

Action Fiche for Republic of Lebanon

1. IDENTIFICATION

Title/Number	Policy planning and governance programme (PPG)		
Total cost	EUR 9 000 000		
Aid method / Method of implementation	Project approach – <i>partly decentralised management</i>		
DAC-code	15110	Sector	Economic and development policy/planning

2. RATIONALE

2.1. Sector context

The Ministerial Statement issued by the incoming Lebanese government in November 2009 sets the programme of government for the subsequent four ruling years. The Lebanese government is committed to introduce strategic planning and modern human resource management into the administration, to adopt good governance principles including fighting corruption and bribery; to apply transparency and accountability through revising and modernising related laws, to allow better access to information for citizens and to improve the capacity for financial control. These commitments are to be spearheaded and co-ordinated by the Office of the State Minister for Administrative Reforms (OMSAR).

Meanwhile, a number of relevant legislative initiatives are currently in the lawmaking process or require effective enforcement, such as a draft Anti-Corruption Law, a law on the Ombudsman, a law on Access to Information, a Public Procurement Law, a law on Reorganising the Court of Accounts, a Law on Reinforcing the Civil Service Board and a Law on the Role of Human Resources Management Units. These initiatives are in response to some of the weaknesses of the Lebanese Public Administration. In general, the Lebanese Public Administration is marked by a low quality and accessibility of public services at a relatively high cost. These problems are caused, on the one hand, by a weak management across public institutions and, on the other, by a lack of clear objectives hampering the effective alignment of organisational structures, human and financial resources, and an effective communication of government's results in response to the mandate given by the electorate.

Low quality of public services and inefficiencies in the public administration in Lebanon also lies in the excessively complicated, non-transparent and often incomprehensible procedures. These cause citizens and businesses to waste time, nerves and money, undermine the image of the public service, distract managers from the achievement of results, and give opportunities for petty corruption to be entrenched in the everyday relationships between the citizenry and officials. Effective complaints mechanisms do not exist.

Further, the system to control management decisions and the swift and lawful application of procedures is ineffective and thus not currently leading to a reinforcement of the overall governance. The function of internal control within public

institutions, as the first line of defence against maladministration, bad procurement and corruption does not currently exist. External control exists through the Court of Accounts, but the institution is concerned and overburdened with focusing on *ex ante* control, while discussions based on the Paris III document call for *ex post* external control in light of a modernized public procurement framework.

Citizens of Lebanon are not provided with good public services and carry the excess cost associated with inefficiencies. These problems, in particular the lack of planning capacity, also impact the work of government institutions responsible for financial and policy planning. Civil servants are also affected, unaware of the results to be achieved by their ministries and by themselves, and they are often asked to perform redundant functions.

2.2. Lessons Learnt

The implementation of the EU financed ARLA programme (Administrative Reform for the Lebanese Administration) between 1999 and 2003 has drawn the lesson that administrative reforms should not be developed in the absence of overarching political reforms or under circumstances of limited political support. This project, on the basis of this lesson, will link its activities to incipient ongoing initiatives (budget reforms, legislative initiatives), will build on previous highlights in the reform processes (simplification of business processes), will contribute to the implementation of multi-stakeholder strategies (e.g. e-Government) and will meet the institutional interest of key players in the Lebanese political structure (e.g. the Prime Ministers Office, Ministry of Finance).

2.3. Complementary actions

A limited number of donors are actively supporting management aspects of governance in Lebanon. These are the EU, the World Bank, the Arab Fund for Economic and Social Development and UNDP. This project will be complementary to the EU-funded project to strengthen the education sector and the public finance management (2009), and the SISSAF project, currently being developed also by the EU to prepare Lebanon for a sector wide approach in water, energy, and transport sectors from 2010 onwards. Further, the World Bank is providing support in the area of fiscal management and budget reforms in Lebanon.

2.4. Donor coordination

Strategic co-ordination of this project will be carried out through a Steering Committee, involving a number of central ministries and agencies, as well as end beneficiaries. At the operational level, co-ordination of the project will be ensured by OMSAR, *inter alia*, through thematic working groups involving recipient ministries and agencies as well as donors. Regular and thematic coordination with EU member States is usually chaired by the EU Delegation to Lebanon and the Government Reform Programme Co-ordination Office leads on the side of the Lebanese government. The EU Delegation maintains a fluid dialogue with the World Bank and UN Agencies.

3. DESCRIPTION

3.1. Objectives

The overall objective of this project is the improved quality and accessibility of public services in the Republic of Lebanon.

The purpose of this project is to significantly enhance accountability for results and procedures among a critical number of budget users across three main components:

- **Component 1** – Planning & Programming (Results 1 & 2)
- **Component 2** - Simplification of Procedures (Result 3)
- **Component 3** - Control & Procurement (Result 4)

3.2. Expected results and main activities

Result 1. Strategic plans prepared in a participatory fashion and linked to the national budget in at least five of the following budget users: the Ministries of Finance, Social Affairs, Agriculture, Environment, Tourism, Public Health and Economy and Trade.

