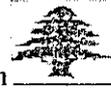


Office of the Minister of State for Administrative Reform



Summary of the Strategy for Administrative Reform in Lebanon

Developed by: Souhail Farah, Rahif Hage-Ali, Atef Merhi and
Guy Leclerc

November 1998

Executive Summary

Chapter I:

Administrative Reform

The administrative reform strategy aims at creating a small, dynamic and efficient administration. One that is responsive to citizens needs within a framework of a free economy, and a strong partnership with the private sector and civil society.

The last important administrative reform in Lebanon goes back to 1959 and was called the “Chehabi Reform” after late President Fouad Chehab. Today the Lebanese administration is in desperate need of modernization.

The present strategy was developed under agreement and fund from the United Nations Development Programme and the assistance of Assistant Policy Analysts from the Institutional Development Unit¹ at the Office of the Minister of State for Administrative Reform (OMSAR).

A- the Administrative Reform Strategy stresses the following needs:

1. Develop a comprehensive and ambitious reform plan
2. Secure political decision and commitment
3. Develop a better performing, efficient, and productive public service
4. Promote a prudent, responsive, transparent and accountable administration
5. Use contemporary business methods to promote decentralization, deconcentration and accountability
6. Establish a system that gradually abandons pre-control and consolidates post-control.
7. Exploit Information technology to simplify procedures and improve resource management, and combat corruption.

OMSAR is to “market” the strategy to government and the administration and to request assistance of donors to develop and implement programs and projects in partnership with the concerned ministries and other public institutions.

B- Vision of the Lebanese State in year 2010

By year 2010 Lebanon is expected to have a renewed public sector employing fewer but specialized human resources, and a flourishing private sector that is in harmony with the public sector.

The administrative leaders will be apolitical and selected on the basis of merit. They will have more authority to run their organizations with increased accountability.

¹Nisrine Ghaziri, Samer Hankir, André Amioani, Hend el-Khatib and Melissa Cardahi.

The control bodies will focus on post control to evaluate the performance and productivity of administrative leaders, institutions and agencies.

A new concept of administrative decentralization that is free from most of the current controls will be adopted. Local administrations will meet the needs of the local communities and will have sufficient resources to execute development projects.

Deconcentration will be vitalized so that the regional units will meet the citizens' needs without referring to the central administrations.

“The State at the Service of the Citizen” will be a tangible reality.

Information Technology will be an instrument of transparency and accountability. It will help the citizen fulfill their needs closer to their homes or better yet from their own homes via the Internet.

In short, Lebanon will have a modern administration and will be a cultural, financial and commercial center of attraction for the whole world.

The following government bodies are concerned with administrative reform in Lebanon:

- Office of the Minister of State for Administrative Reform (OMSAR)
- Civil Service Council (CSC)
- Central Inspection Commission (CIC)
- Court of Audit (COA)
- General Disciplinary Council (GDC)

Office of the Minister of State for Administrative Reform (Ministry of Administrative Development)

In this era of globalization and increased competition, a comprehensive and in-depth reform of the public sector is necessary. Such a task requires consistent and continuous work in order to reduce the complexity and cumbersome procedures of the administration.

Existing central bodies are engaged in day-to-day activities and lack future vision for administrative development. New bodies that are capable of following up this colossal activity are needed. Frequently, the suitable body for such a task is the Ministry of Administrative Reform, or Ministry of Administrative Development.

In Lebanon there is a need for a Ministry of Administrative Reform (or Development). The same reasons that led to the establishment of such a ministry in other countries apply in Lebanon. In addition, the public sector in Lebanon suffers from inveterate problems, such as the lack of coordination among the various administrative bodies, the lack of proper planning and an overlap in activities.

The Civil Service Council

CSC law and regulations were developed in 1959 and are outdated. This law projects a narrow view of human resources and does not regard employees as human capital. Autonomous agencies, which are profit oriented wrongfully, copied and applied the same laws and suffer from the same consequences.

CSC has a centralized authority that carries day-to day activities and overlooks planning and development. It does not have in its current structure specialized units in position classification, training, personnel surplus allocation, and career development. Furthermore, specialization is lacking among CSC personnel, which for most have either general or legal backgrounds.

New personnel legislation is needed to replace the current obsolete law. The new law will move the civil service from the concept of "personnel administration" to that of "human resource development".

Human Resource Development as seen for Lebanon involves three players, CSC, and both the Human Resource Unit and the Director General of each institution.

