



# Social Capital in the Wake of Disaster

How small businesses used social capital to cope with, recover and respond to the Beirut port explosion

WITH THE SUPPORT OF





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## Disclaimer

The views and opinions expressed in this report are those of the authors and interviewed individuals and do not necessarily reflect the official policy or position of the Agence Française de Développement (AFD) or Mercy Corps.



# Executive Summary



# Executive Summary

A massive, unprecedented explosion ripped through Beirut at 6:08 p.m. on August 4, 2020. The detonation at the capital city's port left 300,000 people displaced, 6,000 people wounded, and around 200 people dead. The blast, erupting amidst an economic collapse and cyclical waves of COVID-19 lockdown protocols, greatly affected small businesses, the main economic sector of the Lebanese economy.

Funded by the Agence Française de Développement (AFD), Mercy Corps implemented a project from November 2020 to July 2021 to support the recovery of over 250 small and micro enterprises in Beirut that have been affected by the August 4 Beirut blast and a series of ongoing concurrent crises (economic, social, political, public health) in Lebanon. As part of this project, Mercy Corps hired a multidisciplinary team of international and Lebanese researchers — led by Economic Development Solutions (EDS) with support from Agora Global — to conduct a political economy analysis (PEA) meant to identify the social capital that businesses affected by the blast possess or may lack to access efficient and effective input supply networks, new markets, appropriate and right-sized financial services, public services and support, and more.

The report assesses the response of small businesses to the port blast from the perspective of social capital, in order to assess how social, market, and political networks and identity markers affect the capacity of small businesses to access key information, assistance and services following the blast. Whether as an immediate outpouring of solidarity among kinship, the short-term reliance on informal neighborhood-level networks, or as points of contact for relief organizations, it is the presence of these dense networks that remedied some of the disastrous consequences of the blast. And it is this form of capital that is expected to play a crucial role in the coming years, as a response to the intertwined, multi-layered impact of the economic and political crises.

Three main research questions have been drawn out for this research. They are concerned with framing the research at hand to focus on social capital as a lens through which to study and understand the capacity of small businesses to cope with a crisis; understanding how different dimensions (such as gender, sect, location, time, access to information, networks, etc.) have affected small businesses, and how they have been used by various actors in the aftermath of the blast; and tying these findings into a broader analysis on the country's pre-existing and shifting economic and political structure and institutions. The questions are the following:

1. How does social capital affect the capacity of small businesses to cope with a crisis (access to aid, services, etc.)?
2. Who were the main actors following the explosion and how did small businesses deploy their social capital to cope with the crisis (particularly MSMEs<sup>1</sup>, but also aid providers, state institutions, local groups, etc.)?
3. How do the different neighborhoods affected by the Beirut blast differ in their capacity to respond to disaster?

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<sup>1</sup> MSMEs: Micro, small and medium enterprises.





**Bonding, Bridging and Linking Social Capital.** Scholars typically separate social capital into three forms, which have been heavily relied upon in this research and are theoretically defined in Section 3.

**Bonding social capital:** Horizontal relationships in a homogeneous group - such as within a peer group, family, neighborhood, culture, religion, gender or ethnicity - where individuals share a location, identity, values or demographic characteristics.

**Bridging social capital:** Horizontal relationships between heterogeneous groups from different geographic locations, ethnicities, religions, genders or other identity groups. These relationships or networks cross social stratifications and identities, connecting members of a homogenous group to “extra-local networks, crossing ethnic, racial and religious cleavages.”

**Linking social capital:** Vertical relationships between social networks with differing levels of power or social status. This includes relationships and engagement that cross hierarchies or “vertical distance,” such as links between decision makers (e.g., higher level government, political elites) and the general public, individuals from different social classes, communities and international NGOs, or communities and the private sector. The presence of linking social capital suggests individuals and groups are able to connect with people who have access to external resources or power.

**Good and Bad Social Capital.**<sup>2</sup> Social capital is not necessarily a good thing to have as explained in this report’s theoretical framework. There are numerous cases in which social ties are more of a liability than



an asset. For example, linking and bridging social capital can result in negative effects if used for nepotism, corruption and/or suppression of other viewpoints. Bonding social capital, when concentrated among elite members of society, can be used to control the institutional basis of local power. Accumulation of bonding social capital in deeply divided or segregated societies can reinforce communal divisions, hinder

cooperation across network boundaries and reduce incentives for group leaders to compromise.

Importantly, over-reliance on one type of social capital may also have negative impacts. For instance, in poorer communities, an excess of bonding social capital and the absence of bridging and linking capital can limit access to outside resources for economic, social and political advancement. Ultimately, understanding and taking these pitfalls into account can increase the likelihood that stakeholders benefit positively from social capital.

<sup>2</sup> Mercy Corps, “Social Capital and Good Governance: A Governance in Action Research Brief,” April 2017. Available at: <https://www.mercycorps.org/sites/default/files/2019-11/Social-Capital-Good-Governance-Mercy-Corps-2017.pdf>



The focus of the study is small businesses affected by the Beirut blast in four areas around Beirut: Karantina, Gemmayze-Mar Mikhael, Khandak el-Chamik, and Bourj Hammoud. The findings stem from ethnographic observation, coupled with rich qualitative data from 48 in-depth multi-stakeholder interviews and quantitative surveys with 240 small businesses. The quantitative data was triangulated with the qualitative observations. Multiple themes and dynamics emerged, alluding to both the complex nature of social capital among small businesses in Beirut, as well as its tacit and commonsensical existence in everyday life. The methodology was comparative, employing a location-centered lens – i.e., looking at the four aforementioned areas close to the port to observe how different communities within the same city engaged with and made use of their social capital.

The review and analysis presented in this report are separated into five main sections: section 3 first offers a literature review and theoretical framing of social capital and small business globally and particularly in a post-disaster context; section 4 sets the current context and elaborates on the four neighborhoods; and section 5 discusses the impact of the blast, with a focus on small businesses. In Section 6, the report moves on to explore how business owners navigated through a broad range of responders after the blast. Specifically, it sheds light on the respective roles and perception of 1) civil society, informal groups and activists; 2) local NGOs; 3) international NGOs; 4) the Lebanese Army and the Forward Emergency Room; 5) sectarian political parties and 6) religious organizations and charities.

Section 7 then presents the main pathways to assistance among small businesses, and how social capital was deployed to access support and ensure business survival. In exploring these pathways, the section specifically sheds light on:

1. the importance of kinship and informal neighborhood networks
2. the business-to-business solidarity and support patterns
3. the importance of leveraging external support and tapping into bridging social capital
4. the role of social media
5. the importance of pre-existing connections to secure assistance
6. the relative capacity of stakeholders to access finance
7. the role of the diaspora
8. and the perception of assistance received and patterns of exclusion.

The report concludes in section 8, with a broad summary and key recommendations.

## Key Findings

Based on the extensive literature review and the quantitative and qualitative study, the report concludes with a number of findings, which are the basis for the final recommendations.

**1 Social capital matters for small businesses in the wake of disaster.** Our findings have shown that social capital matters. Small businesses with deeper connections to existing social networks have fared better after the blast, in terms of the support they received, and the access to information or to aid. For instance, while Syrians appear to have less social capital than Lebanese, Syrians in Bourj Hammoud and Karantina were able to make use of their previous relations with NGOs to access support.



But social capital was also important for the organizations providing immediate support, as small businesses became the first contact points, providing the information needed for aid and support provision. Moreover, in the country's context, small businesses are likely to rely more heavily on social capital in the next phases. This is due to the curtailment of social and public services; the growing informality and inefficiencies across multiple sectors; and the highly uncertain financial context which leads to a growing reliance on foreign currency.

**2 In the aftermath of a disaster, bonding capital is key for immediate response, while bridging and linking capital come into play in later stages.** Social capital comes in different guises. Bonding social capital is often of paramount importance for immediate disaster needs, while bridging social capital comes into play for more medium term needs. Linking capital, especially in the regions where political parties were a major player, is expected to determine the capacity of a community to access public resources and even foreign aid.

**3 Navigating the city's broad range of responders and stakeholders in the recovery process was complex for most.** The key actors playing a significant role in the Beirut blast, particularly in helping small businesses recover, include CSO actors (local NGOs,

INGOs, grassroots activists), Lebanon's diaspora, and the army. There was a prevalent notion among interviewees that the country's CSOs had, in fact, replaced the state in the aftermath of the explosion. Particularly, the October 17 uprising in 2019 increased cross-country networks and local mobilization groups. Many of the offshoots of the October 17 uprising mobilized to provide relief support in neighborhoods. Simultaneously, the proliferation of international organizations across the country, particularly following the protracted Syrian refugee crisis in 2011, meant that many INGOs in the country were organized and quick to respond to the Beirut blast.



At the same time, much of the donor aid coming in – or the donor aid that had existed prior to the blast – appears to have become flexible and was adapted to fit the needs in the local community. Simultaneously, there was a rush among INGOs to adapt to Beirut, an area they have less experience in than regions such as Bekaa and Akkar. In large part, this is because the latter areas have historically been more vulnerable, and have therefore attracted a higher number of aid assistance. At the same time, small business owners note that NGOs were chaotic in initial phases, making promises they did not stand by or distributing relief in a disorganized manner.



**4 . The interplay of time and social capital is crucial in understanding how support and assistance evolved after the blast.** Social capital is not a monolithic resource. Its functioning is highly contextual and time-bound, with findings showing that reliance on different forms of capital depends on the time after the blast. It appears that, to a large extent, the support small business owners received in the earlier phases of the explosion was not contingent on identity markers such as class, gender, and sect. However, in the months that followed the explosion, it appears some charities, civil society groups, activists, and political parties prioritized certain areas or groups of people over others in the weeks and months that followed the explosion. Moreover, bonding capital was crucial in the aftermath of the explosion, particularly in terms of physical rebuilding and immediate relief. Bonding capital captures the capacity of a community to draw on its immediate stock of resources and to respond quickly to disaster, relying on inter-neighborhood linkages, friends, and family. But soon after, small businesses had to reach out beyond their immediate social networks to be able to access the financial, logistical, and physical support from other groups within the larger community. Business owners also relied on each other for logistical questions such as where to get stocks of glass from, whether to contact insurance immediately or wait a bit, which NGOs were supporting what, and who had repaired their doors and how. Indeed, while friends and family supported residents and business owners in need of shelter, it was mostly informal networks and NGOs that were able to provide more systematic support to rebuild businesses.

## Recommendations

To maximize the impact of any strategies of recovery, **the design of future interventions should streamline the concern with social capital in its various stages**, the goal being:

- ▶ Increasing to maximize the impact of strategies by taking advantage of the existing stock of social capital, and
- ▶ Drawing on the beneficial resources already existing in the target communities by providing them with the appropriate institutional framework.
- ▶ Recognizing, working within, and expanding social capital capacities (including bonding, bridging, and link capital) over the short, medium, and long term.

In order to achieve these goals, a number of possible strategic and programmatic goals could be implemented. Ideally, this would be facilitated by the creation of an enabling environment by **relevant central government organs**. To complement such undertakings -- or in the absence thereof -- **the donor community** can contribute significantly by including considerations of, or flexibility for, the inclusion of social capital mapping and building as part of a more comprehensive emergency response or longer-term development programming. **Implementing organizations** (CBOs, local and international NGOs, advocacy groups, etc.) should seek to understand the potential and limitations of social capital in their areas of intervention, including careful understanding of the theoretical and practical frameworks, and the active mapping of social capital systems. These actors can then design programs to complement and strengthen existing capacities of affected groups and communities, and to build upon and expand the bonding, bridging, and linking capacities within and between affected groups, both to address the immediate impact of the emergency, and to contribute to the building of improved resilience capacities to future such shocks.

Practitioners should, however, note that while social capital may predispose individuals to cooperate and network, these factors may be insufficient in shifting governance outcomes. Social capital is an asset that remains latent until stakeholders activate it for their benefit.<sup>3</sup>

One should also consider the leadership capacity of current or potential change agents and local and national level government capacity, whether formal or informal.

Recommendations for potential such approaches are:

**Recommendation 1.** When designing and implementing emergency response or recovery interventions in a demographically and socio-economically diverse and complex environment such as Beirut, it is essential for responders to not only assess the damages and the needs of the affected population, but also to explore and factor in the pre-existing agency, relative power, and access to resources. Moreover, it is key that the strengths and weaknesses of existing social capital in each area are recognized, along with how the evolution of time factors into small business owners' deployment of it. The study at hand indicates that longer-term work is needed for building up better bonding capital in mixed communities and bridging/linking capital in more bonded or isolated communities. As such, this political economy analysis of social capital in Beirut after the blast should serve as a building block to future analyses that will ensure that interventions are designed in a context sensitive manner. These will of course be specific to each community and each organization's capacities, approaches, and mandates.

**Recommendation 2.** Encouraging forms of association or collective actions, that cut across bonding communities, to minimize the risks of insularity and create or increase the stock of bridging capital in communities. This can be done through:

- a. Facilitating the creation of democratic professional sectoral organizations, such as retail shops' cooperatives and/or neighborhood restaurants and cafes network, these types of associations can revolve around common buying schemes, private quality standards label, or common communication and promotion strategies.
- b. Facilitating the creation of business to business information exchange platforms to encourage cooperation and trade between businesses within the neighborhood and across different neighborhoods. This may ultimately increase local small businesses bargaining power versus large monopolies and/or oligopolistics suppliers.

**Recommendation 3.** Creating sources of social support or capitalizing on existing ones, to draw on the resources involved in social capital and better target the provision of support. This can be done through:

- a. Supporting and building capacity of local support groups created before and after the port blast.
- b. Facilitating and supporting local neighborhood saving schemes and emergency protection and basic need funds managed by the community (for households support)

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<sup>3</sup> Mercy Corps, "Social Capital and Good Governance: A Governance in Action Research Brief," April 2017.



- c. Facilitating the creation of a revolving fund to support small businesses facing temporary difficulties in accessing low interest loans in both LBP and USD. This would require partnering with financial service providers to support the development of tailored low interest loan products. This could also be achieved through facilitating the creation of a local revolving fund for zero interest "loans on trust" to be coupled with business development support (BDS). Access to the loan may be conditional on the businesses development services and the implementation of a business recovery plan.

**Recommendation 4.** Ensuring that information around which small businesses can base their economic decision making is publically available and equitably accessible to all, taking into account different groups' respective barriers. This can be done through:

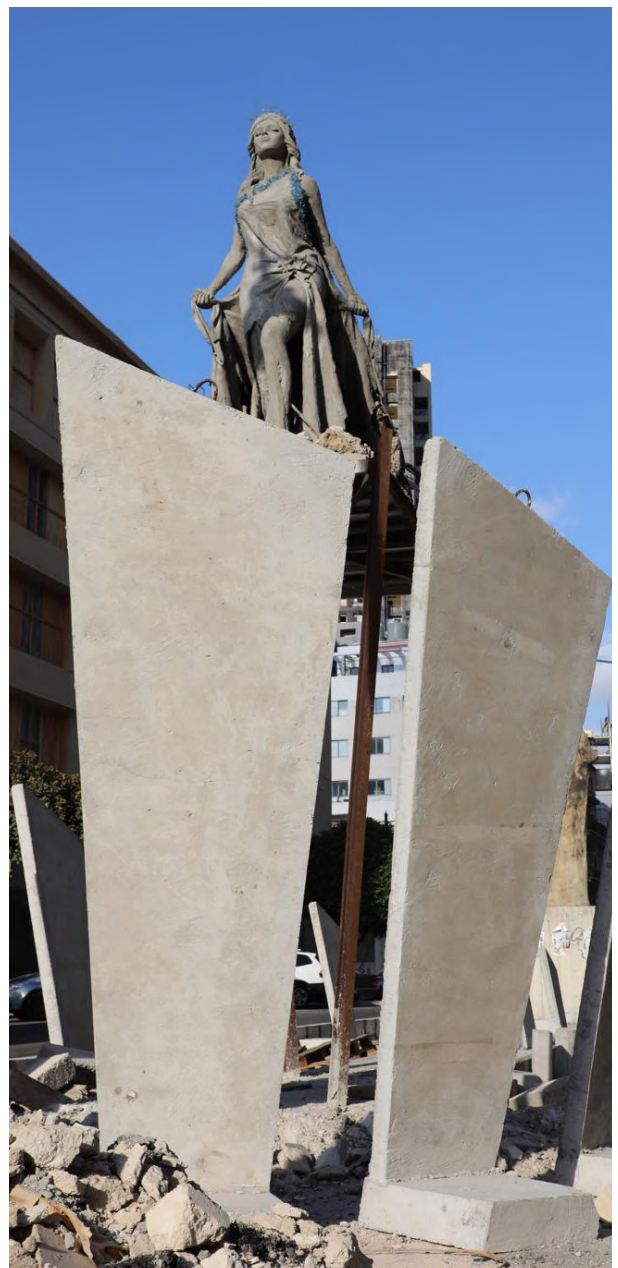
- a. Working with the Ministry of Economy and Trade, among other relevant ministry and private sector organizations such as the Chambers of Commerce to establish relevant information databases on prices, market trends and market research as well as administrative and legal procedures.

**Recommendation 5.** Focusing on an approach that takes into account how social capital fosters calls for information disclosure policies and strategies to encourage informed citizenship and accountability of both private and public sectors. This means:

- a. Investing in ways in which small businesses can play a role in the recovery process beyond being recipients of aid, as a way to increase their stock of social capital, hence making them more resilient.
- b. Providing links between communities and decision-makers, whether official or from INGOs, to remedy the existing linking capital that is mirrored around clientelistic networks.

**Recommendation 6.** Encouraging the emergence of participatory and collective structures of decision making in the targeted communities that could harness the existing stock of social capital. This can be done through

- a. Providing links between communities and decision-makers, whether official or from INGOs, to counterbalance remedy the existing linking capital that is mirrored around clientelistic networks and mirrors the limitations and exclusionary nature of the current political system. Through the establishment of Local Community of Practices aiming at monitoring the action of local authorities as well as valorizing local neighborhood resources.





# Introduction



# 1. Introduction

**A massive, unprecedented explosion hammered Beirut at 6:08 p.m. on August 4, 2020.** The detonation at the capital city's port left 300,000 people displaced, 6,000 people wounded, and around 200 people dead. The city's streets—already shrunken and withered because of an economic collapse and cyclical waves of COVID-19 lockdown protocols—turned overnight into a panorama of blood and glass. The World Bank Group Rapid Damage and Needs Assessment of 2020 reports that the overall damages of the explosion were around 3.8 to 4.6 billion US dollars, and the economic losses ranged between 2.9 and 3.5 billion US dollars. These losses came on top of an economic and financial crisis that wiped out around 40 percent of the GDP, throwing more than half of the population under the poverty line.

The small businesses that have managed to stay afloat are struggling. First, amid perpetual political insecurity and turmoil: an economic and banking crisis that has stripped many of their life savings and significantly reduced both their and customers' purchasing power. Then the COVID-19 lockdown cycles, which forced many of them—a majority of whom depend on the money they make daily—to either temporarily or permanently close, with limited social security provision. And a blast that blew off their roofs and shattered their window panes, flattening many live's worth of work into debris.

This happened in a country where **over half of the population own or are employed in small businesses** (MoET, 2014). In Lebanon, small to medium enterprises are a bloodline across different cities and communities, providing livelihoods and a steady income to their employees, as well as essential services and goods in an otherwise fragile country. In 2018, a World Bank study reported that SMEs in Lebanon amount to 95% of companies and consist of 50% of the country's total labor force. If small businesses close, employees and owners' livelihoods, and that of their families, are swept off the table like dust.

Today, the **collective economic, social, and political uncertainty** shrouds the entire country: as of the writing of this report in June 2021, the cabinet is yet to be formed; inflation has reached triple digits and the exchange rate continues to plummet; purchasing power is at an all time low and the money of small depositors remains stuck in banks; people have been pushed into the diaspora in a wave of exile that has been described as unprecedented; there is fear of subsidies being lifted across hundreds of essential goods, fuel running out completely, and medicine racks being emptied; thousands of shops have closed, and many households have rapidly slipped into poverty. Ultimately, while the heightened insecurity has led to clashes and tensions across the country, solidarity has also prevailed. In the aftermath of the blast, individuals and communities were unswervingly quick on their feet: opening their homes to one another, providing financial and in-kind support, facilitating the rebuilding process, and organizing campaigns and protests.

**Indeed, both a saving grace and a cancer for small business owners and employees in Lebanon are the country's strongly embedded social networks.** A saving grace because amid a depression and an explosion, there continues to be extensive support between community groups, friends and family, diaspora and the country's strong civil society groups. A cancer because many a time, these social networks are disaggregated along sectarian and classist lines, and the country's clientelist network has both exploited and further entrenched social networks by developing patronage relations with communities. The marriage of patronage networks and sectarianism—through political parties and leaders—is palpable across all levels.

Meanwhile, the ruling elite benefit from this economic structure to remain where they are and when possible, climb up the ladder. Though popular discourse has always been critical of the country's ruling elite, the anger after the port explosion was unparalleled. It also followed in the footsteps of a popular uprising that emerged in October 2019, largely in response to the corrupt sectarian state that has, for decades, controlled resources and their distribution. The question, then, is **how did these social networks affect the way small businesses coped and responded to the blast, and how can they be harnessed for assisting the process of long-term recovery?**

Funded by the **Agence Française de Développement (AFD)**, Mercy Corps implemented a project from November 2020 to July 2021 to support the recovery of over 250 small and micro enterprises in Beirut that have been affected by the August 4 Beirut blast and a series of ongoing concurrent crises (economic, social, political, public health) in Lebanon. As part of this project, **Mercy Corps hired a multidisciplinary team of international and Lebanese researchers — led by Economic Development Solutions (EDS) with support from Agora Global — to conduct a political economy analysis (PEA)** meant to identify the social capital that businesses affected by the blast possess or may lack to access efficient and effective input supply networks, new markets, appropriate and right-sized financial services, public services and support, and more.

The focus of the study is on small businesses<sup>4</sup> affected by the Beirut blast in four areas around Beirut: **Karantina, Gemmayze-Mar Mikhael, Khandak el-Ghamik, and Bourj Hammoud.**

The analysis presented in this report will enable an understanding of how social, market and political networks and identity markers affect the capacity of small businesses to access key information, assistance and services following the August 2020 blast in Beirut. The research aims to identify obstacles, entry points, and opportunities for engagement with small businesses. It also seeks to understand key political risks and the structural challenges and barriers that firms in Beirut face, in light of the explosion and within the context of an economic collapse and COVID-19 lockdown precautions. The study provides analysis and actionable recommendations that feed into the design of Mercy Corps' future emergency assistance and market recovery interventions in Beirut, and more broadly in Lebanon. It will also help inform future economic development initiatives, with findings disseminated to the wider community of economic development actors in Lebanon.




Three main research questions have been drawn out for this research. They are concerned with framing the research at hand to focus on social capital as a lens with which to study and understand the capacity of small businesses to cope with a crisis; understanding how different dimensions (such as gender, sect, location, time, access to information, networks, etc.) have affected small businesses, and how they have been used by various actors in the aftermath of the blast; and tying in findings to a broader analysis on the country's pre-existing and shifting economic and political structure and institutions.

<sup>4</sup> For this study, small businesses refer to nano, micro, and small enterprises. The majority of businesses interviewed consist of five employees or less.



### Research Questions

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- 1- How does social capital affect the capacity of small businesses to cope with a crisis (access to aid, services, etc.)?
  - 2- Who were the main actors following the explosion and how did small businesses deploy their social capital to cope with the crisis (particularly MSMES, but also aid providers, state institutions, local groups, etc.)?
  - 3- How do the different neighborhoods affected by the Beirut blast differ in their capacity to respond to disaster?

The review and analysis presented in this report are separated into eight main sections—section 3 is a literature review and theoretical framing of social capital and small business globally and particularly in a post-disaster context; section 4 sets the current context and elaborates on the four neighborhoods; section 5 discusses the impact of the blast; section 6 illustrates the key responders and the roles they played particularly among small businesses; and section 7 focuses on the main pathways to assistance among small businesses, and how social capital was deployed to access support. The report concludes in section 8, with a broad summary and key recommendations.





