

Project Document**United Nations Development Programme****Institutional Assistance for Economic Policy and Trade – Phase III**

The UNDP Project at the Ministry of Economy and Trade (MOET) was initiated in 2001 with revisions carried out in 2004, 2005, 2010 and 2011. An external evaluation was carried out for the period between 2001-2010 assessing the effectiveness and efficiency of the Project in terms of achieved outputs and results. The evaluation proposed improvements through adjustments and implementation approach strategies. Accordingly an improved project design has been undertaken at the end of 2010, to cover the 2011-2013 period. The main target of the Phase II was to address and enhance capacity gaps at both the policy formulation and institutional levels, and, a substantive revision was carried out by the end of 2011 for the project to support the MoET in the realization of this objective. The project's 3rd phase (2014-2016) will build on the project's achievements, with the overall objective of enhancing capacity towards efficient and focused policy advice. This objective will be realized through one overarching outcome and two specific outputs, as follows:

Project Outcome 1: Capacity towards efficient and focused policy advice enhanced

Output 1.1: Progressive research and knowledge of advanced economic and trade policy formulation and implementation developed; and

Output 1.2: MoET high impact delivery capacity for efficient private public sector cooperation institutionalised and transfer of skills to the administration enhanced.

The project will focus on the two identified outputs and their subsequent activities for the third phase (2014-2016) but will also take into consideration the launching of a process of gradual integration of the support and administrative functions into the public administration of the MOET . The vision of separating both the advisory and capacity support functions of the project, will be developed and materialized through thorough internal consultations with the Minister of Economy and Trade, the project's team, counterparts from the administration, as well as the Governance portfolio at UNDP . As a consequence, the suggested consultations will only address the structure of the UNDP project at the MoET to have the highest added value and that it is in line with a new suggested governance model.

Substantive Revision to Project Document

United Nations Development Programme

Country: LEBANON

Project Title: Institutional Assistance for Economic Policy and Trade – Phase III

UNDAF Outcome(s): **Outcome 1** By 2016, good governance reforms, with specific focus on national private public dialogue and inclusive participation, and government effectiveness and Accountability are institutionalized at different levels

Expected CP Outcome(s): **Outcome 1** Performance of public institutions enhanced; public administration modernized

Expected Output(s): **Output 1:** Progressive research and knowledge of advanced economic and trade policy formulation and implementation developed .
Output 2: MoET high impact delivery capacity for efficient private public sector cooperation institutionalised and transfer of skills to the administration enhanced.

Implementing Partner: UNDP

Responsible Party: Ministry of Economy and Trade (MoET)

Brief Description

The Ministry of Economy and Trade (MoET) is mandated to undertake along with other line Ministries the formulation of Lebanon's economic and trade policies. Within the Government's overall objectives, MoET has the responsibility of developing the economy through stimulating external trade in light of international Agreement commitments.

With the support from UNDP Project established at MoET in 2001, the Ministry of Economy and Trade actively worked on modernizing and developing itself internally in line with the Government's overall reform program, in order to improve the business climate and reposition Lebanon as the centre of trade in the region. UNDP Project at the Ministry of Economy and Trade was initiated in 2001 with substantive revisions carried out in 2004 and 2005. An external evaluation, for the period 2001-2010, assessing the effectiveness and efficiency of the Project in terms of achieved outputs and results as well as proposing improvements through adjustments and implementation approach, strategies and resources including improved project design has been undertaken in November 2010. In 2011, a substantive revision was carried out to amend the structure of the project and to address the output, outcomes and revisit activities to ensure that the UNDP project at the MoET has the highest added value in key Ministry areas namely economic, trade, and policy analysis and the associated legal services. In 2014-2016, the project will carry out the implementation of this vision with pre-determined targets and indicative activities.

Programme Period: 2014-2016 Project Title: Support to the Ministry of Economy and Trade- Phase III Atlas Award ID: 00061014 Project ID: 00077082 Start date: January 1, 2014 End Date: December 31, 2016 PAC Meeting Date: December 19, 2013 Management Arrangements: Support to NIM	Total Budget required : USD 3,616,507 2014 Budget USD 1,226,316 Government USD 3,616,507 Net for Activities: USD 3,376,757 ISS USD 67,535 GMS: 5% USD 172,215
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Agreed by the Government: H.E. Minister Nicolas Nahas, Minister of Economy and Trade

Signature: 

Date:

Agreed by UNDP: Mr. Robert Watkins, Resident Representative

Signature: 

Date:

Agreed by the Council for Development and Reconstruction: Eng. Nabil Jisr, President

Signature: 

Date: 14 JAN 2016



List of Abbreviations and Acronyms

APR	Annual Project Report
CDR	Council for Development and Reconstruction
EFTA	European Free Trade Association
EU	European Union
GoL	Government of Lebanon
IFC	International Finance Corporation
IT	Information Technology
KPI	Key Performance Indicator
LEA	Lebanese Economic Association
MOET	Ministry of Economy and Trade
PSAU	Policy Support and Advisory Unit
QPR	Quarterly Project Review
SME	Small and Medium Enterprise
TPR	Tripartite Review
UNDP	United Nations Development Programme
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

I. SITUATION ANALYSIS

Overview of the Ministry of Economy and Trade (MoET)

With the overall mission to develop sound commercial economic and business environment for economic and social development, public welfare and creation of employment opportunities, the Ministry of Economy and Trade (MoET) is mandated to undertake, along with other line Ministries, the formulation of Lebanon's economic and trade policies. Within the Government's overall objectives, MoET has the responsibility of developing the economy through stimulating external trade and opening new markets. It is mandated to negotiate and follow up on the implementation of the undertaken commitments under the bilateral, regional and multilateral agreements. It has the responsibility of implementing the rules and regulations related to protecting the intellectual property rights, protecting consumers, preventing anti-competitive practices, both in international and domestic trade. MoET is the public body in charge of ensuring food security needs by monitoring wheat levels in the market and ensuring the availability of sufficient reserves. Moreover, the Ministry is indulged into the promotion of innovation, through the improvement the legal structure and the administrative capacities of both public and private sector in order to develop and improve the SMEs managerial, financial and technical capacities.

