Bisat: Lebanon 2035 - Reforming an Economy in Crisis

September 8, 2025

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In a press conference on September 3, 2025, Lebanese Minister of Economy Amer Al Bisat stressed that protecting depositors and restoring financial stability are the government's foremost priorities. He rejected the idea that reforms are externally imposed, insisting instead that they are a national necessity. While this framing seeks to inspire confidence, it also downplays the reality that Lebanon's financial stabilization depends heavily on international partners such as the International Monetary Fund (IMF). The emphasis on sovereignty appeals to domestic audiences weary of external pressure, but it risks overlooking the degree to which Lebanon's credibility abroad hinges on meeting international standards.

The minister addressed the controversial issue of the financial gap, describing it as highly complex and emphasizing that both President Joseph Aoun and Prime Minister Nawaf Salam rejected any haircut on deposits. He announced that the word "haircut" will be struck from any legislative draft, reaffirming the government's commitment to depositor protection. While reassuring, this stance raises concerns over feasibility. Lebanon's financial hole is measured in tens of billions of dollars, and unless loss distribution mechanisms are clearly outlined, promises of full protection may remain politically convenient rhetoric rather than practical policy. The minister also underlined that responsibility for transfers abroad after 2019 is judicial, referencing recent rulings by Judge Maher Chaaito, which signals a reliance on slow-moving legal processes rather than proactive government action.

On Lebanon's relationship with the IMF, Al Bisat highlighted an ongoing, constructive dialogue, announcing that an IMF delegation will visit in late September. He noted that discussions concern a $3-3.5 billion package, while emphasizing that reforms are being pursued for Lebanon's interest, not to satisfy the IMF. This argument, however, risks oversimplifying the matter. The IMF's staff-level agreement (SLA) of 2022 already outlined stringent preconditions, including bank restructuring, reducing reliance on the cash economy, and ensuring fiscal sustainability. Thus, although the minister frames reforms as purely domestic, the reality is that alignment with IMF conditions remains essential to unlocking international support and restoring investor trust.

The minister further underscored governance reforms, particularly in appointments. He explained that over the past few months, more than ten key positions had been filled, including in the Civil Service Board, the Council for Development and Reconstruction, and the deputy governorships of Banque du Liban (BDL). Candidates were vetted through interviews and shortlisting processes in line with global practices. This emphasis on transparency seeks to break with Lebanon's entrenched clienteles. Yet the credibility of this claim depends on whether these appointees are insulated from political pressures, an area where Lebanon has historically struggled. Without structural safeguards, merit-based appointments risk being undermined by traditional power dynamics.

Turning to fiscal policy, Al Bisat described the 2026 draft budget as a departure from past practices; built on a top-down methodology that incorporates a Medium-Term Fiscal Framework (MTFF). Ministries are now required to submit three-to five-year projections, aligning short-term budgets with a broader economic vision. Parallel to this, the Ministry of Economy is preparing Lebanon 2035, a 200 page roadmap aimed at steering the economy over the next decade. These initiatives align Lebanon with global best practices, but their success depends on political stability and institutional capacity. Lebanon's history of failed reform plans raises skepticism about whether this vision will materialize into enforceable policies rather than remain an aspirational document.

The minister also announced an investment conference scheduled for November, framed as a chance to showcase Lebanon's new reform path under the slogan "Lebanon is back to business." While symbolically important, the challenge lies in convincing investors that

Lebanon has moved beyond its structural dysfunction. On fuel pricing, Al Bisat defended recent hikes as a reversion to previous levels, with revenues channeled to security forces' salaries. This decision reflects fiscal pragmatism, ensuring expenditure is matched by revenue, but it also risks social backlash in a country already burdened by poverty. Linking revenues specifically to military wages underscores the fragility of Lebanon's social contract, where fiscal decisions are often justified through security imperatives rather than comprehensive social policy.

On taxation and structural reforms, the minister pledged to simplify Lebanon's fragmented tax system and modernize customs administration, while making a strategic commitment to phasing out the cash economy. He acknowledged that the shift away from cash will be socially and politically challenging but insisted that it is unavoidable if Lebanon is to reintegrate into the global financial system. This ambition is crucial, given the role of cash in facilitating smuggling and money laundering. Yet it may prove unrealistic in the short term, given the collapse of trust in the banking sector and widespread reliance on cash after years of banking restrictions. Without first rebuilding confidence in banks and financial institutions, electronic payment reforms may face societal resistance.

Finally, Al Bisat confronted the legacy of the subsidy program, which drained over $20 billion from the state and depositors during the early crisis years. He framed forensic auditing as a judicial matter but emphasized full ministerial cooperation with the courts. While this signals a commitment to transparency, true accountability requires political will to follow through with prosecutions and systemic reforms. Without concrete consequences, investigation risks being symbolic gestures rather than steps toward justice.

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