# Methodology

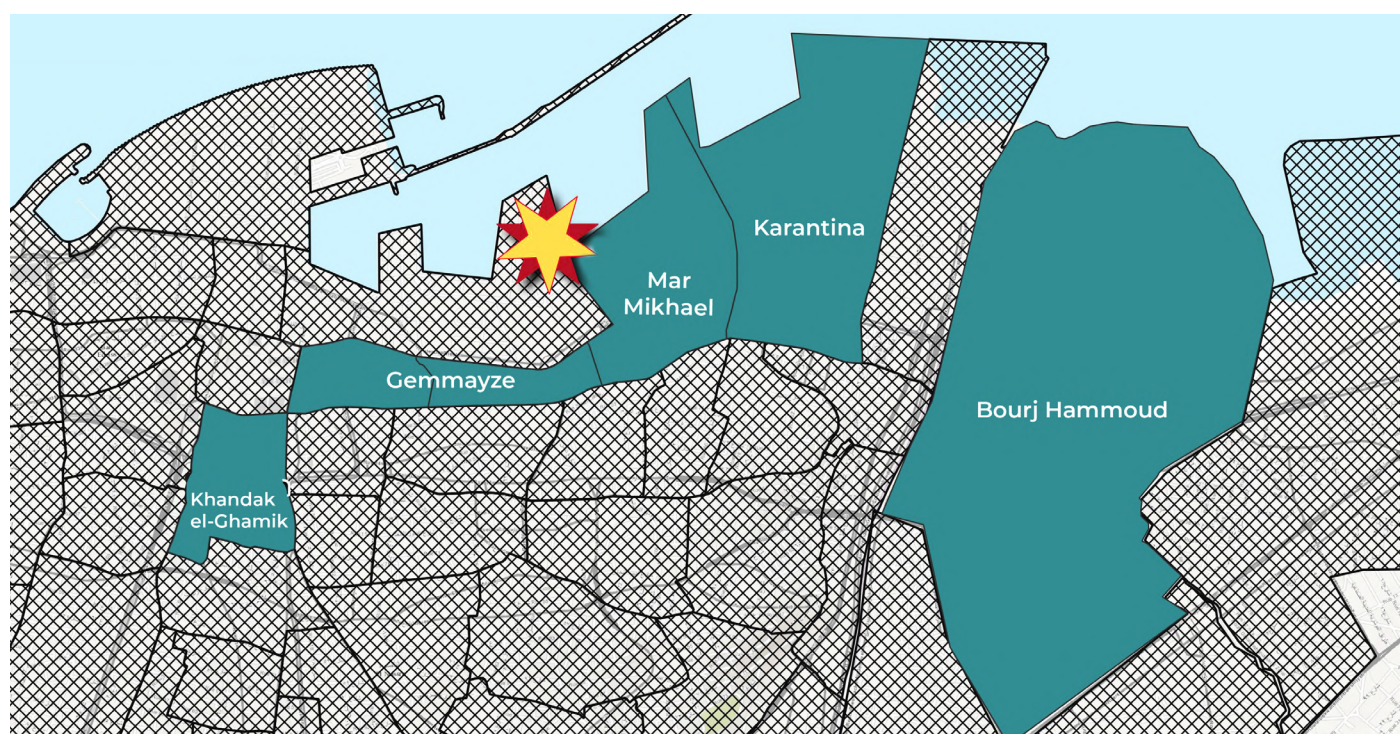
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## 2. Methodology

The findings stem from ethnographic observation, coupled with rich qualitative data from 48 in-depth multi-stakeholder interviews and quantitative surveys with 240 small businesses in four neighborhoods: Karantina, Achrafieh (Gemmayze-Mar Mikhael), Khandak el-Ghamik, and Bourj Hammoud. All names listed in the report have been changed to ensure the confidentiality of interviewees. The quantitative data was triangulated with the qualitative observations. Multiple themes and dynamics emerged, alluding to both the complex nature of social capital among small businesses in Beirut, as well as its tacit and commonsensical existence in everyday life. The methodology was comparative, employing a location-centered lens – i.e. looking at the four aforementioned areas close to the port to observe how different communities within the same city engaged with and made use of their social capital.



### 2.1. Literature review

The research team conducted an extensive literature review, investigating specifically the global literature on social capital and crisis, while situating it within the context of Lebanon and Beirut's socio-political context. As part of the literature review, the team also reviewed Mercy Corps' Joint MSME Rapid Needs Assessment database, in addition to other recent reports pertaining to the blast and the assistance following it.

### 2.2. Qualitative data collection and analysis

A series of 48 in-depth interviews were conducted with local and international NGOs, policy experts, government officials, small business owners, and community groups and activists. The in-depth interviews were combined with multiple field visits to all four neighborhoods to gather ethnographic observations.

This method allowed for an in-depth observation of small business owners within their own settings, and a more contextual understanding of how they interact with one another, as well as the rituals and language that they use in their everyday lives. The qualitative sampling process was based on a combination of snowballing, media review of key NGOs involved in the aftermath of the blast, and Mercy Corps and EDS's pre-existing network of stakeholders.

The questionnaire was semi-structured, with different toolkits (see Annex B) developed for the varying stakeholders. The aim of the qualitative interviews was to shed light on the following elements:

- ▶ Immediate response to the blast (type of interventions, access to information, selection mechanisms, mapping interventions, regional scope, etc.)
- ▶ Longer term response (change in type of interventions, milestone events, change in actors/strategies, change in recipients of aid, etc.)
- ▶ Access to assistance among small businesses (information, selection, networks, formal/informal permissions, channels for disbursing aid and services, etc.)
- ▶ Key obstacles and challenges in accessing assistance (gender dimension, information access, locational challenges, institutional obstacles, financial crisis, COVID-19, etc.)
- ▶ The current status-quo of businesses and shop owners' aspirations
- ▶ Evaluation of direct and longer term response to the blast (role of different actors, assessing the distribution of aid, assessing the mapping initiatives, assessing access to services, assessing state/non state actors' relations, etc.)
- ▶ Connecting the blast response to the broader political economy structure and institutions (Lebanon's political economy structure, current crises, role of international donors and aid organizations, role of political parties, etc.)
- ▶ Role of stakeholders and local organizations (type of interventions provided, mediator role, information gathering, access to services, etc.)
- ▶ The interactions of businesses with various state and non-state respondents

### 2.3. Quantitative data collection and analysis

A total of 240 respondents were surveyed for the quantitative component of this research. Surveyed businesses were selected using a quota sampling, with an initial equal distribution of business across the four neighborhoods. For each neighborhood, ten firms were randomly selected from a database made available by Mercy Corps. These firms were surveyed and were used as a starting point for further field random sampling. Field sampling was done using a sampling pattern, which included enumerators crossing the street, skipping two business establishments and then surveying the third establishment, and repeating this pattern in case of no response.

The sample comprised fewer women than men (27%). The majority of male and female respondents were sole business owners, although this was slightly lower for women. Respondents were purposively drawn from the research's four selected areas; 21% in Ashrafieh and Khandak, 24% in Bourj Hammoud, and 34% in Karantina. The vast majority of businesses were Lebanese owned (94%). The majority of businesses were owned by older adults – under 12% of businesses interviewed were owned by someone under 30.

It is important to note that identity is considered a compound construct, and there is significant overlap between these categories. For example, being located in one neighborhood also makes one more likely to belong to a certain religion while being involved in a given sector could be heavily correlated with higher levels of female ownership. As such, relationships between variables here should be used in combination to form an overall impression rather than taking any statistic in isolation. Key aspects of identity which were analyzed through this research include:

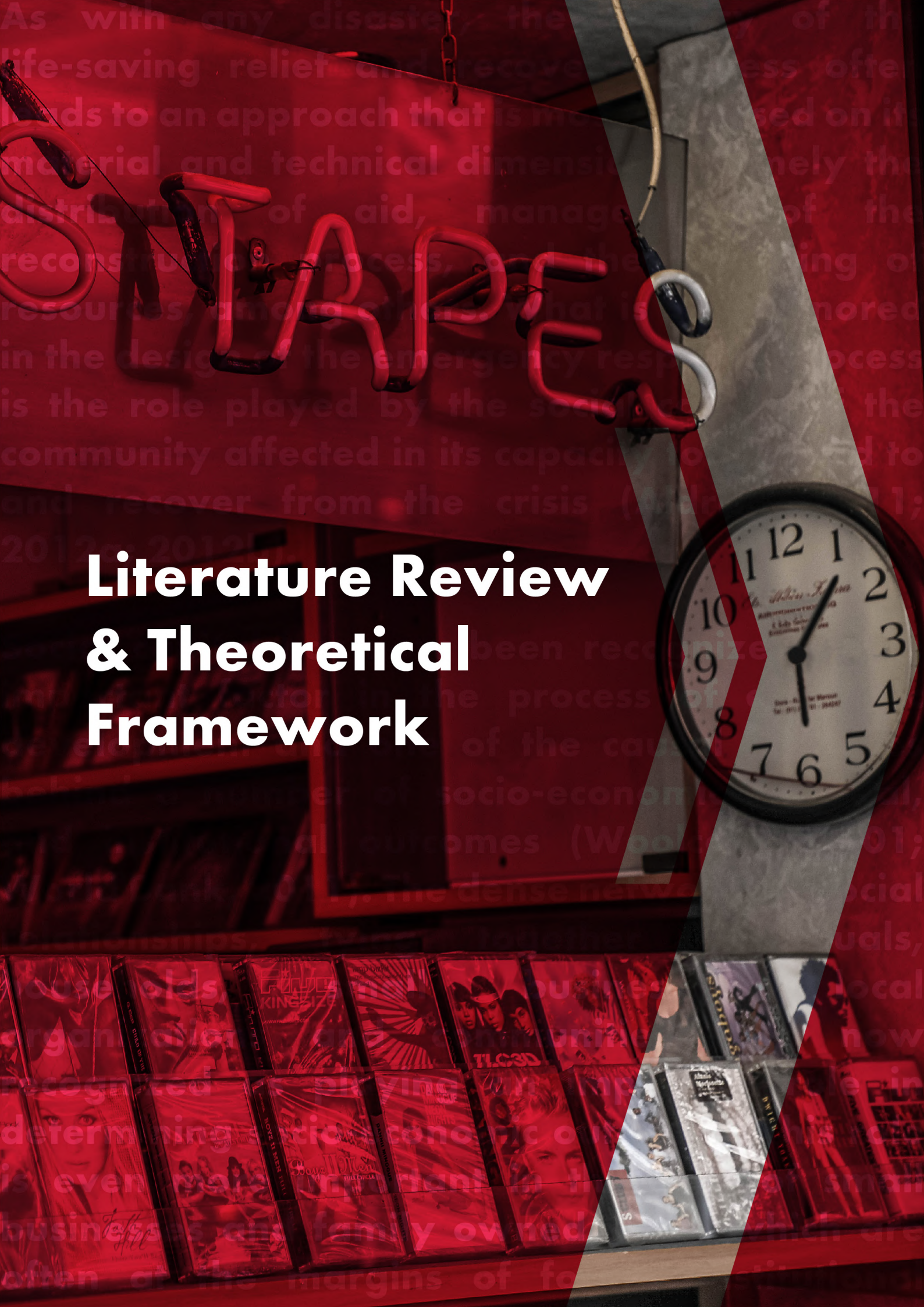
- ▶ Geography as a proxy for neighborhood identity
- ▶ Nationality
- ▶ Religion
- ▶ Political affiliation
- ▶ Family networks
- ▶ Gender
- ▶ Age
- ▶ Business Sector - Businesses active in different sectors were surveyed, including retail, trade, food, hospitality, workshops (handicrafts, fabric-making, etc.).
- ▶ Informal and formal professional support networks

The survey targeted the following issues and questions:

- ▶ **Profile of small businesses:** key characteristics which might act as explanatory factors in performance or support received such as size (by turnover or employees), sector of operation, location, gender of ownership, and degree of formality;
- ▶ **Economic situation pre-blast:** change in turnover and profits, opening times, response to COVID-19, access to resources, etc;
- ▶ **Effects of the blast:** damage, closure period, infrastructure loss, injuries, etc;
- ▶ **Immediate response to the blast:** type of response needed (repair, relocation, cash support, etc.), profile of respondents that contacted the firm, profile of respondents that provided support, were the firms contacted or did they contact them, kind of support (cash, material, etc.);
- ▶ **Evolution and development of response over time:** changing nature of response in terms of support received, new respondents over time, kind of support received over time, etc.
- ▶ **Social capital:** how did business owners access information for aid, who did they contact for support (friends, families, neighborhood networks, political parties, peer SMEs, professional organizations, etc.), their perception of identity as a key factor to receive assistance, their belonging to support networks, their pathways to seek assistance, etc.



# Literature Review & Theoretical Framework





# 3. Literature Review & Theoretical Framework: Social Capital, Small Businesses, and Communities in Post-Disaster Context

As with any disaster, the urgency of the life-saving relief and recovery process often leads to an approach that is mostly focused on its material and technical dimensions, namely the distribution of aid, management of the reconstruction process, and the gathering of resources, among others. What is often ignored in the design of the emergency response process is the role played by the social capital of the community affected in its capacity to respond to and recover from the crisis (Aldrich, 2011; 2012a; 2012b).

Social capital has now been recognized as an important factor in the process of economic development and one of the causal variables behind a number of socio-economic, political, and institutional outcomes (Woolcock, 2001; World Bank, 2011). The dense networks of social relationships, tying together individuals, households, small businesses, local organizations and communities, are now recognized as playing an important role in determining socio-economic outcomes. This role is even more important in the case of small businesses and family owned firms, which are often at the margins of formal institutional systems and have to rely on the support of their immediate network for their functioning (Cook and Wills, 1999; Deller et al., 2018; Roomi, 2009). And this role is even more crucial for poorer communities, who often only 'own' this type of capital for their survival.

Bringing together these different insights, **the concern of this review is to map the ways in which social capital plays a role in determining access, pathways, and outcomes of post-disaster recovery, with a focus on small businesses.** Post-disaster settings are characterized by the temporary breakdown of formal institutional rules and settings, a breakdown that is more endemic in the case of Lebanon, long affected by the predominance of informal rules and the weakness of formal institutions. In this context, social capital is one of the key elements in determining the success or failure of post-disaster policies and the short-term response and long-term recovery of the communities and businesses affected by the blast. The review starts by providing a brief history of the emergence of social capital in the discipline of economic development, before discussing the various definitions of this concept. It will then zoom in on the role of social capital in a post-disaster context, with a focus on small businesses, before concluding with some recommendations.

## 3.1 Social Capital and Economic Development

The concept of social capital, or the idea that there is value in our social fabric, is now a popular one, both within the academic literature on economic development and among policy makers (World Bank 2011; OECD 2002, Woolcock and Narayan 2000)<sup>5</sup>. The concept has a long and complicated genealogy, spanning different disciplines, but within the discipline of economic development, it captures the insight that our social networks form a resource that economic agents, whether individuals or small businesses, draw upon

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<sup>5</sup> This does not mean that the notion of social capital was not without its critics. For a review of these criticisms, see (Durlauf, 1999; Fine, 2001; Portes, 1998; Portes and Landolt, 1996).

in order to make economic decisions or respond to economic changes<sup>6</sup>. 'Who you know' is a resource, in the same way as 'what you own' is, and in some cases, it is arguably more important.

The origins of the concept are to be found in the discipline of sociology (Portes, 1998), made popular by Pierre Bourdieu's use of social capital as one of the four types of capital (along with economic, cultural and symbolic) that determines life trajectories of individuals as part of social classes (Bourdieu, 1985). More pertinent to the questions of economic development, the seminal works by Coleman (1987; 1988) and Putman (1993; 1995) started operationalizing this concept for its deployment as a causal explanation of particular socio-economic, political and cultural performance, from schooling and education to collective action, public health and governance (Halpern, 1999; Woolcock, 2001). From there, a number of disciplines adopted the concept or at least the insight that involvement in community, participation in organizations, group belonging, and social connectedness have positive effects, or at least have an effect on individual and group performance, including small businesses<sup>7</sup>.

The discipline of economic development and policy making, dominated by a 'hard' conception of capital and methodological individualism, was one of the last disciplines to adopt this approach. Up until the 1990s, most theories of development discounted the role of social relationships, preferring instead a narrow methodological individualism that considered social networks, either as an irrelevant facet of economic life or a nuisance that would disappear with the growing formalization of the economy. With the growing criticism of the Washington Consensus<sup>8</sup> and its narrow understanding of the process of economic development, the notion of social capital started gaining prominence in the literature as a way of accounting for the role of social networks in determining economic outcomes. Its implication for economic development was taken by policy makers and became one of the main elements in the developmental tool box with the beginning of the twenty-first century (Fukuyama 1995, 2000).

The entry of social capital into the economic and policy-making discourses widened the understanding of the process of economic development. First, it heralds a move away from the dominant methodological individualism of neo-classical economics to focus on the richer social geology that connects individuals, market actors, associational life and communities. Second, this richer understanding of the social context of economic life highlighted the importance of looking at informal rules and institutions, and not to exclusively focus on the formal side of the economy. Lastly, social capital pointed the attention of scholars and practitioners to forms of capital that are not 'material', such as land or money, and hence to resources that agents have and that were previously ignored. Consequently, social capital became one of the crucial factors in explaining the decision making and performance of small businesses and household firms, that are the clearest example of economic units embedded in these informal social networks (Agyapong, 2017; Batjargal, 2003; Bhagavatula, 2010; Bradley, 2012; Clarke et al. 2016; Maskell, 2000; Pratono, 2018; Stam et al., 2014).

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6 Social capital has been used in different disciplines with relatively similar definitions. Where they differ has to do with what kind of questions this concept is supposedly answering. Whereas in political science, for instance, the concept was deployed to explain citizenship, participation or other political variables, in economic development, it has been used to shed light on economic indicators, such as growth, inequality or access to resources.

7 To avoid the pitfalls of positing particular aspects of one's identity as causally effective, and with it the dangers of tautologically analyses, it is more productive to start from independent variables that captures behaviors rather than identities.

8 The Washington Consensus is a set of ten economic policy prescriptions considered to constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank and United States Department of the Treasury.



### 3.2 Defining Social Capital: Bonding, Bridging, and Linking

In its simplest definition, social capital refers to “the norms and networks that enable people to act collectively” (Woolcock and Narayan 2000, 226). It captures the normative, i.e. values, relationships and norms, and material resources that exist in the mesh of social networks in which individuals and small firms find themselves embedded. It is, to use Bourdieu’s words, the aggregate of the resources that are associated with the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition (Bourdieu, 1985). From a different perspective, Robert Putman reaches a similar understanding of this concept, defining it as “the networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives” (Baron et al., 2000). In other words, social capital refers to the resources, often invisible, that are embedded in social networks, from information, to free labor and informal insurance among others.

The World Bank has defined social capital as “the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions... Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together” (World Bank, 2011), a definition that is echoed by the OECD’s definition as the “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (Cote and Healy 2001, 41). What is interesting in these definitions is that they move beyond the individual focus of previous definitions to locate social capital at a group or community level. Social capital is by definition the attribute of a network, not an individual, and hence presupposes the existence of wider units of analysis. As Lin (2001, 24-5) writes: social capital are “resources embedded in social networks and accessed and used by actors for actions. Thus, the concept has two important components: (1) it represents resources embedded in social relations rather than individuals<sup>9</sup>, and (2) access and use of such resources reside with actors”. Even if measured at an individual level or small firm level, social capital exists in the relationships tying these units together, rather than being located in it<sup>10</sup>.

Over the years, the literature on social capital has unpacked it into three main types of ‘connections’: bonding, bridging, and linking (Adler & Kwon, 2002; Kawachi, Kim, Coutts, & Subramanian, 2004; Szreter and Woolcock, 2004). Each of these connections refer to a particular dimension of a social network or to a particular type of network, and provide different kinds of resources to the individuals, families or small businesses located amidst it.

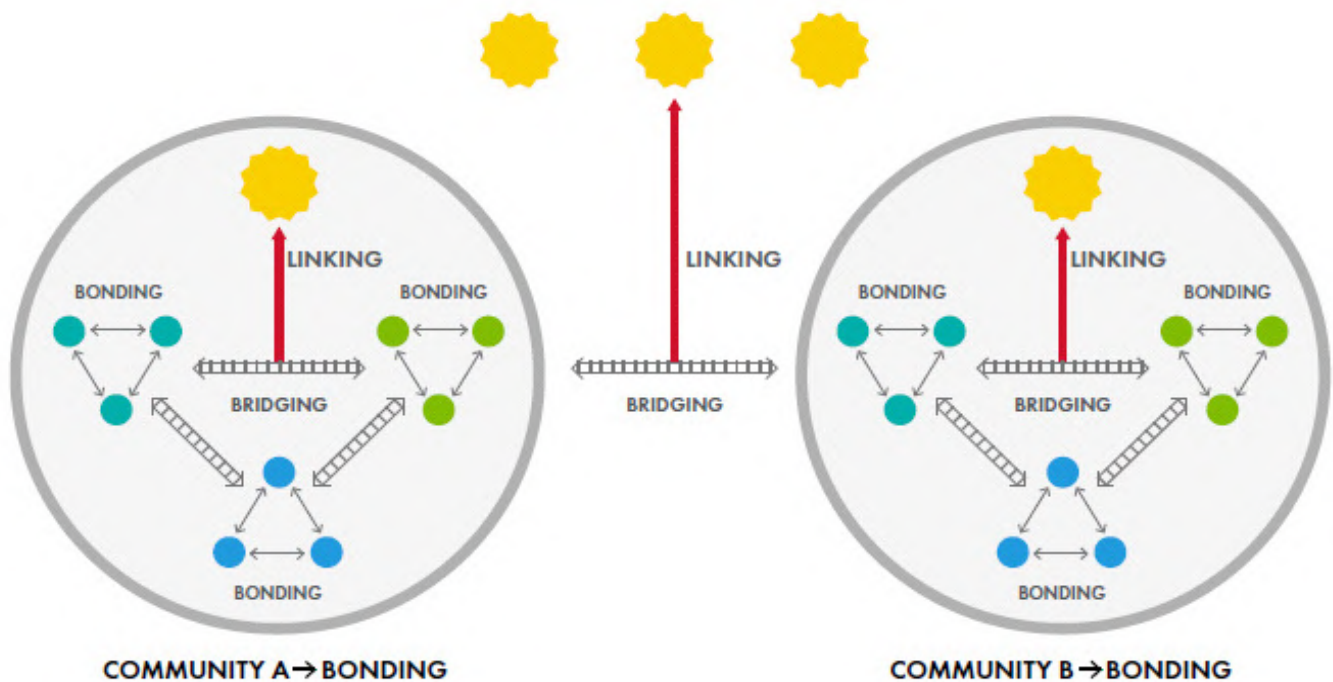
**Bonding social capital** refers to the connection among individuals who belong to closed ties groups, such as family, close neighbors or friends. It is usually characterized by shared demographic characteristics. As a result of its close nature, this type of social capital is usually good at providing immediate social support and personal assistance in times of crisis for instance (Hurlbert et al., 2000). It is the form of social capital that ties, for instance, small businesses together in a similar neighborhood, providing the informal setting for the exchange of information, services or even resources. One downside of strong bonding social capital is that it may act as a conduit for exclusion, and could provide the context for parochial or exclusionary ideologies, such as sectarianism.

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<sup>9</sup> Focusing on social relations rather than individuals avoids the pitfalls of ascribing particular outcomes to aspects of one’s identity, without looking at the social context in which these identities are located.

<sup>10</sup> Defining social capital is one element in the equation, the other is measuring it or identifying it for statistical research. There are considerable debates regarding how we can measure social capital, with the consensus being to adopt the most comprehensive approach, aiming at capturing the various dimensions of this form of capital, from the shared values and norms to the quality of the networks or the resources embodied in them (Cote and Healy 2001). Among some of the most widely used indicators, we find: participation in organization, description of family relationships, thickness of social relationships, shared norms, and social trust, among others. One has to be careful when devising an empirical research not to confuse the causes and consequences of social capital. For instance, trust is a major indicator of social capital. But its status is unclear in the literature, as some see it as an outcome of social capital, while others see it as one of its constitutive components (Woolcock 2001; Cote and Healy 2001)

FIGURE 1: RELATIONSHIP BETWEEN BONDING, BRIDGING AND LINKING SOCIAL CAPITAL  
(Source: Mercy Corps)



Bonding, bridging and linking occurs at different levels: both within a community (i.e., between individuals and different community groups) and between communities. For example, in Communities A and B three sets of three like individuals bonded to each other, illustrated here by blue, green or teal triads. Individuals and groups with bridging social capital are able to connect across divides with other groups or individuals in the community (e.g., blue triads connecting with green ones). Linking social capital then enables these individuals or groups to connect to sources of power (represented here by yellow circles) within their community. A community can aggregate social capital communally—when community members are able to access bonding, bridging and linking social capital equitably, and a community has strong relationships and networks that cross identity lines or move up hierarchies, that community as a whole builds bonding social capital. A bonded community can more easily bridge geographic or other divides in connecting with another community (e.g., Communities A and B have sufficient bonding social capital to connect with each other). Once connected, these communities are better equipped to organize collectively, link with higher-level power sources external to their communities (illustrated by the three yellow circles above), and make demands of these sources.

If the former type refers to intra-community ties, the next type refers to inter-community ties. **Bridging social capital** describes looser connections, among individuals and firms that span different social groups or contexts. These connections are defined by their diversity and hence provides a channel to access novel information or resources that are not available in one's immediate circles. Bridging social capital is often the result or involvement in more formal organization or in association that bridges different social groups, such as religious or sport association.

The last type of social capital refers to connections across particular hierarchies of power. It could be considered as a sub-category of bridging social capital, focusing on vertical connections. **Linking social capital** refers to the various networks of relationships that connect people across formal or informal power and authority gradients in society (Szreter & Woolcock, 2004). This vertical connection affects the capacity to leverage resources, ideas and information for one's business or community through one's contact with power centers (Woolcock, 2001). This type of social capital is at the core of the relationship between social capital and the questions of governance and democracy. The obvious downside of linking social capital is its potential to descend into forms of patronage or corruption (Mayoux, 2001).

The division of social capital into three different types refines the analysis and allows for a better grasp of how different kinds of social connection interact to produce particular outcomes. Each type of social capital has been shown to play a different role at a particular moment of the recovery process, with its own set of challenges. It is the repeated pattern of interactions across these informal networks that allow them to work, whether as a conduit for information, a pool of resources, a response to market and institutional imperfections, or an antidote to the externalities facing collective action.

### 3.3 Small Businesses, Crises, and Social Capital

Social Capital has been shown to play a role in determining a host of socio-economic variables, from crime rate, to health, educational achievement, income distribution, governance or general economic growth among other domains (Collier, 1998; Cote and Healy, 2001; Lin, 2001; Woolcock, 2001; World Bank, 2011). Small businesses and family owned businesses, due to their small scale, limited financial resources and other constraints, are some of the economic units whose performance depends the most on social capital (Aguapong et al., 2017; Deller et al., 2018). Often existing in informal settings or in markets suffering from imperfections and inefficiencies, small businesses have to rely on the resources offered by social capital to offset some of the obstacles or limitations they face, or to compete in adverse conditions.

