

# COVER STORY

## ECONOMIC RESET

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The Office of the Minister of State for Administrative Reform (OMSAR) has launched a Digital Transformation Strategy (DTS) to shift the government and related entities to a digital-by-default environment. According to *Ali Abdallah*, Senior Advisor at OMSAR, the strategy aims to initiate a consolidated portal where end-users can benefit from improved online services through interactive interfaces. The DTS will also set better operational standards among ministries and departments through pre-set technical criteria. Investments in the hardware and software infrastructure are required to permit the exchange and use of data between different governmental entities. DTS also involves continuous investments in human capital within the public sector. International and regional donors, including the World Bank and the Delegation of the European Union, will help implement the strategy. DTS will benefit the private sector, specifically the ICT sector.

### TRIAL PHASE

A digital-by-default government allows end-users to process online applications, and is a driver for other entities to adopt a digital environment. OMSAR developed the strategy which needs to be approved by the cabinet. As a primary step, a consolidated portal (<http://www.portal.gov.lb>) was launched in March with an objective to include every service that could be requested by citizens and businesses at a later stage. Citizens can find online applications related to family and individual needs, which include the registration of births, marriages, deaths, and

divorces. Businesses can also benefit from online applications such as Ministry of Labor (MoL) procedures related to local and foreign employees. The trial version currently tests the readiness of two applications: applying for a passport, and a foreign worker visa. The portal is modeled after Britain's e-government platform, and designed to provide a user-friendly experience. It involves an interactive interface and a citizen-centric approach. "OMSAR will fulfil this approach through the consideration of the comments and requirements of the end-users", said *Inaya Ezzeddine*, Minister of State for Administrative Reform. End-users will be capable to send their feedback on the structure and content of the platform. OMSAR does not have the authority to make other ministries follow its strategy, thus a mandate from the Prime Minister is essential to implement the DTS. To overcome this obstacle, the strategy takes into consideration ministerial autonomy, where ministries can act solely to enhance online procedures, but within pre-set technical and administrative criteria to meet the requirements of the consolidated portal. Through the backend of the portal, interoperability allows different departments to communicate, retrieve, and exchange the required data. OMSAR will share common accepted practices and guidelines among governmental entities to ensure a proper interoperable cycle regarding the ownership and security of the data.

### DISCONTINUED ATTEMPTS

Previous governments had undertaken trials to digitalize ministerial operations. A major plan was initiated in 2011 under the name of the 'Dawlati' portal project. A local company formed a joint-venture with an Italian company to deploy the portal. *Fouad Khoury*, General Manager of Levant Net and leader of the project, said that the objective was to present users with an interactive portal rather than just informative ministerial webpages. In 2013, the portal was launched with 40 online applications. The second phase of Dawlati, which planned to connect different governmental entities, was discontinued. The current trial portal is an upgrade of the previous Dawlati project. According to Khoury, a major delay in digitalizing the government was caused by the intermittent approaches of successive governments.

### LEADING MINISTRIES

Several ministries, such as the Ministry of Finance (MoF) and the Ministry of Public Health (MoPH), have diversified their e-service portfolios. *Lina Oueidat*, ICT Unit Coordinator at the Presidency of the Council of Ministers, said that budget availability and automated procedures at the MoF and the MoPH gave them the autonomy and

capability to develop their own e-services and digitalize a considerable part of their internal processes. It is better to gradually go online rather than waiting for the overall system to improve, said Oueidat. "MoF enabled e-services such as tax declarations and payment

### The country still lags behind by two technological generations

with more to come in the near future", said *Georges Saoud*, IT Director at the MoF. Citizens can also benefit from online applications with other departments within the MoF, mainly real estate forms. The MoPH has also digitalized a significant segment of its procedures. The Ministry of Interior (MoI) has digitized passport procedures with the General Security and is in the process of automating other departments. The government still lags behind other regional countries such as Bahrain. *Gabriel Deek*, former chairman of Internet Society - Lebanon Chapter said that that isolated attempts in some ministries are not enough to create a digital-by-default environment, and are still unsatisfactory. This is due to

