



Lebanon Rapid Damage and Needs Assessment (RDNA) & Macroeconomic Outlook 2025

Summary of Findings

April 16, 2025



With financial support from the World Bank's State and Peacebuilding Fund

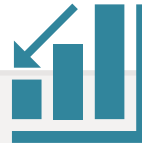


OBJECTIVES LEBANON RDNA 2025

The Lebanon RDNA is being produced in a quick timeframe to ensure the relevance of the estimations and to inform a proposed emergency assistance project currently under preparation.



Provide a comprehensive assessment of the **impact of the conflict** in terms of **damage and losses**.



Conduct a preliminary estimate of **recovery and reconstruction needs**.



Inform policy makers about **recovery priorities**.

SECTORAL, GEOGRAPHIC AND TEMPORAL SCOPE

10 SECTORS

- Agriculture & Food Security
- Commerce, Industry & Tourism
- Education
- Environment & Debris Management
- Energy
- Health
- Housing
- Municipal & Public Services
- Transport
- Water, Wastewater & Irrigation

In addition to sections on:

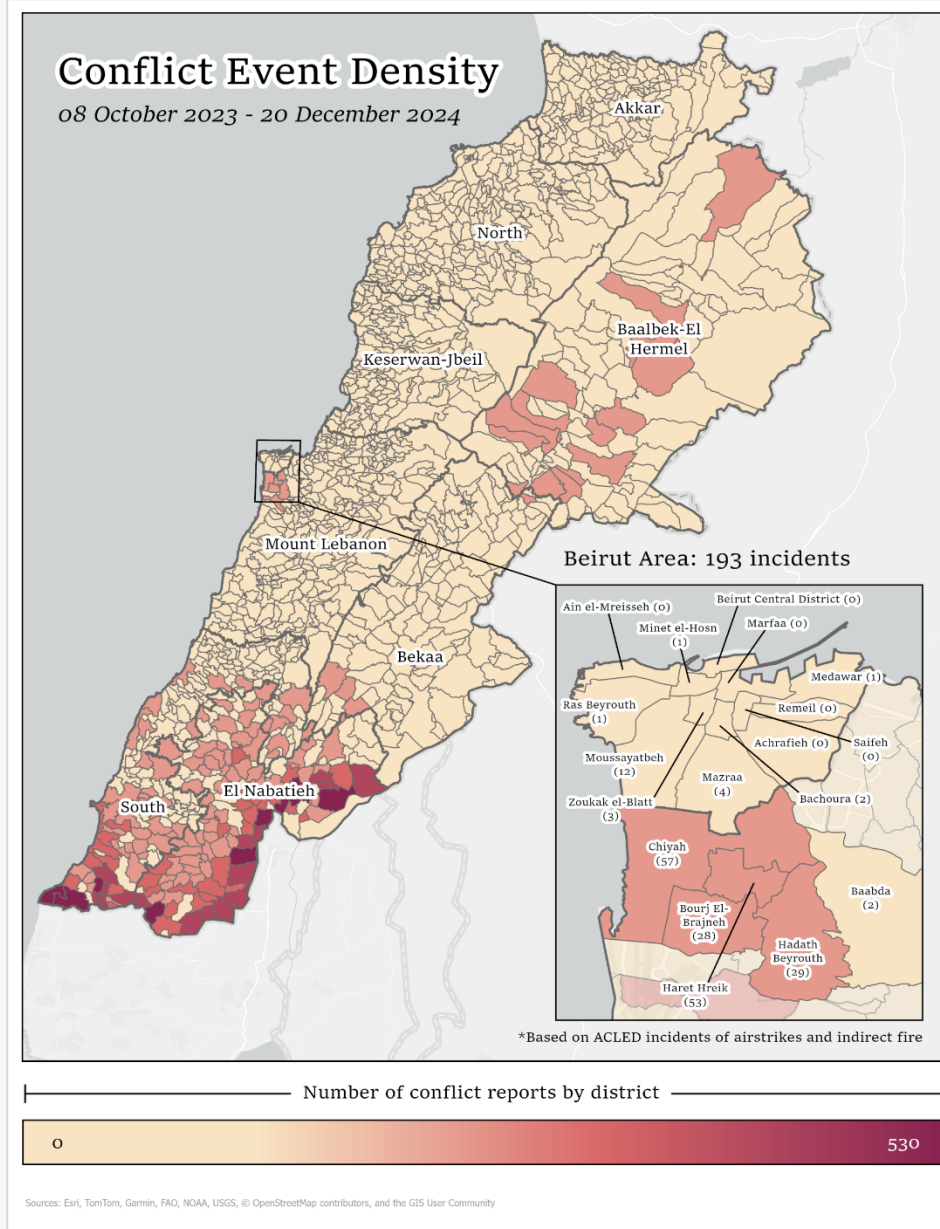
- Macroeconomic Impact
- Social and Human impact
- Displacement

