

Countering Hezbollah's Reconstruction Politics and the Council for South Lebanon

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Brief Analysis

Hezbollah and Amal are already manipulating where donor funding goes and who gets credit for reconstruction, so Washington and its partners should coordinate ways to bypass them before the country's wider reconstruction effort begins in earnest—starting with the first batch of “pilot zones.”

In recent weeks, U.S. policy toward Lebanon has been narrowly focused on the process of disarming Iran-backed Hezbollah, as called for in the June [trilateral framework agreement \(https://www.state.gov/releases/office-of-the-spokesperson/2026/06/trilateral-framework-between-the-united-states-of-america-the-state-of-israel-and-the-republic-of-lebanon\)](https://www.state.gov/releases/office-of-the-spokesperson/2026/06/trilateral-framework-between-the-united-states-of-america-the-state-of-israel-and-the-republic-of-lebanon). Less attention has been paid to postwar reconstruction, another critical element of the agreement. Early indications suggest that Beirut's current approach to this undertaking could wind up strengthening rather than marginalizing Hezbollah, since the government is apparently relying on the [Council for South Lebanon \(https://www.councilforsouth.gov.lb/\)](https://www.councilforsouth.gov.lb/) (CSL)—an institution closely associated with Speaker of Parliament Nabih Berri, the head of the Amal Party and Hezbollah's chief political ally—to manage much of the process.

To avoid that outcome and establish a model for how Lebanon should address Hezbollah, reconstruction, and international aid, authorities must focus on coordinating the right approach in the first two southern “pilot zones” created under the framework agreement, in Zawtar al-Gharbiyeh and Froun. Yet two major concerns have already surfaced: (1) Hezbollah disarmament efforts undertaken by the Lebanese Armed Forces are failing to meet the requirements set by the agreement, and (2) the nascent reconstruction model taking shape in the south could help Hezbollah regain popular support. With the bulk of its finances focused on rebuilding its shattered military infrastructure, Hezbollah cannot provide the same level of local services it has in the past, so it is counting on deep access to Lebanese state institutions and Berri's political circle to revive its image. CSL is a primary instrument in

this regard, and the government is already tasking it with some reconstruction-related activities. This could present major policy problems—ones that international donors cannot solve simply through stronger auditing.

The Council's Exceptional Status

Created in 1970 to address development and reconstruction needs in the south, CSL received unusual financial and administrative autonomy at a time when much of the area was beyond effective state authority due to widespread Palestinian militant operations. For instance, it was exempted from public accounting laws and from prior review of its operations by the Court of Audit. This exceptional status survived the departure of most Palestinian armed factions after Israel's 1982 invasion.

CSL then became closely associated with Amal and Berri. For example, under leases reportedly (<https://elgherbal.org/en/rented-buildings>) dating back to 1985, the council has rented its large headquarters in the Chiyah suburb of Beirut from the "Amal Association for the Deprived." The cumulative rental payments have exceeded \$20 million over thirty-five years. This is just one of countless ways in which Amal and Hezbollah both control and benefit from the CSL. They choose where the council's funding is spent, who the specific beneficiaries are, and how much is allotted. Giving a terrorist group and its political allies stewardship over such decisions is hardly a model for marginalizing Hezbollah, let alone for launching responsible postwar reconstruction or preventing future wars.

Where Does the Money—and Political Credit—Go?

Since the 2024 ceasefire agreement with Israel, Lebanon's preliminary reconstruction efforts have depended on two financing sources. The first is the World Bank's Lebanon Emergency Assistance Project (LEAP) (<https://www.worldbank.org/en/news/factsheet/2026/02/17/lebanon-emergency-assistance-project-frequently-asked-questions>), a \$1 billion framework established with an initial \$250 million loan from the International Bank for Reconstruction and Development (IBRD). The Lebanese government's Council for Development and Reconstruction (CDR)—not the Council for South Lebanon—is formally responsible for all LEAP components under the supervision of the prime minister and relevant ministries. For now, LEAP is focused on financing projects like rubble removal and the restoration of public infrastructure and services; it does not fund compensation to individuals affected by the war or reconstruction of private homes. Yet much of its initial financing has been allocated to CSL, not CDR.

