Republic of Lebanon
Office of the Minister of State for Administrative Reform
Center for Public Sector Projects and Studies
(C.P.S.P.S.)

Assessing Corruption in Lebanon

A Country Report Within the Framework of the
Global Programme against Corruption

Center for International Crime Prevention (CICP)
United Nations for Interregional Crime and Justice Research Institute (UNICRI)

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A.   INTRODUCTION.

A1.   Background

Corruption, defined as the abuse of public power for private gain, has long been a politically sensitive subject that few governments were willing to discuss openly. Governments at both sides of the political division of the cold war were disinclined to address problems of corruption either within their own systems or in those of aligned countries.
Recent years have seen a radical change. Problems of corruption are now openly addressed in international and national fora. There is a growing tide of awareness throughout the world that combating corruption is integral to achieving more effective. fair and efficient government. More and more countries view bribery and cronyism as a serious roadblock to development and are asking the UN to help them gain the policies and tools to curb such practices.
In resolution 1999/22 of the Social and Economic Council of the United Nations, the Vienna-based UN Office of Drug Control and Crime Prevention was requested to continue to develop an effective global programme for providing technical assistance to fight corruption. Hence, the Centre for International Crime Prevention (CICP) of the UN Office of Drug Control and Crime Prevention (UN ODCCP) launched in 1999 a Global Programme against Corruption, with pilot projects in selected countries in Africa, Asia, the Middle East, Latin America and Eastern Europe.

The causes of corruption are attributable to many factors including cultural and sociological philosophies, commercial environment, the effectiveness and sufficiency of criminal law and judicial performance as well as many other variables. Corruption reduction efforts including law enforcement training, prosecutorial measures, public education programs and social control mechanism need to be developed and tailored to the particular environment for which they are designed.

Recognising that the phenomena of corruption are attributable to many factors, the Global Programme advocates a broad and integrated approach to build integrity to fight corruption. It is a widely accepted fact that reducing corruption will require a broad range of titan efforts by government, the private sector and the public.

The Global Programme against Corruption seeks to help Member States build integrity to combat corruption through the implementation and evaluation of national and regional anti-corruption programmes aimed at increasing the risk, cost and uncertainty for those engaged in the abuse of power for private gain through:

-       General assessment of corruption
-       Facilitating an integrated approach in collaboration and partnership with other donors
-       Promoting integrity, efficiency and effectiveness of the criminal justice system including the courts

Considerable progress has been made in refining, implementing and raising awareness about the Global Programme against Corruption. Increased substantive expertise, dissemination

of information and visibility for the programme has been achieved. A web page of the programme has been launched and is continuously updated as a part of the Centre's web site (www.ODCCP.org/corruption.html). The programme has developed a draft Anti Corruption Tool Kit and a draft UN Manual for Anti Corruption Policy. Tool Kit and Manual are designed to provide practical and, at the same time, technical guidance for policy makers in their fight against corruption.

A.2   Defining corruption

The classical definition proclaims corruption as the use of one's position for illegitimate private gains. Abuse of power and personal gain can occur in the public and private domains and often in collusion with individuals from both sectors. Hence, for the purposes of this report, the following definition will be adopted: "Corruption is the behavior of private individuals or public officials who deviate from set responsibilities and use their position of power in order to serve private ends and secure private gains".

"Grand corruption" and "petty corruption"

In recent years, corruption has been identified at the highest levels of government in many countries, leading to the broad erosion of confidence in good governance, the rule of law and economic stability in the countries concerned. Massive financial losses have been detected, and in several cases, governments have fallen. These cases are often referred to as "Grand Corruption" cases.

At the other extreme, corruption can involve the exchange of very small amounts of money or minor favours by those seeking preferential treatment, the employment of friends and relatives in minor positions, and the like. These cases will be referred to as "petty corruption" cases.

One of the most common forms of corruption is bribery. The essence of bribery is the giving of some form of benefit to unduly influence some action or decision on the part of the recipient of the bribe. Cases of bribery can be initiated either by a person who seeks bribes (solicitation) or a person who offers bribes. Bribery is probably the most common form of corruption

Examples of bribery include the following:

1. "Influence-peddling", in which public officials or other political or government insiders offer to exert influence not available to outsiders.

2. Offering or receiving improper gifts, gratuities, favours or commissions.

3. Officials who work for or supervise revenue-collecting agencies, such as tax authorities or customs officers, may be bribed to reduce or eliminate amounts of tax or other revenues to be collected; to conceal or overlook evidence of wrongdoing, including tax infractions or other crimes; to ignore illegal imports or exports or to conceal, ignore or facilitate illicit transactions for purposes such as money-laundering.

4. Law-enforcement officers, prosecutors, judges or other officials may be bribed to ensure that criminal activities are not investigated or prosecuted, or if prosecuted, that a favourable outcome will result.

5. Public or private-sector employees responsible for negotiating contracts for goods or services may be bribed to ensure that contracts will be made with the party paying the bribe and on favourable terms.

Extortion is the negative equivalent of bribery, and many of the scenarios above also apply here. Where bribery involves the use of payments or other positive incentives, extortion involves coercive incentives such as the use or threat of violence or the exposure of damaging information in order to induce cooperation. As with other forms of corruption, the "victim" is usually either the public interest in general or those individuals adversely affected by a corrupt act or decision. In extortion cases, however, a further "victim" – the person whose cooperation is coerced – is also created.

