
The Model and Plan for Setting Reform Foundations*

One cannot imagine reform without a set of foundations that open the door to a new horizon for the Lebanese economy. Those foundations would contribute to the country acquiring immunity and ability to grow, coupled with a rise in the living standards of its social classes. In addition, they would improve Lebanon's prospects to attract investments, and help the country position itself positively at the present juncture. For the current times are characterized by crucial regional and global economic conditions, as well as by turbulent and volatile regional and political situations.

The first foundation: It relies on restoring the margins of maneuverability within which the work on reducing, or even cancelling, the worsening public budget deficit would be undertaken. This action is necessary, and it could be achieved through a well-known set of measures meant to enhance the level of tax collection, without actually increasing taxes and duties. Such measures comprise fighting corruption and tax evasion, setting cost ceilings for certain projects, stopping wastage and indiscriminate employment in the public administration, and controlling non-productive expenditures. They also include reaching a 24-hour electricity supply plan without any technical, financial, or economic deficit as soon as administrative hurdles are bypassed and the door to power production by the private sector is opened. This would be all the more true if the resulting electricity fares would be lower than those presently charged by generator owners. Reaching such a plan is not an illusion, given the prevailing slump in oil prices. It, however, requires exerting appropriate efforts to overcome the present obstacles, and being effectively assertive in the face of pressures from circles with vested interests, thus bringing the modernization logic into full exercise.

The endeavor also entails working hard on launching the privatization process of telecommunications and the airport. In addition to the financial resources which will become available, this will open the door for distinguished performance at those two facilities, especially in the management of Internet services and the expansion of employment in the sectors of communication and transport.

The second foundation: This involves activating administrative reform, and the launch of e-government with a gradual reduction of the number of bureaucrats working in non-productive administrations, in addition to launching the broadest streamlining process for fixing the public administration. This would make possible increasing wages and salaries as a

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parallel move to gradually decreasing the number of functionaries on the payroll. In addition, the injection of highly efficient cadres into the main public administration posts would endow public services with a big momentum.

The third foundation: It lies in the implementation of all the recommendations made in relation to attracting investments, especially in the matters of speeding up judicial affairs, protecting individual property and minority rights, organizing trade issues, launching the stock exchange, activating the economic zones, and disseminating subsidized loans. All these reforms, in addition to those that would be made in the fields of electricity, internet, telecommunications, and the airport, could congregate to make Lebanon a parallel or a replacement center to states which have so far succeeded in attracting foreign corporations and creating job opportunities.

There are dozens of recommendations relative to the development of the business environment which have been published, particularly in what regards the establishment or the closure of companies, and the facilitation of dealing with the monitoring authorities and the judicial bodies.

The fourth foundation: It sets as pillars the establishment of a social safety policy based on old-age security and the dissemination of health insurance, in addition to policies for public transport, increased support for housing, enacting the Rents Act, the establishment of a "solidarity fund" for social cases of extreme nature, the launch of infrastructure projects in remote areas, the boosting of public education, and the strengthening of the Lebanese University.

The fifth foundation: It calls for the launch of major construction projects which would connect the country's various regions, and relieve the Greater Beirut area of traffic congestion. Also included are water, dams and sewage projects, along with addressing waste disposal and waste water treatment at the regional level. All this would be done within a clear national plan duly debated and approved by the Parliament, with its implementation hinging on securing funds through foreign loans.

The sixth foundation: This foundation concerns evolving the rules by which Beirut would be positioned as a financial center through a package of measures destined to launch the stock market and the financial markets under proper control and transparency, and the establishment of investment funds and financial instruments to put Lebanon again on the map of financial centers and stock trading. The measures also include benefiting from the strength of the Lebanese banking sector to reinforce Beirut as a magnet of competencies and financial tools, thus opening job opportunities at its banks and financial institutions which would encourage thousands of Lebanese, who are specialists in money matters but working abroad, to rather return and exercise their skills at home.

The seventh foundation: This foundation focuses on the environment, not just from a waste treatment angle, but also in the matters of reducing pollution and keeping up with the recently-concluded global agreement whose resolutions were: To curb environmental degradation in the air, land and sea; the use of the least harmful hydrocarbons, and the progressive switch to alternative energy; vast reforestation; adoption of public transport systems; dealing with polluting industries; and working on the conversion to gas and solar energy in a phased way.

