

Lebanese Republic

**Office of the Minister of State
for Administrative Reform**

**Citizens Charter
Public Funds**

Introduction

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The present document was drafted by a team formed by Mr. Fouad El Saad, former Minister of State for Administrative Reform. The said team continued its work under the supervision of Mr. Karim Pakradoni, Minister of State for Administrative Reform. The work consisted of outlining sectorial charters to be part of the "Citizens Charter" adopted by the Cabinet in its session dated 15/11/2001.

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Introduction

Public funds are the basic criterion showing the development of functional competence in a given society. They are as well an indicator to the extent of which citizens are determined to join their forces in order to build a better life, and the key tool leading to the formation of societies and guaranteeing their development, growth and stability.

1 – Public Funds: this term refers to funds related to the State, Public Institutions, and Municipalities. It also includes cash funds and real estates owned by different institutions working for the public benefit and the means of which is the public power or by institutions funded by contributions and financial aids granted by the State regardless of who is in charge of them.

The citizen is a key partner in the public funds. Hence every abuse of the public funds is an infringement of the citizens' interests and the public services that they are entitled to and of the entire society which was formed as a result of common contributions.

State, municipalities, and public institutions need public funds to:

- Cover public administrative expenditures: wages and remunerations, furniture, appliances...
- Spend on public facilities as well as public social, economic, educational, and health services...

Public needs define the frame of expenditures, revenues and the State's share of the national income.



2 – Constitution and Law provisions: public funds are governed by Constitutional provisions provided for in article 81 and the subsequent articles. Article 81 specifies the jurisdiction of the legislative authority to impose and collect taxes and binds the government to submit the draft budget to the legislative authority. The budget shall include estimates of state expenditures and revenues for the following year. The previously mentioned provision prohibits the legislative authority from increasing the governments suggested credits and it prohibits the government from opening additional credits except by virtue of law. Nevertheless, should unforeseen circumstances render urgent expenditures necessary, the constitution allows the cabinet to open credits by virtue of a decree ratified by the Cabinet as long as these credits do not exceed a maximum limit specified in the budget law. The previously mentioned article binds the government to submit a closure of account concerning the past year's expenditures and revenues.

The constitution also prohibits the conclusion of any loan or undertaking, or conferring any engagement or privilege or monopoly except by virtue of a law.

In addition to the constitution provisions, lawmakers issued many laws that determine taxes and duties, the most important of these laws are Income tax, Built-up property tax, Inheritance tax, stamp duties, and many others. The Public Accountability Law determined the rules of revenues collection and expenditures spending in order to protect public funds from misuse. Each year lawmakers draft a budget law in which they determine the State's expenditures and revenues for the following year and by virtue of which tax collection and spending is permitted.

3 – Budget: it is the tool used by the public power to reach its political, economic, and social objectives. Thus government budget-related decisions have a direct impact on the daily life and future of citizens. They also affect their work, their daily life quality, and the extent of which they benefit from public services in different sectors including: medical services, social allowances, and development projects.

The budget indicates the political, social, and economic priorities set by the society through translating political tendencies and commitments into expenditures and taxes. Hence the administration is the tool to implement the policy adopted by the public power and which is pointed out through credits distribution and revenues achievement and collection.

Lebanon has many financial commitments and restrictions, whereas wages and public debt service consume the majority of public revenues leaving very few of these resources to the funding of social programs. They also hinder the development of a social policy on the long run and hold back the public power from playing a vigorous role in the development process. Therefore, there is a need to rationalize public spending and divert it towards basic social services since they have high social revenues which turns the previously mentioned policy into a more fair policy.

4 – Tax: it is a mandatory financial contribution stipulated by the obligation of social solidarity. The said contribution is determined by the public power in the frame of the practice of its sovereignty and through its competent institutions and that in

order to be able to achieve the objectives of the society knowing that the public power undertakes many tasks that it is difficult to know to what extent each individual gains benefits from.

All Lebanese should contribute in funding these activities through taxes and duties defined by the public power evenly, equally and comprehensively according to the provisions of the constitution stipulating that all Lebanese are equal before the law. They equally enjoy civil and political rights and equally are bound by public obligations and duties without any distinction (Article 7).

5 – Corruption: it refers to the abuse of public power in the aim of gaining personal profits. Despite its direct correlation with bribery, administrative corruption is the use of power for personal purposes which might not be necessarily financial ones. A public servant is corrupt whenever he/she accepts monetary or other rewards in return for an action falling within his job responsibilities or he refuses to accomplish his duties or use his official tasks for personal purposes.

A bribed public servant does not work for the public interest which he ought to serve; rather he works for his own interest. Corruptive practices damage the citizen's rights in public function which is at the service of public interest. Corruption harms as well the principle of equality of citizens before the law and threatens the social contract and consequently the social foundations and fabric.

