

Citizen & Municipality Handbook

Simplified Legal
Rules Governing
Municipal Work in
Lebanon



Citizen & Municipality Handbook

Prepared by:

Dr. Ali Mourad (Assistant Professor of Public Law – Beirut Arab University)

Dr. Zahwan al-Siddiq (Legal Researcher in Local Affairs)



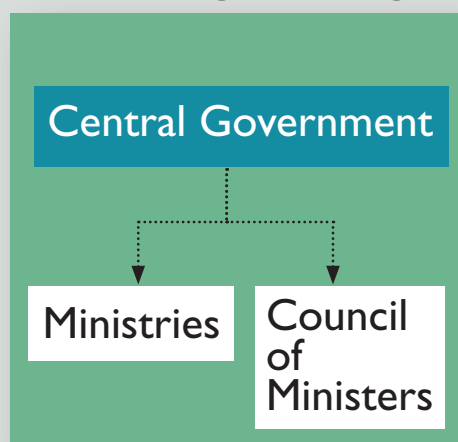
This handbook is funded by
the Embassy of the Netherlands

Kingdom of the Netherlands

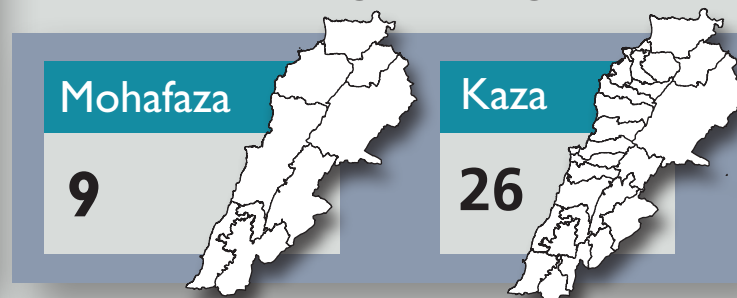
PART 1

THE GENERAL LEGAL FRAMEWORK GOVERNING MUNICIPALITIES IN LEBANON

CENTRAL ADMINISTRATION



DECONCENTRATED LOCAL ADMINISTRATION



ADMINISTRATIVE DECENTRALIZATION



GENERAL INTRODUCTION

First: Administrative Organization in Lebanon

Public administration in Lebanon is organized at three levels:

Central Administration, Deconcentrated Administration, and Decentralized Administration.

1) Central Administration

In Lebanon, the central administration consists of the President of the Republic, Prime Minister, Council of Ministers and ministers. It also includes public administration represented by ministries and central councils with administrative powers. The public administration assumes a central role in Lebanon, a country that adopts a simple State system (i.e. political centralization), where executive authority is completely centralized and limited in the capital, i.e. the government, ministers and director generals.

2) Deconcentrated Local Administration

Amid the growing number of areas of State intervention, such as economic, social, education and health public affairs, it was imperative to reduce the degree of administrative centralization. As a result, most countries with established centralization adopted a deconcentrated decentralized system in order to streamline citizen affairs and

enable administrative work. Deconcentrated centralization has become widely common in countries across the world, in addition to administrative centralization, which allows for decentralization and unburdening the central government, all the while expanding the powers of affiliated local employees whose decisions remain subject to the hierarchical authority's control.

In order to meet regional needs, the State divides its territories into geographical units called Provinces, thus extending its administrative authority across these units and granting central administration representatives decision-making powers with regard to local affairs while the central administration acts as reference in others.

In Lebanon, provinces are referred to as *Mohafaza* (governorate or prefecture), and they are regarded as the largest administrative unit outside the capital and are part of the established deconcentrated administrative organization. Currently, Lebanon is divided into 9 Governorates: Beirut, Mount Lebanon, Jbeil-Kesrwan, North Lebanon, Akkar, South Lebanon, Nabatiyeh, Beqaa and Baalbek-Hermel.

Governorates are divided into Districts (*Kaza* or *Qadaa*). Districts are administrative units in terms of geography and the powers granted to the *Kaemakam* (District Commissioner). It should be noted, however, that governorates and districts are not to be considered legal entities, since they are not independent from the central administration but rather affiliated to it, constituting an integral part of the Ministry of Interior's organization.

3) Administrative Decentralization

Administrative decentralization is founded upon the distribution of non-political powers related to citizens' affairs at the local scale to local units. This means that the central administration relinquishes a number of powers to local bodies who exercise such powers through elected officials. Furthermore, regional administrative decentralization finds its roots in the idea that local communities within a defined geographical area and united by historical, social and cultural ties, as well as mutual self-interests, shall be entitled to self-government via elected councils with legal personality. In Lebanon, administrative decentralization is embodied in municipalities and municipal unions.

Second: Foundations of Local Administrative Decentralization

1) Distinct self-interests

The concept of local administrative decentralization establishes legal public entities having administrative, region-level powers. Regional decentralization supposes that when a group of people inhabits a defined sector of the country, this would manifest regionally into the need for local projects independent from national ones. Such local projects have a limited and defined geographical scope and are considered a regional affair similarly to sanitation and establishing public parks, squares, roads and playgrounds.

2) Geography

Local administrative decentralization in Lebanon is geography-based. The State's administrative authority provides for a multitude of administrative persons at a regional basis, to the extent that serves its interests.

3) Financial and administrative autonomy

Financial and administrative autonomy is a result of the local administrations having an autonomous legal personality establishing these

decentralized bodies as autonomous legal entities vis-à-vis the central government. As such, they have the capacity to sue and be sued, along with entitlements and obligations in line with the nature of these bodies, enabling them to carry out legal actions separately from the central government and its representatives. Therefore, as a direct implication of having a legal personality, local bodies enjoy administrative and financial autonomy. Administrative autonomy is achieved through the exercise of powers stipulated by the law. It involves decision-making and addressing issues without consulting the central government. In this context, those special administrative regulations differ from those applicable by the central government.

As for financial autonomy, decisions related to project execution are taken by these local bodies despite their reliance on the central government for major resources. In return, the central government reserves the right to exercise *ex ante* and *ex post* control over decisions made by local bodies in order to establish balance. Powers conferred on municipalities differ between countries and regimes, reflecting the degree of administrative decentralization in each.

4) Selection of decentralized bodies by means of election

Local administrative decentralization is based on elections which is an essential component in the formation of local bodies and granting them administrative and financial autonomy. Such

local democracy ensures a balanced relationship between local bodies and the central government since the former represents the local population's will expressed in the ballots.

CHAPTER I

Definition of Municipality

First: Legal Definition

Article I of the Municipal Law defined a municipality as a local administration exercising, within the geographical scope, the powers entrusted thereto by the law. According to this definition and other legal articles, the following is understood:

- A municipality is a local administration whose work and powers are limited to a certain geographical area.
- A municipality is an elected administration, hence a form of administrative decentralization rather than a centrally-appointed administration.
- A municipality has powers provided for by the law. The diversity of these powers establish the municipality as a regional government exercising its authority within the limitations of the law.
- A municipality has legal personality and is administratively and financially autonomous.
- A municipality is an autonomous local administration operating under the central government's supervision and control.

In Lebanon, municipalities are an example of administrative decentralization and regarded as the sole regional manifestation of this type of decentralization. The legal personality status is exclusive to municipalities as local bodies formed by the residents of a certain town, since the Lebanese law did not grant any group of residents in a single town a legal personality.

Moreover, the municipality is the smallest unit in the administrative division established in Lebanon. Its activities, according to the general principle, are governed by the Administrative Law. Despite being subject to oversight by the central government, municipal activities and resources remain distinct and unique, as per a special system.

Second: Municipal Incorporation

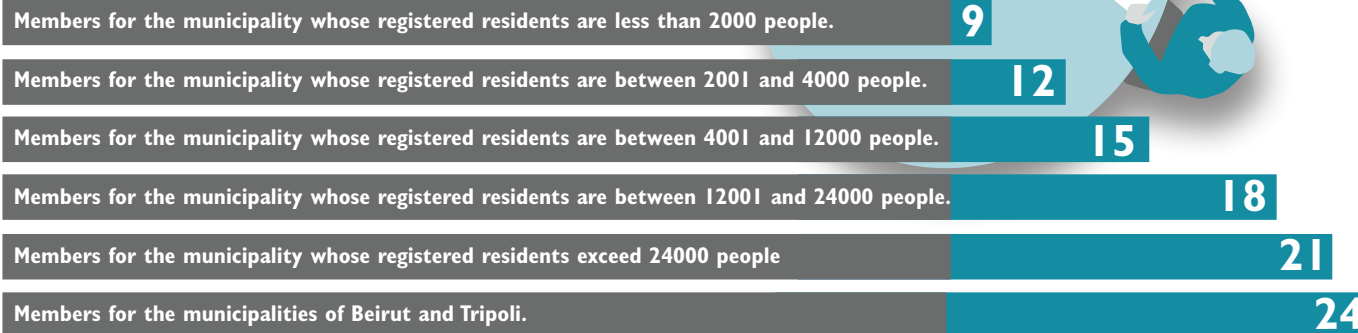
The establishment of a municipality as a legal institution necessitates the following steps:

1) Requirements

A municipality is established when the following requirements are fulfilled:

- A municipality is established in each town, village or group of villages mentioned in table no. I attached to Decree-law no. 11 dated 29/12/1954
- A municipality is established in each populated area whose number of native residents registered in the civil status records exceeds 300 and whose annual self-generated revenues are estimated above LBP 10,000.
- A municipality is established by virtue of a decision by the Ministry of Interior and Municipalities indicating the municipality's name, center and area. However, Article 45 of Law no. 665 dated 29/12/1997 abrogated several articles of the

Municipal Law no. 118/77. As a result, the abovementioned second and third requirements for the establishment of municipalities were abolished. As such, it could be said that the establishment of municipalities has come into effect, and the establishing decision is only a formal one issued by the Minister of Interior and Municipalities. By abolishing Article 5 (in relation to the minister's powers) of the Municipal Law, the legislator was not inclined to restoring this power since the Parliament has never established a single municipality or opposed such establishment by the Minister of Interior and Municipalities. However, the Parliament must take into consideration the technical, geographic and demographic factors forming the actual grounds of the decision as well as the reasons behind it. The establishment of municipalities has implications in terms of municipal area.



The Municipal Council's composition based on the number of registered native residents

The municipal area is defined as follows

- The municipal area is the geographical span within which the municipality exercises its powers. It may or may not stretch to the outlying areas of the town or city. It may also include two or more adjacent villages or stretch beyond such area to include real estate spaces located in another town.
- In case the administration fails to delimit a municipal area, the real estate area of a municipality may be adopted as a municipal area.
- Although Law no. 665/1997 amended the Municipal Law and abrogated important articles, Article 41 of the said law granted MoIM the power to delimit the municipal area of newly established municipalities.

The separation of a town and establishment of its own municipality

- According to the Municipal Law, the Minister of Interior and Municipalities is qualified to make a decision separating a town upon the request of its residents and establishing a new municipality for the said town. However, the promulgation of Law no. 665 and abrogation of the explicit provision raised the question of whether the Minister of Interior and Municipalities still holds the same power and whether the municipality's approval of the decision is a requirement, in particular since Article 51 of the Municipal Law provides for the matters requiring the municipal council's approval, such as changing the boundaries of a town.
- Some jurists argue that the separation of a town from an existing one, following the promulgation of Law no. 665/1997, requires legislation. However, we consider that, according to State Council's jurisprudence, the Minister of Interior and Municipalities holds the power of separating a town from a municipality and establish a new one.

Although a discretionary authority, it is subject to the State Council's control in terms of facts and their validity as well as the proper application of the law.

c- An examination of successive municipality-related legislations shows that the act of separating a village from an incorporated municipality, annexing a village to an incorporated municipality, or separating a municipality to form an autonomous one has always been carried through separation and annexation decrees based on a defined percentage of voters registered in the village in question.

d- Regarding the implications of separating a town from a municipality and establishing a new one, the municipality emerging in the area separated from another municipality reserves the ownership of the buildings and private properties located therein, with each municipality, municipal sector annexed to another municipality and sector established as a new municipality restoring its former properties following separation.

2) Classification of Lebanese municipalities

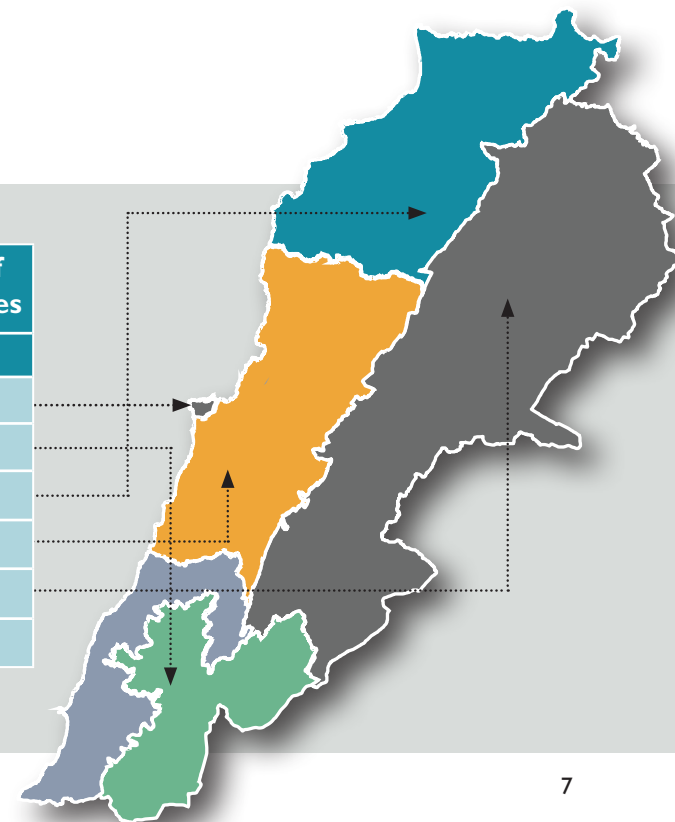
The Municipal Council's composition depends on the number of registered native residents not that of the voters:

- a- 9 members for the municipality whose registered residents are less than 2000 people.
- b- 12 members for the municipality whose registered residents are between 2001 and 4000 people.
- c- 15 members for the municipality whose registered residents are between 4001 and 12000 people.
- d- 18 members for the municipality whose registered residents are between 12001 and 24000 people.
- e- 21 members for the municipality whose

registered residents exceed 24000 people
f- 24 members for the municipalities of Beirut and Tripoli.

3) Number of Lebanese Municipalities

Lebanon's central government seeks to replicate the municipal experience across the whole country through expanding the establishment of municipalities. In more accurate legal terms, this means the establishment of municipalities in villages and towns that meet the legal requirements.



The evolution of the number of municipalities from 1998 to 2017.

Mohafaza	Number of Kazas	Number of municipalities	Number of municipalities	Number of municipalities	Number of municipalities
		1998	2004	2010	2017
Beirut	1	1	1	1	1
South Lebanon with Nabatieh	7	98	248	257	263
Mount Lebanon	6	269	303	313	325
North Lebanon and Akkar	7	147	212	228	273
Bekaa, Baalback and Hermel	5	122	139	153	167
Total		638	902	952	1029

*The number of municipalities was defined in accordance with decree 2170 issued on December 12, 2018, and which distributes the proceeds of the independent municipal fund of 2016.

CHAPTER 2

Election of Municipal Council

A municipality is a local administration with the purpose of achieving local development within a local area. Pursuant to the Municipal Law promulgated by Decree-law no. 118/77 dated 30/6/1977 and its amendments, the municipality shall consist of a decision-making authority, embodied in the municipal council elected on the basis of general and direct vote, and an executive authority, vested in the President and Vice-President of the Municipal Council who are elected by the municipal council. The municipal council constitutes the basis for planning and development, and the supervision of the execution thereof. This is why it is important to examine the role and functions of a municipal council member.

First: Rules of Municipal Elections

- There is no specific law for municipal elections.
- The electoral process is subject to the Parliamentary Elections Law.
- The provisions of the Parliamentary Elections Law apply to municipal elections in conformity with all the provisions of this law (Article 16 of the Municipal Law).
- The election of municipal councils shall adopt the same electoral roll as the Parliamentary Elections Law (Article 17 of the Municipal Law).
- Notwithstanding the amendment of the Parliamentary Elections Law in 2017, this law stipulated that the majority rule shall continue to apply to the election of municipal councils.
- The municipality shall form one single constituency.
- The mandate of the municipal council is for six years (Article 10).
- The members of the municipal council shall be elected on the basis of general and direct vote according to the procedure determined in the Parliamentary Elections Law and this law.
- The Municipal Electoral Commissions shall be called upon a decision issued by the Minister of Interior within two months prior to the end of the term of the municipal councils. The said decision should mention the polling stations, provided that a time limit of at least 30 days separates the promulgation thereof from the meeting of the Electoral Commission (Article 14).
- The winner of the elections shall be the candidate who obtains the highest vote count. In the event of a tie, the older candidate shall be

the winner. In the event of equal ages, the voters' registration committee shall resort to the casting of lots.

- The municipal council shall elect among its members, a President and a Vice-president by secret ballot and by absolute majority for the term period of the municipal council, during its first session, on the date and place set by the Prefect (*Mohafiz*) or *Kaemakam*, within a period of one month as of the date of announcement of election results.
- The Ministry of Interior shall determine, by virtue of a resolution calling for voters, the number of members to be elected in each municipality as well as the number of members in each village in the event that a municipality consists of several villages, according to the number of residents therein. Candidacy shall be filed on this basis (Article 19).
- The Minister of Interior shall set a date for the elections to take place in one single day for all the municipalities, or to set separate dates for each municipality or group of municipalities (Article 15).
- The validity of the elections may be challenged before the State Council within fifteen days following the declaration of poll (Article 20).

Second: Voting and Candidacy Requirements

1) The general characteristics of municipal elections

Election of the Municipal Council

- The mandate of the municipal council is for six years (Article 10).
- The Municipal Electoral Commissions shall be called upon a decision issued by the Minister of Interior within two months prior to the end of the term of the municipal councils.
- The provisions of the Parliamentary Elections Law shall apply to the municipal elections →“Party Blocs System” (Article 16)
- The election of municipal councils shall adopt the same electoral roll as the Parliamentary Elections Law (Article 17)
- The Minister of Interior shall set a date for the elections to take place in one single day for all the municipalities, or to set separate dates for each municipality or group of municipalities (Article 15).

2) Provisions applicable to municipal elections

Conditions of Candidacy

- Submission of a recent Individual Civil Status Record or copy of ID card proving the candidate is a Lebanese national for over ten years.
- Candidate must have completed twenty-five years of age prior to candidacy application
- Submission of a Statement issued by the Registry Office of Civil Status at the place of registration

proving that the candidate is a registered voter at the town or city for which he/she wishes to run. However, the validity of candidacy is unaffected by the candidate's name being included in more than one voters' list nor should the omission of the candidate's sect be rectified.

- Submission of a Criminal Record proving the candidate has not been convicted of an offense or a serious crime.
- Submission of a notarized declaration expressing the candidate's desire to run for the municipal council elections.
- School certificate proving the candidate's literacy or undergoing a written exam at the *Kaemakamiya* headquarters to prove eligibility. A literate individual is anyone who is acceptably slow at writing, which enables him/her to express his/her opinion with regard to documents and transaction papers presented before the municipal council to take the proper decision. Shall be considered illiterate any individual unable to write due to visual impairment and not because he/she did not learn so. The inability to read and write as a result of a certain problem is in fact equivalent to illiteracy. In both cases, the candidate is unable to read. If the candidate's illiteracy has been proven, the election thereof shall be nullified at any time since it is a matter of public order.
- A municipal candidate shall not run for mayoral elections simultaneously.

Candidacy Application

- Candidates shall submit to the *Kaemakamiya* their applications and pay a deposit of five hundred thousand Lebanese pounds to the treasury. The deposit is refunded in the event of candidacy withdrawal at least 15 days prior to the date of elections, or in the event of winning the elections, or earning 25% of the votes.

- The *Kaemakam* shall, within three days of the candidacy application, issue a decision justifying the approval or refusal of the application. If no explicit decision was made after the expiration of this period, the silence shall be considered an implicit decision of approval.
- The candidate may, within one week following the date of the issuance of the candidacy refusal decision, refer to the State Council with a petition free of charge or any other formalities. The Council shall deliberate and decide on the petition within ten days as of its registration date in the Clerk's office; otherwise it shall be deemed accepted.

Impediment

- Siblings and fourth-degree relatives may run for the municipal elections, but they shall not be members of the same municipal council at the same time.
- A person cannot be a member of several municipal councils.
- It is not allowed to have as members of the same municipal council, a father and one of his children, a mother and one of her children, a husband and his wife, a father-in-law and the husband of the daughter or the wife of the son, a mother-in-law and the wife of the son or the husband of the daughter, brothers and sisters, an uncle and his nephew, the (maternal) uncle and his nephew, and the husband of the sister and the wife of the brother.
- In the event that two relatives were elected and none of them resigned, the *Kaemakam* must dismiss the younger one. If both are of the same age, one of them is dismissed following a casting of lots during the first municipal council meeting.

Withdrawal of Candidacy

Candidates may withdraw their candidacy within a period of five days prior to Election Day and redeem the full amount of the deposit by virtue of a notarized declaration.

Miscellaneous Provisions

- A municipal candidate shall be entitled to appoint a delegate based at every polling station and another mobile delegate for every two polling stations to monitor the electoral process.
- A candidate shall be deemed uncontested winner if the number of candidates is equal to the number of members to be elected to the municipal council.

3) Challenging the results of elections

The validity of the municipal and mayoral elections may be challenged according to the following conditions:

- a- The candidate or his/her legal attorney must submit the challenge within 15 days following the official announcement of results by MolM. It is irrelevant to publish the challenge in newspapers.
- b- Material facts and relevant legal issues must be mentioned
- c- The State Council shall apply summary proceedings in addressing election challenges, i.e.:
 - Individuals must file their challenge without prior decision from the administrative authority. They shall be exempted from appointing a lawyer.
 - The Judge Rapporteur shall investigate the lawsuit at the soonest possible. His/her

decisions are non-appealable. The period granted to the litigants to present their defense or response shall be eight to fifteen days. Responding to the plea shall not be permissible nor is licensing thereof without a decision from the Commission.

- The Judge Rapporteur shall prepare and send a summary report along with the case file to the Government Commissioner. The latter shall review the report before returning it, with his review, to the President of the Court within eight days. Thereafter, the litigants may present their remarks on the report and the Government Commissioner's review within five days of notification. A final decision on the case shall be rendered at the soonest possible.

d- A joint challenge may be filed by more than one losing candidate in the elections of the same municipality.

e- The State Council may combine two challenges

f- A challenge may be filed against the preliminary elections procedures which include:

- Calling the Electoral Commissions
- Identifying the number of municipal council members
- Identifying the number of representatives of a town within a single municipality
- Rejection of candidacy
- Candidates' list

g- A challenge may be filed against the electoral procedures such as any act that could compromise the electoral process with some having no effect on the electoral process' validity

According to the State Council's jurisprudence, the errors that have no effect on the elections' results or the validity of the electoral process include:

- Some violations committed by the Chief Registrar subjecting the latter to disciplinary

measures but with no effect on the validity of the electoral process

- Extending the voting deadline on legal grounds
- Providing accommodation to Chief Registrars does not harm the validity of the electoral process
- Not having any reservations with regard to the Chief Registrar's report weakens the petitioner's position
- Voting by military personnel shall not annul the elections but subjects them to disciplinary measures
- Restricting someone from casting his/her vote due to an error in the voters' roll or ID does not annul the electoral process
- Errors in vote counting shall not annul the elections if they do not change the results
- A voting booth guarantees free elections, but not casting one's vote inside the booth does not constitute a violation that annuls the vote

Dissolution and Reelection of the Municipal Council

The municipal council may be dissolved by virtue of a justified decree adopted by the Council of Ministers upon the proposal of the Minister of Interior if any recurrent grave violations are committed causing serious damage to the municipality's interests. The municipal council shall be duly considered dissolved in the event of loss of at least half of its members or its election is annulled. The Minister of Interior shall declare the dissolution by issuing a decision no later than one week as of the date of the notification of the Ministry of Interior; his silence

shall be otherwise considered an implicit decision of approval. In both cases, a new council shall be elected within a period of two months from the date of the dissolution decree or of the dissolution declaration decision. However, the municipal council shall not be renewed, in whole or in part, during the six months before the end of the municipal council mandate. The Kaemakam or the principal Head of department in the District and the Governor or the Secretary General in the Governorate shall take charge of the works of the municipal council.

