

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (CDR)
REPUBLIC OF LEBANON

THE STUDY
OF
ENVIRONMENTAL FRIENDLY INTEGRATED
TRANSPORTATION PLAN
FOR
GREATER TRIPOLI

FINAL REPORT

TECHNICAL REPORT - 6

PROJECT MANAGEMENT
AND
FINANCING

DECEMBER 2001

KATAHIRA & ENGINEERS INTERNATIONAL

REPORT COMPOSITION

The Final Report of the Study is structured to meet the requirements of each user-group. It contains an executive summary, two main reports and six technical reports as follows:

EXECUTIVE SUMMARY: is designed to address the decision-makers as ministers and politicians who do not need deep information in technical and engineering aspects. It contains brief information on all the aspects of the Study and concentrates on the input and output of each aspect. It has also a more concentrated summary for the main conclusions in two pages.

MAIN REPORT – 1 “Integrated Transport Plan”: is designed for planners and directors of CDR and concerned ministries and authorities, who need more technical information on the Master Plan formulation. It contains applied planning policies, development and evaluation of alternatives, main information on the plan of each sector, evaluation results of the Master Plan and the overall implementation plan.

MAIN REPORT - 2 “Short-term Improvement Plan”: integrates more detailed studies and information on the urgent projects included under the Short-term Improvement Plan. The report gives the necessity, objectives, preliminary design, cost estimate and project evaluation on the technical, environmental and economic viability of each project.

TECHNICAL REPORT - 1 “Traffic Analysis and Forecast”: is basically prepared for technology transfer purposes. It addresses transport planners and contains the forecast procedures of forecasting future transport demand. The procedure starts with traffic surveys and analysis, socioeconomic framework, trip generation and attraction and the future transport demand.

TECHNICAL REPORT - 2 “Road Network Plan”: is for the specialists in the road planning and network development. It includes the present road network pattern as well as the planning concept and strategies, which are the basis of the proposed network pattern. Projects of the developed plan are prioritized for implementation under each of the planning periods.

TECHNICAL REPORT - 3 “Public Transport Plan”: is for the specialists in the public transport sector and schemes planned under the Master Plan. It includes the estimated future demand, proposed routes, required number of buses and cost estimation in addition to the implementation plan. It includes also plans and measures for taxi service and school buses.

TECHNICAL REPORT - 4 “Traffic Management”: is for the specialists in the traffic management sector and projects included under the Master Plan. It demonstrates the problems under existing conditions and the formulated plan that includes different procedures and measures for traffic signalization, parking control as well as safety and education measures.

TECHNICAL REPORT - 5 “Environmental Assessment”: gives the environmental conditions and initial environmental examination for the Study Area. Through an environmental impact study, it highlights the environmental issue in establishing the urban transport plan in order to emphasize the importance of preserving and improving the environment.

TECHNICAL REPORT - 6 “Project Management and Financing”: is addressing the administrative issues that will affect the successful implementation of the planned projects. It includes the present legislation, organization and funding system of agencies that will implement the projects under the Study. For the successful implementation of the projects as scheduled, management and financing plans are presented.

APPENDIX

TECHNICAL REPORT - 6
Table of Contents

	<u>Page</u>
CHAPTER 1 LEGISLATION	1-1
1.1 TRANSPORT RELATED LEGISLATION AND REGULATIONS.....	1-1
1.1.1 Present Practice and Issues	1-1
1.1.2 Findings	1-1
1.1.3 Recommendations	1-1
1.2 TRAFFIC LAWS AND REGULATIONS.....	1-2
1.2.1 Present Practice and Issues	1-2
1.2.2 Findings	1-2
1.2.3 Recommendations	1-2
1.3 VEHICLE REGISTRATION SYSTEMS.....	1-2
1.3.1 Present Practice and Issues	1-2
1.3.2 Findings	1-3
1.3.3 Recommendations	1-3
1.4 DRIVING LICENSE SYSTEMS.....	1-3
1.4.1 Present Practice and Issues	1-3
1.4.2 Findings	1-5
1.4.3 Recommendations	1-5
1.5 PRIVATE INVESTMENT SYSTEMS.....	1-5
1.5.1 Present Practice and Issues	1-5
1.5.2 Findings	1-5
1.5.3 Recommendations	1-5
1.6 LEGISLATION REQUIRED FOR MASTER PLAN	1-5
 CHAPTER 2 SYSTEM AND ORGANIZATION	 2-7
2.1 GOVERNMENT LEVEL SYSTEM AND ORGANIZATION	2-7
2.1.1 Urban Planning System.....	2-9
2.1.2 Road Administration System.....	2-9
2.1.3 Traffic Management System.....	2-10
2.1.4 Land Acquisition and Resettlement	2-11
2.1.5 Project Implementation System	2-12
2.2 SYSTEM AND ORGANIZATION OF TRIPOLI MUNICIPALITY	2-17
2.2.1 Urban Planning System.....	2-19
2.2.2 Road Administration System.....	2-20
2.2.3 Traffic Management System.....	2-21
2.2.4 Land Acquisition and Resettlement	2-23
2.2.5 Project Implementation System	2-24
2.3 SYSTEM AND ORGANIZATION FOR MASTER PLAN	2-24
 CHAPTER 3 FINANCING.....	 3-25
3.1 GOVERNMENT FINANCE SYSTEM AND INVESTMENT.....	3-25
3.1.1 Budgeting System.....	3-25
3.1.2 Infrastructure Investment.....	3-28
3.2 FINANCE AND INVESTMENT OF TRIPOLI MUNICIPALITY.....	3-30
3.2.1 Budgeting System.....	3-31
3.2.2 Infrastructure Investment.....	3-33
3.3 ESTIMATION OF AVAILABLE FUND FOR MASTER PLAN	3-34

List of Tables

		<u>Page</u>
Table 1.1-1	Laws and Regulations Relating to Transport in Lebanon.....	1-1
Table 1.4-1	Minimum Age Requirements for Driving Licenses	1-3
Table 1.4-2	Driving License of Tourist Vehicles.....	1-4
Table 1.4-3	Required Documents to Obtain Driver License.....	1-4
Table 1.4-4	Periodical Renewal of Driver License.....	1-4
Table 1.4-5	Driving Licenses Fees	1-4
Table 2.1-1	Organizations and Function of I.F.S.	2-11
Table 2.1-2	Duty/Tasks of Project Management Team, Consultant, Contractor and Tripoli Municipality	2-17
Table 2.2-1	Staff Responsibility and Numbers	2-22
Table 3.1-1	Summary of Fiscal Performance (1996 to 2001)	3-25
Table 3.1-2	Public Debts	3-26
Table 3.1-3	Financial Resources for the Five-Year Development Plan (2000-2004).....	3-28
Table 3.2-1	National, MOPWT and Tripoli Municipality Budget.....	3-31
Table 3.2-2	Financial Resources for the Master Plan Projects.....	3-32
Table 3.3-1	Required and Available Fund for the Master Plan	3-34

List of Figures

		<u>Page</u>
Figure 2.1-1	Organization Chart of Ministry of Public Works and Transport.....	2-8
Figure 2.1-2	Organization Chart of Project Implementation Unit, MOPWT	2-13
Figure 2.1-3	Organization Chart of Council for Development and Reconstruction	2-14
Figure 2.1-4	Functional Compositions of CDR Management and Staffs.....	2-15
Figure 2.1-5	Project Management Team of CDR	2-15
Figure 2.1-6	Proposed Implementing Organization and Relation with Other Organizations	2-16
Figure 2.1-7	Major Project Management Tasks of PM.....	2-16
Figure 2.2-1	Proposed Organization Chart of Tripoli Municipality.	2-18
Figure 2.2-2	Proposed Organizational Chart for Engineering Department, Tripoli Municipality.....	2-19
Figure 2.2-3	Organization Chart of Directorate of Engineering Department for Maintenance of Road.	2-20
Figure 2.2-4	Organization Chart of Northern Area Coverage of Internal Security Force..	2-21
Figure 2.2-5	Organization Chart of Municipality Police Department	2-22
Figure 3.1-1	Government Financial Resources.....	3-26
Figure 3.1-2	Government Total Expenditure and Interest Payment.....	3-27
Figure 3.1-3	Financial Resources for Five-Year Development Plan (2000-2004)	3-29
Figure 3.1-4	Allocation of Financial Resources for Transport Sector (2000-2004)	3-29
Figure 3.3-1	Total Infrastructure Investments (2000-2004)	3-34
Figure 3.3-2	National Transport Sector Investments (2000-2004).....	3-34

LIST OF ABBREVIATIONS

AADT	Annual Average Daily Traffic
AASHTO	American Association of State Highway and Transportation Officials
ADT	Average Daily Traffic
B/C	Benefit-Cost Ratio
BOT	Built, Operate and Transfer
CAS	Central Administration of Statistics
CBD	Central Business District
CDR	Council for Development and Reconstruction
CEGP	Council Executive des Grand's Projects
CNG	Compressed Natural Gas
CO	Carbon Monoxide
COM	Council of Ministers
DGHB	Directorate General of Highways and Buildings
DOR	Directorate of Road
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
ERM	Environmental Resource Management
EU	European Union
FAR	Floor Area Ratio
FHWA	Federal Highway Administration
FYDP	Five Year Development Plan
GDP	Gross Domestic Products
GNP	Gross National Products
GOJ	Government of Japan
GOL	Government of Lebanon
HC	Hydrocarbon
HCM	Highway Capacity Manual
IBRD	International Bank for Reconstruction and Development
IEE	Initial Environmental Examination
ISF	Internal Security Force
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
LL	Lebanon Lira, Lebanon Pound
LOS	Level of Service
LRT	Light Railway Track
MEA	Middle East Airlines
M/P	Master Plan
MOE	Ministry of Environment
MOF	Ministry of Foreign Affairs
MOMRA	Ministry of Municipal and Ruler Affairs
MOI	Minister of Interior
MOPWT	Ministry of Public Works and Transport

MPWT	Ministry of Public Works and Transportation
NAC	Noise Abatement Criteria
NERP	National Emergency Reconstruction Program
NGOs	National Governmental Organizations
NO	Nitrogen Dioxide
NPV	Net Present Value
OD	Origin-Distention
ODA	Official Development Assistance
O & M	Operation and Management
ORRPT	Office of Rail Road & Public Transport
PCE	Passenger Car Equivalent
PCU	Passenger Car Unit
PDR	Plan Dimension Ratio
PIU	Project Implementation Unit
PMT	Project Management Team
RC	Reinforced Concrete
RER	Real Estate Registry
ROW	Right of Way
STRADA	JICA System for Traffic Demand Analysis
TCC	Technical Coordination Committee
TSP	Total Suspended Particulate
TTC	Travel Time Cost
UNICEF	United Nation Children's Fund
USEPA	United State Environmental Protection Agency
V/C	Volume-Capacity Ratio
VOC	Vehicle Operating Cost
WHO	World Health Organization
WTW	Water Treatment Works

CHAPTER 1

LEGISLATION

CHAPTER 1

LEGISLATION

1.1 TRANSPORT RELATED LEGISLATION AND REGULATIONS

1.1.1 Present Practice and Issues

The transport related legislation and regulations is shown in Table 1.1-1.

Each component of the legislation category is so simple that one may say there is no such laws and regulation applied to the transport sector and projects. This is because Lebanese people choose that the administrative style of the government must be a small and cheap government, and that leads to minimum required legislation. If they choose integrated legislation systems that meant big sized government to keep the law in order.

1.1.2 Findings

The transport related legislation and regulations in Lebanon are far different from a country with huge systems of legislation and regulations. The execution of each law in the responsible organization needs expertise on the interpretation of the law and relevant judicial precedents. The responsible organization hires well capable staff and engineer for the director general of the department and several in-house consultants, and legal advisor for their task performances.

1.1.3 Recommendations

The Master Plan is confident that no alteration of laws and regulations is necessary, steady and integrated execution in conformity with these laws and regulations is important. It should follow the present legislation and regulation systems applied for the transport sector in Lebanon.

Table 1.1-1 Laws and Regulations Relating to Transport in Lebanon

Category & Subject of Law	Applied Laws and Regulations	Responsible Organization/s
Road Traffic: (Overland Traffic control, Driver's Licenses, Automobile registration, etc)	Traffic Laws of Lebanon 67/77 (1968) (Revised and amended various times)	- Ministry of Interior - Internal Security Force - Ministry of Public Works and Transport - Police Force of Municipality of Tripoli
Transportation Business (Taxi services, bus services, Truck transportation services, etc)	Code of Commerce (Legislative Decree No. 304 dated 24 Dec. 1942)	- Ministry of Public Works and Transport - Commercial Court - Chamber of Commerce and Industry
Investment (BOT, Privatization of public transport entities)	Code of Commerce (Legislative Decree No. 304 dated 24 Dec. 1942)	- Ministry of Finance - Municipalities - Commercial Court - Chamber of Commerce and Industry
Insurance (Mandatory automobile liability insurance)	None. (Optional automobile insurance) Insurance Law: Decree 9812 (1968) (revised 1993 and 1999)	- Ministry of Economy and Trade
Road administration and management (Road administration, management, construction, and rehabilitation)	None (Toll on the Road is not applied for the Master Plan Projects as it is a Government Policy except BOT investment.)	- Ministry of Public Works and Transport - Ministry of Municipalities and Rural Affairs - Municipality in charge
Urban Planning (Land utilization, Building restrictions, Obligatory Parking Lot Construction)	Real Estate Property Code Building Laws and Regulations Real Estate Laws for Foreigners (1969)	- Ministry of Public Works and Transport - Ministry of Municipalities and Rural Affairs (MOMRA) - Ministry of Finance, - Urban Planning Office, Municipality of Tripoli
Environment (Noise, Vibration, Air pollution, Water pollution)	Environment Law	- Ministry of Environment - Municipality in charge

1.2 TRAFFIC LAWS AND REGULATIONS

1.2.1 Present Practice and Issues

The Traffic Law of Lebanon, which is called as Law 67/76 on 13 April 1968 and has 310 articles, is well established compared with international level, and is the basis for the overland traffic control, driver's Licenses, and automobile registration systems. It also specifies fines for the violation of the traffic laws and regulations.