CSC will be responsible for developing Human Resource policies and implementing certain aspects of the new personnel legislation. Other personnel functions such as projecting needs and performance evaluation are delegated to Director Generals and HR Units in each institution.

The Research and Guidance Administration a unit within the Central Inspection Commission will handle organization, and simplification of procedures as provided by law.

There is also a need to establish an autonomous agency for training that is independent from CSC, as is the case in Canada, France, New Zealand, the U.K and many other countries.

The Central Inspection Commission

CIC is highly centralized and overwhelmed by a large number of complaints referred to it by administrators who often resort to CIC to avoid responsibility. CIC has a conflicting authority to try and later revoke its own decision after appeal of cases that it handles. In addition it carries conflicting functions of Inspection, Organization and Project Execution.

Civil servants have a negative perception of CIC and view inspectors as intruders who are looking to punish them.

One-fourth of CIC positions is vacant and the existing personnel lack qualification and proper training. Training needs to be specialized particularly in the fields of engineering, finance, health, agriculture and education.

The *Research and Guidance Unit* within CIC is in charge of the administration's organization. It is expected to carry out tasks such as organizational studies, identification of the cadre, simplification of procedures, and introduction of IT. Instead, due to several obstacles R & G presently carries day to day activities not related to its mission. It has a shortage of skills and does not have an independent budget. Its recommendations in matters of organization are merely consultative.

The *Procurement Administration* does not have real authority to carry out its function. Contested projects are channeled through the Council of Ministers or the Council for Development and Reconstruction thus bypassing the *Procurement Administration*.

Recommendations to improve Central Inspection include a review of its role to be one of guidance and development instead of the old cliché of monitoring violations and imposing punishment. Possibly establish specialized chambers to accelerate the settlement of cases at hand. In addition a review of Inspectors' qualifications is necessary.

Recommendations related to *Research and Guidance Administration* include the removal of this unit from CIC and include it under the suggested new Ministry of Administrative Reform.

Recommendations related to the *Procurement Administration* include giving it an independent status and including it under the *Presidency of the Council of Ministers*. In addition a review of its regulations, cadre and recruitment methods is necessary.

The Court of Audit

COA's law allows it to emphasize pre-audit and neglect post-audit. Pre-audit control as carried out by COA is limited to checking the legality of transactions only. It does not have authority over the majority of autonomous agencies and independent funds where it is believed lies most of the misappropriations and wasting. There is in addition an overlap with the Ministry of Finance in pre-audit function.

COA's decisions are often revoked by the Council of Ministers without objective reasons.

COA does not have time to conduct post-audit or performance audit so much it is busy with pre-audit; it also lacks the skills and procedural guides to help it carry this function.

COA has a shortage of personnel, especially judges and controllers. It also lacks a modern structure that distributes roles to the various units or chambers.

Recommendations include reviewing COA's laws and regulations in order to promote COA's autonomy, redefine pre and post audit control functioning and establish a mechanism to follow-up on COA's issued reports.

Other laws that require modifications are those related to bidding and the exclusion of autonomous agencies and municipalities from COA's control.

The reactivation of the chambers' role requires reorganizing these on the basis of sectors thus laying the ground for auditing their programs and performance.

Develop training programs that provide judges, auditors and controllers with the necessary experience in performance audit (planning, executing and reporting).

Develop procedural guides for COA to apply in performing audits.

Make wider use of IT applications to connect with other government bodies.

The General Disciplinary Council

GDC is a court that tries civil servants. It answers to the Presidency of the Council of Ministers. Unlike other control bodies GDC cannot try but the cases referred to it by decree or decision from Central Inspection or an appointing authority. Administrators seldom refer personnel violations to GDC, which explains the very low number of yearly, tried cases (average of 30 cases per year over 1995 to 1997).

Judicial authorities do not refer cases that it may be trying involving civil servants and the Ministry of Finance is not notified with such cases so that it may withhold violators' salaries.

This situation has weakened the public trust and encouraged ill-intentioned employees to exploit the system.

The central nature of GDC, its instituting law, cadre and functions do not require modification.

However there is a need to curb reluctance and boost referral of violators to GDC within the administration.

Improve coordination between GDC and both the judicial and the Ministry of Finance so that cases involving civil servants tried in civil courts are notified to GDC and the Ministry of Finance to withhold the dues of violators.

