

Hariri wants ministries to slash budgets by 20 percent

BEIRUT: As part of a drive to rein in spending, Prime Minister Saad Hariri Tuesday called on all ministries, government agencies and public institutions to cut their 2018 budgets by 20 percent, without touching salaries and wages. A statement from Hariri's office said the premier had issued a memo calling on all administrations, public institutions and commissions to make the stipulated cuts for inclusion in the 2018 draft state budget.

"As per this decree, all concerned institutions should present their reduced draft budgets to the Finance Ministry and the relevant authority according to the applicable financial laws ... within a two-week deadline from the date of the decree's publication," the statement said.

Paul Morcos, a leading legal expert, told The Daily Star that the prime minister has the power to make such proposals but the enactment of these recommendations are up to the Cabinet. "According to the Constitution, the prime minister has the right to coordinate with the ministries and public institutions. But the decision to cut the budget is up to the Cabinet and then passed to the Parliament for approval. Once this has been approved by the Parliament, the draft bill will become law. In other words the prime minister is merely providing guidance," Morcos explained.

The Taif Accord stipulates that any crucial decisions must be approved by the Cabinet collectively.

Morcos cited Article 64 of the Lebanese Constitution, which states that the prime minister is the head of the government and speaks on its behalf, and is considered responsible for executing the general policies set by the Cabinet.

Economist Marwan Iskander said that Hariri's proposal, if it becomes effective, will impact the expenses of ministries and public departments, such as personal travels, admitting cars without paying tariffs, and signing contracts with parties outside the government for specific purposes.

"If these cuts reduce the deficit by 2 percent then this is good. But this measure is not sufficient. We should at least start with reducing or eliminating the electricity deficit, which is costing the Treasury \$2 billion a year," Iskander said.

He added that Hariri's initiative would not be enough to send a positive signal to donor countries at the upcoming Paris IV conference. "We should at least start by reducing EDL's deficit by between \$1.2 billion and \$1.4 billion annually until this deficit turns into a surplus. We simply cannot continue like this," Iskander said.

He disclosed that the government received many offers from leading international energy companies to build power plants in Lebanon at a cost of \$0.11 cents per kilowatt.

"But the Energy Ministry did not even consider these offers and instead decided to lease the Turkish electricity barges," Iskander said.

He added that following Paris III donor conference, the Lebanese government pledged to carry out necessary reforms in the electricity sector and form a regulatory body to oversee reforms.

“But these reforms never took place and the waste in the electricity sector continued,” Iskander said.

Economist Ghazi Wazni estimated that the government could save between \$350 million and \$450 million a year if each ministry decided to cut expenses by 20 percent.

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