

PD-GAC 127

ADD 8C, Ch 8, HB 3 (TM 3-35)

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1 TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>2</u>	DOCUMENT CODE 3
2 COUNTRY/ENTITY Lebanon		3 PROJECT NUMBER 268-0312		
4 BUREAU/OFFICE NE/PD/SJLO		5 PROJECT TITLE (maximum 40 characters) TA for CDR		
6 PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 1 2 3 1 8 4		7 ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <u>78</u> B. Quarter <u>3</u> C. Final FY <u>84</u>		

8 COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY <u>78</u>			LIFE OF PROJECT		
	B. FX	C L/C	D Total	E. FX	F L/C	G Total
AID Appropriated Total						
(Grant)	(1,000)	()	(1,000)	(300)	()	(2,300)
(Loan)	()	()	()	()	()	()
Other	1					
US	2	625			250	875
Host Country						
Other Donor(s)						
TOTALS	1,000	625	1,000	300	250	3,175

9 SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1 Grant	2 Loan	1 Grant	2 Loan	1 Grant	2 Loan	1. Grant	2. Loan
(1) ESF	930	720		1,300		1,000			2,300
(2)									
(3)									
(4)									
TOTALS				1,300		1,000			2,300

10 SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12 SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13 PROJECT PURPOSE (maximum 480 characters)

To finance the cost of short and long term advisors and equipment to assist the CDR in developing reconstruction, plans, projects and for management of Lebanon's reconstruction.

14 SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

0 0 0 0 0 0 0 0 0 6 8 5

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 16 page PP Amendment.)

Project is amended to add \$1,000,000 to LOP funds.

17 APPROVED BY

Signature: *William R. McFadyen*

Title: AID Representative

Date Signed MM DD YY

0 2 1 7 8 2

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

0 2 2 5 8 2

**LEBANON: Technical Assistance to the Council for
Development and Reconstruction (CDR)**

I. SUMMARY AND RECOMMENDATIONS

1. **Grantee:** The Government of Lebanon (GOL)
2. **Implementing Agency:** The Council for Development and Reconstruction
3. **Amount:** \$ 1.0 million for FY 1982
4. **Project Purpose:** To assist the GOL plan, manage and implement a program for reconstruction of the country and, in the process, strengthen the authority and respect of the Government.
5. **Project Amendment Description:** The grant will provide continued financing for foreign exchange and local currency costs of technical services and training to improve the managerial, information and implementation responsibilities of the CDR. In addition, funds may be used to assist other Government entities and institutions to carry out reconstruction tasks. Ancillary commodities may be provided which will enhance the capability of implementing organizations to better administer reconstruction projects.
6. **Grantee Contribution:** The GOL will finance the cost of counterparts, CDR operations, office space and logistical support which will be at least 25 percent of the AID contribution.
7. **Mission Views:** The AID Representative/Lebanon recommends approval of the grant.
8. **Source of the U.S. Funds:** Fiscal year 1982 Economic Support Funds.
9. **Statutory Requirements:** All applicable statutory criteria appear to have been satisfied.
10. **Recommendation:** Approval of a grant of \$ 1.0 million to be obligated in FY 1982 for a one year extension of the current TA for CDR (268-0312) project.

II. Project Committee:

William R. McIntyre

W. Ernest Popp

Kevin O'Donnell

Kamal Farhat

II. THE PROJECT

A. Background

Immediately following what appeared to be the end of Lebanon's civil conflict, in late 1976, President Elias Sarkis sent a special representative to Washington in search of assistance. The U. S. response was prompt; AID technical teams visited Lebanon in early 1977 and identified priority areas for relief and rehabilitation assistance. In FY 1977 and FY 1978, the USG provided \$ 45.7 million and \$ 45.1 million in assistance from the SSA account, mainly in the fields of housing repairs, port rehabilitation, health, potable-water and agriculture.