1.2.2 Findings

The revision, amendment and addition of sub-decrees have been made so many times as the automobile society of Lebanon requires it; the components of the law are too complicated to understand. The recent amendment of the law is introduction of obligatory seat belt and child seat with higher rate of fines for the violation. It is reported that the accidents are not reduced, but number of death and serious injuries are reduced.

In the field observation, there is no regulation for the time being in commercial areas of Greater Tripoli area regarding heavy vehicles' loading and un-loading and it causes heavy traffic congestion in the central areas.

The law includes parking regulations as one of the main items. However, the weak enforcement of the traffic policemen and driver's mentality and behavior to prefer illegal parking in double and triple cause traffic congestion in even main street in the city. Penalty charge stated in the law is only US\$1.33 for that violation.

1.2.3 Recommendations

The simplification of laws and regulation should be practiced so that the driver and pedestrian can understand the law easily. Because the self obedience is the principal in this country, the rule of the law should be published and provided when driver's licenses are firstly given or renewal of the licenses.

An appropriate time zone for heavy truck's load and un-load should be added to the regulations to avoid the traffic congestion in the central area of the Municipality of Tripoli, illegal parking should be punished with higher fines.

1.3 VEHICLE REGISTRATION SYSTEMS

1.3.1 Present Practice and Issues

Registration

The registration system is stipulated in the above-mentioned Traffic Law as follows:

- | | |
|---------------------------|---------------------------------|
| (1) Vehicles | From Article 116 to Article 142 |
| (2) Motorcycles | From Article 222 to Article 223 |
| (3) Bicycles | From Article 237 to Article 242 |
| (4) Animal and Hand Carts | From Article 259 to Article 261 |

In addition to these articles, Vehicles Registration Management System is stipulated in the Articles from 269 to 273.

Registration Items

Necessary items of the registration and its alterations are almost same as international practice.

Categories of Vehicles

Motor vehicles categories are divided into 5; Tourist Motor Vehicles, Bus Motor Vehicles, Truck/Trailer Motor Vehicles, Tourist and Transport Motor Vehicles and Special Use Motor Vehicles.

Registration Office

In the articles of Vehicle Registration Management System, motor vehicles, motor bicycles, agricultural tractors, public works tools, and motor vehicles in general should be registered at the vehicles and machinery registration department (MOPWT). Bicycles, hand and animal carts are registered at municipalities.

Registration Fees

Registration and registration plate's fees, and yearly fees for all types of motor vehicles and motor bicycles are stipulated in the article 275 of the Section 10 in the Traffic Law.

Inspection of Vehicles

At the time of first registration of the vehicle, or of the re-registration after revocation, an inspection by the specialized department is made. If the vehicle has major change in the engine, structure, and trunk, another inspection is made. However, regular inspection is not compulsory in Lebanon.

1.3.2 Findings

From the international standard point of view, it is well-organized legislation from the viewpoints of small and cheap administration of Lebanon. It has a room to consider old type of vehicle should not be treated as equal with new vehicles of sophisticated environmental devices.

1.3.3 Recommendations

The higher rate of registration fee should be considered so that inappropriate vehicle should be retired within a limited time with regard to environmental viewpoints.

1.4 DRIVING LICENSE SYSTEMS

1.4.1 Present Practice and Issues

New License

Stipulation on the driving licenses is provided in the articles from 143 to 169, Traffic Law of Lebanon. These articles are also applied for driving licenses for motorcycles.

Categories and minimum age requirements is shown in Table 1.4-1.

Table 1.4-1 Minimum Age Requirements for Driving Licenses

Category	Eligible Vehicles	Minimum age requirements
One	Motor Bicycles	18 years old completed
Two	Motor Vehicles and Transport Vehicles less than 3,500 Kg.	18 years old completed
Three	Transport Motor Vehicles (3,500 – 10,000Kg) Bus Motor Vehicles up to 20 seats	21 years completed
Four	Transport Motor Vehicles more than 10,000 Kg Special Use Motor Vehicles Pulling Motor Vehicles with a trailer of half a trailer Buses Motor Vehicles more than 20 seats	21 years completed + experience of category three driving license for at least six months
Five	Vehicles, Agricultural Tools, Public Works Vehicles and their tools	18 years old completed
Six	Private Tourist Motor Vehicles and Motor Bicycles equipped for transport of persons and those driven by persons with physical handicaps	18 years old completed

In addition to this category, tourist motor vehicle driving license has two categories as shown in Table 1.4-2.

Table 1.4-2 Driving License of Tourist Vehicles

Category	Eligible Vehicles	Remarks
Private Driving Licenses	Private Tourist Motor Vehicles	Not allowed working for someone else
Public Driving Licenses	Public Tourist Motor Vehicles	Allowed for wage

In application for driving licenses submitting the data shown in Table 1.4-3 to the specialized department is required.

Table 1.4-3 Required Documents to Obtain Driver License

- Name and family name	- Identification card or passport
- Place of residence	- A statement of legal record
- Place and date of birth	- Photograph (5 copies, 4*4cm size)
- Category or categories for which applicant wishes to obtain license(s)	- A medical report
- The type of license: private or public	- Payment certificate of all fees

A driving license is not issued unless the applicant has passed a test conducted by an examining committee appointed by the ministry of Interior. The test is a technical test to demonstrate the capability of the applicant to drive, manage the vehicle, and the knowledge of the traffic law and its regulations.

Periodical Renewal of Driver's Licenses

Periodical renewal of drivers' licenses is stipulated in article 163 as shown in Table 1.4-4.

When a renewal application is made, a new medical report and his judicial record are necessary to be attached.

Table 1.4-4 Periodical Renewal of Driver License

Driver's Licenses	Renewal of licenses
Private tourist motor vehicles and motor bicycles	Every five years after the holder reaches 50 years old
All other types of licenses	Every five years until the holder reaches 50 years old, and every three years after the holder reaches 50 years old.

Driving Licenses Fees

Driving licenses fees are stipulated in the Third, Fifth and Sixth of the Article 275, Section 10 of Traffic Law. Following a summary of the fees is listed as shown in Table 1.4-5.

Table 1.4-5 Driving Licenses Fees

Items	Categories	Fee (L.P.)
Third: Driving license fees for all type of vehicles, public and private	For every driving license including replacement of lost, torn, or full driving license, for types of motor vehicles and motor bicycles	10,000
	For each test to obtain a driving license from any category	25,000
Fifth: Driving license fee	Yearly Traffic Fees: - For each driving license for all types of motor vehicles and motor bicycles, private and public, and for each validity extension of a driving license.	50,000
	- For each driving license given in replacement of a lost or torn one, or upon renewal	10,000
Sixth: Private license fees	- Each international driving license (given only for holders of Lebanese driving license)	50,000
	- Replacement of an international, foreign, or military driving license (only those are replaceable with a Lebanese driving license)	50,000
	- For each yearly permit to use trial plated	50,000
	- For each permit to use transit plates	50,000
	- For each international traffic license	80,000
	- For each license to rent out (lease) a motor vehicle for others (in addition to due customs fees)	100,000
	- For each driving/traffic license for a vehicle with temporary entry plates	100,000
	- For each yearly license that allows using the plates of a motor vehicle or a bus motor vehicle for international transport	100,000
- For each license for motor vehicles of special use according to edicts on article 122 of the traffic law	100,000	

1.4.2 Findings

The driving licenses system is well established with regard to international standard. Only thing Lebanese driver should keep in mind is self-obedience of the rule. Otherwise, it is of no use to strengthen the number of the traffic policemen in the Municipality of Tripoli.

1.4.3 Recommendations

When driving licenses are renewed, educational information should be provided for the applicants. The information contains statistical information on accidents, its relation with the laws and regulations, or techniques of driving and some information on environmental friendly mind of the drivers.

1.5 PRIVATE INVESTMENT SYSTEMS

1.5.1 Present Practice and Issues

Lebanon is a country of a free market economy. Lebanese government is keen to attract foreign investment and offers a generally liberal investment climate.

In new government policy, which was announced Nov. 1st, 2000, the government is “intent on putting in place a new policy for road maintenance, taking into consideration the possibility of having to privatize some of these projects.”

The privatization law was passed in May 2000, paving the way for sectoral laws in telecommunications, electricity, (airline services), and water. The government will be looking for strategic partners, foreign or domestic, to participate in the corporatization of public utilities.

A foreigner can establish a business under the same conditions that apply to Lebanese nationals, provided the business is registered in the commercial registry. Registration depends on the foreigner having obtained residence and work permits. Lebanese law does not differentiate between local and foreign investors; however, in some cases there are certain restrictions placed on foreigners acquiring properties and establishing companies in Lebanon. Foreign investors can in general establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company rather easily. All companies established in Lebanon must abide by the Lebanese commercial code and regulations.

1.5.2 Findings

The team could not find statistics on Private Investment, especially for foreign private investment to Lebanon.

1.5.3 Recommendations

Lebanon has to improve drastically its investment climate for the private foreign or Lebanese investors in such a way to alleviate public debt burden and improving government financial deficit.

1.6 LEGISLATION REQUIRED FOR MASTER PLAN

- The transport related legislation in Lebanon seems to be well established when compared with international levels. However, drivers due to inappropriate applied enforcement under the scarce official situation and budgetary constraints do not properly observe most of the traffic laws and regulation.

- On transport related legislation, strict enforcement on the traffic regulation such as the raising of fines to violations of traffic laws and regulations especially for illegal parking should be practiced.
- Legislation to distinguish between city and intercity taxi is required. Such classification will support the traffic management control upon taxi services.
- Legislation to distinguish taxi based on city is required. Such legislation will support the control on the over taxi supply in the central area of major cities.

CHAPTER 2

SYSTEM AND ORGANIZATION

CHAPTER 2

SYSTEM AND ORGANIZATION

2.1 GOVERNMENT LEVEL SYSTEM AND ORGANIZATION

(a) Council of Ministers (COM)

The Council of Ministers is the central government organization, chaired by the prime minister and administers the affairs of the state. The important project such as rehabilitation and reconstruction of the infrastructures is decided in the COM, and the implementation organization is appointed in the Council of Ministers. It is the most important organization for decision-making.

(b) Ministry of Public Works and Transport

The Ministry is in charge of: a) Urban Planning, b) Road Administration, c) Building Management, and Transport Management.

The organizational structure of Directorate of Road (DOR) within the MOPWT is shown in Figure 2.1-1.

New Government Policy on Transport

In 2000, new government was formed under Prime Minister Rafik Hariri, and new policy was announced on the public works and transport. Following is the excerpt from the New Government Policy announcement, which publicized on the Daily Star (news paper) on November 1st, 2000.

The government is intent on putting in place a new policy for road maintenance, taking into consideration the possibility of having to privatize some of these projects. We can benefit from the credits to improve efficiency at lower costs, and this will be based on a geographic information system that would define the needs of maintenance, identify its benefits and set up a priority system.

As for transport, the government will devise a comprehensive policy based on complementary roles for the public and private sectors, separating the organizational and supervisory requirements of this policy and its efficiency. The main task of the government will be the creation of a transport strategy and establishing the guidelines for its structure, while reducing the public sector's role in operating the transportation tools. This will require new laws that define the organizational and supervisory role of the non-governmental authorities, and determine their place in the hierarchy.
(Open-sky policy and Maritime transportation is omitted)

As for land transportation, the government wants to transform the railroad and joint transportation departments from competing authorities into a single regulatory body. One which would run the buses of the industry and lay the foundations for new regulations, to restructure the administration in line with its organizational and supervisory role.

The government will strive to provide public transport, including the railroad to all Lebanese territories, which would provide another economic incentive, reduce the fuel bill, and lessen environmental pollution.

