# LEBANON WEEKLY BRIEF

**26 OCTOBER - 1 NOVEMBER 2026**

*Reform commitments and the capacity to deliver*

**ABSTRACT**

*The week of 26 October to 1 November 2026 tested the gap between Lebanon's reform commitments and its capacity to deliver them. On 27-28 October, Banque du Liban met Lebanese banks in Paris to discuss losses, recapitalization and resources for depositors, without reaching a repayment agreement. In the south, Israeli shelling and demolitions continued as Prime Minister Nawaf Salam discussed reconstruction and civilian return. On 30 October, Salam launched consultations on a national plan for Palestinian refugee camp governance, combining state authority and weapons regulation with administrative and socioeconomic reform. No file reached a settlement; each now depends on credible banking legislation, security for southern communities and workable Lebanese-Palestinian agreements.*

## PART I BANKING REFORM: PARIS TALKS ON DEPOSIT RECOVERY

*Banque du Liban consultations, public disclosure, 31 October*

### DEVELOPMENTS

Banque du Liban (BDL) convened closed consultations in Paris with selected Lebanese banks and its financial adviser, Rothschild & Cie. The meetings addressed a central obstacle to Lebanon's economic recovery: how to recapitalize viable banks while determining what resources could realistically be mobilized to return depositors' funds.

- **27-28 October: consultations in Paris -** BDL met representatives of banks chosen by the Association of Banks in Lebanon. According to the central bank's public statement, the agenda concerned implementation of a future Financial Stability and Deposit Recovery Law. The meetings did not constitute passage of a law or agreement on a repayment schedule.
- **Bank recapitalization and loss treatment -** Participants examined the capital required for banks to resume operations and absorb losses and irregular claims, subject to the provisions of legislation that has yet to be finalized. The question of how losses are recognized and distributed remains politically sensitive.
- **Liquidity and repayment capacity -** BDL and the banks considered existing and potential liquid resources, including assets that could be converted into cash. This exercise is intended to establish what sums might be returned to depositors and over what feasible timeframe, rather than make commitments unsupported by available assets.
- **31 October: BDL explains its approach -** In its statement published after the meetings, the central bank emphasized a prudential assessment and described banks, the state and BDL as participants in the deposit-recovery process. It also stressed the importance of restoring bank lending to households and businesses.
- **IMF conditionality and unresolved differences -** The IMF's September assessment called for a deposit recovery framework that respects creditor priority, protects depositors from bearing losses ahead of shareholders and junior creditors, and preserves banking viability and public debt sustainability. Asharq Al-Awsat reported continuing disagreements after the Paris talks over restructuring and loss distribution.

### ASSESSMENT

*The Paris consultations matter because Lebanon's banking collapse cannot be resolved solely by announcing repayment targets. A credible scheme must first quantify recoverable liquidity, identify losses and establish which institutions and claimants bear them. The meetings suggest a shift toward detailed implementation questions, but not a breakthrough in the legislative or political dispute.*

*The consequences extend beyond banking. Restoring regulated credit is important for investment, reconstruction, and reducing reliance on cash transactions, while agreement on an internationally credible framework is relevant to Lebanon's engagement with the IMF. Next indicators include publication of reliable loss and liquidity estimates, amendment and adoption of the deposit-recovery framework, and clear, enforceable rules governing repayment. No new depositor payout was established by the 27-28 October meetings.*

## PART II SOUTH LEBANON: CONTINUING ISRAELI OPERATIONS

*Artillery fire and demolitions, 27-30 October, reconstruction meeting, 29 October*

### DEVELOPMENTS

Israeli military activity continued in multiple southern districts, creating a persistent threat to civilian return and public infrastructure. The significance was cumulative rather than confined to one major strike: recurring fire and demolitions coexisted with Lebanese efforts to plan recovery.

- **27-28 October: incidents persist -** Lebanese reports recorded shelling and drone activity in and around Mansouri, Mayfadoun and other localities, continuing a pattern of military pressure in inhabited and heavily damaged areas.
- **29 October: artillery affected 16 localities -** L'Orient Today's correspondent reported artillery fire across 16 southern localities in a single day and the demolition of homes in one village. The reported geographical spread included areas near Kfar Tibnit, Zawtar Sharqieh and Mayfadoun.
- **29 October: reconstruction planning continues -** Prime Minister Salam chaired a meeting on return, recovery and reconstruction priorities for affected areas, including roads, electricity and water networks, schools, bridges and temporary housing. The initiative was a planning step, not evidence that damaged communities were already secure.
- **30 October: property destruction and shelling -** L'Orient Today and Naharnet reported artillery fire around Wadi al-Hujair, Kfar Shuba, Haddatha, Mayfadoun and Wadi Zibqin, alongside gunfire and detonations. Houses were reported destroyed in Tiri and set ablaze in Qantara.
- **30 October: unverified missile circumstances -** Two interceptor missiles reportedly exploded over the Taybeh-Deir Siryan area. Contemporary reporting did not establish their origin or interception circumstances, and no comprehensive casualty count was identified for the incidents summarized here.
- **UNIFIL's exit approaches -** Security Council Resolution 2790 (2025) extended UNIFIL's mandate for a final period ending 31 December 2026, with an orderly drawdown thereafter. The mission stated in October that it would continue its mandated activities through that date.