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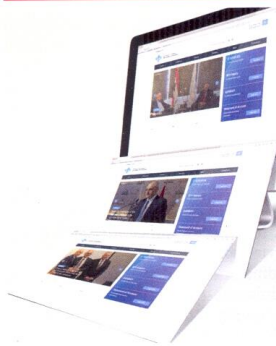
### ONGOING E-GOV PROJECTS

#### ONE-STOP SHOP

A tender for a one-stop shop to connect the MoF, the Commercial Register at the Ministry of Justice (MoJ), the National Social Security Fund (NSSF), and the Beirut Bar Association (Syndicate of lawyers) was launched last month. It should facilitate the registration of newly established companies as well as the closing down of existing businesses. The MoF will host the project in terms of technical infrastructure. Youssef Saad, Senior Procurement Officer at OMSAR, said that the project was designed to fit actualized technical requirements. Eight local and international companies have been technically prequalified to bid for the tender.



#### E-FINANCE



The MoF is continuously enhancing its e-services portfolio, with the support of the World Bank. More forms will be available online and the MoF will accept the use of online documents as legal proof. The online documents should include a digital signature and cannot be modified by any party. The pipeline of the MoF's projects includes six additional e-services to be launched in 2018 (see table). Online procedures for income taxes were introduced by the MoF in 2017, and are the most used forms. Saoud said that 340,000 forms are expected to be submitted online annually. In the absence of a law governing e-payments, pre-set credentials and passwords are issued to users to establish their identity. Such a procedure was approved by the State Council (Shoura). The MoF enables citizens to pay their taxes through credit cards, bank transfers, and money-transfer companies such as LibanPost and OMT. The majority of users are paying through the money-transfer companies. The MoF has also introduced an electronic connection to the accounting systems of financial institutions to directly retrieve income tax declarations. More than 211,000 individuals and entities have subscribed to the various e-services offered by the MoF. The starting point was in 2014 with tax payment systems including Value Added Tax (VAT) and Built Property Taxes. Citizens can also access logs of their tax transaction history using the Statement of Account e-service.

#### ONLINE HEALTH

The MoPH launched a pilot project including approximately 100 e-services for citizens and businesses last March. A one-stop shop was introduced in 2017 where individuals and businesses can submit different types of applications through a single interface. Applicants will get a mobile notification message for the end-of-process and delivery date. It is possible to attach online forms and then submit originals through LibanPost, in cases where the physical presence of the applicant is not legally mandatory. Lina Abou Mrad, Director of the National E-Health Program at the MoPH, said that tracking and inventorying the pharmaceutical stock on a national level is becoming possible thanks to an on-going project. MoPH is connecting all components of the pharmaceutical supply chain to control the availability and track sales of products. E-projects were made available through the Ministry's website as well as mobile applications starting in 2016. Pharmaceutical companies can get online clearance for their products through a network between the MoPH and the Customs directorate.



#### REAL ESTATE REGISTRY



The General Directorate of Land Registry and Cadastre (LRC) plans to expand its list of e-services. George Maarawi, General Director of LRC, said that a new project is being planned where users can compare the prices of real estate property to similar and recently registered surrounding properties. The project is expected to be released in 2019, after a technical and financial feasibility study is undertaken. The use of e-services and mobile applications has taken off even in the absence of advertising. LRC has initiated six e-services the last three years. Citizens can view the Title Register and changes to it, track real estate transactions, simulate fees, view paid invoices, and check requests for changes in ownership of properties.

the limited number of available e-services, and the absence of a law that governs and enhances electronic transactions.

### BUSINESS PROSPECTS

The role of the private sector is essential in the digital transformation process. OMSAR's strategy focuses on creating investment prospects for ICT companies. Abdallah said, "DTS should be implemented in cooperation with the local private sector and academia". OMSAR will encourage winning bidders, whether local or international, to form joint ventures with local ICT SMEs. The private sector can supply ministries with the hardware, networks, and software development infrastructure. OMSAR will set common guidelines for the technical infrastructure in coordination with different ministries. This takes into consideration the specific operational needs of the ministries. Improving the transparency of the tendering process would give better opportunities to SMEs. Governmental investments in the IT infrastructure for public administrations would have at least a 20 percent positive impact on the performance of the ICT sector, said *Claude Bahsali*, Chairman of ITG Holding, a large ICT vendor.

