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Final Report
De-bureaucratisation/Simplification of Procedures

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List of Abbreviations

BRO	Better Regulation Office
BRU	Better Regulation Unit
CRA	Central Regulatory Authority
DR&G	Directorate for Research and Guidance
IDAL	Investment Development Agency of Lebanon
IDU	Institutional Development Unit
MoF	Ministry of Finance
MoL	Ministry of Labour
OMSAR	Office of the Minister of State for Administrative Reform
SNT	Single Normative Text

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Executive Summary

This report is the result of a short term mission conceived to provide an assessment of the short, medium and long term bottlenecks / opportunities for de-bureaucratisation and simplification of procedures in general.

A group of procedures already reviewed by the Direction for Research and Guidance of the Lebanese Central Inspection has been assessed in order to identify strengths and weaknesses in the approach and methodology adopted by the Lebanese authorities. The choice of the procedures to examine has pointed on those procedures that have an immediate effect on public service delivery.

Upon decision by the Office of the Minister of State for Administrative Reform, the expert will first conduct a review of a few agencies selected in order to gain first hand experience and case specific examples which may be generalised. These agencies will have been selected by OMSAR

During the assessment it was found that simplification is often conducted on an episodic and unstructured way rather reactive than guided by a broad plan of action thus missing impact on the regulatory environment. It was also noted that the simplification exercises so far carried out miss "vision" of the aggregate effects that simplification produces. It appears that simplification as carried out, so far, focuses on the "time" aspect rather than on the elimination of redundant and incoherent formalities thus creating a heavier burden on the administration which is asked to carry out within a shorter time frame the same tasks.

As far as better regulation is concerned it was noted that in the phase of rule-making there is no habit of conducting Regulatory Impact Analyses, no recourse to consultation with stakeholders and no practice to monitor and assess the risks and causes of possible or actual non compliance.

The second portion of this report has considered the various options in terms of structures, tools (normative and non-normative) that a strategy for the development of a simplified regulatory environment requires.

The strategy hereby outlined is primarily concerned with the quality of both the simplification / de-bureaucratisation and future rule-making. To this effect particular emphasis has been placed on the needed establishment of operational and support structures which should carry out review of the existing regulations and guide the modern and correct formulation of new administrative rules and procedures.

A road map indicating actions needed, their priority, the responsible institution for their implementation and the format of the action to undertake concludes the report.

During the assignment a workshop on the simplification process as aspect of a broader regulatory reform has been carried out. Representatives from most of the ministries and agencies have attended the event which was meant to present the methodology to be adopted when carrying out simplification exercises.

Introduction

The improvement and modernisation of the Public Administration in Lebanon requires the adoption of measures intended primarily to ensure a structured and co-ordinated process of simplification of rules and procedures in order to attain improvement of the internal functioning of the administration itself and the higher quality standards in the delivery of services to citizens.

For the sake of clarity it is essential to specify the meaning of certain terms which will be mostly recurrent in this report.

By the formula "**Regulatory Reform**", as commonly referred in the OECD practice, it is meant an initiative aiming at improving the quality of regulation issued by all levels of Government in view of setting standards for and achieving *regulatory quality*. More specifically *regulatory reform* entails changes in style and content of regulation; definition of policies and setting of improved standards, principles for upgraded regulatory decision making, regulatory procedures and processes for making primary, secondary and tertiary normative acts. It also entails Government formalities, regulatory co-ordination, regulatory impact analysis. *Regulatory reform* mainly concerns regulatory authorities and regulators.

The term "*de-regulation*" mainly indicates, as in the common OECD terminology, a subset of regulatory reform referring to complete or partial elimination of regulation in a sector resolving into *normative simplification* intended as review and evaluation of existing regulations (normative texts) for the purpose of verifying whether they are effective, redundant, or complicated therefore imposing an unnecessary burden on the administration and users. In this respect *normative simplification* may have various meanings like: to abolish, amend, replace streamline, codify, add new provisions, reduction in number of normative acts, making slimmer legal texts etc.. *Normative simplification* very frequently has an immediate impact on procedures and formalities therefore resulting into *simplification of procedures and formalities*.

The term "*regulatory review*" will also occasionally recur. With this term is meant the process of monitoring the existing regulatory environment with focus on both normative texts and procedures for the purpose of verifying whether de-regulation exercises (simplification) or brand new regulatory initiatives (regulation or re-regulation upon previous de-regulation) are to be undertaken.

As far as the Lebanese Public Administration is concerned, the main target of a possible course of action in this direction is to foster bureaucratic flexibility and responsiveness to client's needs as well as improved cost efficiency and effective service delivery. To this effect the process of improvement concentrating on normative and procedural simplification, with an eye to regulatory quality, is to be focused on both the regulatory framework governing the internal management of the Public Administration and on the framework of rules and procedures which ensure the delivery of services.

Often the delivery of services to public is strictly dependent on the quality of rules and procedures governing the functioning of public structures. It happens, as a consequence, that the actual performance of such institutions is judged and measured taking into account what is most directly visible namely their efficiency to deliver and the effectiveness of their actions. It is therefore essential to conceive a regulatory review approach for simplification and better regulation focused on a synchronised set of actions affecting, toward improvement, both the internal and external performance of the Public Administration.

This process requires a set of initiatives which range from *de-regulation* to *re-regulation* using whenever possible *simplification*, with a concern to build capacity in view of achieving *upgraded regulatory quality*. Such progression is to be ensured by specialised and permanent structures in charge of carrying out the production and the management of a better and efficient basis of rules, procedures and services.

A few words should be spent at this point on the pros and cons of the remedies which are more frequently available in the process of modernisation and performance improvement of the Public Administration.

Among the options available to modernise and improve the performance, *de-regulation*, as a stand alone option, can neither be expected to be the most viable solution nor sufficient as a general policy of Government although it provides a very valuable starting point in improving the quality of the regulatory framework.

It is proven, from the experience of some OECD member countries (UK, USA Canada etc..) that *De-regulation* if adopted as a predominant and exclusive policy option tends to fail to improve the performance of Public Administrations because it is reactive to problems made in the past and does not look forward to how specific regulation should be carried out in the future.

De-regulation as a remedy almost exclusively focused on normative regulatory instruments does not affect directly the broader systems responsible for the production and management of the instruments themselves. It needs to be necessarily associated to a broader process of *re-regulation*. Governments still need to produce rules in order to avoid uncontrollable situations of regulatory vacuum. In this perspective *regulatory quality improvement* becomes highly relevant and regulatory reform often is launched.

Simplification as a subset of *de-regulation* can be considered as the remedy to make de-regulation into a more viable option since it tends to readjust, upgrade and streamline rather than erase or drastically curtail rules and procedures.

In association with sheer *de-regulation* often appears as an immediate effect *de-bureaucratisation* which can conceal the risk of summary reduction of staff and downsizing of offices considered redundant and therefore no longer needed. Through a process of more contained *de-regulation* exercised through *simplification*, the aspect of *de-bureaucratisation* tends to be more focused on better allocation of human resources and improved management rather than with cut backs and downsizing exercises. This option should be considered by the Lebanese Public Administration as a viable formula for future action.

In the specific case of Lebanon, the Public Administration appears to be a system which has progressively aged without filling important normative and procedural gaps thus being entrapped in a maze of old and complex rules and formalities no longer responding to the needs of a fast moving society and even more rapidly growing economy. Outdated rules and formalities still survive and a comprehensive exercise of substitution is just in its inception phase.

This report is the result of an assessment of the short, medium and long term bottlenecks / opportunities for de-bureaucratisation and simplification of procedures which can exist within the Lebanese regulatory framework .

Analysis of Cases

The present section consists of six case studies which were completed during the mission period. The case studies have provided some preliminary indications on how the simplification and de-bureaucratization process is carried out within the Lebanese Public Administration.

The case studies have also provided some ideas on the methodology applied and the role and responsibilities of the management structures in charge of the simplification.

In some cases it appears that the simplification efforts so far made result not always to be sustainable and feasible in the present regulatory environment. These findings lead to the conclusion that pure and simple simplification is not necessarily always the most appropriate remedy in the process of administrative reform.

The presence of regulatory vacuums and weak tools to ensure compliance and law enforcement as it has been so far detected during the interviews, risks of making in some cases deregulation and simplification inappropriate remedies.

It is important to stress at this stage that the review of cases as it was done, could not count on a thorough reading of the specific "dossiers" as prepared by the Directorate for Research and Guidance (DR&G) due to the lack of translated texts into English language. Consequently the impressions and suggestions gathered in this preliminary report are the outcome of interviews with officials from the Lebanese Public Administration.

The assessments hereby carried out have no intentions to provide policy advice on how to regulate the issues under review.

Analysis and remarks have rather been drafted, in the way as they are, for the purpose of providing an example to the regulator of how a problem is to be approached, assessed, addressed and solutions/remedies to be found in the process of simplification. In this way the identification of possible areas of vacuum which need to be filled becomes a key component which can not be neglected. The negative connotation that simplification is not to prevail favouring the further expansion of normative or procedural vacuums. Very often simplification can take place by filling existing normative/procedural gaps.

It seems to the author of this report that the recommendations passed from the centres in charge of simplification to the implementers within the Lebanese Public Administration seem to be inadequately communicated to the civil servants in charge of their implementation.

As far as the format of his report is concerned, the reviews of the case studies start by presenting the issue or problem, then they describe the actions so far taken in terms of simplification (if any). Subsequently the existing procedures are assessed checking whether situations of regulatory vacuum, regulatory inefficiency/inadequacy, regulatory inflation and regulatory burden/costs are present. According to the findings obtained this type of analysis the risk and consequences linked to each situation identified are considered and final, for either simplification or re-regulation or brand new regulatory action are made. It is important to retain that this exercise needs to be supported by a more thorough Regulatory Impact Assessment evaluating the costs

and effects of new regulations or deregulation on the overall socio-economic system. To this effect any evaluation, identification of remedies and adoption or deletion of regulations is not to be considered as an isolated case but in close connection with other aspects of the administrative reform process.

I would like to take this opportunity to thank Mr. Andre' Amiouni (Policy Analyst with the OMSAR) for his precious help provided during the first phase of this mission. His knowledge and expertise have helped a great deal to understand the intricacies of the current Lebanese regulatory and procedural framework

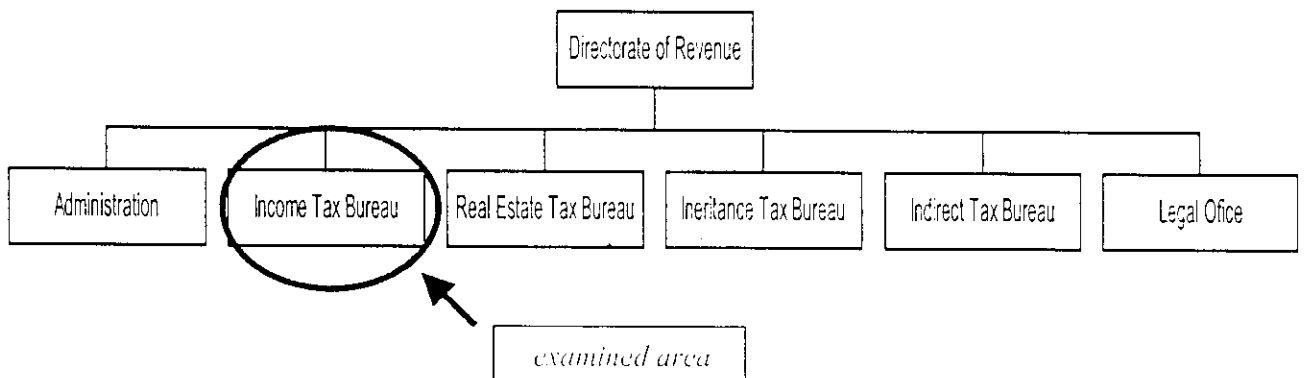
Case Study N.1 Ministry of Finance

The Case:

There are problems in the quantity and quality of income tax declarations filed with the Income Tax Bureau of the Ministry of Finance. Being this type of declaration only partial (it covers only a specific type of income) there is possibility of partial collection of revenue for the State Finances and likely tax evasion or elusion.

The review of the filing income tax declarations has revealed a complex situation characterised by : the presence of multiple action centres working in parallel within the structure of the Ministry of Finance; the lack of communication and access/transfer of relevant financial/fiscal information across the Government framework; inefficient and ineffective system of fiscal controls, general organisational and management conditions which favour the practices of tax evasion and elusion.

The assessment conducted suggests that action relying on a combination of simplification, codification, new regulation and re-regulation is to take place. Prior to embarking in a regulatory process it is strongly advised that a Regulatory Impact Analysis be carried out by specialists in the fiscal sector to better focus on the detailed regulatory work that might be required



Regulatory Pollution :

- Tax payers who have revenue generated through professional activities as well from real estate and inheritance, if all three conditions occur simultaneously, have to file a set of tax declarations with three separate taxation offices within the Ministry of Finance namely : the Income Tax Bureau, the Real Estate tax bureau and the inheritance tax bureau.
- Concerning the Tax Declaration to be filed, only for the income tax portion there are different forms according to the taxpayer's status (individual, professional or corporation). regulated in different manner thus undermining the certainty and uniformity of rule. According to the source of income we have found the following :

For financial companies including exempt companies, except banks and insurance companies whose forms are in process :

- Income Declaration Form for Limited liability Companies
- Income Declaration Form for stock companies
- Income Declaration Form holding companies
- Income Declaration Form for offshore companies
- Income Declaration Form for representation company (only for employment if not conducting transactions)

For persons companies:

- Income Declaration Form for "societes en commandite simple"
- Income Declaration Form for " societes anonymes"
- Income Declaration Form for "societes a caractere social"
- Income Declaration Form for "societes"

Declaration Form for income deriving from dividends or interests

Declaration Form for income of enterprises of all kinds

Declaration Form for personal income

Possible risks and consequences :

- a) It may be impossible to have a clear and comprehensive picture of the patrimonial status of the tax payers; thus provoking incentive to partial declarations and tax elusion;
- b) There is strong possibility of having a multiple and fragmented tax imposition scheme on individuals with consequent disincentive to fiscal obedience. The current situation may provide an opportunity for taxpayers to take advantage of this weakness and encourage them to file incomplete, incorrect or fraudulent declarations
- c) The establishment and correct functioning of an articulate and balanced system of tax deductions may be seriously hampered by the impossibility to assess comparatively losses and gains of revenue for the citizen. The absence of "rewards" such as the recourse to tax deduction schemes may turn to be a disincentive to compliance with fiscal duties and fiscal obedience

Regulatory Burden/Costs :

- There are up to 10 different taxation forms that the citizen is supposed to fill in case it would have income from one, some or all the categories listed here above.

Possible risks and consequences

Tax payers may develop a negative attitude towards the whole fiscal system because they feel confused and over regulated by a system which produces so many papers and forms

Confusion about what is right to State in each form may create uncertainty among tax payers to the point of inducing them to make false or non fraudulent incorrect declarations

Regulatory Inflation :

There is evidence of Regulatory inflation at the level of primary legislation. Each type of taxation is regulated by a specific piece of primary legislation such as the Law on Income Tax, Law on Income from Real Estate, Law on Income from Inheritance, issued on different dates and very likely not necessarily harmonised one with another.

