



1. Project Data:		Date Posted : 04/01/2004	
PROJ ID: P034035		Appraisal	Actual
Project Name: Lb-admin. Rehab.	Project Costs (US\$M)	20.0	19.79
Country: Lebanon	Loan/Credit (US\$M)		
Sector(s): Board: PS - Central government administration (100%)	Cofinancing (US\$M)		
L/C Number: L3930			
	Board Approval (FY)		96
Partners involved :	Closing Date	12/01/1999	12/01/2003

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2. Project Objectives and Components

a. Objectives

The project's main objective was to assist the Government in the implementation of the National Administrative Rehabilitation Program (NARP). It focused on the core tasks of administrative rehabilitation and fostering reform .

b. Components

There were three main components: Part A, Information Technology and Office equipment; Part B : Civil Service Census; and Part C (revised component): Institutional assistance to the MoF . Para. 20 of the President's Report specifies that five specific reform actions were expected to be completed during the first year-and-a-half of implementation, and that their achievement, plus the progress of administrative reform in general, would form a major subject for the Mid-term Review of the Project in early 1997. Of the five reform measures, none were achieved by 1997, necessitating the first major restructuring, and these were not substantially achieved, even by project closing (see Sections 3, 5, and 6 below). The five reform actions were: (i) performing a civil service census; (ii) removing from the payroll "identified irregularities"; (iii) completing a job classification and grading review; (iv) completing a review of control and audit procedures; and (v) completing a review of civil service regulations.

c. Comments on Project Cost, Financing and Dates

The project was approved on August 3, 1995 and was meant to close on December 1, 1999, but it closed four years later (December 2003) after four extensions. Project costs were estimated at \$20 million and actual costs (Bank disbursements) were \$19.8 million. In 1999, \$5.4 million was reallocated from non-performing components to help build policy-making capacity in three core ministries (see Section 3 below).

3. Achievement of Relevant Objectives:

The political environment and post-conflict setting made this a very difficult project -- during the Civil War, most paper records were destroyed, limiting the ability of Lebanese public administration to account for any transaction either before or after the war. The project focused on reconstructing these archives, digitizing the information where possible, and making it quickly available to the public. Archival systems were provided for the whole of the public administration, and especially the National Archives. A system of document protocol was set up and put in place. More than 300,000 land titles were reconstructed and recorded, along with over 600,000 land parcels by the land cadastre system. Procedures were made uniform and extended to the whole of government. The Government now has an archival system that is among the most reliable in the region.

The project was overseen by the office of the Minister of State for Administrative Reform (OMSAR). The project underwent several amendments, and two major restructurings, as a result of which project design was materially altered. In the 1997 restructuring, the Public Service Improvement Fund (PSIF) was created to reallocate amounts away from poorly performing subcomponents of the project. Unlike the original design, which aimed at rehabilitating most ministries and agencies, the PSIF was demand-driven. Agencies were encouraged, but not required, to submit proposals to support reform and rehabilitation initiatives under strict selection guidelines. The PSIF enabled agencies to submit proposals to support reform and rehabilitation initiatives under agreed selection guidelines. Procurement functions for goods and services financed from the ARP Loan were transferred from the Council for Development and Reconstruction (CDR) to OMSAR to expedite procurement and facilitate lagging disbursements. The end result of this modification was to narrow the scope of the project's benefits to a few interested agencies. Under ICR guidelines and OED's own guidelines, the project is rated against the original objectives.

In the re-allocation of the \$5.4 million (mentioned above) the reforms were partial. rather than comprehensive rehabilitation. As a result of these modifications, the Ministry of Finance (MoF) received funds to: (i) improve tax administration; (ii) introduce the Value Added Tax; (iii) deploy a computerized communication framework; and (iv) extend customs modernization; (b) the Ministry of

Economy and Trade (MoET) received funds to (i) assist the program for WTO accession, (ii) support the policy unit within the Ministry and design an institutional framework for consumer protection; (c) the Ministry of Transport (MoT) received funds to establish an institutional framework for private participation in the ports of Beirut and Tripoli and to develop and implement a Civil Aviation Strategy.

