



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

# Aid Coordination Newsletter

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Issue 2

## **Arab Monetary Fund signed two agreements for a total of \$75 million**

On December 26, the Ministry of Finance signed a loan agreement with the Arab Monetary Fund for an amount equivalent to \$32 million of budget support to benefit structural reforms in the fiscal and monetary sectors. The AMF also signed an agreement of \$43 million with Banque du Liban supporting reforms in risk management and mitigation, and accounting system design. The Arab Monetary Fund has pledged a total of \$250 million to Lebanon in Paris III, \$150 million of which in budget support and \$100 million in private sector support.

## **United Arab Emirates transferred \$100 million to the Lebanese Government**

On December 24, the Lebanese Government received \$100 million from the United Arab Emirates, representing the third and final tranche of the budget support loan agreement of a total of \$300 million, signed with the Abu Dhabi Fund for Development on behalf of UAE and pledged at Paris III. The first and second tranche were received on November 7, and November 29 respectively.

## **European Investment Bank and Byblos Bank signed €60 million agreement**

On December 20, EIB signed a loan agreement with Byblos Bank for €60 million to support small and medium enterprises. This Global Loan agreement is part of EIB's Private Sector Facilities' project and under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). EIB pledged a total of €545 million in private sector support at the Paris III Conference.

## **United States Agency for International Development and Ministry of Finance signed grant agreement for additional \$50 million**

On December 17, USAID - on behalf of the Government of the United States - and MOF - on behalf of the Lebanese Government - amended the grant agreement signed on August 31, 2007 to increase the amount by \$50 million, thereby bringing the total grant signed to date to \$125 million. The grant agreement is part of the \$250 million US pledge for budget support to Lebanon made at Paris III as signed in the Memorandum of Understanding on July 5, 2007.

## **The Council of EU Ministers approved €80 million Macro-Finance Assistance package**

On December 10, the Council of EU Ministers, after consultation with the European Parliament, approved the Macro-Financial Assistance package totaling €80 million for debt reduction pledged during Paris III. The Council of EU Ministers' decision gives the European Commission the mandate to finalize and sign the agreement with Lebanon. The package consists of a €50 million loan and €30 million grant. The EU pledged a total of €374 million in support to Lebanon during the Paris III conference including project lending and relief assistance.

## **Germany signed €24 million grant agreements to benefit projects**

On December 8, 2007, representatives of the German government and the Council for Development and Reconstruction signed grant agreements for a total of €24 million for projects in the water, waste water and power sectors. The projects include €10 million for the water and waste water sectors and related electrical activities; €12 million for creating a central waste water project in the North benefiting the residents of the Nahr el-Bared and Beddawi camps; and, €2



million for the completion of building two schools facing cost overruns from an earlier grant. Germany signed agreements totaling €44 million since the July 2006 war. Germany pledged €103 million during the Paris III Conference including project financing for recovery projects after the July 2006 war.

#### **French Parliament approved €375 million Paris III budget support loan**

Both the French National Assembly and the Senate have approved the budget support of €375 million pledged to Lebanon. On December 7, the French National Assembly approved Amendment #61, which provides the French government guarantee for the €375 million Paris III budget support loan and gives the Agence Française de Développement the mandate to negotiate and sign the loan agreement with the Lebanese Government. Subsequently, the Senate approved the amendment as article 87 of "LOI n° 2007-1824 du 25 décembre 2007 de finances rectificative pour 2007". The Ministry of Finance is holding discussions with AFD on finalizing the agreement. France pledged €500 million in Paris III of which €375 million is for budget support and €125 million for private sector support.

#### **Oman transferred \$10 million to the Lebanese Government**

On December 5, Oman transferred \$10 million to the Lebanese Government in fulfillment of the grant agreement signed on November 27 and its Paris III pledge for budget support.

#### **USAID transferred equivalent to \$14 million for debt service payments to the World Bank**

On December 1, USAID made payments equivalent to \$14 million to cover Lebanon's debt and debt service to the World Bank. This payment is the first installment in fulfillment of the grant agreement of \$75 million signed with USAID on August 31, 2007. (Please refer to paragraph 4 above)

#### **European Investment Bank and the Council for Development and Reconstruction signed €100 million loan agreement**

On November 29, EIB and CDR signed a loan agreement (signed in Beirut on November 23 and in Brussels on November 29) of €100 million in support of private sector development, specifically enterprises affected by the July 2006 war. The loan agreement is subject to approval by the Lebanese Parliament. The loan will be managed by the Banque du Liban. EIB pledged a total of €960 million in support to Lebanon at the Paris III Conference, of which €545 million are dedicated to private sector support.

#### **CDR Progress Report for the year 2006**

The Progress Report on reconstruction and development for the year 2006, published by CDR, has been disseminated in English and French, following its earlier publication in Arabic.

#### **Ministry of Finance convened first aid Partnership Committee meeting**

On December 18, the Ministry of Finance convened the first meeting of the aid Partnership Committee, consisting of concerned key government entities and main donors. The Partnership Committee aims to guide and oversee external assistance provided to Lebanon. Its terms of reference include providing strategic guidance, addressing cross-cutting issues and impediments



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to execution, providing guidance on matters affecting the effectiveness, efficiency, and economic and financial sustainability of donor-funded programs and projects. The objective of the meeting was to establish the basis and set in motion the process to deepen policy dialogue on aid and development and to ensure increased effectiveness and efficiency of aid. The presentation made at the meeting is available on [www.finance.gov.lb](http://www.finance.gov.lb).

#### **Coordination Unit for Nahr el-Bared Camp created**

A Coordination Unit presided by H.E. Ambassador Khalil Makkawi - Lebanese Palestinian Dialogue Committee President - was created in order to facilitate the coordination, follow-up and supervision of all planned and ongoing activities and projects in Nahr Al-Bared Camp and surrounding Municipalities of North Lebanon.



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