Possible risks and consequences :

The main consequence created by this situation is possible disparity in treatment for taxpayers who are subject to different normative provisions stemming from different normative acts.

Fairness and equity risk of being severely frustrated with negative impact in terms of stimulating fiscal obedience

Regulatory Inadequacy/Inefficiency :

- Tax declarations are to be deposited within the Directorate for Revenue Taxation of the MoF in different offices according to the source of income as already indicated in this report.
- The databases of each service of the MoF are not integrated and accessible by each service directly. Each service can receive only paper printed reports upon specific request.
- The present organisational framework of the different bureaux operates with 50% of the required staff. Inadequacy and consequent inefficiency are particularly obvious as far as the number of inspectors is concerned.
- Quality controls of the declarations are conducted by inspectors belonging to the various offices where the declarations were filed.
- Inter-office transmission of data (both within the MoF and other institutions such as Customs, Courts etc...) concerning the assets of taxpayers, the State of their assets for fiscal purposes etc.. is faulty and inconsistent;
- There is a risk of sectoral corruption of staff in charge of any of the services dealing with tax control and assessment;

- There is also the risk of excessive workload on staff in charge of controls thus leading to summary and superficial assessments before and after declarations are filed;
- There is the risk of cost inefficiency in managing multiple taxation offices. So far, adequate staffing can not be achieved, human resources development is not taking place, computerisation of services is largely lagging behind. It is worth considering that it is proportionately more costly to the P.A. to run a system like the present one based on several taxation units working in parallel and not in integrated manner. The high running costs are superior to the revenue generated by a more effective and efficient fiscal system. The presence of additional staff in the present environment without having re-regulated the whole taxation system would result without doubts in higher costs and higher inefficiency.
- The permanence of a fragmented management system makes more difficult the establishment of integrated data bases and information/data gathering.

Regulatory Vacuum :

There is evidence of regulatory vacuum at the level of secondary legislation and implementation of controls.

- There is no identification fiscal number or code for each tax payer. There are on the contrary only different fiscal codes which apply to registered companies, custom codes and social security numbers. Companies are registered at the Ministry of Justice which does not automatically share its database of companies with any of the services of the MoF but only upon request on a case by case basis. It is consequently difficult to assess in one shot the fiscal situation of an individual who can also be owner of a trading or commercial enterprise or of a company.
- Absence of a system of verifiable fiscal receipts for services rendered or goods sold to be integrated in the annual income tax declarations;

Possible risks and consequences :

- Fiscal controls result inadequate and difficult to carry out due to the absence of instruments such as fiscal receipts, single fiscal code. As already indicated the inadequate and inappropriate allocation of HR in the phases of assessment and control, enforcement of sanctions in case of tax evasion/elusion is a consolidated feature of the system which needs to be addressed and resolved in order to prevent the risks of chronic tax evasion.
- The risk of leaving unreachable and not verifiable tax payers is very much present with negative impact on the levels of revenue on which the State finances can rely. A broader base would produce a higher revenue and allow progressive lowering of taxation per capita as a direct consequence of an increased number of tax payers.

The Suggested Simplification:

Clear indications of Regulatory Vacuum, Regulatory Pollution, Regulatory Inflation, Regulatory Inadequacy/Inefficiency and Regulatory Burdens/cost have been identified during the course of this rapid review exercise. It is therefore necessary to eliminate the causes which negatively affect the functioning of the system both in the interest of tax payers as well as in the interest of the Public Administration. Radical policy measures have to be adopted. Consequently by proceeding in this direction prevalingly regulatory activity coupled with some simplification is to be carried out.

It is therefore suggested :

- 1) To simplify, streamline and improve the collection to income tax declarations;
- 2) To rationalise the management and assessment of all types of filed tax declarations;
- 3) To ensure cost effective and cost efficient management of the taxation system

The expected benefits of a regulatory review in this area are the following:

- to achieve an enlarged basis of tax payers in the Country by outreaching all individuals and companies due to pay taxes;
- To increase the State revenue from direct taxation;
- To introduce and ensure a regime of fiscal equity by redistributing the fiscal burden at eventually lower rates on a broader base of taxpayers;
- To contain costs to the Public Administration so far provoked by management inefficiencies within the State Financial Administration;
- To ensure consistent communication and reliable data base of tax payers;
- To ensure clarity and reliability of regulations governing taxation;
- To ensure speedy and effective assessments and controls for the fiscal authority.

Actions recommended

- Introduction of one single fiscal code for all citizens from birth and for companies at the moment of their establishment. When VAT will be introduced a VAT Account Number is to substitute the Fiscal Code assigned to the Company. Appropriate Regulation is to be established and appropriate software for data management to be prepared. All financial, commercial and labour related transactions have to contain indications of the fiscal codes of the contracting parties as a measure to ensure the tracing of cash flows and revenues.
- Establishment of a centralised and integrated fiscal data base where tax payers (individuals and companies) are to be registered and relevant financial/economic transactions recorded . Appropriate regulation is to be established along with computerisation of services
- Integration of Social security data base with the Central Fiscal Database in order to ensure fiscal equity when it comes to the delivery of social services, pensions

and benefits which need to be scaled according to income. Appropriate Regulation is to be introduced along with reliable and functioning IT networking

- Abolition of the "Customs Numbers" attributed to importers and its substitution with Individual or Company Fiscal Code. Appropriate Regulation is to be established
- Automatic transmission and logging of data from the Data Base in the hands of the Ministry of Justice for companies into the Central Fiscal Data Base. Appropriate regulation and IT networking is to be ensured.
- Introduction of compulsory cash registers issuing fiscal receipts for all commercial retail activities. Introduction of compulsory fiscal receipts for all service providers in order to establish fiscal accountability for all. Appropriate regulation is to be introduced.
- Simplification by merging income tax declarations forms into one SINGLE FORM divided in sections for :
 - Physical citizens non resident.
 - Physical Persons resident
 - Persons' companies
 - Financial and Stock companies
 - Non commercial Companies (NGOs)

It is to be considered the introduction of two types of one Income Tax Declaration SPECIAL FORM for persons whose income is from public employment, State or private pension or private employment (to be filled and filed by employer) and a SINGLE FORM.

Specific declarations concerning acquisition of assets from inheritance, from letting of land or other real estate are to be treated as sources of income not to be separated from the whole patrimonial assets of the taxpayer therefore are to be included in the SINGLE FORM or in the SPECIAL FORM according to the status of the declaring subject. The acquisition of assets from inheritance is subject to an ad hoc tax while the accrued capital is to be declared, with its earnings and profits, in each annual income tax declaration.

Privileges and benefits concerning secrecy of bank accounts, exemptions of taxation on bank deposits, stock and bond investments, mutual investment funds, life insurance etc.. and their profits are to be maintained and ensured.

- Integration of all the current services in charge of fiscal assessment within the Ministry of Finance into one single Revenue Office (*One stop shop*). Re-qualification of the existing staff through training in line with the reorganisation of services. Existing Regulations have to be amended
- Integration of the three laws on so far governing the collection of taxation into one Single Normative Text inclusive also of all regulations listed here above. Harmonisation of rules and their simplification of all these rules is to be ensured in order to make clear comprehensible and sustainable the new system.

- Fiscal control procedures and law enforcement procedures are to be strengthened. Co-ordination with fiscal and judicial authorities is to be ensured. Adequate revue of the existing regulations is to be ensured in harmony with the content of the Single Normative Text mentioned here above.
- Transparency and publicity to be ensured concerning the progress of the reform process affecting tax declarations as a mean s to ensure trust and confidence from the public in the increasing equity of the national fiscal system.

Case Study N. 2 : Ministry of Finance

The Case

The DR&G has made a proposal concerning the simplification of the procedure concerning the taxation to be imposed for *New construction, modification or additions*. The proposal has been assessed in order to review the feasibility of the suggested simplification and the methodology followed by the DR&G in this particular case.

The office to which the assessment has been addressed is the Bureau of Buildings tax which is part of the Directorate of Revenues part of the Directorate of Public Finance in the Ministry of Finance

The procedure starts with the submission of the following documents :

1. Application :
2. Copy of title or purchase contract :
3. Copy of construction permit and maps showing dimensions :
4. Certified copy of occupation
5. Proof of completion i.e. electric or water bill or municipal certificate
6. Cash fee
7. Stamp for LL 1000 on each document

The actual completion time proposed by the DR&G consists of 7 days versus the 10 days required according to the current procedure (*see for comparison Annexes 2 and 3*) The number of steps consequently is proposed to decrease from 16 to 9 and only three signatures are required, namely the one of the Head of Bureau, of the Chief Supervisor, and of the Supervisor.

After a careful review of the procedure it is possible to identify the presence of regulatory inefficiency/inadequacy and high regulatory burden on both the clients and the administrative structure.

Regulatory inefficiency/inadequacy

Starting from the review of the tasks which the procedure entails it is possible to say that despite the recent attempt to simplify, the procedure is somehow heavy and not all its steps are equally indispensable. For example the functions from 2 till 4 included as they are presented appear to be repetitious and consequently redundant.

Three levels of control and approval of the documentation submitted by the client are too many. It seems almost that the control procedure is more inspired by the lack of confidence in the professional capacity of the officer at each level of the hierarchy rather than by a concern for effectiveness.

As well, the tasks (steps) 6 and 7 have little reason to be attributed to staff belonging to two different functional levels. In this particular case the control function is crucial for the correct application of the law. It is important therefore to underline that the control which is exercised at the step 6 is to be primarily motivated by the need to ensure fairness and equity as a result of high quality work. For this reason the task is to be performed by a person with higher professional capacity and authority. The same applies for task 7.

Risks and Consequences

The complex sequence of escalating controls within the same structure risks of distorting the raison d'être of the procedure itself. Controls over the quality of the work done and of the performance of staff are to be carried out not within the implementation of a procedure but by specialised services of the Public Administration (State Auditors). The most immediate consequences are a system which is repeating routine controls without capacity of improving quality standards and efficiency.

Recommendations

These three actions can be easily concentrated into one single review and assessment activity to be carried out by an official with improved capacity and broader mandate, placed at a higher functional level than the present one of *Supervisor*. Probably the job description of the Supervisor could be simply upgraded with increase in responsibility and increased decision making capacity.

The role of the *Chief Supervisor* then should be phased out. *Supervisors* upon upgrading of their functions should report directly to Heads of Bureaux who should have the task of co-ordinating the work of *Supervisors* and solving problems related to the implementation of procedures as well as of giving the final approval to correctly completed applications. In this way the triple checking routine is eliminated and the procedure gets more expedite in presence of both easy and difficult cases.

The upgrading of the capacity of the *Supervisors* should also include the possibility of assessing and establishing the level of taxation applicable to the cases they are examining. In so doing the steps from 2 till 5 of the procedure would be integrated into one single task which should require no more than 3 working days in stead of 4.

Steps 6; 7 and 8 (control over the tax estimation, the final approval of the application and referral for payment)should be integrated into one function under the responsibility of the Head of Bureau. The review of taxation estimates and final approval should take one day and no more. Consequently the whole procedure should be contained within a time frame of maximum 5 working days.

The feasibility of a slimmer procedure as suggested here above is strictly dependent on a major reorganisation exercise within the Ministry entailing review of the time management standards, review of job classifications and job descriptions, development of the human resources in order to be able to undertake higher levels of responsibility. Simple reduction of steps and days allocated to the completion of a procedure is an and unsustainable option .

Regulatory Burden/Costs

There are few elements that make the procedure unnecessarily costly and onerous for clients as well as for the Administration.

It appears to be redundant the requirement to enclose in the application copies of the *Occupation Certificate* and *Proof of completion i.e. electric or water bill or municipal certificate*. The proof of title of ownership and the Construction permits should be more than sufficient evidence proving the right and titles to carry out works in the property.

It is difficult to appreciate the need for and the rationale behind the cash fee due to the MoF by the applicant . It does not appear clear whether the "cash fee" to be paid is the tax due for the permit or if it is a form of service fee for the administrative work to be completed. If the second hypothesis is true there is no justification to maintain it.

The monitoring and control over the accuracy of the documents indicated here above and the correct payment of the cash fee require time and work from the staff of the administration therefore it represents an unnecessary burden and cost that can be easily eliminated.

Risks and Consequences

The most immediate consequence which derive from leaving unchanged the requirements just mentioned is to require a certain amount of time from clients and staff to collect and assess the required documentation thus contributing to red-tape with no benefits for the correct process of authorisation that the procedure is meant to establish.

The payment of a cash fee, in case it would be a service fee and not the due tax, provokes a stream of cash flow , within the administration, difficult to monitor and likely to generate confusion. This remark, however has no value in case this cash payment would be the tax foreseen by the law.

Recommendations

As far as simplification and reduction of burdens is concerned, it is recommended to eliminate the requirement to enclose the *Occupation Certificate* and *Proof of completion i.e. electric or water bill or municipal certificate* in the applications as well as the "cash fee" only if it is a service payment additional to the due tax.

Case Study N. 3 : Ministry of Finance

The Case :

The DR&G has made also a proposal concerning the simplification of the procedure concerning the taxation to be imposed for *Transfer of property by inheritance or sale or exchange*. The proposal has been assessed in order to review the feasibility of the suggested simplification and the methodology followed by the DR&G in this particular case.

The office to which the assessment has been addressed is the Bureau of Buildings tax which is part of the Directorate of Revenues part of the Directorate of Public Finance in the Ministry of Finance

The procedure starts with the submission of the following documents

- 1) Application
- 2) Original and copy of title or contract duly registered with property registration office with all charges paid
- 3) Stamp for LL 1000 on each document

The actual completion time proposed by the DR&G confirms a timeframe of 5 days as it is currently the practice.(*see Annexes 3*) The number of steps is proposed to be reduced from 15 to 10 and four signatures are required, namely the one of the Head of Bureau, of the Chief Supervisor, Supervisor and Director of Revenue.

Most of the comments made for the Case Study N. 3 are applicable to this procedure. In this particular case study Regulatory Inefficiency appears to be the main feature while Regulatory Burden on the client seems to be fairly well contained (limited requirements in terms of preliminary paperwork).

Regulatory Inefficiency

The ratio: days versus steps and signatures seems to be rather unbalanced. It appears clear that the process of "review" and controlling is excessively concentrated in a limited time frame according to the D R&G proposal. The same comments concerning the need for such a repetitious routine of controls and checking as indicated for Case Study N.3, here above, are applicable also to this case.

Recommendations

According to the sequence of steps indicated by the analysis conducted by the DR&G (see Annex 3), steps from 2 till 4 can be cumulated as tasks of one single officer at the level of Supervisor/Chief Supervisor. The same comments made on a similar situation in Case Study N.3 are equally applicable in this context. Consequently out of 2 positions (Supervisor and Chief Supervisor) a new one is to be established merging both job descriptions. In this way one passage of checking and controls is suppressed with consequent reduction of signatures and delays.

The steps from 6 till 9 can be undertaken by the Head of Bureau and the procedure as far as controls and approvals are concerned should be completed at this level.

The Director of Revenue should have only a role of service general manager, coordinator and final resource person in case of conflicts pertaining to the application of rules and tax assessments only upon actual occurring of controversies and difficulties. The need to ensure checking and monitoring through an impartial public audit service external to the Ministry is confirmed also for this procedure.