New Government Policies on Transport

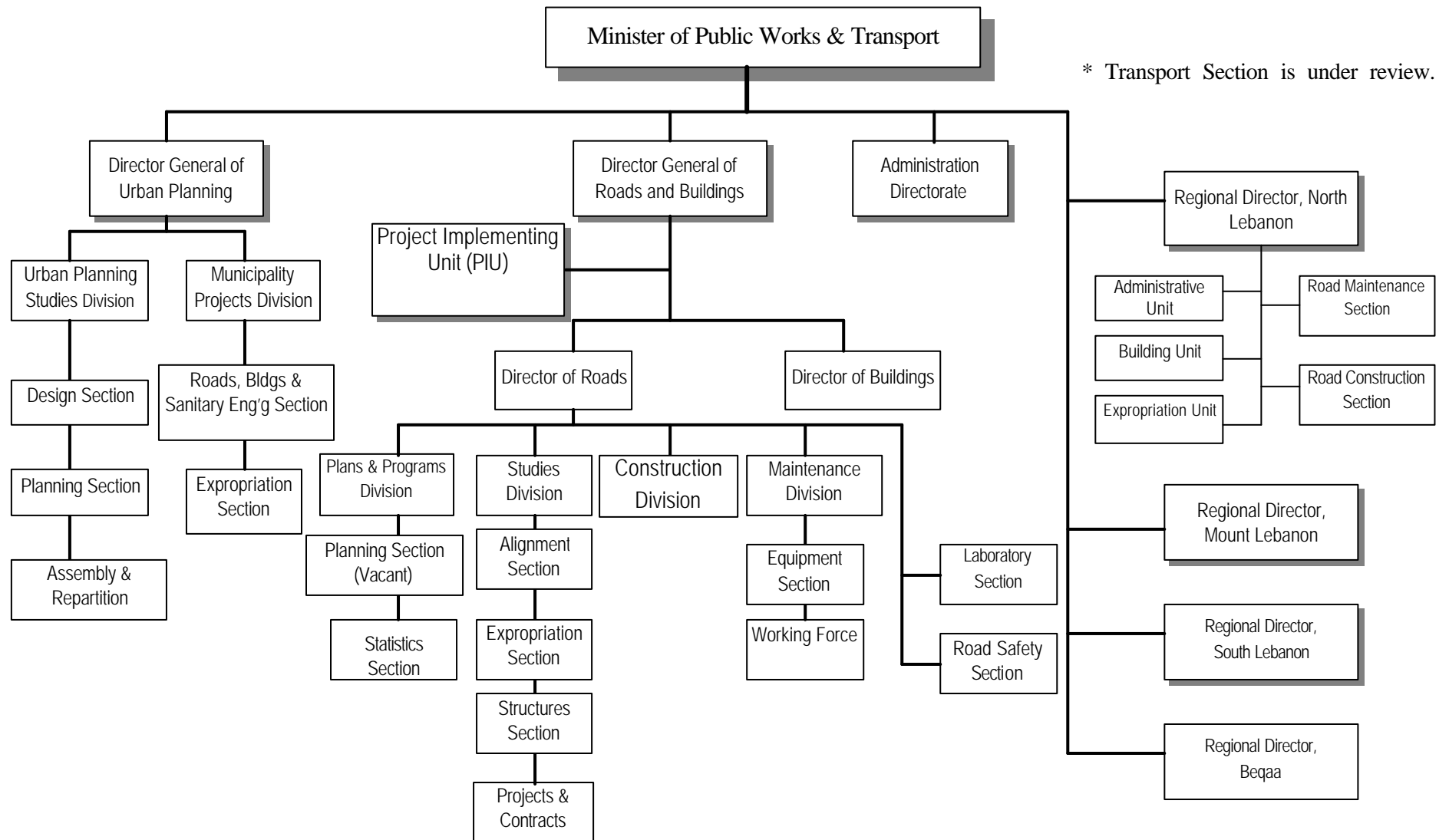


Figure 2.1-1 Organization Chart Ministry of Public Works and Transport

2.1.1 Urban Planning System

1) Present practice and issues

The Director General of Urban Planning has seven Divisions for preparation of Urban Planning as shown in the Figure 2.1-1. When it is necessary, they perform their duties with employing a private consulting firm, and the plan is submitted to the Council of Ministers for decision.

2) Findings

It was informed that the organization has only one or two staffs for each division with minimum allocation of budget. The Ministry was merged with Public Works Ministry and Ministry of Transport in 2000. Statistical data such as number of the staff, salary cost, and budget were not available for the Study Team.

It is informed that necessary data, such as road inventory and building inventory are compiled based upon the past studies and planning for future planning.

The contents of the urban plan are kept by the private sector once it is prepared and decided. And the member of the Order of the Engineers in Beirut and Tripoli applied it for building designing, engineering or the building construction permit is applied for Municipal approval.

3) Recommendations

No recommendation is made because minimal requirement of urban planning is performed by MOPWT and the private sector such as the Order of Engineers in Beirut and Tripoli executes this field of task in every day activities such as designing and engineering in micro level.

2.1.2 Road Administration System

1) Present practice and issues

The Directorate of Roads (DOR) within the Directorate General of Highways and Buildings (DGHB) of the Ministry of Public Works and Transport (MOPWT) is responsible for road construction and maintenance. The organization chart is presented as Figure 2.1-1.

Each division consists of one or two staffs or engineers and sometimes there is/are vacant division(s) without appointment of engineer since no new tasks are required for hiring staff or engineer.

In addition to DOR, the Council for Development and Reconstruction (CDR) and the Council Executif des Grands Projets (CEGP) also undertake road works but they mainly undertake larger projects implemented through private contractors and are not responsible for maintenance.

In maintenance of road and relevant facilities, the ministry is working for the national roads and highways, but the work itself is contracted out with private companies.

Other important role of the ministry is to rent maintenance equipments to municipalities who repair or maintain municipal road and its relative facilities.

2) Findings

After long civil war time ended, rehabilitation and reconstruction of road is social and economic exigency for the government and the people. National roads and highways are reconstructed and/or rehabilitated intensively by CDR with the huge amount of international economic and technical

assistance. As a result, the function of the ministry is limited road administration but its size and budget allocation is said to be small. Project Implementing Unit is for the small road works and maintenance. No statistics is available.

3) Recommendations

No recommendation is observed.

2.1.3 Traffic Management System

1) Present practice and issues

Traffic Management of Ministry of Public Works and Transport is not available for the Team. Only Traffic Law Enforcement of Internal Security Force of the Ministry of Interior was informed. In this paragraph the Team only evolves enforcement portion of national Traffic Management.

Ministry of Interior and Internal Security Force

Law enforcement in Lebanon is performed by Ministry of Interior in the central government. Under the ministry, the Internal Security Force executes following roles/functions all over the country.

Organization Chart, Administrative budget and Staff numbers are not available.

1. In the field of the administrative police:

- Policing and establishing security.
- Insuring the general convenience.
- Protecting people and properties.
- Protecting the freedoms within the framework of the law.
- Insuring the enforcement of the laws and regulations they are in charge of.

2. In the field of the judicial police:

- Accomplishing the missions of the judicial police.
- Executing the assignments.
- Executing the judgments and the judicial warrants.

3. In the other fields:

- Assisting the public authorities in accomplishing their duties.
- Guarding the public institutions and administrations, as decided by the competent authorities.
- Guarding the prisons and their administrations when necessary.
- Guarding the diplomatic missions in Lebanon

The Unit's name of I.S.F. and its function is only available information as shown in Table 2.1-1.

Table 2.1-1 Organizations and Function of I.F.S.

Unit's Name in I.S. F.	Function and/or Contents
General Staff	In charge of preparing studies and giving advises to the Director General.
Central Administration	In charge of financial, supplies and equipment management of the Internal Security Forces and the buildings they own or dispose of.
Social Services Administration	Includes the magazine of the I.S.F, private funds created by decrees for the I.S.F and departments related to these funds and clubs and other cultural, intellectual & social services.
Territorial Gendarmery	Includes all sections operating out of Beirut except for those who are completely or partially connected to another unit.
Mobile Battalion	is a general reserve force at I.S.F and is prepared -Regarding its dimension, organization, equipments and training -For policing and establishing security in all of the Lebanese territory. It includes all mobile battalions based in and outside Beirut.
Police of Beirut	Its prerogatives include the territory of Beirut city. It is formed of sections related to it except for those who completely or partially connected to another unit.
Judiciary Police	Its prerogatives include all of the Lebanese territory and are formed of scientific and tourist Police and sections for crime repression, enquiries and investigations.
Organism of Security of Embassies, Public Administrations and Institutions	Its prerogatives include all of the Lebanese territory. It is formed of all sections in charge of diplomatic delegations guard in Lebanon, institutions related to them, as well as public administrations and Institutions.
Institute of the I.S.F	Colleges and schools of the Internal Security Forces and training Centers

2) Findings

Law enforcement systems and organization is well developed in Lebanon. However, at the local level, enforcement officers and officials are very scarce, and it will encourage driver's attitude and behavior more bold in neglecting laws and regulations.

3) Recommendations

The Ministry of Interior and Internal Security Force should increase the enforcement officials and officers with increasing budgetary allocations.

It is very difficult to estimate and recommend how many officials and officers should be additionally employed. In this connection, the Ministry, the Internal Security Force and The Municipality should also coordinate each other to increase officers and budget.

2.1.4 Land Acquisition and Resettlement

1) Present practice and issues

The Real Estate Property Code of Lebanon governs property ownership. The right of private ownership is guaranteed in the Constitution of Lebanon. The ownership deed is the ultimate proof of ownership in Lebanon.

The Real Estate Registry (RER) has a record of every property in the country. Registering the land purchased has two options, one is buyer and seller can go together to the public notary and sign a sales contract, which gives the buyer 10 years to officially register the property. Second is the parties can go directly to the local RER office and immediately register the sale.

Foreigners can acquire land in Lebanon. Foreign acquisition of property is governed by a 1969 law (No. 11614), which limits foreign persons from acquiring more than 10,000 m² of real estate and requires these individuals to obtain a permit. Lebanese government provides preferential treatment for Arab nationals and foreigners of Lebanese origin, who are permitted to acquire up to 5,000 m² of property without a permit. Foreign companies established in Lebanon may obtain 10,000 m² without a permit, but are not permitted to acquire more than 50,000 m². Waivers are granted in certain circumstances, notably for tourist facilities with government participation.

Documentation and fees are required for registering the ownership.
Construction permits are issued by the Order of Engineers in Beirut and Tripoli.

As for the land resettlement when needed in relation to the road construction, it will be discussed and settled among Municipality and landowner by paying compensations.

2) Findings

Land acquisition and resettlement is managed in the hands of private entities and expertise in Lebanon. The Municipality manages only land resettlement when it is necessary for land for road construction and right of way.

3) Recommendations

In practical manner no recommendation is required.

2.1.5 Project Implementation System

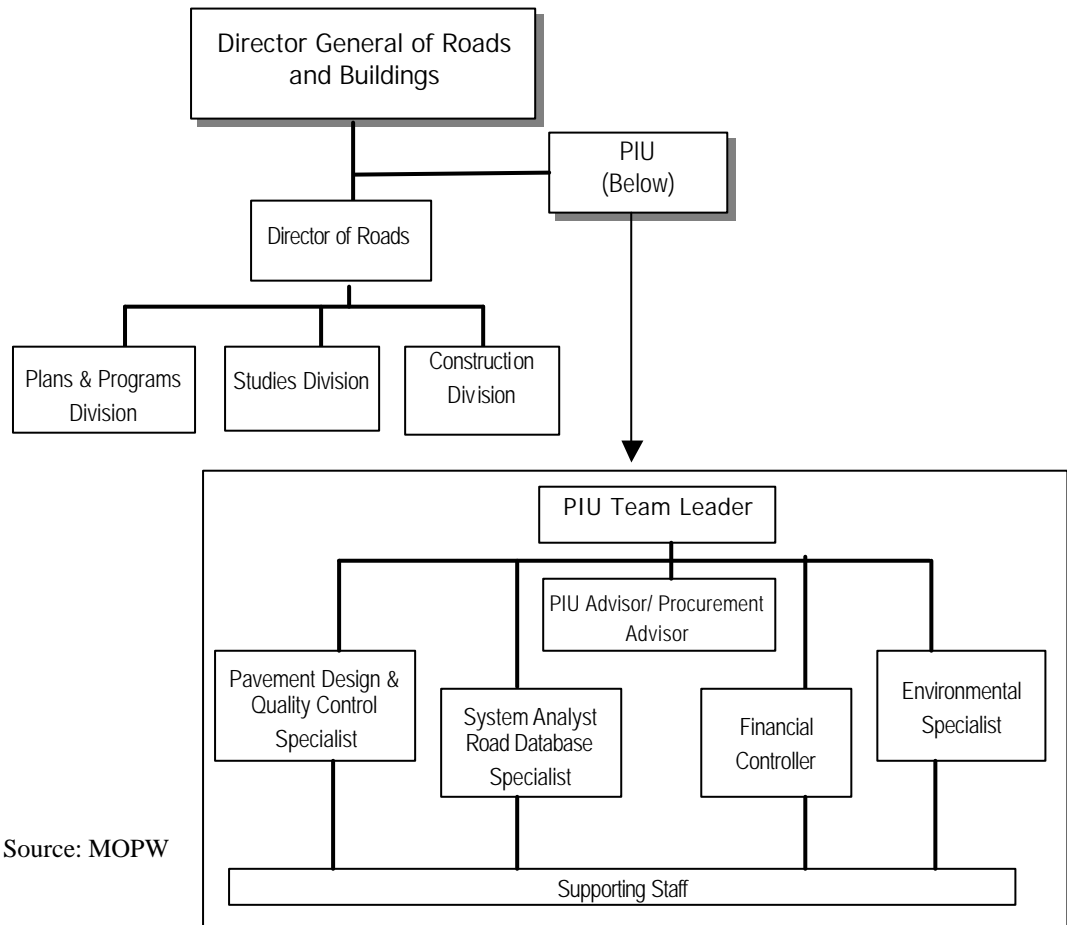
1) Present practice and issues

(a) Project Implementing Unit of MOPWT

When the Ministry decides it necessary and the budget is already allocated for, they perform maintenance work (rehabilitation or reconstruction works of small size) with the Project Implementing Unit (PIU) as is presented in the following Figure 2.1-2.

