

Annex 3 : Action Fiche for Lebanon/ENPI/Education Reforms

1. IDENTIFICATION

Title/Number	Support to Education and PFM Reforms		
Total cost	€14,000,000 out of which €13,700,000 from EC contribution and €300,000 from Government of Lebanon		
Aid method / Method of implementation	Project approach – Decentralised management		
DAC-code	11000 15111	Sector	Education Management of public finances

2. RATIONALE

2.1. Sector context

The present project covers two domains: education and public finance management. Both components are embedded within the strategy and planning of the Lebanese Government and have been prepared with the concerned Ministries. The Ministry of Education and Higher Education (MEHE) has rooted the project in the National Education Strategy. The Ministry of Finance (MoF) has aligned its component with the Paris III reform plan and the fiscal management programme funded by the World Bank.

2.1.1. Education

The main challenges in education in Lebanon are the uneven quality between public and private schools, urban and rural areas and the low effectiveness and efficiency of the educational system as a whole. Public schools, which educate 37% of children, have poorer resources than private schools and often receive students from low-income families, cumulating social and cultural handicaps, resulting in higher dropout and repetition rates. Due to the dominant confessionalism and social inequalities, civic education has had limited impact. MEHE has put forth the National Education Strategy (awaiting endorsement by the Council of Ministers) outlining an education reform, including the two following priorities: reduction of dropouts and repetitions and civic education. The governance of the sector as well as its institutional capacities, however, remain weak and must be strengthened to implement these reforms successfully. The key players are the Secretariat for the Education Development (SED), newly created in January 2009 for the follow up of the education reform, the Centre for Education Research and Development (CERD), officially in charge of education planning, data collection and elaboration of education plans, the Direction de l'Orientation Pédagogique et Scolaire (DOPS), responsible for the oversight and counselling at the school level, the Directorate for Private Sector (DPS), responsible for harmonisation between private and public education, and the Regional Offices and Resource Centres based in the six administrative regions of Lebanon.

2.1.2. *Public Finance Management (PFM)*

In recent years, the Government of Lebanon (GoL) has been improving its public finance management. In 2004, the World Bank Financial Accountability Assessment (CFAA) concluded that the overall risk of the PFM system is significant but a number of key reforms would reduce the fiduciary risk rating to moderate. Since then, the GoL has made some progress, resulting in an increase in fiscal and non-fiscal revenues. Based on the CFAA recommendations, the budget system has been rationalised by including Extra-Budgetary Funds and special revenues. In the Paris III donor conference, the GoL committed to structural reforms in PFM, in particular with regard to the revenue, budget, land debt management. The Government has initiated an aggregated medium term expenditure framework (MTEF) and at sector level, MEHE has been chosen as a pilot. Realising the limitations of the available PFM diagnosis, the MoF has agreed to undertake a PEFA (Public Expenditure Performance Assessment) exercise which would constitute the basis for a sequenced reform programme.

2.2. **Lessons Learnt**

The analysis of the education sector during the formulation phase of this programme lead to abandon the original intention of using the sector budget support aid modality. The programme intends to prepare Lebanon for additional sector support via budget support by reinforcing its capacity to meet the sector performance indicators. It will also contribute to an improved dialogue and follow-up on factors affecting budget support eligibility.

2.3. **Complementary actions**

This project complements three EC interventions: 1) Support to Reforms Programme (I, II, and III) addressing governance issues, 2) Renforcement de l'intégration socio-économique d'enfants et de jeunes en difficulté (I and II), addressing school failure and citizenship education, and 3) Accelerated Vocational Training Programme addressing the reintegration of drop-outs. Most importantly, the project will provide strong complementarities in the future for all EC budget support operations in Lebanon (foreseen from 2011 onwards).

Furthermore, the project builds on efforts of other donors/agencies:

- World Bank Education Development Project (EDP, ended December 2008) and the Second Emergency Social Protection Implementation Support Project (US\$ 1 million, approved September 2008) and the Emergency Fiscal Management Reform Implementation Support Project (US\$ 4 million, approved January 2009).
- Agence Française de Développement (AFD) support to CERD in teacher training.
- UNDP citizenship education programme.

