup>42</sup> UNHCR, [Regional Flash Update #8 - Syria Situation Crisis](#) January 2, 2025;

An-Nahar, [نازحون من سوريا بعد سقوط النظام](#) January 1, 2025

<sup>43</sup> UNHCR, [Regional Flash Update #8 - Syria Situation Crisis](#) January 2, 2025

<sup>44</sup> This is Lebanon, [ظاهرة النزوح الجديدة تُرّق بعلبك](#) December 24, 2024

<sup>45</sup> Anadolu Agency, [وزير لبناني: 85 ألف شخص وصلوا من سوريا](#) December 26, 2024

<sup>46</sup> An-Nahar, [نازحون جدد من سوريا إلى لبنان](#) December 27, 2024

<sup>47</sup> L'Orient Today, [Syrians arrested in Tripoli said to be 'soldiers of the deposed Assad regime,' handed over to army](#) December 29, 2024;

L'Orient Today, [Arrested in Beirut, people close to Assad were in possession of false passports](#) December 30, 2024;

L'Orient Today, [Lebanon hands over 70 Syrians, including former regime officers](#) December 28, 2024

<sup>48</sup> Asharq Alawsat, [الشرق الأوسط: سوريا لن تكون منصة قلق للدول العربية](#) December 19, 2024

<sup>49</sup> L'Orient Today, [At least four Lebanese soldiers injured in border clash](#) January 3, 2025

<sup>50</sup> Lebanon Debate, [مولوي يكشف: المجموعات التي اشتبك معها الجيش](#) January 3, 2025

<sup>51</sup> AFP, [Lebanon's PM discusses with Syria's new leader relations between two countries](#) January 4, 2025

<sup>52</sup> NNA, [الجيش: إصابة عسكري نتيجة تعرض دورية لإطلاق نار](#) December 26, 2024

<sup>53</sup> L'Orient Today, [Series of incidents near the Lebanese-Syrian border between loyalist forces and HTS](#) December 27, 2024



Source: Mohammad Yassine/L'Orient Le Jour

## Economic Updates:

**Central Bank foreign reserves decreased slightly to 907.05 trillion Lebanese pounds (LBP) – about USD 10.13 billion – by the end of 2024, reaching an 11-month low.**<sup>54</sup> Since Acting Central Bank Governor Wassim Mansouri assumed his role in August 2023, the Bank's Central Council has adopted contractionary monetary policies to stabilize the exchange rate by reducing its use of foreign reserves, lowering LBP money supply, and electing not to heavily intervene in the foreign exchange market. However, there has been a recent monetary policy adjustment: between November 30 and December 31, 2024, Lebanese pounds in circulation increased from 49.82 trillion to 65.56 trillion.

*With more money in circulation, commercial banks began offering interest rates in December as high as 45% on LBP-denominated accounts, likely to siphon off “excess” liquidity. This provided an opportunity for banks to extend the “lirafication” process by allowing depositors to withdraw LBP from their USD-denominated accounts at an exchange rate of LBP 15,000 lira per 1 USD (compared to the official rate of LBP 89,500). This process allows banks – albeit, currently on a limited scale – to reduce their liabilities.*

Length of time funds must remain blocked	interest rate offered (%) <sup>55</sup>
1 month	Up to %25
3 months	Up to %30
6 months	Up to %35
12 months	Up to %45

**Table 1:** Interest rates offered on LBP “fresh” accounts.

<sup>54</sup> Banque du Liban [Balance Sheets](#)

<sup>55</sup> Offered interest rates vary by bank.



