



Managing Lebanon's Compounding Crises

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Table of Contents

Executive Summary.....	i
I. Introduction	1
II. Lebanon in Limbo	4
A. Two Years of Kicking the Can Down the Road	4
B. Impediments to Reform.....	6
C. New Government, New Delays	9
III. Decay of the State and Security	11
A. Impact of State Erosion on the Security Forces	11
B. Proliferation of Security Incidents	13
1. Intra-communal clashes.....	13
2. Intercommunal clashes	15
3. Assassination and murder.....	18
IV. A Future of Factions, a Fractured Future.....	20
A. Patronage	20
B. Local Security.....	23
C. Hizbollah, a Party Apart	24
V. Preserving the Pillars of the State	27
VI. Conclusion	31
APPENDICES	
A. Map of Lebanon.....	32
B. About the International Crisis Group	33
C. Crisis Group Reports and Briefings on the Middle East and North Africa since 2018 ...	34
D. Crisis Group Board of Trustees	37

Principal Findings

What's new? After two years of political paralysis and economic decline, the Lebanese state is falling apart. Service institutions and critical infrastructure are shutting down, while the security sector is strained to the breaking point. Political elites appear unable or unwilling to initiate overdue reforms that would compromise their hold on power.

Why does it matter? Lebanon is rapidly becoming a mosaic of disjointed fiefdoms in which political actors struggle, sometimes violently, to control access to basic resources and security. Extreme poverty is on the rise, threatening a humanitarian crisis and further destabilisation that could wipe out prospects of a quick recovery.

What should be done? External actors should continue to condition most support on reform, while providing humanitarian aid, helping keep critical infrastructure operational and directing assistance to security forces that meet conduct standards. They should try to deter political parties from suppressing protests or obstructing accountability, while pushing them to hold timely 2022 elections.

Executive Summary

Two years into its disastrous economic crisis, Lebanon is falling apart. A deadly confrontation in mid-October over the August 2020 Beirut port blast investigation underscored the growing risk of sectarian violence. Political leaders are playing for time rather than facing up to the necessity of reform. State institutions are eroding, as the local currency's devaluation has gutted budgets and made employees' salaries worth less and less. The biggest danger lies in the deterioration of the security forces, which are stretched ever thinner policing unrest, while no longer earning living wages. The vacuum left by institutions' decay is likely to be filled by political parties and armed rackets, leaving a chaotic patchwork of territorial control. External actors should provide direct aid to the security services, select segments of the private sector and the population at large to mitigate the most acute suffering and keep the peace until the political elite change their cost-benefit calculus. In the short term, they should push Lebanese authorities to hold the 2022 elections on time, as no real change can occur with polls just ahead.

Ever since the economic meltdown's extent started to become apparent in late 2019, Lebanese politicians have put off making reforms that could threaten their hold on power. They are loath to let go of a political system that has allowed them, since the end of the country's civil war in 1990, to divvy up political and economic spoils. Ostensibly, they did so in pursuit of the interest of the sectarian communities they purport to represent, but in reality these leaders were mostly serving themselves – they have amassed considerable wealth in the post-war era. Along with, and often in the place of, political or economic agendas, the leaders have used a mixture of sectarian identity politics and patronage to secure support. In the process, they neglected economic development and helped ruin the country's finances. Now, with disaster at hand, the politicians have looked primarily to defend their shared prerogatives rather than to mend their ways. That motive, rather than substantive disagreement over what to do, explains why the country had only a caretaker government for most of the crisis's duration.

The caretaker government served from August 2020, when Prime Minister Hassan Diab resigned after the port catastrophe, until 10 September 2021. On that date, Najib Mikati (who has been premier twice before) finally put together a cabinet that President Michel Aoun would accept. Meanwhile, international donors, distrustful of the Lebanese political elite, which has mismanaged past aid packages, withheld the bailout that the economy so badly needs.

Yet, even with Mikati and a new government finally in place, the odds for swift progress toward reforms appear minimal. On one hand, a tight electoral calendar, with parliamentary, municipal and presidential votes all due in 2022, makes it extremely unlikely that the government can take decisions of significant consequence before late in that year. Furthermore, even were the government to enact reforms as a formal matter, it appears unlikely that the ruling elite would follow through with the changes, which would be necessary to save the economy but also liable to undermine their grip on power. Most likely, they will keep kicking the can down the road, while more citizens slip into penury and state institutions further erode.

The security forces are the most pressing concern. Soldiers and police officers are now receiving far too little pay to provide for themselves, let alone their families. Moonlighting and desertion are set to become more widespread, while rising social tensions leave the security forces and in particular the army perilously overburdened. In the last two years, they have stepped in to deal with the Beirut port explosion and the mid-2021 wildfires; to monitor mass protests; to suppress riots and prevent confrontations over subsidised goods; to interdict the smuggling and hoarding of fuel; to confront heavily armed drug traffickers; and to contain clashes between political factions. Some units may be close to breaking down.

As the state and its organs weaken, political parties and other groups are gradually taking their place. Control over dwindling public resources is an ever-more powerful tool for keeping an increasingly destitute population in line. By the same token, the decline of public safety will likely enhance the political sway of actors seen as capable of providing it locally. Hizbollah is positioned to wield particular influence as the state declines due to its exceptional financial, military and organisational capacity, including the ability to maintain autonomous external resource streams. Unfortunately, it has used this influence to undermine what is left of the rule of law in Lebanon, throwing its weight behind resistance to the investigation into the port blast led by Judge Tareq Bitar. On 14 October, shooting broke out when supporters of Hizbollah and Amal, an allied Shiite party, marched to the Palace of Justice, located in a Christian neighbourhood, to demand that Judge Bitar be replaced. Seven people, mostly Hizbollah supporters, died in the exchange.

External actors have only a few ways of making a positive difference. Sanctions targeted at reform-resistant politicians, which many Lebanese activists ask for, appear insufficient to trigger major changes that would threaten the elite's hold on power. They might, however, be able to extract tactical concessions that could widen cracks in the edifice. For instance, outside pressure could help deter politicians from repressing protests or obstructing accountability measures such as the investigation into the port explosion. One near-term objective for external actors should be to prevent and penalise attempts by parties seeking to delay or suspend the 2022 elections. Mikati has described his agenda as charting a pathway to reform between now and the parliamentary elections due in the first half of 2022, while leaving enforcement to the next government formed after these polls. Substantial reform measures will thus not kick in before mid-2022, and most likely considerably later. Significant external financial support may thus be out of reach for Beirut for another year or more.

While conditioning substantial non-humanitarian support on far-reaching reform remains the right strategy for donors, they should be prepared to shift their emphasis somewhat. On one hand, without reform, assistance is unlikely to have sustainable impact, and instead will feed the same corrupt networks that brought about the crisis. Furthermore, no meaningful economic recovery will be possible without an International Monetary Fund stabilisation program, which will not go forward absent reform. On the other hand, external actors should prepare to help Lebanon cope with a progressive erosion of state capacity that will precipitate a severe humanitarian crisis and serious street disturbances. Keeping key infrastructure functional should be seen as a form of humanitarian aid, while direct assistance to the security forces so long as they do not engage in abusive conduct will be needed to keep the country reasonably

safe. The objective for external help during this difficult period should be to limit the population's suffering and the damage done by the state's dereliction until the real work of reform can begin.

Beirut/Brussels, 28 October 2021

Managing Lebanon's Compounding Crises

I. Introduction

Since mid-2019, Lebanon has been twisting in a vortex of slow-motion economic and political collapse.¹ The Lebanese lira has lost more than 90 per cent of its pre-crisis value, causing a massive inflationary surge in the import-dependent economy.² The currency's freefall has impoverished Lebanese who receive their pay in lira, many of whom cannot draw upon savings because their money is trapped in illiquid local banks.³ Many businesses have lost access to credit and often a significant portion of their operating capital. Unemployment has skyrocketed.⁴ Some 80 per cent of the population now lives in poverty.⁵ In October 2019, massive protests broke out as the first signs of crisis appeared, but a mix of divisive tactics and repression applied by the established political parties, followed by COVID-19 induced lockdowns, broke the movement's momentum.

Lebanese politicians have dithered over much-needed reforms, while their constituents' livelihoods are evaporating. Addressing the massive financial sector crisis and the crushing public debt requires substantial foreign support, which will become available only through a stabilisation package provided by the International Monetary Fund (IMF).⁶ Obtaining this package, in turn, will require restructuring the banking sector, cleaning up the Central Bank's accounts, shrinking the public sector, rooting out corruption and waste, and restoring a basic level of the rule of law.

Hassan Diab, who became prime minister in early 2020 after mass protests prompted his predecessor Saad Hariri to resign the previous October, vowed major change.⁷ But Diab, who had only a slim parliamentary majority provided by Hizbollah and its

¹ See Crisis Group Middle East Report N°214, *Pulling Lebanon out of the Pit*, 8 June 2020; and Hannes Baumann, "Lebanon's economic crisis did not happen overnight. So how did it get to this point?", *The Washington Post*, 22 October 2019.

² "Lebanon families spend '5 times minimum wage' on food: study", France 24, 21 July 2021. Unless otherwise specified, all references to the Lebanese lira's value relate to the unofficial market exchange rate with the U.S. dollar, which stood near 20,000 in mid-October 2021, a depreciation of more than 90 per cent from the pre-crisis value of 1,507 lira to the dollar.

³ Alain Bifani, "The Origin of the Crisis in the Lebanese Banking Sector", Hoover Institution, 28 September 2021. Salaries denominated in U.S. dollars, previously the norm in the private sector, have either been converted to lira far below the market rate, or are paid by bank transfer and subject to the same restrictions as dollar deposits. For an overview of exchange rates and their trajectory, see the Lira Rate website.

⁴ "Lebanon Economic Monitor: The Deliberate Depression", World Bank, Fall 2020.

⁵ "Lebanon Emergency Response Plan 2021-2022", UN Office of the Coordinator for Humanitarian Affairs, 5 August 2021.

⁶ "The Deliberate Depression", op. cit. Former Minister of Economy and Industry Nasser Saidi estimates that Lebanon would need funding of around \$75 billion for a comprehensive program to emerge from the crises. "Lebanon's path back from the brink of collapse", OECD Development Matters, 15 September 2021.

⁷ "Lebanese government vows reform with help of \$11bn international aid package", *Arab News*, 7 April 2020.

allies, quickly ran into resistance from powerful actors, among them prominent members of parties supporting his government.⁸ Talks with the IMF broke down in late June 2020 and the exchange rate plunged to near 10,000 lira to the dollar, from around 2,000 in February when Diab's government took office.⁹ COVID-19-induced closures devastated the economy. Then came the catastrophic 4 August blast at the Beirut port, which pushed the premier to resign six days later.¹⁰

French President Emmanuel Macron's initiative to turn the shock of the port disaster into impetus for change that would see the country's political leaders pull together quickly became entangled in domestic and regional power politics. The explosion only worsened the political stalemate, as politicians squabbled over a new government's composition and procedures for forming it. Prime Minister-designate Mustapha Adib withdrew only two weeks after President Michel Aoun nominated him shortly after the blast.¹¹ On 22 October 2020, Aoun turned back to Saad Hariri to form a government once more, almost exactly a year after he had stepped down.¹² Hariri then spent nearly nine months locked in an apparently intractable conflict with Aoun over the cabinet's makeup and the mechanics of its formation until he finally stepped aside on 15 July 2021. He was succeeded as prime minister-designate by businessman Najib Mikati, who had twice held the office before.¹³ In the meantime, the Diab cabinet carried on as caretaker.¹⁴

Personal rivalries were part of the reason for the nine-month stalemate that stalled government formation. Progress was impeded by intense antagonism between Hariri, who leads the Sunni-affiliated Future Movement party, and President Aoun, who founded the Christian-affiliated Free Patriotic Movement (FPM) party. Relations were also poor between Hariri and Aoun's son-in-law and current FPM leader, Gebran Bassil, who was foreign minister in the Hariri government that resigned in 2019.¹⁵

At the same time, the stalemate reflected jockeying for power between the country's leading Maronite Christian and Sunni political factions. By long-time tradition, the Lebanese presidency goes to a Maronite Christian, the premiership goes to a Sunni Muslim and the post of parliamentary speaker goes to a Shiite Muslim. Since the end of the civil war in 1990, Lebanese presidents have typically signed off on whatever cabinet line-up would-be prime ministers presented to them without discussion. By leveraging his signature to influence the cabinet's composition, Aoun sought both to

⁸ "Jad Ghosn: 'Interview with former minister of Justice Marie-Claude Nijm: review of the government's experience from the economic rescue plan to the investigative judge'", video, YouTube, 23 September 2021 (Arabic).

⁹ See "'It's sabotage' – some fear Lebanon's IMF bailout talks in peril", Al Jazeera, 20 June 2020; and "Rescue talks with the IMF 'hit the rocks' as Lebanese suffer", Reuters, 1 July 2020.

¹⁰ See "How a massive bomb came together in Beirut's port", *The New York Times*, 9 September 2020; and "Lebanon government resigns as anger mounts", *Financial Times*, 10 August 2020.

¹¹ See Crisis Group Middle East Briefing N°81, *Avoiding Further Polarisation in Lebanon*, 10 November 2020; and "Lebanon crisis escalates as last-ditch cabinet talks fail to form new govt", France 24, 22 March 2021.

¹² "Saad Hariri renamed as Lebanon PM a year after stepping down", Al Jazeera, 22 October 2020.