Other donors, too, were forthcoming during this period of relative calm, from late 1976 until early in 1978. The World Bank approved an emergency reconstruction loan of \$ 50 million in July 1977, and reprogrammed the approximately \$ 40 million unspent balance of previous loans in the roads and education fields for reconstruction purposes.

The European Economic Community authorized a special aid program to Lebanon in July 1977 of 20 million European Units of Account and several Arab development institutions approved loans for the port, the airport and the national electricity network. The Arab heads of State promised financial assistance in 1978 without specifying the amount. Additional bilateral support came from the governments of France, Holland and Belgium.

To plan and manage the anticipated massive reconstruction program, the GOL set up a council for Development and Reconstruction (CDR) in early 1977 with unusually broad powers. The CDR was to prepare plans and programs for reconstruction and development, arrange for the necessary external funding for

these purposes, coordinate the reconstruction efforts of the entire government, design credit facilities for those sectors of the economy in need, and undertake the execution of reconstruction projects where other mechanisms were found lacking.

In late 1977, the CDR with the assistance of AID-financed consultants initiated the Agenda Papers exercise, an attempt to define the national consensus in key economic and social sectors, and planned for the expansion of its institutional capacities to match its task.

The events of 1978 seriously set back the reconstruction effort. Clashes between the Lebanese army and Syrian troops of the Arab Deterrent Force (ADF) in February led to rising violence between the Syrians and the Christian militias; by summertime artillery duels were nearly constant as the Syrians sought to subdue the Christian forces and end their autonomy. An extensive Israeli invasion of Southern Lebanon added to the turmoil and most of the country was witness to violent clashes sometime during the year.

The result of the deteriorated security situation was to bring reconstruction to a virtual standstill. Donors did not cancel their assistance, but the pace of utilization of funds slowed drastically and new funds dried-up. The CDR abandoned its attempts to build its own staff, although it did succeed, with the help of AID-funded consultants, in producing a draft Reconstruction Program in December 1978.

The years 1979 and 1980 were characterized by continued instability, although the levels of violence were well below 1978. The stalemate in the political situation led the Saudis, Sudanese, Yemenis and UAE to withdraw their token contingents from the ADF, leaving the force entirely in Syrian hands. In terms of reconstruction, the most important event was the quantification of the Arab pledge of financial assistance. The heads of State pledged \$ 2 billion over 5 years at an Arab League meeting in Tunis in November, 1979. To date, \$ 371 million of this pledge has been paid; a significant sum, but only around half of the scheduled payments.

The second quarter of 1981 saw the level of violence approach the worst days of the past six years, with Beirut and Zahle the major battlegrounds. Again the Syrians and Christians were battling each other. With help from Ambassador Habib, a cease-fire in Beirut and Zahle was agreed to in June.

However, the ensuing missile crisis and the Israeli bombing of Palestinian strongholds in Beirut and South Lebanon brought international tensions to the point where there was danger of widening the conflict to the regional level or even beyond. A second cease-fire, involving Israel and Palestamans in South Lebanon, was brought about in late July, aided by the joint efforts of the U. S. , the Saudis and the U. N. Through the fall of 1981 and into the winter, both cease-fires precariously held. However, tensions remained high in South Lebanon, often erupting into localized clashes, and further fueled by fears of violence linked to the scheduled Israeli withdrawal from Sinai in April 1982 and the upcoming Lebanese Presidential elections in the summer.

The reconstruction program succeeded in gathering momentum since 1978, despite the continuous turbulence. Working opportunistically, avoiding areas when conflict is rife and forging ahead when it abates, the GOL has made impressive progress in rehabilitating the Port of Beirut and the airport, and improving health, education and telecommunications facilities.

The most impressive progress has been in the private sector where Lebanese initiative has been fueled by approximately \$ 300 million in credits for industrial and housing repairs.

The CDR itself is now poised for a vigorous expansion of the reconstruction effort, beginning with the build-up of its own capabilities, in the expectation that the security situation will allow progress and eventually improve further.

