

OFFICE OF THE MINISTER OF STATE FOR ADMINISTRATIVE REFORM

INSTITUTIONAL DEVELOPMENT UNIT

Institutional Development Strategy

For the Government of Lebanon

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Contents

Overview	2
Chapter One: Administrative Reform and Modern Administrative Principles	3
Part 1: Administrative Reform	3
Part 2: The Modern Administrative and Reform Principles	6
Part 3: Administrative Reform Institutions	7
3.1 Ministry of Administrative Development	8
3.2 The Civil Service Council	10
3.2.1 The Legal and Institutional Framework of the Personal Affairs	10
3.2.2 Obstacles to a Dynamic Human Resource Management	10
3.2.3 Institutional Comparison of HRM Best Practices	13
3.2.4 Legal and Institutional Frameworks for an Efficient HRM	14
3.2.4.1 The Legal Framework	14
3.2.4.2 The Institutional Framework	15
3.3 The Central Inspection	17
3.3.1 Institutional Obstacles	17
3.3.2 International Experiences	19
3.3.3 Reform Recommendations	20
3.3.3.1 Central Inspection	20
3.3.3.2 The Research & Development Administration	20
3.3.3.3 The Procurement Administration	21
3.4 The Court of Audit	21
3.4.1 Institutional Obstacles	21
3.4.2 The International Experiences in Performance Audit	22
3.4.3 Reform Recommendations	23
3.5 The General Disciplinary Council	24
3.5.1 The Present Situation	24
3.5.2 Institutional Obstacles	24
3.5.3 Reform Recommendations	24

Chapter Two: State Role & Relationship with the Private and Social Sectors	26
Part 1: General Principles	26
Part 2: Role of the State in Lebanon (Preliminary Proposal)	28
2.1 Conceptual Framework	28
2.2 Role of the State in Lebanon	28
2.3 Aspects and Characteristics of the Role of the State	29
2.3.1 Central Administration	30
2.3.1.1 Organization structures	30
2.3.1.2 Dounsizing / Ministries Merger	32
2.3.1.3 The Central Administration Capabilities	35
2.3.2 Deconcentration	38
2.3.2.1 Present Situation	38
2.3.2.2 Existing Issues	39
2.2.2.3 Reform Recommendations	39
2.3.3 Functional Decentralization:	
Public Agencies	40
2.3.3.1 Present Situation	40
2.3.3.2 Institutional Obstacles	41
2.3.3.3 International Trends in Public Agencies Management & Control	43
2.3.3.4 Reform Recommendations	45
2.3.4 Administrative Decentralization:	
Municipalities	54
2.3.4.1 Current Situation	54
2.3.4.2 Institutional Obstacles	54
2.3.4.3 Institutional Development Recommendations	56
2.3.5 Privatization	59
2.3.5.1 The Environment of Privatization in Lebanon	59
2.3.5.2 International Experience in Privatization	62
2.3.5.3 Obstacles Facing Privatization in Lebanon	62
2.3.5.4 Recommendations	64
Chapter Three: The State and the Citizen	67
Part 1: The Citizen as a Core Administrative Concern	69
1.1 The State of Law	69
1.2 Simplification of Procedures	69
1.2.1 Problems	69

1.2.2 Solutions	69
1.3 Information Offices and One-Shop Shops	70
1.3.1 Information Offices	70
1.3.2 One-Shop Shops	70
1.4 Regulation and Deregulation	70
1.5 Development of Customer Service Standards	71
1.6 Administrative Premises	72
1.7 Relation between the Administration and the Citizen in Lebanon	72
1.7.1 Simplification of Procedures	72
1.7.2 Information Offices and One-Shop Shops	72
1.7.3 Regulation and Deregulation	73
1.7.4 Administrative Premises	73
Part 2: Information Technology	74
2.1 Present Situation of Information Technology in the Lebanese Administration	74
2.2 International Experience	74
2.3 The Future of Information Technology in Lebanon	75
Part 3: Corruption and Means of Combating it	77
3.1 An Overview of Corruption	77
3.2 Means of Combating Corruption	77
3.3 Citizen Charts, Civil Service Code, and Conflict of Interest	77
3.3.1 Citizen Charts	77
3.3.2 Civil Service Code of Ethics and Conflict of Interest	77
3.4 The Situation in Lebanon	78
Summary of Recommendations	80
Chapter One: Administrative Reform and Modern Administrative Principles	80
1.1 Ministry of Administrative Development	80
1.2 Civil Service Board	80
1.3 Central Inspection	80
1.4 Court of Audit	80
Chapter Two: State Role and Relationship with the Private and Social Sectors	80
2.1 Merger of Ministries	80
2.2 Solutions to Vacancies and Contractual and Daily Staff Surplus	81
2.3 Deconcentration	81
2.4 Functional Decentralization: Public Agencies	81
2.5 Administrative Decentralization:	

Municipalities	82
Chapter Three: The State and The Citizen	82
3.1 Substantial Relationship with the Citizen	82
3.2 Effectiveness and Efficiency	82
3.3 Prudence Transparency and Accountability	82
3.4 Simplification of Procedures	82
3.5 Information Offices and One-Shop Shops	82
3.6 Quality Service Standard Programs	82
3.7 IT Strategy	82
3.8 Anti-Corruption National Strategy	82
3.9 Citizen Charter	82
3.10 Civil service Code of Ethics	82

Overview

The institutional development strategy encompasses the long-term vision of the public sector of Lebanon in terms of role, size and components. The strategy aims at creating a small, dynamic and efficient administration that is responsive to the demands of the citizens within the framework of free economy, with a strong partnership with the private sector and the civil society.

What are the reasons for developing such a strategy?

- The Lebanese civil service is in desperate need for modernization.
- The administration is the executive arm of the political authority. Thus, this arm should be efficient.
- The administration should have the capacity to respond to the social and economic needs of the country.

The strategy has been developed with the assistance of the Assistant Policy Analysts in the Institutional Development Unit¹. It is composed of three chapters:

Chapter One: Administrative Reform and the Modern Administrative Principles;

Chapter Two: State Role and Relationship with the Private and Social Sectors

Chapter Three: The State and the Citizen.

It is worth mentioning that the strategy has been developed in accordance with an agreement concluded between the Lebanese Government and the United Nations Development Programme.

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Chapter One

Administrative Reform and the Modern Administrative Principles

Part 1

Administrative Reform

This part includes the broad headlines that were elaborated in the comprehensive Strategy document.

1.1 The Post-War Situation of the Public Sector

1.2 The Need for a Comprehensive and Ambitious Plan for Administrative Reform

The most important administrative reform movement that Lebanon has witnessed is the so-called “Chehabi Reform” (after the President Fouad Chehab). This reform modernized the civil service by the end of the 1950s-early 1960s. However, the frameworks that were set then require reconsideration and updating, especially as regards:

- human resource management;
- deconcentration concepts;
- decentralization;
- delegation of prerogatives;
- simplification of procedures;
- job description and position classification;
- the implementation of an advanced performance appraisal system;
- performance evaluation of civil service ministries and public autonomous agencies;
- modernization of the organizational structures of administrations with the creation of units specialized in planning, statistics, organization and information technology;
- elimination of the overlap between the various administrations, and securing coordination among the activities of the public sector;
- introduction of information technology to enhance the principles of transparency, efficiency and speed in the execution of administrative and financial activities.

The above are some of the topics that the Office of the Minister of State for Administrative Reform seeks to tackle within the comprehensive framework of the institutional development strategy. These topics are the work agenda that leads to the modernization of the civil service and clarification of its role towards the citizens, putting it at their disposal.

The factors and circumstances that led to the urgent need for reform in Lebanon do not differ from those witnessed by other countries since the 1980s, like the depreciation of the local currency, and the proliferation of the social services provided by the government (social security, health services, the subsidies to the autonomous agencies).

The reconstruction of the infrastructure, in addition to the big financial responsibilities that are shouldered by the government, together with its resort to borrowing, have led to a severe financial crisis and to a mismatch between revenues and expenditures. All these developments make the process of administrative reform indispensable to squeeze expenditures and increase the efficiency of the public sector.

1.3 Administrative Reform and Political Support

It is normal for the administrative reform movement to be faced by resistance from the bureaucratic circles. However, the political authority can solve this obstacle. Administrative reform is quasi-impossible if there is no political decision and commitment on the highest levels. Despite the fact that good governance and effective reform require stability and peace, which Lebanon is still looking for, the reform movement cannot but proceed.

1.4 The Mission of Administrative Reform

The main objective of administrative reform in the Lebanese context is the development of a new, substantial relationship with the public, and the enhancement of the role of the government as a tool for national integration. This can be achieved by the following:

- a public service with better performance, efficiency and productivity;
- a prudent, responsive, transparent and accountable public service;
- a growing cooperative and complimentary relationship with the private sector and the civil society.

1.5 The Guidelines of the Strategy

The strategy of administrative reform aims at the development of institutional capacity in the public sector with a contemporary business culture spirit that calls for decentralization, deconcentration and accountability in exchange for total responsibility.

The strategy is supposed to facilitate the establishment of a system that gradually abandons pre-control and consolidates post-control as much as possible so that the latter becomes a performance and feasibility audit rather than control on procedures and accounts.

The services to be provided to the citizens should respect their welfare and dignity, and should be easily accessible.

Information technology should be exploited to simplify procedures, especially in the field of financial management, human resource management and asset management. Technology can help to combat squandering and corruption.

The Office of the Minister of State for Administrative Reform has to promote the strategy on the level of the government as well as on the level of each administration and agency. The Office is to be assisted by the donors to develop reform programs and projects that are particular for each administration and agency in order to implement the proposals of the strategy.

The Office of the Minister of State for Administrative Reform is to work in partnership with the ministries and the other public institutions to identify and implement those programs and projects.

1.6 The Vision of the Lebanese State in the year 2010

From now till the year 2010, Lebanon would have exploited its rich diversity to enhance the national identity, and restored its regional and international status in the effort to promote peace, and social and economic development.

The state will play a dynamic role, with a renewed **public sector** that reflects the demands of the Lebanese society, employs fewer human resources who are more diversified, experienced and specialized, and a flourishing **private sector** that is in harmony with the public sector.

The administrative leadership will not be politicized, but rather selected on the basis of merit. Leaders will have the full responsibility to manage their administrations and will be fully accountable according to pre-set performance evaluation criteria.

The control bodies will focus on post control to evaluate the performance and productivity of the administrative leaders. Moreover, they will evaluate the efficiency of the administrations 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 needs of the citizens without referring to the central administrations.

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

IT will be an instrument of transparency and accountability. It will help the citizens to meet their demands at the closest accessible point, or even from their home via the Internet.

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

Part 2

The Modern Administrative and Organizational Principles

2.1 The Modern Administrative Principles

The institutional development strategy can never adopt obsolete administrative concepts that no more suit our time. The strategy should convince the parties concerned to reconsider the current concepts of public administration in Lebanon in order to keep up with the social, economic and technological developments.

- ❖ What are the modern administrative concepts?
 - ◀ Management in the public sector
 - ◀ Managers versus administrators
 - ◀ Technical knowledge and expertise
 - ◀ The development of organizational culture
 - ✓ The bureaucratic organization
 - ✓ The efficient organization
 - ◀ Delegation and empowerment
 - ◀ The new organizational methods
 - ✓ Reengineering
 - ✓ Total quality management
 - ✓ Benchmarking
 - ✓ Best Practices
 - ✓ The learning organization

- ❖ Human Resource Management
 - ◀ The current situation
 - ◀ The future vision of HRM
 - ◀ The new functions of HRM
 - ◀ Managers in the public and private sectors
 - ◀ The features of the future civil service

- ❖ Asset Management

- ❖ The Impact of IT on Management

- ❖ Accountability within the system of good governance
 - ◀ Good governance
 - ◀ Accountability
 - ◀ Country Experience in Accountability
 - ✓ United States of America
 - ✓ United Kingdom
 - ✓ New Zealand
 - ✓ France
 - ✓ Jordan
 - ◀ Accountability in the Lebanese administration

Part 3

The Administrative Reform Institutions

The institutions that are entrusted with administrative reform, or administrative development can be categorized as follows:

Institutions that have comprehensive roles:

These bodies are responsible for crystallizing general policies and guidelines, developing plans and monitoring all of the aspects of administrative reform. Examples of these institutions are:

- Ministries of Administrative Reform, Ministries of Administrative Development, and
- central bodies (such as the Commission of the State Reform in France that operates under the supervision of a minister who is in charge of administrative reform, or the entities that are connected to the Prime Minister's Office in the U.K.).

Institutions that deal with specific aspects of the reform process:

These aspects include, respectively, human resource management, organization and simplification of procedures, control and accountability, financial control, and performance evaluation of the administrations and agencies.

The following government bodies that deal with the administrative reform process in Lebanon are to be examined:

- Ministry of Administrative Development, or the Office of the Minister of State for Administrative Reform
- Civil Service Council
- Central Inspection
- Court of Audit
- General Disciplinary Council

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

We live in an era that witnesses quick changes and developments. The participation of the private sector and the local communities has been an increasing demand by the public. Globalization and competition are growing. Education has been expanding and people are more engaged in the consumptive mode of life. Consequently, the Government is supposed to review its responsibilities, structures, procedures and culture.

The reform process should consolidate the principle of transparency in government activities, promote participation and distribution of roles and strengthen accountability to improve the quality of service delivery.

These objectives cannot be met by taking partial steps, but rather by consistent, in-depth and continuous work that deals with the complexity and cumbersome procedures of the administration.

The reform process, within the above framework, will fulfill the following goals:

- Reducing administrative complexities so that the citizens will deal with a simple administration on a daily basis.
- Making the decision-making authority closer to the citizens.
- Developing the human and financial resources of the state in order to modernize the administration and enhance its transparency.

Such a comprehensive and deep reform falls beyond the capabilities of the various existing central bodies that are engaged in day-to-day activities and lack future vision for administrative development. It requires a strong political commitment and mobilization of energies. This necessitates the creation of new institutions that are capable of following up this huge activity. Frequently, the suitable body is the Ministry of Administrative Reform, or Ministry of Administrative Development that will crystallize the government policies within the comprehensive reform framework. This ministry will develop policies and studies, translate policies into practical plans, and coordinate the activities of the various government bodies that are in charge of specific aspects of the reform process, so that the efforts will be unified and directed towards the development of the civil service.

Many countries, including the advanced nations, have realized the importance of establishing such a ministry, which will be the linking pin between the political authority and the various central bodies.

In France, a minister has been charged of administrative reform, decentralization and citizenship. This minister is supposed to mobilize and coordinate the activities of the ministries and administrations.

In the United Kingdom, three central bodies have been established and connected to the Prime Minister's Office. They are responsible for leading the process of administrative reform. These are:

- the Efficiency Unit

- the Financial Management Unit
- the Policy Unit

The Civil Service Department had been abolished. Its responsibilities have been transferred to the Minister of Finance.

In Jordan, a Ministry of Administrative Development has been established.

The Ministry is responsible for:

- Participating in the elaboration of comprehensive development plans
- Coordinating the efforts aiming at administrative development
- Setting the standards for the most efficient use of human and financial resources
- Developing training plans
- Examining the needs of the administrations for technical assistance
- Updating and simplifying organizational structures and administrative procedures
- Supervising the implementation of the civil service legislation
- Preparing job descriptions and position classification
- Keeping a central record for civil servants.

The Civil Service Board and the Institute of Public Administration work under the supervision and control of the Ministry of Administrative Development. They implement the policies, programs and guidelines set by the Ministry.

In Japan, a Higher Council for Administrative Reform was set up in 1996 connected to the Prime Minister's Office.

Egypt has a Ministry of Administrative Development.

Italy has a well-structured Ministry of Administrative Reform.

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 the other countries apply to Lebanon. In addition, the public sector in Lebanon suffers from inveterate problems, like the lack of coordination among the various central bodies, the lack of proper planning and the overlap of activities.

The proposed ministry will be responsible for:

- Developing reform plans and policies that deal with the modernization and activation of the public sector, and coordinating among the various activities undertaken by the central bodies.

This coordination requires the establishment of an institutional mechanism (a central committee, or a higher board, etc.) under the supervision of the Minister of Administrative Reform.

Hence, the proposed ministry will plan, motivate, coordinate and follow-up every step that aims at the modernization of the public sector.

- Modernizing and activating the administration by updating procedures, and introducing IT to improve performance and ensure transparency.

-Reviewing the organizational structures of administrations according to their actual activities, assessing their needs for human resources, simplifying procedures and making the service as accessible as possible. This requires the annexation of the Research and Guidance Administration, presently in the Central Inspection, to the prospective Ministry of Administrative Reform (or Development), after reviewing its mandates.