Corruption lessens citizens' confidence in their government. Decent citizens will be therefore frustrated and will eventually lose their confidence completely. Corruption also creates within the work environment a disparity between the person paying or

receiving bribes and he who abides by the legal rules and implements them.

With time, this situation will lead to monopolization and formation of a corruptive net where the bribing or bribed institution controls the market and imposes its rules of illegitimate commissions.

Corruption is a political issue that requires drastic changes in the political routine, control mechanisms as well as in the relation between the legislative, executive, and judicial authorities. Moreover, it is a social matter regarding traditions and tendencies within the Lebanese society. It is a moral issue that was intensified due to the Lebanese war and all that followed it. Corruption is also an administrative issue requiring a review of the administrative systems and nominations, the training of public servants and the enhancement of their qualifications, and a dissemination of ethical principles.

6 – Abuse of Public Funds

A – Authority may abuse public funds:

- Through costly projects undertook under the pretext of necessity and turn out to be needless or not a priority or the project completion cost was higher than its real cost.
- Through public servants who might inflict upon citizens additional costs or personal insults which will lead to an additional cost or a moral injustice which might be difficult to estimate in many circumstances.
- Through legislation or regulations imposing unjustified or unjust burdens on citizens and might sometimes be considered as a punishment to productive sectors in profit of parasitic sectors that ought to be transformed into

productive sectors instead of being kept in stagnation and slump.

- Due to the public authority negligence in using its power to collect and preserve public funds or due to a disfigured and unequal use of such power.

B - Citizens may abuse public funds:

- Through their abstention from paying their due taxes or duties or financial allocations to the Public Finance¹, or through their use of fraud and tricky means to divest from these obligations.
- Through their conscious or unconscious damaging of public assets whether in streets or governmental buildings or various public facilities.

C – Pressure groups may abuse public funds:

Pressure groups refer to various kinds of gatherings especially parties, unions, associations, leaderships, and authorities. The competition among these groups to get hold of their partisans' opinion or the public opinion, as well as their various indirect orientations, or stagnation, or carelessness might lead them to burden the public funds with their desires which hoist squandering and hinders.

1. The two expressions "Public Funds an Public Finance" shall be used throughout this charter in instead of "Treasury" despite its legal adequacy – given that the word "treasury" might be psychologically understood as a resource from which the governor draws according to his needs without taking into consideration the general objectives of collected financial resources.

7 – Charter’s objectives

The charter aims to:

- Enhance the administration’s democratic approach regarding its relations with the citizens for they are keepers of number of acquirements and generations’ heritage, and contributing in public tasks and benefiting from public services.
- Attain a transparent administration that assumes its responsibility towards the citizen.
- Develop trust between citizens contributing in public tasks and public administration in charge of collection and spending.
- Develop tax citizenship approach since it is the basis of citizenship behavior whereas citizens contributing in public tasks have the right of participation, accountability, and accountability.

The present charter concerns all Ministries with no exceptions. It undoubtedly regards all public sectors and public servants in all public administrations, institutions, municipalities, as well as all people who receive salaries and compensations from public funds, or those who spend or manage public funds. It also regards all citizens contributing in public tasks and benefiting from public services and civil society institutions, especially media, and educational institutions, unions, and associations.

The expansion of the range and volume of Taxes, above all the VAT since February 1st, 2002, and the buildup of public debt urge Lebanese to work hard in order to build a State of Law and establish the principles, mechanisms and procedures of transparency and accountability in favor of X.

1 - Public Funds in daily life

Roads ruined by craters without any kind of maintenance, power cables with no lighting, water channel with no water, and public schools with closed doors or with absent principals and teachers... are all indicators of public funds mismanagement influencing the daily life of each and every citizen.

The financial activity of the State, the municipalities, and the public institutions has a direct impact on the citizens' daily life and it weighs on the society and its relation with its nation.

Citizens who empower the State, the municipalities and the public institutions to assume their responsibilities through taxes and duties they pay are partners in the nation. Hence public funds are their funds: "the treasury of a state is the pocket of its citizens", and public needs are their needs.

Public funds mismanagement leads to the deterioration of the authority's performance in various areas: the deterioration of roads, schools, health services, and education level. It also leads to more unaccomplished and costly projects...

The abuse of public funds, particularly public facilities such as (water, power, communication facilities...) leads the public authority to increase taxes and duties in order to hold back the budgets deficit of the mentioned facilities.

The Penal Code includes many articles that penalize infringements of any public facility: damaging establishments, factories, X, properties, transport means, everything with a military aspect or used by the army and all forces related to it. It penalizes vandalism or destruction actions affecting public buildings, roads, streets, trees, and signboards, fraud regarding selling State's properties and tearing public announcements, crimes standing in the way of the course of justice, State's stamps

granting, official notes, currency, and public securities, stamps and credentials forging, fires in buildings, factories, or forests, menacing the safety of transit roads, tax evasion, and all actions damaging public properties, water facilities and others.