Main Activities

- Apply the methodology developed by OMSAR in 2010 including manuals and templates to the identified benefiting ministries.
- Establish a facility for continuous awareness raising and training of public servants and stakeholders in strategic planning and the application of adopted methodologies and procedures
- Build the capacity of administrations, including staff training, to issue regular annual reports (performance reporting) as part of the strategic planning exercise
- Establish a Help Desk to assist in the development of strategic plans, the application of adopted methodologies and procedures in strategic planning and reporting, monitor implementation, and facilitate the exchange of lessons learned

A link between the strategic planning to the budgeting process will be established –via a dialogue with the concerned Lebanese authorities- in order to relate the needs and the availability of resources

Result 2. Human resources management capacity enhanced in the pilot ministries identified in Result 1.

Main Activities

- Review and consolidate strategic HR planning methodology and roll-out application; develop methodology, test, review and submission for adoption, provide training and coaching in implementation during roll-out. Review and consolidate staff training needs analysis methodology and roll out application:

develop methodology, test, review and submit for adoption, provide training and coaching in implementation during roll-out

- Promote the use of regularly updated job descriptions for management purposes; raise awareness of the purpose of job descriptions among all staff, develop processes for the application of job descriptions in the context of staff selection, performance appraisal, etc.
- Provide support for the capacity building of HR units (precondition: establishment and staffing of HR units); assess training needs of HR unit staff, develop and deliver training programme, define functions within the units, develop procedures
- Undertake the capacity building tasks to ensure the sustainability of the above activities by raising awareness of modern HR concepts and practices, train managers, staff and staff from HR units and develop HR methodologies and procedures

Result 3. Procedures and streamlined business processes are simplified making maximum use of Information and Communications Technology (a minimum of three Ministries to be selected with large volume of licensing and permits delivery)

Main Activities

- Review and streamline business processes and corresponding legislation in view of their simplification, ease of control and predictable outcomes, establish one-stop-shops and information offices with the help of ICT; provide preconditions for the delegation of power in ministries;
- Review the current system of handling administrative complaints, identify bottlenecks and agree recommendations for improvement and an action plan; facilitate the implementation of the action plan
- Review the potential for delegating authority for administrative decision-making to regional units, agree to de-concentration strategy, in particular with regard to establishing a framework with clear criteria for delegated decision-making, and support ministries and regional units in the implementation of the strategy, including creating ICT networks and complaint procedures.
- Undertake the capacity building tasks to ensure the sustainability of the above activities

Result 4. Enhanced framework and institutional setup of public procurement and control to address major performance and management challenges with risk of fraud, waste, abuse and mismanagement.

Main Activities (Control)

- Produce a consolidated needs assessment for the Court of Accounts (COA)
- Develop methodologies, manuals, guidelines, templates and toolkits for ex post and performance audits

- Strengthen the COA’s ex post audit capacity.
- Develop a performance control methodology, and train staff on performance audit
- Undertake the necessary capacity building tasks to ensure the sustainability of the above activities

Main Activities (Public Procurement)

- Develop and enhance public procurement capacities and tools in various ministries in line with international best practices, relevant legislation and ongoing modernisation initiatives- including support to the development and application of a modern, efficient, effective, transparent and sustainable Public Procurement framework, setup and practices in a consistent and optimal manner to support the delivery of public value;
- Provide for a full-cycle support covering all the phases of public procurement cycle including the need identification/analysis phase, the pre-tender phase, tendering phase and contract management phase;
- Develop and deploy a methodology for benchmarking and performance measurement in public procurement including the development of indicators and benchmarks to be used in monitoring public procurement performance and assisting in reporting, statistical analysis and decision making;
- Launch the gradual introduction of e-procurement through small scale e-procurement initiatives.
- Capacity building tasks to ensure the sustainability of the above activities

3.3. Risks and assumptions

Main assumptions:

Component 1:

The participating Ministries will allocate the necessary resources to develop strategic plans and to use modern human resources management methods, in particular strategic staff plans and training plans and job descriptions.

Component 2

The participating Ministries will identify the processes to simplify and will promote the delegation of authority and the use of ICT

Component 3:

The participating Ministries and Institutions will allocate the necessary resources to promote control and enhance procurement functions. The Court of Audits leadership is willing to carry out more performance audits

Main risks:

- Insufficient political will to implement the project. This may lead to slow implementation and lost momentum for reform. To mitigate this risk, the Council of Ministers should ensure that implementation of the Ministerial Declaration of November 2009 stays on course.
- Important players and beneficiaries may not play their lead or supportive roles as required and the demand for OMSAR support under the project may be insufficient: This may equally lead to slow implementation and lost momentum for reform. To mitigate this risk OMSAR should undergo regular strategic planning processes involving all stakeholders, in order to clarify roles and expectations among participants.
- Strategic planning is a new concept in Lebanon. The risk is high that the concept is not yet well understood across the administration. This may lead to sustained misunderstandings and false expectations and ultimately to co-ordination problems. An appropriate response to this risk will be sustained awareness raising and training activities, where possible even before the start of the project.
- The project addresses major current concerns of the Lebanese government and the donor community. Consequently, there will likely be a substantial number of initiatives addressing these issues in the coming years. Overlaps between initiatives and conflicting approaches may arise. Increased efforts in coordination and stakeholder consultation and the exchange of information across institutions and projects will help to reduce the impact of this risk.