The eight foundation: It places focus on the agricultural wealth in all its components, as well as on food production and the activation of all promotional, financial, and technical tools needed to build an agricultural sector capable of penetrating foreign markets, even if that requires a gradual transition from tobacco farming to food products while adequately compensating farmers throughout. This, however, requires proper coordination with policies relative to irrigation and digging artesian wells, with an added focus on agriculture and environmental conservation policies.

The ninth foundation: It bears on Public Health affairs, including all measures of prevention, awareness and monitoring for each adverse health effect. It also focuses on coordination in matters of investment in the hospital sector, and increasing the promotion of health tourism, as well as on ensuring proper guidance and the presence of a data bank in order to take advantage of all capacities in Lebanon. In this context, instituting a health card that allows the retrieval of a patient's health history is absolutely necessary, as it would drive treatment to a higher level.

Relentless work on setting treatment centers in Lebanon that cater for the Middle East region has the potential to attract thousands of patients. This would enable the health sector to raise its feasibility and create jobs for thousands of Lebanese doctors and health workers.

The tenth foundation: Its area of interest is educational affairs, in the sense that an independent higher education agency would ensure that quality education proliferates systematically by curbing commercial universities and raising the standards of education, thus endowing all degrees and diplomas with solid credentials to be recognized around the world. Bringing the present chaos in education under control, along with properly institutionalizing and monitoring curricula to meet international standards, would definitely be conducive to a more effective education that would undeniably be a boon to Lebanon's human capital. In addition, monitoring the quality of education at the primary and secondary levels would result in the formation of capable and efficient generations.

The eleventh foundation: Its feature is job creation, minding that this will only be achieved through a package of measures meant to drive up the incentives for investment, attract corporations, and develop the various sectors by doling out special incentives commensurate

with their conditions. As a result, the productivity wheel will turn, proof of which the actual cases of the digital companies that are supported by the Central Bank of Lebanon (BDL), the food companies which were propelled by quality in production, and the expansion of the wine industry following several success stories in export. Other cases in point are in the housing sector, in addition to the industrial and environmental investments backed by IDAL where a basket of tax incentives were given to several projects. Common sense lies in consolidating these activities and giving them a number of coordinated support measures in funding, taxation, administrative procedures, marketing, and technology, to enable them generate job opportunities, exports, investments in rural areas, environmental conservation, innovation, and transfer of a business activity from abroad to Lebanon, as well as enable them apply other standards of development.

But the basis of that support should invariably be an increase in the employment of Lebanese.

The twelfth foundation: The focus is placed here on art and culture, in addition to all forms of creativity. This realm is of a promotional feature for Lebanon, as building a positive and appealing image for the country would enable its products and services to penetrate foreign markets and bring about job creation at home.

It essentially brings into play the Knowledge Economy, culture, and artistic expression. Nothing precludes promoting both the production of films and holding all kinds of artistic and cultural activities, even if their commercial returns would at first be weak or of a long-term nature.

The thirteenth foundation: The promotion of scientific research sits at its core, in addition to spurring innovation, incubators, and all types of emerging enterprises. Scientific innovation is at the root of development and growth, and it represents a country's capacity to create diverse and significant investment opportunities. It also allows adding value to each activity, and the building-up of a major driving force for industrial production, be it in the classical sense or in the digital sector and many other sectors as well.

The promotion of these activities is essential if we were to raise the level of performance of the Lebanese economy, and the level of productive activities at home and abroad.

The fourteenth foundation: Here the development of the work of municipalities is highlighted, from it being the means to solve everyday problems in the regions and villages. Municipalities can provide services, and establish small-scale projects to ultimately attract and promote regional investments. The following functions must be at the core of the work of municipalities: The provision of social cover and environmental work; providing an appropriate economic climate; improving the conditions of housing; urban planning; waste treatment;

providing energy, water and irrigation; and the provision of parking lots and all other social services, health care inclusive. The volume of each municipality's work would naturally depend on its size, its resources, and on its capacity to contribute and perform.

Decentralization of the public administration begins at the level of municipalities. Being closer to the specific needs of their constituencies, these public bodies can provide support services and activities whose impact is more effective in their respective social environments.