Chapter II:

The Role of the State and its Relation to the Private Sector and Non-Governmental Organizations

Between the welfare state and the reduced state, Lebanon has opted for the model that advanced societies apply and label "Good Governance". Such a system integrates the

state with the private sector, Non Governmental Organizations and civil society, where all become full partners of the development process.

In this context the new role of the state, is to maintain a distinctive position and control over policymaking, the development of guidelines and role distribution.

The following principles characterize the new role of the state that Lebanon has adopted:

- Provide services to citizens using private sector approach and refrain from providing services that can be delivered more effectively by the private sector or NGOs
- Rely on a larger number of private organizations and NGOs for service delivery
- Develop the legal and regulatory framework necessary for the private and civil sectors to grow more efficient
- Develop growth framework and mechanism and mobilize all available resources for that matter and encourage participation and input from all players
- Develop an environment capable of promoting private investment and assist private enterprises in becoming more competitive
- Promote national unity and solidarity
- Anticipate and prepare for upcoming developments and monitor future trends
- The adoption of above principles implies the development of new visions for the role and responsibilities of the central administration, decentralization and local governments, de-concentration, the role of the private sector and the opportunities of privatization and the role of civil organizations

OMSAR Developing the Organization Charts of Ministries

The situation of the administration's organization charts is for the least chaotic. Most charts go back to 1959 and have since remained unchanged despite numerous drawbacks. New ministries created hastily in 1993 added to the already complex condition.

Omsar reviewed the charts of 20 ministries and developed new ones following current principles of clear communication lines, good coordination of functions and tasks and efficiency. Particular emphasis was conferred to planning, statistics, and information technology and to de-concentration.

Several sectors including road construction, water, electricity, housing, transportation, tourism, health, social services, mail and telecommunications are believed to be better handled by the private sectors.

Ministries Merger

Omsar has prepared the following merger proposals:

1- The Ministries of Foreign Affairs and Emigrants

There exist a manifest duplication of tasks with regards to emigrants' affairs between the two ministries. It is necessary to abolish the ministry of emigrants and reconstitute the directorate of emigrants to the ministry of foreign affairs.

2- The Ministries of Technical and Vocational Training and Labor

Vital ties exist between Technical training and Labor or Education. These coexist in most settings. Producing skills for the market requires a balance between demand and supply. The following is suggested:

Option 1: Merge the Ministries of Technical and Vocational Training and Labor

Option 2: Reconstitute the directorate of technical and vocational training to the Ministry of National Education and Sports and Youth

3- The Ministries of Municipal and Rural Affairs and Environment

Municipalities and each of the Ministries of Environment, Agriculture, Industry, Hydraulic and Electrical Resources and Health, carry out similar and often identical functions.

In addition the Directorate of Planning is widely involved in assisting Municipalities and thus is naturally associated to that Ministry.

In view of the above, it is suggested to merge the Ministries of Environment and Municipal and Rural Affairs with an option to include the Directorate of Planning.

4- The Ministries of Information and Culture

France, the UK and several other countries have had successful experiences in merging culture and communication with wide activities carried out in heritage, tourism, broadcasting, arts and sports.

Merge the directorates general from each of the Ministries of Information and that of Culture under one Ministry carrying that appellation. Concurrently, move the remaining directorate of higher education from the

Ministry of culture to that of education and the directorate of archeology to the ministry of tourism.

5- The Ministry of Education, Youth and Sports and the Ministry of Culture and Higher Education

Higher education belongs to the Ministry of Education and needs to return to that ministry. Culture can be merged with Information as mentioned earlier.

6- The Ministry of Economy and Trade and the Ministry of Industry

Both ministries are naturally compatible particularly where it concerns the export of locally manufactured goods, trade agreements, trade shows and import licensing. The merger of these ministries is strongly recommended.

7- The Ministry of Housing and Cooperatives

This ministry conflicts with the Public Institution for Housing and needs to be abolished.

The Directorate of Cooperatives within that ministry can be moved to the Ministry of Economy and the Agricultural Cooperatives to transfer to the Ministry of Agriculture. Also Housing Cooperatives to become part of the Ministry of Social Affairs.

8- The Ministry of Public Health and the Ministry of Social Affairs

The inter-relationship between these Ministries is obvious. Common areas include family, mother and child, health guidance, the handicapped and social assistance. Many countries such as France and Ireland have both Social and Health under one roof. This arrangement is recommended for Lebanon.