Penalties are not limited to citizens they also touch public officials at all levels.

Citizens must deal on a daily basis, partially or totally, with taxes and duties regarding food, beverages, garments, health, education, and others. They are paying taxes all year round, and they are paying fines and penalties whenever they cause damage to public funds or public, governmental, municipal, or institutional establishments and facilities, to the State's public and private properties, and to individual's capitals in the society.

As long as the individuals in the society, depending on their income, revenues, and spending, are the aim of taxes and duties, and as long as public funds consist mainly of their capitals since they are deduced from their earnings, citizens shall be extremely vigilant about these funds as they are about their proper assets since they have the right of control and accountability regarding the usage of taxes revenues.

How do citizens deal with public funds in their daily life?

Do they pay taxes and duties correctly?

Do they know where the money goes?

How do they spend and where?

Do they spend according to rules and regulations away from squandering, or corruption?

Citizens must be asking about the reason of deficit and high public debt?

Taxes and duties, particularly the VAT, touches repeatedly, directly, and on a daily bases the taxpayer's behavior. Due to perceptible and daily tax levy, the consumer hence takes part and contributes in public tasks and is entitled to questioning,

accountability and transparency.

Regimes concerned about democratic awareness enhance tax involvement, e.g. if a bridge was built in a certain city or village, a large note will be put nearby to point out the cost of the project and funding sources. Whenever this bridge collapses, another signboard will be put mentioning the cost and the need to increase taxes and duties in order to repair it.

Citizen's rights and obligations in daily life

1. Good management of public properties: these properties include all objects designed for public benefit or public utility due to their nature. Public properties shall not be sold and their ownership shall not be acquired by prescription. They mainly consist of:

- The coast up to the most distant point reached by waves in the winter and up to sand and pebble shores.
- Salty lakes directly connected to the sea.
- Waterways regardless of their type, within their determined limits according to the maximum height of the running water before flooding.
- Underground water and springs regardless of their type.
- All water shorelines, i.e. the land along the waterways which shall be preserved, cleaned and controlled.
- Lakes and springs within their determined borders up to the maximum level reached by water before flooding, a crossing area with a width of ten meters is added from both sides as from the mentioned borders.
- Waterfalls favorable for power generation.
- Navigation channels and waterways carrying along vessels, as well as irrigation, dripping, and drying channels along with their shores, water archways if built for public interest,

- auxiliaries of these facilities are part of public properties.
- Sea and river barrages, semaphore telegraph lines, lighting facilities, and sea signboards and their auxiliaries.
 - Telegraph and telephone lines and their auxiliaries invested by a public facility.
 - Fortification structures, war centers, and military facilities.
 - Roads, streets, passages, lines, and all kinds of transportation means as well as their auxiliaries except those constructed by individuals for their private usage.
 - Railroads, tramways, and their auxiliaries.
 - Harbors, docks, and gulfs.
 - Facilities constructed for public benefit, water power usage, and electricity transfer².

2. Adequate use and management of public properties and their revenues: the said revenues consist of the use of all these properties or some of them in a temporary and annullable capacity in return for fees. Temporary use might be for public interest or personal one provided that the objective will be always the public benefit. Public authority might impose in certain cases charges regarding the usufruct right: museums and gardens visit, and highway passing. These fees are often inflicted in the aim of organizing not banning the individuals' usage of these properties. However in some exceptional cases they are inflicted to cover the cost of constructing, preserving, and managing these properties (such as the departure fees collected for the benefit of the airport). Thus, the general rule consists of free benefit from public properties.³

2 - The above mentioned enumeration was stated in article (1) of resolution N°144/s issued on 5/6/1925, we mentioned it entirely in order to define it and its frame duly and in particular without limitation there to.

3 - Public properties revenues estimated in 2003 budget, such as Jiita Grotto and other vestigial sites, reached: 2 billion L.L.

3. Adequate use and management of State's private properties and their revenues:

State's private properties refer to:

- Owned lands without usufruct (where the state is the owner but usufruct rights given to individuals).
- Abandoned lands. The said lands are either for all people such as roads, walking areas, public markets, or for specific people benefiting from these lands. They may be defined or not, provided they are known. An example would be the pastures and lands used by citizens living in one village or several villages.
- Properties unoccupied by their owners or with no heirs.
- Properties owned by the treasury and registered in the State's properties department.
- Properties confiscated by the treasury.
- Properties listed in State's properties registers.
- Properties proved to be for the State as a result of land delimitation processes.
- Properties bought by the State and not included in the public properties.
- Public properties deserted territories.
- Real estates resulting from vacant properties and properties with no heirs, and uncultivated lands proved to be by force of law vacant or with no heirs.
- Quota due to the State from treasures found in ground, and properties confiscated by the state from criminals...