B. AID Program Objectives

The principal U. S. objectives in Lebanon are to preserve the territorial integrity of the nation, to strengthen the capacity of its central government, and to enhance the unity and cohesiveness of the Lebanese people. The AID program utilizes limited technical and financial assistance from the Economic Support Fund to support those objectives by strengthening the capacity of the CDR to plan and manage the reconstruction program, and by channelling funds through government agencies and private volentory organizations which provide social and economic benefits to all major groups in Lebanese society.

The balance between AID programs which utilize PVOs versus government entit^{ies} is gradually shifting. The weakness of the central government has been such that PVOs have been essential mechanisms for reaching people in the various communities who were suffering from the disruption of necessary services.

The principal PVOs involved, Catholic Relief Services, Save the Children, and YMCA/Lebanon, are implementing programs which are both popular and effective. Without diminishing support for these programs, AID intends to use a modest increase in funding to increase the level of assistance to the central government so that the two program thrusts will be nearly equal by FY 1983.

In addition to the contribution of the AID program to U.S. political objectives in Lebanon, economic benefits to the U.S. private sector are likely to result from support to the reconstruction process. The total cost of reconstruction was estimated in 1978 to be around \$ 4 billion, and is probably now nearly \$ 7 billion due to inflation and additional destruction. Arab financial assistance, currently pledged at \$ 2 billion, is not tied to any source of technology or expertise. Although security conditions in Lebanon are not conducive to a high level of U.S. private-sector participation at the moment, it is anticipated that many attractive opportunities for the sale of services and equipment will arise as reconstruction gains momentum. By improving the CDR's ability to manage the reconstruction process efficiently and honestly, AID is indirectly enhancing the opportunities for U.S. private-sector involvement in Lebanon and the region.

C. Previous AID Assistance to Reconstruction Planning and Management

CDR has relied upon AID as the principal external source of assistance in building up its capacities. The assistance level so far has been modest, due to the constraints of the security situation on the pace of reconstruction, but AID-financed consultants and advisors have played important roles in nearly all the major actions of the CDR to date.

Some of the areas in which AID advisors have made useful contributions include the formulation of an initial organization plan for the CDR, the identification of the external technical assistance requirements of the reconstruction era, the initiation of the Agenda Papers exercise, the drafting of the Reconstruction Program, the creation of a Management Services Unit (MSU) and an Operations Information Room (OIR) at the CDR, the drafting of a Progress Report on Reconstruction, the design of a management system for World Bank loans, and the planning for an expanded role of the CDR in the future.

Technical services to the CDR were supplied initially under a grant of \$ 100,000 in FY 1977 for advisory agencies relating to the identification, development and evaluation of projects and programs, and the organization and staffing of the CDR. A grant of \$ 1 million was made in FY 1978 (268-0312) to supply additional advisory services on reconstruction policy and the management of the reconstruction

program. The major expenditures under that grant financed a contract with Action Programs International (API) for assistance in setting up the MSU and OIR. The grant was supplemented in FY 1981 in the amount of \$ 300,000 to permit the purchase of a mini-computer as an aid to improved program and financial management, and to finance needed services into FY 1982 until the present grant request can be acted upon.

III. PROJECT ANALYSIS

The amendment recommended here involves an increase of funds for the on-going project in the amount of \$ 1.0 million for FY 1982. It was decided in the summer of 1981 to propose the start of a new project for technical assistance to CDR in FY 1982, with \$ 1 million to be obligated annually for three years. It now seems preferable to extend the current project for an additional year and to start the new project in FY 1983.