CHAPTER 3

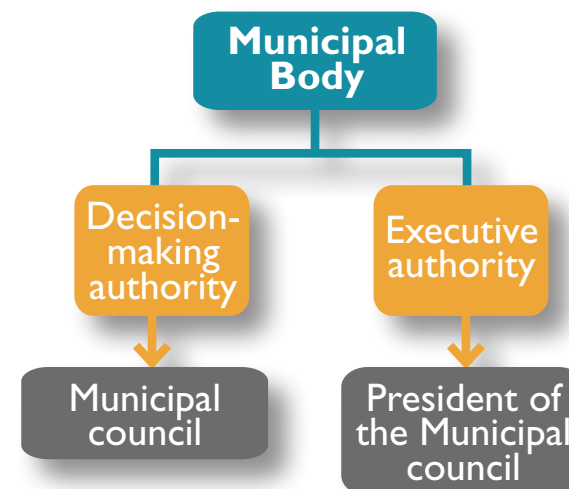
Regulation of the Municipal Council's Work

The municipal body shall consist of a decision-making authority and an executive authority.

The decision-making authority shall be entrusted to the municipal council whose members are elected on the basis of general and direct vote for a mandate of six years.

THE MUNICIPALITY OF BEIRUT

The Municipality of Beirut is an example of Co-Administration. It's the sharing of the same organizational structure by the deconcentrated central and the local/regional decentralized administrations. It is when components of decentralization, such as elections, legal personality and administrative and financial autonomy, are supported by components of deconcentration like hierarchical authority and appointment only (without elections, legal personality and administrative and financial autonomy), with collaboration between them.



First: The Decision-making Authority of the Municipal Council

1) The powers of the municipal council

Article 47 of the Municipal Law States that each work of public character or interest, within the municipal area, falls within the scope of the municipal council's competence. The municipal council shall be entitled to express its recommendations and wishes in all subjects of municipal interest. It shall also express its observations and suggestions related to the public needs in the municipal area. The President of the Council or his/her substitute shall notify the competent authorities in accordance with the procedures.

The municipal council is the competent authority in making decisions on subjects that do not fall within the scope of competence of any other authority, be it central or local. The council develops and embodies the local administration's public policy. In Lebanon, the legislator put forth a general principle, enumerating some powers and defining the general principle as "each work of public character or interest, within the municipal area." The law specified the powers of the municipal council by way of example, not exhaustive enumeration. Therefore, the municipal council's authority, so long as it aims to serve public interest within the municipal area, is public, all-inclusive and indefinite.

Given that the local authority is part of the State, its work, as is the State's, shall be subject to the legitimacy principle. All the decisions made by the municipal council and the President of the Council must be reviewed. The regulations issued by the municipal council in areas that fall within its competence scope shall be enforceable within the municipal area.

Powers in Financial Affairs

- The municipal budget, including transferring and opening credits
- Cutting off budget accounts
- Determining the rates of the municipal taxes according to the law
- Approval and rejection of donations and ordered funds

Powers in Matters Related to Public Works

- Public programs for works, aesthetics, cleaning, health affairs, water projects and lighting.

Naming Streets within Municipal Area

- Planning, improving and expanding the streets, establishing gardens and public squares and executing designs related to municipality as well as the Master Plan in cooperation with the Directorate General for Urban Planning with the observance of the provisions of the Expropriation Law, provided that the approval of both the Urban Planning Directorate and the competent municipality be binding to approve the project. In case of contradiction between the municipality and the Urban Planning Directorate, the Council of Ministers shall definitely decide on the subject
- Establishing markets, parks, playgrounds, museums, hospitals, dispensaries, libraries, sewers, waste drainage etc.

Powers Related to Educational Affairs

- Contributing to the tuition fees related to the public schools pursuant to the provisions of these schools.

Powers in Assisting to Associations and Clubs

- Rescuing the needy and disabled people and assisting clubs and associations

Powers Related to Controlling Public and Municipal Utilities

- Controlling educational activities and work progress in public and private schools as well as drawing up reports to the competent educational authorities
- Powers in Administrative and Financial Affairs
- Developing regulations related to municipal employees and their ranks, salaries and wages
 - Transferring municipal public property to private municipal property
 - Approving the decision to allocate the streets emerging from a parceling project - which benefits six real estate properties belonging to different owners - to public municipal properties, thus entitling the municipality to carry out works there
 - Setting specifications for deals regarding the supplies, works, services and sale of municipal properties.

The municipal council shall be entitled, within its area, to establish or manage directly or indirectly, or contribute to or to help in the execution of the following works and projects:

- Public schools, nurseries and technical schools
- Popular residences, toilets, public wash houses and

swimming pools

- Public hospitals, sanitariums, dispensaries and other health establishments and institutions
- Museums, public libraries, theaters, cinemas, amusement centers, clubs, playgrounds and other public and sports shops as well as social, cultural and artistic institutions
- Local means of public transportation
- Public markets for buying food, refrigerators for keeping them and threshing floors

The Municipal Council shall give its consent, prior to the central administration's final decision, to the following

- Changing the name and boundaries of the town
- Organizing traffic and public transportation
- Carrying out projects for improving and delimitating highways in addition to general master designs within the municipal area
- Establishing and transferring or closing public schools, governmental hospitals and dispensaries
- Measures related to public emergency
- Establishing charitable institutions and offices
- Applications of exploitation permit for classified shops, restaurants, swimming pools, coffee shops, amusement centers and hotels.

2) The powers of the municipal council member

A member of the municipal council shall perform the following tasks:

- a- Elect a President and a Vice-president from among the members
- b- The member residing outside the municipal area shall select a residence within the municipal area;

otherwise, he will be considered duly notified in the municipality hall

c- Submit proposals, projects and ideas that achieve public interest

d- Participate in municipal council sessions through attendance, discussion and voting on resolutions

e- Monitor the President's performance through budget and financial Statement auditing accordance with the following procedure:

- The President prepares the draft-budget and financial Statement
- The municipal council holds a session to discuss the budget and financial Statement. The members shall be entitled to review all documents, resolutions, and papers, as well as examine the report attached to the budget and financial Statement, and make the proper decision accordingly.

f- Holding a vote of confidence in the President To achieve that end, the municipal member shall:

a- Take up residence within the municipal area

b- Attend municipal council sessions. The invitation thereto shall be sent three days prior to the session date, unless the council agrees to reduce the said period.

c- Participate in municipal council discussions and offer suggestions

d- If any member of the municipal council fails to attend the meeting three times in a row without any valid excuse, he/she shall be deemed resigned

e- The municipal council must prove notification of the member to attend the sessions and his/her failure thereto without any valid excuses

f- The decision by the municipal council to dismiss any of its members shall be authenticated by MoIM

g- The provisions of Article 63 of the Municipal Law shall not apply to the decision to dismiss a member since any decision requiring authentication shall be deemed implicitly authenticated if no decision is

taken in this respect within one month as of the date of the decision's registration in the Ministry's clerk's office.

3) Convening the municipal council sessions

The President shall call for the municipal council as follow:

- a- The notification must be written and bearing a serial number starting at the beginning of year
- b- The notification is served through a police officer, municipal employee or municipal member to all members at their places of residence
- c- The President shall convene a session at least once a month, when necessary, or when requested by the *Mobafiz, Kaemakam* or a majority of the council
- d- The session shall not be deemed legal unless the legal majority of the council is present
- e- If the quorum is not reached, the President shall, twenty-four hours later, call for another session to discuss the same items that figured in the agenda the previous one. The second session shall be considered legal when at least third of the members attend. It should be mentioned that the decisions taken in this session were based on a second invitation to convene
- f- Municipal council sessions are held in secrecy. The *Mobafiz, Kaemakam* and any person convened by the President shall be entitled to attend the said sessions
- g- Minutes are taken for each municipal council session in a special paginated register and marked. It should include the names of the present members and a summary of the Statements and decisions made during the session

h- The President presents the subject of discussion and allows members to express their opinions and observations. Afterwards, decisions are taken by either majority or unanimity.

i- During the sessions when financial accounts or the President's compensations are discussed, the President shall withdraw from the session which is then presided over by the Vice-President or the eldest member in case the Vice-President was involved in the municipal accounts or allocated a share of the compensations

j- The President shall not discuss any subject that is not listed in the agenda

Second: Executive Authority - President of the Municipal Council

I) The Powers of the municipal council's president

The President of the Municipal Council enjoys broad powers that may raise some questions as to the presidential nature of the municipal system. The head of the executive authority (with the exception of the Municipality of Beirut where the *Mohafiz* holds such powers) shall have the following powers among others:

Administration and Finance

- Executing the decisions of the municipal council
- Preparing the draft-budget
- Managing and supervising municipality departments
- Managing the funds and real eStates of the municipality and thereafter carrying out all the required work in order to preserve its rights
- Managing the revenues of the municipality and overseeing its accounts
- Ordering the disbursal of the municipal budget, settling and controlling the expenses and giving notices of payment
- Concluding contracts of rent, division and barter, accepting donations and ordered goods, purchases and transactions after having authorized such activities
- Carrying out the same regarding the purchases, agreements, transactions, undertakings as well as

overseeing and receiving the works that are carried out on behalf of the municipality

- Representing the municipality before the courts according to the terms provided for in the Municipal Law
- Authorizing expenses by virtue of a Statement or an invoice
- Issuing orders to take local measures regarding the issues entrusted to him and to his authority according to the rules and regulations. The head of the executive authority shall issue municipal regulations concerning matters falling within his competence. Such regulations should be binding within the municipal area as it is the case for the laws and regulations promulgated by the State

Health, Environmental and Preventive Measures

- Taking preventive measures against fires, explosions, and floods such as organizing the fire extinguishing department, controlling the areas where flammable and explosive materials as well as fuel are stored, fixing the quantity of such materials that it is allowed to be stored in these places and ordering the necessary preventive measures
- Imposing the necessary measures regarding the cleaning, comfort, safety and the security of public transportation means
- Ensuring ethics and public decency
- Taking the appropriate measures to ensure the purity and safety of the food materials to be sold
- Taking all the required measures to ensure the accuracy of quantities, volumes and measurements
- Protecting all that relates to the environment, landscapes and monuments, maintaining trees and forested areas as well as preventing pollution
- Taking measures to fight against alcoholism,

epidemic or infectious diseases, and animal diseases

- Demolishing dilapidated buildings and repairing them at the expense of their owners, according to the provisions of the law on construction
- Receiving donations and funds ordered to the municipality, if they are likely to be damaged or lost and keeping them until a decision is taken with respect thereto
- Taking measures to restrain begging
- Taking the appropriate measures regarding mentally unstable people who may threaten ethics or people's safety and goods
- Taking all the appropriate measures to prevent or avoid any accidents that might result from the escape of wild or dangerous animals
- Maintaining public health, safety and security, provided that this does not interfere with the powers granted by the laws and regulations to the State security departments
- Organizing and facilitating traffic and circulation in public streets, squares and roads as well as ensuring cleaning, lighting and litter and debris removal
- Avoiding or preventing anything that might trouble public health, safety and security
- Protecting individual and public health such as ensuring health control of the meeting places, coffee shops, restaurants, bakeries, slaughterhouses, groceries, barbershops, etc., and in general, all the places in which food or beverages are manufactured and sold, and all the persons related in any way to these shops
- Carrying out some tasks and urgent procedures related to public health and safety, transportation means, vehicles, protocols and receptions, provided that they may be subject thereafter to the approval of the municipal council

Granting Authorization and Monitoring the Application of Laws

- Granting construction permits and housing permits, certificates of completion for the routing of water, electricity and telephone, after the approval of the competent technical departments
- Applying the provisions of the law to settle the violations against building regulations
- Suspending construction, upon the request of the prejudiced people, in return for a guarantee to be estimated by the President of the Municipality for a maximum period of fifteen days in order to enable the prejudiced people to take action before the competent court
- Authorizing the drilling of public streets in order to lay water, electricity, telephone and wastewater pipes and others, in return for a guarantee for restoring the premises to their previous State, at the expense of the license applicant; the public institutions, the independent services and the State administrations are shall not be excluded from the said authorization
- Authorizing for extending the sewers within the municipal area, after having collected the fees related thereto, if the project has been carried out by the Council of the Union or any other entity and it crosses several municipal areas
- Controlling the selling and pricing of food products, provided that it shall not be in contradiction with the measures and decisions issued by the Ministry of Economy and Trade

Granting Advertising Authorization

- The Head of the Executive Authority shall be entitled to authorize temporary works as well as the deposit of merchandises in the streets and

public places or to expose them on the sides of the roads and public places. He/she shall also be entitled to authorize the owners of restaurants and coffee shops to put tables, seats and chairs on the sides of the roads and the said places.

Employee Affairs within Municipal Area

- Appointing municipal employees in accordance with the regulations of the municipality and its organizational structure, ending their service, appointing daily workers within the limit of the amounts allocated to them in the budget. However, shall not be employed in the same municipality a father and one of his children, a mother and one of her children, a husband and his wife or the wife of his son and brothers and sisters. If any of the above-mentioned cases occurs, the President of the Municipality has the right to dismiss one of the two civil servants, by virtue of an administrative decision enforceable of itself, provided that the latter receives his compensation according to the provisions of the law on employees
- Ensuring security through the municipal police in its capacity as Judicial Police. He shall ask for the support of the Internal Security Forces in the event of any crime or any disturbance of the public security and proceed with the required investigations
- Taking the appropriate administrative and regulatory measures in order to maintain the smooth municipal work progress and to ensure municipal revenues, according to the provisions of the law on municipal taxes
- The Head of the Executive Authority shall preside over the municipal units and ensure their smooth work progress and coordination between them in his capacity as the Head of the municipal employees following the order of succession.

Community and Humanitarian Work

- Ensuring the distribution of the necessary donations to help the victims of epidemics and disasters such as fires, floods, epidemic or infectious diseases, etc.
- Transporting the dead, organizing funeral and burial ceremonies, digging graves and maintaining the good order and inviolability of the cemeteries

2) Withdrawing confidence from the President and Vice-President of the municipal council

The President of the Municipality may fail at managing the municipality and executing the council's policy, and after a while, the members of the council may come to realize that they made a mistake in the selection of the President, and in the event of violating an agreement dividing the term of the municipal council between the President and Vice-President, the municipal council is entitled, during its first session, to hold a vote of confidence in one or both of them, by absolute majority of its total members, according to a petition signed by a quarter of these members. In this case, the municipal council shall immediately hold a session in order to fill the vacant post.

Withdrawing confidence requires the approval of the absolute majority of all the members, not only the ones attending the confidence session. In case the President refrains from convening the municipal members to a confidence session, the *Kaemakam* shall call on the members to hold a vote of confidence in the President at the

Kaemakameya headquarters. Therefore, confidence in the President is subject to the approval of the municipal council, in spite of the powers vested in him/her and the permanent risk on the continuation and existence of the council. While some may, for good reason, question such procedure, given the broad powers vested in the head of the municipal council, the election of the latter by public vote raises another issue that is the marginalization of the council members' role in favor of the President and Vice-President.

3) Illegitimacy of the agreements related to dividing the term between the President and Vice-President

Recently, there has been a rise in dividing the Presidency term due to family, political party or sectarian considerations, and in short, due to the composition of the local community from which the municipal council emerges. Such agreements may become a custom either through non-binding agreements between the members or written ones between some or all the members. These agreements revolve around municipal posts held by an individual as a result of public vote. In no case shall they be subject to an agreement or a written contract giving them legal effect and rendering a court decision ordering resignation or compensation null. This issue has political ramifications.

Third: Legal Cessation of the Municipal Council

In addition to the six-year term of the municipal council stipulated in the law, the said elected council may legally cease to exist in the following cases:

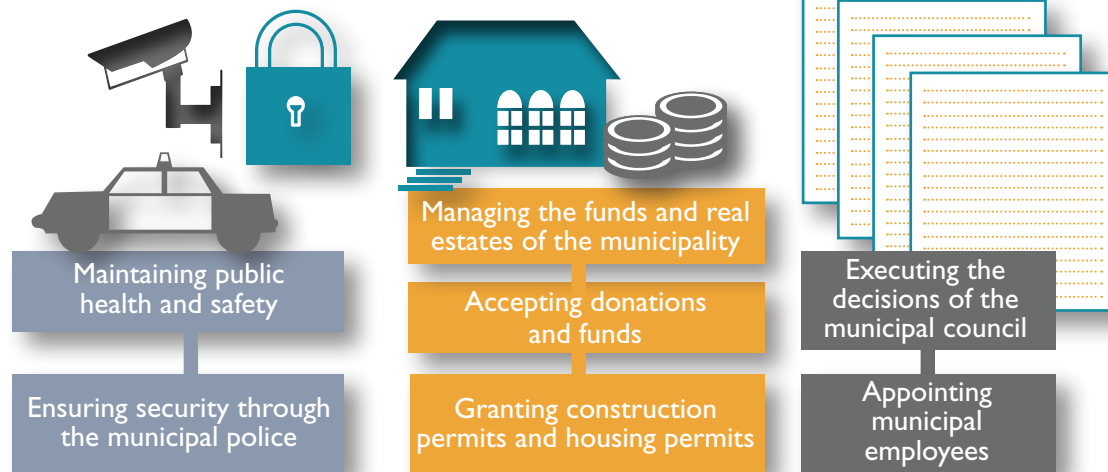
1) Failure to submit illicit enrichment declaration

Shall be deemed public servant every individual assigned to the presidency or membership of a municipality or a municipal union by means of election or appointment. A municipal member shall be deemed duly resigned in the event of failing to submit tax returns within three months of notification. Following the 2010 elections, a large number of municipal members did not submit declarations of illicit enrichment despite their being notified, by phone, by the trusteeship authority. This raised a major issue since a large number of municipal members, notably in remote areas, was deemed duly resigned as a result of failing to submit declarations of illicit enrichment. Based on an inquiry submitted by MoIM to the Committee of Legislation and Consultations, the latter advised that if it has not been proven that municipal members were notified clearly and explicitly in writing, the three-month period required for declaration shall not apply, and thus the said municipal members shall not be deemed resigned. This opinion favored

a large number of municipal councils, preventing their dissolution as a result of non-declaration by their members, since the telephone notification by supervisory authorities was sufficient, and administrative notification may take any form including by phone.

2) Annulment of the election of the municipal council

The term of the municipal council may come to an end after a short period following its election in case the State Council annuls the electoral process, as voters, candidates and the State may challenge the validity of the municipal and mayoral elections. The challenge shall be submitted within fifteen days following the



The President of the municipal council shall have the following powers among others (Article 74).

declaration of poll, starting the following day of official announcement of the results by MoIM.

3) Resignation of the municipal council or considering it resigned

The resignation of the majority of municipal council members ends the term of the council, and the resignation shall be submitted to the *Mobafiz*. The latter, despite being entitled to reject the resignation, is not bound to accept it within a set period of time. Therefore, in the event of non-decision of acceptance, this shall not be interpreted as implicit rejection by the *Mobafiz*, since there are no legal grounds for rejection unless it is explicit. However, a municipal member whose resignation was not accepted may finalize it

by law through submission of another resignation letter via certified mail, stating the purpose, which is final resignation from the municipal council.

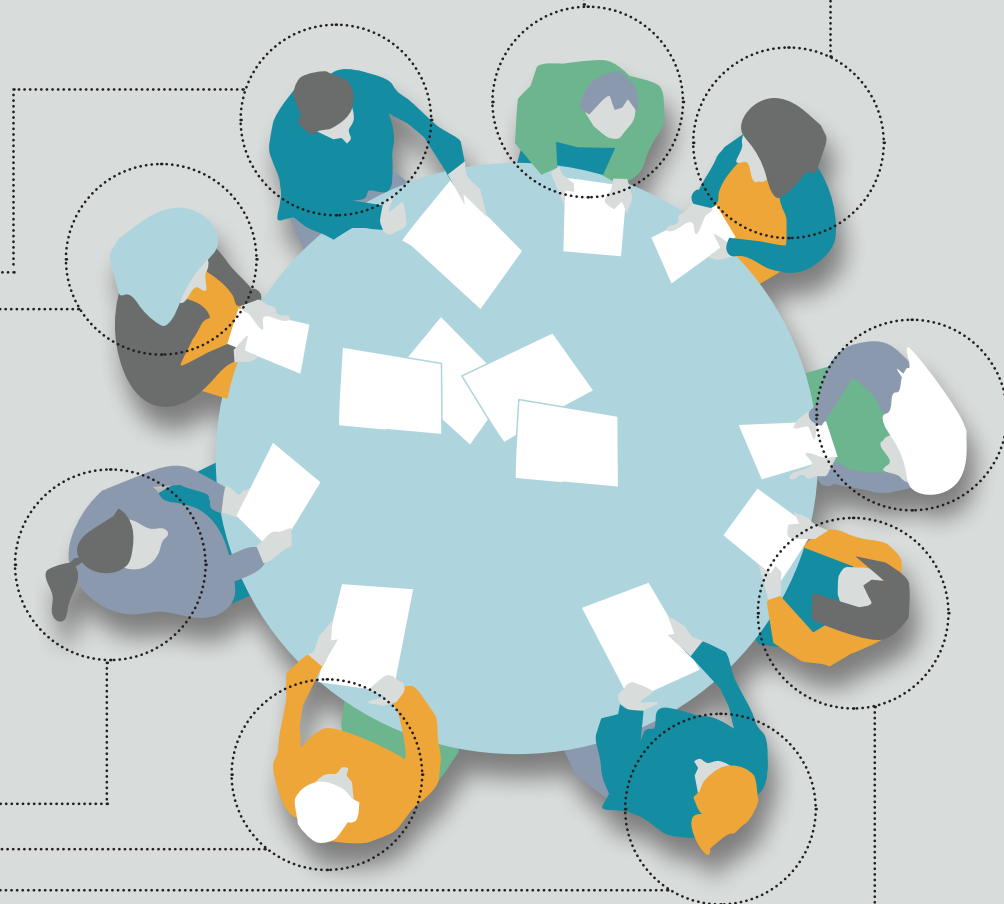
- a- The municipal council shall be duly considered dissolved in the event of loss of at least half of its members. The Minister of Interior shall declare the dissolution by issuing a decision no later than one week as of the date of the notification of the Ministry of Interior; his silence shall be otherwise considered an implicit decision of approval.
- b- The municipal council may be dissolved by virtue of a justified decree adopted by the Council of Ministers upon the suggestion of the Minister of Interior if any recurrent grave violations are committed causing serious damage to the municipality's interests. The dissolution decree shall be subject to control by the Administrative Court.

