

United Nations Development Programme

Country: LEBANON

Project Document Substantive Revision 00077489

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: United Nations Development Programme

Responsible Parties: Ministry of Finance

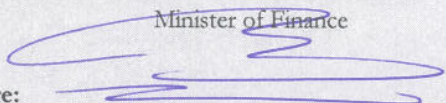
Brief Description

This document concerns a time extension for a three-year period and a substantive revision of the project 00077489 Technical Assistance for Fiscal Management and Reform, along with an increase of budget, in order to enable the achievement of the project objectives in full and the integration of project staff into administration.

Programme Period:	2014-2016
Atlas Award ID:	
Project ID:	00077489
Start date:	1/ February /2014
End Date	31/January/2017
PAC Meeting Date	13/December/2013
Management Arrangements	Support to NIM

Total Mobilized budget	\$7,818,552
Government	\$7,818,552
Net for activities:	\$7,300,235
2014 Budget:	\$ 2,645,603
ISS	\$146,005
GMS at 5%	\$372,312

Agreed by Government: H.E. Mohamad Safadi
Minister of Finance

Signature:  Date: 10 Jan-2014

Agreed by UNDP: Robert Watkins
UNDP Resident Representative

Signature:  Date: 10 Jan-2014

Agreed by CDR: Eng. Nabil El-Jisr
President

Signature:  Date: 23 JAN 2014



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
GMS	General Management Support
ISS	Implementation Support Service

I. SITUATION ANALYSIS

Macroeconomic, Fiscal Advice and Support, and Debt Management

Extensive work was done to strengthen the fiscal administration in the 2011-13 period, including through a first phase of transfers of internal and published reports; following a review of the first phase of formal transfer, the project will implement the second phase and potentially final phases. The project also successfully transformed MoF into the most transparent public organization in Lebanon, serving decision-making, investors, and the public at large; future work needs to be focused on further developing transparency through in-depth stand-alone reports and enabling the sustainability of the publications to be produced by the Ministry of Finance (MoF) administration.

Continued use, updates and in-house upgrades of the medium term fiscal and debt frameworks were conducted throughout the period to inform and alert the minister about trends going forward; they were also used to provide notes, impact analysis, and advice about specific fiscal and debt policies. Their effectiveness was curtailed due to dysfunctional government and Parliament over extended period, characterized by the absence of budgets.

The project economic unit developed an initial medium-term debt strategy for Lebanon and continuously monitored the annual financing targets through the internal dissemination of annual funding plans. Major financing decisions were taken by the minister in light of this work and discussions that were held in that respect.

Macroeconomic, Fiscal Advice and Support. In the 2011-2013 period, the Economic Team worked extensively on policy assessments and proposals, ranging from tax policies to budget proposals. More specifically, the Team proposed revenue-enhancing measures to finance the cost-of-living approved in 2012 and the salary scale adjustment. This entailed yield quantification and economic impact assessment in terms of inflation, and tax incidence on households. Several reiterations of macro-fiscal projections were conducted, accounting for the proposed policy measures, to estimate fiscal balances and debt sustainability in the medium-term. In early 2013, the Economic Team contributed to a preliminary fiscal impact assessment of the Syrian conflict and the presence of Syrian refugees, which was provided to the World Bank for their socio-economic assessment of the Syrian crisis. In addition, several policy notes were developed in the past period to assess fiscal policies or to shed light on important developments behind fiscal aggregates, such as an explanatory note on the Draft Law for the Cost-of-Living Adjustment and the New Salary Scale, another explanatory note on “Adjusting the Distortions in Lebanon’s Trade Data” due to delayed registration of EDL imports, a “Brief Note on Car-Related Taxes” for the period 2007-2012, “The Performance of Tobacco-Related Revenues 2007-2013”, a note on “The Fiscal Cost of Exempting Gasoil from VAT” (2012), a note on the developments behind Non-EDL Fuel Imports (2012-2013), and several notes with respect to EDL, namely on the Status of EDL Reforms, the Cost of Barges, and a note on Demurrage Fees for EDL.

On the sector side, considerable work was undertaken on the sustainable energy/environment portfolio on the national level (ex. Sustainable Public Procurement Steering Committee, National Council for the Environment, national NAMA prioritization process) and international level (ex. UNFCCC Conference of the Parties as part of the Lebanon delegation for the first time), including to mobilize climate finance. The project analyzed, evaluated and provided feedback on related reports and policies, such as on the National Energy Efficiency Action Plan and others. It also served on the Sustainable Public Procurement (SPP) Steering committee overseeing the development of a National SPP Action Plan, participated in working groups for specific projects.

Transparency, Research and Analysis. In its continuous efforts to promote transparency, the Economic Team maintained the publication and dissemination (e-mailing and website) of the regular monthly,

quarterly and annual fiscal publications, in addition to the monthly Aid Coordination Newsletter. The Team developed a new publication, the monthly Wages & Salaries report, in view of the weight of this expenditure item on the budget and of shedding more light on this subject. In addition, three publications are now produced also in Arabic, in cooperation with the administration.

The Economic Team developed the capacity of the administration by coaching the Public Debt Department (PDD) to prepare the EDL Monthly Snapshot, which details the transfers to EDL and provides information on LC financing, and to analyze the various debt aggregates for the preparation of the quarterly Debt & Debt Markets Report. After several reviews, these two publications were fully transferred. Further in terms of capacity building, the Economic Unit worked with the Macro Fiscal Unit (MFU) of the administration to transfer two internal monthly reports analysing the various aggregates of the real economy and of the monetary sector; these were developed to provide added support for decision making at the Ministry of Finance. Other transfers to the administration included quarterly reporting for AFD, thereby honouring one of the French conditions of the Paris II and III loans.

Debt Management: Implementing debt management reform and issuance on international capital markets. In the 2011-2013 period, the Economic Team continued to perform front office functions on FX debt, issuing an aggregate of US\$ 12.4 billion equivalent of Eurobonds across 29 tranches, including voluntary exchange transactions and debt replacement agreements (DRA) with Bdl. MoF was awarded five transaction awards during this period, the first time it received such international recognition, including EMEA Finance 2011 and 2012 Best Sovereign Bond in the Middle East. The Base Prospectus text was overhauled and streamlined for the first time in a decade. The Economic Team also continued to strengthen the relationship with local and international investments banks, including through market soundings, as part of its investor relations' role and coordinated ratings agency visits and other communication with three rating agencies. With respect to middle office functions, the Team regularly updated financing scenarios and the debt simulation model and produced internal policy notes for the issuance of Eurobonds, for the debt replacement transactions with BDL, on developments in the CDs market, and advised on new LBP issuances and the reform of the auction calendar schedule. In addition to transferred debt files mentioned above, the Team transferred to PDD the monthly amortization table preparation, the World Bank loans term sheet preparations and negotiations (except legal review), and the preparation of the available amounts under the debt ceilings for issuing in international capital markets

Legal Review

The Project Legal Team successfully transferred the tax conventions file to the administration in mid-2011, following which only support was provided to deal with specific issues. Between 1996 and 2011, twenty-nine tax conventions were ratified and three tax conventions were signed (ratified by Lebanon, waiting for ratification by the other party), and one amending protocols was ratified and another signed (ratified by Lebanon, waiting for ratification by the other party). The capacity of the tax conventions team at the Revenue Directorate was developed through intensive training and transfer of in-depth knowledge of the tax conventions and various negotiations techniques.

In the 2011-13 period, work continued on the investment agreements, unfortunately with slow progress due to dysfunctional government due to the political stale mate. The Legal Team managed to re-activate negotiations regarding nineteen investment agreements that were initialled in past years but were not

finalized due to a number of unresolved issues. The Legal Team also started negotiations on investment agreements with five new countries.

The Legal Team provided legal review and advisory support to the debt management with regard to all foreign and local currency Eurobonds and debt exchange transactions (see above, Debt management). It was responsible for the issuance on a regular basis of special bonds for contractors (seven issuances between 2010 and 2012) and expropriations (two issuances). It worked closely with the Public Debt Department to review legal agreements and to perform capacity building in relation with the execution of financial transactions.

The Legal Team conducted the negotiations of six World Bank loans on behalf of MoF and worked on seeking approval from various entities and also obtaining the legal opinion of the Ministry of Justice on a number of occasions, all within the deadline set by the World Bank. The Team reviewed and led negotiations on behalf of both the MoF and the MOEW to secure international financing for contracts awarded by the MOEW (EKF and HSBC, Sonatrach and KPC, etc.). The Team reviewed all the international and bilateral agreements (UNCTAD, IFAD, S&P, etc.).

The Legal Team led the Global Forum on Transparency and Exchange of Information for Tax Purposes initiative, in close collaboration with the Revenue Directorate and Banque du Liban: it completed the phase 1 questionnaire “Peer review of the implementation of the international standards for transparency and exchange of information for tax purposes”; assisted the Secretariat of the Global Forum with the follow up questions and the requests for information; reviewed and commented the draft Peer Review Report Phase 1 Legal and Regulatory Framework; and, worked on the Lebanon feedback to the OECD Peer Review Group recommendations and drafted Lebanon’s response on the one year follow-up report.

The Legal Team assisted in the review and drafting of financial regulations, and was in charge of drafting the borrowing article of the yearly budgets. It advised and assisted MOF in drafting, presenting and discussing proposed laws at Parliamentary Committees; and, attended weekly meetings at Parliament to discuss the amendment of the Code of Commerce and discussions related to other draft laws.

