

“Lebanon at a crossroads: Reform or decay ahead?”, Oped in The National, 9 Apr 2025

The article titled “[Lebanon at a crossroads: Reform or decay ahead?](#)” appeared in the print edition of The National on 9th April 2025 and is posted below.

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Nasser Saidi

Lebanon is in its sixth year of a protracted financial and liquidity crisis, facing security challenges on its borders with Israel and Syria, but appears to be on the cusp of recovery.

The country is battling several economic challenges – a plunge in gross domestic product per capita by about 40 per cent, a zombie banking sector, a highly dollarised, increasingly informal, cash-based economy, high multidimensional poverty and unemployment levels, increased inequality, plunge in its currency’s value by 97 per cent, high inflationary pressures (an average of 127 per cent over the past five years) and a collapse of public finances.

The new pro-reform president and prime minister along with a cabinet that has parliament’s backing inspires confidence and appears committed to long-delayed economic reforms. Stability and recovery will require political and judicial reforms, along with institutional and structural reforms to ensure the rule of law and accountability, allowing the country to emerge from the heavy legacy of failed policies. Whether the

incumbent parliament will enable the deep reforms given municipal and parliamentary elections in 2025 and 2026 respectively, adds uncertainty.

A new governor of the central bank has been appointed. Reforms are required to re-establish trust in the banking and financial sector and convince the world to risk investing in its recovery and reconstruction.

The first step should be to restructure the Banque du Liban (BDL) and its governance, appoint a new team of vice governors, restrict the powers of the governor to prevent past abuses, ensure public reporting, monitoring and accountability.

This is a unique opportunity to have a new reform-minded, effective BDL for the next six years. Given the severe monetary and real shocks Lebanon faces and the legacy of failed policies, the policy agenda should include:

- Reset monetary policy to target inflation, with a unified, floating exchange rate, shifting away from the “financial engineering” that supported a disastrous fixed rate policy.
- Institutional reform requires that the Banking Control Commission (BCC), Capital Market Authority and Special investigations Committee (SIC) be legally independent from the BDL, given their distinct mandates and responsibilities, along with the appointment of new boards.
- The BDL should not provide any fiscal or quasi-fiscal (such as subsidies) financing. Public debt management should be the responsibility of an independent public debt management office to ensure transparency, disclosure of all public liabilities and debt sustainability.
- The new governors must undertake a comprehensive forensic audit of the BDL, in an effort to

underscore accountability for the banking collapse.

- An independent Bank Resolution Authority (BRA) should be established – similar to what many countries set up following the 2008 global financial crisis – with a mandate to recapitalise and restructure the banking system. Bank restructuring should not reside with the BDL and BCC whose irresponsible governance led to the collapse of the banking system. The BRA should arrange for a forensic audit of the banks, while also imposing a recapitalisation – some \$10 billion to \$15 billion is required – a mergers and acquisitions (M&A) programme and a partial bail-in of large depositors, as part of the restructuring process. Banks have more than \$86 billion in frozen deposits, largely inaccessible since 2019. Depositors with less than \$200,000 represent 94 per cent of accounts and 30 per cent of the value of frozen deposits, while 70 per cent of deposits, valued at \$65.5 billion, are concentrated in 87,000 accounts.
- BDL assets, which include Middle East Airlines, Casino and Intra, should be audited and divested into a new, independent National Wealth Fund (NWF) – managed like Temsek in Singapore. The BDL could receive participation shares in the NWF. The NWF would restructure and manage public commercial assets for the national benefit and also manage any future oil and gas revenue.
- Lebanon's Parliament should vote to abolish its banking secrecy law or or adopt a Swiss-style system. This along with an effective SIC to enforce international anti-money laundering and counter-terrorism financing standards and an effective anti-corruption drive are critical to remove Lebanon from the Financial Action Task

Force (FATF) grey list. This should be complemented by a Stolen Asset Recovery (STAR) programme to help address anti-corruption, money laundering and recover stolen assets.

- Lebanon requires huge amounts – some \$15 billion to \$20 billion – for reconstruction and it does not have the resources. It should set up an independent reconstruction fund, with full transparency, disclosure, auditing and reporting, to ensure Lebanon is accountable for the funding of reconstruction. Donors and aid givers should be allowed to undertake reconstruction projects within an agreed plan.
- Lebanon should rapidly negotiate and implement a new agreement with the International Monetary Fund based on comprehensive economic and financial reforms under five pillars – restructuring the financial sector; fiscal reforms; reforms of state-owned enterprises; strengthening governance; a credible, transparent monetary and exchange rate system. The IMF agreement and international support, mainly from the GCC, are imperative but will be conditional on undertaking a comprehensive set of deep governance, economic, monetary, fiscal and structural reforms.

