

Project Document Format

United Nations Development Programme

Country: LEBANON

Project Document

Project Title: Technical Assistance for Fiscal Management and Reform

UNDAF Outcome(s): 1. Effective and accountable governance of state institutions and government administrations is improved

Expected CP Outcome(s): 1.1 Performance of public institutions enhanced; and, public administration modernized

Expected Output(s): 1. Policy development and coordination successfully implemented
2. Capacity for improved public finance management successfully developed

Implementing partner: Ministry of Finance

Responsible Parties: United Nations Development Programme

Brief Description

The present project aims to build on the achievements of LEB 00013397 Capacity Development for Fiscal Reform and Management. The project will support the realization of the objectives of public finance policy and the reform initiatives of the MoF. The project will have two specific outcomes and each outcome will have a number of specific outputs.

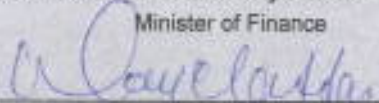
The Project will support the Ministry through policy advisory and technical support and through the subsequent phases of preparation, implementation and monitoring of the reform plan. It will consist of a team of specialists, mainly economists, legal advisors, and IT, project planning and implementation specialists. This team will ensure a more efficient achievement of the policy objectives and reform programme and projects of the MoF. The Project will support the Ministry for a period of three years and will be implemented according to the *Policy Advisory and Support Unit* modality, which is grounded in multi-year planning and funding and assembles highly qualified professionals organized in high-performance teams, which over the years has demonstrated the achievement of salient value added in terms of:

- Providing policy advice, including coordination and consensus building on national policies;
- Preparing and implementing reform projects, including through best practice and their replication, and accompanying assistance from other providers by providing a platform for action and a bridge and linkage with the administration
- Enhancing existing capacities in the administration, such as effective communication and negotiations with foreign parties, legal support in terms of international parties and agreements ...;
- Providing for missing capacity and building new capacity, such as for essential functions of the public administration which do not exist or cannot be fulfilled in the absence of deep administrative reform, e.g. policy analysis and coordination, process re-engineering; highly specialized functions such as debt management; consolidation and harmonization of data, including quality assurance; promoting of the international development agenda;
- Resource mobilization and coordination of both financial assistance and technical assistance to MoF;

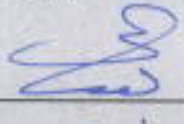
Programme Period:	2011-2013
Atlas Award ID:	
Project ID:	00077489
Start date:	1/ February /2011
End Date	31/january/2014
PAC Meeting Date	14/January/2011
Management Arrangements	Support to NIM

Total Mobilized budget	\$8,109,400
o Government	\$8,109,400
Net for activities:	\$ 7,723,238
GMS at 5%	\$ 386,162

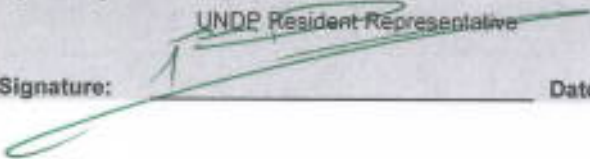
Agreed by Government: H.E. Mrs. Raya Haffar
Minister of Finance

Signature:  Date: 12/1/2011

Agreed by CDR: Eng. Nabil El-Jisr
President

Signature:  Date: _____

Agreed by UNDP:
~~UNDP Resident Representative~~

Signature:  Date: 12/1/2011

List of Abbreviations

APR	Annual Project Report
CDR	Council for Development and Reconstruction
EU	European Union
GoL	Government of Lebanon
IMF	International Monetary Fund
IoF	Institute of Finance
LCA	Lebanese Customs Administration
METAC	Middle East Technical Assistance Centre, IMF
MoF	Ministry of Finance
MTEF	Medium-Term Expenditure Framework
PFM	Public Financial Management
QPR	Quarterly Project Review
TPR	Tripartite Review
UNDP	United Nations Development Programme
WB	World Bank

I. SITUATION ANALYSIS

National context

In the past years the international conferences in support of Lebanon (known as Paris I – III), along with government policy statements, provided the frameworks for recovery and development of the country. The Paris III International Conference (January 2007) endorsed a government reform programme with strong, phased fiscal adjustment as a major pillar that aimed at increasing the primary surplus through streamlining expenditures, including through reducing waste and reform of state-owned enterprises, and raising revenues in ways that minimize the impact on the poor. Successful action in this regard would contribute to placing the large debt on a downward trajectory towards sustainability, a prerequisite for achieving the objectives of the reform programme.

The Ministerial Statement of November of 2009 reaffirmed the government commitment to pursue the economic reform program presented at Paris III, while maintaining financial and monetary stability, and outlined the following lines of action including enhancing sustainable growth; undertaking privatization; improving the business environment; creating employment; developing trade; modernizing the administration; and, fighting corruption. Government intentions in the area of public finance were stated as the modernization of the taxation system and ensuring its equity and efficiency; the improvement of the income tax law by unifying the tax brackets, rates and tax exemptions schemes, and introducing gender equality in tax deductions; the amendment of the VAT law to close loopholes; the unification of property valuation between municipalities and the different administrations; the enhancement of taxpayers' services by working on the simplification of processes and reducing the time required to complete a transaction at the Ministry of Finance through better automation, and by implementing e-filing and e-payment; the completion of the registration of all land lots in the Cadastre; the reform of the budget preparation and execution; and, the issuance of the implementation decree of the law establishing the Public Debt Department.

In line with the ministerial statement, the budget proposals of 2010 (and 2011) aim to translate the favorable economic conditions into real and sustainable development by re-activating the momentum of reform and addressing economic inefficiencies of the Lebanese system. The 2010 budget proposal addresses these objectives while maintaining prudent fiscal management. A main focus of the 2010 Budget proposal is increased public investment by two-fold, in particular in the electricity sector, water sector and road maintenance. Budget allocations for the social sector, mainly health and education, are also increasing.

Project history and achievements

Within this context, UNDP provided technical assistance for Capacity Development for Fiscal Reform and Management at the Ministry of Finance (LEB 00013397). In the 2003-10 period, salient achievements were made towards effective and efficient fiscal management in terms of policy initiatives responding to the economic agenda of the Paris III reform programme, on the one hand, and improved efficiency, transparency and accountability of the civil service and the establishment of new services that respond to the role of a service-oriented Ministry of Finance (MoF), on the other. Salient achievements made in the last extension covering 2008-10 period are indicated below.