MoF Reform and Resource Mobilization

In the 2011-13 period, the project contributed to the successful management of the relationship with IFIs and main donors, including monitoring, reporting on, and development of portfolios and preparation and approval of projects and project financing. MoF TA was monitored and reported on, and technical support was provided for negotiation and mobilization of TA grants. The project monitored the implementation of the fiscal reform programme in the first year and subsequently supported and contributed to an updated fiscal reform programme, prepared by IMF and approved by MoF.

Tax Reform

The project supported the Lebanese Tax administration in its modernization efforts and in preparation and implementation of the tax reform programme. In the 2011- 2013 period, significant efforts were exerted in the areas of Tax Administration’s restructuring, risk management and audit techniques, e-services, and strengthening VAT operations particularly VAT registration and refund processes. Those

efforts were reflected by the high voluntary compliance rate that was maintained stable, despite the struggling economic situation in Lebanon, and the amount of revenues from direct and indirect taxes which increased by 7 percent in 2011 and by percent in 2012, in addition to the number of VAT refund claims that decreased by 19 percent in 2011.

Following the Minister's decision in July 2011 appointing the Revenue Director as VAT interim Director, and in the process of reorganizing the Tax Administration with strong headquarters, a draft law defining the new organizational structure of the Tax Administration and related functions was prepared: it was revised by the relevant committee in consultation with concerned departments and with technical support from the team. The revised draft law was completed and submitted to the DG for approval end August 2012.

The EU funded STR3 twinning project "Modernizing the Administrative and Operational Capacity of the Tax Administration", started in March 2013 and was officially launched in June of the same year. Earlier, the team worked jointly with the Tax Administration in cooperation with the EU for more than two years on the preparation of the twinning fiche, logical framework and budget documents. The project consists of five main components to be implemented over a period of eighteen months. Once fully achieved it is expected to be a major step forward in the establishment of a modern Tax Administration by improving its performance and information security and enhancing collection, both quantitatively and qualitatively, through administrative reform, greater transparency and efficient communication with citizens. During the first ten months of implementation, and besides ensuring the project management, the tax team supported the execution of more than 30 activities and nine study visits, in terms of organization, techniques and monitoring, as well as participation in some of them.

Collection function was transferred to the regional offices; the heads of the collection departments were appointed, and standardized schedules and reports for arrears were developed and tested. Moreover, the new functions are being gradually incorporated into the collection departments, starting, in 2013, with the procedures to notify taxpayers of additional taxes due, and the enforcement collection procedures.

To improve compliance, new risk analysis techniques were developed, a new set of risk grids was prepared, the French applications ALTO (Computer Assisted Audit Techniques) and SYNFONIE (for risk analysis) were implemented within the Lebanese context and a specialized MoF employees training on new risk analysis and audit techniques was accomplished. Furthermore, a new audit module was developed: Detailed audit amendments – detailed penalties – automated audit report. This result was achieved through the EU- funded project "Compliance and Risk Management" (STR2), twinning between the Lebanese and French Tax Administrations. The Team participated in the preparations preceding the EU approval, as well as in the project's management and monitoring, in its implementation by providing support in terms of organization and techniques, and in the follow-up missions that took place in Lebanon and France after the twinning was completed.

New automated business functions developed: In order to strengthen the VAT operations, new VAT forms were developed and automated; a new Standard Audit Report for Income Tax and VAT was developed and automated. Notable achievements are the new VAT registration procedure to minimize the risk of registering fictitious companies, the finalization of a new VAT refund procedure, and the automation of a new business process for handling the "refundable VAT amount carried forward". The refund risk analysis and the appropriate refund decision making methodology were implemented.

The e-registration procedures and the e-filing for both VAT and BPT (Built Property Tax) were implemented.

An automated system for Indirect Taxes was developed and implemented and a tax inquiry mobile application was launched: Application released on both Apple and Android stores.

At the Directorate General of Land Registry and Cadastre (DGLRC), the Acreage Books Automated System and the Vulnerability Patching procedures were implemented. New modules, considered as main decision-support tools to the administration, and a new information system for the Department of Government Real Estate were developed.

As for the development of a Performance Management System, work will begin following the full automation of the VAT collection functions. At DGLRC, some projects (rebuilding the IT infrastructure, Disaster Recovery Solution, Mail and Archiving System, Mobile Applications, and Documents Archiving System, new GIS solution) were delayed due to budget constraints.

Customs Reform

In the 2011-13 period, the UNDP project played a key role in mobilizing important complementary assistance for modernizing the clearance process, which aims to provide better conditions for economic growth through trade facilitation. Under the supervision of the Lebanese Customs Administration (LCA), it prepared and facilitated approval of two projects for EU funding and supported their rollout and initial-year implementation. The UNDP Customs (NAJM) Team also improved the collaboration and transparent information flow between stakeholders in the public and private sectors through the automation of the manifest, local transit, and logistics Free Zone. The Team enhanced the business service delivery through the implementation of the specialized warehouses, pledges, exit of goods, brokers' guarantees, location of goods, declarations' spreadsheets, and temporary storage delay management. It further established an ICT environment for Single Window via the implementation of the interfaces related to the Ministry of Telecommunications, National Social Security Fund, and customized ASYCUDA World for electronic payments and electronic data interchange with the Port of Beirut Authority.

A supportive regulatory framework underpinned the achievements that led by the end of the project period to a faster clearance time (three days) with lower cost, increased compliant operations by 5 percent and reduced non-compliant operations by 10 percent due to the series of implemented controls. In addition, several enhancements to the Customs system were introduced through adding traceability, selectivity rules, complex red/green algorithm, container overtime management, barcode adoption, and containers subject to drug inspection and goods exports.

However and due to the long period of paralysis of the Higher Customs Council (retirement of some of its members and failure to replace them), on the one hand, and long gestation periods of new governments and dysfunctional Parliament, on the other hand, some projects were delayed or postponed, because the re-engineering of such new process requires a high level approvals. The implementation of the E-payment project was delayed pending Customs/MoF decision, which in turn led to postponement of a new Customs clearance methodology. The Electronic Government project has proceeded by mutual agreement with counterpart institutions, in the absence of a ratified law. The Paperless Customs project was delayed due to hardware capacity constraint - tender in final phase. The implementation of the Electronic Signature is pending law ratification by Parliament. The Single Window project is on-going, but delayed because of above - preparation for the establishment of the required infrastructure on-going. In addition and importantly, the absence of a dedicated in-house

ASYCUDA World IT capacity has put important responsibilities on the project team and called for sustained extra-ordinary efforts as available resources and capacity were not commensurate with the task at hand.

Within the frame of the prototype for a revamped and streamlined customs clearance process, the NAJM Team achieved considerable progress as manifested by the following milestones:

IT core component: ASYCUDA World

- Improved Customs clearance functionalities by implementing the following inside ASYCUDA World:
 - The Pledge (التعهدات) module in all the Customs offices (safe exit of goods from the Customs premises).
 - The Cars specialized warehouses (to manage the warehouses for cars, which are spread over the Lebanese territory and outside the Customs premises).
 - Codification of the location of goods for better identification of goods locations in all Customs premises.
 - Declaration spreadsheets (الجداول) module implementation in the Port of Beirut for secure and better management of declarations' transfer from one division to another.
 - Car certificate charge calculation for better fees calculation and faster clearance process.
 - Exit of goods module in the Port of Beirut for a better control of imported goods.
 - Brokers Guarantee (كفالات) module for better Customs management of the brokers file.
 - Delay management for IM7 declarations for better control of the temporary period storage.
 - Container for drug inspection automation for better control of the imported containers.
 - Export of goods from the Port of Beirut for better control subject to Tax refund.
 - In addition to several reports to enhance Customs controls and functionalities.
- Integrated the WCO new tariff in ASYCUDA World (to keep the Harmonized System codes up to date with the international one)
- Integrated the Barcode Readers in ASYCUDA World application (to accelerate the documents' retrieval process and to eliminate the data entry errors)
- Automated the Containers overtime in the Port of Beirut (to accelerate the clearance process by removing one of the required phases in the container import process)
- Analyzed and launched (in test mode) the first phase of the Free Zone automation in the Port of Beirut.
- Developed Petroleum module in the Rafic Hariri International Airport (to manage the petroleum warehouses), (implementation pending Customs decision)
- Developed storage fee in the Rafic Hariri International Airport (to automatically calculate the fees of stored goods), (implementation pending Customs decision).

Electronic end-to-end clearance process

- Customized and implemented the Local Transit module in the Port of Beirut (to automate the transfer of goods between the Lebanese Customs offices).
- Customized and implemented the manifest (MANAR) phase 1 in the Port of Beirut (to register all the manifests in order to identify the imported cargo)
- Integrated the CNSS quittances in ASYCUDA World application (which aims to enhance the declarations' control and to support the National Social Security Fund).

- Developed the Temporary Declaration module (to automate the temporary declarations in the Port of Beirut), (implementation pending the Customs decision).

E-government platform (Incl. electronic collaboration with port authorities and terminal operators)

- Developed the Inplan Customs Interface (ICI) project with the Port of Beirut (to electronically exchange Customs and Port of Beirut Authority/Beirut Container Terminal Consortium data), (implementation pending Customs decision).
- Analyzed and implemented the ASYCUDA World interface for the mobile phones data exchange project between Customs and the Ministry of Telecommunication (to control imported devices and to stop the illegal mobile imports).