There are several reasons for the change in tactics. But most important is that the President of the CDR since its establishment in 1977, Dr. Muhammad Atallah, has made it definite that he will be leaving the job when his five-year term expires on March 31, 1982. Atallah is working even harder than ever on major reconstruction projects, new initiatives, and strengthening CDR's management capacities. The momentum of his legacy will by itself keep CDR busy for many months. Related to Atallah's departure is the completion of President Elias Sarkis's six-year term in the fall of 1982, preceded in the summer by the election of a new President of the Republic. While it is possible that the new President may retain the interim arrangements of his predecessor for running CDR from April onwards, it has to be presumed that he will want to name his own executive to head CDR when Cabinet selections are made in the fall of 1982.

For info...

Given CDR's record of achievement under very difficult circumstances, and its reputation for both ingenuity and integrity, it is reasonable to assume there will be no effort by the new President to dilute its responsibilities and functions. However, the new CDR leaders should be allowed the opportunity to put their imprint on what has been CDR's prime source of technical assistance. Engaging them in AID's design process will also enable CDR's new leaders to better understand how the project can best be used to Lebanon's advantage.

As this transitional process unfolds, it is important to avoid an interruption in the support now underway. The proposed \$1 million FY 1982 extension will fund continued efforts to strengthen CDR as an institution and support the start of at least two important CDR initiatives to restore needed services.

A. Assumptions

Continued assistance to CDR depends in part on two key assumptions which merit elaboration.

The first assumption is that, despite occasional setbacks, the political and security situation in Lebanon will permit continuation of reconstruction and that progress in reconstruction will promote stability in the country. The second assumption is that the CDR's role in the recovery of Lebanon, already substantial, will continue to grow.

Concerning the first assumption, it is widely acknowledged that conflict in Lebanon is not solely of domestic origin. Often violence can be traced directly to foreign-financed Lebanese or Palestinian groups in the country, who are serving the interests of their sponsors, or to foreign forces intervening directly in Lebanon. The majority of the Lebanese profess a strong desire for an end to the violence, and wish only to be permitted to go on with their normal pursuits. For this majority, the reconstruction program is a major symbol of the vitality, or even the existence, of the State, as well as the means for repairing damaged infrastructure.

As reconstruction gathers steam, it will also offer alternative employment to many who currently rely on their proficiency at bearing arms. After nearly seven years of conflict, a generation of the young know little but the martial arts. They need training in other skills, and AID has financed a number of useful training programs, but for the training to be effective there must be jobs available where the new skills can be profitably employed. The reconstruction program itself provides jobs, and by repairing the physical infrastructure of the country it facilitates the creation of private sector employment.

U.S. participation in reconstruction supplies useful technical and managerial expertise to a government which as had little prior experience in mounting major programs, but its value goes well beyond the particular skills involved. In a region where words alone don't mean much, active participation in rebuilding the country reinforces U.S. pronouncements in favor of the integrity of the nation. In addition, CDR leaders firmly believe that the prospects for actually receiving the pledged Arab assistance are much improved by U.S. participation in

reconstruction, both technically and materially. U.S.-Saudi cooperation on political matters is credited with alleviating tensions last summer; to the Lebanese, similar cooperation on reconstruction is greatly to be desired.

With all the above said, it is recognized that at the same time stability benefits from reconstruction, it can be undermined by other developments. This strengthens the case, however, for the modest \$1 million AID investment sought in FY 1982 while waiting for the picture to become clearer, say a year hence, before moving ahead with more substantial funding.

The second assumption, concerning the expanded role of the CDR, is grounded on the legislative mandate of the Council and its achievements to date. The CDR is empowered not only to monitor the performance of agencies implementing reconstruction projects; it is also able to create new institutional arrangements where it finds existing structures inadequate. This means, in effect, that the CDR is virtually the only vehicle for administrative reform in the country under current conditions. It cannot force changes upon established ministries and agencies, but it can circumvent them or even replace them, with the approval of the Council of Ministers.

The CDR has used this power selectively, but effectively, to date. It created a committee to manage the reconstruction of the Port of Beirut, and management committees for the airport repair and expansion, road repair, and financial policy.

