

CONFIRMED COPY

---

---

LOAN NUMBER 3930 LE

Republic of Lebanon  
Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

# Loan Agreement

(Administrative Rehabilitation Project)

between

LEBANESE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated *Sept 6, 1995*

---

---

LOAN AGREEMENT

Loan No. 3930-LE

AGREEMENT, dated *September 6*, 1995, between LEBANESE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Bank, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

- (c) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "CDR" means the Council for Development and Reconstruction, a public authority established and operating pursuant to Legislative Decree No. 5 of the Borrower, dated January 31, 1977, as the same may be amended from time to time;

(b) "MSAR" means the Minister of State for Administrative Reform of the Borrower;

(c) "The Office of MSAR" means the Technical Cooperation Unit (TCU) established pursuant to the Project Agreement, dated May 1994, between the Borrower and the United Nations Development Program (UNDP), and the Institutional Development Unit (IDU) established pursuant to the Project Agreement, dated December 1994, between the Borrower and UNDP;

(d) "National Administrative Rehabilitation Program" or "NARP" means a program launched by the Borrower in May 1995, to fill the basic administrative needs of each ministry and agency, and address certain key system-wide administrative priorities;

(e) "Administrative Reform Program" means the program of objectives, policies, and actions, adopted by the Borrower on June 27, 1995, designed to reform and modernize the Borrower's public administration;

(f) "National Committee on Administrative Reform" or "NCAR" means the committee established pursuant to Prime Ministerial Resolution No.40/95, dated July 12, 1995, to advise MSAR on the process of administrative rehabilitation and long-term reform in Lebanon;

(g) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(h) "Central Bank" means Banque du Liban, the Borrower's central bank, established and operating pursuant to the Money and Credit Law promulgated by Decree No. 13513 of the Borrower, dated August 1, 1963, as the same may be amended from time to time.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of twenty million dollars (\$20,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1999, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ( $1/2$  of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

- (i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989, bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.
- (iii) "Semester" means the first six (6) months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six (6) months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. CDR is hereby designated as representative of the Borrower in respect of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate financial, economic and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. The Borrower shall:

(a) <sup>June 30, 1997</sup> not later than ~~June 30, 1996~~ <sup>31 Dec, 97</sup>, complete the census of central government personnel under Part B (1) of the Project;

(b) <sup>Sept. 30, 1997</sup> not later than ~~December 31, 1996~~ <sup>Dropped</sup>, remove from the payroll system non-existent personnel and correct all other irregularities emerging from the census;

(c) <sup>Dec. 31, 1997</sup> not later than ~~December 31, 1996~~, complete the review of job classification and grading systems under the Borrower's National Administrative Rehabilitation Program (NARP);

(d) <sup>Dec. 31, 1997</sup> not later than ~~December 31, 1996~~ <sup>Dropped</sup>, complete the review of the civil service regulations under Part B (2) (i) of the Project; and

~~Dec 31, 1997~~ 30 June, 1998

(c) not later than ~~June 30, 1997~~, complete the review of control and audit procedures under Part B (2) (i) of the Project.

Section 3.04. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan, of such scope and in such detail as the Bank shall reasonably request, for the future operation of the Project;

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Bank's comments thereon.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine (9) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## ARTICLE V

### Termination

Section 5.01. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.



ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.08 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance  
Ministry of Finance  
Beirut, Lebanese Republic

Telex:

923.235.13

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INTBAFRAD  
Washington, D.C.

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

LEBANESE REPUBLIC

By *Ms/ Mabel Celjic*  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By *Ms/ Dorotej Sud*  
Regional Vice President  
Middle East and North Africa



## SCHEDULE 1

## Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods and related services and training under Part A of the Project	18,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other goods procured locally, and 100% for consultants' services and training
2) Consultants' services and training under Part B of the Project	1,000,000	100%
(3) Implementation expenditures	1,000,000	100%
(4) Unallocated	0	
TOTAL	<u>20,000,000</u>	

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods and related services and training under Part A of the Project	15,900,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(2) Consultants' services and training:		
(a) Under Part B (1) of the Project	800,000	100%
(b) Under Part B (2) (i) of the Project	800,000	100% of foreign expenditures



<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(c) Under Part B (2) (ii) of the Project	900,000	100%
(3) Implementation expenditures	500,000	100%
(4) Unallocated	1,100,000	
<u>TOTAL</u>	<u>20,000,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "implementation expenditures" means expenditures to cover the incremental costs of staff appointed to the team in the Office of the MSAR for the implementation of the Project.

3. Notwithstanding the provisions of paragraph 1 above; no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$1,000,000 equivalent, may be made on account of payments made for expenditures before that date but after May 15, 1995.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for goods under contracts not exceeding \$250,000 equivalent, \$100,000 equivalent for services with firms, and \$50,000 equivalent for services with individuals under such terms and conditions as the Bank shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in the rehabilitation of its public administration in furtherance of the Borrower's National Administrative Rehabilitation Program and Administrative Reform Program.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

#### Part A:

Carrying out of a program to rehabilitate and modernize administrative services, through the provision of office equipment, office technology, information systems, and related and necessary training and services.

#### Part B:

Development and implementation of a program to: (1) establish a modern database for the civil service based on a comprehensive census of all civil servants; (2) design and initiate a long-term strategy for comprehensive public administration and civil service reform through: (i) the carrying out of reviews of, inter alia, ~~civil service regulations~~, salary levels and structure, mandates and missions of ministries and core agencies, and control and audit procedures; and (ii) the organization of workshops for public and private sector participants, including those involved in the implementation of Part B (2) (i) above, to facilitate dissemination of information and consensus building for long-term administrative reforms.

\*\*\*\*

The Project is expected to be completed by December 31, 1998.



SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
On each April 1 and October 1 beginning April 1, 2001 through April 1, 2012	835,000.00
And on October 1, 2012	795,000.00

---

\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

**Premiums on Prepayment**

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

<u>Time of Prepayment</u>	<u>Premium</u>
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

SCHEDULE 4

*Procurement and Consultants' Services*

Section I: Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995, (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$250,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. International Shopping

Goods estimated to cost \$250,000 equivalent or less per contract and \$1,500,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

2. National Shopping

Goods estimated to cost \$50,000 equivalent or less per contract and \$400,000 equivalent or less in the aggregate, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraph 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists,

selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Bank, (d) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

## SCHEDULE 5

### Implementation Program

1. Overall responsibility for the carrying out of the Project shall be assigned by the Borrower to its MSAR. For this purpose, the Borrower shall ensure that MSAR shall:

(a) continue to maintain, for the purposes of the Project: (i) an office with resources and staff whose qualifications and terms of reference are acceptable to the Bank, to be responsible for the coordination and supervision of the carrying out of the Project including the procurement of goods and services thereunder; and (ii) the National Committee on Administrative Reform (NCAR) established by the Borrower to advise MSAR on administrative reform activities including those in Parts B (2) (i) and (ii) of the Project. The Committee, chaired by the Prime Minister, shall include in its membership, and upon recommendation to the Prime Minister by MSAR as its deputy-chairman, representatives from the Council of Ministers, the civil service, academia, and the private sector; and

(b) make arrangements, satisfactory to the Bank, for close coordination in the carrying out of the Project among the Office of the MSAR, the Borrower's Ministry of Finance, CDR, the core administrative agencies, and other ministries proposed to benefit under the Project.

2. The Borrower shall:

(a) enter, not later than December 15, 1995, into arrangements with CDR, satisfactory to the Bank, pursuant to which CDR shall be responsible, on behalf of the Borrower, for the procurement of goods and services provided under the Project, including establishing, for these purposes, a joint committee between CDR and the office of MSAR, with responsibilities agreed upon with the Bank; and

(b) employ or cause to be employed, on the basis of a time-based schedule agreed with the Bank, consultants to assist in the carrying out of the Project pursuant to Section II of Schedule 4.

3. The Borrower shall, through MSAR, ensure that the workshops under Part B (2) (ii) of the Project shall be organized, and the participants therein shall be selected, in accordance with the following guidelines: (i) the objectives of the workshops to be the review and dissemination of international experience in administrative reform and the discussion of reform options in areas under consideration by the Borrower; (ii) the themes for the workshops to cover major aspects of administrative and civil service reform, including public/private partnership in the provision of public services, civil service

regulations, public accountability systems, the mandate and structures of line ministries, and information technology; (iii) the timing of the workshops to take into account the timetable of the process of reform; and (iv) the participants in the workshops to include representatives of the groups concerned with administrative reform, including senior civil servants, members of Parliament, academics, representatives of the private sector, trade unions and non-governmental organizations, and the consultants assisting in the implementation of Part B (i) of the Project.

4. The Borrower shall:

(a) cause each ministry or agency proposed to benefit from the Project to submit to the Office of MSAR: (i) a report setting forth an annual work plan covering the intended activities to be carried out under the Project; and (ii) a semi-annual report on the progress of such activities; and

(b) submit and furnish to the Bank, for its review, an annual work plan report, and a semi-annual progress report, covering the whole Project and reflecting (a) above.

5. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate, on a continuous basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, not later than March 31, 1997, a report integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (1) of this paragraph, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project during the period following such date; and

(c) review with the Bank, on April 30, 1997, or such later date as may be agreed between the Borrower and the Bank, the said report, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,600,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$800,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$4,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.



- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

- (a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

- (b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

- (c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

- (d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

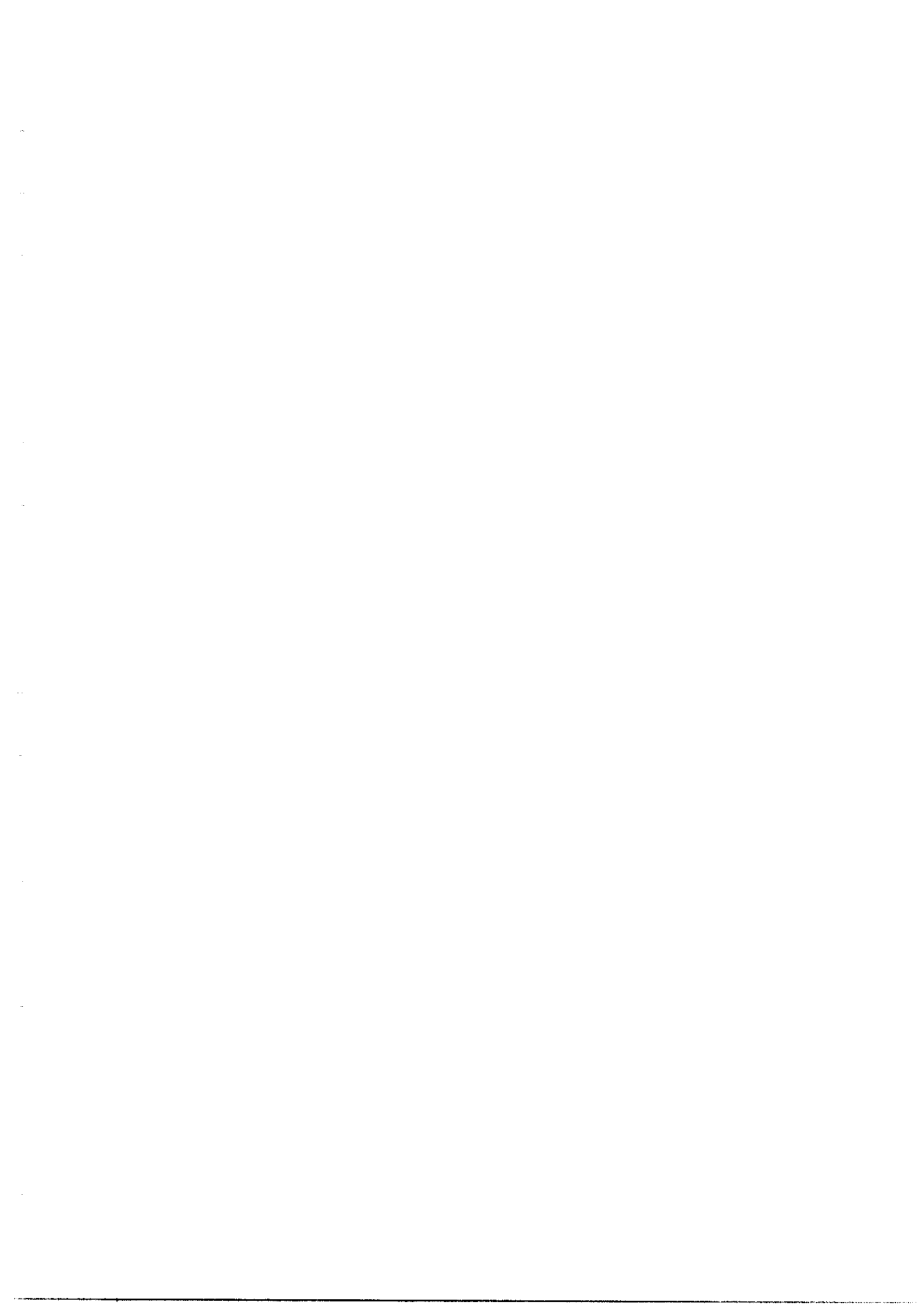
Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account:

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.



Document of  
The World Bank

FOR OFFICIAL USE ONLY

Republic of Lebanon  
Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

Report No. P-6656-LE

MEMORANDUM AND RECOMMENDATION  
OF THE  
PRESIDENT OF THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
TO THE  
EXECUTIVE DIRECTORS  
ON A  
PROPOSED LOAN  
IN AN AMOUNT EQUIVALENT TO US\$20 MILLION  
TO THE  
LEBANESE REPUBLIC  
FOR AN  
ADMINISTRATIVE REHABILITATION PROJECT

JULY 13, 1995

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

## CURRENCY EQUIVALENTS

Currency Unit = Lebanese Pound

US\$1 = LL 1,650

LL 1 million = US\$581.4

## ABBREVIATIONS

AUB	=	American University of Beirut
CA	=	Court of Accounts
CAS	=	Central Administration of Statistics
CDB	=	Central Disciplinary Board
CDR	=	Council for Development and Reconstruction
CERD	=	Center for Education Research and Development
CI	=	Central Inspectorate
CSB	=	Civil Service Board
DG	=	Director General
DPA	=	Directorate of Personnel Affairs
DOT	=	Directorate of Tenders
DRG	=	Directorate of Research and Guidance
EDI	=	Economic Development Institute
ENA	=	Ecole Nationale d'Administration
EU	=	European Union
GOL	=	Government of Lebanon
ICB	=	International Competitive Bidding
IDU	=	Institutional Development Unit
MOF	=	Ministry of Finance
NARP	=	National Administrative Rehabilitation Program
NCAR	=	National Committee on Administrative Reform
NERP	=	National Emergency Recovery Program
NIAD	=	National Institute of Administrative Development
PHRD	=	Policy and Human Resource Development [Grant]
PIT	=	Project Implementation Team
PMO	=	Prime Minister's office
TCU	=	Technical Cooperation Unit
UNDP	=	United Nations Development Programme

## FISCAL YEAR

January 1 - December 31

## THE LEBANESE REPUBLIC

## ADMINISTRATIVE REHABILITATION PROJECT

## Loan Summary

Borrower: The Lebanese Republic

Beneficiaries: Ministries and central administrative agencies of the Government of Lebanon

Loan: US\$20 million equivalent

Terms: Repayment in 17 years, including 5 years of grace, at the IBRD standard variable interest rate

Total Project Cost: US\$29.5 million

Financing Plan:

	<i>Local</i>	<i>Foreign</i>	<i>Total</i>
	<i>(US\$ million)</i>		
Bank	1.7	18.3	20.0
Government	6.9	1.1	8.0
UNDP	–	1.0	1.0
Canada	–	0.5	0.5
Total	8.6	20.9	29.5

Economic Rate of Return: Not applicable

Poverty Category: Not applicable

Staff Appraisal Report: Technical Annex attached in lieu of SAR

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
TO THE EXECUTIVE DIRECTORS  
ON A PROPOSED LOAN  
IN AN AMOUNT EQUIVALENT TO US\$20 MILLION  
TO THE LEBANESE REPUBLIC  
FOR AN ADMINISTRATIVE REHABILITATION PROJECT

1. I submit for your approval the following memorandum and recommendation on a proposed loan to the Lebanese Republic in an amount equivalent to US\$20<sup>1</sup> million to help finance the rehabilitation of the central government administration. The proposed loan would be at the World Bank's standard variable interest rate with a maturity of 17 years, including five years of grace.
2. **Background.** Lebanon, in the early 1970s a middle-income country with a vibrant private sector-led economy, has been devastated by 15 years of war and military occupation. The war has left the economy in ruins, with real per capita income reduced by nearly two-thirds due largely to the widespread destruction of infrastructure and productive assets, estimated by the United Nations at approximately \$25 billion. All sectors of the economy have been affected by the war, both directly and from the near total disruption in capital investment and maintenance. The impact on human resources and the public administration has been equally large. Apart from the tragic loss of life and the disabling of hundreds of thousands of people, about 200,000 professional and skilled workers are estimated to have emigrated, resulting in severe skill shortages throughout the economy.
3. The 1989 Ta'if Accord for National Reconciliation, under the aegis of the Arab League, was a first step toward bringing an end to the violence in late 1990. A national unity government reestablished its authority over the Greater Beirut area and most of the national territory. The process of political normalization culminated in parliamentary elections in September 1992 and the formation of a new government in October 1992. While the power sharing arrangements between denominational groups are still evolving, the Prime Minister has assembled a strong economic team, many of whom bring a private sector background to the task of rehabilitating the war-damaged economy while maintaining economic and political stability.
4. **Macroeconomic Trends.** A sharp economic recovery took place in 1991, but Government attempts to achieve economic stabilization initially yielded mixed results. Economic instability, triggered by an excessive fiscal deficit financed by monetary expansion, prevailed for most of 1992. With significant fiscal adjustment and large capital inflows, stability prevailed during 1993 and 1994. The exchange rate appreciated and foreign exchange reserves were replenished. In 1994, the inflation rate fell to less than 10% and GDP growth was an estimated 8.5%. However, the overall fiscal deficit widened to 21% of GDP (from 9% in 1993), with the current deficit rising from 7% to 11% of GDP as a result of the sharply higher interest payments on the rapidly rising level of domestic debt, and capital expenditures increasing to 10% of GDP as the reconstruction program took off. Public debt has risen to around two-thirds of GDP, but most of it is domestic debt, with external debt only about \$850 million, approximately 10% of GDP.

<sup>1</sup> Hereafter, "\$" denotes US dollars.

5. **The State of the Public Administration.** The war devastated the administrative infrastructure as much as the physical infrastructure, both because of the physical and human damage and lack of maintenance, and because the conflict froze the normal process of administrative adaptation and isolated the system from the rest of the world for almost two decades. This isolation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of the public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state. The present situation of the public administration shows the following characteristics: (a) office space is not available in most cases as many war-damaged buildings require considerable repair and rehabilitation; (b) office equipment is minimal and obsolete; (c) most ministries and public agencies are operating with a skeleton staff despite the Government's recruitment effort after the end of the war; (d) the distorted and inadequate compensation system does not attract qualified local professionals, let alone the Lebanese living abroad; (e) the civil service is aging (with an average age of 54) and insufficiently trained, reflecting the impossibility over the prolonged war years to practice their skills and to keep abreast of changing international practices in their fields of activity; (f) while there is a shortage of qualified regular staff, there is an excessive number of unqualified daily workers; and (g) the basic procedures of public administration, established 35 years ago or longer, are over-centralized and outmoded.

6. Weakened by the absence of a functioning civil service and "basic administrative needs," the Government is handicapped in carrying out normal governance functions effectively, not to mention the challenge of keeping up with and supporting the economic recovery. There is a strong consensus in the private as well as the public sector that the current weakness and inefficiency of the public administration is a major and growing hindrance to private economic activity, the country's economic recovery, the environment, and citizens' well-being. Examples are many and affect virtually the entire interface between the government and citizens' daily life. Thus, the backlog makes it next to impossible to register a new car; enforcement of traffic rules is non-existent, and safety is badly compromised; zoning regulations exist but are not implemented, leading to increasingly severe solid waste pollution in the cities and beachfronts; public procurement procedures cannot be enforced from lack of personnel--leading to widespread fraud and corruption; the public transportation system has broken down (the Ministry of Transport has 1,000 drivers, but only 29 functioning buses); when there is an attempt at enforcing standard regulations, the scarcity of personnel and material resources causes them to be a major hindrance to private sector activity--as in the case of business licenses; and so on.

7. The positive side of the destructive Lebanese experience is that many civil servants continued to do their best under extraordinarily difficult circumstances. Thus, many of the existing regular civil servants can contribute to administrative reconstruction under certain conditions. They should be: (a) complemented by qualified new staff; (b) given resources to work with; (c) adequately compensated; (d) made receptive to modernizing their skills through in-service training; and, most importantly; (e) willing to operate within a simpler and more efficient regulatory and procedural framework. At the same time, there is a need for practical and effective machinery for replacing inefficient civil servants.

8. **Government Strategy and Policy Reform Agenda.** Administrative reform has been a subject for reflection and debate in Lebanon since 1990. The Government is conscious of the right directions, clear about the policy priorities, and has already begun to take several



practical measures. It recognizes that an efficient administration, as well as the development of a sound legal and regulatory environment, are essential for attracting domestic and foreign private investment and for successful reconstruction and recovery. The Government's overall objective is a very lean and efficient public administration able to provide basic services to the economic agents and citizens, in line with the Lebanese tradition of a predominant private sector. The Government has made some initial efforts to rehabilitate the administration and enable it to carry out long-term reform. The Council of Ministers entrusted the Minister of State for Administrative Reform with the responsibilities to coordinate these efforts. The Minister of State has formed respectively in May and December 1994, with UNDP support, a small nucleus consisting of an Institutional Development Unit (IDU) to coordinate longer-term reforms and a Technical Cooperation Unit (TCU) to guide and implement the rehabilitation activities. The Council of Ministers also created four inter-ministerial committees to examine the salary scale, compensation, job classification, and organizational structure of specific ministries. With the assistance of the World Bank (through the 1994 Revenue Enhancement and Fiscal Management Technical Assistance Project), the Government is rehabilitating and strengthening the Ministry of Finance in the areas of tax and customs administration, cadastre and land registration, and public expenditure management. A Policy and Human Resources Development (PHRD) grant for technical assistance in the amount of \$485,000 from the Government of Japan was used to develop a program closely conforming to Lebanon's urgent needs for administrative rehabilitation (see para.10) and the initiation of steps towards longer-term administrative reform.