Part A Information Technology and Office Equipment *Satisfactory*

This component was basic and uncomplicated. It trained 1600 government employees in information technology, including 300 management staff. The project procured 5,000 computers, in addition to equipping most public administrations with IT equipment. Priority information systems were made available to selected administrations, and network infrastructure was installed in 35 public agencies. OMSAR worked together with MOF to deploy a government wide area network (GovNet). Under the purview of the Ministry of Economy and Trade (MOET), a national IT committee was set up in 1998 to pursue the national IT agenda in promoting information technology in support of the Lebanese economy and public service delivery. A comprehensive "E-governance Strategy for Lebanon" has been established (the first of its kind in the Middle East), which establishes criteria for utilizing information technology to foster a more customer friendly focus within government. In addition to basic office equipment (telephones, faxes, etc), most government ministries and departments now have a website. There is a centralized portal for government systems where information is now available to the citizenry. The site averages 6,000 hits a day (*www.informs.gov.lb*)

Part B Civil Service Census *Unsatisfactory*

Problems in cooperation between the Civil Service Board (CSB) and OMSAR on matter of civil service concerns led to the dropping of this component, and the reallocation of the funds to PSIF. A civil service survey was conducted, but it was quite different in methodology to what the Bank envisaged. While some important progress in collecting and systematizing databases was achieved, the government information base on personnel remained cumbersome and unreliable. Although hundreds of "ghost employees" were removed from the files, thousands more remained on the files, perpetuating the problem of "inflated personnel costs." This is a serious issue and goes to the heart of the operation. A committee was formed in 2000 to consolidate the human resources databases. The education census was not completed. The work on the creation of schools/teacher/student management information systems experienced delays and was not implemented.

Part C Institutional Assistance to the MoF, MoET, and MoT *Unsatisfactory with respect to original objectives*

Under the revised components (not the original design), the project helped to build capacity in the MoF and MoET by modernizing the design and management of trade policy and its links to the formulation of economic policy by these two ministries. In the MoF, the project helped to complete the design and installation of an area network (WAN) connecting various departments and allowing them to exchange data. Regional offices within the Ministry of Finance are now able to connect to central office and to exchange information among the different services with regard to budget preparation, revenue administration and related matters. The MoF purchased and installed various computers and improved its software. Personnel of different agencies within the MOF was trained in the preparation of the budget, using the improved IT equipment, thus shortening the process of budget preparation and increasing its accuracy. The ICR focuses too much detail on hardware aspects (machines, software licensing agreements).

As regards tax administration, the project assisted in designing the strategy and the implementation plan for the introduction of the VAT in 2002. Set at 10 percent, it is expected to yield LL 800 billion in revenues per annum, or the equivalent of 4 percent of GDP. The revenue impact is expected to be drawn equally from imports and domestic production, and between goods and services. These are estimates, not actual results yet, as it is too soon to establish a trend line.

The MoT used its allocation to create a Transport Regulatory Unit (TRU), responsible for legal and policy advice. TRU presented two studies for parliamentary approval: institutional framework for private participation in the ports of Beirut and Tripoli; and Civil Aviation Overall Strategy for the implementation of an "open skies policy". The study was considered satisfactory, but it has not been followed-up.

Facilitating interaction between the private sector, foreign investor and the government of Lebanon through institutional development assistance to the MoET enabled the creation of one/stop shops/Trade Information Center (TIC) where all technical controls are available online and handled electronically through the Trade Information System. Today, the TIC is the most used e-government service provided in Lebanon, with over 12,000 hits and several hundred transactions being handled daily.

These achievements are noteworthy, but they do not compensate for the lack of progress on the five critical reform actions listed in the President's Report and which are cited in Section 2 above.

4. Significant Outcomes/Impacts:

Despite the difficulties it faced, and the numerous changes of governments, OMSAR achieved a significant amount : most notable was the long-term administrative reform strategy that was adopted by the Council of Ministers, and the job descriptions program that was completed and submitted to the Civil Service Council for implementation . In addition, OMSAR helped to implement a number of Information and Communication Technology (ICT) projects for most ministries ranging from network infrastructure to office productivity tools . The project agencies conducted good quality background work to prepare and assist the process of administrative reform, but only a few of the recommended initiatives led to tangible reforms initiatives on the ground . Line ministries were not invested with the responsibility of implementing the reform plans . The end result is that the studies, as the ICR notes, have remained unused, "merely collecting dust", and occasionally being repeated when funding was offered from different donors . This raises concerns about the prospects for the effectiveness of continued administrative reforms .

