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Programming of the European Neighbourhood Instrument (ENI) (2014-2020)

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**Single Support Framework for EU support to Lebanon
(2017-2020)**

Introduction

EU-Lebanon political relations are framed by the Association Agreement in force since 2006. On 11 November 2016, the EU and Lebanon adopted Partnership Priorities¹ for the years 2016-2020 setting an ambitious strategic agenda for deepening ties and achieving the stabilisation of the country and the wider region as outlined by the revised European Neighbourhood Policy (ENP)² and the Global Strategy for the European Union's Foreign and Security Policy (Global Strategy)³. The priorities of the revised ENP, with stabilisation as the overarching objective, are reflected in this programming document for the period 2017-2020, through increased focus on economic growth and employment, local governance, and a stronger cooperation on security and the rule of law with Lebanon.

The EU and Lebanon also agreed on a Compact that outlines mutual commitments and priority actions addressing the impact of the Syrian crisis and seeking to improve the living conditions of refugees temporarily staying in Lebanon as well as Lebanese citizens. The EU-Lebanon partnership has thus become closer, more strategic and focused.

The end of the 29-month institutional deadlock following the election of a president and the formation of a new government of national accord towards the end of 2016 provides new opportunities for cooperation. The Government's Statement of December 2016 outlining a vision for the country to move ahead makes a specific reference to the strategic importance of EU-Lebanon cooperation. The endorsement by Lebanon's Parliament on 16 June 2017 of a new electoral law governing the next parliamentary elections is an important step towards fully functioning democratic institutions in Lebanon.

Apart from the humanitarian aspects, the impact of the Syrian crisis on Lebanon has also been exerting tremendous pressure on Lebanon's institutions, economy, infrastructure, environment and socio-economic stability. Lebanon hosts more than 1.1 million Syrian registered refugees in addition to the approximately 300,000 Palestinian refugees already in the country. In addition, the 29-month presidential vacuum curtailed Lebanon's ability to undertake necessary reforms which together with an overall declining trend in confidence diminished Lebanon's growth prospects, estimated at 1% in 2015 and 2016 (compared to a growth rate of 9% in 2010).

EU assistance for Lebanon takes into account the big challenge Lebanon faces in hosting refugees. At the 2017 Brussels Conference⁴ there was an international recognition that the impact of the Syrian crisis on the country requires a combination of ongoing emergency assistance as well as longer-term responses addressing Lebanon's socio-economic challenges, promoting economic growth and employment opportunities for all. In fact, one of the key objectives of the Lebanese Government, as presented at the Brussels Conference, is to restore economic growth as an anchor for stability and social cohesion and to generate employment. Apart from traditional assistance through grants under the Single Support Framework (SSF), the EU will also make use of more innovative financial vehicles such as blending of loans with grants as well as concessional financing to support or scale up the interventions that will follow from this SSF 2017-2020.

¹ Decision No 1/2016 of the EU-Lebanon Association Council agreeing on EU-Lebanon Partnership Priorities of 11 November 2016 (UE-RL 3001/16)

² Joint Communication of the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Review of the European Neighbourhood Policy, Brussels, 18.11.2015, JOIN(2015) 50 final

³ Shared Vision, Common Action: A Stronger Europe ; A Global Strategy for the European Union's Foreign And Security Policy

⁴ Ministerial conference 'Supporting the Future of Syria and the Region', organised by the EU in Brussels on 5 April 2017.

Despite the efforts and successes of Lebanon's security agencies working closely together, the security situation in the country remains volatile including within the Palestinian camps. The border between Lebanon and Israel remains in a state of fragile stability.

1. EU Response

1.1. Strategic objectives of the EU's relationship with Lebanon

The stabilisation and resilience building of neighbouring countries, particularly by boosting economic development are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review of 2015 and in the Global Strategy of 2016. Among the various instruments within the large EU toolbox, the Single Support Framework (SSF) is based on the bilateral relationship in the framework of the agreed EU-Lebanon Partnership Priorities and the Compact. The Partnership Priorities list four main priorities. The first priority is security and counterterrorism. In this context, the advancement on security sector reform includes developing the capacity of security and law enforcements agencies as well as a justice system in full respect of human rights. The second priority aims at achieving progress on good governance and the rule of law. The third priority focuses on fostering growth and job opportunities which requires a strong role for municipalities, private investment, infrastructure and competitiveness in agricultural and industrial sectors. The fourth priority is migration and mobility focusing on a comprehensive approach that includes ensuring a positive impact of migration on Lebanon's development such as harnessing the potential of its expatriate community.

1.2. Choice of sectors of intervention

The current SSF provides continuity from the previous focal sectors under the SSF 2014-2016⁵ and builds upon the achievements of and lessons learned from its implementation. All of the previous SSF's areas of cooperation remain valid and feature within each of the new sectors of intervention. Security, justice and the rule of law remain a priority. However, the current SSF places more emphasis on job-creation and growth in view of the strong need to kick-start Lebanon's economy while the reinforcing social cohesion will now be part of wider goal to foster local governance and socio-economic development especially in areas where Lebanese communities have been hosting refugees since the start of the Syrian conflict and experienced considerable strain on their resources as well as rising unemployment.

The objectives of EU programming for the period 2017-2020 aims at maximising the impact of EU action by ensuring synergies between the EU and its Member States (including agencies and development banks). Though Member States followed closely the drafting of the SSF, it is not the product of joint programming.

Steps towards joint programming started out in Lebanon in November 2015 where European partners jointly identified the likely political, security and economic scenarios for the medium-term and, on this basis, the challenges, opportunities and priorities for action, including the four broad sectors of intervention (Security, Institutional Support, Basic Services and Private Sector Development). A Roadmap outlining the next steps for Joint Programming was developed and endorsed in February 2016 by Heads of Mission in Beirut.

Defining avenues towards an effective division of labour and the synchronisation of programming cycles and indicative financial allocations will remain challenging given the

⁵ i) Justice and Security System Reform; ii) Reinforcing social cohesion, promoting sustainable economic development and protecting vulnerable groups; iii) Promotion of sustainable and transparent management of energy and natural resources.

volatile context and the multiplicity and overlap of planning tools, financial instruments and coordination structures.