The second financing source is the Lebanese state. Since August 2025, Beirut's allotments to CSL have reached approximately **\$132 million** (<https://thisisbeirut.com.lb/news/economy/finance-committee-allocates-90m-to-amal-linked-council>), including a parliamentary allocation of roughly \$90 million in December. Prime Minister Nawaf Salam has also assigned direct functions to CSL (<https://pcm.gov.lb/arabic/subpg.aspx?pageid=27426>), including damage assessment, purchases of prefabricated housing, and repairs to partially destroyed homes in the pilot zones. Yet recipients are typically given the impression that their new prefab homes are gifts from Berri, Amal, and, by extension, Hezbollah (<https://thisisbeirut.com.lb/features/reports/lebanon-pays-amal-and-hezbollah-take-credit-inside-zawtar-al-gharbiyehs-temporary-shelters>) rather than assistance from the central government.

This raises two questions that should concern every prospective donor: Who will actually manage the country's wider-scale reconstruction once the money reaches Lebanon? And even if this funding reaches its intended beneficiaries, who will receive the political credit for delivering it? The scale of these projects will be relatively huge. In March, the World Bank's Rapid Damage and Needs Assessment estimated (<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099030125012526525>) the direct physical damage from the fighting in 2023-24 alone at approximately \$7.2 billion, while total recovery and

reconstruction needs were around \$11 billion. These figures do not account for the additional destruction caused by renewed conflict with Israel this year.

If Hezbollah manages to direct significant portions of this money toward rebuilding its image through CSL and municipal institutions, it may regain much of its footing in the longer term. This could mean winning more votes in future elections, solidifying its power within the state, and rebuilding its military strength.

An example from this summer illustrates the deeper political problems raised by the current approach. In July, Public Works Minister Fayez Rasamny and CSL president Hashem Haidar participated in a **reconstruction meeting** (<https://www.lebanondebate.com/article/856625-%D8%A7%D9%84%D8%AC%D9%86%D9%88%D8%A8-%D9%88%D8%A7%D9%84%D8%A8%D9%82%D8%A7%D8%B9-%D8%A7%D9%84%D8%BA%D8%B1%D8%A8%D9%8A-%D8%B9%D9%84%D9%89-%D8%B7%D8%A7%D9%88%D9%84%D8%A9-%D8%A7%D9%84%D8%AA%D8%B9%D8%A7%D9%81%D9%8A-%D8%B1%D8%B3%D8%A7%D9%85%D9%86%D9%8A-%D9%8A%D9%83%D8%B4%D9%81-%D8%AD%D8%AC%D9%85-%D8%A7%D9%84%D9%83%D8%A7%D8%B1%D8%AB%D8%A9>) with municipal representatives from Nabatiyah, other southern locales, and the Western Bekaa district. The chosen venue was not a government building, however, but Amal's headquarters in Jinah. Moreover, the meeting was convened by Amal's central municipal office and Hezbollah's municipal affairs apparatus. Such arrangements show why CSL does not even need to transfer money directly to Hezbollah for the militia to benefit politically. So long as Lebanese state funds pay for housing, compensation, and infrastructure through institutions politically controlled by Amal, and so long as Hezbollah's municipal and political networks coordinate local reconstruction, both parties can cement their position as intermediaries between citizens and the state.

Repeating the Mistakes of 2006?

The risks become clearer when one recalls the aftermath of the 2006 war. At the time, Iran financed the compensation of local communities damaged by that conflict (particularly **Shia areas** (<https://www.washingtoninstitute.org/policy-analysis/hezbollahland-mapping-dahiya-and-lebanons-shia-community>) in the south), while Arab states funded much of Lebanon's overall reconstruction. Crucially, Hezbollah and Amal were the local intermediaries in both cases, influencing contractors, municipalities, and the public narrative. Many residents credited Hezbollah, not Gulf capitals, with their country's reconstruction. Washington seemed to recognize this problem by February 2007, when the Treasury Department **designated** (<https://home.treasury.gov/news/press-releases/hp271>) the Hezbollah construction arm Jihad al-Binaa because the terrorist group was using it to support "its own construction needs as well as to attract popular support through the provision of civilian construction services."

