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# Evolution and Impact of U.S. Anti- Corruption Policy in Lebanon

2024

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# EXECUTIVE SUMMARY

Under the Biden administration, the United States has adopted an unprecedented focus on global anti-corruption policy. In Lebanon, this focus has largely manifested as a new strategy to combat financial corruption, where the U.S. has deployed targeted sanctions against corrupt actors outside of the counterterrorism framework that has long dominated U.S. policy in Lebanon. This report charts the evolution of U.S. anti-corruption policy and examines the shift in U.S. sanctions policy to combat corruption in Lebanon, with the larger goal of understanding how members of the Lebanese public perceive and experience the impact of this change. The research draws heavily from press releases published by the Office of Foreign Assets Control in the U.S. Department of Treasury to track sanctions across the Barack Obama, Donald Trump, and Joe Biden administrations and to create a database of sanctions designations against Lebanese individuals and entities.<sup>1</sup> This report also draws from twelve interviews conducted by the author in French, Arabic, and English with regional experts, journalists, scholars, and economists.

The Biden administration's shift in policy toward Lebanon came in the wake of the country facing one of the most severe economic crises in modern history, for which the World Bank attributed responsibility to the Lebanese political elite. With an emphasis on global anti-corruption, the Biden administration began employing a new anti-corruption strategy by utilizing longstanding sanctions authorities to target corrupt members of the elite class across Lebanon's various sectarian groups. This approach stood in sharp contrast to earlier U.S. approaches, which largely ignored the abuses of elites who were not outwardly aligned with Hezbollah.

The shift in the Biden administration's approach has been productive in some ways, but U.S. policy discourse does not capture the reality of how sanctions are experienced and understood by people in Lebanon. To fill that gap, this report includes Lebanese voices in this policy conversation and integrates the perspectives, experiences, and reflections of members of Lebanese civil society.

Broadly speaking, many members of the Lebanese civil society see the issue of U.S. anti-corruption policy in their country through two lenses. First, they notice and welcome the Biden administration's recognition that the Lebanese elite class moves as a concerted regime and the administration's efforts to diversify targets of sanctions. Lebanese observers particularly applaud the Biden administration's sanctioning of corrupt U.S. partners as a shift toward a more comprehensive anti-corruption policy. On the other hand, members of Lebanese civil society also recognize the limitations and consequences of the Biden administration's largely sanctions-focused anti-corruption agenda in Lebanon, including (at the time of this writing) the failure of sanctions to spur political and economic reforms and

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<sup>1</sup> This database is available upon request; please contact [info@winwithoutwar.org](mailto:info@winwithoutwar.org).

the potential society-wide effects of targeted sanctions in Lebanon, a country with high political capture.

Importantly, after the horrific October 7 attacks in Israel and the subsequent war in Gaza, the Biden administration's anti-corruption agenda in Lebanon has taken a backseat as regional policy focuses on mitigating the war's spillover effects and de-escalating tensions. As the Lebanese public faces the devastating regional impacts of the war, all of which are aggravated by the inherent economic and political corruption in Lebanon, this report serves as a reminder that the struggle against public corruption remains vital, even in wartime.

Considering the relative novelty of U.S. global anti-corruption policy and especially the novelty of anti-corruption sanctions usage in Lebanon, this report reveals the need to further examine the long-term consequential effects of recent anti-corruption sanctions and the need to include members of Lebanese civil society in discussions about U.S. anti-corruption policy.

# BACKGROUND

## History of Lebanese political economy

To understand how U.S. anti-corruption policy has shaped Lebanese politics, we must first understand how the Lebanese political economy operates and has changed over the years. Despite recent pressure and scrutiny over the Lebanese economy, elites have continued to profit enormously from a corrupt system of sectarian power-sharing.

Lebanon's sectarian power-sharing system was initially established with the logic of [ensuring representation of all religious sects](#) in the government, military, and civil service. However, this system divides political power along sectarian lines and assigns high-ranking government positions to specific sectarian groups. This has historically resulted in competition and hostility between Lebanon's eighteen official sects, the largest of which include Sunni Muslims, Shia Muslims, and Maronite Christians, with sectarian leaders wielding such political and economic power within their factions that some call the system [glorified feudalism](#). Rather than encouraging equality in Lebanon, this power-sharing structure has provided the political elites of all sects with means and incentives to enrich [themselves at the public's expense](#). Even when sectarian parties belong to rival alliances, many elites collaborate together in ["tacit agreement"](#) or simply pretend not to notice the others' transgressions — prolonging elite pacts, and ultimately, the sectarian system. In other words, Lebanon's ruling elites have created a condition of co-survival and ["collective entanglement and partnership"](#), relying on the status quo to retain power and wealth, keeping the rest of the population firmly on the other side of the political and economic divide." The system of sectarian quotas, which limits democratic competition and undercuts non- or cross-sectarian parties, only [reinforces the power of sectarian elites](#).

Lebanon's sectarian system has heavily relied on unchecked patronage networks, where elites have broad authority to distribute roles in government within their sect and are incentivized to value loyalty over experience or competence when doing so. Leaders further fuel these networks by exploiting religiopolitical grievances while shielding the state from assuming responsibility for dispensing the very services of which the population is in dire need. Economist Lydia Assouad [describes the cycle at play](#): the Lebanese political structure "paralyzes the state and prevents the adoption of public policies that favor the common good. This, in turn, increases the public's reliance on sectarian leaders. As a consequence, sectarian leaders continue to enjoy support from the population, retain their economic privileges, and maintain their grip on power."

The absence of effective safeguards against corruption in Lebanon has resulted in [endemic](#) political and bureaucratic exploitation, in which business elites routinely bribe judges and

politicians and develop close connections with authorities to secure profitable government contracts. Anti-corruption laws are barely enforced and state expenditures face little oversight. For example, Lebanon's [Central Inspection Bureau](#) (CIB), meant to be a key anti-corruption enforcement body, has been left underfunded and understaffed by [successive cabinets](#). Institutional mismanagement and poor service delivery have resulted in widely-felt hardships experienced by the public, including regular electricity blackouts, fuel shortages, and neglected treatment of drinking water, which in the autumn of 2022 resulted in a [cholera outbreak](#).

As politicians distribute government projects to supporters through non-competitive bid processes and hire supporters for public-sector jobs within their own sectarian groups, power and wealth are accumulated in the hands of very few. Before the 2019 financial crisis, Lebanon's [richest 1 percent](#) hoarded 45 percent of national wealth, while the poorest 50 percent received less than 5 percent. Additionally, the richest 10 percent of the population owned almost 70 percent of total wealth.<sup>2</sup>

By dividing Lebanon's public and private sectors amongst themselves and extracting rent on almost all economic activities, elites [have fueled](#) extreme inequality in both income and wealth and have ensured that the middle and lower classes have little chance for upward mobility. Leaders [utilize their firms](#) to capture market share in banking, energy, pharmaceuticals, and other sectors, resulting in limited job creation, private-sector development, and economic growth. Banking is a particularly politically-connected and monopolized sector, with eight political families controlling [almost one-third](#) of the commercial banking sector's total assets. These families are Lebanon's oligarchs, in control of large sectors of the economy. Considering Lebanon's leaders oversee official decision-making about the very matters in which they have personal financial interests, the vested interests of bankers and politicians are ["one and the same"](#) — resulting in an "entanglement of public authority and private financial interests."

Public infrastructure procurement also exemplifies the unchecked elite monopolization of Lebanon's economy. The Lebanese Council for Development and Reconstruction (CDR), established during the Lebanese Civil War to allocate foreign and Lebanese aid to rebuild the country, now implements major infrastructure projects, including irrigation, solid waste, and highway bridges. However, politically-connected firms [have captured the majority](#) of the Council's project funding, with [60%](#) of the Council's total spending flowing to only ten politically-connected companies between 2008-2018. Of those ten, two companies alone received 23% of CDR funding during that decade.<sup>3</sup>

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<sup>2</sup> This unequal wealth distribution is not unique to Lebanon. In fact, in the notoriously unequal U.S., income and wealth inequality is higher than almost any other developed country. In the U.S., the richest 1 percent held [about a third](#) of U.S. wealth and the top 10 percent of Americans held [about 70 percent](#) of U.S. wealth in 2021.

<sup>3</sup> Corruption in the U.S.'s construction industry has also been prevalent. [Early in 2023](#), twenty four construction executives and contractors [were indicted](#) in Manhattan on dozens of bribery and kickback scheme charges accusing them and dozens of companies of stealing \$5 million from various developers. Later that year, the former president of a paving and asphalt contractor in Montana [was sentenced](#) to three years on probation after admitting to cheating the bidding process by monopolizing the markets for highway crack-sealing services in Montana and Wyoming.

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# A conversation about corruption

Engaging with the topic of corruption draws us into blurry territory, because the word “corruption” holds different meanings for different audiences. Unfortunately, much discourse in the U.S. about corruption is [racialized](#), pathologizing entire groups of people as unable to govern with transparency and accountability unless they are disciplined by Western institutions. To be a force for “anti-corruption” in this discourse is not necessarily to support people’s power to prevent the use of public resources for private ends, but to support a regime of anti-corruption policies aimed at ensuring the accountability of local institutions to dominant international actors. This form of anti-corruption discourse and practice has drawn justified criticism from [activists](#) and [scholars](#).

Yet “corruption” can also be a useful term when describing not a racial pathology, but structures and practices that systematically deploy public resources to enrich and empower private actors. This is the common usage in Lebanese civil society, where the discourse of “corruption” refers to structural corruption in the political and economic systems of Lebanon that enables the elite class to hoard wealth and power from the rest of the population. Lebanese public discourse about corruption arises from demands of the Lebanese public to hold corrupt members of the elite class accountable, reverse the intractable accumulation of wealth and power from the top, and reform the sectarian political-economic structures that have enabled elite enrichment at the cost of the civil society’s needs and opportunities.

This report aims to evaluate U.S. anti-corruption policy in Lebanon by how responsive and useful such policy is to Lebanese civil society’s demands for accountability. As such, this report uses “corruption” and “anti-corruption” in the ways such terms are deployed in Lebanese civil

society discourse. This report also works within the language of U.S. anti-corruption policy, which is much less discursively clear. Current U.S. anti-corruption policy doesn’t explicitly engage in the racialized conceptualization of corruption but also does not explicitly repudiate such discourse. Due to the U.S.’s status as a global financial hegemon, however, its government is more able to impose financial costs on corrupt actors than others. As a result, analysts of anti-corruption policy must engage with U.S. policy discourse and contend with the lack of clarity within it.

One feature of U.S. anti-corruption policy rhetoric that we can dispense with here, however, is the ever-present assumption that the U.S. is a model of financial transparency, accountability, and equality, even compared to recent Lebanese governments. Just as the extreme degree of wealth accumulation in the elite class shocked Lebanese civil society and prompted mass mobilization in Lebanon, wealth accumulation and corruption in the United States has also shocked the American public and resulted in increased scrutiny on leaders and outrage from the public. As I write, a U.S. Senator is refusing to resign after strong evidence has come to light suggesting that he sold political favors to an authoritarian government, taking his payment in a combination of cash and gold bars. These are not features of a political and economic system free from the sin of corruption.

Certainly, there are conditions specific to the Lebanese environment that have enabled corruption to unfold as it has, which I discuss in later sections. But ultimately, corruption in Lebanon is a story of elites misusing authority and power for personal gain and violating public trust — a story that has been repeated across the world in many forms — and that has resulted in deep suffering and ongoing hardships for the Lebanese public.



The CDR's operations have gone uninterrupted in Lebanon because the Council has been [largely exempted](#) from oversight by watchdog institutions. In order to avoid reconstruction work being slowed by "[administrative routine matters](#)" – including government audits and a fair civil service staffing process – the CDR was founded as an autonomous institution directly accountable to the council of ministers. The 1977 Legislative Decree No. 5 [exempts](#) the CDR from the Central Inspection Board oversight and from advance auditing by the Court of Accounts. Additionally, the Lebanese government's Civil Service Board, an agency meant to surveil the staffing in public administration, does not have influence over the CDR's hiring decisions, meaning CDR management and the Lebanese prime minister hold sustained, concentrated power to appoint favorable candidates.

The Lebanese political class' deep involvement and outright monopoly in business has rendered this class nearly indistinguishable from the country's financial elites. For example, former prime minister Saad Hariri is the [main shareholder](#) of one of Lebanon's biggest banks. Lebanese leaders and businessmen continually rely on one another to perpetuate a political and financial status quo from which they benefit. Lebanon's former Central Bank Chief, Riad Salameh, who designed Lebanon's monetary policy from April 1993 to July 2023, has long been blamed by the Lebanese public for enriching himself and his inner circle through years of corruption and is now being investigated [both in Lebanon and in Europe](#) on allegations of fraud, money laundering, and illicit enrichment. In France, an investigative judge issued an arrest warrant for Salameh in May 2023 after his failure to appear before French prosecutors to be questioned on corruption charges. Later that month, Germany also [issued an arrest warrant](#) against Salameh. European investigators have traveled to Lebanon [three times](#) in 2023 to investigate Salameh. Salameh's corruption and abuse of power were so unquestionably clear that in August 2023, a week after Salameh's tenure as head of the Central Bank ended, the Biden administration finally (and belatedly) sanctioned him and his close associates for corrupt practices. Days after the U.S. sanctions on Salameh, the Lebanese government [froze](#) his bank accounts. Many in Lebanon and abroad had long perceived Salameh to be not just the head of a financial institution, but someone who [instrumentalized the banking system](#) to influence the richest and most powerful players across Lebanon's political spectrum. "He protects them, and in protecting him, they protect themselves," said one Lebanese parliamentarian who describes Salameh as "the accountant for this mafia."