All identified Partnership Priorities contribute to stabilisation from different angles. A focus on youth and stronger gender balance across different areas of intervention is critical to achieving inclusive, equitable and sustainable development for present and future generations. Furthermore, in line with the new European Consensus for Development,⁶ actions will take advantage of the potential of digital technologies to leverage impact.

The choice of priority sectors under the new SSF reflects the Partnership Priorities and the Compact, as well as the priorities outlined in the Government's Statement. One of the partnership priorities – migration and mobility – will be mainstreamed into the other areas of assistance. Systematic civil society engagement shall be considered in all sectors and stages of support interventions and policy dialogue of this SSF. The promotion and protection of human rights is an overarching theme throughout the three priority sectors, together with transparency, accountability and the fight against corruption and a rights-based approach will be pursued in all interventions, in line with the new European consensus on development. The "fewer and bigger approach", concentrating EU assistance on a few strategic sectors through a limited number of major programmes, was initiated under the previous SSF and will be pursued with a view to maximise impact and limit transaction costs.

Sector 1: Promoting growth and job creation (indicative 30% of total budget)

Economic development is a key pillar of intervention for stabilisation of partner countries and EU assistance to Lebanon in this area dates back to a number of years. The impact of the Syrian crisis has exacerbated pre-existing socio-economic difficulties in Lebanon, such as lack of adequate delivery of basic services, low levels of public investment in infrastructure and a challenging business environment for the private sector. Private sector development is at the core of economic growth in Lebanon. Small and medium size enterprises (SMEs) constitute about 80 % of enterprises in the country and are the cornerstone of the economy and the main source of job creation. Despite its continued dynamism, the above difficulties as well as high levels of informal employment impact negatively on the ability of the private sector to grow and expand. Socio-economic conditions have reached critical levels, especially in peripheral regions, that are causing hardship to many Lebanese and refugees in the country.

As emphasised by the Government's Statement, improving the link between education and employment opportunities as well as upgrading infrastructure remain key priorities for Lebanon. Activities in this area should address the needs of youth, women and vulnerable or marginalised groups.

Besides continued support to legislative reform through policy dialogue, with the participation of private sector and civil society actors, EU assistance will focus on improving the business operational environment including promoting the competitiveness of the private sector. It will focus on promoting rehabilitation of critical infrastructure, including adaptation to climate change, in areas such as water/waste water, solid waste management and electricity/renewable energy as well as the efficiency of the transport system. This will also support Lebanon's national commitment under the Paris Agreement on climate change to reduce its greenhouse gas emissions by 30%. Furthermore, the cross-cutting role of research and innovation should be fully exploited. Besides traditional ways of intervention, new areas of cooperation could be

⁶ The New European Consensus on Development – 'Our World, Our Dignity, Our Future, Joint Statement by the Council and Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission: https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf

explored such as social, cultural and creative entrepreneurship and skills development. Activities in this area would also be aligned with the government's intentions to develop a National Investment Plan, once adopted.

Particular attention will be given to creating economic opportunities at the local level (thus providing a link to Focal Sector 2) that impact positively on the employment of youth and women.

Sector 2: Fostering local governance and socio-economic development (indicative 30 % of total budget)

Municipalities have borne the biggest part of the weight of the refugee crisis and have played a pivotal role in the country's resilience despite serious challenges related to delivery of basic services, infrastructure and job opportunities at the local level. The Syrian crisis has exacerbated pre-existing socio-economic inequality in Lebanon which impedes growth and threatens stability. Sustained efforts in fostering local development is thus crucial to reinforcing resilience through developing targeted responses for communities particularly impacted by the Syrian crisis.

Municipalities face numerous structural challenges in terms of competences, capacity and fiscal resources. A draft Law on Administrative Decentralisation (2014) proposed a substantial reform focusing on accountability and local public service delivery. Future dialogue on the decentralisation reform should emphasise clear administrative responsibility as well as the transfer of sufficient financial resources to local authorities keeping in mind the need for broad-based citizen participation.

Taking into account past and ongoing EU assistance in this area, EU support will promote local development strategies that are more integrated and multi-sectoral to maximise impact and improve effectiveness. It will take into consideration local needs and potential while bringing together economic, social, cultural, security and environmental dimensions. It will also target improving governance at the municipal level, establishing mechanisms for social accountability with increased engagement with citizens and civil society, promoting transparency and effectiveness of local institutions. It will support the implementation of these strategies through increased economic opportunities and improved basic services particularly insofar as, water, waste water and solid waste management as well as transport are concerned. Opportunities for innovative, low-cost, energy-saving solutions will be explored for increased efficiency and bigger spread of beneficiaries reached.

The emphasis on peripheral regions and creating economic opportunities at the local level will make a direct link between priority sectors 1 and 2 and a similar focus on youth, women and vulnerable or marginalised groups. The geographical focus of the intervention will be determined on the basis of an assessment that takes into account the impact and results achieved by other former and ongoing EU-funded programmes on local development.

Sector 3: Promoting the Rule of Law, enhancing security and countering terrorism (indicative 25 % of total budget)

Lebanon's security and law-enforcement agencies have been effective in addressing multiple threats arising from active violent extremist networks as well as criminal networks involved in organised crime that increasingly use air and sea routes following tightened control of land borders due to the Syrian conflict. While coordination among formal security actors has improved significantly it remains vital to ensure a clear delineation of roles and more efficient cooperation. The EU has been providing pioneering support to the civilian capabilities of the

Lebanese Armed Forces (LAF) including institutional capacity building and civilian-military dialogue.

