

Interview with BBC's World Business Report on World Bank's \$250mn funding to Lebanon, 26 Jun 2025

In an interview with BBC's World Business Report, Dr. Nasser Saidi discussed Lebanon's immense reconstruction and redevelopment needs following the war between Israel and Hizbollah and the devastation of infrastructure, housing, agriculture, businesses and mass population displacement, adding to more than a decade of an absence of investments in infrastructure and public utilities and services.

Key points from the discussion below:

The World Bank recently approved a USD 250mn loan to launch a broader USD 1bn recovery and reconstruction initiative called the Lebanon Emergency Assistance Project – while a positive step, the amount is a drop in the ocean compared to what is required for reconstruction & redevelopment in Lebanon. The World Bank satellite-based estimates of reconstruction requirements of about \$11bn have to be complemented by in-depth field estimates. Israel's use of bunker buster bombs can have an impact destructive radius of up to 200m in urban areas.

Well-aware of the problems needed to be sorted out domestically, from economic policy and structural reforms to combating endemic corruption & the need for accountability and transparency. Reconstructing and redevelopment investments need to go in tandem with the other reforms. But it is a bit like the chicken & egg problem. If we don't have reconstruction, then poverty will grow & displacement and migration will continue, eventually leading to greater socio-

economic and political instability.

I am an advocate of creating an international reconstruction fund (funding that comes mostly as grants rather than debt which cannot be sustained and serviced) to support LB with the strong backing and engagement of the GCC countries. A comprehensive package is required that includes a build up military, security assets and capability and political assistance to provide security and stability. This will be a massive support for the country that has seen a new boost in confidence with the new President Aoun, PM Salam & government – promising a strong willingness to reform, a break from the ineffective governments since the onset of crises in 2019.

Listen to the interview (Dr. Saidi joins from the 7:00 minute mark in the link below)

<https://www.bbc.co.uk/sounds/play/w3ct75vh>

Comments on “Was Lebanon the world’s biggest Ponzi scheme?” in Arab News, Aug 9 2022

Dr. Nasser Saidi’s comments appeared in an Arab News article titled “[Was Lebanon the world’s biggest Ponzi scheme?](#)” published on 9th August 2022.

The comments are posted below.

"Lebanon is the greatest Ponzi scheme in economic history," Nasser Saidi, a Lebanese politician and economist who served as minister of economy and industry and vice governor for the Lebanese central bank, told Arab News.

Unlike financial crises elsewhere in the world through history, Saidi said the cause of Lebanon's woes could not be pinned to any single calamity that was outside the government's control.

"In Lebanon's case it was not due to an actual disaster, not due to a sharp drop in export prices in commodities, it is effectively man-made.

"The World Bank talks about Ponzi finance, and they are right to point to the fact that you have two deficits over several decades. One was a fiscal deficit brought on by continued spending by the government more than revenues.

"The problem was that the government's spending did not go for productive purposes. It did not go for investment in infrastructure or to build up human capital. It went for current spending. So, you didn't build up any real assets. You had a buildup of debt, but you didn't build up assets in proportion or to compare to the borrowing that you had."

Since the end of the civil war, Lebanon should have been undergoing a period of reconstruction. However, spending on such infrastructure projects remained low, with the money seemingly siphoned off elsewhere.

"The infrastructure that was required – electricity, water, waste management, transport, and airport restructuring – was neglected," said Saidi.

But it was not just material infrastructure of this kind that was neglected. Institutions that would have improved and

solidified governance, accountability, and inclusiveness were also ignored, leaving the system vulnerable to abuse.

"Whenever you go through a civil war, you need to think about the causes of the war, and much of it was due to dysfunctional politics, political fragmentation, and the break-up of state institutions," said Saidi.

"There was no rebuilding of state institutions and because of that, budget deficits continued, and a very corrupt political class began owning the state. They went into state-owned enterprises and government-related enterprises and considered that all state assets are their possessions and instead of possessions of the state."

Lebanon's "Ponzi scheme" was also driven by current account deficits and the overvalued exchange rate caused by the central bank policy of maintaining fixed rates against the dollar.

In economics, said Saidi, this is what you called the "impossible trinity," meaning that a state could not simultaneously have fixed exchange rates, free capital movements, and independence of monetary policy.

"If you peg your exchange rate, you no longer have any freedom of monetary policy. Lebanon's central bank tried to defy the impossible trinity and tried to maintain an independent monetary policy at a time in which the exchange rate was becoming more and more over-valued."

The World Bank report calls for a comprehensive program of macro-economic, financial, and sector reforms that prioritize governance, accountability, and inclusiveness. It says the earlier these reforms are initiated, the less painful the recovery will be for the Lebanese people. But it will not happen overnight.