It made unique arrangements for drafting a national waste management plan and, with UNICEF, for implementing reconstruction projects in the embattled South. It successfully organized credit facilities for industry, hospitals, and housing repair.

During the period of the extension, it intends to create a special unit to start the implementation of the National Waste Management Plan. Also, at the unofficial but explicit suggestion of the Minister of Health, CDR will set up a unit (probably at AUB premises) to oversee initiation of basic health care initiatives that could not get off the ground if rooted in the Ministry of Health.

The CDR's accomplishments to date are substantial, as described in the Progress Report of October 1981 and the update of January 1982, but a notable achievement not listed there is its reputation for political impartiality and financial integrity. These attributes are undisputed, and vital to the success of the Council

Dr. Atallah's plans for the CDR include measures which will increase the attractiveness of CDR employment and at the same time ensure the automatic reduction of the CDR staff once the reconstruction era is past. Salary increases have already been proposed to President Sarkis, along with a scheme whereby the expenses of the CDR would be assessed to reconstruction projects on a percentage basis. In this way, when the reconstruction projects are completed, the funding for the CDR, apart from a small core staff for development planning and monitoring will automatically disappear.

Atallah's plans also call for additional CDR staffing over the next year or so. Before his term concludes, he will probably add two or three professionals to the current staff of ten. He will leave behind recommendations for staffing as well as organization for his successor. CDR's plans in this regard will be addressed in the Project Paper for the new three-year AID assistance project to start in FY 1983.

The two assumptions discussed above have bearing on the pace of progress during the extension period. A breakdown in the security situation, or a delay in the expansion of the CDR, would slow down the rate of utilization of funds, but would not necessarily lead to the abandonment or failure of the project. The situation remains volatile in Lebanon and requires great flexibility on the part of donors. U. S. assistance should be geared to support a dynamic reconstruction program in the event of improving operating conditions, but also a slower process if circumstances necessitate.

During her visit to Lebanon in January 1982, Assistant Administrator Ford asked President Sarkis about plans for CDR when Atallah's term expires. Sarkis said CDR had proven itself as an institution and the institution would carry on. Given the importance of reconstruction and U.S. interests in the success of the process, the leadership uncertainties of both Lebanon and the CDR are reasons for flexibility in design and implementation, rather than any break in continued AID support.

B. Operations

During the grant extension period, activities are expected to focus both on strengthening capacities in CDR itself and supporting reconstruction programs managed by CDR or designated by it for technical assistance.

1. Strengthening CDR Capacities:

A major task in the management information area is the integration of the new computer into the work of the CDR. Two information specialists supplied by a U. S. contractor (Action Programs International) will have an overview of the

computer center and assist in a broad range of software applications and training.

In addition to the computer center, which is staffed by a Data Processing Manager and a Programmer recently added to the CDR staff, the Operation Information Room (OIR) will continue to utilize the equipment set up for graphic displays and photographs in the past year. Periodic reports to donors on each project will be compiled, and comprehensive reports on the progress of the reconstruction program will be produced. Short reports on notable developments or problems which occur in the projects implemented by the CDR will be issued as often as appropriate.

In the project management area, the Management Systems Unit (MSU) succeeded in devising management controls for the most sensitive activities, the waste management plan and rebuilding of health and school facilities in the South, but it has not introduced a general system for project monitoring and control. In addition, the management of technical assistance from all sources needs to be improved through regular contracts with implementing agencies.

CDR is looking to AID to support needed technical assistance in the management information and project management areas. CDR also desires AID assistance for short-term training of key reconstruction personnel and for expertise to continue the recently improved liaison with donors and other active government departments.

2. Supporting CDR Reconstruction Priorities

CDR is taking steps to set up during the grant extension period two special units for important reconstruction needs. One will organize the needed preparatory work to launch the National Waste Management Plan. Dr. Atallah is working towards getting the NWMP unit established by the spring of 1982. The second unit represents an even newer initiative, suggested the Ministry of Health, for a CDR-linked technical unit to oversee localized or experimental projects in basic health care. Funds under this grant will be used to provide U.S. and local technical advisors to both units, as the functions and program of each get better defined. Additional AID funding is envisioned for waste management through a new project to start in FY 1983, and for health through reprogrammed health sector funds.

