

Lebanon at War

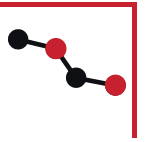
Crisis Update

January 2025



Credit: Reuters

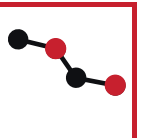
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The Monthly Lebanon Crisis Update provides an overview of economic and political developments to alert the international aid response to new and emerging challenges that could impact the humanitarian situation in Lebanon. In the context of the multiple 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.

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Key Takeaways:

- The Israeli military has withdrawn from several regions of southern Lebanon but, as of the date of publication, Israeli troops are holding their positions in several villages and towns, primarily in the eastern sector. Tensions escalated on January 26 – the date on which the transitional phase of the cessation of hostilities (COH) was originally slated to end – as hundreds of displaced residents attempted to return to their villages. Israeli forces killed at least 24 people, making it the deadliest day since the beginning of the CoH. On January 27, the United States (US) announced that the CoH’s transitional phase had been extended through February 18.
- Former Lebanese Armed Forces (LAF) Commander-in-Chief Joseph Aoun was elected president on January 9, ending a nearly two-year-long vacancy in one of Lebanon’s top elected posts. Aoun subsequently named then President of the International Court of Justice Nawaf Salam prime minister-designate on January 13. A new government has yet to be formed as disagreements persist over the allocation of ministerial portfolios, with major discussions centered on key ministries such as Finance, Justice, Foreign Affairs, and Interior and Municipalities.
- On January 2, Syria imposed entry restrictions on Lebanese citizens, allowing only those with residency permits or official approval to enter. Caretaker Prime Minister Najib Mikati visited Damascus on January 11, meeting with Syria’s new leadership to discuss border security, the refugee crisis, and bilateral cooperation. On January 23, the General Authority for Land and Maritime Ports issued updated guidance on entry conditions for Lebanese nationals.
- According to Moody’s, GDP contracted by 10% in 2024 and will, under the most optimistic scenario, contract by a further 2% in 2025. Tourism, likely the sector most affected by the war and a key source of foreign currency, has declined during the winter season in comparison with the same period last year.



2025

JANUARY

Damascus announces new, more restrictive requirements for Lebanese nationals to enter Syria



2

Caretaker Prime Minister Najib Mikati meets with the leader of Syria's transitional government Ahmed al-Sharaa



9

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

11



13



President of the International Court of Justice Nawaf Salam is named prime minister-designate

Israeli troops open fire on displaced Lebanese citizens attempting to return to their homes in several villages in southern Lebanon, killing 24 people



26

26



The United States announces an extension of the cessation of hostilities transitional phase through February 18

Israel conducts two drone strikes north of the Litani, one in Nabatieh and the other in Zawtar



28

30



The Israeli military claims it intercepted a Hezbollah surveillance drone en route to Israel



Source: AP

Conflict Updates :

Continuing Israeli military presence and displacement

On January 26, the United States announced that the transitional phase of the CoH between Lebanon and Israel had been extended until February 18. Israeli forces were originally supposed to have withdrawn completely from Lebanese territory by January 26, the end of the initial phase of the ceasefire.¹ The US stated that an extension was needed to prevent Hezbollah from threatening the “Lebanese people or their neighbors,”² an implicit reference to the provision in the CoH requiring Lebanon to dismantle Hezbollah’s military infrastructure, starting in southern Lebanon.³ Lebanon’s caretaker Prime Minister Mikati noted on January 27 that his country was fulfilling the terms of the CoH and that Beirut agreed to cooperate with the extension to deny Israel’s military a pretext for remaining in Lebanon past the new deadline.⁴ On January 25, the LAF said that Israel had been delaying its withdrawal from southern Lebanon and preventing Lebanese troops from deploying along the border.⁵ As part of the extension of the Washington-brokered agreement, the US, Lebanon, and Israel will start negotiations for the release of seven Hezbollah combatants reportedly detained in Israel.⁶

Israeli officials, however, claim that Lebanon has not been fully enforcing the CoH’s terms, including the dismantling of Hezbollah’s military assets.⁷ Israel alleges that the committee established to monitor the CoH – chaired by the US and comprising representatives of France, UNIFIL, Lebanon, and Israel – has addressed only 65% of alleged Hezbollah CoH violations, prompting Israel to conduct unilateral military strikes.⁸ Hezbollah Secretary-General Naim Qassem initially stated on January 28 that his organization rejected any justification for extending the agreement.⁹ However, on February 2, Qassem stressed that Hezbollah was giving the Lebanese state – which agreed to the extension – an opportunity to pursue a diplomatic route to facilitate the withdrawal of Israeli troops.¹⁰

¹ US White House, [White House Statement on agreement extension between Lebanon and Israel](#) January 26, 2025

² Jerusalem Post, [US says ceasefire extension in Lebanon is urgently needed](#) January 24, 2025

³ The National, [Revealed: Full text of the Israel-Hezbollah ceasefire agreement](#) November 27, 2024

⁴ Presidency of the Council of Ministers, [الرئيس ميقاتي يستقبل سفيرة الولايات المتحدة](#) January 27, 2025

⁵ L’Orient Today, [Lebanon Army accuses Israel of procrastination in withdrawal, US urges extension](#) January 25, 2025

⁶ AFP, [Source Close To Hezbollah Says 7 Fighters In Israeli Hands](#) January 27, 2025

⁷ CNN, [Israel says it won’t withdraw from Lebanon by Sunday deadline](#) January 24, 2025

⁸ Washington Institute, [So Far So Good? The Israel-Lebanon Ceasefire Is Largely Holding](#) January 28, 2025

⁹ L’Orient Today, [Lebanon ‘needs resistance,’ says Naim Qassem](#) January 28, 2025

¹⁰ NNA, [قاسم: تشجيع الشهيد نصرالله وصفي الدين](#) February 3, 2025

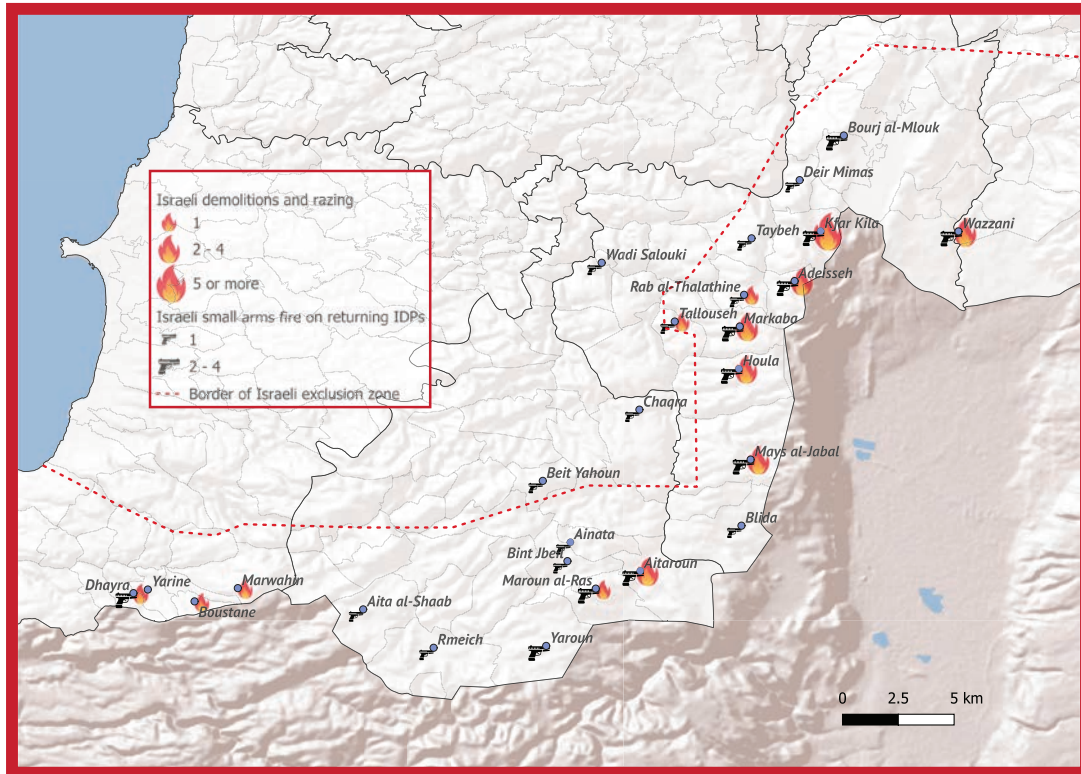
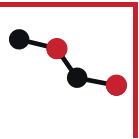


Figure 1: Israeli small arms fire against IDPs attempting to return to their hometowns from January 26 through February 2 as well as Israeli demolitions and razing of property.