### ASSESSMENT

*These developments weaken the practical conditions for state consolidation. Shelling and demolitions undermine the security needed for displaced residents to return, economic activity to resume, and reconstruction projects to deliver durable benefits. Recovery funding alone cannot substitute for an enforceable security arrangement.*

*The violence also reinforces a sequencing impasse. Hezbollah cites continued Israeli operations and the occupation of Lebanese territory as grounds for preserving armed resistance. Israel, in turn, invokes Hezbollah's continuing capabilities to justify its security posture. The Lebanese government seeks to replace both unilateral approaches with state-led security and diplomacy, but cannot compel either side to accept that arrangement.*

*UNIFIL's prospective drawdown increases the institutional stakes. Unless a workable successor coordination structure is established, Lebanese forces may inherit wider security responsibilities without sufficient resources or political leverage. The key indicators are the frequency of incidents, civilian access, verified withdrawal arrangements, and the resources available to the Lebanese Armed Forces.*

## PART III PALESTINIAN CAMPS: A NATIONAL GOVERNANCE PLAN

*Prime Minister Salam launches consultations, 30 October*

### DEVELOPMENTS

Prime Minister Nawaf Salam initiated a consultative process on the National Plan for the Governance of Palestinian Refugee Camps in Lebanon. Prepared with the Lebanese-Palestinian Dialogue Committee, the proposal aims to integrate security, administration and residents' social conditions within a unified state policy.

- **30 October: consultations formally launched -** Salam opened the process at the Grand Serail, crediting the Lebanese-Palestinian Dialogue Committee and its chair, Ambassador Ramez Dimashkieh, with preparing the draft. The proposal is to be revised through consultations before any final government decision.
- **Sovereignty and weapons regulation -** Salam invoked the Taif Agreement's provisions on extending state authority and dissolving Lebanese and non-Lebanese militias, together with the government's stated position that weapons and decisions of war and peace should remain under state control.
- **A wider governance model -** The draft addresses legal, administrative, economic, social, urban and service needs, rather than treating the camps solely as a security question. It envisages clearer responsibilities for Lebanese authorities, Palestinian actors and UNRWA.
- **Palestinian rights and political safeguards -** Salam reaffirmed the Palestinian right of return and the rejection of permanent resettlement in Lebanon. These safeguards matter because debates over employment, services and legal status can be portrayed domestically as steps toward naturalization.
- **Implementation remains uncertain -** Palestinian factions have differing relationships with the Lebanese state and regional actors. Previous weapons-collection efforts progressed unevenly. The consultations do not by themselves establish factional consent, a policing model, enforcement timetables or a final agreement.

### ASSESSMENT

*The initiative marks a potentially important change in the framing of camp policy. Bringing weapons regulation, rule of law and living conditions into one institutional framework could make state authority more legitimate and sustainable than a narrowly coercive disarmament campaign. It also acknowledges that residents' security is connected to access to services and predictable administration.*

*Politically, this extends the state's exclusivity-of-arms principle beyond the Hezbollah debate. That wider application may strengthen the government's claim that the objective is consistent sovereignty rather than selective pressure on one domestic faction. The risk is that the same regional divisions affecting Hezbollah also obstruct the camp initiative, particularly where Palestinian groups maintain competing security structures.*

*The plan should therefore be assessed by process and implementation benchmarks: broad participation in consultations, an agreed distribution of responsibilities, realistic budgets, enforceable security arrangements and guarantees against involuntary displacement or permanent settlement. At the reporting cut-off, no final plan had been adopted.*

## REFERENCES

**International Monetary Fund. (2026, October 1).** Press briefing transcript: Julie Kozack, director, Communications Department, October 1, 2026.

**International Monetary Fund. (2026, September 18).** IMF staff concludes visit to Lebanon.

**L'Orient Today staff. (2026, October 27).** Israeli drone strike targets area near church in Jermaq, outside "buffer zone." L'Orient Today.

**L'Orient Today staff. (2026, October 30).** Governance of Palestinian camps: Salam announces talks on a national plan. L'Orient Today.

**L'Orient Today staff. (2026, October 30).** Israel blows up homes in Tiri; 2 interceptor missiles explode over occupied area. L'Orient Today.

**MTV Lebanon. (2026, October 31).** Central bank holds closed-door talks in Paris.

**Naharnet Newsdesk. (2026, October 30).** Israeli forces shell, detonate, and burn houses in South Lebanon. Naharnet.

**Presidency of the Council of Ministers, Republic of Lebanon. (2026, October 29).** Prime Minister Salam chairs meeting on return, recovery, and reconstruction in affected areas. [In Arabic].

**Presidency of the Council of Ministers, Republic of Lebanon. (2026, October 30).** Prime Minister Salam's speech launching consultations on the national plan for Palestinian refugee camp governance. [In Arabic].

**Qatar News Agency. (2026, October 28).** Israeli forces continue attacks on southern Lebanon.

**United Nations Interim Force in Lebanon. (2026, October 9).** UNIFIL fully committed to its mandate until the last day of the mission.

**United Nations Security Council. (2025).** Resolution 2790 (2025) [S/RES/2790(2025)]. United Nations.

**Zeineddine, A. (2026, October 31).** 15% capital requirement complicates restructuring of Lebanese banks. Asharq Al-Awsat.

*Prepared by the Middle East Institute for Research and Strategic Studies, Jounieh, Lebanon.*