

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

LEBANON

Middle East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Beirut	Capital, financial and commercial center; home to Lebanon's banking sector and most multinational and diaspora-linked business activity	Financial services, professional services, trade
Beirut Central District / downtown	Historic post-civil-war reconstruction zone, now a focal point for any renewed post-conflict reconstruction investment	Real estate, hospitality, reconstruction
Rafic Hariri International Airport	Lebanon's sole international gateway; passenger traffic had been recovering (+24.5% H2 2025) before the March 2026 escalation	Aviation, logistics, tourism infrastructure
Mount Lebanon / Jounieh coastal corridor	Established tourism, hospitality and residential investment corridor north of Beirut, relatively insulated from the southern conflict zone	Tourism, hospitality, real estate
South Lebanon / Nabatieh governorates	Epicenter of the March-April 2026 war and ongoing Israeli strikes; roughly 70% of an estimated 90,747 damaged or destroyed housing units are concentrated here	Reconstruction, humanitarian infrastructure (acute conflict zone)
Litani-Awali corridor (south Lebanon)	Contested zone at the center of the Lebanese army's stalled second-phase Hezbollah disarmament plan	Not a near-term investment location; central to security monitoring
Lebanese offshore gas blocks (Blocks 8, 9, 4)	Mediterranean exploration acreage, including the maritime zone bordering Israel's gas fields under the 2022 Lebanon-Israel maritime border deal	Offshore oil and gas exploration (undeveloped)

INVESTOR ENTRY ROUTES

- Investment Development Authority of Lebanon (IDAL) incentives for qualifying sectors, though institutional capacity remains constrained by the broader crisis
- Diaspora and remittance-linked investment, historically a major channel given Lebanon's large global diaspora
- Reconstruction-linked contracting and procurement once a Financial Stabilization and Deposit Recovery (FSDR) law and broader bank-sector resolution are finalized
- Offshore gas exploration licensing rounds, contingent on security conditions and the 2022 maritime border agreement with Israel holding
- Tourism and hospitality investment in relatively insulated areas (Beirut, Mount Lebanon, Jounieh corridor) outside the active conflict zone
- Direct equity or trade finance structured in hard currency, given the Lebanese pound's continued lack of convertibility since the 2019 crisis

MARKET-ENTRY OBSERVATION

Lebanon's fragile post-2019 economic recovery was reversed by a renewed war with Israel that began March 2, 2026 and escalated sharply through April, linked to the wider regional Iran conflict. The World Bank's Lebanon Economic Monitor now projects a 6.4% GDP contraction for 2026 - a dramatic reversal from 4.2% growth in 2025 and an earlier 4% growth forecast - estimating the conflict alone cuts growth by 10.4 percentage points relative to a no-conflict scenario. Tourism losses are estimated at roughly \$3 billion (about \$1.84 billion in lost travel receipts plus \$1.16 billion in foregone diaspora spending), private consumption is expected to fall about 6% in real terms, and investor confidence has fallen sharply. Displacement has been severe: over one million people, roughly 20% of the population, were internally displaced at the conflict's peak, and an estimated 90,747 housing units were partly damaged or destroyed between March and June 2026, with South Lebanon and Nabatieh accounting for roughly 70% of that damage. A US-brokered ceasefire took effect April 16-17, 2026 and has been extended repeatedly (23 April, 15 May, 3 June), with a further US-announced framework on 26 June calling for Hezbollah's withdrawal from southern Lebanon, which Hezbollah rejected; Israeli strikes targeting Hezbollah figures and infrastructure have continued on a near-daily basis.