TEMPORAL SCOPE

Period between
October 8, 2023, and
December 20, 2024

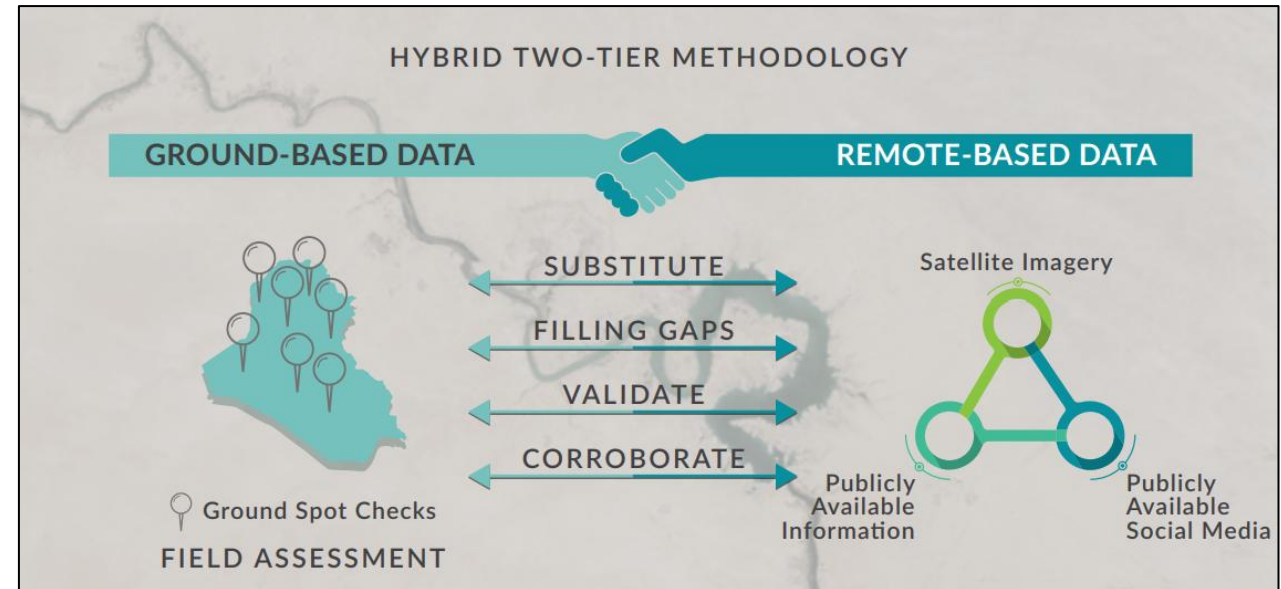
NATIONAL COVERAGE

The entire country to estimate
both the direct and indirect
impacts of the conflict.



RDNA METHODOLOGY

- The RDNA adapts from the **Post-Disaster Needs Assessment (PDNA) methodology** jointly developed by the EU, WB, and UN.
- The Lebanon RDNA follows a **hybrid two-tier approach**, relying on both ground-based and remote-based data:
- **Ground-based data**
 - Field assessment
 - Ground surveys
 - Key informant interviews
 - Publicly available data (Government, municipality, civil society, humanitarian actors)
- **Remotely collected data**
 - High resolution satellite imagery
 - Synthetic Aperture Radar (SAR)
 - Social media analytics
 - Anonymized cell phone data



THREE KEY OUTPUTS

1. DAMAGE

Replacement value of partially damaged or completely destroyed physical assets.

- **Amount/number** of damaged assets in a sector
- **Level of damage:** partially damaged and completely destroyed
- **Pre-conflict replacement cost** of the asset ('unit cost')

2. LOSSES

Changes in economic flows that result from the interruption or reduction of production and services due to the conflict.

- Estimated over a **26-month period** (14-month conflict + first recovery year)
- **Valued at current prices**
- Examples: *decline in output in productive sectors, lost wages, lower revenues, higher operational costs*

3. NEEDS

Cost of rebuilding assets & restoring services and business activity to the pre-conflict level.

- Covers **infrastructure reconstruction** (direct link to damage) and **service delivery restoration**
- Include a premium for **building back better**, smarter & greener
- Valued at **current prices**
- Distributed into **short** (2025), **medium** (2026-2027) and **long-term** (2028-2030)

← BACKWARD LOOKING

← FORWARD and BACKWARD →

→ FORWARD LOOKING →



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KEY ASSESSMENT FINDINGS

TOTAL DAMAGE

\$ 6.8 billion

TOTAL LOSSES

\$ 7.2 billion

TOTAL NEEDS

\$11 billion

KEY DAMAGE FINDINGS

TOTAL DAMAGE

\$6.9 billion

Nabatiyeh has the most damage (**47%**), followed by **South** (**23%**) and **Mt Lebanon** (**16%**).