¹³ Nicole Robinson, "Hariri Quits While Lebanon Crumbles", Heritage Foundation, 4 August 2021.

¹⁴ "Lebanon crisis: PM stuck in office on less than \$1,000 a month", *Financial Times*, 16 March 2021.

¹⁵ Michael Young, "Their Suicide Pact", Carnegie Middle East Center, 12 May 2021.

get the government he wanted and regain some of the presidential power that was ceded years ago.¹⁶

Against this backdrop of economic crisis and political tumult, this report investigates the accelerating erosion of state institutions in Lebanon and its likely consequences. It argues that rather than pushing for elusive political fixes, external actors eager to avoid state failure in the south-eastern Mediterranean should focus on preventing a severe humanitarian crisis, through assistance that reaches the population directly, and on maintaining the state's crucial functions. It is based on 120 interviews conducted in Lebanon with representatives of political parties and movements, civil society and the private sector, as well as political analysts, foreign diplomats, and retired and serving members of the security forces, between October 2020 and October 2021.

¹⁶ In 1989, with Lebanon reeling from a fifteen-year civil war, politicians gathered in Taif, Saudi Arabia to sign an accord making adjustments to power-sharing arrangements among the country's ethno-religious groups, including reallocation of most presidential powers to the prime minister. A Lebanese political scientist said: "Ultimately, the current situation can only be resolved by a new international conference that recalibrates the balance between the three big confessional blocs. All players are aware of that and concerned that compromises they accept now may become precedents for such a renegotiation". Crisis Group interview, Beirut, April 2021.

II. Lebanon in Limbo

Thirteen months of political stalemate, during which Lebanon was ruled by a caretaker government with narrowly circumscribed prerogatives and minimal political support, have caused its economic crisis to deepen, poverty to balloon and the financial room for manoeuvre to shrink even further. There is a narrow window for the newly formed Mikati government to chart a pathway to reform before elections come to dominate the political scene. But responsibility for adopting and carrying out such reforms will fall on the government that emerges from the polls, and Lebanon's political leaders remain all too likely to keep kicking the can down the road on any major changes, in order to minimise damage to their personal and party interests.

A. *Two Years of Kicking the Can Down the Road*

More than two years into the crisis, Lebanese political leaders have yet to agree on a credible roadmap toward reform, let alone take concrete steps to pull the country out of its slump, which the World Bank has ranked among the ten, possibly even three, worst economic crises to afflict a country since the late 19th century.¹⁷ Instead, they have opted for stopgap measures that have mitigated and delayed the crisis's full impact, albeit at the price of deepening it and shrinking the margin for addressing it. This approach appears to be rooted in the fact that substantial reform is liable to affect the vested interests of key political actors and may fatally undermine the ways in which they maintain and reproduce political power and support. Thus, politicians appear more likely to keep procrastinating than to engage in reform measures that come with high political cost with very little near-time reward.¹⁸

The government of Hassan Diab started out with a commitment to comprehensive reform. On 30 April 2020, it published an economic rescue plan predicated on negotiating a rescue package with the IMF. After the 9 March 2020 default on Lebanon's foreign debt and amid a severe liquidity crisis in the domestic banking sector, no other funding options were left. At the same time, the general expectation of economists and politicians was (and remains) that an agreement with the IMF would amount to a certification that reform efforts are serious, thus making additional assistance available. In particular, there was hope that it could unlock \$11 billion in foreign aid and investment pledged at a French-led April 2018 donor conference that was never disbursed because Lebanon did not meet conditionality requirements, which were linked to reform.

While the IMF deemed the rescue plan "a good starting point", a broad alliance of bank shareholders and politicians with interests in the financial sector, including from among the parties supposedly backing the Diab government, almost immediately mounted a campaign against the plan because it proposed to impose the lion's

¹⁷ "Lebanon Sinking (to the Top 3)", World Bank, Spring 2021.

¹⁸ The expectation that politicians will play for time as long as possible rather than undertake reform that may affect their interests was shared by an overwhelming majority of representatives and advisers of Lebanese political parties contacted by Crisis Group between 2020 and 2021. Western diplomats and international officials likewise agreed with this assessment. One described the hypothetical decision by any established party to engage in such reforms as "political suicide". Crisis Group interview, July 2021.

share of the losses on the shareholders.¹⁹ The resulting sharp differences within the Lebanese delegation to the IMF talks eventually prompted prominent members to resign and the negotiations to collapse in early July, followed by the government's resignation one month later.²⁰ Work on legislation that would be key to any prospective reform effort – such as a new public procurement law – continued even under the caretaker government, but no serious effort to exit the crisis has been made since. Instead, throughout the thirteen-month limbo that followed the Diab resignation, the political elite largely relied on the Lebanese Central Bank (formally the Banque du Liban, or BDL) to mitigate the social impact of the crisis by taking measures that were clearly unsustainable.

In particular, the Central Bank continued to provide importers of goods deemed essential – a wide array of food items, medicine, and fuel for energy generation and transport – with U.S. dollars at the official rate of 1,507 lira to the dollar, even as the currency's market rate continued to slide, hitting 10,000 in July 2020 and 20,000 a year later. Thus, by burning what was left of the country's foreign reserves to subsidise a substantial part of the import bill, the Bank attenuated inflation and, in effect, stretched out the impoverishment of Lebanese earning in domestic currency over nearly two years.

Despite repeated warnings, alternatives to this ill-designed policy were put off until foreign currency reserves were depleted to a critical level.²¹ Since May, the Central Bank has increasingly delayed authorising the necessary dollar transfers, leading to severe shortages of medicine, electricity and fuel in June and July.²² On 11 August, Central Bank Governor Riyad Salameh announced an immediate end to the subsidy scheme for fuel imports, leading to a near-complete collapse of supply and distribution. Waiting lines at gas stations stretched for kilometres, transport of goods sputtered, and many businesses were forced to close as their generators ran out of fuel.²³ On

¹⁹ "Lebanon's economic rescue plan 'good starting point': IMF spokesperson", Al Arabiya, 21 May 2020; "The Lebanese Government's Financial Recovery Plan", Ministry of Finance, 30 April 2020. The Lebanese Association of Banks responded with a plan of its own that implied a sale of state assets to cover part of the losses. "Contribution to the Lebanese Government's Financial Recovery Plan", Lebanese Association of Banks, May 2020; Mike Azar, "The ABL plan: A back door to privatizing state assets", Finance4Lebanon (blog), 21 May 2020.

²⁰ "Second Lebanese IMF negotiator quits ministry post", Reuters, 29 June 2020.

²¹ Kareem Chehayeb, "The Weight of Lebanon's Unsustainable Subsidies Program", Tahrir Institute for Middle East Policy, 30 April 2021.

²² In June and July, motorists waited for hours in line to receive around 20 litres of gas. By October, fuel prices had increased by a factor of ten since the beginning of the crisis, with the minimum wage of 675,000 lira per month barely enough to pay for filling the tank of an average sedan. The cost of private generators, which had already surged because of dramatically increasing run times and fuel consumption as public grid outages for which they compensate reached over twenty hours daily, jumped again with the increased price of diesel fuel. By October, the monthly price for a basic generator subscription stood between 1 and 1.5 million lira, fifteen to twenty times the pre-crisis level. Crisis Group observations, June-October 2021.

²³ "Electricity and transport become 'luxury' items overnight accelerating Lebanon's economic tail-spin", CNN, 12 August 2021. Importers stopped fuel distribution as the ministry insisted that fuel already in storage and imported at the subsidised rate be sold off at the old price. A significant part of the shortage related to smuggling to Syria, where prices were about four times higher. Lebanese media investigations indicate that politicians from all political parties are involved in protecting

9 October, the state electricity company announced the shutdown of the last two operational power plants for lack of fuel, cutting the provision of power from the grid (which was at most available three hours a day at the time) to zero.²⁴

Since April 2020, the Central Bank has also authorised commercial banks to pay out limited amounts of the frozen dollar deposits they are holding in Lebanese lira at an exchange rate of 3,900 to the dollar, 160 per cent higher than the official rate, and has provided the liquidity for this purpose.²⁵ To do so, the Bank must print money, with all the attendant inflationary effects. While, at the time of the decision, the rate the Bank set was close to the market rate, it has since fallen to less than 20 per cent of it. Depositors of limited means who have no choice but to dip into their savings, often after losing their jobs or businesses or much of their income's value to inflation, have thus been gradually converting their dollar deposits to lira at an increasingly steep losing rate.

This policy has staved off a plunge into abject poverty for many, while easing depositors into gradual, if grudging, acceptance that most of their savings are lost and reducing the dollar liabilities of the commercial banks. But it has also, together with repeated advances to the depleted government budget, contributed to the massive expansion of the amount of Lebanese lira in circulation – an eightfold increase since the last quarter of 2019 – that is helping drive the currency's depreciation, which appears poised to continue.²⁶

B. *Impediments to Reform*

Najib Mikati, whose government was officially confirmed on 20 September, has vowed to dedicate the limited time of his mandate (six months if elections occur on 27 March, as currently planned) to putting the country back on the track to reform.²⁷ His government, however, will have to contend with the same vested interests among the political elite and politically connected economic actors that hobbled and eventually scuttled his predecessor Diab's government. Whether the massive deterioration of the situation in the intervening eighteen months has changed these actors' calculations enough to yield substantial concessions remains uncertain at best.

Differences over the distribution of the losses in the banking sector and the cost of salvaging it, which led to the failed IMF negotiations in mid-2020, will likely remain a major stumbling block.²⁸ Mikati has announced that he would revisit the related

smuggling networks. "State turns a blind eye to fuel and gasoline smuggling", LBCI, 30 May 2021 (Arabic). On 15 August 2021, the explosion of a gasoline storage tank right next to the Syrian border in the north, thought to be used for smuggling, killed around 40 and injured around 80. "At least 28 killed in Lebanon fuel tank explosion", Euronews, 16 August 2021.

²⁴ Power was temporarily restored to the previous (low) levels after the Lebanese Armed Forces donated fuel from its storage tanks. "Power returns to Lebanon after 24-hour blackout", BBC, 10 October 2021. The crisis prompted the Central Bank to once more dip into its dwindling reserves. "Lebanon energy ministry says received approval for \$100 million in fuel import credit", Reuters, 10 October 2021.

²⁵ "Thinking like Riad", *L'Orient Today*, 19 June 2021.

²⁶ "Lebanon money supply Mo", Trading Economics.

²⁷ "Vision 2030: Najib Mikati", LBC, 27 September 2021.

²⁸ "The Deliberate Depression", op. cit.; and "After the Fall: Lebanon's Path towards Monetary Stabilization", Arab Reform Initiative, 21 May 2021. When talks resumed between the IMF and Lebanon on 19 October, Jihad Azour, director of the IMF's Middle East and Central Asia Department, empha-

parts of the 2020 rescue plan to arrive at a “more realistic” approach, yet statements from the banking sector suggest a limited appetite for compromise.²⁹ It appears far more likely that the banking sector will insist on its previous position, whereby the state covers the gap in balance sheets by selling off state assets. Politicians linked to banking interests will probably continue to support this stance, as they did in 2020.

Furthermore, lawmakers have stalled on a capital control law that would have made it illegal to transfer foreign exchange abroad, instead allowing banks to continue imposing informal, technically illegal capital controls on most depositors that are tantamount to freezing their accounts, while reportedly allowing particular, well-connected clients to salvage their assets.³⁰

While these accusations are contested, the Central Bank's opaque accounting practices make verification all but impossible.³¹ These practices are related to yet another major challenge that political leaders have put off addressing: a forensic audit of the Central Bank, which is another key condition for external support.³² Central Bank Governor Salameh, for his part, refused to hand over requested documents to the auditing firm that was contracted by the Diab government, citing banking secrecy laws, while political leaders appeared reluctant to address the legal issues his stalling raised.³³ In late November 2020, the auditing firm, Alvarez & Marsal, finally withdrew from the contract.³⁴

Lebanese opposition activists suspect that much of the resistance to the audit, and the reluctance to cross Salameh, is rooted in politicians' fear that exploring the Central Bank's secrets may uncover large-scale financial malfeasance and corruption that could compromise powerful members of the political elite. While the newly appointed finance minister, Yussuf El Khalil, who served at the Central Bank for nearly 40 years, recontracted with Alvarez & Marsal almost immediately upon assuming

sised the importance of addressing the losses in the financial sector, which the April 2020 economic rescue plan had put at around \$90 billion. “IMF begins talks with Lebanon, calls to address financial sector losses”, *Al Arabiya*, 19 October 2021.

²⁹ In an op-ed published shortly after the Mikati government's inauguration, the speaker of the Lebanese Association of Banks, Salim Sfeir, disputed the findings of a report by the investment bank Goldman Sachs, insisting that Lebanese banks are mostly solvent, while reiterating the Association's position that the state bears the main responsibility for the crisis. “ABL stands ready to help govt with economic recovery”, *The Daily Star*, 28 September 2021.

³⁰ Crisis Group interviews, activists, political advisers and politicians opposed to the established parties, some of whom claimed to have seen transfer receipts that involved sitting MPs and former ministers, October 2020–October 2021. See also “Lebanon central bank governor denies transfer of capital”, *Associated Press*, 21 January 2021.

³¹ According to a report based on Central Bank figures, in 2020 alone nearly \$8 billion of foreign exchange reserves were spent without clear indication of the purpose. Karim Merhej and Yazan Al-Saadi, “Through a Glass, Darkly: How Lebanon's Central Bank Wants You to See the Financial Collapse”, *The Public Source*, 24 September 2021.