Lebanon's current caretaker Prime Minister Nijab Mikati, one of the richest men in Lebanon, has also been [targeted internationally](#) on the basis of alleged financial fraud. In April 2024, two French anti-corruption non-governmental organizations, Sherpa and the Collective of Victims of Fraudulent and Criminal Practices, formally filed a complaint against Mikati with France's National Financial Prosecutor's office [in hopes of revealing](#) the alleged connections between Mikati and Salameh – whom Mikati had [backed](#) amid calls for his resignation.

The [corruption, incompetence, and injustice](#) of the ruling class pushed Lebanon into a spiraling economic and financial crisis in the late summer and autumn of 2019. For the first



time in three decades, the Lebanese lira lost its [engineered stability](#) and banks began freezing ordinary depositors out of U.S. dollar accounts. Unemployment, inflation, and poverty rates were soaring. The situation reached such an unbearable point that unprecedented cross-sectarian protests erupted in Lebanon in October 2019, demanding an end to the corrupt political system fueling elite enrichment at the cost of the population's resources and wellbeing. Earlier that year, the Lebanese government [discussed an austerity program](#) that would have disproportionately targeted the poorest and most vulnerable segments of the Lebanese population via measures like cuts in public sector wages and monthly salaries. Shortly after another announcement of new measures, [including](#) a twenty-cent daily fee on Internet phone calls and a plan to increase the value-added tax, Lebanese people took to the streets in a cross-sectarian mobilization, now known as the October 2019 revolution, demanding an overhaul of the political system. From the northern city of Tripoli to the southern city of Tyre, tens of thousands of Lebanese people [formed a human chain](#) across the entire country to symbolize national unity.

Nationwide protests did not, however, lead to significant reforms, and the crisis only worsened. Just months after the start of the financial crisis and the October 2019 revolution, poverty [rates nearly doubled](#), [hundreds of thousands of people](#) lost jobs, and about [10% of Lebanese companies](#) permanently ceased or temporarily suspended operations. In 2020, annual inflation reached [84.9%](#) and poverty reached [55.3%](#).

Today, more than four years since the protests, the Lebanese lira has lost [about 98% of its pre-crisis value](#), resulting in sky-high prices of daily goods that have become unaffordable to those without access to remittances. More than [80%](#) of people now live in poverty. The human impact of these financial statistics is stark. A [Human Rights Watch survey found that in more than](#) one out of four households, an adult skipped a meal, and in one of every ten households, an adult did not eat during the entire day due to lack of money. One mother of six told Human Rights Watch, "We only have lunch, we skip breakfast, and for dinner we have what is left over.... Food is getting more expensive." Even former President Michel Aoun warned Lebanon was "[falling apart](#)." These socioeconomic problems have only been exacerbated by the increased fighting at the Lebanon-Israel border since October 7, 2023, with foreign investment, tourism, and agriculture all [negatively impacted](#) by the escalating border violence.

It took some time, but by 2020, international institutions were flagging the Lebanese financial crisis as a uniquely disastrous event. The [World Bank increasingly sounded the alarm](#) about the "most devastating, multi-pronged crisis in [Lebanon's] modern history." In 2020, the World Bank named Lebanon's crisis a "deliberate depression" and, in 2021, World Bank economists began publicly speculating that the situation may rank among [the top three](#) most severe economic crises in modern history.

In its July 2022 [Public Finance Review for Lebanon](#), the World Bank took the extremely rare step of opening with a direct message to the Lebanese people outlining its view of how gov-

ernment malfeasance had caused the financial crisis. The Bank characterized Lebanese Central Bank policies as “Ponzi Finance instead of Public Finance,” where “a significant portion of people’s savings in the form of deposits at commercial banks have been misused and misspent” over the past three decades. The Bank laid responsibility for the crisis squarely at the feet of Lebanon’s political elite, saying that “the Government consistently and acutely departed from orderly and disciplined fiscal policy to serve the larger purpose of cementing political economic interests. It did this by:

- i. Accumulating debt—beyond fiscal needs—to maintain deposit inflows under a fixed exchange rate, the overvaluation of which permitted excessive consumption, generating an illusion of wealth.
- ii. Acting as distribution channels for subsidies and transfers—centralized around public services—to further entrench the power-sharing confessional system.”

In other words, the Central Bank used ordinary bank depositors’ money to fund the government’s corrupt, wasteful spending, and then used that spending to support a political system that protected the bank from democratic accountability. This scheme amounted to [grand-scale corruption](#), with Lebanese elites profiting enormously, sending their spoils abroad, and leaving millions of Lebanese people to deal with the consequences.

Even Lebanese financial analysts and economists, including Nasser Saidi, who previously served as vice governor for the Lebanese Central Bank, have [affirmed the World Bank’s Ponzi Scheme analogy as a way to describe the financial crisis](#). The crisis, Saidi said, “is effectively man-made.” Yet official U.S. policy towards Lebanon has been slow to acknowledge weakness and corruption in Lebanon’s sectarian political system, as the U.S.’s policy priorities in the country have long laid elsewhere.

### **History of US policy toward Lebanese political economy**

The United States has historically neglected to support accountability and regulatory bodies in Lebanon, often choosing to back pro-Western sectarian elites who benefit from the country’s political and economic system. Previous administrations have embraced and invested in rulers including the Druze politician and former militia commander Walid Jumblatt, former Lebanese President Amin Gemayel, and members of the billionaire Hariri family. Many of those historically recognized by U.S. officials as allies, such as Riad Salameh, have been perceived by the majority of Lebanese people as corrupt individuals [who must be removed from power](#), even before the start of the financial crisis — though the ensuing economic paralysis and protests in 2019 fueled further conversations and revelations about the extent of Lebanese leaders’ corruption. But even years before the current financial crisis, during Lebanon’s [garbage crisis in 2015](#), broad-based civic protests and the campaign slogan

“You Stink” targeted politicians and revealed the corruption and incompetence at the heart of the Lebanese state. A report in 2018 found that 91% of Lebanese citizens believed that [corruption was prevalent](#) in the public sector to a medium or large extent.

It was in this context before the 2019 financial crisis that the Obama administration [backed](#) one of the most central actors perpetrating corruption, Riad Salameh, at a time when he was orchestrating the financial malfeasance at the root of Lebanon’s financial crisis, and that the Trump administration verbally [supported](#) Salameh even during the country’s economic collapse caused by his policies.

The U.S.’s alignment with corrupt actors perpetrating financial abuse and scandals has been defined by a common interest: countering the influence of Hezbollah, an Iranian-backed militant hybrid actor operating as both a non-state military force and political party that has [consolidated power](#) through elite pacts in and out of government. Hezbollah first emerged as an Islamic Shia militia financed by Iran during the Lebanese Civil War to [push Israeli military forces](#) out of Lebanon, and has ever since been perceived as [“an Iranian partner force.”](#) The group has grown to become one of Lebanon’s most influential political organizations, which informed its [reputation](#) as a “state within a state,” a power center acting as a de facto governing party. Hezbollah also manages a comprehensive social service network in many predominantly Shia areas of Lebanon through [parallel institutions](#), including its microfinance company and its cooperative grocery shops. Heavily involved in politics as an established party with the largest parliamentary bloc, Hezbollah and its allies hold [62 of Lebanon’s 128 parliamentary seats](#), while its militia branch continues to operate. Like the rest of Lebanon’s ruling class, Hezbollah-affiliated elites exploit Lebanon’s weak monitoring and regulation systems and engage heavily in [money laundering](#), protected by the party’s senior representation in state structures.

But the U.S. has much graver concerns about Hezbollah than it and its affiliates’ reliance on corruption. In particular, the U.S. has been deeply concerned with [attacks and threats](#) linked to Hezbollah against U.S. personnel and facilities abroad. This includes the horrific bombing of the U.S. Embassy in April 1983, which killed 63 people, as well as truck bombs targeting barracks housing American and French service members in October 1983, killing more than 300 people. In September 1984, another car bombing of the U.S. embassy attributed to Hezbollah killed dozens of people. Hezbollah’s violence outside of Lebanon has also shaped U.S. policy towards the group. The deadly 1994 bombing of Asociación Mutual Israelita Argentina, a Jewish community center in Buenos Aires, for example, is widely believed to have been [perpetrated](#) by Hezbollah.

The U.S. has additionally been alarmed by the group’s ties to Iran, with which the U.S. has not had diplomatic relations since 1980. U.S. officials and official reports have [consistently viewed](#) Iran’s support for militant armed groups, including Hezbollah, as a threat to U.S. interests and allies. U.S. administrations have frequently resorted to sanctions to apply financial pressure on Iran, including 2012 Obama-era sanctions, [described then](#) as “the tightest

sanctions yet against Iran’s oil industry” and Trump-era “[maximum pressure](#)” sanctions, many of which the Biden administration has continued. Obama, Trump, and Biden have viewed Hezbollah as an extension of the Iranian state, and U.S. regional policy countering Hezbollah’s influence is perceived as another means of countering Iranian influence.

Recent U.S. administrations have attempted to utilize the Lebanese state as a counterweight to Hezbollah. For example, the U.S. has provided [more than \\$3 billion](#) to the Lebanese Armed Forces since 2006 to, according to the nominee for U.S. Ambassador to Lebanon [Lisa A. Johnson](#), “strengthen Lebanon’s sovereignty, mitigate instability, disrupt terrorists, and counter [Hezbollah’s] false narrative that its illicit weapons and fighters are necessary to defend Lebanon.” Ironically, the Lebanese government is heavily composed of Hezbollah affiliated and allied lawmakers, such as Nabih Berri, leader of the Amal Movement “[militia turned party](#)” allied closely with Hezbollah. Berri, widely seen as one of Lebanon’s most corrupt politicians, has been speaker of the parliament since 1992. The U.S. has balanced between applying economic pressure against Hezbollah and its allies and [engaging with leaders like Berri](#) at a diplomatic level. In the process, U.S. policy may indirectly benefit Hezbollah's political wing, even as U.S. policy aims to curtail the party's militia wing (and, indeed, the party as a whole).

Sanctions against Hezbollah have been a feature of U.S. policy toward Lebanon since 1997, when the U.S. designated the group as a Foreign Terrorist Organization, but the stated justifications for those sanctions have changed over time. A change in those justifications came during the Trump administration, when some anti-Hezbollah sanctions first began to be presented – at least in the designation publications – as not only part of a counterterrorism strategy, but also partially tied to an anti-corruption effort. Trump-era sanctions introduced the idea of anti-corruption targeted sanctions to the U.S.-Lebanon relationship, but the sanctions themselves – focused solely on Hezbollah-associated actors and coming in the context of a broader maximum pressure campaign against Iran and its allies – gave little indication that anti-corruption efforts were the driving force behind U.S. policy toward Lebanon. As I will discuss further, adding anti-corruption as a justification to a pre-existing anti-Hezbollah policy without targeting any other corrupt actors in Lebanon ensured that the sanctions did not result in increased transparency, anti-corruption safeguards, or accountability throughout the Lebanese political system.

Biden, unlike Trump, has attempted to create a bifurcation between the issue of corruption and that of Hezbollah in Lebanon, and to generally treat the two as largely separate policy issues. At the beginning of his presidency, Biden ordered a [rapid policy review](#) on Lebanon to single out central objectives, which include supporting government formation, advancing an International Monetary Fund program, and strengthening the resilience of the Lebanese Armed Forces and internal security forces. The review led the Biden administration to adopt [dual Lebanon policies](#): one to combat the influence of Hezbollah, and the other to combat corruption and bolster state institutions in Lebanon. An unprecedented transition in Lebanon policy, these efforts have resulted in two sanctions tracks, one for anti-Hezbollah sanctions

and the other for anti-corruption sanctions as envisioned by Biden's [Strategy on Countering Corruption](#).

In a December 2021 [Background Press Call](#), a senior administration official noted that the U.S. has been working “quite hard, quite quietly” and putting sanctions on “particularly corrupt individuals of Lebanon’s political system.” Indeed, the Biden administration has very heavily utilized [Executive Order 13224](#) — a counterterrorism-centric order blocking the property of and prohibiting transactions with persons who commit, threaten to commit, or support terrorism — to sanction Hezbollah’s members and allies. But in order to specifically target corruption, the Biden administration has also utilized [Executive Order 13441](#) — a democracy-centric order blocking the property of people undermining the sovereignty of Lebanon or its democratic processes and institutions — against nine individuals and three entities without mention of Hezbollah, [only public corruption](#).

Though the Biden administration took important steps to bolster the U.S.’s anti-corruption efforts in Lebanon during the first three years of his term, such efforts were paused after the war in Gaza began. Avoiding an all-out regional war took priority in the Biden administration’s Lebanon policy, with Biden’s senior advisor and envoy Amos Hochstein [traveling to Lebanon](#) numerous times to discuss a diplomatic solution to the onslaught of violence at the Lebanon-Israel border. While continuing to employ counterterrorism sanctions, the U.S. halted its usage of anti-corruption sanctions and other tools to address corruption in Lebanon. Yet as the regional crisis continues, the underlying corruption at the heart of Lebanon’s politics and economy persists.