Private properties usually provide the State with more revenues than public properties. These revenues might be divided into:

- Agricultural sector revenues resulting from leasing agricultural territories, and pastures, as well as from leasing

with promise to sell. Financial departments are in charge of collecting the price of selling parcels, entering into settlements, or leasing.

- Industrial and trade sector revenues resulting from industrial and commercial projects owned by the State and which might not be carried out by individuals due to their risk or the need of enormous investments. In addition to sectors described as essential, such as: transport, fuel, electricity, water...

4. Protecting consumers and defining the means of protection as well as the ways and guarantees of the ways of challenge in case the public authority relinquished the direct management of a public establishment and adopted the privatization principle.

Citizens enjoy the following rights

5. To call for just, equal, and unbiased distribution of costs, each according to his cost capacity, ask as well for proportional stability of tax legislation, and simplification of procedures regarding cost reimbursement through opting for extremely limited forms to be filled.

6. To get to know how public funds are spent through all available means and by ways of transparency pointing out the reasons of public spending.

7. To account about squander and corruption in public funds spending.

8. To receive high-quality services easily and quickly from establishments offering free services, such as: security services, social aids, agricultural guidance, or partially free services, such as: hospitalization, and lands reclamation...

9. To know how much public establishments cost the public finance through signboards put in public places and publishing means.

10. To use public properties freely and easily according to rules and regulations: roads, bridges, sea beaches, public parks, and others.

11. To obtain high-quality services in fields like water, electricity, communications, and others in a reasonable price.

12. To carry out their formalities quickly, easily, and accurately, according to the regulations and limits of public functions, administration, courts, and others.

13. To obtain a guide for the various formalities and for those to be carried in public administrations.

14. To be treated with equality, respect, dignity, and without extortion.

15. To object to any unjust tax.

16. To be welcomed respectfully and politely by public administration servants, the work of whom consists of simplifying formalities without any delay.

Citizens have the following obligations

17. To preserve public funds, properties, establishments and facilities to the same extent as they preserve their private funds and properties.

18. Not to wreck or aggress against public establishments and facilities such as roads, sidewalks, streets, bridges, public parks, forests, and others, and use them properly.

19. To report about any aggression against public funds, properties or establishments.

20. To treat civil servants and those in charge of keeping

public funds and run public establishments with full respect and politeness.

21. To declare correctly their taxable incomes.

22. To respect the competent servant who is carrying out his work.

23. To pay willingly the price of services (electricity, water, telephone...).

24. To be transparently informed about public spending in all fields.

25. To accomplish accountability regarding the elected Legislative Authority and incite it to control the Executive Authority.

26. To be well-versed about all rules and laws related to tax and duties paying.

27. To learn about public budget accounts.

2 - Building Tax Citizenship

Citizenship consists of four components: I contribute, I am involved, I take part, and I am responsible. The person who contributes has the right to participate, question and account without being intrusive or intervening in others business.

The stones used to pave the road from generations ago are the property of the neighborhood, since the cost was paid by citizens; the same rule is applied to the street, school, hospital, public library and parks...

A fiscal education begins in streets, neighborhoods, houses, schools, and society. It also begins when citizens are tangibly aware of tax impact on daily life as well as on the economy and social fields.

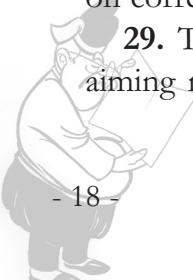
The basic rule of citizenship is: who is paying and who is making others accountable? As long as it is the citizens who is paying, than it is his right to be informed, to take part, to account and to question.

How do we shift from being concerned and talking about public affairs to practice and behavior? A multidisciplinary and multipurpose methodology should be adopted in order to develop fiscal education.

Education institutions have the following obligations:

28. To review their core curriculum particularly history books baring a negative outlook regarding taxes (“impose taxes”, “to revolt against taxes”...) even after the independence, and to work on correcting this outlook.

29. To start a public debate about common daily life issues aiming not at skilful talking or the ability to present arguments



and convince, but to develop a joint vision about a common issue and to define its obligations and saddles.

30. To draft instructional materials concerning public funds, transparency, and accountability to complete the “national education and civil education” curriculum (Decree 10227, dated 8/5/1997, p. 713 – 733).

31. To expand history curricula to include economic and social history where the importance of paying and collecting public funds and the impact of financial conjunctures throughout history on revolutions and stability is pointed out.

32. To eliminate the historical residues and negative meaning laying in some expressions such as “taxpayer” rather than contributable, and “tax” and “treasury” rather than Public Funds, since these expressions are the echo of negative historical residues and of the dominant and governing side of some of the State’s financial supports.

33. To expand the interests of psychology and educational psychology specialists to include tax psychology so that citizens may be psychologically aware, not on the spot but on the long run, of the various issues: what is the impact of their actions on both intermediate and long term and on their children and grand children? (They planted seeds and we harvested, we are planting seeds and they will harvest).