9. As noted, the Government vision is to achieve over time the smallest possible public administration consistent with the basic requirements of the state in a private-oriented economy, but efficient and well compensated--taking into account the new possibilities for private delivery and financing of public services, the need to improve administrative accountability and citizens' "voice," and the desirability of using the capacities of local government. To move toward that vision, the Government has launched a comprehensive review of the mandates and functions of all ministries and central agencies. In addition, a number of specific and important policy actions and targets are envisaged, consistent with local conditions as well as with the lessons of international experience. These are contained in the annexed Government Statement on Administrative Reform (Administrative Reform Program), which has been adopted on June 27, 1995 and entails the following:

- (i) complete by end-1996 a review of the structures and mandates of all ministries, focussing on key public functions and possibilities for partnership with the private sector and local governments, and implement the results beginning in 1997;
- (ii) reduce the number of permanent civil service posts (excluding teachers) by 5,000, and cap them at that lower level by 1997. (Note that only 7,400 of the 20,860 posts are currently filled, see Table 1 in the Technical Annex);
- (iii) reduce the number of daily and contractual workers (currently 8,400--higher than the number of permanent employees) to no more than 10% of the total of permanent positions by end-1998;
- (iv) approve by end-1996 the final salary scale, which will incorporate most allowances, and will be based on the principle of comparability with the local private sector--taking into account the job security and other advantages of public employment;

- (v) complete by end-1996 a comprehensive review of job classification and grading system with a view to simplifying the system, facilitating comparability and mobility within the civil service, encouraging efficiency in personnel management, and, in line with the results of the review of ministerial mandates, implement the new system in early 1997;
- (vi) introduce by end-1995 a simple and standardized performance evaluation system, including upward feedback and, where appropriate, users' opinions;
- (vii) complete by end-1996 a major review of all civil service regulations on recruitment, retention, evaluation, promotion, mobility, retirement and discipline, and of the roles of the administrative core agencies, with the aim of retaining essential safeguards of quality and merit and preserving the integrity of a unified civil service and administrative system while achieving a major simplification and streamlining of procedures and processes, and put in place the new regulations in 1997; and
- (viii) complete by end-1996 a review of the control and audit procedures to focus the responsibility for *ex ante* financial controls exclusively on financial authorities, and the responsibility for *ex post* audits on the Court of Accounts, and implement the results of the review in early 1997.

10. The National Administrative Rehabilitation Program (NARP). Through 1994, certain ad hoc measures were implemented as the first steps towards administrative rehabilitation. Beyond those initial steps, the Government has completed in May 1995, under the leadership of the Minister of State for Administrative Reform, a comprehensive program to fill the basic administrative needs of each ministry and agency, aimed at restoring the functioning of the Lebanese administration. The NARP is a pre-requisite and a first stage of the needed longer-term administrative reform and modernization process outlined above.

11. For central government and public autonomous agencies the NARP comprises: office equipment, furniture and vehicles; information technology; training; and advisory services. The program is to be implemented over a 3-5 year period. It calls for a total expenditure of \$106 million, of which about \$81 million for assistance to central government agencies and ministries. Of the latter, \$14 million are for information technology and other equipment, \$19 million in furniture and vehicles, \$17 million for training and \$31 million for advisory services. In addition, \$20 million have been allocated for implementation by the Council for Development and Reconstruction (CDR) for rehabilitation of administrative buildings, which is well underway. Details on the NARP are provided in the Technical Annex.

12. Rationale for Bank Involvement. The Government and the private sector alike feel strongly that the country's recovery depends on the public administration getting back on its feet fast, and that administrative rehabilitation and reform are key components of reconstruction. The Government has formulated a comprehensive program, the NARP, for which coordinated external resources are essential, and has requested the Bank to exercise leadership in helping to finance the program, mobilize donor support, and directly advising and assisting the large and difficult task of administrative reform. The Administrative Rehabilitation Project is consistent with the country assistance strategy (see below), and, building upon previous Bank efforts to strengthen the Lebanese public administration (e.g., the Emergency Reconstruction and Rehabilitation and the Revenue Enhancement and Fiscal Management Projects), it will help establish a sounder institutional environment for Bank (and other donor-supported) projects.

13. **Relationship with the Country Assistance Strategy.** The Country Assistance Strategy was last discussed by the Executive Directors on June 30, 1994. The Project is central to the first objective of the current Bank strategy of assistance to Lebanon--i.e., help establish economic stability and an enabling environment for the private sector, and rebuild and strengthen public administration. The strategy emphasizes the early strengthening of public administration since the temporary administrative improvements reached by utilizing private resources do not represent a lasting and politically sustainable situation. Moreover, with a weak administration, prospects for implementation of the Government reconstruction program and delivery of the Bank assistance program will remain uncertain, particularly if social conditions are not rapidly improved. Hence, in addition to the immediate rehabilitation, the project will also help launch long-term administrative reform--which is the missing link between private sector-led economic recovery and an equitable sharing of benefits from growth and protection of basic public interests. Accordingly, while the Project supports *rehabilitation*, the timetable of design and implementation of the reform actions in the Government Statement on Administrative Reform (see para. 9) can potentially serve to provide the basis for future Bank assistance to support administrative *reform* to follow the proposed project. Also, institutional strengthening is a major objective of Bank-supported investment projects currently being implemented or prepared.

14. **Project Objective.** The objective of the Project is to help rehabilitate the public administration, while launching the process of administrative reform. As noted, rehabilitation is clearly understood by the Government as the essential first stage of a process of reform, based on a clear and concrete policy agenda centered on the principle of a small but efficient civil service. Thus, beyond filling the needs in key equipment and other resources as identified in the NARP, the project assists in streamlining procedures, designing and initiating longer-term public administration and civil service reform, encouraging participation and building consensus to foster the sustainability of the process.

15. **Project Description.** The project has been designed in the overall context of the Government's NARP, to finance requirements of higher priority and ready for implementation, as detailed below. The Government intends to continue efforts to mobilize additional financing in the future from other donors to support the remaining activities under the NARP, and particularly training, other than training related to information technology which is included in the Project. There are prospects for funding from the EU, Japan's OECF, the Arab Fund and USAID. Within the NARP, the project will finance all of the needs in information technology and office equipment of the individual agencies and ministries, including necessary training. The project will also finance a comprehensive census of civil servants and assistance to administrative reform. Specifically, the project will comprise:

- (i) civil service census (\$0.8 million); a civil service census is a necessary pre-requisite of the reform process. The objectives of the census are, first, to identify and remove from the payroll "ghost" employees and correct other irregularities and, second, to update and improve personnel data. Such an exercise is currently under way for non-teaching personnel and is in preparation. The project will provide resources to complete the full census of all employees on a compatible basis.
- (ii) assistance to administrative reform (\$2.1 million); the Project will finance a series of timebound studies including a comprehensive review of the mandates of all ministries; a review of all civil service regulations; a study of salary levels and

structure; and a review of control and audit procedures. In addition, this component will finance "Best Practice" workshops to exchange ideas, expose participants to international experiences and provide a forum for open internal discussion on the proposed reforms;

- (iii) information technology (\$16.8 million); the Project will provide computers, software, systems and related training under three sub-components: inter-agency coordination for information technology awareness and deployment (\$3.8 million); office technology support to all ministries and core agencies (\$6.3 million); and more in-depth support to core agencies and selected ministries to restore their priority functions and enhance the delivery of services to the public (\$6.7 million);
- (iv) office equipment for individual ministries (\$2.3 million); communication equipment and other office equipment for all line ministries and agencies; and
- (v) project and program implementation support (\$4.5 million), as described in para. 17.

16. **Project Cost and Financing.** Accordingly, total project cost is estimated at \$29.5 million (including physical and price contingencies of \$1.3 million and taxes of \$1.7 million). Project cost and financing by component are detailed in Schedule A. Amounts and methods of procurement and disbursement are given in Schedule B. The Bank loan of \$20 million will cover almost 90% of the foreign exchange cost of the project, and 20% of local cost. It will finance \$13.5 million for information technology, \$2.3 million for office equipment, \$0.8 million for the census, \$1.7 for assistance to administrative reform, a \$0.5 million contribution to project implementation, and \$1.2 million for physical and price contingencies. The Government contribution of \$8 million will finance largely the local costs of information technology and project implementation, and all taxes. Confirmed external financing \$1.5 million from UNDP and Canada will contribute to project and program implementation costs.

17. **Project Implementation.** The Project will be implemented over a three-year period. Responsibility for implementation will be vested in the Office of the Minister of State of Administrative Reform, which includes the two entities recently established to support the process of administrative rehabilitation and longer-term reform, respectively the Technical Cooperation Unit (TCU) and the Institutional Development Unit (IDU). Both units will require strengthening, financed through the Project, by the assignment of specialists. The IDU will supervise the administrative reform studies and workshops. The TCU will be in charge of implementing the other components. To the fullest possible extent, procurement of like goods will be bundled, particularly in the information technology area, and the bulk of procurement will be effected through a few large contracts under ICB. There will also be close coordination, as required, with UNDP and other donors, and duplication of activities will be avoided through the leading role of the Office of the Minister of State in the selection and direction of project staff and consultants.

18. **Project Sustainability.** Sustainability of the project will depend first on its budgetary implications. A reduction of the number of daily workers and further control of civil service size, as envisaged in the Government's Statement on Administrative Reform (para. 9), should alleviate the cost of the new salary scale. A second element will be the timely recruitment of all beneficiary entities of the key staff needs. The Government will need to recruit staff to equip and absorb the technical advice and related training. This recruitment process is already underway. However, without the required substantial revision of the salary structure

it will not be possible to attract qualified personnel in the requisite numbers. The government has already taken steps towards an interim revision of the salary scale. This proposed scale provides for an overall 20% salary increase (skewed in favor of higher-level personnel, whose compensation is especially inadequate), and integration of most allowances in the salary base. In due course, this scale would be replaced by the new job classification system and salary structure proposed in the study financed under the project (see para. 15). In general, as noted earlier, this project for administrative *rehabilitation* cannot produce a lasting development impact in the absence of early and sustained progress of administrative *reform*. The Government leadership have confirmed strong support for the rehabilitation and reform program and for the project itself. Such commitment is demonstrated, among other things, by the adoption of the Government Statement on Administrative Reform and by the re-appointment on May 25, 1995 of the Minister of State, who is now no longer in charge of parliamentary affairs and will be able to dedicate all his time to administrative reform. It remains important, however, to enlarge the base of consensus further--partly through the Best Practice Workshops supported by the Project.

19. **Actions already taken.** The Government has already initiated the implementation of the Administrative Reform Program. It has recently adopted the Statement on Administrative Reform (see para. 9) and established a National Committee on Administrative Reform to advise on the process of long-term reform (see para. 17 in the Technical Annex). Earlier, the Government had: (i) defined targets to gradually retrench daily and contractual workers;<sup>2</sup> (ii) completed the proposal for an interim revision of salaries; and (iii) put in place specific procedures to fill key management posts on a temporary basis. With a view to ensuring early implementation of the Project, the Government has already: (i) appointed the key members of the project implementation support team; (ii) certified that the key counterpart staff in most beneficiary ministries and agencies responsible for Project activities are in place; and (iii) entered into arrangements with CDR to act as agent for the Office of the Minister of State for procurement in the Project, following successful recent precedents.

20. In addition, and consistent with its intentions concerning administrative reform, the Government has agreed to complete the following actions in the course of 1996: (i) civil service census; (ii) removal from the payroll of identified irregularities; (iii) job classification and grading review; (iv) review of control and audit procedures; and (v) review of civil service regulations. These actions, and the progress of administrative reform in general, will form a major subject for the mid-term review of the Project in early 1997.

21. **Retroactive Financing.** The loan will provide for \$1.0 million in retroactive financing to finance the civil service census and part of project implementation costs.

22. **Supervision.** Because of the number of beneficiary entities and the importance of appropriate sequencing, the Project will require close supervision, especially at the beginning. A Project Launch Seminar will take place in October 1995. Subsequently, there will be a minimum of two supervision missions a year, including a mid-term review, and progress in implementation will be assessed in terms of monitorable indicators for each component. Implementation and supervision will be greatly facilitated by the Government commitment to the process and the team in place in the office of the Minister of State. (See the Technical Annex on all these points.)

---

<sup>2</sup> The number of daily workers allowed has been defined ministry by ministry.

23. **Lessons Learned.** As the complexity of a project is the source of difficulty in many cases, the Project has been confined to high-priority components. Though several institutions are involved, the activities to be carried out have been defined clearly and in such a way as to facilitate procurement, which will also be bundled as much as possible. Further, the Project is not handicapped by another factor of poor implementation, viz., the lack of borrower ownership, since the Government has shown firm commitment. Another common problem is lack of capacity to guide project activities. In this case, as noted, an implementation team is already present in the Office of the Minister of State for Administrative Reform. In addition, appropriate advisory and specialist support will be provided within 1995 to compensate for the lack of staff with the required skills. Special emphasis will be placed on attracting qualified Lebanese specialists and advisors.

24. **Environmental Aspects.** The Project is classified under category "C" under environmental screening, in accordance with the Bank's OD 4.01.

25. **Project Benefits.** The benefits are: (a) rehabilitation of central administration; (b) launching the process of administrative reform; (c) improved sectoral capacity to administer and develop social programs on which sustainable development also depends; (d) finally, the improved systemic accountability and strengthening of the legal and administrative infrastructure initiated through the Project will help attract domestic and foreign investment, needed for the recovery of the Lebanese economy.

26. **Risks.** There are specific risks associated with the proposed project. First, although the existing leadership of the civil service can provide needed continuity, the Lebanese civil service is aging, and tends to relate to the "golden age" of administration that allegedly existed before the war. However, the administration needs to be rebuilt along new lines. To address this concern, the Bank has obtained a Government assurance of vigorous efforts to recruit new talent. This will also be important to alleviate the second risk: delays in project execution, as a result of lack of qualified, motivated management and staff. Finally, while the Government is committed to the reform process, the complex postwar socio-political situation could affect the pace and scope of the process. However, prospects are good that further normalization of the political situation following Presidential and Parliamentary elections in late 1995 and early 1996, combined with progress toward broader peace in the region, will produce circumstances increasingly conducive to lasting institutional reform.

27. **Recommendation.** I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve the proposed loan.

James D. Wolfensohn  
President

July 13, 1995  
Washington, DC  
Attachments

LEBANESE REPUBLIC  
Presidency of the Council of Ministers

N<sup>o</sup> 639

## GOVERNMENT STATEMENT ON ADMINISTRATIVE REFORM

### The General Approach

The public administration in Lebanon has been devastated by the war. A majority of regular civil servant positions remain unfilled; compensation is distorted and badly inadequate (especially at the higher and middle levels); the civil service is aging (with an average age of 54); and it has few or no material resources to work with. Lebanon's economic future, as its past, lies in a dynamic private sector, with the state in an enabling role directing its resources progressively and in a planned approach towards basic and essential functions. Both the Government and the private sector are strongly convinced, however, that private sector-centered economic recovery has been hampered by the dilapidated state of the public administration, and cannot be sustained without administrative and civil service rehabilitation and reform. Accordingly, the Government's ultimate objective is to achieve over time a smaller, efficient and better compensated public administration, consistent with the basic requirements of a State in a free economy as established by the Constitution. Such administration should be able to take into account new potential for financing public services by the private sector to attain efficient delivery, the need to improve administrative accountability and "citizens voice", and the desirability of using to the fullest the capacities of local Government.

The first stage of the process must be the rehabilitation of basic physical structures and administrative capabilities. A number of preliminary steps have already been taken. In particular, a comprehensive National Administrative Rehabilitation Program (NARP) has been prepared, the implementation of which is planned over a period of three years. The Government believes, however, that a clear policy vision concerning the public administration must accompany the process of rehabilitation. The basic elements of such a vision are two: (i) revitalization of the civil service; and (ii) modernization of administrative and civil service structures and procedures.

Civil servants still in place can make an important contribution to administrative rehabilitation, under the following conditions. They should: (1) be complemented by qualified new staff; (ii) be given resources to work with; (iii) be adequately compensated; (iv) accept the challenges of modernizing their skills through in-service training; (v) ensure that the system provides practical and effective machinery to encourage good performers and replace inefficient ones; and most importantly, (vi) be willing to operate within a regulatory and procedural framework much simpler and efficient than the existing one.

Most of the basic Lebanese procedures of public administration were established 35 years ago and no longer fit the requirements of a modern state. Administrative rehabilitation should be accompanied by the introduction of simplified procedures and improved work methods, including the use of modern, labor-saving technology.

These considerations and the present situation require a phased approach to administrative reform which focuses immediately on urgent rehabilitation measures to restore the capacity of the civil service to carry out its basic functions and at the same time prepare the ground for future administrative reform. There is a need to examine the overall structure of government administration and the objective and mandates of individual ministries and agencies, in light of efficiency, developmental criteria and the role of the private sector.



To emphasize Government's serious commitment to Administrative Reform, Minister Anwar El-Khalil, in charge of Administrative Reform, and in close collaboration with the Minister of State for Finance, the Civil Service Board and the Central Inspection Board, formed four committees to address the following critical areas: (a) organizational structure of Government; (b) salaries and benefits; (c) classification, grading and job analysis; and (d) performance evaluations and incentives. These committees started work in July 1994, and have so far produced several reports and specific recommendations.

### Specific Intentions

In particular, the Government intends to undertake the key policy actions described below

1. Implement the National Administrative Rehabilitation Program (NARP) over a period of three years (1995-1998).
2. Parallel to the implementation of NARP, we shall complete by the end of 1996 a review of the mandates and structures of all ministries and Public Agencies with the objective of streamlining public service functions, eliminate duplication between different entities or even within the same entity, take advantage of possibilities for partnership with the private sector and local government and ensure transparent and efficient execution of mandates. Such a review will result, among other things, in reducing the number of posts already established by the law in the civil service cadre. For the foreseeable future in Lebanon, this implies a potential reduction of not less than five thousand posts by 1997.
3. A program to reallocate, retrain or retrench temporary workers shall be formulated as soon as possible with a view to reducing such personnel to no more than ten percent of the total permanent positions by end 1998.
4. The civilian wage bill (including teachers but not the salary portion of the investment program) shall be kept under continuous scrutiny to ensure a sensible balance between an equitable pay that can attract qualified people into the civil service and, at the same time, that such bill does not exceed what is tolerable as a proportion to total current expenditure of the central government.
5. The salary scale shall be increased, and relativities altered, to provide adequate salaries, taking into account the job security and other advantages of public employment, and based on a comparative analysis to determine such salary scales. An interim salary scale was formulated and is being finalized for presentation to the Cabinet during July 1995. This new interim salary scale eliminates most allowances and consolidates them into the regular scale (except for assignment-related allowances or benefits that cannot by their nature be consolidated therein). Pending the completion of the job classification exercise (see below), the salary scales shall be reviewed with the view to ensure relative compatibility with private sector pay scales in the country. This revision should be completed by end 1996, and implemented in 1997.





6. Review and recommend for simplifying and standardizing job classification and grading systems used in the civil service, with a view to bringing them into line across the service; to facilitating comparability and movement within the service; to encouraging efficiency in management of human resources; and in line with the then-ongoing review of ministerial mandates. This review shall be completed by end 1996 and its results implemented in 1997.

7. Develop a simple and standardized performance evaluation system, performance feedback to staff and promotion criteria, including the provision for independent evaluation and machinery to deal with staff grievances, upward feedback and, where appropriate, users' opinions. The study will also include recommendations for incentives to reward productivity and high performance standards. The final study will be completed end 1995 and its recommendations implemented in mid-1996.

8. A major review of civil service regulations on recruitment, retention, evaluation, promotion, mobility, retirement, and discipline shall be completed by end 1996, with a view to retaining present essential safeguards of integrity, quality and merit while achieving a major simplification and streamlining of procedures and processes, and the new regulations will be put in place in early 1997.

9. In keeping with the above regulatory review, a review of the roles, responsibilities and structure of the key administrative core agencies—the civil service board, the central inspectorate, the central disciplinary board and the court of accounts—shall be completed by end 1996. concerning the court of accounts, the objective will be to focus the responsibility for *ex ante* financial controls exclusively on the financial authorities. The Court of Accounts would be responsible exclusively for quick and forceful *ex post* audits with clear, certain and swift consequences. At the same time, the accountability mechanisms will be strengthened sufficiently to permit this reform. The results of the review will be implemented in early 1997.

27 JUN 1995

Rafic Al-Hayiri  
President of the Council of Ministers



THE LEBANESE REPUBLIC  
ADMINISTRATIVE REHABILITATION PROJECT

A. Cost by Components  
(\$ million)

<i>Project Activities</i>	<i>Local</i>	<i>Foreign</i>	<i>Total</i>
Civil Service Census	0.3	0.5	0.8
Administrative Reform	0.9	1.2	2.1
1. Studies	0.4	0.8	1.2
2. Workshops	0.5	0.4	0.9
Information Technology	4.2	12.6	16.8
1. Informatics Coordination (a)	3.3	0.5	3.8
2. Office Technology	0.7	5.6	6.3
3. Program for Selected Ministries and Agencies	0.2	6.5	6.7
Office Equipment	--	2.3	2.3
Project/Program Implementation	1.5	3.0	4.5
Taxes on Equipment	1.7	--	1.7
Physical Contingencies	--	1.1	1.1
Price Contingencies		0.2	0.2
Total Project Cost	8.6	20.9	29.5

(a) The local cost represents salaries for UN counterpart staff.