Hence the need to give municipalities wider scopes of work, resources, and prerogatives.

This particular foundation does not make any kind of judgment, but aims at bringing services closer to citizens and at heightening the level of convergence of both the officials and residents in a certain region. It would thus make for a style of interactive democracy which is exercised away from narrow politics, and which is close to its ecosystem's needs, possibilities, and concrete achievements that bring relief to citizens in their daily life by simply improving it. It's also an arena which would induce healthy competition among municipalities by incentivizing them to work more productively.

The fifteenth foundation: This dwells on a number of measures for improving social affairs. These include the setting up of an unemployment fund, revitalizing the State's social welfare agency, improving the performance of the agency for employment, establishing intensive training centers for some service or industrial jobs, revitalizing the Green Project, improving the performance of NGOs through outreach, awareness, coordination, and guidance in order to strengthen civil society, creating an agency for refugees in order to take care of their affairs and train them for their return to their home country, Syria, after rehabilitating the heads of families in cooperation with international organizations.

- These foundations must go in parallel and be built by continuous coordination. It is our belief that with the political situation stabilizing in the short term, Lebanon would be in a position to claim massive aid from being home to 1.5 million Syrian refugees, on account of its stable security and political conditions. It could claim it as well on account of the country constituting in effect a barrier that stands in the way of refugees migrating to Europe, which is in fact helping the latter to resolve a part of the migrants problem which it faces. In fact, preventing the collapse of the situation in Lebanon averts a major crisis in the whole Mediterranean basin. Turkey got 3 billion Euros in brilliant negotiations with Europe. We can campaign for even more if we conduct good negotiations and make a convincing presentation of our projects.

- Also, paying due attention to investment in oil is absolutely essential towards Lebanon getting the ability to gain extra revenue streams in a few years' time as it awaits to contribute to the rebuilding of Syria and Iraq. For these two countries will present growth potentials for Lebanon to tap into, and benefit from, over the long run.

- Preparing an environment that fosters growth is a task of an immediate nature. In this context, some of the necessary reforms need a vision and a will, in addition to an agreement on the priority to secure them certain maneuverability margins which would allow them to happen.

This modest plan establishes a rational action model, and allows for gradually overcoming an extremely sensitive phase we are passing through, by means of:

1. Immediate structural reform measures based on a heavy reduction of the public debt over 5 years, in order to reach the acceptable limit of 80 -90% of GDP.

2. Requesting aid in the short term in amounts of up to \$ 5 billion over 3 years (Hence the necessity of exercising a dynamic foreign policy, and increasing the pressure on donor countries).

3. A focus on oil and gas exploration in the coming years, so that we start earning revenue in 6 to 8 years' time. It should be noted that it is possible to start extraction right after the size of the reserves has been determined, and drilling has commenced.

4. Preparation for the eventual phase of Syrian reconstruction, to enable us to provide the services needed within a 3 years' time (through equipping Lebanese companies with the suitable tools).

5. Being on stand-by mode to partake in three years' time in the development of Iraq once the rebuilding process will be launched there.

6. Taking advantage of the renewed openness in Iran to launch cooperation in the next two years (Boosting exports, sending technical missions, making commercial investments).

As for the means and tools, they are all available through: Lebanon's efficient banking system, its solid banking and financial sector, a useful administrative structure albeit worn out and in need of rehabilitation, its distinctive human potential, and the latent financial capital of Lebanese expatriates which awaits a suitable investment environment in their home country. Let alone the fact that the Lebanese Diaspora disposes of an integrated network capable of providing know-how, competence, capabilities, contacts, and supporting institutions.

Reform is a cumulative process. As one step gets implemented, its positive effects would extend to other areas, especially in creating jobs as soon as costs have been lowered and an appropriate economic climate has been set.

Having said that, the plan has high chances of success if it's approved. Moreover, its requirements and foundations revolve around five action axes:

1. A broad political consensus based on a memorandum of understanding that spells out all the elements of reform, and determines its terms and implementation mode.

2. Full transparency with regards to the plan's objectives and its implementation phases in terms of cost, obstacles, and deliverables, and according to a total disclosure of all the details pertinent to its various stages. This can be achieved through a full documentation of the proceedings, an assessment of their effectiveness, and the issuance of the necessary governing decrees.

