



UNITED NATIONS DEVELOPMENT PROGRAMME

GOVERNMENT OF LEBANON

PROJECT BUDGET LEB/03/003

Project Title:

Capacity Development for Fiscal Reform and Management

Start Year: 2003

End Year: 2005

Executing Agent: NEX - National Execution

Implementing Agent: NEX - National Execution

Revision Type: INI - INITIAL

Budget Financing (in US\$)	
INPUTS	REV "A"
UNDP	
01-UNDP-IPF / TRAC - (Trac 1.1.1)	0
Cost Sharing	
Government	4,051,300
Country Office Admin. Costs:	202,565
TOTAL	4,253,865

Brief Description:

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Approved by:

Signature:

Date:

Name/Title:

UNDP:




26/1/03

Yves de San
Resident Representative

Government:



18/1/2003

Fouad Siniora
Minister of Finance

Government of LEBANON

United Nations Development Programme

Ministry of Finance

Agree
Jihad Simant

Project Title:

Capacity Development for Fiscal Reform & Management

Brief Description

The goal of this project is to help the Ministry of Finance to address critical need for initiating, implementing and shepherding major reforms. These reforms aim at improving service delivery functions at MOF and building a 21st century government institution, implementing an ambitious fiscal reform program, and leading the government effort to promote sustainable economic growth. We refer to this role as Stewardship. This implies a leadership role for MOF in the next generation of reforms. The key output is to promote efficient and effective fiscal management in MOF. The strategy that will be applied by the project contains three main axes, which are: a) Consolidating and institutionalizing fiscal reforms realized under Leb/92/017 through capacity building at MoF; b) Identifying and implementing a new generation of reforms in line with the MoF vision for the 21st century; and, c) responding to the economic agenda of the Lebanese government post the Paris II which aims at restoring Lebanon's economic status toward sound ground, fiscally and economically. The Ministry of Finance is designated as the National Executing Agency for this project on behalf of the Government of Lebanon. The Executing Agency will be responsible for managing the project and will provide overall support to enable it to achieve its intended outputs and results. The Executing Agency will thus be accountable to UNDP for all resources allocated by the latter, whether their source is UNDP or cost sharing. The project is implemented by a dedicated project implementation team, implementing the various components.

Date: February 2003

PART I-A: SITUATION ANALYSIS

A national project aiming at post-war economic recovery was initiated by the Ministry of Finance in collaboration with UNDP (leb/92/017) in 1993, and expanded with the World Bank and other donors. It was perceived as a vehicle to strengthen the institutional capacities of the Ministry of Finance and modernize fiscal administration, which were severely diminished as a result of the civil war (1975-1991). MOF staff were trained to use new technologies and to deal with more complex issues. The Leb/92/017 project exerted also an extensive effort to help the Ministry of Finance to upgrade and modify existing structures in the three main sectors of cadastre, customs, and fiscal reform. The launch of Leb/92/017 and its first few years coincided with the period of reconstruction in Lebanon.

In the meantime, the country was also being rebuilt, its human capital revitalized and its physical infrastructure restored. During the past ten years, the challenges were daunting while external support did not match. Even though the effort to rein-in the growth in non-interest expenditure and to raise revenues was commendable (revenues quadrupled between 1992 and 2001), spending on debt service rampantly rose by eight times. As a result, Lebanon had to rely on its own financing means; a vicious circle ensued driving the debt stock to around 170% of GDP by end 2001 and the debt service to nearly match revenues.

By 2002, and commensurate with implementing a strong fiscal adjustment, Lebanon's economy required international backing in order to complement its adjustment program and to resume its path of economic growth. The Paris II international conference convened in support of the Lebanese Government's economic reform program. More than the equivalent of USD 4.3 billion of unconditional funding was promised based on the medium-term economic program presented during that conference. First and foremost, the program hinges on fiscal adjustment and reform to complement the decrease in debt service resulting from debt replacement of high-cost financing with promised softer terms. The introduction of new revenue measures and the streamlining and reduction of expenditures play center-stage in order to decrease the fiscal deficit from around 17% of GDP in 2001 to 5% in 2007, and turn the primary balance from almost neutral to a 9% of GDP surplus. Most importantly, these measures will help reverse the debt dynamics and lower the debt to GDP to 133% in 2007.

