



UNDERSTANDING THE POLITICS OF ANTI-CORRUPTION IN LEBANON

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Introduction: corruption in Lebanon

According to Lebanon's modern history, the government formed in September 1943 and headed by PM Riad El Solh was called "The Independence Government". In its ministerial statement, it promised the Lebanese citizens on the eve of independence from France to enforce the independence of the judiciary and implement public sector reforms that would foster a culture of prosperity and integrity in Lebanon (Council of Ministers of the Republic of Lebanon, 2023). Seventy-eight years later, after 12 presidents and 76 governments, the "Together for the Rescue" government headed by PM Najib Mikati, which was formed in September 2021, promised in its ministerial statement to fight corruption, introduce independence of judiciary legislation and public sector reforms, starting with the passing of a new public procurement law (L'Orient Today, 2021).

Most ministerial statements of governments in Lebanon contained clear objectives and commitments related to governance reforms, including modernising public administration, supporting digitalisation, diversifying the economy, improving productivity and service delivery, and, to a lesser extent, the issue of fighting corruption. Despite these promises and commitments, Lebanon's name has become synonymous with weak state institutions, bad governance, corruption, and failure to provide public services and social welfare.

The rare exception was the term of the third president, Fuad Chehab, who ruled between 1958 and 1964. President Chehab committed himself to structural changes designed to revamp the Lebanese state and install professionalism, transparency and accountability throughout the bureaucracy. In addition to establishing important institutions, such as the Central Bank and the National Social Security Fund, he oversaw the formation of the Civil Service Board and the Central Inspection.¹

Corruption is by no means a new phenomenon in Lebanon. Historically, the ruling political elite practised top-down patron-client relationships based on patronage-related and bureaucratic corruption. However, understanding corruption and, more importantly, the politics of anti-corruption requires an in-depth analysis of Lebanon's political system dynamics. This policy brief's overarching objective is to explain the politics of anti-corruption in Lebanon. It also aims at describing the lack of political will to fight corruption that can be traced to the nature of the political economy and its overlapping linkages at regional, national and local levels. It will delve into the deep-rooted causes of corruption in Lebanon and suggest a few alternatives to help overcome the lack of political will to fight corruption.

The deep-rooted causes of corruption in Lebanon

The Lebanese political system is formally based on a constitution that stresses equality, fairness, and national identity values. However, simultaneously, there is a parallel system based on power-sharing arrangements where all faiths are represented. This parallel system, based on norms and precedence, requires continuous cooperation and consensus between members of the political elite. Whereas modern institutions were supposed to create national and cross-cutting forms of identity and allegiance, in Lebanon, primordial forms of association still prevail. What is more telling, however, is that these religious, ethnic or sectarian forms of association are a pre-condition for ensuring the proper functioning of institutions. It has been argued in this regard that sectarian sentiment is "the currency of Lebanese politics" (International Crisis Group, 2020).

Whereas traditional patron-client relationships always existed in Lebanon, the constitutional amendments introduced according to the Taif Agreement that ended the civil war in 1989 institutionalised a delicate confessional balance in which political and institutional power is distributed proportionally among religious and ethnic communities. The post-war Lebanese state was characterised as a "more balanced post-war consociational arrangement [that] led to a bigger, more clientelist, more corrupt, less autonomous public sector, one preoccupied by predatory rentier practices along sectarian and clientelist lines rather than engineering national unity and implementing policies that serve the public good" (Salloukh, 2019).

At the same time, the power-sharing political system relies heavily on continuous cooperation among the different sectarian groups that make up the political elite. This cooperation, or consensus, is essential to ensure peace and stability. One of the avenues to forge consensus is enforcing the "logic of partitioning the spoils of public office, privileges, and resources" (Leenders, 2012). In other words, "bad governance" or abuse of state resources is practised to persuade the political elite to facilitate the functioning of public institutions, especially at the executive and parliamentary levels. Consequently, corruption has emerged as a structural tool to preserve the consensus supporting Lebanon's peculiar version of governance.

Historically, Lebanon was called the "Merchant Republic", where the boundaries that separate the public from the private spheres are blurred (Gebara, 2006). Today, one of the most precise illustrations of this reflection is public tendering and contracting, especially on infrastructure projects. According to an analysis examining the Council of Development and Reconstruction

¹ For more on the establishment of the Central Inspection and Civil Service Board, see Baaklini, Abdo, "The Civil Service Board in Lebanon", Master's thesis, American University of Beirut, 1963.