The government has pledged to address the requirements of military and security agencies in terms of equipment and personnel and started work on a national strategy to combat terrorism. The EU has been promoting a holistic approach to the security sector in coordination with international partners and in close cooperation with all the national security agencies, providing logistic support and training, promoting inter-agency collaboration and further engagement with civil society. To reinforce the link between justice and security, the EU will promote a more strategic approach to security sector reform (SSR) by working with all relevant criminal justice actors through a set of complementary actions in capacity building and service-delivery. The end objective is to consolidate the rule of law and strengthen the protection of human rights.

Lebanon currently benefits from an EU funded Integrated Border Management (IBM) programme focusing on land borders. A more comprehensive support would imply the integration of air and maritime border control and management as well as improvement of critical infrastructure/equipment at official border crossing points in order to provide a high level of border security while facilitating legitimate border crossings.

Counter-Terrorism (CT) and Countering Violent Extremism are key priorities as highlighted in an ongoing EU-Lebanon CT dialogue. The focus is currently in the areas of judiciary and prisons, capacity building of law enforcement agencies, countering the financing of terrorism, airport and aviation security and countering extremist narratives. Assistance to develop and implement a national CT strategy in order to foster inter-ministerial cooperation and facilitate the provision of assistance is important, without losing sight of the local dimension of security where the participation of local authorities and citizen engagement is key.

Regional cooperation

Regional cooperation is of special relevance to Lebanon in certain areas under Sector 1: private sector and trade, water, environment, transport and energy; and Sector 3: Security, countering terrorism and mobility. Regional programmes will also promote participation of Lebanese civil society as catalysers of regional integration processes and contributing to regional agendas, such as security, migration and mobility, conflict prevention and resolution, human rights and democracy, gender equality and women's rights, intercultural dialogue.

Stepping-up coordination between relief, rehabilitation and development

EU support will continue to address the impact of the Syrian crisis through an operational framework that maximises the impact of its humanitarian assistance and development support to Lebanon. While responding to the needs of all refugees and fostering their protection and self-reliance to live in dignity, the EU has supported the Government of Lebanon for many years in enhancing the resilience and capacities of its institutions. This should allow the government to respond to the long-term needs of its population with an emphasis on the most vulnerable groups, using dialogue and strategic partnerships around national planning frameworks, such as the Lebanon Crisis Response Plan (LCRP) 2017-20. The EU will also support the government in building conditions for the safe return of refugees from Syria and displaced Syrians, including during the transition, in accordance with all norms of international humanitarian law and taking into account the interests of the government of Lebanon.

In line with the approach of Linking Relief, Rehabilitation and Development (LRRD)⁷, the EU brings together development goals, conflict prevention measures, support to human rights and humanitarian assistance. To ensure the relief-development continuum, the EU utilises a range of funding instruments within its toolbox such as the Instrument contributing to Stability and Peace⁸ (IcSP), European Neighbourhood Instrument⁹ (ENI) Special Measures as well as the EU Regional Trust Fund in Response to the Syrian Crisis¹⁰ ('Madad' Fund) and humanitarian assistance. New programmes such as the Partnership for Research and Innovation in the Mediterranean Area¹¹ (PRIMA) will also be mobilised and aligned in a coherent manner to achieve the goals of EU assistance. Given the upscaling of EU assistance to Lebanon and the complexity of the humanitarian-development nexus, the EU will continue to emphasise the use of joint analysis of vulnerabilities and risks, information sharing, collaborative planning and target setting, monitoring and evaluation frameworks such as the Joint Humanitarian-Development Framework (JHDF) developed in 2016 to ensure complementarity.

2. Financial overview

The indicative allocation for 2014-2020 is EUR 315.0 million - EUR 385.0 million.
The indicative allocation for 2017-2020 is EUR 186.5 million - EUR 227.9 million.

The indicative breakdown by sector is the following:

	<i>Indicative amounts</i>	<i>% of total allocations</i>
<i><u>Sector 1- Promoting growth and job creation</u></i>	<i>EUR 55.9 million - EUR 68.4 million</i>	<i>30%</i>
<i><u>Sector 2- Fostering local governance and socio-economic development</u></i>	<i>EUR 55.9 million - EUR 68.4 million</i>	<i>30%</i>
<i><u>Sector 3- Promoting the Rule of Law, enhancing security and countering terrorism</u></i>	<i>EUR 46.6 million - EUR 57.0 million</i>	<i>25%</i>
<i>Complementary support for capacity development and institution building</i>	<i>EUR 9.3 million - EUR 11.4 million</i>	<i>5%</i>
<i>Complementary support in favour of civil society</i>	<i>EUR 18.6 million - EUR 22.8 million</i>	<i>10%</i>

Lebanon may benefit from supplementary allocations provided under the umbrella programme. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal. Lebanon is also eligible for support under a number of other EU instruments, such as the Instrument Contributing to Stability and Peace¹², EU Humanitarian

⁷ Communication from the Commission to the Council and the European Parliament - Linking Relief, Rehabilitation and Development – An assessment; 23.04.2001; COM (2001) 153 final

⁸ Regulation(EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014 establishing an instrument contributing to stability and peace; OJ L 77 of 15.3.2014

⁹ Regulation(EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument, OJ L77 of 15.3.2014

¹⁰ Commission Decision of 10.12.2014 on the establishment of a European Union Regional Trust Fund in response to the Syrian crisis, "the Madad Fund"; Brussels, 10.12.2014; C(2014) 9615 final

¹¹ Decision of the European Parliament and of the Council on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States; 18.07.2017; OJ L185

¹² http://ec.europa.eu/dgs/fpi/documents/140311_icsp_reg_230_2014_en.pdf

Aid¹³, Common Foreign and Security Policy (CFSP) measures and Common Security and Defence Policy (CSDP) missions and operations, the European Instrument for Democracy and Human Rights¹⁴, the Partnership Instrument¹⁵, the Instrument for Nuclear Safety Cooperation¹⁶, thematic programmes under the Development Co-operation Instrument¹⁷ and external actions under EU internal programmes such as research and innovation (Horizon 2020)¹⁸, energy, transport, education and youth (Erasmus+)¹⁹ and culture (Creative Europe)²⁰.

Besides, additional resources from the External Investment Plan (EIP) could be mobilised to upscale or complement planned interventions.