B. Financing Plan by Components  
(\$ million)

<i>Project Activities</i>	<i>Bank</i>	<i>Government</i>	<i>UNDP</i>	<i>Canada</i>	<i>Total</i>
Civil Service Census	0.8				0.8 ✓
Administrative Reform	1.7	0.4			2.1
1. Studies	0.8	0.4			1.2 ✓
2. Workshops	0.9				0.9 ✓
Information Technology	13.5	3.3			16.8
Office Equipment	2.3				2.3
Project/Program Implementation	0.5	2.5	1.0	0.5	4.5
Taxes on Equipment		1.7			<del>1.7</del>
Physical Contingencies	1.1				1.1
Price Contingencies	0.1	0.1			0.2
Total	20.0	8.0	1.0	0.5	29.5

THE LEBANESE REPUBLIC  
ADMINISTRATIVE REHABILITATION PROJECT

A. Procurement Arrangements (a)  
(\$ million)

Project Component (b)	Procurement Method		N.B.F. (d)	Total Cost
	ICB	Other (c)		
Civil Service Census	---	0.8 (0.8)	--	0.8 (0.8)
Studies and Workshops	---	1.7 (1.7)	0.4	2.1 (1.7)
Information Technology	15.4 (14.1)	0.6 (0.5)	--	16.0 (14.6)
IT Counterpart Staff	---	---	3.3	3.3 (-)
Office Equipment	2.8 (2.4)	---	---	2.8 (2.4)
Project Implementation	---	0.5 (0.5)	4.0	4.5 (0.5)
<b>Total</b>	<b>18.2 (16.5)</b>	<b>3.6 (3.5)</b>	<b>7.7</b>	<b>29.5 (20.0)</b>

(a) Figures in parentheses are the amounts financed by the Bank.

(b) Components include taxes and contingencies.

(c) The Bank's consultant guidelines would apply.

(d) Non-Bank financed.

B. Disbursements  
(\$ million)

Category	Amount	Percent Financed by the Bank
Consultant services & studies	3.5	100% of expenditures
Equipment, supplies, & materials	16.5	100% of foreign expenditures 100% of local expenditures (ex factory cost) and 85% of local expenditures for other items procured locally
<b>TOTAL</b>	<b>20.0</b>	

Estimated Bank Disbursements	Bank Fiscal Year			
	FY96	FY97	FY98	FY99
Annual	1.5	8.0	7.8	2.7
Cumulative	1.5	9.5	17.3	20.0

THE LEBANESE REPUBLIC  
ADMINISTRATIVE REHABILITATION PROJECT

Timetable of Key Project Events

- |     |                                  |   |
|-----|----------------------------------|---|
| (a) | Time taken to prepare:           | Four months   |
| (b) | Prepared by:                     | Office of the Minister of State for Administrative Reform, with Bank assistance |
| (c) | Preparation Mission              | February 1995   |
| (d) | Appraisal Mission                | May 1995  |
| (e) | Negotiations:                    | May 1995  |
| (f) | Board Presentation:              | August 1995   |
| (g) | Forecast date of effectiveness:  | October 1995  |
| (h) | List of relevant PCRs and PPARs: | Not applicable  |

Responsibility for Preparation

Task Manager:	Mr. Salvatore Schiavo-Campo, EMT/PM
Division Chief:	Mr. Adil J. Kanaan, MN2CO
Country Department Director:	Mr. Inder Sud, MN2DR
Regional Vice President:	Mr. Caio Koch-Weser, MNAV/P
Peer Reviewers:	Mr. Ali Hashim, OBPIE Mr. Richard Moore, LA3PS

---

This report is based on the findings of an appraisal mission in May 1995 consisting of: Lama Abu-Odeh (Legal Counsel), Hanan Askalan (Information Officer), David Howarth (Procurement Advisor), Marion Leblanc-Wohrer (LT consultant), Anne-Marie Leroy (Sr. Public Administration Specialist), J. Murli (Chief Administrative Officer), Antoun Moussa (Sr. Informatics Specialist), Salvatore Schiavo-Campo (Mission Leader), and Graeme Thompson (consultant).

## THE LEBANESE REPUBLIC

## ADMINISTRATIVE REHABILITATION PROJECT

## The Status Of Bank Group Operations in Lebanon

## A. Statement of Bank Loans and IDA Credits (as of May 31, 1995)

Loan No.	Fiscal Year	Borrower	Purpose	Bank	IDA	Undisbursed
Loans closed		Lebanon		93.66		
Loan 3562	93	Lebanon	Emergency Recovery	175.00		98.18
Loan 3769	91	Lebanon	Irrigation Rehabilitation & Modernization	57.23		57.23
Loan 3770	91	Lebanon	TA for Revenue Enhancement	19.91		19.91
Loan 3829	95	Lebanon	Health Project	35.70		35.70
TOTAL				381.53		211.05
				84.12		
of which has been repaid				297.41		211.05
Total now held by Bank and IDA						

## B. Statements of IFC Investments (as of May 31, 1995)

Date	Borrower	Type of Business	Loan	Equity	Participant	Total
1971	Filitex	Textiles	0.43	0.00	0.50	0.93
1971	Lebanese Ceramic Industries (LECIKO)	Manufacturing	0.70	0.00	0.50	1.20
1975	Bank of Near East (BNE)	Banking	0.00	1.25	0.00	1.25
1974 /78	Lebanon Textiles (Libtex)	Textiles	4.13	0.00	1.60	5.73
1993	Uniceramic	Manufacturing	4.00	0.00	2.00	6.00
1993	Bank of Beirut and the Arab Countries	Banking	6.00	0.00	3.00	9.00
1993	Bank Audi	Banking	6.00	0.00	3.00	9.00
1993	Banque du Liban et d'Outre Mer	Banking	6.00	0.00	3.00	9.00
1993	Byblos Bank	Banking	6.00	0.00	3.00	9.00
1993 /94	Fransabank	Banking	12.00	0.00	9.00	21.00
1994	Banque Libanaise pour le Commerce	Banking	6.00	0.00	3.00	9.00
1991	Banque Libano-Francaise SAL	Banking	6.00	0.00	6.00	12.00
1991	Société Générale Libano-Europeenne	Banking	6.00	0.00	6.00	12.00
1991	Cimenterie Nationale	Manufacturing	6.00	0.00	6.00	12.00
	Total Gross Commitments		83.26	1.25	31.50	116.01
	Less: Total Commitments Repaid, Sold or Cancelled					
	Total Commitments now held		77.60	0.00	67.50	145.10
	Total Undisbursed		43.09	0.00	46.75	89.84

THE LEBANESE REPUBLIC

ADMINISTRATIVE REHABILITATION PROJECT

Technical Annex

July 13, 1995

## CONTENTS

	Page
A. DETAILED PROJECT DESCRIPTION .....	1
I. Background .....	1
II. The National Administrative Rehabilitation Program .....	4
III. Project Objective .....	6
IV. Project Description .....	6
Civil Service Census .....	6
Assistance to Administrative Reform .....	8
Information Technology .....	9
Office Equipment .....	11
Project and Program Implementation Support .....	11
V. Project Cost and Financing .....	12
B. PROJECT IMPLEMENTATION AND ADMINISTRATION .....	12
I. Implementation .....	12
Arrangements for Project Implementation .....	12
Work Plans and Review of Progress .....	12
II. Procurement and Disbursement .....	13
Goods .....	13
Consultant Services .....	13
Retroactive Financing .....	13
Disbursement .....	14
III. Reporting, Auditing and Supervision .....	14
Reporting and Auditing .....	14
Supervision Plan .....	14
Closing Date .....	14

### Text Tables

1. The Lebanese Civil Service .....	2
2. Civil Service Pay Scale .....	3

### Attachments\*

1. Organization of the Office of the Minister of State for Administrative Reform .....	15
2. The National Administrative Rehabilitation Program .....	16
3. Information Technology Activities .....	17
4. Monitorable Indicators and Agenda for the Mid-Term Review .....	19

\* Details of project implementation, in sufficient technical detail, are assembled in a separate Supplementary Implementation Document (available on request), which includes: implementation schedule; procurement plan; supervision plan; specific terms of reference for the administrative reform studies; schedule, budget and resources for the "Best Practice" Workshops; detailed allocation of office technology and other equipment to ministries and agencies; and the extended terms of reference and budget of the project and program implementation team and its key staff.

## A. DETAILED PROJECT DESCRIPTION

### I. Background

1. The war devastated the administrative infrastructure of Lebanon as much as the physical infrastructure, both because of the physical and human damage and the lack of maintenance, and because the conflict froze the normal process of administrative adaptation and isolated the system from the rest of the world for almost two decades. This isolation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state. The present state of public administration is reflected in the following problems:

- (a) In 1994 there were about 110,000 people on the government payroll absorbing about one-third of central government revenues. Of these, about 60,000 were military and security personnel (40,000 in the Army, 13,000 in the Ministry of Interior and 7,000 General Security), 29,000 teachers, 3,000 contractual workers and 11,000 daily workers (of whom, respectively, 1,685 and 6,719 worked in the central administration and the remainder in local government and autonomous public agencies). The civil administration proper has 20,860 posts but only 7,418 are currently filled. (Table 1). Thus, while the 50,000 civilian employees account for about 1.6% of the population (which is about the norm for middle-income countries), permanent non-teaching personnel, amounting to only 0.2% of the population, are grossly inadequate.
- (b) At the end of the war, about 60 percent of the management and mid-level posts (grades I, II, III) were vacant. Since then, due to the Government recruitment effort, management positions (grade I) have been filled in most ministries. 283 out of 506 positions are vacant at grade II but 250 civil servants in grade III already meet the requisite criteria for promotion. The most serious problem, therefore, is posed by the large number of vacancies (1656) at grade III. The Civil Service Board (CSB) faces difficulties in filling vacant posts at that grade, in part because of inadequate salaries and in part because of the recruitment requirements. According to civil service rules, recruitment at higher levels is based on internal promotion and examination. Few low level civil servants are able to pass the required examination to be promoted, and few outsiders are interested in participating in the recruitment process. The largest vacancies (11,494) are at the lower level (grades IV and V), but many positions are expected to be eliminated as a result of the current job classification review.
- (c) The number of daily workers has increased to 6,719 in the past few years in the core administrative agencies and line ministries and, as noted, there are 1,685 contractual workers. Together, they exceed the number of permanent civil servants in the central government. In the Ministry of Health, for example, there are 1,490 daily workers and only 230 permanent employees. Daily workers were hired on an ad hoc and personal basis by the ministries, and are generally unqualified for their current employment. The Civil Service Board tried to integrate them in the civil service through legal recruitment procedures, but only 47 out of 1,000 passed the required examination. Albeit gradually, retrenchment of the vast majority of daily workers is essential to free up some of the resources needed for recruitment of qualified



permanent civil servants. By a preliminary estimate, this would permit almost doubling the present number of permanent employees, at current salaries, without increasing the overall wage bill.

Table 1. The Lebanese Civil Service, May 1995

	Permanent Positions												Daily Workers	Contract Units
	Grade I		Grade II		Grade III		Grade IV		Grade V		Grades I-V			
	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant		
<b>Core Administrative Agencies</b>														
21 Central Adm. for Statistics	1	0	30	28	72	68	130	76	21	20	254	192	0	
23 Central Disciplinary Board	3	0	1	0	2	2	15	8	2	2	23	12	0	0
22 Central Inspection Board	12	0	17	6	95	21	55	23	29	26	208	76	49	3
26 Civil Service Board	3	0	11	0	27	7	45	21	13	13	99	43	13	5
27 (Incl. Natl. Inst. for Admin. & Dev.)											0	0		
28 Govt. Accounting Office	0	0	0	0	81	36	46	29	11	11	138	76		
<b>Ministries</b>														
2) Directorate General, PCM	6	2	13	5	37	25	76	50	25	22	157	104		7
1 Environment	1	0	3	3	64	62	49	46	22	22	139	133		24
2 Economy & Trade	2	0	8	7	26	19	164	109	34	30	234	165	249	4
3 Hydraulic & Electric Res.	2	0	18	3	152	72	287	175	33	24	492	274	73	42
4 Industry & Petroleum	2	0	6	2	44	30	51	32	15	15	118	79	1	0
5 Agriculture	1	0	26	26	256	171	417	243	211	202	911	642	753	50
6 Emigrants	1	0	4	2	39	37	0	0	10	10	54	49		
7 Finance	6	0	73	17	417	155	1,933	1,109	126	95	2,555	1,376		
8 Interior	9	1	28	19	72	27	448	265	59	55	616	367	1,028	61
9 Justice	1	0	37	29	233	133	2,002	1,501	220	195	2,493	1,858	32	325
10 Municipal & Rural affairs	1	0	4	1	0	0	0	0	2	2	7	3	4	2
11 Social Affairs	1	0	16	2	208	186	206	90	23	20	454	298		
12 Public Health	1	0	23	21	127	42	404	284	190	168	745	515	1,490	747
13 Posts & Telecom.	3	2	32	28	536	188	6,426	4,098	660	652	7,657	4,968	2,293	96
14 Public Works	2	0	19	7	142	42	405	268	64	55	632	372	15	
15 Tourism	1	0	7	4	28	20	114	70	16	14	166	108		
16 Transportation	2	0	17	17	158	77	704	448	138	125	1,019	665	138	6
17 National Education	2	0	15	4	51	37	131	116	22	22	221	179	38	30
18 Housing	2	0	7	6	53	36	109	66	20	20	191	128	30	28
19 Labor	1	0	2	0	67	35	57	30	18	16	145	81	35	1
20 Foreign Affairs	69	4	72	36	139	39	112	52	55	46	447	177	7	41
21 Culture & Higher Educ.	2	0	7	6	20	19	31	21	6	3	68	49	410	8
22 Vocational & Tech. Educ.	1	0	5	0	19	10	23	6	48	39	96	55		
23 Information	1	0	5	4	69	60	413	305	33	29	521	398	61	5
24 Displaced Persons														200
	139	9	506	283	3,214	1,656	14,855	9,541	2,126	1,953	20,860	13,442	6,719	1,685

Source: CSB

(d) The prevailing salaries, however, are too low to attract qualified local professionals, let alone the Lebanese living abroad (Table 2). Compensation is distorted and badly inadequate (especially at the higher and middle levels). There are more than 240 different allowances, which add up to between 20% to 50% of the base salary. One person can receive up to 15 different allowances. In addition, the reward system is greatly distorted: a length-of-service provision means that some drivers, for example, receive more than department directors. Currently, top civil servants average about \$9,000 a year (including allowances) in an environment in which managers in the private sector are compensated at much higher rates. Civil servants at mid-level get about \$4,500 a year (including allowances.) The relatively high number of contract employees is in part a reaction to this situation, and should be seen as a useful

transitional device--provided that the staffing and salary structure is rationalized soon.

Table 2. Civil Service Pay Scale, May 1995  
(Monthly Salaries in thousands of Lebanese Pounds)

Grade		Basic Salary	Allowances in % (*)	Allowances in L.L. (*)	Salary & Allowances	Representation	Total
I	At Appointment	480	50%	240	720	327	1,047
	Average	570	50%	285	855	327	1,182
II	At Appointment	400	50%	200	600	0	600
	Average	480	50%	240	720	0	720
III	At Appointment	325	40%	130	455	0	455
	Average	400	50%	200	600	0	600
IV-1	At Appointment	260	25%	65	325	0	325
	Average	325	25%	125	406	0	406
IV-2	At Appointment	200	25%	50	250	0	250
	Average	260	25%	65	325	0	325
V	At Appointment	200	20%	40	240	0	240
	Average	273	20%	54	327	0	327

(\*) Estimated aggregate of individual allowances.

Source: CSB

(e) The civil service is aging (with an average age of 54) and insufficiently trained. During the war years, training programs virtually ceased to exist. The National Institute for Administration and Development stopped offering pre- and in-service training. As a result, civil servants were cut off from knowledge of changing international practices in their fields of activity, and introduction of modern training methods was delayed. Moreover, according to Lebanese civil service rules, training is a necessary condition for promotion inside the administration. Thus, promotions virtually stopped for 15 years.

(f) Adequate office space is usually not available. As a result of the extensive damage that has occurred, many buildings require considerable repair and rehabilitation. The available equipment is minimal, out of date or in need of major repair.

2. Because of these widespread weaknesses and the pervasive shortage of human and material resources, the Government is unable to deliver public services and carry out basic functions satisfactorily, let alone address the challenge of reconstruction (which has been entrusted largely to the Council for Development and Reconstruction--CDR). The rebuilding of Lebanon's ravaged economy and addressing social problems is taking place through the \$2.3 billion National Emergency Recovery Program (NERP) during 1993-1996, and a more ambitious longer-term program (Plan/Horizon 2000). To implement the recovery effort and make the reconstruction investments sustainable, the capacity of the administration needs to be rebuilt. In the absence of a functioning public administration, the implementation of the NERP will be increasingly hampered and the sustainability of its results jeopardized.

## II. The National Administrative Rehabilitation Program (NARP)

3. Government Strategy and Policy Reform Agenda. Administrative reform has been a subject for reflection and debate in Lebanon since 1990. The Government is conscious of the right directions, clear about the policy priorities, and has already begun to move in several practical ways. It recognizes that an efficient administration, as well as the development of a sound legal and regulatory environment, are essential for attracting domestic and foreign private investment and for successful reconstruction and recovery. The Government's overall objective is a lean and efficient civil service able to provide basic services to the economic agents and citizens, in line with the Lebanese tradition of a predominant private sector. Details on the administrative reform program are included in para. 9 of the Memorandum of the President.

4. Through 1994, certain ad hoc measures were implemented as the first steps of administrative rehabilitation, and some external assistance was obtained for those purposes (primarily from the European Union and from the World Bank through the 1994 Revenue Enhancement Project). Beyond these initial steps, the Government has completed in May 1995 a comprehensive program to fill the basic administrative needs of each ministry and agency--the National Administrative Rehabilitation Program (NARP).<sup>1</sup>

5. The program was designed under the leadership of the Minister of State for Administrative Reform. A team of Lebanese and international consultants, funded by UNDP and the French Government, carried out a series of needs' assessments in cooperation with the ministries. Initially, each ministry was responsible for its own basic needs assessment, conducted by reviewing the existing organization and staffing, assessing objectives and strategy, and defining priorities and immediate basic needs in terms of personnel, equipment, computers, training, and technical assistance. The Office of the Minister of State, which is assisted by two entities established to support it in the process of administrative rehabilitation and reform (the Technical Cooperation Unit--TCU--and the Institutional Development Unit--IDU), has reviewed these assessments and finalized the program, and is responsible for coordinating financing and guiding its implementation.

6. For each ministry, core administrative agencies and public autonomous agencies, the NARP comprises basic office equipment, furniture and vehicles; information technology to modernize work methods and introduce enhanced systems in priority public functions; training; and advisory services. The program, which is to be implemented over a 3-5 year period, calls for a total of \$106 million, including \$81 million for assistance to individual agencies and ministries. Of the latter, \$14 million (18%) are for information technology and other equipment, \$19 million (24%) for furniture and vehicles, \$17 million (21%) for training and \$31 million (40%) for advisory services. (Details are provided in Attachment 2.)

---

<sup>1</sup> Requirements in the NARP are additional to assistance already received by ministries and agencies from international organizations and regional and bilateral donors, for or related to administrative rehabilitation and reform. To date, the Civil Service Board (CSB) and other central agencies, including the Central Administration of Statistics (CAS) and the National Institute for Administrative Development (NIAD), have received or been assured of a total of US\$15 million for equipment, training and TA; and 12 ministries have also received support. The largest amount of aid has been the 30 million Ecu (about \$10 million equivalent) from the EU, for institutional support to CDR and ministries responsible for the implementation of major investments under the National Economic Recovery Program; these funds are administered by the CDR. The largest contribution to a single entity is that of the Bank, to support the Ministry of Finance through the 1994 Revenue Enhancement and Fiscal Management Project. Some support has been given to various other ministries by the UNDP, the Bank, and regional and bilateral donors. The NARP is a broader and coordinated program than those initial efforts.

7. The NARP includes the following:
- (a) Information technology support, which includes hardware, software, systems and related services for each agency and ministry. Ministries and agencies have very little of the equipment now regarded as standard for basic office functioning. Accordingly, the NARP includes provision, for the central and regional administrative offices of each agency and ministry, of:
    - (i) office technology, including microcomputers, basic software and related services to initiate the modernization of work and methods throughout the public administration;
    - (ii) informatics support, that includes other software, systems and services, aimed at improving the basic functions of the core administrative agencies and selected ministries in order to enhance public service delivery and support private sector development; and
    - (iii) training directly related to information technology and informatics support. Instruction in basic computer use is directly related to computerization, and essential for all ministries and agencies if the program is to achieve its objectives.
  - (b) Other office equipment:
    - (i) communications equipment--phone systems, and facsimile; and
    - (ii) other office equipment--typewriters, copiers, calculators, and some specialized equipment (e.g. filing systems).
  - (c) Basic office furniture--desks, chairs, shelving, safes, etc.
  - (d) Vehicles, both standard and 4WD, in accordance with specific requirements of individual ministries and agencies;
  - (e) Training. The requests for training are summarized in Table 4. After many years during which training programs virtually ceased to exist and the introduction of modern training methods was impossible, the needs for general administrative training within Lebanon are enormous. The program includes a provision for in-service training programs, to be developed by the CSB and NIAD, and overseas training. Overseas training provision is principally for the CI, which especially needs external training to exercise its inspection and organizational consulting functions in line with modern practices. The largest category in the training program is for technical and special training both in Lebanon and abroad. Within Lebanon it includes several large programs such as those for CI (1476 trainee weeks) and the Ministries of Municipal and Rural Affairs (1435), Public Health (614) and Finance (576). Training abroad is requested by 19 ministries and agencies in amounts ranging from 10 to 316 trainee/weeks.
  - (f) Advisory services. The NARP includes a comprehensive range of services to assist ministries and agencies develop their capacity for more effective management. The NARP calls for US\$30.5 million of advisory services. They include services to help build up the capacity of CSB, CI, CA, NIAD and CAS to become fully effective agents of administrative reform, but the bulk of the advisory services is for the line

ministries. (Some of these ministries are already receiving assistance from external agencies.)