Case Study N. 4 : Ministry of Labour

The Case :

The Directorate for Research and Guidance has recently examined , on the basis of a prior study conducted by, a committee that was formed by CSB for the purpose of carrying-out procedure simplification, the various formalities completed by the Labour Permit Bureau for Mount Lebanon province, and issued recommendations, which were used as a base for a Minister's decision to reduce the number of days for the various formalities. The formalities under review were the following :

- 1) Prior permit approval (to be signed by the Minister)
- 2) first time work permit
- 3) work permit renewal
- 4) recuperation of bank guarantee
- 5) financial release

The report made by the DR&G indicates that the procedure has already been reduced to its minimum and that the delays when they occur are due to the referral of some formalities to labour inspectors who do not seem to have time limits for their work. Shortage of inspectors seems to be major cause of delay.

The Report prepared by the DR&G also proposes to review and amend decree no. 1582/84 with regards to the delegation of authority that is granted to heads of bureau in the regions and not granted to the heads of services in the central office and to the director general. It appears from the report that the Ministry of Labour (MoL) has computerised its accounting and finance unit and is awaiting some PCs. Also some PC training has already been undertaken. Finally according to the findings presented

in the report in both the directorate general and the Mount Lebanon bureau more than half of the cadres positions are vacant.

The report prepared by the DR&G (see annex A) has mainly focused the duration of the procedures thus limiting to suggest the reduction in number of internal controls and signatures. The approach followed by the DR&G being limited to one aspect (time limit) appears to be fairly incremental thus missing vision and strategic breadth with the risk of having almost no impact in the improvement in terms of efficiency in the delivery of services.

Following the assessment of the DR&G the Minister of Labour has issued the following decision :

"8 April 2000.

*By decision by the Minister of Labour
Specification of delays in completing formalities*

Based on decrees

Based on the study carried by the Directorate of Research and Guidance

Based on the recommendations of the Director General of MoL

It is decided:

- 1) *The study conducted by the DR&G to be a base document in delays reduction*
- 2) *The following delays are to be respected:*
 - *prior authorisation for work permit: 7 days (one month as observed by the committee for procedure simplification issued by the Civil Service Board)*
 - *renewal of work permit: 3 days for female housekeepers and 5 days for male worker (15 days as observed by the committee for PS of the CSB) (extra one week in the case of an investigation)*
 - *late fees payment: 3 days*
 - *recuperation of deposit certificate? : 10 days*
- 3) *the Director General of the Ministry of Labour MoL is responsible for the application of this decision....."*

According to the Chief of the Bureau for Foreign Workers in charge of the procedure, the Minister's order is difficult to apply and the reduction of delay in the delivery of the permits is unattainable under the present circumstances (unchanged number of available human resources, unchanged paperwork requirements, unchanged number of steps to be completed.)

The approach followed in reviewing this case and the solutions proposed to improve the delivery of services should be different. A more comprehensive analysis should be carried out based on a multidisciplinary approach entailing the reduction or even elimination of meaningless or repetitious formalities; the redistribution of tasks among other sectorally competent offices; the redefinition of roles and responsibilities of departments; upgrading the capacity of the staff involved in the procedures; the

recourse to more advanced methods in data management and interdepartmental information sharing as alternatives to endless cascades of internal controls and related paperwork.

To this effect the following methodology for the improvement and modernisation, through simplification of the procedure concerning the issuing of work permits to "house-keeping" foreign workers is suggested

Situation Analysis

During the discussion a series of interesting elements have come to surface revealing above all predominant regulatory inadequacy/inefficiency, regulatory burden for both the administration and the service users.

- Three different procedures were examined and all three revealed to be highly cumbersome and fairly inefficient. The three procedures were respectively :
 - Preliminary authorisation to obtain a work permit for foreigners,
 - Issuing of a work permit for foreigners; and
 - Renewal of a work permit for foreigners.

The three procedures examined concern only the permits to be issued for house keeping services.

The *preliminary authorisation procedure* involves a seven steps process which includes 4 levels of review and approval culminating with the final signature of the Minister of Labour himself.

This procedure requires 7 days if no signature is delayed by absence, or else, of the person supposed to sign. The procedure is as follows :

- Step 1 : Filling and submission of an application form (to be completed by the employer),
- Step 2 : Application checked and approved by a Ministry of Labour officer,
- Step 3 : Application checked and approved by Supervisor,
- Step 4 : Application checked and approved by Chef of Service,
- Step 5 : Application checked and approved by Director General of the Ministry of Labour
- Step 6 : Application checked and approved by the Minister of Labour
- Step 7 : Application checked and approved by National Security.

Once all approvals are obtained the employer sends the original preliminary permit to the future employee abroad who presents it to the Lebanese consular authority in order to obtain an entry visa. The visa is not a work visa. The applicant is supposed to submit to the consular authority, along with the visa application :

- copy of a personal insurance policy,
- results of medical tests,
- passport and
- payment for the visa.

The *issuing of a work permit* takes place once the foreigner has reached Lebanon. The candidate for the permit prepares a file containing the following documents :

- Application for the work permit
- copy of a personal insurance policy,
- results of medical tests,
- passport
- Work contract
- Copy of the Identification Card of the employer
- 2 photos
- State stamps

When the documentation is being submitted the following procedure starts :

- Step 1 : Acceptance of the application at the competent office in the Ministry of Labour,
- Step 2 : Application checked and approved by MoL officer;
- Step 3 : Retrieval of copy of the preliminary work permit
- Step 3 : Application checked and approved by the Chief of Department
- Step 4 : Application checked and Approved by the Chief of Service
- Step 5 : Application checked and approved by the Director General of the MoL.

This procedure is supposed to last 7 days and applies only for the Beirut city area while in the region of Lebanon Mount the procedure ends with the Approval of the Chief of Department.

As far as the procedure for the *renewal of the work permit for foreign citizens* is concerned the applicant must submit the following documents :

- Application form filled by applicant
- Copy of the personal insurance policy
- notarised copy of the new contract (notarisation costs 100 US\$)
- Copy of applicant's passport
- Copy of employer's identification card
- 2 photos of applicant
- old work permit card
- paid State stamps.

The procedure is similar to the one described for the issuing of the work permit with the only difference that it finishes with the approval of the Chief of Department unless there is a change of employer.

Weaknesses in the Procedures under review

Regulatory Inadequacy/Inefficiency

Upon careful examination the procedures in their present configuration reveal to be highly time consuming, and inadequate to ensure an adequate control system over the inflow of immigrant workers, the screening to their actual identity, the observance of

basic rules for the protection of their interests as well as the protection of the domestic labour market.

The procedure seems more meant to ensure tight controls on the quality, accuracy and integrity of the work carried out by the staff of the MoL than with the actual protection of the interests of domestic employers and foreign workers. In any case the complexity of the procedures under review is not a guarantee against fraud, exchange of persons in the phase of obtaining work permits, security controls concerning the persons applying for permit, social protection of guest workers against abuses, control and containment of illegal immigration of foreign labour force, illegal residence of foreigners who have lost their jobs in Lebanon.

All controls carried out in the Ministry of Labour and the related paper work is carried out manually with a highly inefficient allocation of human resources. If properly trained the existing staff would be more than sufficient to carry out higher levels of controls with a higher and fast completed paperwork and higher daily rate of productivity

Computerisation of the work currently done would ensure higher and improved control levels, faster delivery of permits and more reliable record keeping for the purpose of national security and protection of the domestic labour market.

An improved distribution of the work day in hours dedicated to deal with the public and hours for the processing of papers would ensure a better service to clients, more rational completion of workloads, more accurate controls.

Under the present circumstances, the following risks and consequences are more likely to occur :

- piling up of big volumes of documents to be processed daily
- inaccurate controls of the submitted documentation
- absence of a reference data base of immigrant workers
- inadequate controls over the amount of illegal immigrant workers
- difficulties in planning, monitoring and timely completing the renewals of permits
- impossibility to establish work plans and rationalise overall service delivery

Regulatory Burden and Costs

The burden that the revised procedures entail on the Public Administration is significantly high and disproportionate to the very scope of the procedures themselves.

The requirement of having the signature of the Minister of Labour on the preliminary work permit is by far excessive and it is a burden on the Minister in consideration of the more important functions that he or she is expected to carry out as well as it is a burden, in terms of time consumption, for the administration which has to depend on the Minister's signature and follow up on the actual final signing.

As far as the client (applicant) is concerned the most significant burden is the requirement to have the contract for renewal to be notarised at the price of 100US\$ annually. This is an un-necessary aggravation (basically a very well concealed form of fiscal imposition) which is not justified and that benefits only notaries and the State fiscal system without providing any guarantee that the renewed contract covers the same physical person as it is supposed to be.

Regulatory Pollution

It is unclear why the procedure for issuing a work permit to foreign workers (house keeping) which applies for the Beirut city area is different for the region of Lebanon Mount where the procedure ends with the Approval of the Chief of Department. This generates disparity in the application of rules and procedures leaving a more complex system in Beirut city.

Regulatory Inflation

According to the current regulations there are different procedures for the issuing of work permits applicable to different categories of workers (i.e. male or female housekeeping helpers, foreign professionals etc.) This creates an complex framework of rules leading very likely to disparity in treatment and uncertainty concerning rights and obligations.

Considerations and Recommendations

Besides an excessive number of steps and work load concentrated on one single office, for which reallocation of functions and simplification should take place, the main cause of lengthy and elaborated procedures derives from an inadequate distribution of tasks among the existing staff of the visited Bureau. These considerations do not pertain to the domain of simplification but rather to the area of task management and human resources management and development.

In order to ensure fast and accurate completion of tasks the adding of human resources, while maintaining the current distribution of tasks and management of the work loads, would have very limited impact with no tangible changes in terms of efficiency and effectiveness.

Upgrading the job descriptions of the existing staff in order to allow a widespread delegation of powers in terms assessing situations and providing mid level authorisations would definitely reduce the number of steps (signatures) and increase the number of staff who could process applications. Distribution of labour by making staff responsible by letter groups (i.e. responsibilities for applicants whose names start by letters between A and E and so forth) plus adequate provision of computers networked with a common data base would certainly constitute a reliable environment where delays reductions would be not only realistically feasible but also automatically effective. Last but not least the work time should be managed in a different way by dedicating no more than 4 hours of work to receiving the public and 4 hours to be closed for public for the purpose of processing the received applications.

This particular case provides a good opportunity for considering a possible scheme of interdepartmental involvement in establishing a new simplified and integrated Single Normative Text (SNT) regulating the whole area of employment for foreign citizens.

The activity of integrating regulations should be facilitated by an office for better regulation which takes responsibility from the Council of Ministers to co-ordinate, plan and lead the an interdepartmental work group for the formulation of the already mentioned SNT.

Just as an example to clarify the possible dynamics of inter departmental co-operation, we can think, for the work permits, about a better regulation bureau possibly within the OMSAR or a new central reform structure which co-ordinates a group of better regulation units in each ministry. In the specific case of the foreign work permits the work group should be formed by the better regulation units experts from :

- *Ministry of Labour* (regulations and procedures for work permits for all categories of foreign workers)
- *Ministry of Health* (regulations concerning health requirements for all foreign workers and health insurance coverage)
- *Ministry of Social Affairs* (regulations concerning social security rights and duties for foreign workers)
- *National Security* (regulations concerning clearance, immigration, residence of all categories of foreign workers)
- *Ministry of Foreign Affairs* (regulations concerning consular role in issuing visas and immigration permits)
- *Ministry of Finance* (regulation on income taxation for resident foreign workers)

Codification in an harmonised way, therefore simplification could be attained very smoothly and with a relevant reduction of red tape and savings for consumers and Public Administration.

As far as the procedure for the issuing of preliminary work permits for foreigners is concerned the number of steps and controls on controls are concerned substantial simplification can be done. The procedure can be reduced to just to three steps in the following sequence :

- Step 1 : Submission and checking of application
- Step 2 : Review of documents, request of security clearance and authorisation to submit for approval to Chief of Service
- Step 3 : Approval and signature to Chief of Service and distribution to competent services for action (consulates abroad, MoL archives etc..)

As far as the issuing of the first work permit for foreigners is concerned substantial changes should take place in order to distribute the workload on other services. The authority entitled to deliver visas (i.e. the consulates of Lebanon abroad) should be the more appropriate locus of delivery of work and immigration visas. The advantage of this approach is in the filtering and screening the persons entitled to a work permit prior to their entry in the Country. Considering that the documents that applicant/immigrants have to submit to the consulate is similar to the one to be submitted to the MoL in Beirut, it is more rational to empower the consular authority

to carry out this task in the form of a specific visa. Along with the work visa the consular authority should deliver a certificate to submit to the MoL for the issuing of a work permit card. In this way the staff of the MoL would be able to log on their computer (once a system would be set up) the new incoming immigrant workers and ensure more accurate follow up concerning their identity, the deadline of their permits, and more promptly ensure contract renewals. The procedure should be therefore as follows :

Step 1 : submission to the consulate abroad of visa application supported by the following documents :

- Preliminary work permit obtained from the employer
- Proof of a personal insurance policy,
- Results of medical tests,
- passport
- Work contract
- Copy of the Identification Card of the employer
- 2 photos
- State stamps

Step 2 : review and approval of documents to be carried out by immigration officer position to be created if it does not exist yet) attached to the consular office abroad

Step 3 : control and authorisation to issue the work visa and immigration certificate to be carried out by the consul.

Step 4 : Presentation from the applicant for work permit of the work visa and immigration certificate to the competent office in the MoL territorially competent to issue the work permit

Step 5 : Control of the validity of the submitted documents and logging on the computerised system

Step 6 : Issuing of a work permit

Steps 1 to 3 may require up to 3 days to be completed, while steps 4 to 6 have to be completed within 48 hours from arrival in the country and may be carried out immediately upon presentation of the immigrant to the territorially competent office of the MoL.

As far as the renewal procedure is concerned it can only be simplified if the computerisation of the competent service in the MoL has taken place. In that case the procedure can be simplified in the following way :

Step 1 : 4 weeks before the expiry date of the permit the computerised system issues a note to both employer and immigrant work to report to the territorially competent office in the MoL to complete the formalities required for the renewal of the permit.

Step 2 : within 4 weeks from the notice both employer and immigrant worker co-sign in front of the competent officer of the MoL a declaration confirming the extension and terms of the existing contract.

Step 3 : the competent officer of the MoL updates the computer record and immediately issues a renewed work permit.

The whole procedure is to be completed immediately without delays upon signing of both employer and employee of the extension declaration. The declaration is not to be subject to any taxation or payment of fees. The only charges are the ordinary ones foreseen for the work permit.

The computerised system is to be networked with the competent office in charge of internal national security and in case of non compliance of the employer and immigrant worker with the request to report to the MoL to complete the renewal procedure or in case of declared intention not to renew, the system should prompt a warning to the authority in charge of national security in order to start a deportation procedure against the immigrant worker who has lost the justification of his/her presence in the Country.

Efforts should be made to integrate and harmonise all these regulations into one single normative text in view of ensuring fair treatment of foreign workers, transparency in the application of law and clarity concerning rights and duties of employers and employees as well as the role of the State as guarantor of social rights and fair fiscal treatment.

