



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

The Ministry of Finance Increasing Transparency

Grand Sérail
October 25 2007



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

MOF Strategy on Transparency

VISION STATEMENT

The Ministry of Finance shall lead the government's economic reform through sound formulation and management of fiscal policy and public debt in order to foster sustainable economic growth in alignment with national priorities, acting as a **role model for transparency, and accountability**, in a manner that reflects good governance.

*Future
Orientation*

MISSION STATEMENT

The Ministry of Finance shall continue to achieve its vision by pursuing process efficiency in the delivery of its services, using latest proven technologies and best managerial practices at lowest costs, in an effort to consolidate the trust and confidence of the public, and ensure cohesion between fiscal and social policies.



Presentation Outline

| | |
|---|---|
| 1 | Increased Access to Public Information |
| 2 | Legislative Development to Enhance Transparency |
| 3 | Monitoring and Reporting on Aid Flows |
| 4 | International Agreement Framework |
| 5 | Oversight of Public Spending |
| 6 | Memorandum of Understanding between MOF and LTA |



MOF has heavily increased disclosure and publication of information in order to:

- **Enhance transparency** through data dissemination and **public disclosure** of main fiscal, debt, trade as well as other economic and financial figures processed at the Ministry;
- Provide investors as well as the Lebanese and international community with **reliable and quality analysis** on the evolution of government finance figures;
- Provide a reliable economic and **financial database** for researchers and analysts;
- **Enhance the policy dialogue** concerning the reform program and the main macro-financial issues between the MOF and various public groups, including members of the international economic and financial community.



Publications

| Publications | Target Audience |
|--|--|
| <ul style="list-style-type: none">• Monthly Fiscal Performance• Public Finance Monitor• Public Finance quarterly/Yearly Report• Quarterly Debt Report | Investors / Business Community / Civil Society |
| <ul style="list-style-type: none">• MOF Audited Accounts 1993-2006• Reports on the Budget | Civil society / Economists / GoL Agencies |
| <ul style="list-style-type: none">• Investment climate in Lebanon | Investors / Business Community |
| <ul style="list-style-type: none">• Paris III Progress Reports• Key-Fiscal-Debt-Monetary-Trade Reforms 2006 | Business Community / Civil Society / Donors |
| <ul style="list-style-type: none">• Guides• User Friendly Pamphlets | Tax Payers |
| <ul style="list-style-type: none">• Newsletter | Citizens |

Communication and Information Dissemination

- Call Center:
 - Launching of a 24/7 call center to provide “round the clock” services for all taxpayers’ enquiries
- Website:
 - Continuous update and publishing of information on the website (statistics, news, reports, etc.)
- Mailing lists:
 - Instant communication by e-mails with taxpayers
 - Continuous notification to internal and external contacts of MOF publications and events
- Events:
 - Delivery of conferences, seminars and workshops aimed at increasing taxpayers awareness and education
 - Organization of several awareness events, conferences and workshops to disseminate information
- The Library of Finance at the Institute of Finance:
 - Provision of more than 14,000 references, trilingual available to the public



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MOF draft laws to increase transparency and accountability

Other Public Finance Reforms

- Draft law on auditing accounts of legal and public entities
- Modern Public Debt Department (PDD)

Expenditure and Treasury

- Public Accounting Law
- Draft 2007 budget law
- Treasury Single Account
- Public Procurement Law



MOF draft laws to increase transparency and accountability

Other Public Finance Reforms

■ Draft law on auditing accounts of legal and public entities

- New draft law has been submitted to and approved by the Cabinet on 13 April 2006, which requires the review and auditing of accounts for the period extending between 5 November 1989 and 31 December 2005 for all:
 - Public administrations and public institutions
 - Municipalities and municipal unions
 - Related public sectors
- To enable the assessment of the soundness and correctness of these accounts