3.2 The Civil Service Council

The CSC was established on 12 June 1959 according to Decree Law No. 114. It is the central personnel agency that supervises the implementation of the civil service regulations, especially Decree Law No. 112.

3.2.1 The Legal and Institutional Framework of Personnel Affairs

The laws and regulations have given the CSC a pivotal role in managing the personnel of the ministries, autonomous agencies, large municipalities as well as municipalities that are subjugated to the control of the CSC by a decree issued by the Council of Ministers. The military bodies, some autonomous agencies and the Ministry of the Displaced are excluded from the control of the CSC.

The approval of the CSC with regard to the personnel transactions is a must, therefore, it is flooded with personnel transactions.

The CSC is composed of the following:

- The Board
- The Personnel Administration;
- The Pre- and Post-Entry Training Administration;
- The Common Administration Service.

The Board includes the President of the CSC, the Head of the Personnel Administration and the Head of the Pre- and Post-Entry Training Administration.

3.2.2 The Obstacles to a Dynamic Human Resource Management

The obstacles can be categorized as follows:

- The legal obstacles;
- The institutional and organizational obstacles;
- The obstacles resulting from the lack of HRM policies;
- The obstacles related to the overlap of CSC activities with those of the Research and Guidance Administration in the Central Inspection.

❖ The Legal Obstacles:

These obstacles are related to the existing civil service regulations:

- ◀ The civil service regulations of 1959 remained intact. They have not been updated to keep up with the developments of HRM and civil service theories and thoughts.

- ◀ The civil service regulations do not conceive civil servants as (human) resources. Instead, the perspective is very narrow, whereby the employee is only supposed to apply the laws and regulations.
- ◀ The civil service regulation (Legislative Decree 112/59) became the model for the personnel regulations of the profit-seeking, autonomous agencies. Instead of developing new personnel regulations that suit their commercial and industrial nature, the personnel regulations of these agencies that were supposed to be more flexible, were exact replicas of LD112.
- ◀ The civil service regulations around the world have witnessed radical changes in the fields of appointment, position classification, performance evaluation, compensation, training, etc. The civil service regulations in Lebanon have remained intact since 1959.

❖ *The Institutional and Organizational Obstacles:*

- ◀ On the institutional level, the wide scope of prerogatives of the CSC is a shortcoming. In contrast, the general trend around the world is towards de-concentration which means the delegation of some of the prerogatives that are related to HRM to the administrations and agencies concerned. A more effective partnership between the administrations (through the HRM Units) and the CSC has been established in many countries.
- ◀ Most of the personnel prerogatives are concentrated at the top of the CSC (at the level of the Board), mainly in the hands of the President of the CSC. These prerogatives diminish as we go down the hierarchy. The Personnel Administration Board, as stipulated in Legislative Decree 114 (law of establishment of the CSC), has not been established, otherwise it could have reduced the concentration of the decision-making authority at the top of the hierarchy, so that the Board would have been involved in long-term planning and developing HR policies.
- ◀ The CSC is busy with day-to-day activities without being involved in planning and developing HR policies. This has negatively affected the ability of the CSC to respond to the needs of the administrations. LD112 became a goal by itself and the CSC has been guarding the application of this law. Strategic HR planning is totally absent. Employees are not regarded as human capital.
- ◀ The current structure of the CSC does not have units specialized in the fields of HR policy analysis and policy-making, position classification, training and redeployment of surplus staff, career development, and the organization of specialized training sessions that meet the actual demands of the administrations.
- ◀ The pivotal role of the CSC has prevented the administrations concerned from playing any role in the field of HRM. The CSC, as a central personnel body cannot be as close to the personnel needs of the administrations as the administrations themselves.

- ◀ Most of the CSC personnel are generalists with a legal background. There are no indicators that it has specialists in the field of public administration and human resource management. Controllers and First Controllers undertake most of the activities of the CSC. Hence, the principle of specialization is absent.
- ◀ According to Decree 8337, the CSC is supposed to submit an annual report to the Prime Minister about its activities, in addition to its decisions and recommendations. However, there are no well-established mechanisms for the discussion of the report. The CSC does not receive feedback from the administrations concerned. The Council of Ministers does not hold special sessions to discuss the output of HRM in the Lebanese administration. Moreover, the immunity of the members of the Board should be limited by a specific number of years, usually 4 or 5 years, and matched with accountability..

❖ *Obstacles Related to the Absence of HR Policies:*

◀ *On the level of job description and position classification:*
The CSC has not been paying attention to job description and position classification. It has not taken any initiative to implement the study that was conducted by American and Lebanese experts by the end of the 1960s. The Council of Ministers established a ministerial committee on 20 June 1994 that included the CSC President to prepare a study on this particular issue.

◀ *On the level of the exams' regulations:*
The content of the exams is legalistic. They are based on memorizing rather than analysis and conclusion. Thus, they do not measure the qualifications needed to be available in the candidates.

◀ *On the level of performance appraisal:*
Although the principles of progression and promotion are stipulated in LD112, they have not been applied in reality since 1959. The consequences have been the following:
-Automatic progression of employees every two years regardless of their performance.
-Promotion from one grade to another is not based on objective criteria and performance appraisal.
-The appointment of administrative leaders is subject to the political will without reference to a clear policy that aims at preparing a good quality of senior managers.
-Recently, a committee was established at the CSC to develop a performance appraisal system. The possibility of implementing such a system is unclear because of the weak response on the part of the administrations concerned.

◀ *On the level of pre-entry training:*
-The content of the exams to select grade three employees is obsolete. They do not reflect the requirements of the jobs. They are highly legalistic and focus on memorizing the material. The consequences are the following:
-Most of the candidates are teachers because they have enough time to memorize the material.

- Most of the successful candidates are holders of degrees that are remote from civil service requirements (geography, history, philosophy, sociology, etc.)
- Shortage of specialists in the fields of information technology, public administration, statistics, documentation, economics, finance, etc.
- The average age of successful candidates is high. Thus, the possibility of these people to acquire new skills is low.
- The training programs require updating to reflect the requirements of a modern administration.

◀ *The impact of closed recruitment on the Lebanese administration:*

Examinations that are only open to the existing civil servants are not stipulated in the civil service regulations. However, regardless of their illegal nature, they are being conducted, leading to the:

- Lack of competition among qualified people
- Lots of complaints are directed against the already existing civil servants on the basis of low performance, hence, closed recruitment can only aggravate the situation.
- Many old employees (above 60 years old) occupy positions that should have been occupied by the new generation. The administration needs to have new blood of personnel.

◀ *Obstacles Related to the Overlap of Activities*

Legislative Decree 114 is in contradiction with Legislative Decree 115 (the law of the establishment of the Central Inspection). Accordingly, both the CSC and the CI have the prerogative of giving recommendations to the Council of Ministers regarding the reorganization of ministries and autonomous agencies, and the reconsideration of their work procedures. This is because the Research and Guidance Administration that was supposed to be connected to the CSC was linked at the last moment to the CI, due to political considerations. Although LD 114 remained intact without any amendment, decree No.8837 (organization of CSC), removed the reorganization function of the CSC. However, the CSC still sticks this function and regards the Research and Guidance Administration as part of it. Moreover, the CSC doesn't have the quality of staff who are specialized in administrative organization, manpower planning and simplification of procedures. It is worth noting here that the conclave of Baabda, held in 1972, recommended that the CSC should be exclusively engaged in personnel matters.

3.2.3 Institutional Comparison HRM Best Practices

As of the 1980s, HRM has developed in the direction of delegation, empowerment and professionalism.

◀ *New Zealand (a high level of devolution)*

The selection of the best human elements has become the main approach to save costs and reduce the difficulties that the administration may face throughout the years of service of the employees. The senior managers have become the "employers" inside their administrations, and they were given full responsibility under the guidance of the State Service Commission and the HR Units. The CEOs have the right to conclude

contracts with training offices and institutes to upgrade the skills of employees. Most of the administrations have their own training units.

◀ *The United Kingdom (a high level of devolution)*

During the 1980s, the prerogatives of recruitment and selection were delegated to the administrations concerned on condition that they abide by the standards of merit, equity and open competition set by the Civil Service Minister. Today around 95% of the human elements are selected by the administrations concerned.

The administrations have the right to spend the budgets allocated to training the way they see appropriate. They frequently resort to the private sector and to training specialists. The Civil Service College provides general, cross-cutting training only.

The British administrations began to apply the principle of performance-related pay as of 1991 within the framework of delegating the financial aspect of HRM to the ministers concerned.

◀ *Canada (medium devolution)*

The following HRM prerogatives have been delegated to the CEOs:

- Choosing the best ways to fill the vacancies
- Establishing the appointment conditions
- Testing the applicants

-Appointing candidates in most of the positions and grades according to a "Delegation Agreement" between the Civil Service Commission and the CEO concerned. The latter will be accountable for the implementation of the agreement. The appointment of staff in the Executive Group and the training of these seniors were not delegated to the CEOs, but remained in the hands of the Civil Service Commission.

The Treasury Board, in capacity of employer, develops the general policy of training and HRD. The employee is the one who asks for training. The managers are responsible for providing the training required.

◀ *Malaysia (limited devolution)*

By the end of 1992, a new performance appraisal system was developed. It is the base upon which salary increase, promotion and training are decided. The administrations are responsible for the implementation of the system. The Civil Service Commission issues the necessary instructions for the proper implementation of the system. The National Institute of Public Administration provides the training required to applying the system.

The central administrations that are responsible for the provision of training are the Training and Career Development Administration in the Civil Service Unit (Presidency of the Council of Ministers) and the Institute of Public Administration.

A central human resources information system has been developed known by the name: The Public Sector Establishment and Staff Information System.

3.2.4 The Legal and Institutional Frameworks of an Efficient HRM

3.2.4.1 The Legal Framework:

There is a need to develop a new legislation for civil servants (personnel legislation) that replaces the current LD112 which is obsolete and has many shortcomings. The

new legislation should consider the modern personnel legislation adopted in the countries that achieved successful management of their human resources. Basically, the new legislation should ensure the move from the concept of “personnel administration” to the concept of “human resource management” in the Lebanese public sector.

3.2.4.2 The Institutional Framework:

The institutional framework of HRM includes the following:

- The central institution concerned (the Civil Service Council)
- The counterpart of the CSC in the administration concerned (Human Resources Unit).
- The manager in the administration concerned.

The roles of the above three parties shall be redistributed as follows:

❖ The Civil Service Council

◀ The new role

The Civil Service Council should change its role from being the central personnel agency that is responsible for implementing the personnel legislation on a daily basis, to a strategic, policy-making role. Accordingly, the CSC will be responsible for developing HRM policies and plans, while delegating certain personnel functions to the HR Units in the administrations. Those units will perform their prerogatives according to regulatory frameworks that set the standards and criteria to be abided by.

Accordingly, the CSC will be responsible for the following:

- The direct implementation of limited, specific aspects of the civil service regulations pertaining mainly to senior personnel. Other personnel functions will be delegated to the administrations according to frameworks set by the CSC. The latter supervises their proper implementation.
- Develop and implement HRM policies and strategies as well as evaluate their outcomes, and support the administrations in implementing them.

Moreover, activities related to organization, updating and simplification of procedures will be left to the Research and Guidance Administration according to LD 115.

Consequently, the CSC will be free from the day-to-day functions, and the concentration of personnel functions at the top of the hierarchy of the CSC will be reduced, especially if the Personnel Administration Commission, that is stipulated in LD114, is established.

◀ The New Structure

The new role and mandates of the CSC (manpower planning, developing HRM policies, including selection, training, career development, etc.) require a new structure to be staffed with HRM professionals.

There is a need to establish an autonomous agency for training that is independent of the CSC, as is the case in Canada, France, New Zealand, the U.K and many other countries. This agency will be a pre- and post-entry training institute that is responsible for teaching the programs and techniques of public management.

The pre-entry training program will be provided to the entrants to the civil service. The program will be linked to the requirements of the relevant positions, especially at the middle management level, in fields such as economics, planning, strategic analysis, financial management, public relations, evaluation of public policies and programs, human resource development, etc.

The post-entry training (continuous education and training) program will be provided according to arising needs. Such training aims at the development of managerial and leadership skills such as decision-making, innovation, motivation, teams management, communication and effective leadership. The training sessions under this program shall be short and intensive, targeting specific categories of employees (employees in the local and regional administrations, specialists in organization and HRM, ...).

The proposed training institute can undertake the above programs, or can contract them out to consulting firms and private training institutes.

The main focus should be on developing the managerial skills of senior managers as well as linking the training programs to the requirements of the jobs. The administrations concerned should participate in preparing the training programs. They are the ones who propose the training sessions according to their needs.

❖ ***The HRM Units in the administrations:***

The current Personnel Administration Units will be transformed into professional HRM Units. The CSC will delegate many personnel functions to these units. The HRM Units will:

- Propose the needs of the administrations for human resources (number of positions, qualifications and training).
- Conclude the necessary results and indicators from the performance evaluation system.
- Link the qualifications of the candidates with the job requirements, look for the specialized personnel, follow up on the training sessions.
- Cooperate with the institution that provides training.
- Project the need for human resources in the medium-term.

The HRM Units can play a significant role in managing the temporary staff, contractual staff, and daily workers, according to standards set by the CSC. These units shall be accountable to the Director General of the administration concerned. They support the CSC and provide it with the necessary information and figures.

❖ ***Managers (especially Directors General):***

The managers within administrations shall play a positive, proactive role in the field of HRM. They have the primary role in implementing HR policies, therefore, they

shall be selected and trained to meet certain criteria like leadership, and ability to motivate employees by providing them with certain incentives, etc.

The adoption of the above proposals shall reduce the current high level of concentration in the implementation of the civil service regulations, increase the degree of professionalism and delegate HRM to administrations and managers.

3.3 The Central Inspection

3.3.1 Institutional Obstacles

Lack of harmony among mandates:

The CI undertakes three main activities that are not in harmony with each other:

- Inspection/Control (undertaken by the General Inspectorates)
- Organization (undertaken by the Research and Guidance Administration)
- Execution (undertaken by the Procurement Administration)

❖ *Obstacles Facing the Inspection Function*

◀ *Excessive load of complaints that hinders mandates performance:*

The administrations and autonomous agencies have been increasingly relying on the CI by sending it lots of complaints, so that the latter would investigate them. Investigation is time consuming. Thus, it hinders the full implementation of the annual program or work agenda that the CI develops on its own. The administrations should not avoid responsibility, but should rather exercise their prerogatives and tackle the violations instead of transferring all the cases of violation to the CIC.

◀ *Excessive centralization of the inspection activity:*

As opposed to practices in most of the other countries, inspection in Lebanon is performed by a central body connected to the Presidency of the Council of Ministers, which can impose penalties on the heads of the administrative units as well as on their staff in public administrations and agencies.

Although the centralization of inspection has been a solution to the problem of politicization of inspection, it has encouraged administrations to give away their direct responsibility for control. The CI was even forced to establish work teams that are permanently based in the some of the administrations.

Excessive centralization has flooded the CI with lots of files to be examined. The CI Board has become the judge and the foe at the same time. It is the one responsible for taking the right decision with regard to the file under study, and it is the one who can revoke the same decision in case the appeal of the party concerned has been accepted.

◀ *The negative connotation of inspection:*

The inspection activity undertaken by the CI focuses on controlling violations and ensuring the observation of the laws and regulations. As a result, employees have a negative idea about inspectors. They regard them as outsiders who look for their mistakes to punish them.

◀ *The shortage of human resources:*

The actual cadre of the CI, which dates back to 1959, is obsolete. On the other hand, administrations have proliferated over the years. Therefore, the CI, with its actual cadre, cannot fulfill its inspection mandate properly. Moreover, around one-quarter of the established positions are vacant. The appointment conditions of inspectors and controllers require updating. The current training programs that are provided to the inspectors are too general. Training should be linked to the requirements of inspection, especially in the fields of engineering, financial, social, health, agricultural, and educational inspection.

❖ *Obstacles facing the Research and Guidance Administration*

◀ *Lack of awareness of the needs of administrations:*

On the organizational level, the central nature of the work of the Research and Guidance has made it faraway from the actual situations and unfamiliar with the needs of the administrations.

◀ *Connection to the CI:*

The inspection and controlling activities of the CI overwhelms the organizational role undertaken by the Research and Guidance Administration. This discourages the civil servants from being open to the R&G.