This report considers the usage of counterterrorism and anti-corruption sanctions against Lebanese actors and their effectiveness in supporting the Lebanese people in combating the corruption at play in Lebanon’s kleptocratic system. The report tackles the interplay between anti-corruption policies and counterterrorism policies. Most importantly, drawing from a dozen interviews with academics, economists, journalists, and policy analysts in Lebanon and the U.S., this report analyzes local perceptions of these sanctions. The report addresses the following questions:

1. How have U.S. administrations implemented counterterrorism and anti-corruption sanctions in Lebanon?
2. Do counter-Hezbollah and anti-corruption sanctions support stability for Lebanon’s institutions, economy, and society? How do these kinds of sanctions operate on-the-ground, in the Lebanese context?
3. Is the shift toward anti-corruption sanctions in Lebanon demonstrated by the Biden administration producing results?
4. How are sanctions perceived by people in Lebanon? How can the U.S. foreign policy better empower them?

I find that, compared to his predecessors, Biden has indeed taken unprecedented steps to move towards more fully addressing corruption by beginning to sanction non-Hezbollah-affiliated individuals through country-specific designations. However, there is substantially more that Biden should do to 1) address the U.S.'s credibility gap, considering the U.S. has long tolerated corruption among perceived partners, and gain the Lebanese public's trust as a reliable ally in the fight against corruption; 2) consider the limitations of sanctions and the potential effects of sanctions not just on corrupt individuals, but on the people who depend on them for financial stability; and 3) actually put into practice a more productive anti-corruption agenda beyond sanctions.



# ANTI-CORRUPTION POLICY AND SANCTIONS IN LEBANON

During the first three years of his term, Biden centered anti-corruption efforts in his foreign policy to an unprecedented extent, which had far-reaching effects on U.S. sanctions policy in general and U.S.-Lebanon policy specifically. To evaluate the Biden administration's anti-corruption sanctions in Lebanon and how they are perceived by people there, it is important to understand the evolution of both U.S. anti-corruption policy and U.S. sanctions policy toward Lebanon. Because conceptualizing corruption as a foreign policy issue has only recently gained traction among U.S. policymakers, this report begins by tracing the evolution of anti-corruption as a U.S. foreign policy aim in Lebanon with the Obama administration.

## **Evolution of U.S. anti-corruption policy**

The U.S. government has [generally understood](#) countering corruption as a foreign policy goal, though justifications for anti-corruption policy have evolved from administration to administration, and only very recently did an understanding of the role of corruption in poor governance, rent seeking, and “state fragility” emerge among policymakers in the U.S. government and international institutions. For example, until 1996, the World Bank banned the mention of corruption as an issue with economic development (it was then referred to as the [“c-word”](#) in internal discussions).

U.S. National Security Strategy documents since the Clinton administration describe anti-corruption as a part of a [democracy promotion](#) agenda, and in later administrations began to link anti-corruption to other foreign policy objectives, such as combating transnational crime and drug trafficking, ensuring U.S. economic competitiveness, and preventing conditions that contribute to terrorism and violent extremism. From the context of a new, post-Cold War era, the Clinton administration connected the fight against corruption to Central and Eastern Europe's democratic transfers of power and historical market reforms. “We can help new democracies take root by avoiding conditions, such as corruption and poverty, that can weaken democratic governance and erode the appeal of democratic value,” [detailed Clinton's strategy](#) in 1999. Under the George W. Bush administration, anti-corruption policy was often linked to [economic and social development with a focus on assisting developing economies in fighting corruption](#) and toward public financial [accountability](#), in addition to democracy promotion. As a whole, though, global anti-corruption was only a minor element of Clinton and Bush's foreign policies, particularly in comparison with their successors.

During the Obama administration, anti-corruption was also associated with democracy-building and economic development, but drew greater emphasis as a U.S. foreign policy priority. For example, in 2014, the Obama administration [named](#) corruption “a growing threat to the national security of our country and allies around the world” and delineated “ac-



tions to promote transparency and stem corruption worldwide,” including using law enforcement and administrative tools to hold corrupt actors accountable and working with other countries to promote anti-corruption programming, transparency, and open government. In his [National Security Strategy](#), Obama identified anti-corruption programming as a means of supporting emerging democracies, exemplified in Obama’s [Open Government Partnership](#), which was [aimed at](#) promoting accountability and government transparency. The [2015 Quadrennial Diplomacy and Development Review](#) reasserted this view, explaining a policy of expanded anti-corruption initiatives to promote “open, resilient, and democratic societies.” Finally, Obama’s [Global Anticorruption Agenda](#) related anti-corruption policy to “driv[ing] development and economic growth,” as well as “holding accountable those exploiting the public for private gain.”

The Trump administration continued the Obama-era rhetorical focus on corruption, but changed its goal, focusing increasingly on perceived adversaries and [placing](#) “new emphasis on corruption issues as relevant to U.S. competition with ‘strategic competitor’ states such as China and Russia.” This was reinforced by the Trump [National Security Strategy](#)’s assertion that “strategic competitors often exploit rather than discourage corruption and state weakness to extract resources and exploit their populations,” narrowing in on the corruption of U.S. adversaries. In fact, the Strategy asserted that “economic tools — including sanctions, anti-money-laundering and anti-corruption measures, and enforcement actions — can be important parts of broader strategies to deter, coerce, and constrain adversaries.”

As a whole, Trump’s anti-corruption agenda was what one expert called “a case study in [missing the forest for the trees](#).” While the Trump administration embraced anti-corruption rhetoric and rationale to target U.S. adversaries, it simultaneously imposed certain double standards that benefitted corrupt allies. For example, as executive agencies dealing with international anti-corruption portfolios implemented programs and policies to strengthen global anti-corruption efforts and sanction corrupt actors, certain political appointees in the Trump administration were indifferent to anti-corruption efforts if they conflicted with other domestic and foreign policy priorities. In one instance, Secretary of State Mike Pompeo praised Guatemala’s government the day after it expelled a popular anti-corruption body, the International Commission Against Impunity, that the Bush and Obama administrations [had supported and funded](#). The commission had begun [targeting](#) former Guatemalan President Jimmy Morales over suspected illicit campaign financing, and while Morales tried to kick the commission leader out of the country and sent armored vehicles to patrol outside the commission’s headquarters, the Trump administration was silent. Then-U.S. ambassador to the U.N. Nikki Haley even called the commission’s focus on Morales’ corruption as “[another example of runaway bureaucracy](#).”

The Biden administration renewed and expanded the Obama administration’s focus on anti-corruption as a central element of U.S. foreign policy. Just a few months into his presidency, Biden published [a memorandum](#) declaring the fight against corruption as a central national security interest. This was followed by the first-ever [Strategy on Countering Corruption](#), pub-

lished in December 2021, that introduced a new anti-corruption approach rooted in “a growing understanding of corruption’s strategic impact and the increasing interconnectedness of the global economy.” One of its defining objectives is changing “embedded cultures of corruption” around the world, which requires “significant political will” and “consistent leadership, public accountability, an empowered and impartial judiciary, and a diverse and independent media.” Ultimately, the Strategy portrays anti-corruption as a means to boost democracy and support global anti-poverty and development goals. The Strategy consists of five pillars: 1) modernizing the fight against corruption, 2) curbing illicit finance, 3) holding corrupt actors accountable, 4) preserving and strengthening multilateral anti-corruption architecture, and 5) engaging diplomatically and leveraging foreign assistance resources. Included in the “diplomatic tools” the Biden administration mentions in this strategy are “targeted sanctions, to stem corruption and to hold corrupt actors accountable.”

Just as approaches and justifications for anti-corruption policy have shifted over the past three administrations, the use of sanctions in anti-corruption policy has also evolved as legislation explicitly focused on anti-corruption emerged. The Global Magnitsky Human Rights Accountability Act, signed into law by Obama at the end of his presidency in 2016, was the first financial instrument available to U.S. administrations to address corruption through targeted sanctions, and has become the most prominent anti-corruption authority to use today. The Act [authorized](#) the president to impose sanctions on foreign nationals responsible for gross human rights violations or a “government official, or a senior associate of such an official” responsible or complicit in acts of significant corruption. Trump implemented Global Magnitsky in December 2017 through Executive Order (E.O.) 13818, and in an annex to the order, he imposed sanctions on [thirteen](#) “serious human rights abusers and corrupt actors.”

During the first two years of their implementation under the Trump administration, Global Magnitsky sanctions were [mostly used](#) to target human rights abusers, rather than corrupt actors. Not until his final year in office did Trump increase the usage of Global Magnitsky sanctions overall, and significantly ramp up their usage under anti-corruption justifications. Thus far, the Biden administration has continued employing these sanctions on both grounds, though more often implementing them with anti-corruption justifications.

### **The evolution of U.S. sanctions policy toward Lebanon**

While sanctions with anti-corruption justifications have played a growing role in U.S. foreign policy since the introduction of the Global Magnitsky Act in 2016, it was not until November 2020 that a U.S. president, Trump, utilized an anti-corruption rationale to sanction anyone in Lebanon. Yet, over the same period, the U.S. has consistently applied other kinds of sanctions on individuals and entities in Lebanon. By examining the Lebanese targets of U.S. sanctions, as well as the legal authorities and rhetorical justifications U.S. administrations used to impose these sanctions, we can see a clear picture of how U.S. sanctions policy in Lebanon has evolved over the years.

Across the Bush, Obama, and Trump administrations, most of the sanctions imposed on Lebanon have aimed to constrict Hezbollah's international financial network and impede its reception and transfer of funds. Clinton designated Hezbollah as a [Foreign Terrorist Organization](#) (FTO) in 1997, and after Bush issued E.O. 13224 following the 9/11 attacks, the State Department designated Hezbollah as a [Specially Designated Global Terrorist Group](#). E.O. 13224 increased the government's ability to target Hezbollah's global financial support system, with successive U.S. administrations sanctioning hundreds of Hezbollah members and related entities for their actions in the Middle East, as well as illicit smuggling and criminal activities, including money laundering in other regions.

This laser focus on disrupting Hezbollah's capacity for armed violence, however, has not always been reflected in the legal authorities and rhetorical justifications U.S. administrations have used to impose their anti-Hezbollah sanctions. In recent years, the U.S. has increasingly cited anti-corruption as a goal of sanctions policy in Lebanon, while often failing to target sources of corruption not directly associated with Hezbollah. Corruption is a problem across Lebanon's political spectrum, but some U.S. sanctions during the Trump administration — during which Global Magnitsky sanctions began to be implemented — employed anti-corruption justifications to advance anti-Hezbollah policy. This divergence between rhetoric and policy reality is the messy history with which the Biden administration is contending as it reorients U.S. sanctions policy.

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**This report discusses the usage of the following legal authorities used by the U.S. to sanction people and entities in Lebanon:**

**E.O. 13224**, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism," was [issued](#) by Bush less than two weeks after the 9/11 attacks, on September 23, 2001. The order authorizes the U.S. government to designate and block the assets of foreign individuals and entities who commit or show significant risk of committing acts of terrorism, as well as the assets of those who provide support, services, or assistance to terrorists and terrorist organizations.

**E.O. 13441**, "Blocking Property of Persons Undermining the Sovereignty of Lebanon or Its Democratic Processes and Institutions," was [issued](#) by Bush on August 1, 2007 to declare a national emergency with respect to Lebanon. E.O. 13441 allowed the Treasury Department to [block the property](#) of individuals and entities who have taken or pose a significant risk of taking actions undermining Lebanon's democratic processes and institutions, contributing to the breakdown of the rule of law, supporting the reassertion of Syrian control interference, or undermining Lebanese sovereignty.

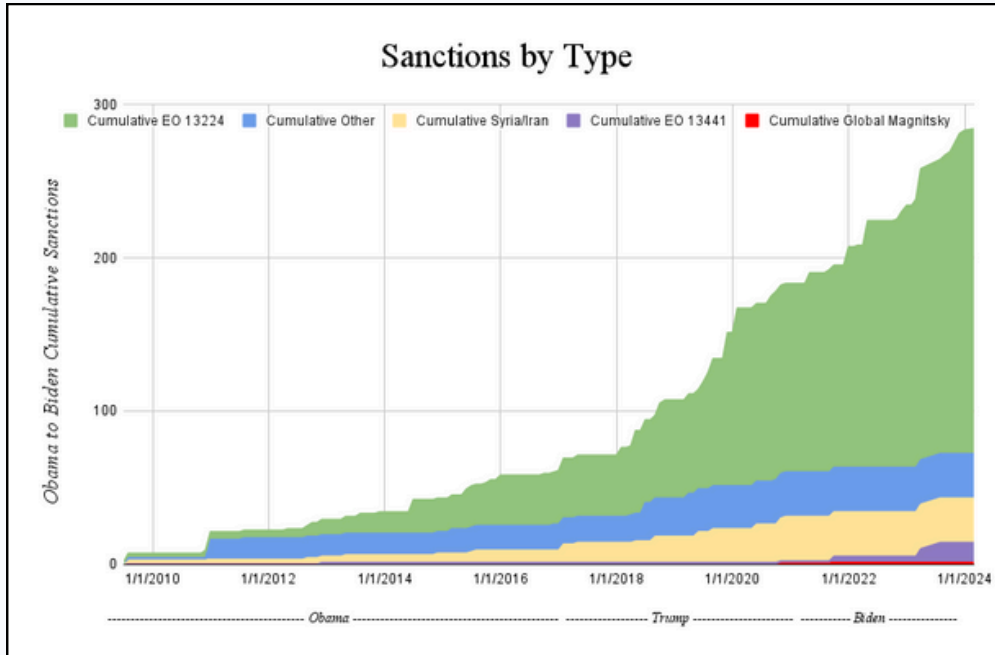
**E.O. 13818**, "Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption," was issued by Trump on December 20, 2017 to declare a national emergency to [address the threat](#) of "serious human rights abuse and corruption around the world." This E.O. implements the Global Magnitsky Human Rights Accountability Act, which was signed by Obama at the end of his presidency in 2016 and [authorized](#) the president to impose economic sanctions on any individual or entity identified as engaging in human rights abuse or corruption.