**Several airlines resumed flights to Beirut’s international airport in December, including Turkish Airlines, Royal Jordanian, Ethiopian Airlines, and Qatar Airways.** Jean Abboud, Chairman of the Association of Travel and Tourist Agents (ATTAL), stated that daily arrivals in December increased by 75% compared to November 2024, but remained 70% lower year on year.<sup>56</sup>

*Increased arrivals to Lebanon are largely attributed to Lebanese expatriates visiting during the Christmas season. Although increased traffic to Lebanon is encouraging for businesses aiming to capitalize on a vibrant holiday season, this uptick does not signal a sustained tourism boon. To sustain itself, the tourism sector depends on foreign nationals – often from Gulf countries – and whether the CoH holds will be critical for determining whether they will return, particularly during the summer months.*

**On December 30, the Central Bank increased January withdrawal limits for Basic Circular 158 and 166 beneficiaries.** This is the fourth consecutive month that the Central Bank has raised the withdrawal limit for these two circulars. Circular 158 beneficiaries – who are entitled to withdraw USD 400 or USD 300 depending on when they subscribed to the circular – will be able to withdraw USD 800 or USD 600 in January. Similarly, Circular 166 beneficiaries will be allowed to withdraw USD 300 instead of USD 150.<sup>57</sup>

**On December 10, Caretaker Minister of Energy and Water Walid Fayyad announced that the Norwegian company TGS had been granted a license to conduct 3D seismic surveys of Block 8 in Lebanon’s Exclusive Economic Zone.** TGS will finance 50% of the survey, which is not yet scheduled. Reportedly, the ministry chose not to grant the license to the Qatar Energy, ENI, and Total Energy consortium – which operated in Block 9 in August 2023. This is because TGS agreed to a one-year surveying schedule, compared to the consortium’s proposed four-year schedule.<sup>58</sup>

**The Consumer Price Index (CPI) rose in all governorates in November, prompting a 2.3% increase across Lebanon according to the Central Administration of Statistics (CAS).** Prices increased by 1.35% in Beirut, 3.04% in Mount Lebanon, 2.33% in North Lebanon, 0.98% in Bekaa, 1.4% in South, and 0.89% in Nabatiyeh. The sharpest rise nationwide was seen in the CPI sub-category “Water, electricity, gas and other fuels” (8.37%), largely due to an 18.75% increase in Mount Lebanon alone, probably driven by higher-than-usual demand for energy for heating purposes.<sup>59</sup>

<sup>56</sup> Business News Lebanon, [14 airlines have or will resume flights to Beirut. Many European carriers still awaiting ceasefire consolidation](#) December 5, 2024

L’Orient Today, [Beirut flights: Some airlines resume service, others remain hesitant](#) December 12, 2024

TTW, [Emirates Extends New Flight Cancellations to Beirut and Baghdad Until January 31, 2025, Amid Regional Unrest](#) January 4, 2025

<sup>57</sup> Banque du Liban, [Intermediate Circular 720](#) December 24, 2024

Banque du Liban, [Intermediate Circular 721](#) December 24, 2024

<sup>58</sup> The New Arab, [Lebanon grants license to Norway-based firm for offshore reconnaissance survey](#) December 13, 2024;

Credit Libanais, [Lebanon grants seismic survey deal in block 8 to Norway firm TGS](#) December 16, 2024

<sup>59</sup> Central Administration of Statistics, [Consumer Price Index \(CPI\)](#) November 2024



Source: Reuters

## Political Updates:

**LAF Commander-in-Chief Joseph Aoun was elected president on January 9.** He secured 71 votes in the first round of voting, leaving him short of the required two-thirds majority. In the second round, however, Aoun received 99 votes, surpassing the absolute majority threshold of 65 votes.<sup>60</sup> Members of the opposition argued that Aoun's candidacy was invalid based on Article 49 of the Constitution, which prohibits grade-one civil servants from assuming the presidency during their term or "within two years following the date of their resignation and their effective cessation of service, or following retirement."<sup>61,62</sup> Since the end of President Michel Aoun's term on October 30, 2022, Lebanon has held 12 unsuccessful sessions to elect a president, with each session ending after the first round of voting due to a loss of quorum.<sup>63,64</sup>

<sup>60</sup> Al Jazeera, [Lebanon parliament elects army chief Joseph Aoun as president](#) January 9, 2025

<sup>61</sup> L'Orient Today, [Is constitutional amendment a real obstacle to Joseph Aoun's election?](#) December 30, 2024

<sup>62</sup> Republic of Lebanon, [The Lebanese Constitution](#)

<sup>63</sup> Mercy Corps Lebanon, [March Crisis Update](#) April 11, 2023

L'Orient Today, [Berri determined to elect president on Jan. 9](#) January 3, 2025

<sup>64</sup> Several army commanders-in-chief have been elected president, including Fouad Chehab (1958), Emile Lahoud (1998), and Michel Sleiman (2008).



