Country: Lebanon
PROJECT DOCUMENT

<table>
<thead>
<tr>
<th>Project Title:</th>
<th>Sustainable Oil and Gas Development in Lebanon (SODEL)</th>
</tr>
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<tbody>
<tr>
<td>UNDAF Outcome(s):</td>
<td>Outcome 5: By 2014, improved accessibility and management of natural resources and enhanced response to national and global environmental challenges</td>
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<tr>
<td>Expected Output(s):</td>
<td>Environmental considerations are mainstreamed in sector and local-level strategies and plans</td>
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<tr>
<td>Implementing Entity:</td>
<td>United Nations Development Agency</td>
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<tr>
<td>Execution Entity:</td>
<td>Ministry of Energy and Water</td>
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**Brief Description**

This project aims at supporting the newly created, but not staffed yet, Petroleum Authority at the Ministry of Energy and Water, particularly the Quality, Health, Safety and Environment Unit. The project will assist in moving the recommendations of the Strategic Environmental Assessment forward by developing and implementing the needed standards, legislation, awareness and capacity building initiatives. The project will also undertake in-depth studies for the uses of natural gas and other low carbon fuels, specifically in the transport and energy sectors. This would help in promoting the enabling environment needed to establish a more affordable, sustainable and environmentally friendly fuel mix for Lebanon for both the transport and energy sectors.

The project will be implemented with the Ministry of Energy and Water and will coordinate very closely with the Ministries of Environment, Finance, Public Health and the Office of the Prime Minister.

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<th>Programme Period:</th>
<th>2012 - 2015</th>
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<td>End Date:</td>
<td>31 August 2015</td>
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<td>PAC Meeting Date:</td>
<td>Support to NIM</td>
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<td>Unfunded budget:</td>
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Agreed by Ministry of Energy and Water

Agreed by CDR

Agreed by UNDP
I. **Situation Analysis**

Since the early nineties, the Government of Lebanon has been working on the oil and gas exploration and production sector. Lately, the momentum has increased with the passing of Law 132 in August of 2010. The Petroleum Law provides a framework for the oil and gas exploration, drilling, transport, and de-commissioning and includes environmental safety and protection of natural resources. This is consistent with the Barcelona Convention which states that all Parties to the Convention should take all appropriate measures to prevent, abate and combat pollution of the Mediterranean Sea area resulting from exploration and exploitation of the continental shelf and the seabed and its subsoil.

In line with the environmental protection conditions stated in Article 7 of Law 132/2010, the Government commissioned the preparation of a Strategic Environmental Assessment of the petroleum sector which was completed in April 2012. In addition, a decree (number 7968) was issued on 7 April 2012 establishing the Petroleum Administrative Authority which includes a unit on Quality, Health, Safety and the Environment. The Government is currently in the process of issuing the first round of licensing for exploration.

**Brief historic overview of the oil and gas sector is as follows:**

- **1993-1994**: Ministry of Industry and Oil commissioned UK Company GecoPrakla to carry out a 2D seismic survey of 491 km off the coast of Tripoli.
- **1999**: UK Aenergy initiated exploration efforts, designed and proposed outline plan for exploration process.
- **2000**: Spectrum carries out a 2D seismic survey of Lebanon’s Territorial Water.
- **2001**: The Higher Council for Privatization (HCP) asks Southampton Oceanographic Centre to carry out boundaries delimitation for the Lebanese Exclusive Economic Zone.
- **2001**: The Higher Council for Privatization (HCP) asks UK Aenergy to advise the government on exploration licensing process.
- **2002**: 2D seismic survey of Lebanon’s Exclusive Economic Zone, as part of a regional speculative survey conducted over the eastern Mediterranean region.
- **2003**: The HCP asks UK ECL to carry out the interpretation of the Spectrum 2000 and 2002 surveys results.
- **2003**: MEW asks UK Spectrum to carry out a reprocessing of the 1993 GecoPrakla data, and gave Spectrum exclusive rights to market the data till August 2007.
- **2004**: UK ECL submits its preliminary report on seismic data interpretation.
- **2004**: MEW established contact with Law firms to carry out the petroleum draft law and establish the basics of the production-sharing agreement.
- **November 2005**: MEW signed a Non-Exclusive Multi-Client 3D Seismic Survey and Reprocessing Agreement with PGS GEOPHYSICAL AS.
- **Feb 2006**: MEW and CNRS signed a protocol to combine efforts managing and preserving existing data.
- **January 2007**: the GoL and the Government of Cyprus signed an agreement on the delimitation of the Exclusive Economic Zone (EEZ).
- **In July 2007**, the GOL established a committee to draft the upstream Petroleum policy offshore Lebanon. The committee was composed of members from the Ministry of Energy and water, Ministry of Finance, Ministry of Environment, National Council for scientific research and Prime Minister’s office.
- **September 2007** the Lebanese Petroleum Policy was published.
- **August 2010**: Law 132 approved by the GOL relates to oil and gas activities in Lebanese exclusive economic zones (approx. 22,700km²).
- **April 2012**: Decree issued establishing the petroleum management authority at the Ministry of Energy and Water.
• May 2012: Completion of the Strategic Environmental Impact Assessment for the oil and gas sector in Lebanon

