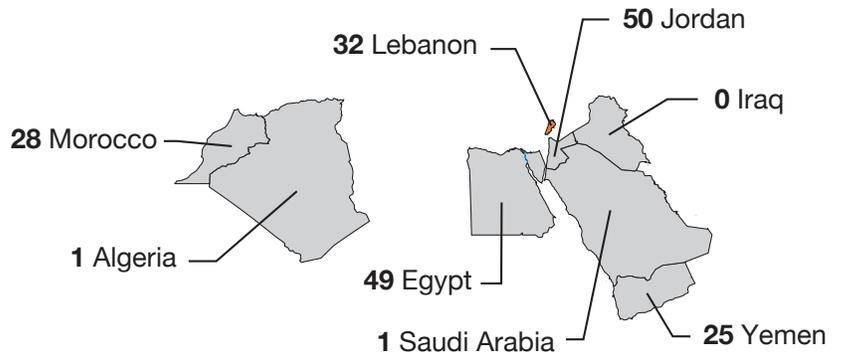
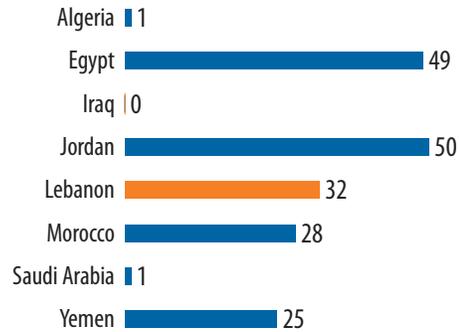




**Overall score: 32** (Out of 100) Provides minimal information to the public in its budget documents during the year.

### How Does Lebanon Compare to Its Neighbors?



## Key Findings

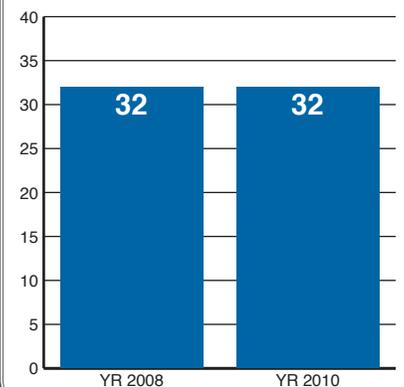
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Lebanon's OBI 2010 score is 32 out of 100, which is less than the average score (42) for the 94 countries surveyed. In the Middle East & North Africa region, Lebanon scores less than Egypt (49) and Jordan (50).

Lebanon's score indicates that the government provides the public with minimal information on the central government's budget and financial activities assessed by the Survey. This makes it extremely difficult for citizens to hold the government accountable for its management of the public's money.

Lebanon's score on the Open Budget Index remained unchanged between 2008 and 2010. Now that the political situation in Lebanon has stabilized, the government has indicated it intends to open up its budget process, and its score may increase in future years.

### OBI Scores Over Two Surveys



**Adequacy & Availability of Eight Key Budget Documents**

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	D	Published
Enacted Budget	E	Not Produced
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	D	Published
Audit Report	E	Not Produced

\* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Lebanon, the budget proposal is published but is far from being comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- It does not present information on expenditures and revenues for multi-year periods, i.e., information on the prior year's budget and information on anticipated future-year expenditures. Prior-year data are important because they provide a benchmark against which budget proposals can be assessed, while long-term spending projections can yield insights into the feasibility and sustainability of future budget proposals.
- It lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's true fiscal position.
- It lacks information on inputs and outcomes of expenditure programs.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Lebanon did not produce a Pre-Budget Statement in the surveyed period. However, according to the OBI researcher, the government has now started publishing this document.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Lebanon did not publish an Enacted Budget in the surveyed period. From 2006 until 2009 budget proposals were presented by the government but were not reviewed by the parliament.

# OPEN BUDGET SURVEY 2010

## Lebanon

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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A **Citizens Budget** is a nontechnical presentation of a government’s budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government’s plans. Lebanon does not publish a Citizens Budget. However, according to the OBI researcher, the Ministry of Finance is preparing a template for a Citizen’s Budget for upcoming budget years.

**In-Year Reports** provide a snapshot of the budget’s effects during the budget year. They allow for comparisons with the enacted budget figures and thus can facilitate adjustments. Lebanon publishes comprehensive In-Year Reports.

A **Mid-Year Review** provides a comprehensive overview of the budget’s effects at the mid-point of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Lebanon produces but does not publish a Mid-Year Review. (However, according to the OBI researcher, Lebanon publishes a Public Finance Quarterly Report that includes a cumulative picture of budget execution during the fiscal year.)

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Lebanon publishes a Year-End Report, but it is far from comprehensive. For example, it does not explain the difference between original performance indicators and the actual outcome.

An **Audit Report** is an evaluation of the government’s accounts by the country’s supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government’s bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Lebanon has not produced an Audit Report since 2005.

### *Institutions of Accountability and Public Participation*

Beyond improving access to key budget documents, there are other ways in which Lebanon’s budget process could be made more open. These include ensuring the existence of a strong legislature and SAI, as well as providing greater opportunities for the public to participate in the budget process.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Weak
SAI	Weak

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Lebanon's legislature is weak because it does not:

1. have full powers to make any changes to the budget during the budget year;
2. have sufficient time to discuss and approve a budget;
3. hold public hearings on budget discussions at which the public can testify; and
4. provide adequate scrutiny of the Audit Reports.

According to the Open Budget Survey, budget oversight provided by Lebanon's SAI is weak because it does not:

1. have complete discretion in law to chose what to audit;
2. have sufficient resources to meaningfully exercise its mandate;
3. issue Audit Reports on the final expenditures of national departments;
4. have proper channels of communication with the public; and
5. issue reports on the follow-up steps taken by the executive to address audit recommendations.

## *Recommendations*

### **Lebanon should:**

- improve the comprehensiveness of the Executive's Budget Proposal;
- publish a Mid-Year Review on the government's website;
- produce and publish an Enacted Budget, an Audit Report, a Pre-Budget Statement, and a Citizens Budget;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- enable the legislature and SAI to provide more comprehensive oversight of the budget process.