◀ *Involvement in miscellaneous activities:*

Except being involved in some organizational studies, the R&G is busy in miscellaneous, day-to-day activities like investigating the needs of the administrations for buildings, contractual staff or laborers, modification of the cadre, etc. The R&G do not have an annual program to implement, whereas organizational studies, identification of the cadre, simplification of procedures, introduction of IT, etc. should be its main concerns.

◀ *The shortage of human resources:*

The cadre of the R&G has not been updated since 1959. It does not have specialized staff in the field of administrative organization. Positions are filled by people with degrees in fields unrelated to administrative organization.

◀ *Lack of an independent budget:*

The budget of the R&G is part of the budget of the CI.

◀ *Advisory nature of proposals:*

The CSC can introduce changes to the proposals of the R&G, knowing that the latter is the body that should be specialized in administrative organization and has the related prerogatives according to the law.

❖ *Obstacles facing the Procurement Administration*

◀ *Obscure legislation:*

The part of LD 115 (the law of the establishment of the CI) that deals with the Procurement Administration is partial and lacks clarity.

◀ *Procurement is not in harmony with inspection and organization*

◀ *Lack of authority:*

Neither the Director General nor the Procurement Committees can take a decision that contradicts the numbers and documents even if they are convinced that there is a sort of collusion among the bidders, or that the prices are high, or that execution is improper. In all cases, wastage of money is the result.

◀ *Vacancies in the cadre, especially in the technical established positions*

◀ *Contracts by agreement:*

Some ministers resort to the Council of Ministers to accept contracts by agreement on the pretext of speed, or they may resort to the Council for Development and Reconstruction (CDR) to execute certain contracts that belong to their ministries. Consequently, the Procurement Administration is deprived of the opportunity to audit the documents.

3.3.2 International Experiences

◀ *Jordan*

The Bureau of Control and Administrative Inspection was established in Jordan in 1992 aiming at developing administrative procedures in government agencies, improving performance and productivity, and controlling expenditures.

Administrative control means making sure that the objectives and programs have been achieved effectively, according to the plans and laws. Control does not mean revealing violations and errors, but rather drawing the attention of the responsible employees to the weaknesses and strengths and helping to correct any deviation.

◀ *Egypt*

In contrast to Lebanon, there are two separate administrations for inspection, and administrative organization, respectively.

The Central Inspection Administration sets the inspection standards, reveals the obstacles faced by the government agencies and recommends reform measures.

The Central Administration for Organization develops administrative reform plans, examines ways and means to simplify procedures and trains public personnel.

◀ *The United States of America*

There are independent Offices for General Inspectors in the U.S.A located in each of the public administrations. The Inspector is connected to the head of the administration, but he/she freely takes the initiative in investigating and auditing. The Inspector is concerned with the principles of efficiency, effectiveness and economy. There is continuous coordination between the Inspector General and the Auditor General.

3.3.3. Reform Recommendations

3.3.3.1 Central Inspection:

- ↖ Reconsideration of the legislation and organizational structure of the Central Inspection so that it can move into a more positive role. The new role aims at guiding the administrations to improve performance and reduce weaknesses, instead of a negative role that focuses on monitoring violations and imposing punishments.
- ↖ CI should only be involved in inspection activities, as was recommended in the Baabda conclave in 1972.
- ↖ Consideration of the possibility to establish specialized chambers to accelerate the settlement of issues under study.
- ↖ Clarification of the functions of the General Inspectorates, especially the General Engineering Inspectorate and the General Financial Inspectorate so that a strong relationship can be developed between them and the Court of Audit in order to activate post-audit control.
- ↖ Reconsideration of the inspectors qualifications for more specialization.

3.3.3.2 The Research and Guidance Administration

- ↖ There is a need to establish a Ministry for Administrative Development. The R&G shall be the pillar of this ministry after changing its name. The new title shall be "The Administration of Organization and Procedures". This necessitates the detachment of R&G from the CI.
- ↖ Reconsideration of the structure, activities and cadre of the R&G in order to enable it develop medium and long-term plans for administrative development, coordinate with the central management and control bodies and follow-up the studies undertaken by consulting firms.
- ↖ Establishment of Administrative Development and IT Units in each ministry that have functional connections with the R&G in the proposed Ministry of Administrative Development.
- ↖ The R&G shall give its opinion regarding all contracts that are concluded between administrations and consulting firms for reorganization or other institutional development purposes.

3.3.3.3 The Procurement Administration

- ◀ The detachment of the Procurement Administration from the CI. The former shall be connected as an independent administration to the Presidency of the Council of Ministers.
- ◀ Clarification of the Procurement Administration mandate. The latter shall participate with the administrations in developing their work agenda for bidding and auditing procurement procedures.
- ◀ Reconsideration of the cadre and appointment conditions. Accordingly, a more flexible structure shall be developed.

3.4 The Court of Audit

3.4.1 Institutional Obstacles

❖ *Pre-Audit Control :*

- ◀ The emphasis of the law of establishment of the Court of Audit on its legal-judicial role has been pushing it to spend most of its time and effort on pre-audit. This has been at the expense of post-audit control.
- ◀ Pre-audit control has been limited to checking the legality of transactions without examining the appropriateness of prices and the feasibility of projects.
- ◀ Pre-audit control does not cover most of the autonomous agencies and independent funds in which many people talk about wastage of money.
- ◀ There is an overlap between the Ministry of Finance and the COA regarding pre-audit.
- ◀ Many times the decisions of the COA are revoked by the Council of Ministers without objective reasons.

❖ *Post-Audit Control:*

- ◀ The legal definition of post-audit control (performance audit) is very limited.
- ◀ The COA is unable to exercise performance audit because it is busy with pre-audit control.
- ◀ The COA does not have a guide for performance audit.
- ◀ The COA lacks the technical and administrative jobs that are necessary for performance audit.

❖ ***Post-Audit Control on Accounts and Personnel:***

- ◀ There are various accounting and financial regulations as much as there are administrations and agencies. Also, there are various systems of accounts' delivery to the COA, which complicate the process of post-audit control on the accounts.
- ◀ The COA lacks a practical guide for control on accounts and another guide for control on personnel.
- ◀ The law of establishment of the COA does not specify the prerogatives of the auditors.

❖ ***Organizational Structure:***

The COA lacks a modern organization that distributes roles on the various chambers.

❖ ***Cadre and personnel:***

- ◀ The COA has shortages of personnel, especially of judges and controllers.
- ◀ The cadre of the COA does not include the technical positions that are necessary for exercising performance audit.

3.4.2 International Experiences in Performance Audit

◀ *Canada:*

In the 1970s, the Canadian Members of Parliament felt that the system of accountability of the government had shortcomings. The reports of the administrations were not complete enough to give accurate information about the administrative and financial situations. Members of Parliament had a conviction that the mere provision of accounting and financial data is not enough to examine the performance of administrations. The concept of "comprehensive audit" had been developed according to which government employees became accountable for managing resources in compliance with three criteria: economy, efficiency and effectiveness.

◀ *The United States of America:*

The General Accounting Office (GAO) aids Congress to be well informed about the performance of administrations according to the criteria of economy, efficiency and effectiveness (the three Es). The GAO divides its auditing function according to sectors (trade, transportation, education, health, etc.). The GAO, upon requests from Congress, undertakes eighty to eighty-five percent of the audit. The GAO decides on the rest of the audit.

◀ *France:*

Two-thirds of the resources of the Court of Audit in France are allocated to performance audit. Each chamber focuses on auditing specific activities. Auditors present the outcomes of their audit to the Senior Magistrates. They can ask for the assistance of technical experts and employees in the civil service. The administrations

concerned should comment on the remarks of the COA. Recently, the COA developed program evaluation techniques.

◀ *Tunisia:*

The Auditing Department undertakes performance auditing. Increasing demands and decreasing resources have pushed the Department to develop its concept of auditing. Many employees from the Department were sent to Canada and the U.S.A to benefit from their successful experience in the field of performance audit.

3.4.3 Reform Recommendations

❖ ***Review of COA laws and regulations:***

The review aims at:

- Strengthening the autonomy of the COA and its members;
- Modifying the scope of the pre-audit control;
- Modifying the concept, scope and procedures of performance audit;
- Modifying the procedure of accounts and documents' delivery to the COA;
- Establishing a mechanism for the follow-up of the COA reports.

❖ ***Review of some other laws:***

The other related laws that require review are those that regulate bidding, autonomous agencies and municipalities. The review aims at:

- Reinforcing effective control of contracts execution;
- Harmonizing the financial and accounting regulations that govern autonomous agencies;
- Harmonizing the financial and accounting regulations that govern municipalities;
- Reconsidering the role of the Committee of Annual Control on autonomous agencies.

❖ ***Review of the COA organization:***

The activation of the role of the chambers requires the following:

- Reorganizing the chambers on sectoral basis, and laying the ground for auditing the performance of sectors and programs;
- Developing a method of work for the activities of the COA so that the latter can be programmed, executed and followed-up on an effective basis;
- Clarifying the functions and responsibilities of the Heads of Chambers, advisers, controllers and auditors.

❖ ***The preparation and implementation of training programs:***

These programs aim at providing judges, auditors and controllers with the necessary experience in the field performance audit (planning, executing and reporting).

❖ ***The preparation of audit guides:***

The audit guide represents the practical methodology that the COA has to follow in the fields of financial and performance audits.

❖ ***Developing a computerization plan:***

This plan helps the judges, controllers and auditors to manipulate the computer, utilize useful IT applications and keep in contact, electronically, with other government bodies, like the Ministry of Finance, to get the necessary input.

3.5 The General Disciplinary Council

3.5.1 The Present Situation:

The General Disciplinary Council (GDC) has been established according to Law No. 54/65. It is connected to the Presidency of the Council of Ministers to examine the violations committed by employees who are transferred to it by the administrations concerned.

The GDC does not have an organizational structure, as the case is in the other control bodies. However, there is a cadre specified by the law. The cadre does not include administrative units. Instead, it simplifies the channels of communication, the thing that suits the nature of work of the GDC.

3.5.2 Institutional Obstacles

❖ The reactive nature of the work of the GDC:

The GDC cannot spontaneously investigate violations of the public personnel. As opposed to the other control bodies, the GDC examines only the files that are transferred to it according to a decree, or a decision taken by the appointing authority, or by the Central Inspection.

The GDC is unable to move on its own to investigate the news that are taken up by the press on corruption and scandals in the civil service. In contrast, the General Prosecution and the CI can move spontaneously to investigate.

❖ The Low Number of Cases Investigated

The limited number of files that are examined by the GDC each year weakens the trust of the public in the government and its control bodies. This makes the employees less ready to take their responsibilities and to fulfill their duties honestly.

The number of cases investigated by the GDC was only 21 in 1995 and 37 in the years 1996 and 1997. This indicates that the administrations concerned prefer to keep such cases in their hands.

❖ Lack of Coordination with Administrations

There is no coordination between the administrations and the GDC: the employees who are transferred to the judicial authority that investigates crimes are not equally transferred to the GDC.

3.5.3 Reform Recommendations:

It is important to keep the central nature of the work of the GDC. There is no need to introduce any amendments to the laws, cadre, or functions, but there is a need to:

- ❖ Activate the hierarchical control inside the administrations and emphasize the necessity to transfer the employees who committed violations to the GDC without any lenience.

- ❖ Draw the attention of the Ministry of Finance to withhold from settling the financial rights of the employee who is chased by the judicial authorities before coordinating with the GDC.
- ❖ Draw the attention of the administrations to transfer the employees who committed violations to the GDC in parallel to transferring them to the judicial authorities concerned, in case they have committed crimes.

Chapter Two

State Role and Relationship with the Private and Social Sectors

Part 1

General Principles

1.1 Definition of the State and its Role

The World Bank defines the State as a group of institutions that has the legitimate authority over a certain land and its people called society.

The state practices its authority through constitutional and ordinary laws and develops, for that matter, organization structures and procedures through which it applies its general policies, laws and regulations, and ensures that these are respected.

1.2 Role of the State In Relation to The Private Sector and the Social Sector

What is the role of the state in this context?

The contemporary definition of the role of the state implies the sharing of this role with the major players on the national arena: the private sector and the non-governmental organizations (NGOs). These players, along with their resources and abilities to contribute toward overall development, can no longer be ignored. The new role of the state then, is one that maintains a distinctive position vis-à-vis the other major players, by keeping significant control over policymaking, developing general guidelines and directions, and distributing roles. Such powers emerge from the state's authority and legitimacy in developing the legal and regulatory frameworks, mobilizing resources and finding the appropriate incentives.

There has been a period of pulling between two opposite models of the state: The welfare state where the state is the major or the sole player, and the reduced state where it decreases extensively its economic and social responsibilities based on some ideological or other principles. These principles characterize the state as a burden and a contradiction to free market economy. In many settings, such principles are known to have caused great harm to large segments of society.

Whether through excessive widening of state activities or through the sharp reduction of its role, neither model reached the objectives sought. Today the role of the state is conceived in the context of "Good Governance", a concept that integrates the state with the private sector and civil society as represented by the NGOs whereby both become full partners in the development process.

Part 2

Role of the State in Lebanon (Preliminary Proposal)

2.1 Conceptual Framework

International and academic institutions have shared in developing a modern view of the state with the following guidelines:

- The state needs to have a reasonable level of authority in both the economic and social areas
- The role of the state should be limited to the provision of the legal and policy frameworks to allow:
 - The private sector to generate wealth, income and employment
 - The civil society to play a greater role in social and human development

The above setting is appealing to many as it adheres to the principles of democracy and liberalism and responds to the social and economic concerns and aspirations of citizens. Therefore it is not sufficient for Lebanon to limit its focus to economic development alone, but to include a significant dimension: that of equity in development in all regions, as this is a critical factor in the promotion of national unity and bonding. Certainly such noble objectives cannot be achieved without a leading role for the state, contrary to the belief that such a role needs to be contained after having been excessive. In Lebanon, people believe that the government is not sufficiently active.

2.2 Role of the State in Lebanon

Lebanon, like other countries, is being pressured to review the role of the state.

What role and where are its boundaries?

After the welfare state era and its dominance of public life, followed by the reduced state and the dichotomy and confusion that ensued, there is today a convergence toward a new notion of the state known as “Good Governance”.

This new role conveys to the state a notion of increased openness, moderation and realism in the management of resources and the balancing of roles with the private sector and civil society.

Lebanon will definitely preclude both the wider view of the state and the narrower one. Also excluded is the glamorous, overspending and unresponsive state.

The role of the state will be a reflection of people's aspiration to growth and development, and of their desire for abundance without wastefulness. Therefore, a blend of the better aspects from both the welfare and the reduced state approaches will be considered. Whenever possible the state will let the private sector or NGOs conduct certain activities pertaining to service delivery, while it will retain the role of policy-making, oversight, leadership, and resources management.

2.3 Aspects and Characteristics of the Role of the State

- ✓ Provide services to citizens using private sector approaches 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 frameworks necessary for the private and civil sectors to grow more efficient
- ✓ Develop growth frameworks and mechanisms, 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 the above principles confers to the state the following:

- ✓ A new vision for the role and responsibilities of the central administration
- ✓ A new vision for deconcentration and local regional administration
- ✓ A new vision for decentralization both administrative and functional (municipalities and public enterprises)
- ✓ A new vision for the role of the private sector and the opportunities of privatization
- ✓ A new vision for the role of civil organizations

The modern state that citizens are aspiring towards is one that is capable of applying strategic planning techniques, have a good organization, is a good mediator and regulator, as well as motivator and true visionary.

The topics above will be addressed in the following order:

- Central Administration
- Deconcentration
- Functional Decentralization
- Administrative Decentralization
- Privatization and NGOs

2.3.1 Central Administration

The following are pivotal aspects of the central administration inspired from the new role of the state:

- ✓ Clear mission statements and tasks focused on analysis, planning, sound legislation, anticipation, clear guidance to the regional units and, sound evaluation of economic, social, and other development policies
- ✓ Clear distinction between the regulatory tasks specific to the central administration and the daily operational activities, including service delivery, which need to be delegated to the regional units away from the central administration

2.3.1.1 Organization Structures

❖ Background

The vast majority of existing organization structures was developed during the administrative reform carried out by President Shehab in the period 1959 to 1961, and has seldom been reviewed or modified since.

In addition, new ministries were created in 1993 in response to political or circumstantial needs, and without prior consideration of other ministries' functions. Particularly significant are the ministries of Foreign Affairs and that of Emigrants which are the result of a split, and which today suffer from overlap and redundancy in many areas.

Similar situations exist between the ministries of Environment and the various units within the ministries of Health, Agriculture, Electric and Hydraulic Resources and municipalities that perform similar tasks. Thus, examples of redundancy and discrepancy abound in the administration as a result of inappropriate organization.