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## Counterterrorism and anti-corruption sanctions across recent administrations

The broad changes in legal authorities utilized to sanction Lebanese nationals and entities, as well as changes in the presence of “corruption” in the Treasury’s publications over the Obama, Trump, and Biden administrations are illustrated in Figure 1 and Figure 2.

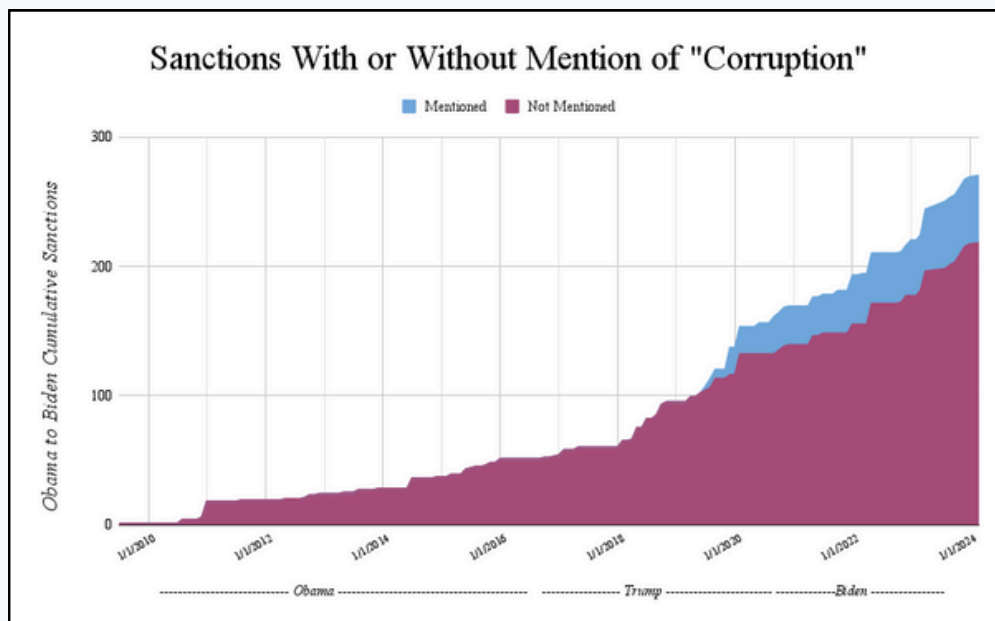
Figure 1. Cumulative U.S. Sanctions on Lebanese Individuals and Entities by Type



Sanctions issued against Lebanese individuals and entities, organized by authority, throughout the Obama, Trump, and Biden administrations. Data retrieved from the U.S. Department of the Treasury's Office of Foreign Assets Control.

Note: Designation expirations not accounted for.

Figure 2. Cumulative U.S. Sanctions on Lebanese Individuals and Entities by Anti-Corruption Rationale



Sanctions issued against Lebanese individuals and entities, sorted by the mention of “corruption” in Treasury publications, throughout the Obama, Trump, and Biden administrations. Data retrieved from the U.S. Department of the Treasury's Office of Foreign Assets Control.

Note: Designation expirations not accounted for.

However, a more in-depth look into each administration’s designations and sanctions rationales is needed to accurately evaluate the change in sanctions policies. The rest of this section will walk through the Obama, Trump, and Biden administrations’ approaches in Lebanon.

### *The Obama administration*

Prior to the Obama administration, U.S. sanctions on Lebanese individuals and entities were primarily counterterrorism-based and mostly authorized by E.O. 13224, except for a few Iraq and Iran-related sanctions. The most heavily utilized authority in the Lebanese context, [E.O. 13224](#), was signed into order in September 2001 by Bush with the stated aim of disrupting terrorists’ and terrorist organizations’ financial support networks. In his foreign policy, Obama maintained this counterterrorism focus, and advanced several efforts to [further constrain](#) Hezbollah financially and block it from the global banking system. Though corruption was generally understood as a “[growing threat](#)” to national and international security through the Obama administration, sanctions were not utilized as an instrument to target non-Hezbollah corrupt actors in Lebanon, nor were anti-corruption rationales even mentioned in the Treasury’s sanction designation justifications — partly because the notion of corruption as a central foreign policy issue was still gaining traction. Rather, sanctions on Lebanese individuals and entities were focused on expanding the financial regime against Hezbollah and associated institutions.

In 2011, the Obama administration took action against the Lebanese Canadian Bank (LCB), then one of Lebanon’s largest banks, for money laundering and drug trafficking operations tied to Hezbollah. Subsequent laws aimed to block funding that Hezbollah gained through criminal activities. In 2015, Obama signed the U.S. Hezbollah International Financing Prevention Act, modeled on a 2010 law imposed against Iran, which broadened economic sanctions on Hezbollah and its TV

channel, undermining their financial operations and bar-ring them from accessing banks. According to Al-Monitor, these sanctions “add[ed] pressure to Lebanon’s already struggling banking sector, further burdening the country’s economy.”

One detail in Obama’s approach to Lebanon was the reliance on the [Foreign Narcotics Kingpin Designation Act](#) and corresponding [Foreign Narcotics Kingpin Sanctions Regulations](#) designed to target significant foreign narcotics traffickers worldwide. Under the Obama administration, Lebanese entities and individuals were targeted as Specially Designated Narcotics Traffickers, some of whom were also linked to Hezbollah. For example, [Ayman Joumaa](#), known as a top [Hezbollah financier](#), was accused by the Drug Enforcement Agency

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***Rather, sanctions on Lebanese individuals and entities were focused on expanding the financial regime against Hezbollah and associated institutions.***

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of coordinating the transportation, distribution, and sale of cocaine shipments from South America and laundering the proceeds in Europe and the Middle East. Obama continued implementing a few Iran-related sanctions authorized by the [Iranian Financial Sanctions Regulations](#), [aiming to prohibit](#) entities owned or controlled by U.S. financial institutions from knowingly supporting Iran's Islamic Revolutionary Guard Corps financially. In a couple of instances in Lebanon, Obama also implemented Syria-related sanctions authorized by [E.O. 13582](#), which he signed in 2011 to drastically increase the scope of U.S. sanctions on Syria to not [only financially isolate](#) major regime figureheads, but also ban financial transactions and the entry of Syrian funds into the U.S. and restrict American investment and business in Syria — all part of the Obama administration's larger Syria sanctions campaign. In Lebanon, Obama also made use of [E.O. 13382](#), signed into law by Bush to freeze the assets and financially isolate the proliferators of weapons of mass destruction and their supporters. Despite the variety in the kinds of sanctions applied to Lebanon, there was no usage of "corruption" or "anti-corruption" terminology in press releases about Lebanon-related sanctions throughout the entirety of the Obama administration.

### *The Trump administration*

The Trump administration vastly expanded Obama's counter-Hezbollah efforts and sanctioned Hezbollah-affiliated individuals and institutions, beginning with targeting Hezbollah's core leadership. Notably, about a week after the Trump administration's withdrawal from the Joint Comprehensive Plan of Action (JCPOA), known as the Iran nuclear deal, the Treasury Department [issued sanctions](#) on many of Hezbollah's core leaders through E.O. 13224 — signaling maximum pressure on Iran and Hezbollah as an extension of Iranian influence. In particular, the Treasury Department designated Hezbollah Secretary General Hassan Nasrallah under E.O. 13224, though he had previously been designated under E.O. 12947 ("Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process") in 1995, and E.O. 13382 in 2012.

The Trump administration [also designated](#) Hashem Safieddine, Head of Hezbollah's Executive Council, Deputy Secretary General Naim Qassem, Assistant for Political Affairs Hussein Khalil, Head of Political Council Ibrahim Amin al-Sayyid, and Head of Judicial Council Mohammad Yazbek. Likewise, the Trump administration targeted Hezbollah's financial network by imposing sanctions on seven firms and six people specifically linked to Adham Tabaja, one of the then [top-five Hezbollah financiers](#). Senior Trump officials affirmed that these sanctions were part of an aggressive move against Hezbollah [to limit Iran's influence](#) in Lebanon.

On October 25, 2018, Trump signed into law the Hizballah International Financing Prevention Amendments Act of 2018, which amended the Hizballah International Financing Prevention Act of 2015 to impose additional sanctions on Hezbollah. E.O. 13224 continued to be the most heavily relied upon rule to sanction Lebanese individuals and entities based on counterterrorism. Further, the Obama-era pattern of occasionally utilizing sanctions related



to Syria, Iran, narcotics, and weapons of mass destruction continued under the Trump administration, with a particular leaning on E.O. 13382 to target the property of proliferators of weapons of mass destruction.

Trump also targeted Lebanese parliamentarians during his maximum-pressure campaign. In July 2019, he sanctioned Mohammad Raad, Chair of Hezbollah's parliamentary bloc since 1992, and Amin Sheeri, another Hezbollah parliamentarian. Raad's designation marked the [first time](#) the U.S. sanctioned a seated Lebanese deputy, foreshadowing additional sanctions on government officials. Raad and Sheeri's designation was also the first time the Treasury Department utilized the word "corrupt" when explaining sanctions on a Lebanese individual or entity. In the press release [designating](#) Raad, Sheeri, and Hezbollah security official Wafiq Safa, the Treasury Department stated that Hezbollah uses its government presence to "corrupt and exploit Lebanon's financial and security elements, taking advantage of the country's democratic system and values." This is an indication that U.S. officials had begun to think about utilizing an anti-corruption rationale more in sanctions designations, though the ultimate goal was to discredit and weaken Hezbollah — demonstrated by the framing of Hezbollah members and affiliates as the perpetrators of corruption in an otherwise democratic system (even though, in reality, Lebanon's governing system was hardly democratic and riddled with corruption across sectarian factions). Hezbollah has enabled corruption in the Lebanese system and its members and affiliates have engaged in corruption, but this narrow focus elided the widespread corruption ingrained in Lebanon's sectarian government and overlooked corruption by non-Hezbollah actors in Lebanon.

In September 2020, the Treasury sanctioned longstanding and established figures in the government: Ali Hassan Khalil, a parliamentarian and former finance minister and public health minister in the Hezbollah-allied Amal movement, and Yusuf Finyanus, a former minister of transportation and public works historically allied with Hezbollah. In a press release, the Treasury [cited](#) both Khalil's support for Hezbollah and his engagement in corruption. This same press release also referred to the popular, cross-sectarian protests that began in October 2019 to demand political and economic reform. Protesters united under the slogan "all of them, means all of them" — a rejection of the entire Lebanese political class without exception. In its press release, the Treasury cited the slogan seemingly in an attempt to portray the designations as a form of solidarity with the marchers, claiming that the designations were a call "to pull back the curtain on certain groups' corruption, including [Hezbollah]." Yet the designations only targeted officials accused of Hezbollah-involved corruption and were issued under E.O. 13224 counterterrorism authority, making clear that they were intended as part of counter-Hezbollah policy. There was no broader attempt to address corruption in the entire Lebanese political class, and therefore no serious engagement with the protesters' demands. This demonstrates how the Trump administration presented Hezbollah as the sole, or at least central, perpetrator of corruption in Lebanon.

Similar to his predecessor's targeting of the Lebanese Canadian Bank, Trump [sanctioned the Jammal Trust Bank](#) (JTB) in August 2019 for its history of facilitating banking activities for



Hezbollah. The Treasury described the bank as a “corrupt financial institution,” presenting a direct threat to the Lebanese financial system. These kinds of counterterrorism-justified initiatives, the next section will show, had an impact on the Lebanese economy.

Amid this deepening focus on Hezbollah as the prime cause for Lebanon’s challenges, Trump became the first president to utilize Global Magnitsky sanctions in Lebanon, a sanctions authority put in place just before his presidency explicitly to target corruption and human rights abuses. In November 2020, the Treasury Department cited [E.O. 13818](#) – the order implementing Global Magnitsky sanctions – to target Gebran Bassil, a lead Maronite Christian parliamentarian, son-in-law of former President Michel Aoun, and direct ally of Hezbollah, “for his role in corruption in Lebanon.” However, when discussing this action, then-Assistant Secretary of the Bureau of Near Eastern Affairs David Schenker categorized Bassil’s designation as one of “a series of sanctions against Hezbollah and its Lebanese allies,” emphasizing the importance of extending the anti-Hezbollah campaign to target “[non-Shia](#)” Hezbollah supporters. The sanctioning of Bassil under E.O. 13818, Schenker seemed to intimate, was a counter-Hezbollah sanction wearing the disguise of anti-corruption. This was affirmed by then-Secretary of the Treasury Steven Mnuchin’s [commentary](#), shortly before the targeting of Gebran Bassil, that “Through [Hezbollah’s] exploitation of the Lebanese economy and manipulation of corrupt Lebanese officials, companies associated with the terrorist organization are awarded government contracts,” so “the United States remains committed to targeting [Hezbollah] and its supporters as they corruptly abuse Lebanese resources to enrich their leaders while the Lebanese people suffer from inadequate services.” Narrowly focused on corrupt leaders and companies associated with Hezbollah, the Trump administration only considered one piece of the puzzle, overlooking the corrupt acts of people and companies not associated with Hezbollah that have abused government resources at the expense of the Lebanese people.