The Ministry of Economy and Trade has been actively working on institutional modernization and development in line with the Government's overall administrative and economic reform program. This was pursued in order to improve the business climate and improve the position of Lebanon as the centre of trade in the region. Accordingly, the MoET has forged strategic partnerships with various national, regional and international organizations such as the European Union (EU), the Arab funds, the World Bank, the USAID, the World Intellectual Property Organization (WIPO), and private sector institutions amongst others. These partnerships have proven to be pivotal in building the Ministry's technical capacities, as well as solidifying its image with donor organizations for future project funding.

Furthermore, a wide range of institutional and administrative activities, including the introduction and upgrading of Information Technology (IT) capabilities, have taken place over the past 15 years. This has resulted in the effective implementation of Lebanon's international trade and economic commitments (multilateral and bilateral trade agreements--free trade agreements with the EU, the European Free Trade Association (EFTA), Great Arab Free Trade Area GAFTA, as well as to strengthening the institutional capacities of the Ministry, and to drafting of laws to fulfil the requirements to accession of the World Trade Organization (WTO) as well as other agreements.

The high flexibility of the Lebanese economy allowed it to face the prevailing stringent political stance in the region. The Syrian crisis and its spill over Lebanon contributed to a great extent to the decline in major national economic indicators and development projects. The burdens of this crisis reshuffled the priorities and generated additional load on the government and the public administration. The overall reform programs were jeopardized and the emerging challenges were to be managed and taken care off. The developing situation and difficult environment requires the presence and the expertise of proficient human resources able to cope with crisis and adapt to manage complex financial resources. The Ministry of Economy and Trade is to work on innovative plans and policies that would keep momentum of the ministry's development plans and modernization vision. Hence substantial technical and advisory support is highly needed and recommended for the upcoming years.

The MoET eventually operates through the following departments focusing on pursuing the strategic national economic development objectives and implementing the mission of the MoET:

- 1) Department of Administration;
- 2) Department of Trade/Trade Information Center;
- 3) Directorate of Consumer Protection;
- 4) Department of Insurance Companies / Insurance control Commission;

- 5) Department of Intellectual Property;
- 6) Regional Offices (North, South, Bekaa, Nabatieh);
- 7) Boycott Office; and
- 8) Technical Office for Pricing Policies

To complement the work of the departments, a series of specific support units/projects have been established by the MoET working on the International relations such as the WTO accession, the European Neighbourhood Policy action plan negotiation and implementation, free trade and bilateral agreements negotiations and implementation, economic research, entrepreneurship, automation and information technology, quality and e-commerce. While vacancies in core positions are pervasive, the functions of the MoET are currently being operated by the existing departments by interim and contractual support staff. Moreover, the lack in the modernization of the existing structure of the Ministry and the stern public recruitment mechanism limits the Ministry's capability to meet the international developments, particularly in the sphere of economic research, policy-making, and trade matters.

Overview and Evaluation of the UNDP Project at the MoET

The UNDP Project at the Ministry of Economy and Trade was initiated in 2001 with substantive revisions carried out in 2004 and 2005. In November 2010, an independent and external evaluation was conducted for the 2001-2010 period looking into the effectiveness and efficiency of the project, outputs and results achieved. The evaluation also looked at the various challenges faced by the project over the years and suggested adjustments to the implementation approach, including strategies, resources, and an enhanced project design.

Accordingly, a new project document was developed with a similar overall objective to that of the previous phase: to build-up and strengthen the institutional capacities of the Ministry of Economy and Trade with respect to economic and trade policy formulation, public sector regulation and management, private sector development and other related matters falling within the competences of the Ministry.