Macro-economic and fiscal advice and support

A strong, dedicated policy advisory team was built to support policy and decision making in the economic and macro-fiscal areas, especially in the context of budget preparation, policy initiatives and decisions, major exogenous shocks, and as well accompanying the preparation and follow-up of international conferences such as Paris III and programmes such as IMF EPCA. The policy advisory team provided economic analysis and advisory support in terms of policy notes and reports relating to revenue measures, such as an assessment of the proposed tax policies for budget 2010 and quantification of revenue measures. (January 2010); expenditure measures, such as substantial financial assessment of public services and subsidies and their beneficiaries to benchmark the coverage (2008); assessment of the impact of changes in international oil prices on budget and public finances (EDL deficit financing); and, monitoring in detail of treasury transfers to EDL for 2008, 2009, 2010, projected and actual, letters of credit and debt contracted. Public expenditure statistics were constructed based on the economic classification to provide a solid basis for public policy analysis. The policy advisory team also produced policy notes and reports relating to interest rates, debt, and pre-funding, such as the link between decreases in interest rates and pre-funding levels, September 2009 and March 2010; financing requirements for each budget in the context of the budget presentation; and, a detailed report on debt overview 2001-09 for presentation to the Council of Ministers.

The policy advisory team as well provided general fiscal and economic policy advice, such as in the context of mitigating the impact of inflation on poor households, the formulation of a proposal of six social policy options and their assessment on the Treasury (2008); and leading MoF efforts on the Sustainable Energy Strategy, initiated by MoU with UNDP in 2008, in terms of requesting and evaluating fiscal incentives and proposals for energy efficiency and renewable energy, and providing feedback on draft laws and policies

Also, the policy advisory team constantly updated the medium-term macro-economic fiscal framework as basis for the annual budget preparation and budget circular (for providing broad ceilings and guidance to line ministries in submitting their budget request to MOF); measuring the fiscal impact of certain reform measures, such as the impact of the 2008 wage increase; and, assessing the impact of exogenous variables, such as a hike in fuel prices, the financial crisis and the world economic slowdown on Lebanon public finances. Within this context, debt sustainability scenarios were prepared based on a set of underlying macro-assumptions, based on revenue enhancing options, expenditure and EDL projections. Technical support was provided to the Budget Directorate in preparing the annual Budget Circular.

To gauge the fiscal impact of the EDL reform plan, follow-up was undertaken with the Ministry of Energy and Water, notably concerning tariff reform, natural gas supply and negotiation of fuel supply contracts, capacity development, etc.

Enhancing MoF's transparency and the research and analysis capacity at MoF

The policy advisory team vigorously pursued improved transparency by the MoF to citizens, investors, decision-makers and, especially, taxpayers through preparation of ten regular publications and of reports on fiscal-related issues and their dissemination, mostly through the ministry's website, interactive mailing list and in hard copies. The project successfully undertook the regular publications programme, which contributed to increased transparency of public financial management and included: Monthly Public Finance Monitor (since 2004); Quarterly Public Finance Review (since 2001); Annual Public Finance Review (since 2001); Quarterly Debt and Debt Market Report (since QII 2007); Annual Budget Brief (since 1997); "Transfers to EDL: A Monthly Snapshot" (since December 2009), and a one-time report entitled "EDL: A Fiscal perspective 2001-2009" (March 2010); Paris III Progress Reports (quarterly; since 2007); and, Monthly Aid Coordination Newsletter (issue 34, September 2010). To further capacity development, the project continuously coached the administration on analytical reporting. The project also strongly supported the National Network for the Right of Access to Information. The project further supported the maintenance and update of the Ministry of Finance website and was the main contributor in preparing a new user-friendly portal for MOF, from design to readiness to be launched.

Implementing debt management reform and international capital markets' issuance

The policy advisory team performed the debt management front office and middle office functions and supported the back office function. It performed all the bond issuances on the international capital markets following Paris III, and strengthened and developed investor relations (foreign investor participation reached 30 percent in the last Eurobond issuance) through improved quality of statistics and reporting, including the introduction of a specialized quarterly Debt and Debt Markets Report, and regular meetings and conference calls with foreign investors. The project effectively coordinated with and updated the four rating agencies. Capacity building for debt execution transactions within the Debt Department provided the staff with a general overview on the steps for executing the Eurobonds and subsequently involved them in the process. The project prepared annual funding plans (since 2002) and drafted first formal Medium-term debt management strategy (March 2010). The project also proposed new instruments (new LL medium-term note) and reform measures regarding the LL T-bills auction process, which led to change in the auction schedule in July 2009. Support for the back office function included improved reporting on foreign currency and LL currency debt. The project provided advisory support on the decree to create a modern public debt department and on the decree to establish the Higher Debt Council.

Legal advice and support

A national network of agreements for the reciprocal promotion and protection of investments and conventions for the avoidance of double taxation and the prevention of fiscal evasion was established. An investment agreement was negotiated with 63 countries, of which five agreements or amending protocols were concluded between 2008 and 2010 and, in collaboration with the Revenue Directorate, a tax convention was negotiated with 49 countries, of which five conventions or amending protocols were concluded between 2008 and 2010. The bilateral agreements were promoted through information sharing and outreach, including publication of several articles and organization of awareness-raising fora.

Bilateral and multilateral agreements to be signed by Lebanon, to be reviewed and discussed in Council of Ministers' meetings, were reviewed – a monthly average of twenty agreements. In this context, a matrix including all tax exemptions mentioned in the Lebanese legislation was prepared (May 2010). A Protocol for a mediation and arbitration mechanism to settle trade disputes under the Lebanon – EU Association Agreement was negotiated with the EU and finalized in 2009. Memoranda of understanding, loans and grants with international and multilateral organizations and bilateral entities reviewed, negotiated and followed-up with respect to their effectiveness. Contracts signed between the Ministry of Finance and providers were reviewed, negotiated and executed. Advice and assistance were provided to the Ministry of Finance in drafting, presenting and discussing proposed laws at Parliamentary Committees and as well, a number of financial laws submitted by the Banque du Liban.

Maintaining and strengthening the effectiveness of the relation and dialogue with multilateral, international and bilateral agencies, and supporting MoF in donor coordination

Successful support was provided to resource mobilization in follow-up of Paris III: 78 percent (\$5.9 billion) of total pledges were committed in writing and 50 percent (\$3.7 billion) of pledges was disbursed as of end 2009. In particular, advice and follow up were provided for mobilization of budget support, including for EPCA I and II, development policy loans with the World Bank, and multi-stage support from the US, France, EC, and AMF. Within the same context, successful monitoring and reporting on progress in reforms and aid mobilization was undertaken through quarterly progress reports and monthly newsletters, and mechanisms for donor coordination were established and managed, including internal coordination, and government-donor coordination through bi-annual core donor group meetings (Washington), quarterly donor briefings, bilateral meetings, and missions' support and follow-up.

Effective support was provided to manage the relationship of MoF with international, multilateral and bilateral organizations and agencies, notably portfolio monitoring and follow-up concerning EIB, WB (support for the preparation and approval of the Country Partnership Strategy, approved September 2010), IMF (coordination of the Article IV missions), and IMF/METAC.