The Trump administration’s usage of Global Magnitsky sanctions on Bassil came three months after the explosion at Port of Beirut on August 4th, 2020, when a fire caused the detonation of [some 2,750 tonnes of ammonium nitrate](#) that had been improperly stored for years due to systemic mismanagement, negligence, and corruption. Largely responsible for the nuclear-size blast, the Lebanese dysfunctional and corrupt elite class drew unprecedented attention and criticism from the international community. The scale and preventability of this disaster — which precipitated [protests](#) fueled by fury over the ruling elite’s corruption and unaccountability — was likely what sparked urgency among U.S. policymakers to consider the governance and human rights implications of Lebanese elite corruption. In fact, the Treasury Department’s [press release](#) about Gebran Bassil’s designation specifically stated that Lebanon’s political dysfunction “tragically contributed” to the explosion and cited this as a widely perceived “example of the negligence and corruption that victimizes Lebanese citizens while enriching the political elite.”

This designation of Gebran Bassil fits into the larger context of Trump’s initial usage of Global Magnitsky sanctions in the Middle East to target allies of Iran and other perceived

U.S. adversaries. For instance, in July 2019, the Treasury [designated](#) former Iraqi governor Ahmed al-Jubouri on the basis of corruption, described in the Treasury's publication as being known to "accommodate" Iran-backed proxies.

Notably, the Treasury Department tends to use country-specific sanctions more than Global Magnitsky sanctions in regions where country-specific sanction authorities already exist (such as in Lebanon), according to supervising staff attorney at Human Rights First, Amanda Strayer. This is partly because country-specific sanctions often contain broader and more flexible standards that allow for a wider range of abuses and perpetrators to be covered. Global Magnitsky sanctions, Strayer explained during an interview, "can carry an additional level of stigma," which may inform when an administration chooses to use that sanctions program instead of an available country-specific program.<sup>4</sup> In the case of Bassil, the Trump administration could have been trying to send a particularly emphatic condemnation of Bassil's actions. And yet, Global Magnitsky sanctions have not been implemented a second time in the Lebanese context, and prior to the Biden administration, Lebanon's country-specific sanction (E.O. 13441) was seldom employed.

### *Biden sanctions policy*

The Biden administration has maintained former administrations' focus on targeting Hezbollah in Lebanon. During a 2022 speech at the Wilson Center, Assistant Secretary for Near Eastern Affairs [Barbara Leaf](#) said that the U.S. continues "sanctioning and designating and squeezing networks connected to Hezbollah," citing the "nature of its weight and the predatory nature that it imposes on Lebanon." Like the Obama and Trump administrations, the Biden administration has relied heavily on E.O. 13224 to sanction individuals and entities affiliated with the group. Some of the counterterrorism sanctions under the Biden administration include those in [January 2022](#), when Biden sanctioned three Lebanese nationals, including Hezbollah member and businessman Adnan Ayad, in addition to ten companies deemed part of "an international Hezbollah network." [May 2022 sanctions](#) on a network of businesses accused of secretly funding Hezbollah and [December 2022](#) sanctions on two accountants and companies in Lebanon for providing financial services to Hezbollah followed. In April 2023, the Treasury Department targeted a network of 52 individuals and entities from countries that included Lebanon for assisting a Hezbollah financier and money launderer based in Lebanon in evading sanctions to maintain both his financing of Hezbollah and his "[luxurious lifestyle.](#)"

In [August 2023](#), the Treasury also utilized E.O. 13224 to sanction Green Without Borders, a Lebanese environmental organization, and its leader for allegedly providing support and cover to Hezbollah along the demarcation line between Lebanon and Israel "while publicly operating under the guise of environmental activism." The Treasury claimed that Green Without Border's outposts are worked by Hezbollah operatives and serve as a cover for Hezbollah's warehouses and munitions tunnels. This followed accusations from Israel, the

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<sup>4</sup> Strayer, Amanda, [private conversation with author], 07/24/2023.

U.S., and some Lebanese from Christian villages that the group was acting as [“an arm”](#) to Hezbollah. In [September 2023](#), the Treasury utilized E.O. 13224 to target senior Hezbollah operatives and financial facilitators in South America and Lebanon including Amer Mohamed Akil Rada, one of the Hezbollah members who carried out the deadly terrorist attack against Argentina’s Asociacion Mutual Israelita Argentina in 1994 that killed dozens. He and fellow sanctioned associates coordinated commercial enterprises for Hezbollah including charcoalexports and, according to the Treasury, Rada used up to 80% of his commercial enterprise proceeds to support Hezbollah. These highlighted cases demonstrate how the Biden administration maintained previous administrations’ focus on targeting Hezbollah’s activity through varying networks.

Different from his predecessors, however, when he came into office, Biden named anti-corruption a core part of his foreign policy agenda and embraced targeted sanctions as a major tool for pushing forward his global anti-corruption goals. His administration’s unprecedented Strategy on Countering Corruption declared that [to counter corruption abroad](#), it would “maximize the potential for diplomatic tools, including foreign assistance and targeted sanctions.” Under Biden, Global Magnitsky designations of individuals for corruption and human rights abuses have [continued to rise](#).

This focus on targeted sanctions as an anti-corruption tactic has extended to Biden’s policies toward Lebanon, though not through Global Magnitsky sanctions. Instead, the Biden administration has twelve times relied on Executive Order 13441 to designate Lebanese nationals and entities based on accusations of corruption. This is a novel use of E.O. 13441, which was issued by Bush in August 2007, a time when fears were [rising](#) in Washington that the Syrian government would attempt to undermine the elected government of Lebanon’s then-Prime Minister Fouad Siniora. The [order](#) allows the U.S. government to freeze the U.S.-based assets of anyone deemed to be “undermining Lebanon’s democratic processes or institutions, contributing to the breakdown of the rule of law in Lebanon, supporting the reassertion of Syrian control or otherwise contributing to Syrian interference in Lebanon, or infringing upon or undermining Lebanese sovereignty.” Prior to the Biden administration, E.O. 13441 had never been used with the intention of countering Lebanese corruption. It had only been used three times during the Bush administration, against Assaad Hardan, the leader of the Syrian Social Nationalist Party in Lebanon, Hafez Makhoul, retired Syrian colonel, and former parliamentarian Wi’am Wahhab, the former leader of the Arab Unification Party, all of whom had [ties to the Syrian government](#). Under the Obama administration, the Treasury Department utilized E.O. 13441 [once, in August 2012](#), to target Michel Samaha, former Lebanese Minister of Information and Tourism, again focusing on Samaha’s ties to the Syrian regime in its press release.

However, under the Biden administration, E.O. 13441 was utilized in October 2021 to confront “the breakdown of good governance and the rule of law in Lebanon,” with no mention of Syria in the Treasury’s publications. This recontextualization of E.O. 13441 to focus on the order’s language about threats to the Lebanese rule of law, ignoring the order’s

origins as counter-Syria policy, transforms it into a tool to target corrupt Lebanese leaders and members of the political establishment. In the [press release](#) about these October 2021 sanctions, the Treasury designated two influential businessmen, Jihad al-Arab and Dany Khoury, and one parliamentarian, Jamil Sayyed, for “profit[ing] from the pervasive corruption and cronyism in Lebanon, enriching themselves at the expense of the Lebanese people and state institutions.”

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***This recontextualization of E.O. 13441 to focus on the order’s language about threats to the Lebanese rule of law, ignoring the order’s origins as counter-Syria policy, transforms it into a tool to target corrupt Lebanese leaders and members of the political establishment.***

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The targets of the sanctions in October 2021 demonstrated the Biden administration’s initial turn towards addressing corruption by figures across Lebanon’s sectarian system, including those seen as aligned with the U.S. Al-Arab, widely criticized by the Lebanese public for his perceived corruption, was the first close associate of the pro-Western former Prime Minister Saad Hariri to be sanctioned by the U.S. [Dubbed](#) by the Lebanese public as the “contractor of the republic,” Al-Arab’s close political connections — including his status as the [brother](#) to a former Hariri aid — allowed him

to win him many public contracts in exchange for kickback payments to government officials, as the U.S. Treasury noted in its sanctions announcement. In 2016, al-Arab was awarded a [\\$288 million contract from the Council for Development and Reconstruction](#) to clean garbage from Beirut’s streets, but the scale of the garbage crisis remained [unchanged](#). According to three people familiar with the company’s operations, al-Arab’s company, Al Jihad for Commerce and Contracting, increased its profit by adding water to garbage containers to increase their billable weight. Representatives from al-Arab’s company claimed that the trash [was sorted properly](#). But internal plant data from July 2018 revealed that 93% of waste was dumped directly into landfills, despite estimates that at least half of Lebanon’s trash is organic and should be separated from landfill material.

Khoury similarly used his close ties to politicians, especially his close business associate, the already-sanctioned parliamentarian Gebran Bassil, to [reap millions of dollars’ worth of lucrative contracts](#) without fulfilling those contracts’ terms. For instance, he received a public landfill contract worth \$142 million, but landfill employees “[dumped trash and toxic waste](#) directly into the Mediterranean” while failing to alleviate the garbage crisis.

Finally, though former security chief and current parliamentarian Sayyed is indeed [an ally](#) of Hezbollah, the Treasury’s announcement of his designation did not mention his support of Hezbollah. Rather, the Treasury emphasized his corrupt efforts to [avoid domestic banking policies](#) and regulations, including his attempt to transfer \$120 million to overseas investment. The Treasury also adopted a human-rights angle by calling Sayyed out for advising officials to [shoot protesters](#) who called him corrupt and demanded his resignation

outside of his home during the 2019 Revolution.

In April 2023, the Biden administration again utilized E.O. 13441, this time to [target](#) two brothers with no known direct affiliation with Hezbollah, Raymond Zina Rahme and Teddy Zina Rahme, and their companies, for using “their wealth, power, and influence to engage in corrupt practices that contribute to the breakdown of the rule of law in Lebanon, thereby undermining Lebanon’s democratic processes to the detriment of the Lebanese people.” The press release juxtaposed the painful life circumstances the Lebanese public endured (of “significant economic distress, a dire energy crisis, and unprecedented political dysfunction”) against the business empire and political connections the Rahme brothers utilized to “enrich themselves at the expense of their fellow citizens.” This was another use of E.O. 13441 to make the claim that one role of U.S. sanctions is to address the connection between the majority’s suffering and corrupt actors’ exacerbation of that suffering, deepening an anti-corruption-focused route to addressing the Lebanese political economy.

In particular, the press release addressed how the Rahme brothers secured several government contracts through [“a highly opaque public tendering process”](#) (described in this report’s Background section). For example, the press release discussed how, in 2017, the brothers exploited their roles as government subcontractors to import compromised fuel blended with other fuels, which caused “significant harm to Lebanese power plants.” This tainted fuel scandal made the brothers and their corrupt practices [known](#) to the general public. Unsurprisingly, both brothers [maintained relations](#) with Lebanon’s political leaders. Teddy Rahme is known for his relations with the Lebanese Forces, a Christian-based political party and former militia, and Raymond Rahme is recognized for his public “friendship” with Sleiman Frangieh, head of the Marada Movement, another Christian-based party and former militia.

Significantly, on August 10th, 2023, the Biden administration [sanctioned](#) Riad Salameh and four of his close associates using E.O. 13441: his brother Raja, son Nada, former partner Anna Kosakova, and assistant Marianne Hoayek. This long-awaited decision was taken alongside Canada and the United Kingdom, both of which also imposed sanctions. The press release detailed Salameh’s abuse of power, “likely in violation of Lebanese law,” to funnel hundreds of millions of dollars through layered companies to invest in European real estate, and his associates’ role in concealing and facilitating this corruption. The Treasury called out the deep divide between the Lebanese public and elite class, and Salameh’s role in enforcing such a divide, employing language never before used by the U.S. government to describe him: “Salameh contributed to Lebanon’s endemic corruption and perpetuated the perception that elites in Lebanon need not abide by the same rules that apply to all Lebanese people.”

The rest of the Treasury publication offers details about Salameh and his networks’ unlawful self-enrichment schemes. For instance, in one case, Salameh worked with his brother Raja to divert about \$330 million from transactions involving the Lebanese Central Bank to Raja’s shell company located in the British Virgin Islands. In other cases, diverted funds were trans-



ferred to property management companies, registered under the names of Salameh's son Nady and former partner Anna Kosakova in France, Germany, Luxembourg, and Belgium. Salameh used shell companies in Panama and a trust in Luxembourg to hide his identity and purchase shares in a company employing his son, and later sold those shares to a Lebanese bank managed by the Central Bank.