The Ministry of Energy and Water now has a clearer strategy on the quality, environment, health and safety requirements for the oil and gas exploration and production sector, however much work still needs to be undertaken to prepare the grounds for its implementation to ensure that negative impacts of this sector are mitigated and the environment and people are protected to the maximum extent possible. In addition, the development of the gas sector, for upstream electricity generation, transport and other sectors, needs to be assessed in more depth to provide an integrated, environmentally-sound policy that would maximise social and economic benefits.
II. **Strategy**

Based on the recommendations of the Strategic Environment Assessment for the Offshore Petroleum Sector, which was completed by the UK company, RPS Energy Ltd, this project will support the Government in developing and implementing the action plan for quality, healthy, safety and environment (QHSE) of this sector. Furthermore, the project will look at the uses of the potential oil and gas resources in different sectors, namely transport and energy, to develop an upstream gas policy paper that would maximise economic benefit to Lebanon while safeguarding the environment.

Ultimately, this would ensure that all decisions taken in the upstream gas exploration and production sectors as well as in the use of natural gas and other hydrocarbon fuel, if found, take environmental and social considerations into account in order to protect both the environment and local communities.

i. **Support to Quality, Health, Safety and Environment**

The strategic environmental assessment (SEA) looked at different possible scenarios for the results of the oil and gas exploration activities and in turn, assessed the impacts, risks and opportunities that would result from each type of scenarios. The scenarios ranged from not finding any commercial oil and gas reserves upon exploratory drilling to on-shore oil and gas development industries. For each scenario, the management options were identified for a variety of activities and per activity, namely environment, economy, socio-cultural, institutional and other.

Taking into account the lowest impact scenario, which would just entail oil exploration without necessitating the discovery of commercially viable findings and no further work is required, i.e. no reserves found, several institutional and technical conditions need to have been developed by the Government of Lebanon.

As a minimum, and based on the prioritisation presented in the SEA, the items that need to be tackled with the Quality, Health, Safety and Environment Unit of the Petroleum Authority, are:

a. Development of relevant Health, Safety and Environment standards and related legislation

b. National contingency plan (with the support of other departments)

c. Environmental awareness raising and capacity building in HSE for all concerned public institutions

d. Environmental baseline data collection and database creation

The work that needs to be undertaken for the first two items will be elaborated in more detail in this project document to give an idea of the work entailed:

a. **Health, Safety and Environment (HSE)**

Lebanon should have in place an HSE regulatory framework and clear institutional roles and responsibilities that would allow for the proper implementation of these standards to ensure adequate protection. The regulatory framework must include a well thought out enforcement scheme in which legislation is enforced in a clear and consistent manner, and according to up-to-date and technically sound environment, health and safety standards.

Based on the recently approved EIA decree and other environment related decrees, environmental standards related to the oil and gas sector need to be updated and HSE guideline documents on Environmental Management Systems, Environment and Social Impact
Assessments, Environmental Risk Assessments, Mitigation and Monitoring manuals, etc. should be developed and adopted officially by the Government of Lebanon. Of particular importance are the waste management standards and guidelines since the oil extraction industry produces significant amount and special types of wastes that need to be properly managed. Air pollution emissions and ensuring low carbon activities are undertaken should also be explored within this programme.

b. National Contingency Plan

Lebanon has recently drafted a National Emergency Plan covering natural disasters and foreign invasions. The oil and gas sector SEA undertook a risk assessment associated with oil and gas development scenarios and the results highlighted the need for a National Contingency Plan covering oil spills in Lebanese waters. International oil and gas operating companies would expect such a Plan to be in place at a national level prior to commencing offshore exploration operations (in particularly offshore drilling operations). As a matter of due process, offshore operators will have their Company and location specific Oil Spill Response and Emergency Plans, but for them to be fully effective they will need to identify, and be coordinated with, the National Plan.