³² Kareem Chehayeb, “Why Does the International Community Want Lebanon to Audit its Central Bank?”, *Tahrir Institute for Middle East Policy*, 28 January 2021. Minister of Finance Ghazi Wazni, who is technically responsible for overseeing the audit, acknowledged that the Amal movement (which nominated him to his post) opposed the measure. “My political backers are against a forensic audit of BDL: Wazni”, *The Daily Star*, 1 July 2020.

³³ “Lebanon PM urges central bank to hand over documents for audit”, *France 24*, 3 November 2020.

³⁴ Kareem Chehayeb, “Lebanon economic crisis: How a central bank audit turned into a quagmire”, *Middle East Eye*, 27 November 2020.

office, doubts remain that an audit can succeed while Salameh remains in office and that the new government has sufficient political backing to oblige him to cooperate in full.³⁵ One activist and academic said:

Salameh has been in this position for 30 years. He knows all the secrets of all the politicians. He is literally the man who knows too much.³⁶

Any credible reform plan would also have to include a plausible roadmap toward sustainable public budgeting, that is, the point where the government would be able to cover its expenses from its actual revenues, without resorting to excessive borrowing or the printing press. A self-financing budget will inevitably require downsizing the public sector, which employs an estimated 300,000 people, nearly one quarter of the working population. Adding dependents, and other relatives who could be affected, this work force comprises a massive number of potential voters that no politician can afford to alienate, in particular as facilitating public-sector employment is one of the most important ways in which establishment politicians cultivate their constituencies and generate political support.³⁷ By the same token, the elimination of favouritism and corruption in public procurement and resource allocation, which is likewise high on the list of priority reforms, would threaten or even obliterate other important mechanisms by which the established parties secure support from key constituencies.

In sum, the core reforms that the established parties would have to acquiesce to or actively support carry political costs so high they have proven prohibitive. The established parties have been kicking the can down the road for the past two years, and there is little indication that the damage done in the meantime has changed their calculations. One opposition activist said:

The type of reforms required threatens the survival of the established parties, which is why they would only be possible through a government with exceptional executive powers. There was a narrow window for that after the port explosion, with Macron's initiative, but major status quo parties pushed back, and the opportunity was lost.³⁸

Thus, the far more likely scenario is the economy rebalancing itself at a far lower level and at the expense of the weakest members of society. A Lebanese economist and political activist even described this scenario as having certain benefits for the ruling elite:

³⁵ "The Banque du Liban forensic audit is back on, but with some clear differences in the new contract", *L'Orient Today*, 7 October 2021. See "Biography of H.E. Dr. Youssef El Khalil, Minister of Finance", Lebanese Ministry of Finance, undated.

³⁶ Crisis Group interview, Beirut, June 2021.

³⁷ Saidi, "Lebanon's path back from the brink of collapse", op. cit. Saidi, along with many other Lebanese economists, estimates that roughly 20 per cent of public-sector employees are "ghost workers" who never report to work and are on the payroll solely so that they will support a certain political figure. Yet removing such employees and others who are redundant may not reduce the payroll sufficiently. Moreover, since the security sector consumes almost 70 per cent of the state payroll, significant cuts will also have to happen there, a prospect that appears perilous at present. Moussa Saab, "The Politics of Public Sector and Tax Reform in Lebanon", International Growth Center, 24 January 2019.

³⁸ Crisis Group remote interview, September 2021.

What we are seeing is a brutal transformation of the Lebanese economy that I would call Darwinian. The survivors will be those who have political influence and capital abroad. Once the economy finds a new equilibrium, on a far lower level, they can buy up the country on the cheap. In the meantime, most people with means and qualifications will leave. Those who remain will be the poorer, less educated parts of the population who are much easier to rule.³⁹

Under this scenario for a post-crisis Lebanon, a far smaller part of the population than before would enjoy the privilege of employment that pays a living wage and provides stability. Far more would have to rely on politicians and the clientelist networks they control, making their allegiance easy to secure and their votes inexpensive to buy.

C. *New Government, New Delays*

While in mid-September, Prime Minister Mikati succeeded at last in putting together a cabinet that found Aoun's approval, the lifespan of his newly minted government is very short.⁴⁰ Parliamentary elections are due in May 2022 but have been brought forward to 27 March, so that campaigning does not coincide with Ramadan (2 April to 2 May) or the subsequent Eid al-Fitr holidays.⁴¹ Accordingly, in a live television interview on 27 September, Mikati limited his agenda to charting a pathway to reform, foremost through negotiations with the IMF and review of the financial recovery plan proposed by the previous government in April 2020, while alleviating the worst manifestations of the economic crisis.⁴²

Under this scheme, adopting and carrying out the reform plan would then fall to the next government. In the interview, Mikati made clear that, apart from the limitations imposed by the electoral timetable, he finds it preferable to entrust implementation of reforms that are bound to be far-reaching and costly for the population to a government invested with fresh legitimacy obtained through elections.⁴³ He thus implied that tackling the causes of the crisis will be deferred further. The potential sources of delay are many.

For one thing, formation of a new government after 2022 elections may again take considerable time. The compromises that paved the way to forming the Mikati government did not resolve the problems that made the process so difficult in the first

³⁹ Crisis Group interview, Beirut, June 2021. See also "Lebanon: Blockage as a policy of social cleansing", *al-Modon*, 24 May 2021 (Arabic).

⁴⁰ By mid-October, the dispute over the investigation into the Beirut port explosion had thrown the Mikati government into crisis, resulting in another stalemate that could cause it to lose more time from its tenure. "Beirut explosion: The campaign against Judge Bitar paralyses the Lebanese government", France 24, 19 October 2021 (Arabic).

⁴¹ "Lebanon goes to polls in March amid economic meltdown", Reuters, 19 October 2021.

⁴² "Vision 2030: Najib Mikati", op. cit. Immediate measures focus on improving electricity supplies and issuing rationing cards to compensate for the adverse social effects of the subsidy cuts. The government gained some additional fiscal space thanks to \$1.1 billion in Special Drawing Rights issued by the IMF in September, which come without conditions, and hopes to repurpose unspent World Bank loans. Mikati reportedly had hopes that France would facilitate a more supportive stance from Saudi Arabia and other Gulf countries, but he had no such luck. Crisis Group telephone interview, analyst connected to advisers to Mikati, September 2021.

⁴³ Ibid.

place. Among these are the above-mentioned personal acrimony between President Michel Aoun and his son-in-law, FPM leader Gebran Bassil, on one side, and Future Movement leader Saad Hariri, on the other. Hariri may renew his bid for the premiership and any future government will need at least his tacit support. The latent conflict over the prerogatives in the process of government formation between president and prime minister could derail the process again. So could Aoun's reported desire to depose and prosecute Salameh, the Central Bank governor, which pits the president against the speaker of parliament, Nabih Berri, a strong supporter of the Bank head.⁴⁴

Furthermore, looming over the process will be a presidential election due later in the year, as Michel Aoun's term expires on 31 October 2022. Since Lebanese presidents are elected by parliament, the dynamics that will come to bear depend heavily on the results of the earlier legislative elections and are therefore difficult to predict. Much will depend on whether the FPM's electoral performance allows the party to maintain its claim to primacy within the Christian camp, and hence the presidency, with party-leader Bassil as the most likely candidate to succeed his father-in-law.⁴⁵ Government formation will thus be burdened by the implications that compromises spell for the forthcoming presidential vote, in particular if the parliamentary elections yield a notable shift in the balance of power among the established parties that prompts renegotiation of the division of spoils.

These complications suggest that formation of a post-Mikati government may be possible only as part of a package deal that also involves electing the new president.⁴⁶ Such an approach may make sense in principle, not least because according to paragraph 69(d) of the Lebanese Constitution, once a new president assumes office, a new government must be formed once again, implying that a government formed shortly after the parliamentary elections would again have the same short lifespan (six to eight months) that limits Mikati's agenda now.⁴⁷ But bargaining over the presidency and a cabinet's composition at the same time will raise the stakes to a degree that is liable to prolong the negotiations, not least because this government will be charged with enforcing reforms that will affect the political elite's vested interests – exactly what the established parties have studiously avoided thus far.⁴⁸

⁴⁴ "Riad Salamé, monnaie d'échange dans les pourparlers", *L'Orient-Le Jour*, 27 August 2021.

⁴⁵ Sami Moubayed, "The Contest for Lebanon's Presidency", *Newlines Institute for Policy and Strategy*, 17 March 2021. Political analysts interviewed by Crisis Group concurred in the expectation that the FPM will suffer in elections, due not least to the unpopularity of its chairman Bassil. "Not so mighty now: What remains of the Strong Lebanon parliamentary bloc?", *L'Orient Today*, 29 April 2021; "Diner shames Gebran Bassil, the 'most hated man' in Lebanon", *The Times*, 18 June 2021. A senior FPM representative who previously served as a minister disputed this view, chalking up Bassil's bad press to "propaganda" motivated by hostility to the alliance between the FPM and Hizbollah. Crisis Group interview, Beirut, June 2021.

⁴⁶ Crisis Group interview, Lebanese political scientist, October 2021. There is also speculation that Mikati's real intention might be to postpone parliamentary elections, perhaps even until after the presidential vote. "Lebanese political class trying to postpone elections: Expert", *Arab News*, 4 October 2021.

⁴⁷ "The Lebanese Constitution", Lebanese Presidency, 1995.

⁴⁸ Crisis Group interview, Lebanese political scientist, October 2021. This interlocutor expected that the country would not reach political stability before 2023.

III. Decay of the State and Security

Lebanese politicians, policymakers, retired and serving security officials, academics and practitioners in the economy and in development largely concur that the chief concern until at least mid-2022 will be a combination of state erosion and social pressure leading to a general deterioration of security. There may be protests over the downward trend in living conditions, which, unlike those in 2019, might lead to riots rather than generate political pressure for change. There may also be growing conflict over increasingly scarce resources that overlaps with longstanding regional, political and sectarian tensions.

A. *Impact of State Erosion on the Security Forces*

As the crisis deepens, the Lebanese state is struggling to provide already perfunctory services and pay salaries. Budgets remain at their nominal pre-crisis level, making them nearly meaningless under conditions of runaway inflation.⁴⁹ The same applies to the salaries of some 300,000 Lebanese public employees, who support hundreds of thousands of dependents. About 130,000 of them serve in the security forces, and 80,000 of these in the Lebanese Armed Forces (LAF). With pay at junior ranks now worth little more than \$50 per month, many have taken on side jobs, which is technically illegal, or deserted their units.⁵⁰ Even senior officers have difficulty making ends meet or paying for their children's education, with some taking unpaid leave or leaving the country under the pretext of receiving extra training or education, with no intention of returning. While sources agree that morale is still higher than in other parts of the public sector (as are benefits), it is liable to erode in the absence of a plausible scenario for improvement.⁵¹

While their own living standards suffer, LAF personnel also face a growing array of security concerns across the country.⁵² They have contained factional feuds that are increasing in scope and intensity, secured critical infrastructure during protests, patrolled disaster zones like the Beirut port and deployed throughout borderlands to curb smuggling. Security forces also helped manage the COVID-19 pandemic and distribute subsidised foods, as people fought over bags of rice or jugs of oil in supermarkets. Since the port blast, the LAF has at times been the operational lead in a haphazard crisis response plan, in place of the Civil Defence (the country's public emergency medical and rescue service).⁵³

⁴⁹ "No power, no paper, no ink: The shambolic conditions inside Lebanon's administrative departments", *L'Orient Today*, 12 July 2021.

⁵⁰ "Lebanese army 'risks disintegrating' without cash aid, diplomats worry", *The National*, 22 September 2021. To stem the trend, many superiors reportedly look the other way as soldiers take on side jobs or even organise service schedules in ways that facilitate moonlighting. "Soldiers are increasingly deserting the Lebanese army", *L'Orient Today*, 14 October 2021.

⁵¹ Crisis Group interviews, retired LAF general, Beirut, February 2021; general in Lebanese security forces, Beirut, November 2020. Crisis Group telephone interviews, security analysts, March 2021. See also Twitter thread by Dina Arakji, @DinaArakji, researcher, 11:57am, 2 March 2021.

⁵² "Playing Politics: International Security Sector Assistance and the Lebanese Military's Changing Role", Carnegie Endowment for International Peace, 7 September 2020.

⁵³ Crisis Group interviews, UN agency representatives in Lebanon, February 2021.

Although domestic security has been part of its mandate since the civil war ended, the LAF has generally been reactive and cautious in maintaining it.⁵⁴ In particular, it has avoided interfering with the interests of political factions or intervening in conflicts among them, so as not to test the loyalties of its rank and file.⁵⁵ Yet since 2019, the LAF has increasingly been at the forefront of controlling protest, absorbing popular frustration and becoming the public face of a failing state that soon will have nothing to offer to its citizens except heavy-handed policing that has already descended into violence on several occasions.⁵⁶

The LAF and other security agencies will remain under high pressure as they handle increasingly complex and accumulating challenges.⁵⁷ These include containing intra- and intercommunal clashes throughout Lebanon, confronting jihadists, particularly in the north, enforcing order at prisons and reining in smugglers, drug lords and heavily armed clans in the Bekaa Valley. Even if security forces succeed in meeting these challenges, they do not have sufficient capacity to deal with sustained widespread social unrest absent a coherent policy approach to the areas where it occurs.⁵⁸ Security officials are increasingly worried about maintaining security and institutional integrity under such conditions. Army chief Joseph Aoun (no relation to the president) has repeatedly warned of an “implosion” of the armed forces that would lead to “chaos”.⁵⁹ Already in March 2020, the caretaker interior minister, who was technically responsible for most security agencies besides the LAF, said the forces were “unable to carry out 90 per cent of their tasks” and that security in the country had “broken down”.⁶⁰

⁵⁴ “Playing Politics”, op. cit.