Social capital is associated with enhanced access to knowledge and innovation performance for small businesses. Often lacking access to formal channels of information, businesses have to rely on the various forms of linkages their stock of social capital provide them with to acquire the needed information for their operation (Agyapong et al., 2017; Stam et al., 2014). The presence of networks based on trust and obligation can turn contacts into resources, which in turn provide information, advice and ideas for maintaining and growing their businesses (Roomi, 2009). Trust, for instance, is crucial in generating selling and pricing capabilities in imperfect markets, and contributes to SMEs' performance (Pratono, 2018). Bridging social capital plays an important role in the sharing of information as it allows small businesses to access knowledge that does not exist in their immediate networks.

Entrepreneurial activities are also highly dependent on the presence of social capital (Aldrich and Zimmer, 1986; Dai et al., 2015; Stam et al., 2014). Contextualizing the individualistic approach to entrepreneurs, the social capital approach stresses the importance of networks in providing entrepreneurs and small businesses with the needed resources (Batjargal, 2003). Frequent and close connections render trusted resource exchanges and knowledge transfer easier (Uzzi, 1997). Social capital, in a context dominated by informal institutions, allows for a quick manner of identifying resources and utilizing them. Bonding social capital plays an important role in resource mobilization, as small businesses have cohesive personal networks composed of strong ties they can draw upon.

**Social capital has been shown in the literature to play an important role in determining the performance of small businesses. But this role is accentuated even more in the context of post-disasters and response to crisis, when formal institutions often break down.** The focus of humanitarian aid and disaster management has often been on the immediate material alleviation of the population in need, focusing on the technical and financial aspects of the process of aid provision. But insufficient attention has been given to the importance of the social infrastructure underpinning this process, and the role played by social networks in alleviating hardships and affecting the performance of aid provision.



Increasingly, the role of social capital has been recognized in the literature as playing an important role for both communities and aid providers in post-disaster context (Aldrich, 2011, 2012; Messias et al., 2012; Stewart et al., 2014; Islam and Walkerden, 2015). The three types of capital, alone or in combination, are shown to affect the capacity of communities to organize and respond to disaster, their access to resources and the sharing of information.

Information, aid, financial support, child care, mental health support and other forms of social provisions in the aftermath of disaster were shown to depend on the quality of the social networks, at both an individual, firms, associations and community level (Elliott, Haney, & Sams-Abiodun, 2010; Hurlbert, Haines, & Beggs, 2000; Kaniasty & Norris, 1993).

Bonding social capital often acts as the network that provides the actual first responders after a disaster, in the forms of neighborhood and close family help (Norris et al., 2002). In the aftermath of the Kobe earthquake, most of those who were rescued were saved by neighbors (Aldrich, 2012b; Horwich, 2000; Shaw & Goda, 2004). On the other side of the spectrum, isolated individuals were the most vulnerable and the most likely to die, as Klinenberg's (2003) study of the 1995 Chicago heat wave has shown. Social capital also determines the level of community resilience and its capacity to rebuild itself after a disaster (Aldrich, 2012, Dynes 2005, Dynes 2006). High level of bonding social capital translates into greater levels of shared trust in a community, which is shown to lead to quicker recovery from disaster. This is often the result of a greater ability to collectively adapt and make decisions, and hence plan for a grassroots recovery of the community (Brunie 2010, Adger 2003)<sup>11</sup>.



Bridging social capital also plays an important role in determining the recovery trajectory of the post-disaster community, by providing information, opportunity and access to resources in long-term recovery (Hawkins & Maurer, 2010). Participation in social organizations, for instance, was shown to contribute to the resilience of community by bringing in external resources unavailable to the immediate social network (Airriess, Chia-Chen, Leong, Li, & Keith, 2008; Chamlee-Wright, 2006). Bonding and bridging social capital work in different ways, often in complementary manner. Bonding social capital is often of paramount importance for immediate disaster needs, while bridging social capital comes into play for more medium term needs (Reininger et al. 2013).

Over time, social capital remains an important determinant of the capacity of communities to rebuild themselves, by providing informal forms of insurance to replace non existing market insurance, acting as channels of information, providing financial help and physical assistance (Beggs, Haines, and Hurlbert 1996). Access to information, for instance regarding decisions made by other members of the communities or about the availability of services or aid, is dependent on the thickness of social networks cutting different members of a community (Chamlee-Wright and Rothschild 2007).

<sup>11</sup> Obviously, this does not mean that social capital always leads to positive outcomes. In some cases, the presence of social capital might not have an effect, with the key questions being to understand how in particular contexts, social capital is made effective.

Deeper reservoirs of social capital, in the sense of a thick and rich network of social relationships, have been shown to provide for better preparation, immediate response and long term resilience of the community affected by disaster (Hawkins & Maurer 2010, Heller et al. 2005). But social capital has been shown also to have a beneficial effect on aid effectiveness (Baliamoune-Lutz and Mavrotas, 2009), in line with the argument finding a positive correlation between levels of social capital and public service provision or good governance. By helping to resolve the collective action problem, high levels of social capital increase cooperation between the beneficiaries of public services and provide for a more transparent institutional setting for their provision.

As presented in our analysis below, while most interviewees pushed back on the idea of resilience, our findings suggest that these small business owners were able to respond to the disaster with firmness and creativity. To make sense of this situation, the notion of social capital offers the framework for understanding how small businesses respond to a crisis by drawing on their social networks. **Social capital, according to the literature, plays an important, if not vital role, in determining the short-term responses of small businesses as well as explaining their long-term recovery opportunities.** Social networks, relationships and norms, especially in terms of crises, are a crucial component of the structure of immediate response to disaster, of the network of organizations working on relief and recovery, and of the long term structure of opportunities available to particular communities.

But **social capital, as the various responses of the interviewees illustrate, is highly context specific, being shaped by the underlying social, cultural and institutional setting.** Fluid in its definition, this form of capital, contrary to more 'material' forms of capital, is highly dependent on the setting and its changes. For instance, its importance grows the more informal the institutional setting is, which explains why most of the studies of social capital in Lebanon has focused on the experiences of refugees (Göransson, Hultin & Mähring (2000) and Habib, El-Harakeh, Ziadee, Elio & Asmar (2020)). The dependence on the context is not simply 'quantitative', in the sense of increasing or decreasing the stock of social capital, but also qualitative, in the sense of determining the nature of the capital available in particular circumstances. Social capital refers to a host of possible forms of networks, relationships and norms, with different impacts on socio-economic outcomes. Solidarity and clientelistic practices often stem from a similar social structure.



**Whether as an immediate outpouring of solidarity among kinship, or the short term reliance on informal neighborhood-level networks, or as points of contact for relief organizations, it is the presence of these dense networks that remedied some of the disastrous consequences of the blast. And it is this form of capital that is expected to play a crucial role in the coming years, as a way to remedy the impact of the financial crisis.**

### 3.4 The Pull of the Political Economic Structure in Lebanon

**The political economic structure of Lebanon, not only encourages, but requires the reliance on and deployment of social capital for the economic survival and growth of market actors.** Small businesses, the main form of economic actors in the Lebanese economy, rely on kinship, neighborhood ties and informal markets for their operations, whether to access labor, information, goods or sources of finance. Operating in an economy rife with market inefficiencies, whether in terms of information, pricing or regulation, these economic units often have no other sources of capital to operate in such a setting and remedy some of the costs of its inefficiencies.

The rentier nature of the economy, dependent on remittances for its survival, similarly encourages the reliance on family networks as one of the main sources of foreign currency. As one of the interlocutors, Dina, a business owner, notes: “In a place like Lebanon, social capital is sometimes all you have.” This statement is the result of **an economic structure characterized by informalities, inefficiencies and small scale units, which render the social capital often the most important form of capital that small businesses have.**

But the prevalence of social capital is not only the result of this skewed economic structure, but also of a political and institutional structure, characterized by a weak state with limited social services, with an inefficient regulatory and institutional setting and rampant corruption. The corrupt Lebanese administration, with its high level of administrative red tape, renders small businesses dependent on networks of support that could ease the cost of doing business (Assouad, 2021). Moreover, the weak and variable state services force market actors to rely on their own social networks to secure the basic services they need to function. The formal public administration, ironically, encourages informality, which renders social capital even more prevalent. “Who you know”, a statement repeated by many of the interviewees, becomes a key factor to survive in this institutional setting.

### 3.5 The Social Structure and the Push Effect

**If the economic and political structures were pull factors for the deployment of social capital, the social structure of Lebanon is an important push factor.** The sectarian and family dominated social fabric in Lebanon, with a political system characterized by clientelistic political parties and organizations, explains the prominence of social capital, with its ambiguous outcomes (UNDP, 1997; Cammett, 2015). The family plays a central role in the modes of social reproduction in Lebanon, permeating all spheres of socio-economic production. The nuclear family often relies on an extended family, to secure resources and often forms the main source of support for individuals. The extended family is often the gateway to wider groupings, whether political, religious or spatial. The socialization of individuals in this dense social structure endows them with a rich stock of social networks that conditions, whether positively or negatively, their socio-economic decisions. This naturally seeps into the structure of small businesses, with businesses relying on social capital to open, and often closing off ownership and employment to family members (both nuclear and extended).

As noted in Lebanon’s SME Strategy (MoET, 2014), “Lebanese SMEs have significant hereditary and a family-centered approach to owning and managing businesses. [...]. Many SMEs keep their capital based closed and remain forever small family-run businesses rather than large family-owned corporations.”



The social structure in Lebanon is characterized also by a dense mesh of organizations, whether political, religious or CSOs. Partly created to remedy the lacunae of state services and partly emerging to structure access to public resources, this dense structure of organizations, whether serving beneficial or nefarious social goals, rely heavily on the social capital of individuals and families. In such a context, **it becomes almost 'natural' for economic actors to factor social capital as one of their main assets in doing business, as it stems from the underlying structure of norms and values and is embedded in a dense pattern of relationships, whether structured or not.**

### 3.6 Bad and Good Social Capital

To say that Lebanon's context encourages the reliance on social capital is only part of the story. As it has been noted in the literature, **social capital could be deployed for ensuring solidarity and as a basis for mutual form of support, or it could be used to advance personal interests at the expense of collective outcomes, or worse, encourage parochial or narrow-minded interests.** The forms of network or neighborhood associations that provided the bedrock for the immediate response to the blast could also be deployed, and often they are, for sustaining political structures of clientelism. For clientelism is not only a contractual relationship between two individuals, but is embedded in social relationships that provide it with its meaning, efficacy and its repeated character. It is often these same social relationships that provide the bedrock of social capital and clientelistic structures.

Corruption is endemic in Lebanon, having reached unprecedented levels in the post-war period (Balanche (2012), Barroso Cortés & Kéchichian (2020), Bauman (2012), Leenders (2012)). Even though the drivers of corruption, or *wasta*, are not reducible to social capital, they feed on similar institutional imperfections or social characteristics. In their study of *wasta* in Beirut, Egan and Tabar locate the phenomenon (or the use of connections to obtain scarce goods or services) in a social structure that encourages individuals to rely on their social networks, providing the social embeddedness of corruption. This structure, according to the authors, is not simply there to fill the void of the state, but on the contrary is part and parcel of the Lebanese state that has instituted this pattern of exchange due to its particular legal and institutional structure.



# Setting up the context



## 4. Setting up the context: Beirut's businesses and neighborhood dynamics prior to the blast

This section lays out the prevailing context of insecurity and agility among small businesses in Beirut, while capturing the recent narratives and responses among entrepreneurs. It contextualizes the four neighborhoods being studied, shedding light on their demographics and socio-political nuances. It also illustrates the immediate impact of the blast on business owners and the struggle and challenges of short-term recovery. Finally, it highlights the pushback on Lebanon's entrepreneurial resilience and the fatigue of having to recover, time and again, from turmoil and disasters.

### 4.1. Beirut's small business landscape prior to the blast

**Small businesses in Beirut have long been adapted to working in a fragile and uncertain landscape.** Businesses operate with the knowledge that, at any moment, things may go haywire. This fear of political insecurity, coupled with a market not set up for economic productivity, rampant political clientelism, and dysfunctional state infrastructure, affects businesses in multiple ways: economically, socially, and psychologically. **Entrepreneurs in Lebanon—whether small-scale or growth-focused ones—grapple with whether or not to have short-term approaches to their businesses, given the constant insecurity, or to try and find solutions and sail against the wind.** This fragility, small business owners tell us, has pushed some of them to find ways to be adaptive, flexible, and in some cases, even creative and innovative. This has particularly been the case in Beirut, the country's capital, which has long taken pride in being both socially and economically liberal and, to an extent, a trendsetter in multiple economic sectors from art and fashion to hospitality and tourism. "You need to understand," Nour, a business owner and an SME expert, notes, "that entrepreneurship and resilience are a strong component of our culture. We take national pride in how shrewd we are, how we can always bounce back from crises stronger than ever." Indeed, the proliferation of businesses owned and initiated by Lebanese is both intrinsic to the internal Lebanese identity and that of the diaspora.

**Particularly following the end of the Syrian occupation in 2005, and in response to the particularly Beirut-centric rebuilding process following the civil war, Lebanese entrepreneurs strove to open businesses and innovate the hospitality sector.** Though the idea of Lebanon being a diverse haven—a place for Muslims and Christians, liberals and conservatives—has become a cliché and a point of contention and humor in popular narratives, business owners interviewed say this 'label' played an important role in the country's post-war rebuilding process and positively influenced the private sector. Mira, a political analyst, put it this way: "I think, if we zoom out, in many ways the country's diversity and fragmentation have done something positive for the private sector. Each neighborhood has its perks, and the fragmentation has inspired some form of innovation and resilience among business owners. At the same time, it is not cantonized – there are business interests between sects themselves. [...] Having different sects in the country is actually unique to Lebanon and has been historically good for tourism."

### 4.2. Beirut is not a monolith: different realities in different neighborhoods



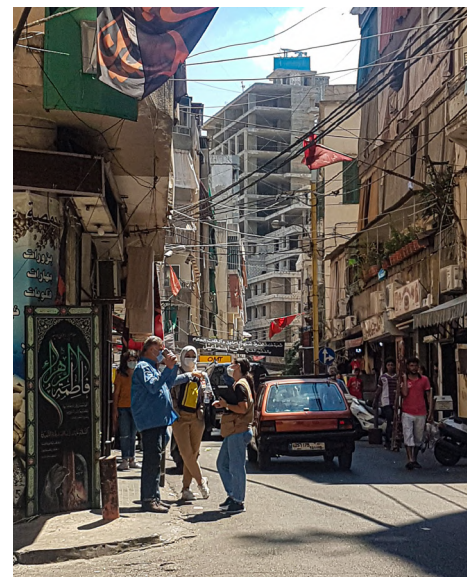
*“Beirut is not a homogenous city; it is quite layered economically. You can cross from one area to the next and feel as though you’ve moved continents.”*

— Marwa, Urban policy expert

Though Beirut is a small city, almost 20 km<sup>2</sup>, it is religiously and socially diverse, geographically imbalanced, and economically unequal. The areas next to the port were all gravely affected, yet each neighborhood within this analysis had varying responses and coping mechanisms following the blast due to its sociopolitical and economic make-up, in addition to the engagement of communities and organizations from outside these neighborhoods following the blast. Below is a presentation of the historical, demographic and socio-economic dynamics of the four neighborhoods explored by this research, which should prove useful to frame and better understand the below findings on the role of social capital for businesses in Beirut after the blast.

#### Khandak el Ghamik

**Located in the Bashoura District, Khandak el Ghamik is a largely working-class to lower-middle class urban neighborhood with a geographic concentration of Shi’a Lebanese.** The neighborhood extends between Downtown and Damascus Road. Its streets, which beckon its dusty era as a once relatively wealthy area and a previous center for intellectuals and publishing, are today plastered with portraits of Parliament Speaker Nabih Berri and Imam Musa Sadr, as well as green and white flags—colors emblematic of the Amal Movement. **Most inhabitants identify as belonging to (in most cases, simply ideologically or socially, and in other cases through direct political affiliation) the Amal Movement and, to a lesser degree, Hezbollah.** The neighborhood is relatively busy with motorcycles, residents, and small shops—there are carpentry shops, hole-in-the wall groceries, bakeries, and mechanic garages. **Many residents own shops within the neighborhood itself.** These small shops are scattered between ornate, old buildings: Ottoman and European relics. For the most part, however, buildings are rundown. During the Lebanese civil war, it converted into a fault line—a fact made obvious by its bullet-riddled buildings.



*“The relative sidelining and marginalizing of Shi’a during the colonial and precolonial era, and the rise of Hezbollah as a resistance, has led to a more homogenous political activity.”*

— Jamal, Political analyst



*“You cross from Khandak el Ghamik to Monot and it is a different reality. One area is rich and full of tourists, and another area is alienated, and people are scared of it. It is a shame.”*

— Manal, Youth political activist

**Small business owners say that the neighborhood, in addition to its entrenched and explicit impoverishment, is isolated from other areas in the capital city.** A resident in Khandak notes, “Before this neighborhood became so homogenous, it was full of different sects. There were Christians and Sunnis. But this was changed even before the Civil War, because rich residents moved more to the west [of Beirut] and more Shiites arrived from the South to work in Beirut.” Today, very few non-residents enter and leave the area. There are very few socializing spots in the neighborhood attended to by non-residents.

Such sentiments were reiterated by several business owners too, who note that Khandak is an excluded neighborhood with different social and political characteristics from other neighborhoods in Beirut, and that historically, it was not included in the post-civil war reconstruction efforts. Simultaneously, as is indicated in Amer’s quotes, there is also significant class disenchantment and distrust among Khandak’s residents of other neighborhoods in Beirut. Another resident, Amer’s friend, also notes, “We felt, at the beginning phases, left behind. Why does the media care so much about Achrafieh and why do they care so little about us? We have young workers who died in the port.”



*“Khandak is like a village inside Beirut – community-oriented and cautious of anyone who is new to it.”*

— Nadine, Shop owner in Khandak

## Achrafieh (Gemmayze and Mar Mikhael)



*“Achrafieh’s make-up has always been conducive to new ideas, it is always changing; for over two hundred years, its locals have wanted to set themselves apart and remain liberal. At the same time, there is a strong push to keep the architecture traditional, not like Downtown Beirut. So, it’s a mix of traditional and liberal, which is appealing to youth. Such openness enables the movement of entrepreneurs in and out of the neighborhood with ease and keeps the area open and susceptible to new forms of investment.”*

— Ziad, Historian

**Achrafieh is arguably one of Lebanon’s most renowned and vibrant neighborhoods, composed of Christian middle-class residents, and foreigners and dynamic youth from across the country preferring to settle there because of its liberal social climate.** The stretch from Gemmayze to Mar Mikhael, one of the most hard-hit streets after the explosion and the area this section focuses on, is known for its restaurants, concept stores, pubs, and art galleries.



## Setting up the context

The neighborhood hosts young middle-class residents, often with a liberal outlook and from varying backgrounds – artists, journalists, NGO workers, and foreigners – that influence the atmosphere of the neighborhood. Achrafieh’s dynamism is not new: Lebanon’s bourgeoisie set up their base in Achrafieh from the mid-nineteenth century, building large villas and ensuing trading ventures. Following the collapse of the Ottoman empire, the families within Achrafieh continued to live and expand the area, with the neighborhood’s residents traveling to and from Europe.

**At the same time, some interviewees say there are two Achrafiehs, the Achrafieh of the young and the Achrafieh of the old, with the latter being less dynamic and more isolated.** Anwar, a small shop owner in Gemmayze, says “The presence of so many young people from outside the neighborhood is nice [...] and we like their presence, but it has disrupted the social balance and has made our areas more expensive. Many from Gemmayze and Mar Mikhael cannot afford rent and have moved to villages.”



Achrafieh, in this sense, is a classic case study of gentrification, or the reoccupation of certain hubs, particularly older neighborhoods strategically located, by upper middle class – thereby leading to the outward movement of locals to cheaper areas (Theys & Emelianoff, 2001; Brunet, 1993).

## Karantina

**Karantina is a low-income, semi-industrial, and commercial neighborhood located east of the Port of Beirut with an infamous landfill.** On the one hand, this neighborhood is situated right at the port—its very history is closely entwined with that of the port arriving at the docks, and it historically served as a quarantine station for sick people that wanted to enter the port of Beirut during the 19th century in the Ottoman Empire under the rule of Ibrahim Pasha. Karantina’s population is diverse – including poor migrant workers who work there, a high concentration of Syrian refugees (and a number of Palestinian families) either living or residing there, Arab al Maslakh (Sunnis who were once a nomadic tribe that settled in Karantina in the late 19th century), and a number of Armenian families. During the civil war in 1976, Karantina was a battleground between the Christian militias and the Palestine Liberation Organization (PLO), where the neighborhood witnessed a huge massacre.



*“Karantina’s identity is odd: on the one hand, it is an area that has witnessed massacres and severe impoverishment; on the other hand, it is made of industrial blocks and its people are tied to the port; and finally, its people are very diverse; home to refugees after the Armenian genocide and the Palestinian Nakba.”*

— Ziad, Historian

**Our quantitative survey indicates that Karantina was the most physically affected area with 99% of respondents reporting that their businesses had been physically damaged.** Interviewees in Karantina reported that a majority of households had members who were injured and displaced. Ahmad, a shop owner, says, “Most businesses had to temporarily close. Everything turned to soot. You need to remember this is already a very poor area, and we are all working class, so we could not have survived the first two weeks without external support. It was like living in one long nightmare.” Another shop owner, Asma, says, “The electricity was cut off for nearly a week, water supply was not continuous because the water storage tanks on roofs were obliterated, Wi-Fi connection was unavailable for a week, and the food market was destroyed.” Karantina also hosts many vulnerable groups including migrant workers, and Syrian and Palestinian refugees. Interlocutors say after the explosion, many were found homeless and sleeping in homes that were practically uninhabitable.



**Businesses in Karantina are mostly comprised of industrial warehouses and factories, informal economies, and small businesses.** Visible and economic disparities can be clearly found and seen between the city center and the crowded and poor neighborhood of Karantina. Ahmad, a business owner, notes, “Every single shop in Karantina needed at least aluminum, glass, ceilings, walls, flooring, electricity, plumbing.” Most small businesses in Karantina, additionally, are not insured, and even the big shipping companies that did have insurance are not yet insured or fully insured in terms of damage coverage. Serge, a business owner in Karantina, says that some real estate businessmen arrived one week after the explosion to ask if they could buy off apartments and businesses, but the local population rejected most of these efforts.



### Bourj Hammoud

Bourj Hammoud's main streets and small alleyways are often teeming with people and shops – artisanal, commercial, and industrial. Armenian signposts and flags are juxtaposed with English and Arabic ones, a reminder of the neighborhood's staunch connection and commitment to Armenia. Densely populated and characterized with tangled electric wires, the neighborhood is hard to designate as impoverished because while there are marginalized and vulnerable groups in the neighborhood, it has long been known for its vibrant economic activities and its residents' connection to different areas across Lebanon. Yet, Bourj Hammoud's residents say denoting Bourj Hammoud as vibrant is a wrong designation—its inner streets suffer from poor living conditions and bad waste management issues. The streets are filled with old and poorly reinforced concrete buildings, which were illegally built with bricks and built in a way that did not properly support the roofs. Hundreds of buildings suffered damages and are in need of demolition or inspection, according to residents and shop owners interviewed. Bourj Hammoud's suburbs, such as Nabaa (included in the Bourj Hammoud municipality), are particularly vulnerable and likely to include destitute families. Moreover, the neighborhood—and its suburbs at large—host a significant number of refugees and migrant workers, who settle in the area for its cheap rent, strategic location, and economic opportunities.



*“Bourj Hammoud is an example of a neighborhood that is at once quite closed in, and open. It is closed in because its members are quite conservative and attached to their Armenian identity, and protective over it. You enter shops and they are speaking Armenian, and reading Armenian newspapers and watching Armenian television. At the same time, they are well-integrated in Lebanon and also business-wise, they have very shrewd businessmen and women who have been building connections across the country for decades.”*

— Ziad, Historian

Unlike the three other areas included in this study, Bourj Hammoud is not in the Beirut Governorate, but in Mount Lebanon's Metn district. As such, the neighborhood has its own independent municipality. Though business owners and residents appear to be critical of it, they also say it “does its job”. **The municipality is dominated by the Tashnag Party, which is the main political party, and a crucial actor in Bourj Hammoud.** Tashnag appears to have played a huge role in the aftermath of the explosion. The Tashnag party is the largest and most influential Armenian political party in Lebanon. It provides services from schooling to hospitals and clinics, and even scholarships. Ziad, a historian, says, “Tashnag propels itself as the protector of Armenian rights in Lebanon.” At the same time, young residents interviewed say while before the Tashnag Party could not be criticized, this has been changing. Sarine notes, “I would say Tashnag is a strong part of our culture, but I would also say there are more and more youth critical of it, but they are scared of coming out against it.”



