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LEBANON: ASSESSING THE CEASE-FIRE AND PROGRESS ON STABILIZATION AND RECONSTRUCTION

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LETTER OF TRANSMITTAL

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, December 15, 2006.

DEAR COLLEAGUES: The committee sent Mr. Christopher Stevens of the professional staff to Beirut, Damascus, Tel Aviv, and Jerusalem in the fall of 2006 to assess the status of the cease-fire between Israel and Hizballah and evaluate the effectiveness of international and Lebanese efforts to help affected civilians and re-build damaged infrastructure.

There is some good news. The cease-fire has continued to hold, Israeli forces have withdrawn from Lebanon, and the Lebanese army and U.N. peace-keeping forces have deployed to the areas in the south long controlled by Hizballah. In cooperation with the Lebanese government, international donors, including the United States, have directed hundreds of millions of dollars in relief and reconstruction assistance to Lebanon. On the other hand, other aspects of the cease-fire agreement, codified in United Nations Security Council Resolution 1701, are not being fully implemented.

As this report went to publication, the Lebanese government faced a serious challenge from Hizballah, which demanded a greater role in the cabinet for itself and its allies, on the basis of their representation of the large Shi'ite population. This report points to the need for continuing U.S. diplomatic engagement with relevant parties inside and outside Lebanon, both to help the government reach an accommodation that will give it broad support, and to avert civil strife that could lead to another conflict with Israel.

The report also recommends substantially increasing U.S. security and economic assistance to the Lebanese government. Finally, echoing the views of U.S. regional allies and the Baker-Hamilton Iraq Study Group, it proposes a renewed effort to forge peace between Israel and its Arab neighbors in order to bring stability to the region and reduce strong anti-U.S. and anti-Israeli sentiment among Arabs and Muslims.

I hope you will find this report helpful.

Sincerely,

RICHARD G. LUGAR,
Chairman.

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LEBANON: ASSESSING THE CEASE-FIRE AND PROGRESS ON STABILIZATION AND RECONSTRUCTION

From October 31 to November 9, 2006, a member of the professional staff of the United States Senate Committee on Foreign Relations traveled to Beirut, Damascus, Tel Aviv, and Jerusalem to assess the status of the cease-fire between Hizballah and Israel and evaluate the effectiveness of international and Lebanese efforts to help affected civilians and re-build infrastructure damaged during the conflict. Staff met with U.S. embassy officers, government officials, U.N. officials, and local policy analysts, academics and journalists.

POLITICAL CONTEXT

In mid-August, the government of Prime Minister Fouad Siniora, backed by a U.N. Security Council resolution and the United States, France, and Saudi Arabia, among others, moved to secure the cease-fire between Israel and Hizballah by sending its army to the south and providing humanitarian assistance to the affected local population. Siniora was soon challenged by Hizballah, whose leader, Sheikh Hassan Nasrallah, threatened to topple his government unless he agreed to increase the number of Hizballah-allied ministers in the cabinet.

Despite the political challenges posed by Hizballah, the Siniora government achieved some early successes in carrying out the terms of the cease-fire, reasserting the government's authority in the south and channeling assistance to civilians.

On the other hand, it lacked the power to make progress in important areas, such as freeing the Israeli soldiers held by Hizballah or forcibly disarming Hizballah.

By late November, the political tensions in Lebanon had risen even further, with the resignation of the remaining Shi'ite members of the Siniora cabinet, and the assassination by unknown gunmen of the Minister of Industry, a prominent Christian. Nasrallah and his allies continued with their threats to bring down the government, organizing mass demonstrations outside the Prime Minister's office.

FRAGILE CEASE-FIRE HOLDING

The August cease-fire between Hizballah and Israel, which ended the conflict that began on July 12 when Hizballah kidnapped two Israeli soldiers on the border, continues to hold but remains fragile and dependent on the acquiescence of Hizballah. According to the U.N. envoy charged with overseeing implementation of U.N. Secu-

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rity Council Resolution 1701 (August 11), which codified the cease-fire and spelled out other obligations for Lebanon and Israel, there has been some progress. Most important, the cessation of hostilities between Hizballah and Israel has held. Israel withdrew all its forces from south Lebanon while the Lebanese Armed Forces (LAF), supported by an enlarged U.N. peacekeeping force (UNIFIL), deployed to the area for the first time in several decades. The local population has largely welcomed the LAF and UNIFIL, viewing them as a stabilizing force. Relations between the LAF/UNIFIL and Hizballah, while tense, are reportedly correct; Hizballah fighters have been instructed by their leadership not to display their weapons in public and to stay away from the border with Israel. UNIFIL and the LAF have reported seizing some illegal weapons. The U.N. is mediating talks between Hizballah and Israel over a prisoner exchange.