"Even if the reforms and laws were passed, it will take time

to recover and to restore trust,” said Saidi. “Trust in the banking system, in the state, and in the central bank has been destroyed. Until that trust is rebuilt, Lebanon will not be able to attract investment and it will not be able to attract aid from the rest of the world.”

And although Lebanon held elections in May, propelling several anti-corruption independents to parliament, Saidi doubted their influence would be enough to drive change.

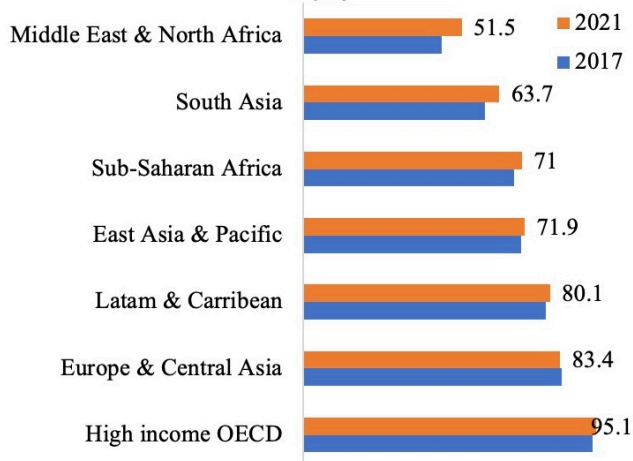
“Some 13 new deputies entered parliament, but they are unlikely to make the changes that are required,” he said. “Politically, business continues as usual. There is a complete denial of reality.”

Weekly Insights 11 Mar 2021: Will removing legal & regulatory barriers reduce MENA’s yawning gender gap?

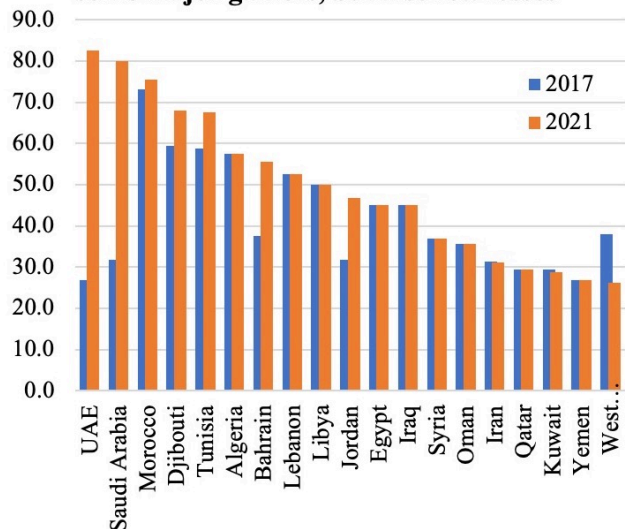
Download a PDF copy of this week’s insight piece [here](#).

Chart 1. MENA & OECD high-income economies reformed the most in Women, Business & the Law Index 2021

MENA region has the lowest average score in the Women, Business and the Law Index, but improved the most from 2017



Within MENA, there is wide disparity: some major gainers, but also few losses



Source: Women, Business and the Law (WBL) database. Charts created by Nasser Saidi & Associates

- The latest edition of Women, Business and the Law found that **economies in MENA reformed the most, posting an average score of 51.5 in 2021**. Agreed, most started from a low base, have lot to catch up on and cross-country variations are the highest!
- **Within the region, the lowest score is at 26.8 (West Bank & Gaza) and highest at 82.5 (UAE)**
- WEF's **Global Gender Gap Index** found that gender gap in MENA narrowed by 3.6 points b/n 2006 & 2019: assuming same progress rate, **it will take approx. 150 years to close gender gap in MENA**

Chart 2. Removing Regulatory Barriers Is Only the Start: it's a Long Way to Gender Parity!

Where are the Middle East nations lagging behind when it comes to the Law related to women and...

	Mobility	Workplace	Pay	Marriage	Parenthood	Entrepreneurship	Assets	Pension
UAE	100	100	100	60	60	100	40	100
Bahrain	50	75	25	40	40	100	40	75
Djibouti	100	100	50	20	60	100	40	75
Algeria	75	75	50	60	60	75	40	25
Egypt	50	75	0	0	20	75	40	100
Iran	0	0	50	0	60	75	40	25
Iraq	25	100	50	0	20	75	40	50
Jordan	25	0	75	20	40	100	40	75
Kuwait	50	0	0	40	0	75	40	25
Lebanon	100	50	50	60	20	75	40	25
Libya	75	50	75	20	40	75	40	25
Morocco	100	100	50	60	80	100	40	75
Oman	0	75	25	20	0	75	40	50
Qatar	25	0	50	20	0	75	40	25
Saudi Arabia	100	100	100	60	40	100	40	100
Syria	25	25	0	40	40	75	40	50
Tunisia	100	100	25	60	40	75	40	100
West Bank & Gaza	25	25	0	20	0	75	40	25
Yemen	25	25	25	0	0	75	40	25