Source: NNA

## Access to Services:

As of December 7, the telecommunications sector had incurred USD 117 million in conflict-related damage.<sup>65</sup> Damage to telecoms infrastructure in Beirut's southern suburbs is particularly severe, requiring between three to six months to repair.<sup>66</sup> As of December 3, 41 Touch stations and 19 Alfa stations in the southern suburbs had been restored, reducing the number of out-of-service stations to 15 for Touch (down from 56) and 8 for Alfa (down from 27).<sup>67</sup>

On December 19, the SLWE announced that it has been working with UNICEF and the ICRC to restore public water services across southern Lebanon.<sup>68</sup> The announcement came a week and a half after the Establishment reported that the Nabaa Al-Tasa water station had been repaired.<sup>69</sup> On December 10, the Nabatieh Water Department announced that water had been restored to Nabatieh, followed by a similar announcement from the SLWE regarding Sour on December 13.<sup>70,71</sup>

The Mount Lebanon Governorate is experiencing significant water shortages, largely due to a sharp decline in rainfall: Lebanon received 120 millimeters less rain in December 2024 compared to December 2023.<sup>72</sup> This drop presents considerable challenges, particularly for residents in the Southern Beirut suburbs. The Beirut Mount Lebanon Water Establishment serves upwards of 2 million Lebanese citizens in Beirut and Mount Lebanon, alongside the more than 150,000 Syrian refugees who may be affected by water rationing.<sup>73</sup>

<sup>65</sup> El Nashra, [القرم: أضرار قطاع الاتصالات التي تم تقييمها حتى الآن بلغت تقديرا أوليا قدره 117 مليون دولار](#), December 6, 2024

<sup>66</sup> El Nashra, [القرم: أصلحنا بعض الأعطال في شبكات الانترنت والاتصالات ولكن بعض المحطات دمرت بالكامل جراء العدوان](#), December 17, 2024

<sup>67</sup> LBCI, [القرم تفقد الأضرار في سنترال «أوجيرو» بالمريجة: نعمل على إصلاح الأعطال التي تسببت بها الاعتداءات الاسرائيلية](#), December 3, 2024

<sup>68</sup> NNA, [مياه الجنوب باشرت إصلاح محطات المياه والابار في القرى الجنوبية لتأمين إعادة التغذية](#), December 19, 2024

<sup>69</sup> NNA, [مياه لبنان الجنوبي: إعادة محطة نبع الطاسة الى الخدمة واستعادة التغذية بالمياه](#), December 7, 2024

<sup>70</sup> NNA, [مياه النبطية: عودة عمل منظومة الابار كاملة في محطة آثار فخر الدين](#), December 10, 2024

<sup>71</sup> NNA, [مياه الجنوب: إنجاز أشغال الصيانة وبدء التغذية بالمياه في صور وضواحيها](#), December 13, 2024

<sup>72</sup> L'Orient Today, [Sharp decline in rainfall leads to water rationing](#), December 17, 2024

<sup>73</sup> UNHCR, [UNHCR Beirut/Mount Lebanon Sub-Office](#)



**The electricity sector in Lebanon has begun to recover in conflict-affected areas, particularly in the southern suburbs of Beirut.** As of December 19, damage assessments had been completed across the country except in areas where the Israeli military is still deployed. In the capital's southern suburbs, approximately 83% of medium-voltage stations in Burj al-Barajneh, 84% in Chiyah, 93% in Choueifat, 87% in Ghobeiry, and 69% in Hadath are operational. However, repairs are lagging in areas such as Haret Hreik and Mreijeh, where only 43% and 58% of stations are functioning, respectively. Overall, 61.5% of the 105 stations linked to the southern suburb station are now operational, with full restoration expected by the end of February.<sup>74</sup>

