

Briefing Note – Enhancing Fiscal Transparency in Lebanon

November 2021

Context

Since October 2019, Lebanese citizens have taken the streets against long-time failures in governance and public service delivery and widespread corruption, as well as deteriorating socio-economic conditions. Demands for more transparency in the management of public funds and for being associated to the decision-making process were at the core of the people's requests for more accountability.

Fiscal transparency and citizen engagement agendas started gaining momentum, especially as Lebanon scored 6/100 in terms of budget transparency and zero in terms of citizen participation on the Open Budget Survey 2019. Its weak performance has pushed Lebanon to the bottom of the ranking, among the 10% of countries the least transparent in the world.

Figure 1: Public availability of budget documents in Lebanon (2020)

Document	2010	2012	2015	2017	2019
Pre-Budget Statement	⊘	⊘	⊘	●	⊘
Executive's Budget Proposal	●	●	●	●	●
Enacted Budget	⊘	⊘	⊘	⊘	●
Citizens Budget	⊘	⊘	⊘	⊘	●
In-Year Reports	●	●	●	●	●
Mid-Year Review	●	⊘	⊘	⊘	⊘
Year-End Report	●	●	●	●	●
Audit Report	⊘	●	⊘	⊘	⊘

● Available to the Public
 ● Published Late, or Not Published Online, or Produced for Internal Use Only
 ⊘ Not Produced

Figure 2: Lebanon's transparency score in comparison to other countries in the MENA (2020)



The Institut des Finances Basil Fuleihan started working more systematically on enhancing fiscal transparency since 2018, with two main objectives:

1. To improve public access to fiscal and budget information and data so that citizens can further engage on informed grounds with their government on budgetary decisions, become stakeholders in policy discussions and exercise better accountability.
2. To inform and drive evidence-based policy-research and policymaking on sectoral issues weighting upon fiscal management and having a direct impact on the livelihoods of Lebanese citizens.

The Institute's commitment came in response to a series policy, structural and data gaps among which the most important are:

- The absence of a fiscal statement and of a medium-term perspective to the budgeting process.

- The lack of commitment by policy makers to the budget calendar.
- The structure of the budget, as an administrative tool (line-item budget) rather than a policy instrument and that does not put forth programs, sectoral spending nor performance indicators.
- The weaknesses of oversight agencies that are not playing their role efficiently and the absence of a debate of the global budget policy by the Parliament.
- The limited availability of usable data: data is not always available in standardized formats and requires lengthy transformation processes.
- The lack of comprehensive of data, with many public institutions having only their net accounts included in the state budget.

Services and products

Since 2018, and with the contribution and support of key partners from the Civil Society¹ and the international community², the Institut was able to:

1. Develop and publish the [Citizen Budget](#) in two formats: One for professionals (detailed version) and one for citizens (simplified pamphlet), in online and paper formats, in the Arabic and English languages. Citizens were provided with a straightforward, easy-to-read summary of the Budget Laws since 2018 and of the implications of budget decisions on their daily lives.
1. Digitize budget data through the [Lebanon Citizen Budget Dashboard \(LCBD\)](#) – a digital platform that provides access to budget data (2017-2020) and one of the main tools available to raise awareness and build engagement on budget matters and promote transparency. The LCBD currently provides access to budgeted expenditure data (2017-2020) and to budgeted and effective revenue data (2017-2020). Live demos were organized with more than 26 organizations from among donors, international organizations, leading think tanks, NGOs and partners in Lebanon and abroad and their feedback was collected for improving the platform and better meet their needs.
2. Design and launch a [micro-learning module on Public Financial Management for the youth](#), in collaboration with two NGOs, Financially Wise (FiWi) and the Lebanese Alternative Learning (LAL), offering bite-size learning to the wide public, and in particular to youth aged between 16 and 24, on the issues of public money, taxes, State budget, debt and the role of municipalities. Learning units were tested with users and facilitators based on a learner-centric approach.
3. Organize **webinars, awareness-raising sessions for youth and the media** on fiscal transparency, upon the request of organizations from the Civil Society. It is worth to mention that through its engagement with CSOs, the Institute witnessed a growing demand for accessing and understating fiscal information either through social media, request for awareness-sessions or media and feedback received on the Lebanon Citizen Budget Dashboard.
4. Produce **short awareness-raising and informative movies** on fiscal transparency and the role of NGOs in advocating for budget transparency, gender budgeting, etc., available on our [YouTube](#) channel.

¹ In particular the NGO Financially Wise

² In particular the UNICEF and the IMF-METAC

5. Conduct and publish a **Budget Spending Review on “[Social Protection Spending in Lebanon: A dive into the State financing of Social Protection](#)”** aimed to inform the national strategy for social protection being developed by the Government of Lebanon as well as other research and policy work focusing on enhancing social protection in Lebanon. This exercise was one of the first of its kind to be conducted in the context of the unfolding crises to inform evidence-based policymaking.

In addition, on-going projects include a series of policy notes and diagnostic reports such as:

1. The conduct of a **crisis impact assessment** aiming to gauge the repercussions of the multifold crisis on PFM functions and service delivery across State institutions and assess their capacity to maintain the delivery of critical public services.
2. Recommendations on **improving financial reporting for SOEs**.
3. The **mapping of off-budget spending** and recommendations to improve budget coverage and comprehensiveness.

The Way Forward

Building on the momentum created and on the built-up demand, the Institut is working to expand its partnerships in support of the Fiscal Transparency agenda and to continue building its capacities in the various fields of action.

It aims to consolidate and spread informed citizenship and accountability in Lebanon, that will in turn translate into more inclusive budgets and public policies, catering for the real needs of all communities.

As well, the crises have created a pressing need for swift, decisive, and evidence-driven fiscal decision-making and a growing demand for more transparency towards how public resources are raised and spent. Therefore, more sectoral, functional or institutional budget spending reviews would be useful to inform reform design and sectoral strategies.

In addition to lobbying for measures that would address structural deficiencies in the budget.

Figure 3 below provides a summary of actions and projects that can be rolled-out on the short and medium term, at the policy and technical levels.

Figure 3: Charting the way forward to enhance fiscal transparency in Lebanon