More important is the fact that some of the ministries such as those of Municipal and Rural Affairs and Culture and Higher Education, which were created in 1993, did not have official organizational structures until 1998.

❖ *The OMSAR Revision of Organizational Mandates and Structures*

Decision no. 1 of the Council of Ministers dated June 20, 1994 charged the Minister of State for Administrative Reform with reviewing the mandates and structures of twenty (20) ministries: Economy and Trade, Industry and Petroleum (later split up), Tourism, Agriculture, Public Health, Housing and Cooperatives, Labor, Social Affairs, Public Works, Electric and Hydraulic Resources, Transportation, National Education Youth and Sports, Vocational and Technical Education, Culture and Higher

Education, Foreign Affairs, Emigrants, Environment, Municipal and Rural Affairs, Interior, and Information.

The following principles were adopted in the organizational review exercise:

- ✓ Clear lines of communication between administrative layers and functions
- ✓ Well coordinated functions and tasks
- ✓ Efficient structures
- ✓ Deconcentration and service delivery at the local level, closer to the citizen
- ✓ Conveying a leading role to planning, statistics and information technology in the new organizational structures
- ✓ Flexibility of control, follow up and coordination for managers

❖ *Strategy Impact on Organizational Reviews*

Most the aforementioned principles were prevalent in the exercise of strategy formulation. Particular emphasis was put on mandate definition and goals setting. Policy-making and monitoring functions were attributed to the central administration, with service delivery to be essentially transferred to the regional units.

The most important features that were proposed for the new organizational structures were: conciseness, clarity, facility of coordination, avoidance of duplication and redundancy, professionalism in administration, efficiency in service delivery, and development of human resource capabilities to apply new technologies.

As for those structures that were already elaborated, a review will be necessary once the higher political authority approves the new role of the state, as outlined in this strategy.

Nonetheless, the adoption of the newly developed structures need not be delayed until the finalization of the strategy, which once approved requires several months for implementation to begin, knowing that those newly developed structures will probably require a number of modifications in light of the strategy.

There is a number of sectors where the state needs to review its role, especially those where the private sector can be an effective player, either jointly or independently from the state. Examples include road

construction, water, electricity, housing, transportation, tourism, health, social services, postal services, and telecommunications.

2.3.1.2 Ministries Merger

One of the principles that the political authorities has agreed upon is the merger of ministries, but this operation was delayed until after the presidential elections, due to take place in end 1998. Such an operation is bound to remove duplication and discrepancies in the administration and reduce expenses, which is much needed given the present economic situation.

Mergers also involve the downsizing of human resources in the central administration and the various public agencies. A separate chapter is dedicated to public agencies in the strategy.

The following are merger proposals that OMSAR has prepared and which, in some instances, include several options to select from, for more flexibility.

❖ The Ministries of Foreign Affairs, and Emigrants

Initially the Ministry of Emigrants used to be part of Foreign Affairs. The splitting resulted in a duplication of tasks with regards to emigrants' affairs, with the same duties being carried by both ministries. It is necessary to abolish the Ministry of Emigrants and reconstitute the Directorate of Emigrants to the Ministry of Foreign Affairs.

❖ The Ministries of Technical and Vocational Education, and Labor

The legislators who created the Ministry of Technical and Vocational Education from the directorate by that name under the Ministry of Education, were probably concerned with the importance of job creation. However legislators seem to have overlooked the vital ties that exist between technical education and labor, or education. Nowhere else is there an independent ministry for technical education, which more often, is part of either the ministry of Education or that of Labor. As an example the following countries have their technical training as part of the ministry of education: France and other European countries, Saudi-Arabia, Kuwait, Algeria, Jordan, and Turkey.

In Canada some provinces have technical training under the department of Education and others under that of Labor.

The number of technicians and the type of training that they receive are a function of the market requirements for various skills. It would be useless to produce skills for which there is no demand; such a task requires a balance between demand and supply. Thus the following is suggested:

- ❖ *Option 1: Merge the Ministries of Technical and Vocational Education, and Labor*

◀ *Option 2:* Restitute the Directorate of Technical and Vocational Education to the Ministry of National Education, Youth and Sports

❖ *The Ministries of Municipal and Rural Affairs, and Environment*

What were the motives behind the creation of an independent Ministry of Environment? And why was it not merged with the Ministry of Municipal and Rural Affairs, in view of the interdependence and interconnection of both ministries?

Municipalities, which are under the tutelage of the Ministry of Municipal and Rural Affairs carry out activities similar to those assigned to the Ministry of Environment. Other functions assigned to the Ministry of Environment equally cross with the Ministries of Agriculture, Industry, Hydraulic and Electrical Resources, and Health.

On the other hand, the merger of the Ministry of Environment with that of Municipal and Rural Affairs will confer to the former enforcement / implementation powers for its policies via the municipal police in the regions.

Another issue is the Directorate of Planning, which is under the Ministry of Public Works, but has no real connection to that ministry. Furthermore, that Directorate carries a number of tasks for municipalities, including the preparation of terms of reference, construction permits and supervision. In addition, the directorate has within its structure the Bureau of Municipal projects specialized in assisting municipalities.

In view of the above, the following is suggested:

◀ *Option One:* Merge the Ministries of Environment, and Municipal and Rural Affairs

◀ *Option Two:* Merge the Ministry of Environment with the Directorate of Planning, and the Ministry of Municipal and Rural Affairs.

❖ *The Ministries of Information, and Culture*

Many countries have created independent ministries for cultural affairs while others have both information and culture under one ministry. France, for example, has culture and communication together under one ministry. This arrangement allows a wider diffusion of cultural matters. The UK went further and combined Sports to the Department of Culture and Information. Thus, wide activities are carried out in the fields of heritage, tourism, broadcasting, arts and sports.

In view of the above successful experiences and the interconnection between the tasks of both culture and information, the following is suggested:

- ◀ *Option One*: Merge the relevant 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.
- ◀ *Option Two*: In addition to the merger of the directorates general of information and culture from each of the ministries concerned, include the Directorate of Archeology.

❖ ***The Ministry of Education, Youth and Sports, and the Ministry of Culture and Higher Education***

Higher education and culture are not truly compatible entities. The decision to include those in one ministry seems to have been a hasty decision.

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

❖ ***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 exhibitions and import licensing. The merger of these ministries is strongly recommended.

❖ ***Abolishing the Ministry of Housing and Cooperatives***

This ministry conflicts with the Public Agency for Housing. Moreover, the Ministry of Social Affairs is capable of assuming tutelage over the Public Agency for Housing, instead of Directorate General of Housing in the Ministry of Housing and Cooperatives.

In view of the database that the Ministry of Labor keeps on housing loan requests, it is well placed to assume the tutelage function over the Public Agency for Housing.

As to the Directorate General of Cooperatives within the Ministry of Housing and Cooperatives, it can be moved to the Ministry of Economy, with the Agricultural Cooperatives going to the Ministry of Agriculture and the Housing Cooperatives to become part of the Ministry of Social Affairs.

❖ ***Merging 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 affairs under one roof. This arrangement is recommended for Lebanon.

❖ ***Creation of a Ministry for Energy consisting of the merger of the Ministries of Petroleum, and Electric and Hydraulic Resources***

Energy resources include hydraulic, electric, petroleum, and other energy resources. Sectoral efficiency requires that these be included in one entity consisting of a merger of the ministries of Petroleum, and Hydraulic and Electric Resources..

❖ ***Ministry of Tourism and Archeology***

Opinions diverge between including archeology under tourism or under culture.

In case the Ministry of Culture and Higher Education 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.

❖ ***Ministries of Transportation and Telecommunications***

World trends indicate the convergence of these two sectors. As for the operational functions of the Ministry of Post and Telecommunications, the suggestion is to have two public enterprises: one for postal services and another for telecommunications.

2.3.1.3 The Public Administration Capabilities

The drop in performance in the central administration is not only due to outdated structures, or the absence of mission statements and clear objectives alone, but it is mostly due to the shortage in skills and the lack of proper training.

In addition, civil servants tend to be more concerned with the legal aspects than by the service aspect of their function.

For example, the Ministry of Information has 90 percent vacancy in its cadre, with only 40 civil servants, while it has 1700 agents (non-established staff) who, in some instances, assume managerial positions within the ministry.

Other ministries have high vacancy rates reaching 90 percent, yet at the same time, there are large surpluses of contractual or temporary staff.

Specialization is lacking, especially at the managerial level. For example most head of bureaus have degrees in literature, philosophy, sociology, or mathematics, but very few are graduates in the needed specialties such as economics, public administration, computer science, statistics, or finance.

Following are examples of the existing discrepancies:

- Fewer heads of bureaus at the Ministry of Economy are graduates in economics
- Accounting sections in several ministries, including some in the Ministry of Finance, are run by graduates from the National Institute of Administration and Development with specialization in history, geography or philosophy
- The average age in the public sector is 52
- Most occupants of middle and lower management positions lack exposure to new technologies and may lack learning ability to develop such skills.

Skills abound in Lebanon, however, they are available at a much higher cost than what the treasury can afford. On the other hand, none of the ongoing or future restructuring is possible without professional human resources to fill the newly created positions.

If we are to modernize the central administration, a review of job qualifications and requirements for each new position is necessary, particularly for the specialized positions such as statistics, information technology, etc...

Several ministries such as Public Health, Technical and Vocational Education, Public Works, and Electric and Hydraulic Resources, have special funds from loans earmarked for development, procedure simplification and data management. However, without the skilled human resources to apply new technologies, no development is genuinely possible.

❖ *Contract and Temporary Staff*

Based on article 86 of the Legislative Decree 112 of 1959, staff can be contracted for specific jobs and for a limited period. Practically, all contract staff have their contracts renewed automatically by decision of the Council of Ministers, regardless of whether they are needed or of their job performance. Also, their supervisors are not consulted in the renewal.

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.

There has been an attempt to reduce the number of contract staff through the conduct of closed competition to select the better skilled to enter the cadre. However, there are no exact figures as to the existing needs or the remaining number of contract staff, but only that there is a large surplus of those.

In this regard the following steps are recommended:

❖ *Assessing the Surplus*

Assign to Central Inspection the task of assessing the needs of each administration for contract staff, and determining the existing number and performance of these staff.

The expected time for this operation is six months, upon which a comprehensive report is issued.

❖ *Reform Measures*

◀ Temporary Staff

- ✓ Reduce the retirement age to 58, with six-month allowance on last salary. Since the average age in the administration is 51 according to a survey conducted in 1996, it is expected that half the temporary staff will retire upon application of this measure.
- ✓ Redeploy these remaining staff throughout public enterprises, and/or municipalities, according to needs, with an option adopt an early retirement plan.

◀ Contract Staff:

Lay off surplus contractual staff, with a six-month allowance based on most recent salary.

❖ *Agents*

The issue of agents is specific to the Ministry of Information and has been ongoing for the past twenty years with a sizeable number of workers reaching 1700.

Any decision needs to be categorical, in the sense that the practice of agents' appointment needs to be put to an end. Solutions are suggested in the 1994 report issued by the Minister of Information.

❖ *Teachers' Surplus*

Authorities within the Ministry of National Education, Youth and Sports estimate the surplus to neighbor 5000 teachers, knowing that this figure is unconfirmed. Nevertheless the surplus is undoubtedly sizeable and many teachers had to be assigned to positions in other ministries. These were even offered the option to earn permanent status for the position they are assuming. The finalization of this matter is underway.

More teachers graduate each year from the teaching college without real job opportunities. The estimated ratio of teachers to students is 1 to 10.
- Such a rate is unmatched anywhere in the world.

The supply of teachers needs to be regulated on the basis of needs, and field surveys ought to be undertaken to determine the needs of each public education college. Such a task can be best carried out by the Educational Inspection with an expected completion time of three months.

↳ *Reform Measures:*

- ✓ Undertake training sessions for those under the age of 45 to integrate positions in public administration in record clerk or accountant or treasurer categories
- ✓ Undertake training sessions for those under 30 years to integrate positions in information technology
- ✓ Provide permanent status to those actually in administrative positions temporarily
- ✓ Transform the Teachers Institute into a training center for teachers for a period of five years

2.3.2 Deconcentration

2.3.2.1 Present Situation:

- ❖ Legislative Decrees 111 and 116 of 12th June 1959 on the organization of the public administration laid the rules of central and regional organization. These Legislative Decrees provide that Provinces or (Mohafazat) are to be run by governors (Mohafez) appointed by the executive authority, with districts within provinces administered by heads of districts (Caimacam). Also, regional offices representing various ministries provide services to citizens locally.
 - ↳ The 1989 National Accord Declaration, known as the Taef Accord, has included the following principles:
 - ✓ Centrality of political authority
 - ✓ Delegation of greater authority to governors and heads of districts for more effective service delivery
 - ✓ Revision of the existing regional partitioning to promote national unity
 - ✓ Creation of elected regional councils

- ✓ Elaboration of a development plan covering all regions

2.3.2.2 Existing Issues

- ❖ Lack of well-defined interrelationship between regional offices and their respective organization on the one hand, and with governors and heads of districts on the other hand.
Limited delegation to regional officers thus reducing their effectiveness in carrying out their duties.
- ❖ Lack of qualified human resources and appropriate equipment and supplies to carry out the assigned tasks in addition to shortage of funding.
- ❖ The bypass of governors and heads of districts in the decision-making process

2.3.2.3 Reform Recommendations

The Office of the Minister of State for Administrative Reform has elaborated a comprehensive study on regional organization together, with a draft law to replace Legislative Decree 116/59. Hereafter are the main headings:

- ❖ Number of provinces (Mohafazat) to be brought up from five to nine, thus improving the balance between them and promoting people's unity.
- ❖ Increased representation of the central administration in the regions for better service delivery
- ❖ Increased delegation of authority to governors and heads of districts in carrying-out their duties, including decision-making, guidance and control. Here, a review of the existing structure and resources available to the governor (Mohafez) is necessary.
- ❖ Governors to be true representatives of the central authority with oversight and control over the activities of the regional bureaus.
- ❖ Ministries with regional representative bureaus to inform governors ahead of time of their planned activities and development programs.
- ❖ Inter-ministerial coordination in planning and coordinating the activities of the regional bureaus.
- ❖ Identification of all the formalities that can be carried-out by the regional bureaus
- ❖ Governors to have full authority in situations of natural disasters
- ❖ Governors to have decision power in expenditures allocated to them in the budget

- ❖ Districts Councils to have authority in planning and development program elaboration
- ❖ District Councils to have authority to levy taxes and collect fees

Another scenario for the District Council is to have advisory authority in the fields of spending and overall planning.

2.3.3 Functional Decentralization: Public Agencies

2.3.3.1 Present Situation

❖ *Defining Public Agencies*

The legislation regulating public agencies, Decree 4517 dated 13/12/1972, stipulates in article (2) that “ a Public Agency is responsible for a public sector, and enjoys moral personality, as well as financial and administrative autonomy”

Thus, three essential elements must be taken into consideration in defining a public agency:

- ◀ *Assuming a public sector*, meaning that the government gives a certain public agency the responsibility to administer the affairs of a certain public sector.
- ◀ *Personal Status*: meaning that the agency has its own status which is different from that enjoyed by the state, even if it has emerged from it.
- ◀ *Financial and Administrative autonomy*, meaning that the agency will have its own financial obligations, independent from those of the state, as well as the right to define its policy and direct its own activities in what guarantees the accomplishment of the designed objectives.

❖ *The Control Exercised on Public Agencies*

◀ *The Court of Audit*

All public agencies are excluded from the ex-ante controls of the Court of Audit. This is stipulated in Decree 4517/72, which only mentions the ex-post controls exercised by the Court of Audit.

◀ *The Civil Service Board*

Most public agencies are subject to the control of the Civil Service Board. The CSB intervenes in specifying the cadre, conditions of appointment, salary scale, selection

of the examination and control committees and all the affairs covering the employees in these institutions.

However, some public agencies are not subject to the control exercised by the CSB. These agencies were established after the issuance of the Decree 4517/72, such as The National Social Security Fund, The Council of Development and Reconstruction and others.

◀ *The Central Inspection*

Central Inspection control covers not only public administration but also public agencies. Article (26) of Decree 4517/72 has subjected public agencies to the control of the Central Inspection, with some exceptions.

◀ *The Ministry of Finance*

The control of the Ministry of Finance is exercised through the Financial Controller who is delegated to these agencies, as stipulated in Decree 4517/72: General Regulation of Public Agencies.

◀ *The Tutelage Authority*

The Ministry or Municipality exercises tutelage authority over the concerned public agency. This is in addition to the role played by the Government Commissioner inside the agency.

