

الجمهورية اللبنانية
مكتب وزير الدولة لشؤون التنمية الإدارية
مركز مشاريع ودراسات القطاع العام

**Assistance to the Establishment of a Trade Policy
Unit within the Ministry of Economy and Trade.**

Strengthening of Institutional Capacity in the Republic of Lebanon.

Contract no. IZARRA 11-MED-AIDCO/B/3

Final Report by Dr. P A Cocking

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

Table of Contents

1.	Introduction	3
2.	Terms of Reference	3
3.	Expected Results	3
4.	Required Outputs	3
5.	Links with Other Work	4
6.	Results; Outputs; Phasing	4
7.	The Inception Report	4
8.	The Workshop	4
9.	The Technical Specifications Report	5
10.	Proposals for the TPU	6
	Functions	6
	Wider and Longer-term Responsibilities	7
	Proposed Functional Organisation	7
	Team Roles	7/8
	Institutional "Status" of the Group	8
	Placement in MET	9
11.	"The Strategic Review"	9
	Constraints on a Strategic View	9
12.	"Institutional Strengthening and Capacity Building"	10
	The TPU as an Originator of Change	10
	A Timetable for TPU Establishment	10
	An Evolutionary and Progressive Introduction	10
	Compatibility of Objectives	10
13.	Early Priorities for Follow-up Work; the MSC	11
14.	A Bridging Proposal	11
15.	Anticipation of the First WTO Accession Working Party (AWP)	12
16.	Immediate Institutional Strengthening	12
17.	Work Subsequent to the First AWP	13
18.	Factors affecting Sustainability	13
19.	Implications for Subsequent Projects.	14
20.	Summary and Conclusions.	14/15
Annexes		
A.	TPU, Timetable and "Milestones"	16
B.	Current Distribution of TPU Subject Responsibilities	17

1. Introduction

The main objective of this Consultancy was to design a Trade Policy Unit (TPU) that could, eventually, take over the central role of Lebanese trade policy formulation, negotiation and management from the current mix of short-term contract and project funded staff that presently carries it out. Its secondary objective was advice on how this Unit could be linked into the existing structure of the Ministry of Economy and Trade (MET) in a way that would, as far as possible, ensure its longer-term sustainability, and thereby "contribute to the strengthening of the institutional capacity of the Lebanon".

2. Terms of Reference.

2.1 The overall and specific objectives of this Consultancy are described as

"to contribute to an increase in the competitiveness of the Lebanese economy---and to strengthen the capacity of the MET to fulfil its responsibilities in trade policy, in particular in the co-ordination of the process of trade reform and in the negotiation of bilateral and multilateral trade agreements."

3. Expected Results.

3.1. The expected results are

- an analysis of the institutional framework for the establishment of the TPU
- a description of the technical requirements for the new TPU including structure, staff and budgetary requirements
- an implementation action plan for the establishment of the TPU.

3.2. At other points in the terms of reference (TOR) the Consultancy is expected to

- Conduct a brief strategic review of the Ministry as a whole ---- in order to describe the context and institutional environment within which the establishment of the TPU will take place; and
- prepare an implementation action plan for the establishment of the TPU with milestones against which progress can be monitored.

4. Required Outputs

4.1 The outputs required from the Consultancy are a Workshop and a report on its discussions and conclusions, five other reports and an implementation plan

- **An Inception Report**, one month from the start
- **"Findings of the Strategic Review"**, three months from the start
- **A report on the Workshop** one week after.
- **"Implementing Institutional Strengthening and Capacity Building in Trade Policy"**, four months from the start;
- **"Technical Requirements for a TPU"**, four months from the start-- to include:
 - a detailed assessment of the expected short term and long term work load
 - recommendations on the structuring of the work;
 - projections of staff numbers with job descriptions and skill and experience requirements; resource, including budgetary, requirements; and expected training needs;
- **"TPU: An Implementation Action Plan"**, at the end of the field assignment;

5. Links with Other Work.

5.1. This work has been pursued in co-operation with, and within the wider remit of, the UNDP Project, which has a far-reaching brief related to the longer-term restructuring of the MET's institutional capacity for handling trade policy formulation, including international negotiations and agreements, and its implementation. We are grateful to the UNDP team, and to the Minister's special advisers on the EU and WTO, for their assistance.