Housing: \$4.5 billion *(67% of total damage)*

Private sector impact



Infrastructure (energy, municipal services, transport, water):

\$0.7 billion *(20% of total damage)*

Public sector impact



Commerce, Industry & Tourism: \$0.6 billion *(9% of total damage)*

Private sector impact

KEY LOSSES FINDINGS

TOTAL LOSSES

\$7.2 billion

Nabatiyeh incurred the most losses (**28%**), followed by **South (23%)**.



Commerce, Industry and Tourism: \$3.4 billion *(48% of total losses)*

Private sector impact



Environment & Debris Management: \$800 million *(11% of total losses)*

Public good impact



Infrastructure: \$790 million *(11% of total losses)*

Public sector impact



Agriculture: \$742 million *(10% of total losses)*

Private sector impact

KEY NEEDS FINDINGS

TOTAL NEEDS

\$11 billion

Nabatiyeh has the highest needs (**43%**), followed by **South (22%)** and **Mt Lebanon (16%)**.



Housing: \$6.2 billion (*57% of total needs*)

Primarily privately financed



Infrastructure: \$1 billion (*10% of total needs*)

Publicly financed



Commerce, Industry & Tourism: \$1.85 billion (*17% of total needs*)

Privately financed

MACROECONOMIC IMPACT OF THE CONFLICT

Continued Economic Contraction exacerbated by conflict (for a period 7 years to date)

Estimated real GDP contraction:

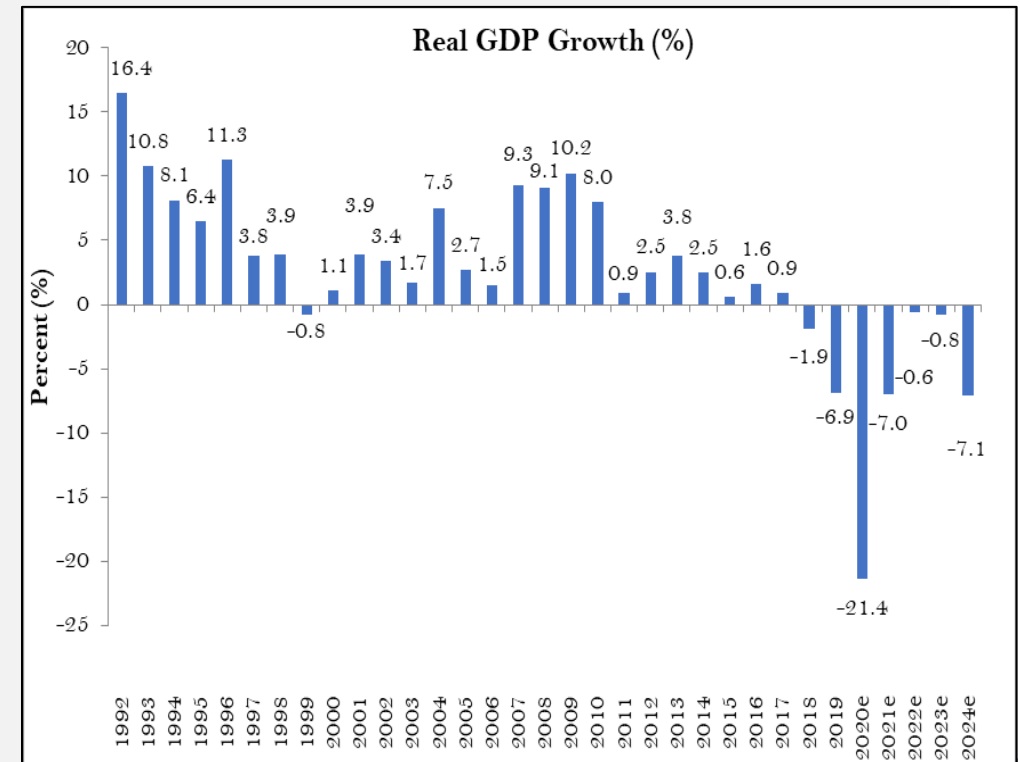
2023: **0.8 percent**

(primary impact channel is ↓ tourism revenues)

2024: **7.1 percent**

Total Contraction in real GDP

2019-2024: **~ 40 percent**



MACROECONOMIC IMPACT OF THE CONFLICT

Assessing the Impact of the Conflict Against a Counterfactual Scenario:

1. No conflict as of Q4-2023, and projects a continued upward trajectory in tourist arrivals.
2. In the absence of conflict, this growth in tourism would have extended through 2024.
3. The continuation of pre-conflict consumption trends, which had been contributing positively to economic growth.

Absent the conflict GDP would have grown, albeit tepidly, by 0.2 and 0.9 percent in 2023 and 2024, respectively.

