

The Challenge

USAID's key objectives in Lebanon are to contribute to economic growth through the creation of jobs; improve environmental practices through water and wastewater management activities; and strengthen democracy through support of civil society, local government, parliament, as well as judicial and security institutions. Former Prime Minister Rafiq Hariri's assassination in February 2005, followed by the withdrawal of Syrian troops and the election of the first "made in Lebanon" government since the end of the civil war, resulted in some programmatic delays as the Lebanese coped with a tenuous security situation and political gridlock. However, the changes also created new opportunities to engage with the central government.

Objectives, Sectors and Workforce

Mission Director: Raouf Youssef

MCA Status: Not a Candidate

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Stand Alone

Program Budget (Appropriations by Objective)

| | FY 2004 (\$000) | FY 2005 (\$000) | FY 2006 (\$000) | FY 2007 (\$000) | Percent Change FY 04-07 | 2005 SO Performance Score | Direct SO Admin. Cost Ratio |
|---|--------------------|--------------------|--------------------|--------------------|-------------------------------|---------------------------------|-----------------------------------|
| 268-001 Economic Development | 18,794 | 21,720 | 27,600 | 0 | N/A | 1.29 | Exceeded |
| 268-002 Promoting Democracy and Good Governance | 4,000 | 6,000 | 7,000 | 0 | N/A | 1.10 | Exceeded |
| 268-005 Improved Environmental Policies and Practices | 12,400 | 7,500 | 5,000 | 0 | N/A | 0.76 | Not Met |
| 268-SSS Department of State Programs | 0 | 5,000 | 0 | 0 | N/A | N/A | 0.01 |
| 268-XXX Strengthening Democracy through Economic | 0 | 0 | 0 | 15,500 | N/A | N/A | N/A |
| 268-YYY Enhancing Rule of Law and Political Will | 0 | 0 | 0 | 10,000 | N/A | N/A | N/A |
| 268-ZZZ Improved Environmental Policies and Practices | 0 | 0 | 0 | 10,000 | N/A | N/A | N/A |
| Country Total | 35,194 | 40,220 | 39,600 | 35,500 | 0.9% | | |

Program Budget (Appropriations by Account)

| | FY 2004 (\$000) | FY 2005 (\$000) | FY 2006 (\$000) | FY 2007 (\$000) | Percent Change FY 04-07 |
|------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|
| Development Assistance | 400 | 500 | 0 | 0 | N/A |
| Economic Support Fund | 34,794 | 39,720 | 39,600 | 35,500 | 2.0% |
| Total | 35,194 | 40,220 | 39,600 | 35,500 | 0.9% |

Program Budget by Sector and Account

| | FY 2004 (\$000) | FY 2005 (\$000) | FY 2006 (\$000) | FY 2007 (\$000) | Percent Change FY 04-07 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|
| Basic Education ESF | 0 | 0 | 600 | 300 | N/A |
| Agriculture and Environment ESF | 17,494 | 7,500 | 21,800 | 16,900 | -3.4% |
| Higher Education & Training ESF | 5,300 | 0 | 5,400 | 3,700 | -30.2% |
| Economic Growth ESF | 8,000 | 26,220 | 4,800 | 4,600 | -42.5% |
| Human Rights DA | 400 | 500 | 0 | 0 | N/A |
| Democracy and Governance ESF | 4,000 | 6,000 | 7,000 | 10,000 | 150.0% |
| Total | 35,194 | 40,220 | 39,600 | 35,500 | 0.9% |

Workforce

| | FY 2004 | FY 2005 | FY 2006 | FY 2007 | Percent Change FY 04-07 |
|---------------------|----------|-----------|-----------|-----------|-------------------------------|
| US Direct Hires | 0 | 1 | 2 | 2 | N/A |
| US Non Direct Hires | 0 | 0 | 0 | 0 | N/A |
| Foreign Nationals | 8 | 9 | 9 | 9 | 12.5% |
| Total | 8 | 10 | 11 | 11 | 37.5% |

Operating Expense

| | FY 2004 (\$000) | FY 2005 (\$000) | FY 2006 (\$000) | FY 2007 (\$000) | Percent Change FY 04-07 |
|--|--------------------|--------------------|--------------------|--------------------|-------------------------------|
| Salaries and benefits | 370 | 348 | 363 | 354 | -4.3% |
| Travel | 35 | 26 | 100 | 75 | 114.3% |
| Transportation of things | 0 | 4 | 30 | 0 | N/A |
| Rent | 29 | 29 | 61 | 61 | 110.3% |
| Security | 68 | 63 | 0 | 0 | N/A |
| Equipment | 19 | 72 | 25 | 40 | 110.5% |
| ICASS - Operating Expense only | 334 | 345 | 368 | 477 | 42.8% |
| Other Operating Expense | 48 | 61 | 118 | 93 | 93.8% |
| Total OE Budget | 903 | 948 | 1,065 | 1,100 | 21.8% |
| US direct hire salary and benefits | 196 | 219 | 378 | 419 | 113.8% |
| Program Funded Administrative Expenses | | | | 124 | |
| Country Total Administrative Budget | | | | 1,643 | |
| Percent of Bureau OE Total | | | | #REF! | |

Mission Summary

| FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

| | | | | |
|--|-------|--------|--------|--------|
| Program per US Direct Hire (\$000) | N/A | 40,220 | 19,800 | 17,750 |
| Program per All US (\$000) | N/A | 40,220 | 19,800 | 17,750 |
| Program per Position (\$000) | 4,399 | 4,022 | 3,600 | 3,227 |
| Operating Expense as % of Program Funding | | | | 3.1% |
| Program Funded Admin Expense as % of Total Admin | | | | 7.5% |
| Total Admin Expense as % of Program Funding | | | | 4.6% |

Other Major Donors:

Bilateral: A number of countries offer bilateral assistance to Lebanon, namely the United States, France, Italy, Germany, Japan, Iran, the Netherlands, Saudi Arabia, Kuwait, and the United Arab Emirates.