Coordination and monitoring of the MoF reform programme implementation and the mobilization of related financial and technical assistance was undertaken. Technical support was provided for negotiation and management of WB grants and in particular grants to social sector and to finance, especially EFMS preparation, approval and supervision; EC technical assistance (customs,

several; tax reform, several; public finance management reform); and various multilateral and bilateral actions and missions.

Taxation reform

A key element of the Tax Reform Program is the establishment of a modern tax system and an administration capable of effectively and efficiently managing taxes. This administration will ensure the delivery of modern and reliable services and targeted audit and enforcement activities while improving taxpayer compliance.

Much was done between the years 2003 and 2010 to improve the tax structure and collection. The tax reform programme was able to reach several goals despite the critical period of political turbulence and instability. Although the impact of the July 2006 war was devastating, the tax administration carried on collecting revenues and providing reliable services to taxpayers.

One of the project's major achievements was to enhance the effectiveness and transparency of the tax administration, through the partial reorganization of its structure: The creation of a separate unit within the revenue administration for the Deduction at Source of the Income Tax on Salaries (DASS), the creation of the Tax roll unit to manage and update all information related to the taxpayers' database, the establishment of the Large Taxpayers Office (LTO) to manage the large taxpayers according to modern international standards, the reorganization of the regional tax offices according to function-based structure and the creation of central departments to modernize the headquarter functions .

Moreover, the project was engaged in supporting the tax administration to provide high-quality services for taxpayers who were required to file exclusively by post and settle payments only through commercial banks and post, in addition to enabling them to process their transactions by post and receiving the result at specified address. In addition, an automated document tracking system for taxpayers' enquiries were implemented and due dates for all transactions were specified. A round-the-clock call center was launched. The MoF issued new tax guides and pamphlets informing taxpayers of their rights and obligations, and developed and distributed an innovative fiscal calendar. A continuously updated portal was created (to be launched). In recognition of the improvements of taxpayer services, the Ministry of Finance won the United Nations Public Service Award in 2007, category "Improving the Delivery of Services".

In addition, the Tax Administration in coordination with the IT Department designed and developed the first phase of the e-services (to be launched soon) that will constitute a major breakthrough for both the citizens and the administration, making it possible for all taxpayers to file and finalize their tax transactions through the web. The MoF prepared a targeted advertisement campaign focusing on the launching of the e-services and the new portal.

In the context of exchanging information with other government departments and agencies on a regular basis, a link was established between the Land Registry at Cadastre and the Built Property Tax databases and synchronization between the two information systems was finalized.

To improve compliance, a new audit strategy was put in place based on risk selection criteria, new audit techniques and procedures. In that respect, an exhaustive audit manual has been produced to have uniform audit process across the country. Moreover, steps were taken to entice voluntary taxpayer compliance.

As the proliferation of the procedures for the various taxes complicated the harmonious application of the tax laws to both the taxpayer and the administration, a new tax procedures code was ratified and implemented in 2009.

Cadastre

The project supported the capacity development of the Cadastre through the implementation of National Integrated Registry System at Cadastre and establishment of linkages with all other databases of MoF. The project achieved the Re-evaluation of the Nationality Correction Project

and established quality control on nationality registration. The project also supported the issuance of monthly statistical reports.

Customs reform

The UNDP played a significant role in the Customs Administration reform program, which was characterized by adoption of international customs standards, risk management, extensive use of technology, participation of private sector, and building of capacity within the administration. As of end 2010, the project achievements included the provision of International Trade Statistics on regular basis; an integrated Customs Tariff based on international standards (HS); adoption of international standard customs declaration form (SAD); implementation of an automated clearance system UNCTAD ASYCUDA configured for Lebanese environment (NAJM); adoption of simplified clearance process consistent with international norms; application of risk management principles in clearance (red lane/green lane) ; deployment of customs website; modernization of the customs law; establishment of an electronic service for remote interaction with trade community (NOOR); establishment of a common database of taxpayers with Ministry of Finance; deployment of automated systems for post clearance audit (NAR); establishment of a regional training center in collaboration with World Customs Organization; and, establishment of e-government links with Ministry of Economy, Port Authority of Beirut and Social Security.

Over the 1997-2009 period, the overall clearance time was reduced from five days to three days, and the "pure" customs inspection phase was most responsive to trade facilitation measures, mainly due to increase in "green lane" ratio from 10 percent to 70 percent (the duration of non-customs phases, which precede and follow the customs inspection phase, remained same or only declined slightly). Despite the considerable improvement of the ASYCUDA /NAJM process, the following shortcomings/gaps remain:

- The process contains non-automated and paper-based phase, which are not track-able or monitor-able such as governmental controls. This phase is counted as Customs phase, while in fact the declaration has not been submitted to Customs yet
- The process does not cover the release of cargo by Port Authority/Terminal operator and exchange of 'release' information between Customs and these parties is done on paper forms carried by declarant/trader
- The process is not optimal in terms of port logistics movement, because inspection is positioned in the mid section and precedes final payment and release.
- The payment of duty is done through cash or banker check at a specialized cashier department at ports or airport, which entails handling of large volumes of cash received as duty, which is deposited at the central bank daily.

In light of the above, a second round of reforms and modernization of the customs clearance process is planned (1) to consolidate the outcomes achieved in the initial phase (1997-2010), and (2) to trigger further optimization of the clearance process based on lessons learned, best-practice models in the region and advances made in technology and telecommunications. This second phase should maintain for LCA the delicate balance between trade facilitation and intelligent enforcement.

II. STRATEGY

The MoF has been engaged in strengthening public finance management and undertaking reforms in successive waves since the mid nineties and most recently since the Paris III international conference with a view to providing lead support towards the achievement of national objectives. UNDP will further support these efforts at the policy level and in terms of component reform programme implementation.

Rationale for UNDP assistance

The project directly relates to the UNDAF objective 1.2 Effective and accountable governance of state institutions and public administrations is improved by developing policy-making and management capacity for financial management and reform. Pursuing this objective, the project will contribute in an important way to overall government effectiveness and accountability. Indirectly, and within the context of the overall objective of reform to reduce regional inequalities and protect the most vulnerable segments of the population, the fiscal reform also contributes to achievement of the MDGs, namely the reduction of poverty.

The present project aims to build on the achievements of LEB 00013397 Capacity Development for Fiscal Reform and Management. The project will support the realization of the objectives of public finance policy and the reform initiatives of the MoF. The project will have two specific outcomes and each outcome will have a number of specific outputs, which strategy is briefly developed below. Whereas the project will provide sustained support to capacity development of MoF human resources, the objective is also to achieve institutional development and to exit, upon completion in the medium term, the customs and tax reform programmes.

The Project will support the Ministry through policy advisory and technical support and through the subsequent phases of preparation, implementation and monitoring of the reform plan. It will consist of a team of specialists, mainly economists, legal advisors, business reform specialists, tax advisors and IT, project planning and implementation specialists. This team will ensure a more efficient achievement of the policy objectives and reform programme and projects of the MoF. The Project will support the Ministry for a period of three years, starting 1 February 2011 through 31 January 2014..

