

# Managing a Crisis: Hezbollah's Welfare Expansion

Written by Giulia Dal Bello

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GIULIA DAL BELLO, APR 26 2021

For many years Hezbollah has focused its efforts on gaining consensus among the Lebanese population taking advantage of a state plagued by economic difficulties, political uncertainty, and sectarianism. Acting as a typical hybrid terrorist organization, it aims to exploit Lebanon's weaknesses and to present itself as a valid substitute to the state through a comprehensive and well-organized system of welfare services. After years of training and successes in building "a state within a state," in 2020, Hezbollah had a new chance to demonstrate its abilities and win back the support it has lost in the recent civil protests. Exploiting the economic crisis worsened by the COVID-19 pandemic and the ongoing political vacuum, Hezbollah has expanded its social services among the secular and non-Shiite parts of the population that have traditionally opposed the organization. Gaining power and legitimization amongst these communities would translate into Hezbollah's growing autonomy both from the state and its Iranian sponsorship, hence, becoming an even more unpredictable actor in the region.

## Lebanon's Fragility and Hezbollah Raison D'être

As a typical hybrid terrorist organization (Ganor, 2015), Hezbollah ("the Party of God") has developed three branches: the military, which is that of the classic terrorist group, the political, and the social branch. All of them functional to each other and deeply entrenched within the Lebanese sectarian system. In fact, the political and social arms support and legitimate the military one. For this reason, in states where the political and social realms are particularly weak, hybrid organizations have the opportunity to grow and flourish. Firstly, they exploit the institutional weakness to the extent that the level of efficiency of state institutions is minimal. It includes the lack of monopoly over the legitimate use of violence, taxation, and provision of public goods (Atzili, 2010). In the Lebanese context, Hezbollah's political wing has stalled the creation of a new cabinet, favouring the expansion of its welfare system providing services that the state would otherwise provide. Secondly, they gain recognition through the state's low legitimacy (Ibid.). Despite appearing modern and centralized, Lebanese bureaucracy, political and military systems are feudal and built on sectarian principles. The social pact that allows a compromise between the communities is also the main cause for low legitimacy and the insurgency of militant groups like Hezbollah.

As a result of low legitimacy and institutional weakness, Lebanon has faced multiple political crises. In October 2019, as the government announced new taxes, Lebanon saw the beginning of the locally-called October Revolution, a series of protests against the political establishment that led the country into an economic impasse. The government's corruption and irresponsible fiscal policies threatened people's access to health and food, driving a large part of the Lebanese population into poverty. Hezbollah was not immune to criticism; however, it distanced itself from the governmental establishment and focused its efforts on regaining support through the delivery of needed welfare provisions. Creating a parallel welfare system highlighted the state's failure and challenged its legitimacy, placing people's loyalty onto the alternative welfare provider.

This strategy has evolved further with the current COVID-19 pandemic. Lebanese government's incapacity to offer solid and comprehensive guidance and help to its population provided Hezbollah with the opportunity to show its ability to transcend the sectarian modus operandi (Melani; Sukriti, 2010) of the state and demonstrate the good governance of the organization. In fact, the health emergency has exacerbated the political, economic, and social crisis, shedding light on the deeply rooted system of mutual support between Hezbollah and the Lebanese people. The Party has particularly exploited two types of social services within the COVID-19 pandemic to gain support from

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the population. The first one is medical aid which covers different services, from emergency duties to COVID-19 tests and medication distribution. The second is financial aid in the form of banking services, special discount cards, cheap products from Syria, and agricultural projects.

## **Healthcare Services: Showing Organization and Resources**

Despite several preventive measures announced by the Hezbollah-appointed Minister of Health, Hamad Hassan, the government suffered harsh criticism claiming incompetence in handling the emergency. In the beginning, Hezbollah declared itself willing to cooperate with the state deploying its medical resources. However, as soon as the pandemic spread, it started to develop its own plan to assist the population. In March, Hezbollah's Executive Council set up an "operations room to manage the crisis." It handles professional committees to take care of the different aspects of the pandemic. Among them are the Technical-Professional Committee which determines the preventive instructions; the Popular Management and Organization Committees; and the Medical Management Committee, which works on different portfolios like the hospitals and isolation sites portfolio, transportation and disinfection portfolio, the psychological assistance, the pandemic location, and the guiding and instructions portfolio.