This is a moment of opportunity to undertake multipronged reforms to revive confidence and economic activity, attract back human capital, improve long-term growth prospects, and strengthen and restore linkages with the GCC. Lebanon faces reform or continued decay.

Nasser Saidi is a former economy minister and deputy governor of Lebanon's central bank

Interview with BBC on the departure of Lebanon's discredited central bank governor, 31 Jul 2023

Dr. Nasser Saidi appeared on BBC World Business report on 31st Aug 2023 to discuss the departure of the discredited central bank governor, Riad Salameh, and the next steps for the Banque du Liban and the nation.

Lebanon's economic and political paralysis entered a new phase at end-July with the departure of the discredited central bank governor, Riad Salameh. For most of his thirty-year tenure he was celebrated as a financial genius, but he is now widely blamed for Lebanon's almost complete economic collapse since 2019.

Listen to the interview (from 5:50 to 12:11) at <https://www.bbc.co.uk/sounds/play/w3ct4zdj>

Interview with BBC on the Beirut blast & way forward, 10 Aug 2020

Dr. Nasser Saidi appeared on BBC World Business report on 10th

Aug 2020 to discuss the Beirut port explosion and how Lebanon can get of this crisis.

Dr. Saidi mentions during the interview that pledges from the Paris donor conference is presumably for humanitarian aid & will be largely insufficient for any infrastructure rebuilding efforts. A concerted macroeconomic stabilisation plan is needed, alongside an agreement with the IMF.

Talks with the IMF have been sabotaged so far: there is a resistance to reform by the political class & the banking sector. There has been no political courage in the Diab government and the time is right to bring in independent 'technocrats' to stand up to the political class & form a new government.

Need a clear message from the international community that the political class will be personally subject to sanctions should they not support a new govt willing to undertake reforms

Listen to the interview (from 4:30 to 8:45) at <https://www.bbc.co.uk/sounds/play/w172x57q96njsxt>

Interview with BBC on Lebanon's outlook, 12 Jun 2020

Dr. Nasser Saidi appeared on BBC World Business report on 12th Jun 2020 to discuss why the outlook seems so bleak for Lebanon, and whether it is likely to receive a bailout from the International Monetary Fund.

Listen to the interview (from 2:48 to 6:46) at <https://www.bbc.co.uk/programmes/w172xlt0yngxy54>

Interview with Sky News Arabiya (Arabic) on Lebanon's economic crisis, 21 Jan 2020

Dr. Nasser Saidi discusses Lebanon's ongoing economic & financial crisis, need to restructure public debt & the banking sector, and undertake an Economic Stabilisation & Liquidity programme with the IMF in an interview (in Arabic) that aired on SkyNews Arabiya on 21st Jan 2020.

The video can be viewed below:

Is there an opportunity for Lebanon to get out of the crisis? Dr. Nasser Saidi's interview with Al Arabiya, 7 Jan 2020

The TV interview (in Arabic) can be viewed at:
<https://ara.tv/cx8n3>

هل من فرصة للبنان للخروج من الأزمة؟

ناصر السعيد: لا بد من إصلاح القطاع المصرفي وإعادة رسميته

قال وزير الاقتصاد اللبناني الأسبق، الدكتور ناصر السعيد، إن الوصفة الأمثل لخروج لبنان من الأزمة المالية والاقتصادية تبدأ من تشكيل حكومة جديدة تكون مستقلة لتحصل على مصداقية، بالإضافة إلى معالجة مشكلة المديونية العامة، من خلال سلسلة إجراءات تشمل رفع أسعار الوقود وخصخصة بعض الأصول الحكومية، مثل شركة طيران الشرق الأوسط والمطار والاتصالات.

وأكد السعيد في لقاء له مع "العربية" "أن لبنان يواجه عدة أزمات منها السياسية ومالية ومصرفية ونقدية وأزمة حول المستقبل والحلول، وهو ما يتطلب أن تتشكل لدينا حكومة ذات مصداقية داخلية وخارجية وهو ما يحتم وجود أشخاص مستقلين بدون تحيزات أو منتمين لتيارات محددة وما معناه أن لا يكون بها أي محاصصة كما يتم حالياً. الاختصاص مهم لأن الموضوع الأساسي اليوم هو الاقتصاد والمال ويجب أن يعطى له كل الأهمية والدعم خلال هذه الفترة دقيقة وصعبة، وعليه سيكون هناك رئيس وزارة وأعضاء بالوزارة بالعزيمة المطلوبة لرفض التدخل السياسي بهذه الإجراءات".