Despite years of calls from Lebanese civil society to penalize Salameh and call out his corruption, the Biden administration did not sanction him until the end of his tenure at the Central Bank, perhaps partly to avoid political complications, and perhaps partly to avoid unintended consequences of his designation on the Lebanese economy. This second possibility is further reinforced by the fact that the Treasury explicitly [articulated](#) that Salameh's designation "does not apply to the BdL [Banque du Liban, also known as the Central Bank]. Neither the BdL nor its assets should be considered blocked due to today's action."

Biden's repurposing E.O. 13441 to target infamously corrupt figures like Salameh, al-Arab, Sayyed, and the Rahme brothers constitutes a major change in U.S. sanctions policy toward Lebanon that created a precedent of the U.S. targeting the finances of corrupt actors outside of Hezbollah's orbit, using sanctions authorities not rooted in counterterrorism policy. This shift has not gone unnoticed in Lebanon. One Beirut-based journalist told me that the E.O. 13441 designations

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built up the Biden administration's credibility as an ally in the fight against government corruption, if only slightly. They showed U.S. interest in Lebanese politics beyond simply countering Hezbollah. With Salameh's designation, the Biden administration signaled that it is now more willing to target corrupt members of the elite class who have traditionally been U.S. allies.

The Biden administration's increasing usage of corruption-focused sanctions parallels its increasing rhetorical emphasis on anti-corruption policy in Lebanon. In December 2021, the Biden administration doubled down on this narrative when U.S. Ambassador to Lebanon Dorothy Shea presented Lebanese investigative journalist Riad Kobeissi with an anti-corruption award for his work exposing public sector corruption. In her remarks, Ambassador Shea [highlighted](#) the administration's Strategy on Countering Corruption, which had just been released, and closed by telling the audience of Lebanese civil society leaders, "The United States believes in you, supports you, and wants to engage with you in the global fight against corruption."

In March 2022, in line with Biden's focus on countering corruption, a senior delegation from

the Treasury Department completed an [unprecedented visit](#) to Lebanon and reiterated the importance of addressing systemic corruption to tackle the governance and economic crisis. Though the Treasury had previously sent representatives in [2019](#) under the Trump adminis-

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***Yet the U.S. has long tolerated corruption among its perceived partners in Lebanon, and if and when the Biden administration returns to its two-pronged approach in its Lebanon policy and revives its anti-corruption policy focus, it is important for officials to close the credibility gap to gain the Lebanese public's trust.***

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tration, these were from the Treasury's Terrorist Financing and Financial Crimes office. Different from these previous terrorism-focused visits, the March 2022 Treasury delegation focused on corruption, raised the Lebanese government's lack of transparency in public and private sector meetings, and pressed for authorities to conduct investigations and perform due diligence on transactions. This further reveals the shift in the Biden administration's Lebanon approach to focus on governance over the single-minded terrorism focus demonstrated by previous administrations. The Trump administration paid no comparable attention to technical as-

pects of countering financial corruption, though the Treasury offered an overview of Lebanon's systemic corruption when justifying anti-corruption sanctions on Gebran Bassil and articulated U.S. support for the Lebanese people "in their continued calls for reform and accountability." The Biden administration significantly deepened this focus on countering corruption, resulting in a foundation on which the U.S. can continue building its Lebanon policy to address the demands of people in Lebanon suffering the effects of public institutions' failures.

After the horrific Hamas attacks of October 7, 2023, ongoing cross-border shelling, rocket fire, and airstrikes began between Hezbollah forces and the Israeli military. In this new context, the Treasury paused its anti-corruption agenda in Lebanon and narrowly focused on targeting individuals and networks linked to Iran-backed groups like Hezbollah and Hamas through [several rounds of counterterrorism sanctions on people and entities in Lebanon](#). For instance, in [December 2023](#), the Treasury targeted the Lebanon-based head of Hamas's National Relations Abroad, Ali Baraka, who was also previously Hamas's representative to Lebanon.

In line with this emphasis on targeting Hamas and Hezbollah networks in its Lebanon policy, Jesse Baker, deputy assistant secretary of the Treasury for Asia and the Middle East in the Office of Terrorist Financing and Financial Crimes, [visited](#) Beirut in March 2024 to speak with Lebanese leaders and officials from the financial sector about combating "the movement of Hamas funds through Lebanon, Hezbollah funds from Iran into Lebanon and then out into other regional areas." One Treasury official said that Lebanon would better attract investment from the U.S. if it compiled with global anti-money-laundering and counterterrorism financing standards, which would pull the country out of its economic crisis



– directly linking the fight against terrorism to the fight against Lebanon’s ongoing crisis.

It’s clear that addressing terrorism in Lebanon alone will not solve the corruption at the heart of Lebanon’s economic and political systems. The Biden administration made some progress compared to previous administrations in targeting corrupt actors across the sectarian spectrum. Yet the U.S. has long tolerated corruption among its perceived partners in Lebanon, and if and when the Biden administration returns to its two-pronged approach in its Lebanon policy and revives its anti-corruption policy focus, it is important for officials to close the credibility gap to gain the Lebanese public’s trust. As I will show in this next section, if the U.S. wants its anti-corruption agenda to be taken seriously by the Lebanese public and have tangible impact on civil society, the Biden administration cannot solely leverage sanctions, but rather, must establish broader reformative mechanisms to support transparency and accountability in Lebanon.

# PERCEPTION AND IMPACT OF U.S. SANCTIONS

To better understand the effects and perceptions of U.S. sanctions policy in Lebanon, I spoke with a dozen Lebanese economists, academics, and reporters, most of whom agreed that U.S. sanctions over the years have had very little effect on limiting Hezbollah's influence, improving Lebanon's economy, stimulating systemic reforms, and discouraging corrupt practices. Yet, as this section demonstrates, many civil society members expressed a degree of optimism about the role of targeted U.S. sanctions in holding elite class members accountable for their corruption and supporting reforms, even as these civil society members cautioned against the unintended consequences those sanctions have created and could create in the future. As the Biden administration increasingly applies anti-corruption sanctions in Lebanon, the U.S. should dedicate more effort to understanding how Lebanese civil society has perceived and experienced U.S. sanctions over recent years.

## **Perception of pre-Biden sanctions**

Academics, economists, and journalists have recognized that the U.S.'s sanctions-based approach in Lebanon — particularly under the Bush, Obama, and Trump administrations — reflects what one Lebanese economist called an “exaggerated” focus on the role of Hezbollah and its sectarian allies in exploiting corruption in Lebanon. Hezbollah indeed defends the corrupt political system and enables corruption in Lebanon broadly, while providing cover for its own corrupt allies. Still, there are other non-Hezbollah actors contributing to that corruption, and no one with whom I spoke was persuaded that sanctions solely against Hezbollah and its close allies would eliminate — or even significantly reduce — the damage corruption does to the Lebanese economy. The problems of government mismanagement, public and private sector monopolization, and kleptocratic practices benefiting the elite class pervade across the political establishment.

Given the discrepancy between how people in Lebanon understood the corruption challenge and the policies and rhetoric coming out of Washington over recent years, many of the Lebanese people I interviewed believe that under the Obama and Trump administrations, the U.S. purposefully singled out Hezbollah and protected corrupt U.S.-friendly elites in its policy. By centering efforts on countering Hezbollah, argued many, successive U.S. administrations actually collaborated with and continuously protected extremely corrupt actors who brought Lebanon immense financial distress, largely because such actors represented a political alternative to Hezbollah.

Former Central Bank Governor Riad Salameh was brought up consistently throughout my interviews as an example of a culpable actor historically overlooked by U.S. anti-corruption efforts, while widely recognized by the Lebanese public for his mismanagement and corrup-

tion throughout his time at the Central Bank. In particular, many people pointed to the fact that U.S. regional strategy has historically involved Salameh as a key [collaborator and cornerstone](#) in efforts to block Hezbollah's financing.

For instance, under the Trump administration in May 2020, after the collapse of the banking sector due to Salameh's grave mismanagement and abuse of power, Ambassador Shea still defended Salameh despite accusations of his corruption, saying that Salameh "enjoys great confidence in the international financial community" and affirming that the U.S. worked [very closely with him over the years](#). Ambassador Shea claimed that it was unfair to scapegoat one person or institution, but the U.S. has historically not had a problem doing so in Lebanon — as demonstrated by the targeting of JTB and other allegedly Hezbollah-associated entities. Because of this framing demonstrated by Ambassador Shea, Salameh had become, in the eyes of the Lebanese people, an "[untouchable](#)," an elite acting with total impunity. This status has crumbled in recent months, with [charges filed](#) against him in Lebanon, [arrest warrants](#) issued against him by France and Germany, a Red Notice [issued by the Interpol](#) upon France's request, and, finally, sanctions designated by the U.S., Canada, and U.K. Still, in the months leading to sanctioning Salameh, the Biden administration [denied claims](#) that it was considering sanctions on Salameh. All of this created a [local perception](#) that the U.S. was connected to the officials most responsible for Lebanon's financial crisis, undermining local trust in the U.S. policy and sanctions regime.

### **Perception of Biden administration sanctions**

As noted earlier, Biden's sanctions policies in Lebanon differentiate themselves from those of his predecessors by having two recognizably different tracks: one for countering Hezbollah and the other for addressing corruption. Up until October 7, 2023, the Biden administration

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increasingly experimented with this move toward a dual anti-corruption and counter-Hezbollah agenda and has more consistently applied E.O. 13441 sanctions on the basis of corruption. Unprecedented designations of longtime U.S. allies like Salameh and al-Arab marked Biden's very significant shift away from the Trump administration, which people in Lebanon noticed with enthusiasm.

However, before sanctioning Riad Salameh, the Biden administration remained publicly neutral about [European](#) and [Lebanese](#) probes into Salameh, as well as the Lebanese probe into General Jean Kahwaji, another long-standing friend of the U.S. who received training in the U.S. and who was accused of selling officer commissions in [the Lebanese army](#) for large sums of money. The U.S. had not taken public measures to criticize or punish many top

actors like Salameh and Kahwaji whom the Lebanese public very clearly identified as perpetrators of corruption. This can be explained by the fact that these top figures have been the U.S. government's main interlocutors and collaborators on key priority issues so the U.S. seems to have deliberately targeted these leaders' co-conspirators in a signal to those top U.S.-allied figures themselves — but based on my conversations, people in Lebanon viewed these steps as falling short of providing real accountability.

All the same, Lebanese civil society was paying attention to the Biden administration's policy shift, particularly as the Biden administration began showing more consistency in applying E.O. 13441 to target corrupt actors across the sectarian spectrum. One Beirut-based journalist characterized Biden's early approach as "branching out in sanctions" to "diversify" individuals and

entities targeted, in recognition that Lebanese elites move as a concerted regime and that Hezbollah is not the only corrupt player in the political system. "It is smart to sanction people who are not part of Hezbollah," she argued.<sup>5</sup> She explained, "As the U.S. expands its targets beyond Hezbollah members to allies like Gebran Bassil [under the Trump administration], and now, to al-Arab, who is actually closer to the U.S.'s main supported individual, Saad Hariri," people in Lebanon are taking notice and appreciating the message that such steps reflect: that the U.S. is committed to drilling down on corruption, regardless of the perpetrator. The Beirut-based journalist said to me that many Lebanese people see the goal of Biden's anti-corruption sanctions as not to "naively stop corruption, but to pressure the elite class to do something." Yet so far, these sanctions have not resulted in tangible, positive change to Lebanon's government or economy.

When the Biden administration sanctioned Riad Salameh and his close associates, civil society witnessed the U.S. beginning to take a firmer stance that it could target people across the sectarian spectrum. In fact, the Lebanese journalist said that "[the decision to sanction Salameh] does give a bit more trust in the U.S. administration's anti-corruption policy, because it did feel very much like they were not taking action against people who were siding with the U.S.," hinting that perhaps this decision helped to fill, even if only a bit, the Biden administration's credibility gap in its anti-corruption policy.<sup>6</sup> One economist explained the important role of the designation: "Now we will see Riad Salameh benefit less from the wealth — people's savings — he has harvested over the years. [...] This will create further strain on people who would want to potentially commit money laundering in the Lebanese financial system [...] I think that this sends a very strong message."<sup>7</sup>

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<sup>5</sup> Author interview (A12), autumn 2023.

<sup>6</sup> Author interview (A12), autumn 2023.

<sup>7</sup> Author interview (H2), autumn 2022.

A similarly pleased Lebanese journalist said, “I think everyone in Lebanon is pretty happy with this decision. Since we haven’t been able to get justice at home, the sanctions feel like a win for many Lebanese people who lost all their money to the Central Bank’s Ponzi Scheme.” She later added, “[the decision] makes you feel like [the U.S.] is being more balanced and they’re taking public opinion into consideration as well because there’s a lot of Lebanese frustration targeted at Salameh himself.”<sup>8</sup> This perception that the Treasury was applying “balance” in its decision-making is rooted in the fact that the U.S. sanctioned someone for whom Lebanese civil society had long sought consequences.