During the last decade, UNDP project Leb 92/017, had a critical role to play in the process of rebuilding the infrastructure of the Ministry of Finance, after the long civil war, and restoring its capacity to fulfill its mandate. This mandate consists of several levels of functions:

- 1- On a policy level, the Ministry of Finance is charged with the responsibility to formulate and implement the Government's fiscal agenda and is a central player in the development and implementation of the economic policy;
- 2- On the Service Delivery level, MOF is in charge of delivering several services to the public as well as to other public administrations through its many directorates including: General Directorate of finance, General Directorate of

Customs, and Directorate of Land Registration & Cadastre; in addition to several specialized functions, managed through specialized directorate like the Directorate of Lottery; and the Tobacco company (Regie du Tabac et Tombac).

- 3- On an advisory and monitoring level, the Ministry of Finance is in charge of: monitoring expenditure programs of all ministries yearly; managing public debt and treasury operations of the Central Government; supervising and controlling finances of public enterprises; and, establishing the annual accounts for the Central government.

In response to this complexity of roles and functions, Leb/92/017 structure and scope relied on a new model of project management, different from the classical donor-recipient model: a partnership between the donors and the recipient. This partnership has allowed both parties to develop a long term working relation based on a shared vision for reform, and has provided a feed back mechanism to both parties on best practices. The project structure that followed was a flexible structure, which allowed it to respond quickly to changing priorities and act as a catalyst for reform implementation. Hence it was possible to retain the much needed expertise in the areas of policy support, training and project management, to enact fundamental changes in MOF's policy formulation and service delivery apparatus. The structure for the new project should retain these elements, and build on them to achieve the projected outcome in the next period.

PART I-B. Project Strategy

One decade after the launch of Leb/92/017, the Ministry's capacities have been successfully restored, its services modernized, and its capacities to design and implement policies created. However, new challenges have emerged that require the evolution of the project to shepherd MOF through the medium-term requirements of the government's new economic programs. In sum, meeting the new post-Paris II requirements should be one of the new focuses of Leb/02/017.

The outcome of the new project will be to increase public revenues, rationalize expenditure and promote growth at the macro-level. The key output is to promote efficient and effective fiscal management in MOF. The strategy that will be applied by the project contains three main axes, notably:

1. Consolidate and mainstream fiscal reforms and institutional processes developed and achieved under Leb/92/017 through continued support, in the form of policy advice, technical assistance, capacity building, and aid coordination, through the transfer of sustainable capacities to MOF departments. Capacity building and reform of institutional processes are a major part of this mentioned axis.
2. Identify and implement a new generation of reforms that meet the challenges of the economic and fiscal situations of the country, the MOF vision for the 21st Century. This will involve restructuring key MOF directorates and departments with the aim of enhancing efficiency, and fiscal management.

3. Responding to the Post Paris II Agenda: This third axis of the new project includes functions related to the implementation of the government's economic program, conceived and presented in the Paris II conference, and designed to meet that challenges of restoring Lebanon's economic status to a sound grounds, fiscally and economically.

1. Consolidation of achieved fiscal reforms and institutional processes under Leb/92/017

A decade later, the MOF resumed its lead role in the formulation and implementation of the country's fiscal policy. Key achievements during the life of Leb/92/017, listed below, need to be institutionalized and consolidated to ensure the ability of MOF to build on them for the next phase of reforms. These are:

1. Providing the MOF with policy advise and technical support on various economic and public finance issues, as well as extending support during budget preparation, the development of medium term policy frameworks, etc.
2. Developing and implementing various modernization projects within the various departments of the Ministry of Finance (Customs, Budget, Tax Administration, Cadastre and Land Registry, Debt Management, etc.). These projects constitute pioneering efforts and operations towards e-government;
3. Developing and introducing various fiscal and financial reforms and measures for revenue mobilization, expenditure rationalization, treasury and debt management;
4. Introducing change management and improving the structure and the organization of the Ministry of Finance, in order to pave the way for sustainability;
5. Managing and coordinating the MOF relationship with multilateral and international institutions (IMF, World Bank, EU, AMF, UNCTAD, etc.), as well as with rating agencies and research institutions locally and internationally.
6. Mobilizing technical and financial assistance and coordinating donor programs in MOF from several international and bilateral organizations (UNDP, IMF, WB, EU, UNCTAD, AMF, CIDA, AFSED, USAID, etc.);
7. Supporting MOF role and functions in raising and managing external borrowing through the markets (Eurobonds, Securitization, etc.) and international institutions.
8. Introducing measures in MOF to improve transparency and to collect, consolidate, and disseminate fiscal data and information (Websites for MOF and Customs, publications, budget reports, statistical reports, workshops, conferences, etc.);
9. Providing legal support for the MOF in the development and negotiation of bi-lateral agreements (investment promotion and avoidance of double taxation) and issues related to international agreements and other legal issues;