Negligence and violations shall be documented in reports. The Council of Ministers shall justify, beyond the obvious justification, the validity, reasons and motives supporting this decision.

Conflict among municipal members, if it leads to negligence of municipal duty and compromises the local community, shall be considered as recurrent violation inflicting serious damage on the municipality and leading to the municipal council's dissolution. This goes for grave mistakes committed in the line of municipal work, thus constituting a legal justification for dismissing the municipal council and deeming it dissolved.

PART 2

**CONTROLLING
THE WORK OF
THE MUNICIPAL
COUNCIL**



The large number and ramification of control authorities has limited and hindered the work of municipalities. There is also a lack of clarity and an overlap of powers between MoIM and the Prefects and the Kaemkameyas on the one hand, and the Ministry of Interior on the other. The broad powers given to municipalities seem futile and seized with strict constraints and control over the work of municipalities by the central government bodies. This leads to rigid centralization and reflects a hollow image of administrative decentralization.

Chapter I

The Multiplicity of Control Authorities on Municipal Decisions

The control over local bodies is not consistent. Rather, it differs according to the State's political and economic ideology and the competence of the local units, so that the central government maintains the upper administration dealing with the organization of the country. Although all municipalities are under the control of MoIM, the powers of some of the other control authorities do not cover all municipalities.

First: Self-oversight

It consists of the municipal council's control of the President of the Municipality through periodic meetings or the annual report, which the council must submit to the control authorities in accordance with Art. 52 of the Municipal Law and Art. 48 of the draft law stating, "The Municipal Council shall control the Executive Authority's works, ensure the smooth functioning in the municipality and thus, draw up reports to be submitted to the Control Authority."

1) Administrative self-oversight

Administrative self-oversight is conducted by the administration on its budget execution to avoid errors and irregularities, and improve the workflow. Such oversight is self-regulatory, hierarchal, and special.

2) Self-regulatory

The active body conducts self-oversight to monitor the proper execution of its work and the validity of the transactions in the previous stage, without exceeding its powers. The disburser shall monitor the legal nature of the transaction before concluding the agreement. He shall refrain from signing if he finds that there is a lack of competitive selection or that the contracting party did not present its mandate or official capacity in the

institution. The expense liquidator shall monitor the debt arrangement and determine its amount and maturity date, avoiding its extinguishment over time or for any other reason prior to the signing of the liquidation. He shall not exceed his specified powers, arguing that there is no competition in the basis of the transaction and rejecting or suspending it.

As for the transferor and the treasurer, their control of the transaction shall also be subject to their powers as specified in the texts. However, if irregularities emerge from their specific powers, they may return the transaction to the President of the Municipality and draw his attention to the violation.

3) Hierarchal control

Presidents of municipalities oversee and supervise the work of their subordinates, including correction and guidance. They audit transactions and give instructions and orders to subordinates, who are bound to execute them in accordance with the regulations in each municipality appointing the Head of the Executive Authority as head of all municipal units. The section head oversees his subordinates, and the department head oversees the section heads, corrects their mistakes and directs them to ensure the application of their work on the agreed provisions. Such control is preventive, and precludes violations in the implementation of the budget. It may be deterrent and punish violators. It may also be anticipatory, monitoring transactions before, during, or after

their execution. In all cases, control is part of the work of the hierarchical authority and is imposed by the nature of the work.

4) Special Control

Some municipalities might appoint a special body to oversee the work of other bodies, limiting their violations and completing hierarchical control, as part of the powers specified by the entity for controllers or inspectors to oversee the work of verification or collection, or the implementation of work, receipt of transactions, and all financial matters. As for public oversight, it includes the elections and the permanent control of the work of the municipal council. To this day, public oversight has been more effective in small towns because of the greater proximity of the people with their elected bodies.

Second: Central and Deconcentrated Administrations Control

The municipal bodies exercise their powers under the supervision and control of the central government and exercise administrative control over the decisions of the municipal council. Administrative control over the decisions of the Beirut Municipality council is exercised only by the Minister of the Interior, who may delegate to the Director General of the Ministry the powers vested in him by the provisions of the Municipal Law in whole or in part. The Municipal Law sets out the elements of such control, and the municipal council decisions are subject to the approval of the administrative supervisory authority, sent by the head of the municipality directly to the competent administrative control authority within eight days from the date of issue. A copy shall be sent to the hierarchal authorities and the competent administrative control authority must take its decision regarding the decisions of the municipal council within one month from their date of registration in the competent unit. Otherwise, these decisions shall be considered as implicitly approved. In this case, the President of the Municipality shall inform the competent control authority that the decision has been ratified. The one-

month deadline for the approval by the competent administrative control authority of the municipal council's decisions does not apply to the decisions related to planning and budget, or opening and transferring credits and loans.

Moreover, the law allows the *Kaemakam*, the *Mobafiz* or the Interior Minister, at any time and for security reasons, to temporarily postpone the implementation of the decision of the municipal council, provided that this is done by justified decision that can be challenged before the State Council. The law exclusively enumerates decisions of the municipal council, which are subject to the ratification of both the *Kaemakam*, the *Mobafiz* and the Minister of Interior. Whereas decisions of the municipal council that are subject to the ratification of the competent administrative control authority shall be effective only if accompanied by the explicit and implicit ratification of such authority, the other decisions shall be considered as stand-alone.

1) Ministry of Interior and Municipalities

The Ministry of Interior drafts and allocates the municipal revenue agreement, provides municipalities with technical and financial support as needed, and for further clarification, MoIM oversees through its First Inspector revenue

audit, operations and financial transactions, and violations. It also participates in judicial investigations of a financial nature, and oversees the settlement of budget accounts. The Ministry is responsible for organizing and monitoring the municipal elections and for providing internal security. The *Mobafiz* and the *Kaemakam* who supervise the administrative aspect of the municipalities must refer to MoIM in matters related to the municipalities, knowing that they are employees of the Ministry of the Interior.

- The decisions specified exclusively in Art. 62 of the Municipal Law are subject to ratification.
- The municipal council is deemed dissolved if it loses at least half of its members or if a decision is made to annul it. Approval of the decision of the municipal council to consider a member resigned due to recurrent absence.
- At any time and for security reasons, it may temporarily postpone the implementation of the decision of a municipal council, and this shall be done by reasoned decision that can be challenged before the State Council.
- The decision to delegate some of the President of Municipality's powers shall be notified and shall be published in the Official Gazette.
- All decisions made by the Head of the Executive Authority shall be referred for implementation.
- Decides to establish joint units between two or more municipalities, and establishes common regulations for the joint staff and the distribution of their expenses and staff, based on the proposal of the President of the region after a survey of the municipalities concerned.
- Agrees to contract with persons to perform certain municipal functions at specified times and special conditions specified in the contract.

• The General Controller is administratively linked to the Ministry of the Interior for the duration of his /her function.

• It imposes first-degree penalties.

The decisions of the Minister of Interior and Municipalities also include:

- Decisions related to public order
- Loans
- Naming streets and public buildings and establishment of memorials and statues
- Establishment and organization of municipal units, appointment of staff and specialties, as well as salary scale
- Establishment of unions with several municipal councils to carry out joint work of public interest
- Compensation of the President and Vice-President of the Municipality
- Transferring public municipal property into private municipal property
- Specifications for supplies, works, services and sale of municipal property
- Requiring beneficiaries of a construction project that has completed its study to contribute to costs
- Waiver of some immediate and future municipal revenues to the lender or the State

2) Deconcentrated administration control

A. The following decisions shall be subject to the approval of the *Mobafiz*:

- Authorizing contracts involving supplies, works and services when their value exceeds 80 million Lebanese pounds, and to approve their relevant specifications.
- Authorizing works as per a consignment agreement and the purchase of supplies with a

mandatory invoice when the cost exceeds 50 million Lebanese pounds.

- Buying or selling real estate properties worth more than 100 million Lebanese pounds, and to approve their relevant specifications.
- Assigning municipal property to a specific interest, after it had been allocated to the public interest.
- Lease agreements exceeding 40 million Lebanese pounds annually.
- To establish markets, race tracks, museums, hospitals, popular housings, waste banks, etc.

B. The following decisions shall be subject to the approval of the *Kaemakam*:

- Municipal budget and the transfer and opening of credits.
- Final budget.
- Setting rates of municipal fees within the limits stipulated by the Municipal Fees Law.
- Buying or selling real estate properties worth less than 100 million Lebanese pounds, and to approve their relevant specifications.
- Lease agreements exceeding 20 million Lebanese pounds annually in the municipalities subjected to the oversight of the Court of Accounts and 10 million Lebanese pounds in other municipalities, and not exceeding in both cases 40 million Lebanese pounds.
- Assisting the disabled and support clubs, associations and other cultural, social, sports, health and similar activities when the total value of the aid per year exceeds 10 million Lebanese pounds.
- Authorizing contracts involving supplies, works and services when their value is between 30 and 80 million Lebanese pounds, and to approve their relevant specifications.
- Authorizing works as per a consignment agreement and the purchase of supplies with a mandatory invoice when the cost is between 20 and 50 million Lebanese pounds.

- Settling disputes and reconciliations, subject to the provisions of Art. 66 of this Legislative Decree.
- Accepting or rejecting donations and recommended funds associated with costs. It should be noted that Law No. 212/2000 amended the Law issued on 25/04/1994 to provide for the following: "The President of the Municipality shall agree to the expenses of supplies and works under an agreement or an invoice and shall order the disbursement when the value is between 3 and 20 million Lebanese pounds".

C. Additional Powers for Central Administration and Deconcentrated Administration

- The *Mohafiz* or the *Kaemakam* may convene the municipal council, provided they include in the invitation the reasons for the meeting and its topics. (Art. 32)
- The *Mohafiz* or *Kaemakam* may attend the municipal council meetings without the right to vote. (Art. 35)
- The *Kaemakam* shall receive the minutes of the meetings during which a felony or misdemeanor is committed. (Art. 37)
- The *Kaemakam* or *Mohafiz* may ask the municipal council to discuss a matter in an urgent manner. (Art. 37)
- The decisions of the municipal council shall be recorded in serial numbers according to their dates on a register with numbered pages, which shall be signed by the *Kaemakam* or his appointee. (Art. 44)
- The head of the municipality shall send the decisions of the municipal council to the competent administrative oversight authority directly (the Minister of Interior, the governor or the *Kaemakam*) within 8 days from the date of issue (Art. 58).

- The Minister of Interior, the governor or the *Kaemakam* may, at any time, for security reasons, temporarily postpone the implementation of the decision of a municipal council, and this shall be done by reasoned decision acceptable to the State Council (Art. 65).
- All decisions made by the President of the Executive Authority shall be transmitted to the *Kaemakam* and in the Municipality of Beirut to the Minister of Interior (Art. 79).
- The head of the municipality, his deputy or municipal council members cannot be prosecuted for an offense related to their duties, except upon the written consent of the governor (Art. 111).
- If a judgment or preliminary judgment is issued against the head of the municipality, the deputy head or a member, the governor may decide to suspend them until the final judgment (Art. 112).
- If the municipal council or its head fails to perform any of the acts required by the laws and regulations, the *Kaemakam* may direct to the municipal council or to its head a written order that must be executed within a period specified in this written order. If the period of time elapses without said execution, the *Kaemakam* may do so himself by a reasoned decision, following the approval of the governor.

D. Decisions not Subject to the Approval of the Control Authority

The municipal council decisions that are not subject to the approval of the administrative control authority include, but are not limited to:

- Lease agreements not exceeding 20 million Lebanese pounds annually in the municipalities subjected to the oversight of the Court of Accounts and 10 million Lebanese pounds in other municipalities.

- Insurance of municipal buildings and equipment by insurance companies for contracts in which the value of such insurance does not exceed 12 million Lebanese pounds in the municipalities subjected to the oversight of the Court of Accounts and 6 million Lebanese pounds in other municipalities.
- Accepting or rejecting donations and recommended funds that are not associated with costs.
- Assisting the disabled and supporting educational, cultural, social, and sports activities when the total value of the aid per year does not exceed 10 million Lebanese pounds.
- Determining the cost of all types of public transportation within the municipal area.
- Collecting municipal fees and seize funds of taxpayers who refrain from paying such fees.

3) Powers of the Council of Ministers

The Council of Ministers oversees the following:

- The power to dissolve the municipal council by a reasoned decree to be taken by the Council of Ministers based on the proposal of the Minister of Interior and Municipalities (Minister of Interior in the draft law) if it commits repeated important violations that cause outright damage to the municipality's interests.
- In case of disagreement between the municipality and urban planning, the Council of Ministers approves a decree to plan, fix and expand roads, and establish gardens and public squares.
- In case of disagreement between the municipal council and the competent authorities, the Council of Ministers shall decide on the applications for licenses to invest in shops, restaurants, swimming pools, cafes, night-clubs, and hotels.
- Subjecting the municipalities specified in a decree to the authority of a financial controller.

Third: Judicial and Quasi-judicial Control

Although municipalities are legal entities, and financially and administratively autonomous, the central government imposes a restricting control via various ministries. Some bodies from the Ministry of Justice impose a control over the pending reconciliations before the courts or those yet to be submitted. Pending reconciliations before the courts are subject to the approval of the Committee of Cases in the Ministry of Justice, while those not submitted are subject to the approval of the Committee of Legislation and Consultations. The Special Disciplinary Committee enforces disciplinary control and imposes second-degree penalties. Such penalties include suspension from work for a maximum of one year and dismissal if the President, Vice-President, or member of the municipality were found guilty – despite warning them – of disciplinary breach, and they will face disciplinary penalties for breach of duties imposed by the laws and regulations, which damaged the municipal interests. Disciplinary prosecution could turn into prosecution before the competent civil and criminal courts if required. It is worth noting the subsequent control done by the courts, mainly the State Council, after consulting every party of interest or capacity upon breaching the law.

Municipalities are subject to the control of the Central Civil Service and Central Inspection as per a decree issued by the Council of Ministers,

upon a proposal by the Minister of Interior and Municipalities. However, the control of the Central Civil Service and Inspection Council does not encompass the members or President of the Municipal Council. It is related instead to some of the municipality's activities. Consulting the Civil Service Board is paramount, essential, necessary, and obligatory, as the municipality has to take its view, subject to the cancellation of the decision.

1) The judicial and advisory role of the State Council towards municipalities

The State Council is a high court that assumes administrative jurisdiction, and controls the preparation of the legislative and regulatory texts. It is also a normal court for the administrative cases, and the appeal or cassation reference in the administrative cases as defined by law.

The State Council looks into election challenges of the local body and oversees the legitimacy of the local body's decisions. The municipality in Lebanon holds a wide-ranging regulatory power, and the President of the Municipality has the right to issue binding municipal regulations within the scope of his competence. The State Council shall be consulted for the regulation rules draft, as well as for all the cases specified by the laws and legislations.

Consultation is essential as per the law for the validity of the regulatory decision, and it is a guidance and a reflection of cooperation between the municipality and the judiciary system.

2) The role of the Committee of Legislation and Consultations

The Committee of Legislation and Consultations in the Ministry of Justice is responsible for approving reconciliations in the cases yet to be submitted to the courts. Reconciliations take place between the municipality and the individuals who were affected by an activity that took place in its facilities or mistakes committed by its employees while doing or attempting to do their jobs, subject to the advance approval of the control body on the reconciliation. The Committee also has the power to interpret legal provisions and give its opinions about the conflicts arising among the State's departments or between the Committee and others. The department is not bound by the opinion, although breaching it has to be justified with a decision after informing the Ministry of Justice. Therefore, the Committee of Legislation and Consultations has an essential and important role.

Fourth: The Control of the Financial General Controller

The financial affairs, carried out by the municipalities of the provincial centers as well as other municipalities and municipal unions as per a decree issued by the Council of Ministers upon a proposal by the Minister of Interior, are controlled by a financial controller, called "General Controller". The General Controller is appointed and dismissed through a decree issued by the Council of Ministers upon the Minister of Interior's proposal and as per the conditions and customs specified in the law. The General Controller is also appointed for one or more municipalities and is administratively linked to the Ministry of Interior.

Decree number 5595 dated 22/9/1982 on determining the accounting principles in municipalities and federations of municipalities defines the duties and powers of the General Controller. The General Controller assumes the following powers:

- Notation of every transaction that may require funds and requesting allocated credit, before having it signed by the competent authorities in the municipality.
- Control of various financial activities, mainly by giving opinion about the draft-budget and the additional draft credits that he needs to review after preparing them and approving them by the competent authority.

- Giving opinions about changes in the municipal fees, the validity of appointment and objection formalities, and the validity of receiving and allocating collected funds as per the laws and regulations in force.
- Monitoring a good workflow for the execution of the budget and the management of the municipal funds, and submitting proposals for enhancing the workflow to the Ministry of Interior.
- Reviewing all the documents and records needed within the scope of his duties.
- Submitting a report to the attorney general at the Audit Court about every financial breach subject to the provisions of the law regulating the Audit Court. A copy of this report should be sent to each of the Ministry of Interior and Municipality.
- Drafting regular reports every three months about controlling the municipality and submitting them to the Ministry of Interior, as well as providing a copy to the relevant municipality, and drafting an annual report that includes his notes on the works of the ending financial cycle.

Fifth: The Control of the Audit Court

The Audit Court is an administrative court independent from the executive and legislative authorities and is formed of judges and attorney general. It is divided into chambers whose number is determined according to the types and volume of duties assigned thereto. Its judges abide by the general judges system. The due process of law is much like the due process adopted in any administrative court. The control of the Audit Court includes the municipalities of the provincial centres, Bourj Hammoud Municipality, Tripoli Municipality, as well as all other municipalities that were or are under its control via a decree issued by the Council of Ministers upon a proposal by the Minister of Interior. However, Art. 105 of decree number 5595/82 States that any municipality whose actual revenues exceed one million Lebanese pounds is subject to the control of the Audit Court and General Controller. Municipalities who were exempted via a special decree remain excluded from the control of the court.

The Audit Court has an administrative function to carry out an *ex-ante* control over the execution of the municipalities' budgets, to control the use of their funds as well as the compliance of this use to the laws and legislations in force, and to issue reports

about the results of its *ex-ante* and *ex-post* control. The Audit Court also has a judiciary function to control the bank accounts of the municipalities, and check their accuracy and legitimacy, as well as the municipality's fund manager.

The Court's decisions cannot be contested unless via a review procedure carried out by the Court or by appealing before the State Council.

According to the Audit Court, municipalities are divided into three categories:

- A category controlled by the Audit Court as the public departments in the State, which are the municipalities that were specified in a decree issued by the Council of Ministers.
- A category controlled by the Audit Court according a decree without assigning a financial General Controller.
- A category uncontrolled by the Audit Court nor the General Accountability Law but by Decree number 5595/82. As for the authority of the Audit Court:

The Audit Court has two kinds of control over the budget of controlled municipalities:

- Administrative control carried out by prior control over some formalities as done through *ex-post* control by drafting reports and issuing reconciliation Statements.
- Judiciary control carried out within the scope of *ex-post* control over accounts and general fund managers.

The control exercised by the Audit Court

is divided into *ex-ante* control and *ex-post* control.

I) Ex-ante control

The *ex-ante* administrative control carried out by the Court over some formalities aims at checking their validity and conformity to the budget and the provisions of the laws and regulations prior to deciding on them, just as the general controller at the municipalities. The controller of the expenses in the public departments.

Article 33 of the Court bylaws States that this control is an essential formality. Each uncontrolled formality has no legal effect and the competent employee cannot enforce it subject to a financial penalty. As for the formalities subject to *ex-ante* control:

With regards to expenses:

- Deals of supplies, works and services exceeding 75 million Lebanese pounds.
- Consensual agreements, including leases of more than 50 million Lebanese pounds.
- Grant, aid and contribution transactions exceeding 15 million Lebanese pounds.

With regards to revenues:

- Transactions for awarding revenues when they exceed five million Lebanese pounds.
- Transactions for selling properties when they exceed five million Lebanese pounds.

With regards to reconciliations:

- Amicable reconciliations of cases or conflicts if the amount disputed exceeds fifteen million Lebanese pounds.

The advance approval of the Court is no longer valid if it is not enforced within the financial year when it was given because the expense will be taken from the budget of a specified year.

This control is carried out by a judge assigned in the yearly program for specified transactions assisted by a controller. If the transaction was validated, it will be returned with his signature. However, if it was in breach, a committee composed of a president and consultants will review it to decide on it if its value exceeds five hundred thousand Lebanese pounds.

2) *Ex-post* administrative control

Article 45 of the Court Bylaws States that the *ex-post* control aims at “estimating the financial transactions and their general results, starting from making them, executing them and recording them in the accounts”. As a result of this *ex-post* control, the Court issues the following reports:

- The special reports issued by the Court when necessary. They define the subject, shortcomings, notes and proposals as suitable, then it refers it to the competent municipality.
- The annual reports issued at the end of each year. They include the results of the control carried out by the Court as well as its proposals for the financial systems and laws.
- The reconciliation Statements prepared by the Court each year. These check the validity of the

public administrative account in line with the individual administrative accounts submitted to it.

The President of the Municipality sends to the Audit Court in December of the year or in the month following any change of the appointed employee a special yearly list that include the names of the administrative accountants, money accountants, material accountants, names of the employees and persons who are involved by virtue of their function in executing the budget in its revenues and expenses, as well as managing the funds and materials. The list of names is attached with a card that reveals their financial duties as well as a sample signature of each one to enable the Court to recognize it and define their responsibilities upon carrying out the control.

Sixth: Civil Service Board

The Civil Service Board is responsible for monitoring municipal decisions concerning personnel, administrative organization, and salaries in large municipalities. The Civil Service Board control shall include the municipalities of the provincial centres, the municipalities that have already been controlled by decree, and the other municipalities which may be subject to it by a decree issued by the Council of Ministers upon the proposal of the Minister of the Interior. The Civil Service Board shall exercise its administrative control over the municipalities under its jurisdiction through the powers vested in it by the laws and regulations in respect of the following matters:

- Appointing, promoting, compensating, transporting, disciplining, and dismissing employees, as well as handling their personal affairs.
- Aiming at raising the level of the administrative staff, mainly by preparing and training them in service.

Seventh: Control Related to the Urban Development and Building permits

The Directorate General of Urban Development is part of the Ministry of Public Works and is responsible for the civil planning. Its approval is necessary for any construction project or infrastructure-related project. Views on the relationship between municipalities and the DGU differ. Some municipal officials believe that the master plans are imposed on the municipalities by the DGU, without taking their opinions and observations into consideration. The master plan is normally given to the municipality who has one month to comment on it. However, if it does not do that within the specified time limit, the scheme is then transferred to the Supreme Council of Urban Development. It will be signed and enforced by the Prime Minister. However, some urban development experts believe that municipalities lack the ability and vision to develop a guidance scheme, since it should be based on a vision for the town or region and future expectations. Some also believe that the tasks and powers related to the construction and urban development are both thorny and important issues since they require high engineering and legal technology, a high standard, and a need to preserve heritage and environment, while taking into consideration people's needs and potential.

Eighth: The Control of the Ministry of Justice

The Ministry of Justice control is limited to one issue: mutual agreement, as opposed to the financial control carried out by the Chief Inspector or the Audit Court.

a- The general financial commission: it is a controlling body that oversees the financial affairs of the municipalities. It was formed based on a decree number 1997 dated 1991, which stipulates the establishment of the general financial commission within the Court of Cassation and Resolution. It is linked to the Attorney General and is responsible for violations of governmental, municipal and customs tax laws, as well as the related fees, communications, government institutions and municipalities.

b- Objection committees: These committees have a judicial status, each headed by a judge appointed by decree, and is responsible for reviewing objections by the taxpayers, which represent indirect control over the validity of municipal fees.