**On December 17, Caretaker Minister of Public Works and Transport Ali Hamie announced that LBP 2.3 trillion would be earmarked for debris removal and damage assessments.** This includes LBP 900 billion for the Council of the South, LBP 900 billion for the Union of Municipalities of Beirut Southern Suburbs, and LBP 500 billion for the High Relief Commission. The Ministry of Environment is overseeing the sorting of debris and the identification of approved dumping sites.<sup>75</sup>

<sup>74</sup> NNA, [الوكالة الوطنية للإعلام - فياض متفقدًا بنى مؤسستي كهرباء لبنان والمياه في الضاحية الجنوبية: لنكن موحدين ونتطلع إلى مستقبل أفضل يكون فيه إستقرار وإزدهار إقتصادي](#) December 19, 2024

<sup>75</sup> PCM, [الرئيس ميقاتي يرأس جلسة لمجلس الوزراء](#) December 17, 2024



# Looking Forward:

- As the transitional phase of the CoH comes to a close, Lebanon faces several scenarios ranging from a sustained lull in the Hezbollah-Israel conflict to a renewal of wide-scale war.<sup>76</sup> Israel will likely maintain its troop deployment in southern Lebanon beyond the original withdrawal date of January 26, which will test the viability of the CoH. Reports in Israeli and Lebanese media indicate that the US, which chairs the CoH monitoring committee, will push for an extension of the transitional phase.<sup>77</sup> Assuming there is an extension, the Israeli military will continue to demolish structures in the exclusion zone as part of Tel Aviv's campaign of dismantling alleged Hezbollah infrastructure, and its troops will continue to conduct intermittent advances into areas it had not entered during the ground invasion. While Israeli troops have largely withdrawn from the western sector of the exclusion zone, they are likely to push into new areas in the eastern sector. Hezbollah appears unlikely to launch wide-ranging military actions against the extended deployment of Israeli troops in southern Lebanon to avoid giving Tel Aviv a pretext to initiate a new round of bombing nationwide. On January 4, Hezbollah Secretary-General Naim Qassem said that his organization might or might not act militarily if Israeli troops stay beyond the 60-day transition phase.<sup>78</sup>
- Israel's military exclusion zone will block the return of at least 65,000 IDPs and prevent reconstruction efforts along the border. Displaced persons whose homes are within the exclusion zone will be left in limbo, with little support from the resource-strapped Lebanese state. Israel's continued military deployment will also complicate broader efforts at rebuilding across Lebanon, as local authorities and potential foreign donors await the outcome of the transitional phase of the CoH.
- The election of Joseph Aoun marks a critical step toward rebuilding Lebanon's credibility on the global stage. It paves the way for the appointment of a functional government and spurs efforts to revitalize the country's institutions.<sup>79</sup> Breaking the extended deadlock was crucial, as international donors have – amid spiraling economic and social crises – been withholding aid until a president and government have been chosen, both of which are essential for ensuring the effective functioning of state institutions.

However, efforts to revitalize institutions may be hindered by a deeply divided political landscape. The lack of consensus among key political actors, particularly between rival factions, is complicated by the unwillingness of certain groups to engage in further compromise. This resistance to negotiation severely limits the prospects for a swift cabinet formation, which in turn will delay the implementation of necessary reforms. Other significant challenges include a lack of agreement on critical economic issues, such as financial sector reform.