# The impact of the blast on businesses



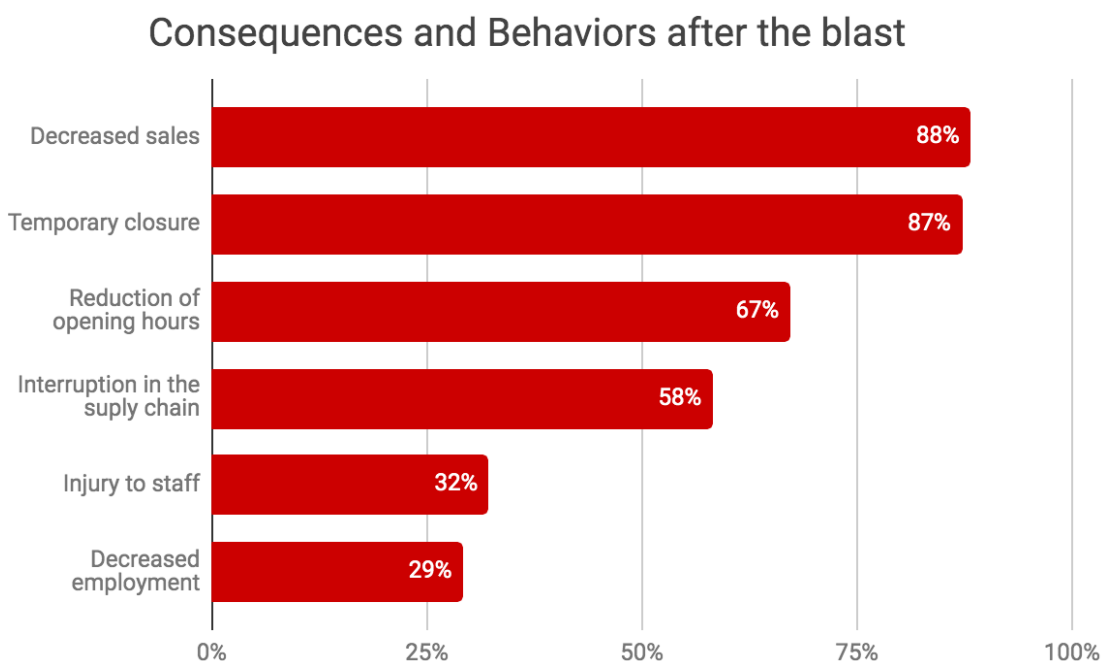


# 5. The impact of the blast on businesses, and a pushback on the Lebanese narrative of “resilience”

## 5.1. Immediate impact of the blast on businesses

Small businesses in Beirut, particularly those in areas close to the port, faced significant consequences after the blast. As indicated in Figure 2 below, these included decreased sales; temporary closure; reduction of opening hours; interruption in supply chain; injury to staff; and decreased employment.

FIGURE 2: UNDERSTANDING HOW SMALL BUSINESSES WERE AFFECTED



The process of recovering after the Beirut blast was formidable for many business owners. In the days that followed, many had to question whether they would close (if a huge portion of their business was damaged and they could not afford to open it, or if they had lost family members or been injured themselves); reopen immediately or within a longer time-frame; or attend to their shop later. The quantitative survey indicates that the vast majority (96%) of surveyed businesses reported being affected in one way or the other by the blast.

The recovery process, however, differed based on the sector. Groceries/butcheries and cosmetics were the least affected (94%) and services the most affected (98%). Meanwhile, food and beverage was the sector most likely to lay off staff with 56% having reduced employment. The reduction in sales was high across sectors but highest in grocery where 91% had experienced a reduction. Cosmetics and beauty appear to have taken the option of reducing opening hours (84%) more so than retailers where only 62% took this.

## The impact of the blast on businesses

Surveys show that demand was evidently impacted significantly by the blast with 90% of firms having seen a decrease in sales. 52% of business owners surveyed have seen supply disruption since the blast, which was fairly evenly spread across sectors (except services). Only 1.7% saw an increase in sales.

Similarly, there was no variation in sales impact according to gender of ownership. In parallel, qualitative interviews indicate a similar trend; women shop owners did not feel their gender affected the support received or even their capacity to reopen. Interestingly, although women shop owners did not indicate a link, they were more likely to emphasize the struggle to ensure that their homes and children are being taken care of, while attempting to reopen or attend to their shops.



*“Honestly, I was surprised that there was this much help. Words cannot do justice to the scene. So many young people wanted to help me, financially, and they also wanted to help me fix the windows. I did not expect to reopen a week after the explosion, but I did. [...]. I had no other option.”*

— Maher, a shop owner in Mar Mikhael

The areas affected by the blast housed a slew of small businesses that were an essential part of Lebanon’s economic landscape and were key in terms of providing local communities with jobs, income, and a sense of safety. Some employers and employees passed away in the wake of the disaster, many others quit, and a number left the country. A shop owner notes that businesses with large numbers of employees were simply unable to pay for their wages, leading to an increase in resignations and firing. An interviewee points out, “I’ve lost over half the value of my wage, and I cannot complain – I’m like everyone else – we all don’t know what to do or where to go.”

The relationship between sales and employment is related but not linear. It diverges for a number of reasons including: the adoption of flexible working arrangements, the veracity of reporting owing to perceptions and tax implications. In the particular case of the blast, reduction in employment may only have been temporary and did not require any structural changes to the business. While 90% saw a decrease in sales, only 32% had reduced employees. Distributions were similar to those seen in sales, across geography and sector. **One interesting finding, however, is that while the sales of male and female owned businesses have fared equally badly, male owned businesses are four times more likely to have reduced their workforce.** This reinforces findings from elsewhere (World Bank Economic Survey; Mercy Corps’ resilience research in Lebanon) about the relationship between gender of ownership and employment.





In addition to the economic burden, there is also the concern that Beirut's social vibrancy, which had already taken a massive hit in the year prior to the explosion, would be irreparably affected. "There was a genuine fear," Ziad, a historian, notes, "that Beirut would lose its social fabric, or the little spaces and places that made it flourish. If you think of it, some of the streets hit by the explosion have long been the city's cultural and social spots. Of course, this was not a priority given the lives lost, but it is a danger, especially following a one-year lockdown." Particularly Mar Mikhael and Gemmayze are home to a significant number of the city's cultural and social hubs, from theatres and clubs to restaurants and cafes. However, as of the time of the writing of this report (June 2021), many of Gemmayze and Mar Mikhael's vibrant nightlife and cultural spots have reopened. This is also in large part due to the significant local efforts and international funding that have been put into ensuring Lebanon's cultural scene is reactivated<sup>12</sup>.

## 5.2. Pushback on the narrative of resilience

Simultaneously, there is a growing pushback to the commonly spread narrative of resilience. This is due to generational fatigue, cyclical insecurity, and a sense that the crises are beyond owners' control or capacity. Multiple interviewees, whether business owners or activists and experts, say this notion of Lebanese resilience is at best cliché and at worst dangerous and detrimental. "I don't want to be resilient. I don't want to be a phoenix. Can we stop perpetuating such nonsense and romanticizing the fact that our city is destroyed? We are tired and desperate," Sanaa, a jewelry shop owner in Bourj Hammoud reiterates. **Similarly, many other interlocutors discuss the danger of superimposing resilience on local groups, as this may detract from the actual factors that have led to communities having to be resilient in the first place.** While shop owners often have no alternative but to be "resilient", there is a sense that the economic and political issues are insurmountable barriers. Sami, a political analyst, notes that it is key for development practitioners to be more critical of the term "resilience." He added that there should be efforts to understand the reasons behind structural issues, and a strong focus on how to address them, instead of merely building the capacity of shop owners to face disasters and instability.



*"I wonder if Lebanon's identity will change – it was once seen as a trendsetter and a spot for open-mindedness and liberalism and food and nightlife; but since the explosion, there is a fear from it. The economic situation makes it both terrible for locals, though, and good for people coming from outside. We still don't know the outcomes of this crisis on the hospitality sector. Beirut is considered, quite simply, an exciting place. Humanitarian workers want to live here, it is romanticized and exoticized, and while we can criticize this, this is good for businesses."*

— Samar, Beirut based activist

This pushback against business owners being resilient was even more fervent in the immediate aftermath of the explosion. There was a sense of the blast being the final blow, amid the disastrous nexus of the COVID-19 pandemic and the economic collapse and the political insecurity.

<sup>12</sup> Multiple funds were initiated specifically for the art scene in Beirut. These include specific funds by Mophradat, Mawred el Thaqafy, and AFAC (artistic institutions that provide grants to Arab artists). There was also the Solidarity Fund to Arts and Culture Structures in Lebanon, which was financially supported by the Drosos Foundation, Ford Foundation and Open Society Foundations. Other such initiatives include the LiBeirut initiative led by UNESCO and funded by Germany, and the Beirut Action Plan for Cultural Emergency Recovery, funded by the Prince Claus Fund, the International alliance for the protection of heritage in conflict areas (ALIPH), Gerda Henkel Foundation, and the UK's Cultural Protection Fund managed by British Council in partnership with HM Government DCMS.

Ahmad, who has had a furniture shop in Achrafieh for 25 years, says, “This little shop has seen more than it should have [...]. The Syrian occupation, the 2006 Israeli war, the constant economic downturns because the cabinet cannot form itself, the uprising. But would you believe me if I told you that the explosion shocked us in a way no other event ever did? No one saw it coming. You are sitting in your shop and suddenly, everything you know turns to glass shooting in the air.” A former shop owner in Bourj Hammoud, Samer, says, “I lost everything. My sister’s shop is in a building that is now completely uninhabitable. One of my neighbors, who was a very good friend, died. All of the goods in my shop went to complete waste. I had to close.”

**Certainly, while interviewees push back on the idea of resilience, our findings indicate that business owners and communities were, in fact, agile. They responded to the disaster with firmness and creativity, and unrelenting commitment to one another.** Many small businesses reopened within the same week, and shop owners along with community members found multiple pathways to assistance, as will be indicated in the section that follows (section 5).



*“There are no words to describe what we saw after the explosion. Everything was damaged. Blood and glass. Sleeplessness. Our people, dead. Destroyed infrastructure. And a complete hit to any idea of hope we’d had.”*

— Serge, shop owner in Bourj Hammoud

Salim, an SME expert, said, “Yes, [the situation in] Lebanon is difficult, but we continue to see businesses grow. Take a walk in Gemmayze nine months after the explosion. Places are full. Why? Some owners are able to take risks despite uncertainty and rebuild. I am not saying it is up to the individual, I think that is naive: it is not easy to be resilient in a country where in one night, an explosion brings everything you worked on down. But there are some business owners or employers who use their skills to change or improve outcomes.” The survey shows that 18% of firms had changed business practices or innovated since the blast: this included diversifying the type of goods or services sold, targeting a different clientele base, reducing hours of operation or number of staff, closing temporarily, etc. This varied significantly by geography, with one-third of firms in Bourj Hammoud having innovated compared with only 2% in Khandak. The most innovative sector was food and beverages where 27% of firms had changed practices, followed by 23% in retail.



*“In Lebanon, most entrepreneurs exist mainly to meet and address their basic needs – or what we would call ‘necessity entrepreneurs’. But there are some entrepreneurs who are ‘opportunity’-oriented. They definitely exist in Beirut. They are those who see an unmet need and want to supply it, or will evolve in the middle of events as traumatic as the Beirut blast.”*

— Ahmad, Economist

In light of this emerging context, and considering the importance of businesses and the need for shop owners to respond to the crisis, the question central to the section that follows is: How? A key element is social capital and the networks that business owners were connected to before and in response to the blast. Dina, an interlocutor who works on SMEs in Beirut, notes, “You need to understand that in a place like Lebanon, social capital is sometimes all you have. This society functions on who you know, and how that can benefit you.” Another interlocutor, Bassam, a shop owner in Khandak, says, “But making it here is not as simple as being innovative or creative. Many times, it is also about who you know and –more specifically – what your connection to the ruling class actually is.”



*“In Beirut, the forms of social bonding are rarely contractual or explicit, they are often very informal and hard to catch or map out with ease. But it is something like this – you want to fix your machine, you call your neighbor and ask who their mechanic is, they tell you and you call them. You need someone to come and clean your house, you call your cousin who has an agency. So on and so forth. [...]. After the explosion, we needed each other for information. This is a situation where we could not do anything without the other.”*

— Hazem, small business owner, Gemmayze





# Navigating through a broad range of responders



## 6. Navigating through a broad range of responders



*“There was this insistence, from the beginning, that we wanted to do things on our own. The mere sight of the army, or any representative of the state —including the municipality — would flare anger in us. You’ve been here for over thirty years, and what have you done? Nothing. Leave it up to us.”*

— Mariam, NGO worker and activist

On August 5, Beirut’s streets were congested with volunteers. Everywhere one looked, there were active volunteers geared up in fluorescent vests and helmets. One volunteer would be armed with paint cans, another with boxes for recycling glass, and a third with oversized plastic bags and brooms. Some NGOs were coordinating cash and food distribution, while others were working with small businesses on installing window panes. Groups of activists formed ad-hoc platforms to map out initiatives and create databases of support references. Activists were fundraising money and reporting on the most recent political updates. The Lebanese army, moreover, was coordinating mapping and aid activities, while the church and mosques were providing food and hygiene kits.

Certainly, the response to the Beirut blast was arguably immense: it was covered extensively by news platforms, it elicited fundraising from multiple actors (Lebanese diaspora, international community of donors, aid agencies, etc.), it poured in support from a range of stakeholders in the country: NGOs, the Lebanese army, activists, informal volunteers without previous experience, charities, and political parties. As noted in the literature review in section 3, Lebanon’s historical context, whereby social capital and *wasta* are an intrinsic and everyday reality, it is only expected for small businesses to employ their social capital assets. However, before delving into how business owners accessed assistance, this section explores who the main respondents to the Beirut blast were.

**The organization and flexibility of activists and NGOs in Beirut enabled a facilitation of information dissemination, daily commitment to rehabilitation, development of trust, dynamic and changing tactics, and persistent support.** Small business owners reiterated that the help they received from a range of different CSO actors after August 4 was significant. **While friends and family supported residents and business owners in need of shelter, it was informal networks and NGOs that were able to provide more systematic support to rebuild businesses.**

Section 6 details the range of stakeholders involved in the aftermath of the Beirut explosion, outlining the efforts, perception, and dynamics of civil society groups, the Lebanese army, religious charities and institutions, and political parties.



### 6.1. Civil society as an entity composed of informal groups and anti-government activists



*“After the explosion, and actually especially since October 17, there is this perception that we want solutions to be from us. We want to develop a culture that is homegrown and sustainable and local.”*

— Farah, Political activist

This section examines the role of Lebanon’s vibrant, diverse, and eclectic civil society. It begins with an overview of the different “forms” of civil society in Lebanon to understand how different groups played different roles during the blast. It then focuses specifically on how small businesses reached out to or were supported by these groups.

**Civil society, or “el mujtama’ el madani” in Arabic, is an amorphous term which, in Lebanese society, refers to associations, NGOs, anti-government opposition, scouts, youth groups, trade unions, professional associations, secular movements, political campaigns, charity, and religious campaigns.**

Though there is disagreement on the term itself, **there was a prevalent notion among interviewees that it had, in fact, replaced the state in the aftermath of the explosion.** Jamal, a business owner in Karantina reiterated a common sentiment expressed by interlocutors: “What was the emergency response? What was this chaos? Can anyone tell me what the state was doing after its capital city exploded on its people?”

In the past couple of years, ‘civil society’ in popular and everyday discourse has come to refer to a specific political framework that stands in opposition to the country’s sectarian government<sup>13</sup>. We can see this manifest in how business owners themselves speak of civil society groups. “Me, I didn’t want any support from political parties. Let them go become obsessed with getting votes. I only wanted to contact civil society groups,” Amina, a business owner in Khandak el Ghamik, notes. When probed why, she said, “I trust civil society. They support you not based on your sect or background, but more so on the fact that you need help.” Here, Amina was alluding to civil society groups as those who do not subscribe to sectarian dynamics or cannot be traced back to the country’s mainstream/traditional political party groups.

Indeed, ‘civil society’ as a notion became prominent after the end of the civil war, hailed as an alternative to both sectarian identities and the corrupt political parties, which were a part of the long war. With time though, civil society organizations came to fulfill various social roles, replacing the weak state, often acting as a cover for existing political parties or figures. But starting in 2015, a group of activists from the civil society began to label themselves as a political opposition. By 2018, during the parliamentary elections, an offshoot of civil society groups and NGO activists rallied around various political platforms and formed coalitions. By then, it had become common practice to refer to those candidates, propelling forth notions of secularism, good governance, and anti-corruption, as those hailing from “civil society” or belonging to “civil society lists.”

<sup>13</sup> It is important to note that there are NGOs or campaign groups that are under the mainstream political party groups in Lebanon. In fact, most political parties have youth groups, NGOs, and charities. However, in popular discourse, these groups are seen as an extension of the state and not part of “civil society” per se.



Although the election results were not in favor of these political parties, in large part due to internal issues of organization and more structural ones, such as the longstanding sectarian system of clientelism, they had grouped around shared values of anti-corruption, a 'civil state', etc.

Particularly following the popular movement in 2019, referred to as the October 17 uprising<sup>14</sup>, NGOs and Lebanese activists across the country sought to politicize their demands and frame a lot of their work in relation to issues of class, power dynamics, corruption, and lack of political accountability. Multiple individual initiatives and groups came together, often de-hierarchical and less disciplined.

### October 17 groups mobilizing in response to the blast

**The same groups involved in organizing protests in the streets for half a year, under the framework of the October 17 uprising, mobilized to provide relief support in neighborhoods.** There was a fiery sense of anger and responsibility, leading thousands to connect the demands of the October 17 revolution to the catastrophe that befell Beirut on August 4. The blast, even if only temporarily, revived the October 17 uprising's social and political networks, and there were active relief and media campaigns both political and humanitarian in nature. **Some instances of the support provided by these loose groups of activists includes: soup kitchens; associations to provide legal support; alternative media coverages highlighting discrimination in aid, holding politicians accountable, leading up on investigations; crowdfunding initiatives; resistance actions, statements, and protests; and neighborhood-led initiatives.**

Organizations and groups acted out in different ways, using a range of mechanisms and tools and approaches. A significant number of de-hierarchical groups, small and informal in their ways of dividing roles and responsibilities, employed their networks to engage with an urgency and immediacy. Some were organized, while others were completely ad-hoc.

**At the same time, the Beirut blast led to an emergence of new groups and coalitions, some of which were transitory and others which became stabilized and consistent.** Newly formed coalitions, made up of civic groups and activist communities, mobilized and pushed for multiple goals such as compensation and justice for victims of the Beirut blast, protecting tenants from being evicted in certain neighborhoods, along with an independent investigation.

The coming together of groups of people in an ad hoc and haphazard manner pushed them to work on principles and a vision, which led the group to turn into something more formalized.

New entities, some of which were not necessarily calling for political change but rather providing neighborhood-level support and coordination, were also formed following the blast, such as Nation Station and Base Camp.

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<sup>14</sup> The October 17 2019 uprising is a pivotal moment in Lebanon's modern history. The October uprising/revolution encompassed the 2019-2021 protests in Lebanon, which involved mass mobilization calling for the downfall of the regime and its sectarian system.

### 6.2. Local Non Governmental Organizations (LNGO)

Historically, a majority of Lebanon's local NGOs emerged in response to weak state infrastructure and a dire need for service provision, legal and humanitarian support, and human rights protection. This section focuses mostly on local NGOs in Lebanon that are often spearheaded by activists and human rights defenders to actively address gaps by the state. The local NGOs are often at a distance from mainstream/traditional political parties and actively distance themselves from sectarian or national-based targeting, i.e. their aid is not contingent on identity markers but are often inclusive<sup>15</sup>. Some of these NGOs include Legal Agenda, which focuses on legal rights; ABAAD, KAFA, FE-MALE, CRTD-A, Sawt al-Niswa, which focus on gender justice and equality; NGOs focusing on LGBTQ+ and sexuality-related rights, including Mosaic, Proud Lebanon, Helem, Meem, Marsa, and A+ Project; LADE, which focuses on electoral reform; LRI which focuses on environmental issues and climate change; Embrace Lebanon, which focuses on mental health and suicide prevention; ARM which focuses on migrant issues; Basmeh & Zeitouneh, Najdeh, SAWA, and Beit Atfal Assumoud, which focus on supporting Syrian and Palestinian refugees; Offre-Joie, Arcenciel, Amel, and Beit el Baraka, which focus on charity programs, physical rehabilitation, supporting disabilities; and ALEF, which focuses on torture preventing and monitoring in Lebanon. **These NGOs spearheaded many changes in Lebanon's legal system and actively pushed for changes in its sociocultural and political norms. These NGOs appeared to be present and active in response to the Beirut blast, focusing on providing support within their allocated expertise. Funds from the diaspora and international organizations were also often allocated to them, given their local knowledge and on-the-ground approach.** Local NGOs coordinated a significant number of initiatives to support small businesses affected by the Beirut blast. Selected examples include "the Marion Fund", which provides financial and in-kind support to vulnerable women-owned businesses; Al Fanar venture, a partnership with MARCH/BEDCO to renovate damaged MSMEs, especially focusing on women-owned ones; the Lebanese League for Women in Business's contingency fund for supporting women owned small businesses; Khaddit Beirut, a national initiative led by activists and experts to develop MSME recovery plans; the Beirut Relief Initiative, which was launched with the aim of matching SME needs to private sector members. This was under the Global Compact Network Lebanon; Basmeh & Zeitouneh's support for affected MSMEs through repairs, worker wages, and funds for rehabilitation; BeryTech's Beirut Hope Initiative which supported its networks of MSMEs with technical support; and Beit Al Baraka through its provision of reconstruction support to over 200 MSMEs.



*"Since the end of the civil war, and particularly since the Syrian regime's tutelage over Lebanon ended, a significant number of local NGOs – driven by activists – have shown just how committed they are and focused on human rights issues. Beirut is so active on these issues, it is such a big part of its youth's identities, and now even more so since the October 17 popular mobilization."*

— Elie, Political analyst

<sup>15</sup> Local NGOs and foundations affiliated with the ruling elite or politically affiliated businessmen were also active in response to the Beirut blast. Some of these foundations include – Azm, Makhzoumi, Moawad, and Hariri Foundations. For decades, these foundations have worked directly with local NGOs, providing them with financial support and training, and in some cases themselves operating as NGOs. Businesses interviewed cited that they received both financial and in-kind support from the aforementioned foundations.

During the first two weeks after the explosion, these local organizations appeared to have been more disorganized but with time, they were able to leverage their networks for better coordination and communication. Moreover, the years of experience they have had, coupled with their on-the-ground awareness, led to emergency preparedness and capacity to respond quickly. Interviewees note that local NGOs approached the post-blast gaps and re-established—temporarily—what could be described as a state-like apparatus to organize and manage aid assistance and reconstruction processes in the city. Local NGOs were able to assume this role more than INGOs, which prefer to maintain a neutral distance from such notions. “In the earlier days,” Asma, a shop owner in Khandak el Ghamik says, “there was so much organization. NGOs<sup>16</sup> and charities and activists would pass by, sometimes to check in on us and other times to take our numbers to follow up.

There wasn’t always follow up, but for the most part, we felt supported by them.” According to a report (Fawaz, 2021), over 384 organizations had registered with the army, the main entity mandated as per the State of Emergency<sup>17</sup> to coordinate the response to the Beirut blast, to participate in the reconstruction process. Important to note is this number does not encompass all organizations, as many CSOs boycotted or bypassed the registration process. This is because, as will be explained in section 6.4, many CSOs protested the State of Emergency as it provided the army with the capacity to limit freedom of speech and associations. Other CSOs viewed the army as a biased institution that represents the corrupt state.

As noted above, in the aftermath of the blast, there was a proliferation of a **contested notion that the “people”, represented by informal groups (see section 5.2.1) and local NGOs, had replaced the state.** Interlocutors, particularly analysts, have different opinions on this. While some said this was key, and it prompted international donors to channel their funds towards local groups instead of the state, others said this might lead to more fragmentation. For instance, Sama, an academic, said: “There is a question mark though. Can informal groups continue leading the way in the rebuilding? Probably not. It was good in the beginning, and it is understandable given the circumstances at hand. But in the long run, this is not sustainable for a comprehensive recovery process.” She attributed this to the importance of continuing to work with governmental institutions and bodies to ensure that the recovery process is not led by fragmented groups but by bodies that oversee coordination. Another analyst, Ziad, notes, **“There is fear that bypassing the state might reproduce sectarian cantonization, whereby certain homogeneous political groups dominate the reconstruction process in and of itself.”** Indeed, sectarian welfare providers in Lebanon have historically used their positions of power -- whether through holding political office or navigating informal channels -- to provide benefits to marginalized or vulnerable groups. As Cammett (2015) notes in her study on political sectarianism, “while [sectarian organizations] provide benefits and services that might not otherwise be available, the modes of allocating welfare by sectarian parties can be discriminatory, notably along partisan and religious lines.” Welfare and service provision, hence, becomes monopolized by political parties and, as Cammet (2013), argues “undercuts forms of collective mobilization that might produce a more equitable system or at least one that is less stratified by sectarian cleavages [...]”



<sup>16</sup> Amina was referring not simply to local NGOs here, but also international ones.

<sup>17</sup> The State of Emergency was approved and extended by the Lebanese cabinet after the blast. It provided the army with sweeping powers, handing the city's security to the military institution.



The concern shared by the aforementioned interviewees was that replacing the state with the ambivalent “people” will activate the status-quo whereby sectarian political parties capture welfare provision and appropriate the development process. Meanwhile, activists interviewed refute this under the grounds that the past two years have changed both economic and social dynamics and that sectarian providers could not co-opt the recovery process as they might have in the past (for more, see section 6.5).