By mid-July 2020, in addition to the 20,000 health care workers deployed to help the Health Ministry (Moubayed 2020), Hezbollah sent 1,500 Hezbollah doctors and 3,000 nurses to areas in need, 5,000 medical teams' personnel, 15,000 service personnel on the ground, and 100 ambulances (Barak 2020). Moreover, it organized workshops for more than 15,000 people, instructed its personnel to sterilize neighbourhoods in south Beirut, and produce face masks stamped with their logos (see Sunniva 2020). It also emptied buildings to receive COVID-19 patients, allocated hotels for people in quarantine, turned St. George hospital into a Corona dedicated hospital, and deployed resources and personnel to build ventilators. Moreover, to show the Party's versatility, Hezbollah chief Hasan Nasrallah gave a televised speech claiming that China was willing to do business with a Hezbollah-led Lebanon. On June 11, Beijing donated 17,500 masks and 1,500 protective suits to the Health Ministry, and similar donations were registered from China's People's Liberation Army (Moubayed, 2020).

Hezbollah made clear that all its services, from testing to medical treatments, were available to everyone for free, thus demonstrating its inclusive response. In fact, through its Islamic Health Organization, Hezbollah launched the "from house to house" campaign to educate the residents of Sidon and the nearby area on the disinfection to apply on surfaces, it conducted widespread disinfection in churches, and it offered assistance to Syrian refugees (Barak, 2020). The Party's strategy in medical services has been so successful that it has been copied in Iraq, and the Iraqi politician Muqtada al-Sadr declared of considering Nasrallah as a role model (Moubayed, 2020). With the entire health sector under its control and this level of efficiency, Hezbollah could expand its services to affiliates and out-group communities.

Furthermore, the violent explosion in the Port of Beirut in August provoked outrage and disgust at the political system (Faour, 2007). In particular, regardless of the firm negation of any responsibility for the blast, the Party of God has been largely accused, and the picture of Nasrallah has been hanged in the streets (Devereux 2020). Despite the accusations, Hezbollah reinvigorated its practical assistance to the victims of the explosion and the general Lebanese population, placing its resources at the disposal of the residents and the state. Hospitals and medical centres of the Martyrs Foundation and the Islamic Health Organization have mounted blood drives and received hundreds of people injured in the blast. Hezbollah-affiliated local government officials have opened assistance hotlines, offered shelter to those whose homes were damaged, and deployed rescue forces and medical teams to the Port of Beirut. At the same time, Hezbollah's youth movement has been appointed to the organization of clean-up campaigns. To amplify the outcomes of this strategy, Hezbollah's leaders repeatedly invited the media to cover its services, not only to show the medical assistance on the ground but also to advertise its new financial relief plan.

## **Financial Plan: Banks, Smuggling, and Agricultural Projects**

The second issue the pandemic has brought to light is the economic crisis. After months of closures due to the COVID-19 pandemic and no aid from the state, the number of Lebanese people in poverty has risen sharply (Moubayed, 2020). With the Lebanese Lira hitting a new low at the beginning of March 2021 and the banking system

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collapsing, not only low-income Shiite households have turned to Hezbollah but also the secular and non-Shiite segments of the population that has always opposed the terrorist group. When traditional banks shut their doors and froze dollar accounts, Hezbollah was able to supply hard currency through its parallel banking system known as Al-Qard al-Hasan Association. Al-Qard al-Hasan Association (AQAH), literally the “benevolent loan,” is managed as a charity, but it can be considered a banking system for all intents and purposes. The Association, sanctioned by the US Treasury since 2006, is subordinate to Hezbollah’s Executive Council and has engaged in a quasi-banking activity, becoming the largest microcredit of the country. Among the services offered, there is the provision of loans and charitable community funds according to Islamic Law, which forbids charging interests. To access loans from the Association, customers must be sponsored by a depositor or mortgage an amount of gold that exceeds the value of the requested loan.