(CDR) allocation for projects contracted between 2008 and 2018, 60% of the total amount was awarded to only 10 companies benefiting from political ties and support (Atallah et al., 2020). Another example is the banking sector, where politicians control 43% of the assets, and almost all banks have former government officials or parliamentarians on their boards (Chaaban, 2016). The unprecedented economic and financial crisis since 2019, the failed attempts to contain the deterioration in the exchange rate, the continuous depletion of foreign exchange reserves, and the investigation in Lebanon and abroad into his wealth did not persuade the senior members of the political elite to abandon the Governor of the Central Bank (Naharnet, 2023).

It is not easy to disentangle money from politics in Lebanon. Commercial ties keep politicians popular and enlarge their constituency base. On the other hand, business cartels with political connections benefit from unequal access to state resources and overcharging for essential products and services. The following formula, among others, could illustrate the political and business elite relationship: “In exchange for major tax breaks, laissez-faire policies, and minimum state intervention, business elites provide regular kickbacks to political elites” (Assouad, 2021). Research on the effect of cronyism on employment in Lebanon concluded that politically connected firms (PCFs) are “larger and create more jobs, but are also less productive and pay higher wages than non-PCFs in their sectors” (Diwan & Ibrahim Haidar, 2019).

Lebanon’s electricity sector, for instance, reflects the practical impact of blurring money and power. According to the Global Competitiveness Index for 2017-2018, Lebanon is the fourth worst in the world regarding the quality of electricity provision (World Economic Forum, 2018). Since the 1990s, the Lebanese have been paying two bills for a day’s worth of electricity: one for the public utility provider and the other for the private suppliers who own generators and provide electricity to neighbourhoods. Corruption and mismanagement have drained public finance, given the persistent deficit in the budget of the public utility provider. At the same time, experts estimate that “several political figures and parties benefit from the ‘business of generators’, which accounts for around 3 billion dollars” (Haytayan, 2022).

The art of not governing in Lebanon

In the past few years, preserving consensus has become challenging to maintain because of overlapping domestic and regional factors. Lebanon has become increasingly known for constant disruptions in the political process, the extensive influence of militarised non-state actors, and a stagnant economy with worrisome levels of debt.

As a result, the decision-making process has been marred to a great extent by continuous interruptions and deadlocks and the emergence of political and sectarian divisions since 2005. Between 2005 and 2022, the Presidency was vacant three times, whereas the mandate of the Parliament was extended three times. In 2022, the mandate of municipalities and local entities was also extended. The task of forming a government also became difficult between 2005 and 2020. Prime Minister Najib Mikati took five months to form his government in 2011, whereas it took his successor, PM Tamam Salam, 11 months to form his government in 2013. It took Prime Minister Saad Hariri nine months to form a government after the parliamentary elections of 2018, and a government has not been created since the 2022 parliamentary elections.

The lack of consensus, the politics of vacuum, and the disruption in the functioning of institutions affected policy-making in Lebanon. Adopting and implementing a policy has become the exception rather than the norm, with policy-making occurring less frequently while the absence of clear policies has become increasingly common. The Lebanese political elite has perfected the art of not governing (Parreira, 2019).

Successive governments have failed to address the crisis of the influx of more than one million Syrian refugees since 2011 and to address the systematic shorting in electricity supply. Since 2019, the financial and economic crisis has already wiped out 15 years of economic growth and plunged more than half of the population into poverty. The currency has lost 98% of its value since 2019, whereas inflation averaged 171% in 2022. Nonetheless, successive governments have failed to respond to this severe crisis by implementing a comprehensive macroeconomic stabilisation programme. There has not been an organised roadmap to contain the financial crisis or to address the illegal and random/arbitrary capital controls and other measures imposed by commercial banks. In April 2022, Lebanon and the International Monetary Fund (IMF) reached a staff-level agreement (SLA) that has the potential to unlock \$3 billion under an Extended Fund Arrangement (EFF) subject to the successful implementation of critical reforms such as (i) restructuring the financial sector, (ii) implementing fiscal policies, (iii) reforming state-owned enterprises, particularly in the energy sector, (iv) strengthening governance, anti-corruption, and anti-money laundering/combating the financing of terrorism (AML/CFT) frameworks to enhance transparency and accountability, (v) establishing a credible and transparent monetary and exchange rate system (International Monetary Fund, 2022). However, little progress has been achieved, and as the IMF noted in March 2023, “despite the severity of the situation, which calls for immediate and decisive action, there has been limited progress in implementing the comprehensive package of economic reforms, set out in the Staff Level Agreement, notwithstanding some efforts by the government” (International Monetary Fund, 2023).

