

# 2.3.2. Current state of the economy

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Lebanon’s economy, already strained by years of crisis, was further destabilised[153] by the war between Israel and Hezbollah, which began in October 2023[154] and ended in November 2024 [155] following a ceasefire.[156] The conflict caused an estimated economic loss of USD 7.2 billion, primarily impacting commerce, industry, tourism, agriculture, food security, housing, healthcare, energy, and education.[157] This added to Lebanon’s triple crisis in its banking sector, economy, and currency, further deepening destruction and uncertainty.[158] Israeli airstrikes across Lebanon further intensified the country’s economic crisis.[159]

The transitional government faced significant challenges[160] in managing reconstruction, which was estimated to require USD 11 billion.[161] Prime Minister Salam pledged to revive the economy and implemented reforms,[162] however, the socio-economic situation continued to worsen due to political stalemate and ongoing economic deterioration.[163]

As of 23 October 2024, the UN Development Programme (UNDP) reported severe economic contraction, rising poverty, and worsening public services amidst escalating hostilities.[164] In 2024, Lebanon’s real GDP had declined by an estimated 7.1 %, marking a cumulative contraction of nearly 40 % since 2019.[165]

The September 2024 escalation of conflict in Lebanon displaced thousands and further deepened the country’s prolonged socio-economic crisis.[166]

By May 2025, public services in Southern Lebanon, Baalbek-El Hermel, and Bekaa were under severe strain. Widespread damage to healthcare, water, sanitation, electricity, and education systems created major service gaps affecting hundreds of thousands of people, particularly returnees and displaced households, and the situation was worsened by funding shortages and the limited capacity of local authorities and humanitarian organisations.[167]

**a) Poverty, basic substance and employment**

Lebanon faced severe economic challenges even before the recent escalation of hostilities, with widespread poverty and food insecurity already entrenched.[168] The 2024 war further worsened Lebanon’s labour market, which was constrained by limited economic transformation, weak job creation, widespread informality, and poor-quality employment, with 29.6 % unemployment, 50.1 % labour underutilisation, 47.8 % youth unemployment, and 62.4 % of the workforce in informal, low-wage jobs without protection.[169]

Access to basic services was severely limited for people who faced poverty and food insecurity, while ongoing Israeli attacks have significantly worsened these vulnerabilities.170 The sharp depreciation of the Lebanese pound combined with high inflation has further eroded purchasing power and driven many Lebanese into poverty.171

The conflict deepened these vulnerabilities by devastating agriculture, infrastructure, and businesses, destroying farmland and irrigation systems in the south, and pushing unemployment higher, leaving an estimated 689 000 workers across the hardest-hit sectors of agriculture, construction, manufacturing, transport and storage, arts and entertainment, accommodation and food services, and wholesale and retail trade facing job and income losses, with men disproportionately affected at 584 000 compared to 104 000 women.172

Prior to the conflict, tourism accounted for 8.6 % of GDP and around 4.4 % of total employment, but the sector has since suffered major economic losses due to reduced revenues, rising operational costs, and job cuts. The municipal and public services sector also recorded an estimated USD 192 million in losses, including USD 1.8 million linked to expected job losses among contractors and daily workers, as many facilities stopped operating.173

**b) Food security**

Ongoing political stalemate and a deteriorating economy have further increased food insecurity in the country.174 The September 2024 escalation of the conflict in Lebanon further deepened poverty, which has more than tripled over the past decade, reaching 44 % of the population.175 As of May 2025, agricultural degradation in Lebanon's southern Governorates has been severe, as conflict has heavily disrupted production activities, particularly in rural areas reliant on agriculture; damage to essential infrastructure, restricted access to inputs, and interruptions to farming cycles have led to sharply reduced crop yields, undermining local food availability, market supply, and household income.176 Food security has deteriorated further due to reduced agricultural output, price inflation, and disrupted supply chains, with damage to farmland and assets reported in 130 municipalities, cereal production falling 40 % below average, nearly one-quarter of the Lebanese population showing poor food consumption.177 As of 21 July 2025, 2.7 million people in Lebanon were in need of food assistance,178 with 1.2 million people facing high level of acute food insecurity despite the ceasefire.179

**c) Housing**

Following Israeli military operations, around 40 % of buildings in southern Lebanon's border region have been destroyed by Israeli bomb attacks,180 representing an estimated 100 000 housing units that were partially or fully destroyed,181 with towns such as Kfar Kila and Aita al-Shaab experiencing approximately 66 % destruction, while Dhaira, Odaisseh, Ramieh, Teir Harfa, and Yarine have around 40 % of their buildings damaged or destroyed, leaving many areas uninhabitable, displacing hundreds of thousands of residents, and preventing thousands of Lebanese from returning to their homes.182 Citing local media in Lebanon, Anadolu Ajansı, the Turkish state-run news agency, reported in November 2024 that 'The Israeli army has erased 37 towns and destroyed more than 40,000 housing units since the start of its deadly offensive on Lebanon last year'.183 By September 2024, at the early stage of the war, Israeli attacks had damaged or destroyed over 23 000 homes, carried out over 5 600 strikes that devastated 1 200

hectares of farmland.184 According to Amnesty International, between 1 October 2024 and 26 January 2025, Israeli strikes destroyed or severely damaged thousands of civilian structures across areas from the southern border to the Bekaa Valley and Beirut, affecting at least 26 municipalities in southern Lebanon, with much of the damage occurring after the 27 November 2024 ceasefire.185 For more information, see section 6.4 Impact on civilian population and infrastructure.

**d) Healthcare**

Prior to the recent conflict, Lebanon's healthcare system was hospital-centric, largely privatised, and fragmented. According to World Bank data, only 32 out of 160 hospitals were public, and 311 primary healthcare centres were primarily private. Households experienced high health expenditures, dominated by out-of-pocket and private insurance spending, inequitable access to care due to governance fragmentation, and a decreasing medical workforce as well as deteriorating service delivery. Data from 2021 indicated that the situation had left 33 % of households deprived of essential healthcare.186

Amid the recent conflict between Lebanon and Israel, reports have emerged of the destruction of healthcare facilities.187 According to the World Health Organisation (WHO), between 7 October 2023 and 21 November 2024, there were 137 documented attacks on healthcare facilities in Lebanon, resulting in 65 incidents (47 %) with at least one fatality,188 while a UN Security Council report of 12 March 2025 indicated that between 8 October 2023 and 20 February 2025, at least 160 healthcare facilities in the country were impacted by air strikes, resulting in 241 health workers killed and 295 injured while on duty, with three hospitals and 26 primary healthcare centres remaining affected.189 In southern Lebanon, 17 air strikes were recorded in 2024, resulting in 20 aid worker deaths, according to the Aid Worker Security Database.190

The conflict has caused an estimated USD 208 million in damage to Lebanon's health sector with 885 assets having been destroyed or partially damaged, including the complete destruction of 121 dental clinics, 60 pharmacies, 34 social development centres, and one hospital. Moreover, 39 hospitals were partially damaged, impacting 33 % of the baseline. Al Nabatieh Governorate was the most affected with damages estimated to USD 85 million, followed by South (USD 39 million) and Baalbek-Hermel (USD 34 million). The districts with the highest facility damage included Marjaayoun (USD 37 million), Baabda (USD 32 million), and Tyre (USD 27 million).191

As of 23 September 2025, according to Doctors Without Borders (MSF), many damaged hospitals and primary healthcare facilities in southern Lebanon remain closed, and many still need rehabilitation.192

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