Case Study N.5 : Ministry of Public Works, Urban Development

The Case:

The review has examined the case of *Construction Permits* issued by the Directorate General of Urban Planning of the Ministry of Public Work and Transport . The assessment of the case has been fairly superficial due to the complexity and technicality of the matter and lack of translated documentation which could not be consulted. The conclusions drawn for this case study are therefore based on the outcome of an interview with Mr. Joseph Abdel-Ahad General Director of Urban Planning.

On the 10th of March 2000 the DR&G issued a Report on the procedure simplification within the DGUP which was subsequently followed by a ministerial decision to reduce the delays for various formalities.

In the report are indicated two types of formalities: design and execution. The "Design" element concerns towns and cities while for " execution" are meant the various formalities to be carried out by the central or regional offices of the Ministry. There are 15 different types of formalities. The report revises each one of them and fixes the number of days and numbers of referrals and signatures for each. The same report also indicates the laws and regulations established for each formality. The time constraints which apply to this mission have not made it possible to review the mentioned regulations and procedures in detail.

The report of the DR&G mentions that all the documents required for the completion of the various formalities are necessary at present pending a more comprehensive reform of the sector especially concerning land registry records and their accuracy.

The issuing of a construction permit: requires now 24 days (in regions) 22 days (central office) namely :

- application (immediate)
- referral to head of bureau (2 days)
- physical inspection and reporting (13 days)
- finalisation and approval by head of bureau (7 days)

As already mentioned only from the interview with the General Director of the Urban Planning directorate a few interesting elements have emerged for reflection. It appears clear that Regulatory Pollution and Regulatory Inefficiency and Inadequacy are the most immediately identifiable features.

Regulatory Pollution

The decision taken by the Minister in response to the recommendations made by the DR&G focuses mainly on the time frame that the procedure of issuing construction permits requires. The reduction of time allocated for this procedure does not seem to be either a realistic measure or conform to the existing primary legislation. While, as a matter of fact, the law allows a time frame of 2 months the Minister's decision establishes that the formalities are to be completed within one month period. It is evident that this type of normative conflict generates uncertainty on the existing applicable laws. The absence of a reliable and functioning land registry system and the limited percentage of registered real estate (1/3 of all Lebanese real estate seems to be correctly mapped and registered) require a system of careful controls and lengthy inspections which still leave room to a broad margin of mistakes. Consequently while the time frame is reduced the basic rules governing the issuing of permits remain unchanged thus making the proposed simplification an ineffective and unrealistic remedy.

Regulatory Inadequacy and Inefficiency

The current procedure requires the client to obtain and enclose in the application for the permit the following :

- plan of the property as recorded in the land Registry
- complete property title not more than 3 months old
- municipality receipt
- proof of filed application to obtain zoning certificate from the municipality where the property is located

Once the documents along with the application are filed an officer from the regional offices checks which kind of regulations and eventual accessory limitations incumbent over the property. On the base of findings and verification of accuracy of the information contained in the submitted documentation a report is prepared.

The following step is the preparation of a blueprint to be prepared by a certified engineer who has to respect all the rules and indications contained in the report mentioned here above. The report is submitted to the Association of Engineers which verifies whether the engineer signing the project is authorised to do so. Upon approval

of the project from the Association of Engineers copies of the blueprint are delivered to the competent regional offices of the Ministry of Public Work.

The next step is carried out by the Urban Planning Directorate whose Director assigns a surveyor to visit the property and check that all descriptions and elements contained in the land registry records produced by the client are correct .

Upon completion of the survey a report is prepared and sent to the technical office of the Ministry to study and verify the conformity of the project with the existing regulations and administrative requirement.

The procedure results to be, once again, fairly complex and time consuming mostly due to structural deficiencies because of which lengthy controls are required. The absence of a functioning national land registry is the source of uncertainty concerning the most important base of reference which is the location, the limits and the legal administrative obligations affecting and characterising the property for which a construction permit is sought .

A practice of "reactive surveys" stimulated by the application for a construction permit seems to have consolidated thus making it impossible both a systematic updating of the records in the hands of the national land registry and a completion of a new property survey aiming at filling the existing gaps in record keeping. This weakness in the system strongly affects the nature of the procedures so far enforced while does not help their simplification at all.

The complexity of the controls, both technical and administrative, mentioned here above is also due to a fundamental mistrust in the accuracy of the surveys carried out by public surveyors mostly inspired by their alleged proclivity to be corruptible and their alleged low professional skills. For both hypothesis remedies such as random routine controls from a State Audit service and adequate human development initiatives should be considered as solutions which can lead to improve performance and reduce internal multiple controls therefore creating a more solid background for simplification.

Recommendations

A modern and functioning land registry is to be established in order to provide updated information and records concerning land and other real eState property as a primary requirement for faster procedures relating to property for all present and future needs (economic, legal, fiscal etc.)

The duration of surveys conducted by the Ministry are to be reduced in duration upon establishment of a national land registry.

More thorough review of the recommendations made by the DR&G is to take place and further negotiations between DR&G and the staff of the Directorate for Urban Planning are to take place in order to reduce the risks of regulatory pollution and unsustainability of the decisions taken by the Minister of Public Works.

Case Study N.6 : Ministry of Industry

Upon discussion with H.E. Mr. Georges Phrem the Minister of Industry of the Republic of Lebanon it was agreed to review the content of the draft decree concerning the establishment rules and procedure for the issuing of the permits for the establishment of industrial facilities.

The translated version of the draft decree could not provide an accurate basis for assessment due to objective linguistic difficulties between English and Arabic. The occurrence of some misunderstanding concerning certain provisions contained in the reviewed text is therefore possible.

The draft decree, which is due shortly for discussion and adoption by the Council of Ministers, prior to the endorsement of the President of the Republic, has been carefully examined. The following main comments have been prepared for consideration prior to the final discussion in Council of the draft text.

- The preliminary review of the conditions required to granting permits to establish industrial productive units is to be carried out by **one or more consultative Committees**. Such bodies are to be established in **each region** under the authority of the **Ministry of Industry**. Currently the coordinating authority is the Ministry of Interior. The opinions expressed by the such Committees have the form of a **technical and non binding opinion to the Minister** who upon his/her discretionary power may issue or refuse a permit. The Committees avail of the permanent support of a co-ordinator.
- The information provided in the paragraph here above is not all mentioned in the draft decree but it is contained in the text of the law Nr. 642 of June 2nd 1997. Generic reference to the law is made in the preamble of the draft decree. Although useful to locate the decree in the appropriate regulatory framework, such formula is not sufficiently adequate to provide the ordinary reader a clear view of the scope and mandate of the Committee(s) thus affecting the clear definition of the purpose of the decree itself. **Cross reference to specific articles of the law Nr. 642 should be contained in the first paragraph of article 1 of the decree reviewed (as it is done in articles 2 and 3 of the same draft decree) This would also ensure formal consistency of the normative text, in line with the best practice in the area of better regulation.**
- **Article 2** indicates that upon completion of the review made by the Committee(s) concerning the compliance with the health, safety and environment regulations, a recommendation is made to the Minister of Industry and a permit may be issued. The text of the law does not mention the eventuality of refusal of the permit. **The decree should mention this possibility. In case this would be already Stated in some other piece of legislation cross reference to such provision is to be made in the final version of the decree.**
- Along with the silence of the decree on the hypothesis of a **refusal** by the Minister, the decree does not mention:

- a. whether the decision (any) of the Minister is to be formally communicated or not to the applicant and how;
- b. whether a new application may be submitted;
- c. whether an eventual formal communication to the applicant is to contain or not a motivation providing the applicant with adequate information about the reasons of the refusal and the eventual corrective remedies that the applicant should undertake in order to submit a new application and have a second chance for consideration;
- d. whether the decision of the Minister may be appealed and according to which procedure

in view of consolidating the practice of administrative **transparency** it is particularly recommended that some provision concerning the modalities of communication of the Minister's decision (positive or negative) along with the "**motivation**" element be introduced in this decree. Further to this, the motivation with recommendations for corrective action is particularly advisable in order to ensure more opportunities for further attempts to apply and be part of a growing industrial development process.

Concerning the possibility of an appeal to the Minister's decision such remedy should be ensured for the dissatisfied applicant. Consequently the text of the decree should mention this possibility and cross reference existing legislation governing administrative recourses. The presence of this type of Statement to this effect is necessary to ensure fairness in the management of this type of permits, "certainty of the applicable law" and " certainty concerning the extent of the discretionary powers of the Ministerial authority" in view of preventing frustration among entrepreneurs in order to keep dynamic the process of industrial development on grounds of constructive monitoring and mutual confidence between P.A. and business world.

- **Article 2 letter c** mentions the **renewal** of permits. It is legitimate to wonder whether the permits have a limited validity in time. According to the information gathered it seems that permits have no time limits but that periodic controls by the authority sectorally competent for safety, health etc... take place. In case permits would have a validity limited in time cross reference to any legislation providing a classification of permits of this kind and setting the limits of their effectiveness should appear in this provision. In case the validity of the permits would not be subject to time limitations it is important to clarify the concept of **renewal** as it appears in the English translation of the decree.
- **Article 5 §7** of the draft introduces a safeguard measure in the interest of the applicant by establishing that upon expiration of a two-month deadline without having received any feedback (positive or negative) from the Ministry, the number of the receipt issued upon depositing the application is to be considered as a valid permit.

Certainly this is an important step to induce the Public Administration to respect time limits and deadlines and induce liberalisation in this sector. It is however legitimate to suspect that the big volume of permit applications and the limited number of human resources assigned to carry out the procedures required may

generate, in the medium run, a number of delays higher than what can be expected thusfore difficult to control.

It would be interesting to know whether the practice of conducting Regulatory Impact Assessments (RIA) is a consolidated reality or not and whether it has been conducted prior to the drafting of the decree under review. An eventual RIA should have correctly assessed the margins of risk in terms of delays in consideration of the excessive workload attributed to understaffed Government institutions. In case the RIA would be still a partially used tool it is recommended that the Ministries and Agencies of the Lebanese P.A. start to acquire capacity to perform RIA on a regular basis on the occasion of preparing regulatory instruments.

If this hypothesis would reveal true the number of receipts becoming "surrogate permits" could start to steadily inflate with lesser and lesser chances to achieve certainty about compliance with the existing health, environmental and safety standards. In this way the procedures set to issue permits would proportionately lose somehow most of their significance with the further risk of setting, as a consolidated feature of the industrial development strategy, the accumulation of unaccomplished preliminary review procedures.

It is therefore deemed essential to contain such possible risk by introducing the presence of a provision meant to ensure the fair balance between interest of the client and public interest, thus preserving image and statutory role of the P.A. To this effect it would be appropriate if the existing article 5 §7 of the draft decree would include the following Statement : "*the Minister, however, reserves the right to verify as soon as possible the compliance of the industrial facilities which have been newly established as a result of the conditions mentioned in art.5 §7with the standards requirements set by the existing regulations. The Minister, upon proven non compliance reserves the right to order to the concerned industrial facilities, the adoption of corrective remedies in order to achieve compliance or, in the presence of the most severe cases of non compliance,, the right to revoke the permit and apply appropriate administrative sanctions according to law...*"

The purpose of this provision is to facilitate the fast and smooth establishment of new industrial units so much needed to boost the national economy, without abdicating, because of failure to provide assessment and permit in due time, the right/duty of the Public Administration to ensure the respect of the public interest to safe and environmentally sound industrial facilities.

This type of clause, can be seen to a certain degree as a deterrent against abuses from the client, an a remedy to reinstate the image and authority of the P.A. as a pragmatic and tolerant regulator able to guarantee at any time the respect of the law as it is in its mandate.

Some final considerations

The draft decree in its basic formulation, appears to address exclusively the technical aspect of setting the administrative authority in charge of processing the

application for an industrial license and defines the role and responsibilities of the Ministry of Industry in this respect. It does not provide any indications on how to ensure a reliable and permanent mechanism of co-ordination and assistance to the applicants other than what provided by the Ministry of Industry during the processing of the application.

In margin to the contacts established with the Ministry of Industry a visit has been paid also to the IDAL (Investment Development Authority of Lebanon) in order to understand better how this agency plays the role of *one-stop-shop* in the establishment of new industrial initiatives in the Country.

From the exploratory visit to IDAL it has been found that the agency provides assistance to any "investor" without a clearly spelled preclusion to domestic investors. The value of the initiative proposed by the investor is the only limit which excludes the intervention of IDAL when the value is too small.

Another important element which has been found during the encounter with IDAL is the fact that IDAL acts as an interface between the Ministries (Trade and Economy, Public Works; Industry, Environment, Labour, Health) and the investors. This interface role is certainly a guarantee to ensure adequate collection and management of useful information to the applicant investor about many important issues such as: economic development trends and strategies, investment opportunities, administrative requirements regulating the labour market, technical requirements regulating construction of industrial sites as well as their health and safety standards, etc... These are all elements which need to be known to the applicant before submitting application to establish a new industrial facility since the application itself is to be screened and assessed against such standards. The Committee(s) proposed by the decree drafted by the Ministry of does not include in its tasks this type of vital support to the client, therefore it can be considered only as a partial *one-stop-shop* mostly concerned with the processing of applications and issuing of permits while missing the function of interfacing through pro-active communication with and counselling to the applicants during the whole assessment process. The lack of this capacity may result in loss of effectiveness of the Committee(s). Steady and structured communication between the P.A. and applicants is essential to reduce the possibility of denial of permits from the administrative authority.

Substantially, from the silence of the decree, it appears that Committee(s) and IDAL, , are not necessarily expected to directly interact on a permanent institutional basis. On the one hand the Committee(s) are concerned with the processing of applications and the issuing of permits, while on the other hand IDAL is concerned with facilitating the preparation of application files, their follow up and the information sharing with applicants, besides the co-ordination among the various Departments of the P.A. involved in the assessment of the applications. The risks of overlaps between the two bodies is high as well as the possibility of interpreting "de facto", because unregulated, interaction as interference. The role of one-stop-shop split in this way risks of generating unnecessary inefficiency with consequent ineffectiveness particularly of the Committee(s)

In conclusion it seems appropriate to consider the hypothesis of setting up structured and regulated interaction between IDAL and the Ministry of Industry in the specific case of the issuing of industrial permits. To this effect it is possible to introduce a few additions in the proposed decree concerning the relationship which should exist between IDAL and the Committee(s) co-ordinated by the Ministry of Industry. For this purpose IDAL should be indicated as the *one-stop-shop* in the permit application procedure for any kind of potential applicant domestic or international.

Consequently, tasks of the agency should be:

- to provide the needed information to applicants about standards, requirements, opportunities and strategies prior to the preparation of applications
- to collect applications and pass them to the competent P.A. administration for screening and processing;
- to follow up on the progress of the screening process and provide timely information to applicants in order to ensure amendments of the submitted documentation and any needed corrective action.
- to convey to applicants the final permits issued by the Ministry along with motivations in case of denial;
- to provide assistance and counselling in the new submission of applications

In this way because of the expected proactive role of the IDAL, the risk of procedures lasting beyond the two months deadline are very limited as well as the risk of rigid bureaucratic management of the communication between P.A. and applicants. The professional follow up ensured by the Authority should provide good chances in terms of higher degree of transparency and certainty of the law. A proactive role of the agency can be a guarantee to fight the risk of corruption. To this effect, the most immediate consequences would be: containment of arbitrary assessments of applications and containment of direct "dealings" between applicants and staff from the different branches of the P.A. in charge of the different phases of the screening process.