3. EU support per sector

3.1 Sector 1: Promoting growth and job creation (indicative 30 % of total budget)

3.1.1 The following overall and specific **objectives** will be pursued:

Overall objective: Promoting growth and job creation

EU assistance will continue to favour a bottom-up approach, promote innovative actions such as social, cultural and creative entrepreneurship as well as rehabilitation of critical infrastructure using a variety of instruments, including blending and leveraging public and private funds. The EU will continue to advocate for legislative and regulatory improvements to foster a favourable business environment for trade and investment, job creation and the provision of high quality services. Achieving this objective implies also opening opportunities to create decent jobs and foster better living conditions, social cohesion, self-reliance and resilience. The continuum between education, technical and vocational education and training (TVET) and employability will be reinforced. Targeted sectors are agriculture and agro-food, manufacturing and services.

Specific Objective 1: To contribute towards improving the private sector's performance through an improved and favourable business operational environment; promoting reforms; building capacities of key institutions related to the economy; and improving employability, especially amongst youth, including through promotion of skills matching private sector needs.

Specific Objective 2: To contribute towards the strengthening of Lebanon's trade potential by tackling structural factors including critical infrastructure, institutional aspects including regulatory frameworks and strengthening the competitiveness of Lebanese products in the targeted sectors.

3.1.2. For each of the specific objectives the main expected **results** are:

For specific objective 1: Strengthened enabling environment for SMEs development through policy dialogue and reforms that stimulate growth, improve access to finance, increase investment and modernise the economy; new jobs created; better matching of skills and employment opportunities in the targeted sectors;

¹³ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ar10001>

¹⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0235>

¹⁵ http://ec.europa.eu/dgs/fpi/documents/pi_mip_annex_en.pdf

¹⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0237>

¹⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0233>

¹⁸ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1291>

¹⁹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1288>

²⁰ <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32013R1295>

For specific objective 2: Increased competitiveness and productivity in the targeted sectors with improvement in export dynamics; increased compliance with international requirements and standards; increased ability to fully exploit trade preferential arrangements under the EU-Lebanon Association Agreement - in particular increased Lebanese exports towards the EU - with a special focus on compliance with sanitary and phytosanitary standards (SPS), quality and other technical standards; more efficient, sustainable and cost-effective access to resources (water and energy) and increase in resilience to the impact of climate change.

3.1.3. For each result, the main **indicators** are:

R1: National Strategies/Action Plans adopted and implemented; relevant economic, business and employment laws are adopted and implemented; employment in the targeted sectors; TVET students employed; new curricula developed.

R2: Targeted sectors' contribution to Gross Domestic Product (GDP); standards compliant with EU/international requirements; business links with Europe including with the Lebanese diaspora; exports to the EU of the targeted sectors/enterprises; increased demand for Lebanese products in international markets of the targeted sectors/enterprises; competent authorities established and operational; lower cost of water and energy; renewable energy in the national power consumption; reduced energy intensity of the GDP.

3.1.4. **Donor coordination and policy dialogue** are:

Dialogue between Lebanon and the EU within the framework of the ENP Subcommittees is ongoing. The recently created Joint Working Group on Trade and Investment, as proposed by the Partnership Priorities, aims at identifying ways in which Lebanon can more fully exploit existing trade preferential arrangements with the EU but also in an international context. Additional mechanisms shall be put in place to reinforce EU-Lebanon dialogue on growth and employment. The EU participates in the Lebanon Development Forum (LDF) and co-chairs the sub-group on 'Economic growth and job creation'. The EU holds informal meetings in Beirut on economic related matters with donors and agencies active on the ground such as the United Nations (UN), International Labour Organisation (ILO), World Bank (WB), Food and Agricultural Organisation (FAO), USAID, United Nations International Development Organisation (UNIDO). At EU Level, the Trade and Economic Counsellors of Member States meet every month.

3.1.5. The *partner country's authorities* **financial and policy commitments** are:

The Government's Statement as well as the document presented²¹ at the 2017 Brussels Conference by Lebanon put emphasis on reviving the national economy and job creation while outlining a set of economic measures with the objective of boosting the economy, improving the business environment and upgrading public services and infrastructure. The Ministry of Economy and Trade has adopted a 'Lebanon Small and Medium Enterprises Strategy – a Roadmap to 2020' although its implementation is yet to start. Furthermore, a key number of trade and economy related legislative reforms such as on public private partnership, competition, intellectual property rights, reform of the Commercial Code, export agency, await Parliamentary approval. Furthermore, Lebanon adopted in 2017 its National Renewable Energy Action Plan 2016-2020 including a target of 12% renewable energy in national power consumption.

3.1.6. **Environmental assessment**:

²¹ "A Vision for Stabilisation and Development in Lebanon – The Government of Lebanon's approach to mitigating the impact of the Syrian crisis with support from the international community".

When needed, a Strategic Environment Assessment (SEA) or an Environmental Impact assessment (EIA) will be carried out²².

3.1.7. The overall **risk assessment** of the sector intervention is:

Results and impact of EU support depend on progress in relation to overdue structural reforms (e.g. fair and transparent business environment; well-functioning institutions; fight against corruption). Clear legal frameworks, transparency, fair rules and predictability for economic operators are also pre-conditions for large-scale investment and business confidence in the country. In addition, a major impediment is the lack of coordination between Lebanese Ministries and agencies. To mitigate this risk, the EU will pursue a sustained dialogue with the government to advocate for reform and subsequent implementation as well as encourage inter-ministerial and cross-agency cooperation. Finally, risks deriving from the Syrian crisis as well as the high pressure on Lebanese financial systems, basic service delivery and infrastructure networks remain. Such risks are however partially mitigated by the EU's additional assistance to Lebanon specifically targeting the consequences of the crisis, in particular through the EU Regional Trust Fund in response to the Syrian crisis in line with the EU-Lebanon Compact particularly in the areas of provision of public health and public education services, water, sanitation and hygiene (WASH) and cooperation to boost Lebanon's trade potential with the EU.