CDR will follow-up on the other opportunities to advance the reconstruction process where the special flexibility and authority it enjoys can be put to effective use. At some point, for example, the CDR will want to devote resources to such major issues as rehabilitating Lebanon's revenue-collection capabilities and improving government operations in general. Funds under this grant will be used for consultancies and training, as promising opportunities arise.

IV. IMPLEMENTATION

A. Status of AID Funding for CDR

Virtually all of the \$ 1.3 million obligated for this project since FY 1978 has now been committed. As of February 1, 1981, approximately \$245,000 of the \$ 1.3 million remained to be committed and, on February 13, \$ 223,000 of this balance was reserved for a contract amendment signed by CDR and Action Program International for the services of two U.S. information/computer specialists - one for 12 months, the other for six months. The unused balance of \$ 22,000 has been reserved for short-term training in the U.S. this summer of three Government of Lebanon officers at three different courses/seminars sponsored by AID. Nearly half of the \$ 1.3 million available for the TA to CDR project since FY 1978 has been committed in the past eight months. Funds once committed are disbursed regularly and in accordance with normal expectations.

AID Rep/L is gratified that funds are moving well under this important project. We anticipated this development last summer when requesting that \$ 300,000 be added to what was then a \$ 1 million level. We noted that this amount was needed to meet fairly immediate project needs, including the acquisition of the mini-computer, and to serve as bridge-financing until new funding was in place in mid-FY 1982. The only change in the scenario, for reasons discussed above, involves a final-year extension of the on-going project instead of the start of a new one.

B. AID Funding to Strengthen CDR Capabilities

Needed AID assistance to strengthen further CDR's information systems during the grant extension period may be in the range of \$ 200,000. The contract amendment signed in mid-February with API made it necessary for CDR to cut the suit to fit the cloth. With the additional AID funding, CDR wants to extend the tour of the second advisor from six months to one year and to allow for additional consultations to be provided through the contractor. AID funds will also be used to acquire software equipment and material from the U.S. which the advisors will help to identify and adapt for CDR's utilization needs. Some additional hardware may also be required. CDR computer staff have so far identified additional equipment needs of \$ 60,000 to \$ 70,000, these include storage tapes; a printer for the CDR accounts office; and Uninterrupted Power Supply (UPS) equipment to help cope with power fluctuations and shutdowns that have been playing havoc with test runs since the equipment was installed in January 1982.

2. Assistance to help CDR continue to improve its project management capabilities is estimated at about \$ 300,000. The 18-month tour of the current MSU advisor expires in mid-March 1982. CDR is definite in wanting follow-on assistance but not certain on how it will finally proceed. Options range from contracting with a U.S. firm to using the PSC route, and cover both expatriates and Lebanese. CDR will defer a final decision until the two information specialist advisors are on the job in March. One further variable involves UNDP-funded advisory assistance. One, two, or three members of a UN Technical Support Group team will begin working at CDR premises in the next month. The prime mandate of the TSG is medium and long-term reconstruction planning, normally involving sectors or regions and the implications a few years hence of choices that need to be made today. CDR would like to have some experience with the TSG operation before taking a final decision on the source and type of project management expertise needed. CDR is not likely to put off a decision very long; they perceive the important role the departing advisor played and want such assistance continued and expanded. 1007