Multilateral: A number of multilateral donors have developed programs in Lebanon, namely the World Bank, the Arab Fund for Economic and Social Development, Islamic Development Bank, Kuwaiti Fund for Arab Economic Development, Saudi Fund for Development, International Bank for Reconstruction and Development, European Investment Bank, and European Union.

**Lebanon
PROGRAM SUMMARY**

(in thousands of dollars)

| Accounts | FY 2004 Actual | FY 2005 Actual | FY 2006 Current | FY 2007 Request |
|--|-------------------|-------------------|--------------------|--------------------|
| Development Assistance | 400 | 500 | 0 | 0 |
| Economic Support Fund | 34,794 | 34,720 | 39,600 | 35,500 |
| ESF - 05 Global War on Terror & Tsunami Relief | 0 | 5,000 | 0 | 0 |
| Total Program Funds | 35,194 | 40,220 | 39,600 | 35,500 |

STRATEGIC OBJECTIVE SUMMARY

| | | | | |
|--|--------|--------|--------|--------|
| 268-001 Economic Development | | | | |
| DA | 0 | 500 | 0 | 0 |
| ESF | 18,794 | 21,220 | 27,600 | 0 |
| 268-002 Promoting Democracy and Good Governance | | | | |
| ESF | 4,000 | 6,000 | 7,000 | 0 |
| 268-005 Improved Environmental Policies and Practices | | | | |
| DA | 400 | 0 | 0 | 0 |
| ESF | 12,000 | 7,500 | 5,000 | 0 |
| 268-SSS | | | | |
| ESF | 0 | 0 | 0 | 0 |
| ESF - 05 Global War on Terror & Tsunami Relief | 0 | 5,000 | 0 | 0 |
| 268-XXX Strengthening Democracy through Economic Freedom | | | | |
| ESF | 0 | 0 | 0 | 15,500 |
| 268-YYY Enhancing Rule of Law and Political Will | | | | |
| ESF | 0 | 0 | 0 | 10,000 |
| 268-ZZZ Improved Environmental Policies and Practices | | | | |
| ESF | 0 | 0 | 0 | 10,000 |

Mission Director,
Raouf Youssef

Data Sheet

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|--|--|
| USAID Mission: | Lebanon |
| Program Title: | Economic Development |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 268-001 |
| Status: | Last Year of Expenditure 2006 |
| Planned FY 2006 Obligation: | \$27,600,000 ESF |
| Prior Year Unobligated: | \$500,000 DA; \$21,220,000 ESF |
| Proposed FY 2007 Obligation: | \$0 |
| Year of Initial Obligation: | 2003 |
| Estimated Year of Final Obligation: | 2006 |

Summary: This program focuses on revitalizing Lebanon's economy with an emphasis on those communities that suffer from social disruption and economic stagnation reflected in the complex and often divisive web of political, confessional, and regional interests. USAID aims to rebuild the lives of rural Lebanese by targeting three key growth-oriented sectors that comprise 35% of Lebanon's Gross Domestic Product (GDP), specifically agro-industry, information and communication technology (ICT), and tourism. Under this program, USAID is helping Lebanon accede to the World Trade Organization to encourage globalization and broad-based reform. The program is also helping landmine survivors gain access to job opportunities and strengthen American educational institutions. Finally, it is providing small grants to local organizations to help them serve the needy and the economically disadvantaged.

Inputs, Outputs, Activities:

FY 2006 Program:

Achieve Equitable Access to Quality Basic Education (\$600,000 ESF; \$600,000 ESF Prior Year Unobligated). USAID funding is being used to provide more than 400 high school students, over two years, with scholarship assistance at two American educational institutions. The International College and the American Community School is benefiting from this component.

Improve Private Sector Competitiveness (\$4,400,000 ESF; \$6,500,000 ESF Prior Year Unobligated). USAID funds are supporting innovative ideas that promote the tourism and ICT sectors with the purpose of reducing rural migration by creating job opportunities within their communities. To attract more tourists, USAID is funding the implementation of a National Road Map initiative, improving the quality of 25 cottage inns in rural areas, training 75 professionals in the tourism workforce, supporting the establishment of 15 new bed and breakfast inns, and helping 50 owners of guest houses access credit facilities. To strengthen the ICT sector, the program is promoting ICT exports, establishing three computer centers in rural areas, increasing the competitiveness of rural businesses through ICT, creating 12 wireless internet service provider (WISP) businesses, assisting 30 non-governmental organizations (NGOs), training 250 individuals, and facilitating the subscription of 1,000 individuals to WISP businesses. Principal Implementers: Stanford Research Institute (SRI) International, American Near East Refugee Aid, International Executive Service Corps, and ECODIT.