2.4. **Donor coordination**

Coordination of the project will be ensured by SED for the education components (as foreseen for the entire education reform), while a MoF-based Steering Committee will coordinate the PFM aspects. In general, regular and thematic coordination with

member States is chaired by the Delegation and the Government Reform Programme Coordination Office leads on the GoL side. The EC maintains a dialogue with the World Bank (the leading donor in both sectors), AFD (joined the formulation of the project) and UN Agencies.

3. DESCRIPTION

3.1. Objectives

The Overall objective is to reinforce the Lebanese education and public finance policy management in order for Lebanon to possibly benefit from sector support via budget support in the medium term.

Specific objectives are:

- (1) To assist MEHE and its regional entities to plan, implement and monitor comprehensive reforms of the education sector
- (2) To assist MoF to strengthen the management of public finances

3.2. Expected results and main activities

Result 1: MEHE has the institutional capacities to plan, implement and follow-up education reforms, both at national level and in the regions

A prior applicable condition is the filling of the necessary staff positions by MEHE.

Activities:

At the Secretariat for the Education Development (SED):

- development of staff capacities in planning (including multi-annual expenditures and action plans) and monitoring of programmes (including indicator definition and follow-up devices)
- establishment of an information/communication system linking all policy actors

At the Operational Directions (CERD, DOPS, DPS) and regional offices/centres:

- development of staff capacities in:
 - curriculum development, civic education and fight against school failure
 - management of reform programmes, programme monitoring
 - inspection and control of private schools

Means: Technical assistance, training (including study tours and internships), twinning, and supplies (e.g. software, IT/communication equipment)

Result 2: Institutional capacities are tested and reinforced by drafting and executing an implementing plan for two National Education Strategy priorities

Start of these activities will be conditioned by a set of prior conditions stemming from Result 1.

Activities:

Drop-out and repetition reduction:

- design of the national plan of action against school failure based on an analysis of the specific causes
- design, publication and distribution of Learning Support Framework and related pedagogical tools; and related teacher training
- definition of a new training plan introducing the drop-out and repetition prevention, training of trainers, directors and teachers (grades 4 and 9)
- renovation of three Teacher Training Centres in underprivileged areas and turning them into pilots for dropout prevention and repetition reduction
- increasing the capacity of DOPS, particularly in pedagogical counselling
- extracurricular activities and family involvement, including support to NGO interventions (grants)

Citizenship education:

- definition of civic education concepts
- action plan for civic education
- review of the curricula in civic education
- definition of new methods and related teacher training
- introduction of a civic education test (9th grade, public and private schools)
- integrating civic education activities in annual school projects
- supporting interventions of NGOs in civic education (including grants)

Means: Technical assistance, training and twinning, works, grants and supplies (equipment)

Result 3: Budgeting process is improved and execution is better controlled

Activities:

PFM Diagnostic:

- set up of a steering committee to lead the exercise with stakeholders and donors

- diagnostic of the PFM (based on PEFA)

PFM Reform Strategy and awareness building:

- Assist, upon MoF's request, in the GoL-led design of a PFM Reform Strategy (on the basis of further diagnostic, if necessary), involving all concerned government bodies (MoF, line ministries, Central Inspection, Court of Audit, Parliament (finance and budget committee)

Capacity Building assistance in the implementation of PFM Reform Strategy:

- expenditure programming and budget preparation (performance-based budgeting on pilot basis for MEHE, MTEF, etc)
- Budget execution and control (internal/external)
- Possibly, support to draft and upgrade a modern Budget System Law
- Other related areas as identified and prioritized by the MoF

Means: Twinning and training for MoF budget directorate and budgeting and planning units in line Ministries.