In maintenance of road and relevant facilities, the ministry is worked for the national roads and highways, but the work itself is contracted out with private companies.

For the contracting out with private contractor, minimum staff and engineers are hired and kept in the Project Implementing Unit. MOPWT does not have force account in their organization. Under the Team Leader of PIU, it was informed that a pavement design and quality control specialist, a system analyst/road database specialist, a financial controller and an environmental specialist are working for many projects. They hire private consultants for study, preparation of Feasibility Study if needed, floating tenders, concluding contracts and supervising contract performance.



Source: MOPW

Figure 2.1-2 Organization Chart of Project Implementation Unit, MOPWT

(b) Council for Development and Reconstruction (CDR, the counterpart of the Study Team)

The CDR is a government agency entrusted with a key role in the process of reconstruction and economic recovery. It was established in 1977 in response to the needs of reconstruction as a successor to the Ministry of Planning and was reorganized in 1991. The CDR is an executive agency for the Council of Ministers. It is responsible for formulating and monitoring the implementation of public investment projects as well as seeking foreign funding for the projects.

In 1992, a three-year (1993-1995) U.S.\$2.25 billion National Emergency Reconstruction Program ("NERP") was established by the CDR. The initial program covered a series of rehabilitation investments, in the fields of power, water and wastewater, solid waste, education, housing and development. Financing for the NERP was provided in part by an International Bank for Reconstruction and Development ("World Bank") loan of 225 million US\$.

In May 2000, CDR based upon the Prime Minister's indications formulated New Five Year Development Plan for the year 2000 to 2004. According to the Plan, Total financial resources for the infrastructure investment is 13,560 billion LL (9.043 billion US\$), of which the Government general budget is 48%, private participation (BOT) 30%, foreign loans and grants (mostly ODA) 16% and Municipality Fund 6%. In 2002, intermediate evaluation of the performance of the Plan is planned.

Proposals for projects forming part of the reconstruction program are submitted for parliamentary approval on a project-by-project basis. Approximately 1,814 contracts with a total value of approximately 5.5 billion US\$ had been awarded by the CDR for the period since reconstruction

efforts started in 1992 to the end of 1999. In addition, contracts amounting to approximately 1.7 billion US\$ are under preparation and are expected to be launched during 2001.

The CDR is directly responsible for implementing a large part of the reconstruction program. It acts in this capacity in coordination with the various institutions (consisting principally of the relevant ministries), which will ultimately use or operate the investments. The other parts of the reconstruction programs are implemented by various ministries and other governmental agencies, such as the Ministry of Hydraulic and Electric Resources, EDL, the Conseil Executif des Grands Projets and the Conseil Executif des Grands Projets de la Ville de Beyrouth. In such cases, the CDR remains involved whenever needed in the planning, design and monitoring phases and principally arranges for the sources of financing. In January 1999 the Government appointed a new Chairman of the board of directors of CDR and new directors representing approximately half of the total board members.

CDR expenditures on reconstruction programs are financed partly by grants and borrowings from international development agencies and other overseas entities and partly by appropriations from the budget. These appropriations are included as capital expenditures in the public accounts, but expenditures financed by borrowings as described above are not included in the public accounts (but are included in foreign debt figures). However, interest in respect of these borrowings is included in the national budget for the year in which it is scheduled to be paid. The Government's strategy is to finance the reconstruction program principally through the use of external financing, preferably concessionary financing (in the form of grants and soft loans). Other sources of external financing include commercial loans with export credit guarantees and the issuance by the Government of eurobonds and other international debt securities. Government also seeks to partially finance the reconstruction program through participation by private sector companies.

The merger of CDR with the "Conseil Executif des Grands Projets de la Ville de Beyrouth" and the "Conseil Executif des Grands Projets" under a new law is under preparation and will be promulgated soon.

Organization chart of CDR is presented in Figure 2.1-3. The CDR has about 190 officials working in two offices next to the Premier's Office. Functional composition is showed in Figure 2.1-4.

2) Findings

CDR has so many experiences in implementing projects and programs, so many capable and experienced engineers and staffs to be appointed as the Project Manager and the team member of Project Management Unit. And CDR has Funding Coordinators, and has been authorized by the parliament to borrow fund from international financial sources.

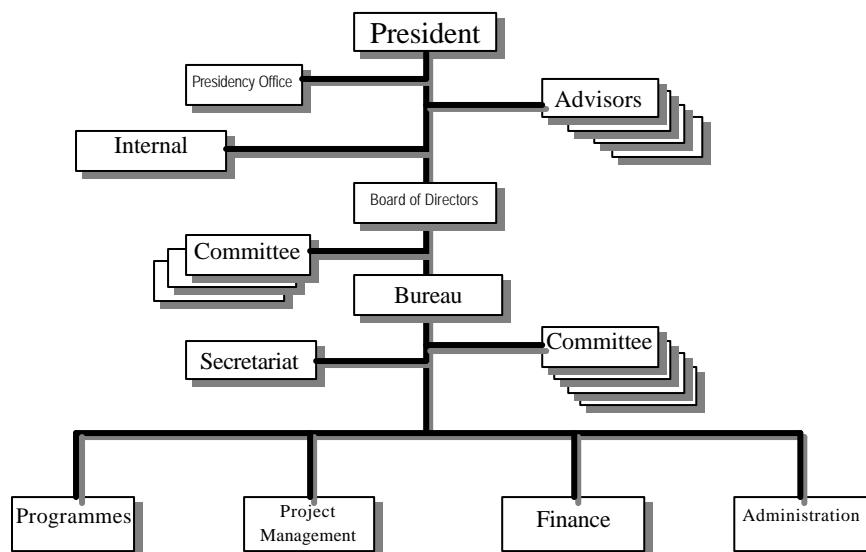


Figure 2.1-3 Organization Chart of Council for Development and Reconstruction

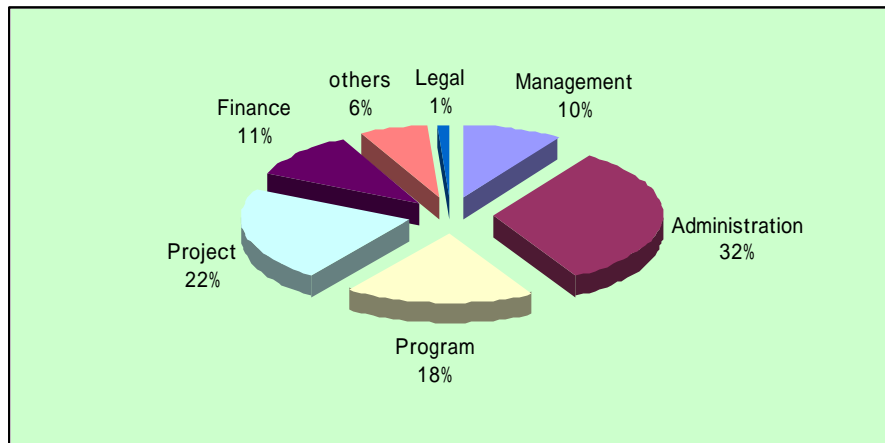


Figure 2.1-4 Functional Compositions of CDR Management and Staffs

3) Recommendations

CDR should be one of the candidates of the project implementation organization.

The implementation system is recommended as follows.

CDR should organize a Project Management Team (PMT) under their responsibility and appoint a Project Manager, an engineer and an accountant or in-house consultant as the team member. Figure 2.1-5 shows the schematic and practical operation of the implementing organization.

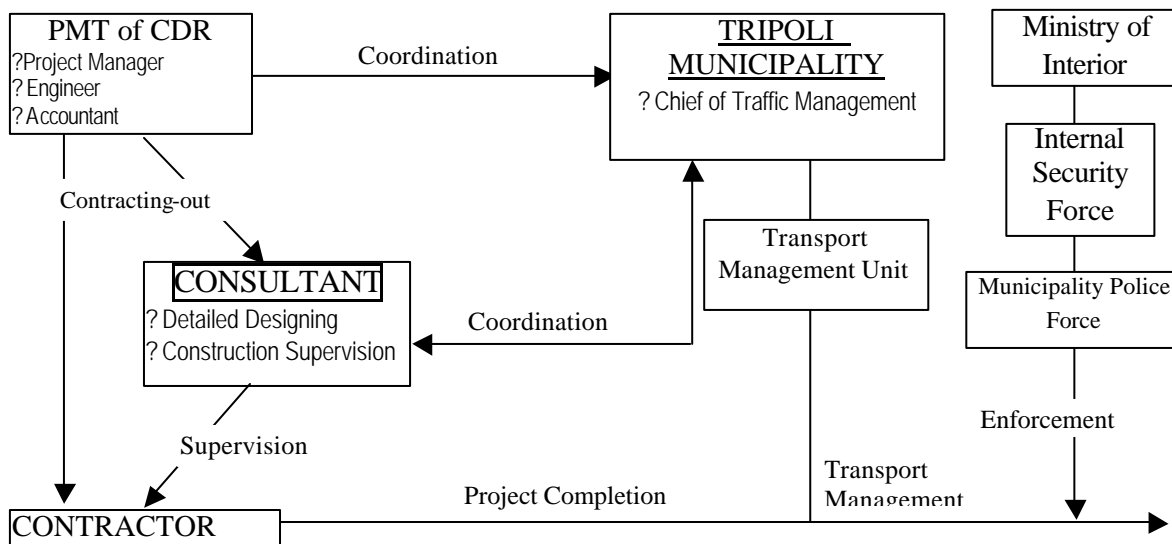


Figure 2.1-5 Project Management Team of CDR

In actual performance of the team, there are many relevant organization involved in the implementation of the project. Figure 2.1-6 shows the proposed project implementing organization to be established and its relation with other relevant organizations.

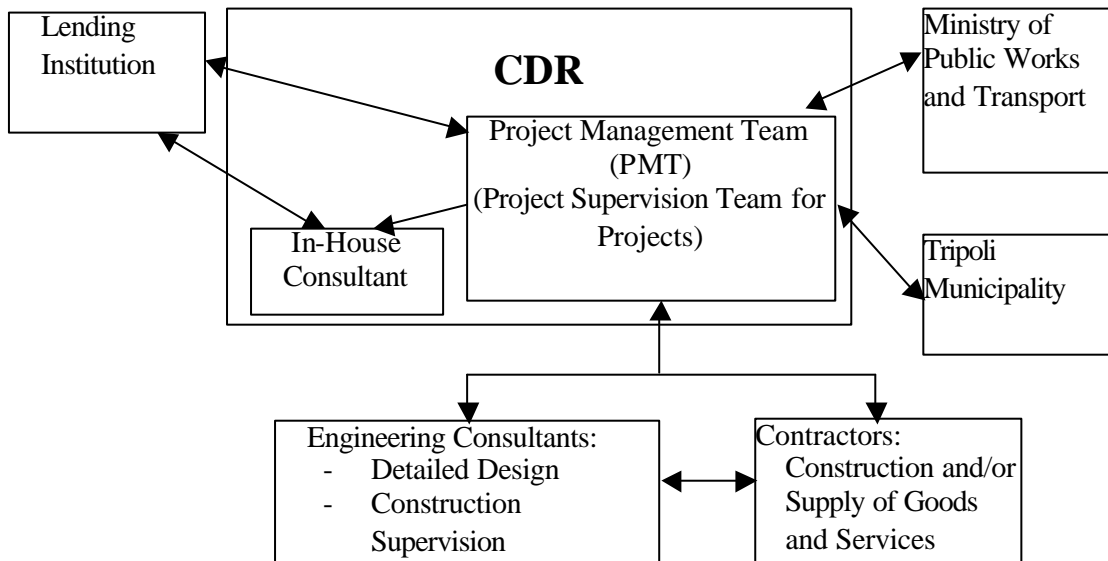


Figure 2.1-6 Proposed Implementing Organization and Relation with Other Organizations

Duty of CDR, Consultant, Contractor and Tripoli Municipality

Project Management Team (PMT) will coordinate with higher authorities of the Government, related Ministries and Tripoli Municipality and a lending institution as explained in Figure 2.1-7. It will directly manage the smooth implementation of the Project with the assistance of in-house consultant(s) and advisor(s) who is well acquainted with administrative matters and procedures of a lending institution. CDR will hire an engineering consulting firm(s) for the detailed design and construction supervision. A contractor(s) will be selected through tendering. Table 2.1-2 shows the assigned duty/tasks of the Project Management Team, CDR, Consultant, Contractor and Tripoli Municipality.