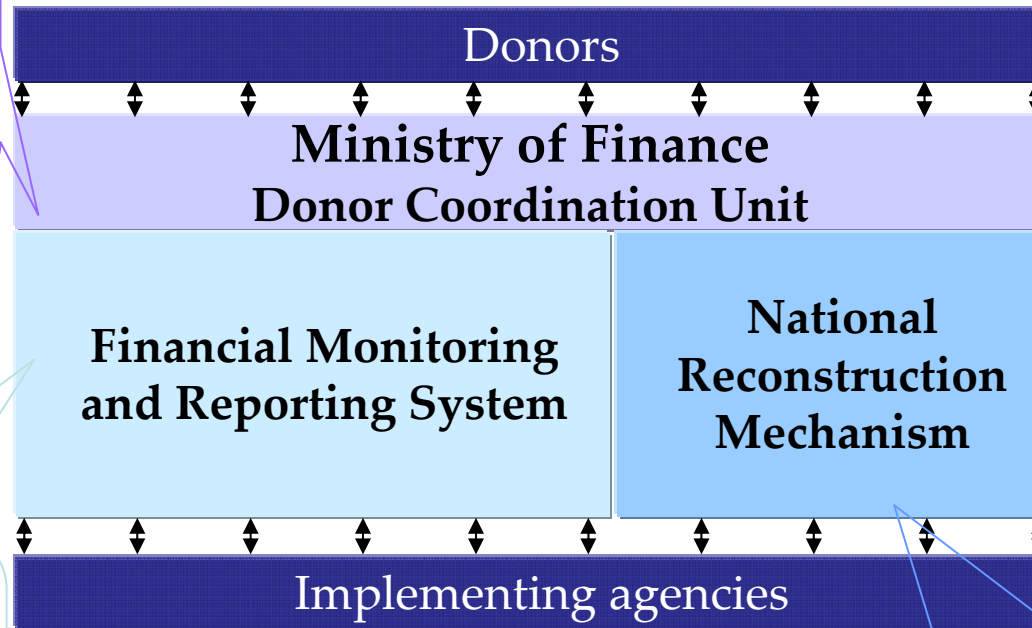
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The GoL is establishing a structure for donor coordination and a system for aid management

Focal entity within government dedicated to mobilizing funds and coordinating, programming, monitoring and reporting on external assistance to the reform program



System for public information, for decision-making and for resource management that will provide a comprehensive view on sources and uses of funds, from pledges to implementation.

Procedures to channel donor funds to the GoL, whereby GoL is responsible for implementation on a defined set of financial management guidelines



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International Agreement Framework

OECD

Following the National Investment Reform Agendas (NIRAs) workshop held on April 19, 2007, a number of concrete recommendations were agreed and presented by the Ministry of Finance and the MENA-OECD Investment Programme who offered its support by leveraging on its specific experience in the region and on OECD best practices in particular in the transparency, integrity and public procurement areas

WTO

An adequate legal framework characterized by transparency, effective administrative and judicial procedures, and criminal/civil procedures and penalties has to be established by Lebanon to access to the WTO

IMF

An Emergency Post-Conflict Assistance (EPCA) agreement was signed on April 2007 leading to increase reporting to IMF particularly on Government debt and financing, NSSF annual accounts and Foreign assistance received

EU Neighborhood Agreement

European Neighborhood Policy Action Plan was adopted by Lebanon on January 19, 2007. The EU-Lebanon Action Plan will support a number of reforms in the political, social and economic areas aimed at strengthening and developing the regulatory, legislative and administrative frameworks



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The Government has worked to increase audited information

| Issue | Achievement |
|--|---|
| <p><input type="checkbox"/> MOF</p> <ul style="list-style-type: none">➤ MOF used to publish annual figures, however, with little details➤ No time series that explains the increase of debt and the reasons behind this growth | <p>Full picture on budget finances:</p> <ul style="list-style-type: none">➤ 1993-2006 accounts using the budget classifications: Economic and administrative➤ Reporting of all treasury transactions |
| <p><input type="checkbox"/> EDL</p> <ul style="list-style-type: none">➤ The EDL accounts were not audited since 2001 | <ul style="list-style-type: none">➤ 2001 audited financial statements have been published on MOF and EDL websites➤ Auditors have been appointed to audit EDL 2002-2006 financial statements |
| <p><input type="checkbox"/> NSSF</p> <ul style="list-style-type: none">➤ The NSSF accounts were not audited since 2001➤ The settlement of government dues has been always an issue between the NSSF and MOF | <ul style="list-style-type: none">➤ An international external audit firm has been appointed to audit the accounts of the NSSF for the years 2001-2005➤ The accounts for 2006 will be audited once closed➤ The audited accounts will be used as start to estimate government dues at a more accurate basis |



MOF Audited Accounts 1993-2006

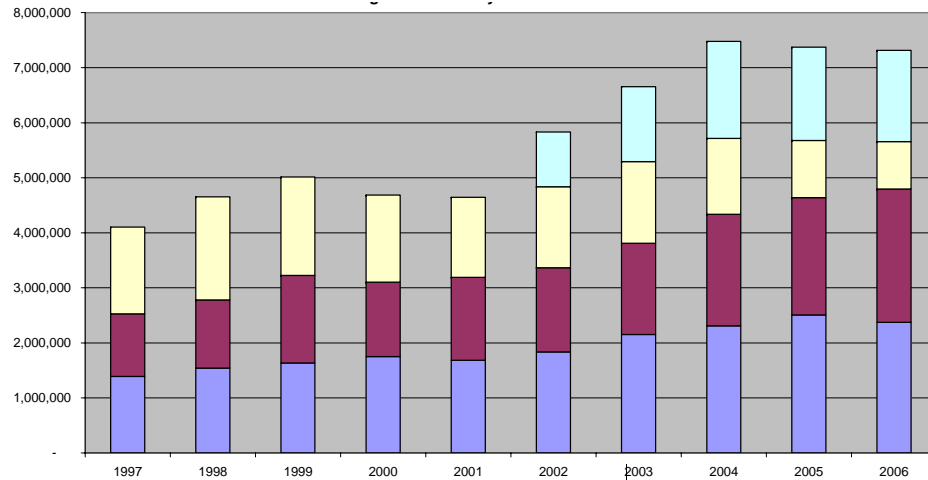
For the first time, the Government published audited fiscal accounts for the past 14 years