5.2. The team has consulted various members of the existing MET, the Office of the Minister of State for Administrative Development (OMSAD), the USAID WTO Accession Project, and the EU Representation, Beirut. We are grateful for their help. We particularly thank the Director and staff of the Lebanese Finance Institute for information on their own institutional reforms and for providing us with a venue and facilities with which to hold the Workshop.

5.3. There is a close link between the work of this Consultancy, an Immediate Assistance Package (IAP), and that described in the TOR for a substantial Management Support Consultancy (MSC) currently being negotiated for the further strengthening of institutional capacity in MER. The TOR for the MSC describe this IAP as "a small" package to "assess the technical requirements and staffing needs of the proposed TPU". The projected MSC has as objectives the "building" of this TPU under the development of an overall strategy for MET institutional reform; together with the development of a five year budget and financing projections, and the "management of an open competitive recruitment process".

6. Results

Outputs; Phasing

6.1 All of the desired outputs have been delivered to the timetable given and according to the restraints of phasing and the nature of activities described in the TOR. (A detailed action timetable was presented as an Annex to the Inception Report, and has been adhered to thereafter.)

7. The Inception Report

7.2 The **Inception Report** contained a "brief strategic review" based on the documents supplied, and the results of the meetings and interviews we were able to conduct in the first weeks. It gave some initial ideas as to how and where the Consultancy might be able to contribute to the wider objectives of institutional restructuring.

8. The Workshop

8.1 The next month was spent analyzing the available documentation, including the (USAID) WTO Master Plan (since overtaken by events), the Lebanese Memorandum on Foreign Trade submitted to the WTO in December 1999, and supporting papers on the EUROMED negotiations etc. Essential, core, elements relating to a TPU were drafted and set out in the Workshop Documentation presented to an invited audience of local stakeholders on 19 September at the Ministry of Finance (after a prior meeting in MET). In summary, these documents, and this meeting, covered

- **Strategic Overview** The need for the strengthening of institutional capacity to support the process of international trade expansion
- **Lebanese objectives and priorities** in its relations with international groupings such as the EU, the WTO, and GAFTA; and in its various bilateral agreements

- **The Consultants' assessments for the requirements for a Lebanese TPU** (principally in terms of the work it needed to do and the roles that this would require in respect of its members)
- Detailed proposals for **number and types of members of the TPU**
- A discussion on the **co-ordination of policy and technical advice** (to the National Council and to individual Ministers) on "horizontal" trade issues (those where the views of a number of Ministries and other state bodies were concerned), culminating in
- **A discussion of the role and function of "focal points"** (these are the main contact points in other Ministries and State bodies on trade issues)
- A discussion of the **general and individual training needs** of members of the TPU, and the focal points.

8.2. Following the Workshop, the Consultants circulated (within a week) a report on the Workshop, indicating the lines on which their subsequent work would proceed.

8.3. The Consultants met the Minister, MET, and the Director General (Economy and Trade) on 30 September, to report the outcome of the Workshop. We sought advice on

- the preferred positioning of the TPU within MET. (This has a direct bearing on its potential contribution to institutional strengthening. The effectiveness of the unit depends upon its position in the hierarchy of MET, and upon the strength and mobility of its communication and reporting links both upward and sideways. It needs to be able to brief the Minister quickly and effectively on issues such as international negotiations in which he would be directly involved, and also to contribute to, and influence, the daily work of the rest of the Ministry.)
- the proposed timing of the setting up of the TPU as a separate entity. (Since the WTO Accession negotiations were in progress, EU negotiations were almost complete, and we understood action was expected on the Arab Free Trade Area (GAFTA), early action seemed desirable.)
- the initial staffing of the unit. (The TPU would require at least an admixture of experienced and new staff from the outset; how should the transition between the various units currently handling this business and the new ITU be handled?)
- the question of improving and formalising consultation with line Ministries on trade issues. (The ad-hoc nature of the contacts with the focal points, and the dependence of the system on individuals seemed to make it vulnerable in the longer-term.)

8.4. The main impression we obtained from this meeting, and subsequent discussions with the UNDP project, was that we should frame our proposals in a way that respected the existing command structure of MET. The "focal points" system was valued and should be left as it is; additional "layers of bureaucracy" were not wanted. The proposals for the TPU should, as far as possible, facilitate ("add value to") UNDP's wider objectives for the strengthening of institutional capacity.