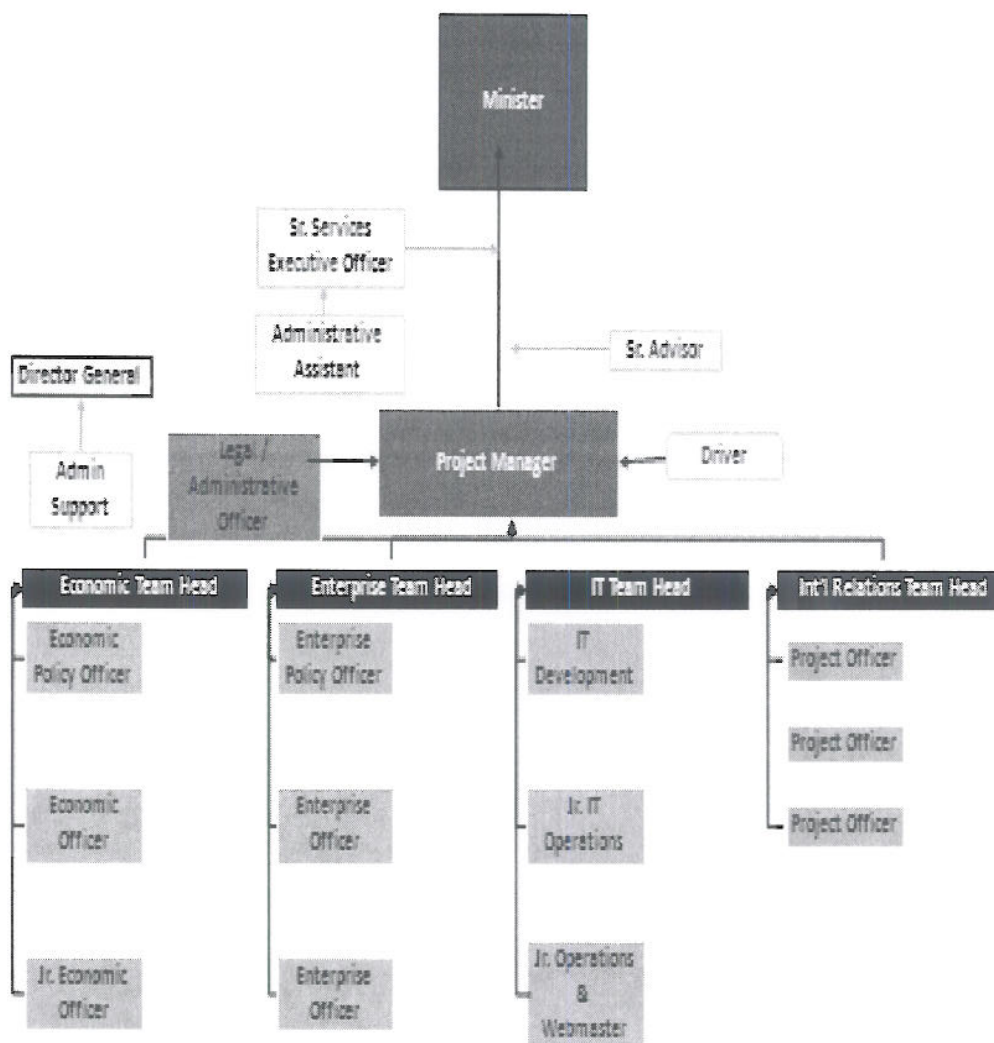
The project as it currently operates, includes a total number of 15 team members (SC), an advisor to the Minister(IC), external consultants, and a UNV. Among the 15 SC, 4 provide supporting services (1 senior executive, 2 administrative assistants, 1 driver), 3 work on core technical functions of the Ministry (Information Technology operations , troubleshooting, and technical problem solving officers) and 2 junior assistants with adequate work experience.

Almost 8 months into the implementation of Phase II of the project, UNDP commissioned an international expert to review the Policy Advisory and Support Unit modality followed by a number of UNDP projects, including the project at the MoET. The evaluation suggests that the modality seems to have ceased to introduce progress and be productive, and that the approach should be refurbished. The evaluation also suggests that, for projects similar to the one at the MoET, capacity development should be targeted and time bound with the ultimate objective of promoting transfer of skills and capacity to the administration. In parallel, UNDP Project would work on high level policy advice, which would remain UNDP's core function. The modality evaluation also suggests that current support and Ministry core function resources currently available as part of UNDP projects' structures should be gradually absorbed by the administration.

During the 3rd quarter of 2011 and with the aim of moving forward with the implementation of the recommendations of the aforementioned evaluation, a series of consultation meetings were held with H.E. Minister Nicolas Nahas, stakeholders, and relevant high level officials. The consultations highlighted that the previous structure of the project lacked strategic planning and directions, and that the organizational structure was sub-optimal and weak in capacity as there were vacant positions and

more importantly lacked senior team members that can bring substantive and technical input and advice. In light of the discussions, it was agreed that the project would be restructured with the ultimate aim of having stronger and in-depth analysis and added value.

The following structure was partially implemented, whereas a Project Manager was assigned handling the International relations team, Head of Information IT team and Head of Enterprise Team were recruited according to the following structure:



Accordingly, as of January 2012 the revised outcome, outputs, and activities were to be implemented and a few changes to the structure realized (at the levels of the Project Manager, Head of Economic Unit, and Head of IT Unit). However, further consultations took place based on the needs upon implementation and involved H.E. the Minister, the project team, the administration's counterparts, as well as the Governance portfolio at UNDP.

During 2014 the project will work according to the above mentioned structure while preparing the needed procedural requirements to integrate the administrative and IT staff into the Ministry of Economy and Trade structure. Given the slow pace of recruitment in public sector, the progressive merger of staff could

take one to two years and therefore the accomplishment of this major task is expected to be achieved by the end of 2015 mid-2016.

II. STRATEGY

Under the umbrella of the outcome 1 “Capacity gaps at both the policy formulation and institutional levels enhanced”, the current phase of the project covers the 2014-2016 period and addresses the following outputs:

- Output 1.1: Support for trade and economic policy formulation, sectoral analysis, and implementation provided; and
- Output 1.2: MoET high impact delivery capacity for efficient private public sector cooperation institutionalised and transfer of skills to the administration enhanced.

Although, the two identified outputs and subsequent activities for the new phase (2014-2016) fit the new vision of separating both the advisory and capacity support functions of the project, they do not have the apparatus for proper implementation and present numerous loopholes to be addressed by the substantive revision. As a consequence, there is not only a need to amend the structure of the project but a need to address the output, outcomes and revisit the activities to ensure that the UNDP project at the MoET has the highest added value and is in line with the suggested governance model.

Accordingly through the substantive revision, the project will support the MoET in the realization of the above mentioned objective, through one overarching outcome and two specific outputs.