5. Significant Shortcomings (including non-compliance with safeguard policies):

1. The Bank under-estimated the intransigence of the government institutions, a factor which weakened the coordination capacity of the Government and its ability to oversee and carry out the various components . Project

preparation should have involved the prospective implementing agencies more closely, which would have shored up their commitment to a more timely completion of the administrative rehabilitation program .

2. Project implementation took 8 years and not 3 years, as estimated by the Bank in the lending stage . Project preparation would have benefited from first helping to build more capacity in the institutions of the Lebanese Government and then designing a comprehensive administrative reform program (instead of going through project restructurings), which may have led to faster implementation in the end .

2. Lack of Government direction -- the Administrative Reform Strategy was endorsed by the Cabinet, yet no indication was given by the Cabinet about how the strategy should be implemented, what its timeframe might be, or who should be responsible for the actions contained in it.

3. Some 54 percent of the project funds was spent on procuring information systems and equipment . Yet the economic costs and benefits section in the ICR is blank . Estimates could have been prepared on the rate of return of the Government's investment in I/T infrastructure (increases in speed of work, productivity improvements, etc .).

4. There was a lack of reliable indicators at the outset of the project and for most of its implementation period . OMSAR in its letter of Borrower comments states that "performance indicators or benchmarks are recommended before the implementation of a project".

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Moderately Unsatisfactory	The achievements under Part A are limited essentially to information technology and do not achieve the five critical actions cited in Section 2 above. Part B (the civil service census) was not done satisfactorily, and while Part C (revised components) did achieve the specific outputs cited, the overall outcome of the project is moderately unsatisfactory, given the original design .
Institutional Dev .:	Substantial	Modest	The components for MoF, MoET and MOT helped to bring improvements in these ministries. OMSAR has been built-up and now exercises a central role in coordinating the administrative reforms and in measuring progress. However, there was a lack of progress indicators in OMSAR (and in the project), which is mentioned in OMSAR's comments attached to the ICR.
Sustainability :	Likely	Unlikely	As a result of the project, OMSAR has come to occupy a coordinating role on public administration aspects, but it will need to have stronger support from the Cabinet and the Parliament for sustainability to be likely . The constitutional set-up requires that both heads of the Executive branch and the Legislative branch be consulted and provided with information on which to make key decisions.
Bank Performance :	Satisfactory	Unsatisfactory	The project was appraised too quickly and was not ready for implementation . There was not an institutional infrastructure in place. The original project design set much too short a timeframe for implementation. In the early years excessive changes in task team leadership and slowness in addressing

			project implementation difficulties contributed to delays. Four extensions with six months apiece in two of the instances were too short to accomplish the necessary improvements. The monitoring indicators in Annex 1 of the ICR are very general, reflecting insufficient specification of outcome indicators during implementation. Supervision improved in the last two years, but it does not outweigh the unsatisfactory quality at entry and the inadequate supervision in the first four years. The fact that this was a post-conflict situation meant that extra-close attention needed to be paid to promptly resolving the lingering problems throughout implementation.
Borrower Perf .:	Satisfactory	Unsatisfactory	Lack of effective government coordination. Frequent changes of policymakers hampered Governmental oversight and direction. Satisfactory performance by the Project Implementation Unit (PIU) in OMSAR did not compensate for overall lack of Government direction.
Quality of ICR :		Unsatisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. In post-conflict countries, close supervision is especially important. Changes in Government (there were five different governments during this period) made matters worse as regards taking decisions and tracking progress. Lack of continuity on the Bank side compounded matters.
2. Well qualified and well paid PIU staff need to be mainstreamed into the regular civil service. OMSAR tended to operate in an enclave manner.
3. The Annex 1 indicators are very general. In order to have a handle on tracking actual progress, specific indicators including on outcomes in addition to outputs, should have been included.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR should have had a full analysis of the project's original design and early implementation difficulties. The author did not consult with the original task team leader in the lending stage. In order for ICRs to be complete, they need to include such consultation. This issue is clearly flagged in the ICR guidelines.