Accordingly, the draft National Contingency Plan that was prepared by RPS needs to be finalised in consensus with all partners. This requires the assignment of roles and responsibilities of different public institutions such as the internal security forces, ministry of interior and municipalities, Ministry of Energy and Water, Ministry of Environment, etc., identification of equipment and resources needed and the assurance of commitment from all parties.

c. Environmental awareness raising and capacity building in HSE for all concerned public institutions

The oil and gas industry could potentially exacerbate already existing pressures on the offshore and coastal ecosystems of Lebanon. Consistent with a lack of regulatory framework is a lack of land use planning with consideration for environmental issues. This is understandable in the context of post-war recovery, but with the development of an oil and gas industry there is now the opportunity to construct coherent, long term plans for environmental protection and rehabilitation.

Accordingly, the Government of Lebanon should reconsider the offshore ecosystems along the coast of Lebanon, identify sensitivity hotspots and determine the most appropriate methods to protect whatever remaining ecologically important areas through a variety of means, such as the creation of adequately protected Marine Protected Areas (MPAs), strengthening existing marine environment related regulations, and promotion of marine clean-up programmes. Environmental capacity building and training of all concerned institutions such as the Ministries of Interior and Municipalities, coast guards, Internal Security Forces and others should be undertaken to raise know-how on the legislation and the importance of its implementation on the ground.

These programmes should be undertaken with large environmental awareness campaigns to sensitive the public and the local communities living along the coast, in particular, on the risks of oil extraction and mitigation measures needed.

d. Environmental baseline data collection and database creation

Given that it takes considerable time to acquire and collate environmental data, especially from the deeper offshore areas, which are required to certify the proper implementation of oil and gas exploration activities, baseline survey could be carried out as part of the Licence specific EIAs that will be performed by the operators who acquire the License Block rights. Operators will expect to carry out comprehensive ESIs as a condition of any Block Licenses they acquire and also to meet Lebanese legal requirements. In these circumstances Baseline Surveys are also
seen as an insurance requirement to guard against future liabilities; but from the perspective of enhancing a Lebanese national environmental database such surveys are invaluable.

In parallel, other surveys should be carried out by the Government of Lebanon, particularly on initially identified hotspots along the coast. The scope of these assessments and required data needed for collection in both the ESIsAs and other surveys should be developed within this project and the use of existing resources (equipment, technical and human) should be identified and used to collect as much data as possible. Gap analysis should also be undertaken and required budgets mobilised to complete any existing data gaps. This should be a priority activity to be initiated at the beginning of the project given the time needed to for data collection and surveying and its critical need by the operators.

To maximise the value of the surveys, a database should be created in close coordination with the Ministry of Environment who would be managing the ESIsAs carried out by the operators. These data collection efforts may need to be complimented with further survey and monitoring, equipment and/or additional research.

A database, preferably with good spatial data infrastructure using GIS and other data management software should be established to ensure that the information is stored in a secure environment. This database should be shared between the HSE unit at the Ministry of Energy and Water and the Ministry of Environment.

ii. Enabling Environment for the Promotion of Alternative Fuel Vehicles

The project will also undertake the necessary preparatory technical studies and provide policy recommendations that would determine the most nationally appropriate uses of the potential natural gas resources in Lebanon. Of particular interest is the use of natural gas for both the energy mix and the transport sectors. Potential benefits of using natural gas in transportation include cost reduction, greenhouse-gas emissions savings, local air quality improvements, noise reduction, revenue increases from oil products and energy security enhancement.

A policy paper or compilation of best policy options available based on technical and financial feasibility assessments, coupled with legal framework, will be prepared to maximise economic benefit to Lebanon while safeguarding the environment. Ultimately, this would lead to the development of a national alternative transport fuel strategy for Lebanon.

More detailed assessments that are needed include but are not limited to the following:

a. Technical assessment of best types of fuel-efficient vehicles for Lebanon

There are several alternative fuel types of cars and technologies, including natural gas vehicles (NGV), biofuels, hybrid or battery electric vehicles, etc. Furthermore, natural gas can be used in either a compressed (CNG) or liquid (LNG) state and in different vehicles types such as public transport vehicles, buses and taxis for example, as well as for private vehicles, such as passenger cars, light commercial vehicles, vans or even motorcycles.