Starting on January 26 – the original deadline for the Israeli military’s withdrawal – hundreds of residents have attempted to return to their villages along the border.¹¹ Since the CoH went into effect on November 27, the Israeli military has been implementing a policy of preventing internally displaced persons (IDPs) from returning to border areas, regularly issuing a map of an exclusion zone – extending seven kilometers from the border – that is off-limits to displaced residents.¹² Although the LAF announced that it had fully deployed to 20 villages in the exclusion zone between January 19 and the date of publication, it was unable to enter several villages in the eastern sector of the border.¹³ On January 26, Israeli troops opened fire on residents attempting to return to Aitaroun, Houla, Markaba, Adeisseh, Blida, and Mays al-Jabal, killing 24 people in the single deadliest day since the start of the CoH.¹⁴ Two IDPs attempting to return to Adeisseh and Bani Hayyan were killed the following day.¹⁵ Hezbollah praised the attempt by IDPs to return to their villages while also claiming that the party had not organized the returns.¹⁶ As of the date of publication, Israeli troops are reportedly still operating in 12 municipalities, mostly in the eastern sector of the border region, blocking the return of IDPs and the deployment of the LAF (Figure 2).¹⁷

¹¹ AFP, [Hundreds Of South Lebanon Residents Try To Return To Villages Despite Israeli Presence](#) January 26, 2025;

AFP, [Lebanese Try Again To Return To Southern Border Villages](#) January 27, 2025;

L’Orient Today, [Southern Lebanese residents defy Israeli orders. Israel responds with bloodshed](#) January 26, 2025

¹² Times of Israel, [IDF warns Lebanon truce violations ‘will be answered with fire’](#) November 27, 2024

¹³ LCAT logs all LAF statements of deployment to villages in southern Lebanon under the auspices of the CoH

¹⁴ NNA, [وزارة الصحة تنشر حصيلة الشهداء والجرحى](#) January 27, 2025

¹⁵ NNA, [شهيدين و26 جرحيا في حصيلة نهائية](#), January 28, 2025

¹⁶ L’Orient Today, [Southern Lebanese residents defy Israeli orders. Israel responds with bloodshed](#) January 26, 2025;

L’Orient Today, [“Our honorable people, you amaze the world:” Hezbollah praises returnees to border villages](#) January 26, 2025

¹⁷ While Israel does not publicly disclose the localities of its troops deployments, media reports logged by LCAT show where Israeli troops are opening small arms fire to prevent the return of displaced persons and conducting demolitions to destroy property. Media outlets also intermittently report partial lists of municipalities where Israeli troops are present.

As of February 6, Israeli troops are reportedly present in and around the Mays al-Jabal, Houla, Maroun al-Ras, Kfar Kila, Wazzani, Adeisseh, Rab al-Thalathine, Blida, Markaba, Sardah and Majidieh municipalities.

Alaraby Aljadeed, [بلدات في جنوب لبنان لا تزال محتلة مع استمرار عودة السكان](#), February 3, 2025;

L’Orient Today, [What is the strategic significance of the Marjayoun district for Israel?](#) February 3, 2025

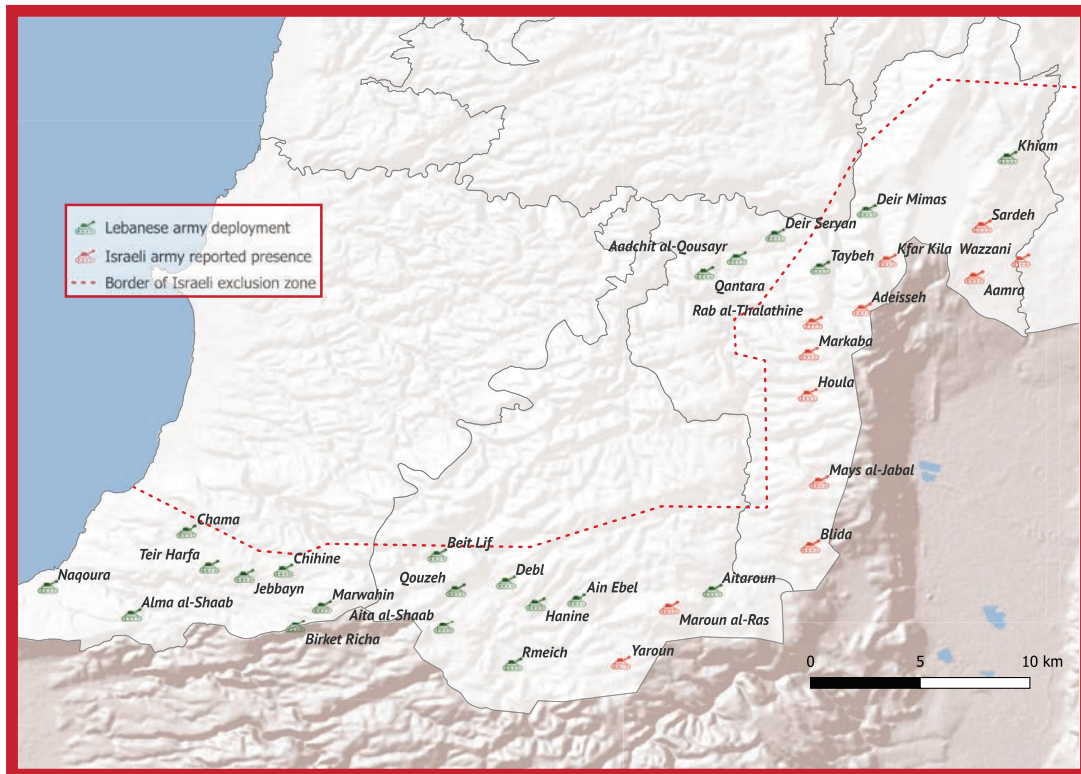
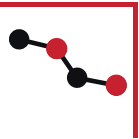


Figure 2: Locations of Lebanese army deployment and reported presence of Israeli army troops as of the evening of February 2.

As of January 29, due to Israel’s military presence in the south and other barriers to return, there are still at least 103,346 IDPs in Lebanon.¹⁸ These include approximately 6,000 residents from Beirut’s southern suburbs and 1,000 from eastern Lebanon.¹⁹ Based on an analysis of International Organization for Migration (IOM) displacement figures published prior to the escalation of the conflict in mid-September, LCAT estimates that at least 65,000 Lebanese have been unable to return to their homes in the exclusion zone in southern Lebanon.²⁰ Even after the withdrawal of the Israeli military and entry of the LAF into villages, the IDPs’ return has been delayed by LAF operations, including clearing unexploded ordnance and unblocking roads.²¹ Widespread damage is also hampering returns, such as in the municipality of Teir Harfa, which announced on January 8 that infrastructure damage – including to electricity and water networks as well as roads – was blocking access to displaced residents.²² The Israeli military has also intermittently shelled towns from which it has withdrawn, including a December 12 unmanned aerial vehicle (UAV) strike on Khiam – one day after Lebanese troops deployed to the area – and artillery shelling of the same town on January 24.²³

¹⁸ IOM, [Mobility Snapshot - Round 74](#) January 30, 2025

¹⁹ LCAT assumes that most of the 6,563 IDPs from the Baabda district registered by IOM in its January 30, 2025 report originate from the southern suburbs of Beirut, some of which are administratively part of the Baabda district
IOM, [Mobility Snapshot - Round 74](#) January 30, 2025

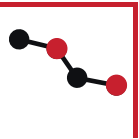
²⁰ Using IOM data, LCAT tabulated the number of IDPs from the districts that, at least partially, are in Israel’s exclusion zone. As of September 17, 2024, days before Israel’s heightened military campaign led to the displacement of nearly 900,000 people, there were 106,533 IDPs from the Bint Jbeil, Marjayoun, Sour, and Nabatieh districts. LCAT conservatively assumes that 70%, or approximately 74,000, were from areas within Israel’s current exclusion zone, as Israel’s shelling before the mid-September escalation was mostly focused on an area within 5 kilometers of 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.

²¹ L’Orient Today, [Lebanese Army deploys in several localities in the western sector, bodies recovered in Khiam and Naqoura](#) January 11, 2025;

L’Orient Today, [Naqoura “almost entirely destroyed,” Lebanese Army deployed](#) January 7, 2025

²² NNA, [بلدية طبرحرفا: نهيب بأهلنا عدم المغامرة بتاتاً في العودة](#), January 8, 2025

²³ LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon’s National News Agency.