⁵⁵ For instance, the LAF has not yet confronted large-scale smuggling protected politically by Lebanese factions. Crisis Group interviews, retired LAF general, former adviser to Lebanese prime minister, and party-connected analysts and advisers, Beirut, October 2020–March 2021. By contrast, the LAF several times moved forcefully against groups that lacked allies among Lebanese political players – eg, the Palestinian group Fatah al-Intifada in the Nahr al-Bared refugee camp near Tripoli in 2007, the jihadist preacher Ahmad al-Assir’s cell in Sidon in 2013, and ISIS and Jabhat al-Nusra on the Syrian border in 2014–2017. See Crisis Group Middle East Briefing N°46, *Arsal in the Crosshairs: The Predicament of a Small Lebanese Border Town*, 23 February 2016; and Crisis Group Middle East Report N°117, *Lebanon’s Palestinian Dilemma: The Struggle Over Nahr al-Bared*, 1 March 2012.

⁵⁶ Crisis Group interview, retired Lebanese general and former adviser to prime ministers and interior ministers, Beirut, March 2021.

⁵⁷ Crisis Group interviews, general in Lebanese security forces, Beirut-based security sector researcher, and advisers and analysts connected to the six largest political parties as measured by parliamentary representation, Beirut, October 2020–February 2021.

⁵⁸ Crisis Group interviews, former lawmakers from northern Lebanon, Beirut-based security researcher, Lebanese-American security consultant and Lebanese political analyst, Tripoli and Beirut, October 2020–February 2021.

⁵⁹ “Meeting of the army chief with the general staff, division commanders and the leaders of the independent battalions in the presence of the military council”, press release, Lebanese Armed Forces, 8 March 2021 (Arabic); and “Lebanon’s army chief warns of ‘inevitable’ collapse without urgent aid”, *The National*, 17 June 2021.

⁶⁰ “Lebanon’s interior minister says security forces reached ‘rock bottom’: Local media”, Reuters, 10 March 2021; and “Fahmi: Desertions from the security forces have been on the rise recently”, *al-Nashra*, 31 August 2021 (Arabic).

B. Proliferation of Security Incidents

As long as economic decline and state decay continue, Lebanon will be in peril of recurrent rounds of social unrest, factional clashes, political violence and mounting crime.⁶¹ Such local incidents, which may vary in intensity, could under some scenarios snowball into a state of semi-permanent unrest that could include organised violence in some places, especially if regional dynamics militate against Lebanon's recovery.⁶²

1. Intra-communal clashes

Violent clashes have occurred *within* as well as *between* sectarian communities. They partly reflect the retreat of the state, as rackets and gangs, often informally linked to political factions that are still reluctant to assume control openly, jostle to fill the void in areas where they already have a presence. Skirmishes also arise from competition for political leadership within some communities.⁶³

Since mid-2020, gunmen from rival Shiite clans in the Bekaa Valley have clashed with one another, vying for control over production and smuggling of illicit crops such as cannabis, or pursuing vengeance for earlier wrongs, with both conflict drivers often intertwined. Violence occasionally spills over into Beirut's southern suburbs, where extensions of these families live. The two Shiite parties, Hizbollah and Amal, which control these areas, mostly avoid getting involved in these conflicts, as they could implicate some of their popular base.⁶⁴ Instead, they cooperate with the security forces' efforts to prevent escalation, while retaining overall security control.⁶⁵ The Shiite parties' overbearing presence constrains the army's ability to deal with the criminal groups, some of which are equipped with rocket-propelled grenade launchers, short-range missiles and heavy machine guns, and can often outgun the soldiers.⁶⁶

⁶¹ Crisis Group interview, Progressive Socialist Party adviser, Beirut, January 2021.

⁶² Crisis Group interviews, adviser to the presidency, former advisers to prime ministers, former lawmakers, and advisers and analysts connected to the largest six political parties as measured by parliamentary representation, Beirut, Tripoli and Mount Lebanon, October 2020–March 2021.

⁶³ Crisis Group interviews, Lebanese academic connected to Future Movement, Beirut, December 2020; advisers and analysts connected to FPM, Lebanese Forces, Amal, Progressive Socialist Party and Hizbollah, Beirut, November–December 2020.

⁶⁴ There are persistent allegations that Hizbollah, through its de facto security control over these areas and much of the eastern border with Syria, is abetting and benefitting from drug production and trade. In April 2021, Saudi customs authorities intercepted large quantities of the amphetamine variant Captagon in merchandise shipped from Lebanon and halted imports of Lebanese produce in response. Much of the drug production is thought to be occurring in neighbouring Syria. "Explained: How Hezbollah built a drug empire via its 'narcoterrorist strategy'", *Arab News*, 3 May 2021. The party denies these charges. Crisis Group interview, senior party official, Beirut, April 2021.

⁶⁵ Crisis Group interviews, Lebanese political scientist and analysts connected to Hizbollah, Beirut, November–December 2020.

⁶⁶ Senior officers are concerned about these conditions' impact on morale. A retired LAF general said: "Once I was disciplining a soldier for letting his beard grow out, when he pointed behind me and said: 'How can you punish me if you won't do anything about these guys?' There were men from the Bekaa cruising by with a heavy Russian machine gun mounted on their truck. I told him that perhaps if I had soldiers who were disciplined enough to shave their beards, I could confront others! But he was right, of course; and I knew he was right even back then". Crisis Group interview, retired LAF general, Beirut, February 2021.

Furthermore, even the close alliance between Hizbollah and Amal does not prevent rifts between the two from turning violent amid resource constraints and shifts in relative influence and prosperity.⁶⁷ In March 2021, gunmen affiliated with Amal and Hizbollah's Resistance Brigade auxiliaries shot at each other in Beirut.⁶⁸ Moreover, no clear succession mechanism is in place for Amal leader Nabih Berri, who is 83, raising concern about tensions in Amal-controlled areas when he passes from the scene.⁶⁹

Sunni factions have also clashed with each other in Beirut, Tripoli and the central Bekaa Valley. Saad Hariri remains the predominant Sunni figure, but his older brother Bahaa, a businessman highly critical of Saad's previous cooperation with Hizbollah, has emerged as a rival.⁷⁰ In September 2020, alleged supporters of the two brothers confronted each other with rocket-propelled grenades and machine guns in the central Beirut neighbourhood of Tariq al-Jadide, leaving one person dead, in a skirmish that blurred the line between turf wars related to petty crime and politics. Both Hariri brothers condemned the incident and denied links to the combatants.⁷¹ While the Hariris lack militias of their own, their political operatives have sometimes fanned the flames in Beirut and the central Bekaa Valley.⁷² Such intermediaries may become more useful for political actors as conditions in Lebanon worsen and parties see the need to assert their presence in the streets while retaining a degree of plausible deniability.⁷³

In some areas of predominantly Sunni Tripoli, rivalries among local political factions have created a leadership vacuum that has given rise to protection rackets. Groups that are sometimes vaguely aligned with one political figure or the other have brawled over turf and fought with security forces' units with which they sometimes share com-

⁶⁷ While some of Hizbollah's followers still get paid in dollars, Amal has traditionally taken care of its supporters by providing access to public-sector jobs where salaries are paid in now nearly worthless Lebanese lira. Crisis Group interview, analyst with close connections to the Shiite environment, Beirut, February 2021.

⁶⁸ "A New Season of Unrest in Lebanon", Armed Conflict Location & Event Data Project (ACLED), 12 May 2021.

⁶⁹ A former Amal official predicted that the movement will not survive Berri's death, due to deep factional rifts that could pit the leader's wife, one of his sons and different factions of its security apparatus against one another. Crisis Group interview, Beirut, July 2021.

⁷⁰ "The other Hariri: Saad's brother Bahaa makes play for Lebanese prominence", *Middle East Eye*, 12 June 2020. The older Hariri insists that he is not seeking political office, while supporting the civil society initiative Sawa li-Lubnan (Together for Lebanon), which aims to build public pressure for reform, and the online media channel Sawt Beirut International. Crisis Group remote interview, July 2021.

⁷¹ "Beirut clash between rival clans leaves one dead", *The National*, 8 September 2020.

⁷² Crisis Group interviews, Lebanese analysts and two intermediaries, Beirut, northern Lebanon, Bekaa Valley, October 2020-July 2021. Former advisers also shared insights, providing general background for these factional struggles. Crisis Group interviews, Beirut, October-November 2020.

⁷³ On 20 May, when absentee voting in the Syrian presidential election started for Syrians living in Lebanon, activists linked to Samir Geagea's Lebanese Forces took to the streets near polling stations in Christian areas and threatened to "send the sons of dogs back in a box". See tweet by Michel Chamoun, @Michelshamoun, 10:20am, 20 May 2021 (Arabic). Observers saw the mobilisation as an attempt by the party to assert control of Christian neighbourhoods. See tweet by Michael Young, @BeirutCalling, journalist, 1:37pm, 21 May 2021.

munal, neighbourhood or family ties, testing troops' loyalty.⁷⁴ In January 2021, demonstrations sparked by the additional social hardship created by the COVID-19 pandemic turned into riots that left the municipality and Sharia court buildings torched and one protester dead. More than 400 protesters and at least 40 security personnel suffered injuries.⁷⁵

Christians and Druze will continue to clash occasionally within their respective communities, although, as a politically engaged academic put it, in what have been comparatively more manageable "contests for supremacy in the Christian community [and ...] parochial feuds over relative influence among the Druze, both complicated by disagreements about influence in the Lebanese state, Hizbollah and other issues".⁷⁶ In September 2020, a gunfight broke out among activists from Christian-majority parties during a parade commemorating a former Lebanese president's assassination.⁷⁷ Members of Druze-majority factions have scuffled with each other from time to time since 2019, when at least three men died over six months of low-level conflict.⁷⁸ Druze gunmen also fought on different sides in Khaldeh in August 2020 (see below) and attacked each other in resource-related disputes the following March.⁷⁹

2. Intercommunal clashes

Lebanese also clashed with one another across communal lines, as well as with non-Lebanese communities. In August 2020, factional violence broke out in Khaldeh, an area south of Beirut where different communities and political affiliations intersect. Gunmen affiliated with Shiite parties, Sunni clans and Druze-led factions were all involved. They fought along the main highway linking Beirut to southern Lebanon, close to the international airport, with machine guns and rocket-propelled grenades, leaving two residents dead, one of them a teenager.⁸⁰ Clerics and partisans had stoked sectarianism in the area for years.⁸¹

⁷⁴ Crisis Group interviews, former Lebanese parliamentarian in Tripoli, political intermediaries in Beirut and Tripoli, Lebanese academic, Beirut, November-December 2020. Other Lebanese analysts shared similar insights with Crisis Group in early 2021.

⁷⁵ Crisis Group Alert, "Riots in Lebanon's Tripoli are Harbingers of State Collapse", 2 February 2021.

⁷⁶ Crisis Group interview, Lebanese academic linked to Future Movement, Beirut, December 2020. A Lebanese political analyst shared an almost identical assessment, though framed in terms of Lebanese regions instead of communities, during a telephone interview in February 2021. Advisers and analysts connected to the Lebanese Forces, FPM and Progressive Socialist Party offered different detailed assessments of the prospects of intra-communal violence or other instability but shared a sense of the fundamental nature and scope of political competition and risks of political violence under present conditions. Crisis Group interviews, Beirut, Jounieh, Tripoli, Bekaa Valley and Mount Lebanon, October 2020-June 2021.

⁷⁷ "Boiling again': Lebanon's old Christian rivalries rear up amid crisis", Reuters, 17 September 2020. The Lebanese Forces militia-turned-party maintains units of what it calls "scouts of freedom", which it puts on quasi-military display at public events. See "Mass for the martyrs of the Lebanese Forces", MTV, 6 September 2020.

⁷⁸ "PSP, LDP members clash in Choueifat", *The Daily Star*, 4 September 2019.

⁷⁹ "A New Season of Unrest", op. cit.

⁸⁰ "Deadly sectarian clashes near Beirut between Hezbollah supporters, local clan", Al Arabiya, 27 August 2020.

⁸¹ Much of the tension goes back to recurrent altercations between followers of a local Salafi preacher and Hizbollah supporters over control of turf. "Here's what you need to know about the deadly Khaldeh clash", *The 961*, 29 August 2021.

