



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Partnership Committee

First Meeting

Grand Sérail, 18 December 2007

With support from World Bank, Post-Conflict Grant to Set an Aid Monitoring and Reporting System and Financial Management Arrangements at the Ministry of Finance



Presentation Outline

1

Partnership Committee

2

MoF Donor Coordination Unit

3

Follow-up on Core Group Meeting (Oct.07)



Partnership Committee (PC)

Expected
outcome of the
first meeting

- Establish the basis and set in motion the process to deepen policy dialogue on aid and development and to ensure increased effectiveness and efficiency of aid

PC

- Endorse ToR
- Get organized (frequency of meetings; work plan; ...)

DCU

- Endorse mandate and role
- Approve operating principles



The Partnership Committee will guide and oversee external assistance to Lebanon

Terms of Reference

- To set and revise general guidelines for DCU operations
- To provide strategic guidance, address cross-cutting issues and impediments to execution, and review results on the ground
- To ensure rational allocation of donor funds among the different priorities, recipients and implementing entities, consistent with the government's economic reform framework
- To raise funds from current and potential donors to help finance priority activities
- To provide guidance on matters affecting the efficiency, effectiveness, economic and financial sustainability of donor-funded programs and investment projects
- To support initiatives aimed at building the capacity of public financial management and of recipients and implementing entities, and
- To monitor progress reports submitted by the implementing entities and transmitted by the DCU



Partnership Committee

Organization of work

- Membership: Key government entities and main donors; at decision-making level
- Work by consensus; advise MoF/Government
- Frequency of meetings: Monthly/every six weeks
- Support: MoF DCU
- Work plan for 2008; potential subjects next meetings



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MoF Donor Coordination Unit: Overview

Focal entity within government dedicated to :

- ✓ Track sources and uses of aid and regularly report on donor and aid performance
- ✓ Follow-up on donor pledges and commitments
- ✓ Forecast external funding needs and mobilize aid
- ✓ Promote and improve aid effectiveness
- ✓ Coordinate and develop partnerships with donors. Facilitate partnerships of donors with national entities, public, private and NGOs

To guide and oversee the coordination of external assistance to Lebanon: **Partnership Committee**

To foster internal coordination within government: **Working Group on Aid Management**





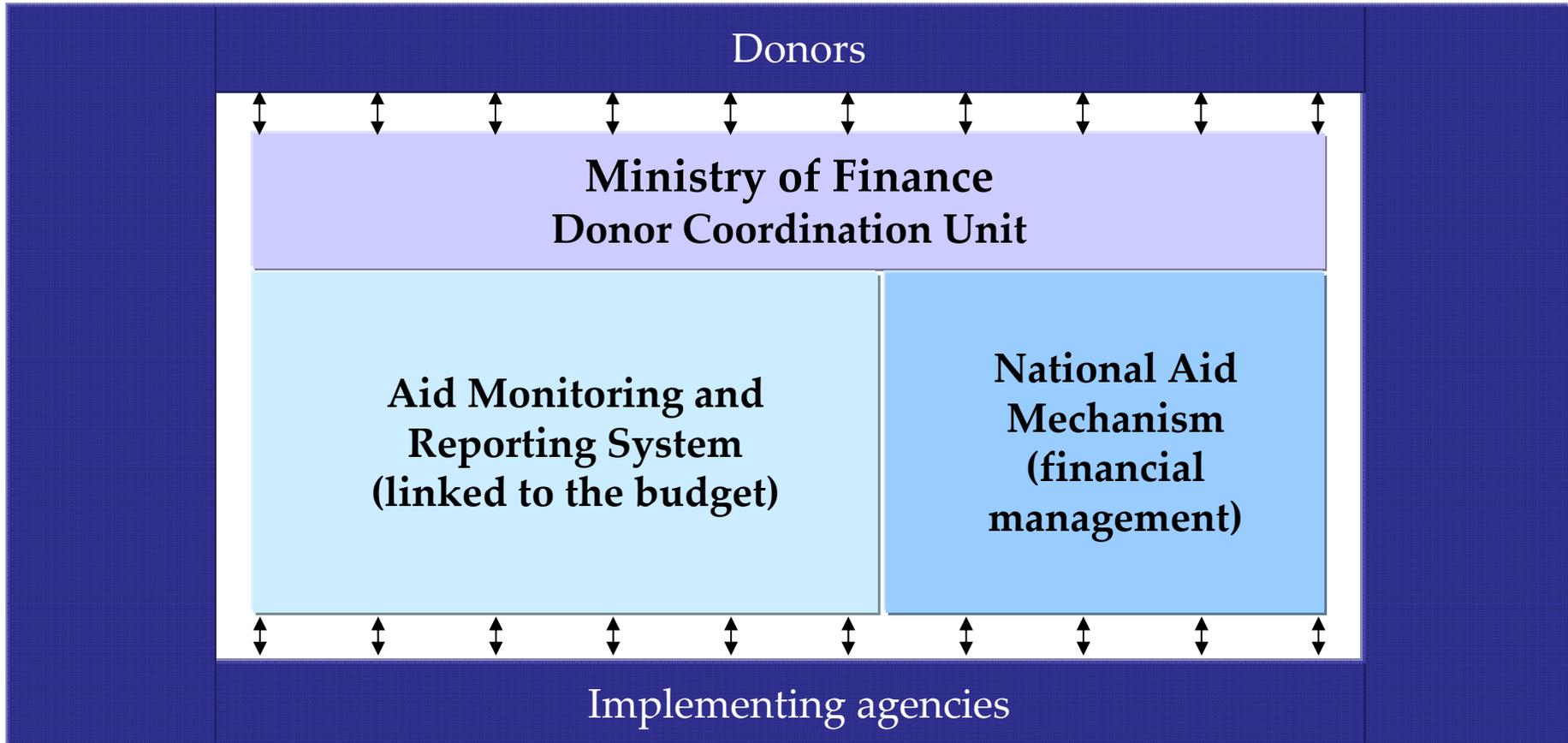
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Donor Coordination Unit: Operating Principles