Increase Agricultural Sector Productivity (\$16,800,000 ESF; \$10,553,544 ESF Prior Year Unobligated). USAID is creating jobs and increasing incomes in rural areas by developing competitive farming systems and value-added products, and by facilitating access to niche markets. Three agro-processing pilot plants and two women-owned/managed food production centers are expected to increase export of niche Lebanese products by \$1.6 million. USAID is also establishing six rural business development centers, assisting 36 small and medium enterprises to double their income, creating 1,200 new jobs, and providing credit for more than 300 agri-businesses. USAID plans to increase sales of agricultural products by 66% in the olive, olive oil, pine nut, forage, and honey production sectors. The program is targeting 1,000 farmers per year, establishing 10 breeding and feed service centers, benefiting more than 2,000 farmers from organic agri-business development, and marketing \$600,000 of organic produce. Twenty-five olive mills are being rehabilitated, and 100 fishermen in southern Lebanon are improving their profitability. USAID is also supporting food producers and food industry syndicates to access international markets

and thus increase agricultural exports by an estimated \$2.5 million. Principal Implementers: Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance, Cooperative Housing Foundation, Mercy Corps, SRI International, and World Vision.

Increase Capacity of Higher Education to Contribute to Development (\$5,400,000 ESF; \$3,400,000 ESF Prior Year Unobligated). USAID funds are providing more than 1,700 university students with scholarship assistance over two years to attend two American educational institutions. In addition to the scholarship recipients, American University of Beirut and Lebanese American University are also benefiting from this program.

Protect and Increase the Assets and Livelihoods of the Poor (\$400,000 ESF; \$500,000 DA Prior Year Unobligated; \$166,456 ESF Prior Year Unobligated). USAID is supporting 25 local NGOs in their humanitarian assistance and development programs aimed at improving the lives of more than 6,000 people. Under the landmine/war victims' assistance program, USAID is including one additional income-generating activity (dairy production) and adding 80 new beneficiaries to the Jezzine Resource Development Cooperative. Principal Implementer: To Be Determined.

FY 2007 Program:

This objective will close in FY 2006. FY 2007 funds and activities from this objective are notified under Strategic Objective 268-XXX as part of the new strategy for FY 2007-2009.

Performance and Results: Activities under this objective in agri-business, tourism, and ICT exceeded the anticipated results for this year. More than 5,000 new jobs were created in rural areas. The local production of processed goods increased by \$4.8 million. The number of tourists increased by 130,000 and the number of micro-credit loans increased by more than 4,690, injecting \$6.27 million into these communities. USAID succeeded in helping 31,230 individuals access the Internet as well as virtual markets. Growth in the GDP slowed to 2.5% as compared to 3% last year due to the political and security developments in the country. USAID assisted the American educational institutions by providing scholarships to 1,076 students in financial difficulty. USAID also helped 29 local NGOs to improve the lives of more than 14,000 disadvantaged beneficiaries. USAID's unique landmine/war victims' assistance program succeeded this year in increasing the number of landmine/war-affected beneficiaries and their dependants from 931 to 1,204 while 35 new beneficiaries joined the Jezzine Development Cooperative.

US Financing in Thousands of Dollars

Lebanon

| 268-001 Economic Development | DA | ESF |
|---------------------------------------|-------|---------|
| Through September 30, 2004 | | |
| Obligations | 850 | 117,565 |
| Expenditures | 550 | 85,865 |
| Unliquidated | 300 | 31,700 |
| Fiscal Year 2005 | | |
| Obligations | 1,019 | 1,448 |
| Expenditures | 0 | 27,928 |
| Through September 30, 2005 | | |
| Obligations | 1,869 | 119,013 |
| Expenditures | 550 | 113,793 |
| Unliquidated | 1,319 | 5,220 |
| Prior Year Unobligated Funds | | |
| Obligations | 500 | 21,220 |
| Planned Fiscal Year 2006 NOA | | |
| Obligations | 0 | 27,600 |
| Total Planned Fiscal Year 2006 | | |
| Obligations | 500 | 48,820 |
| Proposed Fiscal Year 2007 NOA | | |
| Obligations | 0 | 0 |
| Future Obligations | 0 | 0 |
| Est. Total Cost | 2,369 | 167,833 |

Data Sheet

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|--|---|
| USAID Mission: | Lebanon |
| Program Title: | Promoting Democracy and Good Governance |
| Pillar: | Democracy, Conflict and Humanitarian Assistance |
| Strategic Objective: | 268-002 |
| Status: | Last Year of Expenditure 2006 |
| Planned FY 2006 Obligation: | \$7,000,000 ESF |
| Prior Year Unobligated: | \$4,000,000 ESF |
| Proposed FY 2007 Obligation: | \$0 |
| Year of Initial Obligation: | 1998 |
| Estimated Year of Final Obligation: | 2006 |