While the actual shooting broke out spontaneously, leaders of at least three different political parties soon became part of an escalatory dynamic.⁸² Sunni tribesmen issued statements against Hizbollah and in support of Hariri, for instance, while longstanding political relationships that many of them had with different Druze factions also came into play. One Druze faction encouraged these tribes to broaden the conflict, by bringing more fighters into it, just as Shiite parties did with their own members or other gunmen who were Shiites. At the same time, LAF military intelligence, the Internal Security Forces information branch and other security forces worked with the parties to dissuade gunmen's kin in the central Bekaa Valley and Chouf mountains from joining the fray or retaliating elsewhere.⁸³ Nearly a year later, the killed teenager's brother shot dead the alleged perpetrator at point-blank range, precipitating another round of clashes in the area the next day that left four more dead and interrupted traffic on the main road connecting Beirut and points south for hours.⁸⁴

In the most ominous incident to date, a march protesting the investigation into the Beirut port blast called by Hizbollah and Amal on 14 October 2021 led to a shootout when followers of the two Shiite parties approached the Palace of Justice, which is located in a predominantly Christian neighbourhood in Beirut. Seven people died, all of them Shiites and most of them supporters of the two parties, with Hizbollah accusing the Lebanese Forces, a Christian group, of seeking to foment civil war.⁸⁵ The clashes were especially worrying because they evoked the divisions of the 1975-1990 Lebanese civil war and recalled incidents that triggered that fifteen-year conflict.⁸⁶ While Hizbollah has declared that it would "not be drawn into civil war" and said it would seek justice through institutional channels, future armed altercations between its supporters and Lebanese Forces affiliates remain a concern, particularly where Christian and Shiite neighbourhoods touch one another.⁸⁷

⁸² Crisis Group interview, veteran Lebanese journalist, Beirut, November 2020.

⁸³ Crisis Group telephone interviews, Lebanese-American security consultant, October 2020; veteran Lebanese journalist, Beirut, November 2020.

⁸⁴ See "Ghosn clan kills Ali Chebli in revenge after Hizbollah refused to hand him over", *Janoubiya*, 1 August 2021 (Arabic); and "Lebanon: Four killed in vendetta clashes between Hezbollah and local clan", *The National*, 1 August 2021.

⁸⁵ Crisis Group Alert, "Violence Threatens Fraying Rule of Law in Lebanon", 14 October 2021.

⁸⁶ On 13 April 1975, a bus carrying Palestinians was attacked by Christian gunmen while passing through the Ain al-Rummaneh neighbourhood, near the site of the recent clashes. More than twenty died, setting in motion a cycle of escalation that evolved into full-blown civil war. "22 Palestinians killed in Beirut", *The New York Times*, 14 April 1975.

⁸⁷ The Lebanese Forces deny involvement in the incident, which party figures explain as self-defence by residents whose neighbourhoods were attacked by violent protesters. They reject Hizbollah's allegations that they maintain a clandestine militia. "Lebanon's Geagea dismisses Hezbollah accusations, says his group has no fighters", Reuters, 22 October 2021; "Hezbollah does not want to be drawn into a civil war: Raad", *L'Orient Today*, 17 October 2021. In a televised speech on 18 October 2021, Hizbollah's secretary general, Hassan Nasrallah, indicated that any "politicisation" of the investigation into the 14 October events would prompt the party to consider options other than following formal channels. "Nasrallah: If there is any politicisation of the investigation, we will see what to do; we will not leave the blood our martyrs on the ground", *Al-Mayadeen*, 18 October 2021 (Arabic). Since Hizbollah is convinced that the Lebanese Forces are behind the clashes, Nasrallah may be hinting that the party will not accept the investigation as valid if it comes to any other conclusion. A journalist with a pro-Hizbollah publication called the evidence for Lebanese Forces involvement "incontrovertible". Representatives of political forces opposed to Hizbollah expressed satisfaction that

Lebanese security forces have also clashed with armed Palestinian groups near Palestinian refugee camps and with criminal organisations exploiting the fact that the camps are generally beyond the state's reach.⁸⁸ Tensions are on the rise as well between Syrian refugees and poorer Lebanese, who increasingly see the former as competitors for low-skilled jobs in construction and agriculture that Lebanese previously shunned.⁸⁹ Lebanese have frequently attacked Syrians, sometimes responding to isolated incidents with indiscriminate violence.⁹⁰ As Lebanese, Syrians and Palestinians scramble for jobs, resources and international assistance, they may start clashing more frequently in areas where these goods are contested, like the central Bekaa Valley and northern Lebanon.⁹¹

Lebanese attacked Syrian refugees on a large scale twice in 2020. After a Syrian killed a Lebanese in the mainly Christian town of Bsharre in late November, locals expelled some 1,600 Syrians who had lived there for years; almost none have returned.⁹² A journalist who was there said "some of the Lebanese had guns, while others hit people or [trashed] homes".⁹³ A month later, a wage dispute in a village near Tripoli prompted a Lebanese employer to unleash a mob that burned down shelters, displacing at least 300 Syrians.⁹⁴ Men linked to political factions have beaten or threatened Syrians, with "no fear of consequence or even serious public awareness or condemnation", as a UN official put it.⁹⁵ Politicians have scapegoated Syrians, while security forces rarely intervene to stop abuses and sometimes even help commit them, thus signalling official approval.⁹⁶ Municipalities evicted Syrians who held valid leases for their homes, discouraged Lebanese from renting to Syrians and decreed curfews to keep Syrians out after set hours.⁹⁷ UN officials say more violence is likely between refugees and Lebanese.⁹⁸

"someone finally showed them their limits", but they ruled out pursuing armed confrontation with Hizbollah themselves, saying it is a non-viable approach due to the imbalance of power. Crisis Group interviews, Beirut and northern Lebanon, 15 October 2021.

⁸⁸ Crisis Group interview, senior UN agency representative in Lebanon, Beirut, November 2020.

⁸⁹ Crisis Group interviews, Lebanese financial and economic expert, Beirut, November 2020; former adviser to Lebanese prime ministers, Beirut, December 2020; and senior representatives, program managers and analysts affiliated with relevant UN agencies, Beirut, December 2020-January 2021.

⁹⁰ Crisis Group telephone interview, Beirut-based journalist who covered the incidents and subsequent Lebanese-Syrian tensions, Beirut, January 2021; and Crisis Group interviews, senior representatives, program managers and analysts affiliated with relevant UN agencies, Beirut, December 2020-February 2021.

⁹¹ Crisis Group interviews, senior UN agency representatives in Lebanon, Beirut, January 2021.

⁹² "Three months after the Bsharre incident, over 300 Syrian families are still paying for the crime of one person", *Syria Direct*, 23 February 2021.

⁹³ Crisis Group telephone interview, Beirut-based journalist who reported on the incidents and other Lebanese-Syrian tensions, January 2021.

⁹⁴ "Hundreds of Syrian refugees flee Lebanon camp as tents torched", NBC News, 27 December 2020.

⁹⁵ Crisis Group interview, UN program manager in Lebanon, Beirut, February 2021.

⁹⁶ Crisis Group interviews, journalist, Beirut, January 2021; UN program manager in Lebanon, Beirut, February 2021.

⁹⁷ "Zahle and Bar Elias: Municipality-Led Evictions in Central Bekaa", UN Development Programme, September 2018.

⁹⁸ Crisis Group interviews, senior UN agency representatives in Lebanon, Beirut, November 2020 and January 2021. These officials assessed that conflict risks are high in parts of the central Bekaa

3. Assassination and murder

Politically motivated killings may also undermine stability in Lebanon, as they have in the past.⁹⁹ Between 2004 and 2015, Lebanon was rocked by a series of bombings and assassinations. In only two cases were the perpetrators tried in court.¹⁰⁰ Both were identified with Syria and Hizbollah, while the overwhelming majority of the victims were opponents of both.¹⁰¹ These repeated incidents have led many Lebanese to blame Syria and Hizbollah – and increasingly just the latter – for instigating or perpetrating targeted political violence.¹⁰² Hizbollah and its allies, for their part, reject these accusations and often suggest that the assassinations may be false-flag operations authored by the U.S. or Israel to implicate the party and Syria.¹⁰³

Since mid-2020, at least five Lebanese have been killed under circumstances that remain murky but suggest organised groups defending their interests. In June 2020, a Beirut-based bank's ethics and fraud risk director previously responsible for compliance was found stabbed to death in his home's garage in the Hazmieh area.¹⁰⁴ In December 2020, gunmen using silencers assassinated Joseph Bejjany, a photographer who worked with the LAF, including in the aftermath of the Beirut port blast, and stole his phone.¹⁰⁵ Later that month, a retired Lebanese customs officer was found dead in his home, reportedly of a blow to the head.¹⁰⁶ In February 2021, unidentified assassins abducted and killed Lokman Slim, an activist and strident Hizbollah critic,

Valley and northern Lebanon, while warning of tensions in and around all areas designated formally or considered informally as refugee camps for Syrians and Palestinians in Lebanon.

⁹⁹ Crisis Group interviews, advisers to Lebanese parties, Beirut, November–December 2020; retired Lebanese generals, Beirut, February–March 2021; and Lebanese security consultant, Beirut, October 2020.

¹⁰⁰ In 2016, a former minister was convicted of “preparing terrorist acts” on behalf of Syrian intelligence in 2012. “Lebanon sentences ex-official to 13 years on terrorism charges”, *The New York Times*, 8 April 2016. In 2020, a Hizbollah operative was found guilty in absentia for participating in the 2005 assassination of former Prime Minister Rafiq al-Hariri. “Prosecutor v. Ayyash et al.”, Special Tribunal for Lebanon, 18 August 2020.

¹⁰¹ The Hariri assassination on 14 February 2005 was followed by a series of random attacks in Christian neighbourhoods apparently designed to trigger sectarian tensions. From June 2005 onward, assassinations were directed first at critics of Syria's influence in Lebanon and then increasingly at opponents of Hizbollah. Starting in 2013, areas considered strongholds of Hizbollah and its allies also became the targets of random attacks, likely conducted by jihadists in retaliation for the group's intervention in Syria on the Assad regime's side.

¹⁰² For instance, on 8 February 2021 prominent TV presenter Dima Sadek (who is Shiite) explicitly accused the party of killing its opponent Lokman Slim four days earlier, stating that she would “not wait for an investigation that won't happen to say this openly”. “MTV removed Dima Sadek's segment accusing Hezbollah of killing Lokman Slim”, *The 961*, 12 February 2021.

¹⁰³ “Who benefits from the assassination of Lokman Slim?”, *Al-Mayadeen*, 5 February 2021 (Arabic). Slim, a Shiite, was an activist highly critical of Hizbollah. He had received threats before the assassination, which was followed by a hostile campaign on social media denouncing him as a collaborator with Israel. See Nasri Messarra, “A Social Media Analysis of the Hate Network Surrounding Lokman Slim's Assassination”, The Samir Kassir Foundation, 30 September 2021.

¹⁰⁴ “Unsolved murder of ‘diligent’ financier chills Lebanese bankers”, *Financial Times*, 24 June 2021.

¹⁰⁵ “What photographer Joe Bejjani's death says about the dark days to come for Lebanon”, *Al Arabiya*, 23 December 2020.

¹⁰⁶ “Lebanon investigates death of former customs official”, *Reuters*, 4 December 2020.

in southern Lebanon.¹⁰⁷ In March 2021, LAF Major Jad Nemr was found shot dead in his apartment.¹⁰⁸

Except for Slim's case, these killings lack the apparently straightforward link to the victims' political affiliation that characterised the post-2005 period. Rather, they seem to be linked to webs of administrative and corporate corruption and malpractice, a part of which became visible in the port blast's aftermath, or indeed to the blast itself. Either way, they suggest that assassinations are still very much part of the political landscape in Lebanon, and that significant shifts in the balance of political power may be accompanied, punctuated or initiated by such violence.¹⁰⁹ A retired army general said:

The assassins have not yet started to kill high-level political or other leaders, but if Lebanon continues to head in a negative direction, they may feel they have to try something, including violence, to create a shock to the system, to shake things loose.¹¹⁰

¹⁰⁷ "Hezbollah critic Lokman Slim found dead in Lebanon", *The Guardian*, 4 February 2021. A Lebanese journalist claimed that, shortly before his death, Slim confided in her that he had been in contact with a potential Hizbollah defector ready to expose elements of the party's money-laundering operations. "Murdered activist Lokman Slim was facilitating a Hezbollah defection before death", *Al Arabiya*, 4 February 2021.

¹⁰⁸ "Army major Nemr's killing adds to a series of unexplained murders in Lebanon", *Al Arabiya*, 25 March 2021. Media coverage noted that Nemr was serving in an army unit in charge of combating smuggling.

¹⁰⁹ Sune Haugbolle and Henrik Andersen, "Political Assassinations and the Revolutionary Impasse in Lebanon and Iraq", *Middle East Report*, 11 May 2021.

¹¹⁰ Crisis Group interviews, retired Lebanese general and former adviser to two prime ministers and an interior minister, Beirut, March 2021. In recent killings, the assailants have not bothered to try disguising their crimes, possibly to deliver warnings to others. Daher was stabbed five times and Slim shot five times in the head. A hit squad killed Bejjani in plain sight of security cameras.

IV. A Future of Factions, a Fractured Future

Political leaders have led Lebanon onto a slippery slope toward state failure. For three decades, they secured loyalty through clientelism – preferential access to public resources and a licence to bend rules for material benefit – and promises to protect the interests of the sectarian communities they purport to represent. In times of crisis, these networks offer their clients less material benefit in absolute terms, but what is left carries disproportionate value in a society sliding into destitution. By the same token, deteriorating security reaffirms the standing of leaders seen as effective in protecting constituents from physical harm. Thus, the same elites who hollowed out the state may assume some of its attributes. They may further consolidate their control of withered institutions and disconnected chunks of territory, unless and until circumstances change in a way that will allow for patching the debris back together again. Whether either can happen without significant violence remains uncertain.