34. To work on making use of Lebanese citizens’ capacities such as creativity, openness, initiation, adaptability, and endurance in public interest field through contribution, participation, volunteering, and carrying on activities and programs affecting their behavior, for instance, a student or a group of students may “adopt” a tree, a sidewalk, or a public establishment within a school, a university, or in the surrounding area of an educational institution and take care of it, be in charge of its maintenance, and push others to preserve it.

35. To turn the request of transparency into daily tangible questioning, and perhaps more than once a day. Hence each citizen buying a certain commodity subject to Value Added Tax should be asking: where does the sum of collected taxes go and does it reach the Public Fund?

36. To incite students to take part in the maintenance of damaged educational institutions due to neglect or infringement, and inform them through published materials about the cost of trimming trees, cleaning classes, or fixing misused water vessels in a school, or a university.

37. To organize activities leading to the “personalization” of public funds. Hence, each individual will be aware of public affairs impact on his life and interests on the short, intermediate, and long run, and will consequently consider public funds, streets, neighborhoods, and the joint building where he lives as his own properties, and that he has a personal interest therein.

38. To increase practical work in schools, universities, and workshops regarding public funds in a concrete, substantial, and directly perceptible manner. The said work shall cover tax and duties issues, as well as the cost of public works and equipments. An example of practical work might be asking students to study the sum of taxes and duties paid yearly by a four members family if the salary of the father working as civil servant is two million LBP, for when the tax is directly cut from the source, the tangible and constant feeling of tax impact fades away, and the civil servant gets used to this cut, while citizenship behavior requires perceptible awareness of public burden which leads to an increase of demand for transparency, accountability and questioning.

39. To propose to students a budget inventory whenever donations or contributions were collected for charity objectives

or for a common project. Students will be completely aware of the sum collected, the way it is spent, and those who had benefit from it (people with special needs, the blind, the elderly, the orphans...). Therefore, they will acquire the sense of responsibility and solidarity.

40. Private education institutions shall treat public education institutions, which do not respect their obligations, with responsibility and shall incite both students and parents in a certain neighborhood and village to put pressure on the public school to open its doors and force its teachers to attend their classes as well as to provide an acceptable quality of education.

Obligations of economic bodies and forces

Whereas good management, collection, and spending of public funds in interest of public benefit have a positive impact on the relation between the concerned parties and the public administration, contribute in economic prosperity, encourage companies to invest without commissions devoted to bribes, and maintain domestic stability and social peace, economic bodies and forces have the following obligations:

41. To put pressure on people of influence to free public administration from political interferences.

42. To start a dialogue with public authorities and stress them to rationalize fiscal and financial policies in order to achieve social justice and peace.

43. To publish public ethical charters by industrialists, traders, banks, and social bodies associations that include action mechanisms aiming at fighting collusion with top brasses since it inflict damages to public funds and leads to the widespread of corruption.

Obligations of labour unions and bodies

44. To provide intermediacy between public administrations and citizens within various sectors in order to inform citizens about administrative formalities related to each profession as well as about fiscal and financial rights and obligations attendant upon occupations owners, and to defend the those in case they were subject to any injustice while pursuing their rights and obligations.

Obligations of civil society and associations

45. To establish associations to look out for the rights of beneficiaries from public funds and to defend consumers at both local and national levels.

46. To contribute to the emergence of an active public opinion capable of fighting corruption, expressing its point of view through association networks in contribution with labour unions and bodies. It goes without saying that the communication means boom may produce a public opinion contesting infringements, corruption, and squandering and initiating drastic changes in the way citizens are aware of their problems. Moreover, communication means constitute a control agent for the governing authority, and for the public administration while carrying out their functions.

Obligations of the Mass Media

The Mass Media, with their various means, play a key role in diffusing fiscal education, along with bulletins published by Ministries involved in tax, duties, and public spending issues and instructions provided to citizens regarding the reasons and

conditions pushing authorities to impose taxes and duties. Hence, each citizen will understand that he is compelled to pay his taxes by virtue of social solidarity which led to the existence of tax, regardless of the benefit that he acquires.

47. To conduct investigations in the types of corruption and publish the results to point out public funds abuses and damages inflicted to the interests of consumers and beneficiaries from public services. Mass media shall not be content of publishing scandals to drive politicians into conflicts in the frame of political competition.

48. To implement the principles of administrative transparency in order to have access to all information concerning public affairs.

49. To inform people about the mechanism of taxes, their conditions, and the method of their collection.

50. To differentiate between informative materials and publicity, since fiscal informative materials aim at transferring information accurately and sincerely in order to gain the confidence of the receiver without impressing him with an advertising concept, and since the efficiency of publicity in fiscal and public funds field is limited to the cases of circular notes.

Obligations of the citizen

51. To pay the due taxes and duties within their maturity date.

52. To pay taxes and duties without evasion or fraud because tax evasion or fraud make citizens subject to accountability as well as legal and particularly penal punishment, as it drive the State and Municipalities to increase taxes and duties or to reduce services and social security.