2. A New Generation of Reforms

The role of the UNDP extension is based on critical need for initiating, implementing and shepherding specific reforms aimed at improvements in concrete government products and services. We refer to this role as Stewardship. This implies a leadership role in the next generation of reforms; based on the various modernization projects introduced in the last decade, to enable MOF to continue its metamorphosis in order to play fully its role, and to lead the way into modernization and administrative development and to set an example that other government agencies could emulate. The Leb/92/017 had already identified with the Ministry target areas for reforms and improvements, and new procedures to introduce. The Leb/92/017 will work with the MOF to develop a comprehensive program to modernize the structure of the Ministry and to introduce modern tools and functions, from which a new form will flow. The new functions need to be scoped, personnel trained, them institutionalized within the Ministry's revised structure.

3. Responding to Post Paris II Agenda

Many sub-components fall under this topic. Some of which would have to be defined along the way, designed to respond to these challenges. The ambitious Agenda set by the government in its economic reform program, to address fiscal issues to reduce debt, and put the economy on a sustainable growth path. These include the introduction of new fiscal and economic reforms (comprehensive income tax, active debt management, pension reform, expenditure rationalization, etc.), the modernization of various functions and departments at MOF (inland tax administration, Treasury and debt functions, reseach and statistics functions, etc.), strengthening the dialogue with international institutions (liaison with IMF, WB, other international institutions, countires who in Paris II conference, etc.) advising the government on further means to encourage growth and enhance sound fiscal policy implementation. The role of the project is to support the Ministry of Finance in addressing all these challenges.

Part II: PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Results Framework:</p> <ol style="list-style-type: none"> 1- Augment reforms completed through le92/017 to ensure improved efficiency, accountability and transparency in the civil services, 2- Launch new services that respond to role of Ministry of Finance in 21st century 3- Launch new reform initiatives to enhance revenue and respond to five year plan (post Paris II)
<p>Outcome indicator: Proportion of wages and salaries in recurrent expenditures streamlined (% reduction of wages/national budget)</p>
<p>Applicable Strategic Area of Support (from SRF) and TTF Service Line (if applicable): Civil Service Effectiveness and Accountability</p>
<p>Partnership Strategy:</p> <p><i>The partnership mechanisms will include collaborative activities including sectoral/programme linkages, crosscutting activities, seminars, media events, and other activities to mainstream reforms to the public (G-G-C). These partnerships will serve as the basis for implementing relevant UNDAF goals and objectives.</i></p> <ul style="list-style-type: none"> - UNDP will play the role of identifying crosscutting issues, facilitate and reinforce the partnerships, in addition to providing them with advisory and implementation services. - The primary partner is the Ministry of Finance, who is also the principal beneficiary of UNDP assistance in this project. The Ministry will lead the activities and policy-making efforts in the project, ensure the availability of funding resources for the sustainability of the project and its outputs, and collaborate with concerned sectoral ministries towards achieving the common outcome. - Other concerned government bodies include the Office of the Minister of State for Administrative Reform (OMSAR), the Ministry of Economy and Trade, the Ministry of Social Affairs, the Ministry of Environment, the Prime Minister's Aid Coordination Cell, the Council for Development and Reconstruction, and other Line Ministries. Concerned donors include the European Union, the World Bank. They contribute through active participation in group discussion (facilitated by project and/or UNDP) and collaborative exchange between themselves through the UNDP respective projects. The government partners are responsible for proposing the policy issues for approval to the higher authorities in the country, in addition to providing the general public with information through public events and media coverage. - The donors as partners contribute through funding support, resource persons, assignment of a focal for the portfolio. They will participate in joint sponsoring, planning and implementation of activities, and joint presentations of results of assistance to the Government in this sector