An assessment of the most suitable technology to be promoted in Lebanon for both the private and public transport sectors and according to the available road infrastructure in Lebanon has to be conducted. Furthermore, given that the automotive industry is moving towards electrified mobility, particularly for urban areas, with near zero emissions, the option of using natural gas to produce electricity that would then charge electrified battery vehicles for transportation should be assessed.
In addition, this study should include a cost-benefit analysis including the options of retrofitting existing vehicles, price and availability of importing new alternative fuel vehicles, most suitable refuelling and charging locations, and others issues. Such a study would provide the Government of Lebanon with the appropriate policy recommendations for its transportation fleet.

b. Infrastructure assessment: technical requirements and financial costs
To complement the introduction of any alternative fuel vehicles to Lebanon, the infrastructure for fuel stations should be determined and technical and financial implications assessed. The investments required to build new or fuel stations for natural gas or to retrofit existing stations should be identified based on the types of fuel efficient vehicles selected.

Although the equipment needed to build stations for natural gas vehicles and electric vehicles are readily available, the fuelling stations should be designed depending on national situation, such as for example, whether the stations will be located only in the Greater Beirut Area or spread along all coastal cities, the use of such stations for public and/or private vehicles, connection to natural gas or electricity grid, retrofitting of existing fuel stations or building of new ones, use of compressed natural gas or liquefied natural gas should the latter option be taken by the Government, etc.

c. Legislative framework review and recommendations
Whether existing vehicles will be retrofitted to use natural gas or new vehicles are introduced into the market, a legal framework needs to be introduced to ensure safety, quality, health and environmental standards are abided by. QHSE standards for the alternative fuel transport sector should be developed and adopted to protect consumers. The legislative frameworks should also be revised accordingly to incorporate such changes.

d. Capacity building and public awareness raising
As with the introduction of all new technologies, the capacity of both personnel working on the ground with alternative fuelled vehicles, the public and decision-makers should be built. Dissemination of the technical know-how, adapting driving behaviour, regulations, maintenance needs, benefits and limitations of the introduced vehicles should take place through different media channels, including but not limited to trainings, awareness campaigns, workshops and printed materials (brochures, posters, etc.).
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<thead>
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<th>Targets (year 3)</th>
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<tr>
<td>- Policy options for suitable alternative transport published, including infrastructure assessment</td>
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### Annual Work Plan

**Years: 2012 - 2014**

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<th>Budget Description</th>
<th>Year 1 Amount (USD)</th>
<th>Year 2 Amount (USD)</th>
<th>Year 3 Amount (USD)</th>
<th>Total Amount (USD)</th>
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<td><strong>Subtotal</strong></td>
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<td>828,418</td>
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V. Management Arrangements

i. Execution Modality

The Project will be executed under the UNDP Support to National Implementation Modality (NIM), whereby UNDP will act as both the implementing agency and the Ministry of Energy and Water act as the executing agency. A letter of agreement will be signed with the Ministry of Energy and Water and UNDP detailing the collaboration arrangements between the two partners and defining the exact roles and responsibilities of each agency.

The project will establish a technical steering committee to provide expertise and ensure the various studies carried out and recommendations are in line with national priorities and are well coordinated with other on-going activities within the sector. The steering committee will consist of concerned national counterparts, including but not limited to the Ministry of Environment, NCRS, Ministry of Interior and Municipalities, Ministry of Defence, Office of the Prime Minister. The role of such a group would not only provide quality control, but also help to co-ordinate different activities in this sector to ensure synergies.

For the day-to-day management of the project, the UNDP will establish a Project Management Unit (PMU) consisting of a national project manager, assistant and at least 2 experts. The PMU will work under the direct supervision of the Environment and Energy Programme. Project organisational chart is found below.