9. The Technical Specifications Report

9.1. The **Technical Specifications Report** delivered at the end of October comprises the detailed background to the setting up of the TPU, developed in the Workshop and in subsequent discussion with the UNDP project and other Ministerial advisers. In particular it covers: -

- Facilitating Legislation and resourcing mechanisms (Section 2).
- Existing MET organisation, and the roles of project personnel (Section 3).
- Aspects of Trade Agreements and Workload, with summary analysis of the Memorandum on the Foreign Trade regime submitted to the WTO (Section 4).
- Processes and systems, including the WTO accession process (Section 5).

-
- A proposed organisation structure for a TPU with Job Descriptions for posts (Section 6).
 - Links with other ministries and state bodies in the development of trade policy (Section 7)
 - Resourcing and timing of contract and civil service cadre personnel (Section 8).
 - A framework for skill development, specific training and skill transfer (Section 9)
 - A TPU budget, salary levels and comparisons with Lebanese market rates (Section 10).

10. Proposals for the TPU

10.1 As a result of our work in Beirut and our previous experience, the outcome of the Workshop, and our subsequent consultations, we have proposed a TPU within MET as follows.

Functions

10.2 The TPU will initially be primarily a coordination and negotiation body. It will,

- Interface with the WTO Secretariat and scheduling working party and bilateral meetings with WTO member countries
- Participate in bilateral and multilateral negotiations
- Present policy issues to the National Committee
- Prepare accession materials
- Prepare market access offers on goods and services in coordination with the private sector
- Interface with relevant ministries and other bodies and institutions on technical issues
- Establish and lead legal working groups to draft WTO/EU/GAFTA compliant legislation
- Form and lead sectoral/industry working groups to develop negotiation strategies
- Interface with the private sector
- Educate the public sector and the private sector about trade issues, in particular the impact of WTO accession on the Lebanese economy and businesses
- Advise Ministers on all aspects of trade related issues

Wider and Longer-Term responsibilities.

10.3 The TPU will in the longer-term act as a focus for the development of Lebanese institutional capacity for trade administration and co-ordinate the practical implementation of Lebanese trade policy in an increasingly global context. Its involvement in international trade negotiations will give it a uniquely authoritative experience which will enable it to assist, guide and direct policy making and the design of procedure by other Ministries and State bodies within a trade related framework.

10.4. For instance, WTO membership requires the continuing existence of a team of specialists on the detailed requirements of, and individual Lebanese commitments made during, the accession process. Such a team would be best placed to advise on all aspects of WTO business of

interest to Lebanon's own national priorities and objectives. WTO membership introduces a number of related requirements, such as the setting up of Enquiry points, regular reporting to WTO of the detailed implementation of regulations and protocols, the observation and notification of agreed procedures, and the compiling and exchange of trade (for example import/export statistics).

10.5. Lebanese Ministers, and public and private institutions, will need focused and informed advice on WTO developments; with an assessment of the potential effects on Lebanese trading relationships, and its terms of trade. Other subjects will include the outcome of disputes between other Member states over the way they handle or promote their own exports, or restrict the exports of others. Lebanon will have to decide frequently, and on the basis of the technical evaluation of a mass of material and complex precedents, which other member states represent its most convenient allies in the best pursuit of Lebanese interests in multilateral negotiations.

10.6. The experience that will be gained by the specialists who participate in the accession process is a unique and irreplaceable investment. Such experts will, during and at the end of the negotiations, be the most qualified to carry out the work described. Perhaps the most important long-term responsibility of the TPU is the sharing of its expertise and experience, in the training of other people to spread to the whole economic community the knowledge and understanding of Lebanon's greater and deeper involvement in an expanding and diversified trading relationships, and in the preparation of a new generation of experts to take on this work and make it an acquired part of the Lebanese administrative heritage.

Proposed Organisation.

10.7. One of the key organisational parameters for the TPU is a provision for flexibility of operation, and the ability to respond to unforeseen new developments. To cover this, the Technical specifications are based on defined "roles", which may or may not at any one given moment relate to specific job positions. Roles may need to be combined to produce a full job workload, or split to produce more than one job dependent on the actual requirements.