Project title and number: Capacity Development for Fiscal Reform & Management				
Intended Outputs	Output Targets for (years)	Indicative Activities	Inputs	
1. Consolidation of achieved fiscal reforms and institutional processes under Leb/92/017				
1.1- <u>Customs</u> : Extending of reform and automation projects implementation to cover all offices of customs across the country	2003	<p>1.1.1 <u>Mainstreaming of NAJM system across customs offices in the country</u></p> <p>1.1.2 <u>Providing resources & support to complete implementation of UNCTAD's latest version of the Automated System (ASYCUDA ++)</u> in Lebanon.</p> <p>1.1.3 <u>Documentation of Best Practices & development of procedures manuals for NAJM, NOUR, LITE.</u></p> <p>1.1.4 <u>Enhance connectivity among the administrative headquarters, using internet/mail and intranet, to boost efficiency of customs.</u></p>	NAJM Project Manager	
		<p>1.2.1- <u>Technical & Policy advice to support VAT department in mainstreaming of procedures</u></p> <p>1.2.2- <u>Documentation of VAT Procedures and translation into Arabic, and production of manuals</u></p>	Project Director	
	1.2- <u>Value Added Tax Project (VAT)</u> : Support the institutionalization of the VAT		<p>1.3.1- <u>TA for organizing and developing the new DLRC/IT department in charge of managing systems in all Registries & Cadastre Offices</u></p>	
	1.3- <u>Department of Land Registration & Cadastre (DLRC)</u> : Completion of Implementation of COMAP 1 & 2, and supporting			

DLRC capacity for managing new systems.		<p>1.3.2- <u>Training of Employees in remaining Registries (4) and Cadastre offices (6)</u></p> <p>1.3.3- <u>Translation/Documentation of procedures manuals for system administration & security maintenance</u></p>	
<p>1.4- <u>Augmenting various reforms at the Directorate General of Finance to support Budget strategy and Budget reform through various capacity building initiatives to ensure sustainability of reforms and transferring of knowledge</u></p>		<p>1.4.1- <u>Mainstreaming of procedures for budget implementation and expenditure management within the MOF</u></p> <p>1.4.2- <u>Transferring the preparation of the Budget report to the Budget Department</u></p> <p>1.4.3- <u>Completing the on-going modernization of Payment Systems</u></p> <p>1.4.4- <u>Institutionalizing and providing advisory services for the function of drafting, negotiating, and implementing tax conventions and double taxation agreements</u></p>	Project Director and Project staff
<p>1.5- <u>Enhancing the research and analysis capacity at MOF and institutionalization of these functions</u></p>	2002-2005	<p>1.5.1. <u>Developing & documenting procedures for research and reporting of fiscal information, and preparing their transfer to the Ministry of Finance</u></p> <p>1.5.2. <u>Designing and producing information and publication tools such as (a) the Monthly, Quarterly, and Yearly bulletins, (b) the monthly statistical reports; to be produced by MOF staff;</u></p> <p>1.5.3. <u>Develop MOF website, to include analysis on public finance, economic & legal issues, and budget reporting;</u></p> <p>1.5.4. <u>Developing and implementing internal</u></p>	<p>Project team</p> <p>Publication, printing</p> <p>Conference logistics, papers, simultaneous translation,</p> <p>Sub-contract - ICT systems for increased connectivity and wider dissemination</p>

<p>1.6- Providing policy advise, economic, and legal support to the Ministry reform efforts</p>	<p>Continuous</p>	<p><u>information & reporting mechanism to support fiscal decision-making</u> <u>Implementing the GDDS standards (project on data dissemination standards by the IMF) in collection, management and dissemination of fiscal data</u></p>	<p>Project staff</p>
<p>1.6.1 Performing continuous analysis of expenditures and revenues and advising on the possibility and effect of potential new measures</p> <p>1.6.2 Building (and institutionalizing) a new treasury tracking model to improve budget monitoring, policy formulation, and increase transparency</p> <p>1.6.3 Designing a cash flow model for debt and debt service which is also used for projections, to monitor the largest expenditures and project debt & debt service in short and medium terms</p> <p>1.6.4 Assisting MOF in developing & negotiating international agreements (investment promotion and avoidance of double taxation)</p> <p>1.6.5 Providing legal support for MOF policy formulation and compliance with international agreements on money laundering, fighting corruption</p> <p>1.6.6 Providing legal advise to bring MOF laws and regulations in line with the WTO rules.</p>			