9- Merging the Ministries of Petroleum and Electric and Hydraulic Resources and Create a New Ministry for Energy

Energy resources include in addition to alternative power, hydraulic, electric and petroleum energy resources. Better planning requires that these are included in one entity.

10- The Ministry of Tourism and Archeology

Opinions diverge between including archeology under tourism or under culture. In case that the Ministry of Higher Education and Culture is to be abolished as suggested in this strategy, the remaining solution that we particularly endorse is to have the Directorate of Archeology in the Ministry of Tourism.

11- The Ministries of Transportation and Telecommunication

World trends indicate the convergence of these two sectors. The suggestion is to have two public enterprises: one for Post and another for Telecommunications.

The Public Administration Capabilities

The drop in public sector performance is mostly due to the shortage of skills and the lack of proper training. Employees are more concerned with legality than with serving people.

Ministries have vacancy rates as high as 90 percent, with surpluses of contractual or temporary workers reaching 50 folds their size.

Specialization such as economics or business administration or computer science or statistics or finance is lacking at the managerial level and most heads of bureaus have degrees in either literature or philosophy or sociology or mathematics.

Skills abound in Lebanon, however it is available at a much higher cost than what the treasury can afford. Yet, none of the ongoing restructuring is possible without the professional human resources.

If we are to modernize the administration a review of the entrance competition for each new position is necessary, particularly the specialized positions such as statistics and information technology.

1- Contract Workers and Temporary Employees

Altogether, there are over Ten thousand (10,000)-contract workers not counting those in the teaching corps. If these are reduced according to need, then the administration could afford to fill the vacant key positions without additional cost to the treasury.

In this regard the following steps are recommended:

- a. Assign to Central Inspection the task of evaluating the surplus
- b. Reduce the retirement age to 58 with six-month allowance on last salary. Since the average age in the administration is 51 years old according to a survey conducted in 1996, it is expected that half the temporary workers will go to retirement.
- c. Redeploy workers through agencies, and/or municipalities according to needs with an option to retire
- d. Lay off workers, which the survey shows that they are not needed, with a six-month allowance based on most recent salary.

2- Commissioned Workers

Commissioned workers who started as freelancers before gaining a seemingly permanent status are specific to the Ministry of Information and present an issue due to their large number. Suggested solutions are included in the 1994 report issued by Mr. Minister of Information.

3- Teachers' Surplus

The surplus is believed to neighbor 5000 teachers with many assigned to positions in other ministries. These have been offered the option to earn permanent status for the position they are assuming. The finalization of this matter is underway.

There is a high supply of teachers that need to be regulated on the basis of needs. Educational Inspection ought to determine the needs of each college and institution through a field survey.

Suggested solutions for the teachers' surplus:

- a- Train those under the age of 45 to integrate positions in public administration
- b- Train those under 30 years old to integrate positions in information technology
- c- Provide permanent status to those actually in administrative positions temporarily
- d- Transform the *Teachers Institute* into a training center for teachers for a period of five years

Deconcentration

Lebanese law indicates that provinces are to be run by Governors and districts by Mayors and that ministries will have regional offices to handle service delivery.

Furthermore, the National Unity Declaration known as the Taef Accord indicates that political authority should remain central but with more delegated authority to Governors and Mayors.

Authority and resources are largely withheld from the regional players and kept with the central administration.

As a solution, the Office of the Minister of State for Administrative Reform has elaborated a comprehensive study on regional organization together with a Project-Law. It is suggested that provinces be brought from 5 to 9 with an increased presence of the administration in the regions and an increased authority to Governors and Mayors. In addition better inter-ministerial coordination in planning and coordinating the activities of the regional bureaus is foreseen with the creation of District Councils to carry out planning and development programs.

Public Agencies

Lebanese Law defines a Public Agency as “an institution that is responsible for a public sector, and enjoys personal status as well as financial and administrative responsibilities”

Public Agencies are excluded from the Court of Account pre-audit and a few key agencies such as The National Social Security Fund and the Council of Development and Reconstruction are also excluded from the control of the Civil Service Council. All agencies however are subject to control from Central Inspection, the Ministry of Finance and the tutelage authority for each agency.

Several factors are responsible for public agencies' mediocre performance. These include low salaries, vague laws resulting in role confusion, politics, poor revenues and the effects of war.

