

Policy Brief #1

Driving National Revival

Coding Out Corruption with AI-Powered Governance

April 24, 2026

Developed by Neuron Code Consultancy Company (NCCC)

In collaboration with the LAU Adnan Kassar School of Business (AKSOB)

Core Message

Lebanon's governance crisis is not only administrative or political; it is also structural. AI-powered digital governance can reduce corruption by redesigning how data, payments, public services, and accountability systems interact.

Policy Actions at a Glance

1. Build a unified digital governance architecture and interoperability framework.
2. Connect tax, cadastre, commercial, and public-service registries.
3. Expand digital payments, e-invoicing, and transaction-level reporting.
4. Re-engineer high-risk public services beyond partial digitization.
5. Strengthen cybersecurity, privacy legislation, and public-sector digital talent.

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Summary

This policy brief synthesizes a landmark dialogue among the Ministry of Finance, the Office of the Minister of State for Administrative Reform (OMSAR), the Ministry of Technology & AI, the LAU Adnan Kassar School of Business (AKSOB), and Neuron Code Consultancy Company (NCCC). Delivered on February 23, 2026, under the strategic partnership between NCCC and AKSOB, the session entitled: “Driving National Revival: Coding Out Corruption with AI-Powered Governance” focused on the realization of the Sovereign Digital Nexus. This blueprint represents the convergence of Public Finance, Administrative Reform, and AI to create a transparent, automated, and unbreakable system of accountability. It moves beyond traditional reform rhetoric to present a unified roadmap for Lebanon’s recovery, built on the principle that corruption is not merely a moral failing, but a structural architectural flaw solvable through code and connectivity.

1. Current Challenges: Navigating the Operational Vacuum

Data Transparency and Revenue Integrity

Lebanon's fiscal reform rests on the fundamental assumption that the state possesses accurate, timely visibility over the funds flowing through its treasury. Currently, this assumption is more aspirational than actual. Revenue data from customs, VAT, income tax, corporate tax, and excise duties reside in separate, largely disconnected systems. The collection process is plagued by systemic disorganization. A prime example of this operational vacuum was the discovery of 2.4 million offline tax receipts stored in physical boxes at the Ministry of Finance. This backlog required a full year of manual data entry to identify which citizens had fulfilled their tax obligations. Furthermore, critical sectors like electricity remain the weakest link due to chaotic collection methods and a lack of accountability.

Lebanon’s core public registries remain fragmented and poorly integrated. The Cadastre and the Commercial Register, key sources for verifying property ownership, business revenues, and wealth declarations, do not connect in real time with the Ministry of Finance’s audit systems. The roughly 200 tax evasion cases currently before the judiciary likely represent only a small fraction of the true scale of evasion. The land registry server, originally installed in 2005, has suffered from chronic dysfunction. Even after installing a new system, operations frequently halt due to Uninterruptible Power Supply (UPS) failures.

Informal Markets and Shadow Economies

Lebanon’s goal of reaching \$6 billion in annual revenue depends critically on bringing unregistered economic activity into the tax net. However, a culture of tax compliance is virtually non-existent. For decades, the prevailing message was that budget deficits of \$3 billion to \$5 billion were manageable because they were simply covered by borrowing.

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While enabling credit card payments for taxes is a positive step toward convenience for registered taxpayers, it does not address the root issue. A vast proportion of economic activity, particularly in retail, hospitality, real estate brokerage, and professional services, occur entirely in cash. This leaves no digital footprint, rendering it structurally invisible to VAT and income tax authorities.

Manual Gatekeeping and Systemic Corruption

OMSAR's inventory of 2,700 public services is not just an administrative list; it is a map of potential corruption. The 177+ high-priority services identified for re-engineering include the Commercial Register, the Cadastre, land registry transactions, traffic and vehicle administration transactions, and business permit processing, all of which are economically critical and historically associated with informal facilitation payments. While OMSAR has successfully narrowed its focus to 60 high-priority services, the transition from digitizing paper to re-engineering processes is still in its early stages. Furthermore, many nominally digital services are incomplete; they often stop at the payment phase, forcing citizens to leave their screens and physically visit a payment office or a ministry building to finalize a transaction. This digital half-way house fails to reduce friction or restore trust.

Lebanon has thousands of state-citizen touchpoints that still require physical presence, manual signatures, paper submissions, and human approvals. For instance, the closing of budget accounts is submitted in large paper files to the Court of Accounts, a process that remains a source of torment alongside the closure of a company. The risk of simply uploading old forms onto new screens without using Process Mining AI to identify human bottlenecks is high. Until full automation is achieved, the state-citizen touchpoint remains a high-risk site for corruption.