Ongoing Israeli property destruction and shelling

Since the CoH came into effect, Israeli troops have escalated their campaign of property destruction in southern Lebanon, conducting controlled demolitions of entire neighborhoods, bulldozing structures and roads, and setting fire to houses and agricultural property. Between November 27 and February 2, Israel destroyed property on at least 283 occasions in 31 localities in the exclusion zone it imposed along the border. The rate of destruction increased from an average of 3.3 incidents a day in December to 5.4 in January.²⁴

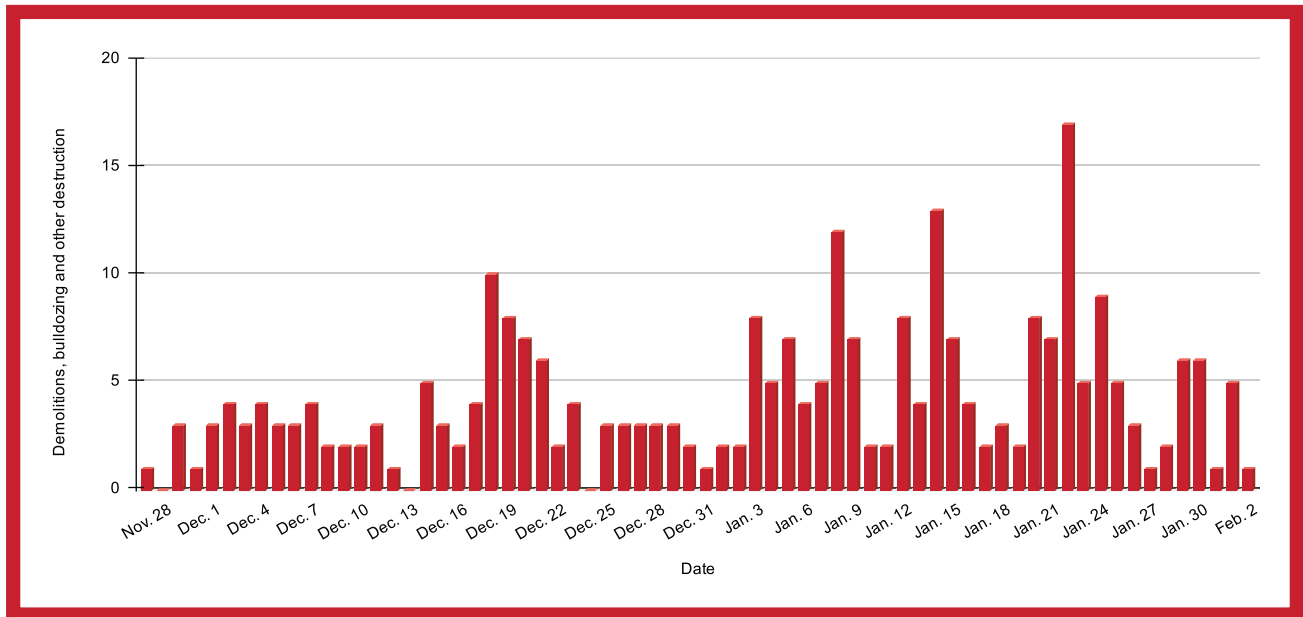


Figure 3: Reported incidents of Israel's demolitions, razing and setting fire to property from the start of the CoH on November 27 through February 2.

Since December 5, Israeli troops have damaged or destroyed an average of 26 buildings per day in the exclusion zone in southern Lebanon according to satellite analysis published by the *Washington Post*.²⁵ The Israeli military has continued to damage or destroy infrastructure in the past month, including a warehouse near Bourj al-Mlouk on January 22,²⁶ facilities in Houla belonging to the Litani River Authority's "Canal-800" program on January 23,²⁷ and water infrastructure outside Taybeh on January 30.²⁸ Israeli troops shelled southern Lebanon at least 104 times since the start of the CoH on November 27 through February 2, while the military has opened small arms fire at least 160 times.²⁹ Israel has conducted at least 155 airstrikes in Lebanon since November 27, with 55 of these north of the Litani river.³⁰ Since the start of the CoH, Israeli fire has killed 75 people and injured 270 others.³¹

²⁴ LCAT logs all incidents of Israeli property destruction reported by the National News Agency, *L'Orient Today*, and *Al-Mayadeen*.

²⁵ *Washington Post*, [Despite truce, Israel has damaged or destroyed hundreds of buildings in Lebanon](#) January 19, 2025

²⁶ NNA, جيش العدو الاسرائيلي أحرق مستودعا في تل نجاس January 22, 2025

²⁷ *L'Orient Today*, [Israeli detonations persist as Hezbollah warns against delayed withdrawal](#) January 23, 2025;

Litani River Authority, [Channel 800 project](#) February 3, 2025

²⁸ *L'Orient Today*, [Israeli army detonations in south Lebanon](#) January 30, 2025

²⁹ LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon's National News Agency.

³⁰ *Ibid*.

³¹ LCAT logs all reports of deaths and injuries caused by Israeli airstrikes, artillery fire, and gunfire.

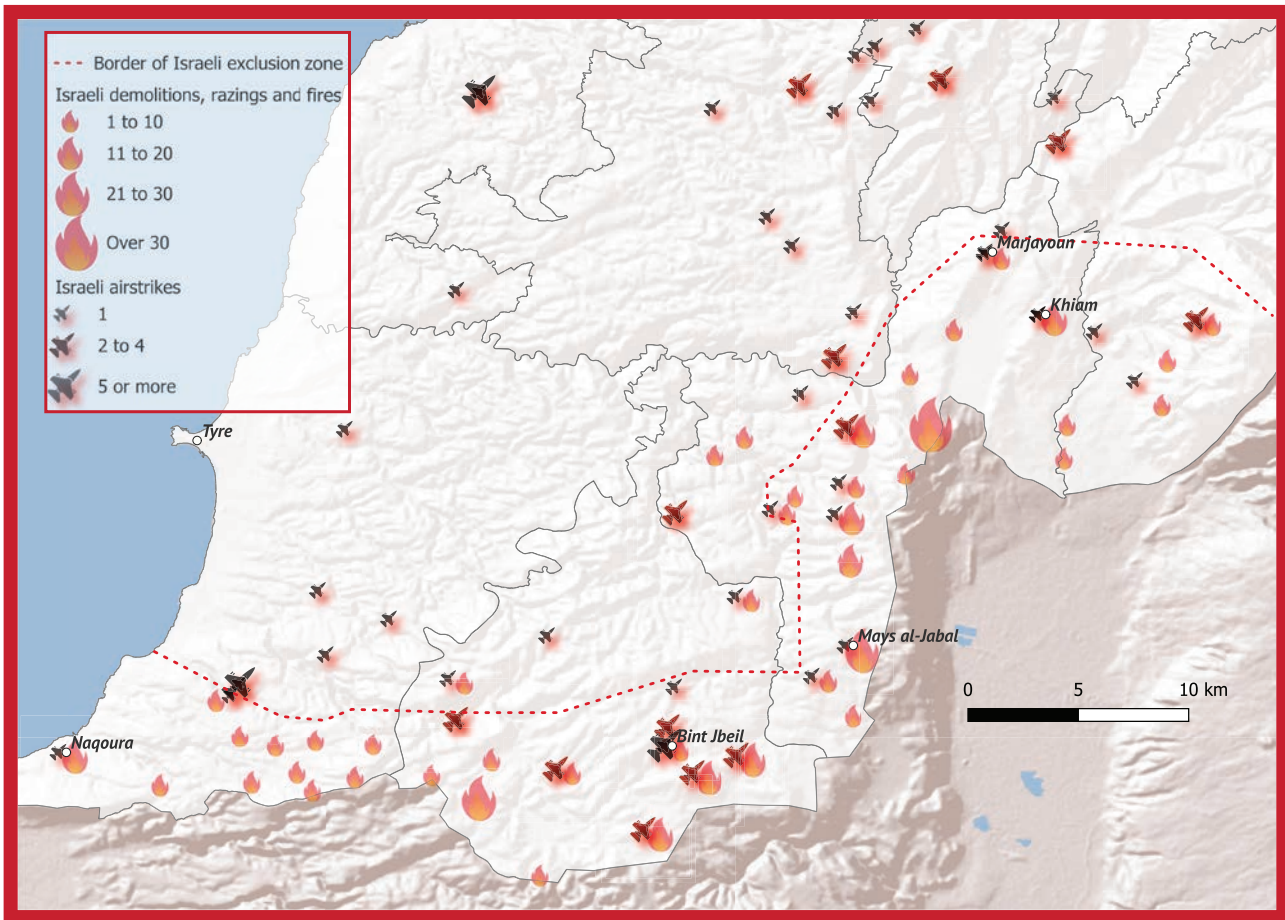


Figure 4: Israeli airstrikes and demolitions and razing of property from the start of the CoH on November 27 through February 2.

