



AID DEVELOPMENTS

European Commission funds three new projects, for a total of Euro 30 million, benefitting the Government of Lebanon

On 12 January 2012, the European Commission announced the following three new grant agreements, which received Council of Ministers approval in December 2011, during a meeting between the European Union Ambassadors and the Lebanese Prime Minister:

- 1) **Developing National Capability for Security and Stabilization Program (SSP):** The project has a Euro 12 million budget and will be implemented during the 2012-16 period. It aims to increase State functionality in sectors identified as more critical for stability and security, and to promote public understanding of security, the perception of risk and the expectations of people in relation to the provision of security services through three components: a) integrated border management; b) rule of law and fight against crime; and c) people centered security sector reform.
- 2) **Policy Planning and Governance Program (PPG):** The project has a Euro 9 million budget and will be executed during the 2012-16 period. The project aims to improve strategic planning and to significantly enhance accountability for results and procedures within the Lebanese Administration. It is structured around three main pillars: strategic planning and human resources, simplification of procedures, and control and procurement. The project will be implemented by the Office of the Minister for Administrative Reform (OMSAR)
- 3) **Support Program for Infrastructure Sector Strategies and Alternative Financing (SISSAF):** The project has a budget of Euro 9 million and an execution period of 48 months. The project aims to improve the efficiency and effectiveness of service delivery and financial sustainability in the Lebanese sectors of water, energy and land transport. The project will benefit the Council for Development and Reconstruction and the Ministries of Energy and Water, Public Works and Transport and Finance.

Denmark supports Palestinian refugees

On 2 February 2012, the Embassy of Denmark announced a \$2 million grant from the Government of Denmark to the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) for Palestinian refugees in camps in Lebanon and Gaza.

International Finance Corporation invests in the insurance sector

On 5 February 2012, the International Finance Corporation (IFC) announced a \$124 million investment in Lebanese-owned regional insurer Mediterranean and Gulf Insurance and Reinsurance Company (MEDGULF) to help the firm extend its health and commercial risk insurance services across the Middle East and North Africa, where low coverage rates hinder economic development. The acquisition, which represents up to 15 percent equity stake in MEDGULF, aims at supporting the company expand its operations into Egypt, Turkey and Iraq and institutionalizing best practices in the insurance sector and boosting IFC's efforts to promote economic development through supporting private enterprise across the region. In 2011, IFC had invested over \$2 billion in regional private equities, focusing investments on small and medium enterprises.



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World Bank finances the Greater Beirut Water Supply project

On 16 February 2012, the World Bank and the Government of Lebanon signed a loan agreement for \$200 million for the Greater Beirut Water Supply project. The overall cost of the project is \$370 million to be financed partly by the World Bank, and partly by the Beirut and Mount Lebanon Water Establishment (\$140 million) and the Government of Lebanon (\$30 million). The project is designed to deliver 40 million cubic meters of clean and reliable water from the Awali River to the citizens of Beirut and to areas around Beirut below 300 meters from Khalde to Nahr El Mot. The project will also strengthen the capacity of the Beirut and Mount Lebanon Water Establishment, the utility responsible for the operation and efficiency of the urban water supply in the area. The World Bank Board of Directors approved the loan on 16 December 2010 and the Council of Ministers approved it in October 2011.

Norway supports Palestinian refugees

On 22 February 2012, the Embassy of Norway announced a new grant of \$2 million for Restoring Dignity, a fundraising appeal for the work of UNRWA. Part of the grant will go towards rebuilding a fourth school in the Nahr El Bared camp.

Food and Agriculture Organization supports the Ministry of Agriculture

On 22 February 2012, the Food and Agriculture Organization and the Ministry of Agriculture announced a new project, which aims to help Lebanon set up an agricultural management policy for the seeds and seedlings sector. The objectives of the 18-month project are to upgrade the legal and regulatory framework governing the sector, train producers and ministry staff on more effective management of seed and seedlings.



AID COORDINATION

The Ministry of Finance issued a mechanism on registering cash grants in the General Budget

On 1 February 2012, the Ministry of Finance, issued circular 376/S1 notifying spending agencies of the new procedures to register cash grants in the General Budget. With the assistance of the World Bank Emergency Fiscal Management Implementation (EFMIS) project, the Ministry of Finance developed a mechanism to report cash grants in the general budget and to channel these grants into the treasury accounts, representing a step towards more consolidation of public accounts and towards the establishment of a Treasury Single Account. The mechanism ensures adequate control by the beneficiary, as per the requirements of donors, while maintaining proper conformity, compliance and transparency of the public finance management of the government. The mechanism states clearly that all cash grants should be registered under treasury Account 36, under a sub-account dedicated for grants and loans. At the same time, the received grant will be reported as exceptional revenue in the general budget and will be appropriated to the beneficiary agency as expenditure.

The major steps to be followed as per the circular are:

- 1) Issuance of the Council of Ministers decision accepting the grant and opening relevant appropriations within the General Budget
- 2) Transferring the money to the Ministry of Finance -Sub-account of grants and loans for the treasury- at the Central Bank based on Circular 3733/S1 issued on the 12th of December 2011
- 3) Creating a special account specifying the name of the project/program funded by the grant under account 36
- 4) Request for an urgent budget advance allowing the transfer of the money from the main account into the special account
- 5) Transferring the cash to the account so that the beneficiary agency can implement the planned activities of the grant according to the pre-set financial and procurement arrangements of the donors
- 6) Reporting the grant into the treasury accounting system as appropriate