



## Lebanon

Lebanon, a country of 5.5 million people, faces the worst economic crisis in its history amid ongoing political unrest, the spread of Coronavirus Disease 2019 (COVID-19), and an August 2020 explosion that severely damaged the port of Beirut and surrounding densely populated areas. Lebanon hosts the largest number of refugees in the world per capita (over 1 million, mostly Syrians), which has raised social tensions and strained public services. U.S. policy has focused on countering the influence of Iran and Hezbollah and on bolstering the Lebanese state while calling for reforms to counter corruption and mismanagement. Lebanon's leaders have warned that the country's economic crisis could lead to a collapse of state institutions.

### Government

Lebanon's confessional political system divides power among its three largest religious communities (Maronite Christian, Sunni, Shi'a), to which it allocates the posts of president, prime minister, and parliamentary speaker, respectively. Lebanese President Michel Aoun was elected in 2016 by Lebanon's parliament for a six-year term. Aoun is affiliated with the Free Patriotic Movement (Christian), which along with Hezbollah and the Amal Movement (both Shi'a) comprise the major components of the March 8 political bloc. Parliamentary elections in 2018 gave the bloc, which advocates close ties with Iran and Syria, a simple majority (68 out of 128 seats). The United States has maintained ties with March 8's political rival, known as the March 14 bloc, which includes the Future Movement (Sunni), the Lebanese Forces, and Kataeb (both Christian).

### Political Instability

In October 2019, a nationwide protest movement prompted the resignation of then-Prime Minister Saad Hariri. A subsequent government led by Hassan Diab resigned after eight months, following the Beirut port explosion. Prime Minister-designate Mustapha Adib resigned a month after his appointment. In October 2020, President Aoun re-nominated Saad Hariri as prime minister designate. Hariri resigned in July 2021, after he and Aoun were unable to agree on the composition of a new cabinet.

### Mikati Named New Prime Minister-Designate

In July 2021, Aoun appointed Najib Mikati as prime minister-designate. Talks between Mikati and Aoun over cabinet formation have focused on the allocation of "sovereign ministries" (Defense, Foreign Affairs, Interior, and Finance), which are divided among Lebanon's largest sectarian groups. Aoun reportedly has called for a Christian to be appointed Interior Minister, a portfolio currently held by a Sunni and whose mandate includes the administration of elections (scheduled for 2022). Mikati reportedly has indicated that, because Shi'a parties have retained the Finance Ministry as a condition of government formation, the sovereign ministries will not be rotated. Foreign Affairs and Defense currently are held by a Christian.

Figure 1. Lebanon



Source: Created by CRS using ESRI and Google Maps.

### Beirut Port Explosion and Investigation

On August 4, 2020, a massive explosion at the port of Beirut killed over 190 people and injured and displaced thousands. Lebanese officials linked the explosion to 2,750 tons of ammonium nitrate that had been confiscated from a disabled cargo ship in 2014 and stored in a warehouse at the port. An FBI investigation reportedly estimated that the explosion was caused by roughly 552 tons of ammonium nitrate; adding to concerns that some of the cargo—used in fertilizers and explosives—may have gone missing prior to the explosion. Many Lebanese blamed the blast on government negligence and mismanagement. Reports have highlighted pervasive corruption and smuggling at the port, reportedly linked to all of Lebanon's major political parties. Authorities named a military judge to lead the investigation into the cause of the blast; in February 2021 he was replaced after two former ministers charged in the case requested that the case be transferred to another judge. New investigative judge Tarek Bitar has not been able to question senior Lebanese officials, who retain immunity.

### Hezbollah

Hezbollah, a U.S.-designated Foreign Terrorist Organization (FTO), operates in Lebanon as a militia force, a political party, and a provider of social services. It is closely linked to Iran, which provides it with significant funding and has used it as a proxy or allied force to threaten Israel. While Israel withdrew in 2000 from areas of southern Lebanon it had occupied since 1982, Hezbollah has used the remaining Israeli presence in disputed areas in the Lebanon-Syria-Israel triborder region to justify its ongoing conflict with Israel and its continued existence as

an armed militia alongside the Lebanese Armed Forces (LAF). In 2006, Hezbollah and Israel fought a 34-day war that killed over 1,200 people, mostly Lebanese.

Hezbollah has participated in Lebanese elections since 1992. The group entered the cabinet for the first time in 2005, and has held 1 to 3 seats in each Lebanese government formed since then. Hezbollah held two ministerial seats (Health and Industry) in the Diab cabinet.