2.3.3.2 Institutional Obstacles

❖ *Vagueness of "administrative tutelage"*

Article (21) of Decree 4517/72 stipulates that the administrative tutelage authority of the Minister is exercised through presenting directions and recommendations. This generality and vagueness has prompted Ministers to interfere even in the administrative affairs of public agencies.

❖ *The Role of The Decision Making Authority*

Decision-making in public agencies is the responsibility of the Administrative Board. It is also one facet of the problems faced by these agencies since:

- The majority of board members are from among the part-time administrative employees.
- Administrative Boards do not delegate some of their prerogatives to the Director General to facilitate and speed up the pace of work.
- The lateness, from the part of administrative boards, in deciding over the annual budget of the public agency.
- The majority of public agencies, since the eighties, did not prepare their closing of accounts.

❖ *The Role of The Executive Authority*

The executive authority is responsible of preparing studies and draft decisions, and formulating the needs and requirements of the public agency. However, these activities are not performed in an appropriate manner, especially that the Director General is not always selected on the basis of qualifications and merit.

❖ *The Low Salaries*

The low salaries offered by public agencies, in comparison with the private sector, played a major role in depriving them from the qualified and specialized human resources.

❖ *Political Interference*

Like public administrations, public agencies are subject to political interference whether in the appointment of Board members or Director Generals or Directors.

❖ *Insufficient Revenues*

The balance of budget in the public agencies that are of administrative nature is the result of government subsidies, whereas public agencies of investment nature depend on their own revenues to balance their budgets and cover their expenditures.

However, some public agencies of investment nature did not have enough revenues to cover part of their annual expenditures, thus, relying on government help.

❖ *The Effect of War*

The effect of war was mostly sensed in terms of the absence of qualified personnel, the non-attendance of laborers and the non-appointment of new administration boards. In addition, the war had exposed premises, materials and equipment to serious damages.

❖ *Exceptions to The General Regulation of Public agencies (4517/72)*

Some of the public agencies of administrative nature are not subject to the General Regulation of Public Agencies, Decree 4517/72, article (40).

This exception includes the Bank of Lebanon, Lebanese University, National Social Security Fund and the Council of Development and Reconstruction and other public agencies.

However, public agencies of investment nature have more priority to be excluded from controls and to be managed according to private sector standards.

2.3.3.3 International Trends in Public Agencies Management and Control

❖ Privatization

It might be difficult to discuss public agencies without dwelling into the possibility of privatizing them.

Thus, whether to keep those agencies under the direct administration of the government or to privatize them, completely or partially, will depend on the following considerations:

- Privatization should be widely accepted, especially by the political authority.
- The possibility of implementation, especially in terms of ensuring competition, transparency, financial sector reforms, and legal and judicial system development.
- The commitment of the public sector to private agencies' terms of contracts.
- The presence of highly qualified institutions capable of exercising control over the quality, level, cost and output of services provided by privatized agencies.
- The use of objective standards to measure financial revenues, productivity etc., of privatized agencies.

Not all public agencies will be privatized. Some of them will continue to be owned by the state either because they do not meet the above-mentioned conditions, or because they do not provide private agencies with the financial benefits they are looking for. Thus, this will raise the issue of restructuring and developing them.

❖ Regulatory Framework

After long decades of tight control exercised over public agencies, especially in developing countries, a new belief aroused favoring the necessity of giving them more financial and administrative freedom, as well reorganizing their legal status in a way to overcome any kind of ambiguity in their relation with government.

The following points are to be considered in this connection:

- ◀ In exercising tutelage authority over public agencies, government should provide them with all the necessary measures allowing them to adapt to the new economic conditions characterized by increasing openness and competition. This means that public agencies should be developed and organized in a way that would facilitate the provision of better service to citizens.
- ◀ Government should be accurate in exercising tutelage authority over public agencies. In this regard public agencies will present a work plan within which their strategy will be defined. Government will then discuss the plan and introduce the necessary amendments, in accordance with the overall state policy. Accordingly, an "Objectives Contract" will be signed. This new

approach will give government the possibility to participate in designing the strategy of the public agency, while giving it the freedom to manage its day to day affairs.

- ◀ Government should also exercise control over the investment policies adopted by public agencies. In this regard, the heads of public agencies should include their recommendations within the agencies' strategies, allowing the tutelage authority to review, discuss and control their execution.
- ◀ Government should emphasize the economic performance of public agencies as well as the productive use of their resources, especially the financial ones.
- ◀ The necessity of creating independent boards responsible for regulating public agencies, especially those working in a competitive framework. These boards should have neither commitment to the tutelage authority nor shares with the private sector.
- ◀ Government should be committed to the principle of public agencies' autonomy. These agencies will be responsible, and managed according to their own needs, in terms of organization and work methods. Thus, public agencies are free to recruit specialized human resources, and they will have the authority to decide on their salaries and incentives.
- ◀ Public agencies should be specific and transparent in their accounting and financial affairs. They will be responsible of publishing their data and budgets in a way that will reflect their actual situation, and according to frameworks designed by the Ministry of Finance and the other bodies concerned.

❖ *Financial Control Over Public Agencies*

◀ *Introduction:*

The radical change from the old approach to financial control exercised over public agencies to the new economic, evaluation and performance control has been adopted and recommended by a number of countries, such as France.

All those 3 kinds of control- economic, evaluation and performance- aim at economy, effectiveness and efficiency.

In addition, they aim to provide the political and legislative authority with objective information about the capacity of the agency to achieve the economic objectives in public spending, as well as to improve the quality of work.

◀ *Elements and Objectives of Economic and Performance Control*

The aim of the control exercised over economy, performance and the output of public agency spending is to ensure efficiency and effectiveness. This can be carried out through inquiring about the level and extent within which public spending is being managed.

Many international attempts have focused on defining and specifying the necessary conditions and requirements of public agency performance and control, as well as the objectives aimed at, by applying these controls. However, no matter how much countries differ in defining or labeling these controls, they all agree on the 3 basic elements that characterize them: Economy, Efficiency and Effectiveness (Known as the 3E):

Economy: This element emphasizes on reducing the cost of the resources invested to the least minimum possible, while preserving quality. This is known as “The Least Minimum Spending”.

Efficiency: This element emphasizes on the relation between the products and services presented, and the resources being used. It stresses on the question whether a specific project has achieved its objectives with no overuse for the financial and human resources. This element is known as “Sound Spending”.

Effectiveness: This means the relation between the results achieved and the objectives previously specified. It identifies whether a specific project has practically achieved the desired objectives. It is known as “Wise Spending”

In contrast to the above trends, the law organizing the Court of Audit, Legislative Decree no. 82/1983, did not mention the performance control that should be exercised over public administrations and public agencies.

2.3.3.4 Reform Recommendations

❖ *The following are axes along which public agencies should be reformed:*

- ◀ *Distinction between Administrative and Investment Public Agencies;* there should be a legal distinction between public agencies that are of administrative nature and those of investment nature.
- ◀ *Application of Civil, Commercial and Labor Laws on Investment Public Agencies;* in order to give them more autonomy in dealing with their clients as well as their resources.
- ◀ *Appointment of a President of Administrative Board, Director General or Director;* finding the adequate mechanism for lifting political pressures in the appointment of the President of Administrative Board- Director General. Appointment should be based on the merit principle, and should be within three years time limit liable to renewal, pending on a work plan that will be implemented within the three-year time frame. Renewal will depend on a

clear mechanism that evaluates the performance of the President or Director General during those 3 years.

- ◀ *Public Agencies Performance and The Evaluation Exercised by the Tutelage Authority and the Court of Audit*, evaluating the performance of public agencies is one of the important duties of the tutelage authorities. In addition, most developed countries have attributed this mission and that of controlling the accounts of public administrations and agencies to the Court of Audit.
- ◀ *The Appointment of Administrative Boards, Director Generals and Directors*; for the public agencies of investment nature, the proposal is that the director general will be the one who heads the administrative board. Thus, the director general will have both the decision-making authority and executive authority.
- ◀ *Reduction of Pre-Audit and Adopting Economic Audit*
 - The Court of Audit; activating post-audit in order to have performance evaluation or economic audit exercised over the effective use of financial resources and public spending.
 - The Ministry of Finance; reducing time limits and speeding the procedures.
 - The Civil Service Board; excluding investment public agencies from the control exercised by the CSB, and giving the Director General and the Administrative Board the responsibility of selecting the needed human resources.
- ◀ *Account Auditing Operation*; in addition to the above mentioned financial audits, i.e. those exercised by the Ministry of Finance and the Court of Audit, it is advisable to appoint a financial officer who will be responsible for examining the accounts of public agencies. This officer will present to the tutelage authority, Ministry of Finance and the Court of Audit a yearly report covering the results of his work.
- ◀ *Establishing Permanent Tutelage Units*; the presence of permanent and specialized units within the tutelage ministries will facilitate the follow-up of activities of public agencies and the preparation of reports about the results of their activities to the tutelage minister.

❖ ***Following are reform proposals aimed at enhancing the sectoral role of some public agencies:***

◀ *The Post and Telecommunications Sectors:*

The war (1975 - 1989) has devastated not only the postal sector, but also the telecommunication infrastructure, not to mention the effect on the human resources of the Ministry of Post and Telecommunications. The government had to resort to international consulting firms to help in restructuring those two sectors.

Accordingly, the following measures should be adopted:

- ✓ Establishing an investment public agency for telecommunication known as “ Lebanon Telecommunication Agency”. This agency will replace the Directorate General of Construction and Equipment of Centers and the Directorate General of Telecommunication Exploitation and Maintenance.
- ✓ Abolishing the Exploitation and Management Committee (OGERO) and transferring it to the newly established agency, which keeps the same, mandates and functions.
- ✓ Establishing a new public agency for operating and managing postal services, or resorting to B.O.T.
- ✓ The tutelage authority exercised over those newly established agencies should be given to the Ministry of Telecommunications, to become the Ministry of Transportation upon its merger of the current Transport Ministry. Thus, the role of the ministry of transportation will be defining general policies and regulations, specifying tariffs, controlling the implementation of the already specified objectives, and evaluating their performance.

This trend is widely followed in most developed countries where responsibilities of construction, equipment, operation and maintenance are entrusted to public or private enterprises which have more autonomy in running the sector, whereas defining policies, regulation and control will be the responsibility of the tutelage ministry.

◀ *The Information Sector:*

A comprehensive study for reorganizing the Ministry of Information was proposed by the Office of the Minister of State for Administrative Reform. This study covers the following:

- ✓ Current situation of the Ministry
- ✓ Characteristics of a contemporary Information Ministry
- ✓ General guidelines for reorganizing the Ministry on the level of structure, administrative units and essential missions.

The recommendations that were presented aimed at activating the National Broadcasting Station and the National Information Agency; the most important are the following:

- ✓ Establishing a public agency for radio and television.
- ✓ Making the National Information Agency a public agency
- ✓ Reorganizing the Ministry of Information along with the general guidelines proposed in the study

◀ *The Housing Sector:*

The objective of establishing the Independent Housing Fund (law 6/80) was to finance and construct 20 thousand housing units around the country. This fact resulted in taking away from the ministry, in addition to its employees, the role of granting loans, and leaving it with the responsibility of compensating for the damages of war through the Directorate General of Housing.

However, the Independent Housing Fund was abolished and replaced by a public agency named the “Housing Public Agency” by virtue of law no. 539 date 24/7/1996.

Thus, the entities dealing with housing are the following:

- ✓ Directorate General of Housing: Responsible of presenting loans and constructing through public agencies or public committees.
- ✓ Housing Public Agency: Responsible of house construction, directly or indirectly, based on the decision of the Council of Ministers, in addition to granting short and long term loans for house purchase and construction.

A good housing policy should be based on comprehensive statistics covering all needs and presenting a scheduled plan to solve the housing problem. Thus, any housing plan should cover:

- ✓ A comprehensive view for the role of the state and the private sector in solving the housing problem
- ✓ The presence of an implementation mechanism
- ✓ The availability of financial resources

In this regard, Office of the Minister of State for Administrative reform prepared the regulatory decree specifying the structure, missions and cadre of the Housing Public Agency.

In addition, the Housing Public Agency prepared a new regulation for loans allowing, for the first time, a kind of partnership between this agency and the national private banks, for the purpose of ensuring the necessary financial resources. And in order to encourage savings, new saving and lending regulations were prepared.

Ultimately, a good organization of the housing sector requires:

- ✓ Specifying the role of the tutelage ministry, which shall be responsible of planning, tutelage, control, and performance evaluation of the public agency.
- ✓ Extending the responsibility of granting loans and constructing housing compounds beyond the Housing Public Agency, to the Housing Bank which is financed by the private sector
- ✓ Establishing a Housing National Council with membership from the public and private sectors, and connected to the tutelage minister. This Council will be responsible of evaluating and analyzing studies prepared by the concerned bodies dealing with the housing situation, socially and economically. In addition, it will be responsible for proposing housing and financial plans and reporting its recommendations to the tutelage minister.

◀ *The Water Sector:*

For the purpose of applying law 3275/75 on the Merger of Water Authorities, which was issued by a decree, a series of decrees were issued dealing with the establishment of following public agencies:

- The “Beirut and Mount Lebanon Water Authority”
- The “North Lebanon Water Authority”
- The “South Bekaa’ Water Authority”
- The “North Bekaa’ Water Authority”
- The “South Lebanon Water Authority”

Based on the new decrees, these public agencies will have, in addition to the affairs related to potable water, all the affairs related to irrigation and waste water. This is the difference between the new decrees and the Decree 4537/72.

In addition to the prerogatives of managing and exploiting potable and irrigation water projects, construction, equipment and maintenance (within specified limits), these new authorities will be responsible of planning, studies and administration where more emphasis will be given to the economic value of the projects being performed.

In this regard, a review of the mandate of the Ministry of Hydraulic and Electric Resources shall take place. A new vision for the role of this ministry is needed in order to be in accordance with the new organization of the water authorities.

Therefore, OMSAR, in collaboration with the Ministry of Hydraulic and Electric Resources, has prepared the necessary studies emphasizing the following points:

- ✓ Redistributing the work between the Ministry of Hydraulic and Electric Resources and the water public agencies related to it. The role of the ministry shall focus on planning the general policy, supervising and executing major projects only.
- ✓ Reviewing the structure of the Ministry and the water public agencies (of investment nature) related to it. A draft law has been prepared in this regard and referred to Parliament.
- ✓ Give the public agencies in the water sector the status of investment type agencies. This means that they will have more autonomy in managing their own affairs, following private sector approaches.

◀ *The Electricity Sector*

The electricity sector is facing lots of problems due to the increased demands on electricity, the absence of sound policies and economic choices, as well as the vagueness in distributing the roles between the Electricity Authority of Lebanon, the tutelage ministry, the ministry of finance and the Council of Ministers.

Some of the basic obstacles faced by the electricity sector are the following:

- ✓ The dominance of the central administration as well as the administrative aspect of management on the current structure of the electricity authority, which lacks flexibility in spending and investing.
- ✓ The weakness of administrative boards on the level of specifying objectives, preparing work schedule, and mobilizing human and financial resources.
- ✓ The lack of financial resources, which is negatively reflected on the work of the Authority, leading to difficulties in performing work especially in terms of the provision of equipment, maintenance and investment.
- ✓ The vagueness in defining the financial responsibilities of the Authority leading to insufficient levels of revenue collections.
- ✓ The lack of autonomy in managing financial resources.

This situation is be aggravated by:

- ✓ The increased percentage of vacancies and the lack of qualifications on the human resources level.
- ✓ The difficulties faced in the collection of revenues, resulting in more dependency on the loans and grants presented by the government, which undermine the autonomy of the Lebanon Electricity Authority.
- ✓ The inability of the Authority to plan and finance its own projects and programs, as well as to renew its materials and equipment.

Thus, in the light of what was mentioned, there is a need to reorganize the electricity sector through preparing a new law specifying the responsibilities of the Lebanon Electricity Authority, as well as that of the tutelage and control ministries. In addition, this new law shall preserve a sound distribution for the roles played by the Council of Ministers (planning the major policies), the tutelage authority, and the Lebanon Electricity Authority (studying, planning, administering and executing different kind of activities).

Adopting this approach will preserve not only the role of the Authority as a real public agency capable of carrying out its responsibilities freely, but also its accountability to the tutelage authority for financial, economic and professional performance. In addition, the Authority will ensure offering standardized services to the citizens within an already agreed upon "Objectives Contract".

