

# Lebanon: Vigil InSight Economic and Political Situation Alert

18 June 2021

Twenty nations agree to provide increased aid to “suffering and hungry” Lebanese army suggesting institutions are on the brink of collapse.

## KEY CONCERNS FOR AID AGENCIES WORKING IN LEBANON

- There is a **SIGNIFICANT** risk that continued public protests could evolve into food riots, and already rising crime will increase as low income groups struggle to feed themselves and many of the more powerful profit from the crisis.
- Traffic disruptions due to road closures have also been reported in Tripoli city. Road-blocking protests are **LIKELY** to continue in the near term and could escalate, especially after dark. Security forces may use tear gas and rubber bullets to disperse crowds and reopen obstructed roads. (see also [Aid Security Risk in Lebanon](#))

## OVERVIEW

**The Lebanese Army is asking for international aid.** A French organised UN donor conference for the Lebanese army, held on 17 June (the same day as a general strike), drew promises of food, fuel, medical supplies, and spare parts from Western and Arab donors including the US. This follows army chief General Joseph Aoun’s March public complaint that troops were “suffering and hungry”, reiterated in a speech on 15 June. Western states see the army – which is widely respected across the political and religious divides – as a bulwark against Iranian-backed Hezbollah.

General Aoun also criticised the country’s political leaders this week, saying “we are forced to turn to allied states to secure aid and I am ready to go to the end of the world to procure assistance”. This comes as Lebanon’s energy minister, Raymond Ghajar, stated on 17 June that the country’s gasoline subsidy would eventually come to an end, though he did not give a timeline. The same day the UN advised its staff in an **internal memo** that they need to stock enough basic supplies to last for at least two weeks.

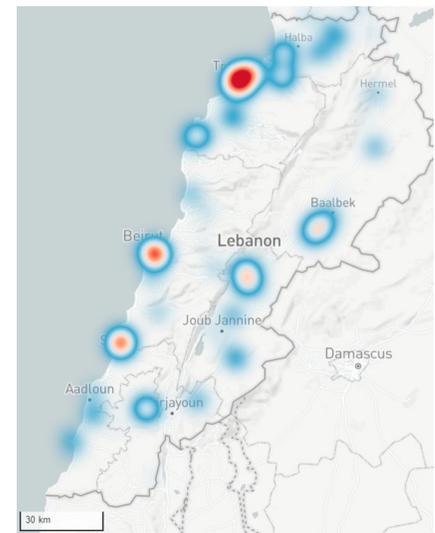
## ANALYSIS

General Aoun’s public criticism highlights the depth of Lebanon’s political crisis. The squabbling factions have been unable to agree on a new government since the last caretaker Prime Minister, Hassan Diab, resigned after last August’s devastating blast at the Port of Beirut. Despite Western insistence that financial aid to Lebanon is conditional on the formation of a new government – something that still appears improbable – France and its allies will **LIKELY** continue to support the army with funds and material for fear of a return to the 1975-1990 civil war. General Aoun travelled to Paris last month to elicit just such support.

The virtual collapse of civil governance combined with rampant inflation (currently at **121.7%**) means that the situation is **LIKELY** set to deteriorate within the next month. Labour actions are becoming increasingly common as currency devaluation and shortages of fuel, food and medicine have greatly reduced living standards. Ghajar’s confirmation that the gasoline subsidy is ending highlights the strain on the Lebanese Central Bank which is running out of reserves to fund even basic supplies such as wheat and medicines.

A recent internal UN document noted that 250 million dollars in UN aid focusing on refugees and lower income communities had been lost due to banks selling local currencies at “**unfavourable**” rates. Although the government maintains some essential supplies at the current official exchange rate (1,500 Lebanese pounds to \$1) it is unable to do so for other such goods, leading to a burgeoning black market and increasing the risk of violent protests and profiteering criminal gangs. In our previous **Situation Report** we predicted such a scenario, exacerbated by a loss in state subsidies.

Incidents Jan-Mar 2021



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**Hezbollah's political strength is such that no new administration can be formed without its backing.** Hezbollah's deputy leader Sheikh Naim Qassem stated yesterday (17 June) that it was exerting political pressure to ensure a government was formed, as politicians continued to disagree over the cabinet's make-up. Prime Minister-designate Saad Hariri has said that his priority is to form a new government, although he also remarked that he may offer to "step down". Hariri has been unable to form a government in the last year, demonstrating both his level of influence over the current political situation and the task that any incumbent Prime Minister faces in Lebanon.

## PREDICTION

- Hezbollah's political strength coupled with the influence of key political factions concerned with maintaining their own power centres means that any new administration is **LIKELY** to be compromised from the start and liable to collapse or lead to further Western sanctions - or both.
- Ending subsidies for staple foods and fuel would push even more Lebanese citizens into poverty and **LIKELY** accelerate anti-government unrest. Political leaders have thus far opted to continue deficit spending to protect consumers, even at the expense of the central bank's stability. This could risk additional problems in the future if monetary and financial conditions worsen further.
- Donors will continue to back the Lebanese army, with at least 20 donors at the French-run conference promising aid in food and medicine. However, it is **UNLIKELY** that financial aid will be used for further military purchases due to concerns that equipment may end up being used by outside parties.
- We stated in our previous **Situation Report** that the likelihood of an all-out conflict as seen in the previous civil war was **LOW**, and this has led to the French-led donor financial aid; however, violence between politically backed militias, Islamic militant groups and the army is **HIGHLY LIKELY** to increase.
- Tensions with neighbouring countries, especially Israel, are **LIKELY** to increase over the next six months as the security situation on the borders becomes more fragile, allowing criminal gangs and militias to take advantage of the army's current weakness.

## MITIGATION (see also previous **Situation Report**)

- Strict security SOPs for all staff should be maintained and reinforced as they will be particularly at risk from kidnap for ransom and opportunistic crime. This includes ensuring no INGO / CSO insignia is visible as this will make staff a target.
- Staff should avoid all demonstrations and large gatherings as a precaution, comply with all directives from local authorities and travel planning is critical to avoid disruptions.
- All staff and family should have fuel, medical and food (preferably canned) supplies lasting at least three months, along with a means of water purification and power generation, where possible.
- Cash (dollars) or equivalent monetary aid should be available for all staff, either via a recognised international bank (not Lebanese) or via other methods, for example digital transactions or online banking.
- INGO offices should ensure there is little within offices for either criminal gangs to take advantage of or – in the event of destruction of property – a strong continuity plan.
- Recommend safe houses for staff where possible, or safe routes away from violent episodes be maintained.
- Facilitate the voluntary departure of all non-essential international staff from Lebanon where possible, if they have not already done so.
- Any international staff remaining need to maintain strict security SOPs – anonymity where possible, and varying routes – in order to protect from rising criminality including kidnap for ransom.