



Brussels, 7.10.2015
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COMMISSION IMPLEMENTING DECISION

of 7.10.2015

**on the Annual Action Programme 2015 Part II in favour of the Republic of Lebanon to
be financed from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 establishing common implementing rules and procedures for the implementation of the Union's instruments for external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002², and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Single Support Framework in favour of the Republic of Lebanon for the period 2014-2016³, point 3 of which provides for the following priorities: Justice and Security System Reform, reinforcing social cohesion, promoting economic development and protecting vulnerable groups, and promotion of sustainable and transparent management of energy and natural resources.
- (2) The objectives pursued by the Annual Action Programme part II to be financed under Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a the European Neighbourhood Instrument⁴ are to increase micro, small and medium enterprises (MSMEs) competitiveness and participation in the economy, to contribute to the modernisation, stabilisation and good governance of public administration as well as to promote increased engagement of civil society organisations both at policy and local development levels.
- (3) The action entitled “Supporting the private sector development in Lebanon” programme’s aim is to provide integrated non-financial and financial intermediation services to groups of MSMEs in the agribusiness and wood processing sectors through establishment, management and operation of market-oriented value chains and clusters with special focus on enhancement of productivity and competitiveness.
- (4) The action entitled “Technical Assistance for the Government of Lebanon” programme’s aim is to improve good governance and strengthen the capacities for administrative and institutional reform, and to contribute to achieving the objectives of the EU-Lebanon Partnership and Cooperation Action Plan 2013-2015.

¹ OJ L 77, 15.3.2014, p. 95.

² OJ L 298, 26.10.2012, p. 1.

³ C(2014) 5132, 24.7.2014.

⁴ OJ L 77, 15.3.2014, p. 27.

- (5) The action entitled “Civil Society Support to Reform and Local Development in Lebanon” programme aims at enhancing the participation of civil society in the policy dialogue/policy making process and at improving public accountability as well as increasing civil society organisations engagement in local development process to address basic needs of vulnerable population.
- (6) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union⁵.
- (7) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. France Expertise complies with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.
- (8) It is necessary to adopt a work programme for grants, the detailed rules on which are set out in Article 128(1) of Regulation (EU, Euratom) No 966/2012 and in Article 188(1) of Delegated Regulation (EU) No 1268/2012. The work programme is constituted by the Annex 3 (section 5.3.1) of this Decision.
- (9) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (11) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by Article 15 of the financing instrument referred to in recital 2,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

The Annual Action Programme 2015 part II in favour of the Republic of Lebanon, as set out in the Annexes, is approved:

The programme shall include the following actions:

- Annex 1: “Supporting the private sector development in Lebanon”
- Annex 2: “Technical Assistance for the Government of Lebanon”
- Annex 3: “Civil Society Support to Reform and Local Development in Lebanon”

⁵ OJ L 362, 31.12.2012, p. 1.

Article 2

Financial contribution

The maximum contribution of the European Union authorised by this Decision for the implementation of the programme referred to in Article 1 is set at EUR 25 million and shall be financed from budget lines 21.030101 (EUR 5 million) and 21.030102 (EUR 20 million) of the general budget of the European Union for 2015.

The financial contribution referred to in the first paragraph may also cover interest due for late payment.

Article 3

Implementation modalities

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the attached Annexes, subject to the conclusion of the relevant agreements.

The section “Implementation” of the Annexes to this Decision sets out the elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution referred to in Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012, provided that they do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 7.10.2015

For the Commission

Johannes HAHN

Member of the Commission

EN



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2015 part II in favour of the Republic of Lebanon

Action Document for "Supporting the private sector development in Lebanon"

1. Title/basic act/ CRIS number	Supporting the private sector development in Lebanon CRIS number: ENI/2015/038-180 financed under European Neighbourhood Instrument			
2. Zone benefiting from the action/location	Southern Neighbourhood, Lebanon The action shall be carried out at the following location: Lebanon			
3. Programming document	Single Support Framework for EU Support to Lebanon (2014-2016)			
4. Sector of concentration/thematic area	Sector II: "Reinforcing social cohesion, promoting sustainable economic development and protecting vulnerable groups."			
5. Amounts concerned	Total estimated cost: EUR 15,000,000 Total amount of EU budget contribution EUR 15,000,000 Budget line: 21.030102			
6. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with Member State agency			
7. DAC code(s)	32130 – SME development			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flags	N/A			