The following are basic axes to consider in revitalizing Public Agencies:

- 1- Draw a clear distinction between profit and non-profit oriented type of agency
- 2- Confer more freedom to profit oriented agencies by applying commercial and Labor Laws onto these
- 3- The positions of agency's head of board of directors and director general of the tutelage ministry need to be assumed by one individual thus eliminating the existing duality. Also appointments need to be based on merit and without political interference.
- 4- Tutelage authorities and COA to conduct true performance evaluation of agencies
- 5- Assign to local private accounting firms the task of auditing agencies and report results to the tutelage authority.

- 6- The Ministry of Finance to expedite its auditing process
- 7- The head and members of the board ought to handle the selection of needed skills
- 8- Exclude the profit oriented agencies from CSC control
- 9- create specialized cells within tutelage ministries to follow up and report on Agencies activities

Suggested Measures for Re-activating Selected Sectors

1- Post and Telecommunication:

This sector is paralyzed by years of war resulting in the destruction of its installations and causing the depletion of its qualified human resources.

The following is suggested to revitalize P & T:

- Create a new public agency for telecommunication in lieu of the existing two directorates general of equipment and operations of the Ministry of P & T
- Transfer the operation and management committee under OGERO to the newly created agency
- The existing Ministry of P & T will retain the tutelage over the new agency

2- Information

Omsar has already developed a comprehensive study of the Ministry of Information.

Key recommendations include:

- Establish a Public Agency for Radio and Television
- Turn the existing National Information Agency into a public agency
- Restructure MOI (c.f. Omsar study)

3- Housing

The Public Housing Agency (PHA) created in 1996 replaced the Independent Housing Fund in financing house purchases of individuals as well as housing projects. This function was taken away from the existing Directorate General of Housing at the Ministry of Housing and Cooperatives (MOHAC).

A field survey to evaluate the housing situation and determine housing needs was conducted and is presently being reviewed at PHA.

In addition PHA together with the newly created Housing Bank (80% financed by private bankers) is actively involved in a new housing loan program.

The following is suggested to consolidate the ongoing activities:

- Redefine the role of the Ministry of Housing and Cooperatives to include planning, control and performance evaluation
- Confine housing loan and project funding activities in exclusivity to both PHA and the Housing Bank
- Create a *national council* for housing within MOHAC to regulate and supervise the on-going housing loan activities

4- Water

New decrees have been issued merging the numerous water authorities into five - one for each region or "Mohafaza". In addition to water supply the newly formed agencies will also handle irrigation and wastewater and carry out functions such as planning, studying and project management. Responsibility includes equipment, maintenance and operations.

Thus a review of the role of the Ministry of Hydraulic and Electric Resources has become necessary. OMSAR together with MOHER prepared the necessary study, which emphasized the following:

- Redefine the role of MOHER vis-à-vis the water agencies. MOHER will handle planning, policy formulation, as well as supervising and executing main projects.
- Review the existing structures of MOHER and the water agencies (A draft law has been prepared in this regard and referred to Parliament).
- Modify the status of newly created water agencies by granting them greater autonomy.

5- Electricity

Role confusion prevails amongst EDL (the Electricity of Lebanon Authority), the tutelage ministry MOHER, the Ministry of Finance and the Council of Ministers causing the entire electricity sector to suffer and reducing its capacity to deliver.

EDL current structure and procedures lack flexibility and decision-making are overshadowed by the central administration. As a result EDL board does not plan for expected tasks or projects or issue forecast for needed resources.

EDL lacks the authority to manage its revenues and is unable to undertake projects due to shortage of resources. A portion of its revenues from sales of electricity to the public remains uncollected. Qualified human resources are equally in shortage.

A new law redefining the roles of each of the players in the electricity sector is needed. The new law will attribute the policy-making role to the Council of Ministers leaving the planning and management role to EDL and the control function to be assumed by MOHER. In this scenario EDL may enter a "performance contract" with MOHER for greater accountability and improved service standards.

Thus the following options ensue:

- Total reorganization of the Electricity sector with more autonomy to EDL
- Private leasing contract of power generation or distribution.
- BOT contracting of construction projects, equipment or operations.

6- Public Transportation:

The Council for Development and Reconstruction has prepared a three phase plan in 1994 for Beirut, the North South and Bekaa. The plan erroneously excluded railroads. Privatizing part of public transportation is a valid solution and has proven successful in many settings worldwide.

7- Public Health:

A 1997 health law provision authorizes transforming each public hospital into a public agency subject to post audit from COA and to CIC control. Large leeway is offered to the board of director in resource management and hiring, which is not subjected to CSC. Performance contract are expected to be enforced whereby the board and board's head are responsible for their activities and performance.