### INTERNATIONAL FUNDING

The financial requirements for digital transformation vary broadly between ministries and other public entities. Some ministries, such as the MoF and the MoPH, have automated the majority of their operations, and include IT development and maintenance items within their budgets. Other ministries still lack the basic hardware infrastructure for simple electronic procedures. Bahsali said that an achievable approach would be following a step-by-step strategy, procuring the required infrastructure in terms of hardware and software, connections, and data centers. OMSAR said that various regional and international donors are financing the projects including the Arab Fund for Economic and Social Development (AFESD), the European Union, and the World Bank.

### ENABLERS

"The country still lags behind by two technological generations," said Deek, and should be implementing an e-payment gateway, he said. According to Deek, applying traditional technologies such as the SWIFT system will be outdated in the near future. The current global trend is

## E-SERVICES TO BE LAUNCHED BY THE MOF IN 2018

Income tax declaration for financial institutions  
Annual statement of employees' revenue  
Declaration concerning employees who left the company within the same year  
Declaration to amend personal declaration of payroll tax  
Amendment to annual income tax on wages and salaries  
Amendment to annual statement of employee revenue



to shift towards blockchain technologies. A proposed law that governs electronic transactions was finalized earlier in March by the Parliamentary Information Technology Commission. It still has to be debated and ratified by Parliament's General Assembly. A law enabling the DTS was approved by the Parliament and uses a unique digital identification for each citizen. According to Oueidat, the automation of Civil Status Offices is an essential element as a prerequisite for any plan to ensure a successful digital transformation process.

### RECOMMENDATIONS

"A digital-by-default government is challenging but attainable," said Deek. "The country has a fertile base when it comes to citizen and private sector technological readiness," he said. Haidar Fraihat, Director of Technology for Development at ESCWA, said that there should be a national-scale implementation rather than the current e-ministries. He said that municipalities should be included in the plan. A consolidated portal and call center have proved their success as a global trend, but should be customized to meet local specifications if adopted. ESCWA recommends that

coordination between the public and private sector, within a preset legal framework, would be a successful formula. The private sector would benefit in terms of investments, and in turn would transfer technical knowhow to public sector staff. Khoury said that creating a Research and Development (R&D) entity, which employs local talent, and that was responsible for encrypting data would be efficient to safeguard data. Fraihat said that ESCWA prefers that the private sector handles e-payment gateways due to its continuous ability to improve technology and procedures. This should move in parallel with legislation to govern electronic payments, financial, and administrative procedures and create a legal competency for electronic documents. *Charbel Fakhoury*, Vice President Enterprise Services for Europe, Middle East and Africa at Microsoft, said that the government should consider four elements as a catalyst to the planned DTS. They include improving the level and quality of e-services to citizens and businesses, empowering public digital talent, optimizing governmental operations, and initiating innovative economic strategies.

### INDICES TO MONITOR

Progress in the e-government infrastructure and human capital can be witnessed, said *Mohamed Nawar Al-Awa*, Regional Advisor at ESCWA for E-governance issues. But weakness at the level of the services offered online is still clear. E-government is a mindset within public administrations to process their services through online portals, and not just a way of automating internal procedures. OMSAR said a digital-by-default government is a way to reach efficient and transparent operations within public administration, empower citizens, and decentralize government operations.

Reported by *Samer Rasbey*

### ON OUR WEBSITE

More information is available by typing the numbers below into the **Reference Finder** on our home page

- ▶ **L0518-127** OECD Digital Governance MENA Benchmarking
- ▶ **L0518-128** Regional Workshop on e-Government Best Practices
- ▶ **L0518-129** OMSAR Annual Report 2014-2015
- ▶ **L0518-130** National Transformation in the Middle East - A Digital Journey
- ▶ **L0518-131** Proposed e-transaction law 2017

▶ [www.opportunities.com.lb](http://www.opportunities.com.lb)