8. Training requests in the NARP are heterogeneous and at different stages of preparation. Moreover, training decisions must be synchronous with the on-going review of the mandates of the different ministries--see para. 18(i)-- and of course, with the pace of rebuilding of the permanent civil service. Therefore, only training related to information technology is included in the proposed project. However, the Government intends, beginning in the near future, to use its own funds or other donor assistance to finance other training and technical assistance proposals from ministries and agencies on a first-come-first-served basis. The Office of the Minister will have the capacity to assist ministries to prepare the proposals, which would be evaluated on the basis of a number of criteria, including: (i) importance for the ministry and link to its main mandate; (ii) impact on service delivery and social development; (iii) relevance for simplification of procedures; (iv) consistency with projects under way; (v) cost effectiveness; and (vi) the ministry's capacity to absorb and benefit from the training proposed. The Government understands the importance of assuring that funding decisions are made, and are seen to be made, on the basis of the merits of the proposals. The Government has requested the Bank's continuing and close involvement in all phases of the administrative reform. Because of the importance of the training element in the overall rehabilitation and reform program, the Bank's involvement will include attention to the progress of training activities.

### III. Project Objective

9. The objective of the proposed project is to help rehabilitate the public administration. The Government clearly understands rehabilitation as the essential first stage of a process of reform, based on a concrete policy agenda centered on the principle of a small but efficient public administration dedicated to providing quality services, enabling private activity, and safeguarding the interests of the public. Consequently, the Project also aims at assisting the design of administrative reform.

### IV. Project Description

10. The focus is on filling the minimum needs of the central government administration in key equipment and physical resources; assisting in streamlining procedures; and supporting the design and beginning of longer-term public administration and civil service reform. (The matrix of project activities and implementation schedule is included in the Supplementary Implementation Document.)

11. The Project has been designed in the overall context of the Government's NARP. Within the NARP, the Project would finance all information technology and office equipment for the core administrative agencies and ministries. In addition, it will finance a civil service census and assistance to administrative reform through studies and workshops, and project and program implementation. The Project will comprise:

Civil Service Census (*estimated cost: \$0.8 million*)

12. A good civil service census is a pre-requisite of the reform process. It establishes the information base crucial to making changes in public employment and pay policy. The

objectives of the census are, first, to identify and remove from the payroll "ghost" employees and correct other irregularities, and, second, to update and improve personnel data. The census will cover all remunerated personnel of the central government, including teachers, daily and contractual employees. The methodology required for a thorough and reliable census entails the distribution of a questionnaire individually to all employees, its completion, data entry and a variety of cross-checks through the programmed system. When irregularities are either explained or confirmed, the corresponding names are either included in the census or excluded and listed in a separate "irregularity report" for appropriate later action, from removal from the payroll to criminal penalties. The complete database with appropriate summary tables and the accompanying irregularity report constitute the census.

13. Such an exercise is already under way for non-teaching personnel (see below), and a parallel census of teachers and other educational personnel is under preparation. It is essential, as explained below, for the two exercises to contain a fully compatible basic module (although the education database will be larger to meet additional needs of the education sector).

14. This component will finance computers, consultants, information technology and informatics support to carry out the census. As noted, a civil service database exercise with assistance from the State University of New York at Albany, funded by USAID, has already begun in the CSB. The methodology is sound, and the activity is well under way. Additional resources are needed--on identical lines as the on-going exercise--to enable the CSB to complete the database in a shorter period. Because the current CSB activity does not include teachers or other personnel of the Ministry of Education, assistance will also be provided through the project to carry out a census of educational personnel with a basic module fully compatible with the on-going CSB activity. Therefore, on completion, the two partial databases can be merged into a complete database covering all central government remunerated employees--permanent, daily workers, and contractuels. The complete census, merging the two databases, will be completed by June 1996.

15. As the next phase, after completion of the census, the database will be verified against the Ministry of Finance payroll. The intention would be to proceed as follows. Discrepancies arising from inconsistent or incorrect procedures will be corrected internally. Payments to the remaining payroll names not corresponding to names in the database will be suspended immediately. Public announcements will be made for those involved to present themselves in person to specified localities to verify their identity and correct terms of employment. On verification, salaries will immediately resume and retroactive payments be made. After six months, still remaining names will be removed from the payroll. Thereafter, it is essential to strengthen personnel and payroll management to prevent the reoccurrence of the problem.

16. The non-teachers census will be conducted under supervision of the CSB. In parallel, the census of educational personnel will be conducted by the Center for Education Research and Development of the Ministry of Education (CERD) which should coordinate closely with the CSB in this respect, and assure full compatibility of the basic personnel data. Arrangements have been made to finance the census activities before loan effectiveness, and retroactive financing will be available for this purpose after loan effectiveness.

Assistance to Administrative Reform (estimated cost: \$2.1 million)

17. National Committee on Administrative Reform. To assist the process of long-term administrative reform, the Government has appointed a National Committee on Administrative Reform (NCAR) for a period coinciding with the planned program and project implementation period, i.e., until December 1998. The committee is chaired by the Prime Minister or his designate and has the Minister of State for Administrative Reform as deputy chairman. The size and membership of this committee will be established by a resolution of the Prime Minister upon recommendation of the Minister of State for Administrative Reform and will have broad representation from the Council of Ministers, civil service, academia and the private sector. The NCAR will be strictly an advisory committee acting as a sounding board for such issues as the chairman or his designate may from time to time refer to it.

A. Studies (estimated cost: \$1.2 million)

18. To assist in the design of administrative reform, the Project will finance the following studies and reviews, which will include appropriate recommendations (detailed terms of reference are in the Supplementary Implementation Document):

(i) a comprehensive review of the functions and mandates of all ministries, with the objectives of streamlining public service functions, eliminating duplication and overlaps between different entities, ensuring clear definition, transparent and efficient execution of mandates as well as efficient programming, and examining possibilities for decentralization or private sector participation. The Office of the Minister of State is already conducting a study on the ministries' functions and structure under a PHRD grant. An additional \$250,000 is required to complete this study by end-1996 with a thorough review of the mandates;

(ii) a comprehensive review of the CI's, CDB's and CSB's roles and of all civil service regulations on recruitment, retention, evaluation, promotion, mobility, retirement and discipline, to retain essential safeguards of quality and merit and the integrity of a national civil service on a unified basis, while achieving a major simplification and streamlining of procedures and processes (especially for recruitment), more autonomy for line ministries in the management of their human resources, and efficient methods to enhance productivity and morale and fight corruption. The estimated cost is \$550,000. The review will be completed by end-1996;

(iii) the salary scale currently pending adoption is temporary. A new salary scale is being defined in conjunction with the completion of the job classification review. The Project will finance a survey of private sector salaries to provide the Government with appropriate comparisons. The estimated cost is \$200,000. The review will be completed by mid-1996;

(iv) a review of control and audit procedures. The Government intends to set national standards for audits, using professional accounting firms in Lebanon to carry out most of financial audits under contracts with the Court of Accounts (CA), and drastically reducing or eliminating CA's ex-ante controls, which are inefficient and prevent this institution from carrying-out its main responsibility of robust and prompt ex post audits. Financial authorities would assume the responsibility of ex-ante financial controls. Accountability mechanisms would be strengthened sufficiently to permit this reform. The estimated cost is \$200,000. The review will be completed by end-1996;

B. *Best Practice Workshops (estimated cost: \$0.9 million)*

19. International as well as Lebanese experience demonstrates that a process of administrative reform can face strong opposition, and is less likely to be sustainable if it is not designed following a participatory process involving major stakeholders in the society. Sustainability is all the more precarious if international advisors, even when assisted by local consultants, carry out their tasks without sufficient consultation with these stakeholders. In addition, particularly because of the isolation of the Lebanese administration from international trends during the war years, it is important to provide a mechanism for the transfer of administrative know-how and "best practice" in other countries. Therefore, the Project provides for a participatory process linking the studies described above with a series of "best practice" workshops, which will aim at disseminating international experience on administrative reform, as well as increasing awareness of the constraints to be faced. They also aim at building consensus on the objectives of the reforms and, on the other hand, will help the consultants understand the wishes and sensitivities of the Lebanese society as regards the reform.

20. The process will be as follows. (The detailed description, schedule, budget and agendas of the workshops are in the Supplementary Implementation Document.) An Initiating Workshop will be organized in late 1995, with participants including representatives of core administrative agencies, members of Parliament, representatives of local governments, the private sector (business associations, chambers of commerce, trade unions), relevant NGOs, and academics, for a general discussion geared to the issues covered in the administrative reform studies. In this first workshop, three working groups will discuss, respectively, civil service reform, public accountability and control systems, and the role of the state in its main sectors of activity and appropriate government structures. International experts will summarize international experience in these fields and participants will contribute their knowledge of the Lebanese situation. The consultants working on the administrative reform studies will attend the meetings. (Their terms of reference require them to take into account the discussions of the first workshop and to keep consulting informally with major stakeholders at different stages of their work.) After completion of each study, the working groups will meet again in subsequent workshops, examine the consultants' conclusions and proposals, and express comments and conclusions. These comments and conclusions, along with the consultants' studies, will serve the Minister of State for Administrative Reform as useful material to help formulate the specific reform proposals for Government consideration. Three other workshops would be held to cover information technology issues, as well as ethics and corruption in the civil service and public/private partnership in the provision of public services.

21. The Office of the Minister of State will design and organize the workshops. The TCU will be in charge of all administrative arrangements. The IDU will design the workshops' agenda and supervise the publication of the findings from each of the workshop. Assistance from the World Bank's Economic Development Institute could be considered, if requested.

*Information Technology (estimated base cost: \$16.8 million)*

22. The Lebanese public administration suffers from lack of basic information technology (IT), essential for operational activities today. The Project supports the introduction and use of information technology taking into account the current absorptive capacity of the public administration and incorporating capacity-building element. While office technology will be



provided throughout the central government, as envisaged in the NARP, it will be deployed in accordance with appraised individual ministries' needs, and coupled with appropriate recruitment and training of technical staff and users alike to assure that the technology is sustainable and put to good use. In addition, core administrative agencies and selected ministries will be provided with more substantive informatics support in view of their priority functions, judged to be essential for private sector development and the provision of adequate public services, and their present capacity to absorb more substantial support. Technology support for these selected agencies will be coordinated with functions redefinition when needed, as well as process simplification and improvement.

23. There will be three sub-components as shown in Attachment 3:

- (a) Government-wide informatics coordination to establish: (i) inter-agency coordination for information technology awareness and deployment, including definition of government standards for data exchange and transmission; delivery of awareness seminars at all levels of public administration; and coordination of training programs across agencies; (ii) a technical unit within the TCU (with 5 staff) to complement individual ministries' internal capabilities; and recruitment of counterpart staff across beneficiary agencies and ministries to help individual ministries in developing their own internal capabilities and assist in technology transfer (\$3.8 million);
- (b) office technology support to all 24 ministries and core agencies to initiate the modernization of work methods (see Attachment 3 for details). This will include providing hardware and software, and training in basic office technology and network administration, and recruiting information technology support personnel (about 2 per ministry and agency) for the acquisition, installation, and support of these technologies across the public administration (\$6.3 million);
- (c) information/decision support systems to core agencies and selected ministries for priority public functions (\$6.7 million). All ministries receiving sufficient funds from other sources as well as those for which Bank projects with an IT component are under preparation have been excluded from assistance under this component. Selection from the remaining ministries was made on the basis of the importance of their services for the rest of the public administration, their role in facilitating private sector development, the need to bring on-going programs to completion and the importance for the public of the services they provide. Assistance under the sub-component has been designed to reinforce the reform and simplification of functions and procedures being examined by the administrative reform studies described above.

24. Under the IT component, approximately 900 people will be trained in office technology and information system development and installation, of whom 750 trained in MS Office and office software. The total cost of training is included in the overall estimation. The IT component will be implemented directly by the beneficiary agencies in coordination with the IT Group (ITG) in the Office of the Minister of State for Administrative Reform. The ITG will prepare technical specifications and procurement documentation, with the assistance of the designated focal counterpart staff in beneficiary agencies as needed; assure overall coordination of the different activities of the component; assist individual agencies in the installation and commissioning of computer hardware, technology training and systems development; and coordinate with agency and ministry counterpart staff in the deployment and utilization of the technology in their respective agencies and ministries.

Office Equipment (*estimated cost: \$2.3 million*)

25. The Project will provide \$2.3 million (excluding taxes and contingencies) for office equipment not related to information technology, to all ministries and central agencies. This includes communication equipment, such as telephone, telephone systems, facsimile; and other office equipment, typewriters, copiers, calculators, and some specialized equipment (e.g., filing systems), based on the appraisal of individual ministry needs for minimum efficient operation. (Detailed allocation by ministry is shown in the Supplementary Implementation Document.)

Project and Program Implementation Support (*estimated cost: \$4.5 million*)

26. Considering the diversity of the activities required for administrative rehabilitation and the importance of implementation, the Government has recognized the need for a mechanism to program and coordinate all efforts. The Technical Cooperation Unit (TCU) was established with a UNDP grant of \$700,000 in 1994 and became operational in January 1995. Its functions are to help manage and coordinate all the technical assistance associated with the rehabilitation of public administration, monitor and evaluate the effectiveness of such TA, and mobilize the required resources. The TCU mandate and staff will be expanded to meet the requirements for Project implementation, at an incremental cost of \$3.5 million over the life of the Project. The Institutional Development Unit (IDU) supports the on-going process of reform of the Lebanese administration. It is financed by a \$0.5 million grant from UNDP and another \$0.5 million grant from Canada, under agreements signed in February 1995. IDU's \$1 million costs over the implementation period are fully funded by these grants.

27. The Project and Program Implementation Support Team, which will assist the TCU in the execution of the Project, will include: (i) an Information Technology Group, headed by an IT coordinator and comprising a project manager, two systems specialists and five office technology staff; (ii) a Procurement Specialist, to assist in all procurement matters, in cooperation with CDR; (iii) a Financial Officer to assist in all disbursement matters, in cooperation with CDR, as well as to assist in accounting under the Project and advise on matters concerning the Bank and other donors' financial reporting requirements, in consultation with the ministries concerned; (iv) a Training Specialist; and (v) an Organizational Management Specialist. Key staff for implementation of the Project are the IT Coordinator, the Procurement Specialist, and the Financial Officer. Terms of reference, budget, and organizational architecture are shown in the Supplementary Implementation Document. In addition, the TCU will benefit from ad hoc short-term consulting services on an as needed basis (24 months in total).

28. Appointment of all key persons in the project implementation support team has been made. Arrangements have been made to finance the implementation support team services before the loan is declared effective, and some retroactive financing will be available for this purpose. After loan effectiveness, these services will be financed under the Project. The Government has certified that beneficiary ministries and agencies have assigned from among their own staff a coordinator for Project activities. Additional counterpart staff will be appointed following loan approval, the entire team should be fully staffed by January 1996, and an action plan to build further capacity in the beneficiary ministries will be implemented during the Project, with facilitation provided by the TCU.

## V. Project Cost and Financing

29. The total Project cost is estimated at \$29.5 million (including \$1.7 million in taxes and \$1.3 million in physical and price contingencies)<sup>2</sup>, of which \$20.9 million, or 71%, are foreign costs. Local costs have been converted at an exchange rate of \$1 = LL 1,650. The estimates are based on typical current costs. Within the Project, the Bank loan of \$20 million will finance \$13.5 million for information technology, \$2.3 million for office equipment, \$0.8 million for the census, \$1.7 for assistance to administrative reform, and a \$0.5 million contribution for project implementation, as well as \$1.2 for physical and price contingencies. The Bank loan will cover \$18.3 million of foreign cost, or 88% of total foreign cost of the project. The Government contribution of \$8 million will finance largely the local costs of information technology and project implementation, and all taxes. Confirmed external financing includes \$1.5 million from UNDP and Canada to contribute to project implementation costs. Project cost and financing are shown in Schedule A of the Memorandum of the President.

### B. PROJECT IMPLEMENTATION AND ADMINISTRATION

#### I. Implementation

30. Arrangements for Project Implementation. The Project will be implemented over a three-year period in accordance with the principles described in para. 26-28 and the implementation schedule in Attachment 3. Responsibility for implementation be vested in the Office of the Minister of State for Administrative Reform, which includes the TCU and IDU. However, the TCU will require strengthening in the ways indicated in para. 26-28. In addition, project implementation will call for close coordination with the Ministry of Finance, CDR and the core administrative agencies, as well as the beneficiary ministries.

31. The Project incorporates various features designed to ensure that it is implemented on schedule. Care has been taken to identify the units in the administration that would be responsible for the various tasks, to break up each component into constituent activities and to determine the dates by which the individual steps that make up these tasks will be completed. The detailed implementation plan, and the simplified arrangements proposed for the recruitment of project staff and the procurement of goods and services, have been clearly specified and agreed with the Government. In particular, the manner in which procurement is proposed to be arranged (paras. 34-36) and the support of the proposed financial, procurement and training specialists will help minimize delays. Above all, the Government's strong commitment to the Project and the existence of the IDU and the strengthened TCU should help ensure effective and timely Project implementation.

32. Work Plans and Review of Progress. Each ministry or agency will prepare and submit to the TCU annual work plans on its particular activities under the Project and mid-year reports on the progress, on a uniform format to be provided by TCU. The TCU will prepare an annual summary work plan and mid-year progress reports and submit them to

---

<sup>2</sup> 10% physical contingencies apply to all equipment. Price contingencies apply to all office equipment other than information technology, the prices of which are expected to be stable. Office equipment is estimated to be procured in 1996, and the foreign inflation factor of 2.2% has been applied for one year. Taxes of 15% apply to information technology and other equipment.

the Bank. The reviews of progress will provide for adjustments according to past performance and future needs.

33. Project activities will be launched at a Project Launch Seminar in October 1995. The Seminar will introduce the project activities to all designated counterparts, and discuss project issues, in particular procurement, disbursement, and counterpart follow-up. TCU will design and organize the Launch Seminar. Participants will include the key counterpart staff designated in each beneficiary agency and ministry.

## II. Procurement and Disbursement

34. In general, the Project approach to procurement will be to bundle as many activities as possible into single contracts. Because office technology, the largest single sub-component, will be bundled into one or two contracts, it is expected that the bulk of procurement of goods under the Project will entail a total of only five or six contracts. In its responsibility for procurement, the TCU would have the support of the Procurement Specialist to be appointed under the Project (para. 27). Except for TCU/IDU appointments to be made by arrangement with UNDP, all procurement of goods and services under the Project will be carried out by the CDR which has the authority (utilized in other Bank projects) to undertake its procurement directly rather than through the Department of Tenders (DOT) of the Central Inspectorate. The designation of CDR as procurement agent has been confirmed before Board presentation. A procurement review will be undertaken approximately six months from effectiveness, i.e., at the time of the first bi-annual supervision mission. (The Procurement Plan is included in the Supplementary Implementation Document.)

35. Goods. Goods will be procured under the World Bank's Guidelines. Contracts for goods for an amount equivalent to \$250,000 or more will be procured through International Competitive Bidding (ICB). For items costing \$50,000-250,000, international shopping procedures will apply (with a minimum of three bids from at least three countries) and for items costing less than \$50,000, local shopping procedures will apply with a minimum of three quotations. As far as possible, items for procurement will be combined into packages costing \$250,000 or more with a limit of \$1,500,000 in aggregate for international shopping and \$400,000 for national shopping. All goods contracts for an amount equivalent to or more than \$250,000 for items to be procured under Bank guidelines will be subject to the Bank's prior review. The review process will cover about 80 percent of the total contract value of goods.

36. Consultant Services. Consultant services required for the Project will be procured in accordance with World Bank Consultant Guidelines. Prior Bank review will include contracts for services with consultancy firms costing the equivalent of \$100,000 or more and with individual consultants costing \$50,000 or more. The participating agencies will receive the active support and guidance of the Procurement Specialist (para. 26-28). In the selection of consultants, besides costs, knowledge of the country and its language will be taken into consideration; it is expected that qualified Lebanese professionals (resident and expatriate) will be recruited for many positions.

37. Retroactive Financing. The Government will meet the initial cost of recruitment of the Project implementation support team prior to loan funds becoming available, from its own resources or by access to Japan PIIRD, and, if necessary, UNDP funds. In addition, the

census activities may be pre-financed prior to loan effectiveness. Therefore, the loan will provide for \$1.0 million in retroactive financing to finance for these purposes.

38. **Disbursement.** To ensure that funds are readily available for Project implementation and to facilitate disbursement, a Special Account will be established at the Central Bank of Lebanon in US dollars, with an initial deposit of \$1.6 million. Replenishment of the Special Account by the Bank will require the submission of full documentation or certified statements of expenditures (SOEs) showing that payments were made exclusively for eligible expenditures. Replenishment requests for the special account must be submitted as required but at no longer than quarterly intervals.