It is very well known that reorganizing the electricity sector requires political decision that will adopt the following alternatives:

- ✓ A comprehensive reorganization of the electricity sector so that the Lebanon Electricity Authority is transformed into an economic and commercial public agency. This will require a new approach of control and tutelage.
- ✓ Entrusting to an agency from the private sector the responsibility of investing and managing one or more of the functions of the Authority, such as production or distribution. This agency will have the responsibility of financing the investment related to maintenance, renewal of equipment etc...

- ✓ Contracting out to the private sector one or more of the activities performed by this Authority the duties of construction, equipment and operation.

◀ *The Public Transport Sector:*

The Council of Development and Reconstruction has prepared a plan in 1994 aiming at developing the transportation sector; this plan is divided into 3 phases:

- ✓ Short Term Phase: implementing a common transportation network between Beirut and the suburbs.
- ✓ Medium Term Phase: developing this network to the north, Bekaa' and the south.
- ✓ Long Term Phase: constructing parallel metro lines passing through the north, south, east and west of the capital.

However, this plan did not touch upon the railroads causing an enormous loss.

The cooperation between the public and the private sector in providing the transportation service is a strategic option, where the government will remain responsible of setting the rules as well as organizing and controlling tariffs.

◀ *The Public Health Sector:*

The Ministry of Public Health, among its various steps for activating the health sector, has developed a plan aiming at establishing public agencies responsible of managing government hospitals. Thus, law 544/96 was established, amended by the law 602/97, where the first article included the following principles:

- ✓ The possibility of establishing a public agency for each hospital of the health ministry.
- ✓ These public agencies should be only subject to the ex-post controls of the Court of Audit and that of the Central Inspection.

In addition, Degree no.11214, dated October 1997, (Duties and Responsibilities of the Administrative Boards), has entrusted administrative boards with the responsibility of "controlling expenditures, reconsidering employment policies and work mechanisms, as well as punishing the Director General, Director or any employee responsible of negligence and waste of the public money."(Article 5)

The decree has also included a new idea where the administrative boards responsible for managing a public hospital, will be subject to performance evaluation. According to this evaluation, the Minister of Public Health can advise the Council of Minister either to form a new board or to renew for the current one.

Thus, the new trend in administrating the health public sector will be based on the following:

- ✓ More freedom will be given in managing public hospitals, where public agencies will not be subject to the control of the CSB in selecting their own human resources.

- ✓ The prerogatives of the administrative boards of public agencies will be enhanced, while subjecting them to greater accountability and evaluation. In addition, more clarity should characterize the respective roles of the director general, director and the administrative board.
- ✓ Extensive financial responsibilities covering expenditures, human resources, in addition to planning, studying and executing, shall be provided to agencies running public hospitals.

◀ *The Public Works Sector*

On the 15th of June 1961, the Council of the Execution of Construction Projects was established. This public agency is under the tutelage of the Ministry of Public Works, and it is responsible for studying, executing and supervising the execution of major projects.

Two years later, The Council of the Execution of Major Projects for the City of Beirut was established by virtue of Decree 11985 dated 4-02-1963. This council is connected to Beirut province and it is responsible for studying and executing the major projects within the Beirut area, upon the proposal of the Minister of Interior and the approval of the Municipal Council of the city of Beirut.

And on the 31st of January 1977, Legislative Decree no. 5 was issued which dissolved the Ministry of Planning and established the Council of Development and Reconstruction. This Council was entrusted with the responsibility of planning, executing, coordinating and advising, as well as financing.

In addition, the Lebanese Company for Developing and Reconstructing the Center of Beirut, Solidere, was established by Decree 2537 dated 22/07/1992. The role that was given to Solidere has undermined that of the Council of the Execution of Major Projects for the City of Beirut.

Taking these facts into consideration, it is necessary to reconsider the roles being played by these agencies, while considering both administrative organization as well as the feasibility of the public spending of agencies that have similar prerogatives and missions. Two options are proposed:

The First Option: Merging the Council of the Execution of Major Projects for the City of Beirut with the Council of the Execution of Construction Projects, where they will both continue to have the responsibilities of executing, contracting and supervising the execution, while the CDR will have the responsibilities of planning, studying, financing and controlling.

The Second Option: Merging the Councils of the Execution of the Major Projects for the City of Beirut and that of the Constructing Projects with the CDR. The new Council will have separate departments responsible of planning, studying, programming, financing and executing.

◀ *The Ports Sector*

Ports in Lebanon are distributed along the coast. Some of them are considered strategic, while others have less importance. Each of these ports has its own administrative board, which give it a kind of autonomy. This situation led to waste of efforts and resources, as well as created a state of overlapping and contradiction in the absence of a broad port policy that sets clear guidelines for the activation this sector and the enhancement of its economic performance.

Many countries who faced similar problems have resorted to creating a higher authority or commission that will be the decision-making authority for all the ports in the country. This measure was adopted in Cyprus where all the ports are under the supervision of the “Cyprus Ports Authority” which is responsible of managing, organizing, developing and equipping ports, as well as planning, coordinating and supervising, for the purpose of increasing performance and efficiency.

In addition, this authority (the Cyprus Ports Authority) owns all the equipment of the ports, and it distributes roles and activities among them according to their location and importance.

Adopting this approach in Lebanon will help create a comprehensive policy that will enable the development of the port sector.

This will necessitate the reorganization of ports in Lebanon, where the decision making authority will be given to the newly established “Higher Ports Commission”, whereas each port will be given its own executive authority to be exercised by a director.

◀ *Conclusion*

In conclusion, the deterioration of public agencies performance has caused high economic cost in their management and operation, and created the necessity to think about the appropriate formula to manage them, especially as regards the commercial and economic ones.

Public agencies will either continue to be owned by the state, or will be, totally or partially, transferred to the private sector.

For those agencies that will continue to be owned by the state, for various reasons, they should be provided with adequate conditions, means and ways that will facilitate their adjustment to an ever-changing economic and commercial environment.

This requires reorganizing them on a new basis, as well as reformulating their relation with the control and tutelage authorities, especially in terms of financial control, in addition to introducing economic and performance controls in parallel to the ones already applied.

2.3.4 Administrative Decentralization (Municipalities):

2.3.4.1 Current Situation

According to Legislative Decree 118/77, the Municipal Law, a municipality is defined as “ a local administration that enjoys, within its geographical boundaries, the power delegated to it by law. It enjoys moral personality and administrative and financial autonomy within the limits defined by law.

The major obstacles faced by municipalities are the following:

2.3.4.3 Institutional Obstacles

❖ Lack of the Academic and Professional Skills

Municipalities suffer from the lack of educated and qualified employees due to the weak control exercised over them and the lack of appropriate training and guidance.

Neither small nor medium municipalities were able to apply article 83 of the Municipal Law, which stipulates the possibility of creating common police, fire and emergency departments, as well as appointing common employees.

❖ Lack of Financial Resources:

- ◀ All municipalities, especially small ones, suffer from severe financial problems making them dependent on the financial allocations from the Independent Municipal Fund (IMF).
- ◀ Municipalities are unable to either estimate their revenues or collect their own fees due to the weakness of their financial system.
- ◀ Municipalities resort to the state for treasury bonds at high interest rates since they do not receive the share allocated to them from the IMF.
- ◀ Some municipalities have financial capabilities but weak administrative and professional bodies. This will result in uneconomic spending.

❖ The Plurality of Tutelage and Control Bodies:

Municipalities suffer from excessive controls exercised by the tutelage and control authorities. In addition, there is an overlap of prerogatives between the Ministry of Interior and the Ministry of Municipal and Rural Affairs on the level of administrative control exercised over the decisions of Municipal Councils, especially in terms of financial expenditures. Furthermore, there is an extensive control exercised by the Court of Audit on Municipalities and Municipal Unions.

❖ *The Weakness in The Present Municipal Law:*

The major gaps found in the present Municipal Law are the following:

- ↖ *The clause on the creation of Municipalities:* the revenues specified in the Law (10,000 L.L), based on which a Municipality is established, are no longer valid due to the increase in the cost living. In addition, the number of legal residents (which is 300 persons) is not enough to provide the necessary revenues for municipalities to work efficiently.
- ↖ *The clause on the Composition of The Municipal Council:* The current law specifies an odd number for the members that constitute a municipal council and an even number for others. This fact raises the question of whether the vote of the president of the council is decisive for those councils that have an even number.
- ↖ *The clause on the Dissolution of the Municipal Council:* The Municipal Council is dissolved in case of committing recurrent violations that have caused harm to the public interest. This dissolution will be based on a justified decree issued by the Council of Ministers. In contrast, the councils should be dissolved whenever a violation is committed which harms the public interest.
- ↖ *The Clause on the Meetings of the Municipal Council:* The meetings of the council should be more transparent to the public and the minutes of meetings should be published in the same place as the meeting schedules.
- ↖ *The Clause on the Voting on Decisions:* A person who has a private interest does not participate in the voting process. This banning should include the president and the vice president as well as their close relatives.
- ↖ *The Clause on the Functions of the Municipal Council:* These functions should be categorized in a way to separate the administrative, financial construction, urban planning issues, etc...
- ↖ *The Clause on Administrative Control on Municipal Council Decisions:* Despite of creation of the Ministry of Municipal and Rural Affairs, which should exercise administrative control on the decisions of municipal councils, the Ministry of Interior still exercises this control through the governor and head of district. In addition, the time limit, which is one month, within which decisions are subject to the administrative control is considered endorsed, should be decreased to two weeks.
- ↖ *The Clause on Common Units and Projects among Small Municipalities:* small municipalities did not translate this article into practical steps.
- ↖ *The Clause on the Finance of Municipalities:* Municipalities suffer from various reasons leading to financial insufficiency. Thus, the sources of municipal revenues and their percentages should be revised, as well as

some revenues, either directly allocated to the Municipal Fund or indirectly through the Independent Municipal Fund. Furthermore, the bases and time for distributing the revenues from Independent Municipal Fund should be revised. This requires a revision of Decree 79/1917 (The rules and procedures followed of allocating IMF resources), as well as the Law 60/88 (Municipal Fees)

- ◀ *The Clause on Municipal Guidance:* Municipal guidance is still inactive. Until now no organization decree has been issued for the Ministry of Municipal and Rural Affairs, thus leaving the missions of the administrative and technical units as well as those of their human resources unspecified.
- ◀ *The Clause on Financial Control and the General Controller:* The financial threshold for the transactions of municipalities and municipal unions that are subject to the ex-ante controls of the Court of Audit is very low. This threshold should be increased in a way that only large municipalities will be subject to such controls, thus, decreasing the number of transactions referred to the Court of Audit. In addition, a specialized financial body should be created and attached to the Ministry of Interior. The creation of this body will activate the financial control exercised over municipalities and will preserve its harmony and unity.
- ◀ *The Clause on the Financing of Development Projects through Loans:* This article has never been applied. Thus, it is very important to motivate municipalities to make use of loans, as well as to establish the National Lending Bank that will offer loans to municipalities for low interest rates.
- ◀ *The Clause on Municipal Unions:* The aim of establishing municipal unions has never been attained. Thus, it is very important to review the bases of distributing the subsidies from the Independent Municipal Fund in a way to encourage municipalities to form unions.

2.3.4.3 Institutional Development Recommendations

Reviving municipalities and helping them to overcome the obstacles they are facing require more than just amending the Municipal Law. Municipalities need more financial sources enabling them to assume their ordinary role, in addition to solving the overlap in prerogatives between the concerned departments.

Thus, we propose the following:

- The activation of the Ministry of Municipal and Rural Affairs
- The amendment of the Municipal Law
- The amendment of Decree 1917/79 (the rules for allocating IMF revenues)
- The amendment Law 60/88 (Municipal Fees)

❖ *Reactivating the Ministry of Municipal and Rural Affairs:*

The overlap between the Ministry of Municipal and Rural Affairs and the Ministry of Interior should be solved through identifying the prerogatives of the former in assuming its tutelage authority, administrative control as well as municipal guidance.

In this regard, the Office of the Minister of State for Administrative Reform has prepared a comprehensive study, where the main proposal was to review the law of establishment of the ministry and to organize its structure in a way to provide for more efficiency.

❖ *Amending Legislative Decree 118/77 (Municipal Law):*

The basic amendments that are proposed by the Office of the Minister of State for Administrative Reform to the Municipal Law are the following:

- ◀ Rephrase article (1) of Legislative Decree 118 to emphasize that the prerogatives of municipalities are not restricted to those stipulated in this Law, but they may encompass those stipulated in other laws and regulations.
- ◀ Reformulate the conditions stated in article (3) for establishing a municipality, whereby the number of inhabitants shall become 500 instead of 300, and the threshold of the financial revenues shall be 2 times the minimum wage, instead of L.L. 10,000.
- ◀ Give municipalities (2 or more) the right to be merged into one, upon the demands of one third of the voters in each municipality (article 4).
- ◀ Generalize the odd number for the members of municipal councils so that the vote of the president will be decisive (article 9).
- ◀ Oblige municipalities to prepare a meeting agenda that will be reported, with an invitation slip, to the members. This agenda shall be posted, for at least one week, at the front entrance of the municipality so that the public will have enough time to know about the topics that are going to be discussed article (33).
- ◀ Classify the activities handled by municipal councils into categories for easier identification and access (article 49).
- ◀ Clarify the bodies with which municipalities can coordinate in order to develop and run their own projects (article 50), such as coordination with ministries, public agencies, and civil society organizations.
- ◀ Clarify article (55) so that the general decisions taken by municipal councils will be published within at least two weeks.
- ◀ Distribute prerogatives between the Ministry of Municipal and Rural Affairs and Ministry of Interior so that the former will be responsible of administrative control and the latter will endorse all the decisions relating to security and public safety.
- ◀ Increase the threshold within which municipal councils can spend (article 59)

- ◀ All the decisions, including those dealing with the budget, shall be endorsed within two-week time limit instead of one month, whereas the decisions dealing with planning and loans shall be endorsed within two months (article 63).
- ◀ Encourage municipalities, especially small ones, to establish common projects (not mentioned in the current law).
- ◀ All municipalities as well as municipal unions which revenues exceed L.L. 500 millions shall be subject to The Public Accounting Law and the Court of Audit control (article 86).
- ◀ Decrease the number of municipalities that are subject to the Court of Audit by increasing the financial threshold of their transactions (article 87).
- ◀ Review the financial control exercised over municipalities (article 92, on), in a way to entrust it to a financial controller who works in the Ministry of Finance.
- ◀ The financial controller shall, in addition to preparing his annual financial report, inform the Minister of Finance and the tutelage minister about any kind of violation that he might notice.
- ◀ Reconstitute the Special Disciplinary Committee (article 106).

❖ ***Amending Decree 1917/79 (the Rules for Allocating IMF Resources):***

The major amendments that are to be included are the following:

- ◀ Excluding the Municipal and Rural Affairs Service (Ministry of Municipal and Rural Affairs) from among the beneficiaries from the funds of the IMF since it is part of a public administration that has its own budget, which is part of the General Budget.
- ◀ Increasing the amounts allocated to municipal unions from 25% to 40%, and decreasing those specified to municipalities from 75% to 60% for the purpose of encouraging the establishment of municipal unions.

❖ ***Amending Law 60/88 (Municipal Fees):***

Many reasons have contributed to the shortage of financial resources suffered by most municipalities, such as:

- certain fees are limited to some municipalities and not to others
- the incapacity of the financial units in certain municipalities, especially small ones
- certain fees are confined to administrations as well as private companies on which municipalities have no authority

-- certain fixed fees have lost their value due to the depreciation of the Lebanese Pound

Thus, in order to provide municipalities with enough financial resources, a draft law has been prepared within OMSAR, which includes the following orientations:

- ◀ Review the fixed fees and replace them with proportional ones
- ◀ Review the proportional fees directly collected by municipalities in a way to increase their average
- ◀ Review some of the fees collected by the government and water authorities within the municipal area, so that they will be collected by municipalities, each within its territory.

2.3.5 Privatization

2.3.5.1 The Environment of Privatization in Lebanon:

❖ *The Economic, Social and Administrative Environment:*

◀ *The Pre-War Period:*

Lebanon used to play a leading role in the region, mainly owing to the dynamism of the private sector, which operates in an environment that encourages private property, individual initiative, and competition. The public sector, on the other hand, retained its traditional role of security, defense, justice, foreign affairs, etc, with involvement in the provision of essential public services.

◀ *The Impact of War*

The impact of war was sensed on both the public and private sectors. The damages inflicted on the public sector have touched not only the investment and services aspects, but also the basic traditional roles. This deterioration was paralleled with a new role assumed by the private sector in the provision of public services, such as water, electricity and transportation. This was the indirect beginning of privatization in Lebanon.