Self-assessment/risk management:

- Implemented a complex randomized red/green lane system to avoid any predictability of the routing of declarations
- Enhanced traceability inside ASYCUDA World (declaration, red/green lane percentage...) in order to track all the modifications.
- Enhanced Customs security by adding to the selectivity rules the container numbers, the Bill of Lading and the Vehicle Identification Number for better declaration security management.
- Affording required programs and trainings for the Customs Intelligence Unit for better targeting

E-payment:

- Analyzed and customized to ASYCUDA World the Electronic Payment project (to connect the Lebanese banks to the Lebanese Customs Administration via a gateway for settlement of duties), (waiting MoF approval for implementation).

Complementary TA support

- Conducted a deep analysis for all Lebanese Customs trade procedures, prepared the twinning fiche for the EC-funded STR-3 Modernized Clearance Process project, followed up on the approval process and accompanied the rollout (on-going through end-2014). The project aims to provide better conditions for economic growth through trade facilitation and to expedite the process of WTO accession by further harmonizing and simplifying customs legislation and procedures in accordance with WTO rules and the Palermo recommendations.
- Coordinated and supported implementation of the EU CUSTOM MFD project till the end of 2014, which aims to improve the goods circulation between the Middle East and the EU by networking and adopting shared procedures and technologies
- Assessed needs, prepared, and coordinated implementation of several EC TAEIX missions outside Lebanon.

IT Support included 24/7 ASYCUDA World support; Updating and management of the Customs servers, operating systems, database, Java, SoClass and AW application; management of the Microsoft and network devices in LCA; and, preparation of the yearly IT budget and the IT tenders.

In light of the above reforms and modernization of the customs clearance process and in view of shortcomings and gaps that remain, there is still a need for further services implementation to optimize the clearance process and Customs E-services, based on lessons learned, best-practice models in the region, and advances made in technology and telecommunications.

1. Policy development and coordination successfully implemented**1.1 Fiscal stability and debt sustainability policy framework maintained in light of new realities imposed by the Syrian conflict, oil exploration and policy measures**

Lebanon has gone through a new phase with the start of the Syrian conflict and its repercussions on the country and its socio-economic fabric. The Economic Unit will build on its experience and acquired knowledge to monitor a precarious fiscal situation which may lead to debt sustainability issues. The Team will provide policy recommendations for a country in dire need of financial assistance to offset the impact of the presence of increasing numbers of Syrian refugees, nearly one million as of September 2013. Once the process of regular monitoring of public finances is fully transferred to the administration, the Economic Team will initiate in-depth studies concerning various components of the tax base, namely the property taxes and real estate registration fees in view of the implementation of a real estate capital gains tax, fiscal stamps with the purpose of shedding more light on the yield from these fees and suggest possible reforms. The Economic Unit will also work on developing a much needed growth model to be used for accurate end-year estimates and medium-term projections, a step required to strengthen sound policymaking. The remaining publications will also be fully transferred to the administration, and in turn new stand-alone thematic publications will be developed to raise awareness about certain issues, such as gender and environment, and further improve transparency. The transfer of monitoring functions and regular publications will result in significant capacity development of the administration. Meanwhile, in light of the mounting burden of EDL's financial situation and in the absence of a clear timeline indicating the coupling of the company's investment plan with its financial needs, the Economic Unit will advise on ways to move forward for more clarity in implementing the reform plan. Advice will also be provided about the impact on public finances of the deteriorating environment, especially in light of the large number of Syrian displaced; the unit will propose measures and create administrative capacity for this pressing and potentially unsustainable problem looming in the three-year horizon and looking forward. The unit will also review and analyze the impact of oil discoveries on fiscal and debt. Given momentum generated on renewable energy, energy efficiency and climate change issues and MoF's crucial role in this space, the unit will support access to climate finance, institutionalize a unit for sustainable energy/environment issues at MoF, develop and review fiscal incentives to promote energy efficiency, renewable energy technologies in coordination and further building on the partnership with the Ministry of Environment and the Ministry of Energy and Water, and lead a Climate Public Expenditure and Institutional Review to support further policy-making in this area.

1.2 Debt management – front and middle office functions – implemented

The Economic Team will continue to lead front office functions executing Eurobond issuances on international capital markets and will exert more effort to strengthen the relationship with investors with a view to diversifying the investor base. With respect to the middle office, the focus will be on overhauling and developing the debt simulation model to provide (i) impact analysis of budget policies to monitor the growth of the stock of debt for debt sustainability purposes, and (ii) medium-term projections of interest payments and financing needs. The Economic Team will continue to provide policy recommendations in terms of financing instruments (in LL and in FX) and in terms of borrowing strategies. It is expected that the economic unit will transfer the back office functions it is

currently performing to the debt administration, namely the financing table and the statistical debt tables as well as the analysis of the main reasons behind changes in interest payments and the debt stock.

1.3 Legal advice and support provided

The strategy is to continue to lead the undertaking of additional investment agreements and amending protocols combined with an intensive capacity building program to benefit the Legal Department at MOF with the aim of transferring the investment agreement file by end 2014. Efforts will also be made to disseminate and promote bilateral investment agreements.

Advisory services will continue to be provided to foreign and local currency bond issuances and on issues related to debt management and capital markets development. Follow-up on the Global Forum on Transparency and Exchange of Information for Tax Purposes file, in addition to the work related to the implementation of the OECD Peer Review Group recommendations for Lebanon. Continued advisory and support will be provided for review of draft laws, draft contracts with providers, international and multilateral agreements, and bilateral agreements.

1.4 MoF reform programme and coordination supported

The rationale for the project extension is based on the need for monitoring and follow-up on the reform programme and related technical assistance, providing regular updates and reporting, including suggestions to address emerging issues. The project will elaborate and support the management of a monitoring and follow up system on TA mission recommendations and action plans. Also, the relationship and dialogue with international and multilateral financial institutions, notably IMF, WB, EIB, and EU... will be further developed and the achievement of opportunities for cooperation with bilateral donors will be supported. Mobilization of financial resources will be facilitated and supported, notably in view of the increased need due to the impact of the Syrian conflict and the large influx of the Syrian refugees. In this context, new donor financing approaches and products will be supported. Initiatives to strengthen and develop internal coordination and as well coordination among MoF technical assistance providers will be taken and supported.

2. Capacity for improved public finance management successfully developed

2.1 Tax reform programme initiatives developed and implemented

The UNDP Tax Team supported the MOF in developing a comprehensive programme aimed at modernizing the structure of the Tax Administration and introducing modern tools and functions. Some key reforms required more than 3 years to be fully achieved, while new ones, emerging during the implementation phase, should be taken into consideration in the future work plans.

The rationale for the continuation of the UNDP support over the next few years is the critical need to complete the wave of undergoing reforms, in addition to initiating, implementing and following-up on emerged activities, on one hand, and the accumulated experience and acquired knowledge, on the other. The main strategic goal of the next period will be to minimize the tax gap through different activities. Thus, the development of a Performance Management System (PMS) will provide accurate statistics to the Tax administration in order to measure the tax gap periodically. In addition, the Project will ensure the proper execution of the technical assistance projects and missions to the Tax Administration. Moreover, the team will continue to provide IT and development support in terms of implementation of delayed projects and planning and organization of a French Mission de Coopération Internationale

(MCI, technical assistance mission) aimed at helping the General Directorate of Land Registry and Cadastre in assessing its needs and requirements in terms of highly needed new projects. This will be followed by the preparation of required documents for a new twinning project funded by the EU.

2.2 Customs reform initiatives to be developed and implemented

The strategy for the modernization and reform of Customs as laid down in the project document remains valid, but in essence will require more resources and time. It assumes that normal government operations will resume and the institutional and human resources development of Customs IT will be achieved.

Looking forward, the immediate focus will be on the full implementation of the core modules of ASYCUDA World functionalities, including:

- Automation of all types of the Customs warehouses (private, industrial and petroleum) to enable full accountability and transparency of the processes.
- Automation of the duty free zone and coverage of the free zone procedures to enable a better and faster flow of goods.
- Automation of the International Transit for a better Customs services, especially for the international goods.
- Issuing ASYCUDA World alerts thru SMS messages.

Customs Cases integration into ASYCUDA World for a better and faster risk management in order to consolidate all the Customs offenses subject to an automatic selectivity.

In addition, the electronic data interchange with the remaining ministries and public institutions will be implemented. Full automation of data exchange between the Lebanese Customs and the Beirut Port Authority/ Beirut Container Terminal Consortium will be pursued for better and more secure importation, exportation and container movements inside the port.

With a view to achieving better and efficient services, the following projects will be implemented during the project period: creation of a paperless customs environment for better and faster services and controls; electronic government implementation for better, faster and more secure permits and visas exchange; and, single window implementation for an ultimate transparent administration.

Customs decision support, notably the implementation of the Twinning approved recommendations, and the implementation of the CUSTOM MED approved suggestions, which will promote the clearance process to the EU level and thus will improve the goods circulation contributing to a better environment for economic growth.

The project will continue to provide application support and to undertake enhancements, including among other the restructuring the IT hardware design for a faster and better environment, and new IT security implementation.

Section III-RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:

1.1 Performance of public institutions enhanced; and, public administration modernized

Intended Output as stated in the Country Programme Results and Resource Framework:

- 1.1.1 Capacities of key public institutions strengthened to formulate, coordinate, and implement economic reforms and aid management
- 1.1.2 Phased fiscal adjustment implemented

Outcome indicator(s) as stated in the Country Programme Results and Resources Framework, including baseline and targets:

Indicator: Public finance reform programs timely and successfully implemented according to annual plans.