### III. Reporting, Auditing and Supervision

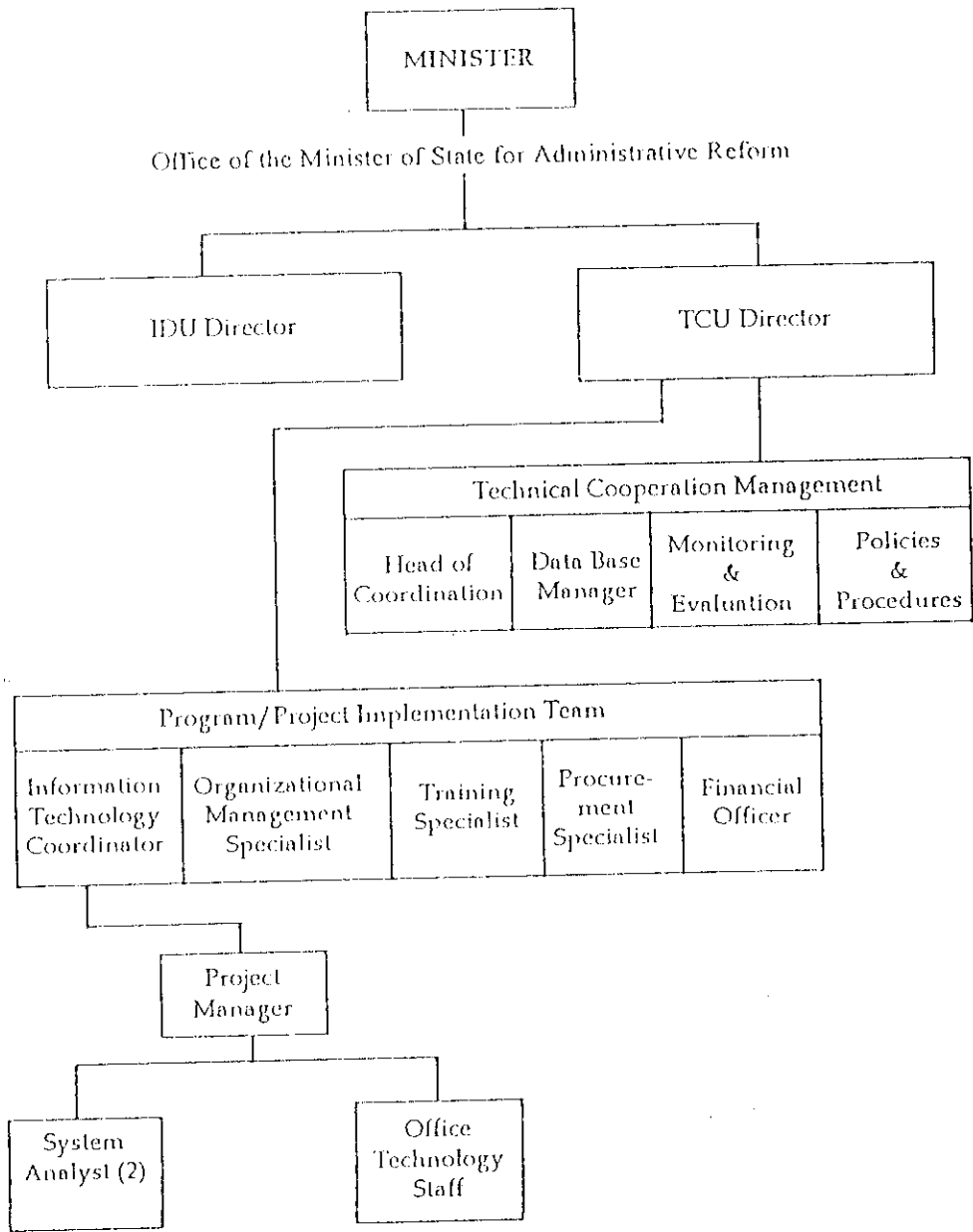
39. **Reporting and Auditing.** Each agency will prepare and submit semi-annual financial reports to the Office of the Minister of State which will prepare an annual report to the Bank. TCU staff will ensure that there is continuity of Project administration, that all Project documentation is well prepared and according to schedule and that procedural problems are reduced to the minimum. The Special Account, all Project accounts and SOEs will be audited in accordance with international standards at the end of each Bank fiscal year, beginning with fiscal year 1996, by independent auditors acceptable to the Bank. Audit reports will be made available to the Bank no later than the end of April of the following year.

40. **Supervision Plan.** The proposed supervision arrangements are detailed in the Supplementary Implementation Document, and monitorable indicators are set out in Attachment 4. The supervision arrangements provide for a Project launch seminar on loan effectiveness, followed by a bi-annual program of supervision missions timed to coincide with the Best Practice Workshops and key developments in Project implementation. No later than eighteen months into implementation there will be a full mid-term review of both the rehabilitation activities and of progress of the administrative reform (see Attachment 4). The final supervision mission is tentatively programmed for November 1998.

#### Closing Date

41. The Project is expected to be completed by December 31, 1998; the closing date would be June 30, 1999.

### ORGANIZATION OF THE OFFICE OF THE MINISTER OF STATE FOR ADMINISTRATIVE REFORM



THE NATIONAL ADMINISTRATIVE REHABILITATION PROGRAM  
(\$ thousand)\*

	Computers and Equipment	Furniture	Vehicles	Training	Advisory Services	Total	Percent of Total
<b>Core Administrative Agencies</b>							
Central Adv. for Statistics	140	0	0	0	0	140	0.1
Central Disciplinary Board	200	3	0	0	0***	203	0.2
Central Inspection Board	200	4	0	1,040	6	1,251	1.2
Civil Service Board**	0	23	66	641	1,782	2,512	2.4
Math. Inst. for Admin. & Dev.	0	0	0	246	1,378	1,624	1.5
Govt. Accounting Office	556	45	15	347	0***	963	0.9
Sub-total	1,096	75	81	2,274	3,166	6,693	6.3
<b>Ministries</b>							
Directorate General, PCMI	484	27	57	1,237	1,105	2,910	2.7
Environment	82	10	74	92	854	1,113	1.0
Economy & Trade	959	20	114	1,447	706	3,246	3.1
Hydraulic & Electric Res.	275	72	306	630	296	1,579	1.5
Industry & Petroleum	535	36	11	147	1,459	2,188	2.1
Agriculture	87	237	72	90	2,013	2,498	2.3
Emigrants	228	5	270	260	564	1,328	1.2
Finance	0	379	0	21	99	499	0.5
Interior	4,042	238	9,676	-83	373	14,246	13.4
Justice	1,707	521	0	-715	168	1,601	1.6
Municipal & Rural Affairs	213	61	792	1,106	679	2,851	2.7
Social Affairs	198	80	120	79	484	962	0.9
Public Health	381	91	1,008	439	0***	1,918	1.8
Posts & Telecom.	0	281	1,105	1,179	2,425	4,990	4.7
Public Works	512	184	280	1,045	3,596	5,617	5.3
Tourism	221	42	686	119	297	1,364	1.3
Transportation	188	75	50	180	3,081	3,574	3.4
National Education	1,682	109	144	3,051	2,765	7,751	7.3
Housing	227	84	190	301	1,082	1,896	1.8
Labor	129	51	225	504	190	1,098	1.0
Foreign Affairs	222	32	75	190	1,321	1,839	1.7
Culture & Higher Educ.	266	183	106	971	597	2,123	2.0
Vocational & Tech. Educ.	166	32	78	199	3,440	3,915	3.7
Information	417	127	498	1,566	0	2,609	2.5
Displaced Persons	0	0	0	0	0	0	0.0
Subtotal	12,730	2,979	15,938	14,554	27,595	73,796	69.4
Subtotal Core Agencies and Ministries	13,826	3,054	16,019	16,829	30,761	80,489	75.7
<b>Autonomous Agencies</b>							
Executive Council For Major Projects (CGEP)	232	0	0	155	135	522	0.5
Executive Council For Major Projects For Beirut	240	28	46	91	0	405	0.4
National Social Security Fund (CNSS)	232	0	0	175	280	687	0.6
Cooperative Of Government Employees (COOP)	226	35	0	107	158	525	0.5
Electricite Du Liban (EDL)	1,395	208	865	360	4,876	7,704	7.2
Litani River Authority (LRA)	878	129	480	458	0	1,945	1.8
National Archive (NAR)	289	68	0	216	140	713	0.7
National Employment Agency (NEA)	173	38	0	68	955	1,183	1.1
OGERO	156	7	115	16	93	387	0.4
Port Of Beirut (POB)	357	75	5,354	198	912	6,896	6.5
Railways And Public Transportation Authority	1,649	11	131	47	1,198	3,031	2.8
Water Authority Of Beirut (WAB)	237	10	132	1,290	218	1,887	1.8
Subtotal	6,015	609	7,122	3,125	8,964	25,886	24.3
TOTAL	19,841	3,663	23,141	20,604	37.3	100.0	
PERCENT OF TOTAL	18.7	3.4	21.8	18.8	37.3	100.0	

\* Not including \$20 million for CDR-executed rehabilitation of administrative buildings

\*\* Includes Civil Service Census

\*\*\* Included in the Computers and Equipment component

Source: Office of the Minister of State for Administrative Reform

INFORMATION TECHNOLOGY ACTIVITIES

<i>Objective/ Agency</i>	<i>Activities</i>	<i>Estimated Cost (\$'000)</i>	
<i>a) Agency-wide informatics coordination</i>	Definition of government standards for data exchange and transmission; and assessment of priority national information systems.	3,800	
	Conducting of informatics awareness seminars for public administration.		
	Coordination of training program across agencies.		
	Establishment of technical support unit <sup>3</sup> .		
	Recruitment of 60 technical staff (average 2 IT specialists per agency and ministry)		
<i>b) Deployment of office technology to modernize basic methods of work in public sector</i>	Provision of computer hardware and software for 24 ministries and the core agencies.	6,300	
	Development and provision of technology training for approximately 800 staff.		
	Recruitment of information technology support personnel for the acquisition, installation and commissioning of office technology hardware and support.		
<i>c) Restoration of basic functions of selected core agencies and ministries</i>			
	<i>Civil Service Board</i>	Information technology consultancy and computer equipment for the completion of the Census of Civil Service Employees; and synchronization of CSB employee database with MOF payroll system to identify discrepancies.	(*) <sup>4</sup>
	<i>Central Inspectorate</i>	Establishment of a computerized system for "case" registration and tracking, and installation of a computerized Data Archival system.	200
	<i>Central Disciplinary Board</i>	Automation of "case" compilation and processing and its linkage to CI system; and establishment of a computerized Data Archival System.	200
	<i>Central Administration of Statistics</i>	Technical assistance for the development and implementation of informatics training program for existing technical staff (approximately 10 persons); acquisition of additional statistical software.	140
	<i>Court of Accounts</i>	Assignment of an information technology expert to help computerize the process of public audit.	160

<sup>3</sup> These staff will be located in TCU; their cost is not reflected in these estimates.

<sup>4</sup> Cost included under the civil service census component.



Objective/ Agency	Activities:	Estimated Cost (\$'000)
	Procurement and installation of an automated audit system and the provision of related technical training.	150
	Establishment of a computerized archive of precedents cases and related literature	60
	Establishment of a reference library open to the public.	100
Ministry of Justice	Computer equipment for the newly established Judiciary Informatic Center and for the Directorate of Judicial Inspection.	160
	Analysis and definition of functional requirements of the Master Plan for the computerization of the priority functions.	120
	Analysis, computerization and training for the Commercial and Legal Register.	320
	Arabized Image Document System.	55
	Establishment of a legal library including provision of computerized information services	200
Ministry of Economy and Trade	Consultancy to review trade regulations and data gathering and to develop recommendations for compliance with international forms and data.	130
	Development and implementation of On-line Trade Information Center whereby economic and trade information is gathered, elaborated and provided to the public. (Assistance complements on-going work supported by UNDP.)	720
Ministry of Education (in addition to assistance included under the civil service census: \$300,000)	Development of students registration and MIS for public schools and systematic synchronization with private schools.	500
	Exams preparation and results management system.	200
Ministry of Interior	Establishment of car registry and inspection system. This will include provision of technical assistance, software development, computer and related equipment to establish an efficient car registration and inspection, which would essentially enable the decentralization of the system, and its depersonalization, thus improving efficiency and reducing corruption.	3,000
Others	Facilities preparation including electrical supplies and cabling.	300
Physical Contingencies (10%)		1,080
TOTAL, excluding taxes		17,900

MONITORABLE INDICATORS AND AGENDA FOR THE MID-TERM REVIEW

Within the overall assessment of the validity of project objectives, design and financing, in the light of developments since the inception of the project, the following indicators will be used as a guide for monitoring implementation:

(a) Monitorable Indicators

<i>Activity</i>	<i>Indicator</i>	<i>Timing</i>
A. Civil Service Census	Completion of questionnaires with modules common to CSB and Ministry of Education	October 1995
	Completion of manual data entry	March 1996
	Computerized civil service database established	June 1996
	Database verified against Ministry of Finance payroll	October 1996
	Irregularities removed from payroll	December 1996
B. Assistance to Administrative Reform		
(i) Studies	Completion on schedule of workplans and interim and final reports for major studies, in accordance with TORs (Attachment 3) and workshop review	January 1996- December 1996
(ii) Best practice workshops	Launching workshops on established schedule; maintenance of high-level and wide participation	December 1995- April 1998
C. Information Technology		
Agency-wide information coordination	Information and technology standards prepared and published	June 1996
Agency-wide office technology (OT) deployment	Recruitment/appointment of agencies IT personnel	June 1996
	Implementation of IT training program for approximately 900 staff	June 1996- December 1997
Simplification and improvement of the transparency of central inspection function	"Case" tracking systems established and computerized; common "case" database is used by CIB and CDB	June 1997
Establishment of a new and improved public audit function	Design and implementation of a system, based on recommendations introduced under other project components	June 1997
Promoting private sector activities	computerization of legal/commercial registry	December 1997

<i>Activity</i>	<i>Indicator</i>	<i>Timing</i>
Establishment of Trade Information Center	Trade Information Center available to and accessed by importers/exporters	June 1997
Improving management of educational personnel	Database on teachers complete, accurate and computerized	June 1996
Preparation/implementation of an adequate and decentralized car registration/inspection system	Review of Ministry system; preparation/specification of requirements for an efficient and regionalized registration/inspection scheme	June 1996- December 1996
	Implementation of computer-based registration/inspection procedures (pilot) and regionalization of the above pilot system (establishment of regionalized centers)	June 1997- June 1998
D. Office Equipment	Timely contract preparation, bidding, delivery and installation	June 1996- October 1997
E. Project Implementation	Effective operation of TCU/IDU and timely reporting	June 1995- June 1999
	Progress in capacity-building in participating ministries and agencies	June 1995- December 1998
	Progress in facilitating training proposals	October 1995- December 1998

(b) Agenda for the Mid-term Review

<i>Activity</i>	<i>Indicator</i>
A. Civil Service Census	Computerized civil service data base established, validated and verified against MOF payroll. Irregularities removed from payroll.
B. Assistance to Administration Reform	Completion of reviews of salary scale and of Ministries' mandates; interim reports on other studies; progress of staffing in the ministries.
C. Best Practice Workshops	Sustained high level and range of participation in workshops 2 (information technology), 3 (ethics and corruption) and 4 (role of the state).
D. Information Technology	<ul style="list-style-type: none"><li>- Degree of in-house IT support in the ministries</li><li>- Range of participation of staff in office/information technology training</li><li>- Number of agencies equipped with office technology (OT) and degree of effectiveness of OT use</li><li>- Progress in development and implementation of information systems under the component</li></ul>
E. Office Equipment	Timely procurement, delivery and installation.
F. Project Implementation	<ul style="list-style-type: none"><li>- Effective operation of TCU/IDU at agreed staffing and consultancy levels</li><li>- Appointments, training and retention of project staff in participating ministries and agencies</li><li>- Progress of TCU/IDU in facilitating training proposals and status of training programs</li></ul>

International Bank for Reconstruction and Development

FOR OFFICIAL USE ONLY

FOR  
EXECUTIVE  
DIRECTORS'  
MEETING

For meeting on  
Thursday, August 3, 1995

STREAMLINED PROCEDURE

R95-146

FROM: The Deputy Secretary

July 17, 1995

LEBANON: Administrative Rehabilitation Project

1. Attached is the President's Memorandum and Recommendation (P-6656-LE) for a proposed loan to the Lebanese Republic for an Administrative Rehabilitation Project.
2. A report entitled "Lebanon: Stabilization and Reconstruction" (11406-LE) was distributed on March 2, 1993.
3. A draft Loan Agreement between the Lebanese Republic and the Bank is available on request from the Secretary's Department Documents Office (X80213).
4. Questions on these documents should be referred to Mr. Schiavo-Campo (X37623).

Distribution:

Executive Directors and Alternates  
Office of the President  
Senior Management, Bank, IFC and MIGA

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.



THE LEBANESE REPUBLIC

ADMINISTRATIVE REHABILITATION PROJECT

Supplementary Implementation Document

July 13, 1995

## CONTENTS

	Page
(A) IMPLEMENTATION SCHEDULE .....	1
(B) PROCUREMENT PLAN .....	5
(C) SUPERVISION PLAN .....	6
(D) TERMS OF REFERENCE OF THE ADMINISTRATIVE REFORM STUDIES .....	8
Review of the Ministries' Mandates .....	8
Review of Civil Service Regulations .....	9
Review of Civil Service Salary Scale .....	12
Review of Control and Audit Procedures .....	14
(E) BEST PRACTICE WORKSHOPS .....	17
General Program .....	17
The First Workshop .....	20
(F) OFFICE TECHNOLOGY AND OTHER EQUIPMENT AND TRAINING FOR INDIVIDUAL MINISTRIES .....	22
(G) PROGRAM AND PROJECT IMPLEMENTATION TEAM .....	28
General Functions and Responsibilities .....	28
Procurement Specialist .....	28
Training Specialist .....	29
Organizational Management Specialist .....	30
Financial Officer .....	30
Information Technology Group .....	31
Budget .....	33



<i>Activity</i>	<i>Expected Action/ Output</i>	<i>Target Dates (Start/Completion)</i>	<i>Implementing Agencies</i>
Workshop on public-private partnership in the provision of public services	Discuss consultant report and proposals	April 1998	Minister's office
<i>D. Information Technology</i>			
IT coordination	Agency-wide information technology coordination procedures in place	December 1995	Minister's office
	Information and technology standards prepared and published	June 1996	Minister's office in coordination with Directorate General of Presidency of the Council of Ministers
Agency-wide office technology (OT) deployment	Preparation of procurement documentation	March 1996	Minister's office
	Phased acquisition, installation and commissioning of OT equipment	June 1996 - December 1997	Minister's office/ Ministries
	Recruitment/. appointment of ministry IT personnel	June 1996	Minister's office/ Ministries
	Phased implementation of IT training program for approximately 900 staff	January 1996- December 1997	Minister's office/ Ministries
Completion of civil services census (see A above)	Computerized data base on civil service personnel established and validated	December 1996	CSB in cooperation with Ministry of Education
Simplification and improvement of the transparency of central inspection function	"Case" tracking systems established and computerized; common "case" data base is used by CI and CDB	June 1997	CI/CDB
Establishment of a new and improved public audit function	Development and implementation of a computerized public audit system, based on recommendations introduced under other project components	June 1997	Court of Accounts
Promoting private sector activities	Establishment and computerization of legal/commercial registry	December 1997	Ministry of Justice

(A) IMPLEMENTATION SCHEDULE

<i>Activity</i>	<i>Expected Action/ Output</i>	<i>Target Dates (Start/Completion)</i>	<i>Implementing Agencies</i>
<b>A. Civil Service Census</b>			
	Comprehensive data base for permanent, daily and contractual employees of central government	June 1995 - June 1996	CSB/Ministry of Education
<b>B. Assistance to Administrative Reform</b>			
1. Review of Ministries	Complete study of government mandates and organization	January 1996 - December 1996	Minister's office in cooperation with ministries/agencies
2. Review of civil service regulations	Comprehensive review of all regulations	October 1995 - December 1996	Minister's office in consultation with CSB
3. Salary scale review	Analysis of incentives and proposals for new compensation system with private sector comparison	October 1995 - June 1996	Minister's office in cooperation with CSB and Ministry of Finance
4. Review of control and audit procedures	Assessment of current system and proposals for simplifying procedures while strengthening accountability	January 1996 - December 1996	Minister's office in cooperation with Court of Accounts
<b>C. Best Practice Workshops</b>			
Initiating Workshop	Discussion of administrative reform issues	December 1995	Minister's office
Workshop on information technology	Increase awareness of information technology	April 1996	Minister's office
Workshop on ethics and corruption	Increase awareness of standards of conduct	June 1996	Minister's office
Workshop on the role of the state and resulting changes in government structure and mandates	Discussion of consultant report and proposals	October 1996	Minister's office
Workshop on human resources management	Discuss consultant report and proposals	April 1997	Minister's office
Workshop on public accountability and control system	Discuss consultant report and proposals	October 1997	Minister's office

(B) PROCUREMENT PLAN

<i>Project Component Description</i>	<i>Target Dates Expenditures</i>		<i>Est. Total Cost</i>
	<i>Start</i>	<i>End</i>	<i>US\$m</i>
<b>A. Civil Service Census</b>			
Consultant Services	June 1995	June 1996	0.3
Supply and installation contract	June 1995	June 1996	0.5
<b>B. Assistance to Administrative Reform</b>			
1. Review of Ministries' Mandates Consultant Services	October 1995	March 1997	0.3
2. Review of Civil Service Regulations Consultant Services	October 1995	March 1997	0.5
3. Salary Review Consultant Services	October 1995	September 1996	0.2
4. Review of Control and Audit Procedures Consultant Services	October 1995	March 1997	0.2
<b>C. Best Practice Workshops</b>			
Seven workshops	December 1995	June 1998	0.9
<b>D. Information Technology</b>			
1. Informatics Coordination TA- Consultant Services	April 1996	December 1997	0.5
IT Counterpart Staff	October 1995	December 1998	3.3
2. Deployment of Office Technology Supply and Installation Contract	June 1996	June 1997	6.8
3. Program for Selected Ministries and Agencies	April 1996	December 1998	7.3
Supply and Installation Contract, core agencies	April 1996	July 1997	
Supply and Installation Contract, Min. Economy	June 1996	July 1997	
Supply and Installation Contract, Min. Justice	June 1996	December 1997	
Supply and Installation Contract, Min. Interior	January 1996	December 1998	
Supply and Installation Contract, Min. Education	January 1996	December 1996	
<b>D. Office Equipment</b>			
Supply Contract	December 1995	December 1996	2.3
<b>E. Project Implementation</b>			
TCU/IDU Strengthening	July 1995	December 1998	4.5
Taxes on imported equipment	April 1996	December 1998	1.7
<b>TOTAL</b>			<b>29.5</b>

(C) SUPERVISION PLAN

Bank Supervision Input

The Project will require close supervision, especially in the beginning. A Project Launch Seminar will be held in October 1995. Subsequently, Bank staff will supervise the Project twice each year; there will also be a mid-term review, in early 1997. As far as possible, the supervision missions will be fielded in coordination with related cofinancing activities and other relevant Bank field missions. They will also be timed to coincide with the Best Practice Workshops, as an additional link to progress of the administrative reform. The table below shows the timing and skill mix of the supervision missions. Continuity of staff will be ensured.