Civil society members expressed concerns about the limitations of sanctions on Riad Salameh and advocated for further steps to target members of the elite class, including many politicians who have so far not faced U.S. criticism, suffered from financial pressure, or been motivated to accept political reforms. The Lebanese journalist quoted above rationalized, “Obviously [Salameh] didn’t create the crisis on his own, and it’s still frustrating that the politicians he served have not faced any consequences.”<sup>9</sup> Salameh worked in a network of corrupt actors, many of whom have so far avoided accountability. A Lebanese professor also considered next steps to ensure Salameh’s assets are returned and reflected on how this could happen while avoiding the cycle of corruption. While acknowledging the potential legal and political challenges, he said, “I think it’s also essential that this is followed by procedural steps that make any confiscations eventually available for use by official Lebanese institutions. Now one might say, ‘But this is how Salameh got to smuggle all this money: he was the representative of a powerful state institution. With all the corruption going on, he managed to invest in his position and that’s how he got away with it.’ Perhaps, then, this would raise the question of whether there’s a need for supervision by an international agency on how these assets, if ever confiscated, are used.”<sup>10</sup> The sanctions on Salameh, though widely welcomed, were seen as only the first step to ensuring accountability.

But the shift in the Biden administration’s Lebanon policy was unmistakable: “It’s great that we have this transnational attempt to impose sanctions for financial corruption in Lebanon,” commented the Lebanese professor in reference to the fact that the U.S. imposed the sanctions alongside the United Kingdom and Canada. A unified response from the U.S. and its allies to Salameh’s corruption created new consensus against his actions.

### **Impact of targeted sanctions in Lebanon**

Despite their welcoming reception of the Biden-era shift in U.S. sanctions policy, the people with whom I spoke maintain a level of skepticism about U.S. sanctions in Lebanon overall. On one hand, sanctions are seen as a necessary pressure tool to increase the cost of corruption for enablers and perpetrators, while also encouraging currently-stalled reforms and “putting us on the path to accountability,” as one Lebanese economist said.<sup>11</sup> On the other hand, some Lebanese observers pointed out that sanctions thus far have not altered the

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<sup>8</sup> Author interview (A12), autumn 2023.

<sup>9</sup> Author interview (A12), autumn 2023.

<sup>10</sup> Author interview (R11), autumn 2023.

<sup>11</sup> Author interview (H2), autumn 2022.

ways the elite class operates and have only played a symbolic role in Lebanese politics – although they saw the symbolism as important. Furthermore, several Lebanese people I interviewed agreed that average citizens may be the ones actually paying the price that sanctions – even targeted sanctions – impose.

This is partly because, one Lebanese economist argued, Lebanon’s sectarian political system allows elites to externalize the costs imposed by sanctions while protecting their personal profits.<sup>12</sup> Under Lebanon’s system, many public institutions, ministries, and judicial posts are

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reserved for specific members of the political elite and their allies, distributed along sectarian lines. Financial sanctions against individual elites also affect the institutions under their control, as public institutions have become so [captured](#) by the elites within the sectarian communities to which they are assigned. For example, theorized the Lebanese economist quoted above, targeted sanctions on the elite heads of these institutions could disrupt financial transactions and trade, making it even harder for businesses to operate outside of patronage networks and for ordinary citizens to access basic necessities. This can restrict revenue collection and spending by public entities associated with the individual, which in turn

could slow job creation. Furthermore, sanctions that restrict the local economy may lead to intensified social unrest. The financial harms done to state and sectarian institutions are often disproportionately felt by the country’s most vulnerable – women, migrants, refugees, and low- and middle-class workers – and consequently deepen large-scale poverty, a Lebanese professor told me.<sup>13</sup> On the other hand, the elites who are the actual targets of the sanctions can utilize their regional and international networks to access funding and shelter themselves from the sanctions’ bites.

This understanding is what informed many Lebanese individuals’ belief that the Biden administration waited until Salameh’s (three decades long) term ended before sanctioning him to avoid negative consequences of targeted sanctions on the banking sector. For instance, though one economist acknowledged, “I think [the designation] is long overdue,” he also argued, “I think the reason [the U.S., U.K., and Canada] didn’t impose sanctions when Riad Salameh was governor of the Central Bank was because [the sanctions] could have technically compromised the operation, the transaction, and the nature of what the Bank does.”<sup>14</sup> A journalist agreed, claiming “it was smart” for the Biden administration “to wait until [Salameh] stepped down, so the decision didn’t have repercussions on the central bank

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<sup>12</sup> Author interview (H2), autumn 2022.

<sup>13</sup> Author interview (R11), autumn 2022.

<sup>14</sup> Author interview (R11), autumn 2022.



or the country” — a reference to the unchecked consequences of targeted sanctions.<sup>15</sup>

Unfortunately, there is insufficient quantitative study on the impact of targeted anti-corruption sanctions in Lebanon, which has limited policymakers’ ability to account for unintended harms. This gap is in part due to the novelty of anti-corruption sanctions as a U.S. foreign policy tool. Though people in Lebanon acknowledge the trade-offs of targeted sanctions, social scientists still have not explored and evaluated the extent of those consequences. But some do acknowledge the limits of targeted sanctions and their potential impact on civil society. When sharing the Lebanese individuals’ concerns about the potential impact of targeted sanctions during an interview with Human Rights First’s supervising staff attorney Amanda Strayer, she explained, “While targeted sanctions are more precise, they can sometimes have adverse secondary effects, especially when used extensively or against larger entities.”<sup>16</sup>

Yet these specific effects of targeted sanctions in regions with high political capture have not been sufficiently addressed in sanctions research and analysis — in Lebanon or more broadly. Social scientists have an opportunity to better understand the indirect impact of targeted sanctions, and in the Lebanese case, better understand the elite-driven cost externalization of counterterrorism and anti-corruption sanctions in patronage networks.

### **Consequences of counterterrorism sanctions on ordinary people**

Though anti-corruption sanctions in Lebanon are relatively novel, counterterrorism ones are not, and their unintended harms to people in Lebanon have been a frequent feature of policy targeting Hezbollah’s network and Hezbollah’s main funder, the Iranian government. Vulnerable segments of society, especially in spaces where local economies are dependent on networks of goods and services transmitted to and through Hezbollah’s networks, are especially impacted by the U.S.’s counter-Hezbollah sanctions because these segments rely (directly or indirectly) on illicit modes of making money. U.S. policymakers must consider the complexities of the Lebanese system and evaluate which groups of civil society are unintentionally harmed by U.S. counter-terrorism sanctions meant to target Hezbollah.

One example of the perceived harm from sanctions is the havoc that, according to some accounts, was wrought by U.S. sanctions against Hezbollah-associated Lebanese banks — contextualized in the development of a larger financial crisis. Targeting banks crucial to Lebanon’s local economy [weakened the already-struggling financial sector and destabilized the country](#), making many ordinary people’s lives harder. Further, given that Lebanon’s financial system is heavily dollarized, U.S. pressure added to Lebanon’s financial turmoil, and has reportedly been [a major factor](#) influencing whether Lebanese abroad and other foreign investors remit money to the country or deposit money in its banks. Increasing pressure on banks contributed to international rating agencies’ decisions to grade Lebanon’s sovereign credit rating at “[D](#)” from 2020. This downgrade has devastated the already-crumbling bank-

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<sup>15</sup> Author interview (H2), autumn 2023.

<sup>16</sup> Author interview (A12), autumn 2023



ing sector, a confidence-based industry [hindered by sanctions](#). “I don’t subscribe to the narratives promoted by Hezbollah that blame the financial and political crises in Lebanon on Western sanctions,” one Lebanese economist said to me. “But there were triggers related to the sanctions that facilitated Lebanon’s devolution.” This economist pointed to the sanctioning and consequential closure of Jammal Trust Bank (JTB) as one, though certainly not the sole or perhaps the central, contributor to Lebanon’s economic downfall.<sup>17</sup>

Like the now-defunct Lebanese Canadian Bank (LCB), JTB faced sanctions by the Treasury, which ended in its closure. JTB’s closure resulted in disproportionate financial harm to Shia communities, some of the most vulnerable groups in the poorest areas of Lebanon with few resources and jobs. This is, in part, because JTB specialized in micro-loans in remote areas, particularly for [marginalized communities](#). In Lebanon, the banking sector has traditionally been dominated by well-known Christian and Sunni families, so JTB was considered to be [“one of the rare”](#) Shia-owned banks. By opening several mini-branches annually, JTB claimed it [aimed](#) to “attract deposits from an otherwise underserved segment.” In some villages, such as the southern village of Qana, JTB was the only bank with a local branch.

The closure of JTB instilled fear among Shia community members. Clients of other Shia banks reportedly [started moving their assets](#) to non-Shia banks, afraid of other Shia institutions being targeted by U.S. sanctions. One unidentified banker told The National, “We are receiving lots of phone calls from clients from those banks. They want to protect themselves.” Banks also began operating from fear of being targeted as JTB had. The unidentified banker also said, “As soon as a Shiite wants to open an account, we conduct a very detailed background check. We don’t want to end up like JTB or LCB.” The banker argued that this created a “delicate situation” in some rural Shia communities, considering “even a seamstress that borrows money to buy a sewing machine might have a husband or a brother involved with Hezbollah.” Thus, some Shia community members faced new challenges in accessing the banking system due to Hezbollah’s heavy entrenchment in local economies and politics across many regions in Lebanon.

When imposing sanctions, the U.S. Treasury [did not believe](#) sanctions on JTB would add to the Lebanese economy’s vulnerability, using the justification that JTB had “a limited role” in Lebanon’s economy since it was not one of Lebanon’s main banks (ranking as the country’s 26th largest bank) — but this did not account for the fact that in some communities, JTB was the sole banking option. With JTB targeted and closed, argued one expert, wealth was driven out of rural areas to more industrialized spaces, feeding into the wealth of society’s richest. Though the economy was already bound to

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<sup>17</sup> Author interview (A12), autumn 2023.

melt because of the Ponzi Scheme operating behind the scenes, sanctions imposed on JTB likely “accelerated the process” and “pushed Lebanon off the edge of a cliff,” a Lebanese economist told me.<sup>18</sup> Some I interviewed believed that the widely felt consequences were not examined before the U.S. targeted these banks, furthering the need for local analysis and local wisdom of community impact before such consequential measures are taken.

### **Weighing the costs and benefits of sanctions**

Throughout these interviews, two realities emerge. One is the widespread understanding of the so-far ineffectiveness of anti-corruption and counterterrorism sanctions to encourage actual reform in Lebanon, in addition to the potential harms created by sanctions on the elite class and against institutions like JTB that impact the most marginalized in Lebanon. While Biden developed a global vision centered on anti-corruption, which in Lebanon has indeed manifested as the beginning of a targeted sanctions program that appears to be actually aimed at reducing corruption, this program slams into the reality that sanction costs, particularly in Lebanon’s complex political economy, are not easily limited to the sanctioned target. One Lebanese economist noted, “This raises into question the community towards which the sanctions are catered — the elites who have consistent informal financial networks or the mass population who pay the cost?”<sup>19</sup> Targeted sanctions on members of the political class are unlikely to be a financial boon or the general population because elites have captured most public institutions and vital structures, allowing for public expenditure and services nationwide.

There must be a conscious evaluation of the consequences of sanctions before imposing them, argues one Lebanese professor, because these have an impact on people across Lebanon. Extrapolating from the professor’s argument, analysts and policymakers in the U.S. should consider the consequences of sanctions with a specific understanding of the Lebanese context. The process of determining whether sanctions are an effective pathway to countering corruption should be informed by research about the effects of sanctions on the Lebanese public.

The second reality is that, even if sanctions have not proven to produce immediate reform or a push towards real accountability, civil society perceives the Biden administration’s diversification of sanctions and targeting of non-Hezbollah corrupt actors as positive. These sanctions, even if inherently symbolic in nature, can serve as empowering resources for Lebanese civil society whose wealth has been hoarded by the elites. There is an appetite among Lebanese civil society to see a corruption-focused agenda distinct from the U.S.’s anti-Hezbollah agenda, one that accounts for the corruption of leaders across the sectarian spectrum regardless of alliances. “We know that our justice system will never give us our money back, give us the justice we deserve, will never go after the people who brought our country down,” a Beirut-based journalist told me at the end of our interview. “So seeing the U.S. impose sanctions on them, on people like Gebran Bassil and Jihad al-Arab, we affirm

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<sup>18</sup> Author interview (H2), autumn 2022.

<sup>19</sup> Author interview (H2), autumn 2022.

these decisions.” But these decisions are limited in impact, she argued, “We know it is more symbolic than anything. Though it’s a smart PR move for the U.S., I don’t know how much will impact Lebanon. Of course, I would like to see more corrupt people be brought to justice.”<sup>20</sup>

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***Claiming that sanctions are “the best that can be done” under the pretext of pragmatism, one Lebanese economist states, is simplistic.***

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Towards the end of my interviews, conversations often centered on the need for the U.S. to move beyond sanctions to pressure for reforms and condemn negligent or corrupt actors. Claiming that sanctions are “the best that can be done” under the pretext of pragmatism, one Lebanese economist states, is simplistic. The impulsive turn towards sanctions is not the sole (or most productive)

pathway to encourage economic reform, curb Hezbollah’s military power and address its hold on Lebanon, and counter sectarian corruption and clientelism. Though the Biden administration omits the blatantly politicized counterterrorism and counter-corruption narratives attached to Trump’s sanctions campaign, Biden’s steps towards explicit anti-corruption objectives through E.O. 13441 should be accompanied by other measures to encourage genuine reforms to prevent corruption. Lebanon’s dire state, with its absent social protections, worsening poverty, and skyrocketing unemployment rates, requires immediate actions and immediate reforms. While Lebanese civil society demands accountability for their government’s failings, an end to political and financial corruption, and democratic reforms to the sectarian system enabling kleptocracy, anti-corruption sanctions, symbolic in nature, are at best only part of the answer in Lebanon.