3. Several additional requirements for U.S. assistance to build up CDR's capabilities can be foreseen at this stage. CDR has been utilizing the services of AID-funded advisor Courtney Nelson at a faster rate than envisioned when his PSC was extended for a year last July. In the judgment of both CDR and AID, Nelson's services have been immensely valuable, and sufficient funds should be programmed not only to provide for more days through the duration of the current amendment but to continue this PSC through the transition period and until the winter of 1982-83, when the new CDR leadership will have presumably taken stock of future advisory requirements. Among other encouraging signs of increased CDR activity in recent months has been the growing interest in short-term training. In reaction to AID announcements, CDR has designated three Government professionals for training in the summer of 1982 and would have selected more had funds been available. The grant extension needs to provide more funds for training. It also should provide funding to help CDR improve its capability to canvas and identify consultant requirements and to understand how to go about finding interested and qualified talent. For CDR's needs as outlined in this paragraph, an estimated \$ 150,000 in AID funds will be desirable.

C. AID Project Implementation Support

Establishment of the two technical groups for waste management and health is reasonably well underway. Negotiations are advancing between CDR and AUB whereby AUB, on behalf of CDR and the Ministry of Health, would establish an Office of Health Systems Development (OHSD) on the AUB campus to implement a pilot program to establish three health system networks centered in the Upper Metn, West Beka'a and South Lebanon. AID intends to use some funds from the

4. reprogrammed health sector grant funds to staff the OHSD and support the Upper Metn site. In addition, about \$ 130,000 from this amendment would help to staff the OHSD and finance baseline studies at the two other sites.

5. Formal reviews of the National Waste Management Plan, prepared with WHO financing by a U.S. firm, took place in Boston in January 1982. CDR is seeking Council of Ministers approval of \$ 300 million to start implementation of "urgent works" and seeks AID's help, particularly in setting up and staffing the NWMP unit in CDR. For this, \$ 120,000 will be earmarked from the grant extension.

6. In addition to the above-illustrated uses of the \$ 1 million now being sought in FY 1982 funds, further uses, primarily in the technical services category, will likely be identified at a later date through consultations between CDR and other GOL agencies, the planning efforts of the UN TSG team, and feasibility studies financed by AID and others (possibly including updates of studies done in the immediate post-war period but never implemented). CDR, with AID contractor assistance, will identify urgent reconstruction requirements appropriate for AID financing of short-term consultants from local and U.S. sources. We have tentatively budgeted \$ 100,000 for such requirements.

Concerning contracting, CDR is familiar with AID host country contracting procedures and it has model contracts for contracting with U.S. and local firms, individuals and institutions. The Regional Legal Advisor stationed in Amman will provide support to CDR and AID Rep/L as necessary.

CDR will provide all local staff to support AID contractors working with CDR under this extension. In cases where AID assistance is requested for other agencies, CDR will ensure that adequate counterpart and support arrangements are available. AID support of the technical groups might take a variety of forms, but it is likely the funds would be used for local and U.S. technical experts, perhaps both long- and short-term, and a small amount of commodity support, with CDR to arrange for other staff and support arrangements.

It is anticipated the funding for the grant extension will be obligated by April 30, 1982, fully committed by December 31, 1983 and disbursed by June 30, 1984.