Project Outcome 1: Capacity towards efficient and focused policy advice enhanced

Output 1.1: Research and knowledge of advanced economic and trade policy formulation and implementation developed;

The objective of this output is to support policy makers and negotiators in making informed decisions and developing appropriate economic and trade policies and strategies that are based on reliable data and quantifiable measures. Moreover, the production and dissemination of reports, newsletters and studies on current trade and economic issues will enhance the Ministry's outreach to, and interaction with, various stakeholders including the general public, the Lebanese and foreign private sector, and the donor community, and also improve the MoET image, thus attracting more funding. Additionally, the objective of this output is to draft, amend, assess, review and follow up on economic and trade related regulations, including laws, implementing decrees, ministerial decisions, contracts, MoUs, bilateral and multilateral agreements, etc...

More specifically, in the framework of the 1st output, the UNDP project will undertake the following activities:

Activity 1.1.1: Advice and technical knowledge on public finance and economic strategy and policies developed;

Activity 1.1.2: Research and analysis provided to monitor and assess sectoral economic developments and relevant studies published;

Activity 1.1.3: The statistical data base on the service sectors developed and competitiveness studies conducted;

Activity 1.1.4: Impact assessment studies regarding the existing and potential trade agreements commissioned.

Activity 1.1.5: Partnerships with international organizations and stakeholders in other ministries developed

Activity 1.1.6: Training and capacity building workshops for the public and private sectors to raise awareness on international trade trends and developments organized;

Activity 1.1.7: An export strategy developed and mechanisms for its implementation introduced;

Activity 1.1.8: Relevant legislation drafted, amended, and modernized.

Output 1.2: MoET high impact delivery capacity for efficient private public sector cooperation institutionalised and transfer of skills to the administration enhanced

As per the findings of the project evaluation, the Policy Support and Advisory Units (PSAUs) modality evaluation, and the consultation process in the framework of the development of the substantive revision, the need for support from UNDP in maintaining institutional capacity has been clearly defined. However, support to capacity development should be time bound and based on a clear exit strategy with defined objectives and deliverables.

Therefore, during the period of the substantive revision (2012-2013) the project will be supporting the institutionalization of key functions and tasks at the Ministry, including activities around the development of SMEs, trade relations, and other ad hoc high impact projects. In parallel, and until the completion of the absorption/transfer process to the administration, UNDP Project will provide support to administrative functions and support to IT.

More specifically, in the framework of the 2nd output, the UNDP project will undertake the following activities:

Activity 1.2.1: Strategic high impact quick-wins and special projects in line with the MoET's priorities and needs identified and implemented;

Activity 1.2.2: An SME strategy 2020 with short term and long term objective and governance structure developed;

Activity 1.2.3: Technical support and capacity building activities provided to the SMEs.

Activity 1.2.4: SME relevant informational pamphlets and newsletters published; including the development of the SME section on MOET's website;

Activity 1.2.5: The IT unit integrated into MoET organizational structure with developed capacities;

Activity 1.2.6: Current computerized processes upgraded into a common platform and manual processes reviewed (requirement analysis, re-engineering & development of priority processes);

Activity 1.2.7: MoET Internal Portal designed and managed;

Activity 1.2.8: The Consumer protection GIS system installed;

Activity 1.2.9: skills to MoET staff transferred through trainings and the use of enhanced applications.

United Nations Development Programme



Section III - Results and Resources Framework

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework: Performance of public institutions enhanced; public administration modernized</p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</p> <p>Indicator: % of Paris III commitments implemented</p> <p>Baseline: Limited implementation of Paris III reforms</p> <p>Target: Fiscal and economic policies developed and coordinated</p>				
<p>Project title and ID: Institutional Assistance for Economic Policy and Trade - Phase III</p>				
<p>Outcome: Capacity towards efficient and focused policy advice enhanced</p>				
Intended Outputs	OUTPUT TARGETS (YEARS)	Responsible Partners	Indicative Activities	Inputs <u>Costs estimated over a one-year period</u>
<p>Output 1.1: Research and knowledge of advanced economic and trade policy formulation and implementation developed</p> <p>Baseline: There is a lack of well-founded trade and economic studies, to assess the trade agreements, promote exports, improve the business environment, strengthen the commercial legal framework aimed at encouraging investment, and enhancing the government trade negotiation capacities.</p> <p><i>Output Indicators:</i></p>	<p>Targets 2014</p> <ul style="list-style-type: none"> -Economic Forecast models and analysis tools developed; -Sectoral policies identified; - Procedures needing reforms identified ; - Existing trade agreements (EU, GAFTA, EFTA, 	<p>UNDP and MoET</p>	<p>1.1.1: Advice and technical knowledge on public finance and economic strategy and policies developed;</p> <p>1.1.2: Research and analysis provided to monitor and assess sectoral economic developments and relevant studies published;</p> <p>1.1.3: The statistical data base on the service sectors developed and competitiveness studies conducted;</p>	<p>Project Manager / Head international relations (SC11) (36 months)= \$313,725</p> <p>International Relations Officer (SC 9/2) (36 months)= \$161,165</p> <p>International Relations and Legal Officer (SC8/3) (36months)= \$161,165</p> <p>Legal Administration Officer (SC9/3) (36 months)= \$179,905</p> <p>Head of Economic Unit (SC11) (20 months)= \$ 150,000</p> <p>Economic Officer</p>

