

Civil Service Reform Between Myth and Realities

Note prepared by:

Lamia Moubayed Bissat, President of the Institut des Finances Basil Fuleihan and Vice-Chair of the United Nations Committee of Experts on Public Administration

Sabine Hatem, Chief Economist and Director of Cooperation and Partnerships at the Institut des Finances Basil Fuleihan

Note: We refer in this note to all permanent staff, wage-earners and contractuels as civil servants.

The Dilemma of Numbers

The Count

Employment in the public sector constitutes **16.1%** of total employment. (CAS, 2022)

Women share of employment in the public sector remained as low as **23,3%** while men occupied most positions 76.7% (CAS, 2022).

Latest count mapped 91,961 civil servants* distributed as follows:

By professional category:

37,197 permanent staff	3,452 wage-earners	37,916 contractual	13,396 (others)
------------------------	--------------------	--------------------	-----------------

By type of institution:

65,054 in public administrations	25,635 in public institutions, funds, council and independent authorities	1,272 in municipalities
----------------------------------	---	-------------------------

At the central government level, the number of civil servants reached **11,538**, distributed as follows: 8,175 permanent staff, 2,575 wage-earners and 788 contractuels.

In public institutions, the number of civil servants reached **3,004** including: 2,309 permanent staff, 183 wage-earners and 512 contractuels, noting that the Electricity of Lebanon includes the highest percentage of workers, reaching 69%.

The vacancy rate was estimated at 71% in public administrations, 56%, in public institutions and above 82% in municipalities, with the largest percentage of vacancies occurring in the second category (23% in the first category, 70% in the second category, 64% in the third category, the fourth category is 70% and 91% in the fifth category). This is a paradox given the wage bill (see section on cost).

The largest recruiter in the public sector is the Ministry of Education and Higher Education with a reported number of 60,712 personnel distributed as follows:

- **11,185 at the Lebanese University** including 5,072 professors (646 registered at the organigram, 1,030 full-timers, 330 annual contractuels, and 3,066 contracts of compromise), in addition to 4,552 workers, 102 contractual employees, 1,238 monthly trainers and personnel by contracts of compromise, and 221 permanent wage-earners.
- **49,527 at the Ministry of Education and Higher Education** including 34,107 at the Directorate General of Education, 15,420 at the Directorate General of Vocational and Technical Education (1,420 Teaching Staff members and 14,000 hourly contractual employees).

Source: Public occupational survey conducted by the Civil Service Board following Article 80 of Law No. 144 related to the general budget and supplementary budgets for 2019, and published by the Gherbal Initiative (<https://elqherbal.org/grains/l5m2tWk7EIX6CFY5FkE9>)

* This number excludes 43 public administration and institution that did not answer the survey, notably military and religious administrations, the Central Bank of Lebanon and the NSSF, and includes the 10 municipalities that are subject to the oversight of the CSB. The total number of municipalities is of 1108 (CAS, 2022).

A previous count conducted in 2017 by Information International provides different and much higher figures:

- 120,000 in military and security administration
- 40,000 in the education sector
- 25,000 in the ministries and public administrations
- 115,000 in public institutions and municipalities

The Cost

By the end of 2021, personnel cost in the public sector exceeded 54% of total reported central government expenditures.

- 35% for the wage bill
- 19% for pension schemes. Around 71% of pensions and end-of-year indemnities are allocated to military personnel. (WB, 2018).