Israel interprets the CoH and side agreement with the US as permitting it to strike alleged Hezbollah military targets north of the Litani,³² while Hezbollah insists the truce's provisions for the dismantlement of its military infrastructure only apply south of the Litani.³³ Following a 2-week lull in strikes north of the Litani, on January 28 Israel conducted a UAV strike outside Nabatieh that injured 20 while another drone strike in Zawtar injured 4.³⁴ Since then, an Israeli UAV struck a house in Yohmor – also north of the Litani – while a round of airstrikes in eastern Lebanon near Janta killed two.³⁵ On February 3, Hezbollah Secretary-General Qassem condemned these rounds of strikes but did not vow any retaliation, instead saying his organization was patient and would act at an appropriate time.³⁶

³² Times of Israel, [Israel okays US-brokered ceasefire with Hezbollah, vows to hit back at every violation](#) November 27, 2024;

³³ Al-Manar, [الشيخ قاسم: المقاومة ثبتت وانتصرت](#) December 5, 2024

³⁴ NNA, [جريحا في الغارتين على النبطية الفوقا وزوطر](#) January 28, 2025

³⁵ LCAT logs all incidents of Israeli gunfire, artillery and tank fire, airstrikes, and demolitions and bulldozing reported by Lebanon's National News Agency.

³⁶ NNA, [قاسم: تشيع الشهداء نصر الله وصفي الدين](#) February 3, 2025

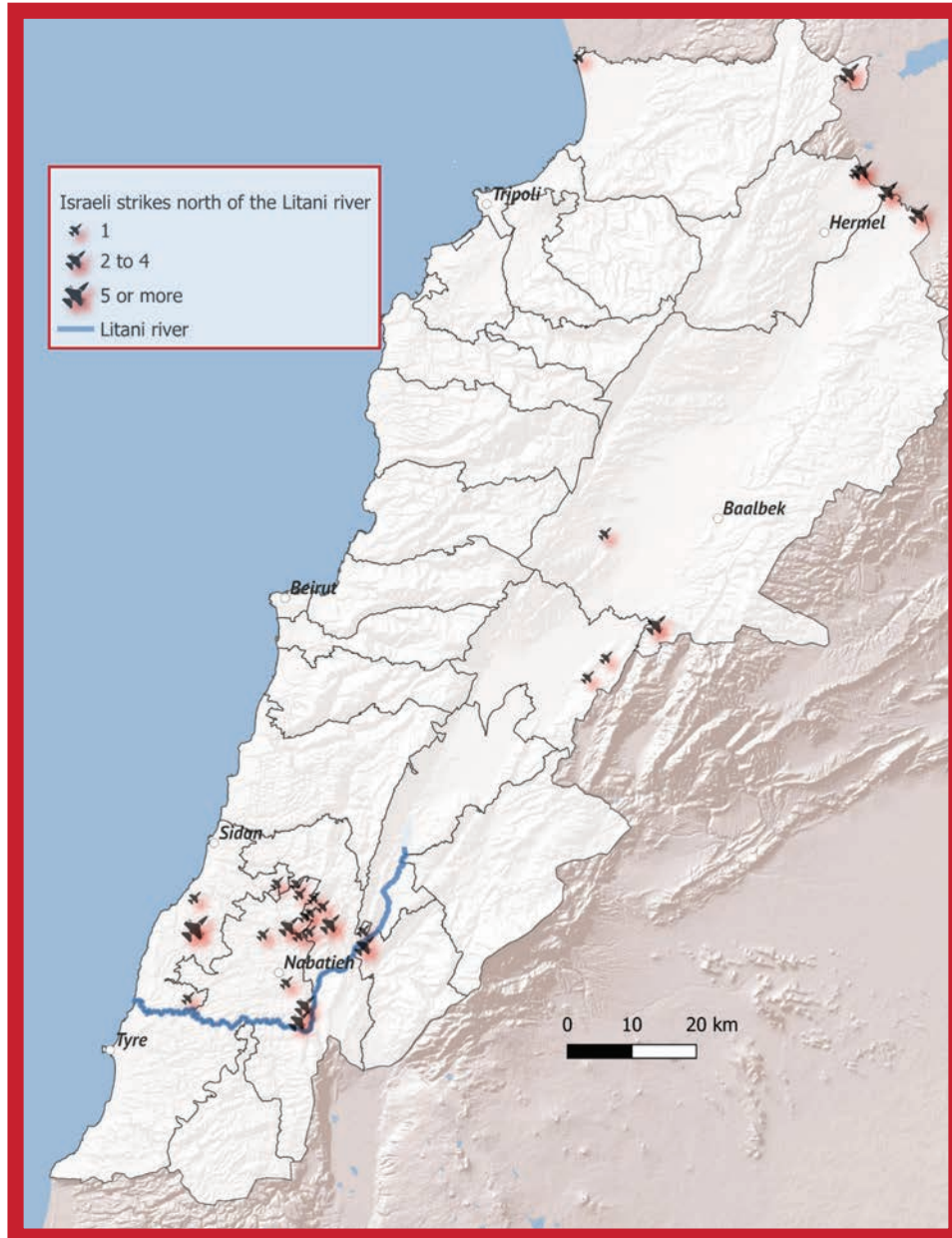


Figure 5: Israeli airstrikes north of the Litani from the start of the CoH on November 27 through February 2.

Since the start of the CoH, Hezbollah has launched one military operation, firing two mortar rounds at an Israeli position in Roueissat al-Alam, located in the contested Shebaa Farms claimed by Lebanon, Israel, and Syria.³⁷ Hezbollah called this limited response an initial and defensive warning.³⁸ Israel's military on January 30 and 31 said that it intercepted a Hezbollah UAV,³⁹ while Hezbollah did not claim responsibility and made no public statement on the matter.⁴⁰ Israeli Defense Minister Israel Katz on February 2 warned that his country would take heavy military action in response to any further alleged Hezbollah attempts to launch UAVs at Israel.⁴¹

³⁷ 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;

L'Orient Today, [Israeli strikes on sixth day of cease-fire kill nine people in south Lebanon: Day 423 of the Gaza and Lebanon wars](#) December 2, 2024

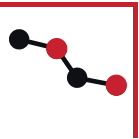
³⁸ NNA, ["المقاومة الاسلامية" ردا على الخروقات الاسرائيلية](#), December 2, 2024

³⁹ Times of Israel, [IDF shoots down Hezbollah surveillance drone, in first such incident since ceasefire](#) January 30, 2025;

Anadolu Agency, [Israeli army claims to have intercepted 'suspicious' aerial object](#) January 31, 2025

⁴⁰ L'Orient Today, [Israeli army says it intercepted Hezbollah surveillance drone](#) January 30, 2025

⁴¹ Times of Israel, [Visiting southern Lebanon, Katz warns Hezbollah against drone attacks on Israel](#) February 2, 2025



Displacement in Focus: Leveraging Meta mobility data

To better understand displacement dynamics in Lebanon, LCAT analyzed publicly available mobility data collected by Meta in Lebanon and compared the findings to data from the IOM. While data published by Meta does not contain specific numbers of IDPs or returnees, the LCAT findings suggest mobility data can be used to assess post-conflict movement patterns. Moreover, mobility data could also serve as a proxy for measuring a return to “normal” mobility, particularly in less accessible districts, and be used by response teams to estimate population movement in the absence of other data.⁴²

About the Data Set and Analysis:

Meta mobility data is collected daily⁴³ and records logins on the Facebook mobile application. First, Meta identifies a “home” district based on each mobile device’s location⁴⁴ during nighttime hours (8 PM to 6 AM local time) and a “visit” location based on a random location update during the daytime (6 AM to 8 PM local time). Each day, the system calculates what percentage of users from each home district traveled within specific distance band. The distance bands are:

1. 0 km
2. Greater than 0 km and less than 10 km
3. Greater than 10 km and less than 100 km
4. Over 100 km

Findings:

By comparing IOM movement data and IDP dynamics⁴⁵ in every district across Lebanon to the Meta dataset, LCAT determined that there was a surge in pings in the top distance band (greater than 100km) prior to and during times when IOM data showed that many people were displaced. Furthermore, during periods of mass displacement from a given district, the patterns of all distance bands associated with that district shifted significantly. For example, figure 6⁴⁶ shows the movement distribution and displacement dynamics in Bint Jbeil district, where the steady increase in the proportion of pings in the 10km to 100km band was largely in line with the IOM-reported number of IDPs from Bint Jbeil before the conflict escalated in September 2024. This trend was also observed in the districts of Baabda, Beirut, Chouf, Hasbaya, Jezzine, Marjaayoun, Rachaya, Saida, Sour, West Bekaa, and Zahle.⁴⁷ Interestingly, in Bint Jbeil and elsewhere,⁴⁸ the surge in pings in the >100km band preceded the spike in the number of IOM-reported IDPs from the district. This suggests that either Meta users left their district earlier than the general population or higher volumes of long-distance pings indicate displacement before the IOM was able to quantify the displaced population.