10.8. The issues on which we can be most certain, and even here the end result depends to a degree on future events, are the kind of work that can reasonably be expected, and the demands it will make on (principally) staff resources for its effective execution. From this we can deduce what kind of people, in what kind of unit, will be needed and will be best able to do the work. We can also predict, with less certainty, how this may change over time.

Team Roles

10.9. We have proposed a

- a core TPU consisting of a Unit Leader, and seven supporting specialists
- the TPU specialists would, as quickly as possible, be supported by (about) 5 cadre officers in training grades, who would act as support staff and deputies to the initial specialists and thereby receive on-the-job training
- The core TPU specialists should, as far as possible, consist of a mixture of contract staff, and existing cadre officers with relevant expertise and experience of the work on which they would be engaged
- The existing expertise of the members of the TPU would be supplemented by practical experience of carrying out the work under the supervision of the Team Leader, and by participation in formal training packages already agreed in principle between Lebanon and the ITC, and other donors.

10.10. The initial core members of the TPU would comprise: -

- **Trade Policy Unit Director**

-
- **General Affairs Expert (Deputy Head of TPU)**
 - **EU Expert**
 - **Agriculture, Sanitary and Phytosanitary (SPS) Expert**
 - **Goods Expert**
 - **Trade in Services and Investment Expert**
 - **Legal Expert**
 - **Trade Policy Manager/MET Department Head**

To provide for the development of additional skilled individuals, a number of recently qualified graduates should be recruited to understudy these experts, together with a suitable person to develop the Tariff Database

10.11. In considering the development of the TPU from the existing, interim arrangements for the handling of trade policy issues in MET, we have made a number of comments and recommendations (see 17.2 below) on the expanding role of the Unit leader. For the more specialized roles there are some, for example "Goods", where the issues are fairly clear-cut. Other projects with a continuing relationship with MET and the UNDP Project may be in an unrivalled position to give advice and guidance as things develop. Team specialists will also be able to benefit from special tuition and training through Lebanon's existing agreements with the WTO/ITC on both general and specialized training. This Consultancy has given guidance on the wider implications of Services in Annex D to the Institutional Strengthening Paper.

10.12. In general we suggest that each TPU specialist should examine their own responsibilities (in for example the WTO publication a "Business Guide to the World Trading System"), and draw up an outline of their work with an assessment of the wider implications for the globalization of the Lebanese economy. This will be good practice for them and, in particular, may serve as the basis of later guidance for their successors. It will be useful for any general briefing to which they may need to contribute, by defining the opportunities presented in a Lebanese context and the constraints that may need to be overcome.

The "Status" of the Unit

10.13. The comparative official standing or "rank" of the Head of the Unit in institutional terms is not a matter on which precedents from other countries or negotiating teams have much value. This has to be decided on the Lebanese side in the context of a number of considerations.

10.14. There will not be a large field of suitable candidates for such a post. There are basic requirements such as appropriate formal qualifications (in for example international economics or law), together with a minimum level of practical experience (work in relevant areas with the WTO or the EU for example). In other countries the Head of a successful unit is usually an individual of outstanding all round achievement, with exceptional gifts in the analysis of complex technical and political scenarios, the ability to summarise and communicate, and someone who can command and retain the complete confidence of his/her Minister. Such a person will probably command a personal salary. The experience and standing of such a person will to a large extent determine the level at which he/she, and thereby the rest of the TPU can be effectively and harmoniously incorporated into an existing institutional hierarchy.

10.15. The Consultancy has stressed the importance of horizontal and vertical links between the TPU and the rest of MET. As time goes on, the intensity of WTO Accession Negotiations increases, and the need to bring an awareness of external trade issues into domestic policy extends, the Minister may wish to consider an internal co-coordinating mechanism, centred on the TPU, whereby other Divisions of the Ministry and an increasing range of cadre officers are brought into discussions of across-the board trade issues. This would broaden the basis of general trade policy formulation (and thereby contributing to the increasing competitiveness of Lebanese trade policy at all levels), increase the awareness and acceptance of new developments, and deepen the acceptance of the existence and function of the TPU. This would all have positive implications for its sustainability and persistence as a part of MET.

Placement of the TPU within the Existing MET

10.16. In organisational terms we considered three main options: -

- Defining the Head of the TPU as a Director General reporting directly to the Minister of Economy and Trade
- Defining him/her as a Director reporting directly to the Minister of Economy and Trade
- Establishing the TPU as a Directorate reporting to the Director General for Economy and Trade MET.