### 6.3. International Non Governmental Organizations (INGOs)



*“We aren’t starting from scratch - we are used to responding to disasters and insecurities, perhaps not on this scale, but we have a large range of experience and some of us have been working in the humanitarian and emergency field for decades.”*

— Taline, INGO worker

**International NGOs in Lebanon prefer to be identified as non-political and humanitarian, with a focus on development-related strategies and action-oriented goals that do not mesh politics with humanitarian or developmental support.** Their aim is often to work with vulnerable populations, while aiming to continue coordination with local authorities, local civil society actors, and in some cases the private sector. International organizations have been present in Lebanon for decades, from as early as the Lebanese civil war, and in response to the Palestinian refugee crisis as well.

There has been a **proliferation of international organizations across the country**, particularly following the protracted Syrian refugee crisis in 2011. This dynamic **shifted and shaped many Lebanese and Syrian households’ social capital**, as there was a sudden access to a broad range of NGOs and ‘NGO’ workers – from field coordinators and data collectors to WASH project interventions and health care centers. At the same time, **a lot of the donor aid coming in – or the donor aid that had existed prior to the blast – appears to have become flexible and was adapted to fit the needs in the local community. Indeed, following the explosion, they were able to switch quickly from focusing on refugee assistance to recovery processes.** Many international organizations and agencies—UNHCR, and UNRWA, to Save the Children, Danish Refugee Council, CARE International, ANERA, Mercy Corps, Solidarites, IMC, UNHCR, OXFAM, War Child Holland, and International Refugee Committee—shifted their pre-existing priorities to focus on the Beirut blast.



*“We want to ensure humanitarian provision, but we also don’t want to provide an excuse, in any way, for the ruling thugs to come back. So how do we make sure the aid that arrives is used properly for the people, without normalizing the situation?”*

— Tania, INGO worker

Interestingly, members of the international community (donors, international aid committees, etc.) sought to actively bypass the state, providing assistance directly to CSOs (local NGOs and activists) and international organizations.

It is also important to note that broadly speaking, donors and INGOs have become more localized and community-oriented in their approach in the past couple of years<sup>18</sup>. The trend towards localization was also driven by changes in donors' agenda. The aid was channeled into local NGOs and private contractors, a dynamic that is both surprising but not novel. When asked why, an interviewee, who works at an INGO, notes, "This was because donors did not want corrupt elites to decide what is done with the money, and this was pressed for by local groups too."

**INGOs appeared to be organized and well-funded in the aftermath of the explosion, in addition to having a multisectoral approach.** INGOs were able to receive funds quite quickly given their established relations with donors. Moreover, their strategies were built on decades of international experience in disaster contexts; additionally, more so than local NGOs, they have organized databases and resources on population mapping and resource distribution to marginalized groups. This required NGOs to adapt and respond quickly to the context through understanding how best to operate, what partnerships to facilitate, and how to mitigate emerging risks. Interestingly, because INGOs often work in vulnerable areas with a high concentration of Syrian refugees, a number of INGOs did not have much experience in Beirut. Ahmad, who runs an international religious charity based in Beirut, notes that the work the charity often does is in areas such as Bekaa, Tripoli, and Akkar. As such, Beirut was new to the team.



*"Though international NGOs are often criticized by CSOs and activists for 'depoliticizing' the problems in Lebanon, and perpetuating an NGOization of political grassroots through a narrative of 'empowerment' and 'training', it is worth pointing out that they're 'unbiased-ness' was handy during the August 4 explosion. [...]. Their large databases and inter-agency coordination, coupled with the multiple training their staff have received on gender and cultural sensitization, pushed them to go beyond simply arriving at Gemmayze and Mar Mikhael to help build an area they love. Instead, they focused on areas such as Khandak and Karantina, which activists might have been too short-sighted to see."*

— Darine, INGO worker

**Relevantly, there has been an increase in development, livelihood, and MSME support programs – both before the explosion and in response to it.** Multiple programs have, in the past decade alone and especially in tandem with humanitarian support following the Syrian crisis, targeted small businesses with capacity building, technical assistance, financial support, in-kind programs, among others. There were also multiple efforts, such as the UN-coordinated Lebanon Flash Appeal 2020 or a EU-supported consortium<sup>19</sup> which provided support for people, from shelter rehabilitation to emergency assistance given to small businesses. Other INGOs like Mercy Corps had been working with MSMEs long before the blast but had to start operations in Beirut in response to the emergency.

<sup>18</sup> The trend towards localization among INGOs and donors' includes initiatives such as building partnerships with local and emerging NGOs, liaising with grassroots activists and local media, hiring more local staff, working with municipalities, etc.

<sup>19</sup> The consortium is composed of both local and international NGOs—including ACTED, Arcenciel, Lebr relief, Concern Worldwide and Intersos.

The organization and flexibility of activists and NGOs in Beirut enabled a facilitation of information dissemination, daily commitment to rehabilitation, development of trust, dynamic and changing tactics, and persistent support. Small business owners reiterated that the help they received from a range of different CSO actors after August 4 was significant. **While friends and family supported residents and business owners in need of shelter, it was informal networks and NGOs that were able to provide more systematic support to rebuild businesses.** On August 5, Beirut's streets were congested with volunteers. Everywhere you looked, there were young, active volunteers geared up in fluorescent vests and helmets. One volunteer would be armed with paint cans, another with boxes for recycling glass, and a third with oversized plastic bags and brooms. Some NGOs were coordinating food distribution, while others were working with SMEs on installing window panes. Groups of activists formed ad-hoc platforms to map out initiatives and create databases of support references. Activists were fundraising money and reporting on the most recent political updates.

### 6.4. Lebanese Army and the Forward Emergency Room

**Following the explosion, the Lebanese parliament approved a state of emergency and the army was granted exceptional powers.** The Forward Emergency Room (FER) was the coordination platform led by the army to supervise relief and reconstruction efforts after the August blast, in coordination with the Red Cross and consultants. The army undertook medical and food distribution; mapping of destroyed buildings; and coordinating cleaning up and rebuilding efforts. It also worked alongside multiple governmental and international agencies, as well as local NGOs and INGOs (for a full list, see <https://beirutfer.com/ngos/>).

**Business owners say the support provided by the army, however, was not targeted towards small businesses but rather toward households.** While a number of business owners interviewed said they did receive food parcels from the army, as well as a complete survey of household and shop damage, there appears to have been no direct support or coordination related to business affairs. Samar, a shop owner in Karantina said, "What is a food parcel going to do for me? Me, I need someone to help me fix my shop, not provide me with tuna cans."

**Moreover, business owners and residents provided mixed feedback on the role of the Lebanese army in the aftermath of the explosion.** On the one hand, interlocutors say that the army was absent in the immediate aftermath of the explosion and that it was mainly "the people" who could be seen providing relief in the neighborhoods studied. Jana, an activist, notes, "I couldn't stand seeing the army in the streets. They did nothing, just watched us as we picked up the pieces of our city." Civil society groups, particularly those that are political in nature, view the army as part and parcel of a corrupt government that has led to the current destruction. Another activist Bassem reiterates Jana's point, noting that in the year leading up to the explosion, "the army was violent and repressed protests." He continues, "We need to stop this culture of idolizing the army; it makes us less critical of their mistakes in Lebanon." Interestingly, many NGOs and groups did not register their efforts with the army – a requirement imposed by the army to coordinate relief efforts – in protest of the military or the state. Said groups were highly critical of any form of intervention by the government, viewing the army as lacking in credibility. There was also a sense among certain interviewees that the State of Emergency led to increased militarization in the neighborhoods near the blast.





*“Today, you will find a lot of mixed feedback on the army. Especially among the youth, and in specific geographic areas such as Tripoli, there is a sense of the army being a politicized entity. Or among academics and activists. But you will also find many people in Lebanon who believe in the army. You need to think of the army as a peacebuilding institution, an entity or actor that is not sectarian or apolitical in nature and that is viewed as having sacrificed a lot for the Lebanese. Many Lebanese view the army’s members as downtrodden victims who not only have lost a lot in the economic crisis, but have also died for a larger cause. So they see it as an institution in service of the people.”*

— Sami, Political analyst

On the other hand, other interlocutors say the army was massively involved in distribution of in-kind support, mapping and surveying the damage, and overlooking aid distribution. Anwar, a shop owner in Gemmayze, adds, “The army made me feel safe – I could leave my shop knowing they would make sure no one would steal anything.” The neighborhoods studied, particularly Achrafieh, witnessed large numbers of army personnel patrolling the streets or stationed in certain spots with the aim of protecting property. While this alarmed human rights activists and lawyers, as it gave the army the right to impose curfews and censor media, it made certain residents and business owners feel safe.

## 6.5. Sectarian political parties

**Lebanon’s political system is governed by a system of economic and political sectarianism: an electoral, legal, and social framework that, as Mikdashi (2011) argues, “posits the modern state as an arbiter between these sectarian communities that precede it.”** Political sectarianism manifests in a myriad of ways: in the parliament and cabinet, through the country’s personal status laws, within private firms and employment mechanisms, in local charities and religious organizations<sup>20</sup>. More informally, it also governs or affects social dynamics, including friendship and families. Political sectarianism, however, is not about religious or ideological belonging. Indeed, many interviewees point out that you can be religious without being sectarian, or vice versa. Simultaneously, sectarian belonging can also refer to a sense of community belonging and even building. As such, it is important to note that this section focuses on sectarian political parties in the country, those grounded in and perpetuating political sectarianism, and the role they played in the aftermath of the blast.

**Economic and social relationships in Lebanon have always been highly influenced by sectarian patron-client networks.** Social welfare, in Beirut, is a landscape for political contestation. To expand their base and support, and to ensure the longevity of the country’s confessional system, sect-based organizations and parties provide nearly all forms of services—from schooling and hospitalization, to scout groups and financial rewards during the electoral season. Indeed, regarding the latter, a study by Global Corruption Barometer for the MENA says 47% of Lebanese have been offered payment for votes during elections. Certainly, the connections that people have with political parties, and the loyalty that they evidence, is a key mechanism to receive welfare (Chen and Cammett, 2012)

<sup>20</sup> Lebanon’s political parties and leaders—actors who embody and perpetrate this system of patronage—have been heavily shaped by the country’s 1975-1990 civil war, which was largely fought along sectarian lines. Following the civil war, the warring militias evolved into or became even more entrenched as parties. Meanwhile, some ties are with political leaders directly, and other ties are with the political party itself. The political leader, or *zaim*, often uses the money they have accumulated through the system to fund the party and its services. This is both economic and social, whereby MPs for instance attend weddings and funerals to show face.



*“You can’t have lived in this country without, at one point or the other, reaching out or trying to get a connection to a political party zaim. Unless maybe you have money from abroad, or you’re somehow on the periphery of the system. But if you’re born and bred here, you have had to rely on some party to help you with your children’s school fees, with your cousin trying to get out of jail, with some hospital insurance.”*

— Hussein, Shop owner in Khandak

**The support that sectarian political parties provided in the aftermath of the blast was not systematic: it appears to have been fragmented, varied, and generally difficult to clearly map out.**

Based on data collection, political parties used their connections and existing funds to set up food distribution stations (for instance, Lebanese Forces set up bakeries in Achrafieh and Amal Movement provided food boxes in Khandak); and to support in mapping and rebuilding processes (this was mostly seen in Bourj Hammoud, via the Tashnag Party). Members of sectarian political parties also volunteered in the recovery process but it appears that many of these volunteers did not “label” themselves as belonging to said political party. Some parliamentarians of said political parties also mobilized quickly on the ground, initiating or launching NGOs and campaigns to receive funds for recovery processes. Yet, again, these NGOs were considered to be connected to these political parties as opposed to directly belonging to them. There was a push to separate political parties from aid recovery, indicating the general state of distrust toward political parties connected to the ruling elites. As such, political parties liaised and partnered with local NGOs to facilitate food distributions, reconstruction efforts, and cash distribution. In some cases, interviewees note that political parties offered their headquarters for local NGOs to use as a base for operating.

**For many business owners interviewed, political sectarianism (or clientelist relations) is “the elephant in the room.”** Business owners say that “wasta” and, more specifically wasta directly influenced by belonging



to or supporting sectarian political parties, has historically played a huge role influencing business dynamic. However, the majority of those interviewed say this form of social capital, i.e. support from political parties, has not been extended to them. This might be because this form of wasta, particularly in Lebanon’s current situation (though arguably this has long been the case), is seen as negative. As has been noted above, the October 17 uprising, coupled with multiple waves of grassroots

activism and campaigns over the past decade, adamantly protested the country’s sectarian ethos. Though interviewees have different perceptions of the October 17 uprising—with some describing it as ongoing and alive, and others noting that it amounted to nothing—it clearly illustrated a widespread and popular sentiment across Lebanon that pits the people against the state and its sectarian structure specifically. Interviewees also, however, alludes to the declining power and popularity of political parties in the country.

Hashem, a business owner in Karantina, pointed out that the Future Movement's involvement in Beirut has significantly decreased over the past couple of years. He added that the Future Movement was involved in the recovery process, providing aid to many families in Karantina, but that ultimately it was much less than the support provided by INGOs.

**Interestingly, the blast appears to have pushed away those who previously had had a sense of belonging to political parties.** For many interviewees, the trust in political parties and why they would provide support or welfare services has also significantly decreased. As Amal, a shop owner in Khandak, notes, "We now know it's to get votes, and nothing else." Another interviewee, a priest from an Orthodox Church in Achrafieh, reiterated that the blast was the last straw for many, and that a number of churches in Achrafieh did not want to receive support from or work with any parties aligned with the ruling class.

On the other hand, others say that it is hard to imagine the neighborhood without political parties or political sectarianism playing a role, given that they have been there for decades and are an intrinsic part of the neighborhood. The quantitative survey indicates that politics was less prevalent in the reporting of identity than expected. 85% of respondents reported no political affiliation. Of the remaining 15%, Tashnag was the most common (5.4%), with other listed parties commanding the affiliation of 0.4- to 2.1% of respondents. However, when the looser term 'belonging to' was added to 'affiliated with' a political party, 45% of business owners reported in the positive.

The difference between affiliation and belonging was further explored in the qualitative interviews, whereby interviewees note that affiliation refers to being broadly supportive of a political party while belonging is direct membership within the party. Even this higher figure is below the expectation set at the outset of the research. The strength of that belonging too was relatively weaker than expected; on average people felt between a neutral and distant connection to a political party. "In many ways," Ahmad, an activist, notes that the blast angered people across all sects, pushing them further away from classic structures of belonging such as sect or political party. Nawal, a psychologist, reaffirms this finding, "When people lose all sense of meaning, they tend to move away from their previous frameworks of belief or belonging, and try to seek new ones. In the case of the Beirut blast, it makes sense to be disenchanted with the existing political system and all its forms of representation and turn instead to others who have been similarly affected." Though they are entrenched within communities, the perception of many interviewees was that they are corrupt and end up perpetuating violence, as well as monopolizing access to economic resources. Farah, an activist in Beirut, notes that the blast highlighted how sectarian parties tried to override grassroots efforts but were simply unable to succeed because activists and NGOs were able to provide immediate, cross-cutting, and non-discriminatory support that was much needed and trusted.

Yet, to this day, sectarian leaders through their political parties dominate public offices and mediate service provisions. The benefits they provide are often segregated based on sectarian or partisan lines, as a means to ensure that they remain in power. However, importantly, as both the literature shows (Cammett, 2012) and interviewees report, political parties are part and parcel of the neighborhoods and communities within Lebanon. In all four areas, we see that sectarian political parties play a huge role in serving, controlling, and responding to the needs and challenges of their community. A number of activists, business owners, and residents interviewed are disenchanted with this process—for them, it is rooted in a discriminatory and backwards attitude, whereby your connection to a homogenous political group determines your mobility or success.



Others argue that this is “simply how it works in Lebanon”, in the words of Hussein, a business owner in Khandak. Samer, an interviewee from a religious charity with ties to a sectarian political party points out that foundations aim to support everyone but that precedence is often given to those with strong connections to political parties.

**While there is not enough data to evidence a change in these clientelist networks, interviewees note that following the economic crisis, the level and extent of support provided by these political parties appears to have significantly decreased.** The financial crisis affected the capacity of parties to provide. At the same time, the October 17 uprising—coupled with the state and central bank’s complete mismanagement of the financial crisis and the Beirut blast—have further alienated people from traditional political parties. Across the board, all interviewees, even those who allegedly belonged to political parties at one point or the other, vehemently denounce the ruling elite. Particularly, the October 17 uprising is believed to have perpetuated a new discourse, at the very least during the beginning of the uprising, where hundreds of thousands flocked to the streets to demand a different reality. While the uprising, in the months that followed, was contested by many groups, interlocutors say the protests broke the barrier of fear and brought with them an active condescension of the sectarian system and the leaders who propel it upwards. Samer, an activist living between Tripoli and Beirut, says, “There is no way a person can live in Lebanon and its complete dysfunctionality and claim that the government is doing anything. [..]” While they all unanimously criticized the government and reiterated the unparalleled negative effect of the economic crisis on their everyday life, **business owners provided mixed feedback on the role of political parties today.** On the one hand, they argued that because the state is depleted of funds, the capacity of political parties to provide services to “its people” has waned. Elie, a shop owner in Gemmayze, tells us, “No political party can even look at you anymore. Before they would shut us up with a hundred dollars here and there. Now, they are probably just paying their members and close circles to keep them afloat. As for us, forget about it.” A number of interviewees said that **in the aftermath of the explosion, very few political parties were able to help simply because they had no money.** Even prior to the explosion, amid the chronic difficulty due to the lockdown cycles, political parties were depleted of sources.



*“There has been so much frustration at the economic crisis, and anyone you speak to will point to the ruling elite as the problem. Remember when the dollar reached 15,000 [March 2021]? The entire country felt suffocated. But then you break it down with others, and you realize people will blame the ruling elite while continuing to defend their political party against the other [...]. So someone from Lebanese Forces will say, look it is the Free Patriotic Movement who are at the root of the fuel problem. And you will meet someone from Hezbollah who will say without the Resistance Movement, Lebanon will turn into a warzone and they [Hezbollah supporters] will pretend their party is outside the state. And then a year after protests, you have none other than Saad Hariri returning as prime minister designate. So, you get to a situation where, okay, no one is with the ruling elite. But what is the ruling elite if not these parties and figures? Why and how are they still in power? I don’t know.”*

— Halim, Business owner in Karantina

On the other hand, a minor number of interviewees, particularly political and economic analysts, had a different take. **They argued that while clientelist networks may have declined in the earlier phases of the economic collapse, political parties may now be actively trying to find mechanisms and tools to reclaim their role as “saviors”.** For instance, one interviewee, a political activist, noted, “There is another way to look at it: now, people are starving and desperate, and it will not take much to bring them back or amplify the patronage network. A hundred dollars may not mean much to a politician, but it is over 1 million LBP and can feed an impoverished family for a month. People say there is a death in sectarianism clientelism, but I disagree. My fear is that it will emerge stronger than ever now with the economic crisis.” Indeed, in the months prior to the writing of this report (June 2021), political parties have hoarded the Russian and Chinese COVID-19 vaccines for those within their support base.

Similarly, a number of interviewees note that there is no real animosity between different sects, and that despite the prevalence of sectarian stereotypes, communities in Lebanon do co-exist. Interviewees point to the fact that volunteers from different political parties went down to different areas and there was cross-neighborhood support. They also note that while the country has a system of political sectarianism, communities and families from different sects live and work with one another. **However, findings indicate that in later stages of recovery from the blast, small business owners were more likely to be tied to and engaged with those who belong to their sect. While interlocutors say the reasons for this are not as simplistic as sectarianism and are often linked to geographic location and familial bonds, it does indicate that there is an intrinsic link between sects and their social capital.** Important to note is that findings indicate that sectarianism and its intersection with social capital is far from stagnant, and that ‘sectarianism’ itself is far from being a primordial or fixed identity. Our findings show that it is constantly evolving and being redefined, and that it exists in tandem with other layers of community belonging—such as class and location—and, finally, that there are multiple channels for sectarian belonging and marginalization.



*“The clientelist system is so entrenched. It is everywhere: justice system, culture, public administrations, private sector. This is common across developing countries, but in Lebanon the problem is tied to a sectarian system and geographic segmentation. The sectarian affiliations of these parties move into political parties providing aid, and this contributes to the idea of ‘to each sect their own’, with one another and the banks.”*

— Elie, Economic analyst

**Yet, while sectarian identity and belonging to or connection with political parties play a huge role in terms of receiving benefits, small business owners say that the impact has always been minimal on them.** This is perhaps related to the fact that patronage-clientelist networks play a bigger role in maintaining business cartels and monopolies, as well as mobilizing electoral support, instead of focusing directly on small businesses. Chaza, a business owner in Mar Mikhael, says, “All that I’ve done and built is because of me, because of the hard work and grit I’ve put in [...]. I hate the assumption that you can’t make it without political parties. Perhaps that is the case for big companies and monopolies tied to political parties, but not people like us.” Indeed, interlocutors note that small businesses do not necessarily benefit from the political class in any long-term manner.

On the contrary, political parties provide benefits while ensuring that they continue to dominate and control the larger economic market. An economic analyst interviewed notes, “Lebanon’s political economy has a very unfair competition when it comes to the private sector, and excessive public spending which has led to a huge public deficit.”



*“If you know someone well in the Amal Movement, they’ll try and coordinate, so you get support from multiple NGOs. In Khandak, you cannot really do anything without the approval of Amal.”*

— Amer, Resident in Khandak

Most families, residents say, have at least a member (often the son or father) who are either in Amal Movement or Hezbollah as members or supporters.

**Political parties appear to have remained committed to the neighborhood in the aftermath of the blast, working with NGOs mostly.**

Given that Hezbollah specifically has one of the strongest grassroots mobilizations and social welfare provision systems across the country, political party members were experienced and well organized in Khandak.

Interlocutors, moreover, say that the homogeneity of Khandak made service provision easier and more straightforward. Hussein, a business owner in Khandak, says, “Hezbollah will never leave its people behind, no matter what.” Interestingly, the quantitative surveys indicate that Khandak is the area with shop owners least likely to view political affiliation as important in accessing finance or accessing support, which is arguably due to its political homogeneity.



**This is positive for those who feel a sense of belonging but highly exclusionary for those who do not.**

While the bonding capital was viewed positively by many, several business owners say that it is hard to be innovative or critical in Khandak. There are higher levels of fear in terms of speaking out against “how things are run”, as one interlocutor put it. On the one hand, this makes business innovation more challenging while on the other hand, it reduces out-group residents’ social capital significantly.

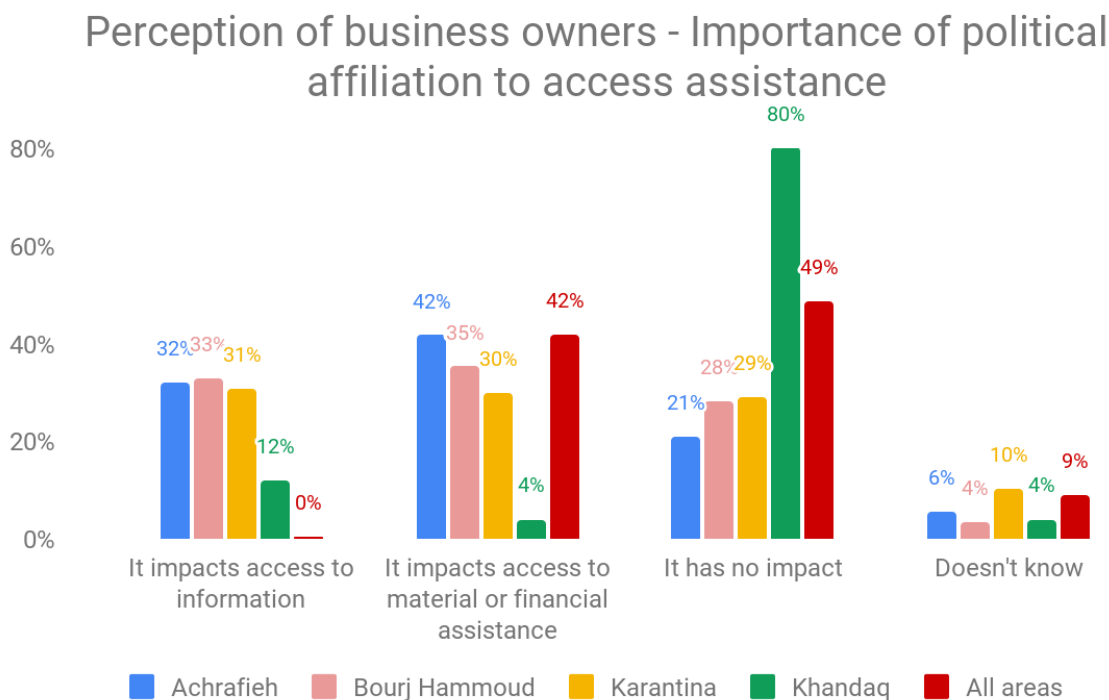


*“I’m a Shi’a woman, but I do not belong to either Hezbollah or Amal. After the explosion, no one looked at me – because I am a vocal critic of both parties, and I married outside of the sect. Would you believe me if I told you I picked up the glass after the explosion on my own? My main support system was my own savings—I sold two gold necklaces. And then eventually, an NGO that helped me get back on my feet. [...]. In this neighborhood, if you are not with them ideologically, then they are against you. [...]. I don’t care. I am strong and can do it on my own. I have my quality of work to show for this.”*

— Tania, shop owner in Khandak



FIGURE 3: PERCEPTION OF BUSINESS OWNERS ON IMPORTANCE OF POLITICAL AFFILIATION TO



ACCESS ASSISTANCE

Meanwhile, Achrafieh as an area appears to have the least sense of political party belonging. The reasons behind this are complex and multi-layered—largely related to the intersection of class dynamics (and the presence of a significant population of upper middle class residents), the influence of young activists and the area’s openness, and the external linkages that connect its local population to people from across the country. This trend is also observed electorally: on the one hand, voters in the Beirut 1 district (which includes Achrafieh) had the lowest turnout rate in Lebanon during the 2018 parliamentary elections. Yet, it was also the only district where a candidate (Paula Yaacoubian) from the civil society opposition list won. Interestingly, however, **the quantitative survey indicates that shop owners in Achrafieh have the highest perception of politics as an influencing factor in attracting support.** This is perhaps because they, themselves, are less likely to use their political connections to attain support. A shop owner in Khandak, when probed about this finding, says, “In Achrafieh they are less reliant on social welfare by political parties because they have money. [...]. In Khandak, no one comes to ask about you, so you have to make sure you are connected to [Amal Movement or Hezbollah].” However, it is important to note that there were business owners interviewed who said they received support from NGOs connected to political parties, such as Ground Zero, which is initiated by Lebanese Forces members, as well as the Kataeb diaspora networks.