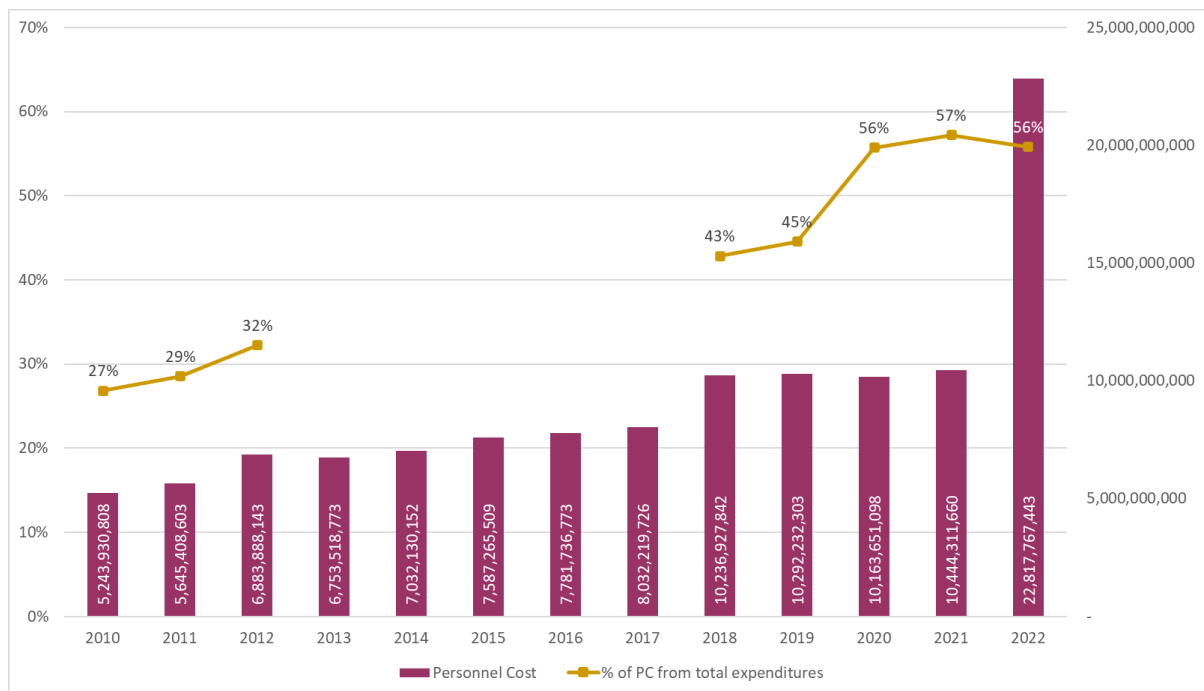
NB: Personnel cost = wage bill + pension schemes

This percentage share is not comprehensive. It excludes hidden personnel cost, that is not classified as wages and salaries in the budget. It also excludes the wage bill of public institutions operating and spending outside the state budget, knowing that overall off-budget spending exceeded in 2020, 15% of the GDP.

Almost 64% of the wage bill covers military personnel (all corps included), **around 20% goes to the education personnel**, and only **16% covers the civil personnel**. (Ministry of Finance, 2021).

Among the civilian personnel, the ministry of Justice and the ministry of Foreign Affairs are the top spenders in terms of spending on the wage bill, spending each respectively 16.6% and 16.4% of the total wage bill for civilian personnel.

Evolution of the personnel cost (2010-2022)



** % of public expenditures is not available for the period 2013-2017 as no budget proposal was transferred from the Council of Ministers to the Parliament.

Realities of Public Administration in Lebanon

- Governance deficiencies in PA need to be understood as political in origin as much as technical.** Technical deficiencies in institutions certainly exist, but they are rooted in underlying political conditions and structures that prevent simple fixes (Restore or Reform, UNDP, 2014). As typical of post-conflict contexts, public administration in Lebanon was a key area within which the political settlement was negotiated post-war (in Taif 1989 and Doha 2008), leading to the current state of affairs. Under a complex power-sharing arrangement that helped seal peace between the Lebanese warlords, the system has engendered chronic corruption and systemic governance failure, a culture of impunity and the absence of institutional and societal accountability.
- Favoritism in recruitment practices due to political, family and sectarian pressures, systematically undermine meritocracy and competence values.** This has significantly strained the State's "capacity to govern" and led to a depletion of skills, exacerbating an already weak control environment vis-à-vis the implementation of rules and guidelines (World Bank Systematic Country Diagnostic, 2015) and depriving public administration from critical skills needed to navigate the crisis. For example, between 2004 and 2016, the share of women in the public sector holding a university degree dropped from 32% to 26% and that of men from 18% to 11% (source: CRDP).
- The centralization of recruitment and the absence of a competencies-based approach to talent acquisition provoke bottlenecks, do not guarantee efficiency, incite to non-compliance and erode the skill base needed across the PA.** The inadequacy of recruitment processes with needed skills lead to the prevalence of unqualified personnel in key financial functions. This was reported to be at the core of the weak financial governance highlighted in the Country Financial Accountability Assessment published by the World Bank in 2005. The report acknowledged that the serious depletion of skilled financial officers in the line ministries and other entities, and the apparent lack of an overall capacity development strategy, were expected to impair the Government's ability to manage and reform its PFM system and raised a red flag for urgent action, as weak capacity represented a significant fiduciary risk to the Government.