Baseline: Paris III reforms

Target: Fiscal and economic policies developed and coordinated

Project title and ID: Technical Assistance for Fiscal Management and Reform

Outcome 1: Policy development and coordination successfully implemented

Intended Outputs	Targets (Year)	Responsible Partners	Indicative Activities	Inputs (Estimated cost 2014-16, US\$)
<p>Output 1.1 Fiscal stability and debt sustainability policy framework maintained in light of new realities imposed by the Syrian conflict, oil exploration and policy measures</p> <p>Baseline Fiscal situation at the end of 2013. Number of policy notes and number of policy proposals submitted/accepted in 2013. The 2013 MTEF No growth model Need to track impact of new oil fields Publications programme as implemented in 2013. Capacity development as of mid-</p>	<p><u>2014-15-16</u> Annual fiscal and debt targets met Socio-economic and fiscal policies in light of the burden imposed by Syrian conflict reviewed and assessed <u>2014</u> Impact of the Syrian conflict on the revenues and expenditures, including EDL and interest payments thoroughly studied Publications calendar</p>	<p>MoF PMO Ministry of Environment Ministry of Energy and Water</p>	<p>1.1.1 Tax and expenditure planning, policy research and analysis conducted -Develop the analysis of the tax base in order to prepare deeper impact analysis of major tax proposals and incidence of the Syrian conflict; -Delve into the equity and poverty perspectives of various tax proposals; -Desk assessment and field research on impact of the Syrian displaced on expenditures; Impact assessment of the Syrian crisis on the revenue side;</p>	<p>Total Cost output 1: (1) Head of Economic Unit (2) Senior Economic Officer (1) Local consultant (1year = 30,000) (2) Economist Sub Total Staff: USD 1,021,800 Travel: (15,000 x 3)= 45,000 Workshops/Training</p>

<p>2013 review. Targets: (1) Annual fiscal and debt targets met; (2) Impact of the Syrian conflict on the revenues and expenditures, including EDL and interest payments, thoroughly studied (analytical reports) (3) Socio-economic and fiscal policies in light of the burden imposed by Syrian conflict/refugees reviewed and assessed (policy review, and potentially reform, starting with the nomenclature to see things in a clearer manner, moving on to subsidy, expenditure, and tax reform); (4) MOF growth model used as essential tool in policy assessment and in decision-making (5) Model to study revenue, expenditure, and debt impact of new oil discoveries developed (6) Fiscal and debt situation successfully regularly monitored and reported on by the administration (7) Thematic report series to include topics of interest to investors and taxpayers and thematic gender-related reports developed and reports widely disseminated; (8) Sustainable energy and environment portfolio developed and institutionalized</p>	<p>following transfer to administration timely and successfully implemented Incentive proposals for sustainable energy submitted 2015-2016 Growth model for MOF implemented Model developed to study the impact of oil discoveries on fiscal and debt Second phase of transfer to administration completed Thematic report series developed and reports widely disseminated Sustainable energy/environment portfolio institutionalized Sustainable energy/environment financing from new global funds mobilized Fiscal incentives studied and developed to promote renewable energy, energy efficiency and/or climate mitigation action</p>	<p>1.1.2 General fiscal and economic policy and decision-making support provided -Regular updates and development of MTEF; -Devise a growth model for MOF; test and use model in MoF processes -Construct a database from different sources (for empirical economic analysis) that would support the monitoring and/or forecasting of the impact of the Syrian crisis on the macro, fiscal and other relevant sectors. -Contribute to the generation of evidence-based knowledge and identify critical data and information gaps that would improve the monitoring of the situation as impacted by the Syrian crisis.</p> <p>1.1.3 Fiscal management and reform and PFM transparency initiatives monitored and review -Publish and widely disseminate remaining regular publications -Review and assess Phase 1 of transfer of activities to the administration; -Capacity development of the finance administration (MFU, PDD) through coaching and on-the-job training; -Develop and implement detailed plan for phase II transfer, including transfer of a</p>	<p>(1,500 x 3)= 4,500 Miscellaneous Expenses 31,650 Sub Total: 81,150 USD UNDP Fee: Total Cost output i: 1,102,950 USD</p>
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<p>Indicators:</p> <ul style="list-style-type: none"> (1) Periodic/annual key fiscal and debt indicators (2) Analytical reports on impact of the Syrian conflict on the fiscal situation (3) Report on social and fiscal policies in light of Syrian crisis; (4) MoF growth model; (5) Deviation from publications calendar; Client /user satisfaction and action (publications survey) (6) Thematic report series (7) Sustainable energy/environment portfolio developed: Incentive proposals; financing. 		<p>number of publications to relevant departments in the MoF administration</p> <ul style="list-style-type: none"> -Develop, publish and widely disseminate stand-alone thematic reports to include topics of interest to investors and taxpayers and thematic gender-related reports. <p>1.1.4 Special initiatives: Sustainable energy and environment developed</p> <ul style="list-style-type: none"> -Develop Sustainable Energy / Environment portfolio, including financing -Formally establish a specialized sustainable energy unit at MoF -Prepare proposals for sustainable energy/environment-oriented fiscal incentives; -Complete a Climate and Public Expenditure and Institutional Review -Develop climate finance instruments such as NAMA financing process -Engage in and provide feedback on policy-documents and reports with partners such as -Third National Communication, revised National Energy Efficiency Action Plan. 	
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<p>Output 1.2. Debt management – front office and middle office functions – implemented</p> <p>Baseline: Debt financing in 2013. Debt dynamics resumed negative rising trend by the end of 2013 due to the fiscal deterioration. Reversal of the declining path of interest payments</p> <p>Targets: Annual financing targets met FX and LL bond issuances successfully undertaken Guidelines for investor relations Upgraded and a more flexible debt simulation tool developed incorporating new financing developments in terms of debt holders and instruments to provide short to medium-term projections of financing and debt aggregates</p> <p>Indicators: Actual financing vs. financing targets FX and LL bond issuances Guideline for investors relations New, upgraded debt model linked to macro model</p>	<p><u>2014-15-16</u> Annual financing targets met</p> <p>FX and LL bond issuances successfully undertaken</p> <p>Guidelines for investor relations</p> <p>Upgraded and a more flexible debt simulation tool developed incorporating new financing developments in terms of debt holders and instruments to provide short to medium-term projections of financing and debt aggregates</p>	<p>MoF BdL</p>	<p>1.2.1 Eurobond issuances on international capital markets in line with annual funding plan and overall debt management objectives executed</p> <p>1.2.2 Annual funding plans provided to the minister, and update on quarterly basis provided</p> <p>1.2.3 Review of FX and LL instruments conducted</p> <p>1.2.4 Guidelines for investor relations formalized</p> <p>1.2.5 Research on commercial banking issues and requirements conducted</p> <p>1.2.6 Rating agencies review supported</p> <p>1.2.7 Overhaul in-house debt model reviewed</p> <p>Provide a solid/reliable basis for the forecasting of debt indicators related to the cost and risk profiles</p> <p>1.2.8 Debt model in the medium-term macroeconomic and fiscal framework integrated</p>	<p>Total Cost output 2: (1) Senior Economic Officer (2) Economic Officer</p> <p>Sub Total Staff: USD 456,660</p> <p>Travel: (15,000 x 3) = 45,000</p> <p>Miscellaneous Expenses: 17,000</p> <p>Sub Total: 62,000 USD</p> <p>Total Cost output 2: 518,660 USD</p>
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<p>Output 1.3 Legal advisory and support provided</p> <p>Baseline: (1) Five new investment agreements initiated and negotiations in progress (2) Legal reviews and advisory notes completed in 2013</p> <p>Targets: (1) At least five additional investment agreements negotiated annually ((3) Requests for legal review and advice satisfactorily met/acted upon</p> <p>Indicators: (1) Number of investment agreements signed (2) Proportion of legal reviews and advisory notes accepted/acted upon</p>	<p>2014 At least five investment agreements negotiated</p> <p>Investment agreement file transferred to the administration</p> <p>2014-15-16 Requests for legal review and advice satisfactorily met/acted upon</p>	<p>MoF UNDP</p>	<p>1.3.1 Investment agreements prepared and negotiated -Promote investment agreements -Develop capacity and file transfer to the administration</p> <p>1.3.2 Legal review conducted and advice on other agreements, contracts and draft laws provided -Legal review and advisory services to debt management -Negotiation of loan and grant financing -Review of other international and bilateral agreements and legal issues -Review, negotiation and execution of contracts between MoF and providers -Review of draft laws -Follow up on Global Forum on Transparency and Exchange of Information for Tax Purposes file</p>	<p>Total Cost output 3: USD (1) Senior Legal Advisor (1) Junior Legal Officer (1) Legal (UNV)</p> <p>Sub Total Staff: USD 360,000</p> <p>Travel: (10,000 x 3)= 30,000</p> <p>Miscellaneous Expenses: 11,700</p> <p>Sub Total: USD 41,700</p> <p>Total Cost output 3: 401,700 USD</p>
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<p>Output 1.4 MoF reform programme and donor coordination support</p> <p>Baseline: Approved fiscal reform programme. Portfolio status end 2013. TA data base end 2013. Aid mobilized. Project-based financing.</p> <p>Targets:</p> <ol style="list-style-type: none"> (1) MoF reform programme implementation reported on; (2) IFIs, EIB relationship managed and portfolio developed; (3) MoF TA mobilized as planned ; (4) Annual aid mobilization target achieved; (5) Sector-wide approaches for funding supported; <p>Indicators:</p> <ol style="list-style-type: none"> (1) Monitoring report on fiscal reform programme implementation; (2) IFIs and donor relation and portfolio monitoring report; (3) TA implementation ratio; (4) Grants and loans mobilized as forecasted; (5) Sector financing plans preparation supported; 	<p>2014-15-16</p> <p>Fiscal reform programme implementation monitored and reported on</p> <p>IFIs, EIB relationship managed and portfolio developed</p> <p>MoF TA mobilized as planned</p> <p>2015</p> <p>Aid mobilization annual target achieved</p> <p>2016</p> <p>Sector-wide approaches for funding supported</p>	<p>MoF</p> <p>UNDP</p> <p>(IMF, WB, EU, EIB)</p>	<p>1.4.1 Monitoring, and quarterly reporting on the fiscal reform programme implementation conducted</p> <p>1.4.2 Relationship management and portfolio development with IFIs, multilateral institutions and international agencies, and donor countries: Coordination, dialogue, monitoring, reporting, follow up, initiatives developed</p> <p>1.4.3. Coordination, supervision, monitoring and reporting on MoF TA ensured. Follow up on project preparation and approval processes and on recommendations (Missions, studies, projects) conducted</p> <p>1.4.4 Resource mobilization, in particular general budget support, sector support, new financing approaches supported</p> <p>1.4.5 Donor coordination at Ministry of Finance through alignment of priorities and harmonization of approaches supported</p>	<p>Total Cost output 4: USD</p> <ol style="list-style-type: none"> (1) Senior Economist (1) Project Officer (1) Project Manager (1) HR and Finance Assistant (1) Secretary (2) Drivers (1) Office Coordinator (1) Media and Communication Officer (Not in organogram) (1 year = 30,000) <p>Sub Total Staff:1,242,120 USD</p> <p>Workshops/Training (5,000 x 3) = 15,000</p> <p>Travel (25,000 x 3) = 75,000</p> <p>Communication and Audio Visual Equipment (1,000 x 3)= 3,000</p> <p>Supplies (3,000 x 3) = 9,000</p> <p>Rental and Maintenance of the Equipment (4,000 x 3)= 12,000</p> <p>Printing Production Costs/publication(2,000 x 3) = 6,000</p> <p>Audit Fee = 10,000</p> <p>Miscellaneous Expenses 69,650</p> <p>Sub Total: 199,650 USD</p> <p>Total Cost output 4: 1,441,770 USD</p>
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Outcome 2 Capacity for improved public finance management successfully developed