<sup>76</sup> Times of Israel, [Israel warns Lebanon to ensure Hezbollah adheres to truce or face attacks itself](#) December 3, 2024

<sup>77</sup> Al-Akhbar, [تعطية أميركية للتلكؤ الإسرائيلي: اقتراحات بتمديد الهدنة ومنطقة عازلة](#) January 6, 2025;

MTV, [هوكستين سيؤكّد أنّ تعذّر إرسال](#) January 5, 2025

Haaretz, [Israeli Army Ready to Stay in Lebanon More Than the 60 Days Agreed in Cease-fire](#) December 25, 2024

<sup>78</sup> Al-Manar, [الشيخ نعيم قاسم: صبرنا قد يتفد قبل ال 60 يوما](#) January 6, 2025

<sup>79</sup> Alarabiya News, [Lebanon's presidential election: Can Jan 9 .vote fill the two-year void?](#) January 7, 2025



- Lebanese leaders and Syria's new authorities will likely favor constructive relations, including on the issue of refugees, and work to prevent a rash of security incidents along the border. Hezbollah will likely not deploy its troops to defend Lebanese Shia Muslims in the Homs region – a pretext it used for intervening in the Syrian civil war in 2013.<sup>80</sup> Already, Lebanese citizens who have been living on the Syrian side of the border have sought refuge in Lebanon. Syria's de facto leader, Ahmed al-Sharaa, has stated that he does not want to intervene in Lebanon and appears focused on consolidating power.

If Syria's new authorities are unable to maintain stability, the ensuing power vacuum and possible fighting would reflect negatively on Lebanon, especially in the northeast. Shifts in Syria's political landscape could influence the return of over a million Syrian refugees currently in Lebanon: stability will encourage repatriation, while instability could prolong displacement or trigger new waves of refugees. Additionally, the focus of international humanitarian aid could shift toward Syria, reducing resources available for refugees and vulnerable Lebanese populations, exacerbating Lebanon's humanitarian crises. Economic relations between Lebanon and Syria hinge on political and economic advancements by the new Syrian leadership. While formal trade between the two countries has historically ranged between USD 300–500 million annually, informal smuggling accounts for an estimated USD 3 billion.<sup>81</sup> Lebanese authorities are urged to establish new agreements to facilitate exports, particularly to Gulf countries that severed ties in 2011 due to security concerns. However, ongoing sanctions on Lebanon and Syria, including the Caesar Act and the Hezbollah International Financing Prevention Act, could hinder economic recovery, energy cooperation, and trade.<sup>82</sup> Humanitarian efforts and refugee returns may benefit from eased restrictions on Syrian borders, but reconstruction and economic revival remain constrained by Lebanon's financial crisis and limited international support.

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<sup>80</sup> Al-Jazeera, [Hezbollah unites clans to raise border force](#) June 9, 2013

<sup>81</sup> L'Orient Today, [Can Lebanon benefit from a potential recovery of the Syrian economy?](#) January 2, 2025

<sup>82</sup> AP News, [US eases restrictions on Syria while keeping sanctions in place](#) January 6, 2025

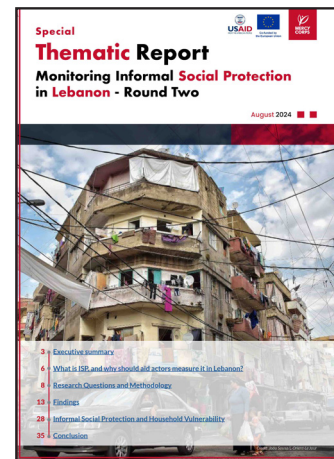
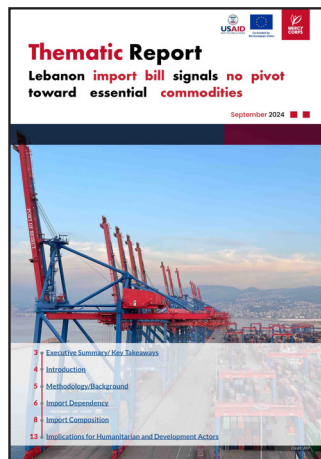




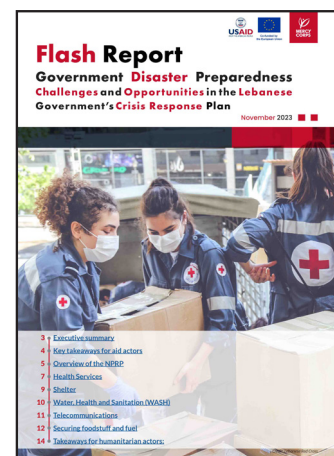
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