- Fiscal accounts for 1993-1996 available but not yet computerized (in progress)
- As of 1997, fiscal accounts compiled electronically with more details available through:
 - Introduction of the double entry accounting system
 - Computerization and reform of the budget cycle
- Audit of fiscal accounts and the methodology used to record data during the 1993-2006 period, by an international audit firm
- Audited fiscal accounts published on October 16, 2007



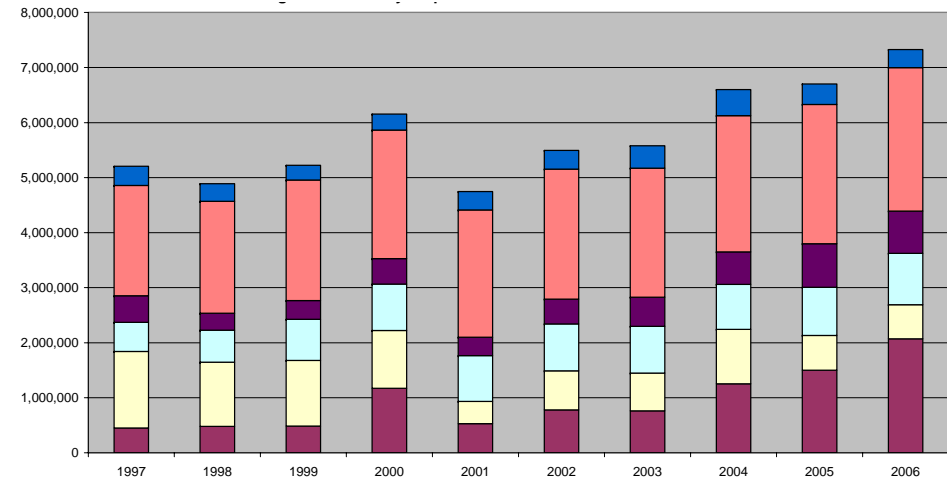
MOF Fiscal accounts – 1993-2006

Budget and Treasury: Revenues from 1993 to 2006



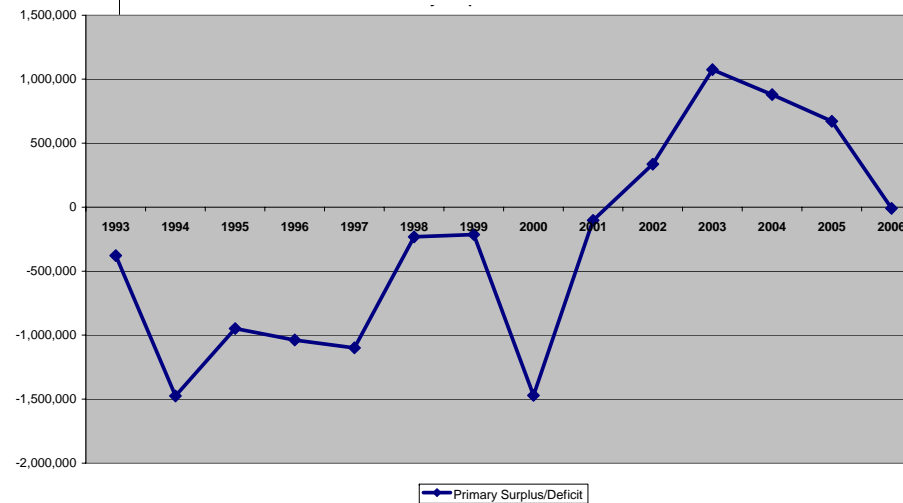
- VAT
- Custom Fees and other Consumption taxes
- Other Tax Revenues
- Non-Tax and Treasury Revenues

Budget and Treasury: Expenditures from 1993 to 2006



- Other Operational Expenses
- Wages and Salaries
- Social Assistance
- Pension and end of services indemnity
- Capital Spending
- Treasury Spending