<p>Output 2.1 Tax reform programme initiatives developed and implemented</p> <p>Baseline: Progress of tax reform programme implementation as of end 2013</p> <p>Targets:</p> <ul style="list-style-type: none"> (1) Modernized tax organization with a function-based structure with strong full headquarters; (2) Fully automated business processes; (3) Enhanced tax governance <p>Indicators:</p> <p>(1) Decreased tax gap</p> <p>(2) Improved services (time, cost)</p> <p>(3) Increased revenues collection</p>	<p>2014</p> <p>Large Taxpayers Office merger implemented</p> <p>The administrative and operational capacity of the Tax Administration modernized (STR3 implemented)</p> <p>E-services business rules provided</p> <p>Awareness and communication campaigns launched</p> <p>Needs and requirements of GDLRC assessed</p> <p>Cadastre Centralized Time Attendance System implemented</p> <p>Government Real Estate Information System implemented</p> <p>Cadastre IT infrastructure rebuilt and IT disaster recovery solution implemented</p> <p>2015</p>	<p>MoF UNDP EU MCI</p>	<p>2.1.1 Tax Administration reorganized by restructuring the Revenue and VAT Directorates and adapting the processes & procedures accordingly</p> <p>2.1.2 Reforms (EU twinning projects) supported including the following components: - Tax Administration Reorganization - Tax governance - Call Centre - IT Disaster Recovery Solution - Training Facility equipment</p> <p>2.1.3 Designated pilot project for the Large Taxpayers Office merger by integrating the VAT into the LTO and refining the LTO Business processes and procedures implemented</p> <p>2.1.4 The two SIGTAS applications (VAT-LRD) merged through modifying the design of SIGTAS to fit the new requirements</p> <p>2.1.5 A Performance Management System (PMS) developed and implemented by fully automating collection functions in the VAT and revenues; and defining key Performance Indicators and reporting requirements</p> <p>2.1.6 Operational Call Center ensured by evaluating and monitoring the installed call center</p> <p>2.1.7 Business rules for income tax,</p>	<p>Total Cost output 2.1:</p> <p>USD</p> <p>(1) Team Leader</p> <p>(1) Senior Audit and Tax Advisor</p> <p>(1) IT Supervisor</p> <p>(1) Senior Analyst Programmer</p> <p>(2) Analyst Programmer</p> <p>(2) Senior Implementation Coordinator</p> <p>(2) Implementation Coordinator</p> <p>(1) Coordinator</p> <p>(1) Translator and Linguistic Coordinator</p> <p>(1) Implementation Coordinator-Cadastre</p> <p>Sub Total Staff: USD2,157,660</p> <p>Travel (10,000 x 3) = 30,000</p> <p>Workshops/Training (2,500 x 3) = 7,000</p> <p>Supplies (1,500 x 3) = 4,500</p> <p>Communication and Video Equipment (1000 x 3) = 3,000</p> <p>Rental and Maintenance of the Equipment (3,000 x 3) = 9,000</p>
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	<p>Large Taxpayers Office merger procedures implemented</p> <p>Performance Management System implemented</p> <p>Operational Call Centre ensured</p> <p>E-services business rules provided</p> <p>Awareness and communication campaigns launched</p> <p>Mail and Archiving System implemented</p> <p>New GIS solution implemented</p> <p>2016</p> <p>The Tax Administration reorganized</p> <p>The two SIGTAS applications merged</p> <p>E-services business rules provided</p> <p>Awareness and communication campaigns launched</p>	<p>DASS, tax on capital gain and VAT e-services provided</p> <p>2.1.8 Awareness and communication campaigns for all e-services, the call center and the EU twinning project prepared and launched</p> <p>2.1.9 GDLRC IT supported and developed</p> <ul style="list-style-type: none"> - Assess the needs and requirements of GDLRC by preparing and supporting technical assistance provided by French MCI and EU - Data collection and staff training for the centralized time attendance system - Defining parameters of the Government Real Estate Information system, implementation, and staff training - Quality control of server rooms renovation, and configuring new PCs - Contribution in the testing phase of IT DR solution - Defining parameters of the Mail and Archiving System, Document Archiving System, implementation in all Registry Offices, and staff training - Training on new GIS software. - On-going IT support including GDLRC automated systems; preparation of various statistical reports; data transfer activities; quality control of foreign nationality property registration; and, management of IT inventory system 	<p>Miscellaneous Expenses 115,175</p> <p>Sub Total: 168,675</p> <p>Total Cost output 5: 2,326,335 USD</p>
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<p>Output 2.2 Customs reform initiatives implemented</p> <p>Baseline:</p> <ul style="list-style-type: none"> -Free Zone: Operations: at least 2.5 days/operation Manual Controls -Transit: Operations: at least 1.5 day/operation Manual Controls - Visas and permits delivery: at least 2 trips from Customs to each required administration -Manual procedures and registers -Latency in the current procedures -Weak controls -Inability to issue daily inventories -Trade community remarks <p>Targets:</p> <p>Increased efficiency and efficacy of customs facilitation</p> <ul style="list-style-type: none"> - Free Zone operations: 30 percent faster than in 2013 -Free zone control: improvement by 50 percent - Transit operations: 40 percent faster than in 2013 	<p>Documents Archiving System implemented</p> <p>2014</p> <ul style="list-style-type: none"> - Free Zone operations: 5 percent faster than 2013 - Free zone control: improvement by 10 percent - Transit operations: 10 percent faster than 2013 - Transit control: improvement by 15 percent -Faster visas and permits: 10 percent faster than 2013 <p>2015</p> <ul style="list-style-type: none"> - Free Zone operations: 15 percent faster than 2013 - Free zone control: improvement by 25 percent - Transit operations: 20 percent faster than 2013 - Transit control: improvement by 30 percent - Non-compliant operations: Less than 10 percent - Percent of revenue due to enforcement: more than 5 percent - Faster visas and permits: 20 percent faster than 2013 <p>2016</p> <ul style="list-style-type: none"> - Free Zone operations: 30 percent faster than 2013 	<p>LCA UNDP</p>	<p>2.2.1. End-to-end clearance process implemented</p> <ul style="list-style-type: none"> - Automation Free Zone - Automation Logistics Warehouses - Automation Private Warehouses - Automation International Transit - Automation Petroleum Warehouses - Automation Industrial Warehouses <p>2.2.2 Self-assessment/Risk management conducted</p> <ul style="list-style-type: none"> - Customs Cases integration into AW for offenses consolidation subject to a better post clearance functionalities <p>2.2.3. E-government applied</p> <ul style="list-style-type: none"> - Data Exchange with Port of Beirut/Beirut Container Terminal Consortium - Electronic Data Interface with the following ministries (Economy and Trade, Health, Agriculture, and Industry) <p>2.2.4. Paperless customs implemented</p> <ul style="list-style-type: none"> - Integration of a soft copy into the declaration of the essential attached hard documents <p>2.2.5. Single window implemented</p> <ul style="list-style-type: none"> - Creation of a single Customs interface for all Lebanese administrations <p>2.2.6. ASYCUDA Functionalities</p>	<p>Total Cost output 2.2: USD</p> <p>Total Cost output 2.2: USD</p> <ul style="list-style-type: none"> (1) Customs Component Manager (1) Program Analyst (1) Program Analyst (Advanced Java Developer) (2) IT Assistant (1) IT Support Coordinator <p>Sub Total Staff: USD 845,550</p> <p>UNCTAD FEE (200,000 x 3) = 600,000</p> <p>Sub Total: 600,000</p> <p>Travel (10,000 x 3) = 30,000</p> <p>Workshops/Training (1000 x 3) = 3000</p> <p>Supplies (1000 x 3) = 3,000</p> <p>Miscellaneous Expenses = 27,270</p>
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<p>- Transit control: improvement by 60 percent over 2013</p> <p>Increased level of compliance in operations</p> <p>-Non-compliant operations: Less than 5 percent</p> <p>Increased revenue due to enforcement</p> <p>- Percent of revenue due to enforcement: more than 15 percent than in 2013</p> <p>Increasing trade satisfaction</p> <p>- Increase in share of SME relative to overall annual operations 15 percent than in 2013</p> <p>Intra-governmental collaboration</p> <p>- Faster visas and permits: 50 percent faster than 2013</p> <p>Indicators:</p> <p>(1) Clearance time</p> <p>(2) Clearance cost</p> <p>(3) Customs control</p> <p>(4) Voluntary compliance</p> <p>(5) Revenue due to enforcement</p> <p>(6) Automatic intra-governmental Collaboration</p>	<p>- Free zone control: improvement by 50 percent</p> <p>- Transit operations: 40 percent faster</p> <p>- Transit control: improvement by 60 percent</p> <p>- Non-compliant operations: Less than 5 percent</p> <p>- Percent of revenue due to enforcement: more than 15 percent</p> <p>- Increase in share of SME relative to overall annual operations 15 percent</p> <p>- Faster visas and permits: 50 percent faster than 2013</p>	<p>supported</p> <p>- Integration of the FOX modules: NAR, ABJAD, RASID, BAHETH, DAHEM</p> <p>- Adding Controls and reports</p> <p>- AW SMS alerts</p> <p>2.2.7 IT support provided</p> <p>- IT budget preparation</p> <p>- IT tenders preparation</p> <p>- IT hardware restructuring and installation</p> <p>- FOX integration inside AW</p> <p>- New IT security implementation</p> <p>- New network devices implementation</p> <p>2.2.8. Implementation of EC STR-3 twinning recommendations approved, concerning specifically;</p> <p>- Free Zone</p> <p>- Transit</p> <p>- Accounting</p> <p>- Manifest</p> <p>2.2.9- Addition of control between Customs, Port Authority and the Terminal Operator ensured</p>	<p>Sub Total: 63,270</p> <p>Total Cost output 2.2: 1,508,820 USD</p>
Total Outputs			7,300,235 USD
ISS			146,005 USD
GMS			372,312 USD
Total Project Budget			7,818,552 USD