<i>Approximate Dates (mo/yr)</i>	<i>Activity</i>	<i>Expected Skill Requirements</i>	<i>Staff Input (stwks)</i>
October 1995	Project Launch Seminar (to review start-up of new activities and familiarize counterparts about project implementation needs and procedures)	Public Sector Management (Task Manager) Procurement/Disbursement Information Technology	15
April 1996	Supervision Mission	Public Sector Management (Task Manager) Procurement/Disbursement Information Technology	10
October 1996	Supervision Mission	Public Sector Management (Task Manager) Information Technology	10
April 1997	Supervision Mission/Mid-Term Review	Public Sector Management (Task Manager) Procurement/Disbursement Information Technology Training/TA	15
October 1997	Supervision Mission	Public Sector Management (Task Manager) Information Technology	10
April 1998	Supervision Mission	Public Sector Management (Task Manager) Information Technology	10
October 1998	Supervision Mission	Public Sector Management (Task Manager) Information Technology	10
April 1999	Project Completion Review	Public Sector Management (Task Manager) Procurement/Disbursement Information Technology	10

#### Borrower's Contribution to Supervision

- (a) The Technical Cooperation Unit (TCU) within the Office of the Minister of State for Administrative Reform will have the primary responsibility for project implementation, monitoring and coordination. They will review and discuss the project's progress with the participating ministries and agencies prior to the preparation of the progress reports.
- (b) The TCU will coordinate with CDR in ensuring timely procurement and disbursement for both goods and consultant services under the project, in monitoring records and in preparing activity reports.
- (c) The TCU will prepare semi-annual progress reports on project implementation and expenditures, starting six months after the date of effectiveness, for review by the Bank, and a full annual implementation report.
- (d) The TCU will also be responsible for coordinating arrangements for Bank supervision missions, and for providing information required by missions.
- (e) The TCU will make the necessary arrangements, including preparation of documents, for the mid-term review to be held about 18 months after the date of effectiveness.

## (D) TERMS OF REFERENCE OF THE ADMINISTRATIVE REFORM STUDIES

### 1. Review of the Ministries' Mandates

#### Background

Lebanon, in the early 1970s a middle-income country with a private sector-led economy has been devastated by 15 years of war and military occupation. The war has left the economy in ruins, with real per capita income reduced by nearly two-thirds due largely to the widespread destruction of infrastructure and productive assets, estimated by the United Nations at approximately \$25 billion. All sectors of the economy have been affected by the war, both directly and from the near total disruption in capital investment and maintenance. The impact on human resources and the public administration has been equally large. Apart from the tragic loss of life and the disabling of hundreds of thousands of people, about 200,000 professional and skilled workers are estimated to have emigrated, resulting in severe skill shortages in the economy and public administration.

The war devastated the administrative infrastructure as much as the physical infrastructure, both because of the physical and human damage and lack of maintenance, and because the conflict froze the normal process of administrative adaptation and insulated the system from the rest of the world for almost two decades. This insulation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of the public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state.

The Government vision is to achieve over time the smallest possible public administration consistent with the basic requirements of the state in a private-oriented economy, but efficient and well compensated--taking into account the new possibilities for efficient private delivery and financing of public services, the need to improve administrative accountability and citizens' "voice" and the desirability of using to the fullest the capacities of government. To move toward that vision, the Government has launched a comprehensive review of the major dimensions of public administration in the context of its National Administrative Rehabilitation Program. The studies required will be financed with assistance from the World Bank's Administrative Rehabilitation Project for the Republic of Lebanon.

#### Objectives and Content

The Government of Lebanon has launched in September 1994 a comprehensive review of the functions and structures of all ministries, which is under way under guidance of the Office of the Minister of State for Administrative Reform and with participation of ministerial committees. Within the project component for assistance to administrative reform, the study will complete this review with a view to preparing an overall synthesis report which will deal with needed public functions, the purpose of these functions, the most appropriate and/or most efficient manner of discharging these functions (Ministries, autonomous agencies, private sector, etc...), the most effective organizational structures for the identified functions as well as any issues of duplication and coordination with proposals for dealing

with such issues. This final and most important part of the work will be processed by examining the output of the study on the structures and tasks in terms of groups of public functions (Social Affairs, Economy, Education and Culture, Agriculture and Environment, and the "core" functions of the state such as Justice, Interior, Foreign Affairs, etc) and in light of the Government's objective to establish a lean and efficient public service providing quality basic services to the public.

The study should not address the regulations presently in force in the different sectors. As noted, the focus will be on the mandates and objectives, regulations being examined only if and to the extent that it is necessary to a sound analysis of the mandates and missions.

### Implementation Modalities

The study, which is expected to start in January 1996, will be conducted by a team of international and Lebanese consultants under guidance and coordination of the Institutional Development Unit in the Office of the Minister of State. The consultants will work closely with the ministerial committees established to carry-out the study on the ministries' structures and functions. The final report will be submitted on or before December 31, 1996.

In carrying-out their studies, the consultants should carefully take into account the fact that this study is part of a participatory process of reform. According to this process, the studies to be carried out under the project will benefit from the discussions of working groups which will meet during an initiating workshop scheduled in December 1995 with wide participation by representatives of the Lebanese society. During the course of this study the consultants will informally consult with participants in the working groups. They will attend as participants and lecturers the workshop on the role of the state scheduled in October 1996, where their findings and conclusions will be presented and discussed.

Throughout this process, the consultants should keep in mind the necessity for them to take into account and integrate into their reflection the reactions and sensitivities of the Lebanese society and of the Lebanese administration. The final report should be essentially an output of these discussions and consultations, in which the consultants will play a key role by exposing their Lebanese counterparts to international experience and by increasing the capacity and readiness for change.

### Resources and Qualifications

It is envisaged that 10 man/months of two high-level international consultants and 10 man/months of local consultants will be required. The international consultants should have outstanding knowledge and extended experience in public administration, experience in the region, willingness and ability to interact sensitively and effectively with counterparts, Government officials and local society. They should be fluent in English and French. Knowledge of Arabic is desirable. The local consultants will have knowledge and experience in public administration.

## 2. Review of Civil Service Regulations

### Background

Lebanon, in the early 1970s a middle-income country with a private sector-led economy has been devastated by 15 years of war and military occupation. The war has left

the economy in ruins, with real per capita income reduced by nearly two-thirds due largely to the widespread destruction of infrastructure and productive assets, estimated by the United Nations at approximately \$25 billion. All sectors of the economy have been affected by the war, both directly and from the near total disruption in capital investment and maintenance. The impact on human resources and the public administration has been equally large. Apart from the tragic loss of life and the disabling of hundreds of thousands of people, about 200,000 professional and skilled workers are estimated to have emigrated, resulting in severe skill shortages in the economy and public administration.

The war devastated the administrative infrastructure as much as the physical infrastructure, both because of the physical and human damage and lack of maintenance, and because the conflict froze the normal process of administrative adaptation and insulated the system from the rest of the world for almost two decades. This insulation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of the public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state.

The Government vision is to achieve over time the smallest possible public administration consistent with the basic requirements of the state in a private-oriented economy, but efficient and well compensated--taking into account the new possibilities for efficient private delivery and financing of public services, the need to improve administrative accountability and citizens' "voice" and the desirability of using to the fullest the capacities of local government. To move toward that vision, the Government will launch a comprehensive review of the major dimensions of public administration, in the context of its National Administrative Rehabilitation Program. The studies required will be financed with assistance from the World Bank's Administrative Rehabilitation Project for the Republic of Lebanon.

### Objective

The objective of administrative reform in this area is a major simplification of procedures and processes (while retaining essential safeguards of uniformity and merit), more autonomy for line ministries in managing their human resources, and transparent and efficient methods to enhance productivity and fight corruption. Accordingly, the objective of the study is to provide the Government of Lebanon with a thorough assessment of the current civil service regulations, a synthesis of international experience on these issues, and a set of options for reform.

### Content

The review will cover all central government civilian personnel--including teachers as well as daily workers and contractuels. The study will: (i) review current procedures and regulations; (ii) assess their strengths and weaknesses--in terms of the reform objective mentioned above as well as managerial efficiency considerations; (iii) compare Lebanese procedures with international practice; and (iv) formulate a set of options for modernization and improvement--including necessary training, if any--in respect of the following areas:

- recruitment;
- contracting;



performance evaluation. (In this respect, the study will assess the initial experience with the new evaluation system to be introduced in late 1995; and will explore possibilities for upward feedback from subordinates and the role in civil servants' performance evaluation of citizens' surveys of public service efficiency and quality);

- advancement;
- discipline;
- mobility;
- in-service training access (not the training itself); and
- retirement, including early retirement.

The study will also review and recommend concerning the relative roles and responsibilities of the Civil Service Council, the Central Inspectorate and the Central Disciplinary Board, and their functioning to facilitate human resource management in the ministries and agencies while protecting quality standards, equity and uniformity of treatment.

The review will not cover salary and incentive questions, which are handled by a different study, but the consultant will assure coordination with the team handling salary questions.

#### Implementation Modalities

Under the supervision of the Office of the Minister of State for Administrative Reform, and in particular its Institutional Development Unit, a team of international and Lebanese consultants will prepare the study beginning on or about October 1995 and ending December 31, 1996.

The consultants will be expected to complete an annotated outline for Government review by end-January 1996; an interim report with preliminary findings and conclusions by end-June, and a final report by end-December 1996.

In carrying-out their study, the consultant should carefully take into account two major requirements.

The first requirement is to carefully coordinate their study with other studies under way under guidance of the Office of the Ministry of State for Administrative Reform and related to civil service reform, namely a study on the salary scale and a study on the job classification and grading system.

The second requirement is related to the fact that this study is part of a participatory process of reform. According to this process, the studies to be carried out under the project will benefit from the discussions of working groups which will meet at an initiating workshop scheduled in December 1995 with wide participation by representatives of the Lebanese society. During the course of the study the consultants will informally consult with participants in the working groups. They will attend as participants and lecturers the second workshop on Human Resources Management scheduled in February 1997, where the final report will be presented and discussed.

Throughout this process, the consultants should keep in mind the necessity for them to take into account and integrate into their reflection the reactions and sensitivities of the Lebanese society and of the Lebanese administration. The final report should be essentially

an output of these discussions and consultations, in which the consultants will play a key role by exposing their Lebanese counterparts to international experience and by increasing the capacity and readiness for change.

### Resources and Consultant Qualifications

It is envisaged that the study will require 20 man-months of international consultants and 20 man-months of local consultants. The consultant team must include senior persons highly experienced in civil service questions and public administration, with appropriate legal expertise and experience in the Middle-East. The consultants must have willingness and ability to interact sensitively and effectively with counterparts, Government officials and local society. They should be fluent in English and French. Knowledge of Arabic is desirable.

### 3. Review of Civil Service Salary Scale

#### Background

Lebanon, in the early 1970s a middle-income country with a private sector-led economy has been devastated by 15 years of war and military occupation. The war has left the economy in ruins, with real per capita income reduced by nearly two-thirds due largely to the widespread destruction of infrastructure and productive assets, estimated by the United Nations at approximately \$25 billion. All sectors of the economy have been affected by the war, both directly and from the near total disruption in capital investment and maintenance. The impact on human resources and the public administration has been equally large. Apart from the tragic loss of life and the disabling of hundreds of thousands of people, about 200,000 professional and skilled workers are estimated to have emigrated, resulting in severe skill shortages in the economy and public administration.

The war devastated the administrative infrastructure as much as the physical infrastructure, both because of the physical and human damage and lack of maintenance, and because the conflict froze the normal process of administrative adaptation and insulated the system from the rest of the world for almost two decades. This insulation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of the public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state.

The Government vision is to achieve over time the smallest possible public administration consistent with the basic requirements of the state in a private-oriented economy, but efficient and well compensated--taking into account the new possibilities for efficient private delivery and financing of public services, the need to improve administrative accountability and citizens' "voice" and the desirability of using to the fullest the capacities of local government. To move toward that vision, the Government will launch a comprehensive review of the major dimensions of public administration, in the context of its National Administrative Rehabilitation Program. The studies required will be financed with assistance from the World Bank's Administrative Rehabilitation Project for the Republic of Lebanon.

## Objective

The objective of administrative reform in this area is an adequate structure of incentives, including non-monetary incentives, for central government personnel. The guiding criteria are an overall salary level compatible with private sector salaries and a structure providing sufficient incentives for individual effort and productivity enhancement. Accordingly, the Government has initiated a review of the salary scale which is already well under way and has produced an outline of a salary structure for the senior management category. Therefore, the objective of the study is to complete this work by providing the Government of Lebanon with an assessment of the private local market for skills comparable to those of civil servants, a synthesis of international experience on these issues, and a proposed structure of incentives consistent with the above.

## Content

The study will cover all central government civilian personnel--including daily workers and contractuels but not including teachers. The study will:

survey on a sample basis the prevailing salaries in the local private market (primarily in Beirut) for various skills and/or educational levels corresponding to those required in different public service grades. Such determination will meet accepted statistical standards, to the extent that it is possible and practical in local circumstances. (Sample size and stratification will be determined during the course of the study in light of cost and practicality considerations.);

summarize the international experience with civil service salary relativities (e.g., compression ratio norms in similar countries, criteria for progression to higher salaries, average salary adjusted for purchasing power), as a basis for relevant comparisons in Lebanon;

summarize the experience with performance pay schemes and bonuses. Although the experience in practice is generally unsatisfactory, it is possible that an element of performance pay could be introduced in an otherwise standard compensation system;

summarize the experience with non-monetary incentives; and

propose a structure of salaries of a level comparable to local private salaries (taking into account the job security and other features of public employment), as well as possible rewards, prizes, or other non-monetary incentives compatible with Lebanese precedent, customs and social constraints.

## Implementation Modalities

Under the supervision of the Office of the Minister of State for Administrative Reform, and in particular its Institutional Development Unit, a team of international and Lebanese consultants will prepare the study beginning on or about October 1995 and ending June 30, 1996.

In carrying-out their studies, the consultants should carefully take into account the fact that this study is part of a participatory process of reform. According to this process, the studies to be carried out under the project will benefit from the discussions of working groups which will meet at an initiating workshop scheduled in December 1995 with wide

participation by representatives of the Lebanese society. During the course of the study the consultants will informally consult with participants in the working groups. They will attend as participants and lecturers the second workshop on the Management of Human Resources scheduled in February 1997 where their final report will be presented and discussed.

Throughout this process, the consultants should keep in mind the necessity for them to take into account and integrate into their reflection the reactions and sensitivities of the Lebanese society and of the Lebanese administration. The final report should be essentially an output of these discussions and consultations, in which the consultants will play a key role by exposing their Lebanese counterparts to international experience and by increasing the capacity and readiness for change.

#### Resources and Consultant Qualifications

It is envisaged that the study will require 3 man-months of international consultants and 72 man-months of local consultants.

The consultant team must include highly experienced senior persons, and at least one senior person with relevant operational experience in pay and employment questions, appropriate statistical expertise and a willingness and ability to interact sensitively and effectively with counterparts, Government officials and local society. They should be fluent in English and French. Knowledge of Arabic is desirable.

#### 4. Review of Control and Audit Procedures

##### Background

Lebanon, in the early 1970s a middle-income country with a private sector-led economy has been devastated by 15 years of war and military occupation. The war has left the economy in ruins, with real per capita income reduced by nearly two-thirds due largely to the widespread destruction of infrastructure and productive assets, estimated by the United Nations at approximately \$25 billion. All sectors of the economy have been affected by the war, both directly and from the near total disruption in capital investment and maintenance. The impact on human resources and the public administration has been equally large. Apart from the tragic loss of life and the disabling of hundreds of thousands of people, about 200,000 professional and skilled workers are estimated to have emigrated, resulting in severe skill shortages in the economy and public administration.

The war devastated the administrative infrastructure as much as the physical infrastructure, both because of the physical and human damage and lack of maintenance, and because the conflict froze the normal process of administrative adaptation and insulated the system from the rest of the world for almost two decades. This insulation happened precisely when technological and communications advances and practical experience were leading many countries to eliminate redundant controls and formalities, shed certain government functions, give more space to individual initiative and streamline administrative decision-making. Consequently, in addition to the dilapidated state of the public administration, administrative and civil service procedures in Lebanon no longer fit the requirements of a modern state.

The Government vision is to achieve over time the smallest possible public administration consistent with the basic requirements of the state in a private-oriented economy, but efficient and well compensated--taking into account the new possibilities for

efficient private delivery and financing of public services, the need to improve administrative accountability and citizens' "voice" and the desirability of using to the fullest the capacities of local government. To move toward that vision, the Government will launch a comprehensive review of the major dimensions of public administration, in the context of its National Administrative Rehabilitation Program. The studies required will be financed with assistance from the World Bank's Administrative Rehabilitation Project for the Republic of Lebanon.

### Objective

The objective of administrative reform in this area is to achieve efficient and non-redundant controls on the expenditure of public funds. To the extent that current accountability and judicial safeguards permit, the aim is to streamline procedures in the interest of flexibility and efficiency while reinforcing essential mechanisms to protect against theft, fraud and gross abuse. Accordingly, the objective of the study is to provide the Government of Lebanon with a thorough assessment of the current financial control and audit regulations and actual practice, a synthesis of international experience on these issues, and a set of options for reform.

### Content

The review will cover financial controls and audit procedures on government expenditure, including local government. In particular, it will:

- assess current control and audit regulations;
- assess the current role in practice of the Court of Accounts, and its effectiveness in performing its official mandate and generally in protecting against theft, fraud and abuse;
- summarize international experience in comparable countries with the control and audit system;
- recommend concerning the strengthening of the ex-post audit function of the Court of Accounts, including in the first instance financial audit but extending to the extent practical on a timetable to include an element of "value-for-money" (efficiency) audit;
- review and recommend concerning the follow-up and penalties system in the event of violations.

The study will not touch on issues of budgeting and the management of public expenditure in general, which are being covered with support under the World Bank's Revenue Enhancement Project, nor on organizational questions in the Ministry of Finance, for which IMF advice is being obtained. The study team will, however, inform itself of the situation concerning public expenditure management and assure that its recommendations are consistent with those on the public expenditure management system.

### Implementation Modalities

Under the supervision of the Office of the Minister of State for Administrative Reform, and in particular its Institutional Development Unit, a team of international and Lebanese consultants will prepare the study beginning on or about January 1996 and ending December 31, 1996.

The consultants will be expected to complete an annotated outline for Government review by end-February 1996; an interim report with preliminary findings and conclusions by end-June 1996, and a final report by end-December 1996.

In carrying-out their studies, the consultant should carefully take into account two major requirements:

The first requirement is to gather information about the studies under way in the Lebanese Government, and especially in the Ministry of Finance, and, as recommended above, to closely coordinate with the consultants in charge of these studies.

The second requirement is related to the fact that this study is part of a participatory process of reform. According to this process, the studies to be carried out under the project will benefit from the discussions of working groups which will meet at an initiating workshop scheduled in December 1995 with wide participation by representatives of the Lebanese society. During the course of the study the consultants will informally consult with participants in the working groups. They will attend as participants and lecturers the second workshop on public accountability systems scheduled in October 1997 where their final report and the decisions adopted by the Government will be presented.

Throughout this process, the consultants should keep in mind the necessity for them to take into account and integrate into their reflection the reactions and sensitivities of the Lebanese society and of the Lebanese administration. The final report should be essentially an output of these discussions and consultations, in which the consultants will play a key role by exposing their Lebanese counterparts to international experience and by increasing the capacity and readiness for change.

#### Resources and Consultant Qualification

It is envisaged that the study will require 6 man-months of international consultants and 12 man-months of local consultants. The consultant team must include senior persons highly experienced in public accountability and audit systems, with appropriate financial and legal expertise and a willingness and ability to interact sensitively and effectively with counterparts, Government officials and local society. They should be fluent in English and French. Knowledge of Arabic is desirable.