◀ *The Rehabilitation and Development Phase*

The Lebanese Government launched its development program in 1993 known as HORIZON 2000, which is a large investment program constituted of 2 parts: the first part aims at rehabilitating the social and economic infrastructures, while the second included a number of major projects such as enlarging the airports and ports, re-establishing the Sports City, the Conferences Palace etc. The rehabilitation phase has encouraged the participation of the private sector in various aspects of infrastructure rebuilding and services restoration. The

sustainable human development phase will a redistribution of roles among the state and non-state sectors.

❖ *General Policy Framework*

◀ *Defining Privatization:*

Privatization means the transfer of public functions and services, as well as the transfer of ownership, from the public to the private sector.

◀ *The Elements of Privatization:*

Lebanon features a general policy framework that is favorable for a major role of the private and social sectors

- ✓ Lebanon has the adequate legal framework for privatization. It has a constitution that guarantees the freedom of economy, relatively developed laws dealing with companies, contracting and trade, as well as a solid judicial base that helps in the implementation of contracts.
- ✓ The economic framework in Lebanon is now characterized by (1) economic stability (2) availability of infrastructure in line with the international standards (3) a relatively stable financial situation, with ongoing attempts to decrease the budget deficit and increase revenues.
- ✓ Lebanon has a commercial environment characterized by (1) adequate investment circumstances that include taxation facilities (2) an open banking sector (3) national and international institutions for encouraging and insuring investment, and (4) a renewed financial market.
- ✓ Lebanon is making continuous efforts to achieve greater social stability and human development.
- ✓ The administration has relatively improved since the launching of rehabilitation and development projects in the mid-nineties.
- ✓ Finally, Lebanon is characterized by an open policy system due to the role played by international organizations such as the World Bank, which support new economic policies, including privatization and the modern understanding of governance.

❖ *The Lebanon Experience in Privatization:*

The Institutional Development Unit within the Office of Minister of State for Administrative Reform has undertaken a field study in the summer and fall of 1998 to assess the Lebanese experience in privatization. The study consisted of meetings with the official bodies dealing with tourism, transport, telecommunication, post, electricity, water, infrastructure and investment projects, property, public health and social affairs.

◀ *Cases of Operational Privatization:*

Lebanon has adopted two techniques of the operational option of privatization: contracting out and restructuring.

Contracting out has started before the war and it has increased thereafter to cover maintenance work in the departments and agencies that provide infrastructure services such as water, electricity... in addition to some administrative functions such as the preparation of studies. In one case, revenue collection was contacted out, thus increasing the percentage of revenue collected to 80%.

Many sectors such as transportation, post, electricity and water have resorted to preparing studies for restructuring on the functional, technical, financial and commercial levels. Most of those studies have not been implemented yet.

◀ *Cases of Organizational Privatization:*

Management contracting, competition and leasing are all cases that go under the organizational option of privatization. Increasing reliance on the financing mechanisms known as BOT and DBOT and BOO and FOO as well as other methods for implementing construction projects will eventually lead to more cases of management contracting and leasing upon the issuance of the "transfer" and "own" components.

◀ *Cases of Divestiture:*

No attempts have been made to adopt divestiture techniques in Lebanon. However, some restructuring cases may eventually lead to divestiture.

The common technique of public-private partnership adopted in Lebanon is the "Joint Venture" technique, which has prospered in the reconstruction phase.

The weakness of the Lebanese experience in divestiture is caused by numerous reasons such as the strict control methods adopted, constitutional and legal obstacles and complications, weak organizational and administrative capabilities as well as economic and social difficulties.

◀ *Cases of non-transactional privatization:*

De-monopolization is one of the various forms of direct, non-transactional privatization. This form was adopted in Lebanon during the war when the state lost monopoly on most of the public services.

◀ *Partnership with non-governmental organizations:*

Increasing reliance on the civil associations and organizations is experienced in the health, social and environmental services. This state-social sector partnership was actualized through the conclusion of contracts between the ministries concerned and NGOs.

2.3.5.2 International Experience in Privatization:

After being a controversial issue, privatization has become internationally accepted. Nowadays the concern is on what are the best ways and means of applying privatization.

According to the World Bank, the number countries that adopted privatization has raised from 12 in 1988 to 60, most of them from among developing countries.

The sectors being privatized include natural resources such as petroleum in Argentina, service sectors such as aviation in Argentina and Malaysia, and infrastructure and public sectors such as telecommunications, power and transport.

The UK and the USA are leading countries in privatization. They consider it as an economic and political principle as well as an ideology that should be adopted by the state.

In the UK for example, the Thatcher administration has privatized most public sectors in the beginning of the eighties, such as telecommunication, aviation, water etc.... The thinking now is about privatization the atomic power.

The USA, the UK, as well as some international organizations such as the United Nations Organization, the World Bank, and the International Monetary Fund, with some private organizations, are encouraging developing countries to privatize their institutions. Their emphasis is on the role that should be given to the private sector in managing a number of sectors that used to be run by the public sector, while applying the principles of modern management in government.

Many countries have positively reacted, in Latin America, Asia, and Eastern Europe, and to a lesser extent, in the Arab world and Africa.

2.3.5.3 Obstacles Facing Privatization In Lebanon:

❖ The Economic, Social and Administrative Environment:

◀ Economic obstacles to privatization can be classified as follows:

- ✓ The weakness of the Lebanese market capacity for competition due to its small size
- ✓ The lack of accurate information of the share of the state sector in the national economy due to the lack of national accounts
- ✓ Weak economic and financial management
- ✓ The continuous functional and organizational overlap between the private and public sectors

- ◀ Social obstacles to privatization revolve around the difficulty of social and human development resulting from the war.
- ◀ The administrative obstacles are due to the weak performance of the state sector especially:
 - ✓ The complication of transactions as well as the slow service
 - ✓ Corruption and waste
 - ✓ The insufficiency of human, financial and material resources
 - ✓ The use of outdated administrative principles and practices
 - ✓ The outdated laws and regulations governing the public sector
 - ✓ The lack of exposure to the modern administrative practices

❖ ***The General Policy Framework:***

The general policy framework of privatization suffers from internal and external problems:

◀ *Politically:*

- ✓ the absence of a clear decision for privatization leading to the absence of the needed policy, contrasted to the beginning of an experience without clear objectives
- ✓ widespread prejudice against privatization

◀ *Legally:*

- ✓ a legal framework that allows private and public monopoly
- ✓ a constitutional framework allowing only operational and organizational options of privatization, and preventing divestiture

◀ *Technically:*

- ✓ The lack of national accounts
- ✓ The absence of an institutional capacity for privatization, including a specialized privatization unit.

◀ *Externally:*

- ✓ Precarious political stability in the region

❖ *The Privatization Experience:*

The privatization experience of Lebanon has resulted in the return of basic services, with acceptable prices for citizens and a *high cost for the state*. Some of these costs are financial, others are social, but *the basic cost is administrative*. Thus, nowadays Lebanon has public services, but no administrative capacity for guiding, organizing, following up and evaluating the service being provided by both the state and non-governmental sector.

2.3.5.4 Recommendations:

Establishing an adequate framework for privatization depends on:

❖ *A Clear Decision and Comprehensive Cohesive Policy, which require:*

- ◀ Awareness on the political level of:
 - ✓ Privatization as a policy-management instrument
 - ✓ The variety of options, methods and techniques that fall under privatization, which are not only confined to the transfer of ownership from the public to the private sector.
- ◀ A clear political decision to opt for privatization. This means more reliance on the resources of the non-governmental sectors, for the purpose of a more efficient exploitation of the overall resources. This decision should not be externally imposed.

Privatization will result in more optimal resources exploitation because it:

- ✓ Reduces the chances of political and confessional interference in managing these resources;
- ✓ Releases national potentials by giving the private and civil sectors more opportunities to participate in the provision of public goods and services; and,
- ✓ Helps promote the concern of the state to strategic matters, thus ensuring the necessary resources to rehabilitate and operate the core civil service.

❖ *Adopting a New Approach to Governance Based on:*

- ◀ The gradual withdrawal of the state from executive involvement towards a more strategic role based on:
 - ✓ analyzing, making, and coordinating policies
 - ✓ planning programs and projects

-
- ✓ managing contracts with the non-governmental sector
 - ✓ specifying criteria and general standards for execution
 - ✓ post-evaluating implemented projects
 - ✓ regulating the non-governmental sector in a way to draw its effort toward the general policy of the state, as well as ensuring equity in service provision, and ensuring balanced development
 - ✓ resorting to execution in exceptional and necessary circumstances only, which should be specified and justified, such as filling the gaps resulting from market failures, etc.
- ◀ Basic reliance on market resources, both private and social, on the level of:
- ✓ implementing programs and projects
 - ✓ following up the execution
- ◀ Ensuring integration between the state and the non-governmental sectors through the establishment of coordination mechanisms, especially on the level of planning programs and projects resulting from general policies.
- ❖ ***Creation of Technical and Institutional Capacity for Privatization:***
- ◀ Preparing national economic accounts to identify the share of the government sector in the gross national product, as well as the aspects of its contribution.
- ◀ Creating institutional capacity for privatization which shall:
- ✓ adopt a comprehensive approach to privatization in Lebanon
 - ✓ examine the macro and micro aspects of privatization in Lebanon in order to support the formulation of a general framework that captures all relevant strategic, political, economic, social, humanitarian and institutional dimensions. In addition, it shall perform a complete study for each privatization project, covering the technical, financial, legal and administrative sides, jointly with the administration concerned
 - ✓ plan the implementation program for the general policy where:
 - Priority is given to the energy and telecommunications sectors.
 - Emphasis is on operational and organizational options of privatization, while postponing divestiture, especially for essential services and strategic sectors such as water
 - Diversity of the operational and organizational techniques is sought

- ✓ Support administrations and institutions in the implementation and follow up of privatization projects
- ✓ Undertake post-evaluation for the executed projects
- ✓ Handle the communication of the privatization program

❖ *Achieve Sectoral Development in Support of Privatization:*

◀ *Public Sector:*

- ✓ Review the roles of public agencies and administrations and classify them along three functions: policy-making, regulation, and execution
- ✓ Develop administrative principles and regulations, especially those relating to privatization, such as financial management, the public accounting regulation, the bidding regulation, with emphasis on transparency
- ✓ provide an appropriate control framework to protect from wrong and corrupt practices

◀ *Private Sector:*

- ✓ Evaluate the investment capabilities of the Lebanese private sector.
- ✓ Develop the legal and judicial framework within which the private sector operates in order to increase efficiency and compatibility with the modern privatization techniques
- ✓ Develop and activate various investment and financial instruments, including the financial market.

◀ *Civil Sector:*

- ✓ Modernize and develop laws and regulations governing the voluntary sector as well as the civil and charitable associations and organizations
- ✓ Classify civil and charitable organizations and associations on the basis of their professionalism and experience on the various levels of services such as social, humanitarian, urban etc...
- ✓ Organize the work of charitable and civil organizations and associations so that they will complement that of the public and private sectors, and provide for their transparency and accountability
- ✓ Develop the official and voluntary social security networks.

Chapter Three

The State and the Citizen

The major goal of the public administration is to serve the citizen. The main purpose of administrative reform in the Lebanese context is to develop a good and substantial relation with the citizens and not with "subjects", as well as to strengthen the role of the government as an instrument of national integration. Accordingly, reform could help achieve:

- A more effective and productive administration
- A prudent, accountable, transparent and open public administration.
- A public administration that works in close partnership with the private sector and the civil society

A large number of public administrations in several countries meet around a set of strategies and directives that set the proper context to ameliorate the relation between the administration and the citizens. The most important ones are:

- Commitment to the State of Law, with continuous update of laws and regulations and constant deregulation in order to encourage investment.
- Reestablishment of the confidence between the public administration and the citizen.
- Simplification of work procedures and specification of documents and official statements needed.
- The provision of several services in one location.
- The adoption of new policies and systems that enable the public administrations to be in direct contact with the citizens. Those administrations should be provided with the qualified personnel and efficient work methods and equipment.
- Citizen participation in defining the best way of service provision, with the possibility of complaining and the availability of a system to process citizens' complaints.
- Access to information offices and one-stop shops where there are lists of all the services provided by every administration and their work schedule.
- Production of clear booklets listing all documents needed for every formality and its stages and procedures.
- Publication of regulations, procedures, performance standards and results intended (planned) by every administration.
- Creation of new service desks taking into consideration demand, and the possibility of providing the service in the residence area or in the closest area.
- Recourse to several shifts, especially in large crowded service area.
- Development and activation of the role of information offices in order to improve service provision and simplify work procedures.
 - Setting service standards; every administration should set its public services quality standards. The administration has to be committed to them, to continuously improve them and strictly apply them. When the service is not delivered to the citizen using the proper procedures, the administration shall give a justification. Accordingly, the

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 - Setting service standards; every administration should set its public services quality standards. The administration has to be committed to them, to continuously improve them and strictly apply them. When the service is not delivered to the citizen using the proper procedures, the administration shall give a justification. Accordingly, the

relation of the public administration to the citizen is based on collaboration, honesty and openness.

- Adoption of information technology in the public administration, considering that it helps to provide fast and high quality services.
- Adoption of serious strategies to combat corruption

The development of a new substantial relationship between the state administration and the citizen will be discussed according to the following:

Part 1: The citizen as a core administrative concern.

Part 2: Information technology

Part 3: Corruption and means of combating it.

Part 1

The Citizen as a Core Administrative Concern

1.1 The State of Law

A genuine state of law features the following situation:

- The entire government is implicated in the state of law that is the source of its legitimacy.
- All citizens have to respect the laws.
- The governmental machinery operates in a transparent manner, within the legal boundaries.

The institutional development strategy is based on the concept of serving the citizen. This concept will lead to the emergence of the state of citizenship, which is one key component of the state of law.

Nevertheless this institutional and technical reform will not be effective enough without political leaders, intellectual elite, mass media and civil society support. Specifically, the political and intellectual elite should be the guarantors of the state of law and the legal society.

1.2 Simplification of Procedures

1.2.1 Problems

The complication of procedures and the high risk of mistakes increase the cost of public services and paralyze the administration. In response, the citizen resorts to illicit mean to complete his / her transaction. Consequently, citizen confidence in the public administration is damaged.

The complexity of procedures increases the chance of corruption, which uses and strengthens the useless procedures.

1.2.2 Solutions

❖ *Reconsider Procedures*

- ↳ Reduce, simplify and eliminate unnecessary operations and phases
- ↳ Review the overlap between laws and regulations.
- ↳ Use information technology for the simplification of procedures.
- ↳ Study printed material and applications forms used in the enforcement of procedures, in order to evaluate their utility. Re-design these application forms in a style that is more accessible to citizens, and combine them in one printed form.

❖ *Creation of Intermediary Institutions*

Those will reinforce the relation between the citizen and the administration, and facilitate public service delivery. For instance the function of the “administrative mediator” or the Ombudsman has been institutionalized in many countries, such as Tunisia, where “Citizens Supervisors” teams were established in order to oversee the quality of the services delivered.

❖ *Resort to Reengineering*

Genuine simplification of procedures implies obligatory reengineering in order to produce an efficient reform from the roots.

Ultimately, the "rule of thumb" for the simplification of procedures is to shorten the distance between the source of decision and the citizens. This will reinforce and increase the responsibilities of local authorities, public agencies, and municipal councils.

1.3 Information Offices and One-Stop Shops

1.3.1 Information Offices

Information offices ought to be created in every public administration, supplied with qualified personnel and technical equipment, to provide the citizen with all the information and explanations needed to accomplish transactions. However, all information offices do not provide the same services; some of them give information and clarifications needed to complete a formality, others receive the papers and applications forms and refer them to the administration concerned for study.

1.3.2 One-Stop Shops

The development information offices prerogatives and activities will enable them solve complicated public service issues. Accordingly, the information offices network will be transformed into one-stop shops, enabling the citizen to receive several services from one place.

This system requires intensive information technology application, as well as and vertical and horizontal integration between all the public administrations concerned.

1.3 Regulation and De-regulation

Based on the experience of most countries that have adopted a modern and organized public administration, we conclude the following for Lebanon:

- Excessive number of laws and organizational decrees and insufficiency of regulations, as well as deficiency in guidelines and guidebooks;
- Excessive control in certain domains and deficiency in others;
- Disregard by authorities and citizens of laws and regulations;
- Large number of obsolete legal documents; and,

- Complicated legislation procedures regarding the preparation, the study, the amendment and the annulment of laws and decrees.

Resulting from the above are:

- Complicated and useless procedures and paper formalities;
- Regulations that focus on work methodology rather than results and outcomes;
- Adoption of a micro-management system, that enables the administration to interfere in minor details; and,
- Substantial authority of the traditional centralized control system that has paralyzed the administrations and diminished their initiative.