The project will be implemented according to the *Policy Advisory and Support Unit* modality, which is grounded in multi-year planning and funding and assembles highly qualified professionals organized in high-performance teams, which over the years has demonstrated the achievement of salient value added in terms of:

- Providing policy advice, including coordination and consensus building on national policies;
- Preparing and implementing reform projects, including through best practice and their replication, and accompanying assistance from other providers by providing a platform for action and a bridge and linkage with the administration
- Enhancing existing capacities in the administration, such as effective communication and negotiations with foreign parties, legal support in terms of international parties and agreements ...;
- Providing for missing capacity and building new capacity, such as for essential functions of the public administration which do not exist or cannot be fulfilled in the absence of deep administrative reform, e.g. policy analysis and coordination, process re-engineering; highly specialized functions such as debt management; consolidation and harmonization of data, including quality assurance; promoting of the international development agenda;
- Resource mobilization and coordination of both financial assistance and technical assistance to MoF;

And by:

- Combining high flexibility with high efficiency and superior competencies;

- Knowledge transfer and acquisition based on global experience and local adaptation.

The Policy Advisory and Support Unit modality provides value-for-money as demonstrated in past project assistance. For instance, the UNDP project assistance resulted in improved policy-making and in increased transparency, which notably favorably impacted the perception of Lebanese public finance by the banking sector, international institutions and agencies, international investors, thereby enabling the negotiation of better financing conditions for loans and foreign currency issuances, and improved ratings for the sovereign. Also, increased efficiency of operations and of services provided to clients at the Tax and Customs Directorates favorably and largely impacted the fiscal performance. It was found that the benefit-cost ratio of the previous project (00013397) was highly positive.

Outcomes and key outputs

The broad areas of work that the UNDP has been engaged in at MoF will be further deployed during the project period with a view to achieving enhanced effective and efficient public finance management. Project funding will be geared to support for the dual focus of policy-making and reform implementation.

On the one hand, the policy function and strategic planning role of the Ministry will be strengthened and developed, including the crucial roles of information dissemination through publications and reports, and of dialogue and interaction with international institutions and other external parties and related resource mobilization. Policy support will be provided across all areas, including macro-economic and macro-fiscal policy, tax policy and expenditure policy, and debt management strategy.

On the other hand, support for reforms will focus on tax administration and management, including customs, and notably the restructuring of the revenue administration, including integration of the Revenue Department and the VAT Department along function-based lines and the introduction of head office function, the finalization and preparation for the implementation of the new income tax, revision of the VAT law based on a few years of implementation experience, revision of the Tax Procedure Law to strengthen and streamline processes and gap filling, tax administration systems re-engineering, capacity building of staff... With respect to Customs, the emphasis will be on clearance process reengineering and simplification bringing customs automation to the next level through NAJM 2 and post-clearance risk management. Effort will also be made to support a new programme of cadastre reform focusing on property evaluation mechanism and government-owned property management.

1. Policy development and coordination successfully implemented

With respect to the above-stated Outcome 1, the strategy is to further develop the highly qualified team of national economists, legal advisors and project specialists and, in the medium-term, to institutionalize the functions undertaken by the team with a view to ensuring the provision of quality policy advice and decision-making support, including through complete fiscal transparency, and supporting resource mobilization and TA management. The project will support the institutionalization of the policy support functions and the selection of the optimal modality for staffing and implementation.

1.1 Coherent macro-fiscal policy framework, policies and supporting programme/measures developed and implemented

A constant focus will be on further development of the policy advisory capacity through strengthening the team capacity and supporting capacity development of administration counterparts through on the job training and mentoring. Core line of action will endeavour to achieve better linkage between the government national policy objectives and the budget priorities and key actions and to further develop the medium-term expenditure framework (MTEF). Revenue and expenditure projections and plans will be elaborated and research and economic analysis of key fiscal issues will be undertaken with a view to preparing policy notes, recommendations and initiatives. Support, both at the policy level and the capacity development level, will be provided to emerging issues, such as fiscal aspects of sustainable energy and environmental development,

and public-private partnerships development. Capacity development for macro-fiscal analysis and reporting will also be supported.

Focused pursuit of full transparency in fiscal information will be undertaken through meeting timely legal requirements and international standards, through further development and enhancement of the publications programme and making available various studies and reports, through dissemination using different modalities in particular the MoF portal/website, and through promotion of awareness raising and outreach initiatives.

1.2 Debt management - front and middle office functions - implemented

The strategy is to strengthen the relationship with investors and to further develop and implement the medium-term debt management strategy, including risk assessment and management, and the annual financing plan. Support will be provided towards the establishment and capacity development of the Debt Management Office and the High Committee on Debt Management.

1.3 Legal advice and support provided

The strategy for the tax conventions network is for institutional change combined with an intensive capacity building program for their negotiation, both items requiring active collaboration of the Revenue Directorate. Continued lead for undertaking additional investment agreements and amending protocols.

Continued advisory and support will be provided for review of draft laws, draft contracts with providers, international and multilateral agreements, and bilateral agreements.

Advisory services will also be provided to foreign and local currency bond issuances and on issues related to debt management and capital markets development.

1.4 Enhanced MoF reform programme and resource mobilization, including TA coordination

Continued support will be provided for maintaining relationships and dialogue with international and multilateral financial institutions and for achieving opportunities for cooperation for bilateral donors. Support will also be provided for strong donor coordination mechanisms, including and in particular development of sector coordination. Mobilization of financial resources will be facilitated and supported, in particular general budget support and sector budget support.

Regular updates and revisions of the MoF reform programme and monitoring and reporting on its implementation will be undertaken, including corrective measures for addressing emerging issues. The project, in coordination with the administration and close cooperation with the donors and stakeholders, will plan, including monitoring and evaluation, coordinate, and supervise, all TA provided to the MoF; of particular importance are assistance provided by the WB (EFMIS), IMF, EC, and bilateral donors. Another important line of action will be the monitoring and follow up of all policy mission recommendations and action plans.

2. Capacity for improved public finance management successfully developed

With respect to Outcome 2, the strategy is to support the major reform initiatives of the next years and build the related implementation capacity of the administration to a higher level with a view to mobilizing necessary resources and offering timely, efficient services to enterprises and individuals. The aim is to exit both tax and customs reform by the end of the project, as and when the major reforms would be completed. The project will endeavour to encourage staff, notably IT specialists, to transfer to the administration thereby further enhancing its capacity.

2.1 Tax reform programme initiatives developed and implemented

The Ministry of Finance aims since 1993 to improve the tax system and policies, to institute a modern Tax Administration able to anticipate and respond to external and internal changes and to enhance equity and fairness in the distribution of tax burden.