(E) BEST PRACTICE WORKSHOPS

(a) General Program

1. The Best Practice Workshops would allow participants to exchange ideas on administrative reform in an open forum, be exposed to international experiences, and discuss studies conducted by consultants. The workshops are designed to accomplish several objectives: (i) provide senior governmental officials with a brief overview/review of recent trends in public sector management as shown by international experience; (ii) review the local problems and analyze their origins; (iii) discuss reform proposals based on studies conducted by consultants; and (iv) provide Lebanese officials with the opportunity to engage in concrete, problem solving exercise with a wide range of participants that are directly linked to the issues and challenges that they are currently facing.
2. These workshops would seek to provide an appropriate balance between management theory and practical experience by using case studies drawn from Lebanese and other experience and interactive tools and techniques to ensure that the participants are confronted with real world problems. By working through issues together and adapting examples of best practice to the concrete circumstances of the case, the participants would be able to benefit from the combined experience of the group. At the same time, decision makers would gain valuable experience in crafting unique solutions to the type of management problems that they are currently confronting.
3. The Initiating Workshop in December 1995 will discuss the issues to be analyzed by studies to be conducted by consultants selected for that purpose.
4. Starting in 1996, six more workshops will take place over three years on the following topics:

*Information technology (April 1996).* The objective of this workshop would be to develop awareness of information technology possibilities and limits. This includes understanding the impact and opportunities that information and telecommunication technologies offer in today's economies, how to apply them to public sector management, and analyze their impact on private sector development.

*Ethics and Corruption (June 1996)* The workshop would discuss international experience in the field of corruption in government and the ways and methods to fight it, from increasing civil servants' compensation to specific public expenditure monitoring and auditing methods and to disciplinary procedures.

*Role of the state and appropriate mandates and structures of the line ministries (October 1996).* The workshop would discuss how to ensure clear definition, transparent and efficient execution of mandates through an analysis of the role of the state, relationship between the public and private sector, and between local and central government.<sup>1</sup> The workshop will also discuss the structures of line ministries, including: (i) general organization questions: relationship between organizational mission and structure; tradeoffs in organizational design: traditional line structures;

---

<sup>1</sup> The specific question of private provision of public services will be addressed in a later workshop.

Project-oriented structures; matrix structures; (ii) formal and informal mechanisms for policy coordination; delegating authority; and (iii) duplication and overlaps between entities, as well as efficient programming; the workshop will examine and discuss the findings and tentative conclusions of the related study.

*Human resource management (February 1997).* Issues to be discussed would include: (i) developing a politically neutral, skilled merit-based work force; (ii) improving the quality of human resources: recruitment and training; (iii) incentives for civil service performance; salary structures; linking pay and promotion to performance; leadership and motivation, reward system, performance evaluation system, and management; and (iv) discussing ethics in the civil administration, corruption and how to make civil servants responsible; disciplinary regulations and their enforcement; and civil service protection and monitoring. The workshop will discuss the conclusions of the final reports on civil service regulations and on the salary scale.

*Public accountability system (October 1997).* In light of existing public accountability mechanisms, the workshop would examine possibilities for simplifying and streamlining control procedures, including review of ex-ante and ex-post financial controls, and the role of the Court of Account. The workshop will be presented with the final report on the related study and the decisions already taken by the Government.

*Public-private partnership in the provision and financing of public services (April 1998).* The workshop would discuss the changing role of government, including (i) various approaches to economic and institutional governance: the role of the state in the economy, economic consequences of alternative institutions, the public and private sector in the delivery of services, defining performance in the public sector; (ii) relations between the public administration and the users; and (iii) partnership with the private sector (contracting out, regie...).

#### Target Audience

5. Workshops participants will include representatives from ministries and core administrative agencies, Parliament, local authorities the private sector, business associations, the financial sector, labor union, and academics. In addition, the consultants in charge of the subsequent studies on administrative reform will actively participate in the workshops discussing their topic, as well as members of the four inter-ministerial committees corresponding. Other participants will be designated by their agency or ministry. Criteria for selection will include: knowledge of the issue to be discussed and keenness to find pragmatic approaches to public administration. Ideally, it is important to the success of an event of this kind to have participants who possess not only appropriate official status, but also a personal capacity to contribute constructively and benefit from the event. Participants will be asked to present the implications of the issue on their own work or organizations.

#### Format

6. The workshops will be designed to move from broader questions and strategy to more specific practical issues. After laying the framework in a plenary session and be presented with international experience, the participants will then address the issues in working groups. They will then examine the context and practice of government in Lebanon in great depth, identify the desired outcomes, and suggest changes to be made.



7. The plenary sessions will be open to the public and journalists, but the working groups will be restricted to participants. Ideally, the working groups should not exceed 10 persons. The workshops linked to administrative reform studies will give the consultants an opportunity to seek a reaction to their conclusions. The focus will be on results and solutions. The consultant team will present the study, the way it was conducted, the dimensions of the problems, analysis of the causes, and the conclusions and reform proposals. The participants will then explore the issues and the proposals. These comments and conclusions, along with the consultants' studies, will be sent to the Minister of State for Administrative Reform who will then formulate reform proposals to the Government.

8. The workshops will be professionally facilitated to ensure easy discussions. A specialized firm will be hired to facilitate the discussion.

9. The workshops will be residential, over four days, and held at an out of town site. Speeches will be translated from and to Arabic, French or English.

### Schedule

10. The workshops (other than the Initiating workshop) will be timed to coincide with the World Bank supervision missions (see implementation schedule) and, as much as possible, coordinated with the schedule of completion of the corresponding studies. Except for the one on Information Technology and public-private partnership in the provision and financing of public services, the workshops will be held after, or shortly before, field studies commissioned at the Initiating workshop are completed.

### Resource People

11. External: the resource people selected should represent a wide variety of high-level international expertise on administrative reform, organizational restructuring, civil service issues, institutional economics, economic development, and financial management. The role of international experts will be to suggest alternative approaches which have worked in other contexts, to bring new insights to the discussion, to recommend constructive actions and to warn against common traps in developing administrative reform. They will prepare a paper to be distributed in advance for seminar participants.

12. Lebanese resource persons: their role will be to frame the discussion by integrating their knowledge of conditions on the ground with the general material that has been presented by the external expert. It is important, therefore, that they be selected partly on their ability to summarize at short notice the main themes of the respective session. It should be possible to request from experts to provide in advance papers for the workshop. If not, the expert should be requested to prepare a 5-10 pages summary notes of the main points that will be covered in the presentation, which will be distributed. The Lebanese resource persons could distribute in advance a list of key points for discussion and will be expected to write up a summary of the discussion.

13. The office of the Minister of State for Administrative Reform will design and organize the workshops. TCU will be in charge of all administrative arrangements. IDU will design the workshops' agenda and supervise the publishing of the output

## Output

14. Papers presented at the workshops will be published, as well as the conclusions of the working groups.

### (b) The First Workshop

15. The first workshop will be held in late 1995. It will discuss the process of administrative reform, as well as the issues to be analyzed by studies conducted by consultants.

## Target Audience

16. Representatives of core administrative agencies and ministries, members of Parliament, representatives of local governments, representatives of the private sector (business associations, Chamber of Commerce), relevant NGOs, trade unions and academics. In addition to representatives of the various bodies invited, the consultants in charge of the subsequent studies on administrative reform (international consultant, local consultants and their counterparts in ministries) will actively participate, as well as members of the 4 inter-ministerial committees. Ministry and Agency representatives will be chosen for their knowledge of the issue to be discussed, and their willingness to participate in subsequent workshops.

## Agenda

Welcoming reception

### Day I: Plenary session on administrative reform

Morning: *General Session on International Experience of Administrative Reform: Reforming Central Government Mechanisms and Reconstructing the Civil Service*  
Country cases: New Zealand, Sweden, England, Argentina, Chile, France  
Issues: Shifting missions and structures in ministries, creating the framework for a modern civil service.  
Afternoon: *Issues related to the management of change in the process of Administrative Reform*

### Day II: Presentation of Studies

Morning: *Presentation of administrative reform studies topics*  
Afternoon: *International Experience and Implications for Lebanon*

### Day III: Working groups on each topic

### Day IV: Concluding session

Morning: *Presentation of working groups findings*  
Afternoon: *Proposals for the conduct of the studies and of the subsequent additional workshops*

### Budget

International Resource Persons <sup>2</sup>		
Fees (600/day)	\$180,000	
Travel (average \$3000)	\$90,000	
Per diem (\$200)	\$30,000	
Total foreign consultants (including facilitators)	\$300,000	
Facilitating firm	\$105,000	
	<b>Total Foreign</b>	<b>\$405,000</b>
Local Participants (night: \$100; daily expenses: \$100)		
6 workshops <sup>3</sup> (4 days):	\$109,200	
	<b>Total Participants</b>	<b>\$109,200</b>
Other local expenses (local transportation, translation, editing printing, publication, ...)		<u>\$385,800</u>
	<b>TOTAL:</b>	<b>\$900,000</b> =====

---

<sup>2</sup> Cost based on 5 resource persons for 6 workshops, 10 days work for each workshop, 5 days in the country.

<sup>3</sup> 26 participants.

(F) OFFICE TECHNOLOGY AND OTHER EQUIPMENT  
AND TRAINING FOR INDIVIDUAL MINISTRIES

The following tables are in addition to the Information Technology requirements (computer hardware/software, system development assistance, and training) to the central agencies and the Ministries of Justice, Economy and Trade, Education and Interior, which are described fully under the Information Technology Component in the body of the Technical Annex.

A. Office Technology

(\$ million)

	Computers Hardware, Peripherals, Basic Office Software	Communication Software/Hardware	Special OT Software or Package. Number of Licences if applicable	TOTAL
<b>Core Administrative Agencies</b>				
Central Adm. for Statistics				0
Central Disciplinary Board				0
Central Inspection Board				0
Civil Service Board**				0
Natl. Inst. for Admin. & Dev.				0
Govt. Accounting Office	55,400	0	0	55,400
<i>Sub-total</i>	<i>55,400</i>	<i>0</i>	<i>0</i>	<i>55,400</i>
<b>Ministries</b>				
Directorate General, PCM	154,700	0	0	154,700
Environment	35,300	0	0	35,300
Economy & Trade	76,000	12,060	0	88,060
Hydraulic & Electric Res.	153,800	17,950	18,000	189,750
Industry & Petroleum	249,300	52,140	61,500	362,940
Agriculture	0	0	0	0
Emigrants	157,600	20,840	15,000	193,440
Finance	0	0	0	0
Interior	158,300	0	0	158,300
Justice	189,700	27,000	0	216,700
Municipal & Rural Affairs	66,000	0	0	66,000
Social Affairs	112,000	16,420	33,800	162,220
Public Health	191,800	0	9,000	200,800
Posts & Telecom.	0	0	0	0
Public Works	225,050	27,400	12,000	264,450
Tourism	94,800	17,070	15,000	126,870
Transportation	78,300	0	0	78,300
National Education	384,900	0	0	384,900
Housing	124,700	0	1,400	126,100
Labor	93,150	0	0	93,150
Foreign Affairs	111,300	17,070	15,000	143,370
Culture & Higher Educ.	110,000	0	0	110,000
Vocational & Tech. Educ.	82,250	0	0	82,250
Information	108,800	5,000	15,000	128,800
Displaced Persons				
<i>Subtotal</i>	<i>2,957,750</i>	<i>212,950</i>	<i>195,700</i>	<i>3,366,400</i>
<b>Subtotal Core Agencies and Ministries</b>	<b>3,013,150</b>	<b>212,950</b>	<b>195,700</b>	<b>3,421,800</b>

B. Office Equipment

(i) Communications

	Phone		Phone system		Fax		Others		Total
	Number	Est. Price	Number	Est. Price	Number	Est. Price	Number	Est. Price	
Core Administrative Agencies									0
Central Adm. for Statistics									0
Central Disciplinary Board									0
Central Inspection Board									0
Civil Service Board	0	0	0	0	0	0	0	0	0
Natl. Inst. for Admin. & Dev.									0
Govt. Accounting Office	0	0	1	8000	1	500	0	0	8500
Sub-total	0	0	1	8000	1	500	0	0	8500
Ministries									
Directorate General, PCM	0	0	5	10000	2	4800	0	0	14800
Environment	0	0	4	8000	4	3200	4	4400	15600
Economy & Trade	0	0	0	0	2	1600	0	0	1600
Hydraulic & Electric Res.	0	0	3	4500	2	1300	0	0	5800
Industry & Petroleum	0	0	3	24000	5	4000	8	8800	36800
Agriculture	0	0	1	48000	3	2400	0	0	48400
Emigrants	0	0	1	5000	1	700	0	0	5700
Finance									0
Interior	0	0	14	52500	19	15200	0	0	67700
Justice	0	0	1	8000	5	4000	0	0	12000
Municipal & Rural affairs	0	0	29	22000	25	20000	0	0	42000
Social Affairs	0	0	0	0	2	3000	0	0	3000
Public Health	0	0	4	60000	25	20000	0	0	80000
Posts & Telecom	0	0	0	0	0	0	0	0	0
Public Works	0	0	5	72000	10	8000	0	0	80000
Tourism	0	0	1	15000	3	2400	20	22000	39400
Transportation	0	0	4	19000	5	4000	10	11000	34000
National Education	0	0	3	19000	2	3200	6	9000	31200
Housing	0	0	2	23000	8	8400	3	3300	32700
Labour	0	0	0	0	8	6400	0	0	6400
Foreign Affairs	0	0	0	0	10	8000	15	9000	17000
Culture & Higher Educ.	8	5600	1	8000	5	12000	3	4500	30100
Vocational & Tech. Educ.	1	46000	0	0	5	4000	0	0	50000
Information	0	0	1	48000	11	10200	14	15400	71600
Displaced Persons									0
Subtotal	9	51600	82	442000	162	144800	83	87400	725800
	9	51600	83	450000	163	145300	83	87400	734300

(ii) Other Equipment

	Copiers		Typewriters		Calculators		Others		Total (\$'000)
	Number	Est. Price	Number	Est. Price	Number	Est. Price	Number	Est. Price	
Core Administrative Agencies									
Central Adm. for Statistics									0
Central Disciplinary Board									0
Central Inspection Board									0
Civil Service Board	0	0	0	0	0	0	0	0	0
Natl. Inst. for Admin. & Dev.									0
Govt. Accounting Office	5	16,300	0	0	0	0	1	500	16800
Sub-total	5	16300	0	0	0	0	1	500	16800
Ministries									
Directorate General, PCM	6	48900	3	2850	0	0	0	0	51750
Environment	6	26200	1	500	0	0	0	0	26700
Economy & Trade	3	6900	0	0	6	1500	0	0	8400
Hydraulic & Electric Res.	16	51200	9	8000	12	1200	2	1700	62100
Industry & Petroleum	29	85900	2	2000	0	0	0	0	87900
Agriculture	13	34700	3	2750	20	700	0	0	38150
Emigrants	1	2300	2	2000	0	0	1	5000	9300
Finance									0
Interior	54	157800	17	17000	0	0	20	13000	187800
Justice	29	85900	4	4000	0	0	0	0	89900
Municipal & Rural affairs	34	87800	5	4750	45	4500	0	0	97050
Social Affairs	2	4600	2	2600	0	0	0	0	7200
Public Health	31	76100	0	0	0	0	1	750	76850
Posts & Telecom.	0	0	0	0	0	0	0	0	0
Public Works	29	95400	22	19050	10	1850	7	20450	136750
Tourism	8	28000	9	4950	0	0	0	0	32950
Transportation	12	56500	6	4400	0	0	1	2600	63500
National Education	39	199100	10	9650	41	3710	0	0	212460
Housing	17	48600	4	4000	15	1500	4	10200	64300
Labor	2	9400	3	3000	0	0	0	0	12400
Foreign Affairs	9	34200	3	3000	0	0	0	0	37200
Culture & Higher Educ.	7	58000	5	5000	10	10000	0	0	73000
Vocational & Tech. Educ.	4	20800	2	2000	6	600	0	0	23400
Information	27	110100	78	30680	0	0	1	50000	190780
Displaced Persons									0
Subtotal	378	1328400	190	132180	165	25560	37	103700	1589840
	383	1344700	190	132180	165	25560	38	104200	1606640

C Training

	Office Technology		Information system (PBM's, Networks, Software packages, etc...)		HDVY Maintenance (if any)		TOTAL
	Type	No of Trainees	Type	No of Trainees	Type	No of Trainees	
	<b>Core Administrative Agencies</b>						
Central Adm. for Statistics	MS Office	8			PC hardware/OS/installation	2	
Central Disciplinary Board	Advanced MS Office	2					8800
Central Inspection Board							
Civil Service Board							
Natl. Inst. for Adm. & Dev							
Govt. Accounting Office							
<b>Sub-total</b>		10		0		2	8800
<b>Ministries</b>							
Directorate General, PCM	MS Office	20			PC hardware/OS/installation	3	
	Advanced MS Office	5					13000
<b>Environment</b>	MS Office	6			PC hardware/OS/installation	2	
	Advanced MS Office	2					4800
<b>Economy &amp; Trade</b>	MS Office	12	Network Local Training	2	PC hardware/OS/installation	3	
	Advanced MS Office	4					89100
<b>Hydraulic &amp; Electric Res.</b>	MS Office	22	Network Local Training	2	PC hardware/OS/installation	2	
	Advanced MS Office	8					17400
<b>Industry &amp; Petroleum</b>	MS Office	38	Network Local Training	7	PC hardware/OS/installation	8	
	Advanced MS Office	13	LAN Admin (e.g. Novell) RDBMS Management	6 6	6		47300
<b>Agriculture Emigrants</b>	MS Office	18	Network Local Training	2	PC hardware/OS/installation	2	
	Advanced MS Office	5	LAN Admin (e.g. Novell)	3			19700
<b>Finance Interior</b>	MS Office	39			PC hardware/OS/installation	3	
	Advanced MS Office	16					827967
<b>Justice</b>	MS Office	42	Network Local Training	4	PC hardware/OS/installation	4	
	Advanced MS Office	15					166300
<b>Municipal &amp; Rural affairs</b>	MS Office	11			PC hardware/OS/installation	1	
	Advanced MS Office	4					7700
<b>Social Affairs</b>	MS Office	19	Network Local Training	3	PC hardware/OS/installation	5	
	Advanced MS Office	7	LAN Admin (e.g. Novell)	3			
	Statistics Package	2	RDBMS Management	3			26600
<b>Public Health</b>	MS Office	35			PC hardware/OS/installation	3	
	Advanced MS Office	11					23200
<b>Posts &amp; Telecom</b>							
<b>Public Works</b>							



	Office Technology		Information system (PBMs, Networks, Software packages, etc...)		HDAW Maintenance (if any)		TOTAL
	Type	No of Trainees	Type	No of Trainees	Type	No of Trainees	
		MS Office	42		3	PC hardware/OS/Installation	
	Advanced MS Office	14					30800
Tourism	MS Office	21	Network Local Training	2	PC hardware/OS/Installation	2	
	Advanced MS Office	7	LAN Admin (e.g. Novell)	3			
			RDBMS Management	2			21300
Transportation	MS Office	15			PC hardware/OS/Installation	2	
	Advanced MS Office	7					11000
National Education	MS Office	75	Auto-Cad System		PC hardware/OS/Installation	10	
	Advanced MS Office	26					63200
Housing	MS Office	21			PC hardware/OS/Installation	2	
	Advanced MS Office	7					14300
Labor	MS Office	25			PC hardware/OS/Installation	2	
	Advanced MS Office	8					16800
Foreign Affairs	MS Office	21	Network Local Training	2	PC hardware/OS/Installation	2	
	Advanced MS Office	7	LAN Admin (e.g. Novell)	4			
			RDBMS Management	4			24300
Culture & Higher Educ	MS Office	25			PC hardware/OS/Installation	2	
	Advanced MS Office	8					63376
Vocational & Tech Educ	MS Office	16			PC hardware/OS/Installation	1	
	Advanced MS Office	5					10400
Information	MS Office	29			PC hardware/OS/Installation	2	
	Advanced MS Office	10	LAN Admin (e.g. Novell)	3			
			RDBMS Management	3			26800
Displaced Persons							
Subtotal		743		67		63	
TOTAL		763		67		66	1381232

## (G) PROGRAM AND PROJECT IMPLEMENTATION TEAM

### I. General Functions and Responsibilities

To ensure the effective and efficient implementation and management of the Administrative Rehabilitation Project, a Program and Project Implementation Team (PIT) will be established within the Technical Cooperation Unit (TCU) in the Office of the Minister of State for Administrative Reform.

The PIT will consist of the Director of TCU as Team Leader; Procurement Specialist; Training Specialist; Financial Officer; Organizational Management Specialist; and an Information Technology Group (Attachment 2). The key staff for implementation of the Project are the head of the Information Technology Group, the Procurement Specialist, and the Financial Officer. The overall rehabilitation program, however, will require the full capacity of the TCU as described below. The following are the general functions and responsibilities of the PIT; specific Terms of Reference for each PIT member are provided below.

Under authority delegated to the TCU by the Minister of State for Administrative Reform, the PIT will:

- (a) assume day-to-day responsibility for coordinating the project implementation process, including preparation, appraisal and execution of work and training programs and budgets in collaboration with the participating ministries and public agencies;
- (b) assist and support the participating ministries and agencies when carrying out their project tasks--in particular, in the areas of: information technology, specialized advisory services, training, procurement, disbursement and accounting;
- (c) liaise with the participating donors on implementation issues of interest to them;
- (d) ensure the preparation and implementation of a unified project quarterly task and accounting reporting system;
- (e) cause the preparation of project accounts audits in sufficient detail and timeliness to be satisfactory to GOL and participating donors; and
- (f) carry out such other related tasks as may reasonably be requested by the Minister of State.

#### (1) Procurement Specialist

Under the direction of the TCU Director (Team Leader), the Procurement Specialist will:

- (a) ensure his/her full familiarity with and systematic application of the procurement regulations and procedures of the participating donors;

- (b) prepare and implement a training program for procurement personnel of the participating ministries and agencies, including procurement training seminars and manuals in adequate detail;
- (c) act as a support and reference person for all project-related procurement tasks;
- (d) carry out procurement tasks for the PIT and, when required, for the participating ministries and agencies;
- (e) coordinate all aspects of the work with that of the Council for Development and Reconstruction (CDR) and the Ministry of Finance; and
- (f) prepare quarterly reports to the Team Leader.