Consequently, substantial deregulation is a must. New laws shall not be issued unless necessary for the application of new standards of government management and control. Law issuance shall respect the following:

- Recourse to regulations only in emergency cases: failure of less complicated methods.
- Make sure that the benefit of passing a new law is higher than its cost, hence the importance of assessing the economic consequences of laws.
- Every proposal of public administration reorganization should follow a severe methodology: complete description of the reorganization project, its objective, the solutions proposed, the costs / benefits, and impact.

1.4 Development of Customer Service Standards

Several Western and Arab administrations (Kuwait) are already operating according to customer service standards. These countries refer to the UK as a model country that has applied the Citizen Charter.

The best way to define customer service standards (service quality and service delivery conditions) is to refer to the citizen's expectations, while keeping in mind that standard setting is a continuous process.

The most notable standards of customer service are:

- Collaboration, honesty, and transparency.
- Quick service.
- Quality service.
- Precision in information provision.
- Fair customer service.
- Equity among citizens.
- Giving justifications to the citizen when the service is not provided according to these standards.
- Granting the citizen the possibility to choose the service.
- Measuring the degree of the citizen satisfaction.

1.6 Administrative Premises

Administrative premises play an important role in building a good relationship between the administration and the citizen. Their design should be tailored to the needs of public administrations as intermediaries between the government and the citizen. Among the important characteristics of administrative premises are large spaces to operate and to receive a great number of citizens, as well as easy communication between the several units of administrations.

1.7 Relation between the Citizen and the Administration in Lebanon

1.7.1 Simplification of Procedures

Even though the legislation has emphasized the simplification of procedures, and the definition of work principles and procedures, no progress has been made on these levels. This is due to the lack of support from the administrations concerned and the absence of a modernization culture.

The most important obstacles to the simplification of procedures are the following:

- Excessive number of legal and regulatory texts organizing some of formalities, which are also contradictory and obscure.
- Absence of the necessary information and explanation needed by the citizens in the completion of procedures and formalities.
- Marginalization of regional (local) authorities due to the strict centralization of decision making.
- Weakness of the hierarchical authority exercised by seniors on employees who have high interaction with the citizens.
- Information technology has not been sufficiently introduced to all public administrations.

The solution consists of:

- Creating a unit specialized in work organization and methods called “Unit of Management & Development” in every administration. This unit requires technical support from the Research and Guidance Administration, the director general, and the minister of the administration concerned.
- Developing a new culture of public management.

1.7.2 Information Offices & One-Stop Shops

The Office of the Minister of State for Administrative Reform has launched the information offices and one-stop shops project. Accordingly, information offices are to be created in every public administration, public agency, large municipality, and municipal union. This project concentrates on enhancing the relation between the citizen and the administration.

However, this project did not have the necessary support from all administrations. Technical obstacles, such as personnel and equipment deficiencies, have also delayed it, as well as the non-existence of one reference unit that documents all formalities

Building on other countries' experience in service delivery improvement, information offices will eventually evolve into one-stop shops.

1.7.3 Regulation & Deregulation

The revision of all legislation related to public administration will help eliminate unnecessary and outdated laws and regulations, and simplify and upgrade others.

1.7.4 Administrative Premises

A five-year plan for enhancing administrative premises shall be elaborated by the Ministry of Finance, the Research & Guidance Administration, the Directorate General of Buildings in the Ministry of Public Works, and funds earmarked for this project. Priority shall be given to proximity and functionality.

Part 2

Information Technology

2.1 Present Situation of Information Technology in the Lebanese Administration

The information technology survey conducted by the Office of the Minister of State for Administrative Reform has revealed major information technology gaps:

- ◀ *Absence of planning*, including the definition of needs and the design of plans to fulfill these needs.
- ◀ *Absence of information technology unit*; in most administrations, lack of units responsible for the assessment of the administration's information technology needs, and for the follow-up of information technology projects.
- ◀ *Vacancies in the cadre*; in most public administrations and agencies, the cadre does not include technical positions related to information technology; for instance programmer, network administrator, etc.
- ◀ *Misuse of computers in most administrations.*
- ◀ *Limited information technology investment in the budget of most public administrations*; some administrations include information technology in the office equipment expenses section.
- ◀ *Absence of information technology training*; the Office of the Minister of State for Administrative Reform has already organized training sessions for a thousand employees (of public administrations and the Lebanese University).
- ◀ *Absence of unified programs*, there is a need for general, unified and computerized personnel management, office equipment, and document management programs. Administrations should be provided with similar or compatible programs.
- ◀ *Absence of a Wide Area Network* connecting administrations, their local offices, and public agencies.

2.2 International Experience

A large number of countries have already developed an information technology national plan in order to:

- improve public administration efficiency, and enhance service delivery.
- encourage the participation of the private sector in public sector information technology projects.
- develop a law for the protection of intellectual property and the privacy of individuals and organizations.

◀ *Canada*

In 1994, the Government of Canada elaborated a vision of the public service's future:

- the creation of a computerized service delivery system.
- the creation of one-stop shops.
- the introduction of common software programs in all administrations.
- the establishment of database networks and document management programs.

Accordingly, the Treasury Board (composed of six ministers and four other members) drew the information technology national strategy.

The ***Information Highway Advisory Council*** (composed of nineteen members from both private and public sectors), is responsible for:

- The information technology network and the collaboration between the two sectors.
- The protection of intellectual property and the privacy of individuals and organizations.

◀ *Singapore*

In 1981, a ***National Computer Council*** was created and entrusted with planning, implementing and coordinating information technology issues in public administration.

The Council elaborated an ***Information Technology 2000 Vision of an Intelligent Island***, which provides for:

- the development of Singapore's international status as a center for services, investments, information, and human resources.
 - the application of information technology, in order to increase economic efficiency in industry, trade, and public works sectors.
 - the provision of continuous training to employees, and the regular updating of their computer skills and knowledge.
 - the improvement the quality of life by facilitating all services' operations.
- (***Singapore I program***- development of a quick and efficient service delivery system).

Considering the above, an information technology committee was formed, chaired by the Minister of education and twelve members of the public sector and academic institutions.

1.3 The Future of Information Technology

◀ *Government's commitment*

The government has adopted, in 1997, the proposal of the Office of the Minister of State for Administrative Reform to form a ***National Information Technology Committee***.

This committee will be responsible for the elaboration of a national information technology strategy. It will define the government's plans and goals to reactivate information sources, standards, and methods of inter-administration data exchange.

- ◀ *Public services reengineering*
 - Reengineering of the public services in order to develop an electronic delivery system.
 - Creation of single service points, dispersed in all the country, enabling citizens to inquire about any information, to acquire all the services, and to pay all taxes and fees.

As a starting point a survey of all present services should be conducted, in order to set the priorities and the service delivery information technology programs.

- ◀ *Wide Area Network*

- ◀ *Information Highway Design*

The government should design an information highway between the public, economic and education sectors, in collaboration with the private sector. This highway will help enhance the economic and social development process, and ensure necessary information privacy and protection. It will also help provide government services and information via the Internet.

- ◀ *Unified Implementation Standards (programs)*

Public accounting, personnel management, document management, records management, and equipment management programs, ought to be unified, with due respect to the particularity of every administration.

- ◀ *Law for the Protection of Intellectual Property*

This law will encourage the local and foreign software companies to invest in the public sector.

- ◀ *Create an Information Technology Unit in all Administrations*

The Office of the Minister of State for Administrative Reform reviewed most administrative structures according to information technology requirements.

- ◀ *Information Technology Training and Motivation of Personnel*

- ◀ *Update Laws and Regulations in response to IT Developments.*

- ◀ *Efficient Information (data) Management*

Develop a strategy for data and records management standards.

- ◀ *Introduction of an Information Technology section in the Annual Budget of Every Administration.*

Part III

Corruption and Means of Combating It

An anti-corruption strategy is fundamental to the economic development of a country, because it sets national transparency and accountability standards.

3.1 An Overview of Corruption

On the international level, Transparency International has been organizing conferences and seminars on how to fight corruption in the international economy, which will naturally affect the national economies of countries, especially developing countries.

An anti-corruption section is included in all the project contracts concluded by the World Bank and other international financial organizations. Contracting parties are informed that anti-corruption measures are a prerequisite for the World Bank financing of any project.

On the national level, corruption threatens the welfare of the state by:

- Violating the principle of citizens equality towards the law.
- Threatening the “social contract” and the foundations of civil society
- Diminishing the citizens’ confidence in the government.
- Causing waste, inflation, capital flight, and high rates of unemployment and criminality.

3.2 Means of Combating Corruption

Anti-corruption recommendations can be stated under three headlines:

- Develop the commitment of politicians, employees and citizens to ethics.
- Create a *civil service code of ethics*.
- Strengthen the legal and judicial system (more prerogatives and severe punishments).

3.3 Citizen Chart, Civil Service Code of Ethics, and Conflict of Interest

3.3.1 Citizen Charts

The objective of this chart is not to ameliorate the quality service, but to attribute to citizens more authority to evaluate the quality of service delivery, and to formulate objections and remarks. If the administration concerned does not respond, the citizen can submit the complaint to inspection commissions.

Accordingly, the administration should provide the citizen with complete and distinct information about service delivery, service cost, the personnel responsible for providing the service, how the service is being delivered in comparison with service quality standards, as well as citizens treatment with respect, without any distinction. The administration also provides citizens with a wide range of public services, and develops a continuous citizen's consultation plan regarding their opinion about the quality service delivery and the need to improve it, as well as their priorities.

Ultimately, service value should be proportional to the amount paid by the citizen.

3.3.2 Civil Service Code of Ethics & Conflict of Interest

The main reasons to give the civil service code of ethics a strategic standing are the following:

- deserve the citizens' trust.
- raise employees' awareness on work ethics, professionalism, and commitment.
- assist employees and seniors to evaluate and solve cases related to ethics impartially and rationally

Conflict of interest is one of the most important violations of the civil service code of ethics, because it can disturb the citizen's confidence in the public administration.

The principles of good governance and the new public sector management, based on a close collaboration between both the public and private sectors and the civil society, increase the risk of conflict of interest situations.

Therefore, some countries have established a protection system. For instance, the Government of Canada has adopted on the federal level a "*civil servants discipline evaluation system*"

3.4 The Situation in Lebanon

An anti-corruption system based on transparency and accountability principles will:

- Reduce corruption opportunities.
- Develop a higher probability to detect and control corruption.
- Decrease the chances to individuals and groups to make personal profit out of their work, regardless of its conformity or not to laws and regulations.

In line with modern management trends, the Office of the Minister of State for Administrative Reform has prepared an analysis of the corruption problem, which can be summarized by the following:

- Administrative systems are corrupt, and not individuals.
- Defective systems create opportunities for corrupt activities by individuals.

Therefore, an anti- corruption strategy should aim at:

- Human resources management concentrated on impartiality, honesty, integrity, and efficiency.
- Financial management based on efficiency.
- Efficient material management.
- Information technology to improve control and speed procedures and auditing.

The anti-corruption recommendations proposed by the Office of the Minister of State for Administrative Reform are.

- Commitment of politicians to combat corruption and not to interfere in public administration.

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- Prompt application of the legislative decree related of the reviewed “illegal gain” law.
 - Autonomy of the judiciary corps.
 - Emphasis on the indispensability of a civil service code of ethics.
 - Development of a reward system to ethical behavior.
 - Improvement of government procedures and regulations in order to provide continuous efficient control and revision of all government decisions and operations.
 - Development of new procurement regulations based on transparency, effectiveness and competitiveness.
 - Creation of proper channels to receive complaints from both citizens and employees regarding corrupt activities, and to investigate in these matters.
 - Encouragement of a free press to expose corruption activities.
 - Periodic surveys to evaluate public service delivery quality.

Beyond recommendations, and including them, a comprehensive anti-corruption strategy is necessary.

Moreover, a citizen charter shall draw a new framework for the relationship between the administration and the citizen. This framework can be summarized by the following topics:

- Public administration at the service of citizens.
- Equal and fair treatment of all citizens.
- Respect of individuals.
- A responsible and transparent administration
- Legality and rationality of all decisions related to the citizens.

Summary of Recommendations

Chapter One: Administrative Reform and Modern Administrative Principles

1.1 Creation of the Ministry of Administrative Development.

1.2 Civil Service Board (CSB):

Improve the human resources management concepts (role and objectives):

- A complete review of the personnel regulation (Legislative Decree 112), in order to replace it with a human resource management and development system.
- Review Legislative Decree 114 related to the establishment of the Civil Service Board.
- Change the National Institute for Administration and Development into a public agency under the tutelage of the C.S.B.
- Upgrade the personnel affairs department in all administrations, to become an efficient human resource management unit.

1.3 Central Inspection (CI):

- Review the inspection role of the commission, in order to develop an orientation, guidance and post-audit body. The commission's structure shall be defined accordingly.
- Detach the Research and Guidance Administration from the Central Inspection and attach it to the proposed Administrative Development Ministry, or the Council of Ministers, as an independent administration.
- Detach the Tenders Administration, from the C.I., and annex it to the Council of Ministers, as an autonomous administration.

1.4 Court of Audit (COA):

- Strengthen the Court's autonomy.
- Improve the Court's regulations
- Review the pre-audit framework.
- Reexamine the concept of public administrations and agencies performance audit.

Chapter Two: State Role and Relationship with the Private and Social Sectors

2.1 Merger of Ministries

- Merge the Ministry of Foreign Affairs with the Ministry of Emigrants.
- Merge the Ministry of Vocational and Technical Education with the Ministry of Labor. Or combine the Directorate General (DG) of Vocational Education with the Ministry of National Education, Youth, and Sports.

- Merge the Ministry Environment with the Ministry of Municipal and Rural Affairs. Or annex the D.G. of Urban Planning to the proposed ministry.
- Merge the Ministry of Economy and Trade with the Ministry of Industry.
- Abolish the Ministry of Housing and Cooperatives and annex the D.G. of Cooperatives to the Ministry of Economy and Trade, and the D.G. of Housing to the Ministry of Social Affairs.
- Merge the Ministry of Social Affairs with the Ministry of Public Health.
- Create the Ministry of Energy, combining both Ministries of Electrical and Hydraulic Resources, and Petroleum.
- Abolish the Ministry of Culture and Higher Education. Join the D.G. of Culture to the Ministry of Information.
- Restitute the D.G. of Archeology to the Ministry of Tourism, and the D.G. of Higher Education to the Ministry of National Education.
- Transform the Ministry of Post and Telecommunications into two public agencies, one for telecommunications and the other one for postal services, under the tutelage of the Ministry of Transport.

2.2 Solutions to Vacancies, and Contractual and Daily Staff Suplus.

2.3 Deconcentration

- Review the administrative organization (Legislative Decree 116).
- Define the role of the District Council.

2.4 Functional Decentralization: Public agencies

2.4.1 Review the General Regulation of Public Agencies in order to:

- Distinguish between administrative and investment public agencies.
- Make the investments public agencies more flexible and adaptable to market needs, and work according to the trade law.

2.4.2 Adoption of the following recommendations:

- Evaluate public agencies performance by the C.O.A. and the tutelage authority.
- Reduce pre-control
- Train personnel.
- Create permanent tutelage units in every public agency.

2.4.3 Activation of some sectoral public agencies.

- Constitute a telecommunications public agency (Liban Telecom) and annex O.G.E.R.O to it.
- Create a public agency for postal services.
- Urgently merge all water services (authorities), and review the related rules and regulations.
- Transform the Lebanon Electricity Authority into an autonomous industrial and commercial public agency.
- Activate public agencies managing public hospitals (new regulations).

- Merge the Council of Execution of Construction Projects with the Council for the Execution of Beirut City Projects. Combine these two councils with the C.D.R.

- Create a Higher Council of Ports and develop a ports policy.

2.5 Administrative decentralization: municipalities

- Activation of the Ministry of Municipal and Rural Affairs.
- Review of Municipal law.

Chapter Three: The State and The Citizen

- 3.1 Develop a substantial relationship between the administration and the citizen.
- 3.2 Develop a more efficient and effective public administration.
- 3.3 Develop a prudent, transparent and accountable administration.
- 3.4 Simplify administrative procedures.
- 3.5 Create information offices and one-stop shops.
- 3.6 Develop quality service standard programs.
- 3.7 Develop information technology strategy, including:
 - Wide Area Network.
 - Copyright Law.
 - Creation of an IT unit in every administration.
 - Continuous updates of employees IT skills.
- 3.8 Develop an anti-corruption national strategy.
- 3.9 Develop a Citizen Charter.
- 3.10 Develop a Civil Service Code of Ethics.