<p>-Economic forecast models developed ;</p> <p>-Sectoral studies and newsletters published and disseminated;</p> <p>-Sectoral policies developed;</p> <p>-Comprehensive analysis of legislation and regulations in the services area conducted;</p> <p>-Export promotion and development strategy designed and implemented;</p> <p>-Number of legislations drafted, amended and submitted to the Council of Ministers;</p> <p>-Number of reformed procedures introduced in the Ministry;</p> <p>-Number of Trainings, meetings, round tables, workshops for economic and trade development organized;</p> <p>-Stakeholders coordination implemented;</p> <p>-Public-Private sectors consultations conducted;</p> <p>Targets:</p> <p>- Economic KPIs monitored;</p> <p>- Sectoral policies developed;</p> <p>-Business environment and country ranking improved;</p> <p>-Trade negotiation mechanisms established and improved;</p> <p>-A functional Export Promotion Agency established;</p> <p>-Legislative agenda updated;</p>	<p>bilateral) assessed;</p> <p>- Prospective trade agreements negotiations evaluated (WTO, AGADIR, MERCOSUL);</p> <p>- Trade Remedies and Rules of Origin Studies initiated.</p> <p>2015- 2016</p> <p>- Sectoral studies , especially in services sectors developed,</p> <p>-Information and knowledge disseminated ;</p> <p>-Legal amendment and additions introduced (on-going);</p> <p>- Trade in Services sectors analysis and statistical data base enhanced ;</p> <p>- WTO, AGADIR ,MERCOSUL negotiations progressed;</p> <p>- Export promotion strategy implemented;</p>	<p>1.1.4: Impact assessment studies regarding the existing and potential trade agreements commissioned.</p> <p>1.1.5: Partnerships with international organizations and stakeholders in other ministries developed</p> <p>1.1.6: Training and capacity building workshops for the public and private sectors to raise awareness on international trade trends and developments organized;</p> <p>1.1.7: An export strategy developed and mechanisms for its implementation introduced;</p> <p>1.1.8: Relevant legislation drafted, amended, and modernized.</p>	<p>(SC6/1) (36 months)= \$92,675</p> <p>Junior Economic Officer (SC6/1) (36 months)= \$92,675</p> <p>Local Consultants= \$100,000</p> <p>Publications = \$15,000</p> <p>Travel= \$20,000</p> <p>Professional Services= \$5,000</p> <p>Workshops and Miscellaneous= \$10,000</p> <p>Net for Activities= \$1,301,310</p> <p>UNDP ISS at 2%= \$26,026</p> <p>UNDP GMS at 5% = \$66,367</p> <p>Total Cost for Output 1 = \$ 1,397,703</p>
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<p>Output 1.2: MoET high impact delivery capacity for efficient transfer of skills to the administration enhanced.</p> <p>Baseline: Despite support provided in the first phases of the project, Enterprise support, the capacities of the Ministry's IT structure and implementation of high impact projects, were limited and MOET still need improvements in these areas until full functional integration of the staff into the administration.</p>	<p>Targets 2014</p> <ul style="list-style-type: none"> - Quick wins implemented and impact measured; - SMEs capacity supported; - Inter- operability with relevant third parties insured ; - MoET e-services supported; 	<p>UNDP and MoET</p>	<p>1.2.1: Strategic high impact quick-wins and special projects in line with the MoET's priorities and needs identified and implemented;</p> <p>1.2.2: An SME strategy 2020 with short term and long term objective and governance structure developed;</p> <p>1.2.3: Technical support and capacity building activities provided to the SMEs.</p>	<p>Head of Enterprise Unit (SC11/1)(36 months)= \$262,360 Junior Enterprise Financial Officer (SC6)(36 months)= \$92,675 Junior Enterprise Development Officer (SC6) (36 months)= \$92,675 Head of IT Unit (SC11/2) (36 months) = \$313,725 IT and System Specialist (SC8) 36 months)= \$161,165 IT Specialist (SC8) (36months)= \$142,425 IT Officer (SC7/2) (36 months)= \$129,295 Senior Executive Services Officer (SC9)(36 months)= \$161,165 Executive Assistant (SC6)(36months)= \$110,990 Admin Assistant (SC5)(36months)= \$92,675 Driver (SC2) (36 months)= \$52,295 UN volunteer = \$47,400 Local Consultants = \$100,000 Travel= \$20,000 IT Equipment \$10,000 Comm and Aud Vis Equip= \$5,000 Aud Vis and print prod cost= \$10,000 Rental and Maintenance of IT equip= \$5,000</p>
<p>Output Indicators:</p> <ul style="list-style-type: none"> - Setting of an enterprise Strategy; - Support to SMEs provided and capacities enhanced; - IT needs assessed and strategy developed and implemented; - Transfer of technical and human resources to administration achieved; <p>Targets:</p> <ul style="list-style-type: none"> - Impact of quick wins achieved ; - Enterprise Strategy established; - IT Strategy for MoET established; - Inter- ministries electronic links established; - MoET master data centre upgraded; - Capacities of administration 	<p>2015-2016</p> <ul style="list-style-type: none"> - Appropriate Transfer of knowledge to various relevant departments fulfilled; - Proper absorption of core functions by administration achieved. 	<p>1.2.4: SME relevant informational pamphlets and newsletters published; including the development of the SME section on MOET's website;</p> <p>1.2.5: The IT unit integrated into MoET organizational structure with developed capacities;</p> <p>1.2.6: Current computerized processes upgraded into a common platform and manual processes reviewed (requirement analysis, re-engineering & development of priority processes);</p> <p>1.2.7: MoET Internal Portal designed and managed;</p> <p>1.2.8: The Consumer protection</p>	<p>(SC8) (36 months)= \$142,425 IT Officer (SC7/2) (36 months)= \$129,295 Senior Executive Services Officer (SC9)(36 months)= \$161,165 Executive Assistant (SC6)(36months)= \$110,990 Admin Assistant (SC5)(36months)= \$92,675 Driver (SC2) (36 months)= \$52,295 UN volunteer = \$47,400 Local Consultants = \$100,000 Travel= \$20,000 IT Equipment \$10,000 Comm and Aud Vis Equip= \$5,000 Aud Vis and print prod cost= \$10,000 Rental and Maintenance of IT equip= \$5,000</p>	