Other common types of corruption include embezzlement, conflict of interest, favouritism, nepotism and clientilism and improper political contributions.

A.3 Methodology of the assessment

Generally, the Global Programme against Corruption advocates anti-corruption strategies based on the following principles.

— *Strategies should be evidence-based.* The success and credibility of strategies will depend to a large degree on the ability of advocates to demonstrate concrete results, not only in reductions in corruption, but against social, political, economic and other criteria. This requires that strategies be based on concrete evidence, both in assessing the needs of each country and setting goals, and in assessing whether those goals have in fact been achieved.

— *Strategies should be comprehensive and inclusive.* The principle of inclusiveness applies not only to the elements of anti-corruption strategies, which must address all significant aspects of the problem, but also to the participants and stakeholders in anti-corruption measures, and to elements of civil society and populations in general, whose vigilance and support for anti-corruption measures is critical for their success.

— *Strategies should be integrated.* Anti-corruption strategies which successfully bring together disparate elements and stakeholders into a single unit require internal integration to ensure that each part of the strategy and each party to it will work together harmoniously, avoiding inefficiencies and inconsistencies which could weaken the overall impact. It is also important that anti-corruption strategies be integrated with other major policy agendas of the countries involved, such as those for social and economic development and criminal justice.

— *Strategies should be transparent.* Transparency as a necessary element of public vigilance is widely-advocated as a necessary condition for good governance and the rule of law and as an important element of the fight against corruption. It is important that

anti-corruption strategies lead by example, and the incorporation of transparency as a basic principle also helps to protect anti-corruption measures from being themselves corrupted.

_ *Strategies should be non-partisan.* The fight against corruption is an ongoing effort which will generally transcend the normal succession of political governments, and which therefore requires multi-partisan commitment and support. Since corruption invades the political structure of many countries, it is also important that partisan politicians considering their support for anti-corruption measures have assurances that their political adversaries also support such measures.

_ *Strategies should be impact-oriented.* Clear objectives should be set for overall strategies and their constituent elements, but the establishment of objective and measurable criteria against which progress can be tested are also essential. In many cases, these may need to be reviewed periodically in light of experience in the field.

In this context , data collection is an important proportion of the entire initiative. The data is necessary for evidence-based planning and decision-making, as well as for transparent impact monitoring. The assessment component as envisaged by the GPAC includes a standard methodology that each participating country may adapt to local circumstances.

An integral part of the CICP country project is an in-depth assessment of the extent and nature of corruption phenomenon in the country. Such a comprehensive diagnostic assessment is of course not a goal in itself. Its results will help responsible actors to determine the best possible course of action and to provide benchmarks against which the success of measures can be determined. Through wide dissemination of the results, the government can raise the awareness of stakeholders and increase public confidence in the state of both the public at large and international observers.

When objective and reliable evidence provides indicia of corruption together with its potential ramifications on every level of the nation's health, such a diagnosis should be considered a small cost to pay in light of the returns that can be achieved by a thoughtful course of improvements. An independent diagnostic assessment must be accepted as a crucial precondition for any impact-oriented anti-corruption strategy.

The government of Lebanon agreed to the conduct of such an independent assessment as part of the CICP Project. UNICRI, a UN research Institute1 , was entrusted with the assessment component of the project. Following an open tendering procedure, the study was sub-contracted to a local company, Information International SAL. This company was selected in consultation with the National Steering Committee, established by the Cabinet of Ministers. Preliminary results of the study were released through a power-point presentation by the local company at a seminar on 22 January 2001 with attendance of CICP and UNICRI representatives.

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1 The Board of Trustees of UNICRI is selected by the Commission of Crime Prevention and Criminal Justice, a functional committee of the United Nations Economic and Social Council,

Key findings were subject to thorough debate at the workshops during the seminar and were also widely reported in the media.

In order to clarify the respective roles of the organizations involved, the decision was made to treat the report of Information International as an internal document and to prepare a joint CICP/UNICRI report on the assessment.

The country assessment was conducted with the co-operation of different national and international partners. Important elements of the assessment are :

1. A *desk review* aimed at compiling all relevant anti-corruption information.

2. *Public opinion surveys* among samples of the national population allowing estimates of corruption levels across key institutions.
In the case of Lebanon, at the beginning of the project, the Lebanon Anti-Corruption Initiative sponsored by USAID in 1999 had just finalised a module of surveys on corruption (the 1999 Benchmark Polls on Corruption/ Koullouna Massoul). The results were made available to the UN project, thus reducing the need for the collection of original data on various issues. Parts of the survey were repeated in August 2000, with a few selected questions added, by Information International as part of a post-election poll.

3. The *focus groups*, to promote in-depth discussion with opinion makers or targeted interest groups in government and society. Using this technique, detailed information can be gathered about perceptions of corruption, what they consider as causes and what the government needs to do in order to fight it. 12 Focus groups were convened with representatives of donors, education sector, citizen's (2), media, private sector, local administrators and public officials

4. The *case study,* as elaborated by local experts, to describe typical corruption cases in detail as a means of facilitating a better understanding of how corruption actually occurs. Well-documented practical case studies are expected to help anti-corruption agencies fine-tune their measurement as well as to make the public and potential whistleblowers more aware. The National Integrity Steering Committee picked the following case studies: Customs, Elections and Complaints Office in the President's Palace

B.   EXTENT, NATURE AND IMPACT OF CORRUPTION IN LEBANESE SOCIETY

B.1.   Corruption as perceived by the Population

There appears to be a consensus among the Lebanese population and among high public officials, business leaders, academics and civil society activists on the definition of corruption as adopted above with some exceptions. Some argue that "there is no consensus on the definition of corruption in Lebanon and that there is a good percentage of the Lebanese who believe bribery in public administration, or bakhshish, is an accepted form". Others would say that this definition is too general and that "corruption is breaking the law or justifying non-implementation of laws for personal interests or private gains".