On the other hand, there has been no progress in disarming Hizballah—a key requirement of Resolution 1701 and previous resolutions. Hizballah leader Hassan Nasrallah, who in the aftermath of the conflict enjoys immense popularity—his photograph appears everywhere on billboards and bumperstickers in Lebanon and Syria—has publicly vowed that his "resistance" fighters will never relinquish their arms. Nasrallah points to continuing Israeli military overflights and Israel's "occupation" of Sheba'a Farms—a small patch of territory occupied by Israeli forces that Hizballah and the Lebanese government claim is Lebanese territory but that the U.N. considers to be part of Syria—as justification for maintaining an armed militia. According to the U.N. envoy, neither the LAF nor UNIFIL is prepared for a confrontation with Hizballah over its weapons. In the short term, Hizballah has kept its weapons out of public view, thus avoiding a confrontation with UNIFIL or the LAF. Both the U.N. envoy and the Lebanese government consider a political arrangement under which Hizballah voluntarily gives up its arms or integrates its fighters into the LAF as the only viable long-term solution.

Similarly, there has been little progress in policing Lebanon's border with Syria. Israeli officials maintain that Hizballah is rearming itself in preparation for another conflict by importing rockets and other weapons from Syria with financial backing from Iran. The U.N. envoy did not dispute this claim, but said that Israel had not provided the U.N. with specific evidence of smuggling that would enable U.N. forces to follow up. The LAF has deployed an additional 8,000 troops to the border area, and claims to have intercepted some arms shipments, but Israeli officials say that these efforts fall short and that weapons smuggling continues on a large scale. UNIFIL will not deploy to the border unless the Lebanese government asks it to do so, as stipulated in Resolution 1701. So far, the government has declined to make this request, probably because it fears a negative reaction from Syria, which has publicly warned that it would consider the positioning of foreign troops along its border to be a hostile act. A number of prominent Lebanese businessmen said that Syria has the ability to cause serious economic harm to Lebanon by closing the border, which it had done in the recent past.

Israeli air force jets and drones have continued to make frequent overflights of Lebanese airspace, provoking protests from the Lebanese government and Hizballah and private admonitions from Washington and EU capitals. Israeli officials contend that these overflights are necessary for intelligence-collection purposes related to arms smuggling, but concede that they are problematic politically (the U.N. considers such overflights to be violations of Resolution 1701) and say that they are considering less visible and provocative means for collecting the required information. The U.N. envoy is working with the Israeli and the Lebanese governments to address the overflight and smuggling issues.

The envoy has also begun to address the Sheba'a Farms/border demarcation issue, inviting U.N. cartographers to Lebanon to inspect the disputed areas. Some Lebanese observers contend that "returning" Sheba'a Farms to full Lebanese sovereignty would remove Hizballah's justification for maintaining an armed militia and facilitate the organization's transformation into an unarmed political party. Others, however, consider Hizballah's claim to Sheba'a Farms to be a groundless pretext for perpetuating armed conflict with Israel, and believe that Hizballah will find another pretext even if Sheba'a Farms' fate is resolved to its satisfaction. This skepticism is well-founded, as Hizballah officials in October were already publicly pointing to the border village of Ghajjar as another area worthy of liberation from Israeli occupation. According to the United Nations, however, Ghajjar is actually divided, with one-half of the village in Lebanon and the other half inside the Israeli-occupied Golan Heights.

SLOWLY REBUILDING LEBANON

The United Nations and other international aid organizations divide the recovery and re-building tasks into two stages—an early humanitarian phase, which for the most part ended in October, and a longer-term reconstruction phase, which is expected to last several years. An August fact-finding mission to Lebanon led by Brookings Institution Vice President Carlos Pascual assessed Lebanon's total post-conflict needs at $5.1 billion: $600 million for humanitarian aid; $3.5 billion for reconstruction; and $1 billion for budget support, refinancing public debt, and restructuring the heavily subsidized electricity sector.[1] Donors meeting in Stockholm in August pledged approximately $940 million; a follow-on conference in Paris, focusing on economic reform, is scheduled for January. The United States has so far pledged approximately $250 million for humanitarian, reconstruction and security assistance.[2]

Humanitarian Phase

International relief efforts in the early relief phase focused on providing food, health, water sanitation, job creation, oil spill clean-up, and unexploded ordnance removal. The U.N.'s Office for the Coordination of Humanitarian Affairs (OCHA) coordinated donor ac-

[1] Testimony of Ambassador Carlos Pascual, Vice President and Director of Foreign Policy Studies, The Brookings Institution, U.S. Senate Foreign Relations Committee, September 13, 2006.