Moreover, this might also be related to political homogeneity vs. heterogeneity. That is, business owners in Achrafieh may view politics as a hugely influencing factor to others, while they themselves might not necessarily subscribe to this. This contrasts with quantitative findings in Khandak, which indicate that it is the area where small business owners have the lowest perception of politics as an influencing factor. Yet, qualitative findings in Khandak indicate that there is a largely homogenous political belonging.

Moreover, political parties appear to have less of a stronghold in Karantina, although the Future Movement was reaching out to businesses and households after the Beirut blast. This is also perhaps due to diversity of nationalities and religions, and the overarching weakness of the Future Movement's capacity to provide social welfare in recent years. Prominent Sunni businessmen and ex-politicians also provided financial support in Karantina, including the Makhzoumi Foundation and Safadi Foundation who are owned by Fouad Makhzoumi and Mohamad Safadi respectively. The perception of such support was mixed, with interviewed business owners noting that it was not sufficient and that the efforts by other NGOs were more effective. Some business owners also point out that these efforts are appreciated, as the food distribution helped them in the interim period. Meanwhile, interviewed historian Ziad notes that this is a weak attempt to recapture the Arab Maslakh Sunni vote, given the internal fragmentation among Sunni zu'ama.

Bourj Hammoud's municipality and the Tashnag party were actively involved in mapping the neighborhood damages, providing key information to NGOs and initiatives. The Tashnag party also appears to have coordinated recovery efforts through working with local churches and associations distributing food and hygiene kits.

## 6.6. Religious organizations and charities

Religious organizations<sup>21</sup> and local, as well as national, networks of churches and mosques played an important role in relief work after the blast. Based on interviews, the support religious organizations provided focused mostly on food and water provision, small-scale reconstruction and rehabilitation work for households and churches and mosques, provision of shelter for families connected to the churches and mosques<sup>22</sup>, and allocating funds from broader religious networks abroad.

The country's highest religious authorities, i.e. Dar el Fatwa (highest Sunni authority), Shiite Council, and the Patriarchs, facilitated donations and led on humanitarian responses to both distribute needed resources to those in need and ensure that mosques or churches are rehabilitated. Additionally, global faith networks also launched appeals in response to the Beirut blast -- for instance, the World Council of Churches (WCC), ACT Alliance and the Middle East Council of Churches (MECC) initiated a global humanitarian response.

An interviewed priest notes, "Churches were working and coordinating with one another to distribute hot meals that are nutritious to different neighborhoods. [...]. We knew business owners were not thinking of something as simple as drinking water, so we were dropping off water bottles in different shops in Achrafieh. [...]. Where possible, and when we had funds, we also distributed hygiene products. But we weren't only focusing on 'our' neighborhoods, but simply the places in need." Another interviewee, a sheikh based in Bourj el Barajneh, adds that mosques providing support to those affected by the explosion are open to all. Indeed, interviewees note that religious organizations and networks reduce sectarian or discriminatory tensions, and should not be mistaken with sectarian political parties. However, ultimately, those who do seek support in mosques and churches are often previously connected to said entities and are likely to belong to the same faith.

<sup>21</sup> There is a complex relation between religious leaders/entities and politics in Lebanon. On the one hand, many religious organizations work with local CSOs and prefer to distance themselves from national or even local politics. These organizations work on relief and humanitarian work, as well as educational and missionary interventions. On the other hand, religious leaders and entities cannot be separated from the country's sectarian political system which provides religious courts and leaders with sweeping powers via personal status laws.

<sup>22</sup> Many churches and mosques, as well as schools associated with specific churches and mosques, were severely damaged because of the blast.

However, business owners interviewed say that churches and mosques did not directly play a significant role in helping them get back on their feet economically. The role of churches and mosques was related more to supporting some of them with emotional and psychological morale. **Moreover, those with strong connections to priests and sheikhs may have more social capital as churches and mosques do create strong communal bonds. Indeed, across all four areas, churches and mosques are intrinsic to many resident and business owners' everyday life.** A business owner in Achrafieh, for instance, points out that many of her friends congregate in their local Greek Orthodox Church and that after the blast, they initiated a soup kitchen.

**On the other hand, there are a number of faith-based organizations such as CARITAS, Islamic Relief, World Vision, etc. that play a more direct role in supporting small businesses through livelihoods and cash grant programs.** Moreover, these organizations have partner organizations that work on the ground and are not necessarily tied to spiritual or religious visions and missions. Faith organisations were also quick to respond, given their experience. Shamel, an interviewee from an Islamic faith-based organization, for instance, says that the organization moved swiftly after the blast from food security to the hygiene and WASH sector, and several months later, focused on working with small businesses on livelihood strategies. Some were also providing mental or emotional support, with a number of organizations opening their spaces for those in need to simply come and talk. Shamel continues, "For us, we do not want to simply be seen as an Islamic organization. We are like other INGOs, but we are committed to the tenets of Islam."



# Pathways to post-blast assistance and business survival





## 7. Pathways to post-blast assistance and business survival: how was social capital employed by small business owners?

This section examines the pathways to assistance and business survival after the blast, in addition to understanding more how dimensions of social capital affect businesses' capacity to access aid assistance and ultimately get back on their feet. In exploring these pathways, the section specifically sheds light on:

1. the importance of kinship and informal neighborhood networks
2. the business-to-business solidarity and support patterns
3. the importance of leveraging external support and tapping into bridging social capital
4. the role of social media
5. the importance of pre-existing connections to secure assistance
6. the relative capacity of stakeholders to access finance
7. the role of the diaspora, and
8. the perception of assistance received and patterns of exclusion.

The section includes two main lenses: **time and geographic location/dynamics**. That is, how the factor of time played a role in the evolution of assistance pathways and the ways in which neighborhood dynamics influenced or affected small business' recovery process (or lack thereof).

FIGURE 4: SOURCE OF SUPPORT SOUGHT AND RECEIVED BY BUSINESS OWNERS

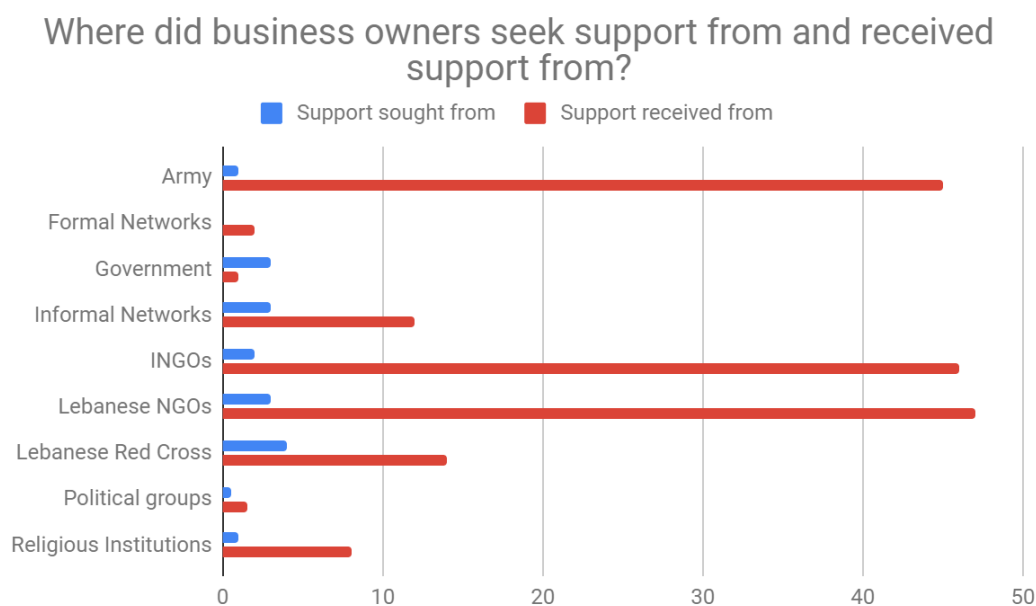


Figure 4 above shows that while small businesses somewhat evenly sought support to a broad range of civil society actors (Lebanese Red Cross, Lebanese NGOs, INGOs), informal networks and the government, the support received came in great part from three sources: Lebanese NGOs, INGOs, and the Army.

The type of support sought and received from different stakeholders is explored further below.

Figure 5 below uses collected quantitative data to examine respondents' change in membership of certain groups and their perception of the change in the strength of the bond they feel with that group after the blast. Similarly, qualitative findings indicate that there was no one specific group sought for access to aid; however, in large part, the majority of business owners relied on the support received by NGOs and INGOs, as well as their informal networks.

In this context, it is clear that the perception of membership of family, neighborhood and religious groups are unlikely to change, but for both formal and informal business networks, there were clear movements away from these networks. However, interestingly, for those who were members, informal networks became more important while formal networks seemingly became both less prevalent and less powerful. The changes in strength of relationship with different types of bond tell a very interesting story. Respondents got closer to families and informal networks but moved away from their religious and formal business networks. While neighborhood identity was seemingly an important determinant of access to services and performance of businesses, there was no clear sense in the quantitative findings that these dynamics brought people closer to these neighborhood networks. On the other hand, qualitative data indicates that there were strong neighborhood level bonds in the aftermath of the explosion. Interviewees note that they interacted more with their neighbors; joined local initiatives such as soup kitchens and food drives and reconstruction efforts; reached out to neighbors to both provide and receive support; and continued to check in on one another in the weeks that followed, albeit more intermittently.

FIGURE 5: DID THE BEIRUT BLAST AFFECT BUSINESS OWNERS' IDENTITY?

Bond	Change in membership	Change in strength of relationship
Family	-	Closer
Neighborhood	-	Mixed
Religion	-	Weaker
Formal Business Networks	Reduced	Weaker
Informal Business Networks	Reduced	Stronger

## 7.1. Importance of kinship and informal neighborhood networks



*“The people who responded immediately and with urgency are residents and neighbors and shop owners, I mean the people there, within the community itself.”*

— Serge, business owner in Bourj Hammoud

The immediate response to the blast included an outpouring of support and solidarity among friends and family, communities and individuals across the country seeking to provide help in any form, and an emergence of informal intra-neighborhood-level networks.



During the chaotic aftermath of the Beirut blast, business owners were – mostly – at a complete loss as to what to do. Jamal, a barber in Karantina says, “I wasn't thinking of my shop at the moment, I was just thinking: Who has died? What should I do at this moment? Where is my son?” The suddenness of the blast, coupled with the confusion as to what caused it, propelled the entire country into a state of frenzy. Journalists and individuals used social media to document all forms of updates, hospitals were mobilized into providing support, individuals lined up outside of blood drives, families and friends opened their homes to the thousands uprooted.

Bonding social capital proved to be crucial. **In an area like Bourj Hammoud, there are very strong intercommunal networks – and bonding social capital.**

Small business owners tell us that after the explosion, they were quick on their feet and supported one another with an immediacy and urgency. Hrag, a shop owner, says, “We are very close to one another here. We feel a strong sense of belonging, so in a moment of crisis, we



want to help one another. Our families are very integrated in each other's daily lives and share common social and political values.” Understanding these strong intercommunal networks requires looking back at the neighborhood's history, which is built on a shared identity of being Armenian. Sarine, a young activist, says, “When you are a minority, and you are brought up in a specific culture that only you and other Armenians share, it makes you become a tribe. From a young age, our families tell us about the Armenian genocide, and we end up straddling two worlds: the Armenian one at home and among our larger Armenian family and friends, and the Lebanese one. [...] You can say our parents and the political parties we belong to invested in a special sectarian identity, a Lebanese-Armenian type.” Armenian identity and proximity are manifest in the multiple networks of aid and organization within the neighborhood, which proved effective in the aftermath of the Beirut blast. Indeed, interviewees point out that Bourj Hammoud witnessed significant organization and mobilization after the blast with scouts, associations, NGOs, churches, and hospitals acting swiftly to respond to the disaster. Interlocutors attribute this to the existence of **multiple initiatives that build on this social and cultural belonging**: women's charities, young adult clubs, men committees, an active police station, an information office and a security one, and youth scouts. Moreover, the Armenian Apostolic Church is also a strong point of bonding. These initiatives make Armenians feel safe, protected, and organized, with a strong element of belonging. This appears to contrast with the trend seen in Achrafieh or Karantina, for instance, where residents appear to have less of a belonging to one specific identity, but is more similar to Khandak in its homogeneity and bonding. Serge, a business owner, says that although Bourj Hammoud is considered a poor area, there are many rich businessmen who continue living there instead of moving to other suburbs in the Metn that are more well-to-do, simply because of this connection.

**Such bonding capital in Bourj Hammoud was crucial in the aftermath of the explosion, particularly in terms of physical rebuilding and immediate relief.** Farah, an activist, says that on the third day of the explosion, she went to Bourj Hammoud and was shocked to find that the glass had been swept away.

When she probed why, she was told that the internal neighborhood-level groups had themselves done the deed without waiting on external associations or entities. Importantly, while there were INGOs and NGOs from other areas involved in Bourj Hammoud, the majority of support came from Bourj Hammoud-based organizations and initiatives, as well as the municipality and the main political party Tashnag. That is, compared to Karantina, Khandak, and Achrafieh, Bourj Hammoud appears to have been more self-sufficient within the initial period of the blast response.

**Across the four neighborhoods, the first point of contact for business owners in the area, naturally, was those they knew very well.** Family members and close friends called each other immediately – rushing towards shops, homes, hospitals, and neighborhoods to support one another through donating blood, offering financial help, and opening homes to strangers. Qualitative findings indicate that while the modus operandi in the earlier days after the blast was “everyone is helping everyone”, business owners relied heavily on their close social networks, particularly their families, to map out their next steps. For instance, shop owners who were injured and could not attend to their shops asked their relatives to board the stores up; they reached out to families to detail their evacuation plans; they asked their friends for support with temporary shop repairs or baby-sitting favors, etc. The key point in the initial phase of support was trust. Who do shop owners trust, and how can these individuals support them?

Meanwhile, the quantitative survey indicates that the strength of bonds in different aspects of identity changed after the blast across the four neighborhoods (Figure 4). For example, families are close, but the blast brought them closer together. 15% of respondents who would have self-described as neutral regarding family connection before the blast would describe as ‘closely belonging’ today. A common status shared all over social media accounts in Beirut was: Friends in Beirut, my house is safe and open to you if you need it. If you are in need of a ride anywhere let me know.

Certainly, at the core of disaster resilience, our findings show, is how diverse groups of people sought each other out, providing relentless support to both strangers and friends and family. The business owners’ level of trust—especially in the initial phases of disaster recovery—appears to have been extensive. While they primarily sought the support of family and friends for urgent requests, they were open to groups and people they did not know.



*“Neighborhood-level networks sprung up with a startling urgency, and there was a revival of the community. It was like a reminder that we have no one but each other.”*

— Farah, Youth activist from Achrafieh

## 7.2. Business to business solidarity and support patterns

**While family and friends were an unparalleled source of emotional comfort, business owners soon had to reach out to or welcome the financial, logistical, and physical support from other groups within the larger community.** Beirut’s streets were choked with deep confusion, grief, anger, and anxiety in the first few days.

This did not shrink in the days to come, but the direct point of contact expanded from kinship to other groups, including other business owners (both within and outside Beirut), residents from within the neighborhood itself, and NGOs. Within the neighborhoods themselves, there were business owners liaising with each other for support. Ghassan, a shop owner in Geitawi, notes, “My neighbor Hassan [who is a grocery shop owner] gave me the number of this woman who works with a group of scouts that were working on re-installing broken windows. They were buying glass from [the grocery shop owner’s] friend, who owns a glass shop in Zoukak el Blatt. I immediately called the woman, and the next day she came with scouts and construction workers to fix my window. To this day, I don’t even know her name.” The experiences and connections that business owners personally had were extended to others within the city, based on a shared sentiment of distress.



*“Not too long after the explosion, some SMEs decided to no longer pay the 11% VAT to the state, donating it instead to NGOs. It was a collective decision among themselves, and there was this sense of solidarity among businesses—like it is us against them [the state].”*

— Asser, Journalist

**This direct cooperation between business owners was common across all four neighborhoods.** It was particularly prevalent among business owners operating within the same street. It appears, however, that **their connection to one another, as business owners, was not mediated by formal networks or trade unions but rather by often long-standing informal relations with one another as friends or acquaintances.** Indeed, the quantitative survey indicates that there was a shift towards informal networks, and a substantial shift away from formal business networks after the blast. 35% of those who would have self-described as close or very close to formal business networks before the blast, now report no connection. This is not universally true, though, with 4% having moved from neutral to close, 7% from distant to neutral. These networks became slightly less close after the blast as per the quantitative survey. However, for those who were part of an informal business network, they became substantially closer after the blast, on average twice as close as prior to the blast. This manifested in efforts to reach out, support, and connect one another to support groups. For those who were acquaintances or had engaged informally with one another, the closeness of this group increased after the blast slightly.

Indeed, for years – and in some cases, decades – these shop owners have worked and lived next to each other. Amina, who has a salon in Mar Mikhael, had a similar case. “I didn’t want to go home without protecting my shop. I came back at midnight, after the mini-market owner next to me told me that he had two extra pairs of nylon sheets. My husband helped him install the sheet in front of the entrance of his shop, and then they did the one in front of my shop.” Dina, whose father owns a gold jewelry store in Bourj Hammoud, tells us, “My family was thankfully not in the shop then. But we came back at night to check in on the store, the ceiling had fallen down, and we also checked in on the other stores in the streets, seeing who needed help and if there was anything we could do.” **Business owners were also, however, asking each other logistical questions such as where to get stocks of glass from, whether to contact insurance immediately or wait a bit, which NGOs were supporting what, and who had repaired their doors and how.**



### 7.3. The importance of leveraging external support and tapping into bridging social capital

**The external or bridging capital in Achrafieh, along with multiple groups' strong cultural association to the area, aided in the reopening of small businesses.** Activists and youth flocked mostly to Gemmayze and Mar Mikhael in the aftermath of the explosion because across the country, communities have a deep connection to the area due to its strong cultural and social atmosphere. Daou et al. (2014) argue that MSMEs are affected significantly by their relationships with customers and their product reputation. We see this in Achrafieh, where customers from abroad and across the city flocked to it for support because they themselves are attached to it. Moreover, economically, the damage to those areas affects the country's hospitality sector, given that many of these restaurants and pubs hire a significant number of youths. Interestingly, several months after the explosion, there was a reopening of multiple pubs and restaurants, and several of the destroyed businesses had also recovered. Indeed, 7% of restaurants saw growth in Achrafieh, according to the survey, which also identified that it was the neighborhood with the most 'thrivers' - 6% of businesses had increased sales 'against 1.7% across all neighborhoods. Arguably, this is because the neighborhood itself, and the business owners within it, had more access to resources, higher financial capital, and more external connections (bridging capital) prior to the blast and were therefore better placed to respond to it.



**Following the explosion, many of the businesses in Achrafieh developed further external social capital.** That is, while some businesses had bridging capital before the explosion, the development of social networks following the explosion, due to the proliferation of CSOs in the area, also led to an increase in bridging capital. Houssam, an activist and entrepreneur living in Geitawi, says that after the explosion, many connections were built between business owners, art galleries, cafes, activists, and political parties such as the National Bloc<sup>23</sup>. "We worked very hard together and are even coming up with an urban vision of how we'd like Achrafieh to develop. It is hard to say anything good can come out of our city exploding, but I am grateful that [the initiative we started] has created new bonds and are picking the pieces up together as sustainably as possible."

Some of the key actors in the recovery process in Achrafieh included a diverse range of civil society groups: local NGOs [such as Beit Baraka, Arcenciel, DAFA, and Offre Joie], INGOs, youth activists [across different schools and universities, including youth political network MADA], and anti-government traditional parties [such as Minteshreen and LiHaqqi], the army, residents and communal networks, private sector initiatives, the church, traditional political party groups (particularly the Lebanese Forces and to a lesser degree the Kataeb), and diaspora networks.



*"In Karantina, the Armenian families help one another; the Arab el Maslakh support one another; and the same with Syrian refugees. Otherwise, they live separate lives."*

—Ahmad, Business owner in Karantina

<sup>23</sup> The National Bloc is an old political party in the country. However, many view it as non-traditional due to its secular values and lack of involvement in the Lebanese civil war. The National Bloc supported and worked with a number of NGOs in the aftermath of the blast.

On the other hand, Karantina's eclectic make-up—coupled with its working-class population and entrenched impoverishment—appears to have led to weak social ties, both in terms of bonding and bridging capital. Intercommunal networks in Karantina appear to have been the weakest among the four neighborhoods under study. While business owners and families say there was solidarity in the first week after the blast, with neighbors checking in constantly on one another and providing each other relentless support (hospital pick ups, reconstruction and cleaning efforts, etc.), this appears to have changed in the weeks that followed. Specific sects among one another, however, have strong links. The Arab el Maslakh<sup>24</sup> community described themselves as very close and relatively conservative, adding that they tend to marry among one another. They also added that they have peacefully lived alongside the Armenian community for decades, though there has been a steady migration of Armenians in Karantina to other areas in the country. On the other hand, **there appears to have been strong competition between Lebanese and Syrians over support from NGOs in the aftermath of the blast.** Activists say that the prior influx of Syrian refugees in Karantina has aggravated political tensions, particularly because the Lebanese there have long been economically deprived. Other shop owners interviewed, however, say Syrians and Lebanese in Karantina have been living side by side. Some Lebanese shop owners interviewed noted that some were bothered by the continuous support that Syrian refugees received both before and after the blast, adding that Syrians received preferential treatment over them. Ahmad, a shop owner, notes, “I don't have a problem with Syrians receiving support, they were also affected. My problem is that INGOs focus on them more than Lebanese.” Syrians interviewed, on the other hand, claim otherwise. A Syrian woman, Amara, living in Karantina adds that for many Syrian refugees, there was no one to reach out to other than NGOs. She adds, “Our families are in Syria, and we are alone here. We lost everything. What were we supposed to do?”

This sense, it should be noted, does not appear to be the same for Syrian refugees living in Bourj Hammoud. Interlocutors note that in the past couple of years, there have been a fluctuation of tensions between Syrians and Lebanese residents in Bourj Hammoud, particularly the Nabaa suburb. This high-density urban neighborhood is filled with low-income households, especially refugees and migrant workers that are reporting increased tensions and an intense frustration towards the government for the lack of State support. Arguably, this might be because **business owners in Bourj Hammoud are not limited to their bonding capital, but also have a bridging one.** Because shop owners in Bourj Hammoud have worked in multiple successful trades – such as leather, shoes, and bag production, as well as jewelry and crafts, and the gold industry – they have set up connections with traders and customers across the country. This also manifests in how business owners situate themselves in the country – they note that they do not feel isolated but rather connected.

### 7.4. Accessing NGO assistance

**Most shops interviewed noted that owners were not able to afford most of the repairs and rehabilitation, and that they were simply waiting for aid groups and NGOs to arrive and support.** In the interim, however, shop owners largely depended on one another for the provision of social and emotional support. Maher, who owns a mechanic shop in Karantina, notes, “We put a lot on hold until more support came. We heard that NGOs were bringing in window panes from countries abroad who were going to be providing them for free. We didn't have money to do anything on our own.”

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<sup>24</sup> Arab el Maslakh refers to both a nomadic Sunni tribe that settled in Karantina in the late 19th century, as well as a specific quarter in Karantina which historically hosted this community.

Interestingly, small business owners were seen as contact points for NGOs and activists, as many have been living in these neighborhoods for decades and know the area very well; had ample information on who is in need of what; and were able to guide service providers effectively and efficiently. Business owners along with activists and neighbors were able to pave the way for community recovery not only because of their access to information but also because of their capacity to fill in certain gaps and provide the needed goods and services to restore disrupted pathways. Many of the small businesses have been open for years and know the neighborhood and its people quite comprehensively. They were able to provide information - such as population and demographic estimations, list of operating businesses, names of families in need of particular support - that was useful for relief aid. Business owners were also able to point out certain shops and streets within a neighborhood that are inconspicuous and in need of particular attention. An NGO worker, Tamara, said, "It was important, as we developed the services we were giving to households and residents and businesses, that we keep small shop owners in the loop. They were able to inform us and give us access to important information we had sidestepped, like shops existing in back corners or the needs of a particular building close to them, things like this."