SECTION IV: 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>	TIMEFRAME				RESPO NSIBL E PARTY	Fund ing Sourc e	Budget Description	Total Amount
		Q 1	Q 2	Q 3	Q4				
<p>Output 1. Fiscal stability and debt sustainability policy framework maintained in light of new realities imposed by the Syrian conflict, oil exploration and policy measures</p> <p>Baseline: Fiscal situation at the end of 2013. Number of policy notes and number of policy proposals submitted/accepted in 2013. Publications programme as implemented in 2013. Capacity development as of mid-2013 review</p>	<p>1.1 Tax and expenditure planning, policy research and analysis Develop the analysis of the tax base in order to prepare deeper impact analysis of major tax proposals and incidence of the Syrian conflict; Delve into the equity and poverty perspectives of various tax proposals; Desk assessment and field research on impact of the Syrian displaced on expenditures; Impact assessment of the Syrian crisis on the revenue side;</p>	V	V	V	V	MoF PMO MoEW MoEnv	71300 Local Consultant 71400 - Contractual Services - Individ. 71600 Travel 74500 - Miscellaneous Expenses 75700 - Training, Workshops and Confer.	30,000 330,600 15,000 10,550 1,500 7,753 19,770	

<p>interest payments thoroughly studied</p> <p>(3) Socio-economic and fiscal policies in light of the burden imposed by the Syrian conflict reviewed and assessed</p> <p>(4) Publications calendar following transfer of regular publications to administration timely and successfully implemented</p> <p>(5) Incentive proposals for sustainable energy submitted</p>	<p>activities to the administration;</p> <p>Capacity development of the finance administration (MFU, PDD) through coaching and on-the-job training;</p> <p>Develop and implement detailed plan for phase II transfer, including transfer of a number of publications to relevant departments in the MoF administration</p> <p>Provide preliminary overview of Cadastre database and statistics; set monthly indicators on real estate aggregates; and, develop a monthly publication on main cadastre aggregates;</p>	v	v	v	v	v	v	<p>1.4 Special initiatives: Sustainable energy and environment.</p> <p>Develop Sustainable Energy / Environment portfolio, including financing</p> <p>Prepare proposals for sustainable energy/environment-oriented fiscal incentives;</p> <p>Initiate a Climate and Public Expenditure and Institutional Review</p> <p>Develop climate finance instruments, specifically NAMA financing process</p> <p>Engage in and provide feedback on policy-documents and reports with partners, such as Third National Communication, revised National Energy Efficiency Action Plan</p>								415,173 USD	
TOTAL																	

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	Budget Description	Total Amount
		Q1	Q2	Q3	Q4				
<p>Output 2. Debt management – front office functions – implemented</p> <p>Baseline: Debt financing in 2013. Debt dynamics resumed negative rising trend by the end of 2013 due to the fiscal deterioration.</p>	<p>2.2 Debt Management</p> <p>(1) Execute Eurobond and exchange issuances on international capital markets in line with annual funding plan and overall debt management objectives; study the possibility of issuance in the absence of a government;</p> <p>(2) Provide annual funding plans to the minister, and update on a quarterly basis;</p>	v	v	v		MoF BdL	71400 - Contractual Services – Individ.	152,220	
							71600 - Travel	15,000	
							74500 Miscellaneous Expenses	5,667	
							73500 - Reimbursement Costs	3,458	
							75100- Facilities & Administration	8,817	
<p>Targets: Annual financing targets met FX and LL bond issuances successfully undertaken Guidelines for investor relations issued Debt model upgraded and linked to macro-fiscal medium-term model</p> <p>Indicators:</p>	<p>(3) Overhaul in-house debt model; Review of available background documents, studies, reports and country experiences needed for the update of the model. Build on the available debt projection model, provide guidance on the necessary updates, and the way forward for a more effective and reliable simulation tool and design a task plan</p>								

<p>Deviation from financing targets FX and LL bond issuances Guideline for investors relations Upgraded and linked debt model</p>	<p>Work on developing the quantitative model using excel format.</p> <p>Include a wide range of debt indicators for the model</p> <p>Integrate the debt model within the macro fiscal medium-term projection model.</p> <p>(4) Review FX and LL instruments; suggest new instruments when needed in order to decrease the rising cost risk</p> <p>(5) Formalize guidelines for investor relations; hold meetings with investors on a regular basis (at least quarterly) and brief the minister about their contents</p> <p>(6) Research commercial banking issues and requirements; include them as part of the financing strategy;</p> <p>(7) Support rating agencies review</p>	<p>185,162 USD</p>
<p>TOTAL</p>		

<p>Output 3 Legal advice and support provided</p> <p>Baseline:</p> <ul style="list-style-type: none"> - Number of investment agreements as of en 2013; five agreements initiated and negotiations in progress. - Legal reviews and advisory notes completed in 2013 <p>Targets:</p> <p>At least five additional investment agreements in 2014</p> <p>Investment agreements file transferred to the administration</p> <p>Requests for legal review and advice satisfactorily met/acted upon</p>	<p>3.1 Investment agreements</p> <ul style="list-style-type: none"> - Amendment of the Lebanese draft of model investment agreement, French translation - Prepare for and undertake negotiations and support approval process of investment agreements - Disseminate and promote approved investments agreements - Capacity development of civil servants of the Legal Department and hand-over of the investment agreements file to the administration by end 2014. 	v	v	v	v	MoF, UNDP	Govt.	<p>71400 - Contractual Services – Individ.</p> <p>71500 - UN Volunteers</p> <p>71600 - Travel</p> <p>74500 - Miscellaneous Expenses</p> <p>73500 - Reimbursement Costs</p> <p>75100 Facilities & Administration</p>	<p>102,000</p> <p>18,000</p> <p>10,000</p> <p>3,900</p> <p>2,678</p> <p>6,829</p>
<p>Indicators:</p> <p>(1) Number of investment agreements signed</p> <p>(2) Proportion of legal reviews and advisory notes accepted/acted upon</p>	<p>3.2 Legal review and advisory on other agreements, contracts and draft laws</p> <ul style="list-style-type: none"> - Legal review and advisory support to debt management - Review and negotiation of loan and grant financing - Review of other international and bilateral agreements and of various legal issues - Review, negotiation, and execution of contracts between MoF and providers - Review draft laws, including on financial and capital markets development - Follow up on the Global Forum on Transparency and Exchange of Information for Tax Purposes file and implementation of the OECD recommendations. 	v	v	v	v	MoF, UNDP	Govt.		143,407 USD
TOTAL									