[2] Press briefing by Ambassador Randall Tobias, Director of U.S. Foreign Assistance and USAID Administrator, November 16, 2006.

tivities with the Lebanese government. In a positive sign, as of late October, 774,000 (out of one million) Lebanese who fled the south during the conflict had returned to their villages.[3]

The USG contribution to the humanitarian phase was approximately $100 million. Most of these funds have been spent or are obligated, according to USAID staff in Beirut. To coordinate USG assistance, the U.S. Ambassador in Beirut established an interagency team, which was augmented by an officer from the State Department's Office of Stabilization and Reconstruction (S/CRS) and a six-person USAID Disaster Assistance Response Team (DART). The DART worked effectively with the U.N., the Lebanese government, and major U.S. NGOs to identify the needs and direct assistance where it was required. The S/CRS officer played an important role in coordinating the Embassy team's activities with Washington offices.

Reconstruction Phase

The Lebanese government is coordinating international assistance for reconstruction through the Prime Minister's office. According to the Prime Minister's reconstruction coordinator, Ghassan Taher, the principal tasks are re-building damaged and destroyed homes, roads, bridges, schools, and other public infrastructure. The cost of re-building homes alone will be $1.5 billion, he said, and Arab Gulf states (Saudi Arabia, Kuwait, Qatar) have pledged $1.1 billion to this effort.

As of early November, however, the government had only dispersed $2 million for rebuilding homes in 10 villages in the south, out of a total of 270 villages that had qualified for assistance, leading to heavy criticism of the government in the press. As a result, the government was seen by many Lebanese as ineffectively competing with Hizballah, which was also delivering aid to a number of villages in the south, including some Christian villages. Reconstruction coordinator Taher acknowledged that the government needed to do a better job and that Hizballah was winning the public relations battle, even if its largesse was not proving to be as extensive as its leaders had promised. Indeed, the government is so unpopular in the south that the Prime Minister had not even visited the area since the conflict ended, out of fear for his safety, according to Taher.

Taher said that the government had taken steps to guard against corruption—a long-standing problem—and ensure that assistance would be delivered in a fair and transparent manner. His office had hired an outside auditor to monitor the distribution and ultimate disposition of assistance funds, and reached decisions on assistance on the basis of recommendations from a regional council in the south. One political dilemma he faced, he said, was that a number of communities in northern Lebanon were also seeking assistance, arguing that, while their homes and public infrastructure had not been directly damaged by Israeli military action, their economic plight had nevertheless worsened as a result of the conflict. Tourism, for example, had plummeted.

[3] U.S. Government Situation Report, Lebanon Humanitarian Emergency, October 27, 2006.

Other international donors have pledged funds to address needs beyond the re-building of damaged houses. For example, the U.S., through USAID, will spend roughly $59 million to re-build bridges and roads, rehabilitate schools, assist with the clean-up of an oil spill and the disposal of unexploded ordnance, and support small loans for entrepreneurs. Much of the U.S. assistance is dedicated to projects in Beirut and the north, according to USAID staff in Beirut, in part because unstable security conditions in the south make it unsafe for U.S. NGOs to operate there.

Despite these efforts, a Lebanese political analyst commented that U.S. assistance was "a drop in the bucket" compared to the massive needs, and would not affect the Lebanese public's strongly negative view of U.S. policy in the region. Many Lebanese remain angry with the U.S. for refusing to join the EU and regional capitals in calling for an immediate cease-fire and accuse the U.S. of prolonging the war and contributing to the loss of life and destruction.