For the time being, firm preference was expressed for the third option. (See 8.4)

10.17. If the TPU is to be set up in advance of the intended wider institutional reorganization, a number of issues arise; of which the most germane to this analysis are

- the workloads and other commitments of people currently doing the work,
- the question of existing contractual obligations
- the extent and speed with which these people would be able to assume new working relationships either within, or by way of a working relationship with, the new TPU.

11. "Findings of the Strategy Review". October 2001

11.1. The TOR for this Consultancy set demanding and far-reaching requirements for a short, and otherwise closely focused design project. The October Strategy paper discusses to what extent this Consultancy can, of itself, set and deliver strategic objectives.

Constraints on a "Strategic View"

11.2. As far as the institutional framework in which such a TPU should operate is concerned, we can have views on its reporting links (the Minister MET, the National Committee, the Lebanese WTO Negotiating Team), and its contacts with the rest of the Lebanese administration (essentially the "focal points" network). We can comment on the need to incorporate the unit within the MET and how this may be done, and how to create, or enhance, existing information-sharing networks that tie the work of the unit into the existing system for the development, dissemination, and implementation of trade policy. But as the Strategic Review makes clear, this "design" project was conceived as an ancillary to processes that were planned or in motion under the auspices of other projects, and the general co-ordination of the UNDP Project. To this extent the exact, and longer-term, relationships between the TPU and MET will evolve against a changing background for a period that extends well beyond the end of this Consultancy, and in a way that is not predictable with any degree of precision within it.

11.3. The TPU's most crucial relationship, and in many ways the determining factor for its longer term stability and sustainability, is the envelope of activities described to continue and consolidate its work under the much larger-scale related Management Support Consultancy (MSC).

11.4. As this Consultancy ends, delivery of the related MSC, and much of the crucial context it needs to provide in terms of plans for a substantial restructuring of the current decision-making framework and apparatus for the administration of trade policy within MET, that would enable this Consultancy's agreed outputs to be connected with the anticipated changes, lie at an unknown date in the future. On the other hand, much of the work that the TPU is being designed to handle is active and informal arrangements for handling it are already in place. The pressure and intensity of this work is also likely to increase as Lebanon attends its first, and subsequent, WTO Accession Working Parties, and the implications of its new bilateral agreement with the EU begin to be implemented.

12. "Institutional strengthening and Capacity Building"

The Changing Context; the TPU as an initiator of change

12.1. Our TOR emphasise that "the mandate of MET is shifting" and that it currently has "virtually no (existing) institutional capacity" to carry out a number of current, and increasingly important, trade functions. While the TPU can be an element in these changes, and may contribute to them, it is not on its own an effective tool with which to achieve substantial change. The lessons that may be learned from its introduction and initial establishment may be more widely applicable, but it is too fine an instrument, or too weak a lever, to accomplish substantial "institutional strengthening" by itself.

A Timetable for TPU Establishment; Outside Factors

12.2. We believe that the wider objectives of an across the board modernization of Lebanese institutional capacity, and the far reaching re-organisation of MET that may be needed in the longer term, and which are the business of other projects with larger budgets and resources and much longer time-scans, may still take an appreciable time to deliver. We are concerned with the contribution we can make immediately to an interim solution.

12.3 Our timetable for the setting up a new TPU (Annex A) allows for a functioning, if initially nominal, TPU to take over the existing international trade policy work with the least disruption and disturbance of its inherited ongoing executive functions in anticipation of future, more significant, institutional changes in MER.

Arguments for an "evolutional and progressive introduction" of the TPU

12.4. We suggest that the formal establishment of the TPU, and its position within, and actual working links with, the rest of MET need to be phased in over time against the background of larger developments. In particular, final and definitive positions on legal issues, and similar or associated questions of comparable complexity and standing, need to be carefully framed and planned when the answers will be most germane to the state of play. This includes all relevant aspects of the formal and legal bases for the structure, and functions of Lebanese Ministries together with the existing rules for the recruitment, grading and conditions of work (especially relating to pay, and promotion) of their staff.