On banking-sector reform, there is genuine if incomplete progress: the IMF called Lebanon's amended Banking Restructuring Law, which overhauls the Banque du Liban's Higher Banking Commission, a "major step" in August 2026, after an earlier June 2025 version was struck down by the Constitutional Council. However, the IMF is withholding a rescue package pending the still-unpassed Financial Stabilization and Deposit Recovery (FSDR) law, which must allocate roughly \$70 billion in depositor losses; the Cabinet's draft would have banks cover only 40% of recovery costs, shifting the rest to treasury-backed bonds and haircuts, with economists warning the implied \$22 billion repayment schedule (including \$9.5 billion in year one) is unaffordable. On the security front, the Lebanese army completed the first of five Hezbollah-disarmament phases (the Litani River to the Israeli border) in January 2026, but the contested second phase - covering the area between the Litani and Awali rivers, with Hezbollah explicitly rejecting any disarmament north of the Litani - remains stalled, with a four-month, extendable timeline set in February 2026 and no clear resolution as of this briefing.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Active, unresolved conflict with Israel	A March-April 2026 war caused over 2,000 deaths and massive displacement; a fragile ceasefire has been extended repeatedly amid continued near-daily Israeli strikes	Treat South Lebanon and Nabatieh as an active conflict zone; monitor ceasefire durability closely
Stalled Hezbollah disarmament	The second of five disarmament phases, covering the Litani-Awali corridor, is contested and stalled, with Hezbollah rejecting disarmament north of the Litani River	Monitor disarmament-process developments as a leading indicator of renewed escalation risk
Unresolved banking crisis and deposit losses	Roughly \$70 billion in depositor losses remain unallocated pending the stalled Financial Stabilization and Deposit Recovery law	Avoid exposure to Lebanese bank deposits or bank-linked assets pending FSDR law passage
Currency non-convertibility	The Lebanese pound has lacked meaningful convertibility since the 2019 financial crisis began	Structure all transactions in hard currency
Severe fiscal and reconstruction financing gap	Lebanon's 2025 fiscal surplus of 3.9% of GDP faces renewed pressure from reconstruction spending and public-wage demands amid a 6.4% GDP contraction	Monitor fiscal sustainability and reconstruction-financing mechanisms before committing capital
Institutional capacity constraints	Investment-promotion and regulatory institutions remain constrained by Lebanon's compounding political, banking and security crises since 2019	Expect longer timelines and weaker institutional recourse than in stable Gulf peers
Massive housing and infrastructure damage	An estimated 90,747 housing units were damaged or destroyed between March and June 2026, concentrated in South Lebanon and Nabatieh	Reconstruction-linked investment should be sequenced behind ceasefire durability and financing-mechanism clarity

INVESTOR RISK NOTE

Lebanon combines a genuinely severe active-conflict risk profile - a renewed 2026 war with Israel, a stalled and contested Hezbollah disarmament process, and continued near-daily strikes under a repeatedly-extended ceasefire - with a decades-deep banking and currency crisis that remains structurally unresolved despite incremental reform progress such as the IMF-praised Banking Restructuring Law. Conventional investment is not advisable in or near the active conflict zone, and broader capital commitments should await both ceasefire durability and passage of the Financial Stabilization and Deposit Recovery law.

MARKET ACCESS

Lebanon's Association Agreement with the EU and its Arab League and Greater Arab Free Trade Area memberships provide a nominal regional and European trade framework, though institutional capacity to leverage these has been severely degraded by the compounding crises since 2019. The domestic market (roughly 5.5-6 million people, including a large displaced and refugee population) remains constrained by currency non-convertibility and banking-sector dysfunction. Lebanon's large global diaspora remains a distinctive, if currently strained, channel for remittances and investment.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
President Joseph Aoun	Head of state since January 2025, pursuing a stated reform agenda amid the compounding banking, fiscal and security crises	Relevant to political and reform-trajectory monitoring
Banque du Liban / Higher Banking Commission	Central bank body restructured under the amended Banking Restructuring Law, now responsible for determining which banks are restructured or liquidated	Central counterparty for any banking-sector engagement; monitor FSDR law passage
Lebanese Armed Forces (LAF)	Leading the Hezbollah disarmament plan under the 2024/2026 ceasefire framework; stalled at the contested Litani-Awali phase	Central to security-risk monitoring rather than direct commercial engagement
Hezbollah	Non-state armed group and political party; rejects disarmament north of the Litani River and remains a central party to the conflict despite not signing the ceasefire	Not an engagement channel; central to security and political-risk monitoring
Investment Development Authority of Lebanon (IDAL)	Nominal central investment-promotion body, though its practical capacity is constrained by the broader crisis	Formal entry point for any investment-incentive inquiry, with realistic expectations on capacity
IMF	Withholding a rescue package pending FSDR law passage and stronger bank-resolution implementation; praised the amended Banking Restructuring Law in August 2026	Key external benchmark for assessing banking and fiscal reform credibility
United States (mediator)	Brokered the April 2026 ceasefire and subsequent extensions; proposed a June 2026 framework for Hezbollah withdrawal that Hezbollah rejected	Relevant to tracking ceasefire durability and the broader negotiation trajectory