The UNDP supported the Lebanese Tax Administration in its modernization efforts through a comprehensive Tax Reform Program. The Tax Administration continues to face many challenges in the implementation of its reform initiatives as the pressure increases to meet international standards on multiple aspects. Advanced technical assistance will be provided to respond to the higher expectations. UNDP will support the aforementioned objective by restructuring of the Tax Administration (through integration of the Revenue Department and the VAT department, modernization of income tax law, revision of VAT and TPC laws); streamlining the processes and procedures; ensuring the delivery of high-quality services to taxpayers including through the implementation of E-payment service that will provide a payment mechanism of fees and taxes through commercial banks and plastic cards and will be integrated with the E-declaration; improving the risk management, fiscal compliance, and audit program selection; improving collection management; and enhancing equity. UNDP involvement will continue to be governed by professionalism and full transparency.

The project will also support the preparation and accompany the implementation of new reform programme at the Cadastre, by reviewing present situation and priority needs and formulating strategic approach, to be followed by outlining an action programme. The project will mobilize additional assistance and accompany implementation of specific reform initiatives concerning development of procedures and further automation , contributing to enhanced service orientation. The adoption of a clear property evaluation mechanism and government-owned property management are of utmost importance.

The project will also strongly contribute to the implementation of the reform actions by ensuring the coordination with the numerous internal and external stakeholders and improving the technical, professional and managerial skills and know-how of tax administration staff through local training and workshops, and through mobilization and supervision of and support for the implementation of the technical assistance from international and multilateral organizations, notably EU, IMF, and WB, and from tax agencies of bilateral donors.

The Tax Administration continues to face many challenges in the implementation of its reform initiatives as the pressure increases to meet international standards on multiple aspects. Advanced technical assistance will be provided to respond to the higher expectations.

2.2 Customs reform initiatives developed and implemented

The objective of the customs reform programme is to facilitate compliant trade in parallel with efficient enforcement of relevant laws, regulations and duty collection. The Lebanese Customs Administration (LCA) will endeavour to minimize obstacles faced by compliant trade operators and minimize the cost, complexity and time of clearance.

Simultaneously, LCA will be empowered to ensure intelligent compliance with Customs Law and regulations, other national mandated governmental laws and regulations, obligations to international agreements and protocols. LCA, within its scope of operations, will ensure safety and security of community against threats, such as smuggling of drugs, firearms, human trafficking, terrorism and money laundering.

LCA, in coordination with UNDP, reviewed and assessed progress made and developed a prototype for a revamped and streamlined customs clearance process. The objectives of the proposed clearance process are:

- Redesign of current clearance process into two distinct zones; Trader zone and Customs zone to enable full accountability for time delays and transparency of the process
- Self-assessment by trade community coupled with intelligent risk management by Customs to balance trade facilitation with adequate enforcement
- Electronic end-to-end clearance process covering all stakeholder interactions; trade community, shipping community, brokers, banks, customs, governmental regulatory agencies, et.. to enable tracking and monitoring of international trade transactions

- E-Payment of duties and taxes via commercial banks and transition to a cashless environment
- An e-government platform which integrates authorizations of public regulatory bodies into clearance process providing full visibility to trade community and government
- Close electronic collaboration with Port Authorities and terminal operators to ensure smooth logistics flow of goods through ports, airports and land-border stations.
- Leveraging benefits of advanced technology for optimizing a secure and streamlined business process

In order to ensure the success of the proposed clearance process and its adaptability to Lebanese environment, LCA will fully engage the trade community in a dialogue that outlines the benefits to the community and economy at large. In addition, LCA will secure support of governmental regulatory bodies for a common electronic interactive platform, which achieves both trade facilitation and compliance with local laws, regulations, standards and norms.

The proposed process will build on the lessons learned of the current process and on best practice in advanced countries. The objective is to put all stakeholders on the same platform and assign clear responsibilities in the process. Technology now allows for collaboration of distinct automated systems in different organizations via secure messaging interfaces, while retaining the independence and confidentiality of each organization's sub-system. The new process is segregated into two separate zones: Trader Zone: Where Trader prepares his Customs declaration, secures electronically governmental approvals and pays electronically via commercial banks his duties and taxes; and, Customs Zone: Where Customs risk management engine determines his routing based on set criteria and where various type of inspection is carried out. The Customs risk management engine should provide LCA management with continuous feedback about accuracy of set risk targets for the different entities involved with international trade. Additionally, the risk management engine would provide corrective targeting measures so as to focus efforts and resources on non-compliant trade patterns and facilitate compliant trade. This shared platform between the different governmental stakeholders involved in clearance process, known as Single Window, allows for an optimized process for trader and simultaneously enhanced enforcement based on intelligence and data sharing among governmental agencies.

The core plan is to establish a pilot platform composed of Customs and two other governmental entities. The governmental entities would be selected on basis of their relevance to international trade and readiness of management, staff and ICT capabilities. The pilot platform would be deployed for a period with the pilot partners to determine its accuracy and efficiency. It would be used as a demonstration tool for other governmental entities which would be integrated upon their readiness level.

The core IT component in this program is UNCTAD ASYCUDA WORLD software, which was rolled-out nation-wide in the preceding phase of the UNDP project at MOF. In order to maintain UNCTAD support, licensing and expertise are required under an UNCTAD budget component.

This second phase of reforms/modernization at LCA will receive complementary support from EU-funded project (STR II), which will focus on capacity building through resident and non-resident experts, equipment and trade-community outreach. The customs reform programme is expected to attract further donor support from WCO, IMF, CIDA, World Bank, and other, which will be coordinated and supervised by the UNDP Customs reform component.

In conclusion, the Customs reform component of UNDP project at Ministry of Finance is a major contributor to the Ministry's efforts to streamline business interaction with the public and simultaneously enhance the administration's capability for intelligent enforcement of laws and regulations.

IV. MANAGEMENT ARRANGEMENTS

The Ministry of Finance is designated as the National Executing Agency for this project. 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 from government cost sharing. This accountability calls for 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, and procurement and contracting. (See Annex 1: Standard Letter of Agreement between UNDP and the Government for the Provision of Support Services).

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.

A Project Board will be established to provide technical support, share relevant information, and review progress. The Project Board will comprise: (i) Executive: a representative of UNDP providing in particular technical guidance to the project and secretariat services; (ii) Senior Supplier: the Minister of Finance or a delegated senior representative of the MoF; (iii) Senior Beneficiaries: representatives of the administration at the MoF. Additional partners/stakeholders can be invited as Observers to share relevant information as and when required. The Project Board will meet at least twice a year and will review annual work plan and budget.

Project Management: A Project Manager will be appointed by UNDP following a competitive and transparent recruitment process. The Project Manager will work under the direct supervision of the Minister of Finance. The Project Manager will be responsible for day-to-day management and decision making for the project. S/he will also be responsible for planning, budgeting and managing project activities; facilitating support services from the UNDP country office; training and mentoring national staff; oversight, guidance and insuring technical quality of short-term consultants; to prepare and provide the mandatory reports on project progress and achievements, and financial management; and for early flagging of events and changes in the environment which can affect project implementation and delivery and for providing suggestions for problem solving.