Summary: Strengthening Foundations for Governance is a program that empowers Lebanese local government, Parliament, oversight agencies, and civil society. It improves the delivery of governmental services to citizens and municipalities, thereby enhancing the democratic nature of Lebanon's overall political system. The assistance focuses on enhancing administrative and financial capabilities; expanding social services; encouraging public participation; and increasing accountability, transparency, and effectiveness. Also, USAID is working with local advocacy groups to promote transparent and democratic practices on the civil society and public sector levels. Moreover, the program provides professional development opportunities for key leaders to access new professional practices within the region and in the United States.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Quality of Workforce Through Vocational/Technical Education (\$100,000 ESF). As a crosscutting theme affecting all USAID objectives, the Professional Training Program (PTP) aims at building the knowledge base and capacities of Lebanese professionals by exposing them to international experiences in specific fields. PTP serves male and female professionals from both the private and public sectors and is a valuable vehicle to strengthening bridges between the Lebanese and American cultures. PTP is continuing to provide appropriate and efficient training to relevant participants from all sectors of Lebanese society. Fifteen trainees are being sent to the United States and 10 trainees are being sent to the Middle East North Africa region, and three training programs are being organized in Lebanon in 2006. Principal Implementer: America-Mideast Educational and Training Services (AMIDEAST)/Lebanon.

Promote And Support Anti-Corruption Reforms (\$900,000 ESF). Through the Transparency and Accountability Grant program, USAID is continuing to strengthen civil society. USAID is funding activities that empower local civic associations to play a constructive role in advocating change and enhancing transparency, accountability, and good governance in Lebanon. Funds are supporting a minimum of 25 grants in FY 2006. Principal Implementer: AMIDEAST/Lebanon.

Promote Effective and Democratic Governance of the Security Sector (\$1,000,000 ESF Prior Year Unobligated). To bolster the Government of Lebanon's (GOL) ability to investigate, counter, and deter an ongoing campaign of destabilization, which takes the form of bombings and assassinations, USAID funds are being transferred to the U.S. Department of State under the Section 632(a) mechanism to support Federal Bureau of Investigation training in crime scene management and post-blast investigations for security and law enforcement personnel. Two new Lebanese "evidence response teams" are being formed. The program will also be helping the GOL acquire state-of-the-art equipment for reliable forensic analysis, fingerprinting, DNA, and chemical analysis. This activity is still under development and indicators and results have not yet been developed. Principal Implementer: To Be Determined.

Support Democratic Local Government and Decentralization (\$6,000,000 ESF; \$3,000,000 ESF Prior Year Unobligated). USAID is continuing to build on the progress made in the previous year to further institutionalize municipal standards and procedures, increase transparency and accountability in operations, expand the municipal revenue base, strengthen the role of local government in economic

development, and facilitate greater citizen participation in decision making. Two hundred municipalities are issuing automated annual financial statements. Tax revenues are expected to increase by at least 10% from FY 2005. Protocols are being developed to allow electronic sharing of data with the Government Accounting Office. Four thousand municipal employees are receiving training. Twenty-two municipal unions are improving their administrative and financial capabilities, of which five will be using standardized budgeting procedures. Surveys are being conducted in seven municipalities to measure citizen satisfaction. Revenue is anticipated to increase by 10% compared to the previous year by installing the Municipal Geographic Information Systems in 10 large municipalities. The twinning of cities is continuing, and policy dialogue trips are being organized between Lebanese municipal officials and their U.S. counterparts to facilitate joint projects between them. Five municipal laws, decrees, and orders are being issued/amended to enhance the role of municipalities. Principal Implementer: State University of New York/Albany-Center for Legislative Development.

USAID plans to use proposed funding for implementation of activities to address key rule of law problems: legitimacy, order, and security. Activities may include: supporting the judicial system in order to make it independent from political interference; enhancing the system of court administration to render it more transparent, accessible, and efficient; building a culture of respect for the rule of law through awareness and civic education; and initiating professional education targeted at judges.

A U.S. House Democracy Assistance Committee team will visit Lebanon in March 2006 to assess the possibility of a cooperative assistance program between the U.S. House of Representatives and the Lebanese Parliament. USAID will provide technical assistance to the GOL-appointed election commission to review all proposed electoral laws.

FY 2007 Program:

This objective will close in FY 2006. Funds and activities from this objective are notified under Strategic Objective 268-YYY as part of the new strategy for FY 2007-2009.

Performance and Results: The program achieved significant results in the past year, most notably by increasing municipal revenues, forming more transparent and accountable government institutions, and expanding civil society advocacy. Demand from additional municipalities for further assistance has been extremely high throughout Lebanon leading USAID to provide additional assistance. With the successful completion of the program, municipal governments employing modern systems and practices will be able to meet democratic milestones (transparency, accountability, and citizen participation) and will become the engines for local and regional development, with inter-municipal councils bringing jobs, investments, and creating informed citizens watchful of their rights. Municipal revenue increases will permit substantial investments in economic development initiatives and provide local governments with the resources needed to sustain the reform process. As local governments improve their ability to deliver services and create jobs, citizen confidence in local government will increase, ensuring more public participation in municipal activities and projects. The support extended to local non-governmental organizations and civic initiatives to conduct short-term, impact-oriented activities will increase public awareness and action on the part of citizens, employees, consumers, investors, and youth in Lebanon. Lebanese professionals will deliver better services to their organizations by offering them training programs based on their professional needs in both the public and private sectors.

