

Joint Communiqué Issued by the members of the Independent Oversight Board (IOB) of the 3RF

October 27, 2021

The formation of a new Cabinet should provide renewed impetus for reform. This necessitates firm commitment towards achieving sustainable macro-economic recovery and sound governance; anything less than that is extemporization and time-buying:

1. The IOB urges the newly formed Cabinet to convene with no further

delays. The GoL's inertia is augmenting the cost of inaction which prevents foreign help from reaching the Lebanese population that is in dire need of a lifeline. Accordingly, and in tandem with article 32 of the Lebanese constitution, the IOB calls on the cabinet to respect institutional deadlines concerning the **2022 budget**, parliament is also urged to prioritize the discussion of the budget, once submitted. Additionally, the GoL and its administrations are also called to assume a more proactive role in operationalizing the 3RF to embark on the road to recovery.

2. The Beirut blast investigation is being deliberately obstructed and delayed

as a result of Lebanese officials' evasion of Judge Bitar's calls for summoning and interrogations, and high-level officials' subjective provision of legal immunity to key defendants. The IOB reminds here of the importance of enacting and implementing the Independence of the Judiciary draft law, including (i) ensuring increased transparency with regards to the administration and justice committee's proceedings including public access, (ii) referral of the draft to the Venice Commission for comments. Furthermore, the Lebanese State is urged to conduct an impartial and neutral investigation of the Tayyouneh armed clashes.

3. The IOB urges the GoL to adopt the necessary reforms for the implementation of transparent, fair, and democratic parliamentary elections. The Executive power is

called to fix the date of the legislative elections as per its prerogatives stipulated in Law 44/2017 and the Cabinet to nominate the members of the Supervisory Commission on Elections. Furthermore, the IOB raises its concern with the amended campaign finance threshold as it affects equal opportunity among candidates.

4. **Debt restructuring, financial sector reconfiguration** including commercial banks and BDL, exchange rate unification supported by sustainable monetary policies appending a capital control law, public finance management acumen, and an apt economic policy development sit at the pinnacle of macroeconomic reforms. The IOB warns of continuous attempts to hide the financial sector's losses and notes that this will be a further hindrance to IMF negotiations. In the lead-up to negotiations, the talks must (1) ensure transparency, (2) disclose the assented losses, (3) distribute losses equitably.

5. Following a significant delay, The GoL is urged to release a **financially sustainable social protection program** amid the abrupt removal of subsidies without immediate support to help the poorest. It is alarming that the ration card program is still being delayed by parliament due to (1) lack of agreement on beneficiary selection and, (2) shortfall of a monitoring and oversight mechanism. The IOB cautions from using the ration card as a political vote-buying tool ahead of the 2022 upcoming parliamentary elections, and from further exacerbating the already deteriorating conditions as a result of the delay. Furthermore, the IOB remains watchful of which funds are being raised to finance the ration card and advises against channeling funds from the WB BRT loan to the ration card as infrastructure projects are crucial to development.

6. In follow up to the enactment of the public procurement law 244/2021, the IOB underlines the importance of supporting the following **action plan**: (1) setting up an inter-ministerial committee co-chaired by the Minister of Finance and the technical team of the Ministry of Finance / Institut des Finances Basil Fuleihan to implement the national strategy for reforms, (2) issuing with no delay the needed regulations and secondary legislation to ensure the sound implementation of the law. Secondary legislations include establishing the Public Procurement Authority (PPA), the Review and Complaints Authority (RCA), and the Standard Bidding Documents to be used by the contracting authorities.

7. As the country draws into darkness, the IOB urges the Council of Ministers to issue **the long-awaited decree to establish and staff the Electricity Regulatory Authority (ERA)**, and publicly disclose all information related to the imported Egyptian gas that will go through the Arab Gas Pipeline, which is yet to be repaired.

8. The IOB welcomes A&M's conduct of the Lebanese Central Bank's forensic audit. It views it as essential in building a recovery framework and ensuring accountability while remaining wary of politically imposed limitations. A&M's contract and the results of BDL's **forensic audit** must be made public.

Finally, the IOB reiterates the need for the GoL to act proactively to address the current situation