⁴² Ideally, a larger sample of pre-conflict data would be used to conduct these tests; however, pre-conflict mobility data is only available from December 2022 to September 2023. Therefore, LCAT will continue to track these comparisons for the next several months to better assess whether and to what extent personal movement has returned to “normal”.

⁴³ However, OCHA publishes data on the [Humanitarian Data Exchange](#) at the beginning of every month in monthly files containing all the daily data for that month.

⁴⁴ Data is only collected from users that have enabled “Location Services” for the application on their mobile device.

⁴⁵ IOM, [Mobility Snapshot - Round 70](#) January 2, 2025

⁴⁶ For visual clarity, the daily Meta movement distribution data was aggregated according to the date collection periods of IOM’s “Mobility Snapshot” publications; specifically, the median proportion of pings in each distance band for the days within a date range.

⁴⁷ Please contact LCAT for graphs of all districts.

⁴⁸ Hasbaya, Marjaayoun, Rachaya, and Sour.

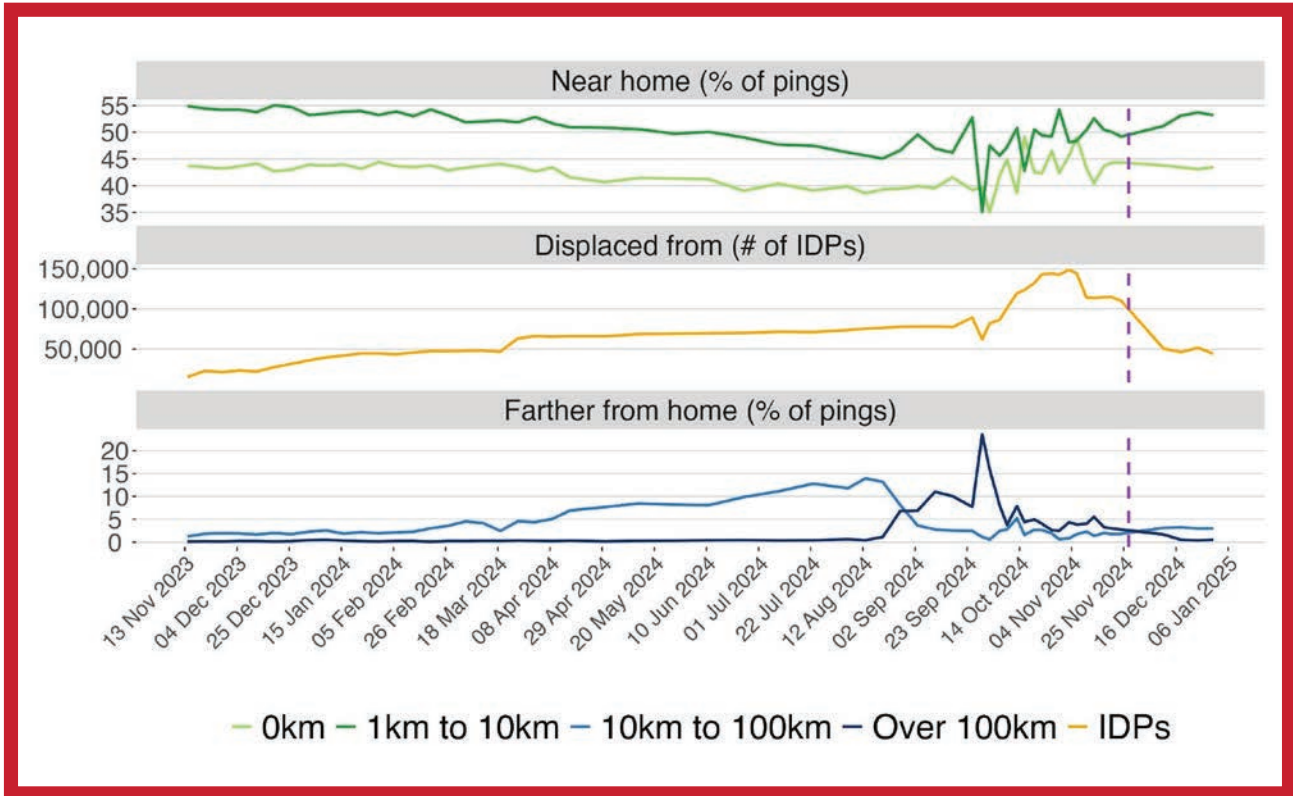


Figure 6: Proportion of Meta login pings at different distance bands and the number of IDPs in Bint Jbeil district. The purple dotted line indicates the date that the CoH was signed on November 27, 2024.

When the conflict escalated in September, Meta data showed that users initially shifted from local (0-10km) to medium-distance (10-100km) locations, followed by long-distance (>100km) movement as the conflict intensified. This two-stage displacement pattern – first to nearby areas, then to more distant locations – was observed in Bint Jbeil, Chouf, Marjaayoun, Hasbaya, Rachaya, and Sour districts.

LCAT also examined how mobility data changed after the CoH.⁴⁹ Figure 6 shows there has been a significant decrease in pings in districts with returning IDPs, and indeed across almost all of Lebanon. Furthermore, LCAT found that there has been a surge in pings at the 1km-10km distance bands in the districts with returning IDPs – including Aley, Bint Jbeil, Marjayoun and Nabatieh – suggesting higher levels of “normal” personal movement, such as shopping, visiting friends and family, and commuting to work.

⁴⁹ Given prior correlations between mobility data and IOM’s IDP data, LCAT anticipated ping proportions at >100km distances would decrease as IDPs returned home. The team ran t-tests to measure changes in the proportion of pings in each distance band one month before and after the CoH.

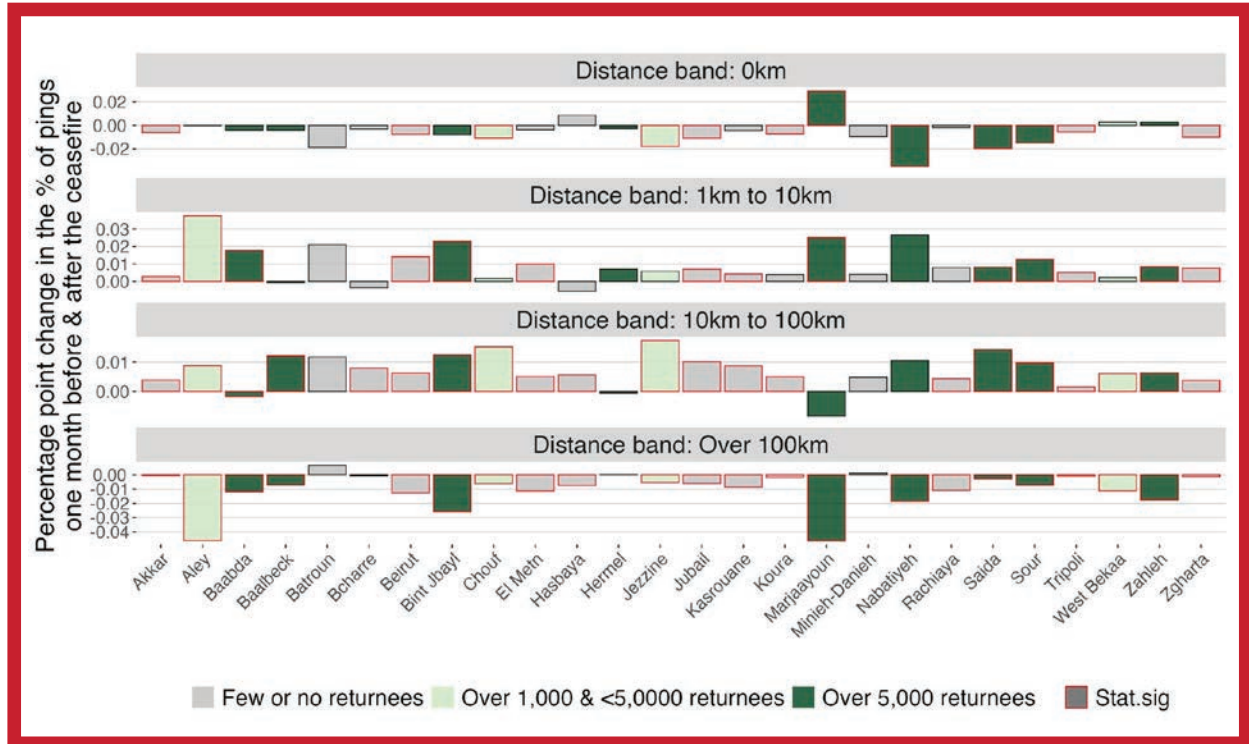


Figure 7: Deviations from average for each distance band. Bars outlined in red indicate statistical significance at the 95% confidence interval.