US Financing in Thousands of Dollars

Lebanon

| | |
|---|------------|
| 268-002 Promoting Democracy and Good Governance | ESF |
| Through September 30, 2004 | |
| Obligations | 24,965 |
| Expenditures | 19,398 |
| Unliquidated | 5,567 |
| Fiscal Year 2005 | |
| Obligations | 5,000 |
| Expenditures | 6,168 |
| Through September 30, 2005 | |
| Obligations | 29,965 |
| Expenditures | 25,566 |
| Unliquidated | 4,399 |
| Prior Year Unobligated Funds | |
| Obligations | 4,000 |
| Planned Fiscal Year 2006 NOA | |
| Obligations | 7,000 |
| Total Planned Fiscal Year 2006 | |
| Obligations | 11,000 |
| Proposed Fiscal Year 2007 NOA | |
| Obligations | 0 |
| Future Obligations | 0 |
| Est. Total Cost | 40,965 |

Data Sheet

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|--|---|
| USAID Mission: | Lebanon |
| Program Title: | Improved Environmental Policies and Practices |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 268-005 |
| Status: | Last Year of Expenditure 2006 |
| Planned FY 2006 Obligation: | \$5,000,000 ESF |
| Prior Year Unobligated: | \$3,500,000 ESF |
| Proposed FY 2007 Obligation: | \$0 |
| Year of Initial Obligation: | 1998 |
| Estimated Year of Final Obligation: | 2006 |

Summary: This program aims to change the behavior and thinking of the Lebanese towards the environment by advocating policy reform and demonstrating environmentally-sound and appropriate solutions to environmental problems at the national and local levels. The program provides cost effective, environmentally-sound solutions to solid waste and wastewater disposal problems facing rural communities. Activities focus on improving the management and quality of water resources through strengthening of water establishments, promoting private sector participation, improving health and sanitation conditions in rural areas, and improving the quality of streams and rivers by reducing pollution in the waterways. These activities build on achievements in water-pricing policies and tariff strategies previously developed under the water policy program. USAID is filling critical gaps in these areas that neither the Government of Lebanon (GOL) nor other donors are addressing. Specifically, this program is helping rural communities create healthier, environmentally friendly living conditions, and aiding the private sector and the GOL in efficiently assessing and managing water resources.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$900,000 ESF). Funds are being used to expand activities under the Lebanon Water Policy Program for an additional year with specific focus on two targeted water establishments: South Lebanon Water Establishment (SLWE) and Beirut and Mount Lebanon Water Establishment (BMLWE). The program is starting to implement the different tariff scenarios developed for South Lebanon by selecting a pilot area for the installation of water consumption meters. This activity is accompanied by extensive training of water establishment staff on tariff monitoring and bill collection. USAID is introducing awareness campaigns on the new concept of water meters. The program is continuing to assist the SLWE staff on a daily basis to ensure proper use of the newly installed Financial and Accounting System (FAS). Also, the program plans to develop a new FAS for the BMLWE. By the end of the program, the goal is to have reformed two water establishments to become independent financial entities, able to attract the private sector, and create a clear vision of Public Private Partnerships (PPP) among decision makers to support the adoption of the proposed tariff strategy and tariff structures. This will lead to an increase in the collection rate and cost recovery from 68% in 2003 to 87% in 2006 and a drop in the amounts of unaccounted water from 52% in 2003 to 45% in 2006. Principal Implementers: To Be Determined.

Reduce, Prevent and Mitigate Pollution (\$4,100,000 ESF; \$3,500,000 ESF Prior Year Unobligated). USAID is continuing the existing waste management program in Lebanon's rural communities by conducting an assessment of a proposed Operation and Management Plan (OandM). Wastewater treatment plants that were previously constructed and facing operational difficulties are benefiting from the OandM and helping to ensure their sustainability. Seven municipalities will be able to properly operate their wastewater treatment facilities, creating seven long-term jobs. Two wastewater treatment plants are being built at the upper Litani River Basin to benefit 32,000 people and treat 7,000 cubic meters of water per day. These plants are among the seven wastewater treatment systems designed for treating 22,000 cubic meters of domestic wastewater at the upper Litani River Basin that serves approximately 101,000 people, 29% of the upper Litani population. The plants are also contributing to the improved quality of around 5,800 hectares of land in the area.

USAID is undertaking activities to strengthen the management capabilities of the two targeted municipalities and raise general awareness on proper waste disposal methods. Operation and maintenance programs are being initiated, targeting 50 municipal staff and community leaders. Principal Implementer: Camp, Dresser, and McKee.

FY 2007 Program:

This objective will close in FY 2006. Funds and activities from this objective are notified under Strategic Objective 268-ZZZ as part of the new strategy for FY 2007-2009.

Performance and Results: In its third year of operation, the Lebanon Water Policy Program (LWPP) was able to score significant achievements in the water management sector both at the planning and operational levels. The unprecedented institutional strengthening activities conducted in SLWE were replicated in BMLWE. In parallel, USAID's assistance helped develop management and analytical tools to enable SLWE identify its needs and prioritize its actions in order to attract private sector investments. As a result, the level of unaccounted for water decreased from 50% in 2003 to 46.6% in 2004. The collection rate and cost recovery increased from 68% in 2003 to 74% in 2004. Data for the new tariff strategy was collected and compiled into a Tariff Decision Support Tool for water establishments that will be used to propose the new tariff scenarios. However, due to the deteriorating political situation in the country, the LWPP team could not break grounds at the level of PPP initiatives. In response, USAID decided to suspend PPP activities until a degree of political will is sensed. Therefore, only 25 consultations on PPP and tariff restructuring were held with different stakeholders.