The involvement of IDAL in this key area for industrial development would require a revised normative framework clarifying the interaction between IDAL and the planned Committee(s), a permanent presence of IDAL at the level of regional sub governments in order to ensure the operating of one-stop-shops as suggested in this report, the adequate staffing of such "shops" and adequate budget for their running. An important issue to consider for the regulator is how to define the minimum size of industrial initiatives which can avail of the IDAL assistance.

Remarks

Reactive approach in Simplification

During the assessment of the cases of simplification it has appeared to be clear a consolidated practice of reactive simplification exclusively stimulated and inspired by scattered and occasional corporate quests for easier relationship with the bureaucracy. This situation clearly proves the absence of a defined **policy** and related **work plan** to conduct systematic review of the existing stock of rules and procedures as indispensable tools for improving the current Lebanese regulatory environment.

Simplification primarily focused on containment of delays in service delivery.

From the assessments carried out so far it seems that the exercise of simplification is often limited to recommending reduction of time frames in the completion of procedures rather than evaluating through a thorough assessment process the effects of the regulatory review and its implications for other sections within the same department or branches of the Public Administration. The result of this weakness is the "isolated" nature of the solutions suggested as simplification and the difficulties in obtaining compliance and effectiveness.

Un-sustainability and ineffectiveness of simplified procedures.

In all interviews it has been clearly stated that the simplifications proposed by the Research and Guidance office of the Central Inspection, although endorsed by the concerned Ministers, are hard to implement and can not attain visible effects or improvement on the existing situation. Instead, "simplification" seems to make it more difficult for the concerned services to comply with new work methods, the demand for efficiency and fast delivery of services.

Absence of a consolidated principles, instruments and work method in conducting simplification

From the analysis conducted it appears that some basic principles which can inspire the process of simplification are ignored by the Lebanese regulator. Principles such as Vertical and Horizontal Subsidiarity do not appear to permeate the simplification exercises so far examined. A comprehensive framework of rules contained in an **Administrative Procedure Law** is missing. The recourse to codification and integration of rules governing procedures and formalities in **Single Normative Texts** is missing. Moreover, the evaluation of scope and consequences of simplification is often inadequate. This situation probably mostly originates from not completely adequate situation analyses deriving from poor communication between regulators and stakeholders and the absence of forecasting and proposing alternative remedies in view of change and secured compliance.

Split responsibilities in simplification/de-regulation and regulatory/administrative reform processes.

The current management of the simplification and regulatory reform processes is split between the DR&G and the OMSAR, with a clear mandate to simplify and deregulate to the DR&G and a less clearly spelled mandate to OMSAR to deal with better regulation and full regulatory reform. This split in roles and responsibilities demands a very big effort in terms of co-ordination in the definition of areas of intervention, strategic goals, management instruments and setting of better regulation standards

and measures. By keeping split such responsibilities and not having an integrated centre for guidance in the chain "de-regulation-simplification-better regulation", effectiveness and quality of the action suffer to the detriment of modernisation of the regulatory environment.

Inadequate management framework and tools

Often the regulatory ineffectiveness detected during the review of cases is the result of a broader weakness in the management of the public administrative structure. Pure simplification and deregulation as isolated remedies can not address and solve alone key management weaknesses. In this respect it can be argued that the often claimed shortage of staff in reality can be a marginal problem and certainly not a primary cause of lengthy and complex procedures. The amounts of staff available in the reviewed services is often adequate in number. The ineffectiveness of the procedure and of the staff in charge of it is often due to: inappropriate distribution of tasks, absence of team work for complex tasks, inadequate time management, inadequate use of premises, lack of modern work tools such as computers and data networks.

Inadequate command and use of instruments for improved regulatory quality

Recourse to Regulatory Impact Analysis (RIA) is not a consolidated practice in the regulatory practice of the Lebanese Public Administration. Guidelines for the appropriate conduct of RIA do not seem to be set and responsibility for promoting RIA and monitoring its correct and consistent use are not assigned. In this respect OMSAR seems not to be assigned any responsibilities as far as RIA is concerned. Moreover it seems that there is no office responsible to monitor and assess regulatory compliance and enforcement procedures as in instrument for ensuring improved regulatory quality.

Unclear interaction between Central and Regional levels of Government in the processes of simplification and re-regulation

The cases which were examined do not offer any evidence of devolution of procedures and formalities from Central to Regional level of Government as a way to decongest the central administration and make services more easily accessible and manageable. There is no evidence either of a co-ordinated sharing of responsibilities between central and local administrations in simplifying and re-regulating in line with principles of vertical Subsidiarity.

No evidence of structured "consultation" with stakeholders in the conduct of simplification, de-regulation and re-regulation

There is no evidence of set rules and consolidated practice of "consultation" in the process of definition of simplification measures and new regulatory options. Horizontal consultation (involving private stakeholders or sectors of the Public Administration sharing either some role or responsibility in the implementation and management of rules and procedures) as well as vertical consultation with lower and local administration offices do not appear to be integrating part of the simplification or regulation efforts so far conducted by the Lebanese regulators.

Managerial culture and lack of confidence in professional skills of staff.

The prevailing managerial culture certainly is responsible for the inefficiencies detected during the assessment of case studies. A paternalistic approach is behind the idea expressed often by the high rank officers interviewed about the capacity of

judgement of their staff at the lower levels. During the interviews it has been openly stated that the staff at the lower levels is professionally unprepared to sustain the tasks for which they are responsible. Low wages have been often indicated as the main cause of the low professional performance of staff. In no interview it has been considered the request for a systematic effort in human resources development as a first step towards an upgrading of professional capacity in view of attributing higher responsibilities and horizontal re-distribution of work loads and tasks across offices, departments and ministries.

Mistrust

Mistrust towards service users and, worse, among staff of the Public Administration is a strongly rooted feature which has emerged during the interviews. As a result of this negative attitude, which can have some justification, but which can not be kept as a milestone parameter for managing and evaluating the performance of the Public Administration, un-necessary and excessively cumbersome controls pervade all administrative procedures. It seems almost the procedures are exclusively established to ensure checking and monitoring the alleged leniency of the administrative staff towards the inaccuracy allegedly fraudulent inaccuracy of service users. In so doing many steps in the procedures are redundant, making very heavy, ineffective and inefficient the administrative machinery which loses sight of the real purpose of formalities and procedures at the expenses of credibility of the Public Administration. It is very likely that once eliminated the "mistrust" element from the motives which inspire administrative management, deregulation and simplification would be able to be implemented more easily if not happen almost naturally.

Tendency to prevailing simplification and de-regulation over regulatory reform.

Last but not least the tool of simplification/deregulation seems to be the prevailing one probably because it is a clearly attributed function (to the DR&G) compared to regulatory reform which still lingers without certain paternity. Simplification of rules and procedures with consequent possible de-regulation are to be used with a high degree of care and reflection by policy makers and regulators in the areas so far reviewed. In the case for example of the procedure governing the issuing of construction permits, to start with a simple process of deregulation is highly inappropriate considering that at the origin of complex procedures and controls there is mainly the absence of a reliable system of land and real estate registration. With an updated and complete set of data the procedure which now entails a few weeks to be completed, would be easy to conclude automatically in no more than a week. The same applies to the simplification and improvement of the procedures required for filing income tax declarations. Deregulation in this area should be limited to the actual forms to be filled and filed and the merging of various tax assessment procedures into one single system of controls. In this area regulatory initiatives to fill all the gaps which prevent adequate controls and effective pursuing of tax evasion and elusion are to be undertaken prior to simplification.

The Strategy

Strategy for improved Simplification and Regulation

In consideration of the points highlighted in the section of this report dealing with the study of some sample cases, a broad strategy for modernisation and performance improvement of the Lebanese Public Administration is to contain a specific component concerned with the improvement of the regulatory framework focusing on both de-regulation and re-regulation with particular attention to simplification of rules and procedures. The strategy should therefore be concerned with the building of national capacity in three main areas of intervention namely:

- **management of the simplification/de-regulation and better regulation activities** through the adoption of a regulatory review reform policy, the definition of regulatory standards, the establishment of services and offices in charge of regulatory review, monitoring and management in view of setting the operational framework which can ensure the implementation of the whole modernisation strategy;
- **Upgrading the quality of existing regulations and procedures affecting both the relationship between citizens and the administration and the internal functioning of the Public Administration** in view of a more responsive administration operating at reduced costs, without red-tape and clear from outdated and/or particularly complex formalities, in view of effective, efficient and timely services' deliveries;
- **Improving regulatory quality** through Regulatory Impact Analysis, improved drafting techniques, consultation with stakeholders, globalisation of regulatory activities, alternatives to regulatory remedies;

Establishing a functioning regulatory management system

□ Rationale and Background

In Lebanon the efforts of conducting modernisation of the regulatory environment in the perspective of developing a full process of regulatory reform can not be left to a unstructured process managed in a dispersed way by various institutions acting without tighter guidance and effective co-ordination.

A truly authoritative centre responsible for policy design, guidance and co-ordination needs to be reinvented and built within the Lebanese Public Administration. Management in this area requires a structured approach in order to eliminate the shortcomings identified in the assessment of case studies such as :

- Absence of a consolidated principles, instruments and work method in conducting simplification;
- split responsibilities in simplification/de-regulation and regulatory/administrative reform processes;
- reactive approach in "simplification"
- primary attraction to "de-regulate" rather than regulate better.

Concerning the political mandate the highest law making State authority (the Parliament) is to entrust the Government with the mandate to carry out long term regulatory review as part of its own programme.

□ **General Objective**

The main objective of this strategy component is to improve efficiency and effectiveness in managing simplification and de-bureaucratisation as well as ensuring coherent regulatory reform characterised by higher standards quality of regulations.

□ **Activities**

In line with these requirements a regulatory management system in Lebanon must be built as a precondition for the conduct of all those activities which can lead to a more modern Public Administration. The three main milestones on the road to in management terms are to be: the definition of the political mandate to simplify and reform, the regulatory reform policy plan, and the institutional operational framework to carry out the plan.

a. Defining the Mandate

In order for the "**mandate**" to become fully effective it must entail the possibility for the Government to modify, where necessary, primary regulation by downgrading it to secondary in a way that further simplification can be exercised directly by the Executive branch of the State without need to involve the Legislative branch. This option called "deligislation" can be only possible upon clear decision of the Parliament which partially abdicates in favour of the Executive, its own power to intervene (i.e. amendment, abrogation, substitution etc..) on primary legislation. The purpose of such measure is to ensure adequate flexibility and authority to the Government in order to successfully carry out a programme of regulatory reform as part of a broader strategy of modernisation.

b. Adopting a Plan of Action

As recommended in the 1997 *OECD Report on Regulatory Reform* countries are expected to "*..adopt at the political level broad programmes of regulatory reform that establish clear objectives and frameworks for implementation*" In line with this recommendation the Lebanese Government, upon mandate from the Parliament, should define a long term plan of simultaneous actions where each area of intervention can count on the instruments introduced by and achievements of the other.

In this respect a synergetic process of reform should be planned and implemented in the areas of upgrading the existing rules, improving the capacity to produce better regulation, building and consolidating new formulas and instruments to ensure the management of the regulatory reform. The Government should formulate such plan and report annually to Parliament (from which it got the mandate to carry out the reform process) on progress and achievements.

c. Designing and Setting the Management Support Structure

As suggested by the OECD in its *Report on Regulatory Reform* "...Effective reform is dependent on the development of systematically organised procedures with explicit and sustained political backing and adequate resources including adequate staffing and expertise...."

The third milestone in the process of establishing a regulatory management structure is the definition of an operational framework of offices which can be responsible for the implementation of the programme with its plan of action and the monitoring of progress.

Currently regulatory review exercises in Lebanon are mostly ad hoc and may count on the active contribution from various actors such as *the Office of the Minister of State for Administrative Reform (OMSAR)* operating as a facilitator providing technical support to the various branches of the Lebanese Public Administration concerned with reform of rules and procedures.), *the Directorate for Research and Guidance of the Central Inspection Commission* (with mandate in the area of deregulation and simplification), *The Civil Service Board* (intervening only when staff related matters come into consideration) and individual Ministries who obtain approval from reform from the Council of Ministers.

Within this context a comprehensive exercise of reconsideration and definition of the mandate of each institution dealing with the process of regulatory reform(primarily focusing on the upgrading and improvement of existing and new rules and procedures) is to be carried out. This is an essential step in view of concentrating the management aspect in one competent focal point for which new structures and mechanisms need to be established.

In this perspective two options can be suggested. The first one is for a direct and immediate establishment of a fully fledged Central Regulatory Authority (CRA) with full mandate to operate systematic simplification and de-bureaucratisation. The second option is more "incremental" for a gradual build up of capacity and competence in the area of simplification and de-bureaucratisation.

Due to possible constrains which may affect the decision making capacity of the Council of Ministers concerning the opportunity of creating new offices with authority to modify the regulatory framework, it is reasonable to consider as a more likely option an : "**incremental**" approach with a long term strategic ambition.

An "**incremental**" and time scaled approach could be easily adopted for the establishment of a regulatory authority through various phases where the first one would create a **task force**. Such task force under the direct supervision of the OMSAR would start by providing assistance to the PMC to design a 2 year long inter-departmental plan for de-regulation / simplification of procedures in selected areas of the public sector. This would lead to the establishment of a central reform machinery.

More specifically the PMC with the constant support from the task force would ensure to:

- define a plan of sectoral studies in view of simplification,
- set simplification/ deregulation plans of action as a result of the sectoral studies completed,
- co-ordinate and stimulate the initiative to carry out simplification according to plans,
- provide assistance to the parties involved in simplification through on the job training and coaching.

A second phase of the process would focus on the consolidation of the task force into a more permanent structure able to :

- define internal rules and procedures for its own correct functioning
- establish standards, principles and rules applicable in the preparation and drafting of new regulations;
- provide assistance in the conduct of RIA through on the job training and coaching.

Provided that a general consensus exists among the political forces present in Lebanon on the need to address more organically, and on a permanent basis the issue of carrying out a comprehensive programme of regulatory reform it is possible to retain as a final goal the creation of a centrally based permanent regulatory authority.

To this effect it is essential to establish a *Central Regulatory Authority (CRA)* empowered to be the guarantor of principles and standards for the Public Administration in the process of modernisation and improvement of the Lebanese regulatory framework. Such central institution should be responsible for the definition of the policy options which are to substantiate simplification of rules and procedures, deregulation and regulatory reform by providing guidance, stimulating, co-ordinating and evaluating the reform actions undertaken and planned by individual departments within the Lebanese Public Administration.

The main problem which the policy making authorities have to resolve is the location of such CRA. Its most suitable location should be within the structure of the Council of Ministers as in the case of Canada, Italy, United Kingdom. The current structure of the OMSAR could be, among other possible options, developed in a way to be able to become a suitable location to host such an office. As a matter of fact the broader framework of the Council of Ministers (as office of the Prime Minister) offers the best locus for a regulatory structure since it can consider and take action according to the recommendations made by a CRA with sufficient authority and large flexibility as a true inter-forces and impartial co-ordinator for reform.