<p>1.7- <u>Strengthening the dialogue with the international community, and the international institutions: IMF, WB, AMF, EU, etc., as well as with various countries.</u></p>		<p>1.7.1- <u>Liaison with the IMF in the context of a) Article IV: provide updates on the fiscal situation & coordinating visits; and, b) Fiscal Affairs Department: managing technical assistance missions. Liaison with the World Bank on a) portfolio review, monitoring and assessment; and, b) coordinate debt & macroeconomic technical assistance missions.</u></p> <p>1.7.2- <u>Liaison with the World Bank on a) portfolio review, monitoring and assessment; and, b) coordinate debt & macroeconomic technical assistance missions.</u></p> <p>1.7.3- <u>Coordinate implementation of the EU association agreement within MOF</u></p> <p>1.7.4- <u>Liaison with the rating agencies: provide economic updates, coordinate visits, & review reports</u></p>	<p>1.8- <u>Strengthening the function of fund mobilization of MOF and the financing on the international capital markets.</u></p>	<p>1.8.1 <u>Issuing Eurobonds, including structuring the bonds, economic and legal documentation, managing bond issue, marketing bonds, and providing client services</u></p> <p>1.8.2 <u>Launching the inaugural securitization transaction and coordinating the design of the transaction structure</u></p> <p>1.8.3 <u>Coordinating the relationship with investment banks and providing MOF with recent updates on the development of capital markets</u></p>	
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<p>1.7 - Strengthening the dialogue with the international community and the international institutions: IMF, WB, AMF, EU, etc., as well as with various countries.</p>		<p>1.7.1 - Liaison with the IMF in the context of a) <u>Article IV</u>: provide updates on the fiscal situation & coordinating visits; and, b) <u>Fiscal Affairs Department</u>: managing technical assistance missions.</p> <p>1.7.2- <u>Liaison with the World Bank on a) portfolio review, monitoring and assessment; and, b) coordinate debt & macroeconomic technical assistance missions.</u></p> <p>1.7.3- <u>Coordinate implementation of the EU association agreement within MOF</u></p> <p>1.7.4- <u>Liaison with the rating agencies: provide economic updates, coordinate visits, & review reports</u></p>	<p>Liaison with the IMF in the context of a) <u>Article IV</u>: provide updates on the fiscal situation & coordinating visits; and, b) <u>Fiscal Affairs Department</u>: managing technical assistance missions.</p> <p><u>Liaison with the World Bank on a) portfolio review, monitoring and assessment; and, b) coordinate debt & macroeconomic technical assistance missions.</u></p> <p><u>Coordinate implementation of the EU association agreement within MOF</u></p> <p><u>Liaison with the rating agencies: provide economic updates, coordinate visits, & review reports</u></p>
<p>1.8 - Strengthening the function of fund mobilization of MOF and the financing on the international capital markets.</p>		<p>1.8.1 <u>Issuing Eurobonds, including structuring the bonds, economic and legal documentation, managing bond issue, marketing bonds, and providing client services</u></p> <p>1.8.2 <u>Launching the inaugural securitization transaction and coordinating the design of the transaction structure</u></p> <p>1.8.3 <u>Coordinating the relationship with investment banks and providing MOF with recent updates on the development of capital markets</u></p>	<p>Issuing Eurobonds, including structuring the bonds, economic and legal documentation, managing bond issue, marketing bonds, and providing client services</p> <p>Launching the inaugural securitization transaction and coordinating the design of the transaction structure</p> <p>Coordinating the relationship with investment banks and providing MOF with recent updates on the development of capital markets</p>

2. A New Generation of Reforms		
<p>2.1- Customs: Expand the capacity of systems developed under Najm Nour, etc. to incorporate more remote-based services in line with MOF effort to move towards e-government implementation</p>	<p>2.1.1- Introducing a new data processing system into the Customs clearance process for faster clearance.</p> <p>2.1.2- Designing and implementing a reporting mechanism to produce and disseminate up-to-date accurate information on trade in goods.</p> <p>2.1.3- Improving the effectiveness of the Direct Trader Input (DTI) facility: providing information links to the trading community & Transit Control.</p> <p>2.1.4- Improving client connectivity products: using NAJM On-line to implement new functions and services to the private sector.</p> <p>2.1.5- Developing Post Clearance Controls to Improve customs control efficiency through enhanced risk management policy.</p>	
<p>2.2- DLRC: Integrate COMAP-1 and COMAP-2, and expand pool of system and database users using remote access</p>	<p>2.2.1- Completing COMAP-3 which joins COMAP-1 and COMAP-2 into one database and allows processing of all real estate information in one system.</p> <p>2.2.2- Connecting all satellite offices of DLRC to center to allow for creation of one central repository of real estate information.</p> <p>2.2.3- Participating in legal reform initiative of</p>	