### U.N. Interim Force in Lebanon (UNIFIL)

In 1978, UNIFIL deployed to the Lebanon-Israel-Syria tri-border area to confirm the withdrawal of Israeli forces from southern Lebanon and assist the Lebanese government in expanding its authority there. Following the 2006 Israel-Hezbollah war, UNSCR 1701 expanded UNIFIL's mandate to include assisting the Lebanese government in establishing "an area free of any armed personnel, assets and weapons other than those of the Government of Lebanon and UNIFIL" between the Blue Line [a 120 km line between the two states used to confirm the Israeli withdrawal] and the Litani River. UNIFIL describes this zone as its area of operations. UNSCR 1701 calls upon Lebanon to secure its borders and requests that UNIFIL "assist the government of Lebanon at its request."

### Economic Crisis

According to a May 2021 World Bank report, Lebanon's ongoing economic collapse, a result of overlapping governance, currency, debt, fiscal, and banking crises, "is likely to rank in the top 10, possibly top 3, most severe crises episodes globally since the mid-nineteenth century." The World Bank estimates that the lira's average valuation fell by 129% in 2020, and fell further in 2021.

In May 2020, the Lebanese government formally requested a \$10 billion loan from the IMF. However, talks between the government and the IMF stalled over questions regarding the exchange rate, government finances, and banking reforms. U.S. and European officials have conditioned their support for an IMF program for Lebanon on the implementation of structural reforms. These reforms require the formation of a new government, as the Diab government has only limited authorities. (Diab and his cabinet remain in caretaker status, as neither Adib nor Hariri were able to form a government).

### Social Impacts

The depreciation of the lira has triggered massive inflation and forced the government to reduce or eliminate subsidies on essential goods. Widespread blackouts and shortages, together with subsidy reductions, have triggered protests and growing tensions among residents struggling to obtain increasingly scarce resources. Inflation and the lira's steep depreciation also have devalued salaries, including those of military personnel. In June 2021, LAF Commander Joseph Aoun stated that, "The situation is critical. If unmitigated, the economic and financial crisis will inevitably lead to the collapse of all state institutions including the LAF."

### COVID-19

COVID-19 cases continue to surge in Lebanon; roughly 26% of the country's population was partially vaccinated as of early August. Hospital officials in July warned that the primary challenge for Lebanese hospitals is the lack of electricity, without which key equipment cannot be operated. Hospitals are impacted by recurring blackouts that

leave some areas of the country with only 2-3 hours of daily electricity, and are thus reliant on diesel-run generators. In July, Lebanon's private hospitals syndicate warned of an "inevitable health disaster," due to a diesel shortage.

### U.S. Policy

U.S. policy in Lebanon aims to counter the influence of Iran, Syria, and Hezbollah, secure Lebanon's border against the flow of weapons and militant groups, and preserve domestic stability. In pursuit of these goals, the United States has sought to strengthen the LAF, generating debate within Congress between those who view the LAF as key to countering Hezbollah and those who argue that U.S. assistance to the LAF risks falling into the hands of U.S. adversaries. The United States has also used targeted economic sanctions to isolate and degrade Hezbollah.

### U.S. Aid to Lebanon

The United States is the largest provider of development, humanitarian, and security assistance to Lebanon. Congress places several certification requirements on U.S. assistance funds for Lebanon annually in an effort to prevent their misuse or the transfer of U.S. equipment to Hezbollah. U.S. humanitarian funding, totaling \$558.3 million in FY2020–2021, aims to address both the refugee crisis in Lebanon and the effects of the August 2020 explosion at the port of Beirut. This includes \$54 million in supplemental funding for COVID-19 preparedness and response activities.

**Table 1. U.S. Bilateral Aid to Lebanon**  
allocations by year of appropriation, current U.S. \$ in millions

|              | FY18<br>actual | FY19<br>actual | FY20<br>actual | FY21<br>enacted | FY22<br>request |
|--------------|----------------|----------------|----------------|-----------------|-----------------|
| DA           | -              | -              | 7.55           | -               | -               |
| ESF          | 117.00         | 112.50         | 78.95          | 112.5           | 112.50          |
| FMF          | 105.00         | 105.00         | 105.00         | 105.00          | 160.00          |
| IMET         | 3.12           | 2.97           | 2.68           | 2.97            | 3.50            |
| INCLE        | 10.00          | 10.00          | 10.00          | 10.00           | 8.20            |
| NADR         | 10.82          | 11.82          | 11.82          | 11.82           | 11.76           |
| <b>Total</b> | <b>245.94</b>  | <b>242.29</b>  | <b>216.00</b>  | <b>242.29</b>   | <b>295.96</b>   |

**Source:** State Department Budget Justifications (FY2017-FY2022), P.L. 116-260, and CRS calculations and rounding.

### Outlook

Deteriorating economic conditions could trigger a humanitarian crisis, potentially generating large refugee outflows—both of the existing Syrian refugee population and of Lebanese citizens. Sectarian conflict could emerge if the state can no longer provide services, and citizens turn to sectarian leaders for resources or security—as they did during Lebanon's 1975-1990 civil war. State breakdown would likely strengthen the influence of U.S. adversaries in Lebanon, including Iran, Syria, and Hezbollah.

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