A Central Regulatory Authority should tentatively deal with specific areas of intervention and include as many as possible of the following functions:

1. **Definition and co-ordination of the regulatory reform policy** responsible to consult the various sectors of the Public Administration on the priorities and objective of a regulatory reform programme; co-ordinate the inputs required for

the formulation of a reform programme and draft annual or multi annual plans of action ;

2. **Research and Guidance on Regulatory Reform** responsible for the assistance to the branches of the Public Administration involved in the regulatory reform process, for the monitoring and evaluation of the process of simplification, de-regulation and re-regulation;
3. **Simplification of Legal Texts and Procedures** meant to look at the technical legal aspects of regulations and procedures, responsible to evaluate the existing regulations and procedures, provide technical support and guidance in preparing deligislation, de-regulation, simplification of procedures and normative texts. It should be also entrusted with the responsibility of advising on the formal standards to be adopted in the drafting of new regulations and should be responsible for advising the Public Administration on the legitimacy of alternatives to regulation. This unit should find within the permanent support services of the Parliament a counterpart possibly in charge of Legal and Legislative Affairs with which to co-ordinate and agree upon the basic standards of legal drafting and monitoring of the legitimacy of bills;
4. **Regulatory Impact and Quality Control of New Regulations** meant to look to the future and more concerned with the social and economic consequences of the forthcoming legislation, responsible to advise the Government on action which improves the effectiveness and credibility of Government regulation by ensuring that it is necessary, fair and affordable and simple to understand and administer taking particular account of the needs of citizens. This Unit should find an effective counterpart within the structure of permanent services of the Parliament in charge of regulatory impact analysis and regulatory quality control in order to enlarge to the legislative function the support needed to better regulate also at the level of primary legislation.
5. **E-Government and Technological Modernisation** responsible to advise the different branches of the administration in planning the development of electronic management of procedures and formalities (i.e. obtaining forms and certificates, obtaining information on the status of submitted applications, filing applications and income tax declarations, payment of taxes etc..) as well as the delivery of services (i.e. licences, permits, concessions, etc..);
6. **Unit for Information, Communication and Public Relations** responsible for sharing information internally and externally to the Public Administration, concerning simplification and regulatory reform initiatives; preparation of information material (Television spots, press releases, pamphlets, brochures, users' handbooks, instructions etc..) describing the content, the purpose of simplified rules and procedures and their expected effects; responsible also for the launching awareness campaigns about citizens rights in their relationship with the Public Administration as well as about the need to reform certain areas of the Public Administration;

Within each Ministry capacity to carry out the tasks of *Simplification and Better Regulation* should be consolidated in view of planning the regulatory reform work of the Ministry, co-ordinate the initiatives of de-regulation and simplification with other Ministries with the assistance from the CRA, monitor the quality of the regulatory work carried out by the Ministry and perform sectoral Regulatory Impact Analyses in view of better regulation. The Units should be responsible to provide the CRA with the needed information on plans for reform and simplification concerning internal reorganisation and management, feedback on progress and achievements in their area of competence concerning simplification and re-regulation. An important role is to be played by such Units in the area of information and public relations concerning their progress in regulatory reform and simplification as well as in informing citizens about options available to ensure for them better service delivery and assistance.

d. Strengthening Sectoral Regulatory Capacity

Within the structure of the Council of Ministers the establishment of a limited number of *Regulatory Agencies* should be considered specific supplementary support in the process of improvement of the regulatory environment for the long term.

The advantage to create such bodies would be represented by shifting from a distant and bureaucratic control system (typical of Ministries) to a participatory system of regulatory management and controls (typical of certain types of Regulatory Agencies) where, among other management tools, public hearings with the participation of users, providers and policy makers, under the arbitration of the Agency, play a key role in defining rules, standards, obligations, and rights for both users and providers. This technical solution is particularly necessary in presence of processes of privatisation of State controlled services. Where the State not being any longer in charge of vital services (as owner and manager) still needs to ensure fair access and use to citizens.

This more direct approach is a guarantee to fairness, responsiveness to users needs. It reduces the burden on Government structures who can no longer be simultaneously regulator and provider (especially in the area of public services such as telecommunications and public transportation). It responds to the need to separate the political decision making process from the expert enforcement of regulations. It focuses on quality and efficiency and breaks or prevents monopolies which hinder competition and growth of certain sectors of the economy. The areas where *Regulatory Agencies* are more likely to be established cover the sectors of *telecommunications* (radio-television broadcasting, telephones), *public transportation* (land, air and sea) *public utilities* (electricity, water supply, gas), *commercial competition* (in the insurance sector, banking and financial services).

□ **Suggested Line of Action and Required Support Inputs**

The implementation of this component requires the completion of a set of activities aimed at enabling the establishment, along with the correct functioning of the organisational structure suggested here above.

The Council of Ministers within the limits of its own regulatory capacity is to prepare all the required secondary regulation (Presidential decrees proposed by the Council of Ministers) to strengthen the OMSAR mandate by establishing a task force for simplification in view of developing a Central Regulatory Authority.

The Council of Ministers is to adopt a plan for simplification and de-bureaucratisation, upon proposal from the OMSAR, inclusive of sectoral studies and definition of priority sectors to undergo review and simplification.

Once fully established, the Central Regulatory Authority is expected to issue internal regulations concerning its own internal organisation, attribution of tasks and responsibilities to its offices, internal rules of procedure, definition of regulatory principles and standards.

As far as the definition of policy options, the programme of de-regulation and simplification are concerned the Council of Ministers is supposed to define the line of action that the Government intends to pursue in the de-regulation / simplification process through the structures of initially a task force and subsequently through a CRA.

A system of permanent consultation between a CRA and Units for Simplification and Better Regulation is to be established in order to receive inputs from all Ministries concerning priorities and needs in terms of de-regulation and simplification and in order to harmonise strategies for "enhanced globalisation" in the de-regulation, simplification and re-regulation efforts.

Capacity has to be built among the staff to be assigned to the task force and the Units to be created within each Ministry. A programme of intensive training especially focused on simplification, better regulatory practice, normative drafting, IRA, management of public services and structures should be prepared and implemented as a priority step in the process of construction of offices charged with the tasks linked to better regulation.

Upgrading the quality of existing regulations and procedures affecting both the relationship between citizens and the administration and the internal functioning of the Public Administration

□ Rationale and Background

The body of existing regulations in Lebanon seems to be affected by most of the traditional problems which contribute to make rules and procedures difficult to adapt to a fast changing environment.

As already pointed out in the analytical section of this report the consolidated administrative routines and practice which characterises the Lebanese administration is supported by rules which favour redundant steps in the processing of formalities and require several controls due to their complexity.

The outcome is a bureaucracy engaged mostly in verifying the accuracy of its actions as primary occupation losing sight the purpose of regulations with increasing loss of authority, image and effectiveness. This provokes great dissatisfaction among citizens. Regulatory vacuum, regulatory inadequacy, regulatory pollution and inflation are permanent features of the Lebanese regulatory environment which need to be drastically reduced.

Problems such as :

- the presence of a simplification process primarily focused on containment of delays in service delivery;
- un-sustainability and ineffectiveness of simplified procedures;
- Absence of consolidated principles, instruments and work method in conducting simplification;

require the adoption of new principles and tools which transform the current simplification exercises from incremental processes of change into actions with more penetrating impact and aggregate effects on the regulatory environment. The following proposals can provide adequate means to overcome the constraints listed above.

The experience of other OECD Countries provides good examples of principles which can be adapted to the Lebanese reality. In a fast changing socio-economic environment the Lebanese Government is going to be bound to introduce new approaches in order to manage its service delivery capacity. To this effect serious consideration is to be given to the incorporation of principles such as "*horizontal subsidiarity*" and "*vertical subsidiarity*" in the rules and procedures which a task force growing into a CRA shall establish for the correct performance of de-regulation and simplification.

According to the principle of "horizontal Subsidiarity" the State administration withdraws from activities that can be done better by the private sector (citizens, business, non-governmental organisations) for profit or not. In this respect the EU best practice provides some examples such as the delivery and management of certain social and health services through non governmental or private organisations (

so called outsourcing) or the management and record keeping of industrial permits, commercial licences etc.. through the Chambers of Commerce and so forth.

As far as the "vertical Subsidiarity" is concerned the responsibilities and relationships between citizens and businesses and the State Administration are devolved to the lowest capable level of Government (Regional and Communal), or decentralised at the local level.

□ **General Objective**

The goal of this component is to enable Lebanese Public Administration to operate changes, through simplification and de-regulation, in the existing regulatory framework by using with appropriate of instruments and remedies in line with the best practice of OECD member countries. The specific objective of this action is to obtain a slimmer, unpolluted and deflated set of administrative rules and procedures which can encourage and satisfy the request of citizens (as entrepreneurs or as users of public services) for better service delivery, fair treatment, faster completion of administrative formalities, transparency and prevention/eradication of corruption.

□ **Activities**

A comprehensive review exercise of existing rules and procedures, perhaps limited at an early stage just to some critical sectors, such as banking, trade, financial services, should be undertaken in order to identify the most immediate needs for improvement and modernisation. According to the findings of such study action should be considered to be included in a major simplification/de-regulation initiative which would necessarily trigger a chain reaction of side initiatives thus making simplification more effective and sectorally organic.

The regulatory improvement programme in Lebanon should consider the adoption of a *Code of Administrative Procedures* focusing on improving the structure of each procedure by reducing steps in the procedures and limitation of mechanisms which reduce the capacity of the administration to delay or forbid action. The main instruments that this piece of legislation is to introduce would be for example : self-certification, substitutions of licenses with notifications establishment of one-stop-shops for specific sectors such as economy and business, social services, labour etc..

A few additional policy options are to be considered by the Lebanese Government in order to lead and successfully carry out a review of existing rules and procedures without limiting itself to reactive responses stimulated on a case by case as it is done now.

In order to overcome the detected absence of consolidated principles, instruments and work methods in the conduct of simplification, there is a need not only to upgrade but also *to rationalise the existing stock of laws*. This can happen by downgrading laws concerning administrative procedures and the organisation of public offices to subordinate regulations that can be revised by the Public Administration. The recourse to codification and consolidation or normative acts into **Single Normative Texts** is an option which the Lebanese regulatory authorities can not afford to neglect if they

want to carry out effective simplification. The rationalisation of the existing stock of rules and procedures should also involve the harmonisation of regulations issued by different ministries and/or in different periods, in order to reduce the negative effects provoked by contradictions, discrepancies and outdated provisions.

The establishment of a *central registry of all administrative procedures* is to be retained as a priority. The suggested CRA may be the depository centre of such registry. This instrument would enhance transparency for users in terms of content and formats of permissible regulatory actions. The registry is to be made accessible via Internet.

Another important activity that needs to be undertaken is to reform institutions belonging to the Lebanese Public Administration in the area of internal procedures. The task force at the beginning and the CRA subsequently could provide guidance and technical support to the efforts in reducing duplication of functions among ministries and other governmental bodies through elimination and improvement of administrative procedures. A definition of the line of action to pursue could be contained in *Annual Simplification Plans* (a sort of annual plan of action for simplification agreed in the Council of Ministers giving mandate to the a CRA for example to carry out simplification within a set time frame).

In support of the regulatory reform process affecting the functioning of organisational structures, harmonisation with the existing civil service legislation is also to be considered as a priority. Upgrading, adding, amending and simplifying rules and procedures governing the civil Service is a task to be implemented by the Civil Service Board with the technical support (for the portion of simplification, de-regulation and better quality of regulation) from a CRA.

□ **Suggested Line of Action and Required Support Inputs**

The Council of Ministers, thanks to the inputs received from the technical bodies in charge of simplification can adopt a Code of Administrative Procedures.

The regulatory authority in charge is supposed to launch an initiative for a comprehensive regulatory assessment in order to identify areas requiring most immediate simplification. Staff is to be identified and an inter-ministerial task force is to be established.

The task force is supposed to initiate to set standards and guiding rules for the formulation of STNs and start a comprehensive programme of rationalisation of the existing regulatory stock. To this effect appropriate training of the staff assigned to this function is to be planned and organised.

A central registry of administrative procedures and regulations is to be established as soon as possible possibly more likely within the Prime Minister's Office till a CRA is established. Rules and procedures for the creation and management of such service have to be established through internal administrative act of the planned CRA.

Training on simplification methods and management is to be organised for the staff operating within in the area of simplification and de-bureaucratisation,

Improve the quality of new regulations

□ **Back ground and Rationale**

The implementation of this component is important in order to avoid excessive emphasis on de-regulation / simplification which could result in permanent retroactive administrative improvement to the detriment of proactive modernisation.

Action in this area is not immediately required for the scope of this strategy. It is important, however to mention this component in order not to lose of sight the ultimate and a long term target of improving the regulatory framework in Lebanon. The strategy for modernisation and improvement of the Public Administration in Lebanon should be developed in a balanced way including policy options which can ensure long term improved regulatory quality.

□ **General Objective**

The general objective of this component is to attain improved regulatory quality by introducing new standards and appropriate instruments in line with the best OECD practice and recommendations.

□ **Activities**

The analysis conducted in preparation of this report has revealed that the rule-making practice currently in use in the Lebanese Public Administration is one of the causes of the weaknesses identified in the existing framework of rules and procedures. Simplification alone, as already pointed out can not represent a viable instrument for preventing the perpetuating of such weaknesses.

Administrative effectiveness and efficiency can be achieved by overcoming shortcomings such as :

- Inadequate mastery and use of instruments for improving regulatory quality
- Unclear interaction between Central and Regional levels of Government in the processes of simplification and re-regulation
- Absence of structured "consultation" with stakeholders in the conduct of simplification, de-regulation and re-regulation
- Tendency to opt for prevailing simplification and de-regulation over regulatory improvement

One option that a central regulatory authority in the Lebanese Public Administration is supposed to adopt is to set up adequate instruments and mobilise resources to **improve the efficiency of rule-making** by clarifying the rule making procedure of each major institution by preventing the proliferation of diverse rule-making standards and the presence of various piecemeal procedures as a result of past traditions and management models.

To this effect a central regulatory authority is to have capacity and structures adequate enough to stimulate efficiency in rule-making and quality control of regulation according on consolidated and unified standards.

Another option which a Lebanese CRA is to consider and systematically ensure it is performed correctly and punctually is **Regulatory Impact Analysis (RIA)** any time new regulatory initiatives have to be undertaken. Rules for the correct performance of RIA have to be defined, along with guidelines, by the regulatory authority as soon as possible. As well a programme of specific training on RIA methodology and use is to be organised for the staff expected to ensure and monitor the implementation of RIA.

Attention to policy results and performance by **assessing regulatory compliance and enforcement procedures** and integrating an assessment of feasible compliance strategies into the RIA process is to be retained by a future CRA as a further option to improve regulatory quality. Assistance and guidance in this respect is to be provided by the future Lebanese CRA in any new regulatory initiative started within the Lebanese Public Administration.

Once established, a regulatory task force it is to be attributed responsibility to ensure research and study of possible **alternatives to regulation** as a remedy to induce better regulatory quality and simplification and consequently reduce the incidence of regulatory inflation and pollution. The quality of alternatives both as rules and procedures is to be ensured thanks to preliminary RIA. To this effect the training programmes for staff of the Public Administration are to be planned and implemented.