The distribution of pings in each recorded distance band were used to measure the “normal” level of personal movement by comparing the proportion of pings in each category prior to the conflict (December 2022) to the month after the CoH (December 2024).⁵⁰ For example, personal movements in the northern Lebanon districts of Batroun (targeted by Israeli forces once) and Bcharre (not targeted) were statistically identical to their pre-conflict patterns (Figure 8).⁵¹ Notably, personal movements in districts heavily affected by the conflict – Bint Jbeil, Marjaayoun, and Sour – differed between December 2022 and December 2024.

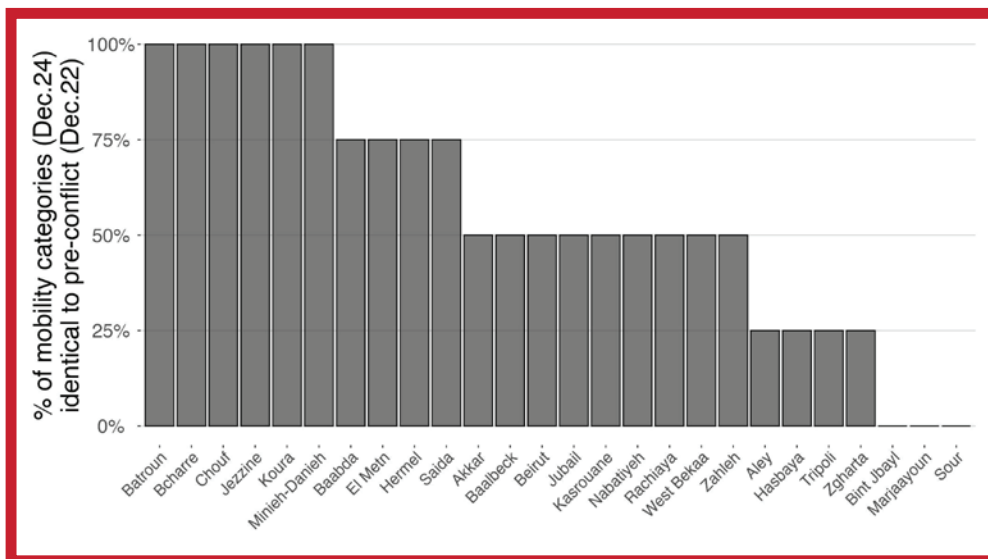
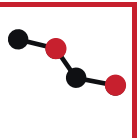


Figure 8: Districts by the proportion of mobility data distance band categories (four total) that were statistically identical before (Dec.22) and after (Dec.24) the conflict.

⁵⁰ Statistically insignificant differences between pre- and post-conflict distributions indicate that movement patterns after the CoH were essentially identical to those in December 2022. The team ran t-tests to compare the distribution of mobility data recorded in December 2022 and December 2024 for all distance bands in each district.

⁵¹ Interestingly, only one of the four distance bands were identical from pre- to post-conflict in Tripoli, even though the district was not heavily directly impacted by the conflict.



Economic Updates:

Moody's has calculated that Lebanon's GDP contracted by 10% in 2024 and projects a 2% contraction for 2025. This assessment is based on Salam's incoming government implementing reforms – particularly restructuring debt and solving the commercial banking crisis – and a sustained CoH between Lebanon and Israel. Under this scenario, Moody's projects that GDP could expand by 0.8% in 2026. The agency also noted that the stabilization of the Lebanese Pound (LBP)/US dollar (USD) exchange rate has come at the expense of limited government spending, which impedes long-term economic growth.^{52 53}

On January 27, caretaker Finance Minister Youssef Khalil announced that Lebanon recorded a budget surplus of LBP 27 trillion (approximately USD 250 million) in 2024. He added that the government collected 19% more revenues than anticipated, due to reinforcing tax compliance and collection policies.⁵⁴ Khalil also suggested that no revenues will be allocated to freeing up deposits trapped in commercial banks before a debt restructuring plan is enacted, including one that would address Lebanon's outstanding eurobonds.

Federation of Tourism and Hotel Owners Syndicates head Pierre Achkar announced in early January that tourism had declined following the CoH. Achkar cited several factors affecting tourism, including limited airport activity, the absence of major entertainment events, and limited numbers of visitors from Gulf states. According to Jean Beiruti, Secretary-General of the Federation of Tourism Unions, hospitality and transportation businesses have been hardest hit by the falloff in tourism, resulting in profits that were down more than 50% year on year.⁵⁵

The consumer price index (CPI) increased by 2.39% in December, and by 18.12% compared to December 2023. Education prices increased the most (28%) across Lebanon. Private education increased by 31%, while public education increased by 10%.⁵⁶ This change could be attributed to schools reopening in December, after the CoH came into effect.

⁵² Arabre, [Moody's: The Lebanese economy contracted 10% in 2024 and will grow 0.8% in 2026](#) January 15, 2025

⁵³ Moody's Analytics, [A New President for Lebanon](#) January 14, 2025

⁵⁴ El Nashra, [الخليل: مجموع الإنفاق في 2024 بلغ 340 ترليون ليرة وتم تسديد جميع المستحقات من ديون داخلية وخارجية](#) January 27, 2025

⁵⁵ Nidaa al Watan, [الأعياد "أحيطت" آمال القطاع السياحي](#) January 3, 2025

⁵⁶ Central Administration of Statistics, [CPI](#) December 2024



Syria-Lebanon smuggling

Illicit trade accelerated along the Lebanese-Syrian border after the fall of former Syrian President Bashar al-Assad's regime in December. Fuel prices in Syria soared to double those in Lebanon, prompting a surge in informal Syria-bound hydrocarbon shipments,^{57 58} while Syrian and Turkish goods, including vegetables, flooded the market in Lebanon. Lebanese farmers have expressed concern regarding the unprecedented supply of foreign vegetables and fruits, which significantly cuts into their market share.

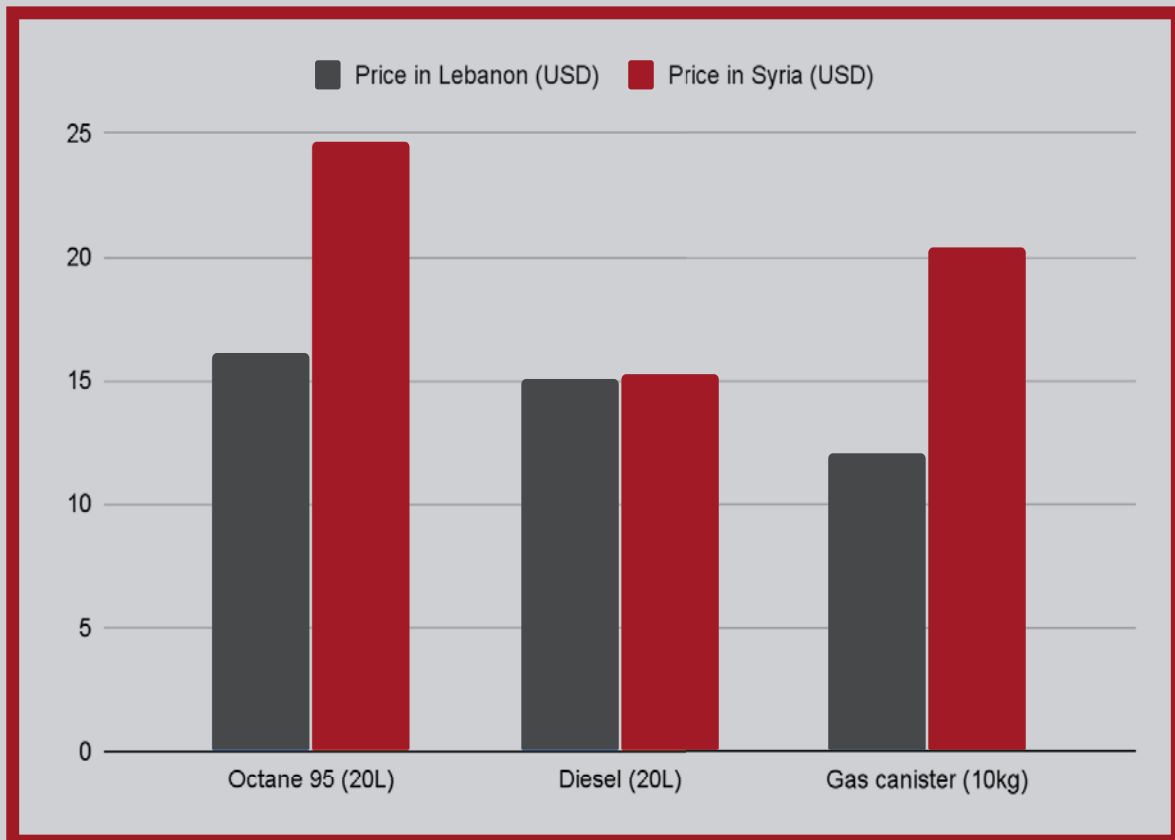


Figure 9: Fuel prices in Lebanon and Syria in January.