53. To submit legally required income or gains statements (Income Tax, Built-Up property tax, Inheritance tax...) without

neglect, disregard, or adoption of approaches leading to tax evasion.

54. To preserve diligently the credits projected for administrative spending, in case he was a civil servant, whereas he uses only the indispensable amounts: stationary, telephone, electricity, water...

55. To use the term “State” in common speeches and studies solely in four issues regarding the basic functions of the State: making use of organized forces (legislation, army, security, judicial authorities...), imposing and collecting taxes, initiating official negotiations with other States, and assuming the regulatory role in public policies. However, in other issues the responsible authority in the State should be defined, given that the State consists of various institutions with various functions (Prime Minister, Speaker, Ministry of Public Works, a police station, social security, a municipal council...) so that accountability and transparency may be applied and activated.

Obligations of the public authority

56. To take care of all public establishments and properties, such as roads, administrative buildings... and maintain them constantly in order to eliminate the prevailing mentality saying that public funds are “no body’s” funds and strengthen a positive image about the “ownership” of public funds.

57. To grant fiscal education an important part of public authority’s activities. The latter shall inform citizens with transparency and honesty about the collected funds, the way of spending, and the necessity of spending them, so that citizens won’t consider that revenues are spent in a wrongful manner.

58. To ensure wide publicity and conduct awareness campaigns about taxes and duties before adopting them and to

explain their necessities and objectives in order to know the public opinion's views, trends, and positions regarding the said taxes.

59. To inform citizens about the budgets of State, municipalities, and public institutions because the revenues of which are the funds of citizens (taxes, duties, water, electricity, communications fees...) and the expenditures of which ought to be for offering them services. Public authorities shall notify citizens about the financial outcome of tax evasion which will reduce the feeding of Public Funds with the required revenues. Hence governments will not be able to spend on vital social and economic establishments, and the damage will touch all citizens.

60. To set up and publicize competent authorities for complaint against squandering, corruption, and misuse of public funds, and provide guarantees to the claimant who notices, observes, or knows about occurring corruption or squandering but doesn't report it because of fear, revenge, ignorance, or close relationship: family member, friendship... The claimant may report using his own name or any borrowed name provided that complaints are not used to settle scores or revenge without any relation with corruption and squandering whatsoever. Authorities receiving information shall be diverse whether at the official level: Central Inspection, Audit Court, Disciplinary Council, Office of Attorney General..., or at the national and political level: Members of Parliament, Mass Media, Associations, Parties, and Civil Society Organization.

61. To rationalize social expenditures policies, in particular hospitalization and medical treatments expenditures whether they were at the expense of the Ministry of Public Health, the Social Security Fund, the Civil Servants Cooperative Fund, or the

mutual funds feeding from financial aids offered by the Public Budget.

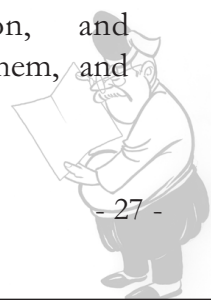
62. To punish those proved to be involved in embezzlement, or squandering, or to receive bribes without libeling civil servants through occasional and selective refinement operations in order to preserve the reputation of public function and to draw educational and ethical qualifications into public service.

3 - Local Public Funds

At local municipal level, it is easier to consolidate the culture of public funds in citizens' daily and tangible behavior, so they can directly notice what is happening, control spending, and benefit from the quality of life resulting from rational management of public funds. At the local restricted level, it is important to deploy efforts in order to eliminate the prevailing mental concept saying that public funds are others' funds or abandoned funds, while public funds are for each and every citizen. Citizens may be aware of these facts at the local restricted level since they know the value of money they are paying, where was it spent, whether the road, for instance, was built or not, and how much did it cost... while it is more difficult for them to be aware of huge numbers spent at the entire national level. It is easy for citizens to identify with small financial numbers spent in their village, city, or neighborhood and therefore they become psychologically aware of this issue.

To cut a tree standing at the entrance of the town will have an impact on the finance of the municipality which will be compelled to increase duties. Hence citizens or the person who cut the tree will be subject to this increase even if his name remained unknown. The example of the tree is applied to all public projects in the said town.

The citizen's role is not limited to the right of electing the municipal council, but it begins as of this date. He is asked to participate and make others accountable, as he is the primary controller of the municipal council activities since he sees undergoing projects (cost, good completion, and implementation...), observes them, takes part in them, and assesses the performance as bad or good.



Article 3 of decree-law N°77/117 (Municipalities Law) stipulates that there should be self-provided revenues in a given town before its citizens set up their local administration. This is to incite them to be united and to work together for the public benefit. For when they pay taxes, they become partners in the municipal fund, start to control its management and make people in charge unaccountable. The autonomous municipality revenues consist of taxes paid by citizens and workers living and working therein.