At the end of the program, the goal is to reform two water establishments to be able to operate as independent financial entities able to attract the private sector. This will lead to an increase in the collection rate and cost recovery from 68% in 2003 to 87% in 2006, and a drop in the unaccounted for water from 52% in 2003 to 45% in 2006. Under the Litani River Basin Management activity, USAID developed six investment options for water quality management and pollution remediation, a Decision Support System for prioritization of wastewater treatment plants and a ground-water mapping tool, accompanied by training of six Litani River Authority (LRA) staff. Of the algae that blocked irrigation systems on the Litani River, 80% was removed. To ensure sustainability, the first Litani National Working Group was established to follow up on program implementation in collaboration with the LRA. Under the pollution mitigation program, the results achieved are satisfactory with some targets less than what was planned due to the deteriorating political situation in the country. This prevailing situation led to the drop of some projects and delays in others. Eight wastewater treatment facilities were completed, while the 11 other targeted facilities are currently in the last stages of construction and will be operational by the second quarter of 2006. More than 2,800 people received awareness sessions on proper management of their environment. Seven wastewater systems on the upper Litani Basin were identified and designed to treat 22,000 cubic meters per day of domestic wastewater, thus reducing the river's pollution by 15%, and improving the health condition of 101,000 individuals, constituting 29% of the upper Litani basin population. USAID launched the construction stage, starting with two wastewater systems that will benefit six communities (32,000 people) and contribute to the reduction in pollution of the river by an estimate of 7%.

US Financing in Thousands of Dollars

Lebanon

| 268-005 Improved Environmental Policies and Practices | DA | ESF |
|---|-------|--------|
| Through September 30, 2004 | | |
| Obligations | 3,172 | 28,697 |
| Expenditures | 2,529 | 14,769 |
| Unliquidated | 643 | 13,928 |
| Fiscal Year 2005 | | |
| Obligations | 0 | 10,856 |
| Expenditures | 199 | 7,798 |
| Through September 30, 2005 | | |
| Obligations | 3,172 | 39,553 |
| Expenditures | 2,728 | 22,567 |
| Unliquidated | 444 | 16,986 |
| Prior Year Unobligated Funds | | |
| Obligations | 0 | 3,500 |
| Planned Fiscal Year 2006 NOA | | |
| Obligations | 0 | 5,000 |
| Total Planned Fiscal Year 2006 | | |
| Obligations | 0 | 8,500 |
| Proposed Fiscal Year 2007 NOA | | |
| Obligations | 0 | 0 |
| Future Obligations | 0 | 0 |
| Est. Total Cost | 3,172 | 48,053 |

Data Sheet

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|--|--|
| USAID Mission: | Lebanon |
| Program Title: | Strengthening Democracy through Economic Freedom |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 268-XXX |
| Status: | New in FY 2007 |
| Planned FY 2006 Obligation: | \$0 |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2007 Obligation: | \$15,500,000 ESF |
| Year of Initial Obligation: | 2007 |
| Estimated Year of Final Obligation: | 2009 |

Summary: The goal of this strategic objective (SO) that is being developed under USAID's new strategy for Lebanon (FY 2007- FY 2009) is to promote economic growth and development for the purpose of serving democracy. Activities will build on the achievements of the previous economic growth objective. Economic growth activities will focus on fostering economic and social development at the municipal level, working upwards to national government institutions. The program will enhance grassroots movements to effect change and accountability, build on grassroots initiatives at domestic and regional levels to effectively use the strong opportunities for growth in the information and communication technology (ICT), tourism, and agri-business sectors. Activities will utilize the current international climate for political, security, and economic alliances that will achieve transparent governance, ultimately leading to expanded economic freedom. The program will foster institutional change through the prosperity and growth of the middle class, mitigating the appeal of extremist ideologies.

Inputs, Outputs, Activities:

FY 2006 Program:

This objective is new in FY 2007 and builds on the activities under SO 268-001 that will close in FY 2006.

FY 2007 Program:

Achieve Equitable Access to Quality Basic Education (\$300,000 ESF). Funds will be used to provide more than 200 high school students with scholarship assistance at American educational institutions. Principal Implementer: To Be Determined (TBD).

Improve Private Sector Competitiveness (\$4,500,000 ESF). USAID plans to reinforce the economic and social foundations of democracy through a number of activities targeting selected private sectors, namely ICT, tourism, and physical infrastructure construction. Funds will be used to develop sustainable tourism activities to improve the living standards of rural communities and reinforce geographical expansion of tourism through niche markets. The ICT sector yields numerous opportunities for development, including potential for employment, reducing the cost of bandwidth, software development, and telecommunications infrastructure. Principal Implementer: TBD.

Increase Agricultural Sector Productivity (\$6,900,000 ESF). USAID plans to create jobs and increase incomes by assisting agri-businesses with the production and marketing of specialty agricultural products locally and for export. New USAID programs under this component will take into consideration previous experience and build on past successes and lessons learned and will continue to focus on agri-business small and medium enterprise development, niche food processing, and support for subsistence producers as part of a social safety net. Principal Implementer: TBD.

Increase Capacity of Higher Education to Contribute to Development (\$3,700,000 ESF). USAID funding will provide more than 850 university students with scholarship assistance at American educational institutions. Without USAID's assistance, these students would not be able to have access to American-style education. Principal Implementer: TBD.