Source: Women, Business and the Law (WBL) database. Table created by Nasser Saidi & Associates

- **Consider the “best performing” regulatory aspects in MENA** (from the table below):
 - **Entrepreneurship**: 7 of the 19 nations score a perfect 100 and others 75;
 - **Mobility & workplace** regulations should encourage women to enter the workforce;
- **Does this translate into practice?**

Chart 3. Have Better Regulations Supported Entry of More Women Entrepreneurs in MENA?

Women's Entrepreneurship: Is the gap narrowing in the Middle East?

	Owners of new LLCs	Sole proprietors	Directors of new LLCs
	Share of female business owners	Share of female sole proprietors	Share of female directors
Algeria_2014	6.2%	6.0%	6.1%
Algeria_2018	6.9%	6.6%	6.8%
Bahrain_2014	22.6%	n.a.	17.5%
Bahrain_2018	21.5%	n.a.	19.2%
Jordan_2014	14.6%	16.0%	n.a.
Jordan_2018	17.8%	17.8%	n.a.
Morocco_2014	15.6%	n.a.	10.6%
Morocco_2018	16.7%	41.0%	13.1%
Oman_2014	17.3%	23.1%	12.1%
Oman_2018	13.8%	29.7%	10.6%
Qatar_2014	13.3%	29.3%	7.9%
Qatar_2018	12.6%	21.6%	8.0%
Saudi Arabia_2014	n.a.	n.a.	n.a.
Saudi Arabia_2018	14.6%	n.a.	10.7%
UAE_2014	9.7%	13.5%	n.a.
UAE_2018	8.8%	14.4%	n.a.

Source: World Bank's Entrepreneurship Survey and database.

- **Less than one-fifth of new limited liability company owners are women in the Middle East:** ranges between a high of 21.5% in Bahrain to low of 6.9% and 8.8% in Algeria & UAE respectively
- **Sole proprietorships are more frequently used by female entrepreneurs:** but, evidence shows a wide disparity of women business owners relative to men. This male-female **gap is the lowest in Morocco** with share of women business owners (as sole proprietors) at 41% versus men at 59%

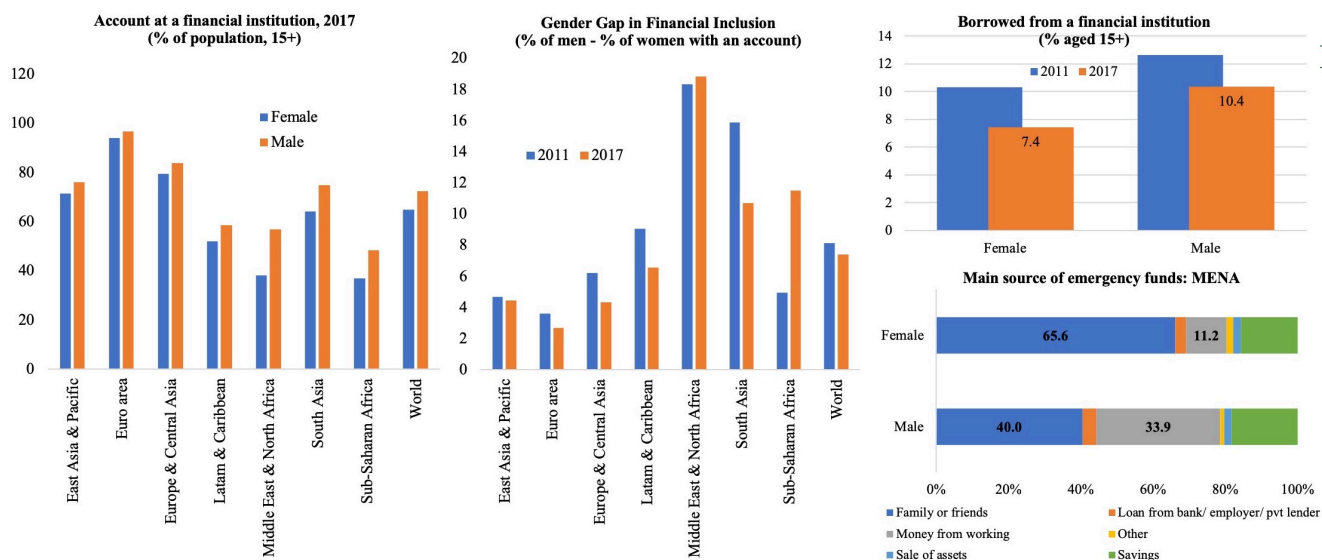
Chart 4. Access to Finance is a Major Barrier