3.2 Sector 2: Fostering local governance and socio-economic development (indicative 30 % of total budget)

3.2.1 The following overall and specific **objectives** will be pursued:

Overall objective: Fostering local governance and socio-economic development.

In addition to a continued focus on decentralisation reform, the EU will promote an inclusive approach to socio-economic and institutional development at local level aimed at reducing inequality and poverty and promoting stabilisation. A mix of complementary and participatory approaches will be adopted, including capacity building to improve governance at the municipal level, reinforcing networks of municipalities, engaging citizens and developing regional and local advantages to expand economic opportunities and generate employment. Special attention will also be given to the development of infrastructure for the provision of quality basic services at community level favouring sustainable, innovative, low-cost and energy-efficient solutions.

Specific Objective 1: To promote decentralisation, sustainable local governance and citizens' engagement and creation of a favourable business environment at the local level. The EU will support the decentralisation process and strengthen the role of municipalities and other local government entities through participatory approaches involving civil society organisations (CSOs), the private sector and trade unions.

Specific Objective 2: To promote social cohesion, economic opportunities and enhanced public service delivery at local level. The EU will promote engagement of municipalities, private sector and civil society around local development strategies and plans including through social innovation. The EU will then support the implementation of these plans through a variety of instruments. In parallel, the EU will support the provision of technical and vocational skills matching local needs, focusing on youth and women. In addition, it will foster social cohesion supporting initiatives aimed at building up trust between communities.

²² See guidelines (<http://capacity4dev.ec.europa.eu/public-environment-climate/documents>)

3.2.2. For each of the specific objectives the main expected **results** are:

For specific objective 1: Social and economic development of local communities through reinforced roles and capacities of municipalities and other local entities; improved coordination between the central, regional and local level on decentralisation reform; strengthened engagement of civil society in the decision-making processes at local level, increased political space for public participation and citizenship, including for youth, women and vulnerable or marginalised groups; increased transparency of municipalities; strengthened involvement of local authorities in activities that address the impact of, or mitigate the effects on, climate change.

For specific objective 2: employment generated from existing regional and local advantages, mainly agricultural and agro-food business and manufacturing sectors; enhanced public service delivery, notably by rehabilitation and construction of infrastructure (water, electricity, solid waste management) and through economies of scale; increased levels of social cohesion and trust between communities aiming at political stabilisation.

3.2.3. For each result, the main **indicators** are:

See Attachment 1.

R1: Local and regional development plans adopted and implemented; transfer of competency and funds to local governments; good practice examples in multi-level governance adopted; establishment of Lebanon Crisis Response Plan (LCRP) coordination mechanisms; consultations held between local governments and citizens; Sustainable Energy and Climate Action Plans adopted under the Global Covenant of Mayors.

R2: Local citizens employed in local agribusiness and manufacturing; microenterprises, SMEs and jobs created; local authority services and investments targeting business development; solid waste treated and disposed in sanitary landfills; waste water treated; vulnerable groups participate in specific activities;

3.2.4. **Donor coordination and policy dialogue** are:

There is a need to improve overall dialogue and coordination with regard to local development and decentralization reform as currently there are no specific mechanisms in place. Mechanisms at a sectorial level however do exist such as the government/Donors Water Working group led by the Ministry of Energy and Water. Policy dialogue will depend on progress regarding the decentralisation process that should allow municipalities to benefit from sufficient levels of administrative and financial autonomy, as well as on inclusive public policies developed by municipalities. Engagement with administrative authorities that have competences on policies relating to municipalities, such as the Office of the Minister of State for Administrative Reform (OMSAR), the Council for Development and Reconstruction (CDR) and the Ministry of Interior, will continue. With regard to education and vocational training at local level, a specific working group should be established (TVET interventions are currently tackled by the UNDP-led working group on livelihoods linked to the LCRP process).

3.2.5. The *partner country's authorities* **financial and policy commitments** are:

In 2012, the government appointed a special commission for the drafting of a decentralisation law, completed in May 2014. However, since then, administrative and financial autonomy to local authorities has not been devolved substantially. Local authorities feature across the four main strategic objectives of the Lebanon Crisis Response Plan (LCRP) 2017 – 2020. TVET has

featured very low on the education policy agenda, a strategy and/or action plan is still lacking for a sector in which reform is much needed.

3.2.6. When needed, the appropriate type of **environmental assessment**: a Strategic Environment Assessment (SEA) or an Environmental Impact assessment (EIA) will be carried out.

3.2.7. The overall **risk assessment** of the sector intervention is:

The main risks are associated with a lack of progress in the decentralisation reform process which also impedes fiscal independence of municipalities and the lack of coordination between central, regional and local level actors. Other potential risks stems from the lack of ownership of local development programmes that current municipal councils inherited from previous administrations as well as corruption or clientelism. In addition, the fragile domestic political context and the unstable regional situation place constraints on local governments' and entities' ability to function effectively. These risks are more pronounced in underdeveloped peripheral areas. The EU will rely on the central and intermediary authorities to play their role as facilitators and mediators as well as on the civil society which will be a key partner from the design to the monitoring of the programmes.

3.3 Sector 3: Promoting the Rule of Law, enhancing security and countering terrorism (indicative 25 % of total budget)

3.3.1 The following overall and specific **objectives** will be pursued:

Overall objective: Promoting the Rule of Law, enhancing security and countering terrorism
The EU will continue its support to the justice and security sectors with a comprehensive approach fostering inter-agency and inter-ministerial coordination and sharing of information in preventing and responding to security needs of individuals, groups and the state while promoting adherence to the rule of law and human rights, gender equality, and civilian oversight.

Specific Objective 1: To contribute to the improvement of governance in the justice and security sectors.

State and human security will be improved by developing the institutional capacity/capability of all security agencies, and relevant justice actors, promoting informed inter-agency cooperation; strengthening role of oversight bodies to guarantee security agencies' compliance with the rule of law, good governance and human rights, in particular access to justice and the right to a fair trial.

