

Hezbollah Is Down But Not Out

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Articles & Testimony

Undermining the group in Lebanon requires targeting its networks abroad.

After being battered by Israel, Hezbollah is working to replenish its badly damaged capabilities. Morgan Ortagus, the U.S. special envoy to the Middle East, was in Beirut last month to [press \(https://www.timesofisrael.com/liveblog_entry/us-envoy-ortagus-expected-in-lebanon-as-tensions-with-israel-spike/\)](https://www.timesofisrael.com/liveblog_entry/us-envoy-ortagus-expected-in-lebanon-as-tensions-with-israel-spike/) Lebanese President Joseph Aoun to disarm the Iran-backed group—but she found out, if she hadn't suspected already, that it is easier said than done.

Iran remains Hezbollah's primary patron, as underscored by the U.S. Treasury Department's [announcement today \(https://www.i24news.tv/en/news/international/americas/artc-u-s-treasury-sanctions-hezbollah-operatives-exploiting-lebanon-s-economy\)](https://www.i24news.tv/en/news/international/americas/artc-u-s-treasury-sanctions-hezbollah-operatives-exploiting-lebanon-s-economy) that it is sanctioning operatives funneling Iranian money to the group. Beyond direct funding from Iran, however, the group also has its own extensive and independent global procurement and financial networks. [If the past \(https://www.jamestown.org/program/latin-american-narco-dollars-financing-hezbollahs-growing-establishment/\)](https://www.jamestown.org/program/latin-american-narco-dollars-financing-hezbollahs-growing-establishment/) is [precedent \(https://www.nytimes.com/2011/12/14/world/middleeast/beirut-bank-seen-as-a-hub-of-hezbollahs-financing.html\)](https://www.nytimes.com/2011/12/14/world/middleeast/beirut-bank-seen-as-a-hub-of-hezbollahs-financing.html), then Hezbollah will rely heavily on those international networks to bounce back from its recent setbacks. To succeed in freeing Lebanon from Hezbollah's iron grip, the United States and the international community must not only support the Lebanese government's internal disarmament efforts but also thwart Hezbollah from operating freely abroad.

Hezbollah's needs have dramatically increased in the wake of the war it chose to start with Israel in 2023. Hezbollah is ardently working to [rebuild \(https://www.jpost.com/middle-east/article-871210\)](https://www.jpost.com/middle-east/article-871210) its military capabilities, which were largely destroyed by Israel as it [targeted \(https://www.timesofisrael.com/two-hezbollah-operatives-killed-in-lebanon-strikes-idf/\)](https://www.timesofisrael.com/two-hezbollah-operatives-killed-in-lebanon-strikes-idf/) Hezbollah operatives and infrastructure. Civilian [rebuilding costs \(https://www.reuters.com/world/middle-east/world-bank-estimates-reconstruction-needs-lebanon-11-billion-2025-03-07/\)](https://www.reuters.com/world/middle-east/world-bank-estimates-reconstruction-needs-lebanon-11-billion-2025-03-07/) are also in the billions, and Hezbollah's constituency in Lebanon's Shia south is looking to it for continued support for reconstruction and social services.

Hezbollah has struggled to meet its [increased financial needs \(https://www.ynetnews.com/business/article/r1rt2nvyl\)](https://www.ynetnews.com/business/article/r1rt2nvyl), unable to cover promised reconstruction grants, salaries, and stipends for the families of killed and wounded fighters. In one case, Hezbollah issued [postdated compensation checks \(https://x.com/MstaticVoid/status/1884918951844499736\)](https://x.com/MstaticVoid/status/1884918951844499736) for home rebuilding, with payments [suspended \(https://www.iranintl.com/en/202501306643\)](https://www.iranintl.com/en/202501306643) before most people saw any money.