Anti-corruption initiatives in Lebanon

Even though all ministerial statements included explicit provisions and commitments related to fighting corruption and strengthening rule of law, Lebanon suffered from legislative draught. Anti-corruption legislation is often the result of either international or domestic pressure. For example, Lebanon has been relatively slow in implementing the United Nations Convention Against Corruption (UNCAC) provisions despite the Parliament ratifying this convention in 2009. The draft Access to Information law was submitted to the Parliament for the first time in 2009. However, it was not approved until 2017. It took three years for the government to approve the executive decree on access to information in July 2020 and publish it in the official gazette. In September 2018, the Parliament approved the Whistleblower Protection Law.

In addition, in February 2005, the Lebanese Parliament approved law number 644 to establish an “ombudsman” office. According to this law, the ombudsman is an independent entity entitled to facilitate the relationship between citizens and the administration. However, all successive governments have failed to introduce the executive decrees necessary to create the institution or to appoint an ombudsman.

The draft anti-corruption strategy submitted to the government in 2018 was approved in May 2020. On 30 September 2020, the Lebanese Parliament adopted a new Illicit Enrichment Law, which aligns with the country’s obligations under UNCAC. This law replaced one issued over 20 years ago in 1999 and 11 years after Lebanon acceded to UNCAC. The new law is an improvement over its predecessor because it provides a comprehensive definition of “illicit enrichment”, which applies to anyone working for the Lebanese state. The law includes an assets and interests declaration form that needs to be completed and submitted to an Anti-Corruption Commission.

On 21 April 2020, the Parliament enacted the “Anti-Corruption Law in the Public Sector” and endorsed the establishment of the National Anti-Corruption Commission. This approved legislation aims to strengthen accountability, prevent impunity in public institutions, and

accelerate investigation and prosecution of corruption cases. The National Anti-Corruption Commission is composed of six members with a six-year mandate. Two commission members should be retired judges elected from their fellow judges, one lawyer, an accountant, a financial/economic expert, and a public finance/public administration/anti-corruption expert. The Commission's main tasks are to oversee the implementation of the National Anti-Corruption Strategy, protect whistle-blowers, receive and analyse asset declaration forms, and receive complaints according to the Access of Information Law. The Commission also has a wide range of investigative functions. In January 2022, the government appointed the commissioners. Still, the commission's bylaws, including its administrative organigram, have been waiting to be endorsed by the State Council, the highest administrative court, for over a year (Ferzli, 2023). Without an approved organigram, the National Anti-Corruption Commission cannot appoint staff and experts to fulfil its mandate.

On 29 July 2022, a new public procurement law went into effect. This law aims to standardise the procedures that all public institutions, including municipalities and state-owned enterprises, must use when tendering goods and services. This law is essential to strengthening transparency and competition, especially since public contracting "has been a key gateway for corruption in Lebanon" (Saghieh & Sayegh, 2022).

The prospects of successful anti-corruption measures in Lebanon

Despite the efforts mentioned above to introduce new laws or adopt new strategies and policies, achievements and improvements still need to be made visible. According to the Corruption Perception Index (CPI) published annually by Transparency International, Lebanon's score in 2022 was 24/100 and ranked 150 among 180 countries covered by this index (Transparency International, 2023). According to the Arab Barometer Lebanon's Country Report 2022, 96% of Lebanese citizens believe corruption is prevalent in government to a large or medium extent, whereas 11% of Lebanese believe that the government is cracking down on it (Arab Barometer, 2022).

The most important lesson from the 4 August Port of Beirut blast is that corruption in Lebanon kills. As argued earlier, corruption is not simply the result of isolated infractions or a failure to follow procedures, policies or codes of conduct. Corruption in Lebanon is a group activity. It succeeded in creating its system of rewards and punishments (Taub, 2022). At the same time, Lebanon remains a country that continues to drown in impunity. The judicial investigation on the 4 August Port of Beirut blast has been stalled, and no one has yet been held responsible. There has yet to be an independent inquiry or investigation that could ensure an equitable burden sharing of the financial and banking crisis.

The fundamental question is how Lebanon can overcome the persistent culture of impunity, bad governance, lack of accountability, and deliberately inefficient service delivery rooted in the Lebanese political and economic systems.

