

NOW.

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Billionaire Beirut

By Matt Nash

With a multi-million dollar annual budget and an even bigger surplus, the city is spending



As Lebanon's budget deficit continues to widen, the Beirut Municipality's coffers are full and the city is going on something of a spending spree with a focus on parking garages.

In an interview earlier this year with a local newspaper, Bilal Hamad – president of the municipality – said that the city's annual budget plus its reserve account give it \$1.1 billion to spend. City council members could not be reached for comment for this article.

Sami Atallah, director of the Lebanese Center for Policy Studies, has studied municipal budgets and could not confirm Hamad's numbers– but he refrained from calling them inaccurate. The city, he said, does not give detailed financial reports to the Ministry of Interior and Municipalities. However, Atallah noted it would make sense for Beirut to be so rich.

Perhaps the largest chunk of the city's yearly budget comes from the "rental value fee," which is essentially a property tax owners and renters of apartments or offices in the city pay each year. The city also collects cash in the form of payments for construction permits, Atallah said.

On top of that, the city also receives large payments from the Independent Municipal Fund – which consists of a portion of all taxes the government collects and then distributes to all of the country's municipalities.

"One critique of the [Independent Municipal Fund] is that it has an urban bias," Atallah said.

He explained that payments from the fund (which are often delayed) depend on two variables: the registered population in a given city and the average amount of taxes and fees a municipality has collected in the past two years. The more people a city has and the more revenue it collects, the more the fund pays out.

“It’s a cycle that goes the following way: you’re highly urbanized so you can collect more and the IMF rewards you for that, not because you’re better at collecting revenues or spending them well or anything, it’s just because you have more people,” Atallah said.

As for why the city has an alleged surplus of \$700 million, Atallah refused to venture a guess.

“There’s a laundry list of reasons why that could be,” he said.

In the past, particularly as slain former Prime Minister Rafiq Hariri attempted to rebuild downtown Beirut, the city council was frequently hampered by the unique administrative situation in which Beirut finds itself.

Beirut is both a city and a governorate (*mohafaza*), meaning decisions need two layers of approval. While it no longer seems to be the case, in the past a sour relationship between the city council and the governor slowed progress on many works and projects in the capital.

While two of the city’s current projects in Ashrafieh – a proposed parking garage under the **Jesuit Garden in Getawi** and the **Fouad Butrous road** that will link Alfred Naccache Street to the coastal North-South highway – have garnered headlines because activists oppose them, they are only part of what the city is up to.

Sheikh Hisham Khalifeh, with Dar al-Fatwa, told NOW that last year the city bought private land to expand the Beirut’s Sunni and Shiite cemeteries in the Qasqas and Bachoura neighborhoods, respectively. Each sect was given the same amount of land, he said, refusing to say how much the city paid for the notoriously high-priced Beiruti land.

Activists claim the cost was \$100 million, and they say the city has a policy of spending equal amounts on projects in Muslim-dominated areas as it does in Christian-dominated areas. A former municipal council member, who commented to NOW via email on the condition of anonymity to discuss a sensitive topic, denied that claim.

“When I was a council member, we didn’t have such discussions. It was all for the general good. Really,” the former council member said.

On the national level, however, American University of Beirut academics Nisreen Salti and Jad Chaaban in 2010 published a paper based on an analysis of state spending. The report found that religion does play a role in how the government distributes funds.

“The logic of the disbursement of public funds,” the paper’s **abstract concludes**, “is that distribution be balanced across sects.”

NOW was unable to independently verify whether or not the same is true for the Beirut Municipality. However, what is clear is that the council is spending money all around the city.

Elie Helou, an engineer with the Council for Development and Reconstruction (CDR), told NOW that the city seems particularly focused on parking structures. He noted that the municipal council asked CDR engineers to incorporate two 350-car-capacity parking garages into the Fouad Butrous project. He said the city also has four other parking structures on the drawing board.

City plans, Helou said, include tearing up and replacing Jeitawi’s Jesuit Garden and Tallet Khayat’s Mufti Hassan Khaled Garden in order to put parking structures underneath them. Helou added that studies are also underway to put underground parking structures in Ain el-Mressieh and beneath the Cola roundabout.

He said the Ain el-Mressieh parking garage is the closest to breaking ground, while the others projects are still in the design or feasibility-study stage.

As for how much of the city’s millions these projects will consume, Helou only had a price-tag for the construction of the Fouad Butrous road.

“\$23 million,” he said.