Ninth: Bodies Exercising De Facto Control

Municipalities do not have the freedom to choose an official reference body to approve their decisions and work. Such reference body is specified by the provisions of the law governing municipalities, subject to the public order, and in no case shall an agreement be made in violation thereof. The control of municipalities and municipal unions by central authorities turns into direct or indirect interference in the work and decisions related to municipal affairs, sometimes taking the shape of *de facto* trusteeship.

I) Requiring municipalities to send all their decisions to the central government

For notification purposes only, decisions taken by the Head of the Executive Authority at municipalities are referred to the *Kaemakam*, and to the Minister of Interior in the case of the Municipality of Beirut. However, and in spite of the explicit legal text, most municipalities refer all their administrative and session-related decisions to the *Kaemakam* who annotates them, whether or not they're subject to authentication, and leaves his remarks on decisions that don't require authentication. After that, the decision is returned to the municipality with the *Kaemakam's* signature. Amid recurrent objections from municipalities, the Audit Court argued that the Kaemkam's power in authenticating the financial

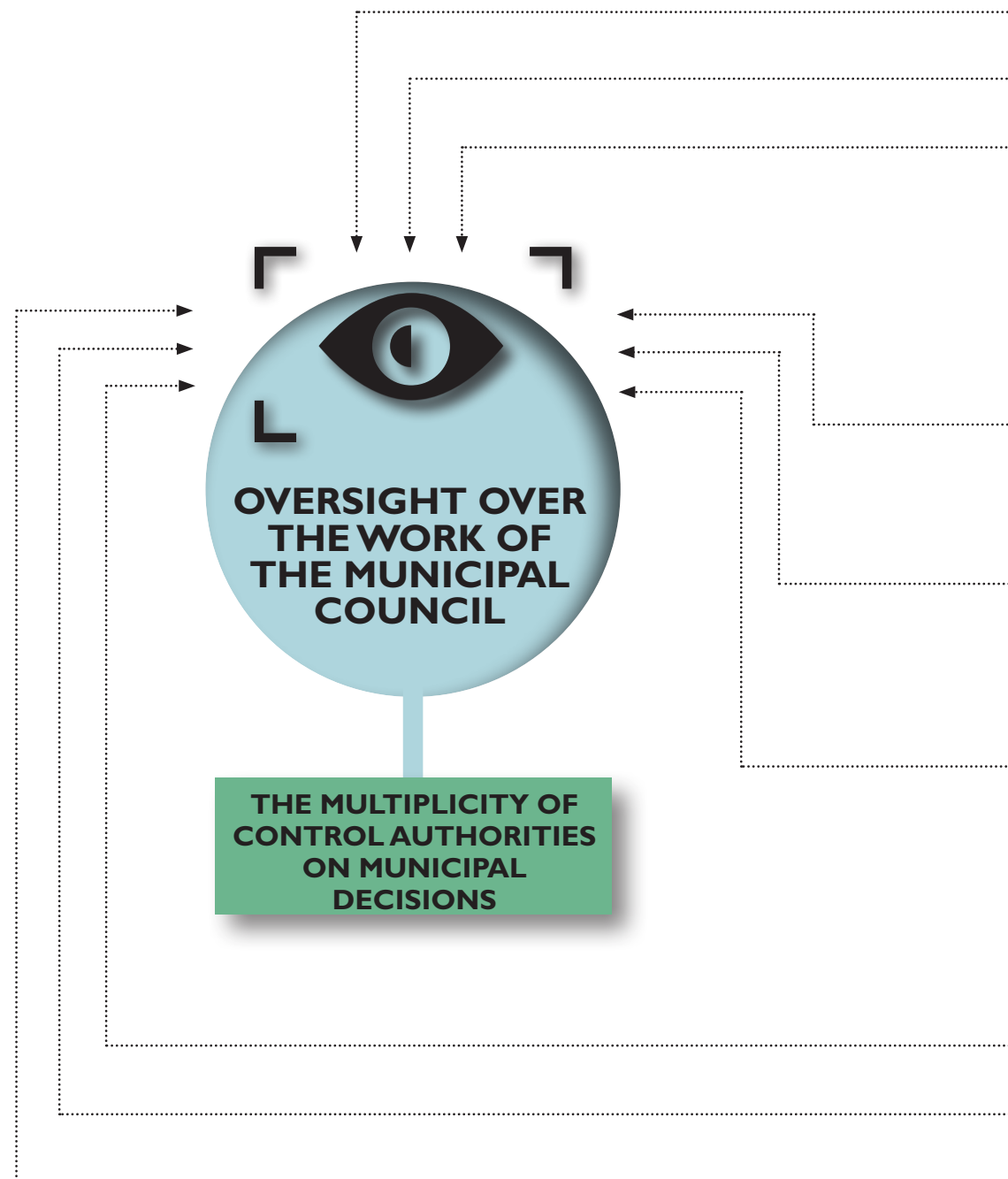
Statement requires him to review all decisions whether they require authentication or not. This practice restricts the autonomy of the local administration, especially since the said decisions with their relevant documents remain with the central government for a relatively long period of time.

2) The Minister of Finance's attempt to impose *de facto* control

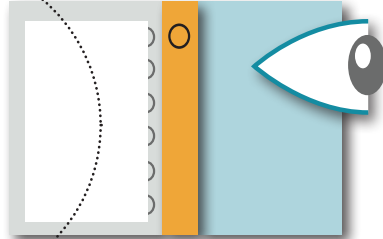
Although municipalities only have bank accounts at the Central Bank, the Minister of Finance, by virtue of a circular as well as a memorandum issued by the Prime Minister, demands that municipalities provide the Ministry of Finance with a monthly account Statement. The Ministry of Finance has no authority to control municipalities, and is therefore attempting to impose *de facto* financial control over municipal accounts without any legal grounds.

3) Central Bank's disguised control

Municipal accounts are held exclusively by the Central Bank. Any transaction requires sending a "withdrawal letter" with a check attached thereto. This letter must include all the details about the amount withdrawn such as the decision number, subject and value. This results in many administrative issues, since the Central Bank is trying to impose *de facto* control. In early 2013, following a longstanding dispute with municipalities, MoIM, based on Letter no. 1/2336 dated 3/12/2012 by the Governor of the Central Bank, issued a circular prohibiting the attachment of the check to the letter or any payment orders received by the Central Bank as of 1/1/2013. Unlike administrative bodies that exercise their role in accordance with the law, others try to assume a *de facto* role without any legal grounds, thus compromising the autonomy and restricting the role of municipalities in Lebanon. This is driven by inadequate local resources and the failure of the central government to pay the taxes and fees collected on behalf of municipalities.



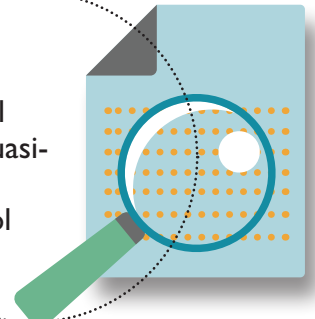
Self-oversight

An illustration of a blue notebook with a white page and a yellow spine, with a stylized eye icon on the right side.

Central and Deconcentrated Administrations Control

An illustration of a blue folder with a white paper and a silver paperclip.

Judicial and Quasi-judicial Control

An illustration of a magnifying glass with a green handle over a blue document with a grid pattern.

The Control of the Financial General Controller

An illustration of a green folder containing a stack of white coins.

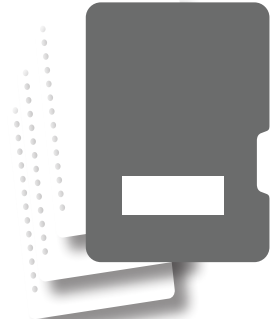
Bodies Exercising De Facto Control

An illustration of a white document with blue horizontal lines and a green circular seal at the bottom right.

Civil Service Board

An illustration of a blue clipboard with a white sheet of paper and a small icon of a person's head.

Control Related to the Urban Development and Building permits

An illustration of a dark grey building permit card with a white rectangular area.

The Control of the Ministry of Justice

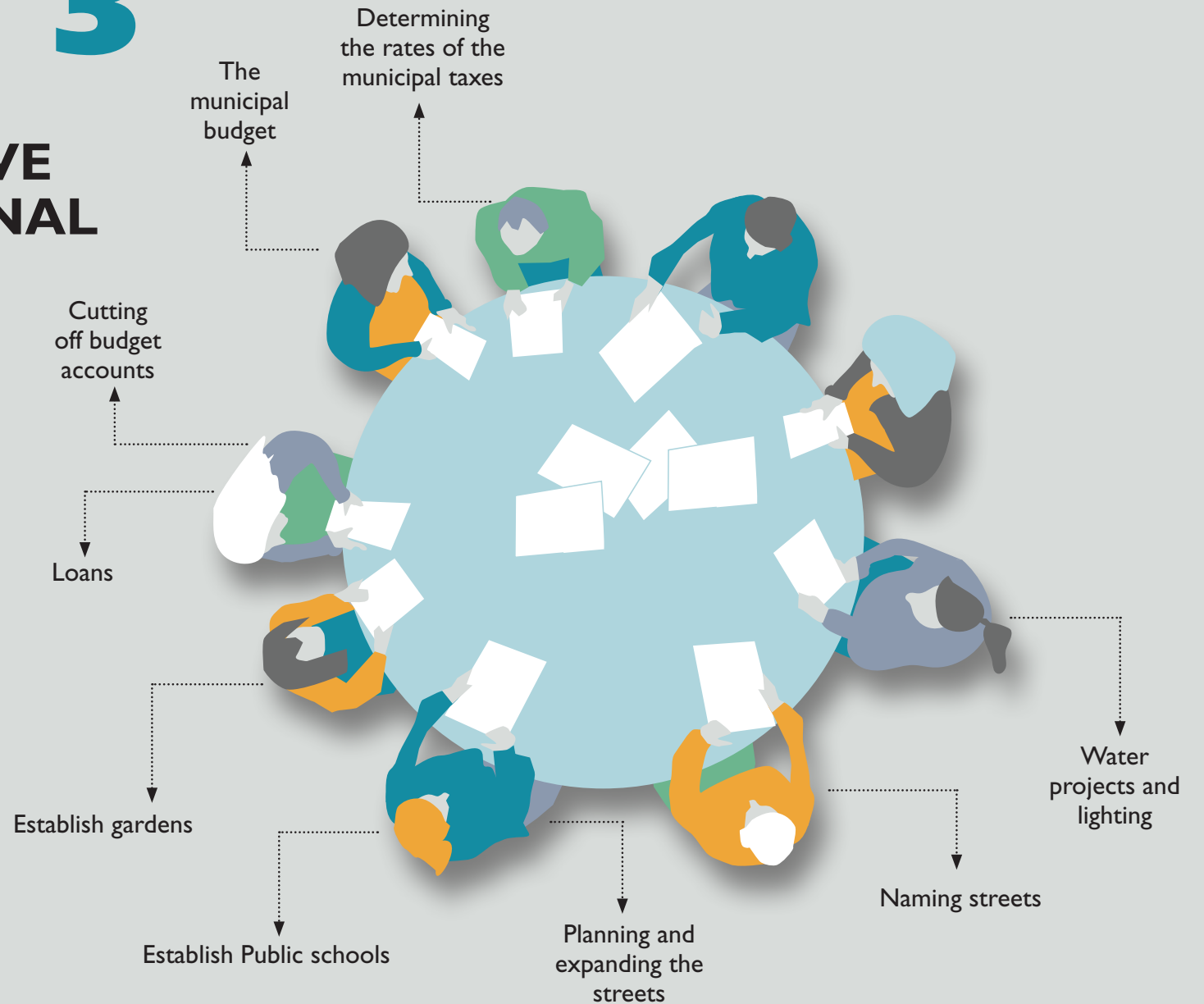
An illustration of a judge in a black robe and white collar, standing next to a pair of blue and green scales of justice.

The Control of the Audit Court

An illustration of a stack of blue and orange books.

PART 3

ADMINISTRATIVE AND FUNCTIONAL BODY



Chapter I

Internal Management of Municipalities

First: Municipal Civil Servants

1) Unique municipal civil servants statutes

Each municipality (or municipal union) shall have its own civil servants statutes. Such statutes are often derived from those applicable to other public sector employees. Municipalities establish their statutes and make decisions to that end. These statutes should be approved by the Ministry of Interior after consulting with the State Council. Once completed, these statutes would constitute the terms of reference governing municipal civil servants affairs including: procedures for appointing, dismissing and promoting civil servants, in addition to vacations, salaries and the procedures of disbursement and allocation thereof.

2) Civil servants statutes

In the past, municipalities were not required to set up cadres of civil servants. However, the Municipal Law of 1963 was first to establish this practice, granting municipalities the right to create as it needs of administrative, financial and technical units, in addition to the police, guards, firefighters and rescuers. Common units, police, guards, firefighters and rescuers may also be created for two or more municipalities and common civil servants may also be appointed between them.

3) Procedures of promulgating civil servants statutes establishing municipal cadres

- The municipality shall set up its own cadres subject to the approval of MoIM
- Shall be attached to the document the municipal council's decision for setting up the cadres
- Job requirements for each position
- Salary and wage scale for each position
- Letter signed by the Municipality President to be sent to the Administration of Research and Guidance containing the Municipality President's name and phone number; municipal budget, financial Statements, mechanisms, assets, list of ongoing projects, cadres comparative table (when the cadres are modified) and the justifications for each position
- The Administration of Research and Guidance's opinion shall have a number and date
- The municipal decision is amended through an addendum related to the Administration's opinion
- MoIM ratifies the decision establishing the municipal cadres

4) Closed Competition

The Civil Service Board organizes competitions for municipalities under its control. As for other municipalities, the competitions are held at the center of the Governorate which shall form a special committee to organize an open competition. However, some municipalities have recently established a new requirement that limits candidacy for a certain position to the residents of the town, or gives them advantage over other

candidates by granting them extra grades to enable hiring employees from the residents of the local area.

Nonetheless, municipalities may resort to closed competitions that are organized by the Civil Service Board for government departments pursuant to the law. The conditions of such competition aim to address certain issues, especially the status of former municipal employees without tenure. But municipalities may resort to this practice to avoid open competitions. Despite the State Council's decision, we believe that Parliament should enact a law to authorize municipalities to adopt this procedure.

Second: Challenges Facing Municipal Employment

Given the central role played by municipal employees, they should have a certain minimum of qualifications and experience.

1) Lack of social security institutions

Although Paragraph D of Article 9 of the Social Security Law provides that Lebanese nationals working at municipalities shall be entitled to social security, most municipal civil servants and workers are not covered by social security, which entitles them to medical benefits covering medicine and treatment according to the civil servants statutes of each municipality. Many municipalities are unable to fulfil these basic obligations as a result of the

financial challenges facing them, and thus are in no position to bear the medical expenses of their employees and their dependents. In addition to that, there are no salary deductions to finance these employees' healthcare expenses, as it is the rule adopted by the National Social Security Fund and the Cooperative of Government Employees.

2) Characteristics of municipal employment in small towns and villages

In general, a municipal servant must conduct him/herself according to the rules, moral values and public duties stipulated by the law. More specifically, he/she must be honest and impartial, and respect citizens' rights, complete their transactions and earn their trust through proper conduct. Family interests in the dealings between the municipal council and its counterparties compromises the municipal civil servant's impartiality. Cooperation between local bodies and the central government in serving State interests requires the establishment of a mutual relationship. As a result, some of the local administration's decisions can only be enforceable after ratification by the central government. Such authority cannot be absolute, and is therefore subject to the law. The local government may not be consistent in its dealing with the local administration. This why we must examine administrative oversight and some of its aspects.

Third: Bodies in Charge of Municipal Civil Servants Oversight

A municipal civil servant must fulfill the obligations assigned to him/her. In the event of a misconduct, a number of competent bodies have a duty to adjust the situation and apply the law. The Municipality President is at the highest level of the municipal employees' hierarchy, holding an oversight authority and a right to impose proper disciplinary penalties.

1) Central Inspection oversight

The scope of powers assigned to the Central Inspection extends to all public administrations and institutions as well as independent agencies, along with all the individuals working at such administrations, institutions, agencies and municipalities, whether on a permanent or temporary basis, including employees, wage workers, contractors, and any individual earning a salary or a wage from their funds, subject to the provisions of the relevant law. Municipal civil servants are referred to the Central Inspection, upon the Municipality President's decision, or any administrative oversight authority, and the Central Inspection shall impose the sanction commensurate with the degree of violation. The Central Inspection's decisions are subject to appeal before the State Council should they violate the right to defense and fundamental procedures, or if they are not commensurate with the violation and sanction.

2) Enforceability of the Higher Disciplinary Council's decisions

Municipalities do not have their own disciplinary commissions. Civil servants are thus referred to the Higher Disciplinary Council that looks into government employees' charges and orders a sanction up to dismissal. The municipal council may not exempt a civil servant from the decision made by the Higher Disciplinary Council against him/her. The civil servant is then referred to the competent court in case his/her charges were proven to be of criminal nature and punishable by the Penal Law, or any other applicable laws. In addition to civil action, the Financial General Prosecutor may file a public interest action against the civil servant for the offenses that he/she may have committed while exercising his/her function. The civil servant may be prosecuted for the criminal offenses arising from violating the provisions of the tax laws at all public facilities and institutions, as well as municipalities, and laws governing municipal taxes and fees, in addition to the embezzlement of public funds.

Chapter 2

Municipal Committees

The local community is not merely a geographical location. It involves a group of people connected by the same daily life and playing a critical role in improving their living conditions through a decision-making process. Past local and international experiences have shown that municipal committees are an effective tool for enhancing community oversight and engagement, activating the municipal council members' role and improving interaction between elected bodies and citizens.

First: Committees Provided for by the Law

The law grants the municipal council the right to establish committees among its members to help it perform its tasks and address any issue brought to its attention.

1) Public Works Committee

Article 53 of the Municipal Law provided for the election of a Tenders Committee by the municipal council. It shall also elect among its members committees to address matters assigned to it. However, the law did not explicitly provide for the mechanism of forming a Public Works Committee. It has been established as custom that the Public Works Committee shall include a head and two members – all members of the municipal council - to be elected by the council members at the beginning of each year. Sometimes, a municipal employee joins the committee in the capacity of a rapporteur who's in charge of collecting documents, drafting meeting minutes, ensuring coordination between committee members and sending reports to the municipal council. One of the major challenges facing the municipal council is the lack of experience in determining public works prices and the cost of vehicles used by the municipality to carry out these works. As a result, any public work carried out by the municipal council places it under suspicion, or even accusation of squandering public funds. Although

MoIM issued a circular determining the cost of renting vehicles, we still believe that this measure is insufficient. Prices should be set, with a ceiling and a minimum, as well as specifications, for all public works and vehicles rented by municipalities.

2) Receiving Committee

Receiving equipment, public works projects and services is assigned to a special committee appointed by the municipal council. Its members include a committee head, a member from the municipal council, a municipality/municipal union engineer, or an engineer from an urban planning department, in addition to a municipal employee from the competent municipal body as member and rapporteur tasked with drafting its meeting minutes which shall be signed by all the members and contain the nature, specifications and measurements of the work.

Receiving equipment and services is not limited to size and quantity. Quantity, quality and prices should be controlled to conform to the requirements and market prices.

For a long time, municipalities have been forming a single committee for public works and receiving as a result of a municipal custom without any legal background to authorize or prohibit it. As such, a municipality would establish a single committee to supervise, and sometimes award contracts of non-sophisticated projects or regular maintenance, while at the same time receiving quantities.

However, MoIM warned municipalities of this issue, as it is crucial to have a special committee to supervise such works and another one to control bills of quantities to avoid corruption and achieve efficiency.

3) Tenders Committee

The municipal council shall elect among its members, in the beginning of each year, two principal members and two substitute members, in order to constitute with the President of the Municipality and the Vice-president a Tender Committee responsible of awarding municipal contracts and fees to the best bidder.

4) Procurement Committee

A special committee should be established to procure these equipment and services by conducting a price survey. At the beginning of each year, the municipal council elects a Procurement Committee of three municipal council members. In the event that the number of active municipal council members is insufficient to be distributed on the various committees, municipal civil servants are assigned to this task as acting members of committees. The Procurement Committee is tasked with the procurement of equipment and services necessary for municipal work, as well as executing projects, after receiving procurement bids.

Municipal councils often make the mistake of appointing the same members to the procurement and receiving committees. In this case, the inadequate control by the administrative control authority over decisions establishing municipal committees at the beginning of each year leads to committee members being in charge of various responsibilities. For instance, committees responsible for equipment procurement also inspect the conformity of prices to specifications and quantities through drafting receiving reports. This raises many issues as to the transparency of municipal work and to which extent it is capable of preserving public funds.

Second: De Facto Committees

The local administrations aims to achieve political, economic and social goals. This is not possible without the establishment of joint committees made up of members from the local community and the municipal council with the purpose of dealing with economic, social and developmental challenges facing the municipal council, and achieving optimal outcomes.

1) Health and Social Committees

The Municipal Law allows for the establishment of committees made up of municipal council or non-municipal council members in order to deal with specific issues. However, the provisions of the law may be loosely interpreted to grant the municipal council absolute freedom in establishing committees in charge of finding solutions for various issues, especially those of social nature.

2) Social Affairs Committee

This committee deals with multiple and various social topics. They include conducting surveys of the number of residents within the municipal area and dividing them into age groups and social categories in order to identify social and health challenges, needy families, individuals

suffering from disabilities, chronic or serious diseases, and eventually organize social awareness campaigns that cover all social issues.

3) Committees for Slums and Refugee Camps

The recent inflow of Palestinian and Syrian refugees gave rise to refugee camps. These camps are burdened by various social and health problems, and municipalities face difficulties entering these camps or developing a clear view of the reality of such problems. Therefore, several municipalities established committees called Committees for Camps and Displaced Persons. These committees are formed by refugees and displaced persons and are tasked with raising issues, proposing solutions and cooperating in the delivery of services.

4) Dispensary Management Committee

This committee ensures the proper functioning of dispensaries and the quality of services and medicines provided to the native residents. Usually headed by municipal council members with dispensary heads or representatives thereof, this committee is responsible for presenting work challenges, proposing solutions, as well as identifying the services required from the municipality and the level and quality of

cooperation needed to provide the best services for the native residents.

5) Culture and Education Committees

- Media & Public Relations Committee: Developing the municipality's media strategy and publishing periodic reports on municipal activities. Recently, media committees have been in charge of managing the municipality's website and social media accounts.
- Committees for Religious and Sacred Places: In municipal areas where worship and sacred places are located (shrines and worship sites)... A committee may be established to take part in the supervision of these places.

6) Education Committees

The explicit municipal power given by the law towards overseeing public and private schools cannot be effectively achieved without specialized committees whose members include school principals or representatives thereof.

7) Committees for Local Community Groups

- Youth & sports committees
- Women & children committees
- Disabled persons committees

8) Committees for Administration and Finance Frameworks

The municipality's administrative and financial bodies are in direct contact with the native residents. In many instances they may lack the experience to handle, develop and improve administrative work, and therefore require assistance in this respect. Such inadequate performance is reflected in the relationship between the municipal council and its voters. For this reason, the municipal council's intervention is necessary to streamline and improve administrative transactions, as well as assist the Municipality President in performing his/her tasks.