		<p><u>the government</u> to provide framework for remote access to data and remote transaction capacity.</p> <p>2.2.4- Designing and implementing remote public access to real estate data through internet.</p>	
<p>2.3- <u>Public Finance</u>: Designing a new set of administrative reforms that builds on Leb/92/017 reforms and carries them a step further through targeted interventions that would move MOF into the next millennium</p>		<p>2.3.1- <u>Supporting active debt management strategy through</u>: a) proposing new financing schemes; and, b) designing and implementing a debt sustainability model to construct scenarios and implement sensitivity analysis on exchange-rate and interest rate shocks;</p> <p>2.3.2- Support the modernization of the tax administration of the MOF, through: a) the modernization of the administration of taxes on salaries and wages (DASS); b) the establishment of a large taxpayers unit (LTU); and, c) the development of a master plan for tax administration modernization;</p> <p>2.3.3- Launching the project to reform the pension system of public sector employees, through: a) actuarial study, b) adjustment of the legal framework for public sector pension system; and, c) restructuring MOF Pension Department</p> <p>2.3.4- <u>Launching the Municipal Finance Project</u> to modernize municipal finance and intergovernmental fiscal relationships, including studies on</p>	

		<p>revenue mobilization, expenditure management, project finance for local government, intergovernmental financial relationships, etc.</p> <p>2.3.5- Providing <u>legal support for implementation of the Euro-Med association agreement, and WTO Agreement</u></p> <p>2.3.6- Providing <u>legal support for new projects procurement within MOF</u></p>	
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3. Responding to Post Paris II Challenges			
3.1- <u>Policy Advise</u> on the design and implementation of a new generation of fiscal reforms, in line with Paris II, in the areas of treasury, tax reforms, and expenditure management	2003	<p>3.1.1- <u>Updating regularly the medium-term macroeconomic policy framework for the government's economic policy</u></p> <p>3.1.2- <u>Developing suggestions on revenue mobilization, expenditure rationalization, macroeconomic issues</u></p> <p>3.1.3- <u>Developing and publishing working papers on various public finance issues</u></p> <p>3.1.4- <u>Organizing conferences and meetings, to discuss and debate various policy priorities</u></p>	International Consultants National Consultants Project Director and Team Inter-agency coordination facilitator
3.2- <u>Support MOF in building capacity</u> for modern debt and treasury management, and increase efficiency and effectiveness	2003-2005	<p>3.2.1- <u>Continuing Eurobond issuance, including the refinancing of existing bonds</u></p> <p>3.2.2- <u>Completing the Tobacco Securitization transaction</u></p> <p>3.2.3- <u>Launching the Telecommunication sector securitization process.</u></p> <p>3.2.4- <u>Outlining the overall strategy to improve debt management</u></p> <p>3.2.5- <u>Modernize the debt management unit, and train unit core staff on new strategies & efficient application</u></p> <p>3.2.6- <u>Providing assessment of needs & on-the-job training of core treasury department staff by project team</u></p>	International Consultants Survey and policy papers by project director and team Sub-contract National consultant Project staff
3.3- <u>Reinforce MOF capacity for design and implementation of tax</u>	2003-2005	3.3.1 <u>Creating a working group to reform income tax system</u>	

<p><u>reforms</u>, expenditure management accountability, and monitoring</p>		<p>3.3.2 Preparing a project document for <u>GPII for 2003</u> 3.3.3 Developing a public expenditure management strategy through a sectoral Matrix with a work programme</p>	
<p>3.4- Develop a program for Donor Coordination to mobilize additional support to Government of Lebanon and MOF initiatives</p>	<p>2002-2005</p>	<p>3.4.1- Liaison with the IMF & coordinate new quarterly visits planned post Paris II 3.4.2- Provide lead-management, policy advice and financial management support to donor programs to ensure synergies between project and achievement of expected outcomes 3.4.3- Progress reporting, participate in review missions and negotiations</p>	<p>Parallel input from international institutions and bilateral Project Director Project Manager of Cadastre and Customs projects Project accountant</p>
<p>3.5- <u>MOF-wide initiatives</u>: Improving quality of services to citizens building on automation projects completed so far, and using new technologies to introduce new services</p>	<p>2003-2004</p>	<p>3.5.1- Designing & implementing incentive training programs 3.5.2- <u>Assessing MOF service delivery systems</u> in all directorates. 3.5.3- Developing a strategic plan for promoting service oriented mechanisms, including possibility of one-stop-shopping in all Directorates 3.5.4- Developing structure of a <u>new Information Systems unit</u> in the Ministry to support existing systems and future automation and integration initiatives.</p>	<p>Sub-contract Project Manager</p>