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	Budget Description	Total Amount
		Q 1	Q 2	Q3	Q 4				
<p>Output 4. MoF reform programme and donor coordination support</p> <p>Baseline: Approved fiscal reform programme. Portfolio status end 2013. T.A data base end 2013.</p> <p>Indicator: (1) Monitoring report on fiscal reform programme implementation; (2) IFIs/ donors relationship and portfolio monitoring report; (3) T.A implementation ratio.</p> <p>Annual Target: (1) Fiscal reform programme implementation reported on; (2) IFIs, EIB relationship managed and portfolio developed; (3) MoF T.A mobilized as planned.</p>	<p>4.1 Monitoring, and reporting on the fiscal reform programme implementation. Coordination and consultation with key stakeholders</p> <p>Continuous monitoring and reporting (quarterly and annual)</p> <p>Support development and launching of new initiatives</p>	v	v	v	v	Govt.	71300 Local Consultant	30,000	
		v	v	v	v	Govt.	71400 - Contractual Services – Individ.	404,040	
	<p>4.2 Relationship management and portfolio development with IFIs, multilateral institutions and international agencies, and donor countries</p> <p>Coordination with donor counterparts and key stakeholders</p> <p>Dialogue on portfolio development with individual donors, support to the Minister, Monitoring and reporting on portfolios (monthly, quarterly)</p> <p>Follow up on issues and problem solving</p> <p>Support for initiatives development</p>	v	v	v	v	Govt.	71600 – Travel	25,000	
		v	v	v	v	Govt.	72400 - Communic. & Audio Visual Equip	1,000	
	<p>5.3 Coordination, supervision, monitoring and reporting on MoF T.A (projects, studies, missions).</p> <p>Develop M&R system and rollout</p> <p>Follow up on approvals and on recommendations</p>	v	v	v	v	Govt.	72500 Supplies	3,000	

5.4 Project management and support unit Management, annual work planning, including monitoring and implementation, relationship management with counterparts and partners, development of new initiatives, project administration, team building, training, etc.	v	v	v	v	Govt.	73400 Rental and Maint of other Equip	4,000
						74200 - Audio Visual&Print Costs	2,000
						74500 Misc.	23,217
						75700 - Training, Workshops and Confer.	5,000
						73500 - Reimburse ment Costs	9,946
						75100 Facilities & Administration	25,360
TOTAL							532,563 USD

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	Budget Description	Total Amount USD
		Q1	Q2	Q3	Q4				
Output 5. Reform programme initiatives implemented Baseline: Progress of reform programme implementation as of end 2013 Targets: Large Taxpayers Office merger implemented The administrative and operational capacity of the Tax Administration modernized (STR3 implemented) E-services business rules provided Awareness and communication campaigns launched The needs and requirements of the Cadastre and land registry	5.1 Reorganize the Tax Administration - Restructuring of the Revenue and VAT Directorates - Prepare and implement the users' requirements 5.2 Support to the reforms (EU twinning project) - Ensure project management - Monitor the specified milestones - Execute and deliver the planned tasks/equipment - Provide support in terms of organization and techniques 5.3 Implement the designated pilot project for the Large Taxpayers Office merger - Integrate the VAT into the LTO 5.4 Merge the two SIGTAS applications (VAT-LRD) - Build the new SIGTAS architecture in order to merge the two applications - Upgrade the VAT database to 11g and assist the Income tax in upgrading their databases. - Convert the SIGTAS application from client /server to a web application- Implement the data-guard high availability tool for disaster recovery of the VAT database					GOV MoF, UNDP MoF, UNDP, EU MoF, UNDP MoF, UNDP	71400 - Contractual Services – Individ. 71600 – Travel 72400 Communic. & Audio Visual Equip 72500 Supplies 73400 Rental and Maint of other Equip 74500 Misc.	719,220 10,000 1,000 1,500 3,000 38,392	

<p>Directorate assessed</p> <p>Cadastre Centralized Time Attendance System implemented</p> <p>Government Real Estate Information System implemented</p> <p>Cadastre IT infrastructure rebuilt and IT disaster recovery solution implemented</p>	<p>5.5 Develop and implement a Performance Management System (PMS)</p> <ul style="list-style-type: none"> - Fully automate the VAT collection functions as a part of the PMS - Synchronize the new VAT collection functions with the revenues collection <p>5.6 Ensure operational Call Center</p> <ul style="list-style-type: none"> - Evaluate & Monitor the installed Call Center - Build call center knowledge database 	<p>MoF, UNDP</p>	<p>75700 - Training, Workshops and Confer.</p>	<p>2,500</p>
<p>Indicators:</p> <p>Decreased tax gap</p> <p>Improved services (time, cost)</p> <p>Increased revenues collection</p>	<p>5.7 E-services</p> <ul style="list-style-type: none"> - Provide business rules for the income tax, DASS and VAT e-services - Portal Info management <p>5.8 Prepare and launch awareness and communication campaigns</p> <ul style="list-style-type: none"> - Prepare external communication on all e-services - Prepare an internal communication plan to the call center - Prepare communication campaign on the EU twinning project <p>5.9 Assess the needs and requirements of the Cadastre and land registry Directorate</p> <ul style="list-style-type: none"> - Support the technical assistance provided by the MCI - Prepare the twinning fiche, log frame matrix and budget of a new twinning project funded by the EU 	<p>MoF, UNDP</p>	<p>73500 - Reimbursement Costs</p> <p>75100 - Facilities & Administration</p>	<p>15,513</p> <p>39,556</p>

	5.10 Cadastre IT and project support - Centralized Time Attendance System: data collection and staff training - Government Real Estate System: Defining parameters, implementation and staff training - Quality control of server rooms renovation, new PCs configuration and contribution in testing phase of Disaster Recovery solution - On-going IT support					830,681 USD
TOTAL						

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	Budget Description	Total Amount USD
		Q1	Q2	Q3	Q4				
Output 6. Customs programme initiatives Baseline - Free Zone: Operations: at least 2.5 days/operation in 2013 Manual Controls - Transit: Operations: at least 1.5 day/operation in 2013 Manual Controls - Visas and permits delivery: at least 2 trips from Customs to each required administration in 2013 - Manual procedures and registers - Latency in the current procedures - Weak controls - Inability to issue daily inventories - Trade community remarks	6.1. End-to-end clearance process - Automation of: Free Zone Logistics Warehouses Private Warehouses International Transit - Analysis, re-engineering, automation, removal of manual registers 6.2 Self-assessment/Risk management - Customs Cases integration into AW for offenses consolidation for better post-clearance functionalities: Analysis of all types of cases 6.3. E-government - Data Exchange with Port of Beirut/Beirut Container Terminal Consortium: Related to Logistics and Private warehouses - Electronic Data Interface with one/two Ministries depending on readiness and willingness: Computerization of visas and permits: analysis, re-engineering, automation, removal of manual registers 6.4. Paperless customs implementation - Integration into the declaration of a soft copy of the essential attached hard documents (such as bill of lading, delivery order...) (capacity increase, AW customization)	V	V	V	V	Govt.	71400- Contractual Services – Individ.	281,820	
		V	V	V	V		71600 – Travel	10,000	
							72140- UNCTAD	200,000	
							72500 Supplies	1,000	
		V	V	V			74500 Misc.	9,090	
			V	V	V		75700 - Training, Workshops and Confer	1,000	
Targets, Indicators: - Free Zone: Operations: 5 percent faster than 2013 Control: improvement by 10 percent - Transit: Operations: 10 percent faster than 2013		V	V	V	V		73500 - Reimbursement Costs	10,058	
							75100 Facilities & Administration	25,649	

Section V: Management Arrangements

The Ministry of Finance 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.

UNDP National Implementation Modality. 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.

Project Board. A Project Board will be formally 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: General Directors of the relevant administrations 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 (mandatory) to review and approve the annual work plan and budget and to monitor its implementation, among other.

National Focal Point. 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: 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, to whom he/she will report. The Project Manager will coordinate project activities with the Director-General/ or senior official of each of the counterpart entities of the Administration to ensure smooth and efficient working relation towards the achievement of project objectives. 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 undertake and maintain regular contact with counterparts of third-party TA providers to the Ministry of Finance with a view to ensuring coherent and efficient support to the Ministry of Finance.

To support project implementation, project staff are recruited by the project, as per below and chart.

Organization: The project will be organized in four teams, Policy Support Team, Tax Reform Team, Customs Reform Team, and Project Management Support 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. In sync with the Project Manager, the Team Leader will manage the relationship and coordinate with the Administration counterpart unit(s) to ensure that project activities are properly adjusted and interlinked and to inform about new initiatives and outputs. Regular working meetings between the UNDP team and the administration counterpart units will be part of the process of cooperation. Ongoing collaborative and joint action and shared tasks and initiatives with the administration will be reinforced and systematically reported.

The *Policy Advisory and Support Team* will provide direct support to the Minister, in coordination with the Director General of Finance and in cooperation with the counterparts' entities of the administration. The Policy Team consists of an Economic Unit and Legal Advisors. The Economic Unit will provide support covering three components: macro-economic and fiscal, debt management, and reform and coordination. The Unit will be led by a Team Leader and ten economists and finance specialists. Legal review will be provided by a senior legal advisor and a legal officer.

The *Tax Reform Team* will coordinate with the Director General of Finance to provide direct support to the Revenue and VAT Directorate, thereby closely cooperating with the Director of Revenue and VAT and the senior officials of the two directorates. The Team will also provide support to the Land Registry and Cadastre, in coordination and cooperation with the Director General of the Land Registry and Cadastre. The Tax Reform Team will be led by the Tax Reform Manager and will consist of a compliance and audit advisor, IT unit of four staff, implementation coordination unit of four staff, a communication coordinator and a translator and linguistic coordinator.

