

# **Project Document Outline**

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**PART I**

**INTRODUCTION**

# MINISTRY OF FINANCE

UNDP PROJECT LEB/92/017

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## PROGRESS REPORT FOR 1999 AND 2000

The Revenue Enhancement and Fiscal Management project - REFM seeks to support Government efforts to enhance revenues and strengthen fiscal management. In this context, it is providing the Ministry of Finance with economic policy support and reforms coordination. The project also acts as catalyst for mobilizing technical assistance and additional external support to the Ministry of Finance. Furthermore, the project is expanding to help the Ministry of Finance in implementing the reforms incorporated in the five-year fiscal adjustment program of the Government, whose primary aim is to secure sound fiscal policy conducive to economic growth. The project has extended support to the Ministry of Finance in the form of consultants, training, and improvements in methods and work environment.

The project was launched in March 1995 with an original budget of USD 685,000. It is now expanded to the end of 2001 with a current budget of USD 5,281,925. During the last twenty months, the project was also able to mobilize parallel technical assistance in the vicinity of USD 3.5 million.

### Summary information on the project:

Project Number and Title	Executing <i>AGENCY</i>	Project starting date		Project completion date	
		Originally Planned	Actual	Originally Planned	Current estimate
LEB/92/017/D/01/99	Government	<i>December, 1994 (Revised Project "D")</i>	<i>March 1, 1995</i>	<i>December, 1997</i>	<i>December, 2001</i>

The project’s implementation arrangement consists of a project implementation team (19 employees in total) distributed according to the following components:

<b>Section / Unit</b>	<b>Staff</b>
Project	Project Director Accountant (supervising the accounts of all project components)
Economic and technical support unit	Four Economists and Legal Analyst
Customs Administrative Component	Component Manager Development Expert
Cadastre Component	Implementation Coordinator
Tax revenue component	Taxation consultant
Office of the Minister	Head of Minister’s Office National Accountant Expert Public Expenditure Expert Assistant to the Minister
Project Support Staff	Four administrative assistants

The success of this project will be measured by its ability to provide the Ministry with the needed support and assistance in managing certain key issues: developing strategy and policy formulation for the Ministry, preparing and monitoring major reforms conducted by the Ministry, providing support for the potential change management within the Ministry of Finance and insuring the transfer of know-how to the administration.

Beneficiaries within the various components of the Ministry and at different levels, as well as local and international institutions in contact with the project recognize the level of professionalism, the positive and beneficial role played by the team and all components of the project<sup>1</sup>.

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<sup>1</sup> Within the country assistance strategy of the World Bank, which emphasizes economic stabilization and rehabilitation and modernization of key institutions, USD 19.94 million is provided to the Ministry of Finance for the Revenue Enhancement and Fiscal Management Project. In this context, the Bank conducts periodic assessment of the projects it supports. In particular, in its latest Country Project Performance Review, the World Bank assigned a “highly satisfactory” rating to the project management and a “satisfactory” rating to the project development objective and the implementation progress.

**Technical Assistance For Revenue Enhancement  
(Project ID: P005340 -- Loan/Credit No.: 3770)**

Project Performance Ratings						
<b>Summary Ratings:</b>		<i>Last</i>	<i>Now</i>	Resettlement	NR	NR
Achievement of PDO		HS	S	Environment	NR	NR
Implementation Progress		S	S	Environmental Plan	NR	NR
<b>Other Ratings:</b>				Financial Covenants	S	S
Counterpart Funds		S	S	Other Legal Covenants	HS	HS
Project Management		HS	HS	WID Impact	NR	NR
Procurement		S	S	Monitoring & Evaluation	NR	NR
Project Component Ratings				Cost	Last	Now
CUSTOMS ADMINISTRATION				3.2	HS	HS
CADASTRE AND LAND REGISTRATION				18.7	S	S
OTHER FISCAL ACTIVITIES				2.2	HS	HS
PROJECT IMPLEMENTATION TEAM				2.2	HS	HS

*Notes: HS=Highly Satisfactory; S=Satisfactory; U=Unsatisfactory; HU=Highly Unsatisfactory; NA=Not Applicable; NR=Not Rated; Cost in US\$M*

Source: WB, CPPR 2000

**Main developments during the reviewed period:**

The project proved, during the last twenty months, its capacity to execute efficiently its responsibilities and to achieve expected results based on its terms of reference: the work program for fiscal reforms, reform coordination, technical and policy advice to the Ministry. The project also proved its relevance to reform needs including modernization of fiscal policy (including the fiscal reform program) and financial systems.

The various components of the project helped improve the performance of the Ministry of Finance and increased the involvement of the administration in the reform program.

The sustainability of the various activities of the project was proven even throughout the latest transition in Government and change in the Ministry's management. In addition, the project acted as a catalyst in pooling resources; indeed, it has persuaded a number of additional donors and lenders to finance other rehabilitation projects within the Ministry of Finance.

The project staff showed competence, dedication and effectiveness in their work and in their level of professionalism as well as their commitment to the objective of the project and the support to the Ministry of Finance in its effort for reform.

### **Future prospects and recommendations for the development of the project**

This multi-purpose project is supporting a key Ministry in the reform process (both administrative modernization, policy formulation and implementing fiscal reforms). It has proven essential in ensuring success and sustainability of the Government's reform effort. Therefore, certain elements should be provided in order to ensure sustainability of the project, amongst them:

- Developing an integrated approach for the reform program within the Ministry of Finance, with a tight and well-defined coordination mechanism between the various components of the reform, and eventually the possibility of integrating the coordination of the various reforms within the program. This strategy will ensure coherence of reforms and rationalize the reform strategy.
- Establishing, with the administration, a detailed work program specifying the modalities of certain functions, including resource mobilization and the related implementation arrangements. This transmission will secure the continuity of changes and functions introduced in the Ministry.
- Recruiting additional staff for specialized tasks and expanding the number of civil servants working within the team as full timers (for certain period of time). At a later stage, these civil servants will be integrated within various departments in order to ensure transfer of know-how and sustainability for the implementation of the various reforms.
- Revising the scope of the current project document in order to capture certain activities handled by the team such as the following:
  - New activities and functions developed by the projects (Money laundering, information distribution, etc.),
  - The evolution toward new phases for the various projects (NAJM, public expenditure management, 20-20 initiative project, etc.),
  - The support for the reform process needed at the Ministry of Finance (debt management, VAT, etc.).
- Strengthening the integration of the project within the Minister's team and its functioning as a cabinet for the Minister. This assimilation has proved to be essential for the project to fulfill its mission and to implement efficiently the various components. Moreover, special attention should be awarded to ensure smooth adaptation during the Government's transition periods in order to avoid any delay in implementation of reforms.

- According to its current budget, the project will expire by the third quarter of 2001, prior to the full implementation of all the project's components with certain activities remaining at a risk of un-sustainability. Given the importance of this project for the reform process within the Ministry of Finance and its implication in the strategy formulation of the Ministry, action should be taken in order to ensure the continuity of the project, the availability of sufficient resources and a good working environment for the project team.

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The aim of this document is to highlight critical milestones within the project during the last two years and to present its role as a platform for the implementation of various reforms conducted by the Ministry of Finance.

- The first part of the document summarizes the activities conducted by the project in providing economic and other technical support to the ministry.
- The second part presents the reform program coordinated or supervised by the project.
- The last part of this document provides an overview of the involvement of the project in supporting the five-year fiscal adjustment program of the Government for the year 2000 and beyond.