A. Patronage

Lebanese leaders have long experience in running a highly centralised administrative system that allows them to control state institutions down to the local level. They also, as a U.S. academic put it, “impoverish or keep impoverished, then reward and punish” various institutions and officials, who become – and see themselves as – dependent on political patrons.¹¹¹ In the public sector, for instance, access to coveted benefits – such as public-sector employment or coverage for medical treatment – requires seeking support from political patrons. But these practices also extend into the private sector, as entrepreneurs connected to politicians divvy up public works and procurement, breeze through administrative procedures and remain beyond the reach of the judiciary, thus warping what passes for market competition in favour of the well-connected.¹¹² None of these favours come free: ordinary citizens are expected to offer support in elections and street action in return, while entrepreneurs may have to hand over bribes, campaign donations or even shares of their businesses to politicians.¹¹³

Erosion of state institutions does not imply that the effectiveness of these ways of maintaining political loyalty will recede; if anything, the opposite may be true. Most people in Lebanon are absorbed in the challenges of organising everyday life amid constantly worsening shortages and failing services, even as some still occasionally

¹¹¹ Crisis Group telephone interview, U.S. academic specialising in governance, municipalities and factional behaviour in state and society in Lebanon, November 2020 and January 2021. For examples of elite control over local politics, see Christiana Parreira, “The art of not governing: How Lebanon’s rulers got away with doing so little for so long”, *Synaps*, 23 October 2019.

¹¹² Crisis Group interview, senior justice ministry official, Beirut, December 2020; Lydia Assouad, “Lebanon’s Political Economy: From Predatory to Self-Devouring”, Carnegie Middle East Center, 14 January 2021.

¹¹³ Crisis Group interviews, entrepreneurs, including executives at large corporations, factory owners, hospitality sector owners and managers, and mid-level managers at services companies, Beirut, Mount Lebanon, Bekaa Valley and northern Lebanon, October 2020–April 2021. See also “Lebanon’s Political Economy”, *op. cit.* The design of the Lebanese electoral system (small districts, separate voting rooms for the electorate’s even smaller territorial and sectarian subdivisions) facilitates tracking who voted and how, often down to individual families.

engage in protest. Still more people have no choice but to fall back on whomever can provide for them.¹¹⁴ As ever larger parts of the population slide into poverty, the value of those goods and benefits that can still be provided through control over state institutions will only increase. Likewise, the devaluation of salaries will increase the pressure on public employees to obtain additional income through bribes, which in turn increases the value of political influence that enables businesses to cut through red tape.

Widespread misery has also prompted political actors to fill the void directly by providing support, first and foremost to their own political base. For example, as the crisis deepened, several parties took to distributing food baskets to the needy.¹¹⁵ With the state's initial slow response to the COVID-19 epidemic, the Lebanese Forces, the Progressive Socialist Party, the Future Movement and Hizbollah all provided medical services, treatment and, later, vaccines. They did so for the most part by working with municipalities managed by partisans or sympathisers, Lebanese companies linked to them, and businesspeople and donors in the diaspora.¹¹⁶ Over time, these parties' share of responsibility for providing such services to constituents could well grow as the state's capacity to serve society diminishes.¹¹⁷

Hizbollah appears best placed to protect its constituency as the crisis worsens.¹¹⁸ Its long-time, Iranian-supported effort to develop a system of social, medical, educational and economic services aimed at building what it calls a "resistance society" among its supporters, and the parallel finance structures it established to evade international sanctions, helped put it in this position. Crucially, it has reportedly been able to keep paying part of its military apparatus in dollars, meaning that some of its core supporters have been shielded from the deterioration of living conditions.¹¹⁹ The group also ramped up the activities of Al-Qard al-Hasan (The Good Loan), a mi-

¹¹⁴ Crisis Group interviews, former parliamentarians, advisers to Lebanese leaders, retired generals in Lebanese security forces, and academics specialising in extra-legal governance, Beirut and by telephone, November 2020-February 2021.

¹¹⁵ "Lebanese parties distribute food baskets as economy continues to sink", *Al-Monitor*, 10 May 2021. When generator operators across Lebanon stopped their services for lack of fuel in early August 2021, political parties stepped into the gap, securing diesel for their constituents. "When darkness looms, Lebanon's political parties ride in with light-giving fuel", *L'Orient Today*, 11 August 2021.

¹¹⁶ Crisis Group interviews, political party advisers, Beirut and Jounieh, February-March 2021.

¹¹⁷ Crisis Group interviews, former parliamentarian, Beirut, February 2021. In Crisis Group interviews conducted between October 2020 and July 2021 in Beirut, Metn, Zahle, the western Bekaa, Batroun and Tripoli, advisers and analysts connected to Lebanese political parties shared information confirming that parties have been working on the logistics of expanding these services.

¹¹⁸ "Shadow economy: How Hezbollah benefits from Lebanon's financial collapse", *The New Arab*, 2 August 2021. Senior party officials appear sanguine about the effects on their constituency. One said: "We will be the least affected. The institutions we built will take us through the crisis. We are far more efficient than all these NGOs that work with imported concepts". Crisis Group interview, Beirut, December 2020. Another commented: "We won't take over the state, but we are able to secure the areas that are important to us. I'm not sure others can do the same". Crisis Group interview, Beirut, April 2021.

¹¹⁹ While Hizbollah's fighters are estimated to number around 30,000, the approximate size of the party's civilian payroll, to which it mostly pays out lira, is unknown, though likely larger. Crisis Group remote interviews, researchers specialised in the group, July 2021. An analyst with close connections to the Shiite environment reported that the circle of dollar recipients has been shrinking in mid-2021, with senior staff of civilian institutions now also receiving their salaries in lira. Crisis Group remote interview, August 2021.

cro-credit association that has morphed into a money exchanger and bank, though it halted expansion when rival elites pushed back.¹²⁰ The party also started giving out prepaid e-cards that are accepted at designated supermarkets carrying mostly Iranian-provided products.¹²¹

In late June, when the fuel crisis began, Secretary General Hassan Nasrallah followed through on earlier announcements and declared that the party would start importing diesel and gasoline from Iran, in violation of U.S. sanctions. The first shipment arrived in Lebanon on 16 September amid celebrations by the party's supporters while opponents decried it as yet another breach of Lebanese sovereignty and yet another instance in which Hezbollah was supplanting the Lebanese state.¹²² Shipments will likely continue and, while remaining controversial, may become routine.¹²³

Other parties, such as the Progressive Socialist Party, Lebanese Forces and Future Movement, have taken similar, if smaller-scale initiatives. They worked with aligned businessmen, charities and foundations, as well as affiliates in municipalities, to step up provision of food and medicine and help cover hospitalisation and medication costs in their key constituencies; they also helped repair shelters following the port blast. In early 2021, then Prime Minister-designate Hariri secured deals to import the COVID-19 vaccine on his own account and then worked to register recipients in party offices and distribute the doses through lawmakers and municipalities connected

¹²⁰ Crisis Group interview, analyst connected to Hezbollah, Beirut, December 2020.

¹²¹ See "Hezbollah's 'Plan B': Support for 64,000 families and 300 agricultural and industrial projects", *Asas Media*, 11 April 2021 (Arabic); and "With food and fuel, Hezbollah braces for the worst in Lebanon collapse", *Reuters*, 16 April 2021.

¹²² "Hezbollah-brokered Iranian fuel arrives in crisis-hit Lebanon", *Al Jazeera*, 16 September 2021. To avoid U.S. sanctions against Lebanese entities, the fuel was offloaded in the Syrian port of Banyas and then trucked into Lebanon through informal border crossings. It is distributed through the Hezbollah-linked Al-Amana company, which is already under U.S. sanctions. Prime Minister Mikati expressed "sadness" at what he considered a "violation of Lebanese sovereignty". "Mikati decries 'violation of Lebanon's sovereignty' after Iran fuel shipment", *Arab Weekly*, 18 September 2021. While some of the Iranian diesel was donated to public institutions like hospitals and water companies, the rest was sold at a discount of around 20 per cent below the price mandated by the ministry of energy. "In numbers: how much of the Iranian diesel was distributed for free and how much sold", *Al-Modon*, 23 September 2021 (Arabic). Some media reports claim that the fuel imports are highly profitable and have opened a new resource stream for Hezbollah. "Profits of Hezbollah from the diesel are in the millions of dollars", *Al-Jumhuriya*, 2 October 2021 (Arabic).

¹²³ On 11 October, Nasrallah urged the Lebanese government to seek sanctions waivers from the U.S. to import Iranian fuel legally, announcing that the party would continue to import it until a waiver was issued. "Hezbollah chief: Lebanon should request waiver for Iranian petrol", *The National*, 11 October 2021. For its part, the U.S. has confirmed that it supports efforts to supply Lebanon with gas from Egypt and electricity from Jordan. Christoph Abi-Nassif and Jessica Obeid, "Hezbollah, America and the race to supply Lebanon with power", *Middle East Institute*, 20 August 2021. According to U.S. Under Secretary of State for Political Affairs Victoria Nuland, using the Syrian networks for this purpose would be considered part of a humanitarian support effort and hence would not require issuance of a sanctions waiver. "Media availability with Under Secretary of State for Political Affairs Victoria Nuland", U.S. Embassy in Lebanon, 14 October 2021.

to the Future Movement.¹²⁴ Regional and local politicians have engaged in similar activities throughout Lebanon.¹²⁵

B. Local Security

Political factions are also likely partially to fill the void created by official security forces' deteriorating performance. The result is not likely to look like the civil war's last phase, when heavily armed militias wielded exclusive control over distinct areas. No faction but Hizbollah has the money, manpower, hardware or external support required to reproduce that scenario for the time being.¹²⁶ Rather, parties are expected to organise security in areas where they have substantial support. Factions that formerly had a militia have residual capacities. Party officials, resident businessmen and diaspora Lebanese are already discussing whether to establish or expand private security companies.¹²⁷ They will co-opt informal local groups and enlist "young men with nothing to do and nowhere to go".¹²⁸ Others have declared publicly that they will use force to protect their properties and other assets.¹²⁹

If conditions continue to deteriorate, such latent capacities could be scaled up to structures providing what is locally referred to as "autonomous security" (*al-amn al-dhati*).¹³⁰ A retired general in the security forces said factions have already carved out security zones around headquarters or other key buildings, established offices or businesses doubling as command centres, and "orchestrated the purchases of property to reshape the urban terrain of future conflicts".¹³¹ They also established informal coordination with the official security forces in their respective areas of influence,

¹²⁴ "Hariri is importing a single-shot COVID-19 vaccine whose use is not yet approved in Lebanon or its country of origin", *L'Orient Today*, 20 April 2021.

¹²⁵ Crisis Group interviews, former parliamentarians, former adviser to a Lebanese prime minister and Phalange, Lebanese Forces, FPM and Progressive Socialist Party advisers, Beirut, Metn and Hazmieh, October 2020-January 2021.

¹²⁶ Analysts and advisers connected to each of Lebanon's largest six political parties concurred that, apart from Hizbollah, no party has significant numbers of men under arms at this point. Crisis Group interviews, Beirut, October 2020.

¹²⁷ Crisis Group interview, former Lebanese parliamentarian, Beirut, November 2020. "Fear of chaos and increasing thefts push the Lebanese toward autonomous security. 60 Security companies employ 25,000 men", *al-Nahar*, 28 June 2021 (Arabic).

¹²⁸ Crisis Group interview, Lebanese academic, Beirut, December 2020.

¹²⁹ "Mikati: I will protect myself if army can't contain situation", *The Daily Star*, 29 January 2021.

¹³⁰ Crisis Group interviews, former Lebanese lawmakers, former advisers to Lebanese prime ministers, intermediary for a large political party and Lebanese academic who has extensively studied Lebanese leaders' clientelist practices outside the state, Beirut, October 2020-March 2021.

¹³¹ A resident of a predominantly Christian neighbourhood of Beirut said: "Petty crime went up in my neighbourhood, so a bunch of young guys, sympathisers of some of the Christian parties, got together to do something about it. Now they are sitting on street corners keeping watch. I am torn: as a citizen, I want the state to provide security, but as a young woman, I need somebody to keep the streets safe, and the state is no longer capable". Another young woman living in an upscale, predominantly Sunni, neighbourhood said: "You have more and more of these groups of young men sitting around with no clear purpose. Recently, a 'café' opened in my street. They stay open late and never have actual customers; it's always the same few guys sitting there, smoking, watching the neighbourhood". Crisis Group interviews, Beirut, July 2021.

thereby moving toward hybrid, local security mechanisms that blur the line between legitimate and irregular control of the means of violence.¹³²

These developments may create a patchwork of local security arrangements which, sooner rather than later, will require stable funding and formal organisation. Thanks to their organisational capacities, political parties will play a big role in setting up these structures in the areas where their social clout is greatest. The established parties will thus entrench themselves further, narrowing the space for citizens and new political actors demanding participation and accountability.

The risk will also grow that intra-communal tension evolves into armed altercations, as gunmen linked to rival politicians compete for control of the same demographic groups and areas, and the protection money that comes with it. If national political tension rises, such local competition will become even more charged and may in turn create tripwires for conflict on a larger scale. Of particular concern will be areas such as Khaldeh that are near traffic chokepoints or strategic infrastructure, as contestation there could threaten the interests of politically connected armed groups, and areas where followers of competing parties live in uneasy proximity and security incidents give rise to mutual fear, as has occurred along parts of the previous civil war front line in Beirut.¹³³

On the other hand, as long as such local security actors answer to a political party with a national leadership, party heads will likely maintain channels of communication with their rivals and be able to contain small altercations. They will be far harder pressed to do so in areas where political leadership is absent or severely fragmented. When security forces lose their grip, armed groups will spring up to defend these areas and their resources from outside threats. Relying on an apparent abundance of light and medium arms, these groups may morph into armed rackets that answer to no one.¹³⁴ Mediation would thus be difficult should conflict erupt over control of territory and associated revenue streams.¹³⁵

C. *Hizbollah, a Party Apart*

Hizbollah stands apart from all other Lebanese parties. It has exceptional capacities for social assistance and security control and poses significant political challenges on the domestic and foreign policy levels. It also receives sustained support from Iran. The party operates like other Lebanese factions have for decades, using a combina-

¹³² Crisis Group interview, retired general in the security forces, Beirut, March 2021.