3. The participation of all parties in the debate, in order for it to enjoy a complete national and civic consensus (Economic and social bodies included). The endeavor starts with issuing full drafts of the afore-mentioned topics in an accurately laid out way, and according to realistic estimates and procedures that are liable to be implemented.

4. Carrying out anti-corruption programs, and introducing full transparency in the accounting of expenses and the disbursement of funds. This can be achieved by clarifying the execution means, strengthening the monitoring and audit programs, working on the reduction of all types of waste — which is a form of corruption —, and slashing non-viable/non-productive spending in a systematic way.

5. Regular evaluations of the plan through the participation of the Parliament in overseeing the details of execution, including obstacles and problems in its course, so that the reform process will be pushed forward whenever it is hampered by power centers or special interest groups.

So... We see that the follow-up processes are absolutely necessary, because they give strength and legitimacy to the process of reform, as the inherent elements of imbalance (and their possible solutions) would thus get evident. For issues of privatization and partnership must be subject to full and systematic scrutiny, in addition to a methodic evaluation of their direct and indirect benefits in the short and long terms, from all the economic, financial, social, and environmental aspects.

On the other hand, it is to be kept in mind that resolving the multiple problems that will be confronted might meet with delays due to political obstacles.

The adoption of the reform foundations, laying out its programs, and building the overall vision, along with gradually setting procedures and developing the monitoring, follow-up, and evaluation system, are all functions of crucial importance. Further, they will be based on a "Memorandum of Economic and Social Understanding" that puts the series of policies that must be adopted in one integrated basket.

- Partial measures and raising taxes indiscriminately, as well as the adoption of incomplete policies, or any form of imbalance, will hinder the reform work because the

outlook would be incomplete and the procedures unacceptable. Accordingly, annual budgets must get acknowledged within the programs, and projected over a span of several years. The most evident example is the 'Scale of Grades and Salaries', as what is needed there is an integrated plan for administrative reform which includes: The accurate determination of public office posts along with corresponding division of labor and job descriptions, in addition to an increase in performance, productivity and working hours, the launch of e-government, taking advantage of retirement as a means to limit the headcount in the public administration, not to rather increase it. Once all this is in place, then a gradual increase of the said Scale could start being implemented while taking into account the situation of the Treasury, the increased purchasing power, inflation, and the effects of productivity in the context of public services activation. All thorny issues should be subject to a logical and comprehensive economic / financial / social analysis.

- As for the social reforms, they must serve to increase employment, and raise efficiency and productivity, not just come in the form of financial support.

- The complex process of growth is based on trust: Firstly in an all-encompassing integrated view; secondly in the credibility of implementation; thirdly in the calibers of the officials in charge; fourthly in realism; fifthly in transparency; and sixthly in the open outlook ahead. All these elements assume the various measures to be of a certain quality that restores to public decisions their prestige, induces respect to the approved track, and ensures the right adaptation to the requirements of the economic and social conditions. It's also necessary to benefit from foreign experiences and expertise; it helps to straighten the track taken. There are successful examples in Norway (for the management of oil affairs), in Dubai (in the management of citizen affairs), in Singapore (to attract investment), in some Eastern European countries (in returning to growth), and in Luxemburg (as a financial center), which are all states of Lebanon size. They can serve as a framework for action, a source of ideas, and as benchmarks for comparing results, while keeping in mind that all those states passed through difficulties before they reached their highest levels of efficiency.

- The re-activation of the Economic and Social Council (ESC) allows the preparation of a scientific debate which would be calm, professional, and figures-driven in regards to all projects and decisions of economic, financial and social implications. It will also constitute a strong support base for the projected development path, as the plan prescribes a "supervision, follow-up and monitoring" commission whose function will be to coordinate, identify gaps, propose solutions, and overcome obstacles for reaching the full execution of the "15 foundations", including putting into effect complementary and parallel procedures that will enable the whole work to run consistently and effectively. That's the best and least expensive frame of work. The

Taif Accord stipulated ESC's formation; so it enjoys legitimacy and the ability to represent the groups that are not represented in Parliament.

