# Monthly

# IN THIS ISSUE

<b>Leader</b> The road to waste	1
Private sector Lebanon's jewelry industry: Glam or gloom?	3
Silver lining, darkening clouds: With a new bank merger on the agenda, li explores the challenges ahead	5
Survey Banking survey (Part V) New retail banking technologies and services cater to limited customer base	7
<b>Opinion Poll</b> A hard sell: Motor vehicle inspection and diesel	9
<b>Legislative Outlook</b> The end of exclusive agencies?	11
<b>Discover Lebanon</b> Hardine	13
Focus on Syria A closer look at Syria's parliament	14
Interview A talk with Vasken Hadidian, head of the Lebanese Jewelry Syndicate	15
Editorial	16
Current Statistics	16



#### Editorial/Subscription Office:

Azarieh Bldg, Riad El Solh Square, Beirut – Lebanon Tel: (961-1) 983008/9,(961-3) 262376

Fax: (961-1) 980630

E-mail: liMonthly@information-international.com
Web: www.information-international.com
© Information International SAL. All rights reserved.
License No. 183/2003

### The road to waste

# Billions spent on paving and maintenance, but Lebanon's roads are still in poor shape

At a glance, Lebanon's poor road conditions reflect a picture common to developing countries, where inadequate budgets are allocated for road construction and maintenance. However, in Lebanon, large amounts of money are allocated every one or two years for paving and maintenance of roads, raising serious questions about the monitoring of contractors and their work. The article below explores government spending on roads over the past ten years and its results.

#### Cost of road maintenance

The Lebanese government allocated a total of LBP 715.3 billion (\$475 million) for the maintenance and rehabilitation of roads in the 1994 –2003 public budgets. Table 1 below shows the annual distribution of those funds (the figures do not include expenditures authorized by MPs, which amount to LBP 150 billion, or \$99.5 million for the years shown).

#### **Recurrent allocations**

Some allocations for the maintenance or construction of certain roads recur in consecutive budgets. This could be a result of not executing or contracting the project or from a lack of funds to complete the work, owing to estimates that undervalued the costs involved.

Some roads that received recurrent allocations in various budgets were:

■ Bridge Awali–Almen Road (Chouf):

LBP 300 million (\$199,000) in 1995 and LBP 110 million (\$73,000) in 2002.

■ Jezzine—Arraya Road: LBP 250 million (\$166,000) in 1995 and LBP 120 million (\$80,000) in 2002.

#### Ministry of Public Works budgets

The collective budgets of the Ministry of Public Works totalled LBP 1,821 billion (\$1.2 billion) in the last 10 years, distributed as follows:

- 1994: LBP 200.3 billion
- 1995: LBP 235 billion
- 1996: LBP 211.2 billion
- 1997: LBP 145.6 billion
- 1998: LBP 124.7 billion
- 1999: LBP 141.4 billion
- 2000: LBP 140.5 billion
- 2001: LBP 286.8 billion2002: LBP 194.3 billion
- 2003: LBP 140.8 billion

(The budgets from 2001 to 2003 also included the budget of the Ministry of Transportation, before the two were merged, based on Law No. 247 dated 7 August 2000).

# Legislation for road construction and maintenance

Clause No. 23 of the 2001 budget (No. 326, dated 28 June 2001) allocated LBP 1,800 billion (\$1.2 billion) for a future program of road construction and maintenance in different regions, spanning the period 2001–2010.

Continued on page 2

## ALLOCATIONS FOR ROAD MAINTENANCE (1994–2003)

	Table 1	(LBP billion)									
	Year	′94	′95	′96	′97	′98	′99	′00	′01	′02	′03
	Allocation	80.2	95.7	88.6	41.2	39.1	44	73	98.1	95.4	60
Source: Compiled by Ii from public budget									et laws		