- **Civil service laws are fragmented, outdated and are not aligned with best practices and global principles for effective governance.** Conflict of interest is not defined in civil service law. It was introduced in the Public Procurement Law 244/2020. Corruption is rarely sanctioned by the State when involving politically/confessional connected personnel, exacerbating elite capture and the pervasive patronage system. Influence of economic stakeholders and personal connections (wasta) is more likely to influence policy execution and enforcement of the rule of law. For example, direct pocketing to public servants or superiors reached 25 percent of funds from the public sector, compared to about 10 percent in the OECD (Quality of Government Expert Survey, 2010).
- **The absence of published data on all aspects of civil service weakens evidence-based policy making.** In addition to weakening institutional efficiency, the weak quality, poor reliability and limited availability of data and the weakness of the statistical system is impeding any well rooted analysis for crisis management and the design of the policy response.
- **The creation of parallel administrations and the capacities gap:** Post-war public administration was lacking both staff (half of civil service posts were vacant) and infrastructure and was therefore unable to deliver basic services (El Zein and Sims, 2004). To avoid civil service implosion, the government resorted to recruiting contractual labor on donor funding, that often failed to transfer its know-how and to institutionalize its functions' continuity and sustainability. Salaries and compensations paid by the Lebanese state to these units was estimated to more than 46 billion LBP between 1996 and 2018.
- **Recurrent conflicts, notably between 2005 and 2018, whether local or regional, rendered progress in all aspects of governance and human development highly complex and volatile.** This situation did not help in rebuilding a well-operating and well-regulated public administration, able to deliver on its core functions. At the same time, donors supporting the state-building agenda had to transition from humanitarian to development aid and back and forth many times as conflict broke out, providing alternative sources of financing to the political class when the State was in dire need of funding.
- **There is a prevailing myth saying that current mass exit from the public sector is helping the wage bill:** The mass exit from the public sector resulting from the financial crisis is emptying government institutions from their talents. The most talented leave and are able to find better opportunities elsewhere. The current exit is depleting the public sector from valuable human resources that were trained and have accumulated years of experience and destroying whatever capacity is left in the public sector to survive/overcome the crisis.

Messages and the way forward

Public administration reform is lengthy, and often difficult to measure. “Even the fastest transforming countries have taken between 15 and 30 years to raise their institutional performance from that of a fragile state” (UNDP, 2014).

What was initially a confessional system meant to provide checks and balances to protect confessional minorities evolved into the system of clientelism that still prevails today and that has proven its incapacity to respond to the needs of citizens and to operate public institutions that “serve the general interest”. The time has come to rethink/reshuffle this model and engage in an evidence-based, holistic, consultative, and participatory process for restructuring the public sector as part of the Government Recovery Plan.

We see the time favorable for a design of a public sector rescue plan that is not solely based on size or wage bill, but on what citizens expect from the state in terms of role, mission, services and values (grassroot bottom-up approach).

Pathways for Lebanon would include:

1. **Adopt a transformational approach to reform and change** (example of the passing of the new public procurement law). We as citizens, experts, decision-makers need to understand that public sector is THE catalyst for economic and social recovery and the public sector **must understand that it can no longer act in isolation**: it must look at ways to collaborate and partner on both service delivery and internal administration.
2. **Renovate existing legislation on civil service** (central and decentralized government), notably the decrees-law No. 111/59 and 112/59 (dated June 1959) on the organization and status of civil service. The objective would be to protect and promote diversity in the public administration but combat all forms of exclusion or discrimination based on religion or ethnicity.
3. **Anticipate for effective staff planning and modern human resources management**: Many international organizations promote the restructuring of the public sector through the merging of public administrations. The CSB in its organizational survey report recommends the cancellation of 7,000 positions. This is not necessarily the best approach. Scaling down the public sector is not THE solution. The solution is to implement a comprehensive reform for HR management in the public sector including recruitment practices, competencies management and projections, mobility, performance assessment and other. Downsizing and organizational redesign must go together with improvements to operating effectiveness and efficiency, and with the introduction of new areas of operation (Why Civil Service Reform in an Inevitable Choice in times of crisis, Lamia Moubayed, 2013).
4. **Fight Myths**: There is a “myth” surrounding centralization of recruitment in all public sector in ONE single agency. Another “myth” concerns vacancies in the civil service, many of which are a “non-issue”. For instance some vacant positions are not useful anymore today, such as jobs that relate to paper-based recordkeeping. Therefore, Lebanon needs to consider adopting decentralized, well regulated practices (reference is made to Jordan) as well as the practice of “**Upskilling and Reskilling**” favoring decentralization, specialization and mobility across the public sector to fill in for key positions and offset constraints imposed by the hiring freeze and the hiring delays.
5. **Look at others’ experiences**: Example of Ukraine that succeeded in fostering transparency and competitiveness in the public sector through online data platforms and the rightful involvement of civil society organizations in scrutinizing government’s work (ex: Public procurement and the Prozorro platform).
6. **Civil service reform does not come alone**: It is coupled to fiscal adjustment and budget reform. Side-lining the ministry of finance from the core of civil service reform has proven counterproductive. The generally weak involvement of ministries of finance in administrative reform suggests that reform programmes suffered from low and uncertain budget allocations. This represents a two-fold issue: on the one hand budgets for investment in reform were in some cases not allocated; on the other, the association of budget reform and civil service reform was blurred or non-existent (Can Civil Service Reforms Last? OECD-SIGMA, 2010).
7. **The way out of the crisis involves redefining and restoring core government capabilities and public administrations functions** the most important of which are the following (Restore or Reform?, UNDP, 2014):
 - **Policy formulation and public financial management**, including planning, budget and spending, revenues and taxation, controls and oversight.
 - **The center of government management**, notably main decision-making centers which in Lebanon would include the Presidency of the Republic, the Council of Ministers and the Parliament, to ensure coherence in policymaking.
 - **Civil service management**, including well recruited, paid, trained and retained public servants as well as the organizational redesign of ministries and institutions based not solely on cost considerations but also on relevance, legitimacy, capacity and efficiency, in an effort to liberate state institutions from existing political capture. The lack of capacities to carry any of these five core functions will keep the state in fragility. Particular focus should be given in priority to the justice, security and finance sectors, in addition to social protection, that are essential for contemporary peacebuilding and state-building.
 - **Local governance** through the role of municipalities and unions of municipalities.
 - **Aid coordination** with the various donors supporting Lebanon, based on a coordinated approach as aid, in a post-crisis setting, becomes an essential part of the budget and of the overall PFM framework.