- Committee for Developing Administrative Work and Streamlining Transactions
- Committee for Municipal Work Automation
- Committee for Follow-up on Municipal Council Decisions, Complaints and Suggestions

The Municipal Law granted municipal councils the right to form committees and accept members of these committees as it needs. And this condition is of paramount importance for the municipal council to have the discretion to form as it needs of committees and assigning their role.

However, municipalities may refrain from establishing committees to cooperate with the local community. This disconnect from reality may persist throughout the municipal council's term, with these committees being merely of ostensible nature and without any degree of effectiveness.

That being said, these committees require regulation or supplementing the law with special regulations that govern committees. This may be achieved by leveraging other countries' experience in this field. Key measures to be adopted in order to develop the work of these committees include:

- Regulating the relationship between municipalities and municipal committees:

A significant number of municipalities suffer from the ineffectiveness of their committees and their transformation into inactive frameworks. Regulating the administrative and institutional relationship between the municipality and its committees could improve their effectiveness, emphasize their importance, and mapping their objectives to the overall strategy and the municipal decision-making authority.

- Ensuring local community engagement in the committees' activities

A decision by the municipal council toward engaging the local community in these committees could, on the one hand, increase their effectiveness, and on the other, enhance the local community's engagement in municipal affairs (through active figures, associations and experts).

- Allocating adequate funding to help committees in executing their plans

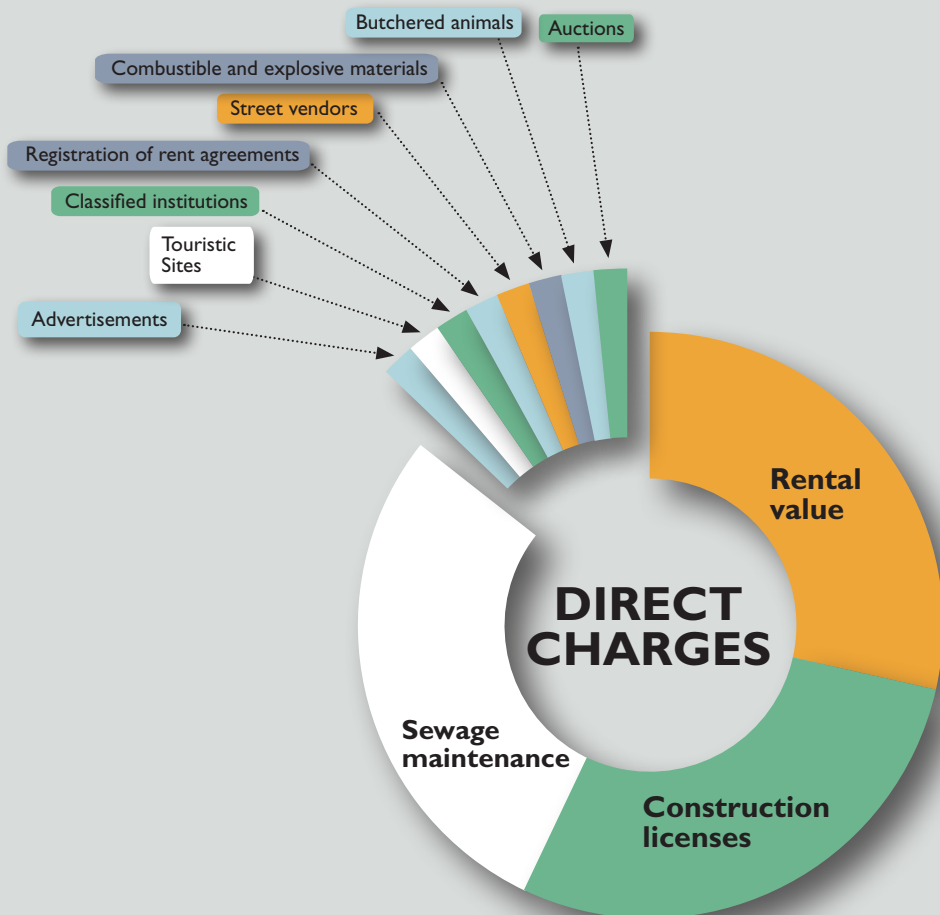
Ensuring effective municipal committees requires the allocation of an individual budget to each committee to help it achieve its work successfully.

- Rewarding best-in-class committees:
Local and international experiences have shown that positive competition between committees leads to higher levels of effectiveness.
- Establishing special municipal committees on social media platforms
This option increases the local community's engagement in municipal activities through informing and polling its members about the committees' activities.



PART 4

MUNICIPAL FINANCE



Article 86 of the Municipal Law Stated that municipal finances shall consist of the following:

- Fees collected by the municipality directly from taxpayers, constituting local municipal revenues, with fees levied and collected directly at the local level.
- Fees collected by the State, independent authorities or public institutions on behalf of the municipalities and distributed directly to each municipality.
- Fees collected by the State on behalf of all municipalities, and deposited into the Independent Municipal Fund.
- Financial aids, allocated by the State or public institutions to municipalities to enable them to execute major projects or provide public services. The allocation of these aids is subject to the mechanism of distribution of the Independent Municipal Fund revenues, i.e. according to the municipality's registered population and the actual direct revenues collected during the two precedent years.
- Loans: Municipalities may contract all kinds of loans to achieve certain projects after study completion. The municipal council's decision, in this case, requires ratification from the Minister of Interior.
- Revenues from municipal properties: These revenues are generated through investments in municipal properties or common lands that are managed, leased or invested by the municipality on behalf of all the native residents.
- Fines: All court fines resulting from violations of construction, traffic, public health or any other municipal regulations. They are allocated to the municipality's fund within which area the violation occurred.
- Donations and bequests/estates: They include all the amounts paid to municipalities, as well as those allocated to municipalities in the form of donation or estate, whether by a natural or a legal person.

Chapter I

Taxes and Fees Collected by Municipalities Directly from Taxpayers

Law No. 60/88 dated 12/8/1988, as amended by Law No. 14 dated 20/8/1990, provided for the following municipal taxes and fees:

a) Municipalities directly collect fees on the following:

- Rental value
- Pubic/meeting places and gambling clubs
- Advertisements
- Occupation of public municipal property
- Shops and fuel stations
- Classified institutions
- Auctions
- Street vendors
- Butchered animals
- Access to municipal public spaces
- Registration of rent agreements
- Construction licenses
- Sewage and pavement maintenance
- Attestations, certificates and technical studies
- Compensation resulting from improvement works
- Special fee on combustible and explosive materials

First: Taxes and Surtaxes Collected by Municipalities on Construction Licensing

Maximum (LBP)	Per square meter (m ²)	Value (%)
Licensing Fee: 1.5%	Based on the price of the square meter of construction	25.000
Housing Fee: 2%	According to the value of the construction license fee	25.000-100.000
Fee on using public property: 5%		100.000
Fee on general equipment: 10%		
Construction Fee: 10%		
Fee on the construction of sewage and pavements	<p>Fee on the construction of sewage and pavements A sewage and pavement fee is levied on construction permits: 0.5 per thousand on the sale price for every square meter of construction. This fee is collected once upon granting a construction, addition or reconstruction license.</p> <p>In addition to rental value fees, occupants, whether an owners, tenants or investors, are required to pay an annual fee on sewage and pavements maintenance: 1.5% of the approved rental value based fee.</p>	

Taxes and Surtaxes Collected by Municipalities on Construction Licensing

Second: Rental Value Tax

I) The mechanism of setting and collecting the rental value tax

The rental value-based fee is a relative fee, set at 5% for residential establishments and 7% on non-residential establishments. In the case of a residential establishment and a rental value in a duly registered rent contract of 400,000 LBP, the amount is $400,000/5 \times 100 = 20,000$ LBP to be increased to 25,000 LBP. As for non-residential establishments, a contractual rental value of 600,000 LBP gives $600,000/7 \times 100 = 42,000$ LBP, to be increased to 50,000 LBP. This means that the fee on residential establishments must not be less than 25,000 LBP, whereas for non-residential establishments, it is no less than 50,000 LBP. Therefore, the law must be applied regardless of the contractual rental value.

The assessment of the rental value is assigned to the Unit of Assessment provided for in Article 8 of Law No. 60/88 (Municipal Fees and Surtaxes Law and its amendments) which determined the duties of the Assessment Unit and the relevant procedures.

The Assessment Unit may refer to the Ministry of Finance's assessment but without adopting it as is. The mechanism used by the municipality to set the rental value, according to Article 5 of Law No. 60/88 (Municipal Fees and Surtaxes Law and its amendments), is different from the one adopted by MoF to assess net taxable revenues.

According to Article 8 of Law No. 60/88 (Municipal Fees and Surtaxes Law and its amendments), the Assessment Unit is competent to conduct a reassessment upon the concerned person's request.

Pursuant to Article 14 of Law No. 60/88 (Municipal Fees and Surtaxes Law and its amendments), the property owner, in his/her capacity as occupant or lessor, shall notify the municipality, in writing, of property occupancy and every change to the occupancy status. Notifying the municipality of the property vacancy for the first time should be enough for the municipality to confirm it. Should the property remain vacant, there is no need for annual notification. Pursuant to Articles 3 and 4 of the aforementioned law, the municipality shall only levy the fee on the occupant after verifying the occupancy. In the event of imposing the fee even after verifying the vacancy of the property, municipalities become legally liable for such violation.

Should an objection to unfair assessment of the rental value fee be filed within the legal time frame, and a decision reducing the value thereof was rendered, the reduction shall apply to the said fee, in accordance with the provisions of Article 141 of Law No. 60/88 (Municipal Fees and Surtaxes Law and its amendments).

Third: Developing Direct Municipal Fees

Local funding requires special procedures and loans, since the fees collected directly by municipalities remain insufficient. This situation calls for modifying currently applicable fees and imposing new municipal fees.

In order to achieve that, the fees provided for by the Law 60/88 must be updated. Municipalities do not have leeway to amend the level and structure of their resources. As a result, local autonomy and accountability are largely constrained, and there's an urgent need to modify the fees, increase their rates, improve the collection mechanism, and create new fees.

I) Increasing current fee averages

Municipal fees that have long not been modified to be in line with the new realities.

A. Fees which value must be modified:

Since any increase in the tax burden would impact income and purchasing power, there's need for:

First: Increasing the value of technical transactions from 2,000 to 20,000 LBP

Second: Increasing flat licensing fees from 10,000 to 100,000 LBP

Third: Increasing the fee on rent contract registration from 2,000 LBP to 20,000 LBP (10x), to be paid in cash directly to the concerned

municipality on the rent contract and its supplements

Fourth: Increasing the rate of the fee collected by municipalities from street vendors by 75x, i.e. from 2,000 to 150,000 LBP/month

Fifth: Modifying the fee on butchered animals to be more efficient (10x increase)

B. The process of updating direct municipal fees requires the modification of the following fee rates:

- a) Modifying the rental value fee rate to 10% and 15% of the appraisal value on residential and non-residential establishments respectively, i.e. the annual fee should not be less than 50,000 and 100,000 LBP respectively.
- b) Modifying the rate of the fee on auctions to be 5% of the sale price instead of 2.5%
- c) Modifying the rate of the construction license fee: from 1.5% to 5% on the sale price of 1 Sq m. of the built property land (1-25,000 LBP), 2% to 3% (25,000-100,000 LBP), and 1% (100,000 LBP and above). In addition, the fee on using public properties and facilities should be increased from 5% to 10%.
- d) Modifying the value of the fee imposed on individuals and companies selling combustible or explosive materials: 10% on the estimated rental value of the storage places of such materials, regardless of the purpose of use.
- e) Increasing the rate of the fee on event tickets from 5% to 10% of the ticket price

C. The fees which limits should be modified

By setting a ceiling, the legislator controls the local administration's discretionary authority in imposing fees, i.e. restricting their powers with

regard to the fees limits. This is very important to protect taxpayers from the local administration's arbitrariness in this regard. The freedom allowed to the local administration does not fulfil its defined purpose when the fees ceiling is low.

Raising the minimum and maximum of municipal fees levied on public/meeting places and gambling clubs.

Local fees vary depending on their minimum and maximum, with the majority related to licensing and annual investment. We suggest the following amendments:

- The fee on licensing public/meeting places should be modified to 400,000-4,000,000 LBP, and the fee on licensing gambling places should be raised to 1,200,000-10,200,000 LBP. Investment fees on public/meeting places and gambling clubs should be 10x higher.

a- Increasing the rate of some licensing and investment fees

The local administration should promote the exploitation of the local area by attracting investments and facilities. As such, annual investment fees must be modified. Their annual frequency makes them more significant than licensing fees.

a- Raising the fee on licensing billboard advertisements to 60,000 LBP for each square meter in the first category (LED and non-LED), and 12,000 LBP for each square meter in the second category (temporary ads). Also, annual investment fees should be increased 10x.

b- Raising the fee on the occupation of public properties to be 200,000-2,000,000 LBP instead of the current 2,000-20,000 LBP.

c- Raising the fee on licensing gas stations to be 400,000-2,000,000 LBP. The annual investment

fee on fuel dispensers should range between 100,000 LBP and 1,000,000 LBP. As for the fee on licensing classified institutions, it should be 10x higher.

2) Enhancing the efficiency of current Fees

To better serve public interest, legislations should be further elaborated to enable municipalities to maximize revenue collection.

A- Expanding the tax base

In addition to expanding the tax base, there's a need for expanding the scope of application of the law in order to enhance the efficiency of local fees. Local administration officials are qualified to interpret the applicable laws. Base expansion is often aimed at overcoming practical challenges and barriers.

Expanding the rental value fee base

Practical experience underlines the significant value of the rental value fee. Therefore, besides increasing its rate, the rental value fee must undergo a range of reforms as follows:

- Developing a legal mechanism that requires tenants, regardless of nationality, to register rent contracts and landlords to pay the fee to avoid evasion.
- Revoking all the exemptions on the rental value fee, except for those pertaining to international and diplomatic relations.
- Establishing a new objection system with simplified procedures, as well as protecting municipalities from

undergoing scrutiny by the competent oversight bodies. Regional administrative courts should also be established and granted the authority to examine objections to municipal fees and surtaxes.

- Amending the broad powers granted to municipalities toward freezing the taxpayer's assets and property foreclosure, by limiting them. Their strict nature has undermined their effectiveness, since the purpose of municipal work lies in collection, not closing down businesses.

B- Amending the legal provisions on fees to Keep pace with the advertisement revolution

Advertisements are a key marketing tool. In Lebanon, promotional activities have different levels and forms. Although the government issued a new regulatory decree to that end in 2015, municipal fees have failed to keep up with the new regulation. We recommend, in addition to increasing fee rates, the following:

- Establishing new criteria, with up-to-date fees on advertisement-related licensing and investment, to include the billboard's location, significance and size. Furthermore, new legislation should be enacted to regulate the licensing and investment fees on digital LED billboards. The location, rather than the size of the billboard, is the main basis upon which the amount of the fee is determined, and it usually ranges between 5,000,000 LBP and 10,000,000 LBP, based on size, location and significance. The annual investment fee is 4,000,000-8,000,000 LBP, also subject to the said criteria.
- Developing new regulations and setting a higher fee on billboards placed on bridges.
- Levying a special municipal fee on print ads placed within the municipal area, subject to prior licensing,

and restricting the scattering of flyers to protect the environment and public cleanliness. In addition, a fee should be imposed on the ads mounted by shops entrances for promotional purposes.

- Levying a special municipal fee on ads that are displayed on public transport vehicles, and distributing these fees on all municipalities. Also, a fee should be imposed on promotional vehicles and distributed on all municipalities.
- Reactivating legal provisions that impose fees on TV and radio ads and allocate them to all municipalities. Enacting special legislation to impose a fee on advertising via social media, to be allocated to all municipalities.

C- Classifying the tax base

The distinct nature of each municipal fee calls for new principles to be in place. The tax base should be classified into categories, according to certain standards, through special legal provisions on classified institutions and public/meeting places. In order to ensure municipal revenues, institutions must be accurately classified and subjected to special regulations that impose municipal fees on the production of classified and hazardous products by the establishments located within the municipal area. This would ensure a certain amount of revenues for each municipality, or even neighboring ones. For instance, a fee should be imposed on each ton of chemical products, or the acid materials or cement units sold by chemicals factories in Lebanon. Furthermore, public/meeting places, such as recreational facilities and clubs, should be further regulated with the imposition of fees on daily entrance tickets to swimming pools,

public bathrooms and fitness clubs. The revenues collected are to be allocated to the municipality where such places are located.

Regulating institutions with several tax bases

Gas stations in Lebanon have changed since the regulations on municipal fees were first implemented. These stations have evolved significantly, which calls for a new municipal fee to be levied on gas stations. This fee should not be limited to gas pump meters, as it should also include car washes and all services provided by gas stations, whether automobile or customer services.

Imposing a special municipal fee on hotels and motels in such a way as to take into consideration their size, space and exploitation. Therefore, they would be considered as a single tax base.

Article 86 of the Municipal Law provided for two types of fees collected by the State:

- 1- Fees collected by the State, independent agencies or public institutions on behalf of municipalities and distributed directly to each municipality
- 2- Fees collected by the State on behalf of municipalities and deposited into the Independent Municipal Fund (IMF)

Chapter 2

Fees Collected by the State, Independent Agencies and Public Institutions on Behalf of Municipalities

Articles 96-98 of the Municipal Law of 1988 provided for a 10% surtax on telephone, electricity and water bills to be borne on subscribers and paid to the municipality within which the subscription base is located. This 10% surtax is deducted from subscription amounts. The same surtax is imposed on subscribers outside the municipal area on behalf of all municipalities. The telephone authority collects the said surtax and pays it, every three months, to the municipality within the area of which the subscription base is located, or deposits the sum into the IMF for all subscriptions outside the municipal area.

In 2001, the VAT Law was promulgated. Article 25 of the said law provides for a 10% tax rate. Article 55 abrogated some indirect taxes and replaced them by the VAT. As such, municipal fees on the consumption of water, electricity and telecommunications were abrogated and replaced by the VAT which is collected in favor of the municipality to the scope of which the subscriptions belong. The competent authority charges and collects the tax from the subscribers and pays it once every three months to the relevant municipality according to its share of subscriptions or to the IMF regarding the subscriptions outside the municipal area. That said, one could argue that ever since the VAT Law was first implemented, surtaxes became obsolete in the traditional sense, turning into

a municipal share from the VAT revenues on water, electricity and telephone services.

Recently, a new legislation was enacted with the purpose of amending and creating new taxes and fees (Law 64 dated 20/10/2017). This law amended Article 25 of the VAT Law by raising the VAT rate to 11%. However, the said law did not allocate the additional amount to the municipalities, considering it a new revenue of the State Treasury, to the account of which the additional 1% will be collected. The municipal share remained fixed at 10%.

First: The Types of Fees Collected by the State, Independent Authorities and Public Institutions on Behalf of Municipalities

1) The Municipal share from telecoms VAT

Landline surtaxes are considered the only type of surtax collected independently on behalf of municipalities, and paid to their beneficiaries in a timely manner according to the law. It should be noted that, as a result of political disputes and the crisis the country has been going through in recent years, the Ministry of Telecommunications was late to pay the surtaxes.

However, once ministerial activities were resumed, MoT paid municipalities their dues on time. The Minister of Telecommunications issues an official announcement ordering the transfer of municipal revenues to the treasury and specifying their amounts accurately. MoT's experience shows that the bodies entrusted with collecting municipal fees pay their dues in a timely manner.

2) The Municipal share from the electricity VAT

Electricity fees represent the 10% VAT owed to the municipalities by EDL (Electricité du Liban). In recent years, however, the municipalities'

dues to EDL have accumulated, hindering the municipalities' ability to pay them. But EDL kept supplying all municipalities with. The problem grew more serious by the day as EDL has not yet received its dues from the municipalities, forcing EDL and other utilities agencies to withhold the municipalities' share from electricity fees.

Article 67 of the 2004 Budget Law States that contrary to the public accounting law, municipalities and EDL may resort to accounts settlement so that each pays the amounts due to the other. Nevertheless, EDL failed to provide the municipalities with a timely account Statement, so that the proper decision can be made. In return, municipalities did not anticipate the amount owed to EDL.

Municipalities should be allowed to settle the outstanding cumulated dues to the State Treasury on instalment basis, penalty-free and with a relatively long payment period. Otherwise, a law may grandfather municipalities or deduct the funds from the IMF.

In addition to EDL, there are other companies that have concession to generate and distribute electricity while also collecting and paying municipal surtaxes to their beneficiaries. Some companies (e.g. Kadisha), after their concession agreements had expired, failed to pay the collected surtaxes to the account of the municipalities. Moreover, some companies generate power for the use of their factories, and thus are not liable to any surtaxes given the absence of power subscription. Such companies must be charged with a special fee

to be paid to neighboring municipalities given the exploitation of the local area.

3) The Municipal share from the water VAT

Water, like any other vital services, is subject to municipal surtaxes. Water subscriptions may be fixed, with each subscriber supplied with a m3 of water on a daily basis regardless of consumption, or variable, through counters, so that the fees are determined by consumption. In either situation, the fee rate is fixed at 10%. Municipal fees should be paid once every three months to the relevant municipality, and is therefore deposited in the municipal trust account, regardless of the financial position of the authorities in charge of collecting municipal surtaxes.

In fact, the majority of water authorities collects municipal surtaxes but fails to pay them on the date fixed by the law, in spite of the letters and notices issued by the municipalities to urge the relevant agencies to pay the due amounts in their possession.

The funds collected on behalf of municipalities are deposited into a trust account, and thus should not be considered as revenues for these institutions. The payment of dues is not subject to the availability of a budget or liquidity. These institutions fail to pay municipal dues despite objections. And in most of the times, payment is delayed on the pretext of insufficient liquidity, lack of budget or unfinished accounting, despite collections having been concluded a long time ago.

Second: Mechanism of Paying Surtaxes on Water, Telephone and Electricity Fees

I) Transfer to municipal accounts at the Central Bank of Lebanon

The municipality provides the relevant agency with its account number at the Central Bank so that the money is transferred there. Every three months, the relevant agency should transfer the amount to the municipality's Central Bank account. It should be noted that the Ministry of Telecommunications used to inform the municipalities of payment by virtue of a notification signed by the Minister. However, this practice was abandoned years ago. Now the ministry informs the competent minister of the transfer of municipal landline revenues as well as the quarter covered by the amount.

In reality, the Central Bank withholds the revenues in the municipal accounts and notifies municipalities through issuing a receipt stating the amount paid, the transferring ministry, the quarter covered and year of payment.

Municipalities' claim to their share

With the exception of MoT, many of the agencies in charge of collecting and paying fees directly to municipalities have not been following this standard procedure. As a result, municipalities

had to call upon the relevant agencies, via a notice, to receive the amounts collected on their behalf.

The said notice is a letter addressed by the Municipality President to the relevant agency, claiming the municipality's outstanding share or surtaxes collected by the said agency on its behalf. Sometimes, the competent agency's failure to pay is a result of an error in transferring the funds or unavailable details on the relevant municipality's account. In this situation, the municipality provides the said agency with an attestation issued by the Central Bank, specifying the account number and IBAN. In the case of newly incorporated municipalities, the relevant agency may not have any information regarding the existence of such municipality, so the collected revenues are deposited into the Treasury Department and transferred later to the IMF, on grounds that these revenues were collected outside the municipal area.