In the Focus groups participants were asked to assess the dangerousness of certain types of crime on a scale of 0 to100. Table 1 shows results.

Table 1: Classification of Crimes by their Degree of Dangerousness   (0% not dangerous- 100% very dangerous), by different focus groups

FOCUS GROUPS	Swindling	Accepting Bribery	Embezzlement	Armed Robbery
Donors	50	83.4	66.6	50
Education Sector	87.5	75	50	37.5
Citizens (2)	63.7	54.6	63.7	36.4
Citizens (1)	40	80	100	40
Media	50	100	100	50
Private Sector	50	100	66.7	33.4
Local Administrators (1)	44.4	66.6	66.7	55.5
Public Officials	100	100	57.1	57.2
Average	60.7	82.6	71.35	45

Table 1 shows that the participants of the focus groups together ranked "bribery" as the most dangerous crime of the four types of crime considered (an average score of 82.6), followed by embezzlement (71.35).

46%-72% of the general public "strongly agree or agree" that corruption entails: bribery, kickbacks, acceptance of gifts, nepotism, tax evasion, abuse of power, self-illegitimate profit, adopting legislation to serve the people in power positions, mismanagement of public funds, extortion, multiplicity of law, leniency, discrimination, non-transparent behavior, illegal tendering of contracts, expropriation of public properties and gerrymandering (Benchmark Polls on Corruption in Lebanon 1999).

B.2.   Corruption in international perspective

Data on corruption in Lebanon are extremely scarce in international databases. The country did not participate in the UN International Crime Victim Survey, nor was it ever included in the Transparency International Corruption Perception Index.

With respect to the International Crime Victims Survey , a comparable question dealing with requests of bribes was included in the citizen's survey carried out in Lebanon by Information International in 2000 as a follow-up to the 1999 Benchmark Polls on Corruption. The sample size was limited (1350), especially in Beirut (186 respondents) and the questionnaire item was not identical to the one used in the ICVS (private sector corruption was added). The inclusion of the item in a survey focussing on corruption rather than on crime in general may have inflated results further. For these reasons, the results cannot be used confidently for comparative purposes.

The percentage of citizens who claimed to have paid bribes or had been asked to do so in the course of the past twelve months was 28% in the national sample. This percentage is relatively high in a global perspective but falls within the range of the percentages found in Latin America and other countries in the Middle East and North Africa. The percentage was higher in Beirut (over thirty percent). Similarly high percentages can be seen in ICVS surveys in Tirana (Albania), Jakarta (Indonesia) and Cairo (Egypt). Other ICVS city surveys generally showed lower rates.

The Lebanese result is an indication that local corruption problems are relatively severe. These results, for the methodological reasons mentioned above, should be interpreted with due caution.

In the ICVS survey, citizens reporting that they have paid bribes are asked which sort of official was involved. In the Lebanese study, 50 % of the bribe-givers mentioned government officials as the bribe takers or solicitors. The second most frequently mentioned category was police (17%). If this data is reliable, the proportion of bribes taken by government officials is higher than in most other countries where, conversely, the proportion of police-related bribes is higher than that for government officials. These findings would tend to indicate a relatively prominent involvement of government officials in corruption in Lebanon.

The Institutional Country Risk Guide (ICRG) regularly collects data on a number of indicators that may be related to corruption. Some regional analysis is available, such as, for example, a 1998 study conducted by the Economic Research Forum for the Arab Countries, Iran & Turkey.

The study examined the performance of seven Middle-East North African (MENA) countries, namely Egypt, Iran, Lebanon, Morocco, Saudi Arabia, Syria and Turkey, with respect to five ICRG indicators in comparison to the average of the MENA countries.

The five indicators included "Government repudiation of contracts", "Risk of expropriation", "Rule of law", "Corruption in government" and "Quality of bureaucracy".

The three latter indicators appear most relevant to an assessment of corruption and the performance of Lebanon was as follows:

1. Rule of law:

Lebanon improved from a score of 1 in 1985 up to 4 in 1997, but still remained below the MENA average.

2. Corruption:

Lebanon showed a worsening of the perceived problems of corruption. The scores show a steady trend downwards between 1985 and 1997, moving from 3 to 1 (below average).

3. Quality of Bureaucracy:

Lebanon did not show any significant change along this indicator between 1985 and 1997, always remaining at the level of 2 (below average).

B.3. National surveys and focus groups

The efforts made by the country to address corruption over the past few years were accompanied by an increasing number of studies on corruption commissioned by the Ministry for Administrative Reform (OMSAR) in 1997 and the United States Agency for International Development (USAID) in 1999.

The findings of the OMSAR 1997 study revealed that in the eyes of public opinion, corruption had penetrated the highest levels of government and had become the rule rather than the exception.