Hardware Infrastructure and Energy Constraints

The ambition to move Lebanon into the top 50 AI nations hits a physical wall: The Energy Barrier. High-performance data centers required for the Sovereign Data Core and GPU-heavy AI processing cannot function without stable electricity and specialized cooling infrastructure, both of which are currently in deficit. This is coupled with a Connectivity Crisis. Our weak national fiber networks struggle to support the high-uptime requirements of a 24/7 Digital Republic. Without the physical plumbing of power and bandwidth, even the most sophisticated software remains inert.

Cyber Vulnerability and Connectivity Gaps

The Sovereign Data Core proposed by the Ministry of Technology and AI is the necessary strategic response to Lebanon's infrastructure vulnerability. However, while this core is being developed, the state remains legally and technically exposed. In the interim, the digital systems being built by the Ministry of Finance and OMSAR must rely on a patchwork of legacy government servers, commercial cloud services, and third-party platforms with inconsistent security maturity. This creates a significant Legislative and Fiscal Gap:

- **Legislative Gaps:** Most notably, the absence of a modern National Privacy Law and a centralized Cybersecurity Authority leaves the Sovereign Data Core without the legal and regulatory framework required to protect sensitive citizen data.

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- **Fiscal Disparity:** While approximately \$17 million has been allocated for national cybersecurity over a three-year period, regional neighbors such as Saudi Arabia and the UAE invest \$1.2 billion annually. This massive spending gap leaves Lebanon's digital frontier severely under-defended.

Institutional Rigidity and Human Capital

The administrative Scale of Wages is one of the most difficult obstacles. The state currently has no official job title for an IT professional within its hierarchy. As a result, the Ministry of Finance cannot legally match private-sector salaries, creating situations in which contracted IT employees earn more than the minister himself. This imbalance accelerates brain drain and prevents the state from recruiting the internal talent needed to maintain and evolve the digital systems it is building with international loans.

System Interoperability and Institutional Silos

The most structurally significant gap in Lebanon's reform architecture is the absence of interoperability. The Ministry of Finance is building digital audit tools, OMSAR is digitizing service delivery, and the Ministry of Technology and AI is constructing the Sovereign Data Core. But interoperability requires more than parallel progress, it demands mandated technical standards for data exchange, including a common Application Programming Interface (API) framework across all state systems. This connective tissue, which would allow ministerial systems to function as one, does not yet exist in production. Reform initiatives that rely on inter-ministerial cooperation without formal governance mechanisms tend to fragment.

“ Lebanon's primary challenge lies in closing the gap between reform ambition and state implementation capacity ”

2. Scaling Success: A Roadmap from Local Strategy to Global Excellence

The Ministry of Finance has delivered a series of tangible fiscal achievements that provide the strongest foundation for reform Lebanon has seen in a generation. The 2026 State Budget represents the first balanced budget adopted in modern Lebanese history. Projected annual revenues have been raised to around \$6 billion, signaling a structural shift in the state's capacity to mobilize domestic resources. The referral of 200 major tax evasion cases to the judiciary marks a credible escalation in accountability. Equally important is the modernization of payment infrastructure: enabling tax and fee payments via credit card directly addresses the cash economy. Taxpayers are no longer obliged to visit the Ministry in person; by accessing finance.gov.lb, they can now pay online by credit card, supporting the Ministry's objective of transitioning away from a cash-based system. A key part of this acceleration is the improvement of the user experience. In some ministries, the introduction of a payment gateway has eliminated the need for citizens to print documents and visit a payment office, reducing friction and increasing satisfaction. Notably, within three months of introducing the payment gateway, more than 8,000 transactions were completed via debit or credit cards.

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OMSAR's Reinventing Government 2030 project has shifted the philosophy of Lebanese reform from ad hoc digitization toward a systematic, citizen-centric redesign of how the state delivers services. Central to this vision is an unprecedented diagnostic exercise: a full inventory of 2,700 public services currently provided by the Lebanese state. This exercise represents the most comprehensive and candid appraisal of public administration in Lebanon's history, acknowledging that most services require fundamental reengineering before they can be meaningfully digitized.

