

GAZA WAR: PRELIMINARY FINDINGS ON THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT ON **LEBANON**

Executive Summary

The outbreak of the war in Gaza has resulted in an additional layer of complexity to the already profound and multifaceted crisis that Lebanon has been struggling with for the past few years. The impact from the Gaza war has started to be felt across sectors, and through a variety of transmission channels. The ongoing conflict around the Southern Lebanese border that has been triggered by the Gaza war is expected to have significant impact on key economic sectors in Lebanon, particularly tourism and services. The economy of South Lebanon has been and will be affected, given the direct military attacks targeting a high number of southern villages and towns, the high displacement rates, and the reported shutdown of economic activity.

To better understand the magnitude of the conflict's implications, UNDP has assessed the actual and potential impact of the ongoing conflict on the economy and transmission channels, as well as on the environment. The assessment is based on a desk review of available data, complemented with informal interviews with key stakeholders, and with preliminary data gathered by the UNDP team. Given that no official damage assessment has been done so far, this analysis is based on available official data and the latest data released by a variety of sources as of the report's cover date.

The main findings of the assessment can be summarized as follows:

On the national level:

- Should the war continue, or expand beyond the borders' area to reach other locations in Lebanon, the domestic economy will resume its contractionary trend, although it was forecasted that the economy may start to slowly grow in 2023. The magnitude of contraction depends on different scenarios relating to the extent and duration of the conflict (status quo versus full expansion of the war to other parts in Lebanon).
- The tourism and hospitality sectors are heavily impacted by the conflict. This is evidenced by the reduced flow of travelers, low hotel occupancy rates, and the diminished clientele at restaurants.
- International trade was affected and may be subject to further repercussions should the conflict continue, mainly in terms of the widening trade deficit and the disruption of supply chains. Imports and exports are both key to Lebanon's economy, and the ongoing disruption may jeopardize Lebanon's efforts to recover from the crisis: on one side, the country relies on imports to meet basic necessities, mainly food and convenient good; on the other side, exports are considered a major source of foreign currency.
- The conflict will affect financial flows to the country, mainly remittances, which are critical to the survival of a wide segment of the population, amid the continuous dysfunctionality of the banking sector. Disruptions in flights to Lebanon will further impact the flow of remittances from the diaspora.



contraction in the domestic economy



decline in the flow of passengers and **deteriorating performance of the hospitality sector**



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On the level of South Lebanon and Nabatiyeh Governorates

Since the start of the conflict, around 91 villages in the Governorates of Nabatiyeh and South Lebanon have been subject to 1,768 attacks, including shelling, airstrikes, flare and incendiary bombs, phosphorous shells, and other forms of assault. The fighting on the borders has resulted in a number of Internally Displaced People (IDPs), the destruction of assets (such as cars, productions tools, houses, shops, etc..) and infrastructure, and disruption to economic and social services:

- Since the start of the conflict (as of 14 December 2023), a massive displacement was recorded from villages and towns located on the border, reaching 64,053 individuals, of whom 52 percent are female and 37 percent are children¹.
- Tens of buildings and dwellings have been completely destroyed; hundreds of housing units were partially or totally damaged; hundreds of commercial entities were affected and/or shutdown; and assets were lost or damaged.
- The most significant losses are reported in the agriculture sector, a main source of livelihood and income in the area. The conflict is taking place during a critical period (harvesting and land preparation for the next season). Agricultural lands have suffered significant damage, including physical degradation, chemical pollution, and contamination from explosive remnants, resulting in a loss of soil fertility. The use of phosphorus shelling has led to the contamination of crops, surface and ground water, posing threats to livestock and human health. Additionally, fires have impacted various agricultural areas, affecting olive groves, citrus farms, banana farms, and pasture lands.
- The main crops that are affected are: olives (and consequently olive oil production), carob, grains and other winter crops. In addition to the losses in production, thousands of trees were burned (for instance 47,000 olive trees were reported to have been burnt by phosphorus bombs). The conflict also causes major losses in the livestock, poultry and aquaculture sectors.
- Forest fires significantly impact natural ecosystems, hindering recovery due to disrupted ecological processes. White phosphorus is extremely poisonous to various organisms, leading to documented incidents of death among mammals, birds, and fish, with long-lasting environmental harm and a classification as very toxic to aquatic life. The use of white phosphorus extends beyond immediate destruction, posing ongoing and unpredictable hazards due to its prolonged and difficult-to-control burning, creating serious risks to human health, safety, and the environment.
- Water infrastructure has been damaged, risking the spread of water-borne diseases and environmental degradation, highlighting the critical need for access to clean water for public health and community wellbeing.
- Soil quality in the conflict area has been affected by physical destruction and pollution due to the spread of heavy metals and toxic compounds from explosive weapons, with white phosphorus usage further reducing fertility and increasing soil acidity. The conflict will impact solid waste, as waste management disruption leads to unsafe landfilling and burning, negatively impacting ecosystems.

In conclusion, irrespective of the war scenarios, the economy is likely to contract further. This contraction, along with the delay in implementing a comprehensive reform agenda, will inevitably impede the country's economic recovery. This analysis serves as an early effort to take stock of the initial actual and potential losses resulting from the conflict. The report concludes with potential ways forward for a swift response post-war and outlines the immediate steps to be taken:

- Regularly updating the impact of the conflict and preparing for further in-depth assessments to feed into the design of a response and recovery plan that enables the implementation of the triple nexus, combining humanitarian assistance and peacebuilding with longer-term development.
- Reprogramming activities to address the implications of the crisis and to safeguard livelihoods, should the conflict continue, prioritising community-based initiatives, establishment of linkages and value chains, and cash for work for IDPs.
- Laying the groundwork for well-informed and programmatic activities post-conflict, including job creation, business development, income support to farmers to restart their activities, access to finance and infrastructure investments to stimulate sustained economic recovery.
- Planning an in-depth environmental assessment as the preliminary UNDP environmental assessment underscores significant impacts on protected areas, forests, water bodies, air quality, and land.
- Prioritizing environmental considerations such as strategies for recovery including reforestation, advocating against prohibited phosphorus bombs
- Implementing measures for the protection of livestock, recognizing their significant role in the local economy and livelihoods.



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¹The International Organization for Migration (IOM), the Lebanese Red Cross (LRC), the Disaster Risk Management (DRM) Unit, Displacement Tracking Matrix, Mobility Snapshot, Round 15, <https://dtm.iom.int/reports/mobility-snapshot-round-2023-12-14-15?close=true>.