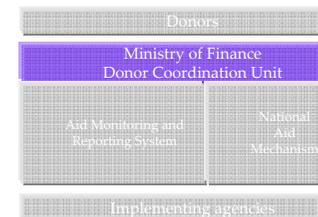
Recognize the ownership and leadership of the Government of Lebanon	in the economic reform and reconstruction and development efforts
Empower the mandate of the MoF	as focal entity for external assistance
Reinforce and develop partnerships	between government and donors to ensure both aid effectiveness and development effectiveness
Foster effective donor coordination	within the context of DCU as an aid coordination and management structure
Maintain full transparency in the process	including establishment of transparent financial management arrangements
Foster mutual accountability	between the government and the donors in the allocation and utilization of funds
Recognize the need to build the capacity of national recipients and implementing entities	to carry out agreed programs and investments transparently and efficiently and to ensure that the allocated funds are used for the purpose intended
Recognize the role of the private sector and civil society organizations	in helping to achieve the country's reform and development efforts



The GoL has established a structure for donor coordination and a system for aid management



Donor coordination architecture at the national level



To exchange information, to increase dialogue and to promote transparency of the aid effort

Government – donor coordination

- Quarterly donor information meetings, including progress reporting on reform and aid commitments
- Sector/thematic meetings

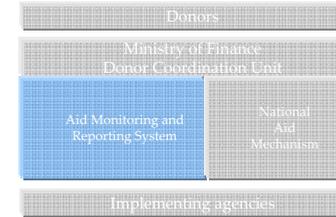
Internal

- Working Group on Aid Management

Tools for donor coordination being developed and promoted: Aid Coordination Newsletter; MoF webpage donor coordination ...



Aid monitoring and reporting system - Objective

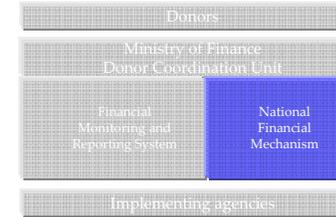


The objective is to help monitor and report on donations provided to Lebanon by giving a comprehensive view on sources and uses of funds, from pledges to implementation.

- The system will serve as a coordination tool for the different implementing agencies, and donors to support resource mobilization for priority needs in a transparent and accountable manner.
- The system will be linked to the Ministry's budget process and accounting system to ensure better reporting of revenues and expenditures.
- The system will be auditable, accessible to the public, comprehensive, and complimentary to and will interact with existing systems currently in Lebanon.



National Aid Mechanism (financial management)



MOF is developing the procedures for a National Aid Mechanism - to channel donor funds to the GoL, whereby GoL is responsible for implementation on a defined set of procurement and financial management guidelines and procedures - based on:

- ✓ Streamlined processes and harmonized procedures for financial management
- ✓ Mechanism for financial management of pooled donor contributions, including periodic audits by external auditors
- ✓ Mechanism to receive and investigate complaints and/or queries
- ✓ Process for spot verification/audits



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Follow-up on Core Group Meeting

(20 October 2007, Washington D.C.)

Government request to donors to consider converting pledges made for new (public sector) projects that are not required for new projects:

- Financing of components of the public investment program that would otherwise have to be covered from the govt.'s budget
- Financing of the remaining gap for financing of war-related expenditures
- The remainder to be converted to direct budget support to help Government achieve the objectives envisaged in the reform programme at Paris III



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Thank you

Grand Sérail, 18 December 2007