وأضاف "لبنان بحاجة لإعادة هيكلة الدين العام وإعادة جدولة الدين العام لسبب بسيط هو إذا أخذنا حجم الدين ككل الخارجي والداخلي والذي يمثل أكبر من 155 من الناتج المحلي والفوائد على الدين تمثل 10% من الناتج القومي وتمثل 50% من إيرادات الدولة وهو أمر غير مستدام. وما عنيته بإعادة الجدولة هو تخفيض الدين العام وتخفيض قيمة الدين الداخلي وإعادة جدولة على فترة طويلة مع خفض الفائدة وخفض الفوائد على الودائع. المطلوب أن تأخذ كل الاستحقاقات الداخلية والخارجية بالعملات الأجنبية والعملات الوطنية التي ستستحق خلال السنوات القادمة وإصدار لسندات جديدة تستحق على 5 و 10 سنوات بفوائد أقل. وهو ممكن وستكون كلفة خدمة الدين

منخفضة جذرياً ومجال أن يأخذ الأشخاص خطوات أخرى لتخفيض العجز الأولي. وعلى لابد من إصلاح القطاع المصرفي وإعادة رسملة". ويرى السعيد أن إعادة هيكلة الدين العام قد تساهم في الخروج من الأزمة. كما يجب أن يتم إصلاح قطاع البنوك وإلغاء ربط العملة الوطنية بالدولار بالإضافة للدخول في برنامج إصلاح اقتصادي مع صندوق النقد الدولي.

Interview with BBC on Lebanon's economic crisis, 6th Dec 2019

Questions answered in this interview include: How did Lebanon get to this crisis scenario? Why should the international community come to Lebanon's aid? Also discussed is the urgency to form a new technocratic government and an eventual move to a secular state.

Listen to the interview (from 1:00 to 7:00) at <https://www.bbc.co.uk/sounds/play/w172wq52b0xp9qs>

Interview with Dubai TV (Arabic) on Lebanon's

protests and economic crisis, 10 Nov 2019

Dr. Nasser Saidi discusses Lebanon's Economic -Fiscal-Financial-Exchange Rate crises and urgency of appointing a National Emergency Cabinet to implement deep fiscal-monetary & structural reforms, seek multilateral funding to avoid a crash landing & lost decade of depression & austerity.

The interview (in Arabic), which aired on Nov 10th 2019, can be viewed below:

Interview with Dubai TV (Arabic) on emerging markets & the currency crisis, Sep 2018

Dr. Nasser Saidi discusses emerging markets and the fall of their currencies in the Money Map show aired on Dubai TV. The interview (in Arabic), which aired mid-September 2018, can be viewed [here](#).

“Building Blocks For Effective Corporate Debt Management”, Keynote Address at the Corporate Restructuring Summit 2018, 5 Sep 2018

Dr. Nasser Saidi was one of the opening keynote speakers at Corporate Restructuring Summit 2018 held in Dubai on September 5th, 2018. The presentation titled “Building Blocks For Effective Corporate Debt Management” started with an overview of the global debt market and the risks of monetary policy normalisation, with a more focused look at the MENA/ GCC debt levels, before highlighting what the necessary building blocks and reforms were for creating an active, deep and liquid local currency debt market.

Click [here](#) to download the presentation; a synopsis of Dr. Saidi’s presentation and talk was published on Zawya and can be accessed [here](#) (excerpt below):

The development of securitisation laws to allow for banks to package and trade distressed debts is one of a number of capital market reforms that could help to improve both the credit position of banks and the ability of Gulf governments to withstand economic shocks, a leading regional economist has said.

He argued that local currency-denominated capital markets were needed both as an alternative source of financing, and as a useful policy tool.

“It’s important both for governments as well as for

corporates. For governments, they could then use debt markets for infrastructure projects instead of tapping the banks."

The fact that many GCC governments peg their currencies to the U.S. dollar means that they have few monetary policy levers in times of a crisis, he said, but local currency debt markets allow central banks to conduct open market operations (e.g. quantitative easing).