While it is unclear whether this is indicative of a longer-term trend, Lebanese farmers and distributors have threatened to take action in the face of continued losses in local markets.⁶⁰ Illegal trade between Lebanon and Syria accounted for some USD 3 billion annually before the fall of Assad's regime on December 8. This figure will likely increase by the end of 2025 unless Lebanese and Syrian authorities take additional actions to clamp down on illicit cross-border trade.⁶¹

⁵⁷ MTV Lebanon News, [تهريب البنزين مُستمرّ والريح كبير](#), January 22, 2025

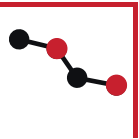
⁵⁸ Residents in small villages in Wadi Khaled and Akkar have submitted multiple complaints to the LAF about traffic congestion, pollution, and noise caused by trucks transporting goods to and from Syria via secondary roads, which are not monitored by Lebanese customs.

L'Orient Today, [Smuggling resumes at illegal crossing points in Akkar](#), January 24, 2025

⁵⁹ National News Agency, [الترشيبي حذر من تهريب المنتجات الزراعية السورية والتركية إلى الأسواق اللبنانية](#), January 3, 2025

⁶⁰ Nidaa al Watan, [المنتجات السورية والتركية تستبيح الأسواق اللبنانية](#), January 6, 2024

⁶¹ L'Orient Today, [Can Lebanon benefit from a potential recovery of the Syrian economy?](#), January 2, 2025



On January 31, the Central Bank suspended the amended versions of Circulars 158 and 166. The Bank amended these circulars in October to allow their beneficiaries – USD account holders with deposits trapped in commercial banks since 2019 – to withdraw up to three times their withdrawal limits in October, and two times the limits in November, December, and January. Pending further Central Bank guidance, commercial banks will now operate according to the original versions of Circulars 158 and 166.⁶²

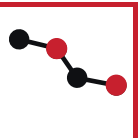
	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025
Circular 158 withdrawal limit (for depositors who subscribed before July 2023)	400	1,200	800	800	800	400
Circular 158 withdrawal limit (for depositors who subscribed before July 2023)	300	900	600	600	600	400
Circular 166 withdrawal limit	150	450	300	300	300	150

Table 1: Circular 158 and Circular 166 withdrawal limits (in USD).

According to Central Bank balance sheets for January, both the LBP supply in circulation and foreign exchange reserves increased. LBP in circulation rose from some LBP 65 trillion to about LBP 85 trillion (a 30% increase compared to December). Foreign reserve assets also increased by some USD 235 million, from USD 10.13 billion to USD 10.38 billion.⁶³

⁶² L'Orient Today, [Circulars No. 158 and 166: BDL ends exemption for February](#) January 31, 2025

⁶³ Banque du Liban Statistics and Research, [Balance Sheet](#)



Source: Reuters

Political Updates:

On January 9, former LAF Commander-in-Chief Joseph Aoun was elected president, ending a nearly two-year vacancy in one of the country's executive posts.⁶⁴ Upon taking the oath of office, Aoun pledged to “secure the state's right to monopolize weapons” and support judicial independence, public administrative reform, economic recovery, and national co-existence.⁶⁵ Days later, on January 13, then President of the International Court of Justice Nawaf Salam was named prime minister-designate. The Amal Movement and Hezbollah opted not to nominate a candidate for prime minister, in apparent opposition to Salam.⁶⁶

Both developments precipitated positive responses from regional actors. On January 11, UAE President Mohammed bin Zayed extended his congratulations and announced that he “agreed to take the necessary steps to reopen” the UAE Embassy in Beirut.⁶⁷ On January 23, Saudi Foreign Minister Prince Faisal bin Farhan visited Lebanon, the first such visit to the country by a Saudi foreign minister in a decade, where he expressed his confidence in Aoun and Salam's ability to implement necessary reforms and ensure Lebanon's stability.⁶⁸

On January 23, the General Authority for Land and Maritime Ports in Syria issued updated guidance specifying the circumstances under which Lebanese nationals can enter Syria.⁶⁹ The announcement came on the heels of a January 2 decision that allows only Lebanese with residency permits or official permission to cross into Syria.

On January 11, Lebanese caretaker Prime Minister Najib Mikati met with then transitional leader of Syria Ahmad Al-Sharaa in Damascus. The two leaders discussed the Syrian refugee crisis, enhancing border security, tackling smuggling, and forming a joint committee for border demarcation.⁷⁰ Mikati's visit marks the first high-level meeting between Lebanon and Syria since the fall of the Assad regime, and the first visit by a Lebanese prime minister to Syria in 14 years.⁷¹

⁶⁴ Al-Monitor, [Joseph Aoun elected president of Lebanon, ending two-year void](#) January 9, 2025

⁶⁵ MTV, [الدولة تحتكر السلاح... جوزيف عون: هذا عهد](#) January 9, 2025

⁶⁶ France 24, [لبنان: الرئاسة تعلن تكليف نواف سلام بتشكيل حكومة جديدة](#) January 13, 2025

⁶⁷ In October 2021, the UAE withdrew its diplomats from Lebanon and closed its embassy, mirroring Saudi Arabia's response after Lebanon's then-information minister criticized the Saudi-led coalition's actions in Yemen. The closure reflected the UAE's dissatisfaction with Lebanon's position and marked a shift in diplomatic and economic support.

Reuters, [UAE to reopen embassy in Lebanon after more than three years](#) January 13, 2025

Elnashra, [رئاسة الجمهورية: رئيس الإمارات هنا عون وأبلغه معاودة العمل بسفارة بلاده في بيروت قريباً](#) January 11, 2025

⁶⁸ Associated Press News, [Saudi foreign minister makes first official trip to Lebanon in a decade after years of strained ties](#) January 23, 2025

⁶⁹ RT Arabic, [دمشق: تحدد شروط دخول المواطنين اللبنانيين إلى سوريا](#) January 23, 2025

⁷⁰ The New York Times, [Lebanon's Prime Minister Meets With Syrian Leader](#) January 11, 2025

⁷¹ Anadolu Agency, [Lebanese premier meets leader of Syria's new administration in Damascus](#) January 11, 2025



Source: MEE

Access to Services:

Lower-than-average rainfall in Lebanon is raising concerns about water shortages.

The Director General of the Beirut and Mount Lebanon Water Corporation (EBML) warned of severe rationing due to a 70% decrease in rainfall compared to previous years and to the lack of snowfall at high elevations.⁷² The Lake Qaraoun reservoir in Bekaa is projected to hold 120 million cubic meters by the end of winter (referred to as the “water season”) – it has only accrued approximately 23 million cubic meters as of early February – well below the long-term annual average of 320 million cubic meters. This will affect water availability heading into the summer. The Litani River Authority also warned that hydroelectric output will almost halve, leading to losses in the electricity sector exceeding USD 27 million.⁷³

On January 15, the World Bank approved the Second Greater Beirut Water Supply Project, committing USD 257.8 million to enhance water quality, infrastructure, and sustainability in Lebanon by 2032. The project aims to expand the Wardanieh Water Treatment Plant and increase water supply for 1.8 million people, thus meeting 70% of demand in Greater Beirut and Mount Lebanon.⁷⁴

Water shortages are expected to strain infrastructure and increase reliance on dwindling groundwater supplies. Agriculture will be particularly affected, as farmers contend with higher irrigation costs and reduced crop yields, which in turn threaten food security and increase dependence on imports. The dry conditions also heighten the risk of wildfires, while inadequate water supply raises public health concerns, especially in vulnerable communities, and will likely increase the spread of waterborne diseases.⁷⁵ Finally, water bills are expected to increase, specifically in Beirut and Mount Lebanon⁷⁶

⁷² MTV, [MTV لـ المدير العام لمؤسسة مياه بيروت وجبل لبنان جان حيران](#) January 27, 2025

⁷³ Al Nahar, [الحفاف يدق ناقوس الخطر في لبنان... بحيرة القرعون يمشهد مخيف من دون مياه](#) February 2025

⁷⁴ World Bank, [New World Bank Program to Improve Water Supply and Quality and Advance Water Sector Reforms](#) January 15, 2025

⁷⁵ Anera, [A Climate Change Wake-Up Call](#) January 31, 2025

⁷⁶ Al Diyar, [الأمن المائي مهدد وفاتورة بيروت وجبل لبنان الـ ارتفاع](#) January 23, 2025



The Director General of Lebanon's National Social Security Fund (NSSF) Mohammad Karaki issued a directive to provide bimonthly financial advances of LBP 264 billion to regional and local NSSF offices.⁷⁷ This follows increased contributions due to the 2024 minimum wage hike and a LBP 2.5 trillion allocation from the Ministry of Finance. Allocations for healthcare coverage expanded, with 90% of surgical costs now covered, medications for chronic diseases 80% covered, cancer 90%, and terminal illnesses 95%. These coverage levels now match those prior to 2019.