enhanced.			GIS system installed; 1.2.9: skills to MoET staff transferred through trainings and the use of enhanced applications.	Rental and Maintenance of other equipment \$5,000 Equipment and furniture \$5,000 Supplies \$9,000 Workshops and Miscellaneous \$7,000 Contractual Services Companies \$100,000 Net for activities \$1,934,845 UNDP ISS at 2%: \$38,697 UNDP GMS at 5% : \$98,677
Total Cost of output 2:				\$ 2,072,219
Total UNDP ISS (2%)				\$ 64,723
Total UNDP GMS (5%)				\$ 165,044
Total Cost for 3 Years*				\$ 3,616,507
First Year Budget				\$ 1,226,316
Second Year Budget*				\$ 1,169,122
Third Year Budget *				\$ 1,221,069

* Contingency accounted for.

III. ANNUAL WORK PLAN BUDGET SHEET

Year: 2014

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAM E				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q 1	Q 2	Q 3	Q 4		Budget Description	Amount
Output 1.1: Research and knowledge of advanced economic and trade policy formulation and implementation developed Baseline: There is a lack of well-founded trade and economic policies, to assess the trade agreements, promote exports, and to improve the business	1.1.1: Advice and technical knowledge on public finance and economic strategy and policies developed; 1.1.2: Research and analysis provided to monitor and assess sectoral economic developments and relevant studies published;	x	x	x	x	UNDP & MOET	71400 - Contractual Services - Individ	\$333,770
							71300 - Local Consultants	\$33,300
							74200 - Audio Visual&Print Prod Costs	\$5,000
							71600 - Travel	\$6,600

<p>of Ministers;</p> <ul style="list-style-type: none"> -Number of reformed procedures introduced in the Ministry; -Number of Trainings, meetings, round tables, workshops for economic and trade development organized; -Stakeholders coordination implemented; -Public-Private sectors consultations conducted; <p>Targets:</p> <ul style="list-style-type: none"> - Economic KPIs monitored; - Sectoral policies developed; - Business environment and country ranking improved; - Trade negotiation mechanisms established and improved; - A functional Export Promotion Agency established; - Legislative agenda updated; 	<p>awareness on international trade trends and developments organized;</p> <p>1.1.7: An export strategy developed and mechanisms for its implementation introduced;</p> <p>1.1.8: Relevant legislation drafted, amended, and modernized.</p>			
<p>Output 1.2: MoET high impact delivery capacity for efficient transfer of skills to the administration enhanced</p> <p>Baseline: the capacities of the Ministry's IT structure, SMEs support, trade activities, and implementation of high impact projects, are limited and still need improvements.</p> <p>Output Indicators:</p>	<p>1.2.1: Strategic high impact quick-wins and special projects in line with the MoET's priorities and needs identified and implemented;</p> <p>1.2.2: An SME strategy 2020 with short term and long term objective and governance structure developed;</p> <p>1.2.3: Technical support and</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>UNDP & MOET</p> <p>UNDP & MOET</p>	<p>MoET</p> <p>MoET</p> <p>MoET</p> <p>MoET</p> <p>MoET</p>
				<p>71400 - Contractual Services - Individ</p> <p>71500 - UN Volunteers</p> <p>71300 - Local Consultants</p> <p>71600 - Travel</p> <p>72800 - IT Equipment</p>
				<p>\$587,150</p> <p>\$15,800</p> <p>33,300</p> <p>\$6,500</p> <p>\$3,300</p>

<ul style="list-style-type: none"> - IT needs assessed and strategy developed and implemented - Support to SMEs provided and capacities enhanced - Transfer of technical and human resources to administration achieved 	<p>capacity building activities provided to the SMEs.</p> <p>1.2.4: SME relevant informational pamphlets and newsletters published; including the development of the SME section on MOET's website;</p> <p>1.2.5: The IT unit integrated into MoET organizational structure with developed capacities;</p> <p>1.2.6: Current computerized processes upgraded into a common platform and manual processes reviewed (requirement analysis, re-engineering & development of priority processes);</p> <p>1.2.7: MoET Internal Portal designed and managed;</p> <p>1.2.8: The Consumer protection GIS system installed;</p> <p>1.2.9: skills to MoET staff transferred through trainings and the use of enhanced applications.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>UNDP & MOET</p>	<p>MoET</p>	<p>72400 – Communic & Audio Visual Equip</p> <p>74200 - Audio Visual&Print Prod Costs</p> <p>73300 - Rental & Maint of Info Tech Eq</p> <p>73400 - Rental & Maint of Other Equip</p> <p>72200 - Equipment and Furniture</p> <p>72500 – Supplies</p> <p>75700 - Training, Workshops and Confer</p> <p>72100 - Contractual Services-Companies</p>	<p>\$1,600</p> <p>\$3,300</p> <p>\$1,600</p> <p>\$1,600</p> <p>\$1,600</p> <p>\$3,000</p> <p>\$2,500</p> <p>\$100,000</p>
<p>Total Outputs for 2014</p> <p>Total ISS for 2014</p> <p>Total GMS for 2014</p> <p>Total Budget for 2014</p>						<p>\$1,145,020</p> <p>\$22,900</p> <p>\$58,396</p> <p>\$1,226,316</p>

IV. MANAGEMENT ARRANGEMENTS

The Ministry of Economy and Trade is designated as the National Implementing Agency for this project. The Implementing Agency will be responsible for managing the project and will provide overall support to enable it to achieve its intended outputs and results. The Implementing 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 Implementation Modality (NIM) 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 Implementing 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 implementation 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 Implementation 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: a representative of the MoET; (iii) Senior Beneficiaries: representatives of the administration at the MOET. Additional partners/stakeholders can be invited as Observers to share relevant information as and when required. The Project Board, which will meet at least twice a year and will be reviewing annual work plans and budget.