To support project implementation, project staff will be recruited by the project. The Project Human Resources and Finance Assistant will provide support with recruitment, procurement and other administrative services and with project administration and management support as required by the needs of the project and the Project Manager, and as well will provide implementation support services in the area of financial management, including maintenance of the project financial accounts and generation of financial reports in the Atlas financial management system. A secretary will provide administrative support and two drivers will provide driving services. All will report to the Project Manager.

Organization: The project will provide advisory support to the Minister through two Senior Advisors, policy and reform, and international trade and customs. The project will be organized in three teams, the Policy Team, the Tax Reform Team, and the Customs Reform Team. Each Team

will be led by a Team Leader, who will report to the Project Manager. The team leader will plan, organize and supervise team activities and manage the relationship with the Administration counterparts.

The Policy Team will provide direct support to the Minister. The team consists of the Economic Unit and the Legal Advisors, including two advisors and an officer. The Economic Unit will be led by the Team Leader and consists of three components, macro-fiscal; debt management; and, donor coordination, totalling ten staff of economists and finance specialists.

The Tax Reform Team will provide direct support to the Tax and VAT departments under the direction of the Minister and in coordination with the senior official of the General Directorate of Finance. The Team Leader will be the Tax Reform Manager, who will lead the IT unit consisting of four staff and the implementation coordination unit consisting of seven staff. A compliance and audit advisor will also be part of the team.

The Customs Reform Team will provide direct support to the Customs Directorate General under the direction of the Minister and in coordination with the senior official of Customs and the Higher Customs Council. The Customs Team Leader will be the Advisor to the Minister of Finance (International Trade and Customs). The staff will consist of an IT component manager and five programmers. It is noted that as per Minister's directive and as per approval of Civil Service Board, LCA will recruit ten IT staff to enable to fully absorb existing IT applications and further expansion in 2011-2013. The recruitment announcement was published and selection will be based on written and oral review. All UNDP staff of the Customs component are eligible for recruitment into the administration.

MoF and UNDP will designate the Governance Programme Manager to provide objective and independent project oversight and monitoring functions, as well as facilitate relations with other UNDP programmes and cost-sharing donors.

Project Office: The project will be located at the central premises of the MoF (project management, and Policy advisory and support Team). The Tax Reform Team will be located at the Revenue and Tax Directorates (Corniche al Nahr) and the Customs Reform Team will be situated at the premises of the Computer Department of the Customs (Mar Elias).

Sustainability: The project will be implemented with a view to achieving sustainable improved institutional capacity and permanent beneficial effects on the Lebanese public financial management system, present and future.

At the end of the project, it is expected that the independence, financial autonomy and human capacity of the MoF will have been reinforced to allow it to better perform its mandate.

In accordance with the decisions and directives of UNDP's Executive Board reflected in its policy on cost recovery, the contribution shall be subject to cost recovery by UNDP for two distinct cost categories related to the provision of support services, namely UNDP General Management Support (GMS) and UNDP Implementation Support Services (ISS).

GMS is recovered with a flat rate of 5 percent for contribution from government of Lebanon funds and 7 percent for contribution from other donors. GMS cover the following services:

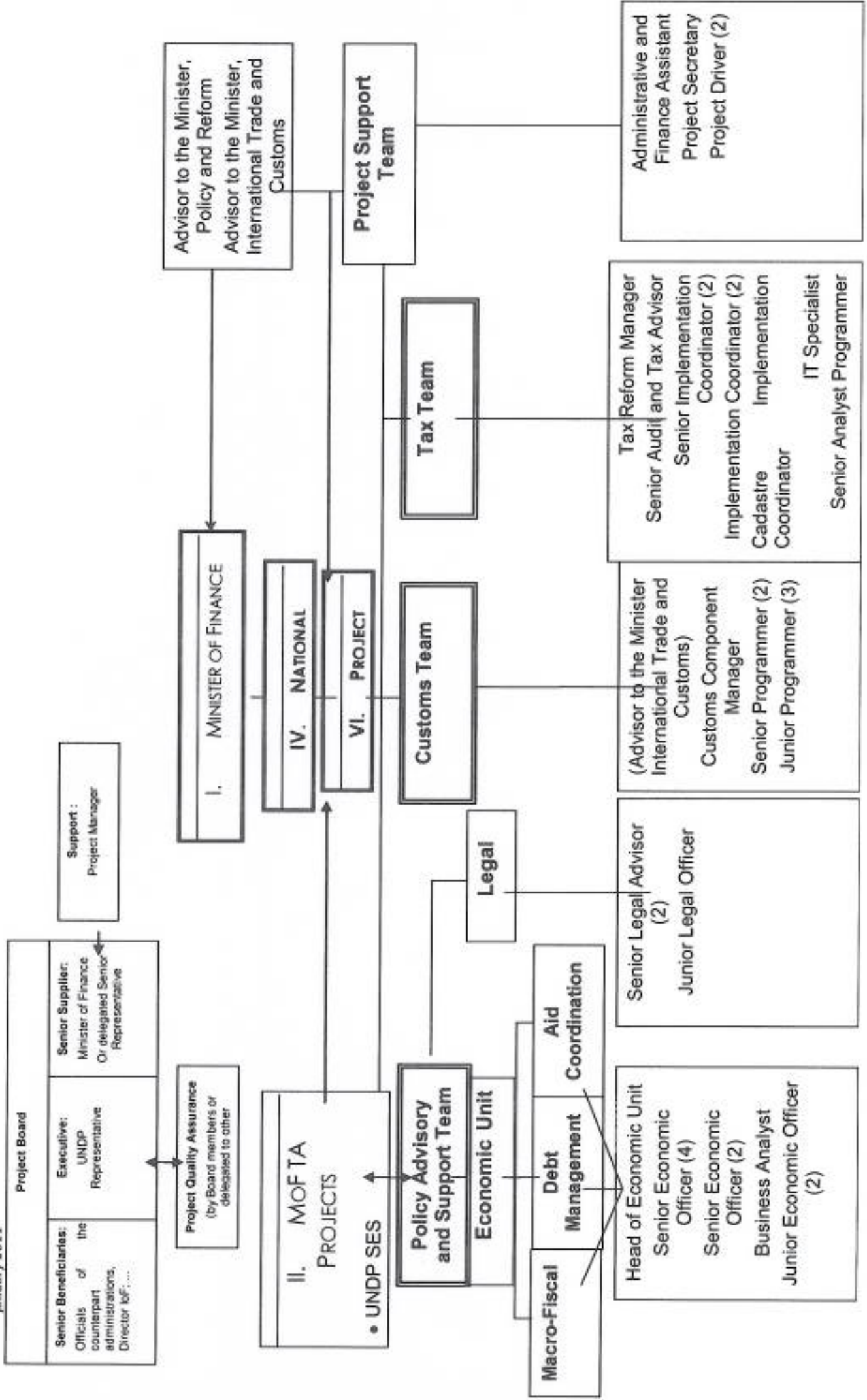
- Project identification, formulation, and appraisal
- Determination of execution modality and local capacity assessment
- Briefing and de-briefing of project staff and consultants
- General oversight and monitoring, including participation in project reviews
- Receipt, allocation and reporting to the donor of financial resources
- Thematic and technical backstopping
- Systems, IT infrastructure, branding, knowledge transfer