Compatibility of component objectives with the larger picture

12.5. We believe compatibility between the smaller (the TPU) and larger objectives (restructuring of MET, the overall reform of institutional capacity for policy formulation in Lebanese central

government) must be secured and maintained. We are convinced that, in terms of long term acceptance and sustainability of results, this is an important, possibly an over-riding, objective and one that can not be obtained without patience and perseverance.

12.6. Briefly, such an objective will not be obtained easily or in a matter of months. It is outwith the timeframe of quantitative predictions that can reasonably be made by this project. Such matters should, as soon as possible, be set as early outputs and deliverables for a follow-on, larger and better resourced, study; the MSC.

13. Early Priorities for Follow-on Work; the MSC

13.1. If the follow-on MSC does not begin work until, say, July 2002 it must, as a matter of first priority, assess the state of play. It need to examine carefully arrangements to establish the TPU formally, and relate this to the context of corresponding changes, or plans for change, in Lebanese institutional arrangements both within MET and more widely. It must from there onwards ensure that the plans to establish the TPU proceed in parallel, and are implemented in full cognizance of, and in complete concordance with, the wider picture.

13.2. Apart from the fact that they are changing, many of these issues may be sensitive; they carry social, political, and procedural implications.

13.3. For example the criteria and rules for the conduct of an Open Competition for the recruitment of permanent members of the TPU under Lebanese traditions of public practice need special study. We would mention, as potentially sensitive points,

- the need for up-to-the-minute assessments of rules for the establishment of public servants, (so that when it is formally launched the TPU can obtain the calibre and quality of the staff it requires, can pay them adequate salaries, and provide them with career possibilities that will enable personal development and the recognition of achievements in a way that will encourage them to continue within the institutionalised framework), and
- the confirmation at the time that sufficient and detailed budgetary provisions for the TPU exist at parliamentary level and with the Council of Ministers (by the adaptation of the existing Council of Ministers' provision for a "WTO Unit"; or otherwise),
- provisions for training successors for the staff of the MET TPU,
- equivalent arrangements for the staff for TPU/WTO units that will need to be established in other Ministries. (WTO membership requires the setting up of a number of "Enquiry Points").

13.4. The role of Office of the Minister of State for Administrative Development (OMSAR) and the Civil Service Board here are most relevant. Their current work, and future intentions, combined with the short and medium term objectives of the substantial current EU and other projects in this area, and the various contributions of other Lebanese public bodies must be considered, and appropriately consulted. The total picture for the strengthening of institutional capacity in the Lebanon, is a complex jigsaw into which the issues of Lebanese trade policy management raised by the inception of the TPU must be fitted.

14. A Bridging Proposal

14.1. In the meantime we propose a "bridging" operation to enable the gradual and uncontroversial evolution of an eventual distinct TPU with a clearly defined role not only in the negotiation and co-ordination of national trade policy but also in the day to day functioning of MET. Such a process will enable the TPU's work to go on while the institutional framework, that will be a key determinant of the dimensions of its role, is constructed around it.

14.2. There are direct benefits in this, in that it avoids interruption or disruption in the work currently being done, and incidental benefits in that a gradual introduction of the new arrangements may increase their acceptance within a somewhat differently organized and motivated existing executive body.

15. Work in Anticipation of the First Lebanese WTO Accession Working Party (AWP),

15.1. The first Lebanese WTO Accession Working Party (AWP) is now scheduled for February 2002. We suggest that the first stage of planning for the setting up of a TPU, that is to say the clarification and strengthening of the "interim arrangements", should be linked with the practical preparations for this event. The mixed team, comprising people from a range of backgrounds and other projects, that currently carries out some key aspects of trade policy co-ordination (Annex B) is led by the Head of the UNDP project. We suggest that he should, in anticipation of succeeding arrangements, function as the Acting Head (AH) of the TPU in areas where it is necessary or desirable to set up such channels of communication quickly. This would be an efficient compromise, and a useful forerunner for this side of the future work of the TPU.

15.2. It may take time, and tact, to resolve definitively the questions of potential or actual conflicts with their other existing duties and obligations for those people who are currently working as de facto support to the Lebanon AWP negotiating team, in such matters as replying to the initial AWP questions on Lebanon's Memorandum of Foreign Trade for example, but are engaged by other projects, or on other contracts. An increase in their current, informal commitment to a conceptual but so far unrealized TPU, without a formal change in their current status, seems a feasible option. Such intensification in the degree of their existing involvement in the formulation of Lebanese Trade policy, and by implication the work of the future TPU, without a formal break with their existing alliances, seems unobjectionable.