According to the survey among the general public, carried out by Information International in August 2000 (N= 1350), fifty one percent of public regard corruption as very common and 27 % as somewhat common. These findings seem to indicate that corruption is seen as systemic by a majority of Lebanese citizens. This is further corroborated by the finding that 69 % of the public agree or strongly agree with the statement that ' illegal payments are common in the public sector'.

There was no agreement among the respondents whether corruption went up or down over the past three years. 31% said that it remained the same and a few more (37%) said that it increased. Among the 20 % who answered that corruption decreased, the majority said that that was because of government anti-corruption policies and greater transparence in government.

As regards the future, more than 40 % of the respondents believe that corruption will stay the same and more people think it will increase (28%) than decrease (21). In Beirut, the expectations are somewhat more positive: 29 % expect a decrease and 18 % an increase.

B.4. Perception of extent of corruption in various sectors

Ranking on a scale 1 to 5 (very much to not at all) the perceived spread of corruption in various sectors, the vast majority of both the national and Beirut samples assigned very low scores (between 1 and 2) to the government, national policies , parliamentarians, politicians and the business sector. A slightly better rating was reserved for the police and the judiciary, while the best scores were given to the respondents' own institutions. This was mostly evident in Beirut, where approximately half the respondents said there was no corruption at

all in their own institution. This self-estimation seems to show that there is a desire among Lebanese citizens to distance oneself from corruption or to deny its existence in ones own institution, no matter how pervasive it is perceived by others to be.

a. *Perception of corruption in public administration*

Corruption was seen to be most prominent in the public sector. Not surprisingly, its employees were perceived as corrupt as well. In 1999, a statement on public employees being interested in money and profit ("civil servants work in order to take bribes") attracted 37% of the responses. In 2000 again, the aspect that mostly disturbed respondents was that civil servants "accept gifts and invitations", which was selected as main complaint by 31%. Of the respondents 69 % agreed or strongly agreed with the statement that "irregular and additional payments in the public sector' are common".

The Customs case study elaborates on the complicated customs procedures and the bribe payments associated with them, amounting to an estimated total of $ 10 million per year. A participant of the citizens focus group questioned ' how a civil servant in the Urban Planning Directorate requested a payment of US $ 250,000 to process a building permit, the government did nothing and the requested sum was duly paid".

b. *Perception of corruption in the judiciary*
In 1999, the judiciary was perceived as "corrupt" by 48% of the respondents. In 2000, approximately half of the national sample agreed with the statements "irregular, additional payments to the judiciary are common" (51% gave scores 1 and 2 on a 1 to 5 scale) and "the judicial body in Lebanon is not independent to decide policies" (49% by the same criteria). During the Focus Group discussion on the judiciary, judges and lawyers expressed concern about lack of independence, understaffing, low wages and severe backlogs in case processing.

c. *Perception of corruption in the business sector*
According to 71% of the respondents, "the cost associated with irregular, additional payments are a serious obstacle for doing business". However, fewer respondents (43%) stated that often or very often companies operating in their line of business had to pay additional fees for carrying out their operations.

d. *Perception of corruption in the media*
In 1999, the majority of respondents stated that ,in their opinion, the press is independent in revealing corruption. This was again the case in 2000, since most people (64%) believe that the media is independent in dealing with corruption. Only 3 persons as an important cause of corruption indicated the "mass media being dependent". According to the respondents, the media in Lebanon perform their critically important democratic functions fairly well. The media seem to play a very important and credible role in unraveling corruption cases and passing around anti-corruption messages.

<u>Table 2</u>: **Coverage of corruption cases in Lebanese media, past twelve months (1999)**

TV Channels	Shows (Weekly)	Corruption as a Subject (%)
Tele Liban	Al-Raie Al-A'am – (10 shows)	60% of calls bear on issues of corruption
Future TV	Mouzam El-Nass – (9 shows)	20% of interviews are related to issues of corruption according to Mr. Samer Hamzeh
	Syra Win Fatahet – (11 shows)	10% "However 50% of Viewers Calls is Related to Corruption", Anchorman Z. Kumejian
MTV	Sajel Mawkef – (7 shows)	High percentage of calls and considerable portion of interviews are related to corruption
LBC	Kalam El-Nass – (9 shows)	
	Hiwar El-Omor – (9 shows)	
NBN	Shou Meshkiltac – (8 shows)	"Most Calls are Related to Corruption", Anchorwoman T.Halabi
	Mokhtasar Moufeed – (9 Shows)	Corruption was a major topic in all interviews
Manar	Al Wajeh Al-Akhar – (10 shows)	20% - Special interviews on administrative reform and corruption

Radio Channels	Show	Corruption as a Subject (%)
Sawt Lubnan	Saloon El-Sabet (Weekly)	50% of interviews are related to corruption
	Shakawa Al-Nas(5 Days /week)	"20% of Calls Related to Corruption in the Social Security Fund", broadcaster N. Elias "60% to Delays in Public Projects by Municipalities and CDR", Broadcaster N. Elias "20% Lack of Knowledge about Official documents", Broadcaster N. Elias "Annual Average of 12 years 30% of Calls Related to Corruption", Broadcaster R. Abi Nader
Sawt El Shaeeb	Nahna El-Nass (2/week) (9)	"15%", Broadcaster B. El-Hakim
Lubnan El Hur	Sho'oon Hayatiah (9)	"10%", Broadcaster K. Sasi

Newspaper	Section (Daily)	Corruption as a Subject (%)
Al-Nahar	Maksam	20% Corruption - 40% Bureaucratic Delays - 40% Unfamiliarity with Bureaucratic Procedures
As-Safir	Nahnou Maak – (6)	30% Corruption - 40% Bureaucratic Delays - 30% Unfamiliarity with Bureaucratic Procedures
Mustakbal	Kadaya El-Nass (10)	30% Corruption - 30% Bureaucratic Delays - 40% Unfamiliarity with Bureaucratic Procedures

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In Lebanon, the relatively intensive media coverage of the phenomenon of corruption in general and specific cases of corruption is indicators of both its proliferation and the public's desire to curb it. Table 2 demonstrates that corruption had received ample coverage throughout the last 12 months.