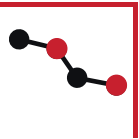
The latest Integrated Food Security Phase Classification (IPC) food security assessment, covering the period from October to December 2024, indicates that out of Lebanon's total population of 5,574,519, 29% (nearly 1.6 million people) are experiencing high levels of food insecurity (Phase 3 or above). The highest proportion of the population in phase 3 are in Hermel (48%), Baalbeck (50%) and Bint Jbeil-Nabatieh-Marjaayoun-Sour (51%), all of which were heavily affected by the cross-border conflict.⁷⁸ Areas affected to a lesser extent, such as Zahle (39% at phase 3), Akkar (40%), Tripoli (37%), and Minieh-Danniyeh (37%), also face severe food insecurity.

Projections paint a worsening picture in the coming months, when an additional 67,000 people may enter Phase 3, resulting in 30% of the population experiencing food insecurity (Phase 3 or higher). The ongoing impact of the conflict, coupled with a reduction in food aid, will exacerbate these challenges, especially for returning IDPs, potentially pushing an additional 230,000 Lebanese residents into severe food insecurity.⁷⁹

⁷⁷ NNA, [إمداد مكاتب الضمان بالسلفات المالية لتأدية التقديمات للعام 2025](#) January 10, 2025

⁷⁸ The IPC classified populations in the different districts, with the following in Phase 3: Bcharre 6%, Jezzine 6%, Batroun 7%, Koura 11%, Jbeil 11%, Keserwan 11%, Metn 16%, Aley 19%, Zgharta 19%, Chouf 22%, Hasbaya 22%, Rachaya 24%, Beirut 27%, Baabda 29%, West Beqaa 30%, Saida 32%, El Minieh-Dennie 37%, Tripoli 37%, Zahle 39%, and Akkar 40%.

⁷⁹ IPC - Integrated Food Security Phase Classification, [Lebanon: Acute Food Insecurity Situation for October - November 2024 and Projection for December 2024 - March 2025](#) January 17, 2025



Looking Forward:

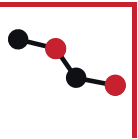
- The CoH will likely come under increasing pressure as the new February 18 deadline for Israel's military withdrawal approaches. Displaced residents will continue attempting to return to towns in the eastern sector of the border where Israeli troops are present, likely leading to more casualties. Israeli troops appear poised to continue their pattern of heavy property destruction, likely picking up the pace of demolition and bulldozing work ahead of their expected withdrawal. Israel has reportedly sought to establish up to five outposts on hilltops along the Lebanese side of the border that would see its troops remain in the country past the end of the new extension.⁸⁰ Without a further extension, such a move would signal the breakdown of the diplomatic process pursued by the Lebanese state with Hezbollah's backing. Hezbollah would come under pressure to take action against any such Israeli presence, possibly including military action that would likely lead to a sharp Israeli response.
- The CoH stipulates the continued dismantling of Hezbollah infrastructure beyond the transitional phase and Israel's pullout of troops from southern Lebanon. Its vague wording calls for initially seizing weapon caches and military facilities starting south of the Litani but leaves open the possibility of seizures elsewhere. Hezbollah has repeatedly insisted the implementation of the CoH applies only south of the Litani and it is unclear whether the LAF and CoH monitoring committee will pursue extensive dismantlement efforts north of the Litani. As such, it is likely the Israeli military will continue to conduct unilateral strikes against alleged Hezbollah military infrastructure – including arms caches and weapon manufacturing facilities – north of the Litani, raising the possibility of limited Hezbollah responses in the future and cycles of violence and tension. If Hezbollah largely refrains from retaliating to such strikes, Tel Aviv could pursue a policy in Lebanon similar to the one it implemented in Syria. There, from 2013 onward, it has conducted an increasing number of raids against military infrastructure, weapon transfers and personnel affiliated to Hezbollah and Iran with little significant retaliation. Israel has also filed complaints with the CoH monitoring committee regarding Iranian cash shipments to Hezbollah in Lebanon,⁸¹ raising the possibility Tel Aviv will take unilateral action to stymie such funding networks.
- US President Donald Trump signed an executive order on January 20 which mandated that all US foreign assistance – with notable exceptions⁸² – be suspended, including all programs and projects in Lebanon that are dependent on US foreign assistance. All suspended programs, worldwide, will be reviewed by the Trump Administration. The mechanisms of review, assessment, and decision-making regarding fund cuts remain unclear.

⁸⁰ L'Orient Today, [Why does Israel opt for escalation against Hezbollah?](#) February 1, 2025; Al-Akhbar, [ترتيبات مهلة الـ 18 يوماً: هل ينسحب العدو من النقاط الخمس؟](#) January 28, 2025

⁸¹ Times of Israel, [Report: Israel told Lebanon truce committee Iran is smuggling cash to Hezbollah via Beirut airport](#) January 31, 2025

⁸² The Secretary of State may waive the pause in aid for specific programs, which has been done in the case of military assistance to Egypt and Israel. Reuters, [US issues broad freeze on foreign aid after Trump orders review](#) January 25, 2025;

White House, [Reevaluating and realigning United States foreign aid](#) January 20, 2025



Notably, the US State Department issued a waiver for “life-saving humanitarian assistance [that] applies to core life-saving medicine, medical services, food, shelter, and subsistence assistance, as well as supplies and reasonable administrative costs as necessary to deliver such assistance.”⁸³ Humanitarian and development actors not covered by this waiver should consider how the latest developments will not only affect beneficiaries in Lebanon but also hundreds of NGOs employees; contractual workers in the education, healthcare, and other sectors; and scholarships relying on US government-sourced funding.

- The government formation process is proceeding apace, with a cabinet lineup announcement expected shortly. Negotiations over its composition have largely mirrored those of previous governments, characterized by horse-trading and influence by foreign stakeholders. The main sticking point appeared to be who will control what are commonly called “sovereign ministries”, in particular the Finance Ministry, with Hezbollah and Amal insisting on being given the portfolio. Reports suggest that most hurdles have been overcome, but the fact remains that the forthcoming government will comprise members of or individuals affiliated with legacy parties. This suggests that the government, which Prime Minister-Designate Salam has insisted is aimed at implementing “reform”, could be hamstrung by the same divisions as past governments. It is therefore unclear whether the government will, in fact, have the mandate to implement reforms, a key to unlocking foreign financial assistance.
- The Central Bank is reportedly discussing a plan to “solve” the issue of deposits trapped in commercial banks.⁸⁴ On January 20, Central Bank Governor Wassim Mansouri confirmed that the Bank will present a solution once the next government is formed.⁸⁵ Notably, Mansouri suggested that this would likely entail a haircut, under whose terms depositors, either collectively or separately, would contribute to recapitalizing Lebanon’s effectively insolvent banks.⁸⁶ Some 94% of depositors have balances of USD 200,000 or less,⁸⁷ suggesting that this approach could more or less “protect” smaller depositors who are still hoping to retrieve all or at least most of their savings.

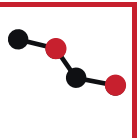
⁸³ US Department of State, [Emergency Humanitarian Waiver to Foreign Assistance Pause](#) January 28, 2025

⁸⁴ Nidaa al Watan, [منصوري: قريبا من حلّ مسألة المودعين](#) January 17, 2025

⁸⁵ Nidaa al Watan, [منصوري: “الهيركات” يجب أن تُطبق بطريقة مدروسة](#) January 20, 2025

⁸⁶ Ibid.

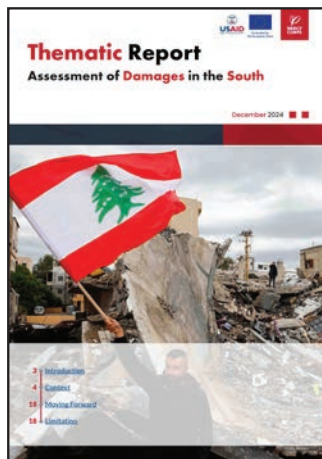
⁸⁷ NowLebanon, [Deposit Recovery Fund only glimpse of hope to Usd93 bln deposits](#) July 16, 2024



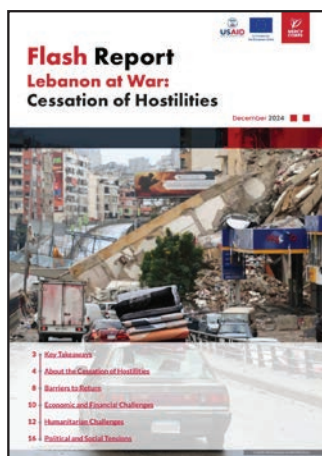
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