	World Bank Estimates 2025		Counterfactual (No Conflict)		Total Impact of the Conflict	
	2023	2024	2023	2024	2023	2024
	Est.	Est.	Est.	Est.	Est.	Est.
Real GDP (%)	-0.8	-7.1	0.2	0.9	-1.0	-8.0

MACROECONOMIC IMPACT OF THE CONFLICT

Key Points on Interpreting Growth Estimates:

- **Pre-conflict projections** showed economic contraction beginning to bottom out in 2023 and 2024.

 - This **did not** indicate that a comprehensive crisis resolution plan was in place or that Lebanon was on a path to recovery supported by structural reforms.

- The **apparent stabilization** was largely due to **base effects** following years of severe contraction.

- **Nominal GDP** collapsed from **US\$55 billion in 2018 to just over US\$20 billion by 2023.**

- The **limited drivers of growth** included:

 - A **rebound in tourism** after COVID and successive shocks

 - **Stable remittances**, which have consistently remained near **US\$7 billion annually**, offering a vital cushion

- **Structural deficiencies and vulnerability persist** (an insolvent banking sector, chronic current account deficit, erosion of public finances relative to pre-crisis, lack of a new monetary framework, etc..)

 - **Without reforms, the economy remains exposed and on an unsustainable path.**

MACROECONOMIC OUTLOOK-2025

Real GDP growth projected at 4.7% in 2025, driven by:

Reform momentum, tourism rebound, and consumption recovery
Base effect following a 40% cumulative GDP contraction
Sustained remittances and potential but limited reconstruction inflows

Growth outlook remains fragile, highly contingent on:

Political and security stabilization
Tangible progress on structural reforms
Unlocking financial inflows and investment, hindered by an impaired banking sector

Inflation projected to moderate to 15.2%, assuming:

Continued exchange rate stability
Stable global inflation trends
(Dollarization limits Lebanon's ability to absorb external shocks)

Fiscal stance improving:

2024 fiscal surplus due to higher revenue collection and lower spending
2025 budget enables more spending flexibility, but spending contingent on easing fiscal restraints

Current account deficit projected at 15.3% of GDP:

Improvement from 2024 due to higher nominal GDP
Recovery in tourism expected to improve trade-in-services balance
Official data may understate CA deficit due to cash economy distortions

Policy priorities for 2025:

Immediate reforms essential given the short government tenure
Reforms aim to deliver short-term stabilization and lay groundwork for long-term recovery (forthcoming Lebanon Economic Monitor)

MACROECONOMIC IMPACT OF THE CONFLICT

Category	2024 Conflict	2006 Conflict
Human Toll	- 3,500+ deaths , more than triple 2006 figures - 13,500+ injuries , significant strain on healthcare - Widespread psychological and social impacts	- 1,191 deaths , localized impact - 4,400 injuries , healthcare impact manageable
Physical Damage	- 6.8 billion total damage -Extensive damage to housing , public buildings, water, education - Widespread impact across rural and urban areas	- \$3.2 billion in damage , primarily to infrastructure - Focused on roads, bridges, power plants, airports - Concentrated in specific conflict zones
Economic Loss	- Severe, long-term contraction due to pre-existing financial crisis - Real GDP contraction expected to persist beyond conflict - Sovereign default limits recovery prospects	- \$2.3 billion in lost output (10.5% of GDP) - Economy recovered quickly post-conflict - Growth remained positive at 1.6% in 2006
Duration	- Exceeded 34 days , volatile ceasefire agreement	- 34 days , with clear ceasefire agreement
Displacement	- Affected 6 out of 8 governorates , displacing 25% of the population - Overburdened public services and humanitarian aid	- Concentrated displacement, with fewer regions affected - Easier to manage return of displaced populations
Macroeconomic Environment	- Economy weakened by 40% GDP contraction over 7 years - Sovereign default, banking crisis, high inflation - Public sector unable to provide relief due to fiscal constraints	- Pre-conflict economy was stable with fiscal discipline - Banking sector resilience enabled credit availability - Capital outflows were reversed with international support
Exchange Rate Stability	- (Fragile) stability achieved in August 2023	- Pegged exchange rate maintained - External support provided stability
Foreign Aid & Investment	- Highly uncertain due to geopolitical tensions - Aid expected to focus on humanitarian relief, not reconstruction - International reluctance to commit without political settlement	- Strong donor support post-conflict - Paris III conference provided critical funds - Capital inflows spurred 9.3% growth in 2008
Investor Sentiment	- Negative outlook due to sovereign risk and instability - Capital inflows expected to halt or reverse	- Confidence remained relatively strong - Investment opportunities resumed post-war
Fiscal Response Capacity	- Severely limited fiscal space for emergency spending - Banking sector insolvent, no access to credit for recovery	- Fiscal response supported by donor funds - Banks provided credit



Thank you