Chapter 3

Taxes and Fees Collected by the State on Behalf of Municipalities

This issue was presented before the Audit Court. The latter advised that the municipalities are entitled to receive account Statements from the competent authority in charge of collecting the taxes on their behalf. At the same time, the Audit Court argued that there are no legal provisions that require the authority to provide the municipalities with account Statements.

Revenues collected by the central government on behalf of municipalities are transferred to a trust account, called the Independent Municipal Fund (IMF), at the Treasury Department. The money is deposited into the IMF and distributed by virtue of a Decree signed by the Minister of Interior and Municipalities, Minister of Finance, Prime Minister and the President. Revenues collected in the precedent financial year are distributed according to the applicable rules and criteria, after deducting certain expenditures from the net amounts. Considering that the IMF revenues are a key municipal resource, delays in payment placed the municipalities under financial pressure, thus compromising their work.

First: The Fees and Surtaxes Collected by the State on Behalf of Municipalities

The State collects the following fees and surtaxes on behalf of municipalities:

- Surtax on Built Property Tax
- Surtax on the Tax on Industrial, Commercial and Non-Commercial Occupations
- Surtax on the transfer of eStates, bequests and donation
- Surtax on real eState registration fees
- Surtax on liquid fuel fees
- Surtax on the registration fees of cars, motor vehicles and motorcycles
- Port fee collected by the Lebanese Customs Administration on behalf of municipalities for sea, land and air imports
- Fees collected by the Lebanese Customs Administration on behalf of municipalities for spirits, alcoholic and soft drinks, as well as meat and fish
- Fee on insurance premiums except life insurance

Second: The Surtaxes Collected by the State on Behalf of Municipalities

In addition to the taxes and fees collected by the central government on behalf of municipalities, there are the additional taxes and fees:

- 3% surtax on Built Property Tax is deducted from the net taxable revenues and allocated to each municipality for the built property within its territory of jurisdiction
- 10% surtax on progressive Built Property Tax allocated to all municipalities
- The same surtaxes are collected outside the municipal scope and used to develop villages where no municipalities exist
- 15% surtax on the Tax on Industrial, Commercial and Non-Commercial Occupations is allocated to all municipalities
- 10% fee on the transfer of eState, bequests and donations fee is allocated to all municipalities
- 5% surtax is deducted from real eState registration and allocated to all municipalities
- According to Law No. 191/1993, 10% is deducted from overall customs revenues and allocated to municipalities via the IMF
- 6% fee on insurance premiums except life insurance and re-insurance is deducted from the total value of contract premiums and annexes and allocated to all municipalities
- Insurance companies collect and deposit the fee into the IMF every six months within 15 days from the end of the period, with a detailed Statement of the premiums value. A fine 10 times the amount of

the fee, for each month of delay, is imposed on the insurance companies in case of failure to abide by the deadline

- 25% surtax on the registration fees of cars, motor vehicles and motorcycles is allocated to all municipalities
- 5% surtax on tobacco, tombac, and cigar for internal use, whether produced locally or imported, is allocated to all municipalities for each cigarette pack, cigar, and loose tobacco or tombac. The Regie Libanaise des Tabacs et Tomabacs is in charge of collecting such surtax directly and depositing the total into the IMF every three months.

Third: The Agencies Authorized to Collect Taxes and Fees on Behalf of Municipalities

The central government is in charge of collecting fees and taxes through public agencies and paying the same to the beneficiaries. Collection is possible through:

- Public agencies
- Public institutions
- Private companies
- Surtax on insurance contracts
- Companies with concession rights
- Private law entities

Fourth: Mechanism of Payment of Taxes and Fees Collected by Central Government on behalf of Municipalities

The relevant body provided for by the law shall collect municipal taxes and fees and transfer them to the concerned municipality, according to the legal mechanism, without any deductions or collection costs.

I) Transfers to municipal accounts at the Central Bank of Lebanon

The law restricts municipalities from opening accounts outside the Central Bank. However, a municipality may open more than one account at the Central Bank. The municipality provides the relevant body with its account number at the Central Bank so that the money is transferred there.

Every three months, the relevant body should transfer the amount to the municipality's Central Bank account. In practice, the said body does not notify the municipality of the payment made to its account, or its value or the quarter covered.

It should be noted that the Ministry of Telecommunications used to follow this procedure in reporting to municipalities. However, this practice was abandoned years ago. Now the ministry informs the competent minister of the

transfer of municipal landline revenues as well as the quarter covered by the amount.

In reality, the Central Bank withholds the revenues in the municipal accounts and notifies municipalities through issuing a receipt stating the amount paid, the transferring ministry, the quarter covered and year of payment.

Some municipalities commit some errors in dealing with the amounts transferred by the relevant ministries as they fail to issue a receipt stating the amount of inbound funds, relying only on the Central Bank's receipt which is far from enough to adjust the relevant municipal accounts. We have constantly intervened to adjust the accounts belonging to municipalities who made this error. However, our attempts are bound to fail amid the lack of an official circular warning against such errors.

2) Non-interference of municipalities in determining the value and mechanism of collection of taxes and fees

A defining feature of taxes and fees is the collection by the central government on behalf of each municipality. The central government announces taxpayer lists and collection orders on a yearly basis, taking the proper legal procedures to ensure the the Treasury Department's rights, and by extension those of the municipalities.

However, the surtaxes collected by the central government on behalf of municipalities are added

to the original tax (i.e. without accounting for the municipality's share). This means that their implementation and abolishment are dependent on the taxes in force. But when the central government fails to take the necessary measures to ensure the original tax and its surtax, the municipal share lapses with time due to the original tax expiration, the value of which is related to the scope of the central tax base and transparency in calculation.

Furthermore, the municipality's role is completely overshadowed by the central government's intervention in determining the taxes and fees or controlling the collection thereof, rendering some invalid or expired. The municipality also has no right to object to the value, as the central government has the exclusive power to set out the procedures related to implementation or collection according to the legal mechanism in force.

Fifth: Legal Procedures Applicable to Municipal Revenue Distribution

From 1982 to 1992, the central government failed to settle municipal revenues due to the lack of reliable accounting documents as a result of the Civil War. Nevertheless, the distribution of taxes and fees resumed later according to the rules and regulations stipulated by Decree No. 1917 of 1979 on the Municipal Revenues Distribution Procedures, whether these revenues are allocated to a single municipality or all of them.

By examining the distribution mechanism in place, we notice that the IMF funds are not transferred to municipalities exclusively, as some amounts are allocated to central government agencies whereas others are earmarked for villages where no municipalities exist.

Article 7 of Decree 1917/1979 established the procedures for distributing the IMF resources, the total value of which is divided into two parts:

- At most 25% is allocated to municipal unions
- At least 75% is allocated to municipalities.

The distribution to municipalities and unions should be made no later than the end of September of the following year. This explains the central government's delay for

several months before the distribution of revenues (2016 revenues were disbursed in January 2018, which is a 3-month delay).

1) The share of villages with no municipalities

In addition to the central government agencies' share, part of the municipal revenues are under the central government's disposition, with some money disbursed to villages with no established municipalities.

The share allocated to villages with no municipalities is deducted from the tax on combustible materials. The Cabinet issues a Decree that determines the share of each village from the revenues, as well as the money's purpose of use. The withdrawal of these funds is done by virtue of a decision by the *Kaemakam*, subject to authentication by the Mohafez.

Therefore, these funds constitute the share of villages with no municipalities, at the disposal of the central government. According to the law, the role of the local community extends beyond proposing projects, as there should be a special mechanism for engaging the local community in contracting out projects or overseeing the contracting process.

Contracting is subject to public tendering: After setting the requirements/conditions for bidding, a request for proposal (RFP) is announced, and finally, the contract is awarded to the best bid that complies with the technical specifications and legal requirements. Contracting a third

party for the collection of fees is authorized by law, and therefore should not be considered as misapplication thereof, provided that the share of each village represents an independent cost as per the relevant text.

2) The share of municipalities

A key component of the distribution of common fees is the share of each municipality through which the latter is funded and granted its rights and revenues. However, the distribution criteria do not ensure the adequate funding of municipalities.

A. Paying the municipal share on instalment basis
The municipalities' share is divided into two components: 90% is distributed based on the total population registered in personal status records and the actual revenues collected directly by each municipality. Of the 90%, 78% is distributed based on population and 20% on the actual direct revenues collected in the two precedent years.

The remaining 10% is assigned for development projects. This amount is deposited in cash into the municipal accounts at the Central Bank upon the issuing of a Decree or after a short period of time. Former decrees used to divide the revenues into two equal payments separated by a month or more, notwithstanding that the total amount should be disbursed in full within a reasonable amount of time following the issuing of the distribution Decree. This is especially true since Article 87 of the Municipal Law established the revenues as trust, unless a legally acceptable reason deemed otherwise.

The issuing of the Decree does not solve the problem for municipalities. Past experiences showed

delays in the signing of transfers by the Minister of Finance. In spite of the legal text that establishes these decrees as effective upon issuing, delays persist and municipalities only receive their share after a month from the Decree issuance.

In addition to that, the Central Bank delays the payment of municipal revenues on the basis of unfinished accounting or mistakes in the depositing of revenues into municipal accounts. These actions pose an obstacle to municipal work, leaving municipalities with the feeling that they have to "earn" their right.

The central government came under criticism for the disbursal of municipal revenues in installments. As a result, current decrees do not provide for payment in instalments, ordering the payment in full to the municipal accounts at the Central Bank. The Decree includes detailed lists of beneficiaries based on each Governorate and District, with the detailed amount allocated to each municipality.

B. The evolution of the mechanism of disbursing the share allocated to development projects

The remaining 30% of the revenues amount is allocated to development projects in municipalities as well as regional development, especially in remote areas. Such projects aim at developing the town/municipal union socially, economically, environmentally and for tourism purposes. The scope/type of each project, along with the procedures of expenditure, should be determined by virtue of a decision issued by the Minister of Interior and Municipalities. The latter has previously issued several decisions regarding the type/scope of the projects as well as the mechanism of expenditure based on the

project submitted to the municipality. The Ministry, in turn, pays for the project according to the amount allocated thereto. However, municipalities were faced with the obstacle of bureaucracy at the Ministry of Interior.

The development of projects takes long, and the Ministry has rejected several projects submitted by the municipalities on the pretext of non-compliance with the requirements set out by the circulars. However, the chaotic nature of municipal work, along with the rigid bureaucracy at the Ministry and the attempt by some to extort their dues from municipalities, the Ministry abolished this mechanism. Now, development-related revenues are disbursed in cash to the municipalities through transfers to their Central Bank accounts. However, a large number of municipalities does not benefit from development-related revenues. Only those with a registered population above 4,000 do and in all Districts.

3) Criteria and procedures of distributing cellular phone revenues

The VAT Law abolished the surtax on telecommunications and replaced with a VAT on cellular phone tariffs. Until 2008, the successive ministries failed to pay the share allocated to municipalities or the IMF. In that year, the municipalities' share since the implementation of the VAT was calculated, amounting to 1.2 billion USD

This situation sparked a legal and political debate on the criteria to be followed in calculating the

share of municipalities. Given the nature of mobile phones which makes it impossible to determine the share of each municipality, Decree 2340 dated 30/11/2015 was issued, establishing the rules for determining the municipalities' share from the VAT revenues.

In 2015, Decree 2339 dated 30/11/2015 was issued, ordering the distribution of the municipalities' share from the cellular phone revenues for the period between 2010 and 2016 only. In contrast, the cellular phone revenues collected between 1994 and 2010 were transferred to the Treasury Department in full without any mention of the amount of municipal surtaxes. This issue, however, is easy to solve: After calculating the total amount of revenues deposited annually into the Treasury, 10% is deducted and distributed to all municipalities.

Currently, the Ministry of Telecommunications announces the amount of municipal revenues from cellular phone tariffs on a quarterly basis, and the money is deposited into a special trust account, dedicated to this end, at the Central Bank. Needless to say, the central government did not comply with the quarterly distribution mechanism specified in the Decree regulating this issue.

The funds are distributed in the following way:

- a- Municipal revenues from the VAT on cellular phone tariffs are divided into 10% for municipal unions and 90% for municipalities. However, the distribution should be divided into 25% and 75% respectively.
- b- The municipality's share is divided into 80% based on the registered population, and 20% based

on landline fees collected in the two precedent years within the municipal area. However, the distribution should be divided into 60% based on population and 40% on the actual revenues collected in the two precedent years. This can only be the case if the central government were to establish regulations related to the Municipal Law, especially the IMF revenue distribution, as well as new criteria that take into consideration the population and the municipality's share from landline revenues.

4) The share of municipalities

A key feature of the municipal union is its ability to provide common services that are otherwise impossible to provide by a single municipality. A municipal union is formed by a number of municipalities choosing to establish a union among them to implement projects of public benefit and common interest.

After deducting the value of IMF-borne expenses and the Civil Defense's share, the resulting net amount is divided into 25% for municipal unions and 75% for municipalities, including those within municipal unions. However, the Decree related to the distribution of 2015 revenues updated the distribution criteria, allocating 12% to unions and 88% to municipalities. Of the 12% allocated to municipal unions, 60% are distributed based on the population registered in the municipalities within the union, and 40% for all the unions based on the number of municipalities in each at the District level; the funds are assigned for development projects and education expenses within these unions.

To ensure the municipalities' payment of their

share to the union, the Minister of Interior and Municipalities may deduct the union's share from municipal revenues, in accordance to revenue distribution decrees, and pay directly to the relevant union's fund. By examining municipal revenue distribution decrees, we were unable to establish that the Minister of Interior deducted the unions' share of the municipal revenues, leaving the issue to the unions and their member municipalities. Payment of municipal dues to the union vary according to each union's characteristics.

Chapter 4

Ideas for Maximizing Municipal Resources / Municipal Expenditures and How to Control Them

In 2018, Decree 2170 dated 12/1/2018 ordered the distribution of the IMF 2016 revenues. The IMF 2016 revenues for distribution amounted to 530 billion LBP, 63.6 billion for municipal unions and 466.4 billion to municipalities across all Governorates.

An effective and influential local administration must receive revenues that enable it to make decisions, exercise its powers and implement its plans. The services it provides are essential at various levels. Real cooperation between the private sector and the municipalities is an important tool to ensure the effective financing of municipalities. Municipal services must have a better price and quality than what the private sector offers. Hence the ability to create a new financing mechanism for municipalities without saddling citizens with additional costs. Indeed, enhancing municipal work transparency, rationalization of spending, expansion of services and their effectiveness, and the rapid manifestation of their results lead to citizens more willingly accepting to bear the fees without any evasion attempt.

First: Allowing Municipalities to Charge Fees and Set Rates

Since each local area has its own status, the best way to enhance the local authority's autonomy is by giving it the power to determine and collect fees within its area, under the control of the central government and the concerned judicial bodies.

While the Municipal Law stipulates that the municipal council has the authority to determine the rates of municipal fees, the Municipal Fees and Surtaxes Law grants the council the power to determine special fees on the access to archaeological and tourist sites within its area, provided that the fees and exemptions are determined by a decision issued by the municipal council, subject to the approval of the ministers of Interior and Finance. With the degree of autonomy given to the local authority under the central government's control, and based on the specificity of each local area and its unique characteristics, there's an actual and legal basis to grant the municipality the power to impose fees and set rates and exemptions in certain fields only.

The local administration therefore has discretion in imposing fees, determining their rates, providing exemptions, and collecting them according the general rules and

regulations. This enables the municipality to secure enough income to finance its projects. The municipal accounting system should fall within the general framework of the State's fiscal policy.

Second: Improving Municipal Revenues

The legal personality that characterizes municipalities allows them to manage public service projects; municipal funding is not limited to fees and surtaxes, as it includes exceptional and circumstantial revenues in the form of donations and estates, as well as revenues arising from the good use of funds that the municipality owns or has legal authorization to dispose of.

1) Enabling the exploitation of immovable assets at the disposition of municipalities

Like any other legal person, municipalities enjoy financial and administrative autonomy, allowing them to own property. Therefore, leveraging private and public property is an essential step in securing municipal financing, provided that this does not harm the environment, the heritage, and the living conditions of citizens.

2) Exploiting common lands for public benefit

The common lands are vast and significant plots of land, forests and woods, and others designated for grazing or public use. Their attractive scenery can be exploited in an effective, flexible, and

advanced manner to achieve substantial funding and investments for municipalities.

A. The status of common lands in certain Lebanese regions

In some Lebanese regions (especially in the Governorate of Mount Lebanon, and Zgharta, Batroun, Koura, and Jezzine Districts), common lands boast swathes of forests, woods, or grazing land that are registered in the Land Registry and Cadaster as “common lands belonging to the town native residents”. The municipal council, each within its area of competence, is responsible for the management of the lands including forests or woods that are the property of the administrative bodies, especially the private common forest located in the old Mount Lebanon Governorate.

The exploitation of village forests is subject to regulations and the cutting down of trees may only be permissible under compelling circumstances. The municipal council is in charge of contracting out the common land, distributing the proceeds and retaining a compulsory amount to be used for forestry activities. Should the common land be exploited by municipalities, it must not be to the detriment of the natural environment, as public interest is only achieved if the municipalities preserve the environment and forests. Ensuring clean air and a healthy environment are among the municipalities’ most crucial duties.

However, preserving the environment may be appropriate for the nature of common properties, constituting a source of conservation of said properties, enabling municipalities to

exploit them and turn them into green spaces that provide public benefit to the total population living within the local area.

B. Developing a legal mechanism for the exploitation of common land

There is an urgent need to establish a new mechanism for the exploitation of common property by municipalities, commensurate with the purpose of allocating these properties. This requires the following measures:

1. Transfer of ownership of common lands managed by the State to the villages and towns, including:
 - a. Abandoned lands called “annexed” (land at the disposal of communities);
 - b. Abandoned portions of public property;
 - c. Vacant and uncultivated land, forests, and mountains, and all immovable property covered by the Land Law and referred to as “arid land”, provided the rights in rem or the rights of use are retained.
2. Use of common property through projects that generate revenues for municipalities within their allocated purpose as follows:
 - a. Establishing waste sorting plants to ensure the protection of the environment and generate substantial and long-term revenues for municipalities
 - b. Turning the common land into public parks, hiking trails, and playgrounds for children
 - c. Turning the common land into natural reserves if its nature and location so allow, thus protecting the environment and ensuring public interest
 - d. Fire is one of the worst disasters impacting common properties and forests, wiping out

vast green areas that the municipalities try to remedy by planting fruit trees (such as olives, dates, carob, etc.). These trees offer a beautiful landscape and provide municipalities with significant revenues through contracted exploitation

e. Leasing out common lands for development projects that are eco-friendly and lucrative for municipalities and the private companies that exploit them

f. Where possible, allowing the construction of buildings on the common land for educational purposes (schools and universities), social purposes (retirement homes and orphanages), and health purposes (clinics and hospitals) through public and private sector partnerships, whereupon joint institutions are managed by the private sector

g. Exploiting the common land through the establishment of museums, exhibitions, etc.

C. Permanently allowing municipalities to use State-owned property within their area.

The State is unaware of all its properties located across the entire Lebanese territory. This led the Ministry of Finance to issue a circular to municipalities requesting them to notify the Ministry of any State-owned property within their municipal area. It would be natural to allocate these lands to municipalities, as this facilitates their exploitation to achieve local development, whether they were initially donations or State-owned.

D. Restitution of property donated to the State for project implementation

At a certain point, people donated properties to the Lebanese State, and specifically to the Lebanese Ministry of Education, for the establishment of schools. Indeed, there exists a private property in every Lebanese town that was donated to the State for educational purposes. Since such purpose no longer exists, the Lebanese State should restore these properties to municipalities and facilitate the exploitation process, provided the municipalities are prohibited from selling them, even if through auctioning.

Transfer of State property to municipalities within the municipal area

The State must reactivate the law on the local ownership of common lands and restore them to the municipalities. Municipalities should also be made aware of the possibilities provided for in previous legal texts, so as to include the restitution of State-owned property as follows:

- Public land belonging to the State, abandoned land called "annexed" (the land at the disposal of the communities), properties registered to this day at the General Directorate of Land Registry and Cadaster under "vacant properties without any owners or heirs", and the properties registered in the name of the Treasury in the records of public administrations.
- Properties seized by the Treasury and others registered in the records of the Private State Properties Administration
- Properties that were proved to belong to the

State after completion of the surveying and demarcation transactions outlined below

- Properties purchased by the State and not included in public property
- Abandoned public plots of land

This should be done by appointing a committee composed of the Ministry of Finance, MoIM and the Central Inspection, and tasked with the surveying and redistribution of public lands to municipalities, provided that the properties registered in the name of the State and allocated to certain ministries do not contain public buildings and will never be sold. Moreover, no development projects shall be established on them for a period of ten years, subject to the penalty of recovery. The enhancement of municipal funding does not rely solely on the exploitation of property. There should also be private initiatives to support municipalities.

Third: Encouraging the Support of Municipalities

Proper municipal funding relies to a considerable extent on the support provided by the local community. The latter is encouraged to take the initiative through facilities granted to companies, institutions, and individuals supporting municipalities. The local community's support is the mainstay of effective and productive municipalities.

I) Donations

In some cases, the local area cannot secure funding given the lack of necessary institutions and enablers. The community needs to assume its responsibilities, because even with the regular distribution of IMF revenues to municipalities, such funding remains inadequate and ineffective.

A. The authority of the municipal council to accept donations

Donating to municipalities requires promoting the culture of supporting the local community and highlighting the importance of the social and developmental benefits resulting from such support. In parallel, the local administration should guarantee the transparent use of these donations. This is crucial for encouraging individual initiatives in that regard. In order to ensure transparency in the disposition of financial and in-kind donations, the local administration should announce the

legal mechanism for disposing such donations. This is in addition to the establishment of mixed committees comprising representatives of donors, municipalities and the local community whose role is limited to supervising the proper use of donated funds, announcing the value and intended use thereof, as well as the public benefit achieved.

As for the process of accepting donations, it divides donations into two forms: conditional donations and unconditional donations, which impose a set of requirements on municipalities. The distinction between the two types is fundamental to the municipal council's discretion on whether to accept donations or not. While conditional donations may be accepted by the council without the approval of the administrative control authority, unconditional donations require approval from the trusteeship authority embodied in the *Kaemakam*.

B. Tightening control on international and local donations

The issue of local or international donations raises many suspicions as to the transparency in using such donations, the mechanism of acceptance and disbursement to the municipality. Practical experience reveals a number of errors or failure to comply with the relevant legal mechanism of acceptance as follows:

- a) Instead of issuing a decision to accept a cash donation, some municipalities issue a receipt on the basis that the donation now belongs to the municipality and there is no need to follow other

procedures. However, the legal mechanism remains incomplete without a clear municipal council decision that includes acceptance of the cash donation, as well as its amount and source

- b) Receiving in-kind donations, without issuing a decision toward the acceptance of the donation or registering it in the municipality's asset inventory so that it becomes a duly archived asset.

- c) Improper use of donations, as they must be budgeted and duly disbursed. Otherwise, this would be considered as an off-budget disbursement, resulting in a serious legal offense

Although the trusteeship authority issued a circular underlining the need to follow the proper legal mechanism for accepting and using donations, it is not the best way to maintain transparency. This process requires the good judgement of the local administration in order to encourage the public to offer donations and participate actively in local development.