Iran remains committed to providing large-scale support to Hezbollah, but that is proving far more difficult. The Lebanese government has taken previously inconceivable steps, [including \(https://www.timesofisrael.com/hezbollah-said-in-financial-crisis-unable-to-pay-members-due-to-israeli-offensive/\)](https://www.timesofisrael.com/hezbollah-said-in-financial-crisis-unable-to-pay-members-due-to-israeli-offensive/) preventing Iranian aircraft from landing in Beirut, searching Iranian couriers on arrival, and [banning \(https://www.reuters.com/world/middle-east/lebanon-central-bank-bans-interactions-with-hezbollahs-al-qard-al-hassan-2025-07-15/\)](https://www.reuters.com/world/middle-east/lebanon-central-bank-bans-interactions-with-hezbollahs-al-qard-al-hassan-2025-07-15/) Lebanese banks and brokerages from working with several financial institutions tied to Hezbollah. Next door, the new regime in Syria is also [cracking down \(https://www.ncr-iran.org/en/news/terrorism-fundamentalism/iran-news-syria-cracks-down-on-hezbollahs-weapons-smuggling-network-amid-tensions-with-irans-regime/\)](https://www.ncr-iran.org/en/news/terrorism-fundamentalism/iran-news-syria-cracks-down-on-hezbollahs-weapons-smuggling-network-amid-tensions-with-irans-regime/) on Lebanon-bound Iranian weapons and cash transiting the country.

When it was short on funds in the past, Hezbollah relied on its own global networks in Asia, Africa, Europe, and the Americas to supplement Iranian funding. The trend began in earnest after Hezbollah's war with Israel in 2006, when the group faced similar rebuilding and reconstruction [challenges \(https://www.washingtoninstitute.org/policy-analysis/reconstructing-lebanon-short-and-longer-term-challenges#:~:text=Lebanon%20has%20secured%20pledges%20for,of%20Hizballah's%20efficient%20reconstruction%20efforts.\)](https://www.washingtoninstitute.org/policy-analysis/reconstructing-lebanon-short-and-longer-term-challenges#:~:text=Lebanon%20has%20secured%20pledges%20for,of%20Hizballah's%20efficient%20reconstruction%20efforts.) Hezbollah expanded its networks further when Iran itself faced financial challenges in 2009 from the combined impact of the Green Revolution, new sanctions,

and a drop in oil prices. Hezbollah tapped its global networks again when its entry into the Syrian civil war further strained its budget.

This time around, Hezbollah seems to have already turned to Africa and South America to raise funds. Hezbollah has long had a significant presence in both continents. An [October 2024 alert \(https://www.fincen.gov/system/files/shared/FinCEN-Alert-Hizballah-Alert-508C.pdf\)](https://www.fincen.gov/system/files/shared/FinCEN-Alert-Hizballah-Alert-508C.pdf) by the U.S. Treasury Department's Financial Crimes Enforcement Network warned financial institutions that Hezbollah was active in West Africa, where it had a "network of financiers" raising and laundering money on the organization's behalf. In May, the U.S. State Department issued a [Rewards for Justice \(https://www.state.gov/releases/office-of-the-spokesperson/2025/05/rewards-for-justice-reward-offer-for-information-on-hizballah-financial-networks-in-the-tri-border-area\)](https://www.state.gov/releases/office-of-the-spokesperson/2025/05/rewards-for-justice-reward-offer-for-information-on-hizballah-financial-networks-in-the-tri-border-area) notice seeking information on Hezbollah's financial mechanisms in the tri-border area where Argentina, Brazil, and Paraguay meet. The notice said that Hezbollah financiers and facilitators operate there—and in other parts of South America—generating revenue from narcotics trafficking, money laundering, counterfeiting, and smuggling.