The *Customs Reform Team* will coordinate with the Director General of Customs and the Higher Customs Council to provide direct support to the General Directorate of Customs. The Customs Reform Team will be led by the Customs Reform/IT Manager and consist of five IT staff. The project will continue to cover the annual fee for UNCTAD to service the ASYCUDA proprietary software during the 2014-16 period.

The *Project Management Support Team* will provide administrative and logistics support to project planning and implementation. The Project Human Resources and Finance Assistant will provide support with recruitment, procurement and other administrative services and project administration, and 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. The Coordination Assistant will provide direct support to the Minister in terms of administrative coordination and front office management. The secretary will provide administrative support. Two drivers will provide driving services. All will report to the Project Manager.

MoF and UNDP will designate the UNDP 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.

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 will require, in all cases, careful planning, which will be supported by the Project Manager and Team Leaders, as required. A specific and detailed plan for staff integration will be elaborated and agreed within the first six month of the project implementation. Whereas UNDP and the Project Manager may make suggestions, the integration of project staff is the responsibility and at the initiative of the ministry.

In order to ensure the sustainability of the achievements and to boost the capacity of the administration, the integration of the members Tax Reform Team in the Tax Administration is foreseen. With respect to the Customs Reform Team, the objective is to transfer the Customs Reform Team project staff to the LCA IT Department, after having established and developed a NAJM (ASYCUDA World) entity. The project will assist the LCA to prepare for the IT institutional development, including the establishment and development of an ASYCUDA (NAJM) entity and subsequent implementation process.

Staff of the Policy Advisory and Support Team will be afforded the opportunity to join the administration towards the end of the project period. Policy coordination and advisory assistance could be considered by UNDP if requested by the Government at the end of the project period.

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.

Cost recovery: 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

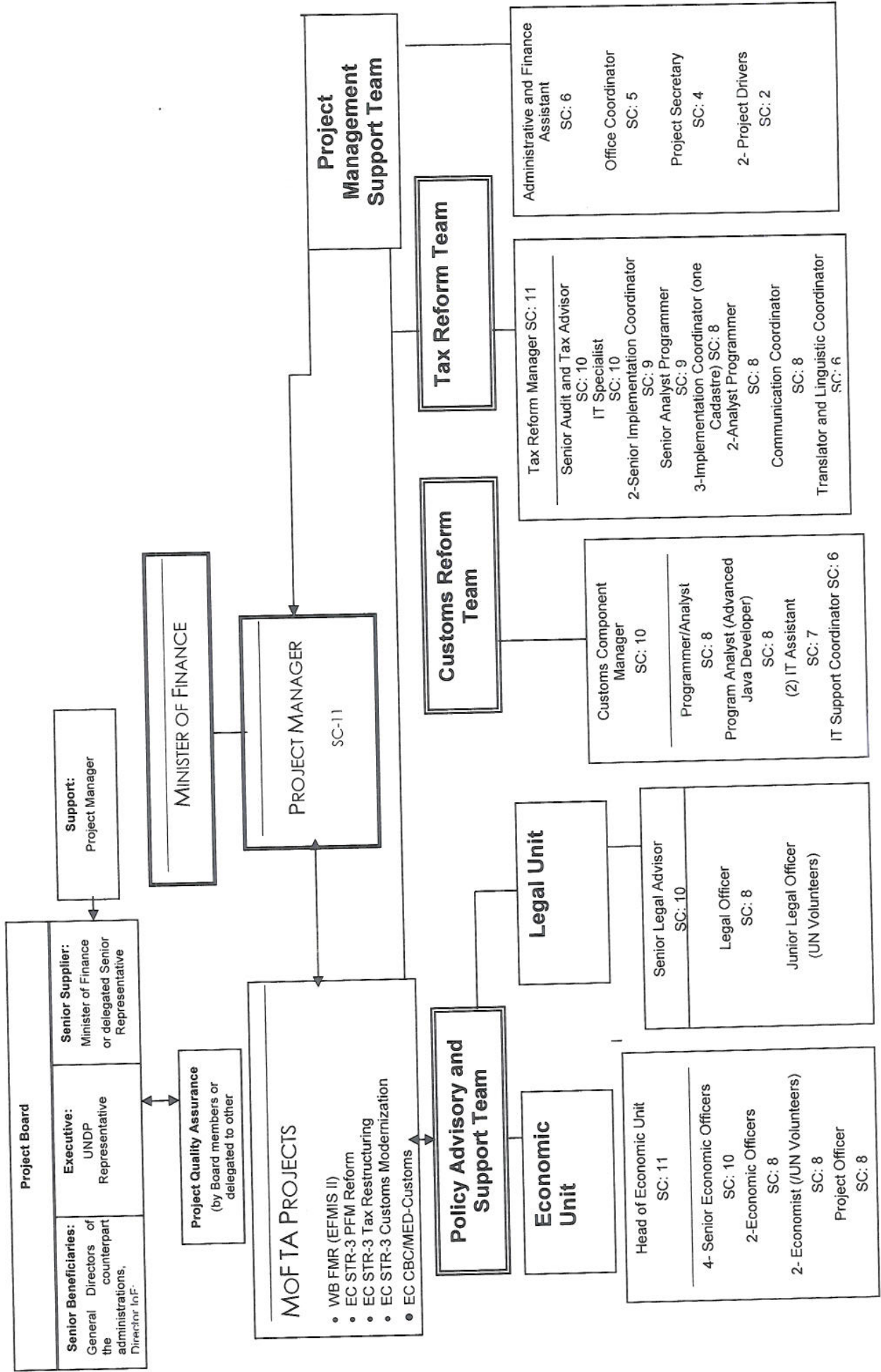
Audit: The audit of NIM projects is made through the regular external (UN Board of Auditors) or internal audits (audits managed by UNDP's Office of Audit and Performance Review).

Visibility: UNDP will ensure that the MOF 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.

¹This would include any fee to IAPSO.

Organizational Structure



Section 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 the MOF of 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: Policy development and coordination successfully implemented

Activity Result 1	Fiscal and debt policies	Start: Feb2014 End: Jan2017
Purpose	Monitor and advise on the fiscal situation aiming at fiscal stability and debt sustainability.	
Description	Provide policy advice and recommendations on a number of issues including the new realities due to the Syrian conflict, and as well build the capacity of public administration.	
Quality Criteria	Quality Method	Assessment Date
Tax and expenditures plan; and policy and research conducted	Ministry and project records; draft budget proposals Number of policy briefs and research studies conducted	Throughout project
Specific initiatives conducted	Ministry and project records Impact assessment of initiatives/narrative reporting	Throughout project
Activity Result 2	Debt management	Start: Feb2014 End: Jan 2017
Purpose	Advise on and support debt sustainability through front and middle office functions support	
Description	Continue to lead functions in regard to executing Eurobond issuances, developing debt simulation and advise on financing.	
Quality Criteria	Quality Method	Assessment Date
Annual financing targets met	Project and ministry records Narrative reporting	Throughout project
Activity Results 3	Legal advisory	Start: Feb2014 End: Jan 2017
Purpose:	Lead legal efforts of the MOF towards agreements and protocols	
Description:	Providing legal advisory services in the framework of international and multilateral agreements as well as bilateral agreements.	
Quality Criteria	Quality Method	Assessment Date
Investments agreements	Number of investment agreements negotiated	Jan 2017
Legal reviews and advice provided	Proportion/number of legal reviews and advisory notes acted upon	Jan 2017

Activity Result 4	Reform programme and relationship development	Start: Feb2014 End: Jan 2017
Purpose	To keep under review reform initiatives and support mobilization of assistance	
Description	Monitoring and assessment of reforms	
Quality Criteria	Quality Method	Assessment Date
Reform programmes implemented	Project records/impact assessment	Throughout project
Resources mobilized	Amount of grants, loans, financing plans mobilized and implemented	Jan 2017
OUTPUT 2 Capacity for improved public finance management successfully developed		
Activity Result 5	Tax reform	Start: Feb2014 End: Jan 2017
Purpose	Modernizing the structure of tax administration and introducing tools and functions.	
Description	The tax team at the MOF will develop a comprehensive programme to tackle the administration.	
Quality Criteria	Quality Method	Assessment Date
Modernized administration	Number of tools developed and operational Assessment of provided services (time, cost...)	Jan 2017
Tax governance	Collection of revenues	Jan 2017
Activity Result 6	Customs Reform	Start: Feb2014 End: Jan 2017
Purpose	Modernization and reform of the customs directorate	
Description	Full implementation of reforms to enable enhancements and more efficiency of customs	
Quality Criteria	Quality Method	Assessment Date
Modernized customs department	Number of tools developed and operational Assessment of provided services (time, cost...)	Jan 2017

SECTION 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

#	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 implementation of project activities P = 2 I = 4	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 and implementation of project activities P = 3 I = 4	Coordination with UN DSS	UNDP			
3	Difficulties in retaining talent	Project initiation date	Operational	May cause delay in implementation of activities and in institutional memory development P = 2 I = 3	Coordination with UNDP HR department	UNDP			
4	Delays in implementing the exit strategy	Project initiation date	Administrative	Delays in transferring skills to administration and implementing the recommendation of the COM P=3 I= 4	Close coordination with MOF administration	UNDP			
5	Limited responsiveness and buy-in from stakeholders	Project initiation date	Operational	This may cause a delay in implementation of some activities P = 3 I = 4	Close coordination with MOF administration and directorates. Implement a methodology based on inclusiveness and participation.	UNDP			