Specific Objective 2: To support Lebanon's efforts in sustaining its operational ability in preventing, countering and responding to internal and external security risks, including terrorism.

3.3.2. For each of the specific objectives the main expected **results** are:

For specific objective 1: Increased effective links between the security and justice sectors, ensuring state and human security; Strengthened oversight bodies and more accountable security and justice institutions; increased citizens' trust in the security and justice systems; increased potential for business to flourish and to attract investment in a safe and stable environment.

For specific objective 2: Reinforced ability of national actors to assess, mitigate and respond to internal and external security risks through capacity building and provision of specific infrastructure and equipment e.g. for maritime and aviation security;

3.3.3. For each result, the main **indicators** are:

See Attachment 1.

R1: Joint national strategies adopted and implemented, inter-agency coordination meetings, accountability mechanisms activities, increase in case management, dialogue mechanisms between State and non-State actors, positive citizen's perception on services delivery.

R2: Number of individuals directly benefitting and infrastructure/equipment procured and delivered; security threats responses, including preventive and mitigating measures.

3.3.4. **Donor coordination** and **policy dialogue** are:

The EU is part of the International Support Group for Lebanon set up in 2013 which aims to coordinate international support to Lebanon to improve its security and stabilisation, and namely support the capacity of the Lebanese Armed Forces (LAF) to defend the country. Coordination at country level with relevant stakeholders and donors is organised through the following fora: Informal Security and Rule of Law donors' coordination meeting; meeting among EU Member States' CT experts, EU Member States' Defence Attachés meetings, EU Member States' Immigration Liaison Officers. Additionally exchanges take place on an ad hoc basis with concerned stakeholders.

3.3.5. The *partner country's authorities* **financial and policy commitments** are:

Pending approval of a national budget, it is premature to assess the national financial commitment in the security and justice sectors. Security, including border control and the fight against terrorism, are very high on the national agenda and Lebanon plans to launch a national dialogue on Prevention of Violent Extremism (PVE).

However for an efficient security and justice system, national coordination mechanisms need to be in place to promote internal and interagency coordination and a collaborative working environment. The Prime Minister's Office (PMO) High Defence Council coordinates the response to the crisis but a permanent security sector coordination mechanism is missing. The Rule of Law and human rights are mainstreamed in the EU assistance to the security and justice systems and agencies benefit from specific training on international standards and respect of human rights. The full implementation of Law 164/2011 on Punishment for the crime of Trafficking in persons requires commitment of adequate financial and human resources and the development of adequate competences.

3.3.6. When needed, the appropriate type of **environmental assessment**: a Strategic Environment Assessment (SEA) or an Environmental Impact assessment (EIA) will be carried out.

3.3.7. The overall **risk assessment** of the sector intervention is:

Sharing of intelligence is to be reinforced to avoid negative impacts on risks assessment processes and finally on the capacity of security agencies to identify and dismantle criminal networks, cross border crime and trafficking of human beings. As mitigating measures the EU assistance will promote interagency coordination and developing a culture of working together, while providing technical training and increased capacity for risk analysis.

Weak political engagement on sensitive issues will be countered through increased policy and political dialogue and by engaging other international actors including the UN.

Use of private company/external consultants implementing EU-funded actions in the security sectors might raise concerns among beneficiaries. Thus the EU will promote peer-to-peer opportunities for capacity building of Lebanese counterparts by facilitating cooperation with relevant EU Member States' agencies.

4. Complementary support for capacity development and institution building (indicative 5% of total budget)

Working strategically with civil society throughout the programme cycle will allow fine-tuning actions to the local context, achieving a more reliable risk analysis, and subsequently more sustainability and legitimacy of EU programmes. Civil society will therefore be systematically involved and consulted in all sectors of support interventions and policy dialogue. In addition, good governance is a horizontal feature of the EU-Lebanon SSF 2017-2020, both at national and central levels. The Government's Statement pledged to strengthen government institutions and to tackle corruption including through short-term measures in those areas more exposed to it. As foreseen in the EU-Lebanon Partnership Priorities, the EU will continue its support in building strong and efficient government institutions, with special emphasis on:

- a) Sectors where the EU is already engaged and which need continued assistance to support reform processes; improving the quality and accessibility of public services; civil service reform;
- b) Increasing transparency and public accountability; strengthening the role of oversight bodies in the fight against corruption; strengthening official statistics; providing institutional support to newly established ministries and state/government agencies.
- c) Addressing the implementation of priority commitments deriving from EU agreements, not directly covered under the three principal priority sectors, including the migration and mobility dialogue and the eventual implementation of the EU-Lebanon Mobility Partnership, if signed.

5. Measures in favour of civil society (indicative 10 % of total budget)

The EU will continue its support to civil society building up momentum on the implementation of the EU-Lebanon Roadmap for Engagement with Civil society, targeting an enhanced role and involvement of civil society in the policy making processes, both at national and local level. Civil society will be central in monitoring implementation of the EU-Lebanon SSF 2017-2020. For that purpose, the EU will support civil society, including social partners, on two levels:

- a) Channelling specific support to civil society to strengthen the capacities and create the conditions for civil society to contribute to the formulation, implementation and monitoring of policies and programmes, including for the promotion of human rights, especially gender equality, women's rights and labour rights, as well as rights of vulnerable groups, such as people with disabilities, elderly people, migrant workers and other marginalised groups of society.
- b) Building capacities of CSOs to effectively exercise their watchdog and support role in the formulation, implementation and monitoring of public policies and government and donor programmes, especially under the three identified priority sectors of this SSF, in areas such as:

Focal Sector 1- skills development, social protection, labour rights, decent job agenda and equal opportunities for all, environmental policies, corporate social responsibility;

Focal Sector 2- decentralization process, fight against corruption, social accountability, social cohesion, conflict prevention and resolution.

Focal Sector 3 - protection of vulnerable groups; enforcing application of law (e.g. family violence law); peace building and reconciliation initiatives; effective participation of CSOs in the newly established National Human Rights' Commission and similar mechanism,

Complementary support to civil society (local authorities, democracy and human rights) shall continue to be provided under other EU financial instruments.