3.3. Risks and assumptions

Main risks:

- Socio-political instability might interrupt the implementation of the Government reforms;
- Weakness of the present MEHE structure;
- Poor availability, high turnover, and/or limited absorption capacity of counterpart staff

Main assumptions:

- Socio-economic and political stability;
- The GoL ensures sustainability of the supported functions and structures, the beneficiaries deploy human resources with time and capability to absorb the assistance;
- Internal competitions or other arrangements are organized by MEHE to fill key vacant posts

3.4. Crosscutting Issues

Human rights, social inclusion, and gender equality are central to both dropout prevention and civic education. As a result, the proposed programme also serves as a vehicle for promoting these cross-cutting themes

3.5. Stakeholders

The final beneficiaries of this project are Lebanese citizens who will benefit from enhanced quality and performance of the Lebanese education system and public finance management.

The immediate beneficiaries and leading implementing partners are the line Ministries for each programme component, i.e. MEHE and MoF, and other public structures relating to the Lebanese education reform (e.g. CERD, DOPS, DPS, MEHE Regional Offices).

The contracting authority will be the Programme Administration Office (PAO) at the Presidency of the Council of Ministers (PCM).

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Partial **decentralised management** through the signature of a financing agreement with the Presidency of the Council of Ministers (PCM). The PCM, namely its Programme Administration Office (PAO), is selected as a management body for this project because of its long-standing experience with EC procedures. Line ministries, i.e. MEHE and MoF, will have the full responsibility for the identifications of needs (i.e. ToRs) and management of activities.

The PCM will be the Contracting Authority for all contracts besides framework contracts and audit, monitoring and evaluation contracts that will be contracted directly by the EC. The Commission controls ex ante the contracting procedures for procurement contracts > 50.000 EUR and ex post for procurement contracts • 50.000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts. Through the programme estimates, payments are decentralised for operating costs and contracts up to the ceilings indicated in the table below. The Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to these ceilings:

Works	Supplies	Services	Grants
< 300.000 EUR	<150.000EUR	<200.000 EUR	• 100.000 EUR

4.2. Procurement and grant award procedures [/programme estimates]

(1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI regulation. Further extensions of this participation to other natural or legal persons by

the concerned authorising officer shall be subject to the conditions provided for in *article 21(7) ENPI*.

(2) Specific rules of grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80 %. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.
- derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

(3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.3. Budget and calendar

The budget of the programme is €15 million, with EC contribution of **€13.7 million**. The indicative budget breakdown is as follows:

	Total €	EC contribution €	Lebanon contribution €
Results 1 and 2 (activities at MEHE/CERD) - <i>services, supplies, twinning, grants, works</i>	7,300,000	7,100,000	200,000
Result 3 (activities at MoF) - <i>services, supplies, twinning, grants</i>	4,200,000	4,100,000	100,000
Operating Costs	1,100,000	1,100,000	
Visibility (<i>services</i>)	200,000	200,000	
Audit, Monitoring, Evaluation (<i>services</i>)	400,000	400,000	

Contingencies	800,000	800,000	
Total	14,000,000	13,700,000	300,000

Beneficiaries will provide human resources and premises.

The operational duration of the programme will be 48 months from signature of the Financing Agreement. Activities will be gradually phased in, as prior requirements are met. Activities will be carried out in Lebanon, with study tours and training in Europe and the ENP region.

4.4. Performance monitoring

In the Financing Agreement a SMART mix of key monitoring indicators will be detailed for each activity. The indicators will be aligned with the Lebanese Government indicators, and where possible, also with EuropeAid standard education indicators, and be gender sensitive. The proposed program will be the first large policy intervention program under the effective application of Education Management Information System (under implementation).

4.5. Evaluation and audit

The programme will undergo audits in line with the Programme Estimate Practical Guide. A mid-term and an ex-post evaluation, as well as monitoring missions will be carried out.

4.6. Communication and visibility

The EC will ensure that adequate communication and visibility is given to the EC-funding by the Presidency of the Council of Ministers (press conference, brochures/flyers, media reports, etc). For this, a budget of €200.000 has been allocated. Finally, the implementation of the programme will abide by the EU Visibility Guidelines for External Actions.