3.4. Crosscutting Issues

This project directly addresses cross-cutting issues such as capacity building and good governance, including corruption. Capacity will be built by documenting leadership processes, in particular in the areas of planning and control. Improved leadership will ensure that staff in the public sector will have a better understanding of their roles and responsibilities, what is expected from them, and be more motivated at work.

Corruption is directly addressed by this project through a strengthened framework for accountability, and reinforced control mechanisms. Simplified procedures and in particular the establishment of One-Stop-Shops will further reduce corruption pressure in vulnerable areas. Support to Human Resources Management aims at a more merit based selection and promotion in the civil service, leading to more equal opportunities in the Lebanese public sector altogether.

Gender balance will be improved through the project by promoting gender-based selection and promotion in the civil service and it will address specifically the obstacles to equal opportunities of employment and promotion of employment for women.

3.5. Stakeholders

The final beneficiaries of this project will be the citizens of Lebanon, who will benefit from the improved delivery of more appropriate public services. The leading implementing partner will be the Office of the Minister of State for Administrative Reform (OMSAR). Direct beneficiaries of the project will be the Presidency of the Council of Ministers, line ministries, OMSAR, the central agencies, and the Council for Development and Reconstruction (CDR).

The Ministry of Finance is mandated to lead budget reforms, which involve *inter alia* the introduction of a medium-term budget programme as well as a performance budgeting system. To complete these reforms successfully, it needs that budget users have the strategic planning capacity necessary to comply with the new system and procedures.

Other ministries and agencies must deliver high quality policies and programmes while facing fiscal constraints. They have shown interest in this project since improving their planning capacity will help them to tackle with this dilemma.

OMSAR organised in August 2009 a workshop, involving all major stakeholders in order to evaluate the project concept. The workshop resulted in a general confirmation of the components presented in this fiche. The organisational capacity of most public institutions in Lebanon to effectively fulfil their mandates remains limited, but most of the immediate beneficiaries will have the capacity to participate in and benefit from project activities.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The programme will be implemented under *partly decentralised management* mode through the signature of a financing agreement with the Government of the Republic of Lebanon represented by the Office of the Minister of State for Administrative Reform (OMSAR).

OMSAR will be the Contracting Authority for all contracts besides framework contracts and audit, monitoring and evaluation contracts that will be contracted directly by the EU.

The Commission controls *ex ante* all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies *ex ante* control for procurement contracts > 50.000 EUR and may apply *ex post* for procurement contracts ≤ 50.000 EUR. The Commission controls *ex ante* the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below

The responsible 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 the ceilings specified below.

Works	Supplies	Services	Grants
< 300,000 EUR	< 150,000 EUR	< 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 relevant 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 EU 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. (i. e. the Practical Guide to procedures for programme estimates).

4.3. Budget and calendar

The indicative budget of the programme is 9 000 000 EUR, with full EU contribution. Beneficiary will contribute in kind to the project by providing human resources and premises.

Breakdown	Indicative budget EUR
Component 1 – Planning & Programming (mainly services and supplies procurements)	2 900 000
Component 2 - Simplification of Procedures (mainly services and supplies procurements)	2 300 000
Component 3 - Control & Procurement. Mainly services, works and supplies procurements)	3 000 000
Operating Costs	100 000
Visibility (mainly supplies and services procurements).	100 000
Audit, Monitoring, Evaluation	200 000
Contingencies	400 000
Total	9 000 000

The project will have the duration of 72 months following the signature of the Financing Agreement. The operational implementation phase will be 48 months and the closure phase will be maximum 24 months. Activities will be carried out in Lebanon, with some foreseen study tours and training in the EU and the ENPI region.

4.4. Performance monitoring

Day-to-day technical and financial monitoring will be a continuous process and as part of OMSAR's responsibilities with the support of line ministries. For this purpose, OMSAR will establish a permanent internal, technical and financial, monitoring system of the project, which will be used to elaborate progression reporting. The logical framework annexed to the Financing Agreement will contain a SMART mix of key monitoring indicators for each result to be achieved.

4.5. Evaluation and audit

The programme will undergo audits in line with the provisions of the Financing Agreement and the Programme Estimate Practical Guide. A mid-term and a final evaluation, as well as monitoring missions will be carried out. The European Commission will carry out ROM monitoring missions and independent monitoring and audit missions, whenever they are deemed necessary.

4.6. Communication and visibility

The beneficiary will in coordination with the implementing partners steer and carry out all activities pertaining to the promotion of the programme's activities, ensuring that information reaches out the largest and most relevant possible population. This includes but is not restricted to the establishment of a communication and visibility action plan, contracting visibility/communication expertise, organisation of workshop, seminars, etc. Throughout the programme execution, the communication and visibility interests of the EU will be observed in line with the provisions of the Communication and visibility manual for European Union external actions.