### 7.5. Social media's essential role in post-disaster relief

**The role that social media played – in terms of organization, dissemination of information and resources, and the actual recovery process – has been crucial.** WhatsApp, Instagram, Twitter, and Facebook were used actively to coordinate response and fundraising; to give neighborhood updates on hazardous buildings, areas in need of more support, the potential outbreak of support; and to provide key points to assess and tackle neighborhood-level efforts. Right after the blast, while phone lines were down and unreliable, social media platforms contingent on 4G were easier to use. Social media's incorporation of multiple formats such as Live Videos, audio voice note forwards, fundraising, and mass emails allowed a diversity of survivors and victims' to take control of how their story was being portrayed.

**Social media was particularly important for vulnerable and often marginalized groups, such as migrant workers and refugees, who may not have been sought after or checked up on by their neighbors.** As such, they had to rely on reaching out to family – in many cases, family living abroad – for support with coordination and financial remuneration. Hassib, who volunteers with migrant workers, notes, "Migrant workers used social media very actively to immediately communicate with their friends and families abroad to keep them updated." Similarly, Syrian refugees used social media to share the damage incurred on their homes and lives and attempt to track missing family or friends. Social media also enabled the influence of diaspora communities or Lebanon-based groups outside Beirut to coordinate campaigns for private donations. The power of social media in illuminating unequal or sectarian/classist targeting also appears to have influenced the dynamics of support among civil society groups. For instance, Hussein, a shop owner in Khandak el Ghamik, notes, "The third day following the explosion, I realized my neighborhood was getting much less support. It angered me; I wrote a long status [on Facebook] criticizing this classist and isolationist approach. I noticed the next day more people came."





Social media, as well, facilitated the interlinkages created between small business owners and CSOs. Social media was highly effective for communities impacted by the blast, as well as for activists and relief workers. Activists and relief workers used WhatsApp groups to coordinate rehabilitation and food distribution; meanwhile, Facebook, Twitter, and Instagram stories were used to provide hourly updates on different issues pertaining to the blast response. All activists and NGO workers interviewed note that they relied heavily on social media to coordinate relief work, adding that while it may have disadvantages, it is overall efficient and reliable. However, there were two main challenges that were reiterated by interviewees: one being the proliferation of fake news on social media platforms, particularly WhatsApp, and another being the challenge of reaching out to communities who do not have access to phones. Regarding the latter, misinformation was rampant on social media—this included conspiracy theories about the cause of the blast; incorrect information about particular buildings collapsing (when they were not the ones at risk); lack of clarity or direction by activists and civil society groups on where/how aid is being distributed, which led to chaos. Regarding the latter, those who are social media-savvy and are on multiple social media groups are able to access a wide range of information, which enables them to know about the different sources of aid being distributed. On the other hand, interviewees note that there were many small business owners, often older and without access to social media, who did not have much contact with CSOs and had no option but to wait for them to arrive before receiving any external support. Patricia, an activist in Bourj Hammoud, notes, “Many older shop owners were left behind. Those with workshops or those with tiny shops selling pens and pencils, it was difficult to find them and they themselves did not know who to contact, especially because many of their children and family live abroad and so they are not very up to date with technology or social media, which is where a lot of the support was being coordinated.”

## 7.6. Importance of pre-existing connections to secure assistance

**Business owners with stronger, pre-August 4 connections to CSOs appear to have fared better.** Qualitative interviews indicate that many business owners, particularly younger residents in the Gemmayze/Mar-Mikhael neighborhoods, had relatively strong ties to CSOs prior to the explosion. In large part, this is because many of Achrafieh’s residents are young and cosmopolitan, and work in the cultural and social scenes, which is intrinsically tied to CSOs in Beirut. “Many of us,” Mohammad, an activist living in Gemmayze who also supervises a restaurant, says, “had friends who were volunteering at CSOs, or we were connected to media platforms from the thawra [October 17 uprising] through friends or previous work, which made our access to information much stronger. **The presence of a young and active community in Achrafieh increased the area’s access to information and resources in the aftermath of the explosion.** Achrafieh-based residents and business owners interviewed appear to have had wide-ranging information on the various types of support provided by diaspora, CSOs, and churches. As John, an SME expert, puts it, “The gentrification of Achrafieh made it more resilient with the presence of young entrepreneurs in it. There are many highly educated and connected youth there, making them more likely to respond well to risks than those in areas such as Karantina and Khandak.” Indeed, small business owners utilized crowdfunding platforms such as GoFundMe to raise immediate funds more than any other area. This was a successful way to combat traditional forms of bank loans, given the banking crisis. Gemmayze and Mar Mikhael also witnessed more supply distribution since the blast according to interviewees.



*“These streets are where we fell in love, and had our business meetings, and got drunk, and so on. We all have a connection to it. So seeing it destroyed was even more personal.”*

— Maha, Youth activist

**On the other hand, local CBOs played a significant role in Khandak, whereas informal and politicized civil society groups were not as involved. Business owners in Khandak also say international organizations such as Mercy Corps, SHEILD, and Anera were very active with supporting small businesses after the blast.** Business owners point out that the Red Cross significantly intervened with the rehabilitation process and were strongly trusted by locals. However, there is still skepticism among a significant number of residents, such as Sara, a business owner who noted that there were businesses and residents in Khandak who “lied [about the severity of their situation] to get help.”

On the other hand, **civil society groups** – such as youth activists, anti-government opposition groups, and informal networks – that were more active in Achrafieh and Karantina **appear to have been largely absent in Khandak**, illustrating the area’s isolation and its disconnection from anti-government mobilization groups. Another key local organization that has long played a key role in Khandak, including in the aftermath of the blast, is a community-based organization founded by a previous mukhtar in the area. Interestingly, it appears that there are tensions between that CBO and Amal Movement; and consequently, those who did not receive support from Amal Movement had to visit the CBO for support instead. Hassanein, a business owner, adds that those who have a strong connection to the founder of Baneen were provided “wasta” and connected more directly to NGOs.

**NGOs, both international and local, played a crucial role in Karantina, effectively rebuilding the area’s businesses and households.** Interlocutors say that in the two months following the explosion, Karantina was filled with NGOs, scout groups, and volunteers of all sorts. Unlike the other neighborhoods, interviewers (particularly Lebanese) from Karantina note that the proliferation of CSOs in Karantina was a relatively new dynamic, as the neighborhood is often isolated and considered simply industrial. Among the names most reiterated by interviewers as being present and engaged in Karantina are Offre Joie, UNDP, USAID, ACTED, and Dafa Campaign.



Ahmad, a business owner, says, “We lost track. Every day there was a new NGO that wanted to rebuild something for us.” The strong presence of civil society groups in Karantina appears to be largely tied to the fact that it was the most badly damaged area and was therefore in need of particular attention. More broadly, this alludes to the confusion related to the rapid proliferation of response actors in an area where they were not historically present.

**Syrian refugees also used their pre-existing engagement with NGOs to ask for support.** Specifically, this refers to two types of engagement. The first refers to Syrian refugees who had previously engaged with or been supported by local and international NGOs (for instance, cash assistance; training sessions; workshops). These refugees had phone numbers or contact with these NGOs, and reached out to them for support. The second refers to Syrian refugees who themselves were involved in NGOs and INGOs as employees and volunteers, and mobilized their network to direct support toward Syrian refugees who may have otherwise been neglected by relief work. This mechanism was key because, as indicated in previous sections, there were cases of NGOs and campaign groups prioritizing Lebanese over Syrians in terms of support. In neighborhoods such as Karantina and Bourj Hammoud, where there is a significant number of Syrian refugees, social capital among Syrian refugees was critical. A Syrian refugee, Qasem, from Karantina reports that the situation of Syrian refugees has become extremely desperate, worsened by economic crisis and the rounds of lockdown which affect refugees’ reliance on daily labor. As such, Syrian-focused NGOs, such as Sawa and Basmeh & Zeitouneh, played an important role in ensuring that Syrian refugees would not be left behind in the recovery process. This was particularly clear in two neighborhoods, Karantina and Bourj Hammoud, where there is a significant number of Syrian refugees.

**Syrians in Bourj Hammoud and Karantina, interestingly, have had long standing relations with different INGOs, such as Save the Children and NRC, and report that following the explosion, they reached out to them for support.** Because Syrian refugees have attended multiple training sessions or received cash grants from organizations such as the WFP, they tend to have the phone numbers of social workers and caseworkers. In the case of disaster, Syrian refugees tend to reach out to INGO and UN agencies workers for support.



*“Karantina has been one of the poorest places in Beirut since the civil war. We did not have water or electricity, we lived in small cement houses. Many Syrians settled here starting in 2011 because it is cheap, but also because they could find jobs in the port or other construction areas in Downtown. [...]. Do Syrians face discrimination here? Ask them, but from my end I will say no.”*

—Ahmad, Business owner in Karantina

## 7.7. Capacity to access finance

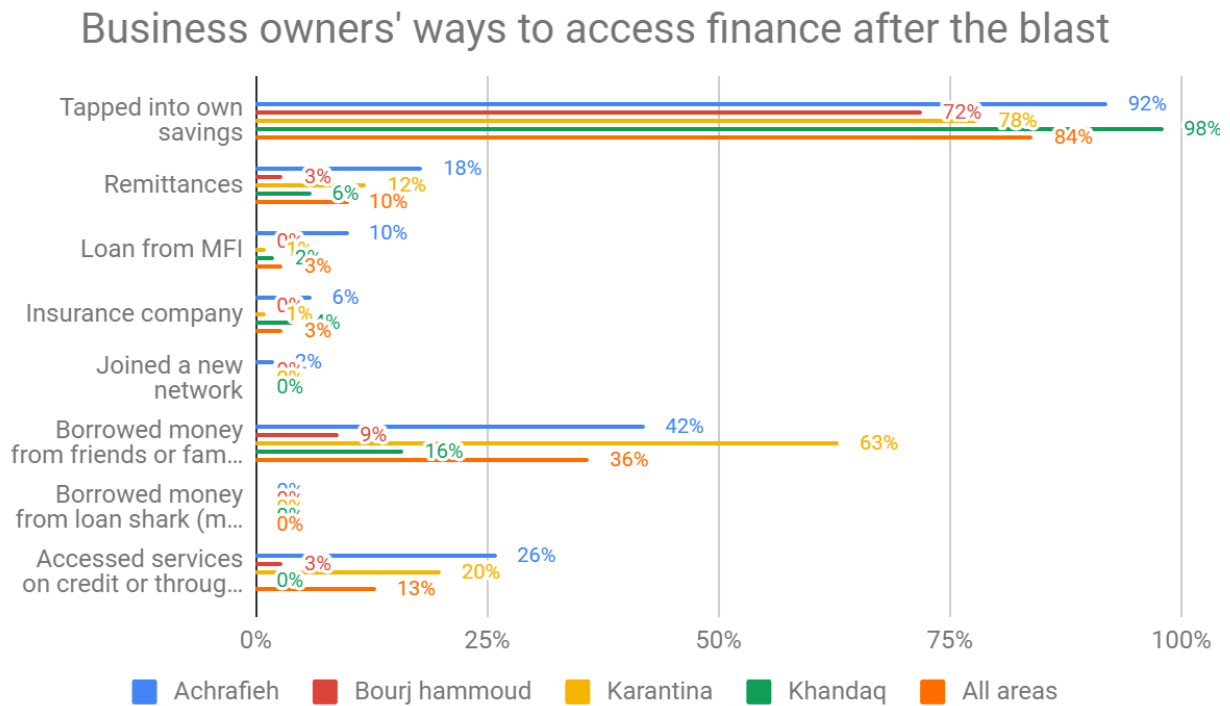


*“The question now has become – who, in your life, has fresh dollars? How much are they sending you?”*

—Samar, Business owner in Mar Mikhael



FIGURE 6: BUSINESS OWNERS' WAYS TO ACCESS FINANCE AFTER THE BLAST



Despite all of the assumptions of the precarious positions of small businesses prior to the blast, quantitative findings clearly indicate that the vast majority of owners had accrued savings on which they could draw. The relevance of informal networks demonstrated throughout this report is reinforced here with the second most commonly utilised strategy for financial support being from friends and family. While remittances remain an important source of support for those who have access to them, only one in ten businesses have this facility. Geographical variation in behavior here is influenced by a number of factors including the severity of the need and the existing resources available in those areas. For example, in Bourj Hammoud, businesses were less likely than those in other areas to draw on every kind of support. Two areas that do not follow the pattern are in Khandak, where businesses are much more likely than average to tap into savings as opposed to other strategies, and in Karantina, where borrowing money from friends and family is a more commonly pursued strategy.

**The economic crisis—particularly the plummeting of the lira, hyperinflation, and the inability to access dollar savings in the bank—was reported by small business owners as the main challenge to recovery.**

Interviewees note that while the blast may have destroyed the physical infrastructure of their shops, the economic crisis has robbed many owners of the capacity to reimagine the future of their work. Most small businesses have had their savings trapped in banks since October 2019, following banks' controversial capital control schemes. While some small businesses – the minority, as per qualitative findings – may have had savings abroad they could tap into after the explosion, the majority of small businesses interviewed said they had no access to fresh dollars except through family abroad or funds received from NGOs. Particularly in Khandak and Karantina, interviewed small business owners said they do not have bank accounts. Some did not have bank accounts even before October 2019, while others closed their bank accounts. On the other hand, small business owners in Achrafieh appeared to be more likely to have access to foreign currency funds, but still appeared to be a minority.

Civil society groups interviewed also note that in the aftermath of the explosion, the money that poured from the diaspora was – in the earlier phases – trapped in the banks. One diaspora activist notes that, “Many funds received via banks were exchanged at the official rate, leading to a loss in the value of money donated. We had to speak to the bank so many times to ensure that the activists we were sending the money to could actually pull it out in foreign currency to exchange at the black-market rate.”



*“For us, we are suffering not from the blast but from the economic crisis. We cannot import things for workshops. We also do not have tourists here, so there is a lot of circulation of ‘fresh’ dollars. Ramadan this year was a tragedy for Khandak’s people, no one could afford meat or the usual Ramadan staples.”*

— Hassanein, Business owner in Khandak

**Small businesses in Khandak appear to be the neighborhood least affected physically from the Beirut blast, in comparison to the three other neighborhoods.** The survey indicates that 28% of businesses in Khandak saw no impact. However, at the same time, the survey indicates that Khandak was affected more than other areas with regards to supply disruption from formal networks. As such, it is important to note that despite Khandak having less of a physical effect, the blast impacted it in different ways.

Moreover, interlocutors note that different sectors were affected differently – wood workshops were the most affected; glass shops did well in the beginning; groceries suffered, but more so from the economic crisis. Khandak, moreover, appears to have been very badly hit by the economic crisis. As Ali, a business owner, notes, “Work hasn’t returned to the way it was before.”

**As such, businesses able to access “fresh” dollars were considered to have a huge advantage over those who were not.** Accessing “fresh” dollars entails having business connections abroad; receiving transferred money from family or friends in the diaspora; or working/knowing people who work in sectors, such as development, that distribute wages in foreign currency instead of the lira. This has further created divisions among business owners, with those who can access “fresh” dollars more capable of responding to the crisis and having the capacity to import goods or access services that are otherwise unattainable to business owners still operating with the local currency. Additionally, important to note is that Lebanon’s banking sector distinguishes between pre-October 2019 deposits of US dollars, and “fresh dollars” since that date.

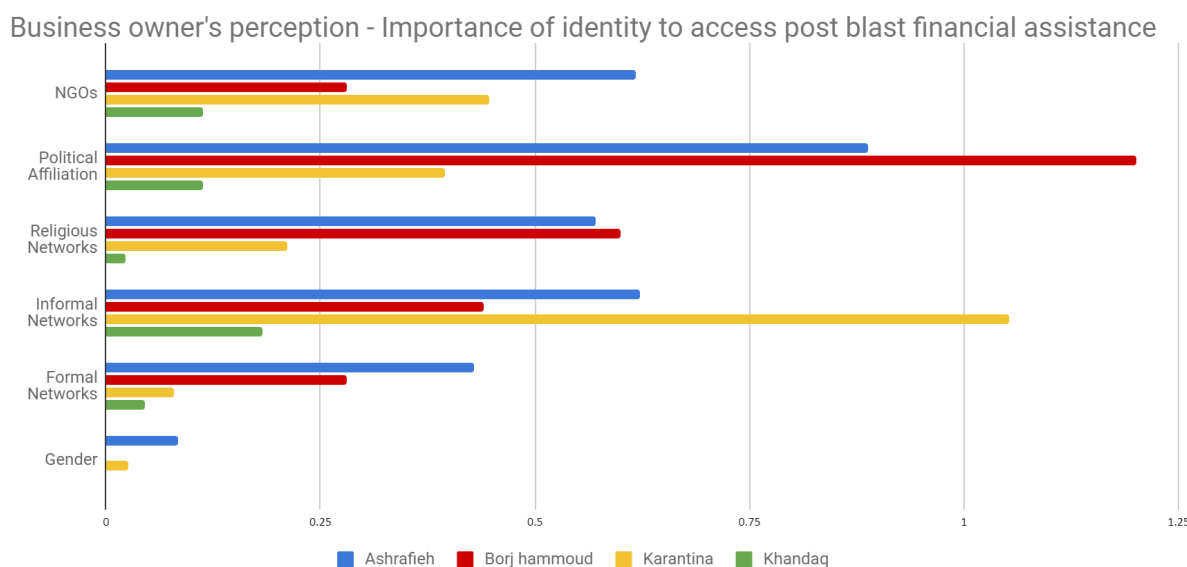
The former, often referred to as ‘lollars’, are devalued and are currently withdrawn at 3,900 Lebanese Liras, with a monthly limit varying by bank. This hugely affects small businesses, who often must exchange Liras into dollars at the black-market rate (over 15,000 Lebanese Pounds (LBP) to a US dollar as of June 2021) to import basic commodities. **Business surveys indicate that 60% of firms had difficulty accessing finance since the blast.** There was a clear divide in the geographies where firms had trouble accessing finance, and those where they did not.



In Achrafieh and Khandak – where firms were not as badly affected, they had more trouble accessing finance. 88% of firms in Khandak had trouble accessing finance and 72% in Achrafieh, compared with 50% in the other two areas. Sectorally, food and beverage had the most trouble in accessing finance (73%), while retail had the least (53%), which is likely a function of collateral. In general, respondents viewed political affiliation and informal networks as the most significant factors in accessing finance. This contradicts the finding that interviewees pushed forward, which was that in the aftermath of the blast, political affiliation did not play a huge role with regards to accessing immediate relief.

Arguably this is because when it comes to immediate relief, the urgency and a collective sense of solidarity following the blast had the capacity to cut across divisions. However, for more institutional or medium-term forms of services, which includes the capacity to access finance, pre-existing divides and client-patronage networks continue to affect access to finance or, at the very least, the perception that access to finance is significantly mediated by political affiliations. Nevertheless, it is interesting to note that this perception varied by area and was more than twice as important in Bourj Hammoud as it was in Khandak. Retailers were most likely to see political affiliation as a factor, while cosmetics, beauty and other services viewed informal networks as the most influential factor. Overall, gender of ownership was viewed as the least important factor.

FIGURE 6: BUSINESS OWNERS' PERCEPTION OF THE IMPORTANCE OF IDENTITY TO ACCESS FINANCIAL ASSISTANCE



Meanwhile, the quantitative survey indicates that the vast majority of people (84%) accessed their own savings as a result of the blast. The next most common form of financing was through family and friends (36%), of which around two-thirds of the transactions were initiated by the borrower. Another 13% of firms accessed goods and services on credit, while 10% relied on remittances. Very few (around 2%) used formal finance in the form of MFIs or insurance. In terms of gender differences, overall, men were far more likely to have borrowed or received support – including services on credit, loans from friends, insurance and remittances. They were slightly less likely to have accessed their own savings. In the wealthier Ashrafieh and the far less wealthy Kandaq, people were much more likely to have tapped into their own savings.



This could be for a range of conflicting reasons: for example, people could have been less likely to access their savings either because they did not need to as they were wealthy and had other resources, or because of the opposite where poorer people had no resources to draw on.



*“Listen, to survive, fine, we’ll find ways to get by. But if we want to adapt and grow, we need to think of how to shift toward export. I am constantly thinking of how I can bring in “fresh” dollars, or at the very least, find a way to do online or regional sales.”*

— Bassam, Shop owner in Gemmayze

## 7.8. The Role of the Diaspora

**Lebanon’s diaspora plays a huge role in the country’s sociopolitical and economic make-up, and small business owners with access to close kinships or networks abroad (who send them money) fare significantly better than those without.** For business owners, their social capital and propensity to try and bounce back from the blast was, in many cases, related to who they had abroad. An economic expert interviewed notes, “Diaspora is a fuel for Lebanon. We have relied on it for decades. But now, more than ever, if you don’t have someone abroad who can supply you with fresh dollars, then you are really set back.”

Interviewed business owners tell us that those with family and friends abroad were supported. In some cases, the support was as little as 100 to 200 dollars, and in other cases it was around 5,000 dollars. This money was exchanged at the black-market rate and used to increase supply of goods, fix their store, pay off debts, settle operational costs, fix destroyed equipment, etc.

**The Lebanese diaspora’s cash injection and historical remittances have always been a significant component of Lebanon’s GDP, and contributes to the social safety net of small businesses.** Estimated to be almost three times Lebanon’s population, the diaspora’s critical significance was clear as daylight following the explosion when thousands of Lebanese migrants transferred money, created funds, initiated targeted efforts, and organized campaigns from across the world. Impact Lebanon, for instance, received over 5 million USD in aid, mostly from private donations from the diaspora. The inflow of money through the diaspora occurred in different ways, especially considering that bank transfers were quite challenging due to the bank crisis. These included transferring fresh dollars via Western Union; asking friends coming from abroad to bring in specific money; using online platforms that facilitated receiving the money in fresh dollars; etc. Moreover, diaspora-led campaigns and fundraising initiatives appear to have quickly mobilized and organized to ensure that funds are provided to NGOs and other causes or campaigns. Diaspora groups interviewed noted that they actively vetted NGOs, and that their most important criteria are that they are apolitical, non-sectarian, registered, and recognized – and that they have ongoing initiatives prior to the crisis, and have passed an audit test.

**The diaspora felt an immense commitment to supporting Lebanon after the explosion.** “We were obsessed with our phones. We could not put them down. We wanted to track everybody found, we wanted to help shops, we wanted to just do something. The collective desperation and helplessness the Lebanese diaspora felt is a story on its own.”

Another Lebanese migrant, Rama, based in New York, said, “Before the explosion, we were already feeling immense guilt. Suicides and robberies were increasing, and every time we spoke to our families they were crying and depressed. When the explosion happened, it snapped: we were responsible for protecting our home country.” **Ultimately, the Lebanese diaspora has a strong tie to Lebanon.** Some families, despite having left decades ago, continue to visit Lebanon, making tourism a key element for SMEs. “We wait for diaspora to return and go to restaurants and clubs,” Samir, a pub owner in Mar Mikhael says. “This is why with the lockdown and all of COVID-19, it was very difficult for us to function.” However, there was a pushback among a number of interviewees that residents and businesses should not rely too strongly on diaspora as a solution to the country’s economic ailment. For instance, an economist, Ahmad, points out, “It is important that we don’t see Lebanese diaspora money as something sustainable and capable of providing enough support on its own; it can help on a family-to-family basis, but not as a means to support reconstruction.” Another activist, Farah, says, “We can romanticize the diaspora for all we want, but it is not a solution; if anything, the remittances of diaspora is one of the reasons we have such heightened inflations.”

**Shop owners and residents in Bourj Hammoud appear to have been relatively supported by the Armenian diaspora.** This is also because there is a strong connection between the Armenian and Lebanese-Armenian diaspora across the world, who mobilized in the aftermath of the explosion to provide funds to Armenians in Beirut. When probed on whether the funds were exclusively for Armenians, Patricia, a Bourj Hammoud-based activist, said the priority was for Armenians but given that Bourj Hammoud is populated by Syrians and migrant workers, the distribution accounted for them as well.

**Specifically, many diaspora initiatives sprung up after the explosion to focus specifically on small businesses,** such as Dammeh for Humanity, Lexington for Lebanon, and the Beirut Relief, which focused specifically on supporting SMEs in Beirut affected by the explosion; and other organizations such as SEAL and Life Lebanon, which operated before the blast as diaspora initiatives but shifted their focus following it to support SMEs. Some groups of family and friends on their own put together fundraisers to raise between 10,000-20,000 USD for businesses.



*“Lebanon has long been reliant on the diaspora population for remittances, summer and winter tourism and cash injection, and continuous year-long support. The diaspora is a form of cash bloodline for many families. With them, you know there is a form of fresh cash coming in. There was also a push to support local initiatives from abroad in order to bolster the economy.”*

— Bassam, Shop owner in Gemmayze

**Residents in Khandak also received very little financial support from diaspora networks or crowdfunding campaigns in response to the blast.** Qasem, a business owner, notes that families in Khandak do not have a strong diaspora population. “Unlike the South of Lebanon,” he adds, “where many have children in Senegal or Nigeria, in Khandak we have few children abroad, so we did not have that support.” However, other business owners noted that they received financial support from Shi’a businessmen and religious figures abroad.

One such example was Grand Ayatollah al-Sistani, one of the most prominent Shi'a figures based in Iraq, who donated 1 million LBP to every household in Khandak and Zoukak el Blatt following the blast. Important to note is that remaining funds were also donated to families in Karantina and Achrafieh, indicating that funds were not only given towards Shi'a. Interlocutors however say Sistani's donations were not accepted by families in Achrafieh, but this has not been verified. Another shop owner, Samih, says some families and businesses received funds from richer families in the South who have stronger connections to the diaspora. Interestingly, however, diaspora connections in Khandak appear to have been channeled into supporting families through food boxes and in-kind support.