15.4. The members of such a group will need to meet frequently, and their geographical nearness to each other will be an advantage. They will need to have a common understanding of how to handle AWP enquiries. Since the topics raised within the AWP may go beyond the confines of their existing experience or knowledge, the members of this group will need to have an agreed demarcation between them of the handling and co-ordination of "new" topics.

15.5. The distribution of subject, or topic, responsibilities set out in the job descriptions contained in the Technical Report of the Requirements for a TPU produced by this Consultancy would be a useful way of allocating the work. Since the number of people currently carrying out the work on WTO Accession approximates closely to the recommended number of distinct positions in the eventual TPU, it seems a good idea for them to develop such roles for the time being.

16. Immediate Institutional Strengthening

16.1. In advance of the first AWP, new arrangements should be introduced, on a trial basis if necessary, for facilitating information flow between the team and the institutional framework of MET in general. At its simplest this could be in the form of a newsletter circulated to all staff, setting out in an approachable way the main objectives of the WTO negotiations and the areas of commercial activity covered by the WTO agreements. News of the date and general arrangements for the first meeting of the AWP and for example the composition of the Negotiating Team (in outline) might be of general interest. Extensions or elaborations of this approach could summarise the Questions already received from WTO AWP members and the kinds of replies that were being made.

16.2. Preparation of the material for a newsletter and other such circulars would be useful practice for members of the group who, at a later stage of the accession process will have to prepare Guidance Notes for Businessmen etc of the implications of the Agreements for their own activities.

16.3. Another aspect of institutional strengthening for which the gradual introduction of the TPU will give time and opportunity is the development of informational/communication links between the team and the traditional Ministry. Occasional briefing meetings by the AH and members of his team for other Divisions in MET, initially perhaps on a voluntary basis, but proceeding to a more regular framework as the need or the demand arises, would set up links, and the acceptance of a sharing of information, that could well lead in time to more direct institutional relationships.

16.4 Benefits might ensue from a more formal framework of relationships between the TPU and the "focal points" in other Ministries and public bodies. This could be achieved by regular meetings chaired by the AH, with other team members present, of which records were kept and notes of agreed conclusions or objectives circulated. It is important for "focal points" to be persuaded of the value and permanence of their contributions. They will be crucial to the later setting up of enquiry points and/or subsidiary TPU/WTO units in their own Ministries which will be the nucleus upon which activities for the implementation of new commitments, procedures and innovations for the globalization of Lebanese commercial activities will be built.

17. Work Subsequent to the First AWP

17.1. The Acting Head (AH) of the TPU needs to establish a direct contact and working relationship with the member of the WTO Secretariat who will be directly responsible for Lebanese Accession and thereby the focal point for it within WTO. He will send, and receive replies on the (increasingly large) volume of electronic correspondence that will begin to flow between Geneva and Beirut. On questions of drafting and redrafting of the Accession Documents this will be a very important, and at times hard pressed, channel of communication.

17.2 The AH will similarly need to establish personal contact with at least the Heads of the principal and most active Delegations of WTO Member Countries on the AWP. Although AWP Delegations from the acceding country are usually headed by a Minister, who formally represents his/her country, and thereby can be quoted in the AWP Report (one of the key Documents to be submitted to the WTO Council on the completion of the process) as giving formal and binding undertakings, the other delegations are headed by senior trade officials who will expect to communicate directly with a Lebanese official outside the AWP on the clarification of detail and the making of arrangements for subsequent meetings and bi-laterals etc. Dialogue on the content and implications of Lebanese commitments undertaken in the AWP is not confined to the AWP itself, and at later stages of accession can become frequent, intense and very time-consuming.

17.3. Accession Working Parties always seek a great deal of detail, not just on the existence of "new WTO compatible regulations" but for example as evidence that all the relevant implementing legislation is in place and that there is a qualified and fully equipped administration at all levels to carry it out. Many acceding countries, which were confident that their own initial legal redrafting met WTO requirements, have found themselves in extended dialogues and have had to undertake a considerable amount of further work.

