



Independent Oversight Board of the Lebanon  
Reform, Recovery and Reconstruction Framework (3RF)  
Communiqué - May 26th, 2023

A Bleak Lebanese Future Ahead:  
Grey listing by FATF & Interpol Red Notice Receipt

More than three years into Lebanon's financial and socioeconomic crises, officials are still denying exhaustive, adequate, and fair recovery schemes that could at the bare minimum limit the damage that's been contrived.

The recent Lebanon Economic Monitor published by the World Bank, emphasizes the dangers of maintaining the status quo by using ineffective and costly monetary tools to halt the LBP depreciation at the expense of dwindling foreign-exchange reserves at the Central Bank.

Eschewing responsibility has been a core attribute of Lebanese policy making; an insolvent banking sector has been left without restructuring, leading to a highly dollarized cash economy which by no means, is a contributor to growth as it has deepened inequity and social inequality. In contrast, it has cloaked the origin of illegitimate activities, incentivized tax evasion, and rendered monetary policies ineffective since the cash economy accounts for 45.7% of the 2022 GDP.

The Financial Action Task Force (FATF)'s relegation of Lebanon to the "grey" zone is the latest warning received by the Government of Lebanon (GoL) on its inadequate response to preventing terrorism financing and money laundering. While the consequences are dire to an already precarious economic situation in Lebanon, citizens will contend with a predicament that will expose them to a downgraded credit rating, reputational damage, and difficulty obtaining global finance, inter alia.

A year after the GoL signed a Staff Level Agreement with the International Monetary Fund, the future of Lebanon looks extremely bleak as authorities hold off corrective policies that are due, and whose deferral will only aggravate living standards, and dilate social inequality.

Another major blow to Lebanon has been the receipt of an Interpol red notice against the governor of the Central Bank which exposes Lebanon to additional financial and economic risks regarding its external relations, and denigrates its standing in



the international community. The culture of impunity and untouchability ought to cease immediately; we warn against futile efforts undertaken by the GoL to conceal crime evidence and stress the need to protect the public interest.

We call on the GoL to immediately assume its executive role as the sole manager of Lebanon's internal and external affairs, and shield its citizens from unnecessary deleteriousness. Followingly, we urge the parliament to proactively fulfill its monitoring responsibilities and interrogate the GoL regarding the actions that have resulted in the current predicament.