<u>D. Budget (\$ 000)</u>	<u>AID</u>	<u>CDR</u>
1. <u>Management Services Unit/Operation Information Room in CDR</u> - for computer management advisors and computer equipment to work with A.I.D.-financed Action Programs International (API) contract personnel in the establishment of a modern, computer-assisted management capability.		
Sub-Total	<u>\$200,000</u> <u>\$200,000</u>	<u>\$50,000</u> <u>\$50,000</u>
2. <u>Project Management</u> - for short-term U.S. advisors who will assist with establishing and institutionalizing programs for Lebanon reconstruction. The advisors will also have a training role for Lebanese employees of the CDR.		
Sub-Total	<u>\$300,000</u> <u>\$300,000</u>	<u>\$25,000</u> <u>\$25,000</u>
3. <u>Principal U.S. Advisor (Courtney Nelson) and other U.S. Consultants</u> - for extending Nelson's services which have proved a valuable asset to the CDR in coordinating all CDR activities with modern management capability. This will be especially valuable during the CDR's administration transition. Additional short term specialized U.S. advisors will also be sought depending on need and fund availability.		
Sub-Total	<u>\$150,000</u> <u>\$150,000</u>	<u>\$50,000</u> <u>\$50,000</u>
4. <u>Office of Health Systems</u> - to be established on the American University of Beirut campus to implement 3 pilot health network systems in Lebanon.		
Sub-Total	<u>\$130,000</u> <u>\$130,000</u>	<u>\$25,000</u> <u>\$25,000</u>
5. <u>National Waste Management Programs</u> - to fund U.S. and local consultants for designing a comprehensive waste management program for the immediate needs of Beirut.		
Sub-Total	<u>\$120,000</u> <u>\$120,000</u>	<u>\$100,000</u> <u>\$100,000</u>
6. <u>Short-Term U.S. and Local Consultants</u> - for urgent project identification, and for feasibility studies to be performed later by Lebanese agencies.		
Sub-Total	<u>\$100,000</u> <u>\$100,000</u>	<u>\$50,000</u> <u>\$50,000</u>
7. <u>CDR Operations</u>		<u>\$250,000</u> <u>\$250,000</u>
GRAND TOTALS	<u>\$1,000,000</u>	<u>\$550,000</u>

Note: The above is an illustrative budget. The Grant Agreement would provide flexibility to shift among line items (with all allocations subject to approval of AID/Rep/L) when and if priorities and areas of emphasis change.

E. Disbursements

Disbursements will be made by AID upon the written request of CDR for purposes approved under this Grant. Disbursements will be by Project Implementation Letters, or Direct Letters of Commitments to Suppliers/Contractors where practical.

Disbursements will occur over a period of 18-24 months from Grant Agreement. The CDR will finance or arrange for the cost of counterparts and provide logistical support for the work of the consultants, including office space, translators, secretaries and internal transportation. The grant will finance salaries, international travel, and, in some instances, in-country expenses of U.S. and local experts. Computer software will be financed by AID from local or U.S. sources as appropriate and a small amount of office equipment may be procured locally by AID or CDR for support of the technical groups. The total CDR and GOL contribution to the project will not be less than 25 percent of the AID contribution.

F. Environmental Assessment

The Grant does not have a direct environmental impact, but some of the activities to be financed will relate to environmental concerns, such as the Waste Management Plan. Where appropriate, contracts for services will contain clauses requiring the examination of the environmental effects of the activity in accordance with AID procedures. It is anticipated that the Grant will have an indirect but substantial positive environmental impact.

The Grant is exempt from regulations covering requirements for an Initial Environmental Examination in accordance with the criteria in HB 3, App. 4B.

G. Project Oversight

AID Rep/L will appoint a USDH officer to oversee this activity on a day-to-day basis. Financial management support will be available from the Controller/Damascus and Legal support from the RLA/Amman. AID Rep/L will approve all allocations of funds, contracts and other significant actions.

H. Role of Women

There is no particular sexual bias within Lebanon's overall reconstruction effort which CDR coordinates. Within the organization itself, although no women have been appointed to the 12-member CDR Board, its professional staff includes two women, both MA level economists. Of the two staff members selected by CDR to operate the Computer Center, one is a woman. In addition, the Graphics Assistant employed by API for work in the Operations Information Room is a woman.

I. Evaluation

Project progress will be formally evaluated by the CDR, with AID assistance, which will help to shape continued AID support to CDR and its activities. It is recognized that evaluating a basket of activities is inherently difficult but the evaluation will seek to identify areas or activities of particular promise or need that AID can support in a new, three-year project to start in FY 1983.

J. Beneficiaries

The ultimate beneficiaries of this grant are the people of Lebanon who have a strong interest in the effective management of efforts to rebuild their country. The immediate beneficiary is the CDR which will have strengthened capabilities to lead and manage the reconstruction program and access to high quality resources to assist in the implementation of projects.