- Negotiation with the funding organization on the terms and conditions, if necessary
- Confirmation of the funding agreement conclusion
- Confirmation on the ratification of the agreement by the Parliament, if credit or loan applied
- Preparation of the tender documents (Consulting firm, supplier, contractor)
- Float tender with the advertisement on mass media or Internet home page
- Evaluation of the tender
- Request for approval of funding organization
- Negotiation with the successful bidder
- Conclusion of the supply or services contract
- Supervision of the performance of the contract
- Approval of design drawings
- Issuance of Payment order
- Issuance of Acceptance Certificate
- Progress report to higher authorities, the Municipality of Tripoli and funding organization (Monthly, Semi-Annual, and Annual Report)
- Issuance of Completion Report to higher authority, the Municipality of Tripoli and funding organization

Figure 2.1-7 Major Project Management Tasks of PM

Table 2.1-2 Duty/Tasks of Project Management Team, Consultant, Contractor and Tripoli Municipality

Organization	Category	Duty/Tasks
CDR (PMT)	1) Contracting	(a) Preparation of Contents of Contract, Terms and Conditions, Budget (b) Arrangement of Right of Way, Acquisition of Land (c) Authorization of performance for consultant
	2) Reporting	(a) Higher Authority (b) Financier
	3) Supervising of contracts	Supervising of consulting service contract, supply and/or construction contracts
Consultant	1) Detailed Designing	(a) Review on the preliminary study and design mentioned in the Feasibility Study (b) Preparation of Construction Plan and Drawing (c) Cost Estimation (d) Preparation of Construction Specifications (e) Tender Documents Preparation
	2) Construction Supervision	(a) Quality Control (b) Quantity Control (c) Schedule Control
Contractor	Construction	Construction and/or Supply of Goods and Services
TRIPOLI MUNICIPALITY	Management of O & M	(a) Operation (b) Maintenance

2.2 SYSTEM AND ORGANIZATION OF TRIPOLI MUNICIPALITY

Tripoli is the second largest city in Lebanon and the capital of the northern region, which is located at a distance of about 80 kilometers from the capital Beirut.

As is said in the previous section, Tripoli municipality has the same issues of inadequacy of infrastructure, inadequate municipal finance, and limited institutional capacity. World Bank, EU and USAID have started their technical and financial assistance to the municipalities through MOMRA, the effects of these assistances will not be evaluated in a short time. With the coordination among donors concerned, technical assistance for building institutional capacity in the municipality of Tripoli should be included in the project or separated technical assistance program.

Before making the proposal for System and Organization, the Team discussed with relevant organizations and officials. Organization Chart of the Tripoli Municipality presented in Figure 2.2-1 and the Engineering Department in Figure 2.2-2.

Ideally, the Team should prepare several options of the Systems and Organizations for the implementation of Master Plan. However, due to the following reasons the Team concentrates efforts to prepare practical measures and systems/organization for implementation of the selected Master Plan projects. The reasons are;

1. National Budget situation is so bad that financial perspectives are difficult to get without distorted or imbalanced.
2. Domestic political situation and the international circumstances are too severe and risky to plan the long-term systems/organization.
3. Planning a long-term systems/organization sometimes gives an impression of excuse for delaying the next step to project finance. Rather the practical plan is required for the excuse.
4. The counterpart and the beneficiary of the long-term systems/organization planning will not share the benefits out of it. Common sharing of benefits and effects of the long-term systems/organization is not expected.

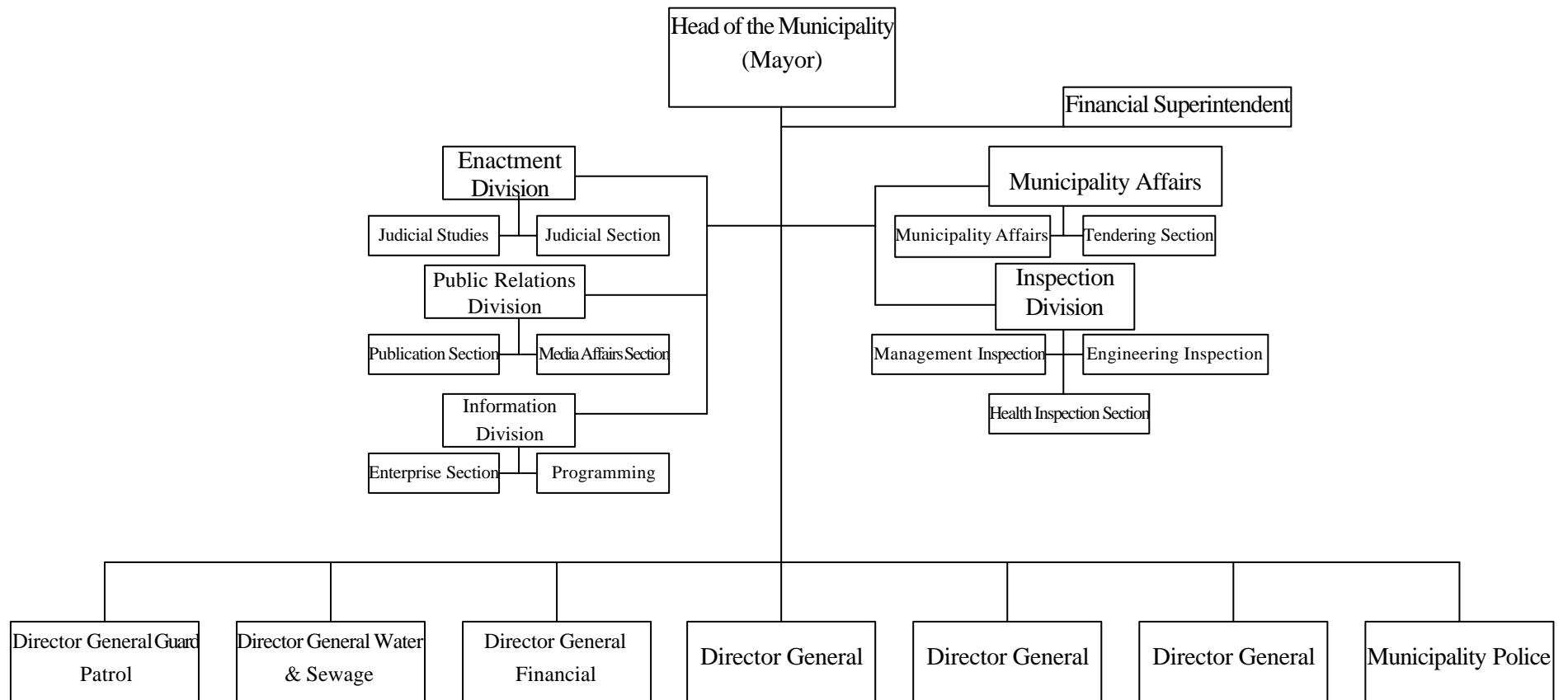


Figure 2.2-1 Proposed Organizational Chart of Tripoli Municipality

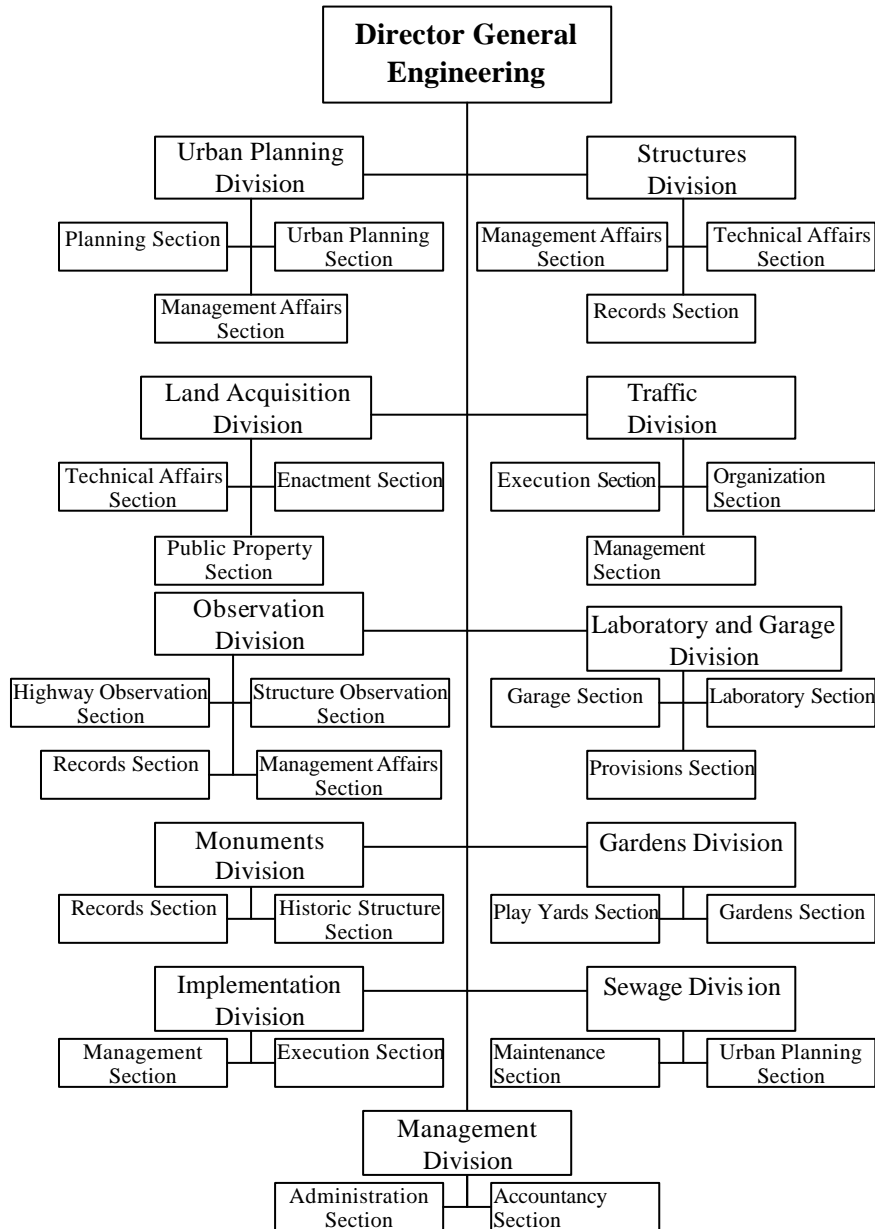


Figure 2.2-2 Proposed Organizational Chart for Engineering Department, Tripoli Municipality

2.2.1 Urban Planning System

1) Present practice and issues

Presently, the Municipality does not have Urban Planning Organization in its administrative body. If they need such planning function, the Director General, Engineering handle such function either by himself with assistance of advisor or hiring consultant. The budget is not allocated for that purpose.

2) Findings

The Mayor and senior engineers because of traffic congestion and illegal parking issues acknowledge the needs of the urban planning in the area of Municipality.

3) Recommendations

It is recommended that Urban Planning Division should be newly established with three sections of Planning, Urban Planning and Management with minimum staffing of two or three engineers and staffs. The actual operation such as data collection, studying and designing should be contracted out with consultant/engineers.

2.2.2 Road Administration System

1) Present practice and issues

Maintenance of Road systems

- There is no maintenance policy for the road, bridge and related facilities under the jurisdiction of the Tripoli municipality. Only yearly maintenance program is there to be implemented urgently within the limit of budget.
- Procedure to prepare a program of road maintenance starts from Engineering Department of the municipality. The department prepares the program and submits to the mayor for discussion and decision. After decision made by the mayor, the mayor will submit it to the Council of the municipality. The board is consisted of 24 members of elected politicians.
- The Engineering Department of the municipality is the organization in charge of road maintenance. However, the department also covers the building maintenance of the municipality.

The organization chart is as shown in Figure 2.2-3.

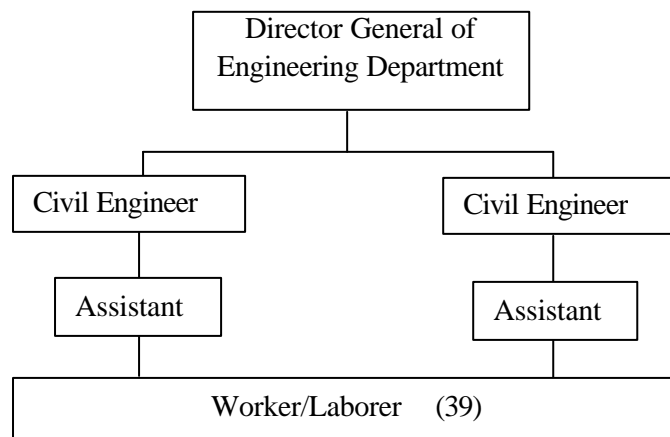


Figure 2.2-3 Organization Chart of Directorate of Engineering Department for Maintenance of Road

The equipment necessary for the maintenance is borrowed from the Ministry of Public Works and Transport with operator, fuel and others necessary for the operation of the equipment. The municipality has to procure only asphalt for pavement. One-month advance notice is required for borrowing the equipment.

2) Findings

Although the number of the personnel is small and budget is also constrained, the work itself is continued.