Nevertheless, participants of the focus group on the media criticized the major role of private owners and the close political affiliations of owners and publishers. Investigative journalism was said to be hampered by lack of funding. Participants also cited instances of self-censure by the media. For example, a female journalist conducted an investigation on the pollution and diseases caused by the emission of smoke and dust from a renowned factory in Lebanon. The investigation was underpinned by medical and environmental reports. However, the paper's administration went against the publication of the investigation due to the family ties between the newspaper's owner and the factory's owners (focus group Media)

e.   Perception of corruption in the municipalities
Administrative decentralisation started recently in Lebanon and was accompanied by high expectations regarding promotion of democratic values and transparency in administration. The assessment of their efficiency in monitoring the use of public money as measured by the 2000 questionnaire reveals that at the national level, 45% of the respondents agreed on their efficiency and 28% disagreed, leaving approximately a quarter of the sample who did not express any judgement. The situation looks less favorable in the city of Beirut where 52% said that the municipality was not run efficiently and only 16% approving of their work, with a third of the sample not taking sides on this matter.

The following two cases, taken from the focus group reports, are indicative of the problems encountered by citizens.
1. One participant told the story of his friend from an Arab Gulf country, who bought an apartment in Beirut in 1997. When he wanted to register the said apartment, legal fees reached 15 thousand American Dollars (being a foreign citizen, he pays 16% of the value and not 6% as is the case with Lebanese). However, he was not able to register the apartment since the employee at the real estate department kept asking for documents endlessly. Then, the foreign owner went with his Lebanese friend to the Ministry of Finance and he obtained the minister's authorization to register the apartment. However, the minister's order was not heeded and the apartment was not registered until a 500-dollar bribe was paid to the employee at the real estate department. (Local Administrators 1)

2. In Beirut Mouhaffazat the citizens' problems arise from administrative complications imposed by laws and regulations (some of which are outdated), which necessitate to affix more than ten signatures on some formalities and the transfer of the formality from one office to another to be registered, affixed a signature and then transferred again. All these operations waste time and, hence, drive the affluent person to pay the requested bribe and carry his formality from one department to another to be effected in a matter of one day or two. An honest official in a given administration is unable to eradicate bribery owing to the complication of laws and staff composition. (Local Administrators 2)

B.5. Reporting corruption

A recommendation of the 1999 Benchmark report was that public institutions should help to ensure that citizens report corruption by establishing specialized bodies to deal with corruption, ensuring anonymity upon reporting and, for example, setting up dedicated telephone lines.

The Presidential complaints office was established by law No. 46 of 28 November 1998. By the end of September 2000, more than 10,000 complaints had been registered and distributed to different ministries and public institutions. Of those, two-thirds had been dealt with whereas one-third was pending. A major source of complaints was intervention by politicians with public administration employees to get formalities completed in violation of laws or regulations.

The survey findings show that the vast majority of respondents agreed that reporting corrupt practice might contribute effectively to curbing corruption, with more than one third (36%) who strongly agreed with this statement.

B .6   Perception of most urgent initiatives to be undertaken in order to reduce corruption

Respondents were asked what are the most urgent issues related to corruption that need to be addressed. Reduction of the public deficit is the most important issue according to 39 % of the national sample. Administrative reforms were the second most frequently mentioned issue.

According to the majority of Lebanese respondents, the judiciary possesses the key to curbing corruption,. Thirty two percent deem the judiciary to be the most trustworthy body in the fight against corruption. Twenty percent mention the government, 12 % local NGO's and 11% Parliament.

A majority of the respondents regarded politicians as the main obstacle to any anti-corruption policy (64% of the national sample and 75% from Beirut). They also consider corrupt politicians to be the principal cause leading to corruption in Lebanon (as expressed by 44% of the national sample and 50% from Beirut).

Citizens tend to see the central and local governments as the main sites of corruption. But the judiciary is not perceived to be immune from these practices either.

B.7.   Costs of Corruption

The costs of corruption for society are comprised of several determinants. Rather than greasing the wheels of economic activity, corrupt practices have been shown to be sanding them instead. In Lebanon, 71 % of respondents say irregular payments are a serious obstacle

to doing business in the country. Several studies have shown the negative impact of rampant corruption on economic growth and on labour-intensive investments in particular . Expenditures of Lebanese state agencies seem inflated in many areas. In the framework of their study for UNICRI . Information International made an estimate of the financial losses resulting from corruption incurred by the Lebanese state per year. The total leakage caused by corruption was estimated as follows.

In the area of education, purported anomalies include US 130 million in tuition allowances for civil servants to allow their children to attend private schools. Private per capita expenditure is higher than in comparable countries.