Primary Deficit/Surplus from 1993 to 2006

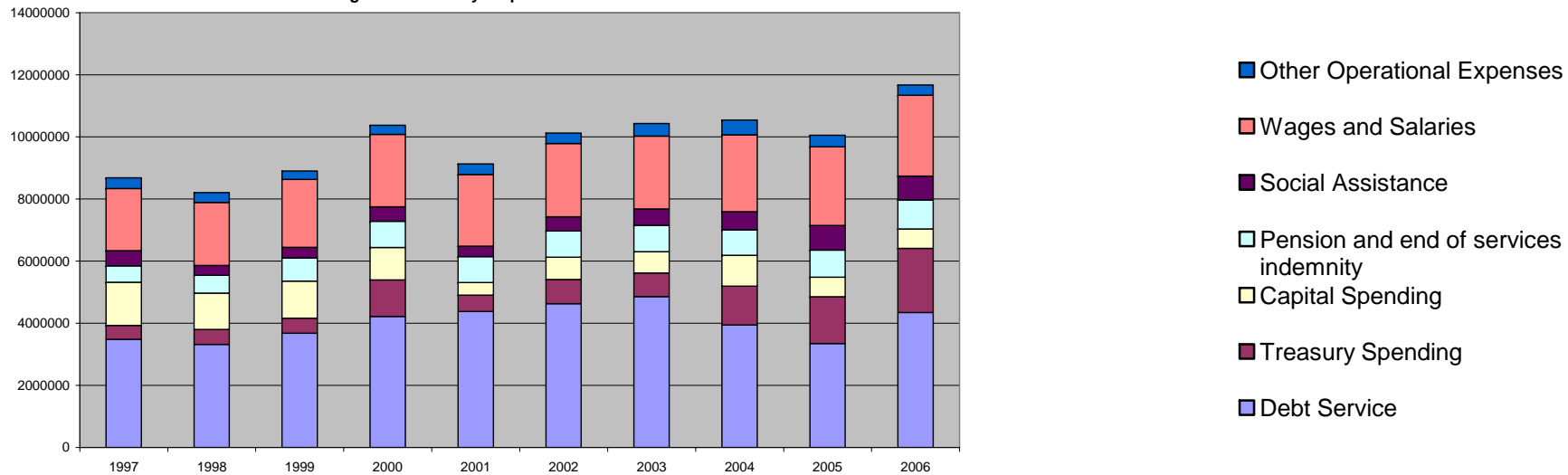


Primary Surplus/Deficit

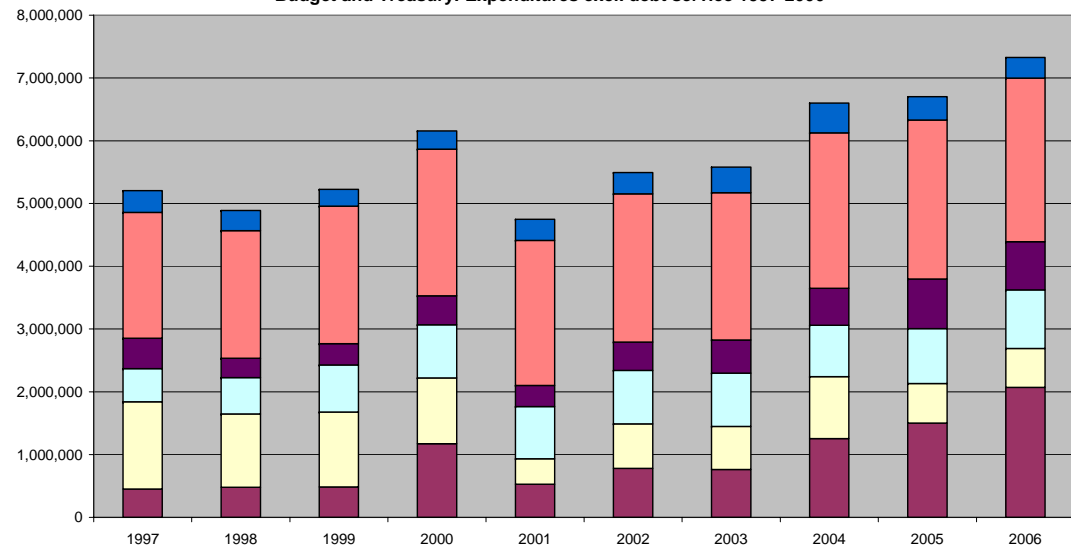


Expenditures including/excluding debt services

Budget and Treasury: Expenditures incl. debt service 1997-2006



Budget and Treasury: Expenditures excl. debt service 1997-2006





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Partnership for Transparency signing a MOU with LTA



Objectives

- Ensure and promote Transparency and Access to information
- Increase the Government's Accountability and Responsiveness
- Fight corruption

Commitments

MOF will:

- Associate LTA with its initiatives, and
- Give LTA access to related documentations

LTA will:

- Establish benchmarks according to international best practices
- Provide Technical Assistance
- Help disseminating the information
- Assess the end result