A further responsibility of the proposed regulatory task force in its way to become a full CRA is to **encourage regulatory reform by co-ordinating initiatives with centres of local Government and by assessing them to develop management capacities for quality regulation**. This option is an important step in de-concentrating regulatory powers. The role of the projected CRA in this perspective should be to reduce the risk of possible incoherence and inefficiencies due to the managing of regulatory activities and reform at different levels of the administration. The definition of reliable and firm standards for regulatory quality and the monitoring of their respect are essential in this area of intervention where the CRA is expected to play a very important role.

Improvement in public service delivery requires as preconditions adequate information to be provided to users about the types of offered services, adequate information on rules and procedures which allow access to services and capacity of the Public Administration to be responsive to needs. A functioning public service delivery system requires a developed network of points of contact and communication with the citizens. In this perspective the future CRA can endorse the responsibility of promoting the development of **one-stop-shops** both at the level of central regional and local Public Administrations as instruments for improved and simplified management of formalities as well as improved regulatory practice for the purpose of outreaching citizens.

The practice of **regulatory consultation** with stakeholders is another task for which the suggested regulatory task force first, to be followed by the CRA is to be retained responsible in its future work. The consultation process is a sure and reliable guarantee in view of regulatory quality, transparency, legitimacy and compliance. A set of minimum parameters and criteria on consultation will also need to be established and harmonised for the whole rulemaking centres at both regional local and central Government levels. The CRA should ensure the integration of consultation as a requirement in the conduct of RIA.

□ **Suggested Line of Action and Required Support Inputs**

Standards for Regulatory Impact Analysis are to be clearly spelled and formulated in a policy guideline to be issued by the most appropriate authority with mandate for regulatory reform. The regulatory task force (first nucleus of the CRA) to be created within the structure of the Council of Ministers would be the most appropriate locus for such initiative.

A specific training programme for all rule makers in the Lebanese Public Administration is to be launched about the purpose and importance of the RIA. More specific training is to be planned and carried out on the technical aspects and methodology of IRA for the staff in charge within the CRA and the units for better regulation established in each Ministry in order to monitor the regular recourse to IRA.

Rules and procedures defining role and functions of specific one-stop-shops are to be drafted in order to make operational such important bodies. Administrative staff in charge of such shops is to be adequately trained to the new formalities and procedures in order to ensure their effective functioning. In this respect the initiative can be undertaken in the form of a decree to be prepared by the Council of Ministers with support from its most appropriate technical structure in absence of a fully fledged CRA.

Road-map to Achieve Improved Simplification and Regulation

Activity	Scope	Priority
<i>Establishing a functioning regulatory management system</i>	<i>To improve efficiency and effectiveness in managing simplification, de-regulation and better regulation</i>	
<ul style="list-style-type: none"> • Define the Mandate 	Ensure adequate flexibility and authority to the executive in leading simplification	1
<ul style="list-style-type: none"> • Adopt a Plan of Action 	Establish systematic review and priorities in order to avoid reactive simplification	1
<ul style="list-style-type: none"> • Design and Set up the Support Structure: 	Establish a reliable and permanent base of resources in charge of carrying out simplification as well as regulatory reform	1
Phase 1 : Establish a Task Force for simplification/deregulation	Achieve capacity for conducting in a structured way initial regulatory review and simplification	1
Phase 2 : Strengthen the Task Force with responsibilities for Better Regulation	Improve capacity with a view to future for an improved regulatory framework	2
Phase 3 : Establish a Central Regulatory Authority	Attain stabilisation in terms of capacity, remedies and strategies in the areas of simplification, de-regulation and re-regulation	3
<ul style="list-style-type: none"> • Strengthen sectoral regulatory capacity within Ministries and Agencies 	Broaden the capacity to simplify and better regulate within the Lebanese Public Administration.	1
<ul style="list-style-type: none"> • Create Regulatory Agencies 	Expand sectoral regulatory capacity and monitoring	2
<i>Upgrading the Quality of existing regulations and procedures.</i>	<i>Improve and make slimmer the bulk of existing regulations and formalities</i>	
<ul style="list-style-type: none"> • Adopt annual simplification Programme 	Plan coherently the exercise of review of the existing regulations and procedures	1
<ul style="list-style-type: none"> • Rationalise the existing stock of Laws 	Make accessible the existing regulations and organise them in a systematic order	1
<ul style="list-style-type: none"> • Create a Central Registry of Administrative Procedures 	Set up a transparent and accessible basis of reference for rules and procedures	2

<ul style="list-style-type: none"> • Adopt a Code of Administrative Procedure 	To reduce the capacity of the Public Administration to delay or forbid action	1
<p><i>Improve the Quality of New Regulations</i></p>	<p><i>Attain quality for new regulations and reduce chances of reactive regulatory review</i></p>	
<ul style="list-style-type: none"> • Set rules and procedures for correct implementation of Regulatory Impact Analysis 	Ensure applicable, simpler and effective regulation	2
<ul style="list-style-type: none"> • Set rules to ensure monitoring and assessment of regulatory compliance and enforcement procedures 	Ensure compliance	2
<ul style="list-style-type: none"> • Conduct research on most suitable measures as alternatives to regulation and define possible models 	Ensure coherent regulatory review and reform as well as recourse to modern technologies	2
<ul style="list-style-type: none"> • Set rules and procedures for co-ordination with local Government authorities on principles and instruments needed for better regulation 	Ensure standardisation of practice and rules	1
<ul style="list-style-type: none"> • Promote one-stop-shops at both central and local levels of Government 	Ensure easy and effective access to services and Public Administration	1
<ul style="list-style-type: none"> • Set rules and procedures for the conduct of consultation with stakeholders and local Government authorities prior to regulatory initiatives 	Ensure transparency and responsiveness in the rule-making process	2

Annexes

ANNEX I

Terms of Reference
Mission Short term Expert
Debureaucratization/Simplification of Procedures
ARLA-PMC Project

Background Information

The Short Term Expert proposed here is justified and budgeted in the PMC Work Plan July 2000-June 2001. The expert is scheduled under the project "*Performance Improvement Plan for Public Institutions*" which has as its first activity the design of a regulatory and procedural framework for the establishment of performance improvement plans for public agencies. The activity is to take place over the period November 2000 unto January 2001. This activity is still being evolved upon discussions with OMSAR and will most likely be split operationally into sub-activities concerning first simplification of procedures / debureaucratization, and secondly, performance improvement plans. The focus of the expert's mission is therefore shifted to the first sub-activity.

Specific objectives of the mission

Under the supervision of the Team leader, the Debureaucratization/Simplification of Procedures Expert will provide an assessment of the short, medium and long term bottlenecks / opportunities for debureaucratization and simplification of procedures in general. A focus will be on those procedures that have an immediate effect on public service delivery. Upon decision by the Office of the Minister of State for Administrative Reform, the expert will first conduct a review of a few agencies selected in order to gain first hand experience and case specific examples which may be generalised. These agencies will be selected by OMSAR before the expert arrives.

The expert will work closely with relevant expertise in the PMC and will liaise with OMSAR/IDU staff to the extent possible. He/she will also liaise with the leadership and relevant staff of agencies that have, by that time, been selected. A team from the Directorate General of Research and Guidance will be ready to act as his counterpart and provide him with necessary reports that they have prepared beforehand.

Main activities to be undertaken

- 1 Review of regulatory and procedural documentation regarding the agencies selected
- 2 Review of other relevant documentation (basic laws, earlier reviews / analyses) regarding debureaucratization in Lebanon
- 3 As a preparation to the design of a strategy for debureaucratization, the following further activities may have to be included:
 - a. Identification of key public services delivered by the agencies selected for review, and an assessment of their effectiveness
 - b. Interviews with key officers in the selected ministries and agencies on the nature and enforcement of administrative regulations and procedures of influence on direct public service delivery.
 - c. Assessment regarding the opportunities and implications for debureaucratization / simplification of procedures in these agencies.

The assessment should focus on internal regulation as well as regulation of third parties (if applicable).

- d. Present to the leadership of the selected agencies carefully identified and well argued opportunities for simplification of procedures and debureaucratization.
- 4 Drafting of a report with an inventory of the current problems and obstacles concerning simplification of procedures in the agencies visited. This on the basis of interviews with heads and staff of these agencies. The report should be concluded with a set of recommendations on debureaucratization and simplification of procedures for each of the agencies reviewed, with annexes on the further findings of the review made.
- 5 Drafting of a strategy for debureaucratization / simplification of administrative rules and procedures as to the delivery of basic public services, in terms of approach, objectives and goals, quality of service, incentives, programming, etc. This should also include an analysis to which extent such problems can be resolved at the agency level without a need for special decrees or revision of existing laws/decrees, and to which extent (i.e. in which areas) such problems need to be solved at the supra-agency level and with special legislation.

Location

OMSAR, Starco Building, 5th floor, Beirut and the offices of the selected agencies

Profile of the expert

The proposed expert shall have an advanced degree level qualification and a minimum of 10 years post-graduate experience in Public Administration, including experience in the field of deregulation, or simplification of administrative procedures. The expert shall be comfortable with direct interaction with the leadership and key staff in the various agencies and shall be able to present findings, conclusions and recommendations in a clear and stimulating manner, both in writing and by way of presentation. Good command of the French language is very desirable. Reporting will be in the English language.

Expected duration & start date

November 2000 – January 2001, for a period of in total 6 weeks and with an interval at end December. Depending on the outcomes of the mission further inputs will be considered.

Expected outputs

- 1) A document on problems, constraints of the agencies visited, with recommendations for each agency (see above).
- 2) A document on the strategy for debureaucratization within the public sector, identifying constraints, opportunities, and specifying the general approach to be taken.
- 3) Verbal presentation and related presentation materials on the subject

Reporting arrangements

The expert is expected to submit a (Standard) Mission Report at the end of his mission and before departure from Lebanon, conform the format and style of the ARLA Program.

ANNEX 2

Old Procedure for taxation of New Construction, modification or addition

Steps /Time for completion	Register	Supervisor	Chief Supervisor	Head of Bureau	Collection Bureau
1- submission of application, documents check and referral	Immediate				
2- studying and reporting					
3- referral to head of bureau					
4- referral to chief supervisor for technical studying and report					
5- referral to head of Bureau					
6- tax estimate					
7- tax estimate control					
8- referral to Chief Supervisor	Immediate				
9- registration in log book					
10- referral to Revenue for collection					
11- payment and referral to rent valuation					
12- control of rent valuation					
13- second control of valuation					
14- third control by collection dept.					

The flowchart illustrates the process flow between five entities: Register, Supervisor, Chief Supervisor, Head of Bureau, and Collection Bureau. The steps are as follows:

- Step 1:** Submission of application, documents check and referral. From Register to Head of Bureau.
- Step 2:** Studying and reporting. From Head of Bureau to Supervisor.
- Step 3:** Referral to head of bureau. From Supervisor to Head of Bureau.
- Step 4:** Referral to chief supervisor for technical studying and report. From Head of Bureau to Chief Supervisor.
- Step 5:** Referral to head of Bureau. From Chief Supervisor to Head of Bureau.
- Step 6:** Tax estimate. From Head of Bureau to Supervisor.
- Step 7:** Tax estimate control. From Supervisor to Chief Supervisor.
- Step 8:** Referral to Chief Supervisor. From Chief Supervisor to Register.
- Step 9:** Registration in log book. From Register to Supervisor.
- Step 10:** Referral to Revenue for collection. From Supervisor to Collection Bureau.
- Step 11:** Payment and referral to rent valuation. From Collection Bureau to Supervisor.
- Step 12:** Control of rent valuation. From Supervisor to Chief Supervisor.
- Step 13:** Second control of valuation. From Chief Supervisor to Head of Bureau.
- Step 14:** Third control by collection dept. From Head of Bureau to Collection Bureau.

République Libanaise
 Bureau du Ministre d'Etat pour la Réforme Administrative
 Centre des Projets et des Etudes sur le Secteur Public
 (C.P.E.S.P.)

ANNEX 3

Proposal for Improved Procedure for taxation of New Construction, modification or addition

Steps /Time for completion	Register	Supervisor	Chief Supervisor	Head of Bureau	Collection Bureau
1- submission of application, documents check and referral	Immediate				
2- studying and reporting		2 days			
3- studying, technical report and referral			2 days		
4- studying and referral				2 days	
5- establishing of tax		Same day			
6- tax estimate control			Immediate		
7- referral for approval				Immediate	
8- registration in log book	Immediate				
9- referral to revenue for collection					Immediate

ANNEX 4

Proposal of improved procedure for taxation in case of transfer of property by inheritance or sale or exchange

Steps /Time for completion	Register	Supervisor	Chief Supervisor	Head of Bureau	Revenue Director	Collection Bureau
1- submission of application, documents check and referral	Immediate					
2- studying and reporting		2 days				
3- studying, technical report and referral			1 days			
4- studying and referral				1 days		
5- establishing of tax		Same day				
6- tax estimate control			Immediate			
7- referral for approval				Immediate		
8- registration in log book	Immediate					
9- referral to revenue for collection					same day	
10- payment of dues						Immediate

ANNEX 5

Workshop Material

Regulatory Reform : Simplification Process

Regulatory Reform: The Simplification Process

In everybody's interest

The Fields of Administrative Reform

○ **Regulatory Reform or Better Regulation**

○ **Reform of the Civil Service**

○ **Devolution to Local Authorities**

○ **A ‘Performance-oriented’ Control in the Management of P.A.**

○ **Reorganization of the Central Government**

○ **Information Technology in P.A.**

Regulating Smarter

Australia : “ Minimum effective regulation ”

Canada : “ Regulating smarter ”

EU : “ Less action but better action ”

Germany : “ Make the State leaner-streamline bureaucracy ”

The Netherlands : “ Competition, deregulation and regulatory quality ”

Sweden : “ Better regulatory quality ”

United Kingdom: “ Fewer, better, simpler ”

United States : “ The American people deserve a regulatory system that works for them, not against them ”

Regulatory Reform : The evolution

REGULATORY
MANAGEMENT

REGULATORY
QUALITY
IMPROVEMENT

DEREGULATION-SIMPLIFICATION



Regulatory Reform: Simplification

Actions :

- Reduce the number of formalities;
- Simplify procedures
- Reduce the number of regulations
- delegislation
- streamline the Administration

Features :

- Risk to create a regulatory vacuum
- It is reactive and focused on decisions made in the past
- It tends to downsize government
- It tends to contain negative effects and inefficiencies provoked by inadequate management formulas

Regulatory Reform : Regulatory Quality Improvement

Actions:

- Improve regulatory process through :
Regulatory Impact Analysis
Public Consultation
Future planning
- Improve access to regulations through codification
- Update and review existing regulations

Features :

- Pro-Active
- Looks at future effects of regulation
- Focus on quality of regulatory initiatives
- recourse to alternatives to regulation thus simplifies the regulatory framework
- Neutral and pragmatic with respect to size of Government

Regulatory Reform : Regulatory Management

Actions :

- Upgrade effectiveness of regulatory regimes
- improve flexibility in regulatory regimes as conditions change
- implement long term structural reform within Government
- manage globalisation of regulation
- develop a wider range of alternatives to regulation

Features :

- system-based and pro-active with a long term strategic view
- focus on Government capacity for management and problem solving in changing environment
- Concern with aggregate effects
- Results oriented with respect to integrated policy objectives
- Neutral and pragmatic with respect to size of Government.