UNDP direct costs incurred for Implementation Support Services (ISS), as long as they are unequivocally linked to the specific project, are built into the project budget against a relevant budget line and, in case of clearly identifiable transactional services, charged to the project according to standard services rates. ISS includes the following services:

- Payments, disbursements and other financial transactions
- Recruitment of staff, project personnel, and consultants
- Procurement of services and equipment¹, including disposal
- Organization of training activities, conferences, and workshops, including fellowships
- Travel authorization, visa requests, ticketing, and travel arrangements, and
- Shipment, custom clearance, vehicle registration, and accreditation

¹ This would include any fee to IAPSO.

January 2011



VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Day-to-day monitoring of implementation progress will be the responsibility of the Project Manager who will inform the UNDP-CO and MoF any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.

Periodic monitoring of implementation progress will be undertaken by UNDP through regular meetings with the project team, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities. Details of the monitoring requirements are as follows:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: COHERENT MACRO-FISCAL POLICY FRAMEWORK, POLICIES AND PROGRAMME/MEASURES			
Activity Result 1	Tax and expenditure policy initiatives and decisions	Start: Jan 2011 End: Dec 2011	
Purpose	To prepare for, formulate and advise on tax and expenditure policy		
Description	Preparing tax plan and impact of tax measures, alternative expenditure scenarios and their impact; subsidy programs and their impact; quality assurance of revenue and expenditure statistics.		
Quality Criteria	Quality Method	Assessment Date	
Tax plan; and, new tax measures (policy notes)	Ministry and project records; draft budget proposals	Dec 2011	
Expenditure scenarios (policy notes) Social services and subsidy programs: beneficiaries and performance (report)	Ministry and project records	Dec 2011	
Activity Result 2	Interest rates, debt and financing, prefunding policy decisions and initiatives	Start: Jan 2011 End: Dec 2011	
Purpose	To support decision making on interest rates and on prefunding level		
Description	Undertaking economic analysis on financing		
Quality Criteria	Quality Method	Assessment Date	
Policy notes on interest rates and on prefunding level	Project and ministry records	Dec 2011	
Activity Results 3	MTEF and general fiscal and economic policy decisions and initiatives	Start: Jan	

			2011 End: 2011	Dec
Purpose:	To provide macro-fiscal framework and general fiscal and economic advice for policy and decision-making			
Description:	Updating, refinement and development of MTEF.			
Quality Criteria	Quality Method		Assessment Date	
Availability of MTEF and updates; policy notes	Ministry, project records		Dec 2011	
Activity Result 4	Sector reform recommendations		Start: Jan 2011 End: Dec 2011	
Purpose	To keep under review and gauge the fiscal impact of planned reforms and reform initiatives under implementation			
Description	Monitoring and assessment of sector reforms as to their fiscal impact			
Quality Criteria	Quality Method		Assessment Date	
Policy notes	Project records		Dec 2011	
Activity Result 5	Improvement and development of regular publications programme and dissemination of publications		Start: Jan 2011 End: Dec 2011	
Purpose	To meet high standard of fiscal transparency			
Description	Preparation, publication and dissemination of the regular publications programme, and of ad hoc studies and reports			
Quality Criteria	Quality Method		Assessment Date	
Availability of publications	Ministry, project records and website		Dec 2011	
OUTPUT 2 DEBT MANAGEMENT FRONT AND MIDDLE OFFICE FUNCTIONS IMPLEMENTED				

Activity Result 1	Investor relations development and FX and LL bond issuance	Start: Jan 2011 End: Dec 2011
Purpose	To meet requirements for managing the debt	
Description	Development of investor relations. Preparation and management of FX and LL bond issuances	
Quality Criteria	Quality Method	Assessment Date
FX and LL bond issuances performed	Ministry's records (Debt Department)	Dec 2011
Activity Result 2	Medium-term debt management strategy, and annual financing plan	Start: Jan 2011 End: Dec 2011
Purpose	To provide visibility on management of the debt into the medium term and on its financing in the current year.	
Description	Preparation and dissemination of a medium-term debt strategy with horizon 201 and a financing plan for the year 2011	
Quality Criteria	Quality Method	Assessment Date
Publication of the strategy and plan	Debt strategy and annual financing plan available, ministry records	June 2011
OUTPUT 3 LEGAL ADVICE AND SUPPORT		
Activity Result 1	Tax conventions and investment agreements	Start: Jan 2011 End: Dec 2011
Purpose:	To increase the number/coverage of tax conventions and investment agreements	
Description:	Negotiate new agreements and update of agreements and build internal capacity for managing the programme	Dec 2011
Quality Criteria	Quality Method	Assessment

			Date
Number of agreements negotiated, signed, and updated	Tax conventions and investment agreements data bases		Dec 2011
Activity Result 2	Legal review and advisory on other agreements, contracts and draft laws		Start: Jan 2011 End: Dec 2011
Purpose	To support		
Description	Legal advice and support on draft laws, multilateral, international and bilateral agreements, and draft contracts		
Quality Criteria	Quality Method	Assessment Date	
Number of legal reviews completed and accepted without change	Ministry and project records	Dec 2011	
OUTPUT 4 ENHANCED MOF REFORM PROGRAMME AND RESOURCE MOBILIZATION			
Activity Result 1	Effective planning and coherent implementation of MoF reform programme		Start: Jan 2011 End: Dec 2011
Purpose	To undertake reforms towards meeting fiscal targets		
Description	Follow up and report on MoF reform programme		
Quality Criteria	Quality Method	Assessment Date	
Reforms implemented against reforms planned	Progress report on MoF reforms	Dec 2011	
Activity Result 2	MoF TA needs met		Start: Jan 2011 End: Dec 2011
Purpose	To timely and adequately meet MoF TA needs		
Description	Regular review and assessment of TA needs and identification of potential donor sources		

	and related follow up and support				
Quality Criteria	Quality Method			Assessment Date	
TA mobilized vs. TA needs	Data base on MoF TA			Dec 2011	
Activity Result 3	MoF TA managed			Start: Jan 2011 End: Dec 2011	
Purpose	To manage in effective and efficient manner MoF TA				
Description	Coordination and support for TA implementation				
Quality Criteria	Quality Method			Assessment Date	
TA implementation performance	Database on MoF TA; TA project progress reports			Dec 2011	
Activity Result 4	Relationship managed and portfolio of key donors monitored and developed			Start: Jan 2011 End: Dec 2011	
Purpose	To achieve an effective government – key donor relationship mobilizing the full donor potential				
Description	Coordination of donors' support for Lebanon, specifically within the framework of Paris III				
Quality Criteria	Quality Method			Assessment Date	
Portfolio management criteria	Ministry records on donor coordination and aid management (annual reviews of portfolio management)			Dec 2011	
Activity Result 5	Internal and government-donor coordination mechanisms fully operational			Start: Jan 2011 End: Dec 2011	
Purpose	To promote and support government leadership in setting the agenda and aligning with government priorities and ensuring operational efficiency				
Description					