The Problem of Cluster Bombs

The presence in southern Lebanon of a large number of unexploded cluster munitions fired by Israeli forces in the final days of the conflict presents a continuing danger to Lebanese resettling to the area and to humanitarian relief workers. According to the U.N.'s Mine Action Coordination Centre, which has assumed responsibility for the clean-up, there are an estimated one million unexploded sub-munitions, or "bomblets," out of a total of four million fired.[4] Most of these are of U.S. origin, according to the U.N. The unexploded bomblets are located in a 32 square kilometer area, in towns, fields, and orchards. Israel has provided the U.N. with maps indicating where its forces fired the cluster munitions. Between the mid-August cease-fire and November 2006, unexploded cluster bomblets had killed or injured over 150 civilians. As of November 2006, the U.N. had removed 47,000 bomblets, and expects to complete the job by December 2007 at a cost of over $40 million. The principal donors funding the U.N. clean-up are the U.S., UAE, U.K., Netherlands, and Japan.

EXTENDING THE GOVERNMENT'S REACH

U.N. Security Council Resolution 1701 calls on the Lebanese government to deploy its forces "throughout the South" and to extend its control over all of its territory. To that end, the U.S. and other international donors have significantly increased their level of assistance to the Lebanese Armed Forces (LAF) and other security entities. According to a 2006 assessment by USCENTCOM, properly training and equipping the LAF would require an investment of $400–500 million.

The U.S. Embassy's Office of Defense Cooperation (ODC) has worked with the LAF to identify and prioritize areas requiring investment, geared to helping the LAF "move, shoot and communicate." U.S. assistance alone has increased from $700,000 in FY05 to over $44 million in FY06.[5] Most of the initial U.S. funding will

[4] Quarterly Report, July to September 2006, U.N. Mine Action Coordination Centre.
[5] Information Sheet, Office of Defense Cooperation, U.S. Embassy, Beirut.

go towards providing the LAF with logistical support in the form of vehicles and spare parts for vehicles and helicopters, as well as individual soldier equipment and training, and small arms ammunition.

Other international assistance is harder to identify because donors have failed to agree on a mechanism for discussing and cross-checking their assistance, preferring to deal with the Lebanese government on a bilateral basis instead. The U.S. Embassy, however, has informally coordinated security assistance with the U.K., Belgians and others.

WHAT NEXT? RECOMMENDATIONS

While the cease-fire reached between Israel and Hizballah in August has held, Prime Minister Siniora and his ruling "March 14" coalition are facing a serious challenge from Hizballah and its allies, who demand a greater role in the government. Unless an accommodation is reached, Lebanon could enter a dangerous period of civil strife, which could in turn lead to a renewed conflict with Israel.

In the view of a number of experts and Middle Eastern leaders friendly to the United States, the current U.S. approach of backing the Siniora government and boycotting Iran and Syria is not succeeding and is in fact exacerbating tensions in Lebanon and in the region. Four suggestions for a change in the U.S. approach merit serious consideration:

- Help the parties in Lebanon come up with a formula that will grant greater representation to the Shi'ite population.[6] The Arab League is already engaged in such an effort, which the U.S. could support and/or augment with other efforts. A successful negotiation would not only resolve the immediate political crisis, it would also give the government a broader base of public support.
- Significantly increase U.S. security and economic assistance to Lebanon.[7] The needs are still great, and in the competition with Hizballah for the public's support, the government must be seen to be delivering law and order and essential services to the people, particularly in the historically under-served Shiite-populated south. U.S. generosity would set a positive example for other international donors.
- Explore in a direct dialogue with Tehran and Damascus whether it would be possible to reach a modus vivendi in Lebanon and, perhaps, also in Iraq and Israel/Palestine.[8]
- Re-start peace talks between Israel and its Arab neighbors.[9] A broad effort that included Palestinians, Syria and Lebanon would take the initiative away from Iran and Syria, diffuse

[6] Testimony of Dr. Paul Salem, Director-Designate, Carnegie Middle East Center, U.S. Senate Committee on Foreign Relations, September 13, 2006; *see also,* Robert Grenier, "If You Love Lebanon, Set it Free," OpEd, *New York Times,* December 17, 2006.

[7] Testimony of Ambassador Carlos Pascual, U.S. Senate Foreign Relations Committee, September 13, 2006.

[8] The Iraq Study Group Report, Recommendation No. 9: "... The United States should engage directly with Iran and Syria in order to try to obtain their commitment to constructive policies toward Iraq and other regional issues."

[9] The Iraq Study Group Report, Recommendations No. 13–17.

Arab and Muslim anger toward Israel and the United States, bring hope to the majority of Israelis and Palestinians who desire peaceful co-existence, and help avert King Abdullah of Jordan's sobering scenario of three simultaneous civil wars in Lebanon, Iraq and Israel-Palestine.

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