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<sup>20</sup> Author interview (A12), autumn 2022.

# CONCLUSION & RECOMMENDATIONS

As part of its unprecedented focus on U.S. global anti-corruption policy, the Biden administration began forging a new path to separate anti-corruption policy from Hezbollah-related policy and treat the two as separate issues in Lebanon. Previous administrations' tendency to merge U.S. priorities [produced a less effective Lebanon policy](#), resulting in conflating the issues of corruption and Hezbollah's influence, and only addressing one group of actors implicated in systemic corruption while enabling others that are very deeply involved. This, as my interviews revealed, diminished Lebanese actors' confidence in U.S. policy.

The Biden administration's efforts to diversify targets of sanctions to penalize the most corrupt actors of Lebanon's sectarian system – recognized and welcomed by some members of the Lebanese public – took a backseat after Hamas' attacks on October 7, 2023. Since the war in Gaza began, the Biden administration narrowly focused on addressing the spread of violence across the Middle East, including at the Lebanon-Israel border, and implementing its counterterrorism policy to target actors affiliated with Hezbollah and other Iran-backed militant groups that contribute to the escalating regional conflict.

While addressing this violence is an urgent priority for Lebanon policy given the scale of death and destruction people are facing, relegating anti-corruption efforts to the back burner for too long risks undermining the improvements in U.S. policy toward Lebanon made earlier in the Biden administration. The U.S. cannot combat corruption in the Lebanese state by rigidly focusing on counterterrorism.

Moving forward, the U.S. government should maintain a track of separate corruption- and Hezbollah-related policy goals in Lebanon. Prior to the war, as the Biden administration increasingly used corruption-focused sanctions to target infamously corrupt Lebanese nationals, including several elite figures with whom the U.S. has previously allied, many Lebanese people welcomed the move as a step towards partial – and perhaps only symbolic – accountability. However, distinct anti-corruption sanctions like the ones employed by the Biden administration are not and cannot be the sole method of addressing public corruption in Lebanon, and the U.S. government should find ways to support people in Lebanon amid rampant government corruption and pressure economic and political reforms.

This report culminates in the following recommendations for U.S. policymakers and policy analysts:

- Expand research to examine the immediate and long-term effects of targeted anti-corruption sanctions on people of various backgrounds in Lebanon, led by the Treasury's chief sanctions economist. Research should include a

comprehensive examination of Lebanese civil society's experiences and perceptions of these sanctions.

- Create structures for local engagement of Lebanese civil society in U.S. anti-corruption policy.
- Continue naming and condemning the perpetrators of corruption in Lebanon, including corrupt elites who have previously collaborated and allied with the U.S. Adopt efforts other than sanctions to hold corrupt allies accountable and support efforts to bring justice.
- Support Lebanese institutions overseeing economic stability and transparency.
- Strengthen partnerships with civil society to uplift social movements.

I expand on each of these points with further analysis and recommendations below.

### **Sanctions policy**

For the first three years of the Biden administration, targeted sanctions were a main tool of anti-corruption policy, especially in the case of Lebanon. As shown during my interviews with people in Lebanon, U.S. sanctions policy and recent shifts in anti-corruption policy during the Biden administration have not been sufficiently evaluated for their effectiveness and potential unintended consequences. Not only have sanctions not sparked tangible reforms in Lebanon thus far, but civil society members shared concerns that these sanctions may even cause harm to the population. As Lebanon faces one of the most severe economic crises in modern history fueled largely by the corruption of the elite class, we must evaluate whether sanctions are an effective strategy to target corruption in Lebanon. Given how new anti-corruption sanctions are in Lebanon, and how insufficiently understood their impacts are, policymakers and policy analysts should pay specific attention to what people in Lebanon are saying and how they are experiencing recent sanctions on high-profile figures, especially those issued by a financial hegemon like the United States. Both the U.S. government and independent analysts should treat Lebanon as an important case study of the Biden administration's targeted anti-corruption sanctions policy and expand research to examine the immediate and long-term effects of those targeted sanctions.

Recent changes in the Treasury made under the Biden administration will improve the U.S. government's capacity to study the impact of its sanctions. When he came into office, Biden commissioned a comprehensive review of U.S. sanctions policy from the Treasury Department. The [review](#), made public in October 2021, detailed a five-step process for "modernizing" U.S. sanctions, including a step dedicated to "calibrating sanctions to mitigate unintended economic, political, and humanitarian impact." In the spring of 2023, the Treasury's Under Secretary for Terrorism and Financial Intelligence Brian Nelson [said](#) that identifying and mitigating sanctions' consequences in advance is important, arguing that the government should be able to answer the question, "Did the sanction actually achieve the result that we were seeking?" This was coupled with the Treasury hiring two economists, in-

cluding the new chief sanctions economist Rachel Fredman Lyngaas, specifically to study the effects and collateral damage of sanctions. These economists, part of the new Sanctions Economic Analysis Unit, will research the potential effects of proposed sanctions and, after sanctions are imposed, research their effectiveness and the unintended harms they cause. Considering Lebanese individuals' comments about targeted sanctions, Lyngaas should spearhead efforts at the Unit to review the impacts of targeted sanctions in countries facing high levels of elite capture of state institutions including Lebanon.

Sanctions analysts outside of the government should also make an effort to track the impact of targeted anti-corruption sanctions not just on the designated target, but on the general population. [Research](#) from the International Lawyers Project and the Australian National University in June 2023 explored the impact of Global Magnitsky sanctions on the earliest corruption designees, but the forms of impact studied were limited to direct impact, private sector action, home jurisdiction's developments (such as loss of political influence), and behavior change. For cases with high political capture of institutions, it is necessary to additionally explore the ways targeted sanctions may have unintended consequences on the larger population (if at all).

Based on my interviews with Lebanese civil society members, I have identified three priorities for further research on targeted anti-corruption sanctions in Lebanon:

- The symbolic message sanctions project onto the Lebanese elite and onto the broader Lebanese population. The Biden administration continues to face a credibility gap in its anti-corruption policy following years of the U.S. working with corrupt Lebanese leaders. After targeted anti-corruption sanctions are imposed, it is important for U.S. policymakers to track sanctions-related statements and commentary from members of the Lebanese elite class, especially those targeted by U.S. sanctions, and from nongovernment organizations, local humanitarian agencies, and community organizations. In this way, policymakers can evaluate how sanctions are perceived and received locally. There should be specific attention on how these various groups respond to sanctions, and whether they are discussed as an incentive to spur reforms. The U.S. should ensure that sanction designations are in alignment with the goals of people in Lebanon fighting against corruption.
- The estimated financial burdens imposed by sanctions and the bearers of those burdens. For sanctions already imposed on elites who control certain sectors of the Lebanese economy, U.S. economists should closely track how those sectors have been affected in the months and years following the sanction designation, in addition to looking at broader unemployment and poverty rates in geographic regions where that sector played a major part in the local economy. The purpose of this research would be to examine any correlations between targeted sanctions and changes in the local economy.



This information should shape future decisions by the U.S. Treasury Department on whether a targeted sanction harms the Lebanese economy more than it deters a corrupt actor. Before imposing new targeted anti-corruption sanctions, policymakers should find mechanisms through which to engage with Lebanese civil society on exactly how targeted sanctions policy has affected them, if at all.

- An evaluation of whether and how targets may evade the financial constraints meant to be imposed by sanctions. U.S. decisionmakers should closely monitor whether targeted anti-corruption sanctions in Lebanon are followed by a change in behavior of sanctioned individuals and whether and how they are financially impacted by sanctions. If individuals consistently evade financial constraints, the U.S. should re-evaluate the effectiveness of sanctions and consider means to target networks facilitating that evasion and/or other means of penalizing individuals.

Broadly, civil society has approved of the Biden administration's diversification of designations and increased focus on corruption. As further sanctions are considered by the Treasury, the U.S. government should consider how to develop structures for local engagement about overall anti-corruption policy in Lebanon. At a broad level, the U.S. should involve Lebanese civil society, including Lebanese-American organizations and humanitarian groups, in discussions on anti-corruption policies, including sanctions policy. This engagement should include conversations about steps to mitigate the unintended impacts of specific anti-corruption policy decisions, including sanctions.

Through these localized structures, when deciding what kind of measure to take to advance U.S. anti-corruption policy, such as when deciding whether to impose sanctions and when designing and implementing sanctions, U.S. policymakers should seek the input of the Lebanese public, especially local economists and civil society organizations from across the sectarian spectrum. A central problem, one Lebanese economist told me, is that when sanctions are designed and issued by the U.S. and other members of the international community, policymakers interact with the many individuals interlinked with the whole political establishment, who share an interest in perpetuating the status quo of inequality and corruption. This has fed a local perception that sanctions are implemented without the intention of supporting civil society. Additionally, sanctions that do not account for conditions specific to Lebanon's kleptocratic sectarian system and financial crisis, such as elite capture of state institutions and the collapsed banking sector, are not effectively mitigating unintended impacts and may result in harmful outcomes on broader Lebanese communities as opposed to the targeted leaders. Future sanctions-related decisions should draw from local expertise about the effectiveness of sanctions and who will bear the ultimate price. This will cultivate trust in U.S. policy among local actors and help produce fairer and more effective policy.

## **Beyond sanctions**

Interviews with members of Lebanese civil society reveal the limitations of U.S. sanctions policy in Lebanon. Tainted by years of tolerating corruption among its perceived partners in Lebanon, the U.S. has a credibility gap to close to gain the Lebanese public's confidence. As the U.S. explores these points through research, analysis, and engagement with Lebanese actors, to truly spur economic and political reforms, it should broaden its anti-corruption policy to go beyond sanctions to support broader reformative mechanisms and press more for more comprehensive transparency and accountability in Lebanon.

In each of the strategies outlined below, U.S. officials should be mindful of the racialized narratives that have informed anti-corruption policies and programs by, unfortunately, pathologizing certain groups of people as inherently corrupt and requiring the discipline of Western governments. U.S. officials must not fall into the trap of reproducing these racialized narratives while intentionally supporting and uplifting people in Lebanon as they fight for reforms in their country. First and foremost, the U.S. should publicly and privately continue naming the truth about corruption in Lebanon. As the U.S. continues to develop its anti-corruption policy in Lebanon, U.S. officials should maintain the Biden administration's rhetoric that the Lebanese political elites not only played a role in Lebanon's endemic corruption but, as the Treasury Department wrote in its [announcement](#) of sanctions against Riad Salameh, also "perpetuated the perception that elites in Lebanon need not abide by the same rules that apply to all Lebanese people." Officials should lean into the [World Bank's analysis](#) of the Lebanese financial crisis as a deliberately designed Ponzi Scheme and echo its findings that the Lebanese political elite are centrally responsible for the financial crisis. This rhetorical solidarity with the people of Lebanon is only a start and should be accompanied with tangible actions to support civil society.

To do so, the U.S. should prioritize supporting Lebanese institutions charged with ensuring economic stability and transparency. This includes supporting the establishment of sustainable funding mechanisms for entities that oversee anti-corruption laws and state expenditures. For instance, while the U.S. can and should direct some funding towards Lebanon's Central Inspection Bureau, the U.S. should mainly concentrate efforts on ensuring these institutions have sustainable streams of funding from the Lebanese government and abroad.

The U.S. government should strengthen partnerships and engagement with civil society to support social movements while respecting civil society's independence and initiative. This means playing a connective role, providing civil society leaders access to international journalists and economists to draw attention to the Lebanese crisis, and providing technical assistance linking Lebanese activists with lawyers and other experts who can help advance civil society's ongoing fight to hold the elite class accountable for the explosion at the Port of Beirut. To fund Lebanese civil society directly and leverage U.S. economic assistance to

Lebanon without enriching the government, the U.S. could support nongovernmental institutions enacting Track II diplomacy. Another proposed possibility is the creation of a [Lebanese-American foundation](#) with a board made up of Lebanese and American (especially Lebanese-American) civil society supporters to distribute grants to Lebanese civil society organizations.

Finally, the U.S. should halt impunity for U.S. corrupt allies and support efforts to bring justice. This accountability can look like a broad range of initiatives other than sanctions, such as publicly condemning individuals or supporting Lebanese and other countries' efforts to press charges against them. In a [May 2023 press briefing](#), National Security Council spokesman John Kirby declined to express support for the French prosecutors' decision to issue an arrest warrant against Riad Salameh, despite the fact that the U.S. sanctioned Salameh just a few months later. If the U.S. had expressed support, the Lebanese elite would have seen French-American unity against corruption and for accountability. As one interviewer noted, the "transnational attempt" to impose sanctions on Riad Salameh was well-received. The U.S. can coordinate with other countries' investigators in future probes against members of the corrupt class and can also coordinate with other countries' visa and travel bans against widely recognized corrupt individuals like Riad Salameh.

As the Biden administration looks to advance its strategy to counter corruption in Lebanon, a few changes should be made to ensure its effectiveness and ensure it is supporting Lebanese civil society. As this report reveals, not only must policymakers and analysts study the impacts of anti-corruption sanctions more closely, but they must further expand anti-corruption support beyond sanctions. These steps are crucial for overall U.S. policy in Lebanon to be productive in addressing corruption, and most importantly, to be in alignment with the vision and goals of people in Lebanon as they push for reforms in their country.