3) Recommendations

The Study Team recommends that the systems should be strengthened as the newly constructed roads are increased, traffic will also be increased, and necessity of road maintenance will be growing. The Observation Division and Implementation Division will inspect the roads and facilities and maintaining work should be contracted out with private contractor.

2.2.3 Traffic Management System

1) Present practice and issues

Traffic Management

Traffic management systems are not organized in the Municipality administration. Business license for taxi services, bus services are not issued in the municipality. License for taxi services is issued by the Ministry of Public Works and Transport. And the license is effective for operation all over the country. Even a foreigner can have license of taxi services in Lebanon. License may be sold in a market when the owner no longer operates taxi services.

Traffic Law Enforcement

Enforcement of Road Traffic Law is under the jurisdiction of Internal Security Force (National Police Force), Ministry of Interior. The Internal Security Force dispatches at present sixteen policemen (16) as shown in Figure 2.2-4 to the Tripoli Group for that purpose.

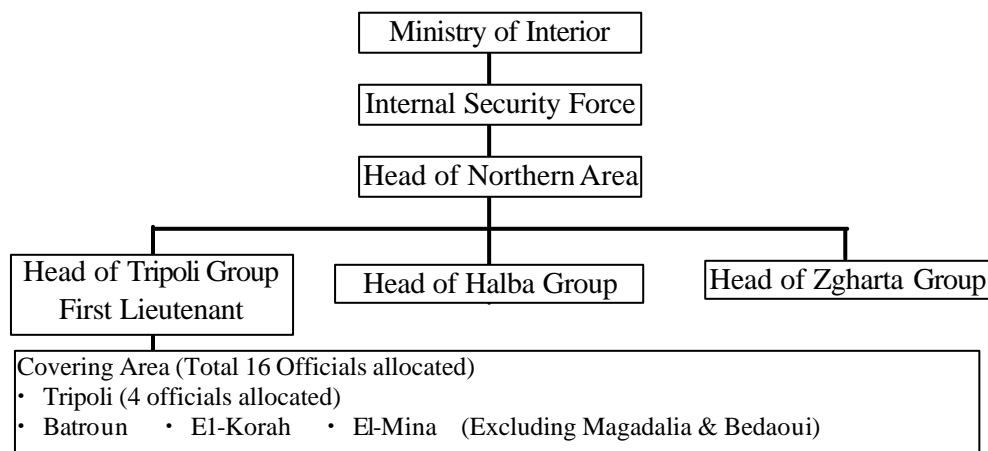


Figure 2.2-4 Organizational Chart of Northern Area Coverage of Internal Security Force

There are fifteen (15)* policemen dispatched and belong to the Municipality Police Force (or Police Department of the Municipality) for the purposes such as controlling of traffic, robbery, smuggling and so on. (* One officer and 14 soldiers).

Two things are involved under the Municipal Police Force for traffic law enforcement.

- 1) Registration of parking place for taxi (free of charge). Even though the taxi operation is allowed nationwide, taxi owner has to register the parking place to the municipal police.
- 2) If a taxi parks on a sidewalk, it violates the traffic law and municipal police handle this case.

Figure 2.2-5 shows the Organizational Chart of Municipality Police Force.

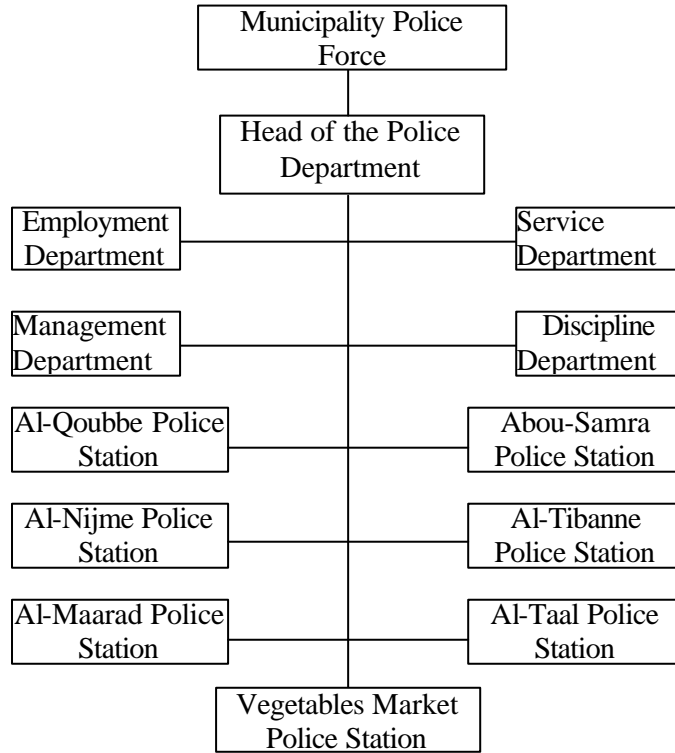


Figure 2.2-5 Organization Chart of Municipality Police Department

Equipment

The traffic Police department of the Municipality has 98 motorcycles of which useable motorcycles are only 9 including 3 in good condition. They explained that they have 3 cars, but one is out of service, and other 2 are fifty-fifty condition. The condition of other type of cars is also very bad.

- 1 Small truck out of service
- 2 Crane cars out of service
- 1 Pickup van under middle condition

Staff of the Department

The department has originally 54 staffs under the head of the Police Department. They are allocated for their services as shown in Table 2.2-1. The coverage area is Tripoli, Batroun, E1-Qura, E1-Mina (Excluding Magadalia & Bedaoui). It was said in the hearing meeting that the Municipality has only four traffic police officers dispatched by Internal Security Force.

Table 2.2-1 Staff Responsibility and Numbers

In Charge of	No.	In Charge of	No.	In Charge of	No.	In Charge of	No.
Head of the Police Dept.	1	Inspection Report Supervisors	3	Radar car drivers	2	Patrol Group	20
Management Affairs	3	Storage Material Controller	1	Vehicles and Tools Repair	1	Heavy Vehicles Drivers	3
Inspection Report Writers	4	Motor Cycle Mechanics	1	Motor Cycle Riders	15	Chief Car Driver	1

2) Findings

Numbers of officials sent to Municipality Police Force from the Internal Security Force is informed only four. It is very small numbers compared to the area and points they have to control.

The study team observed that the traffic operation and management system itself exists in all area of Lebanon, however, staffs, the equipment and budgetary allocation is absolutely in short.

3) Recommendations

It is recommended that with the coordination between the Traffic Management Division and Police Force, enforcement should be effectively performed. The numbers of officials and officers should be increased twice as such increased, as budget is available.

2.2.4 Land Acquisition and Resettlement

1) Present practice and issues

The systems for land acquisition and resettlement is not organized in the Municipality administrative body. Instead the Director General of Engineering Department covers the function. In relation to the road construction, land acquisition and resettlement occurs. Resettlement of the landowner is settled with the mutual discussion and negotiations with compensation payments.

Land Acquisition and Car Parking Space Construction

When new building or house is constructed, the owner has to build car parking space within the premises of the land or under ground.

Parking space should be secured according to the space of house or building as follows.

Up to 125m ²	1 parking space
Up to 185m ²	2 parking space
Up to 300m ²	3 parking space
Up to 500m ²	4 parking space

Land Development and Car Parking

A new law was established in 2001 that allows the municipality to borrow the land unused for more than 10 years for the purpose of facilitating parking lot. The municipality borrows the land from the owner at the rate of \$10/m²/year and lends it to the car owner at \$1/car/day.

If the landowner wishes to use the land, the municipality has to give back the land to its owner.

2) Findings

To alleviate traffic congestion and illegal parking of vehicles, the Municipality has made many efforts in the budgetary constraints and scarcity of municipal human resources.

3) Recommendations

It is recommended that the organization to handle land acquisition issues should be strengthened to increase the staff and rearrangement of the organization as proposed organization Chart.

2.2.5 Project Implementation System

1) Present practice and issues

CDR executes project implementation contracting out with private contractors or consultants as explained in the previous section.

The Municipality of Tripoli implements no major projects.

2) Findings

Under the budgetary constraints, present practice and system will be continued. Small-sized rehabilitation project is executed by contracting out with contractor.

2.3 SYSTEM AND ORGANIZATION FOR MASTER PLAN

- Administrative style of the Lebanese Government and Municipality is based on the notion of small government. For instance, CDR has only about 190 officials working for the 797 projects including technical assistance, averaging 4.2 projects per official in 1999. Ministries and the municipalities have the same situation.
- It is practical to hire professional staff or engineers as in-house adviser/staff/engineer, or to contract it out with private contractor/consultant as required for the implementation of the projects.
- Projects and measures recommended in the Master Plan are composed of,
 - 1) Road improvement and widening,
 - 2) New road construction,
 - 3) Grade separation and underpass,
 - 4) Public transport and
 - 5) Traffic management.
- It is recommended that each organization relevant to project implementation should employ more professional staff / engineer or necessary expertise. For instance, in the case of road construction;
 - 1) Implementing Agency: CDR
 - 2) Consultant Tasks:
 - Right of way acquisition expert(s)
 - Detailed Engineering expert(s)
 - Construction Supervision expert(s)
 - 3) Construction: Contractor
 - 4) Operation and Maintenance: MOPWT or the Municipality (local road)
- From the practical viewpoints, the same will be applied for implementation of the Short-term Plan such as the underpass and public transport system.
- For traffic management and other listed projects, the following system is recommended.
 - 1) Implementing Agency: MOPWT or Municipality
 - 2) Consultant and Contractor: same as above.
 - 3) Operation and Maintenance: A Transport Management Unit will be established. Municipality police force and Internal Security Force of Ministry of Interior should be integrated to perform traffic management and control tasks.

CHAPTER 3

FINANCING

CHAPTER 3

FINANCING

3.1 GOVERNMENT FINANCE SYSTEM AND INVESTMENT

3.1.1 Budgeting System

1) Present practice and issues

Ministry of Finance drafts budget for the fiscal year and submits to the Council of Ministers. After decision in the Council, it is submitted to the parliament for discussion. The parliament decides the budget, and promulgates the law for the fiscal year's budget.

Budget and Performance for recent five years

Lebanon's national budget has always deficit for many years after 15 years of civil war. (See Table 3.1-1) This is because of reconstruction of the social and economic infrastructures damaged and destroyed by the civil war. However, not only reconstruction makes the deficit huge but also the revitalization of the economy is another element for the deficit.

Table 3.1-1 Summary of Fiscal Performance (1996 to 2001)

Unit: Billion LL

Items	FY	1996	1997	1998	1999	2000	2001.1-7	2001(Budget)
Revenue		3536.0	3752.0	3979.4	4464.0	4091.4	2420.3	4900.0
Tax Revenue		3253.0	3430.0	3097.2	3321.1	2918.8	1692.5	3447.0
Non-tax Revenue		283.0	322.0	882.2	1142.9	1172.6	727.8	1453.0
Expenditures		7245.0	9161.0	6639.9	7200.3	8190.0	4201.5	9900.0
General Expenditures		4552.0	5781.0	3288.0	3575.5	3992.6	1696.5	5400.1
Debt Service		2693.0	3380.0	3351.9	3624.8	4197.4	2505.0	4499.9
Domestic Debt		2508.0	3225.0	3051.3	3214.4	3572.3	2000.2	n.a.
External Debt		185.0	215.0	300.6	410.4	625.1	504.8	n.a.
Budget Total Deficit (-)		-3709.0	-5409.0	-2660.6	-2736.3	-4098.6	-1781.2	-5000.0
As % of Total Budget Expenditures		-51.19	-59.04	-40.07	-38.00	-50.04	-42.39	-50.51
Treasury Deficit (-)		-561.0	-497.0	-796.6	-849.1	-1773.4	-358.5	n.a.
Total Budget & Treasury Expenditures		n.a.	n.a.	7906.5	8453.6	10424.5	4756.0	11102.3
Total Deficit (-) (Cash base)		-4270.0	-5906.0	-3457.1	-3585.4	-5872.0	-2139.7	n.a.
As % of Total Expenditures		n.a.	n.a.	-43.73	-42.41	-56.33	-44.99	n.a.

The government has to borrow money for financing the deficit. The public debt amounted to 136% of GDP at the end of year 2000. The debt is one of the most crucial problems for the government. Government has to borrow money in the domestic and international markets for lowering the borrowing cost.

Public Debt

As of June 30, 2001, net outstanding public debt of Lebanon was 37,579 billion LL (consisting of 25,365 billion LL of net domestic debt and 12,214 billion LL (8,102 million US\$) of public external debt)

The Table 3.1-2 shows the Republic's net public sector debt for the periods extending from the end of 1995 until June 2001.

Net public debt as a percentage of estimated GDP increased from 46 percent in 1992 to 79 percent in 1996, 96 percent in 1997, 105 percent in 1998 and 120 per cent in 1999 and 142% in 2000.