At the end of October 2020, the Al-Qard al-Hasan Association began providing three new services. It equipped its branches with ATMs starting from the southern suburbs of Beirut; It equipped its branches with ATMs for its clients to withdraw dollars whenever they need, it started buying and selling gold for dollars, and it began providing gold storage for a small fee. The Association has also taken care to maintain its services competitive remaining open during demonstrations and refraining from withholding funds. Being independent of the Lebanese Central Bank, AQAH can make its arrangements and boost its parallel economy with the goal of regaining hard currency. In one of his latest speeches, Nasrallah, Hezbollah’s leader, encouraged depositing the money at the Al-Qard al-Hasan, claiming that the bank had already provided \$3.7 billion in loans to some 1.8 million people. He depicted the Association as rock-solid, declaring that the Party’s supporters, who deposited money at the al-Qard al-Hasan, managed to keep their money when banks claimed that they were unable to pay their depositors in dollars. Notwithstanding, Hezbollah’s parallel banking system has been the target of a hacking group called “Spiderz,” which accessed the Association’s system and posted online clients’ identities, warning them that they might come under American sanctions. However, AQAH’s clients do not seem scared of the possible consequences of the leakage and continue to trust the organization.

In addition to the work of Al-Qard al-Hasan, the group opened in Beirut’s southern suburbs a chain of cooperative grocery shops known as Makahzen Nour, which provides a vast range of goods such as food and furniture. Most goods are made or smuggled from Iran and Syria to be sold at lower prices than imported goods from rival supermarkets (Alami 2020). These stores are accessible with a discount card distributed by the Party. There are two types of cards; Nour attributed to Hezbollah’s fighters and another one, Sajjad, distributed to low-income families. The group charges the cards with 300,000 liras per month which is a significant sum in poorer communities. In this way, besides controlling the core Shiite community, Hezbollah takes advantage of reaping profits in the Lebanese pound and changing them in US dollars on the black market.

Moreover, Hezbollah has recently published a number of statements announcing extensive donations to Shi’ite communities, particularly in Southern Lebanon. Among others, the estimated donations to improve health and education in the provinces of Tyre, Bint Jbeil, and Marjayoun, for the entire 2020, stood at twenty-two billion one hundred thirty million Lebanese pounds, while another 600 million Lebanese pounds have been directed to finance the electricity supply of the residents of a-Teqal in the Beqaa region. It must be considered that, while helping in the short-term millions of Lebanese citizens, Hezbollah’s money comes from illicit activities conducted in South America such as smuggling of drugs, cigarettes, cars, identity theft; illicit diamond trade in Western Africa and illicit funding provided by Iran through oil smuggling.

Lastly, to address the growing risk of food insecurity, Hezbollah implemented several agricultural programs under the name “cultivate your land” to produce agricultural products at the lowest cost and turn the society from a consumer society into a productive society. Nasrallah announced these initiatives as part of the agricultural jihad designed to cope with the current financial difficulties. The projects are carried out by Hezbollah’s Jihad al-Bina Foundation, which is considered one of the major executive arms of the organization, dealing with the establishment and construction of Hezbollah’s civil and military infrastructures. In fact, the foundation takes part in the construction of offensive tunnels along the border with Israel and rocket and missile concealment.

## Conclusion

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To sum up, since its creation, Hezbollah has exploited the particular Lebanese situation to acquire power and recognition, specifically through implementing a wide assortment of welfare services. Despite recent difficulties derived from social protests, Hezbollah reacted strongly, reaffirming its ability to provide for the Lebanese citizens in response to the COVID-19 pandemic and the financial crisis. Starting from the Shiite community, the Party of God expanded its affiliation to a larger audience taking advantage of people's alienation from the state and exploiting the political vacuum and the banking system collapse. The organization successfully enlarged its followers' geographical and sectarian spectrum and strengthened the network of its infrastructures. The absence of a central government and the aggravating economic crisis has led the secular population and other religious Lebanese sects to turn to the organization to enjoy basic services. This evolution and expansion have allowed the organisation to gain autonomy both from the Lebanese state and its Iranian sponsorship, posing a more significant threat to Lebanon's legitimacy and regional security.

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