

Comments on Lebanon & use of SDR's in L'Orient Today, 27 Aug 2021

Dr. Nasser Saidi's comments were published as part of the article titled "[What are SDRs and how might Lebanon use them?](#)" in the L'Orient Today, published on 27th Aug 2021; these are copied below.

"To use SDRs, you have to find someone else willing to give you cash ... The question is whether there is a member willing to buy Lebanon's SDRs," said Nasser Saidi, a former economy and industry minister and former vice-governor of Lebanon's central bank for two successive mandates.

"To be realistic, I doubt any major industrial countries would be willing," Saidi said.

Saidi and others warned that even if Lebanon managed to find another member country to enter a voluntary trading arrangement, the foreign currency obtained via the SDRs might be squandered.

Saidi questioned whether Lebanon would use the SDRs effectively at all.

"The very important question to ask is, how should this money be used? We should use this as part of an overall reform package for Lebanon. We should not waste it," Saidi stressed.

"We should say we now have increased our reserve assets, this now improves our general position, so let's initiate negotiations with the IMF and negotiate a full package. Not another piecemeal measure."

"There have been suggestions to use [the SDR proceeds] for electricity or to buy fuel. These would be mistakes. The idea

that you would want to use reserves for buying fuel is a very big policy mistake,” Saidi said. “The trouble is right now that politicians are only focused on elections next year so they’re trying to get any type of funding from anywhere for electoral purposes,” he added, also questioning the effectiveness of the current caretaker government.

Saidi warned that “Because there are no conditions and it’s a voluntary trading arrangement, it’s very possible Lebanon could waste the opportunity.”