Fourth: Enhancing Oversight

This is done through the formation of a committee to determine the fees to be collected within the local area. The committee shall consist of the Municipality President or Vice-President, a finance officer, a MoIM employee specialized in imposing fees and collection, a representative of the existing stakeholders within the municipal area, and a representative of civil society organizations within the local area.

The committee shall be appointed by a decision from the Municipality President, following the assignment of public officials by their respective administrations in accordance with the applicable legal provisions. Moreover, the authority that has the power to appoint them shall determine their compensation, the number of working sessions, and the maximum period for executing their tasks. This committee shall identify the characteristics of the local area, as well as the special tax base and its rates. The municipal council shall make a preliminary decision in this regard, and refer immediately to the State Council. The latter shall provide a preliminary opinion on the matter for the municipal council to abide by.

After determining the tax base, along with the type and rate of the fee that falls within the ambit of the municipality's power as

provided for by the law, the said committee shall then set a list of the taxpaying institutions and individuals, including the value of the fees. Before the Municipality President sets the taxpayer list, and in order to ensure the protection of the people's interests against the municipalities quest to secure sizeable funding, the taxpayer list must be referred to the State Council who shall monitor the process through which the fee is levied and calculated, and issue a preliminary opinion which the Municipality President must comply with before the taxpayer list is concluded and published, and collection orders are announced.

Fifth: New Local Fees that Contribute to the Financing of Municipalities

Although municipalities have existed in Lebanon for decades, their progress has been slow, and the development and modernization of the Municipal Law cannot be completed without introducing new fees that generate new revenues for municipalities and setting their general criteria. However, the size of these revenues is subject to the municipal area's size and characteristics

1) Fees on public works within the local area

With regard to the new fees that could be collected by the municipalities from the public works carried out within their local areas, we suggest charging the following fees:

- a. A special municipal fee on hunting shops selling weapons, ammunition and hunting gear: This fee serves a double purpose of protecting the environment and financing the municipalities
- b. A special municipal fee on privately owned generators and private companies that have legal concession to generate power and distribute combustibles and which have not yet commenced their work
- c. A special municipal fee on cell phone signal boosters and other Wi-Fi distributors, whether or not they are legitimate
- d. A special municipal fee on the transmission

poles of radio and television stations, and on the installations of these establishments beyond the rental value.

- e. Allow municipalities to exploit State-owned properties within the municipal area as they see fit
- f. A special municipal fee on private parking spaces
- g. A special municipal fee on rock, gravel, and sand quarries.
- h. Double the fines on violating the provisions of the Law on Municipal Fees and Surtaxes.

2) Fees on local administration-related transactions

With respect to municipal transactions, we propose charging new municipal fees or transferring those collected by the central and local government for the Treasury to the concerned municipality as follows:

- a. Collect the fiscal stamp on transactions, receipts, attestations and other documents issued by or submitted to the municipality in cash
- b. Collect the fiscal stamp (4 per thousand) in cash on each invoice paid by the municipality or the contracts carried out by a private individual in favor of the municipality
- c. Collect the construction and housing fee that municipalities collect for the Treasury on any relevant transaction issued by the municipality, and allocate it to the concerned municipality
- d. Collect the fees of maritime and river public works that are considered to be part of the municipal area in favor of the concerned municipality, and impose fines on illicit works
- e. Collect a lump sum of 500,000 LBP for each construction permit for buildings not exceeding 150 square meters in accordance with the circulars of

the Minister of Interior and Municipalities. This should not be construed as a legal basis for violation, but rather a collection of fees that are evaded based on a contradictory circular

f. Impose a fee on obtaining a copy of documents issued by municipalities pursuant to the law concerning the citizen's right to obtain information from official departments, provided that it is not less than 5,000 LBP per document, after the issuance of the special decrees specifying the procedures for making copies
g. Collect a municipal fee of at least 40,000 LBP on appraisal reports. While municipalities should bear the compensation of the appraisal committee, some municipalities are collecting the same from citizens

Sixth: Partnering with the private sector to achieve development

Establishing local units capable of carrying out effective development projects requires effective and clear cooperation between municipalities and the private sector through the creation of a sound and streamlined legal mechanism.

Municipalities are prohibited from opening accounts at private banks and take advantage of the benefits they offer. Municipal accounts at the Central Bank are trust accounts that can only be used to settle municipal dues.

A. Establishing a mechanism for contracting bank loans

One of the central government's most basic functions in regard to municipalities is to secure loans from the World Bank or Arab and Western donors. These loans should be allocated for infrastructure projects that will have an impact on the local community and the country as a whole. Municipalities should be allowed to open accounts in private banks within the limit of certain legal procedures to prevent the misappropriation of the funds held in these accounts as well as ensure full transparency on the manner in which they are used. This would also enable municipalities to benefit from the services provided by banks, such as obtaining interest on accounts, in particular

the right to borrow from private banks, which would constitute a real source of funding for municipalities to carry out major projects. Of course, borrowing in order to finance salaries, wages and ordinary expenses is prohibited. The legal mechanism that enables borrowing must be subject to certain rules or guidelines so that borrowing contributes to the betterment of municipalities, not compromise their work or resources:

- a. The municipality shall have a certain amount of resources, in particular revenues from directly collected fees in order to obtain a loan
- b. Borrowing should be allocated for the implementation of projects that provide immediate and tangible return to the municipality, leading to job creation
- c. Access to important facilities centered on the interest rate and method of payment, depending on the loan amount
- d. Access to all types of available loans, especially those guaranteed by private bank accounts

B. Establishing the legal basis for the implementation of projects in partnership with the private sector

The effective and efficient funding of municipalities requires the engagement of the private sector in the implementation of joint projects (e.g. BOT agreements) with the municipalities through the following steps:

- a. Develop a legal mechanism to regulate the partnership between municipalities and the private sector in developing beneficial projects
- b. Establish an exclusive list of the types of projects

that may be carried out through cooperation between the municipalities and the private sector, and make sure that the list can be modified in an easy and simple manner

c. Develop a guidance memorandum establishing the principles of cooperation between municipalities and the private sector companies from outside Lebanon according to the legal terms and conditions

d. Train municipalities on the protocol for dealing with foreign and Arab donors to obtain soft loans for the implementation of major development projects

e. Municipalities shall have their own resources derived from direct tax revenues, rather than those collected by the State on their behalf

Seventh: Addressing Exemptions from Municipal Taxes and Fees

The issue of exemption from municipal taxes and fees has direct implications on municipal revenues, since the State has been expanding the scope of exemptions without any valid justifications. The problem has grown more serious with the lack of compensation for these exemptions. The solution lies in softening some exemptions and removing others.

1) Softening exemptions

Although the exemption from municipal taxes and fees may be justified in many humanitarian and social situations, this requires some control through:

- a. Restricting State-related exemptions to schools, hospitals, and military barracks only
- b. Review the exemption granted to non-profit organizations, as many of them are profit-taking and are even a cover for actual trade
- c. Review public benefit-related exemptions
- d. Restrict the exemption of public institutions to hospitals and similar places
- e. Restrict the exemption of religious institutions to places of worship or the like
- f. The State shall compensate for the foregone revenues resulting from the exemptions granted to the United Nations, embassies, diplomats and the League of Arab States and its affiliated bodies

2) Removing exemptions

Some tax exemptions are unjustified and must be abolished to enable municipalities to carry out their duties towards residents. Such exemptions include:

- The exemption of the National Social Security Fund holding significant amounts of money provided by workers and employees in a not so transparent manner
- The exemption of the residence of the Speaker of Parliament
- The exemption of the Central Bank
- The exemption of cooperatives
- The exemption of the Cooperative of Government Employees.
- The exemption of the National Institute for the Guarantee of Deposits
- The exemption of judges and the Judges' Mutual Fund.
- Refrain from reopening the subject of exemption granted to journalists or military personnel.
- Restrict the exemption from the tax on rental value to a specific and clear scope

Currently, the majority of smaller municipalities or those lacking local resources relies primarily on the revenues collected by the central government as a source of funding. In order to have more efficient and productive municipalities, it is crucial to develop these revenues with their distribution criteria, and restrict political influence in the use of these revenues.

3) Exemption from Rental Value and Municipal Taxes

There are two types of exemptions: (1) comprehensive exemptions from all municipal taxes, surtaxes, and compensation to the benefit of the State, municipalities, public institutions and independent agencies; (2) partial exemptions (a.k.a. reliefs) from one or more taxes and surtaxes, such as the exemption of non-profit organizations. The law specifically identifies those exempted from the rental value tax.

The exemption from local fees can only be accomplished in accordance with the law. A municipality is not at liberty to exempt from local taxes except when the legal text or the legislator grants an authorization thereto (e.g. some entities are exempted from paying access fees to municipal archaeological sites according to the law).

- Some legal provisions pertaining to other fees prescribe an exemption from the tax on rental value
- The table below outlines the exemptions from the rental value tax
- The most important exemptions established by administrative jurisprudence are related to the absence of a taxable base
- Some practicality-related exemptions (without legal basis)
 - a. Exempting the underprivileged
 - b. Issuing taxation before allocating the value as financial aid
 - c. Decreasing the value and violating the principle of equality

Eighth: Penalties

Municipal taxes must be paid within two months from the date of publishing the taxpayer lists or notification. In case of non-compliance, Article 109 of the Municipal Fees and Surtaxes Law stipulates that:

Any outstanding amounts not paid by the end of the period specified in Article 107 of this Law shall result in a 2% penalty for every month of delay, with the period being rounded up to the nearest month.

The delay penalty shall be imposed on the outstanding part of the fee, and such penalty shall not be deemed as additional tax charge that entails a new delay penalty.

1. Municipalities shall not exempt from any penalties unless Parliament issues a law authorizing exemption.
2. The exemption shall be equivalent to 90% of the penalty
3. Some municipalities make the error of applying 100% exemption from penalties
4. Some municipalities apply exemptions from penalties when the Minister of Finance issues a relevant memorandum, but this shall not apply to municipalities

Ninth: Regulating Parking Spaces

The Fees and Surtaxes Law entrusted the municipal council with regulating vehicle parking spaces. Hence, it was devoid of any clear and explicit provisions regulating this issue, granting municipalities broad powers in the development of special regulations to that end, depending on the status and size of the relevant local area. This highlights the degree of autonomy granted to the local administration, enabling it to operate within a set framework without any restrictions. The central government should develop a general framework or at least provide guidelines thereof, and circulate it to all municipalities so they can implement it or use it as reference. The current situation does not call for optimism, with much criticism addressed to practicality, in particular the tariff, which remains relatively high and burdensome for the citizens who may question the way the tariff is calculated, the value of the penalty in case of violation and the power to impound vehicles.

Therefore, MoIM should present the matter before the State Council to make the proper decision in this regard and issue a referential opinion that ensures the municipalities' rights and secure much needed income to achieve local development, while protecting the rights of the citizens at the same time.

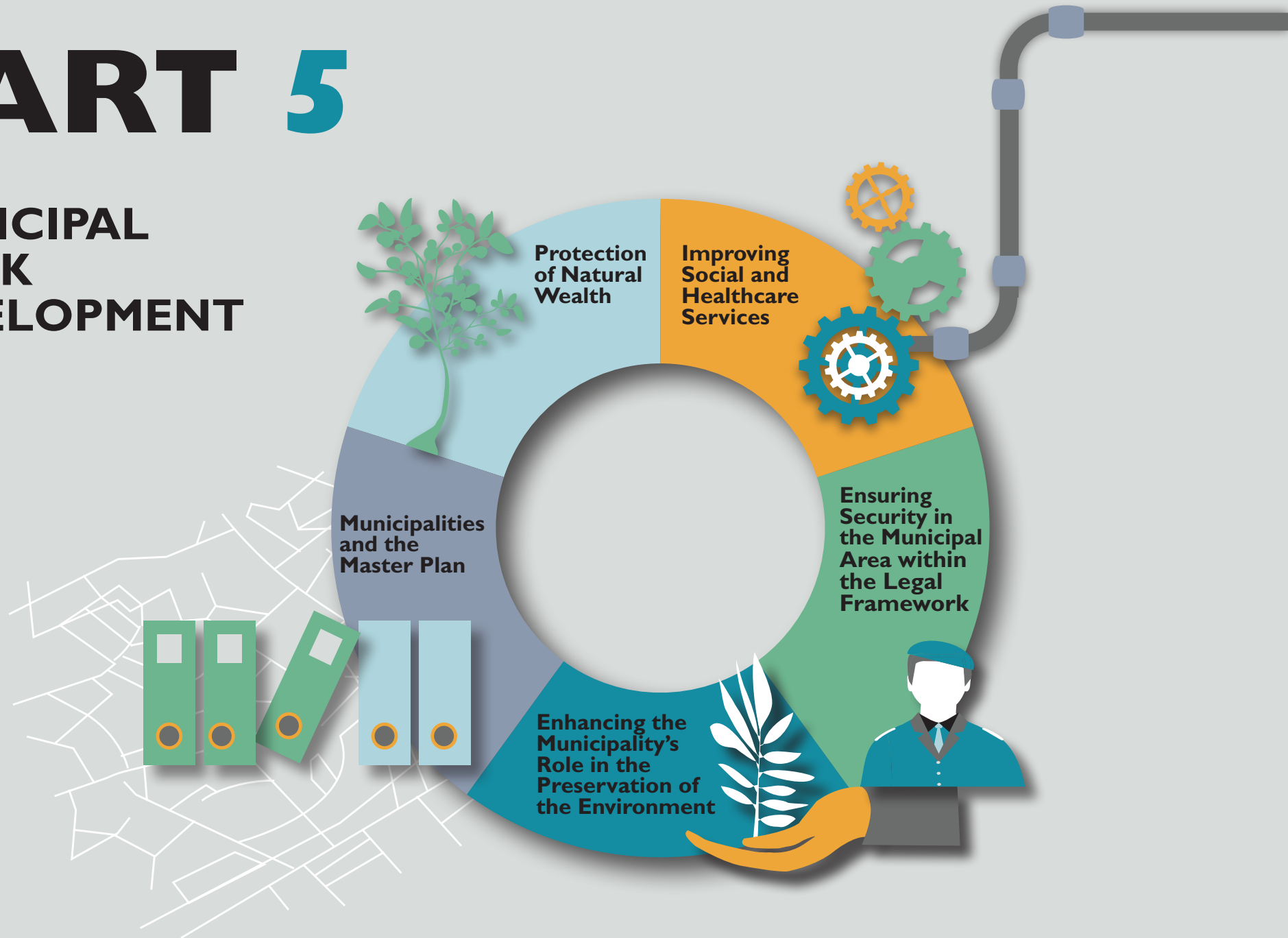
MoIM has recently circulated a model agreement that was concluded in Zghorta District so that it can be used as reference by all municipalities.

Exemptions from Rental Value Tax

Supporting Document	Exempted Entity
Buildings intended for religious worship rituals of officially recognized sects.	Art. 13 of the Municipal Fees and Surtaxes Law .
Buildings occupied by diplomatic and consular missions and any staff member of such missions enjoying diplomatic immunity on the condition of reciprocity.	
Buildings occupied by the United Nations, its branches and agencies, and representatives of its members.	
Non-profit organizations, to be specified in a Cabinet decision.	
Buildings occupied by the State until 2010.	
Buildings occupied by public institutions until 2010.	
The mutual fund of judges and its members.	Law No. 146/99.
People with disabilities.	Law No. 220/2000.
Central Bank of Lebanon.	Decree-law No. 13513/63.
National Social Security Fund.	Decree-law No. 13955/63.
The permanent residence of the Speaker of Parliament.	Law No. 443/1995.
Cooperatives.	Decree No. 17199/1964.
Each legally recognized religious sect and every legal person affiliated to it by law before the enactment of Law No. 210 dated 26/5/2000.	Law No. 210/2000.
Cooperative of Government Employees.	Decree No. 14273/63.
Public utility companies.	Decree No. 87/77.
National Institute for the Guarantee of Deposits.	Law No. 28/67.

PART 5

MUNICIPAL WORK DEVELOPMENT



The development of municipal work does not rely solely on experts, but also on community engagement in the planning and decision-making process. The local community is more aware than experts of its own problems and ways of addressing them. In fact, the local administration arises from the people's will and choice. As such, this development is achieved when local authorities prioritize the protection of citizen rights and identify potential threats to the citizens' safety and life. Environment protection and preservation must also be a top priority, being a key issue that has serious repercussions on people's lives. It is also a testament to a society's development and advancement.

Municipalities and the Master Plan

The master plan determines the general scope of the arrangement and establishes key rules and directions to organize the region. It delimits residential areas, taking into consideration the links between residential clusters. The plan also balances between urban development and the preservation of green areas and agricultural activities, and guides overall property usage, service locations and public and productive activities. The master plan aims to preserve the natural environment of the human race. It must be in harmony with the nature of the local area and in line with the community's aspirations and interests.

According to Article 49 of the Municipal Law issued by virtue of Decree-law no. 77 / 118 dated 30/6/1977 and the amendments thereto, the master plan is developed through cooperation between the Directorate General of Urban Planning, especially its Supreme Council, and the concerned municipality. The above-mentioned article provided for the following: "Street planning, improvement and expansion, the establishment of parks and public spaces, urban design and the development of the master plan in cooperation with the Directorate General of Urban Planning and in compliance with the provisions of the Appropriation Law, provided the approval of both the Directorate and the

relevant municipality for the adoption of the project. In case of disagreement between the municipality and the Directorate, the Council of Ministers shall make the final decision."

The municipal council has the power to develop urban designs as well as the master plan in cooperation with the Directorate General of Urban Planning. Given that the municipality is more aware of the reality of the local area and of the importance of preserving green spaces, we believe that the power to classify lands should be exclusive to the municipality, in cooperation with the Directorate General of Urban Planning. The municipality's opinion must at least serve as a veto on any planning or classification within the municipal area. Therefore, no plan is issued unless it respects the reality and nature of the local area, as is the case in several areas. The municipality's opinion is therefore binding and constitutes a veto as per the relevant provisions. However, the current situation is quite different; when the Supreme Council issues a decision that contradicts with the municipality's views, the latter objects by virtue of a decision issued by the municipal council. Technical offices are, however, bound to abide by the opinion of the Supreme Council, and a decree might not be issued for a long time, or ever, and the cooperation process stipulated in the above-mentioned article is disrupted as a result.

Accordingly, the municipality's opinion must constitute a form of veto on the decision of the Directorate General of Urban Planning which only becomes binding to technical offices if approved by the municipality.

Enhancing the Municipality's Role in the Preservation of the Environment

Municipalities have, according to the applicable law, the explicit power to preserve the environment. This preservation is, in fact, implicitly listed among its powers and duties. The municipality's exercise of its role through giving its opinion on certain matters lead to the protection and preservation of the environment.

First: The Role of Municipalities in Cleaning, Safety and Public Health

Public cleaning is a key pillar of the environment protection journey. Preserving the cleanliness of public spaces by appropriately placing waste bins is the primary obligation of municipalities. Municipalities are also in charge of collecting domestic waste on a daily basis, controlling sweeping works, collecting sewage and wreckage, and prohibiting waste disposal in random areas. Municipalities must also seek to transform these areas into parks later on, in addition to taking the necessary cleaning measures in public transportation. Municipalities have an obligation to protect individual and public health by controlling all public spaces, hotels, cafes, restaurants, bakeries, butcher shops, grocery stores and barber shops. Municipalities must also control all food and beverage trade or manufacturing facilities, in addition to health control of all individuals linked to these locations in any way. Not to forget controlling storage spaces for inflammable, explosive and combustible materials, and defining the maximum quantity to be stored.

Second: The Role of Municipalities in Expressing Views on Licensing Classified Institutions

Although the power to license classified institutions belongs to the central government, the municipal council should be consulted to provide its explicit opinion in regards to licenses granted to classified institutions located within the municipal area. This opinion is non-binding; the central government may grant the license or deny it regardless of the position of the concerned municipality. The municipality, however, preserves the environment by approving or objecting to licenses granted to major classified or industrial institutions that might cause great damage to the environment or to public health. Classifying the municipal area based on the right vision ensures the protection of the local community.

Third: The Necessity to Consider the Municipality's Opinion as Binding for Land Reclamation Licensing

The municipality cannot preserve the environment without putting an end to illegal licensing of quarries. In this context, the municipality's opinion must be binding. The municipality cannot control the resulting environmental impact in the absence of active specialized bodies.

Fourth: Encouraging Municipalities to Create an Environmental Observatory

The municipality's power in regard to environment protection was proven in the previous paragraph, whether through explicit texts, implicit municipal powers, or the classification of its municipal area. The effectiveness of these powers cannot be guaranteed without adequate control. The control process requires specialized bodies as well as experts capable of providing an assessment of the condition, identifying the risk and its origin, and suggesting potential solutions. Major municipalities and municipal unions should consider creating environment protection observatories and providing all the necessary technologies and qualified cadres in order to control pollution within their areas, or at least engage competent institutions to provide the municipality with weekly or monthly reports on the status quo of pollution within the area. Each municipality would therefore be able to, within its scope of authority, take the necessary measures to protect the people's health and lives. In this regard, the Municipality of Tripoli, by virtue of the Ministerial Decree No.18 of 9/12/2004, created an environment and development observatory in Tripoli to track environmental development through a monitoring process

to identify, understand and develop a view on environmental issues and publish data and reports. This observatory also provides better visibility into environmental trends in Al-Fayha' Municipal Union, with the monitoring process being carried out by several experts. A laboratory was also established to monitor air quality and publish environmental reports and studies. This step is a major accomplishment given that it was achieved through local efforts aimed at addressing environmental issues.

Fifth: The Best Domestic Waste Disposal Method

Domestic waste is every substance resulting from human activity. Failure to properly treat this waste through scientifically tested methods damages the environment and the civilized image of the country, results in several social and economic repercussions, and affects public health. Modern countries allocate efforts and large funds to address this issue, while waste remains one of the most dangerous problems facing municipalities.

The Importance of Waste Sorting at Home

It is our belief that the waste crisis in Lebanon can be addressed through a simple and easy step to be adopted across all Lebanese municipalities and regions and which offers concrete results through waste sorting at home. Each family sorts its own waste into two categories: recyclable waste and waste that requires fermentation, while municipalities place corresponding bins across their respective areas. Special bags are also distributed to households each month, and the necessary media and information campaign is carried out to raise awareness on the importance and impact of waste sorting at home, while providing the necessary guidance.

Waste sorting at home is indeed helpful, and ensures an easier waste collection and disposal by the municipality which would also be able to sell recyclable materials. This practice would eventually become a source of income allowing the municipality to cover waste collection expenses, as well as the price of waste sorting bins. More importantly, sorting curbs pollution and waste incineration practices – a method many municipalities are resorting to in order to cut down waste collection and disposal costs – and puts an end to certain projects promoting waste incineration in industrial facilities.

Protection of Natural Wealth

The municipality should carry out its duties in terms of landscape protection, as natural wealth ought to be protected and properly used. This should be achieved by taking precautionary measures that address the damage and destruction of this wealth:

- Protecting forests
- Planting trees and building public parks
- Preventing fires by pruning forests through a planned approach
- Opening agricultural roads in cooperation with the community to facilitate vehicle access
- Clearing the sides of public spaces and calling upon the community to carry out such works to protect their properties
- Reducing the burning of weeds in the fields to the extent possible
- Implementing water abstraction, especially near forests and woodlands, ensuring water supply for fire engines
- Adopting other simple, cost-effective and efficient measures to preserve forests and protect the environment

First: Pruning Licenses

Although the Ministry of Agriculture requires the prior approval of the relevant municipality on pruning activities, any such activities that result in cutting the forest almost entirely and throwing the remains of trees in the same place may render the site in high risk of fires. This is due to the lack of effective control over pruning licenses.