Protect and Increase the Assets and Livelihoods of the Poor (\$100,000 ESF). The amount of \$100,000 might be used to provide small grants to support local non-governmental organizations in their humanitarian and development projects. Principal Implementer: TBD.

Performance and Results: As this SO will be launched in FY 2007, no performance can be reported at this time.

US Financing in Thousands of Dollars

Lebanon

| 268-XXX Strengthening Democracy through Economic Freedom | DA | ESF |
|--|-----|--------|
| Through September 30, 2004 | | |
| Obligations | 0 | 0 |
| Expenditures | 0 | 0 |
| Unliquidated | 0 | 0 |
| Fiscal Year 2005 | | |
| Obligations | 0 | 0 |
| Expenditures | 0 | 0 |
| Through September 30, 2005 | | |
| Obligations | 0 | 0 |
| Expenditures | 0 | 0 |
| Unliquidated | 0 | 0 |
| Prior Year Unobligated Funds | | |
| Obligations | 0 | 0 |
| Planned Fiscal Year 2006 NOA | | |
| Obligations | 0 | 0 |
| Total Planned Fiscal Year 2006 | | |
| Obligations | 0 | 0 |
| Proposed Fiscal Year 2007 NOA | | |
| Obligations | 0 | 15,500 |
| Future Obligations | 700 | 20,000 |
| Est. Total Cost | 700 | 35,500 |

Data Sheet

| | |
|--|---|
| USAID Mission: | Lebanon |
| Program Title: | Enhancing Rule of Law and Political Will |
| Pillar: | Democracy, Conflict and Humanitarian Assistance |
| Strategic Objective: | 268-YYY |
| Status: | New in FY 2007 |
| Planned FY 2006 Obligation: | \$0 |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2007 Obligation: | \$10,000,000 ESF |
| Year of Initial Obligation: | 2007 |
| Estimated Year of Final Obligation: | 2009 |

Summary: This Strategic Objective (SO) is part of the new country strategy for FY 2007-2009 that is being developed. Specific activities have not been identified yet, however the objective will be built on the achievements of the closing SO 268-002. It will expand support to the legislature and civil society. In addition, it will introduce new activities to enhance the rule of law and support improved political processes.

Inputs, Outputs, Activities:

FY 2006 Program:

This objective is new in FY 2007 and builds on the activities under SO 268-002 that will close in FY 2006.

FY 2007 Program:

Improve Quality of Workforce through Vocational/Technical Education (\$100,000 ESF). Funds will be used to continue providing appropriate, efficient, and effective training to relevant professionals from all sectors of the Lebanese society. The Professional Training Program aims to build the knowledge base and capacities of Lebanese professionals from both private and public sectors by exposing them to international experiences and practices in their specific fields. It is expected that 15 trainees will be sent to training destinations in the United States, 10 will be sent to the Middle East North Africa region, and three training programs will be organized in Lebanon in 2007. Additional components and activities may be initiated. Principal Implementer: America-Mideast Educational and Training Services (AMIDEAST)/Lebanon.

Promote and Support Anti-Corruption Reforms (\$2,200,000 ESF). USAID plans to continue working on strengthening civil society through the Transparency and Accountability Grant (TAG). TAG empowers local civic associations to play a constructive role in advocating change and enhancing transparency, accountability, and good governance in Lebanon. With the additional funding, TAG will support 15 projects. Principal Implementer: AMIDEAST/Lebanon.

Assistance will also be provided to service providing government institutions in the executive branch, like the Ministry of Finance, and to watchdog agencies, like the Civil Service Board, the Court of Audit, and the Central Inspection Board, that have a major role to play in exercising oversight of public institutions. Principal Implementer: To Be Determined (TBD).

Strengthen Civil Society (\$1,000,000 ESF). USAID plans to increase its support to civil society organizations, particularly those that foster reform and debate on non-confessional, technical, economic, and social issues. Principal Implementer: TBD.

Strengthen Democratic Political Parties (\$200,000 ESF). USAID plans to build on programs currently funded by the U.S. Department of State's Bureau of Democracy, Human Rights, and Labor and Middle East Partnership Initiative to support the development of a competitive and representative political framework and build capacity of political parties to effectively participate in this framework. USAID will also provide support to the independent electoral commission to represent a more competitive political life and a more reliable electoral process. Principal Implementer: TBD.

Strengthen the Justice Sector (\$3,000,000 ESF). USAID plans to use proposed funding for implementation of activities to address key rule of law problems: legitimacy, order, and security. Legitimacy will be addressed through the following activities: support of the judicial system in order to make it independent from political interference; enhancement of the system of court administration to render it more transparent, accessible, and efficient; building a culture of respect for the rule of law through awareness and civic education; and initiating professional education targeted at judges. Principal Implementer: TBD.

Strengthen Legislative Function/Legal Framework (\$1,000,000 ESF). USAID plans to increase support to the legislature to enhance the ability of Parliament to exercise effective oversight of public administration and to legislate in areas critical to economic and political reform. Principal Implementer: TBD.