8- The Council for Development and Reconstruction, the Council for the Execution of Major Projects of the City Of Beirut, and The Council of the Execution of Infrastructure Projects:

These councils whose major tasks are indicated by their relative appellation were established simultaneously to carry out specific endeavor but have ended up overlapping with their roles becoming redundant. Solidere a mixed organization in charge of the reconstruction of Beirut central district also conflicts with the Council of the Execution of the Major Projects for the City of Beirut.

To resolve this situation the following two options are offered:

1- Merge the Council of the Execution of the Major Projects for the City of Beirut with the Council of the Execution of the Construction Projects leaving to both the execution, contracting and supervision responsibilities. Whereas CDR will have the planning, studying, financing and controlling responsibilities.

2- Merge all three councils into one. The new Council will have departments responsible for planning, studying, programming, financing and executing.

9- The Higher Port Authority (Commission):

The absence of a general policy to regulate ports, in addition to the existence of an independent board running each port has created a chaotic situation. A higher authority is needed to regulate and develop the various existing ports through planning and coordination of their activities in addition to their reorganization in light of new guidelines and realities.

Conclusion:

The low performance and high cost that public agencies are incurring has prompted the state to rethink the management of these enterprises and consider privatizing those that can best be run by the private sector. As for the agencies that, for some reasons, need to remain in the public sector these require a complete review before they can be considered performing.

Decentralization and Municipalities:

The following are major obstacles faced by municipalities:

- 1- Absence of educated and well-trained personnel
- 2- Pooling of police or fire or emergency brigades by neighboring municipalities in application of article 83 of the Municipal Law was never achieved
- 3- Municipalities are unable to perceive and collect fees and dues and cannot forecast their revenues. They almost all depend on the Independent Municipal Fund to survive severe shortages of financial means. Yet IMF seldom finances municipalities, which causes these to resort to high interest treasury bonds.
- 4- Excessive and conflicting controls from both the Ministry of Interior and the Ministry of Municipal and Rural Affairs are exerted over municipalities. Further controls are equally exerted by COA and municipal leagues. In addition there are numerous loopholes in the existing law on municipalities that creates ambiguity leading to confusion and inertia. The loopholes and suggested solutions are detailed in the strategy full report.

Recommendations include amending the municipal law, the IMF law and the other relevant articles related to municipal fee collection, to allocate better resources and increase the autonomy of municipalities thus allowing them to play their role in local development.

Privatization

Privatization or the transfer of ownership from the public to the private sector has roots in Lebanon where entrepreneurship and free trade have earned fame and wealth to the country. Lebanon's constitution guarantees private ownership and promotes market economy, which is further supported by an appropriate commercial law and performing judicial system.

Following a devastating war that came over most of its assets, Lebanon was able to rebuild a modern infrastructure and achieve a fairly stable economy and currency.

Lebanon has a solid banking sector and a revived financial market. Investment opportunities abound, topped by attractive tax incentives. In addition, Lebanon open policy has earned it the support of world organizations such as the World Bank.

The performance of public institutions has somewhat improved following projects of rehabilitation and development undertaken in mid nineteen-ninety.

Omsar's IDU has reviewed Lebanon's experience and opportunities of privatization and issued a comprehensive report on this issue.

One aspect of privatization mostly utilized in Lebanon is the contracting out of infrastructure and utility projects in addition to studies (a practice that was often abused with many studies remaining unutilized). Other methods of privatization

applied during the recent reconstruction period include BOT and DBOT or BOO. However no sellout of assets or entities has so far been utilized although such method can be applied fairly quickly considering the ongoing restructuring of enterprises.

World trends indicate a gigantic leap in privatization with over 70 countries closing a total of 800 deals worth 197 billion US Dollars. Sectors that were mostly touched by privatization include oil, electricity, water, airlines, railroads and telecommunication. In Lebanon these sectors remain in the hands of the state, as there has been no political decision to turn some of these sectors into private enterprises.

Privatization can help sustain greater economic growth in Lebanon in addition to numerous other benefits inherent to the administration such as reducing political interference in the hiring process and reducing confessional considerations from the staffing operation. Further advantages include allowing greater participation of private local enterprises and an increased transfer of know-how and expertise from world leading firms.