The SIMPLIFICATION process

- What is it ?
- Why should it be undertaken ?
- How should it be prepared ?

SIMPLIFICATION

A Definition

We can define Simplification the option which allows the Public Administration to reform its regulatory environment through a sequential process of regulatory review by means of deregulation and re-regulation.

simplification is intended as review and evaluation of existing regulations (normative texts) for the purpose of verifying whether they are effective, redundant, or complicated. In this respect *simplification* may have various meanings like: to abolish, amend, replace streamline, codify, add new provisions, reduction in number of normative acts, making slimmer legal texts

SIMPLIFICATION

What it should be

- **a process of updating and reviewing existing regulation with an eye to improving effectiveness of administrative structures and regulations**
- **recourse to alternative remedies (normative and non normative),**
- **flexible management with concern to optimal allocation and use of existing resources according to realistic assessment of needs and costs for all (service users and providers)**
- **simple, clear and accessible normative texts,**
- **reduction of number of rules and formalities with n eye to the real scope of regulations**
- **closer interdependence with Government policy orientations and sectoral scopes and priorities.**

SIMPLIFICATION

What it should not be

Simplification is supposed not to be :

- pure and simple deregulation
- isolated and ad hoc action without concern for aggregate effects
- a reform initiative disconnected from a process of globalisation of Regulation

Problems most frequently encountered

Regulatory Vacuum →

absent regulatory framework

Regulatory Inadequacy →

inadequate operational procedures, inadequate operational structures, excessive number of procedures involved for a single procedure

Regulatory Pollution →

contradictions and obsolete regulations, normative environment, multiple layers of rules which create uncertainty on the existing laws

Regulatory Burden/Costs →

excessive burdens on citizens, firms and public administrations

Regulatory Inflation →

excessive number of Regulations

SIMPLIFICATION : What does it entail ?

- Simplification may entail some form of Deregulation as partial Cancellation or Substitution of regulations and procedures
- Simplification to take place requires Delegation as substituting primary laws with Governmental decrees (secondary level regulation in two main sectors : administrative procedures and organisation of public offices regulation)
- Simplification is Reduction of un-necessary certification through recourse to Self-certification
- Streamlining procedures and reducing red-tape by setting fixed deadlines to end a procedure
- One stop shop : virtual and actual
- e-government



Regulatory
Pollution

Regulatory
Burden/Costs



Simplification

Regulatory
Inflation

SIMPLIFICATION : Why should it be undertaken ?

- **To improve economic performance**
- **To improve effectiveness and efficiency**
- **To enhance democratic values such as openness, self reliance, public participation and responsiveness**
- **To reduce the chances of corruption within the P.A. Generated by uncertainty on the applicable rules and procedures and repeated exposure to the discretionary power of the administrators**

SIMPLIFICATION : How should it be prepared ?

**Adopt policy and legal
instruments for
Simplification Exercise**

**Define Simplification
Strategy and set
priority sectors**

**Identify and Mobilise
stakeholders**

**Launch the
simplification process**

SIMPLIFICATION : Main points of concern

- **Scope of the regulation, procedure and formalities**
- **Cost effectiveness of the regulation, procedures and formalities**
- **Legality of the regulation and the procedures and formalities it establishes**
- **Clarity of the normative texts, of the procedures and formalities**
- **Publicity about regulatory changes and improvements**

SIMPLIFICATION : Check list for action

SCOPE :

- Identify the original scope of the regulation and evaluate whether it is still relevant and adequate in the present environment;
- Evaluate whether the scope of the existing regulation appears clearly and is not overshadowed by overlapping supplementary regulations; (regulatory pollution)
- evaluate whether the formalities which the regulation introduces are all essential and actually help the achievement of the scopes of the regulation;

SIMPLIFICATION : Check list for action

COST EFFECTIVENESS

- Evaluate whether regulation, procedures and formalities are needed or not
- Evaluate the cost benefits of the existing and/or of future simplified and improved regulations and procedures
- Evaluate whether alternative remedies, other than regulatory amendment, achieve simplification and ensure cost effectiveness

SIMPLIFICATION : Check list for action

Legality

- Evaluate the legal basis for regulation and conformity with the constitutional order and the legal system in general
- Evaluate which is the appropriate level of Government to take action
- Evaluate whether the regulation, procedures and formalities can be managed by different organs of the P.A. and delegated to other branches of the P. A.
- Consider how compliance is or would be achieved and which legal instruments are to be used or introduced paying attention not to make more cumbersome and complex rules and formalities

SIMPLIFICATION : Check list for action

CLARITY AND PUBLICITY

- Evaluate whether the regulation, procedures and formalities are user friendly (clear texts, consistent, realistic and comprehensible)
- Make sure to hear the views of all stakeholders are taken into account and a balanced formula in the interest of all (public interest) is consolidated (*Consultation*)
- Ensure publicity and information for the public concerning changes, improvements and innovation in regulations, procedures and formalities in order to enable “clients” to use them effectively

Consultation

- **Needed to take place with policy makers and stakeholders at the inception of the regulatory review process**
- **Needed to verify feasibility and sustainability of regulatory reform and assess pros and cons of deregulation and/or re-regulation**
- **Needed to keep stakeholders as participants in a process which is to be highly transparent**

Codification and Re-regulation

Regulatory
Vacuum

- Redrafting of regulations in clear and comprehensible language
- Integration of related regulations in consolidated normative texts (CNT) containing primary and secondary regulation for the purpose of substituting or improving pre-existent regulations
- Drafting of brand new regulations

Codification

&

Re-regulation

Regulatory
Inadequacy

Regulatory Impact Analysis

- What is it ?
- When RIA should be undertaken ?
- How should it be prepared ?

Regulatory Impact Analysis: What is it?

- **It is a process of evaluation of an issue or situation that has given rise to a need for new or improved regulation and compares the costs, risks, benefits of possible options dealing with that specific issue or situation.**
- **The output of the analysis is a Regulatory Impact Assessment paper which is used to accompany any new regulation or even when departments of the P.A. are first considering whether and how to regulate.**

Regulatory Impact Analysis

When should it be undertaken ?

- **As soon as the possibility of proposing new regulations or amending existing ones arises**

Regulatory Impact Analysis

How should Regulatory Impact Analysis be done:

Prepare a Regulatory Impact Report as follows :

- Identify the issue and objectives
- Risk Assessment
- Identify options
- Consider issues of Equity and Fairness
- Costs and Benefits
- Sectors most affected
- Compliance Costs for citizens
- Recommendations

Management System

Preconditions

- The highest law making authority of the State must empower through specific delegation the Government to carry out comprehensive regulatory reform
- In order to attain Simplification/Deregulation, the highest law making authority of the State must expressly grant authority to the Government to substitute primary laws with Governmental decrees (second level regulation) in two main sectors : administrative procedures and regulations and organisation of public offices

Regulatory Reform

Possible support framework for Simplification and Regulatory Reform

- **A central bureau for regulatory reform within the Government structure (possibly within a Ministry)**
- **Better Regulation units in each Ministry**
- **Regulatory Agencies in charge to ensure fairness, equity and simplicity in the delivery of services to public.**

Case Study N.1

WORK PERMITS

The Case

The preliminary authorisation procedure involves a seven steps process which includes 4 levels of review and approval culminating with the final signature of the Minister of Labour himself.

Step 1 : Filling and submission of an application form (to be completed by the employer),

Step 2 : Application checked and approved by a Ministry of Labour officer,

Step 3 : Application checked and approved by Supervisor,

Step 4 : Application checked and approved by Chef of Service,

Step 5 : Application checked and approved by Director General of the Ministry of Labour

Step 6 : Application checked and approved by the Minister of Labour

Step 7 : Application checked and approved by National Security.

The Case

Once all approvals are obtained the employer sends the original preliminary permit to the future employee abroad who presents it to the Lebanese consular authority in order to obtain an entry visa. The visa is not a work visa. The applicant is supposed to submit to the consular authority, along with the visa application :

- copy of a personal insurance policy,
- results of medical tests,
- passport and
- payment for the visa.

The Case

The requirements for issuing of a work permit once the foreigner has reached Lebanon entail for the candidate for the permit to prepare a file containing the following documents :

- Application for the work permit
- copy of a personal insurance policy,
- results of medical tests,
- passport
- Work contract
- Copy of the Identification Card of the employer
- 2 photos
- State Stamps

The Case

When the documentation is being submitted the following procedure starts for the issuing of the Work Permit :

- Step 1 : Acceptance of the application at the competent office in the Ministry of Labour,
- Step 2 : Application checked and approved by MoL officer;
- Step 3 : Retrieval of copy of the preliminary work permit
- Step 3 : Application checked and approved by the Chief of Department
- Step 4 : Application checked and Approved by the Chief of Service
- Step 5 : Application checked and approved by the Director General of the MoL.

This procedure is supposed to last 7 days and applies only for the Beirut city area while in the region of Lebanon Mount the procedure ends with the Approval of the Chief of Department.

Comments

Regulatory Inadequacy/Inefficiency

The procedure reveals to be highly time consuming, and inadequate to ensure a control system over the inflow of immigrant workers, the screening of their actual identity. It seems more meant to ensure tight controls on the quality, accuracy and integrity of the work carried out by the staff of the MoL than with the actual protection of the interests of domestic employers and foreign workers

If properly trained the existing staff would be more than sufficient to carry out higher levels of controls with a higher and fast completed paperwork and higher daily rate of productivity.

All controls carried out in the Ministry of Labour are related paper work is carried out manually with a highly inefficient use of human resources.

An improved distribution of the work day in hours dedicated to deal with the public and hours for the processing of papers would ensure a better service to clients, more rational completion of workloads, more accurate controls

Comments

Regulatory Burden and Costs

The burden that the revised procedures entail on the public administration is significantly high and disproportionate to the very scope of the procedures themselves.

The requirement of having the signature of the Minister of Labour on the preliminary work permit is by far excessive and it is a burden on the Minister in consideration of the more important functions that he or she is expected to carry out as well as it is a burden, in terms of time consumption, for the administration which has to depend on the Minister's signature and follow up on the actual final signing

Comments

Regulatory Pollution

It is unclear why the procedure for issuing a work permit to foreign workers (house keeping) which applies for the Beirut city area is different for the region of Lebanon Mount where the procedure ends with the Approval of the Chief of Department. This generates disparity in the application of rules and procedures leaving a more complex system in Beirut city

Comments

Regulatory Inflation

According to the current regulations there are different procedures for the issuing of work permits applicable to different categories of workers (i.e. male or female housekeeping helpers, foreign professionals etc.) This creates an complex framework of rules leading very likely to disparity in treatment and uncertainty concerning rights and obligations

Comments

Risks and consequences

The following risks and consequences are more likely to occur :

- piling up of big volumes of documents to be processed daily
- inaccurate controls of the submitted documentation
- absence of a reference data base of immigrant workers
- inadequate controls over the amount of illegal immigrant workers
- difficulties in planning, monitoring and timely completing the renewals of permits
- impossibility to establish work plans and rationalise overall service delivery

Case Study : how to simplify

Branches of the Administration involved

- Ministry of Labour** (regulations and procedures for work permits for all categories of foreign workers)
- Ministry of Health** (regulations concerning health requirements for all foreign workers and health insurance coverage)
- Ministry of Social Affairs** (regulations concerning social security rights and duties for foreign workers)
- National Security** (regulations concerning clearance, immigration, residence of all categories of foreign workers)
- Ministry of Foreign Affairs** (regulations concerning consular role in issuing visas and immigration permits)
- Ministry of Finance** (regulation on income taxation for resident foreign workers)

Case Study : Alternatives

issuing of the first work permit

substantial changes should take place in order to distribute the workload on other services.

• The authority entitled to deliver visas (i.e. the consulates of Lebanon abroad) should be the locus of delivery of work and immigration visas. it is more rational to empower the consular authority to carry out this task in the form of a specific visa.

• Along with the work visa the consular authority should deliver a certificate to submit to the MoL for the issuing of a work permit card.

• the staff of the MoL would be able to log on their computers all data concerning the work permit for future renewal purposes

Case Study : Alternatives

Step 1 : submission to the consulate abroad of visa application supported by the following documents :

- Preliminary work permit obtained from the employer
- Proof of a personal insurance policy,
- Results of medical tests,
- passport
- Work contract
- Copy of the Identification Card of the employer
- 2 photos
- State stamps

Step 2 : review and approval of documents to be carried out by immigration officer.

Step 3 : control and authorisation to issue the work visa and immigration certificate to be carried out by the consul.

Step 4 : Presentation from the applicant for work permit of the work visa and immigration certificate to the competent office in the MoL territorially competent to issue the work permit

Step 5 : Control of the validity of the submitted documents and logging on the computerised system

Step 6 : Issuing of a work permit

Case Study : Conclusions

Efforts should be made to integrate and harmonise all these regulations into one single normative text in view of ensuring fair treatment of foreign workers, transparency in the application of law and clarity concerning rights and duties of employers and employees as well as the role of the state as guarantors of social rights and fair fiscal treatment

This particular case provides a good opportunity for considering a possible scheme of interdepartmental involvement in establishing a new simplified and integrated Single Normative Text (SNT) regulating the whole area of employment for foreign citizens.

Case Study N. 2

RENEWAL OF WORK PERMITS

Case Study N. 2 : The Case

As far as the procedure for the *renewal of the work permit for foreign citizens* is concerned the applicant must submit the following documents :

- Application form filled by applicant
- Copy of the personal insurance policy
- notarised copy of the new contract (notarisation costs 100 US\$)
- Copy of applicant's passport
- Copy of employer's identification card
- 2 photos of applicant
- old work permit card
- paid State stamps.

The procedure is similar to the one described for the issuing of the work permit with the only difference that it finishes with the approval of the Chief of Department unless there is a change of employer.

Case Study N. 2 : Comments

As far as the client (applicant) is concerned the most significant burden is the requirement to have the contract for renewal to be notarised at the price of 100US\$ annually. This is an un-necessary aggravation (basically a very well concealed form of fiscal imposition) which is not justified and that benefits only notaries and the State fiscal system without providing any guarantee that the renewed contract covers the same physical person as it is supposed to be.

Case Study N. 2 : Simplification

As far as the renewal procedure is concerned it can only be simplified if the computerisation of the competent service in the MoL wher it has taken place. In that case the procedure can be simplified in the following way :

Step 1 : 4 weeks before the expiry date of the permit the computerised system issues a note to both employer and immigrant work to report to the territorially competent office in the MoL to complete the formalities required for the renewal of the permit.

Step 2 : within 4 weeks from the notice both employer and immigrant worker co-sign in front of the competent officer of the MoL a declaration confirming the extension and terms of the existing contract.

Step 3 : the competent officer of the MoL updates the computer record and immediately issues a renewed work permit.

Case Study N.2 : Conclusions

The whole procedure is to be completed immediately without delays upon signing of both employer and employee of the extension declaration.

The declaration is not to be subject to any taxation or payment of fees. The only charges are the ordinary ones foreseen for the work permit

The computerised system is to be networked with the competent office in charge of internal national security and in case of non compliance of the employer and immigrant worker with the request to report to the MoL to complete the renewal procedure or in case of declared intention not to renew, the system should prompt a warning to the authority in charge of national security in order to start a deportation procedure against the immigrant worker who has lost the justification of his/her presence in the Country