Quality Criteria	Quality Method	Assessment Date
Aid effectiveness	MoF records on donor coordination and aid management	Dec 2011
Activity Result 6	Paris III resources mobilization	Start: Jan 2011 End: Dec 2011
Purpose	To achieve full mobilization of Paris III pledges	
Description	Support implementation of all pledges and their disbursement, notably budget support, private sector assistance, and project assistance	
Quality Criteria	Quality Method	Assessment Date
Paris III pledges committed, disbursed	Aid data base, reports	Dec 2011
OUTPUT 5 TAX REFORM PROGRAMME INITIATIVES IMPLEMENTED		
Activity Result 1	Reorganization of the tax administration: Collection function transferred to the regional tax offices	Start Apr 2011 End: June 2011
Purpose	To streamline function towards ensuring increased efficiency	
Description	Training of staff and effective transfer of function	
Quality Criteria	Quality Method	Assessment Date
Increased staff competencies and skills	Training evaluation	Sept 2011
Activity Result 2	New risk analysis and audit techniques developed	Start: Jan 2011 End: Dec 2011
Purpose	To improve fiscal compliance	
Description	Implementation of new risk analysis and audit techniques, including the development of the supervision and support environment	
Quality Criteria	Quality Method	Assessment

New risk analysis and audit techniques operational	Records of Tax Department	Date Dec 2011
Activity Result 3	Amendment of Tax Procedures Code submitted for ratification	Start: Apr 2011 End: June 2011
Purpose	To streamline tax procedures towards enhanced efficiency and service orientation	
Description	Preparation of amendments to Tax Procedures Code and support its implementation	
Quality Criteria	Quality Method	Assessment Date
Amended Tax Procedures Code implemented	Records of Tax Department	June 2011
Activity Result 4	VAT legislation reviewed	Start: Jan 2011 End: June 2011
Purpose	To improve efficiency and streamline processes	
Description	Review and proposed amendment of VAT law and updating of relevant forms	
Quality Criteria	Quality Method	Assessment Date
Updated VAT forms implemented	Records Tax Department	June 2011
Activity Result 5	Indirect taxes reviewed	Start: Oct 2011 End: Dec 2011
Purpose	To streamline processes and functions	
Description	Review of indirect taxes to preserve functions for synergy with other departments	
Quality Criteria	Quality Method	Assessment Date
Proposal for reforming indirect taxes submitted	Ministry's records	Dec 2011
Activity Result 6	E-services launched	Start: Jan 2011 End: Dec 2011
Purpose	To ensure delivery of high-quality services to tax payers	
Description	To implement a complete set of e-tax services	
Quality Criteria	Quality Method	Assessment

			Date
Number of tax payers e-registered; using e-filing; and, using e-payment	Tax Department database		Dec 2011
Activity Result 7	New business functions developed		Start: Apr 2011 End: Dec 2011
Purpose	To streamline processes and functions		
Description	Review of current administrative and procedural system. Development of new automated functions based on merged LRD and VAT systems. Management of tax payer single account.		
Quality Criteria	Quality Method	Assessment Date	
Number of new business functions developed	Tax Department records	Dec 2011	
Activity Result 8	Cadastre automation and procedures developed		Start: Apr 2011 End: Dec 2011
Purpose	To achieve increased efficiency and service orientation of Cadastre services		
Description	Review and assessment of situation, informing formulation of strategy and action programme for further automation and development of procedures ensuring high-quality services		
Quality Criteria	Quality Method	Assessment Date	
Strategy and action programme submitted for approval	Strategy and action programme document.	Dec 2011	
OUTPUT 6 CUSTOMS REFORM PROGRAMME INITIATIVES IMPLEMENTED			
Activity Result 1	Improved collaboration and transparent information flows between stakeholders, public and private, in international trade transactions		Start: Jan 2011 End: Dec 2011
Purpose	To bring all stakeholders onto the same platform and assign clear responsibilities		
Description	Review of role and responsibility of all stakeholders in the customs process, and as well of best practice in the region		
Quality Criteria	Quality Method	Assessment	

Stakeholder review process completed	Project records	Date Dec 2011
Activity Result 2	Supportive regulatory framework	Start: Jan 2011 End: Dec 2011
Purpose	To propose introducing single window environment	
Description	Review of regulatory environment and of best practice in the region	
Quality Criteria	Quality Method	Assessment Date
Single window environment selected	Customs records	Dec 2011
Activity Result 3	Enhanced business service delivery	Start: Jan 2011 End: Dec 2011
Purpose	To achieve a fully functioning pilot of optimized international trade transactions	
Description	Stocktaking of existing international trade transactions with a view to designing an optimized process	
Quality Criteria	Quality Method	Assessment Date
Pilot of optimized international trade transactions operational	Customs records	Dec 2011
Activity Result 4	Conducive ICT environment for Single Window in international trade process	Start: Jan 2011 End: Dec 2011
Purpose	To achieve fully functioning ICT environment for single window in international trade process	
Description	Review of existing ICT applications at Customs and other administrations and of international best practice to design and establish ICT environment for single window	
Quality Criteria	Quality Method	Assessment Date
ICT environment for single window fully operational	Customs records	Dec 2011

VII. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document".

ANNEX 1: RISK ANALYSIS

Use the standard [Risk Log template](#)

Please refer to the [Deliverable Description of the Risk Log](#) for instructions

#	Description	Date Identified	Type	Impact & Probability (1= low, 5=high)	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Delay in receipt of funds by Government	Project initiation date	Financial	Would delay initiation of project activities P = 2 I = 5	Follow-up with concerned departments at Ministry of Finance and UNDP CO	UNDP			
2	Political instability and security situation in the country	Project initiation date	Political	Political and security challenges may delay CoM decision making and legislative action P = 5 I = 5	Coordination with UN DSS	UNDP			
3	Slow implementation of activities	Project initiation date	Administrative	May cause delay in implementation of capacity building activities P = 3 I = 4	Coordination with the MoF management	UNDP			

Agreements. Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs (where the NGO is designated as the "executing entity") should be attached.