PART III - MANAGEMENT ARRANGEMENTS

The Ministry of Finance is designated as the National Executing Agency for this project on behalf of the Government of Lebanon. The Executing Agency will be responsible for managing the project and will provide overall support to enable it to achieve its intended outputs and results. The Executing Agency will thus be accountable to UNDP for all resources allocated by the latter, whether their source is UNDP or cost sharing. This accountability calls for very concrete capacities in the administrative, technical and financial spheres.

The UNDP National Execution modality will prevail, with the support of the UNDP country office. In addition to regular technical backstopping and monitoring activities regularly provided, the UNDP Country Office shall provide the Executing Agency with support services for the execution of the programme. This will ensure that technical and substantive expertise is available to the Programme for coordination, recruitment, procurement and contracting. (*See Annex 1: Standard Letter of Agreement between UNDP and the Government for the Provision of Support Services*). Thus, UNDP Country Office will provide the following services:

- Administrative services including the identification and recruitment of project personnel (BL 13 and BL 17),
- Identification and facilitation of training (BL 31-33) and official travel (BL 15),
- Procurement of goods and services (BL. 20 - 23 and BL 45) and the provision of miscellaneous expenses (BL 53)
- Access to UNDP regional and global networks assistance in reporting assistance in resource mobilization through the modality of Direct Payment Orders made by the Executing Agency.

All services shall be provided in accordance with UNDP procedures, rules and regulations. The Government, through its designated executing agency, shall retain overall responsibility for the execution of the project and shall be responsible for and bound by any contracts signed by the UNDP Resident Representative, on behalf of the Executing Agency and upon its request, for the procurement of goods and services and /or recruitment of personnel for the programme. Costs incurred by UNDP Country Office for providing the above described support services will be partly recovered from the Programme budget. If needed, and in full consultation with the Government, Cooperating Agencies might be requested to implement specific activities; in such case, a formal letter of agreement between the concerned agency and the implementing agency or official counterpart will be elaborated.

Project Management

The project team will include a Project Director designated and a light management structure to provide Technical Assistance and follow-up on project implementation. The Project Director, under the direct supervision of MOF and UNDP will be responsible for advising the Minister of Finance and UNDP on substantive and strategic issues. And manage the day-to day execution of project objectives and activities, including the supervision of project staff and consultants. The Project

Director will ensure that the project execution is in line with UNDP's regulations for project monitoring, reporting and evaluation.

The project will contain Project Managers of various key components or towards the management of related donor projects in the given domain, as has been the case in the previous project with respect to the NAJM and COMAP project. Project staff consists of junior and senior professionals as well as support staff and an accountant.

This project will be subject to joint Tripartite Review by representatives of the Government, implementing agencies, UNDP and other donors at least once every 12 months. The Project Director will prepare annual progress reports and workplans and other reports as required by UNDP rules and regulations. The project shall be subject to independent evaluation according to UNDP's standard evaluation procedures, if required. The organization, terms of reference and timing of such evaluation will be decided after consultation between the Government and UNDP.

PART IV - LEGAL CONTEXT

This project document shall be the instrument referred to as "Project Documents or other instruments" in Article 1 of the Standard Basic Assistance Agreement between the Government of Lebanon and the United Nations Development Programme, signed by the parties on 10 February 1986. The host-country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government cooperating agency described in that Agreement.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objection to the proposed changes:

1. Revisions in, or addition of, any of the annexes of the project document;
2. Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
3. Mandatory annual revisions, which rephrase the delivery of, agreed project inputs or reflect increased expert or other costs due to inflation, or take into account cooperating agency expenditure flexibility.

BUDGET

Check attached sheet for Budget.