The state's reduced role of conducting operations as a result of privatization is widely counterbalanced by an increased role and dedication to policy formulation, planning, coordination and control.

Recommendations include primarily the development of a general privatization policy supported by a clear political decision in that direction; a thorough study of sectors likely to be privatized; the development of implementation mechanism and schedule; setting up evaluation and feedback systems.

Chapter III:

The Citizen & the Administration

The administrative reform seeks to develop an effective, accountable and transparent administration, but above all an administration that serves the citizen and is able to develop a substantial relationship with civil society and the private sector. Several directives pave the way to good governance and increased citizen confidence. These directives include: a commitment to a state of law; clear and simple administrative procedures; qualified and courteous personnel; efficient work methods and up-to-date equipment; citizen complaint centers; competent information offices; convenient service delivery locations and single service windows; setting and meeting quality standards; combating and reducing corruption. The accomplishment of these objectives constitutes the basis for a renewed mutually supportive relationship between the state, civil society, and the private sector.

Complex procedures generate frustration and lead to bribery and corruption. Conflicting or ambiguous regulations are the main cause of overlap and redundancy in administrative procedures.

Other key steps include: reengineering service delivery institutions for speedier more efficient performance; setting-up information offices and single service windows; installation of a “Wide Area Network” for the intra-government data exchange, particularly the interchange of information between economical and educational sectors and government institutions. This in turn will require the development of unified software programs for the interchange to be made possible. Yet for Lebanon to be a true member of the world IT community a law needs to be adopted for the protection of intellectual property.

Corruption & Means of combating it

An ever-increasing number of nations regard fighting corruption as an internationally concerted effort with far reaching consequences on economic growth. The development of national anti-corruption strategy in any country sets the foundation of transparency and accountability in the administration and other aspects of life.

Corruption is expensive to world economy and is recognized to be the source of large losses to governments worldwide where it has carved inroads on administrative, political, and social levels and moral aspects linking these all together in a dangerous canvas.

World organizations such as the World Bank and “Transparency International” have reacted in concert to the threats caused by corruption through conducting anti-corruption seminars and workshops and in seeking world government commitment to take concrete anti-corruption measures.

Corruption is a reality in Lebanon only it has not been clearly defined or evaluated, yet its negative consequences on citizens equal rights, the social contract and citizens’ trust are well recognized. In addition it is the source of sizeable waste, the migration of honest brains and capital in addition to higher unemployment rates and increased criminality.

Lebanon has developed guidelines to fight corruption with an overall objective to improve national moral and ethical standards. Priorities include securing the commitment of politicians, civil servants and the public to the project, introducing a legalistic dimension to ethical and moral values through rules of conduct and conflict of interest laws, strengthening the judicial to enforce punishment onto violators.

Examples of steps to promote ethics abound worldwide and include citizen charts, civil service code of ethics, and conflict of interest laws.

Omsar pioneered the anti-corruption awareness campaign in 1997 when it conducted a workshop on combating corruption. The workshop emphasizes the development of an integrated system that reduces corruption opportunities and increases the likelihood of misconduct detection. The presentation pointed to the

existence of loopholes within laws and regulations or mere vagueness that draws rather doubtful characters to exploit with the likelihood of corrupt activities to spread and generate accomplices leading to the creation of corruption rings. Solutions need therefore to address human resource values and provoke resistance to unlawful conduct. In addition, the introduction of secure financial control and asset management systems and the increased utilization of IT are sure safeguards and deterrents.

The workshop recommendations include the following:

- Secure political commitment of non-interference in public administration affairs
- Swiftly introduce necessary amendments to law no. 38/53 on illicit gains otherwise replace with a new law to be made applicable immediately
- Apply the existing law of 14 April 1954 requiring those who will hold public office to declare their assets
- Confer complete autonomy to the judicial and immunity from political interference

Omsar offered the following recommendations to promote ethical conduct in the administration:

- Glorify and reward honesty and integrity
- Develop legal framework to uncover violations
- Develop better regulations for public procurement to promote true competitiveness
- Provide effective channels for citizens and public servants to file complaints or report misconduct
- Promote a freer media to expose corruption
- Conduct regular opinion polls over service quality

Corruption is a dangerous phenomenon that has reached epidemic dimensions. To combat this affliction effectively Lebanon needs to develop a comprehensive strategy that rallies the public around an overt denouncement of corruption and mobilize against

Note: A comprehensive listing of Omsar recommendations is available at the end of the summary report