18. Sustainability of the TPU's Contribution to Institutional Restructuring

We commented, as early as the Interim Report,

- **Current international trade work in MET is done by able and experienced staff, effectively, and with application and speed. But they are almost exclusively employed under short-term contracts, within limited projects financed by donors. Such people report directly, or through the framework hierarchy of their own project, to the Minister.**

- They will- in the absence of a continuation of their projects, or an immediate follow-on project with a related topic, leave at the end of their project to pursue other work and opportunities outside the formal administration. Contacts between such projects and parts of, or individuals within, the formal structure of MET, with apparently parallel or complementary interests, are informal, ad-hoc and depend entirely upon the individuals concerned.
- **Thus there is an urgent need to set up an institutional structure capable of negotiating, implementing, and then managing a package of complex and far-reaching commitments, such as those currently being negotiated with the EU and the World Trade Organisation, which affect the whole spectrum of Lebanon's expanding trade relationships in the global economy. Such Commitments will not be properly understood by successors of contract employees who have no direct experience of the derivation of the new responsibilities.**
- Apart from the excellent but impermanent contract staff, the Minister has few senior experienced staff within the administration to give him reasoned, seasoned advice on key issues. This highlights the importance of the role of the Director General for Economy and Trade. We believe it is inevitable that this key post must be central to the management of the "new economy", and that it will undergo significant evolution in the next year or two.
- **The main issue that has struck us, immediately, and with force is the question of the sustainability of all that is currently being achieved.**
- Nearly all current achievements, and many of them are impressive given the small number of people involved, depend crucially upon their initiators. They seem, so far, to have made little impact upon the Lebanese administration as a whole. **Without succession planning, and a programme to promulgate and share the resources currently concentrated in a few gifted and very mobile individuals, by direct training of others and wider efforts such as seminars and workshops, and a "cascade of experience and expertise", this invaluable, and perhaps irreplaceable, investment will be lost.**

This all remains valid. The Strategy and Institutional Strengthening Papers have expanded on the factors affecting sustainability and the relatively limited influence that this short Consultancy can have. We have nevertheless made what suggestions we can.

19. Implications for Subsequent Work, the MSC.

19.1. The linked MSC must be agreed and launched as soon as possible, preferably no later than July 2002 and must continue, expand and consolidate the work of this Consultancy.

20. Summary and Conclusions

20.1. We believe that the wider objectives of an across-the-board modernization of Lebanese institutional capacity, and the far reaching re-organisation of MET needed in the longer term, which are the business of other projects with larger budgets and resources and much longer time-scans, may still take an appreciable time to deliver. We have suggested that the formal establishment of the TPU, for which we have provided technical specifications, and guidelines on its organisation and conduct of business, be phased in over time against the background of larger developments.

20.2. Compatibility must be secured and maintained between a formal TPU, with a clearly defined role not only in the negotiation and co-ordination of national trade policy but also in the day to day functioning of MET, and larger objectives for the restructuring of MET and the overall reform of institutional capacity for policy formulation in Lebanese central government.



We are convinced that in terms of long term acceptance and sustainability of results, this is an over-riding objective; and one that can not be obtained without patience and perseverance.

20.3. Although we have made a number of suggestions and recommendations that will help, achievement of the overall goal is outwith the scope of, and the timeframe of quantitative predictions that can reasonably be made by, this project. Such matters should, as soon as possible, be set as outputs and deliverables for the follow-on Management Support Consultancy.

Dr P A Cocking.

Team Leader.
EU Framework Consultancy.

13 November 2001

Annex A

Timetable for the Introduction of a formal TPU. "Milestones"

Action	Milestones	Date
1. Announce Plans for a Formal TPU and its functions;		Dec 01
2. Announce Open Competition for jobs in TPU		Feb 02
3. Selection Board for principal TPU posts (and cadre replacements?)		June 02
4. Formal Installation of TPU		Sept 02
5. Announcement of Members of TPU and roles		Sept 02
6. Handover interim TPU to formal TPU		Sept 02 for next AWP
7. Announce Structural links TPU/MET		Sept 02
Parallel Milestones		
1. Consult EU on date, terms of reference, of following MSC		Nov 01
2. MSC starts work		before July 02
3. MSC updates Consultancy work on TPU		August 02

الجمهورية اللبنانية
مكتب وزير الدولة لشؤون التنمية الإدارية
مركز مشاريع ودراسات القطاع العام

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