Table 3.1-2 Public Debts

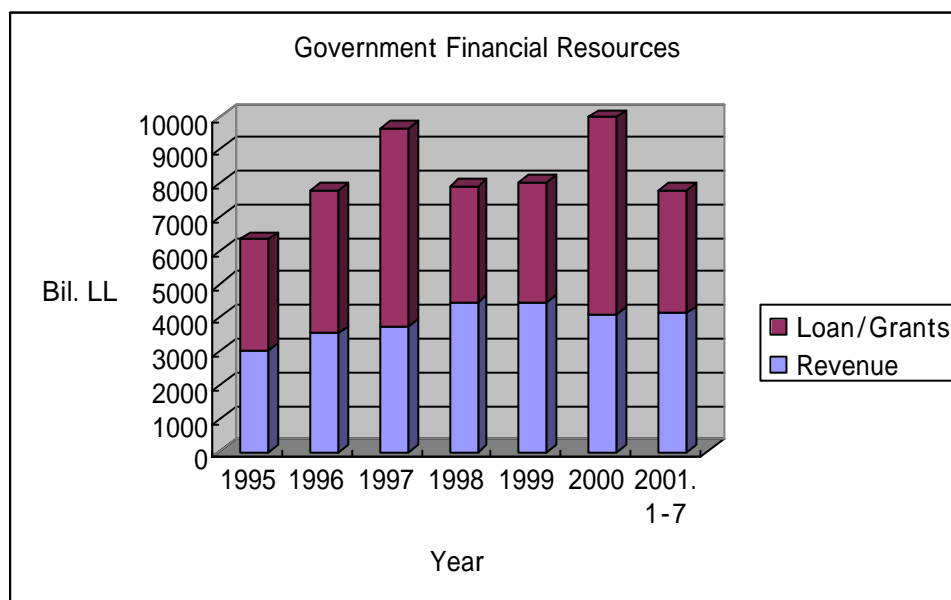
(In billions of Lebanese Pounds)

	1995	1996	1997	1998	1999	2000	2001.6
Net Domestic Debt (1)	9,287	13,358	18,381	19,544	21,377	24,530	25,365
Public External Debt (2)(3)	2,127	2,922	3,673	6,282	8,351	9,510	12,214
(in Mil. of US\$)	1,332	1,883	2,402	4,166	5,538	6,992	8,102
Net Public Debt	11,414	16,280	22,054	25,826	29,728	35,071	37,579
Annual Increase (%)		42.6	35.5	17.1	15.1	18.0	-

Source Notes: Ministry of Finance /The Central Bank

- 1) Net domestic debt represents gross domestic debt less public sector deposits with central bank and commercial banks
- 2) Amounts translated into Lebanese Pounds at end of period rates, includes accrued interest
- 3) Public external debt figures in this Offering Circular differ from previously published figures due to continuing implementation of the Debt Management System.

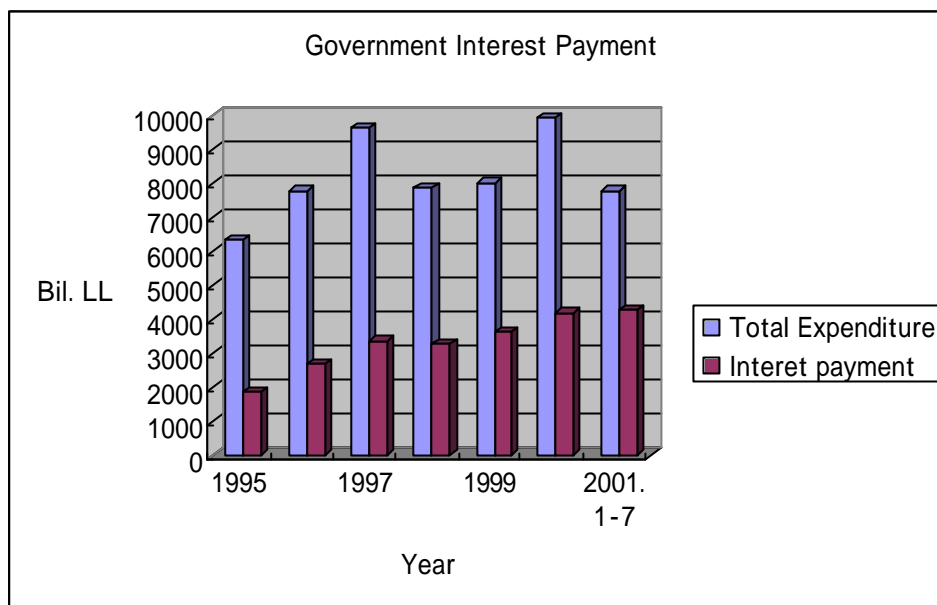
The Government financial resources (Figure 3.1-1) are composed of budget revenue (tax income, non-tax income), grants and loans (credit, bond issuance) and applied for the expenditure such as current expenditure and capital expenditure.



Remarks: Actual figures. The figure for 2001 1-7 is annual base.

Figure 3.1-1 Government Financial Resources

Because of public borrowings increasing, interest payment (Figure 3.1-2) is also increasing. The Government has no financial free hands to increase infrastructure investment. It is inevitable for the Government to rely on the private participation for infrastructure development. And it is urgently needed to restrict interest payment burden increased by means of renewing old debt with new concessional ones.



Remarks: Actual figures. Figure of the year 2001.1-7 is annual base.

Figure 3.1-2 Government Total Expenditure and Interest Payment

The Government has the Five-Year Fiscal Adjustment Plan (1999 - 2003). In the plan, Government intends to take measures of adjustment as follows.

- Tax reform and modernization, which will increase total budget revenue by 4.5% of GDP,
- Expenditure rationalization, mainly resulted by declining of debt servicing burden,
- Privatization program and increase in private sector's participation in infrastructure development (4 -5 billion US\$ privatization proceeds by 2003 to retire debt), and
- Improving public debt management.

With all these measures applied, overall budget balance is planned to be declined from -13.3% of GDP in 1999 to -4.5% in 2003 drastically, and debt ratio to GDP will be from 127.6% in 1999 to 96.3% in 2003.

2) Findings

In the turmoil of international and domestic economy, it is very difficult for the Government to raise tax and non-tax income including international grants. On the other hands, the expenditure for the rehabilitation and reconstruction of civil-war-damaged infrastructure needs to be maintained. The options left for the Government to choose are drastically curtailing the expenditure, or increasing borrowing from domestic and international financial markets, or increasing of private participation (in the form of BOT) to infrastructure development.

The Drastically Curtailment of Expenditure

It is very difficult for the Government to cut official expenditure for the rehabilitation of civil-war-damaged and/or poorly maintained infrastructure.

Increase of Borrowings

Domestic markets requests the Government not increase borrowings from the market since it squeeze private borrowings and the terms and conditions of the borrowings are more severe for the private.

In the international financial markets, EU market is rather open for lending but due to the country risk of Lebanon, and in the turmoil of the international economy, the door for the Lebanese Government is narrowing and severe in the terms and conditions of the borrowing.

In the case of Official Development Assistance (ODA), grants are limited in financial size and applied projects/programs. Loan/credit facilities of the international lending agencies are available with some strict terms and conditions attached to the loan agreement.

Bilateral ODA sources are depending on the economy, budget, and political will. In the world turmoil of the economy, ODA lending is restricting its activities. However, there might be some ways of solving the problem such as policy dialogue with those of international forums and consultative group meetings.

Private Participation

The Government is expecting very much on the private participation in the development of infrastructure. The Government is looking for strategic partners, foreign or domestic, to participate in the corporatization of public utilities. Foreign and local investors are treated equal under the present laws and regulation with some minor exceptions. The investment climate of Lebanon is not attractive for the foreign investors since country risk is very high.

The options left for the Government to choose for the financial resources for the development and rehabilitation of infrastructure is; 1) private loan/credit/bond with unfavorable terms and conditions, 2) ODA loans and grants and 3) private participation in the form of BOT.

3) Recommendations

The Government should increase tax and non-tax revenue, private loan/credit/bond with less unfavorable terms and conditions, ODA loans and grants and private participation in the form of BOT.

3.1.2 Infrastructure Investment

1) Present practice and issues

The Government has Five Year Development Plan (FYDP), which was prepared by CDR in April 2000. The Plan indicates the financial resources as Table 3.1-3 and Figure 3.1-3 show.

Table 3.1-3 Financial Resources for the Five-Year Development Plan (2000-2004)
Unit: Million US\$

Financial Resources	Total (1)	%	Road/Highway/Transport Sector		
			Sector Total (2)	%	% (2)/(1)
Foreign Official Loan (a)	1,333.2	14.7	244.0	7.4	18.3
Foreign Official Grants	110.7	1.2	0.0	0.0	0.0
Independent Municipalities Fund (MOMRA)	525.0	5.8	0.0	0.0	0.0
General Budget (MOF)(b)	4,390.0	48.5	1635.8	49.7	37.3
BOT (Foreign Private)	2,684.1	29.7	1,411.0	42.9	52.6
Total	9,043.0	100.0	3,290.8	100.0	36.4
Government Financial Burden (a)+(b)	5,723.2	63.3	1,879.8	57.1	32.8

Source: CDR - The Five Year Development Plan 2000 - 2004

Including foreign private investment (BOT) to the infrastructure project, total financial resources applied to the plan is 9.0 billion US\$, of which general budget is 48.5%, BOT is 29.7%, and available foreign loan and grants are 15.9%.

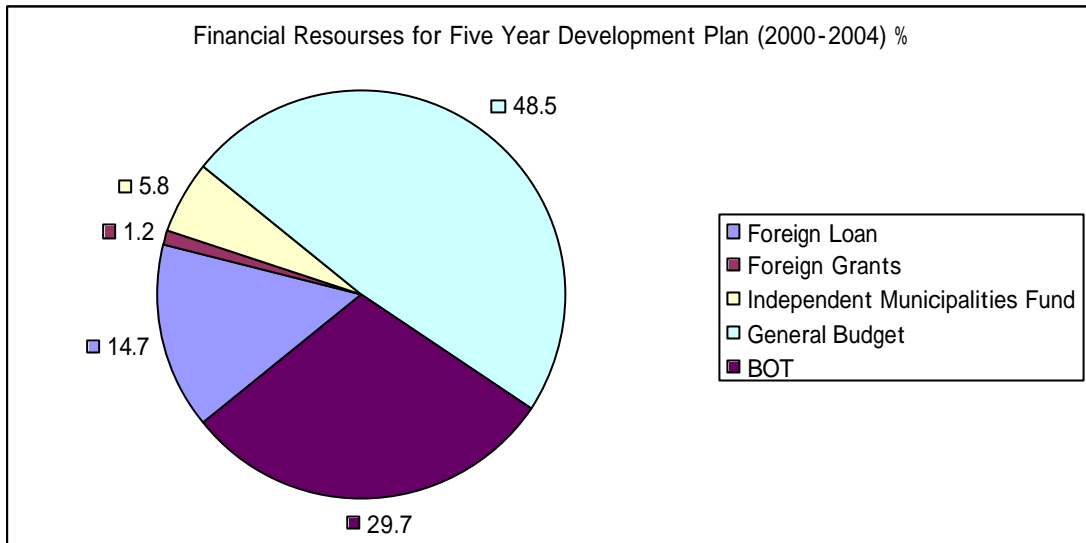


Figure 3.1-3 Financial Resources for Five-Year Development Plan (2000-2004)

The Plan allocated about 3.3 billion US\$ to Roads, Highways and Transport Sector, of which general budget is 49.7%, BOT is 42.9%, and available foreign loan is 7.4% as shown in Figure 3.1-4.

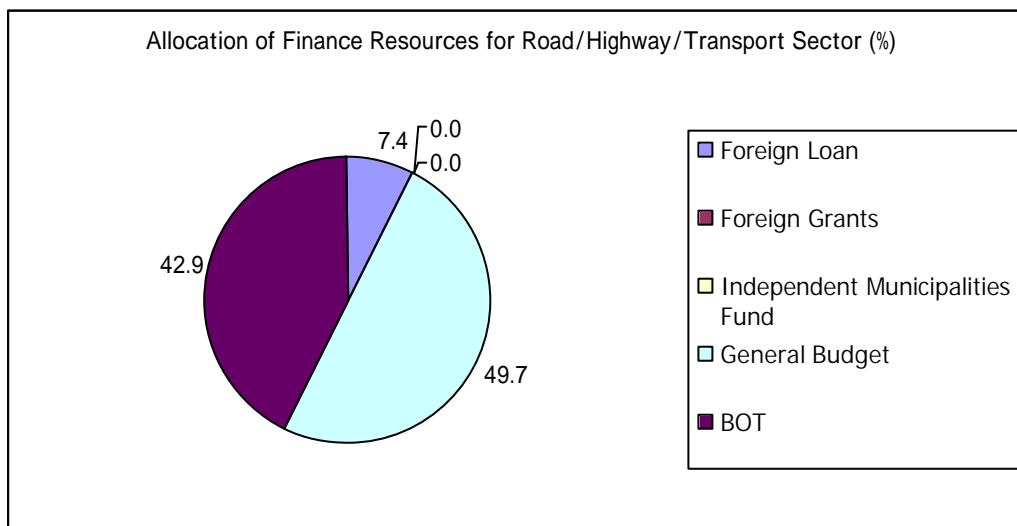


Figure 3.1-4 Allocation of Financial Resources for Transport Sector (2000 - 2004)

The Plan is a sort of shopping list type of plan and does not contain any theme such as financial reform, creation of organization and so on.