Attachments

1. Sector of intervention framework
2. Indicative timetable for commitment of funds

Attachment 1: Sector of intervention framework²³

The baselines and targets are merely indicative and will be defined at a later stage.

Sector 1: Promoting growth and job creation		
<p>Specific objective SO 1: To improve the private sector's performance through an improved and favourable business operational environment; promoting reforms; building capacities of key institutions related to the economy; and improving employability, especially amongst youth, including through promotion of skills matching private sector needs</p>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>a) Strengthened enabling environment for SMEs development through policy dialogue and reforms that stimulate growth, improve access to finance, increase investment and modernise the economy.</p>	<p>a1) Number of national Strategies/Action Plans adopted and level of implementation achieved.</p> <p>a2) Number of relevant economic, business and employment laws adopted by the Lebanese Parliament and implemented.</p>	<p>Minutes of Regular meetings government/EU on economic and trade matters, including concrete outputs of various dialogue mechanisms (e.g. the Joint Working Group on Trade and Investment)</p> <p>'Ease of Doing Business' report and other relevant ranking reports</p> <p>Official Gazette / Laws adopted by Parliament</p>
<p>b) new jobs created; better matching of skills and employment opportunities in the targeted sectors</p>	<p>b1) Percentage of employed people in the targeted sectors and the increased efficiency of how 'sectors' are organised;</p> <p>b2) Number of Technical and Vocational Education and Training (TVET) students employed 1 year after finishing studies.</p> <p>b3) Number of new curricula developed linked to market needs</p>	<p>National and local statistics; monitoring and reports of relevant EU programmes,</p> <p>Sectoral reports by Donors and civil society</p> <p>National and Local statistics; VET tracking tools.</p>
<p>Specific objective SO 2 To strengthen Lebanon's trade potential by tackling structural factors, including critical infrastructure, institutional aspects, including regulatory frameworks, and strengthening the competitiveness of Lebanese products in the targeted sectors.</p>		

²³ The results, indicators and means of verification presented in this Annex are indicative. They will be specified in the corresponding action documents which will be elaborated annually for adoption by the Commission.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Increased competitiveness and productivity in targeted sectors, with improvement in export dynamics.	<p>a1) Increased access to markets and sales in targeted sectors (with world and with EU)</p> <p>a2) Number of exporting companies</p> <p>a3) Diversification of exporting sectors, in particular to the EU</p> <p>a5) Increased links and number of partnerships with Europe</p>	<p>Lebanese, EU and other international sources of trade statistics</p> <p>Lebanese business statistics, business surveys, targeted interviews</p> <p>Export Helpdesk database</p> <p>Trade report/feedback at the Joint Trade Working group</p>
b) Increased compliance with international requirements and standards; increased ability to fully exploit trade preferential arrangements under the EU-Lebanon Association Agreement – in particular increased Lebanese exports towards the EU - with a special focus on compliance with Sanitary and Phytosanitary standards (SPS), quality and other technical standards.	<p>b1) Number of exporting companies complying with EU SPS standards in targeted sectors</p> <p>b2) Number of relevant agri-food products for which Lebanon is listed at EU level for export into the EU market (those subject to listing at EU level)</p> <p>b3) Number of non-compliant shipments of Lebanese products detected on import at EU borders</p> <p>b4) Number of standards compliant with EU / international requirements</p>	<p>Business surveys, targeted interviews</p> <p>Trade report/feedback at the Joint Trade WG</p> <p>EU Sanitary and Phytosanitary Standards (SPS) Regulations</p> <p>Rapid Alert System for Food and Feed (RASFF) system notifying import of 'suspicious' products stopped at the EU borders</p> <p>EU monitoring and report mechanism (e.g. through EU programmes and reports)</p>
<p>c1) More efficient, sustainable and cost-effective access to resources (water, energy),</p> <p>c2) Increase in resilience to the impact of climate change,</p>	<p>c1.1) Cost of water and energy supply (decrease of 20%)</p> <p>c1.2) Average time per month without access to water and/or electric energy</p> <p>c2) percentage of</p>	<p>Ministry of Energy and Water annual report Report by the Electricité du Liban (EDL)</p> <p>Ministry of Energy and Water annual report Ministry of Environment annual report</p>

	renewable energy in the national power consumption (at least 12%)	
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Sector 2: Fostering local governance and socio-economic development

Specific objective SO1: To promote decentralisation, sustainable local governance and citizens' engagement and creation of a favourable business environment at the local level.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Social and economic development of local communities through reinforced roles and capacities of municipalities and other local entities	a1) Number of local and regional development plans adopted and implemented by municipalities and Union of Municipalities (UoMs). a2) Percentage of local government revenue as a share of GDP/Degree of transfer of competency and funds to local governments. a3) Number of Sustainable Energy and Climate Action Plans adopted (under the Global Covenant of Mayors)	Local development plans Economic and Social Fund for Development reports Project reports Results oriented Monitoring (ROM) reports
b) Improved coordination between the central, regional and local level on decentralisation reform	b1) Number of good practice examples in multi-level governance adopted in decentralisation policy dialogue and decentralisation legislation. b2) Number of Lebanon Crisis Response Plan (LCRP) coordination mechanisms (livelihoods and social stability) at subnational level established by the government.	National legislation Project reports ROM reports LCRP reporting
c) Strengthened engagement of civil society in the decision-making processes at local level	c1) Number of examples of local participatory processes involving local authorities and civil society in a complementary way, based on the comparative advantages of each player. c2) Share of municipal budgets defined according to participatory planning processes. c3) Number of regular consultations held between local governments and citizens on elaboration and implementation of local development plans	Municipal budgets Municipal gazettes Project reports ROM reports LCRP reporting
d) Increased political	d1) Number of local participatory	Municipal budgets