Today, Iran is under major financial pressure and cannot come to Hezbollah's rescue again. But if the international community and the Lebanese state decide to fully fund reconstruction while allowing Amal and Hezbollah-affiliated bodies to remain the public face of these efforts, then the result will be the same: an empowered Hezbollah. This is the same reason why these groups have insisted since 2014 that the Finance Ministry remain under Shia political control, even though Lebanon's constitution does not assign that portfolio to a specific sect. Holding sway over this ministry enables them to influence the transfer of parliamentary budget allocations on reconstruction and beyond.

Policy Recommendations

If done properly, reconstruction can rebuild trust between a government and its citizens. If done wrong, it strengthens malign actors and sets the stage for the next round of conflict. It is in America's interest to make sure Beirut takes the former path.

Washington does not need to pledge direct funding for civilian reconstruction in order to influence this process—it

can exert a great deal of leverage indirectly. Most notably, the United States is the World Bank's **largest shareholder** (<https://www.worldbank.org/ext/en/country/unitedstates>) and has wide voting representation, veto powers, and its own executive director on the IBRD board. This gives it a big say in decisions like the bank's initial \$250 million tranche to Lebanon—which was a loan, not a U.S. grant. LEAP still has \$750 million left to allocate, so Washington should call for clear conditions on who handles that money at all stages of the process. In doing so, it can steer the Gulf states and European partners toward using the same safeguards. These standards should include the following:

- **Use a state-led delivery system.** Washington should insist that any additional financing allotments designate the Council for Development and Reconstruction as the implementer, with relevant Lebanese ministries (e.g., Public Works, Education, Energy) as partners. All foreign assistance must be clearly channeled through the Lebanese state—crucially, under unambiguous rules that prevent Amal and Hezbollah from serving as intermediaries. The Council for South Lebanon may provide basic local information to facilitate the work of other authorities, but it should not be given reconstruction funds or permitted to approve beneficiaries, select vendors, or certify completion.
- **Remove political gatekeeping.** Independent teams should build an initial register of war-damaged sites using satellite data (<https://cnrs.edu.lb/national-center-for-remote-sensing/>) from the National Council for Scientific Research (CNRS-L), site inspections, and door-to-door inventories. Residents should also be able to register by a listed telephone number or at accessible local centers, without a municipal or party referral. Eligibility rules should be published, with priority placed on urgent humanitarian needs rather than political affiliation.
- **Make procurement traceable from tender to payment.** CDR should use public electronic tendering for all reconstruction projects, with clear standards, prices, and requirements. Payments should be based on milestones and plans, and every project should have a public record that identifies beneficial owners, subcontractors, project locations, contracts, progress, and payments.
- **Create one verification system for every funding source.** The Lebanese government should partner with donors to establish a reconstruction transparency and verification body that can cover foreign-financed projects. This entity would monitor the entire process and represent the government, major donors, and Lebanese civil society simultaneously. The World Bank's LEAP already includes a potential model system (<https://www.worldbank.org/en/brief/2021/06/24/geo-enabling-initiative-for-monitoring-and-supervision-gems>) wherein verification is conducted by engineering and audit companies, and reports are delivered to the government, funders, and public.
- **Sequence reconstruction aid.** Basic civilian assistance should not depend on Hezbollah's full disarmament, which will be a difficult long-term challenge in many locales. Emergency shelter, home repairs, rubble removal, and the reestablishment of essential services should proceed right away—but only as long as local political parties, militia actors, and so forth are excluded from decisions regarding eligibility, contracts, and payments. For larger non-emergency projects, donors may require operational preconditions—for example, barring nonstate weapons at project locations, requiring Hezbollah disarmament in specified areas, and sequencing aid allotments on successful implementation of pilot zones. Full reconstruction could then happen in areas effectively clean of Hezbollah weapons and infrastructure.

This is not a corruption problem per se—the main concern is not whether houses are actually built or contractors are paid fairly, since Hezbollah and Amal likely have an interest in performing such tasks capably. Rather, authorities should be most concerned about who benefits politically from this activity. If CSL continues to receive and administer government funds, Hezbollah will be the beneficiary. In that scenario, the international community would be rebuilding southern Lebanon while inadvertently helping Hezbollah rebuild itself—and setting the stage for future rounds of war and reconstruction in the process.

RECOMMENDED



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