This policy brief has argued that, according to the political economy of sectarianism, corruption is tolerated and, most of the time, encouraged. It is a tool to ensure loyalty and an indirect method to distribute economic interests and political money or income generated from the system. In other words, corruption is embedded in the overarching political system. Hence, achieving tangible results in combatting corruption and subsequently strengthening the rule of law is very difficult in such a system, given the absence of the will of the political elite to implement serious anti-corruption measures and legislative reforms. Even when such reforms are introduced under public demand or international pressure, as the country has witnessed in the past few years, the political elite finds its way around these commitments

and undermines implementation efforts. As a result, fighting corruption and strengthening institutions depend on a broader systematic change that would lead to a more effective, inclusive and accountable social contract.

The October 2019 uprising brought Lebanon's long-festering governance deficit and economic crisis to the forefront. On the eve of 17 October 2019, youth groups took to the streets in response to new austerity and tax measures that the government of PM Saad Hariri was debating. These measures were the "straw that broke the camel's back" (International Crisis Group, 2020). Demonstrators asked for better oversight, accountability, and serious efforts to fight corruption. One of the lessons of the October 2019 uprising is that advocating and pushing for a comprehensive political reform programme that will strengthen accountability measures, provide more equitable distribution of resources, and combat systematic corruption might be a medium- to the longer-term objective given the delicate sectarian and confessional balance and the presence of militarised political and sectarian groups.

The need to create the political will to fight corruption

Fighting corruption requires strong political will. It has been argued that "when there is no firm support and strong leadership from bureaucratic and political elites with regard to matters concerning accountability and corruption, then there is a constraint on the effective functioning of accounting institutions" (Siebie Ankamah & E Khoda, 2018).

This policy brief has argued that the legal infrastructure to fight corruption has dramatically evolved in the past few years, especially since 2019. However, the persistent obstacle remains the unwillingness of the political elite to implement the anti-corruption strategy and enforce legislations. Political will is defined as the "extent of committed support among key decision makers for a particular solution to a particular problem and making the solution of such a problem sustainable over time" (Siebie Ankamah & E Khoda, 2018).

As argued earlier, the political elite succeeded in stalling the investigation into the causes of the 4 August Port of Beirut blast, did not enforce a comprehensive economic reform plan, and still supported the Governor of the Central Bank despite the charges against him in many European countries. Also, the political elite succeeded in containing the mass protest movement that erupted in October 2019 and prevented the few independent MPs elected in the 2022 parliamentary elections from joining essential parliamentary committees, such as Finance and Budget and Administration and Justice.

Creating a political will to fight corruption or the political will for reform, in general, is usually a complex and challenging process. Some essential factors contribute to nurturing the political will for reform, such as public pressure, strong and committed leadership, a crisis or opportunity, coalition building, and solid technical and expert advice.

According to the World Development Report 2017, Governance and the Law, there are three encouraging drivers for bringing significant changes conducive to development: elite bargains (which take the distribution of power in the policy arena as a given); citizen engagement (which tries to change the distribution of power in the policy arena); and international interventions (which indirectly affect the distribution of power in the policy arena) (World Bank, 2017).

Most importantly, creating the political will for reform requires an opportunity, a crisis, or leverage. As has been argued, "the question of social movements being successful is always the question of 'where do they have leverage that can force political leaders to do something that they otherwise would not?'" (Taub, 2023).

Lebanon's vibrant and active civil society advocates reform, transparency, accountability, and the rule of law. These organisations monitor the government's decisions by using important legislation such as access to information or public procurement and building coalitions with stakeholders such as media, experts, international partners, independent MPs, and members of the public administration to prevent abuse of power or embezzlement.

On 30 March 2023, the Lebanese Government announced cancelling a controversial contract to build a new airport terminal. This announcement came after oversight bodies took a position against this award against the backdrop of a solid and far-reaching campaign by CSOs and activists protested against this contract because it violated the public procurement law that went into effect in 2022. Media outlets covered the public outcry against the contract extensively. Activists used different social media outlets to protest the absence of a competitive bidding process (Maucourant Atallah, 2023). A few weeks earlier, the security agencies arrested dozens of civil servants in the vehicle registration department and the land registry after an investigation of embezzlement and abuse that were exposed by activists on social media and reported by media outlets (Assaf, 2022).

In the past few years, the foundations of this process to create the political will to fight corruption have been laid: a sound legal infrastructure, well-prepared champions in the public sector, an empowered civil society, concerned media outlets, and international support or pressure. This incremental process builds on success stories like the ones mentioned above. This dynamic process can help restrict the manoeuvre space for abuse of power or, more broadly, corrupt practices. After all, in Lebanon, fighting corruption is not an option. It is a necessary condition to avoid the total disintegration of the institutions and protect and save lives.

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