space for public participation and citizenship, including for youth, women and vulnerable or marginalised groups.	<p>processes involving local authorities and citizens</p> <p>d2) Share of municipal budgets defined according to participatory planning processes.</p> <p>d3) Number of regular consultations held between local governments and citizens on elaboration and implementation of local development plans</p>	<p>Municipal gazettes</p> <p>Project reports</p> <p>ROM reports</p> <p>LCRP reporting</p>
e) increased transparency of municipalities	<p>e1) timely update of information on budget expenditure made public</p> <p>e2) implementation by municipalities of provisions of the ‘Access to information law’ (approved by Parliament in 2017)</p>	<p>Municipal gazettes</p> <p>NGO reports</p>
Specific objective SO2: To promote social cohesion, economic opportunities and enhance public service delivery at local level.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Employment generated from existing regional and local advantages, mainly agricultural and agro-food business and manufacturing sectors.	<p>a1) Number of local citizens employed in local agribusiness and manufacturing sectors</p> <p>a2) Number of microenterprises, SMEs created locally</p> <p>a4) Number of local authority services and investments targeting business development for agribusiness and manufacturing sectors</p>	<p>Programmes reports.</p> <p>ROM reports</p> <p>Programmes reports</p> <p>ROM reports</p> <p>Surveys by implementing partners at local level</p> <p>Programme reports</p>
b) Enhanced public service delivery, notably by rehabilitation and construction of infrastructure (water, electricity and solid waste management) and through economies of scale;	<p>b1) Level of satisfaction of Lebanese citizens regarding the provision of public services between 2016 and 2019</p> <p>b2) Volume of waste water treated between 2016 and 2019</p>	<p>Ex-ante and ex-post surveys</p> <p>Ministry of Energy and Water (MoEW) reports</p> <p>Projects reports</p> <p>ROM reports</p>
c) Increased levels of social cohesion and trust between communities aiming at	<p>c1) Perception and trust between and within targeted communities</p> <p>c2) Proportion of Municipalities and</p>	<p>Ex-ante and ex-post surveys</p>

political stabilization.	Unions of Municipalities involved in EU local development programmes applied tools for a better dialogue between communities	Programmes reports ROM reports

Sector 3: Promoting the Rule of Law, enhancing security and countering terrorism

Specific objective 1: To contribute to the improvement of governance in the justice and security sectors.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Increased effective links between the security and justice sectors, ensuring state and human security.	<p>a1) Number of relevant Joint National Strategies (i.e. Integrated Border Management, Counter Terrorism, Chemical, Biological, Radiology and Nuclear (CBRN) threats, Maritime Security) adopted and implemented</p> <p>a2) Number of interagency coordination meetings between security and criminal justice agencies</p> <p>a3) Length of time of the criminal justice agencies in relation to case management</p> <p>a4) Average time of pre-trial detention period.</p>	<p>Inter-ministerial CT Committee meetings and reports</p> <p>Border Control Committee meetings and reports</p> <p>Joint risks analysis report</p> <p>Judicial and security statistics</p> <p>Ministry of Justice/Defence/Interior reports</p> <p>EU evaluation/monitoring reports</p> <p>Independent reports by Non- governmental organisations (NGOs) active in the relevant sectors;</p>
b) Strengthened oversight bodies and more accountable security and justice institutions.	<p>b1) Number of new oversight/ internal accountability mechanisms adopted by public authorities according to human rights and rule of law principles.</p> <p>b2) Number of cases reported/examined by the Internal Inspectorate Departments and relevant parliamentary Commissions</p>	<p>Parliamentarian Defence Commission reports,</p> <p>Ministry of Justice/Defence/Interior reports</p> <p>World Bank Worldwide Governance Indicators (WGI) report</p> <p>EU evaluation/monitoring</p>

	b3) Number of disciplinary sanctions/judiciary decisions taken	reports Independent reports by NGOs active in the relevant sectors;
c) Increased citizens' trust in the security and justice systems.	c1) Number of dialogue mechanisms between non-state actors (i.e. CSOs, think-thanks, universities) and Security/ Criminal justice agencies on relevant topics c2) Percentage of citizens with a positive perception on security/justice services delivery	Report on Civil and Military Cooperation CIMIC activities Perception Surveys EU evaluation/monitoring reports Independent reports by NGOs active in the relevant sectors;
d) increased potential for business to flourish and to attract investment in a safe and stable environment.	d1) increased Foreign Direct Investments (FDIs) in the country d2) number of new joint EU-Lebanese business ventures	Lebanese business statistics, business surveys, targeted interviews
Specific objective 2 To support Lebanon's efforts in sustaining its operational ability in preventing, countering and responding to internal and external security risks, including terrorism.		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Reinforced ability of national actors to assess, mitigate and respond to internal and external security risks through capacity building and provision of specific infrastructure and equipment e.g. for maritime and aviation security.	a1) Number of coordinated responses to security threats	Joint Strategies (CT, IBM, CBRN) Reports on the implementation of joint strategies Joint risks analysis report Ministry of Justice/Defence/Interior reports Independent reports by NGOs active in the relevant sectors;

Attachment 2. Indicative timetable for commitments

The indicative allocation for 2014-2020 is EUR 315.0 million - EUR 385.0 million.
The indicative allocation for 2017-2020 is EUR 186.5 million - EUR 227.9 million.

	Indicative allocation	2017*	2018*	2019*	2020*
SECTOR OF INTERVENTION 1– Promoting growth and job creation	30% EUR 55.9 million - EUR 68.4 million	X	X	X	
SECTOR OF INTERVENTION 2– Fostering local governance and socio-economic development	30% EUR 55.9 million - EUR 68.4 million	X		X	X
SECTOR OF INTERVENTION 3– Promoting the Rule of Law, enhancing security and countering terrorism	25% EUR 46.6 million - EUR 57.0 million	X	X	X	X
Complementary support for capacity development and institution building	5% EUR 9.3 million - EUR 11.4 million		X	X	
Complementary support in favour of civil society	10% EUR 18.6 million - EUR 22.8 million		X	X	X
Total Commitments per SSF	100%				