In return for collected duties, the municipality shall spend money to facilitate citizens' affairs and works and provide local public services according to its fields of competence which may extend over more than 167 fields of competence distributed between both executive and decision-making authorities.

In addition to duties collected by the municipality, Central Public Authority, Public Institutions, and Insurance Companies collect certain duties for municipalities. These duties are considered as bonuses deposited at Banque du Liban (Central Bank) and registered in the treasury department in the Ministry of Finance. They have a private account within the Municipal Autonomous Fund⁴ that may be moved by virtue of a mutual decision between Minister of Interior and Municipalities and Minister of Finance.

Municipal budget, as the Public Budget, consists of revenues and expenditures. It reflects the planning competence of the municipal board members taking into account the concrete situation since they are in direct contact with people's needs. Hence, municipal board members shall focus on making use of the collected funds in a futuristic vision to smooth citizens' affairs and works and provide them with public services

4 - Decree-law N° 18, dated 30/6/1977.

according to the prerogatives defined in Municipalities Law. “Your funds are at your service” is a motto set by some municipalities next to their project sites.

Citizens have the right

63. To be informed of the municipal budget published within the available means.

64. To set up commissions, bodies, associations and neighborhood committees aiming at improving the management, and collection of local public funds, as well as controlling collection and spending to defend the interests of local citizens contributing to public tasks and beneficiaries of public services.

65. To request financial transparency in all financial local issues at all levels.

66. To be informed about public works within the municipality through signboards put in front of the work site. These boards shall include information regarding the cost of the project, the stakeholders, the name of the contractor, the supervisor, the date of the beginning and completion of the project, as well as the safety measures to be taken...

67. To express their opinion regarding all financial issues, control and account officials. For citizens become partners in funding the municipal fund whenever they pay their due taxes and duties.

The municipal council's obligations

68. To be independent from political powers, given that the council's members are elected by voters and draw their legitimacy from them.

69. To inform citizens about the details of local duties⁵, their legal basis, and the collection approach through posters, statements, as well as clear and simplified publications intended for all social classes. The council shall also answer the citizens' questions and comments.

70. To publish the yearly budget of the municipality at the municipal council headquarter and distribute it to citizens if financially possible, or publicize it via the municipality website. The municipal council shall always meet the request of citizens to have a copy of the said budget provided that they bear the expenses of photocopying if the municipality may not bear them.

71. To put a noticeable signboard for pedestrians and drivers at the entrance of each municipal project mentioning the objective of the project, its cost, and its timeframe. To meet the request of any citizen asking to see the project's full portfolio, and its specifications or to have a copy of the portfolio provided that he bears the cost of photocopying.

72. To disseminate a local tax culture through financially focused media, transparency, accountability, solidarity for the public interest, and development of confidence through a good management of public funds. These goals could be achieved through a local media addressing local citizens without publicity or elective aims but as citizens in charge of public tasks and beneficiaries of public services.

73. To abolish ignorance, ambiguity and vagueness regarding the distribution and management of the autonomous⁶ municipal fund accounts, and the real sum of collected duties, their sources as well as their spending means through focused local media addressing all social classes within a certain town.

74. To develop local debate concerning local citizens' mutual daily living issues without aiming at punctual elective objectives.

5- Law N° 60/88, dated 12/8/ 1988.

4 - The philosophy of control

Both executive and legislative authorities cooperate in the good management of public funds. However, the executive authority may cross the limits set by the legislative authority regarding public revenues and expenditures. Hence the importance of controlling the implementation of the budget turns to be crucial, whether it is a prior or subsequent control on the implementation. Prior or preventive control consists of pre-spending review and control processes and it concerns expenditures (settlement, disbursement and liquidation control besides the Audit Court control...). However subsequent control is related to control over public expenditures and revenues, as well as control throughout implementation which refers to the different following up processes undertaken by competent authorities over the executive authorities' financial activity regarding public expenditures and revenues. Such control is conducted by the legislative authority for it oversees executive authority through questions and inquiries.

The municipal council's obligations

75. To expand the basic control over the implementation of the budget through drafting and discussing informal closure of account, as well as through questions and inquiries all year long.

Public Administrations' obligations

76. To control the achievement of revenues through control bodies and not to be content with spending and squandering control.

77. To expand the jurisdiction of tender commissions so that they include the detection of conspiracy between bidders and the main breaches in the offered bids.

78. To provide expanded information about financial control activities while keeping the presumption of innocence and focusing on the negative impacts of public funds mismanagement on the quality and availability of services as well as on the daily life of citizens.

79. To carry out control and punish corrupt people without damaging neither the position of public funds nor the confidence of citizens in public administration.

Citizens' rights and obligations regarding public funds

80. The public budget is not just a way to allocate credits and spend funds but it is a way to set objectives and implement activities. The budget shall be drafted upon programs pointing out its true objectives and the necessary funds to reach these objectives as well as the anticipated results calculated upon assessable indicators at both financial and moral levels.