Support Democratic Local Government and Decentralization (\$2,500,000 ESF). Though the municipal program will end in FY 2007, with a one-year optional extension, ongoing support will be provided to further the process of institutionalization and standardization of procedures for the municipalities. It is anticipated that an additional 200 municipalities will issue automated annual financial statements bringing the cumulative total to 700, 75% of total municipalities in Lebanon, and 1,000 municipal staff and officials will be trained. Municipal revenue expansion will remain a primary focus of efforts as a means to ultimately enable municipalities to provide better services to citizens. The Municipal Geographic Information System, a key component of this effort, will be installed in an additional 10 municipalities for a cumulative total of 20. Revenue is anticipated to increase approximately 10% compared to the previous year for a cumulative increase of 30% compared to the baseline of 2003. Communication with citizens and the quality of municipal services provided will continue to be enhanced.

Within the aim of promoting decentralization and strengthening the role of municipal unions in implementing regional plans, USAID plans to extend support to the 22 active municipal unions to further ensure that standardized procedures are institutionalized and that municipalities efficiently coordinate in regional planning. To ensure regional planning, an additional five municipal unions will be using standardized budgeting procedures by the end of 2007. Fifteen municipalities will be electronically audited by the control agencies, thus, allowing the control agencies to practice their audit objectives to ensure transparency and accountability.

In support of improved administrative, financial, and legislative practices, exchange programs will continue to be organized for experts from the United States to Lebanon and for municipal officials and parliamentarians to visit the United States. Principal Implementer: State University of New York.

Performance and Results: As this objective will be launched in FY 2007, no performance can be reported at this time.

US Financing in Thousands of Dollars

Lebanon

| | |
|--|------------|
| 268-YYY Enhancing Rule of Law and Political Will | ESF |
| Through September 30, 2004 | |
| Obligations | 0 |
| Expenditures | 0 |
| Unliquidated | 0 |
| Fiscal Year 2005 | |
| Obligations | 0 |
| Expenditures | 0 |
| Through September 30, 2005 | |
| Obligations | 0 |
| Expenditures | 0 |
| Unliquidated | 0 |
| Prior Year Unobligated Funds | |
| Obligations | 0 |
| Planned Fiscal Year 2006 NOA | |
| Obligations | 0 |
| Total Planned Fiscal Year 2006 | |
| Obligations | 0 |
| Proposed Fiscal Year 2007 NOA | |
| Obligations | 10,000 |
| Future Obligations | 10,000 |
| Est. Total Cost | 20,000 |

Data Sheet

| | |
|--|---|
| USAID Mission: | Lebanon |
| Program Title: | Improved Environmental Policies and Practices |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 268-ZZZ |
| Status: | New in FY 2007 |
| Planned FY 2006 Obligation: | \$0 |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2007 Obligation: | \$10,000,000 ESF |
| Year of Initial Obligation: | 2007 |
| Estimated Year of Final Obligation: | 2009 |

Summary: This Strategic Objective (SO) is part of the new country strategy for FY 2007-2009 that is being developed. Specific activities have not yet been identified, however the objective will be built on the achievements of the closing SO 268-005 and will continue focusing on pollution mitigation, improvement of water quality, and water management at the policy as well as the local levels.

Inputs, Outputs, Activities:

FY 2006 Program:

This objective is new in FY 2007 and builds on the activities under SO 268-005 that will close in FY 2006.

FY 2007 Program:

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,000,000 ESF). USAID plans to expand work under the water policy program aimed at strengthening regional water management units and improving water use efficiency by increasing cost recovery and decreasing the rate of unaccounted for water. USAID plans to achieve this goal by providing the needed financial and administrative tools to one additional water establishment, the Bekaa Water Establishment, and by establishing a reformed and unified financial and accounting system at the Beirut and Mount Lebanon Water Establishment. Principal Implementer: To Be Determined (TBD).

Reduce, Prevent and Mitigate Pollution (\$8,000,000 ESF). USAID plans to use proposed funding to initiate activities aimed at alleviating pollution on the Litani watershed by focusing on the upper Litani basin. As the Litani River is the major outlet in the Bekaa Valley for domestic, industrial, and agriculture waste water, USAID intends to contribute to the reduction in the level of wastewater directly discharged into the river by addressing the sources of pollution. With initial funding, two additional wastewater treatment plants may be built and an assessment of the industrial waste discharged in the river and means to treat this waste may be conducted. In addition, USAID intends to initiate an agricultural extension program that aims at improving farming practices related to the extensive use of pesticides that are causing high concentrations of phosphorous in the underground waters and in the Litani River. Principal Implementer: TBD.

Performance and Results: As this objective will be launched in FY 2007, no performance can be reported at this time.

US Financing in Thousands of Dollars

Lebanon

| | |
|---|------------|
| 268-ZZZ Improved Environmental Policies and Practices | ESF |
| Through September 30, 2004 | |
| Obligations | 0 |
| Expenditures | 0 |
| Unliquidated | 0 |
| Fiscal Year 2005 | |
| Obligations | 0 |
| Expenditures | 0 |
| Through September 30, 2005 | |
| Obligations | 0 |
| Expenditures | 0 |
| Unliquidated | 0 |
| Prior Year Unobligated Funds | |
| Obligations | 0 |
| Planned Fiscal Year 2006 NOA | |
| Obligations | 0 |
| Total Planned Fiscal Year 2006 | |
| Obligations | 0 |
| Proposed Fiscal Year 2007 NOA | |
| Obligations | 10,000 |
| Future Obligations | 10,000 |
| Est. Total Cost | 20,000 |