



**Date: 18/12/2018**

Below is the full text of the Minister's speech

It is a great pleasure for me to participate in this meeting to renew the commitment of the Ministry of Finance and its institutions to work hard in order to improve the performance and work of the State's administrations, especially the Ministry of Finance. I am also pleased with the exceptional work achieved in 2018 by Basil Fuleihan Institute of Finance, especially in light of the political stalemate that is hindering the State's executive tool, i.e. the government that could not be formed during the past few months.

Indeed, having a specialized governmental administration deploy such tremendous and distinguished efforts, is in itself exceptional, since it inspires confidence in the State's administrations and institutions, showing that there are qualified individuals who can, if given the right opportunity and circumstances, aim high and optimally achieve all that is required.

This meeting has become an annual event to review what has been achieved during the past year and what should be achieved within the coming year. It reflects the spirit of diversity of Basil Fuleihan Institute, a diversity that does not only include the State's administrations but also the private sector and affiliated institutions in Lebanon and abroad.

Today we conclude this year in light of great political challenges and difficult and complex economic and financial circumstances.

At the political level, we have faced a major problem that has affected our overall economic and financial situation, namely the failure to form a new government.

Today, I can say that we are close to forming a government, which we hope will happen in the coming days and hours, establishing a positive climate for

the next phase, especially during the holidays.

Accelerating the formation of the government is necessary to restore the trust of the people, institutions and the international community in the State and its ability to meet the challenges we are witnessing

There is a real internal national need to move forward toward a new work phase where we will establish a serious plan to restructure most of the economic and financial policies by which we used to live. This requires serious engagement in a real reform process at the level of all institutions, including comprehensive structural change without which we cannot continue.

This reform is no longer a luxury because preserving the people and their gains requires such serious reforms in the administration of the state within a clearly defined plan that identifies the shortcomings and priorities to be addressed. These reforms require serious political commitment from all parties within and outside the government, as well as from all State institutions. This commitment should lead to taking bold decisions that might not be compatible with the views of many, but are necessary in terms of financial, economic and administrative policies, which we urgently need. As we have previously stated, in order to achieve this, we should have the will, courage and sense of responsibility and forget our own interests in order to initiate the strengthening of the State's role and position in administering people's affairs. This is why the first administrations to do so should be the administrations in charge of oversight and inspection, which must be serious in controlling the reform processes. At the level of the Ministry of Finance, we have worked, despite all the circumstances on making a quantum leap in restoring order to public finance and developing electronic systems and services in the Directorate General of Public Finance, the Directorate General of Land Registry and Cadastre and the Customs Administration. We have also worked on simplifying procedures and combating corruption, tax evasion and smuggling that are affecting the Treasury. These procedures may have not been properly implemented and have not given results yet due to the political situation in the country, but we insist on pursuing what we have started and completing it with further measures and decisions that enhance the role and work of these administrations. We will also continue to issue decisions, directives and "guides" aimed at facilitating things for the people and communicating with them.

We are aware of our political, economic, social and financial reality and have not wasted the time of the people; we did our best to work on establishing a State that protects our country. We have given special attention to the State's public accounts. Here, I would like to stress on our commitment to achieve this file and put an end to all related discussions, without forgetting to clarify all the figures and results to the people, holding all concerned parties accountable without covering or disregarding any violation or problem related to these accounts. This will coincide with the beginning of the discussion about the State's budget for 2019, which I confirm has been completed within the constitutional deadline, before the end of 2018, but the political situations have prevented its discussion within the Council of Ministers and its submission to the Parliament. This shall be one of the priorities of the next government which should focus on accelerating the completion of this budget to maintain the achievements completed in terms of Public Finance through the adoption of 2017 and 2018 budgets, and in order not to return to the vacuum cycles in the budgets and the disbursement on the basis of the provisional twelfth rule with all its controversial issues that are not only related to accounting but also define the State's orientations and future.

We have also committed ourselves to the citizen's right to access the information, by issuing the Citizen Budget, a challenge through which we displayed all the budget's figures and records for the people to see in a clear, transparent and explicit way. We have also pledged to make this publication an annual tradition. On another note, I would like to reiterate what I have stated some time ago from this location, that there is no room anymore for an administration that does not adopt a responsible governance holding people accountable by virtue of applicable laws, or a State that does not modernize its laws so they keep pace with global change and allow the control of public finance that is the property of the people, the taxpayers. All the laws pertaining to the State's administration and Public Finance should be modernized and drafted in a way that restores the trust of the citizen in its State and allows to follow up on all the outcomes of the projects they were promised before the international community.

Accordingly, I would like to refer to what has been mentioned earlier about the drafting of a new law on public transactions, which is one of the main issues related to our stability and the ability to make investments that are consistent with our aspirations to have transparent and honest transactions,

with accountability and real competition, while adopting modern mechanisms that allow us to have the best results.

Lebanon cannot handle more of the policies that have unfortunately contributed to its ranking among the countries that are at the forefront of waste and corruption. Internal reform, waste control and fighting corruption are first and foremost national duties and all the offerings and facilities granted to Lebanon cannot solve its problems without substantive work aimed at developing financial administration, modernizing laws and regulations and activating oversight and inspection bodies, in addition to respecting the laws when dealing with the administration and relevant violations.

Ladies and Gentlemen,

With the launching of 2019 work plan, we consider that the increasing challenges require from us clearer and bolder policies in terms of financial empowerment so that we address the weak capacities in the financial administration of some State institutions and municipalities, which can increase the credit risks of the State. Therefore, we should take a bold step toward the adoption of mandatory financial training on which we will focus an essential part of our attention in 2019 since the number of countries that have made this procedure mandatory in all their administrations has increased. This will make our work and practices agree with the requirements of the international standards and the considerations of transparency and reforms. I would like here to invite the “Civil Service Board”, the “Court of Account” and the “Central Inspection Board” to work together to achieve this matter for the sake of national interest.

Today is an opportunity to reiterate that in order to establish a strong public administration, we need to build its human capital, the State’s real wealth. Continuous education related to performance is not secondary; it is related to the concept of a capable State and is one of its pillars.

This is true especially that such an investment aims to financially empower the State and raise its solvency. The State that is currently facing increasing financial challenges needs the coming government to immediately initiate serious fiscal reforms to boost imports, reduce expenditure and undertake the reform of the institutions that are depleting the State’s resources and establishing a deficit that is being accumulated year after year and increasing our public debt. In the past years, we have succeeded, in partnership with BDL, to overcome a difficult financial stage. However, this cannot continue

without serious structural reforms that would allow us to take a new fiscal path, where we can adjust the public debt to GDP ratio and our deficit to GDP ratio that has reached an alarming level, holding many risks in the absence of serious reforms. Over the past few days, we have heard the opinion of an international rating agency and we may soon hear from other similar agencies.

Most importantly, we should listen to our reality, analyze it well and realize that without bold steps we cannot continue like that. Such steps require national inclusive will and political commitment. It needs our commitment, regardless of our position, to build a country where each citizen feels patriotic without consideration to any partisan and political affiliations. I would like to take this opportunity to praise Basil Fuleihan Institute and all its employees for deploying all their efforts and keeping up with all the requirements of the administrations of the Ministry of Finance and other public administrations, as well as for their advanced ideas that are always at the service of the State and its institutions. I would like also to thank you all for your attendance and hope that we will meet next year to celebrate the accomplishment of our 2019 work plan.