Hezbollah is also seeking to use its procurement networks and front companies around the world to acquire military and dual-use technologies. In [2024 \(https://www.timesofisrael.com/hezbollah-linked-drone-smuggling-ring-uncovered-in-europe-report/\)](https://www.timesofisrael.com/hezbollah-linked-drone-smuggling-ring-uncovered-in-europe-report/), for example, Britain, Germany, and Spain disrupted a major Hezbollah operation to procure components for suicide drones that could carry explosives. The group has also sought to acquire components and materials around the world. According to the U.S. Justice Department, Hezbollah [procured \(https://www.washingtoninstitute.org/hezbollahinteractivemap/#id=418\)](https://www.washingtoninstitute.org/hezbollahinteractivemap/#id=418) precursor chemicals suitable for making bombs from a medical device company in Guangzhou, China, as part of its attack planning in Cyprus, Thailand, and elsewhere.

To prevent Hezbollah from rebuilding, countries should ensure that their territory is not being exploited by the group. As a starting point, all countries that are interested in a better future for Lebanon and the Middle East should designate or ban Hezbollah as a terrorist organization—if they haven't already—and then utilize the enforcement tools that flow from that designation to crack down on any Hezbollah activity on their soil.

Such designations often include additional authorities for law enforcement agencies. In Germany, for example, authorities raided several Hezbollah-linked organizations after Berlin fully banned the group in 2020. In Brazil, authorities were aware of a financial supporter of Hezbollah well before they found that he was also involved in an attack plot in the country, but the initial financing evidence was not deemed a priority by investigators because Brazil had not designated Hezbollah as a terrorist group. A March [RAND study \(https://www.rand.org/content/dam/rand/pubs/perspectives/PEA3500/PEA3585-1/RAND_PEA3585-1.pdf\)](https://www.rand.org/content/dam/rand/pubs/perspectives/PEA3500/PEA3585-1/RAND_PEA3585-1.pdf) found that the five Latin American countries that have designated Hezbollah as a terrorist organization saw the group's activities decline, while they continued in countries that have yet to designate the group.

Indeed, countries that have not designated Hezbollah often lack the tools needed to investigate, disrupt, and prosecute the group for its activities. This is especially true when it comes to Hezbollah's Achilles heel—its fundraising and procurement. Countries don't need an official designation to find relevant criminal charges when terrorists plot or execute attacks, but that is not the case when it comes to illicit fundraising, money transfers, procurement schemes, or other logistical support activities.

Fortunately, several countries have recently designated Hezbollah. In September, following a visit to Quito by U.S. Secretary of State Marco Rubio, Ecuador issued a presidential decree [designating \(https://www.iranintl.com/en/202509163626\)](https://www.iranintl.com/en/202509163626) Hezbollah, the Islamic Revolutionary Guard Corps, and Hamas as terrorist organizations. Ecuador was the [sixth country \(https://www.congress.gov/119/bills/s842/BILLS-119s842is.htm\)](https://www.congress.gov/119/bills/s842/BILLS-119s842is.htm) in Latin America to blacklist Hezbollah after Argentina, Colombia, Guatemala, Honduras, and Paraguay. Since 2019, 19 governments worldwide have moved to ban, restrict, or designate Hezbollah—a reminder that diplomacy aimed at isolating Hezbollah can be very effective. As diplomats like Ortagus press Beirut to do more to disarm Hezbollah in Lebanon, countering Hezbollah abroad will depend on countries targeting the group's systematic financing and procurement efforts.

Thanks to Israel's spectacular successes, Hezbollah has never been weaker. Aoun, the Lebanese Central Bank, and the Lebanese military have already taken some steps to disarm the group, though that remains a monumental task. Aoun and his Hezbollah-disarming allies need all the help they can get from the international community. If more countries officially recognize Hezbollah as a terrorist organization—and not a legitimate political party or government actor—it would send a strong message to the group's supporters around the world, unleash countermeasures to stop the flow of funds, and give Lebanese people the hope that their country might escape its perpetual cycle of political violence.

For the first time in decades, there is a real opportunity to defang Hezbollah once and for all. Failing to seize it would be a recipe for state failure in Lebanon, renewed war with Israel, and another cycle of conflict in the Middle East.

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