- The required funding will become possible, not only through foreign loans (and numerous they are), funding by the private sector (through the much needed partnership between the public and private sectors—PPP—, or privatization, or any type of loans), European aid programs (by virtue of the refugees), or investment funds (when the financial markets will be launched), or direct foreign investment, or resident and non-resident Lebanese investments. When the whole reform endeavor is put to work with all its components being active, solutions become easy as there would be flexibility in dealings, and a marked openness to all options. This is all the more true after the measures taken to cut the deficit would have kicked-in, thus opening the door to rationalizing public spending and making it effective. Developments abroad, particularly in our surrounding region, are candidate for improvement in the foreseeable future (two or three years). This will bring back opportunities to benefit from; but in the interim period, the hard work must be concentrated on the domestic front.

- The factor of speed (not of hurried rush) dictates making decisions in a phased way, and conducting intensive debates for concretizing them within a specified period of time. In the current *modus operandi*, the economic, financial and commercial laws linger on the official agenda for 10 years, which deprives them ultimately of their ability to be most effective.

Accordingly, time ceilings are necessary for launching the work in a forceful and serious way, which calls for the re-activation of the work of Parliament and its committees, so that all necessary action would be given the momentum to be undertaken within a set timetable.

Some decisions may need "urgent" laws, or legislative decrees, or giving the government exceptional powers while keeping oversight on its work. Whatever the means or the method, what is needed is an integrated accomplishment in an acceptable period of time.

This reform work site is not subject to any political consideration. It only answers to a comprehensive national will for reform, and for rebuilding the Lebanese economy within a comprehensive process of modernization and development, which is suitable to confront and overcome the difficulties of the transitional period we are presently going through.

These solutions may be easier than political solutions while being more difficult from another point of view, as their materialization assumes the presence of a homogeneous and efficient team which is capable of driving that process forward for the benefit of all Lebanese, whatever the outcome of the surrounding regional conflict. Steadfastness, then growth and prosperity cannot confuse any party to the equation, even if political conflicts continued on some issues.

- It, however, supposes that a “government of hard work” would take over that particular task, even if some of its prerogatives would be withdrawn in favor of the “National Dialogue Commission”. For the latter would in fact clear thorny issues away from the government’s path, thus allowing the latter to concentrate on bringing to fruition the kind of work which would enable the country to rise at an accelerated pace.

- Such a plan also assumes that the Parliament would assume control, legislation, and follow-up while instituting that an MP cannot be a government minister at the same time, so that the functions of both the legislative and the executive branches of the State remain duly separated and governed by checks and balances.

- This endeavor presumes, above all, a national consensus to approve the plan and give the green light to its implementation by the “government of hard work” with the concurrent establishment of the follow-up body, in addition to activating the Economic and Social Council, and defining the roles of both the National Dialogue Commission and the Parliament. This will be necessary for ushering in a recovery period which is needed for endowing the Lebanese model with the right structural reforms which will replenish its energy and make it rise from the deep sleep it had gone into for a good 10 years, sometimes 25, or even 40 years in some cases.

This work is now imperative by virtue of growth having dropped to near zero, the aggravation of the financial deficit to the tune of \$ 2.5 billion in 2015, the slowdown in the activity of key sectors from 20 to 40%, the rise in unemployment to the extent of 25% (37% for young people), the blocked expatriation possibilities to the oil-producing Gulf countries due to the ongoing economic crisis there due to lower oil prices, the growing social demands, the acute character of the Syrian crisis with its issues of migrants and refugees, the increased wear and tear in public services, and the worsening of the fiscal deficit and the Balance of Trade.

- Confronting the crisis is possible at all levels, because of the availability in Lebanon of creative human resources, a powerful banking sector, and the existence as well of sufficient international-experience references. Add to that the multiple demands emanating from neighboring countries which lost a part of their ability to produce, the general features of investment in Lebanon, the country’s important educational stature, and other features that sustain Lebanon’s ability to stay resilient, such as its extreme flexibility in dealing with, and adapting to, the requirements of young entrepreneurs. Accordingly, this is not an impossible task for a country which knew how to remain steadfast despite suffering from continued crisis times.

- To be hopeful of this “miracle” happening is not impossible in view of the high pragmatism prevalent in a country that managed to survive in spite of many pundits having often predicted its outright demise.