In the area of health care, examples of apparent corruption include inflated billing, amounting to an estimated US $ 50 Million per year. Expenditures on health care per capita are significantly higher than in benchmark countries such as Switzerland and Germany.

The government has been unsuccessful in collecting past due electricity bills. A major part of all electricity is supplied to citizens and companies unbilled.

Historically, road building has served as an important avenue of corruption, leading for example, to construction of roads in remote areas where one would expect little use. This avenue of corruption is not particular to Lebanon. Public contracts for road building are used world-wide for corrupt purposes. Lebanon has a dense network of roads. Many roads, however, seem to be in poor or critical condition. According to a World Bank Study, poor road conditions could result in losses of US $170 million per year.

Funds spent on the return of displaced persons went beyond estimates and sometimes were afforded to municipalities where no displaced persons are to be found.
According to Information International, the control of oil importation by a private cartel of five companies rather than by state agencies results in annual losses of up to US $190 million.
The Post, Telephone and Telecommunication agency has unsuccesfully issued payment demands of US $600 million to two Mobile Telephone Operators pertaining to irregularities in contracts signed by previous governments.

The estimated losses caused by corruption-induced practices in these sectors add up to 1,6 US $ billion.(see table 3)

Table 3: Total savings potential through corruption control in state expenditures

Savings	Amount in Mio
Education	130
Health	150
Electricity du Liban	360
Roads	30
Expropriated Property	128
Oil	190

Cellular	600
Total	**1588**

C.   *CONTEXTUALIZING CORRUPTION IN LEBANON*

C.1.   Introduction

The extent of corruption in a society is determined by a combination of historical, economical, social, cultural and institutional factors. Several theoretical perspectives have been developed to explain corruption. In developing countries, low wages for civil servants are often seen as a structural source of petty corruption. Civil servants ask for bribes to ' feed their families and pay school fees'. This type of corruption has been labeled as survival corruption. Rampant corruption in countries with economies in transition from plan economies to market economies has been interpreted as resulting from uncontrolled privatization, insufficiently regulated markets and as left-overs from the former underground shadow economies. Neither of these interpretations seem to be fully applicable to the case of Lebanon. For a better understanding of corruption in Lebanon a close look at unique national circumstances seems to be called for.

In the 2000 survey, a question was put to respondents on the most important factors leading to corruption in the country. The unambiguous outcome was that politicians are perceived as the predominant source of corruption. Fourty four percent cited corrupt politicians as the main problem. Much less often mentioned are 'external interference and influence' (8.7%) and lack of independence of judiciary (8.1). The impact of the civil war and low wages are mentioned even less frequently.
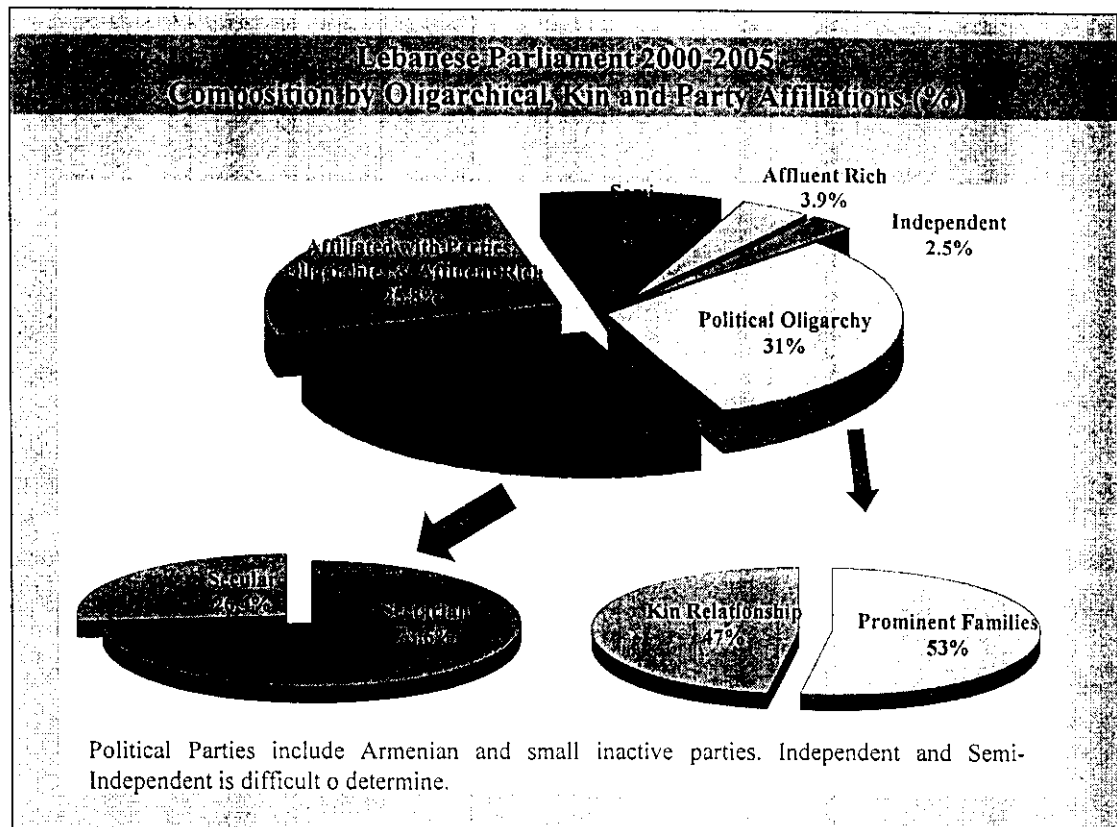
C.2.   The Impact of the Political System on Corruption

•As cited before, the public in Lebanon sees politicians are the main source of corrupt practices. In the words of a former President: some of the politicians are 'fromagistes', eating away large portions of scarce state resources.