References

- Central Administration of Statistics. (2017). GENDER EQUALITY IN LEBANON REPORT. Retrieved from http://www.cas.gov.lb/images/PDFs/Gender_statistics/GENDER_EQUALITY_IN_LEBANON_REPORT.pdf
- Central Administration of Statistics. (2022). Data on public sector employment and municipalities. Retrieved from <http://www.cas.gov.lb/index.php/did-you-know-category-en/102-did-you-know-13>
- CRDP (Center for Educational Research and Development). (2016). Gender Profile Lebanon- 2016. Retrieved from <http://data.infopro.com.lb/file/Gender%20Profile%20Lebanon-%202016.pdf>
- El-Zein, F., & Sims, H. (2004). Reforming war's administrative rubble in Lebanon. *Public Administration and Development*, 24(4), 279–288. Retrieved from <https://doi.org/10.1002/pad.327>
- Gherbal Initiative. (2019). Public occupational survey. Retrieved from <https://elgherbal.org/grains/l5m2tWk7EIX6CFY5FkE9>
- Information International. (2017). Homepage. Retrieved from <https://information-international.com/>
- LBCI. (2017). Closer look on number of public sector employees. Retrieved from <https://www.lbcgroup.tv/news/breaking-news/337149/report-closer-look-on-number-of-public-sector-employees/en>
- Ministry of Finance. (2021). Personnel cost- Sep 2021. Retrieved from <https://www.finance.gov.lb/en-us/Finance/Rep-Pub/DRI-MOF/PFR/Personnel%20Cost/Personnel%20cost-%20Sep%202021.pdf>
- Moubayed Bissat, L. (2013). Why Civil Service Reform is Inevitable in Times of Crisis. Retrieved from <https://institutdesfinances.gov.lb/sites/default/files/2024-06/6-Why-Civil-Service-Reform-in-an-Inevitable-Choice-in-times-of-crisis-Lamia-Moubayed-Bissat.pdf>
- OECD-SIGMA. (2010). Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years After EU Accession. Retrieved from https://www.sigmaweb.org/en/publications/sustainability-of-civil-service-reforms-in-central-and-eastern-europe-five-years-after-eu-accession_5kml60pvjmbq-en.html
- Quality of Government Expert Survey. (2010). *Quality of Government Expert Survey*. Retrieved from <https://www.unesco.org/en/world-media-trends/qog-quality-government-data>
- United Nations Development Programme. (2014). Restore or Reform? UN Support to Core Government Functions in the Aftermath of Conflict. Retrieved from https://www.undp.org/sites/g/files/zskgke326/files/publications/UNDP_CG_RestoreorReform_2014v2.pdf
- World Bank. (2015). Lebanon - A Systematic Country Diagnostic. Retrieved from <https://www.worldbank.org/en/country/lebanon/publication/lebanon-systematic-country-diagnostic-2015>
- World Bank. (2016). Lebanon: A Systematic Country Diagnostic (English). Retrieved from <https://documents1.worldbank.org/curated/en/951911467995104328/pdf/103201-REPLACEMNT-PUBLIC-Lebanon-SCD-Le-Borgne-and-Jacobs-2016.pdf>
- World Bank. (2018). Data on public sector personnel costs. Retrieved from <https://documents1.worldbank.org/curated/en/615661540832875043/pdf/131463-WP-PUBLIC-OCT-30-8AM-DC-TIME-ADD-SERIES-Final-English.pdf>