Second: Protecting Endangered Animals

Municipalities are currently indifferent to the protection of wild animals, as hunters unrestrictedly hunt most of them, mainly for entertainment or sale purposes. Municipalities are invited to promote livestock, breed and increase the numbers of endangered species to release them back in the wild at a later stage, and introduce new species that are compatible with Lebanon's environment. This aims at maintaining ecological balance, strictly prohibiting the hunting of harmless wild animals, and imposing a penalty on violators.

Third: The Role of Municipalities in Implementing the Hunting Law

The Hunting Law sets out a general framework for wild hunting, as the Supreme Council for Hunting determines hunting seasons. However, implementing such decisions is of paramount importance, and municipalities must assume a key and effective role in monitoring hunters to determine their compliance with the hunting season and allowed bird species. It is also important to control artificial bird sound machines used to lure birds and prevent their use altogether. Such use is not considered a practice of the hunting hobby, but rather an offense to wipe out birds from the Lebanese environment.

Fourth: Natural Reserves Are a National Concern

Establishing natural reserves helps protect the environment as their purpose lies in preserving the environment and the existing flora and fauna that can be nurtured and cared for, including trees, plants, animals, and birds so as to ensure they are protected from extinction. This aims at reestablishing a sustainable and renewable ecosystem and leveraging it for scientific research. More natural reserves must be built beyond well-known and recognized places, such as Al Shouf Cedar Reserve, Tannourine, or others. Municipalities should be allowed to apply for an authorization to build natural reserves when the necessary conditions are met. Such reserves should be built by virtue of decrees.

Ensuring Security in the Municipal Area within the Legal Framework

First: Ensuring the Security of the Local Community

The President of the Municipality has the power to maintain security within the municipal area through municipal police, in cooperation with the official security bodies. However, this municipal task cannot be limited to monitoring construction works and traffic facilitation. In accordance with the provisions of Article 74 of Decree-law no. 77 / 118 (Municipal Law and its amendments), the municipal police must cooperate with the Head of the Executive Authority, i.e. the Municipality President, in handling security affairs. The police must also assist the Head of the Executive Authority in the implementation of all the decisions pertaining to the precautionary measures aimed at security, health, traffic, and the like. The municipality should also develop its own police system in accordance with the established procedures. However, a new framework is needed given that it has become a major popular demand, especially amid the current security situation in the country. Municipalities must also prevent self-security, an option most parties tend to opt for in Lebanon.

Second: Municipal Role in Protecting the Security of the Local Community

The political and sectarian division in Lebanon, along with the displacement of Syrian citizens and the available information on the existence of rigged cars, have considerably aggravated security concerns among most Lebanese citizens from different regions and villages. However, addressing this issue could have been achieved through the proper exercise of municipal powers. The Municipality President is responsible for security through the municipal police, which has the capacity of the Judicial Police. The Municipality President may also request the support of the Internal Security Forces when a crime occurs, in the event of any crime or any potential disturbance of the public security, and proceed with the required investigation.

Third: Enhancing the Readiness of the Municipal Police and Guards to Face Challenges

Most municipalities are not ready to exercise their powers in maintaining security as they find it difficult to do so while their members are local residents, either due to the lack of adequate personnel, vehicles and weapons; the inefficiency of existing personnel; or because the central government has been restricting municipalities, over the past years, from exercising their role in the protection of the local community. Moreover, the way official bodies deal with the municipal police undermines the role of the municipality in regard to the protection of the local community.

Although MoIM requires municipal security personnel to undergo training courses, such courses are insufficient, and rehabilitation is necessary in this regard. Municipal police personnel must be linked to each other in most regions, at least at the district or governorate level, under a hierarchical security leadership that directs them to exercise their role and protect the local security. In order to address the recent situation, municipalities have tried to get assistance from individuals known as the seasonal police or guards, with the prior approval of MoIM. Their number varies depending on the need of the municipality and the security situation in its area. However, the

use of such security personnel raises several issues, as most are exploited and do not receive the due salary and compensation, not to mention that most of them did not take the legal oath, and are therefore not entitled to issue violation tickets. Moreover, some municipalities hire older individuals without any specialized skills, as well as individuals convicted of criminal offenses in some cases. This has prompted MoM to issue a circular requesting a Criminal Record of each before being hired by the municipalities.

Fourth: Establishing Joint Operation Rooms for the Municipal Police and Guards

In order for the local administration to be effective at preserving security, an apparatus must be established to link all the municipal police personnel under the Municipality President's authority, and within a hierarchical organization capable of effectively managing these personnel so they can carry out their tasks with discipline and integrity. However, in order to deal with the current situation an operation room can be created for the municipal police and guards at the level of each district. This would allow them to provide any information they have and share it with the relevant security bodies, while being directed in the performance of their duties in a coordinated manner in most of their locations within the district. Municipalities should also play an effective role in the administration and rehabilitation of prisons, and in addressing the issues that lead to criminal activity. In fact, the proper development of regions suffering from poverty can reduce the crime rate. Moreover, the municipal police can be trained to provide regular security reports on the security situation within the local area.

Fifth: Developing the Municipality's Role in Ensuring Food Security

Food security is a major global concern. Global efforts are therefore concerted to protect people's health. The local administration has a duty to provide primary healthcare by controlling the use of pesticides, protecting crops, or seeking to enforce the Smoking Ban Law.

Sixth: Cooperation with the Ministry of Education to Enable Public Education

Any social or economic development must include the development and enablement of public education. Although this responsibility falls primarily on the Lebanese government, the local administration can contribute to controlling the quality of public education and developing educational policies. All educational institutions within the local administration's scope must be under the latter's control. In Lebanon, municipalities currently provide support to public schools in accordance with the Municipal Law in force. However, we believe that a legal and regulatory framework must be in place for this power to be effective and preserve the independence of public schools.

Public education in Lebanon suffers from myriad problems. School buildings are old and some of them are in danger of collapsing, not to forget the inadequate equipment, laboratories, computer labs, and modern means of communication. In terms of staffing, there is an excess of teachers in certain schools and a lack thereof in remote areas. The government also resorts to contracting to compensate for the substantial shortage of science teachers, with teachers not lacking the qualifications to conduct their work. Another issue is school dropout and the fact that

public schools are not ready to receive the large numbers of Syrian refugee students. The powers of the municipality over public schools are limited. The municipal council has, within its area, the power to establish, supervise - directly or by delegation - contribute, and assist in the execution of works and projects related to public and vocational schools. The council also has the authority to monitor educational activities and share the expenses of public schools in accordance with the provisions related to these schools. In fact, municipalities contribute to the Public Schools Fund or provide teachers for certain courses and specialties where more teachers are needed, in addition to the necessary supplies and needs of public schools, depending on the situation and location of each public school.

However, most non-academic issues related to public education can be addressed through planning, cooperation, and coordination among those involved in the local administration and the relevant ministry. In regards to schools that are not established by the municipality, a legal mechanism must be established to support and develop them. As for schools that are not established by municipalities, there should be a legal mechanism for supporting and developing them. Some municipalities refrain from supporting public schools in their areas on the pretext that they do not host students from the local community. Moreover, the large number of requests from public schools

sometimes results in municipalities bearing all the costs of teaching. Therefore, the Municipal Law must be amended and a public school support mechanism must be established to render such support mandatory rather than a mere ethical duty as is the case today. To a minimal extent, a joint decree between MoIM and the Ministry of Education must be issued to define the framework and aspects of the support within a certain financial ceiling depending on the capacity of each municipality. Such decree is to be renewed on an annual basis to meet the needs of public schools in a sustainable manner. At a certain point, the Lebanese government exempted public school students from registration fees and the Parents Council Fund support fees, after having secured such funding from GCC countries. In other cases, the Independent Municipal Fund bore these expenses. It is also imperative to make public education compulsory, at least until middle school, and municipalities must be granted the power to monitor the implementation of the provisions of the law. Surveys must be conducted to form a better view on the students residing within the municipal area, their enrollment rate, and the reasons for non-enrollment, and help needy families whose children are the sole providers.

Improving Social and Healthcare Services

Municipalities seek to provide various health, medical, and social services, which is at the core of their powers and one of the most important duties towards the people. This particular power has become increasingly critical given municipalities' failure at undertaking adequate social and economic development within their municipal area and the restriction of their work to landscape beautification.

First: Social Assistance

Municipalities have the power to rescue needy and the disabled, assist clubs, associations, and other health, social, sports, and cultural activities. However, this power is a burden on municipalities due to the lack of a clear definition for poverty and need, in addition to the size, amount, type, and frequency of the assistance.

- Setting clear criteria for a social assistance beneficiary
- Eliminating the single ceiling for all types of assistance
- Abolishing the legislation subjecting assistance to the control of the central government
- Expanding the framework of health services
- Building clinics and nursing homes
- Building nurseries
- Prohibiting begging
- Municipality's duty towards disabled people

Second: Municipalities and the Rights of the Disabled

1) Exempting the disabled from rental value, sidewalk, and sewage fees

The Lebanese government has enacted a special legislation on the rights of the disabled, by which municipalities have a fundamental role in implementing the provisions of the law in various aspects. It can be said that municipalities have so far successfully implemented the provisions related to the exemption of these people's residence from the fees on the rental value, sidewalks, and sewage. However, the law needs to be amended to clarify the mechanism for dealing with the fees imposed on the residence of the disabled prior to the issuance of such law, as well as the fees imposed prior to the issuance of the exemption decision, noting that this exemption does not provide much for disabled people in terms of addressing their challenges.

2) Promoting the social integration of disabled people

Municipalities must seek to ensure social integration for disabled people. The exercise of their political rights, especially the right to vote, must be facilitated by equipping polling stations

with appropriate passages and health facilities. These individuals should also be provided with educational support by facilitating their integration in public schools and providing them with the necessary equipment and supplies. Their participation in municipal committees must also be ensured by imposing a certain quota for disabled people who have experience, if any, in committee membership. Their entrance to various municipal buildings must be facilitated, and special places must be allocated therein. Moreover, activities aimed at their social integration must be conducted, along with ensuring their participation in all educational, cultural, and entertainment events organized, supervised, or even facilitated by the municipalities. Lectures should be organized and brochures published within the local area to raise the local community's awareness about the importance of dealing with disabled people and ensuring their effective participation in the public service. Moreover, special institutions for the education and employment of disabled people should be established.

- It is important that municipalities establish small enterprises dedicated to the sale of drinking water
- Municipalities must be granted concessions to produce electricity. Although the Lebanese government has been vested with exclusive rights to the production and exploitation of electricity, some concessions were granted to private companies to produce and sell energy products, such as the concession granted to Qadisha in the north and to Electricité de Zahle in the Beqaa. Therefore, municipalities should be granted the

right to produce and distribute electricity, especially large municipalities that, on their own or through partnership with the private sector, can build power production and distribution plants.

Some municipalities, depending on their location, can generate power from water, and the government reserves the right to impose a higher tariff ceiling that does not exhaust citizens and lead to their impoverishment. Municipalities can produce power, supervise distribution, prevent theft, and collect bills, provided that a high percentage of the collected amount goes to the relevant municipality and the rest to the government in exchange for the existing State-owned equipment and existing grids.

CONTENTS

PART I

THE GENERAL LEGAL FRAMEWORK GOVERNING MUNICIPALITIES IN

LEBANON 2

GENERAL 3

INTRODUCTION..... 3

First: Administrative Organization in

Lebanon 3

1) Central Administration 3

2) Deconcentrated Local Administration..... 3

3) Administrative Decentralization..... 4

Second: Foundations of Local

Administrative Decentralization..... 4

1) Distinct self-interests 4

2) Geography..... 4

3) Financial and administrative autonomy 4

4) Selection of decentralized bodies by means of election 4

CHAPTER I 5

Definition of Municipality 5

First: Legal Definition..... 5

Second: Municipal Incorporation 6

1) Requirements 6

2) Classification of Lebanese municipalities 7

3) Number of Lebanese Municipalities. 7

CHAPTER 2 8

Election of 8

Municipal Council..... 8

First: Rules of Municipal Elections 8

Second: Voting and Candidacy

Requirements..... 9

1) The general characteristics of municipal elections..... 9

2) Provisions applicable to municipal elections 9

3) Challenging the results of elections 10

CHAPTER 3 11

Regulation of the Municipal Council's Work... 11

First: The Decision-making Authority of the

Municipal Council 12

1) The powers of the municipal council..... 12

2) The powers of the municipal council member 13

3) Convening the municipal council sessions..... 13

Second: Executive Authority - President of the Municipal Council..... 14

1) The Powers of the municipal council's president..... 14

2) Withdrawing confidence from the President and Vice-President of the

municipal council 16

3) Illegitimacy of the agreements related to dividing the term between the

President and Vice-President 16

Third: Legal Cessation of the Municipal

Council..... 16

1) Failure to submit illicit enrichment declaration 16

2) Annulment of the election of the municipal council 17

3) Resignation of the municipal council or considering it resigned 17

PART 2

CONTROLLING THE WORK OF THE

MUNICIPAL COUNCIL..... 18

Chapter I 19

The Multiplicity of Control Authorities on

Municipal Decisions..... 19

First: Self-oversight..... 19

1) Administrative self-oversight 19

2) Self-regulatory..... 19

3) Hierarchical control..... 20

4) Special Control 20

Second: Central and Deconcentrated

Administrations Control 20

1) Ministry of Interior and Municipalities 21

2) Deconcentrated administration control 21

A. The following decisions shall be subject to the approval of the Mohafiz:	21
B. The following decisions shall be subject to the approval of the <i>Kaemakam</i> :	22
C. Additional Powers for Central Administration and Deconcentrated Administration	22
D. Decisions not Subject to the Approval of the Control Authority	22
3) Powers of the Council of Ministers	23
Third: Judicial and Quasi-judicial Control	23
1) The judicial and advisory role of the State Council towards municipalities	23
2) The role of the Committee of Legislation and Consultations	24
Fourth: The Control of the Financial General Controller	24
Fifth: The Control of the Audit Court	25
1) Ex-ante control	25
2) Ex-post administrative control	26
Sixth: Civil Service Board	26
Seventh: Control Related to the Urban Development and Building permits	27

Eighth: The Control of the Ministry of Justice	27
Ninth: Bodies Exercising <i>De Facto</i> Control	27
1) Requiring municipalities to send all their decisions to the central government	27
2) The Minister of Finance's attempt to impose <i>de facto</i> control	28
3) Central Bank's disguised control	28

PART 3

ADMINISTRATIVE AND FUNCTIONAL

BODY	30
-------------------	-----------

Chapter 1

Internal Management of Municipalities	31
--	-----------

First: Municipal Civil Servants	31
--	-----------

1) Unique municipal civil servants statutes	31
---	----

2) Civil servants statutes	31
----------------------------------	----

3) Procedures of promulgating civil servants statutes establishing municipal cadres	31
---	----

4) Closed Competition	31
-----------------------------	----

Second: Challenges Facing Municipal Employment	32
---	-----------

1) Lack of social security institutions ..	32
--	----

2) Characteristics of municipal employment in small towns and	
---	--

villages	32
----------------	----

Third: Bodies in Charge of Municipal Civil Servants Oversight	32
--	-----------

1) Central Inspection oversight	32
---------------------------------------	----

2) Enforceability of the Higher Disciplinary Council's decisions	33
--	----

Chapter 2

Municipal Committees	33
-----------------------------------	-----------

First: Committees Provided for by the Law	33
--	-----------

1) Public Works Committee	33
---------------------------------	----

2) Receiving Committee	34
------------------------------	----

3) Tenders Committee	34
----------------------------	----

4) Procurement Committee	34
--------------------------------	----

Second: <i>De Facto</i> Committees	35
---	-----------

1) Health and Social Committees	35
---------------------------------------	----

2) Social Affairs Committee	35
-----------------------------------	----

3) Committees for Slums and Refugee Camps	35
---	----

4) Dispensary Management Committee	35
--	----

5) Culture and Education Committees	35
---	----

6) Education Committees	35
-------------------------------	----

7) Committees for Local Community Groups	35
--	----

8) Committees for Administration and Finance Frameworks	36
---	----

PART 4

MUNICIPAL FINANCE 38

Chapter 1 39

Taxes and Fees Collected by Municipalities

Directly from Taxpayers..... 39

First: Taxes and Surtaxes Collected by Municipalities on Construction Licensing .40

Second: Rental Value Tax 41

1) The mechanism of setting and collecting the rental value tax 41

Third: Developing Direct Municipal Fees ... 41

1) Increasing current fee averages 41

A. Fees which value must be modified: 41

B. The process of updating direct municipal fees requires the modification of the following fee rates:..... 42

C. The fees which limits should be modified 42

2) Enhancing the efficiency of current Fees..... 42

A- Expanding the tax base..... 42

B- Amending the legal provisions on fees to Keep pace with the advertisement revolution 43

C- Classifying the tax base..... 43

Chapter 2 44

Fees Collected by the State, Independent

Agencies and Public Institutions on Behalf of Municipalities 44

First: The Types of Fees Collected by the State, Independent Authorities and Public Institutions on Behalf of Municipalities 45

1) The Municipal share from telecoms VAT 45

2) The Municipal share from the electricity VAT 45

3) The Municipal share from the water VAT 45

Chapter 3 46

Taxes and Fees Collected by the State on Behalf of Municipalities 46

Second: Mechanism of Paying Surtaxes on Water, Telephone and Electricity Fees 46

1) Transfer to municipal accounts at the Central Bank of Lebanon..... 46

First: The Fees and Surtaxes Collected by the State on Behalf of Municipalities 47

Second: The Surtaxes Collected by the State on Behalf of Municipalities 47

Third: The Agencies Authorized to Collect Taxes and Fees on Behalf of Municipalities 48

Fourth: Mechanism of Payment of Taxes and Fees Collected by Central Government on behalf of Municipalities 48

1) Transfers to municipal accounts at the Central Bank of Lebanon..... 48

2) Non-interference of municipalities in determining the value and mechanism of collection of taxes and fees..... 49

Fifth: Legal Procedures Applicable to Municipal Revenue Distribution 49

1) The share of villages with no municipalities 50

2) The share of municipalities 50

3) Criteria and procedures of distributing cellular phone revenues 51

4) The share of municipalities 51

Chapter 4 52

Ideas for Maximizing Municipal Resources / Municipal Expenditures and How to Control Them..... 52

First: Allowing Municipalities to Charge Fees and Set Rates 53

Second: Improving Municipal Revenues..... 53

1) Enabling the exploitation of immovable assets at the disposition of municipalities 53

2) Exploiting common lands for public benefit..... 53

A. The status of common lands in certain Lebanese regions..... 54

B. Developing a legal mechanism for the exploitation of common land 54

C. Permanently allowing municipalities to use State-owned property within their area.....	54
D. Restitution of property donated to the State for project implementation	55
Third: Encouraging the Support of Municipalities	55
1) Donations.....	55
A. The authority of the municipal council to accept donations.....	55
B. Tightening control on international and local donations	56
Fourth: Enhancing Oversight.....	56
Fifth: New Local Fees that Contribute to the Financing of Municipalities	57
1) Fees on public works within the local area	57
2) Fees on local administration-related transactions.....	57
Sixth: Partnering with the private sector to achieve development.....	58
A. Establishing a mechanism for contracting bank loans	58
B. Establishing the legal basis for the implementation of projects in partnership with the private sector .	58
Seventh: Addressing Exemptions from Municipal Taxes and Fees.....	59
1) Softening exemptions	59

2) Removing exemptions.....	59
3) Exemption from Rental Value and Municipal Taxes	59
Eighth: Penalties.....	60
Ninth: Regulating Parking Spaces	60

PART 5

MUNICIPAL WORK DEVELOPMENT	62
Municipalities and the Master Plan.....	63
Enhancing the Municipality's Role in the Preservation of the Environment	64
First: The Role of Municipalities in Cleaning, Safety and Public Health	64
Second: The Role of Municipalities in Expressing Views on Licensing Classified Institutions	64
Third: The Necessity to Consider the Municipality's Opinion as Binding for Land Reclamation Licensing	65
Fourth: Encouraging Municipalities to Create an Environmental Observatory	65
Fifth: The Best Domestic Waste Disposal Method	66
The Importance of Waste Sorting at Home ...	66
Protection of Natural Wealth.....	66
First: Pruning Licenses	66
Second: Protecting Endangered Animals ...	67
Third: The Role of Municipalities in Implementing the Hunting Law.....	67

Fourth: Natural Reserves Are a National Concern.....	67
--	----

Ensuring Security in the Municipal Area within the Legal Framework.....	68
First: Ensuring the Security of the Local Community	68
Second: Municipal Role in Protecting the Security of the Local Community	68
Third: Enhancing the Readiness of the Municipal Police and Guards to Face Challenges	68
Fourth: Establishing Joint Operation Rooms for the Municipal Police and Guards	69
Fifth: Developing the Municipality's Role in Ensuring Food Security.....	69
Sixth: Cooperation with the Ministry of Education to Enable Public Education.....	70
Improving Social and Healthcare Services.....	71
First: Social Assistance	71
Second: Municipalities and the Rights of the Disabled	71
1) Exempting the disabled from rental value, sidewalk, and sewage fees.....	71
2) Promoting the social integration of disabled people.....	71

Citizen & Municipality Handbook

Simplified Legal Rules Governing Municipal Work in Lebanon

Purpose

The Citizen and Municipality Handbook provides a simplified yet comprehensive explanation of the various legal, administrative and regulatory rules governing municipal work in Lebanon. A supporting tool, the handbook addresses a range of legal, administrative and financial topics, outlining the procedures to be followed and respected in this regard. It also aims to provide ideas and recommendations toward developing municipal work.

Approach

This handbook is based on:

- Legal and regulatory texts governing the work of Lebanese municipalities and municipal unions.
- General legal principles and customs governing municipal work.
- Legal provisions establishing the basis for the relationship between organizations and ministries / public institutions.
- The State Council's jurisprudence and decisions, and the Audit Court's advisory.
- Practical experience associated with municipalities' work in terms of their relationship with State institutions and citizens.

Driven by the common barriers facing municipalities, this handbook outlines potential mechanisms for overcoming legal and practical limitations to municipal work by leveraging the experience of several municipal officials in dealing with the difficulties they have faced. To this end, the project team conducted several studies and met with a number of municipal activists, heads and council members.

Target Audience

This handbook targets all those interested in municipal work, especially citizens and civil society organizations seeking to partner with municipalities and monitor their activities. In addition, international bodies and organisations wishing to collaborate with municipalities may consult this handbook as it introduces them to the general framework governing the work of Lebanese municipalities.

Furthermore, municipal council members and civil servants may use this handbook as a reference for the legal, administrative and regulatory matters in relation to their work.

Usage

The handbook can be used as a reference for the various topics associated with municipal work. Its simplified and comprehensive approach allows for its use to enable and develop municipal work, as well as enhance community oversight on municipal activities.

Contents


The handbook is divided into the following parts:

- Part I: The General Framework Governing Municipalities in Lebanon.
- Part II: Controlling the Work of Municipal Councils.
- Part III: Municipal Administrative and Functional Body.
- Part IV: Municipal Finance.
- Part V: Municipal Work Development.

 [@nahnooleb@twitter](https://twitter.com/nahnooleb)

 [nahnoo.org@facebook](https://www.facebook.com/nahnoo.org)

 www.nahnoo.org

 (01) 280 474