### 7.9. Perception of assistance received and patterns of exclusion

**It appears that, to a large extent, the support small business owners received in the earlier phases of the response to the explosion was not contingent on identity markers such as class, gender, and sect.** When probed about whether certain groups of people were preferred over others by NGOs, INGOs, the Lebanese army, and religious associations<sup>25</sup> – in terms of financial, in-kind, or rehabilitation support – business owners mostly answered no. “Who is even thinking of sect or gender or nationality when there is blood everywhere?” Jana, a shop owner in Mar Mikhael, said. Extending on this notion, Gabriel, an economic expert, said, “In a similar way to the early days of October 17, when citizens from all across the country came down in a moment of desperation and joy, August 4 was a key date in shaping a rewriting of the Lebanese narrative.” He continued, “Unlike the Civil War, both events did not pit different groups against one another.

Rather, it was a sense of we are all victims of a murderous and neglectful state.” In this sense, **the primary markers of identity were not a significant point of concern or a deal breaker in that phase, whether in terms of business owners referring others for support or communal networks and activists providing support.** The prevailing discourse was that the city's residents were all victims of a shared atrocity. This contrasts another prevailing notion, which is that Lebanese are always segmented and divided across rigid sectarian lines. Indeed, the quantitative survey indicates that people self-describe as belonging more closely to a neighborhood than a religious community.

On average respondents self-describe their belonging to a religious community as between distant and neutral, while the average strength of bond to a neighborhood community as ‘closely belonging’. Qualitative findings also back this up: both experts and shop owners reiterated that while there were patterns of exclusion, especially in later stages, the initial response to the explosion was not dissected along sectarian or classist lines. The element of time is crucial here, however, as it appears that the passage of time may have changed the initial inter-community solidarity among those providing support.

**Indeed, further analysis and probing indicates that some charities, civil society groups, activists, and political parties prioritized certain areas over others in the weeks and months that followed the explosion.** Youth activists, for instance, were more likely to provide support in Achrafieh than Khandak el Chamik because of, perhaps, their personal connection to it. There were also particular NGOs that declared their priority to support Lebanese instead of Syrian refugees; others that said the aid being sent was particular to Christians or Muslims, for instance, or Armenians specifically. An activist, Farah, said, “Palestinians and Syrians were rejected by some charities because of a Lebanese-only policy.”

<sup>25</sup> As indicated in section 6.5, this sentiment differs when it comes to sectarian political parties. Interviewees reiterate that sectarian political parties provide discriminatory support. However, because many volunteers from sectarian parties (particularly in Achrafieh) working on the ground after the blast did not identify directly with their party, it was hard for business owners and residents to point out whether or not they were being discriminatory.



An NGO worker, Sherine, tells us, “It would not be a fair assessment to say there was preferential treatment for Lebanese. What is for sure, though, is that there were instances where certain groups [including business owners] purposefully redirected funds or support from Syrian workers and business owners to Lebanese ones. I am convinced that this was an exception, but it still happened.” This was particularly the case with local charities and NGOs which were founded based on religious or sectarian identity. For instance, two interviewees alluded to a local NGO in Achrafieh that preferred for cash and food to be primarily distributed among Christians from Achrafieh. Another specific diaspora fund by Armenians abroad wanted its funds to be directed specifically toward Armenians. Similarly, an interlocutor tells us that a Shi’a businessman based in Senegal sent funds to Zoukak el Blatt and Khandak for residents of those areas alone – who are mostly Shi’a. Moreover, during the first couple of days of the explosion, there was a lot of critique directed toward activists and civil society organizations (CSOs) for prioritizing the Achrafieh neighborhood, known for its cultural and social pull, and neglecting other areas such as Karantina and Bourj Hammoud.

**Importantly, it appears that there was a pushback against organizations that did not want to support Syrian refugees or other groups of non-Lebanese residents and workers.** For instance, Sarine, a community mobilizer in Bourj Hammoud, said that when a funding group told her that the funds should go only to Armenians, she rejected it. She notes that Bourj Hammoud has a plethora of communities, and support should go to all those in need. Similarly, Ahmad, who leads an Islamic faith-based organization, said that his organization rejected donors’ restrictions to support certain areas over others, noting that the support should not be limited to sects.

**At the same time, business owners point out that many shop owners felt left behind by NGOs.** Amina, a shop owner in Khandak el Ghamik, notes, “I felt like NGOs were helping the shop next to me, without coming to my aid. I didn’t know what to do to make sure I would also have [physical rehabilitation] done.



Who did I need to speak to? This is what I was wondering, I was wondering why NGOs are helping some people and not others.” This sentiment is quite common in cases of emergency, where there is always a sense that someone is getting more than the other. **In other cases, small business owners note that NGOs made promises they did not stand by or delivered support they were not looking for.** Ahmad, a shop owner in Karantina, notes, “An NGO wanted to fix my door. I told them my door is fixed, can you please instead get me a fridge? But no, all they could do was fix doors. [...]. I found this inefficient.”

**Moreover, there were tensions that emerged between NGOs working with one another, whereby one NGO preferred a certain working approach over another.** This was also manifested in the approach civil society groups thought they should have toward small businesses in the weeks and months that followed after the blast. Questions related to the selection process, type of assistance provided, whether to continue focusing on relief work or shift towards a livelihoods approach, emerged after the initial emergency work had been concluded. For instance, one interviewee, an NGO worker, noted that a point of tension between two NGOs was whether to push for unconditional cash grants to businesses or not.



# Conclusion and Recommendations





## 8. Conclusion and Recommendations

### Integrating social capital in post-disaster responses

To acknowledge and further shed light on the role of social capital in socio-economic development, and more particularly in the case of post-disaster situations like the Beirut blast, is the first part of adopting a more holistic approach to recovery. The next question pertains to what can be done about it in practice: How can policies or aid practitioners' interventions targeting small businesses integrate social capital as part of their assessment of needs and response design? How can these policies or interventions factor in the power relationships and inequalities of access to post-disaster assistance that stem from varying degrees of social capital? How can social capital improve the effectiveness of the policies and interventions proposed? For social capital is not a natural given, but is the result of the political, legal, and institutional environment, and hence is affected by particular interventions. As such, there is a circular relationship between social capital on one hand and on the other, policies and interventions, with potentially mutually beneficial effects and possibly the risk of vicious circles, what might be called conflict sensitivity.

Our findings have shown the importance of social capital in determining the kind of resources that small businesses could draw upon to respond to the disaster. Whether as an immediate outpouring of solidarity among kinship, or the short term reliance on informal neighborhood-level networks, or as points of contact for relief organizations, it is the presence of these dense networks that remedied some of the disastrous consequences of the blast. And it is this form of capital that is expected to play a crucial role in the coming years, as a way to remedy the impact of the financial crisis.

As it is clear by now, Lebanon is currently going through its deepest financial, economic and social crisis, a financial crisis the World Bank described as one of the top three financial crises since the mid-nineteenth century in the world (World Bank (2021)). Post-disaster settings are characterized by the temporary breakdown of formal institutional rules and settings, a breakdown that is more endemic in the case of Lebanon, long affected by the predominance of informal rules and the weakness of formal institutions. And this breakdown is expected to be more profound in view of the current financial and economic crisis.

**In such a context, the reliance of small enterprises on social capital is expected to grow in importance,** which is the case for a number of reasons:

1. Social and public services are expected to be dramatically curtailed, leaving in their wake disorganized private and collective alternatives that rely heavily on social networks to be able to access them.
2. The expected growing informality and inefficiencies in various markets, in addition to the growing uncertainties facing small businesses, renders social capital, in the sense of the knowledge and support involved in the social networks, even more essential for the survival and potential growth of small businesses.
3. In an uncertain and changing institutional environment, access to information is going to be of key importance for small businesses; information that will often be only available to particular social networks and their connections.



Important to note is the various types of knowledge, two key ones being: local 'bonding' knowledge (i.e. information and support generated through connections and engagement on an informal neighborhood-level and with close family and friends, as well as business owners well-acquainted with) and external, more horizontal-leaning knowledge (i.e. NGOs, INGOs, political parties, diaspora groups, social media networks, etc.)

4. With the growing need for foreign currency, access to finance is going to be one of the main determinants for the survival of small businesses, access that is mediated by family connections, contact with NGOs and INGOs and transnational sources of social support, all part of social capital.

These developments will greatly affect the capacity of small businesses to continue their activities, as it will affect the cost of doing businesses, throw them even more in informality, and make their dependence on social networks even more acute. The growing informality that the current financial crisis will lead to is expected to make social capital one of the most important forms of capital in the years to come.

## Key Findings

### **1 Social capital matters for small businesses in the wake of disaster.**

Our findings have shown that social capital matters. Small businesses with deeper connections to existing social networks have fared better after the blast, in terms of the support they received, the access to information or to aid. But social capital was also important for the organizations providing immediate support, as small businesses became the first contact points, providing the information needed for aid and support provision.

Developmental and aid practitioners need to recognize the role of social capital, and its interaction with policies. Information should be collected about existing patterns of social capital, ensuing power relationships, and the various networks that crisscross their areas of intervention. Practitioners should identify the range and type of stakeholders and need to pay special attention to the risk of cooptation by dominant groups when planning and delivering assistance (Woolcock and Narayan 2000). Small businesses should be understood as part of social networks, and these networks need to be accounted for when devising particular recovery strategies.

### **2 In the aftermath of a disaster, bonding capital is key for immediate response, while bridging and linking capital come into play in later stages.**

Social capital comes in different guises. Bonding and bridging social capital work in different ways, often in complementary manner. Bonding social capital is often of paramount importance for immediate disaster needs, while bridging social capital comes into play for more medium term needs. This distinction was confirmed by our findings. Linking capital, especially in the regions where political parties were a major player, is expected to determine the capacity of a community to access public resources and even foreign aid. In a context characterized by limited resources and fierce political competition over them, linking capital can easily become a source of societal division. Understanding how social capital functions, and the potential downside of relying on them in some cases, is paramount for thinking about developmental policies and interventions

The challenge facing any policy practitioners in the coming years is how to harness the potential of social capital, without reproducing the clientelistic structures or encouraging narrow or parochial identities. To harness this form of capital not only instrumentally, in order to improve aid allocation or resource distribution, but also as an end in itself, for the resources embodied in these networks of norms, relationships and connections.

### 3 The complexity of navigating the city's broad range of responders and stakeholders in the recovery process.

The key actors playing a significant role in the Beirut blast, particularly in helping small businesses recover, include CSO actors (local NGOs, INGOs, grassroots activists), Lebanon's diaspora, and the army. There was a prevalent notion among interviewees that the country's CSOs had, in fact, replaced the state in the aftermath of the explosion. Particularly, the October 17 uprising in 2019 increased cross-country networks and local mobilization groups. Many of the offshoots of the October 17 uprising mobilized to provide relief support in neighborhoods. Simultaneously, the proliferation of international organizations across the country, particularly following the protracted Syrian refugee crisis in 2011, meant that many INGOs in the country were organized and quick to respond to the Beirut blast. At the same time, much of the donor aid coming in – or the donor aid that had existed prior to the blast – appears to have become flexible and was adapted to fit the needs in the local community. Simultaneously, there was a rush among INGOs to adapt to Beirut, an area they have less experience in than regions such as Bekaa and Akkar. In large part, this is because the latter areas have historically been more vulnerable, and have therefore attracted a higher number of aid assistance. **At the same time, small business owners note that NGOs were chaotic in initial phases, making promises they did not stand by or distributing relief in a disorganized manner.**

### 4 The interplay of time and social capital is crucial in understanding the evolution of support and assistance since the blast.

Social capital is not a monolithic resource. Its functioning is highly contextual. For instance, our findings show that reliance on different forms of capital depends on the time after the blast. Bonding capital was crucial in the immediate aftermath of the explosion, particularly in terms of physical rebuilding and immediate relief. But soon after, small businesses had to reach out beyond their immediate social networks to be able to access the financial, logistical, and physical support from other groups within the larger community.

Time affects the deployment of social capital in a different way. Whereas our research shows that to a large extent, the support small business owners received in the earlier phases of the explosion was not contingent on identity markers such as class, gender, and sect, with time, patterns of exclusion started appearing, as social capital goes through existing institutional settings.

It is important that the policy and interventions' design include an investment in the organizational capacity of the poorest members of a community and a focus on building connections between communities and social groups. There are different ways that social capital building programs can be devised, from encouraging civic engagement and volunteerism (such as through the practices of time banking and community currency (Lietaer, 2004)), to creating physical spaces and programs for increased interaction.

Facilitating collective action provides another channel for increasing the stock of social capital in a community, and so do policies that increase trust and social cohesion. Small businesses should be approached not only from the perspective of their individual survival, but from the perspective of the survival of the whole social geology sustaining them.

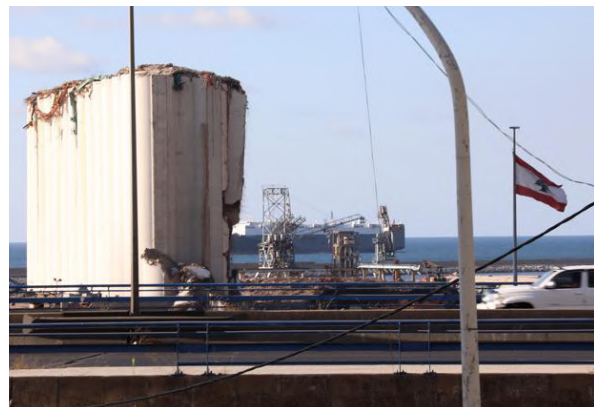
## Recommendations

To maximize the impact of any strategies of recovery, **the design of future interventions should streamline the concern with social capital in its various stages**, the goal being:

- ▶ Increasing the impact of strategies by taking advantage of the existing stock of social capital, and
- ▶ Drawing on the beneficial resources already existing in the target communities by providing them with the appropriate institutional framework.
- ▶ Recognizing, working within, and expanding social capital capacities (including bonding, bridging, and link capital) over the short, medium, and long term.

In order to achieve these goals, a number of possible strategic and programmatic goals could be implemented. Ideally, this would be facilitated by the creation of an enabling environment by **relevant central government organs**. To complement such undertakings -- or in the absence thereof -- the **donor community** can contribute significantly by including considerations of, or flexibility for, the inclusion of social capital mapping and building as part of a more comprehensive emergency response or longer-term development programming. **Implementing organizations** (CBOs, local and international NGOs, advocacy groups, etc.) should seek to understand the potential and limitations of social capital in their areas of intervention, including careful understanding of the theoretical and practical frameworks, and the active mapping of social capital systems. These actors can then design programs to complement and strengthen existing capacities of affected groups and communities, and to build upon and expand the bonding, bridging, and linking capacities within and between affected groups, both to address the immediate impact of the emergency, and to contribute to the building of improved resilience capacities to future such shocks.

Practitioners should, however, note that while social capital may predispose individuals to cooperate and network, these factors may be insufficient in shifting governance outcomes. Social capital is an asset that remains latent until stakeholders activate it for their benefit<sup>26</sup>. One should also consider the leadership capacity of current or potential change agents and local and national level government capacity, whether formal or informal.



<sup>26</sup> Mercy Corps, "Social Capital and Good Governance: A Governance in Action Research Brief," April 2017.



**Recommendation 1.** When designing and implementing emergency response or recovery interventions in a demographically and socio-economically diverse and complex environments such as Beirut, it is essential for responders to not only assess the damages and the needs of the affected population, but to also explore and factor in the pre-existing agency, relative power, and access to resources. It is key that the strengths and weaknesses of existing social capital in each area are recognized, along with how the evolution of time factors into small business owners' deployment of it. This study strongly suggests that well-bonded communities may do better in the first days immediately after an emergency by the more equitable sharing of their resources, but that those resources tend to be finite and can be quickly exhausted. Without well-developed bridging or linking capacities, they may be unable to attract resources or assistance, putting them at medium- and long-term risk. Less well-bonded communities with higher levels of bridging or linking capacities, meanwhile, may be much better able to attract outside assistance with time but have a much reduced ability to marshal internal community resources in the immediate aftermath. The study at hand indicates that longer-term work is needed for building up better bonding capital in mixed communities and bridging/linking capital in more bonded or isolated communities, so that all affected communities can better and more rapidly respond internally to immediate shocks, while concurrently and over the medium- and long-term reaching out to provide or request assistance horizontally and vertically. Stronger linking capacity of well-bonded and -bridged communities can both facilitate and pressure more efficient and inclusive vertical or top-down responses both in times of need and for longer-term good governance outcomes, as part of a more comprehensive framework<sup>27</sup>. As such, this political economic analysis of social capital in Beirut after the blast should serve as a building block to future analyses that will ensure that interventions are designed in a context sensitive manner.



**Recommendation 2.** Encouraging forms of association or collective actions, that cut across bonding communities, to minimize the risks of insularity and create or increase the stock of bridging capital in communities. This can be done through:

- a. Facilitating the creation of democratic professional sectoral organizations, such as retail shops' cooperatives and/or neighborhood restaurants and cafes network, these types of associations can revolve around common buying schemes, private quality standards label, or common communication and promotion strategies.
- b. Facilitating the creation of business-to-business information exchange platforms to encourage cooperation and trade between businesses within the neighborhood and across different neighborhoods. This may ultimately increase local small businesses' bargaining power versus large monopolies and/or oligopolistic suppliers.

<sup>27</sup> This is in part the objective of AFD's MINKA funds strategy on addressing root causes of conflict via social cohesion and drivers of fragility in Lebanon. For more information, please see: <https://www.afd.fr/en/minka-peace-and-resilience-fund>

**Recommendation 3.** Creating sources of social support or capitalizing on existing ones, to draw on the resources involved in social capital and better target the provision of support. This can be done through:

- a. Supporting and building capacity of local support groups created before and after the port blast.
- b. Facilitate and support local neighborhood saving schemes and emergency protection and basic needs funds managed by the community (for households support).
- c. Facilitate the creation of a revolving fund to support small businesses facing temporary difficulties in accessing low interest loans in both LBP and USD. Access to the loan may be conditional on the businesses development services and the implementation of a business recovery plan.

**Recommendation 4.** Ensuring that information is publically available, around which small businesses can base their economic decision making and which is equitably accessible to all, taking into account different groups' respective barriers. This can be done through:

- a. Working with business organizations, formal or informal, potentially including business networks facilitated and supported by international development agencies and NGOs, to establish relevant information databases on prices, market trends and market research as well as administrative and legal procedures. When relevant, involve public institutions and chambers of commerce in the information sharing effort.

**Recommendation 5.** Focusing on an approach that takes into account how social capital fosters calls for information disclosure policies and strategies to encourage informed citizenship and accountability of both private and public sectors. This means:

- a. Investing in ways in which small businesses can play a role in the recovery process beyond being recipients of aid, as a way to increase their stock of social capital, hence making them more resilient.
- b. Providing links between communities and decision-makers, whether official or from INGOs, to remedy the existing linking capital that is mirrored around clientelistic networks.

**Recommendation 6.** Encouraging the emergence of participatory and collective structures of decision making in the targeted communities that could harness the existing stock of social capital. This can be done through

- a. Providing links between communities and decision-makers, whether official or from INGOs, to counterbalance remedy the existing linking capital that is mirrored around clientelistic networks and mirrors the limitations and exclusionary nature of the current political system. Through the establishment of Local Community of Practices aiming at monitoring the action of local authorities as well as valorizing local neighborhood resources.

# Annexes



# Annexes

## Annex A: References

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# Annex B: Qualitative Toolkit

Interviews with non-state respondents.

**Immediate response to the blast.** We are interested in understanding how you responded to the blast after it happened.

- To probe on the **type** of intervention (relief, food distribution, financial remuneration, etc.)
- Did you have to choose between supporting households vs supporting MSMEs? If so, what motivated your choice?
- How did you access information regarding what to intervene on; which areas were most affected; etc.
  - ▶ On what basis were vulnerable groups/shops/areas selected? Where did they get their list from? To probe on scope of interventions, for instance, did the interviewee/organization intervene in Khandak and not Karantina? Did the interviewee work only with “citizens” and refuse to support refugees? [Probe on informal vs formal businesses.]
- What other interventions were happening alongside yours? Was there any form of coordination or mapping?
- Looking back, is there anything that could/should have been done differently?
  - ▶ Are there any specific gender-related challenges faced? (For instance, difficulty reaching out to vulnerable women or other marginalized groups such as LGBTQ+; “masculinization” of response, i.e. ‘men should work on this type of response, and women on this’; other forms of unforeseen challenges?)

**Long-term response.** Six months later, we want to understand how your engagement has evolved since the blast.

- Has the form of intervention evolved from relief to developmental? How so?
- Were there any milestone events in terms of response? Can you detail them? [Probe on the different “waves” of intervention here]
- Has the population you work with changed? Have the groups/networks/organizations you collaborate with evolved in any way?
- What have been the main challenges in terms of a sustainable response? (if the aim for the response to be sustainable)?
  - ▶ Probe on effects of financial crisis and COVID-19.
  - ▶ Probe on aspirations, if any.

**On SMEs.** Depending on the type of intervention or work done, probe on non-state actors' work with or knowledge of SMEs.

- Has your intervention worked directly with any SMEs?
  - ▶ What do you define as an MSME?
  - ▶ Important to probe on selection mechanism; whether the MSMEs are formal or informal; access to information regarding MSMEs; networks working on MSMEs, etc.
  
- What are some specific struggles that SMEs face in Beirut and particularly those in targeted areas?
  - ▶ Do certain SMEs – depending on their sector, location, and level of formality – differ from others in terms of capacity to cope/resilience?
  - ▶ We are particularly interested in this question and would like to know if you have information on which firms closed down and which ones survived; what were the certain adaptation processes used; are there any MSMEs that “benefited” from the crisis?; Which MSMEs suffered the most, and why?
  
- Key obstacles and challenges (gender dimension, information access, locational challenges, institutional obstacles, financial crisis, Covid-19...)
  
- Existing state and aspirations (present actions and plans...)
  
- Do you think certain MSMEs had access to services, support, assistance based on their identity / social capital / wasta? And do you think some were excluded? Why?

### Interviews with experts.

**Introduction.** My name is [Kanj/Nur/Samer] and I am currently carrying out a study looking at social capital in the aftermath of the Beirut explosion, specifically trying to understand the different (and relevant) dimensions of social capital deployed either by SMEs since then. Additionally, this study wants to tie in the notion of social capital to the country's existing institutions and structures, i.e. linking it to the political economic status quo and the current financial/economic/political situation.

### Zooming into August 4 and the city's response.

- How would you evaluate or make sense of the response to the August 4 explosion?
  - ▶ Could you map out, if possible, relevant initiatives? (State led; non-state led; etc.) What can you specifically tell us regarding support to MSMEs?
    - ▶ What role did the different actors play? (Activists, informal groups, security forces, municipality, political parties, etc.)
  - ▶ Can you tell us more how aid was distributed and provide any relevant insight or analysis on the matter? (Probe on the army's distribution; the role of international organizations and donor; the informal crowdfunding mechanisms that happened; etc.)

**Social capital and SMEs.** Studies depict the necessity of social capital in response to catastrophes. Can you tell us more if you have observed such a link, particularly amongst shop owners affected by the explosion?

- Probe on relevant social dimensions: gender, nationality, access to money (fresh/lollar/LBP), access to any form of aid or microfinance institutions, location, sect, connection to political parties
  
- Probe on which dimension(s) the interviewee thinks played a key role in coping and why

**PEA.** Connecting social capital and August 4 to the larger macro-picture.

- Understanding Lebanon's political economy. What is the country's economic structure? (Probe, if necessary, on clientelism; geographic imbalances; banking system; donor dependency; current financial crisis; geopolitical implications; October 17 uprising)
  
- Role of/absence of the state/cabinet formation
  - ▶ Shifting dynamics in the past two years?
  - ▶ Potential of mutual aid organizations in light of the above?
  
- How does the larger picture influence the dimensions of social capital or forms of solidarity between groups?

Interviews with state respondents/political parties/local actors

- What is your role? What was your role in response to the blast?
  - ▶ How has your role/work/intervention changed in the last six months since the explosion?
  
- What is your coverage area?
  
- Did you work with MSMEs?
  
- (Where relevant, for instance Disaster Unit/Humanitarian Council) How would you evaluate the response to the August 4 explosion?
  - ▶ What were the relevant state-led or party-led initiatives?
  - ▶ On what basis was aid distributed? Do you feel that certain groups were excluded?
  - ▶ Who were the stakeholders you collaborated with? (International donors, youth groups, etc.)
  
- What were the main challenges faced in distributing aid?
  - ▶ Were there specific groups that you were unable to support? Why?
  - ▶ Did you particularly reach out to SMEs? (If answer is yes, ask which ones and probe on understanding selection mechanism and form of support)
  
- As this study is interested in SMEs, we would LIKE to have your input on the situation of SMEs in the targeted areas.
  - ▶ Which SMEs were affected by the blast? (Probe on sector/gender/location/size/social capital dynamics) Which are those who are still affected today?
  - ▶ Which SMEs have been forced to close? (If relevant, probe on whether support/stimulus package has been provided, and whether there has been any mapping on SMEs closed)
  
- What is your broader assessment of the country's current political and economic situation? (If time allows for it, probe into issues relevant to the PEA)

## Annex C: Quantitative Toolkit

Please contact Mercy Corps to access the quantitative toolkit used for this research.



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### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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