The study team was informed that each year before the fiscal year starts, CDR prepares yearly plan of operation and submit it to the parliament through Ministry of Finance. It will be approved simultaneously with the budget law for the year. The operation plan includes the borrowing limits of CDR and prospective finance sources. The borrowing limits are normally amounted to about 200 Million US\$.

2) Findings

Government is allocating out of its financial burden 32.8% to the transport sector. On annual average 375.96 Million US\$ is allocated to Transport sector.

The regional or municipal allocation is not mentioned in the Plan.

Within the available foreign loan to be extended by World Bank, it was said several loan agreements have not yet been concluded or effectuated due to some reasons of not meeting with the terms and conditions provided in the agreement. The total amount is estimated to 500 to 800 Million US\$.

3) Recommendations

The study team recommends:

To get regional allocation of financial resources, some criteria should be applied for based upon the share of area population to total population and for the transport sector, share of road length to the total length of national road.

The government or the Municipality should prepare measures to fulfill the anticipated terms and conditions which will be requested by the financier before the finance is indicated. If it is prepared after the loan agreement concluded, it is too late and causes delay of disbursement. In this sense, it should be included in the course of the feasibility study to coordinate the anticipated terms and conditions with the interested circles including politicians who will legislate the laws and regulations necessary for the implementation of the projects.

It should be reminded that in almost all cases, once the loan agreement is concluded for a project but not yet be effectuated for some reasons of inconsistency of terms and conditions, it can not be utilized for other projects only for disbursement.

3.2 FINANCE AND INVESTMENT OF TRIPOLI MUNICIPALITY

Municipal Financial Autonomy

Law 118 of 1997 makes municipalities financially autonomous. There is also a problem of complexity in municipalities' revenue collection systems where, in theory, municipalities can collect more than 35 different taxes and fees.

Their most important revenue sources are the following four types of fees.

- 1) Fees and tariffs collected directly by the municipality such as registration of rental property, residential and commercial rental contracts, advertising permits, construction permits, and revenues from municipal property, tariffs, or user fees on sewage systems and pavements.
- 2) Taxes collected by the state on behalf of municipalities: that are supposed to be redistributed according to a formula e.g, 10 percent on built real estate; 15 percent on profits of commercial, industrial and non-commercial professions; 10 percent on transfer of companies, bequests and grants; and 3.5 percent of port authority collections.
- 3) Fees collected by private institutions and transferred to municipal account: including 3 percent on insurance premiums and 10 percent on cellular phones added to the consumers bill. (The cellular phone companies' revenues last year exceeded US\$190 million of which US\$19 million should be going to municipalities.)
- 4) Tariffs or user fees collected by the state or other public administration: such as the 10 percent surtax on water usage fees collected by the water authority; 10 percent on electricity consumption collected by Electricit du Liban; 10 percent on telephone subscriptions and calls; and revenues from loans, grants and bequests.

Mayors in Greater Tripoli Area – Relation and Supervision by Ministry of Interior

The Municipality Mayor and Vice Mayor are internally elected among the members of the Municipality Council, who are elected by the public. In Tripoli, there are 24 council members. The Mayor of Tripoli is traditionally the Mayor of AI-Faihaa Union (known as Greater Tripoli). AI-Faihaa Union is consisted of the 3 municipalities of Tripoli, EI-Mina and Bedaoui. All Mayors are almost

equal with seniority to Tripoli Mayor. The 3 mayors coordinate together in joint projects such as: Solid Waste Management, Fire Brigade and Slaughter House.

There is the Ministry of Municipal and Rural Affairs that supervises the performance of all municipalities. In addition, there is also a Governor for the Northern Governorate who is appointed by the Ministry of Interior and represents the Central Government in northern Lebanon.

There is no administrative union or body for Greater Beirut. It is only geographical naming. In Lebanon, there are more than 10 local unions formed among different municipalities.

3.2.1 Budgeting System

1) Present practice and issues

(a) Budget of Tripoli Municipality

Next Table 3.2-1 shows the budget for five years and comparison with budgets of national and MOPWT.

Table 3.2-1 National, MOPWT and Tripoli Municipality Budget

Unit: Billion LL

Fiscal Year	Revenues			Expenditures				
	National Total	Tripoli Total	Share of Tripoli (%)	National Total	Tripoli Total	Share of Tripoli (%)	Min. of Public Works & Transport	Share of MPWT (%)
	(1)	(2)	(2)/(1)*100 = (3)	(4)	(5)	(5)/(4)*100 = (6)	(7)	(7)/(4)*100 = (8)
1995	3,280			5,630.0			275.0	4.9
1996	4,025	27.0	0.67	6,450.0	27.0	0.42	276.0	4.3
1997	4,100	31.0	0.76	6,370.0	31.0	0.49	248.0	3.9
1998	4,956	22.0	0.44	7,925.0	22.0	0.28	306.0	3.9
1999	4,990	20.0	0.40	8,395.0	20.0	0.24	231.0	2.8
2000	5,435	21.6	0.40	8,525.0	21.6	0.25	na	
Ave.	4,701.2	24.3	0.52	7,533.0	24.3	0.32	267.2	3.5

The expenditure size of the Tripoli Municipality is only 9.1% of that of MOPWT and 0.32% of that of the National Budget Expenditure.

Although the Municipality has been authorized to collect directly various fees such as house rent fee or building license fee, it shares only 27% of the revenue, whereas the indirect revenue such as port fees, 10% of phone calls and subscriptions, electricity and water consumptions through Ministry of finance is 59%. These items of income are now delayed more than two years.

Since details of budget was not provided, road related revenue and expenditure could not estimated precisely. However, the study team estimated that the road related revenue is only 5 to 6% of the total revenue, but expenditure for road related facilities and maintenances is estimated more than 10% of the total expenditures.

This situation will make the municipality limit their activities on the municipal road and transport services for the citizens in Greater Tripoli area.

To sum up, the size of the Tripoli Municipality Budget is very small and means that funds on their hands cannot afford project local cost expenditure when transport project such as rehabilitation of municipal roads or public parking area construction is implemented. To solve this problem, Mayor intends to utilize private participation in the form of Build-Operate-Transfer as much as possible. Off-Street Parking project is underway to be implemented in near future.

(b) Ministry of Municipal and Rural Affairs (MOMRA)

The Ministry of Municipal and Rural Affairs was established in 1993 and its responsibilities are to: (a) address the institutional and infrastructure needs of municipalities and rural communities, particularly those that cannot provide municipal services on their own, and (b) coordinate regional initiatives concerning municipal services. MOMRA manages “Independent Municipal Fund” to invest for the purposes. In 1995 – 96, MOMRA invested about US\$30 million to infrastructure needs of municipalities. In 1999, MOMRA distributed about US\$120 million to municipalities, representing 1997 transfers. In early 2000, a decree to distribute US\$300 million to municipalities was issued, which was representing 1998 and 1999 transfers.

In mid of 2000, World Bank has extended a project loan amounting to US\$80 million to the Lebanese Republic in order to (a) upgrade and rehabilitate backlog of essential municipal infrastructure, and (b) build/develop institutional capacity of MOMRA. In addition to this, the European Union (EU) indicated a technical assistance amounting to about 9 million Euros for the purpose of supporting municipal sector in Lebanon at both MOMRA in central level and municipalities and Unions of Municipalities in local level. Similarly, USAID has already started technical assistance program aimed at municipalities and villages, which covered already 80 municipalities.

World Bank summarized four main sector issues such as (a) inadequacy of infrastructure, (b) inadequate municipal finance, (c) The Independent Municipal Fund Arrears, and (d) Limited institutional capacity at central and local government levels.

2) Findings

Finance resources of the Municipality of Tripoli available for allocation to implementation of Master Plan projects are almost none and have to rely on the government support including CDR, foreign assistance and foreign private investment in the scheme of BOT if the investment climate is favorable to the private foreign investors.

Table 3.2-2 Financial Resources for the Master Plan Projects

Projects	Finance Sources			
	Municipality	Gov./CDR	BOT	ODA
Short term		Tripoli Blvd Underpass	None	Grant or Loan
Medium & Long term	Operation & Maintenance	Road Improvement & Widening, and New Road Construction if finance is available.	Road Improvement & Widening and New Road Construction if investment climate is favorable.	None

Remarks: When Tripoli Blvd Underpass is implemented by CDR using ODA finance, repayment is made through Independent Municipal Fund if loan is extended.

3) Recommendations

Recommendation is as follows.

- General Budgetary revenue: For O & M purposes, collection efforts should be intensified by the Municipality so that indigenous fund resources such as fees and incomes directly payable to the municipality will be increased.
- Indirect budgetary revenue: There are four indirect revenue items; taxation on built property, port fees, telephone calls and subscription, electricity power consumption tax. Those are payable firstly to the government and then to be transferred to the municipalities where such services or consumption are made. The Ministry of Municipal and Rural Affairs (MOMRA) manages the fund (Independent Municipal Fund). When the Municipality borrows fund from local or foreign sources, they utilize this fund for repayment. The Fund amount is very small compared to the number of the municipalities. And allocation to the Municipality of Tripoli is unknown. As is showed in the Five Year Development Plan, 525 million US\$ is available in five years for more than 800 municipalities in total.

3.2.2 Infrastructure Investment

1) Present practice and issues

Infrastructure investment in the Municipality is implemented by the central government. CDR being coordinated with the relevant engineers and staffs implements most of the investment projects, which covers not only the Municipality area but also northern part of Lebanon.

The Government is promoting private investor's participation in developing infrastructure. The Municipality responding to the policy activates their activities to direct such investor to establish an infrastructure projects. Among such investment activities off-street parking lot project is included.

2) Findings

The Municipality has no plan for infrastructure development and investment. The Mayor being based upon his commitment intends to promote and develop most desired and needed infrastructure such as water supply, sewage, car parking lot, road rehabilitation, and traffic management facilities under the budget constraints and accordingly human resources scarcity. However, actual implementation of the project is restricted to a small project like a limited length of road rehabilitation depending on the budget.

3) Recommendations

The Study Team recommends that the Municipality of Tripoli should implement project in conformity with the budgetary revenue, and leave bigger projects to the Government and CDR under the present conditions and future perspective.

3.3 ESTIMATION OF AVAILABLE FUND FOR MASTER PLAN

According to the Government's Five Year Development Plan covering (2000-2004), total financial resources for the infrastructure investment is b. 13,560 LL (b. 9.043 US\$), of which the Government general budget is 48%, private participation (BOT) 30%, foreign loans and grants 16% and municipality fund 6% as shown in Figure 3.3-1.

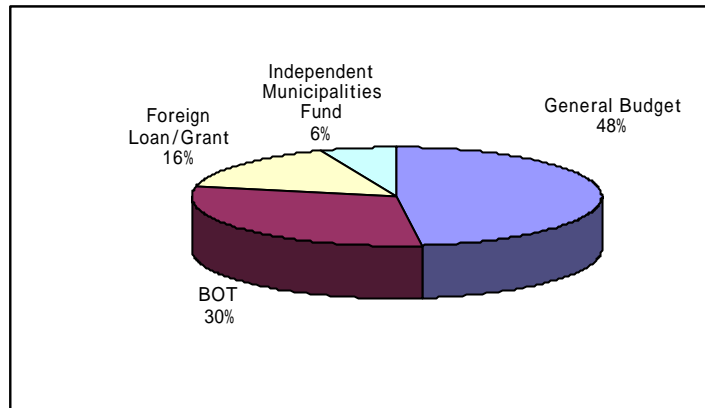


Figure 3.3-1 Total Infrastructure Investments (2000-2004)

The Plan allocates 4,936 billion LL (3,291 million US\$) to Transport Sector Investment, of which general budget plus foreign loan is 57%, and BOT is 43% as presented in Figure 3.3-2. Private participation is strongly expected.

Fund availability for the Master Plan Projects is derived from applying the allocation criteria, which is based on the share of population and road network (Km) of Tripoli Municipality, to the national transport sector investment. Taking into consideration the routine maintenance works, the estimated fund availability is found to cover the implementation of the Master Plan projects as shown in Table 3.3-1.

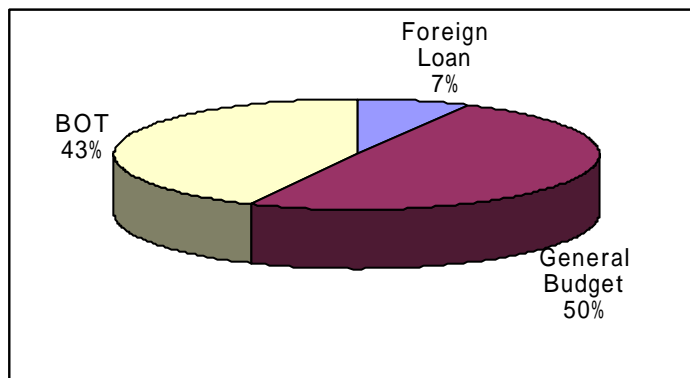


Figure 3.3-2 National Transport Sector Investments (2000 - 2004)

Table 3.3-1 Required and Available Fund for the Master Plan

Unit: Billion LL

Items	Short-term (2001-2005)	Medium-term (2006-2010)	Long-term (2011-2020)
Master Plan Fund Requirement	84.23	56.49	178.85
Estimated Available Fund	85.00	86.00	215.00