¹³³ "Aïn el-Remmané-Chiyah: par-delà la haine", *L'Orient-Le Jour*, 23 October 2021.

¹³⁴ "Head of the Municipal Council of Tripoli calls for imposing nighttime curfew on the city", Lebanon 24, 25 August 2021 (Arabic); and "'Spirits of the night' and killings in northern Lebanon", *al-Modon*, 25 August 2021 (Arabic).

¹³⁵ In August, this trend accelerated as many municipalities sought to restrict access to scarce resources such as gasoline, provoking armed altercations. In the north, the Bekaa and the south, conflict broke out between adjacent communities over access to fuel and firewood. See "Civil war over gasoline in the Bekaa Valley, gangs raid gas stations in Zahle", *al-Modon*, 22 August 2021 (Arabic); "The north without a state: clashes and casualties in Akkar", *al-Modon*, 26 August 2021 (Arabic); and "The Anqoun-Maghdoushe dress rehearsal: All is ready for the infighting", *al-Akhbar*, 30 August 2021 (Arabic).

tion of identity politics and clientelism to maintain political support.¹³⁶ But internal, local and regional factors have rendered it far more successful than others.¹³⁷ Entrenching itself in state institutions in parallel to developing its sprawling network of social institutions, the party built “redundancies into the system, which it then operates outside of as needed”, as a former U.S. diplomat put it.¹³⁸

At the same time, it is the sole actor in the Lebanese political system that can impose – or veto – policy choices with the threat of force. It made this clear in May 2008, when Hizbollah occupied the western half of Beirut and besieged rival leaders to require the government to rescind decisions to which it objected and dictate its own solution for a government crisis that had lasted for eighteen months.¹³⁹ Ever since, the party has exercised de facto veto power over government formation and policymaking writ large, assisted by its close alliance with Amal, which provides the two groups with a de facto monopoly over Shiite representation. Under the terms of Lebanese power sharing, it is impossible to govern without the two Shiite parties' cooperation.¹⁴⁰

Since October 2019, Hizbollah has also emerged as the status quo's primary defender, ordering its supporters off the streets one week into the 2019 protests and then seeming to countenance repeated attacks on protesters by thugs displaying Amal and Hizbollah insignia.¹⁴¹ While the initial, broad cross-sectarian appeal of the unorganised 2019 street movement may have been short-lived in any case, Hizbollah's stance played an important role in shifting the contestation from a broad-based popular uprising back along party and sectarian lines. The group also has a track record in resisting attempts at accountability that it finds politically damaging, most recently with its demand to replace Judge Tareq Bitar, who has been investigating the Beirut port blast, and leveraging the threat of destabilisation and civil strife to this end. Differences over positioning vis-à-vis Hizbollah also pose a serious problem for activist groups and political forces working to establish a unified platform for future elections and have given rise to voices seeking far-reaching federalisation or even partition of the country.¹⁴²

¹³⁶ Crisis Group interviews, advisers and analysts connected to Hizbollah, Beirut, November 2020–December 2021. See also Lina Khatib, “How Hezbollah Holds Sway over the Lebanese State”, *Chat-ham House*, 30 June 2021.

¹³⁷ Crisis Group telephone interview, Lebanese political analyst connected to Future Movement and prominent Sunni political families, January 2021.

¹³⁸ Crisis Group telephone interview, former U.S. diplomat, February 2021.

¹³⁹ Crisis Group Middle East Briefing N°23, *Lebanon: Hizbollah's Weapons Turn Inward*, 15 May 2008.

¹⁴⁰ The 21 May 2008 Doha Agreement to end the crisis stipulated the establishment of a national unity government in which Hizbollah and its allies would control eleven of 30 ministries. “Doha Agreement ‘On the Results of the Lebanese National Dialogue Conference’”, 21 May 2008. As per articles 65(5) and 69(c) of the Lebanese Constitution, control of more than one third of cabinet posts is tantamount to veto power. “The Lebanese Constitution”, *op. cit.*

¹⁴¹ “Lebanese protesters clash with supporters of Hezbollah, Amal in Beirut”, *Reuters*, 25 November 2019.

¹⁴² Crisis Group interview, Lebanese political scientist and activist, Beirut, 8 June 2021. “High time to build a new, federal Lebanon”, *Arab News*, 4 February 2021; “Separation and partition in Lebanon”, *al-Sharq al-Awsat*, 19 October 2021 (Arabic). A growing number of activists and political forces opposed to Hizbollah speak of Iranian “tutelage” of the party or Iranian “occupation” of the country, evoking Syria's domination of Lebanon between 1990 and 2005. See tweet by Samy Gemayel,

Hizbollah's foreign policy and in particular its participation in an alliance of state and non-state actors led by Iran that is opposed to Israel, the U.S. and its Arab allies (the "axis of resistance", as its members refer to it) has caused serious damage to Lebanon's foreign relations, in particular with the Arab Gulf states. The rift with the Gulf cuts off a potent source of funding for an economic recovery and jeopardises important markets for Lebanese exports as well as access to labour markets that have traditionally been receptive of Lebanese professionals.

Even some of the party's supporters and close allies admit that the price for its Middle Eastern role has become extremely high, yet there are no signs that domestic pressures may lead the party to consider scaling back its regional activities.¹⁴³ Rather, its attachment to the regional resistance role appears to be its primary motivation for upholding the domestic status quo. A journalist who is close to the party said:

Even people who are ideologically close [to Hizbollah] say openly that [the party] has ignored the domestic and economic files for too long. But Hizbollah is part of a regional equation, and any slight shift in the domestic balance of power can weaken its position there. For Hizbollah, the priority is to maintain the environment that allows it to operate as part of the [axis of] resistance. Getting bogged down in the social problems in Lebanon distracts from that. So, they face a dilemma.¹⁴⁴

Hizbollah struggles to acknowledge this dilemma, ducking any responsibility for Lebanon's predicament, and blaming the crisis instead on its rivals' policy choices and the "economic warfare" it alleges the U.S. is waging on Lebanon. The party's answer to this challenge is to promote what it terms "steadfastness" and to reorient the Lebanese economy toward integration with Hizbollah's own allies, such as Syria, Iraq and Iran, as well as close cooperation with China.¹⁴⁵

@samYGemayel, Phalange leader, 8:41am, 7 October 2021. Gemayel was commenting on the visit of Iranian Minister of Foreign Affairs Hossein Amir-Abdollahian to Lebanon.

¹⁴³ Crisis Group interview, journalist close to the party, Beirut, November 2020. See also "Interview with the director of general security, Abbas Ibrahim", *Al-Hurra*, 1 February 2021 (Arabic). In January 2021, the prominent Shiite scholar and pro-Hizbollah publicist Kassem Kassir encountered severe social media backlash from Hizbollah supporters after statements suggesting that the party should scale back its regional role and focus on the Lebanese arena. "L'affaire Kassem Kassir, un mini-séisme dans la galaxie du Hezbollah", *L'Orient-Le Jour*, 22 January 2021. For the statements triggering the debate, see "Discussion between journalists Kassem Kassir and Sarkis Naoum", National Broadcasting Network, 6 January 2021 (Arabic).

¹⁴⁴ Crisis Group interview, Beirut, April 2021.

¹⁴⁵ Crisis Group interviews, senior party officials, November-April 2021. See also "Hezbollah Blames Lebanon's Economic Collapse on the United States", Atlantic Council, 4 August 2021; and "Nasrallah: What is happening in Lebanon is part of an economic war", *Al-Mayadeen*, 17 August 2021 (Arabic). Some party members appear oblivious to social conditions; on 25 July, with most of Lebanon plunged into darkness as even private generators ran out of fuel, videos displaying the ostentatious wedding of party member Nawar al-Sahili's daughter caused an uproar that forced Sahili to suspend his political activities. "The lavish wedding of ex-Hezbollah MP Nawar al-Sahili's daughter criticized", *Al-Bawaba*, 27 July 2021.

V. Preserving the Pillars of the State

External players interested primarily in preserving Lebanon's stability appear to realise that the country is unlikely to emerge from its crisis any time soon.¹⁴⁶ While publicly upholding the demand for fundamental reform as a key condition for substantial assistance, some are increasingly giving priority to warding off the worst consequences of the state's slow-motion implosion. Beyond direct assistance to the security forces, in particular the LAF, donors are increasingly directing aid toward preserving critical institutions and infrastructure, as well as supporting livelihoods.¹⁴⁷ One practitioner with a major European development agency said:

If utilities such as water systems are run without maintenance for too long, the damage will be irreversible. These facilities represent investments we as the development community have made over twenty years. Abandoning them now simply doesn't make economic sense.¹⁴⁸

Another element of this agency's strategy is what the practitioner described as "nurturing and reproducing islands of good governance", public institutions in which a combination of committed leadership and staff allows for effective service delivery, and external assistance that bypasses line ministries and instead works through proxies such as international NGOs.¹⁴⁹

Other practitioners have other ideas. Some emphasise the need to keep formal institutions operational so as "not to create a state of NGOs", and continue to cooperate with departments of line ministries that they deem efficient.¹⁵⁰ Still other initiatives seek to support the private sector, for instance by helping agricultural enterprises seeking to improve their production processes and achieve compliance with interna-

¹⁴⁶ Crisis Group interviews, European diplomats, Beirut, July-August 2021.

¹⁴⁷ Crisis Group interviews, international officials and European diplomats, Beirut and remotely, March-July 2021. Diplomats expressed concern in particular for the LAF and the security consequences of the devaluation of army personnel's salaries. On 17 June, France convened a virtual international meeting to drum up support for the LAF. "France to host mid-June meeting to gather support for Lebanese army", *Arab News*, 8 June 2021. On 14 October 2021, Nuland announced during her visit to Beirut that the U.S. would provide an additional \$67 million for the LAF, after upgrading its annual assistance by \$15 million to \$120 million in May. "US to give extra \$67 mln to Lebanon's army: Senior US official", *Al Arabiya*, 14 October 2021; "US to grant \$120m to the Lebanese Army", *The National*, 21 May 2021. See also David Schenker and Grant Rumley, "Preserving the Lebanese Armed Forces Amid State Decline", Washington Institute for Near East Policy, 9 June 2021.

¹⁴⁸ Crisis Group interview, Beirut, 10 June 2021.

¹⁴⁹ Crisis Group interview, Beirut, 10 June 2021. One example of this approach is the public Rafik Hariri University Hospital, which the French Development Agency has helped rehabilitate since 2019 in cooperation with the hospital's leadership and the International Committee of the Red Cross, at a budget of €25 million. "A 5-million euro grant to the ICRC to help the Rafik Hariri University Hospital cope with COVID-19 in a post-blast context", press release, French Development Agency, 17 December 2020.

¹⁵⁰ Crisis Group telephone interview, August 2021. A consultant for European and international development agencies said: "We cannot just ignore that the overwhelming majority of beneficiaries want the state to work better, not for it to be replaced". Crisis Group interview, Batroun, August 2021.

tional regulations to gain access to new export markets.¹⁵¹ Furthermore, there is consensus that brain drain – the exodus of high-skilled professionals – is liable to undermine economic recovery prospects.¹⁵² Pledges to the LAF and other security bodies have thus far covered only assistance in kind but will eventually have to include stipends as well, lest the government be compelled to print lira to make payroll, further accelerating inflation.¹⁵³ They should, however, be tied to the performance of these security forces when it comes to dealing with protests and rule out the application of excessive force and violent repression.¹⁵⁴

Such a shift of emphasis, from an insistence on comprehensive reform as a precondition for any significant support to a broad concept of humanitarian assistance geared to stave off state failure and increase the resilience of functional public institutions and the private sector to help them survive makes sense in the short to medium term as the political elites continue to resist pressure for reform. While the overarching goal is to ensure that political and economic reforms take place so Lebanon can stabilise and recover, there must be immediate targeted action to dampen the crisis.¹⁵⁵ Moreover, as Crisis Group has warned previously, the creation of a failed state in the eastern Mediterranean, next to the unmitigated disaster that is Syria, is in no one's interest.¹⁵⁶ Expanding the scope of assistance will also help counter attempts by Lebanese politicians to blame the crisis on outside actors and to brandish the threats of state collapse and social unrest to push for an easing of reform conditionality.¹⁵⁷

As for pressure tactics, many Lebanese place high hopes in European sanctions, for which the EU Council adopted a framework in late July 2021.¹⁵⁸ In particular, interlocutors expressed the expectation that sweeping asset freezes would squeeze political bad actors financially and eventually force them from the scene. Such expectations are almost certainly vastly overblown concerning both the scope and the impact of

¹⁵¹ Crisis Group interviews, marketing consultant for European development agencies, international development NGOs and Lebanese agribusiness, Beirut, June 2021. See, for example, "Fresh Fruit and Vegetables Lebanon (2019-2023)", Centre for the Promotion of Imports from Developing Countries, Netherlands Ministry of Foreign Affairs. Entrepreneurs struggle with the unavailability of credit caused by the banking crisis, which limits their ability to make investments required to expand production and obtain international certifications in order to export. Crisis Group interview, CEO of agricultural producer, northern Lebanon, October 2021.