81. Achievements, advantages, gross costs, and factor cost of each project shall be publicized in public places or publishing means.

82. Control and accountability should exceed legal and formal considerations to reach performance regarding its economic and social revenues. What's the point of legally implemented projects if they were in the aim of wrongful political and economic financial policy or if they were extremely costing?

83. To resort to specialized institutions in order to indicate the best administrative unit, and civil servant, and grant winners tangible rewards.

84. Citizens ought to through signboards in public places as well as through publishing means the direct and indirect cost of the public budget, such as:

- The number of people hospitalized at the State expenses and the daily cost of beds.
- The number of people enrolled in schools and universities at the expense of public funds and the cost of each student in school and in university.
- The number of people benefiting from treasury subsidies through purchasing corps (tobacco and wheat cultivators, olive oil producers...) and the cost of such subsidies.
- The maintenance cost of each kilometer of roads, whether international and main highways or subsidiary and internal roads.

85. Every citizen is entitled to know the cost of services he benefits from (by factor price, gross price, and collected sums...): electricity, water, wired and wireless communications cost.

86. Every citizen is entitled to a clean environment: pure drinking water, sewage projects, and clean roads, beaches and public parks (after bringing about many of these parks) and provide roads to get to there, enjoy them, and eliminate all infringements regarding them.

87. To increase the series of “Citizens’ guide” regarding each tax and duty which enables citizens to know how to calculate their taxable funds, how to declare them, and their due fines.

88. Each administration (at the Ministry level, or the public directorate, or departments) should outline a guide stating its formalities and including the formality type, the personal documents to be annexed to the application, the competent authority to receive it, the due time, the due duties, the ways for challenge when needed, and the relevant legal texts.

89. To ask for the help of a receptionist who will be present at the main entrance of the administration in order to inform citizens politely about the steps they should undertake to get their formality done.

90. Each civil servant should attach a tag where his name and the department in which he works are clearly mentioned. Moreover, a signboard should be put at the entrance of each public administration stating the administrative units in each floor and the civil servant presiding each public directorate, service or department.

91. Each civil servant starting from the Minister to the last civil servant should arrange fixed dates during which every petitioner may see them without requesting a prior appointment.

92. To outline educational programs about the commitment towards the public affairs regarding rights and obligations, and to cooperate with a group of researchers in this respect. The awareness campaigns should focus on a defined subject during a set period of time than move to another subject and so on.

93. Each civil servant has the right to receive promotions and rewards based on constant criteria such as skill, integrity, and courage. Rules and regulations that do not respect these criteria through appraisal and biasness should be reconsidered.

94. In Lebanon where there is countless number of university degrees, it is better that those voted to be responsible for public affairs enjoy high proficiency and experience (Ministers, MPs, municipality presidents and members in cities, municipality presidents in villages...).

95. Given that comprehensive reform may only take place by virtue of laws, regulations and resolutions...promulgated by elected authorities, an election law allowing an accurate representation of citizens should be drafted. By virtue of election

laws and educational campaigns, representatives should not be chosen according to considerations keeping them aside from accountability or making the later practically impossible.

96. To develop university degrees dealing with tax and public finance fields.

5 - Trust Dissemination Strategy

A sound relationship between citizens and taxes may not be build unless there is confidence that what they are paying as taxes and duties is actually going to the Public Finance and is used in public service. As a matter of fact, such a relation depends on those responsible for public affairs and on the extent of citizens' confidence in their honesty and integrity.

Citizens will either consider taxes and duties as robbery and extortion or as funds devoted to public services.

Whenever confidence is achieved, citizens will be more acceptable to exert public efforts, and sometimes to back temporary austerity policies and certain new imposed taxes (Value Added Tax, Bank Interest Tax...) even if it led to reduce their purchasing capacity and to partially decrease their living standard.

Confidence enhances capital owners to offer aid, assistance, and donations and to contribute in reducing the public debt.

Confidence may be developed and consolidated in citizens' minds through:

97. Equality in distributing public costs.

98. Equality between citizens in receiving their rights without any discrimination and regardless of their belongings.

99. Good quality services and promptness in carrying them out.

100. Preserving and sustaining public property.

101. Statement of sources of funds.

102. Statement of fund spending: causes for their necessity, good spending, and control spending to prevent squandering and corruption through transparency and vigorous media not only



using signboards, even if they proved to be efficient, but also via open televised seminars in which concerned citizens take part.

103. Honoring civil servants who served and are serving now the public function with integrity in order to encourage them to be a rolling model for others, and to enhance young skilful and ethical elements to join the public function.

104. Showing the positive impact of tax collection on citizens' daily life.

105. Considering the ethic principles of public function to be essential in assessing students during the training of civil servants. Hence any breaching of these principles during the training period is considered an indicator to the student's inability to be in charge of public service.