CURRENT INTERNATIONAL BUSINESS CHANNELS

Engagement channels are severely constrained relative to pre-2019 norms; what remains runs through IDAL, the Beirut Chamber of Commerce, Industry and Agriculture, and Lebanon's extensive global diaspora business networks, which have historically been a primary channel for capital and commercial relationships.

INVESTOR PROFILE BEST SUITED

Not suited to conventional investors at this time given the active conflict, stalled disarmament process, and unresolved banking crisis. The only realistic near-term engagement for most investors is situational monitoring, with select diaspora-linked or hard-currency-structured opportunities in relatively insulated areas (Beirut, Mount Lebanon) for those with high risk tolerance and existing Lebanon relationships.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Monitor the ceasefire and disarmament process

Track ceasefire durability and progress on the stalled Litani-Awali disarmament phase as the leading risk indicators.

STEP 2: Track FSDR law passage

Monitor the Financial Stabilization and Deposit Recovery law as the key banking-sector resolution milestone.

STEP 3: Avoid bank-deposit exposure

Do not engage with Lebanese bank deposits or bank-linked assets pending clarity on deposit-loss allocation.

STEP 4: Structure in hard currency

Where engagement is warranted, structure all transactions in hard currency given continued pound non-convertibility.

STEP 5: Reassess for reconstruction opportunities

Revisit reconstruction-linked investment once ceasefire durability and financing mechanisms are clearer.

WAVERLEY'S ROLE

- Situational monitoring of the ceasefire, Hezbollah disarmament process and broader security trajectory
- Banking-sector and FSDR law reform tracking as a precondition for broader capital re-engagement
- Reconstruction-readiness assessment for relatively insulated areas (Beirut, Mount Lebanon) should conditions stabilize
- Diaspora and hard-currency investment-structuring advisory for investors with existing Lebanon relationships

INVESTOR CALL TO ACTION

Waverley does not recommend conventional investment planning for Lebanon at this time outside relatively insulated areas; investors should engage Waverley for situational monitoring.

Investors with existing Lebanon relationships should commission a hard-currency structuring review before any near-term engagement, given continued pound non-convertibility and banking-sector uncertainty.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley identifies no broad conventional investment opportunity pipeline for Lebanon at this time, given the active conflict, stalled disarmament process and unresolved banking crisis. A longer-horizon reconstruction and banking-sector-recovery opportunity may emerge contingent on ceasefire durability, FSDR law passage, and progress on Hezbollah disarmament; Beirut and Mount Lebanon-area tourism and hospitality remain the most insulated near-term segments for investors with high risk tolerance.

POSITIONING

Waverley views Lebanon as currently among the more severe-risk environments in this series: a renewed 2026 war with Israel reversed a fragile post-2019 recovery, displacing over a million people and cutting projected 2026 growth by more than ten percentage points, while a decades-deep banking crisis remains structurally unresolved despite incremental reform progress.

This briefing is intended for situational awareness rather than an invitation to deploy capital; Waverley will revisit Lebanon's status as the ceasefire, Hezbollah disarmament process and banking-sector reform trajectory develop.

SELECTED SOURCES

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