

Comments on Lebanon's IMF Assistance Request, various, May 2020

Dr. Nasser Saidi's comments on Lebanon's request for IMF Assistance appeared as part of various newspaper articles. A collection of comments and original links are provided below.

1. The Reuters article titled "[Lebanon's IMF rescue plan fails to set reform roadmap](#)" was published on 18th May 2020. This was later reprinted as a [Brinkwire article](#) was published on 30th May 2020.

The political elite will shy away from real reform as with four previous aid and soft-loan packages since Lebanon's civil war – and that they are underestimating how hard the IMF will push for deep changes before agreeing to help.

"They are trying to present a plan that the IMF will buy into, and that the international community and creditors will buy into, without really addressing the deeper problems in the country: reforms", said Nasser Saidi, a former economy minister and vice-governor of the central bank.

2. The Daily Star article titled "[IMF assistance a 'bitter pill' to swallow](#)" was published on 26th May 2020.

Enhancing tax compliance will be another challenge. Former Lebanese Economy Minister Nasser Saidi, believes removing banking secrecy is the sort of robust reforms needed. "Many professional do not pay tax or underreport their taxes. Lawyers, doctors, MPs. If you try to find out their wealth or income you come up against banking secrecy."

Another issue is smuggling. Customs and tariffs are likely to go up, Saidi predicts, "but if there is still smuggling you destroy your ability to collect them."

IMF-support would – to begin with – allow for a desperately needed debt restructuring to restore confidence. This would mean the nominal sum of debt would be reduced, the maturities

extended and interest payable cut.

“If the IMF is on board, the holders of debt will be willing to accept the restructuring. That is why the IMF matters,” Saidi explains. Yet IMF-backing for such a restructuring would come with three to five years of austerity, according to Saidi.

“We need to be cognizant of the fact that real income is going to go down. People are going to be poorer. That is not going to improve, indeed it may get worse. It is a bitter pill.”