- **One of the biggest challenges when it comes to women**

entrepreneurs is access to finance

1. Higher the access to bank accounts for women, the higher the share of female entrepreneurs;
2. Higher the lending to women, the higher the share of female entrepreneurs

- **MENA reported the largest access to finance gender gap of any region:** 52% of men vs only 35% of women have an account; the **gender gap in financial access increased between 2011 and 2017!**
- **Borrowing from a financial institution was low for both men and women in MENA:** 10.4% and 7.4% respectively in 2017 (lower than in 2011). When in need of emergency funds, **women raise money from friends & family (65%) than other sources**

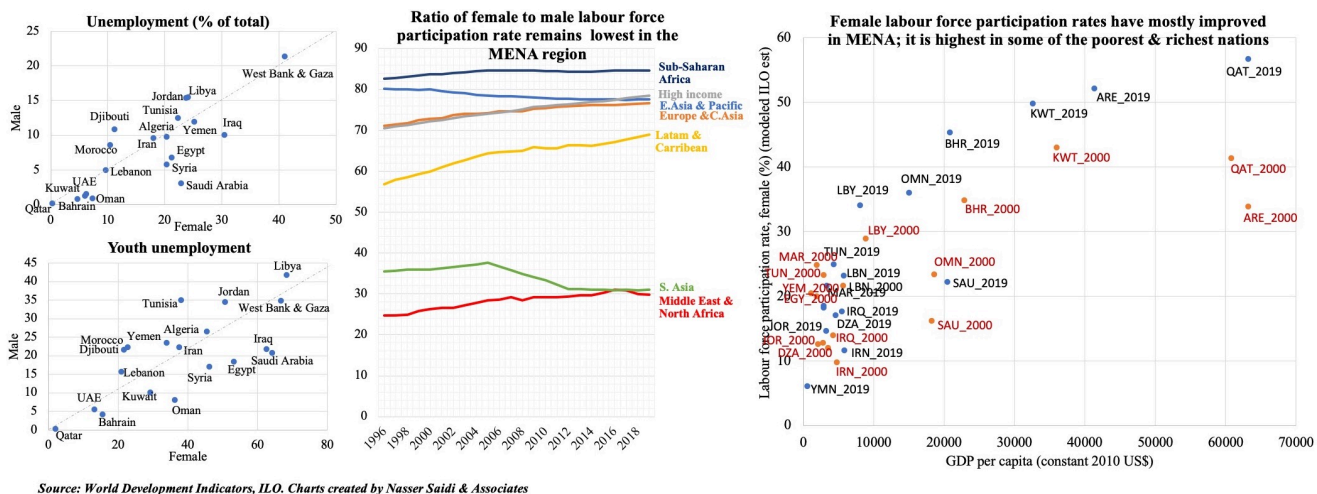


Source: Global Findex database, World Bank. Charts created by Nasser Saidi & Associates

der Inequality in Labour Market Outcomes Persist in the MENA region

- **Ratio of female to male labour force participation rates (LFPR) continue to be the lowest in MENA**
- **Large variations in Female LFPRs within MENA:** as high as 56% in Qatar, 34% in Libya (low-income) to lows of 6% & 11% in Yemen and Iran respectively. In most cases, **female LFPR is higher among single women than married** (signalling the influence of cultural/ social norms)

- Even when women actively participate in the workforce, their **share of employment in senior & middle management is small**: 15.8% in the UAE, 19.3% in Tunisia, 19.8% in Iran and 28.9% in Lebanon (ILO)
- Despite relatively high levels of education, **female unemployment is high in MENA & female youth unemployment even higher!**



What can be

done to support regulatory reform aiming for gender equality?

- Removing legal and regulatory barriers is necessary but not sufficient condition to reduce the yawning gender gap in the Middle East & North Africa region
- The IMF estimates that reducing the gender gap in labour force participation to double (rather than triple) the average for emerging market and developing economies would have doubled GDP growth in MENA over the past decade: a gain of USD 1trn in cumulative output
- Digital economy and labour market reforms (part-time, flexible work arrangements) will boost women's overall participation
- Support for women entrepreneurs via: (a) access to finance (loan guarantees, grants, microfinance); (b) women-led networks (VC, angel investors) to invest in women-owned businesses; (c) a "sandbox" for testing new products/ concepts

- Encourage the collection of disaggregate data by gender by the private sector, share them with regulators for policymaking (e.g. share of females employed in senior & management levels, reason for leaving employment, banks' loan portfolios etc.)

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