The National Focal Point is usually the National Coordinator (or a representative appointed by him/her).

The responsibilities of the NFP:

- Review and approve detailed annual/quarterly work plans (for final approval by Project Board) and relevant budgets and where appropriate recommend changes to better meet the project objectives in the national context, in light of monitoring and other reports;
- Approve RDP/SR that are not included in the annual/quarterly work plans;
- Participate in Project Board meetings;
- Review APR Report, and other progress and monitoring reports;
- Provide recommendations for the next year's project planning;
- Facilitate adoption of necessary decisions and initiation of appropriate actions by the Government for the effective follow-up and implementation of the project activities;
- Assist in the identification and allocation of national resources needed by the project to meet its objectives.

Project Management: 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. The Project Manager will report to UNDP's Programme Manager and the National Focal Point.

The Project Staff (as per the organizational chart) will support in project implementation. Staff will report to the Project Manager. For specific tasks the project will be recruiting consultants to provide advice and technical support in project implementation.

MOET and UNDP will also designate the governance Programme Manager to be the Project Assurance and 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 premises of the MOET.

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

At the end of the project it is expected that the independence, financial autonomy and human capacity of the MOET will have been reinforced to allow it to better perform its mandate with no or minimal external support.

Exit Strategy:

In order to ensure the sustainability of project achievements, the project exit strategy is re-affirmed in terms of capacity development of counterpart entities and staff in the administration, on the one hand, and integration of eligible project staff into the administration during the period of extension of the project, on the other. Opportunities for integration of project staff in the administration may require, in certain instances, prerequisite institutional development action and, in all cases, careful planning, which will be supported by the Project Manager and Team Leaders, as required.

In order to ensure the sustainability of the achievements and to boost the capacity of the administration, the integration of the members of the IT Team in the Ministry's Administration is foreseen. The integration requires planning with regard to creating new positions with detailed job descriptions.

With respect to the Project Management Support Team, staff can be integrated during the course of the project period when necessary administrative procedures are completed; the project HR Assistant will be given the opportunity to integrate at the end of the project.

Staff of the economic and trade Policy Advisory and Support Team will be afforded the opportunity to join the administration towards the end of the project period while UNDP, if requested by the Government, could continue Policy advisory and support services beyond this project period.

Audit:

The audit of NIM projects is made through the regular external (UN Board of Auditors) or internal audits (audits managed by UNDP's Office of Audit and Investigations- OAI).

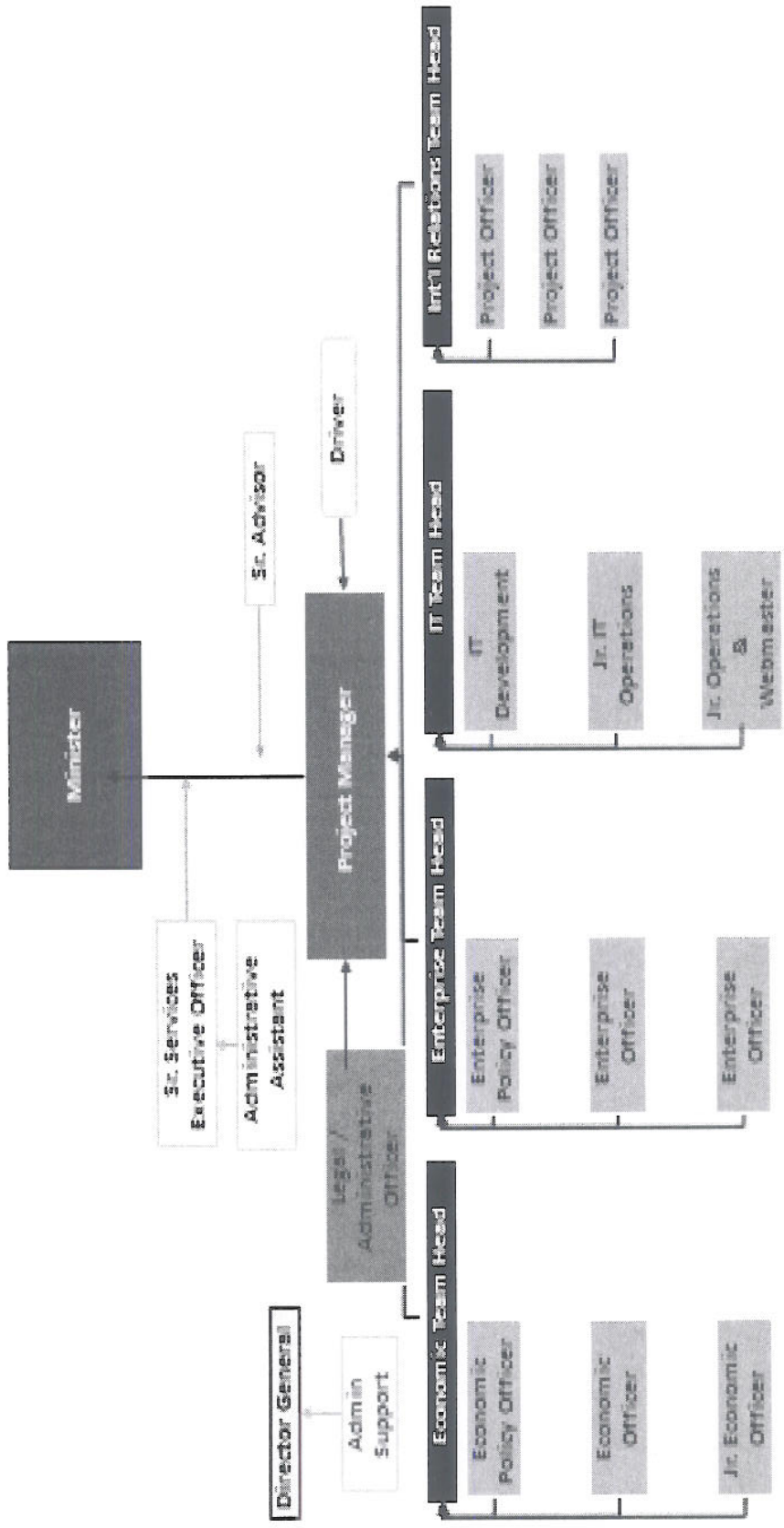
Visibility:

UNDP will ensure that the MOET and respective donors to the project will receive the maximum visibility possible.

UNDP will be responsible for determining when its name and logo are to be displayed and prior written authorization must be granted by the UNDP Resident Representative on a case by case basis.

Finally, this project document builds on the experiences of the previous projects and also takes into consideration the recommendations of the outcome evaluation study done in August 2011, and substantive revision conducted in the 4th quarter of 2011, especially to better focus the project outputs and activities on the one hand, and develop a transfer of skills gradual plan of the support and core functions staff in agreement with government.

Organizational Structure:



V. 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:

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: Capacity towards efficient and focused policy advice enhanced		
Activity Result 1 (Atlas Activity ID)	<i>Policy formulation and implementation</i>	Start Date: January 1, 2014 End Date: December 31, 2016
Purpose	<i>To develop and implement well founded trade and economic policies based on economic research and to improve business environment through coordination and various tools</i>	
Description	<i>This activity aims at providing advice and technical support towards informed decision-making. It also aims at enhancing the MOET's outreach capacity, addressing the different stakeholders, based on the production and dissemination of relevant information and knowledge tools.</i>	
	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Knowledge and information created and disseminated	Number of studies published and frequency	Throughout project cycle
	Means of dissemination	
	Number of targeted recipients (website hints, direct distribution, etc...)	
	Extent/frequency and nature of coordination (incl. minutes of meetings, reports, areas covered, etc...)	Throughout project cycle
	Number of trainings, meetings, roundtables, and workshops organized	Throughout project cycle
	Issues addressed/Proceedings of capacity building initiatives	
Number of targeted beneficiaries		
Legal reforms introduced and implemented	Number of legislations and reform procedures introduced in the council of ministers (suggested versus passed)	Throughout project cycle
Activity Result 2 (Atlas Activity ID)	<i>Delivery capacity enhanced</i>	Start Date: January 1, 2014 End Date: December 31, 2016
Quality Criteria	<i>Enhance the capacity of the Ministry of Economy and Trade for efficient transfer</i>	

<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>of skills and full functional integration of the UNDP team with the staff at the ministry</i>	
	<i>This activity aims at institutionalizing the main functions of the MOET, including those related to SMEs development, trade relations, and other high impact projects (to be identified).</i>	
Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	
Quick wins implemented Efficient coordination among stakeholders / other Ministries. Partnerships established. Capacity Building initiatives operational	Number of quick wins implemented and areas covered	Throughout project cycle
	Progress reports on implementation of quick wins	
	Impact of quick wins (targets, areas, ...)	
SMEs strategy developed and capacity support provided	Enterprise strategy developed	Throughout project cycle
	Number of trainings provided and beneficiaries	
	Assessment reports	
Transfer of technical and human resources to public administration	The number of staff and equipment transferred to the ministry, and timeline of the transfer	Throughout project cycle
IT capacity of the Ministry enhanced	Assessment report and actions against assessment	Throughout project cycle
	The number of staff and equipment transferred to the ministry, and timeline of the transfer	
	Number of tools developed and operational	

VI. 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".

VIII. Risk Analysis

#	Description	Date Identified	Type	Impact & Probability (1=low, 5=high)	Countermeasures / Mngt response	Owner
1	Lack of responsiveness and coordination from internal stakeholders at the MoET	Project initiation date	Operational	This would the creation of ownership and accountability <i>P=3</i> <i>I=4</i>	Engaging internal stakeholders at all stages of the project's implementation and in the formulation of the annual work plans and linked initiatives	UNDP
2	Lack of additional funds	Project initiation date	Financial	This would substantially delay the initiation of project activities <i>P = 3</i> <i>I = 3</i>	Follow-up by MOET and UNDP CO with funding agencies	UNDP
3	Political instability and security situation in the country	Project initiation date	Political	Political or security changes can hinder access to site and delay in receiving legal issues <i>P = 2</i> <i>I = 5</i>	Close coordination with UN DSS	UNDP
4	Difficulty in identifying qualified experts on the various areas covered by the different project outputs	Project initiation date	Operational	This may cause a delay in implementation of some training activities <i>P = 3</i> <i>I = 4</i>	Close coordination with UNDP's HR Department, UNVs, and other projects such as TOKTEN to identify the most qualified experts	UNDP
5	Resistance from UNDP team to transferring to public administration	Project initiation date	Operational	This may cause a delay in the successful implementation of the project's objectives <i>P = 3</i> <i>I = 4</i>	Close coordination and follow up with the ministry on the process	