¹⁵² Anchal Vohra, "Lebanon is in terminal brain drain", *Foreign Policy*, 9 August 2021.

¹⁵³ "Lebanese army 'risks disintegrating' without cash aid", op. cit.

¹⁵⁴ "Suppressing Protests: French Less-Lethal Weapons Used in Lebanon", Amnesty International, 28 January 2021.

¹⁵⁵ Amer Bisat, "Lebanon Needs an Emergency Stabilization Program", Carnegie Middle East Center, 25 August 2021.

¹⁵⁶ Crisis Group Briefing, *Avoiding Further Polarisation in Lebanon*, op. cit.

¹⁵⁷ In a televised address to ambassadors on 6 July 2021, caretaker Prime Minister Diab warned of a "social explosion", blamed an "external siege" for Lebanon's crisis and called for reform conditionality to be eased. "French envoy slams Lebanon PM for shifting blame on economic collapse", Reuters, 7 July 2021. A participant in the meeting said Diab walked back most of his comments once the television cameras were switched off. Crisis Group interview, Western diplomat, Beirut, July 2021.

¹⁵⁸ Crisis Group interviews, Beirut, June-July 2021. See also Nadim Koteich, "Sanctions, sanctions, sanctions", Asas Media, 26 July 2021 (Arabic); and "Lebanon: EU adopts a framework for targeted sanctions", Council of the EU, 30 July 2021.

such sanctions.¹⁵⁹ At best, establishment actors may be prepared to make small offerings to limit the severity of punitive measures targeting them or their associates.¹⁶⁰

One important way for external actors to make use of the limited leverage they have through the threat of personal sanctions is to make sure elections are indeed held on time in 2022.¹⁶¹ While political players are now seemingly committed to respecting the electoral timetable, in the recent past the established parties have often postponed elections until they reached a basic consensus over the future balance of power. They may try to do so again, in particular as security incidents proliferate.

While elections have the potential to give representation to reformers if the latter manage to create a united electoral platform, the chances that a genuine reform caucus in parliament could generate momentum for major change remain slim.¹⁶² Established parties would likely still hold a clear majority in the legislature, making their cooperation mandatory even for incremental progress toward reform.¹⁶³ Moreover,

¹⁵⁹ A European diplomat said: "There is strong political pressure behind it, but on the level of officials who understand how sanctions actually work, there is a lot of scepticism. You need to build cases that hold up in court. How do you prove to a judge that someone is 'hampering' government formation? If that becomes a criterion for sanctions, politicians in some European countries should be concerned". Crisis Group interview, Beirut, July 2021.

¹⁶⁰ For instance, Lebanese observers of negotiations over the maritime border demarcation with Israel, including a mediator directly involved in formulating the Lebanese position, link the supportive stance of FPM Chairman Bassil and Amal leader Berri to the sanctioning of Bassil and of a close associate to Berri in November 2020. Bassil did not, however, waver in his commitment to his alliance with Hizbollah. Crisis Group interviews, Beirut, June 2021.

¹⁶¹ Lebanese activists also expressed hope that external actors would push for international observation of the polls, and for measures to level the playing field for new competitors, such as empowering the independent electoral commission that is supposed to curb transgressions during the campaign and on election day, or mandating television networks to provide free airtime for campaign publicity. Crisis Group interviews, Beirut, June 2021.

¹⁶² Groups emerging from the 2019 protest movement and political parties that adopted reform agendas have made sustained efforts toward a basic consensus that would allow for forming a united platform to compete in the polls. Results so far remain inconclusive, however. Crisis Group interview, Lebanese political scientist and activist, Beirut, June 2021. On 13 April, the anniversary of the civil war, sixteen groups launched a shared platform for this purpose. "Opposition parties and forces launched a rescue initiative and called on revolution groups: To form the broadest political front to run in parliamentary elections with unified lists", National Bloc, 13 April 2021. Opposition speakers expect that two clusters of anti-establishment forces will emerge, including former establishment parties that have undergone a transformation. They hope that through efficient tactical cooperation they may be able to mount a serious challenge for around 45 of 128 seats. In this case, they would consider winning around twenty seats a realistic prospect. Crisis Group interviews, opposition politicians, Beirut and northern Lebanon, October 2021. In June and July, a united opposition list swept both rounds of elections in the Beirut engineers syndicate, hinting at the potential such alliances may have among parts of the electorate. Previous elections in the lawyers' syndicate and various student bodies yielded similar results. "Opposition topples traditional political parties in Order of Engineers elections", *L'Orient Today*, 18 July 2021.

¹⁶³ "Loyal to their 'zaim' until their last breath", *L'Orient Today*, 8 June 2021. In many areas of Lebanon, voter mobilisation is achieved through patterns of clientelism and blatant vote buying, making effective competition by challengers to the status quo difficult. A candidate for parliament in northern Lebanon recalled how, during one election, a local intermediary walked into his office, dumped bags with some 700 ID cards on his desk and promised to deliver those and more votes in return for \$50,000. When the candidate declined and told the intermediary that this amount exceeded his entire campaign budget, the latter retorted: "Are you sure you are running for parliament?"

to the extent that the strongest political actor in the Lebanese arena, Hizbollah, remains impervious to pressure from domestic constituencies and Western states alike, its domestic allies Amal and the FPM are also unlikely to pursue compromise.

Still, even a handful of reformers in parliament and municipal assemblies could open a crack in the established parties' unchallenged hegemony over state institutions. Elections may also inaugurate a change at the top of Amal and FPM, given the advanced age of Amal leader and Speaker of Parliament Berri and of President Aoun, whose backing is crucial for FPM leader Bassil to keep his grip on the party.¹⁶⁴ Most importantly, however, none of the established parties will revisit its political cost-benefit calculations as long as elections loom and before the new power balance has taken shape, however minor the actual change may turn out to be.

Foreign actors should also use their leverage, including the threat of targeted sanctions, to press politicians to desist from obstructing local investigators' attempts to establish accountability for politicians' and politically protected officials' criminal misconduct relating, in particular, to the Beirut port blast.¹⁶⁵ Just as with elections, the efforts of a few courageous judges will not yield a sea change overnight that would turn the judiciary into an effective safeguard against corruption and a tool for holding the powerful accountable. But a group of jurists with integrity may still keep chipping away at the culture of impunity that allows the political elite to flaunt rules and laws as they please.

Eventually, an aggregation of such cracks and chips, combined with a lack of resources to carry on as before, may compel major parties to revisit their calculations. Such a turnaround will likely still take considerable time, during which living conditions are liable to deteriorate further and security to break down in more and more places. During this period, external support can do little more than limit the population's suffering and the damage incurred by the state, yet it may still ward off a severe humanitarian crisis and a violent destabilisation that would abort any chance for recovery in the near future and be difficult to reverse.

Crisis Group interview, Beirut, October 2020. See also "Voter Turnout and Vote Buying in the 2018 Parliamentary Elections", Lebanese Center for Policy Studies, 25 February 2019.

¹⁶⁴ "Bassil peut-il maintenir son leadership sur le CPL ?", *L'Orient-Le Jour*, 10 November 2020.

¹⁶⁵ See Crisis Group Alert, "Violence Threatens Fraying Rule of Law in Lebanon", op. cit. In addition to Hizbollah, politicians from nearly all established parties have cooperated in preventing Judge Tareq Bitar from questioning members of the political elite and senior security officials. "They Killed Us from the Inside': An Investigation into the August 4 Beirut Blast", Human Rights Watch, 3 August 2021; "Lebanon: One Year On from Devastating Beirut Explosion, Authorities Shamelessly Obstruct Justice", Amnesty International, 2 August 2021.

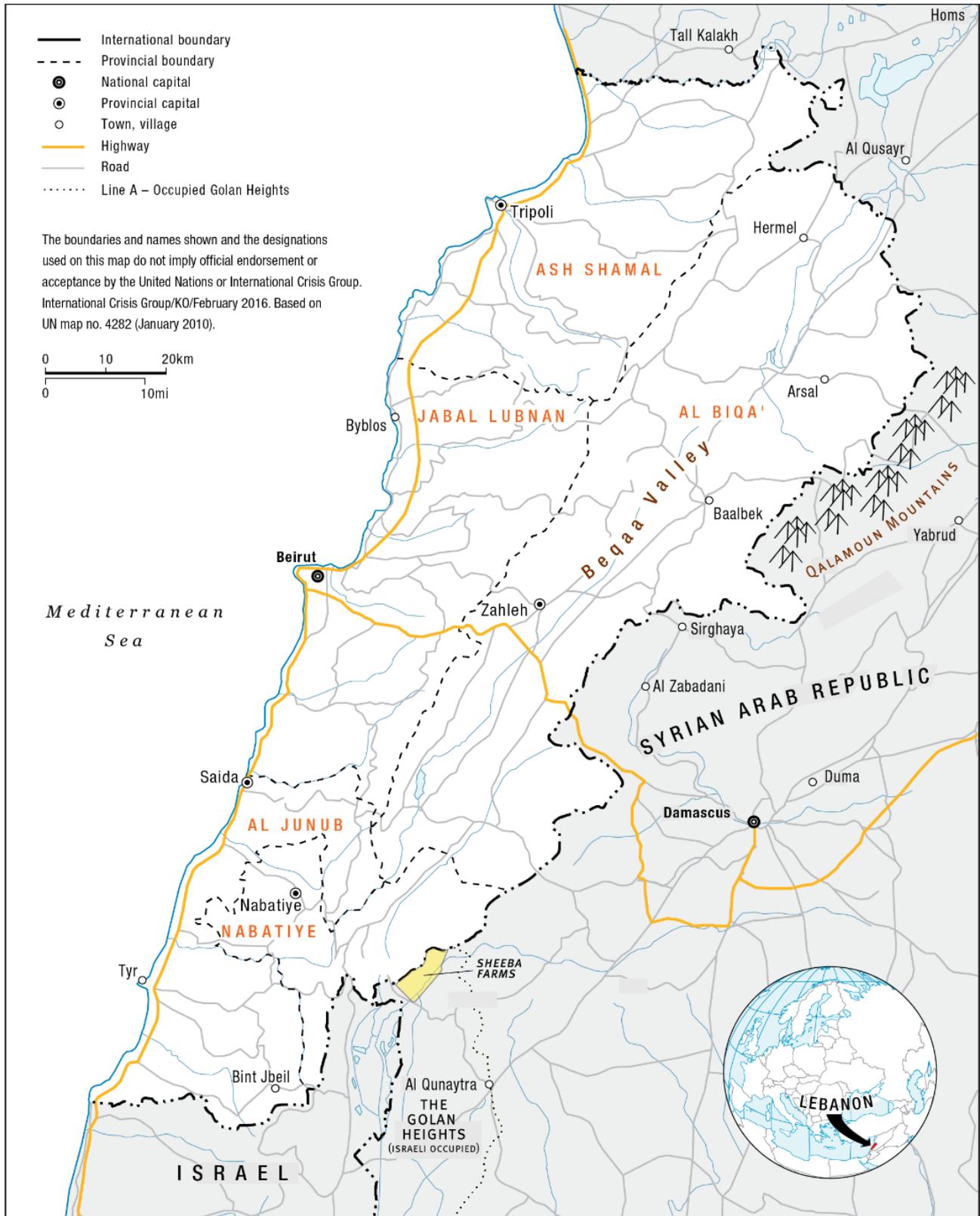
VI. Conclusion

Lebanon's political and economic crisis has brought the country to the verge of state failure, but the country's political leaders show no sign of effecting overdue reforms. To the contrary, all signs suggest they are ready to stay the course toward total collapse rather than accept compromises that could loosen their hold on power. Lebanon is therefore likely to continue its accelerated decline, with all the risks that entails of institutional disintegration, mass poverty, instability and mounting violence.

External actors should push against this downward trajectory by providing direct support for the security forces so long as their conduct passes muster, as well as select segments of the private sector and the population at large. They should also help keep critical infrastructure and well-managed institutions operational. Beyond such emergency assistance, they have only limited leverage to turn the trend around. Offers of assistance conditioned on reform have produced no change in elite behaviour. When and how change will come is not yet clear. It could come from the accretion of small inroads made by reformers over time, or from a determination by political leaders that they have taken the system to its limit, or from mass revulsion at the state's failures. But pending that day, external actors should be prepared for the very real possibility that Lebanon's need for emergency assistance will persist for many years to come.

Beirut/Brussels, 28 October 2021

Appendix A: Map of Lebanon



Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes *CrisisWatch*, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

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After President & CEO Robert Malley stood down in January 2021 to become the U.S. Iran envoy, two long-serving Crisis Group staff members assumed interim leadership until the recruitment of his replacement. Richard Atwood, Crisis Group's Chief of Policy, is serving as interim President and Comfort Ero, Africa Program Director, as interim Vice President.

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Diego Arria Zainab Bangura	Mou-Shih Ding Uffe Ellemann-Jensen	Surin Pitsuwan Fidel V. Ramos
Nahum Barnea Kim Beazley	Stanley Fischer Carla Hills	Olympia Snowe Javier Solana
Shlomo Ben-Ami	Swanee Hunt Wolfgang Ischinger	Pär Stenbäck