The political system of Lebanon is often described as sectarian. Politicians do not necessarily represent a limited number of major parties with ideologically well-defined and distinct programmes. Lebanese politicians more likely represent sectarian interests of confessional denominations, ethnic groupings or political families. The political map of Lebanon is highly fragemented.

The parliament's composition reveals its special mozaic features. Prominent families and kin relationships are the basic structure of the political oligarchy, drawn along sectarian affiliations (Figure 1).

Lebanese Parliament 2000-2005
Composition by Oligarchical, Kin and Party Affiliations (%)

Affluent Rich 3.9%
Independent 2.5%
Affiliated with the party, oligarchy & Affluent Rich 2.48%
Political Oligarchy 31%
Semi...
Semi... 26.5%
Kin Relationship 47%
Prominent Families 53%

Political Parties include Armenian and small inactive parties. Independent and Semi-Independent is difficult o determine.

Figure 1: Parliament Composition
Source : Information International

The analysis further describes how political interest groups induce governments to allocate state resources to their respective constituencies in proportion to their political power. The example of road building mentioned above illustrates the practice of proportional allocation. A related feature of the Lebanese political system is generous state funding for semi-public or private organisations such as schools or NGO's with links to political interest groups and parties. The report of Information International also notes that licenses for broadcasting companies and even judicial appointments are distributed along political party lines.

In several other countries, political parties represent, to some extent, ethnic or religious group interests rather than ideologically defined agendas. In an international perspective, the allocation of resources by the state along political party lines is not uncommon either. The practice might have been carried to extremes in Lebanon , but its basic features are far from unique. So-called pork-barrels (state subsidies for party political reasons) are a standard feature of many democracies. In many other countries, such allocations have also evolved over time into well-established and fine-tuned systems. Most instances of party political allocations mentioned in the report closely resemble established and well-documented practices in countries as diverse as The Netherlands, Belgium and Austria. In the

Netherlands, for example, the highly evolved system of political allocations and appointments is known as the pillarized society (each political party forming a pillar of the state). It is worth noting that none of these three countries is reputed for high levels of corruption - the Netherlands and Austria show relatively low scores on the TI corruption indices. This fact suggest that the system of allocation of state resources along political party lines cannot by itself account for the high prevalence of corruption in Lebanon.

More pertinent to the understanding of corruption might be the observation in the report that Lebanese citizens, for a variety of historical reasons, do not yet strongly identify themselves with the nation- state. In the words of Hussein el Husseini, former Parliament Speaker : '*The idea of nationhood and the definition of a state are not clear in the minds of the Lebanese. This has led to weak civic education and non compliance with laws'*.

Present day Lebanese society can, socio-politically speaking, probably be best understood as a mosaic, or compound, of sectarian communities. As members of minority groups, Lebanese citizens tend to have a somewhat exploitative attitude towards state institutions. They are more inclined to seek maximum benefits from state institutions than to support them. Loyalties seem to lie primarily with confessional, etnic or kinship communities rather than with the state or the society at large.

Evidence for a weak identification with the State is provided by the case study on income tax collection. According to estimates of the Ministry of Finance 80% of income taxes were evaded in 1998. This level of tax evasion seems considerably higher than in West European country or the USA. The practice of tax evasion seems to be generally condoned. According to the information provided by experts in the focus group for parliamentarians, 30% of Lebanese households do not pay their electricity bills at the instigation of their political leaders. This practice leads to an annual loss of income for the state exceeding 180 million. Another 300.000 households is suspected to enjoy free electricity through illegal means. This example shows the nefarious working of political patronage in illegal practices. It also tends to demonstrate the extent to which the population at large is implicated in schemes defrauding the state.

The system of allocation of state benefits along political party lines may not be so much an independent source of corruption but operate as a multiplier of corruption. The inner logic of the system dictates that if one political group secures illegal favors for its constituents with immunity, other political groups are likely to demand condonement of similar abuses. The principle of proportional allocation of spoils tends to be obeyed as strictly in illegal as in legal operations. This mechanism was evident in the systematic illegal payments to political parties in Italy, France and other Western European countries in the eighties and nineties. Companies making such payments were inclined to mete out payments to all political parties, in proportion to their respective political powers. As minister Aridi commented at the expert meeting : '*Sectarianism fuels and consolidates corruption'*.

Considering the sectarian set up of the Lebanese political structure, party political balancing tendencies may have contributed to a proliferation of corrupt practices in Lebanon. Politicians participating in the focus group on public offices admitted the practice of

intervening on behalf of political clients in disputes with state institutions. They justified such actions as dictated by 'force majeur'. Since other politicians readily provided such 'services', they could ill afford to refuse similar help. In this perspective, the root of the problem is a system of political patronage that has spun out of control by crossing the border between advocacy and corruption.