The Procurement Specialist's qualifications should be:

- a graduate degree or equivalent in business administration, finance or a related subject;
- five-ten years experience as a procurement specialist, with particular emphasis on international procurement procedures; and
- full fluency in Arabic and English. Knowledge of French desirable.

## (2) Training Specialist

Under the direction of the TCU Director (Team Leader), the Training Specialist will:

- (a) advise all participating ministries and agencies on any special issues and problems relating to training, including diagnosis of problems and best possible alternatives;
- (b) schedule all training-related activities in the overall project implementation plan, in coordination with the beneficiary ministries and agencies;
- (c) prepare contracts and specifications for goods and services required for training;
- (d) locate suitable international candidates for appointment at NIAD and other agencies as advisors and short-term consultants for the design and delivery of training services;
- (e) work closely with the Director of Training at NIAD and heads of other relevant agencies in developing and delivering short duration, need-based, in-service training courses;
- (f) assist and advise on improvements to the curricula of the pre-service training programs in terms of emphasis on economics, management and other relevant subjects and effectiveness of learning;
- (g) maintain contacts with the American University of Beirut (AUB) and other local universities for ensuring their active involvement in the design and delivery of in-service programs; and
- (h) maintain contacts with relevant foreign universities and institutions, including the Economic Development Institute (EDI) of the World Bank for delivery of tailored

- (d) monitor all disbursement activities under the project, and ensure the timely preparation and submission of disbursement applications to donors including the World Bank;
- (e) maintain separate annual audits of project accounts.

The Financial Officer should have the following qualifications:

- a graduate degree or equivalent in finance, business management or accounting;
- five-ten years experience with an accounting firm in the administration and management of large accounts;
- expertise in public administration;
- full fluency in Arabic and English. Knowledge of French desirable.

#### (5) Information Technology Group

The Information Technology component will be implemented directly by the beneficiary agencies in coordination with the IT Group at the Office of the Minister. The IT Group (ITG) will prepare technical specification and procurement documentation, with the assistance of the designated focal counterpart staff in beneficiary agencies, as needed. Overall coordination of the different activities of the component will be assured by the ITG. The ITG will assist individual agencies in the installation, deployment and commissioning of computer hardware, technology training and systems, on as-needed basis. Individual skill profiles and terms of reference are summarized below.

##### (i) Coordinator of ITG

The candidate must have at least a BS or equivalent in Computer Science or a related field. In addition, the candidate must have at least 7 years of proven experience in areas related to the following:

- proven experience in coordinating multiple agency informatics programs;
- team leadership and project management experience;
- strong organizational, managerial and analytical skills;
- human resources development;
- planning, formulating and executing IT vision and strategy;
- knowledge of latest IT trends and standards, including formulating policies and setting inter-agency technology standards;
- excellent interpersonal skills;
- excellent communication and presentation skills.

The coordinator will be responsible for, among others, coordinating all technical assistance in IT under the project, formulating inter-agency technology standards. He shall also:

- coordinate all implementation aspects of the IT component;
- prepare annual work programs and budgets for the IT component, to be updated quarterly;
- review and comment on the implementation plans prepared by the participating directorates, with particular emphasis on the training plans for effective transfer of skills to counterpart staff;

TCU Information Technology Group:  
Tentative Annual Budget

Category	Unit	Description	\$/unit	\$/year
<b>Staffing</b> (mth)				
Director	12	Director of ITC	\$5,000	\$60,000
Systems Specialist 1	12	Project Manager	\$3,500	\$42,000
Systems Specialist 2	12	Enterprise Analyst	\$3,500	\$42,000
Systems Specialist 3	12	Enterprise Technologist	\$3,500	\$42,000
Assistants	60	Office Technology Staff (5)	\$1,000	\$60,000
				\$246,000
<b>Equipment Needs</b> (#)				
Server	1	Central Data Warehouse	\$6,000	\$6,000
Workstation	6	Personal Computer	\$3,000	\$18,000
Portable	1	Presentation and Moblity	\$3,500	\$3,500
Laser Printer	1		\$2,000	\$2,000
Back-up Unit	1	Backup	\$1,000	\$1,000
Projector	1	Presentations	\$2,500	\$2,500
				\$33,000
<b>Software Needs</b> (#)				
NT Server 15 user	1	Server & Network Operating S	\$500	\$500
NT Workstation	5	Personal Operating System	\$100	\$500
Windows for Workgroup	2		\$75	\$150
MS Office	7	Productivity	\$395	\$2,765
Projector	3	Project Management	\$395	\$1,185
Workflow	2	Analysis & Graphs	\$295	\$590
Case Tool	1	Analysis	\$4,000	\$4,000
				\$9,690
<b>Operating Budget</b> (mth)				
Internet Connection	12	Comm. & Knowledge Resource	\$1,000	\$12,000
OK Maintenance	12	Hardware & Software @ 10%	\$2,376	\$28,510
33 Staff Training	12	Training		\$20,000
OK Miscellaneous	12	Paper, Office Supplies, etc.	\$400	\$4,800
				\$65,310
<b>TOTAL</b>				<b>\$354,000</b>





ADMINISTRATIVE REHABILITATION PROJECT  
(UN3930-LI)

Schedule of Activities 11/95 - 06/96

Activity	Indicator	Timing
Effectiveness	Obtain Parliamentary ratification and provide legal opinion	ASAP *
	CDR to submit authorized signature samples	ASAP
Procurement/Disbursement	Enter into arrangements with CDR for procurement of goods & services	Dec. 15, '95
	Request from Bank retroactive financing eligible items (up to USD 1 million)	ASAP
	Establish Special Account	ASAP
	Request authorized allocation (USD 0.8 million)	ASAP
PHRD	Plan for committing USD 200,000.00	early Dec. '95
	MSAR to furnish to WB potential components - one month reserve for PTF salaries - IT immediate needs (limited to USD 30,000.00) consultants (DO/TCU & IIG)	early Dec. '95
UNDP	Approval of substantive project revision Beirut New York	Nov. '95 Dec. '95
	PTF members to have UNDP contracts starting January '96	Dec. '95
	Gen. procurement plan to OPS for first half '96 needs so as to procure locally with effect from February '96	Dec. '95
	CDR to request payment to OPS of the WB share (first half of '96 equals approx. USD 80,000.00) upon effectiveness of WB project	Jan. '96

\* As soon as possible



Government Statement on Admin Reform	Develop a performance evaluation system Complete study Implement study	Dec. '95 Jun. '96
A. Civil Service Census	Completion of questionnaires with modules common to CSB & MOE  Completion of manual data entry  Computerized civil service database established  Complete census (section 3.03a)	Oct. '95  Mar. '96  Jun. '96  Jun. 30, '96
B. Assistance to Admin Reform		
(1) Review of Ministries	Start study of government mandates & org.	Jan. '96
(2) Review of civil serv. regulations	Start comprehensive review of all regulations	Oct. '95
(3) Salary scale review	Start analysis of incentives & proposals for new compensation sys. with private sec. comparison Complete analysis	Oct. '95 Jun. '95
(4) Review of control & audit procedures	Start assessment of current systems	Jan. '96
C. Best Practice Workshops **		
(1) Initiating workshops	Start discussion of admin. reform issues	Dec. '95
(2) IT workshop		Apr. '96
(3) Ethics & corruption		Jun. '96
D. Information Technology		
(1) IT coordination	Agency-wide info. coord. procedure in place Info. & tech. standards prepared & published	Dec. '95 Jun. '96
(2) Agency-wide IT deployment	Recruit/appoint. of agencies IT personnel  Implement. of IT training prog. (900 staff)	Jun. '96  Jun. '96
(3) Impr. manag. of educ. pers.	Start database on teachers complete, accurate and computerized	Jun. '96
(4) Prep. Imp. of an adequate & decent car regis./inspec. sys.	Review of Ministry system	Jun. '96
E. Office Equipment	Start contract preparation, bidding & delivery Start installation	Jun. '96 Jul. '96

\*\* Does not reflect revision discussed during fourth mission

## F. Project Implementation

(1) Establishment of PIT	All staff appointed	Dec. '95
(2) Work Plans (schedule 5)	Each beneficiary Ministry and Agency to submit plan for 1996 to office of MSAR	Dec. '95
	Office of MSAR to submit plan to WB	Dec. '95
(3) Procurement/disbursement	Quarterly report of proc. Committee	Jan. '96
(4) Progress reports	Semi-annual reports	Jan. '96

M:\db\spn\act\mtr.doc

## Information Technology Components

1. The multiple Information Technology sub-components, which represents about 80% of the loan amount, will require extensive follow up and coordination among a large number of public agencies, and ministries (as well as donors). As expectations are high, it will be important to deliver tangible output as fast as possible to maintain commitment and momentum. Through intensive collaboration during the mission, the new ITG staff has become more familiar with the project. Agencies' requirements were updated and activities are being identified that can be realistically launched or completed within the next six months so as to deliver some tangible output and impact quickly. It is suggested that TCU contract one or two short-term national consultant (which could be funded from the PRRD grant) to help identify a selected number of highly visible public services operations which can be immediately simplified, --with some equipment/technology investment and/or decrees from the Minister of State for Administrative Reform or Cabinet--, and which can provide immediate benefits to the public.

2. There is an urgent need to complete staffing of the ITG. It is suggested that, pending recruitment and finalization of administrative arrangements with UNDP, short term consultants be deployed to buttress ITG capacity (e.g. System Analysts/Project Managers/Technologist). These could be funded from the PRRD grant. As regards ministries and agencies, counterpart staff has been appointed but ability to follow-up on their respective agency program needs to be ascertained.

### 3. Next Steps

#### TCU/LEG:

- Engagement of short local consultancy to identify public services operations which can be simplified with immediate public benefit - December 15, 1995
- Agency-wide Informatics coordination: Procedures to be completed December 95 (ITG)
- Procurement OF: Complete draft document for selected agencies by end of November 95
- Procurement Office Equipment for selected agencies: Complete draft document by end of November 95
- Standards: Procedures and Coordination Frame Work between USAID and other possible Donors and TCU (updated by December 95) - ITG/USAID

TCU / Core Agencies and Ministries:

Agency	Activity	Responsibility	Date
CDB	Document Management System: Procurement of scanners, Pcs, and related software	TCU	February 96
CSB	Develop a pilot test to detect abnormalities	ITG / CSB / MOF / MOE	December 95
MET	TOR for consultancies for Trade Facilitation	MET	November 30, 1995
GAO	TOR for consultancy to review financial audits and controls, and develop recommendation for improvement	GAO	November 30, 1995
MOI	First phase Procurement Computer equipment for judiciary informatics center.	TCU/MOI	January 96
MOI	TOR for specification/ procurement for car registration	TCU/ MOI	December 15, 95
Selected	Procurement of Office Equipment	TCU	February 96
Selected	Procurement of Office Technology	TCU	June 96

M:\eb\spn\admitam.doc

ADMINISTRATIVE REHABILITATION PROJECT

DONORS BRIEFING MEETING

STATEMENT BY WORLD BANK

YOUR EXCELLENCY THE PRESIDENT OF THE COUNCIL OF MINISTERS,  
EXCELLENCIES, LADIES AND GENTLEMEN

WE VERY MUCH APPRECIATE THE OPPORTUNITY THAT GOVERNMENT IS PROVIDING TODAY ON THE OCCASION OF THE DONORS MEETING TO BRIEF YOU ON THE WORLD BANK SUPPORTED ADMINISTRATIVE REHABILITATION PROJECT

SINCE THE WORLD BANK REINITIATED ITS ACTIVITIES AFTER THE LONG CONFLICT, OUR SUPPORT--ABOUT US\$350 MILLION IN ALL-- WAS HEARFARKED PRIMARILY TO SUPPORT REHABILITATION OF INFRASTRUCTURE IN A BROAD RANGE OF SECTORS--POWER, WATER, WASTE WATER, SOLID WASTE, IRRIGATION, AND HEALTH, AMONG OTHERS. CONCURRENTLY WE SUPPORTED INSTITUTIONAL STRENGTHENING IN THE CONTEXT OF INDIVIDUAL PROJECTS.

RECONSTRUCTION OF THE DEVASTATED INFRASTRUCTURE WAS RIGHTLY THE FIRST INITIAL PRIORITY OF GOVERNMENT. BUT FOR SUCH INVESTMENTS TO BE SUSTAINABLE IN THE MEDIUM AND LONGER TERM A BROADER EFFORT TO STRENGTHEN INSTITUTIONS IS REQUIRED. HARDWARE MUST BE COMBINED WITH SOFTWARE

THE GOVERNMENT WAS VERY COGNIZANT OF THIS NEED AS EVIDENCED BY THE DEVELOPMENT OF ITS PROGRAM FOR ADMINISTRATIVE REHABILITATION AND THE INITIATION OF REFORM. AT THE END OF THE CONFLICT, ADMINISTRATIVE INFRASTRUCTURE WAS DEVASTATED AS MUCH AS THE PHYSICAL INFRASTRUCTURE AND THE GOVERNMENT'S CAPACITY TO CARRY OUT NORMAL GOVERNANCE FUNCTIONS WAS WEAKENED. WITHOUT ADEQUATE ADMINISTRATIVE CAPACITY, THE CITIZENS WELL-BEING CANNOT BE SERVED AND THE PRIVATE SECTOR CANNOT FLOURISH

THE OBJECTIVE OF THE PROJECT IS TO HELP REHABILITATE THE PUBLIC ADMINISTRATION WHILE LAUNCHING THE PROCESS OF ADMINISTRATIVE REFORM, LEADING TO AN EFFICIENT AND LEAN PUBLIC ADMINISTRATION ABLE TO PROVIDE BASIC SERVICES TO ECONOMIC AGENTS IN THE PRIVATE SECTOR AND TO CITIZENS. REHABILITATION IS AN ESSENTIAL FIRST STEP FOR THE REFORMS TO BE SUCCESSFUL. ACHIEVING THE REFORM AGENDA WILL BE A LONGER AND DIFFICULT PROCESS, THE NATURE AND SPEED OF WHICH CAN ONLY BE DEFINED BY GOVERNMENT. POLITICAL AND FISCAL CONSTRAINTS AND REALITIES UNDERSTANDABLY WILL AFFECT BOTH

THE PROJECT FOR WHICH A US\$20 MILLION LOAN WAS SIGNED IN SEPTEMBER SUPPORTS SELECTED COMPONENTS OF THE GOVERNMENT'S OWN PROGRAM, AND WILL FINANCE IN PARTICULAR INFORMATION TECHNOLOGY AND OFFICE

EQUIPMENT WHICH ACCOUNT FOR ABOUT 80% OF THE LOAN AMOUNT, AS ADMINISTRATIVE REFORM ACTIVITIES, AND JOINTLY WITH UNDP, IMPLEMENTATION CAPACITY WITHIN THE OFFICE OF THE MINISTER FOR ADMINISTRATIVE REFORM FOR THE GOVERNMENT'S OVERALL PROGRAM. THE LOAN FUNDS WILL BE AVAILABLE ONCE PARLIAMENT HAS RATIFIED THE LOAN AGREEMENT.

THE BENEFICIARIES OF THE PROJECT THAT WAS PREPARED BY THE OFFICE OF THE MINISTER OF ADMINISTRATIVE REFORM ARE THE CENTRAL CORE AGENCIES AND OTHER MINISTRIES, AND, THROUGH THEM, THE PUBLIC AT LARGE. THE ROLE OF THE OFFICE OF THE MINISTER IS THAT OF A LEADER, CATALYST AND COORDINATOR, SERVING OTHERS.

APPROVING AND SIGNING A LOAN FOR A QUICKLY AND WELL PREPARED PROJECT IS EASY AND AN OCCASION FOR CELEBRATION. BUT EFFECTIVE IMPLEMENTATION IS THE KEY TO ITS SUCCESS. WE ARE HERE TO HELP LAUNCH THE IMPLEMENTATION STAGE. THE OFFICE OF THE MINISTER HAS PUT IN PLACE A COMPETENT CORE IMPLEMENTATION TEAM TO COORDINATE EFFORTS ON THE GOVERNMENT'S SIDE. YET, PROJECT OBJECTIVES WILL ONLY BE REACHED IF ALL PARTICIPATING AGENCIES AND MINISTRIES COMMIT THEMSELVES TO OWNING THE PROJECT AS THEIR OWN AND EFFECTIVELY IMPLEMENTING ITS VARIOUS COMPONENTS.

FINALLY, I SHOULD LIKE TO TAKE THE OCCASION OF THE PRESENCE OF SO MANY DONORS TO NOTE THAT WHILE SOME INITIAL FUNDING AND SUPPORT HAS BEEN OBTAINED FOR THE GOVERNMENT'S ADMINISTRATIVE REHABILITATION PROGRAM, A SIZABLE FINANCING GAP REMAINS. WE ARE PLEASED THAT THE WORLD BANK'S SUPPORT FOR THE PROJECT SEEMS TO HAVE PLAYED A CATALYTIC ROLE IN GENERATING FURTHER DONOR INTEREST, INCLUDING, AT THE RISK OF LEAVING SOME UNMENTIONED, THE EUROPEAN UNION AND JAPAN. WE HOPE THAT SPECIFIC COMMITMENTS WILL BE REALIZED AS SOON AS FEASIBLE. FOR THOSE THAT ARE INTERESTED, COPIES OF THE WORLD BANK'S PROJECT DOCUMENT MAY BE OBTAINED FROM THE OFFICE OF THE MINISTER.

THANK YOU VERY MUCH!

Beirut, November 8, 1995

Mr. Ross Mountain,  
UNDP Resident Representative,  
Beirut

Dear Mr. Mountain,

Re: Technical Cooperation Management (TCM) Project Budget Revision

The World Bank mission to help Government launch the Administrative Rehabilitation Project (ARP) appreciates the opportunity provided to comment on the draft for the above. Mr. Bjorgung will convey our suggestions to your staff. With this note I should like to make a number of observations.

The draft Budget Revision refers to the ARP funded in part by a \$20 million Bank loan as "a parallel project" to the TCM project. Our understanding is that the Bank and UNDP are both supporting one Government project. Per earlier agreement, the TCM project, once amended, would represent the HARP and project implementation component of the Government's project.

The document should reflect, we believe, that \$500,000 of the envisaged Government contribution would come from the Bank's loan (category "implementation expenditures"). This amount would be disbursed to UNDP directly, in a number of installments, following Government approval. The budget table should show this amount, with approximately equal amounts of one-third of the total to be disbursed in each of the years 1996, 1997, and 1998.

We note that the UNDP/OPS overheads/fees with respect to the Government's contribution (9.4% on average for AOS plus 3.4% for FO support) for a total of \$377,359 would not appear to be funded considering the planned Government and Bank financing of \$2.5 million and \$0.5 million respectively as envisaged in the ARP documents.

As regards the tripartite review and mid-term evaluation, we suggest that the Bank, which would fund \$0.5 million of the revised TCM project, should be one of the parties, if Government, which funds about two-thirds of 1996-98 expenditures from its budget, agrees.

With best regards,

Laurent Huppenbrouwer

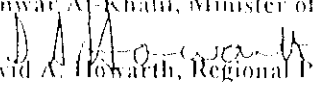


c.c. H.E. Anwar El-Khalil

Republic of Lebanon  
Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

Date: November 15, 1995

To: HE Anwar Al-Khalil, Minister of State for Parliamentary Affairs

From:  David A. Howarth, Regional Procurement Adviser

Subject: Loan No. 3930: Administrative Rehabilitation Project

1 My visit to Lebanon has been to assist the November 1995 World Bank mission that has carried out the initial supervision mission and launch of the above project. I have focused on procurement aspects. Concerning procurement, my findings are:

- Two meetings have been held with CDR at which the details of the relative roles of CDR and your ministry in project implementation have been discussed. Based on these discussions, I see no major difficulty. CDR recognize that your ministry is responsible for implementation and that the role of CDR will be largely as administrator for procurement. With respect to the requirement under Para. 2(a) of Schedule 5 of the Loan Agreement, I would suggest that the cooperation/interaction arrangement that has been established between the Ministry of Health and CDR for the World Bank financed health project be adopted with appropriate modifications.

The technology specialists have concluded that the most efficient way to bid the OT component of the project is in three "OT" packages. The first package (for 8 ministries) comprising four schedules (a bidder can be awarded any one or all of the schedules), is programmed to be bid in late January 1995. To move as quickly as possible the first package will be carried in a single stage bidding. This approach is satisfactory to me.

- In addition to OT, the objective of the project is to improve the efficiency of the 25 ministries covered under the project through the provision of essential office equipment. Processing of the contracts for such equipment should be given high priority. In this respect while part of the equipment should be procured under International Competitive Bidding procedures, there is a clear need to provide the most urgently needed equipment, that will have an immediate impact on efficiency, as soon as possible. National and International Shopping procedures are appropriate for the provision of the urgently needed equipment. To facilitate this procurement, it was agreed that a specialist consultant will be employed, for a period of several weeks, who will identify in a report which equipment is needed where and when, and prepare the bid documents for the equipment to be provided through shopping procedures.

2 One of the objectives of the Administrative Rehabilitation Project is to modernize the public administration in Lebanon through the provision of OT and related systems. A potential major constraint to a modern administration is the lengthy, bureaucratic existing procedures that need to be followed by government ministries for the procurement of goods, works and services. To address this issue an analysis of the present situation is required and, based on the analysis, recommendations on the procurement procedures for the government that will be transparent and efficient.

- It is estimated that up to US\$ 150,000 is required to carry out the study - the work would be supervised by an appropriate ministry / agency. The World Bank may be able to make grant funds available for the study from the Institutional Development Fund of the World Bank. Agreement of the Government to the study is needed before an application can be made for the funds.