The World Bank has recently approved the Lebanon Digital Acceleration Project (LDAP), a \$150 million loan to finance Lebanon's national digital transformation strategy over five years. While the program spans five years, implementation will proceed in parallel, meaning that several components will be completed well before the end of the timeline.

OMSAR has also established an Innovation and Behavioral Science Lab, signaling an intent to embed evidence-based methodologies into reform design. The ministry's bottom-up engagement model, including direct dialogue with youth and civil society through dedicated platforms, represents a deliberate break from top-down reform approaches. Additionally, by pursuing membership in the Open Government Partnership (OGP), OMSAR is working to establish a new social contract built on transparency and direct citizen participation.

The Ministry of State for Technology and AI (MITAI) has introduced the LEAP Strategy, the national framework aimed at placing Lebanon among the top 50 AI-ready nations globally by 2030. At its core is the National Digital Infrastructure (NDI), anchored by a Sovereign Data Core: a state-owned and operated digital platform designed to host the government's entire administrative engine while protecting Lebanese data from foreign interference.

A \$200 million program for government digitalization and AI innovation provides the near-term investment framework to translate these ambitions into operational systems. The objective is to establish a Unified Digital Foundation that integrates Digital ID, interoperable data exchange, and secure payments as the mandatory basis for all state transactions. This approach directly supports the financial integrity goals of ministerial counterparts: once identity, payments, and data exchange become the default "rails" of government, corruption is structurally inhibited.

The Ministry has moved quickly to build the necessary infrastructure and human capital pipelines. Through strategic Memoranda of Understanding (MoUs) with Microsoft and Oracle Corporation, MITAI has established training programs targeting 50,000 Lebanese citizens in digital and AI competencies. Certifications are provided free of charge, ensuring the workforce gains globally recognized credentials without financial barriers. This initiative is implemented under the **NUMŪ** national project for upskilling and reskilling. A notable success was evident at MITAI, where 85 employees, averaging 58 years old, were trained in AI and data entry, demonstrating that Lebanon's legacy workforce is both capable and eager to adapt to the digital transition. Recognizing that building foundational Large Language Models (LLMs) requires billions of dollars, Lebanon's strategy focuses on the Application Layer, where impactful solutions can be developed for \$1 million to \$10 million. To demonstrate this agility, MITAI developed a functional AI model over a single weekend, already deployed across five ministries. This model generates simplified versions of complex procedures, showing that a

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factory license process, which previously took 8 to 18 months, can now be completed in just 2 to 3 months. While human judgment remains essential, AI makes these processes traceable and significantly faster.

“ Recent gains in budgeting, tax administration, and digital service delivery suggest that Lebanon now has a workable foundation for broader state reform. ”

Policy Actions at a Glance:

Achieving a functional Sovereign Digital Nexus requires a coordinated set of policy actions centered on governance integration, fiscal transparency, and technological modernization. Key priorities for Lebanon include:

- **Unified Digital Governance Architecture:** Establish a whole-of-government interoperability framework with common data standards, APIs, and a Universal Digital ID connecting key registries such as the Cadastre, Commercial Register, and tax systems. This should be complemented by a centralized data exchange platform under a clear governance structure.
- **Fiscal Transparency and Revenue Mobilization:** Integrate all revenue streams into a real-time treasury system, deploy AI-based risk engines for tax and customs enforcement, and adopt e-invoicing and transaction-level reporting to reduce the tax gap.
- **Formalizing the Informal Economy:** Incentivize digital payments, link business registration and municipal services to tax compliance, and gradually reduce reliance on cash transactions, particularly for high-value activities.
- **Administrative Process Reforms:** Move beyond partial digitization toward full process re-engineering, simplifying legal procedures, eliminating redundant steps, and ensuring complete end-to-end digitalization of priority public services identified by OMSAR.
- **Infrastructure and Cybersecurity Investments:** Ensure reliable electricity for government systems, expand national connectivity, and provide access to secure cloud and compute capacity for AI deployment. Strengthen cybersecurity and data protection through modern privacy legislation and a centralized cybersecurity authority.
- **Human Capital Development:** Create formal IT roles in the public sector, introduce flexible compensation mechanisms to attract and retain technical expertise, and develop partnerships with the private sector to build capacity.

Finally, all reforms must be anchored in a strong governance framework with a central coordination unit, clear performance indicators, and sustained political and legal backing. Together, these measures aim to transition Lebanon from a fragmented, reactive governance model to a data-driven, prevention-oriented state capable of restoring trust, enhancing revenue collection, and enabling sustainable digital transformation.

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