The UNDP will monitor the progress towards intended results, and will ensure high-quality managerial, technical and financial implementation of the project, and will be responsible for monitoring and ensuring proper use of administrated funds to the assigned activities, timely reporting of implementation progress as well as undertaking of mandatory and non-mandatory evaluations. Furthermore, the procurement of goods and services and the recruitment of personnel shall be provided in accordance with UNDP guidelines, procedures and regulations.
ii. UNDP Support Services

In accordance with the decisions and directives of UNDP’s Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery by UNDP for two distinct cost categories related to the provision of support services, namely:

UNDP general oversight and management services (General Management Support - GMS) recovered with a flat rate of 5% and includes the following services:
- General oversight and monitoring, including participation in project reviews
- Briefing and de-briefing of project staff and consultants
- Resource management and reporting
- Thematic and technical backstopping through Bureaus
- Security management service and Malicious Acts Insurance Policy
- External access to ATLAS for project managers and other staff, Payroll management services and Medical Clearance Services for all staff

UNDP direct costs incurred for Implementation Support Services (ISS), recovered on a 2% of total expenditure basis and collected on a quarterly basis, for the following activities of the project:
- Payments, disbursements and other financial transactions
- Recruitment of staff, project personnel, and consultants
- Procurement of services and equipment including disposal
- Organization of training activities, conferences, and workshops, including fellowships
- Travel authorization, visa requests, ticketing, and travel arrangements
- Shipment, custom clearance, vehicle registration, and accreditation

iii. Audit

The audit of NIM projects is made through the regular external (UN Board of Auditors) or internal audits (audits managed by UNDP’s Office of Audit and Performance Review).

iv. Visibility

UNDP will ensure that the Ministry of energy and Water and respective donors to the project will receive visibility the maximum visibility possible.

UNDP will be responsible for determining when its name and logo are to be displayed and prior written authorisation must be granted by the UNDP Resident Representative on a case by case basis.
VI. Monitoring Framework and Evaluation

I. Overall Monitoring Framework

UNDP will undertake periodic monitoring of the implementation progress through regular meetings with the project team and PMO. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion and to ensure smooth implementation of project activities. Furthermore, UNDP will be responsible for financial monitoring and reporting on all disbursements of the programme to PMO and respective donors.

Monitoring will be a continuous and systematic process review of the various activities and will be intended to

- measure input, output, and performance indicators;
- provide regular and up-to-date information on the progress towards meeting the overall Project Objectives;
- alert the implementing partners with problems in implementation, and provide basis on which performance may be improved, and
- determine whether the relevant stakeholders are responding as expected.

II. Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by UNDP to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events.

III. Annually

Annual Review Report. An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

Annual Project Review. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.
VII. LEGAL CONTEXT

This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Lebanon and the United Nations Development Programme, signed by the parties on 10 February 1986.

The UNDP Resident Representative in Lebanon is authorized to effect in writing the following types of revisions to the Project Document, after consultation with the project partners:

- Revision of, or addition to, any of the annexes to the Project Document;
- Revisions which do not involve significant changes to the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation;
- Mandatory annual revisions which re-phase the delivery of agreed project outputs or increased expert or other costs due to inflation, or take into account agency expenditure flexibility; and
- Inclusion of additional annexes and attachments
### VIII. RISK ANALYSIS

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Date Identified</th>
<th>Type</th>
<th>Impact &amp; Probability (1= low, 5=high)</th>
<th>Countermeasures / Mgmt response</th>
<th>Owner</th>
<th>Submitted, updated by</th>
<th>Last Update</th>
<th>Status</th>
</tr>
</thead>
</table>
| 1  | Political undermining of oil and gas sector      | Initial         | Political  | \[P = 3 \\
I = 5\]                         | Ministry of Energy and Water to assess situation and take decisions accordingly                  | MEW            |                       |             |        |
| 2  | Stable security situation in Lebanon             | Initial         | Security   | \[P = 4 \\
I = 4\]                         | Ministry of Energy and Water and UNDP to assess and take appropriate measures accordingly        |                |                       |             |        |
| 3  | Willingness of other institutions to collaborate | Initial         | Operational| \[P = 5 \\
I = 4\]                         | Ministry of Energy and Water and UNDP to lobby for the active participation of all concerned stakeholders |                |                       |             |        |
| 4  | Availability of sufficient data                  | Initial         | Operational| \[P = 4 \\
I = 4\]                         | Ministry of Energy and Water and UNDP to actively locate and make data available                 |                |                       |             |        |
ANNEX 1 – TERMS OF REFERENCE

PROJECT MANAGER

Key Functions/Responsibilities:

Under the direct supervision of UNDP and in close coordination with the Ministry of Energy and Water (MEW), the Project Manager will be responsible for the overall execution of the project and will work in close coordination with UNDP, the Lebanese Government, and the national and international team of experts. The specific functions of the Project Manager are as follows:

1. Project elaboration and management:
   - Develop a detailed project work plan, budget breakdown and schedule
   - Develop TORs for local short-term consultants on project needs with the guidance of UNDP and assist in the recruitment process based on UNDP procedures
   - Manage local project team and resources
   - Coordinate all project activities with the MEW and UNDP
   - Draft technical and financial progress reports to UNDP and the Donor

2. Project implementation and delivery:
   - Monitor project progress against set deliverables and timeframes
   - Supervise and follow-up on all project delivery and execution at the different sites
   - Ensure smooth and successful implementation of the various project activities
   - Compile all technical needs assessment and draft the international bidding documents with the assistance of the technical backstopping agency and UNDP
   - Assist in the entire procurement process for the equipment
   - Proactively inform UNDP and MEW of project risks along with mitigation measures
   - Ensure communication about the project is regular and accurate
   - Prepare any follow-up project proposals as per the needs identified by UNDP/Donor.

3. Technical support:
   - Review and provide technical advice on all project outputs
   - Supervise the technical delivery of the sub-contractors and local consultants
   - Provide policy and technical advice to MEW and UNDP
   - Provide regular training for the project team and local stakeholders to ensure proper project performance

Competencies/Qualifications:

The Candidate must have strong planning and managerial skills to ensure quick project implementation and timely delivery of required outputs.

- Education: Graduate degree (MSc/MEng) in engineering or environmental sciences or petroleum studies.
- Experience: Minimum of 7 years of experience in the field. Experience in development projects and prior experience with UNDP and/or energy efficiency and renewable energy is necessary. Computer literate.
- Language Requirements: Effective verbal and written communication skills in both Arabic and English. French is a plus.
ANNEX 2 – LETTER OF AGREEMENT

STANDARD LETTER OF AGREEMENT BETWEEN UNDP AND THE GOVERNMENT OF LEBANON FOR THE PROVISION OF SUPPORT SERVICES

Excellency,

1. Reference is made to consultations between officials of the Government of Lebanon (hereinafter referred to as “the Government”) and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed project “Sustainable Oil and Gas Development in Lebanon (SODEL) – ID 00083213. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution “The Ministry of Energy and Water” being designated in the relevant programme support document or project document, as described below.

2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution, the Ministry of Energy and Water is strengthened to enable it to carry out such activities directly. The costs incurred by the UNDP country office in providing such support services shall be recovered from the administrative budget of the office.

3. The UNDP country office will provide, at the request of the designated institution, the following support services, covered by ISS charges (2%) collected on a quarterly basis, for the activities of the programme/project:
   i. Payments, disbursements and other financial transactions
   ii. Recruitment of staff, project personnel, and consultants
   iii. Procurement of services and equipment, including disposal
   iv. Organization of training activities, conferences, and workshops, including fellowships
   v. Travel including visa requests, ticketing, and travel arrangements
   vi. Shipment, custom clearance, vehicle registration, and accreditation

4. The UNDP country office will also provide, the following general oversight and management services for the activities of the project which include the following:
   i. General oversight and monitoring, including participation in project reviews
   ii. Briefing and de-briefing of project staff and consultants
   iii. Resource management and reporting
   iv. Thematic and technical backstopping
   vi. External access to ATLAS for project managers and other staff, Payroll management services and Medical Clearance Services for all staff.

5. The procurement of goods and services and the recruitment of project and programme personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 & 4 above shall be detailed in the programme support document or project document in the Management Arrangements section. If the requirements for support services by the country office change during the life of a programme or project, related section in the programme support document or project document is revised with the mutual agreement of the UNDP resident representative and the designated institution.
6. The relevant provisions of the Standard Basic Assistance Agreement with the Government (the “SBAA”) dated 10 February 1986, including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed programme or project through its designated institution, the Ministry of Energy and Water. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the “Management Arrangement” section of the programme support document or project document.

7. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the SBAA.

8. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 & 4 above shall be specified in the “Management Arrangement” section and the cover page of the programme support document or project document.

9. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.

10. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

11. If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between your Government and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed programmes and projects.

Yours sincerely,

Signed on behalf of UNDP
Mr. Robert Watkins
Resident Representative

For the Government of Lebanon
H.E. Mr. Gibran Bassil

[Date]: