

BDL GOVERNOR: A DECISIVE TEST FOR THE NEW EXECUTIVE

Lebanese citizens have spent the last weeks caught between cautious hope in their new leadership, and the heavy toll of war and economic collapse. A president promising sovereignty, a prime minister pledging to restore state integrity, and a cabinet vowing to serve the public now stand at a critical juncture: one of their clearest and most immediate tests will be the appointment of a new governor for Lebanon's Central Bank (BdL).

We strongly urge the Council of Ministers to appoint a competent and untainted governor. For too long, the collusion between the BdL and vested political and private interests has fueled financial corruption, illicit enrichment, and gross mismanagement, ultimately leading to a catastrophic economic collapse that has deepened inequality and impoverished society at large.

The nomination will test the new government's commitment to genuine reform. Will it uphold merit, independence, and integrity, or fall back on the same political horse-trading, cronyism, and fear-driven governance that have long plagued the country? The new governor's approach will be critical not only to Lebanon's financial recovery and future, but also to its credibility on the global stage.

This appointment is therefore of profound strategic importance. The next governor will shape Lebanon's urgent reform agenda, serve as the main counterpart to the International Monetary Fund, and directly engage in sovereign debt restructuring negotiations alongside the Ministry of Finance. These critical discussions must aim not only to stabilize Lebanon's debt obligations but also to repair the Central Bank's compromised balance sheet.

The nomination process and criteria are crucial. We believe three core qualifications must guide the selection of the next governor:

- **Integrity and Independence:** This is by far the most important selection criteria. Candidates must clearly demonstrate an unwavering commitment to the public interest and a complete absence of past or present conflicts of interest. They must also submit an asset declaration in accordance with the Illicit Enrichment Law, which should undergo rigorous due diligence before any appointment is finalized.
- **Competence:** While financial acumen would be an added value, legal and macroeconomic expertise are equally important for an effective BdL leadership. The previous approach, characterized by a centralized and singular leadership style, deviated from the intended collegial framework of the institution. A more effective model would leverage the diverse expertise inherent within the Central Bank, including the contributions of deputy governors and the specialized knowledge residing in its various departments. Restoring these departments to their full operational capacity is crucial for informed and balanced decision-making.

Candidates should be evaluated not only on their credentials, but also on the strength of the principles that they would use to build a strategic roadmap for addressing the challenges ahead. Through BdL decisions, the future governor must restore the confidence of both the Lebanese public and international partners in the integrity of the Lebanese financial system. Key priorities include:

- Restoring credibility and authority to the Central Bank through flawless governance.
- Fulfilling comprehensive financial and forensic audits and holding those who have committed financial crimes accountable.
- Restructuring the banking sector while dividing losses in ways that uphold the principles of hierarchy of claims, and the protection of public assets.
- Working towards rebuilding a banking sector that supports investment and growth.
- Managing to remove Lebanon from the FATF grey list, and combating the illicit economy, including that fueled by non-state actors.

In going forward, it is essential to move away from the notion that Lebanon's economic and financial decisions rest solely with the Central Bank. Given the significant economic and social harm caused by past BdL decisions, and the broader abdication of institutional and democratic responsibility by Lebanese policymakers, it is imperative to restore a system grounded in the full participation and accountability of both the executive and legislative branches. While the BdL oversees the bank resolution process, its operational scope is constrained by existing bank assets and the BdL's own balance sheet. The provision of bailout funds to the banking sector, the restructuring of public debt, and the drafting of supportive legislative texts, all steps necessary in restructuring the financial sector, are the responsibility of the government and parliament.

This is Lebanon's moment of reckoning. Appointing a new Central Bank governor is not only about economic recovery—it is a test of the new leadership's will to break from the past.

The signatories form a collective of leaders of organizations working to advance the public interest in Lebanon, with recognized expertise in public policy. They sign in their individual capacities. They, and the organizations they belong to, do not endorse any specific candidate for the BdL governorship position. Their sole aim is to establish objective criteria for the nomination, irrespective of the individual selected.

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