As noted , one of the most common complaints filed with the President's Office of Complaints relates to interventions of politicians with public officials to get formalities completed for themselves or for clients in violation of rules and regulations. A common example at the lowest level is the withdrawal of tickets for traffic offences at the request of politicians. If officials are frequently forced to bend the rules on account of political interference, bribe-taking will soon become a general practice among public officials. The emergence of such practices is the more likely if wages of public officials are low. Political interventions in bureaucratic decisions and the requesting of bribes by public officials are mutually reinforcing phenomena. Corruption at the political level tends to trickle down to the administration.

C.3. Deficiencies in institutional control

Weak state identification and a system of spoils go some way in explaining corruption in Lebanese society. For a fuller understanding of the phenomenon, the role of institutions of formal social control must be scrutinized as well. In general, it has been observed that countries with less "rule of law" tend to exhibit higher levels of corruption and organized crime. This may be confirmed, for example, by the high correlation (r .876 N= 178) between the "rule of law" and "control of corruption" indicators presented by the World Bank in the dataset on governance.[2] According to such data, the higher the application of the rule of law, the higher the control of corruption which is expected to lead to lower levels of corruption. This is further confirmed by the correlation of both indicators with the Transparency International Corruption Perception Index, on which higher scores indicate "cleaner" countries (r .914 for rule of law and .954 for control of corruption respectively, N=91).[3]

Police, prosecution and judiciary
Citizens interviewed in the 2000 survey believed that of every ten decision by the courts, four are tainted by corruption. Participants of the focus groups came to similar or even higher estimates. Fifty one percent of the public agrees with the statement that 'illegal payments in the judicial sector are common'. These findings indicate distrust on the part of the respondents towards the independence and impartiality of the courts.

According to the Information International report, of 26 cases of corruption, squandering of public funds, embezzlement or other similar alleged irregularities filed in the courts and/or

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[2] See the World Bank Composite Indicator Dataset . The governance indicators reported in the file reflect the statistical compilation of perceptions of the quality of governance of a large number of survey respondents in industrial and developing countries, as well as non-governmental organizations, commercial risk rating agencies, and think-tanks during 1997 and 1998.
[3] The dataset of the 2001 CPI is found at the website http://www.gwdg.de/~uwvw/icr.htm

supervisory bodies between 1998 and 2000, four have been fully and finally resolved. Notwithstanding the complexity of such cases, this resolution rate seems problematically low Prosecutor and judges, including the Higher Judicial Council, are appointed by Executive Branch (Council of Ministers). Again, such an appointment, by itself, is not unusual in democratic countries. Appointments following political party lines are far from unique either. The real issue is whether the lawyers appointed are qualified for their work and whether politicians interfere in individual court cases to protect special interests. According to the public perception and information from the focus groups, some judges are deemed not to be fully competent and interference in cases is widely perceived to take place. If these perceptions are based on facts, they point to anomalies that should obviously be addressed.

C.4. Other control mechanism

In the report, reference is made to the 1953 Law on Illicit Enrichment and its 1999 revision. The revision, which deviates from the original proposals, is not generally seen as an improvement. An important unresolved issue seems to be which agencies are responsible for enforcing the law.

The Higher Disciplinary Council which supervises public and semi-public employees deals with relatively few case (34 in two years). An important point raised by the Council is its dependence on prior approval of the ministers involved in initiating investigations against employees.

A review of the annual reports of The Central Inspection, responsible inter alia for overseeing the administration of public tenders, reveals concerns about frequent political interference. The Court of Audits complains of understaffing and of being often overruled by the Council of Ministers. The Civil Service Board, the responsible body for ensuring proper implementation of rules for recruitment and appointment, seems to be frequently bypassed.

D.   CONCLUSIONS

The results of survey research , including those of the 1999 and 2000 Benchmark surveys, confirm, as in many other countries , a high prevalence of corrupt practices.The findings of these surveys and media attention are also indicative of growing public sentiment against corruption in the country, across the board. Findings also suggest ample popular support for definitive anti-corruption measures.

Overall, the public at large condemns "corruption"; there is little tolerance for corruption and the public does not acquiesce to corrupt practices encountered in daily life. Citizens have also demonstrated a willingness to report corruption via the Presidential Complaints Office where a large number of complaints have actually been lodged (10,000 complaints during the year 2000 alone).

Another asset in the effort to build integrity to fight corruption in Lebanon seems to be its relatively 'free' and active press. Survey data from the Benchmark Surveys reveal that two thirds of those surveyed were of the view that Lebanese media, in fact, is independent in reporting cases of corruption.

Survey results seem to indicate that the public is in two minds about the role of the judiciary in these matters. On one hand it does not see the judiciary as an institution free from corruption. There is ,on the other hand, confidence in the judiciary as a potential ally in anti-corruption efforts and as a trustworthy institution for implementing and monitoring anti-corruption action in the country . For this reason the judiciary seems to offer an important leverage point for anti-corruption activities in the country.

A single most important source of corruption was identified as interference in administrative decisions by members of the political elite. Many citizens are directly or indirectly implicated as beneficiaries of such interference or as political supporters of the politicians involved.

Immediate remedies at the practical level can be found in improved regulation of administrative affairs andmore effective enforcement, including through better public complaints procedures. Strengthening access to justice, judicial independence and integrity will also be key to the success of such efforts. With a view to the mobilization of future generations against corruption , practical measures should be complemented by long term investments in civic education and nation-building.

As is common in other countries, administrative reform is typically opposed by those abusing public power for private gain. In the final analysis, chances of success in anti-corruption action in any country depends on the willingness of the leaders to introduce credible checks and balances that empower the citizenry to hold leaders accountable.