SUMMARY

The private sector in Lebanon faces a number of constraints which include a lack of a well-functioning enabling environment, lack of competitiveness of Lebanese enterprises, a weak national quality infrastructure and a poor business ecosystem. The institutional framework for Micro, Small and Medium Enterprises (MSMEs) remains weak in the absence of an overall enterprise policy and strategy. The majority of the businesses, in particular in rural and remote areas, even if having a good potential to develop, are featured by a high degree of fragmentation and dispersion, as well as by the lack of inter firm linkages and access to information, *adversely and increasingly* affecting their chances of survival and therefore increasing the risk of social tensions and unrest. Despite remarkable resilience and willingness of businesses to develop in a context of persistent crisis and uncertain geo-political context, the private sector needs assistance in order to reach a better competitiveness.

Taking into consideration past experiences and the recent evaluation of the Private Sector Development ('PSD14'), it is recommended to focus the levels of intervention at meso and micro levels. There is indeed a strong need to adopt, based on a clearly assessed market development potential, a *bottom-up oriented approach*, improving the effectiveness and efficiency of the meso actors and answering the needs and challenges identified among the target micro-level businesses.

The recommended approach is based on a mix of value chain and clustering development measures within a dynamic and evolving context. Both value chains and clusters are indeed effective instruments fostering MSME development, in consideration of geographical or territorial factors and linkages with cross cutting areas and issues.

This EUR 15 million programme aims at increasing micro, small and medium enterprises competitiveness and participation in the economy by fostering their development and integration into value chains. It is fully consistent with The Single Support Framework priorities for 2014-2016 aiming at contributing to promoting economic development and increase competitiveness of Lebanese private sector.

1. CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Lebanon is a small but highly urbanised middle income country of 4.4 million people with a Gross Domestic Product (GDP) of around USD 43 billion (GDP per capita of USD 10,311 million).

The World Bank estimates GDP growth at 1.5% in 2014 up from an estimated 0.9% in 2013.

The economy is led by the services, especially trade, sector with 76% of GDP (2013), of which banking is most noticeable and dominant in the centre of Beirut. Tourism, especially from the Gulf States and Europe, used to be another driving sector of the services-based economy. Agricultural output amounts to about 4% of GDP, with a mixture of cash crops and food for local consumption, although a fair share of Lebanon's up-market quality wines are exported. Lebanon is characterised by regional socio-economic disparities with almost 30% of the population living under the poverty line and 8% under the extreme poverty line.

Lebanon remains constrained by the spillovers of the Syrian conflict and local tensions. The conflict in neighbouring Syria has exacerbated the security, political, and economic issues facing the country, and resulted in a further decline in tourism, private investments and economic activities. This has culminated in economic growth falling sharply from the 7%-9% growth rates experienced during 2008-2010, to 1.5% and less in the last years, the lowest growth performance since 2006 conflict. The numbers of Syrian refugees has significantly increased in the period 2013-2014 constituting at present about one third of the population; while spread throughout the whole country, the highest concentrations are recorded in Northern Lebanon and in the Bekaa.

According to the World Bank, the overall unemployment rate in Lebanon is estimated at 11% and stands at 18% and 34% for women and youth, respectively. Labour participation is also low with only 70% of working-age men and 24% of women active in the labour force; the World Bank estimates total unemployment will actually reach 20% in 2014, in large part due to the Syria crisis.

Regarding the consequences of the Syrian crisis on the trade routes, firms have gradually adapted to the shock and have found ways to cope or benefit. As an economy with a large trade sector, Lebanon is significantly exposed to Syrian crisis not only due to its role as a trading partner, but also because a sizable share of Lebanese trade transits through Syria. The first half of 2013 witnessed sharp reductions in trade flows, particularly for food products and consumer goods. Data through 2014 reveal, however, that while Lebanese exporters to Syria have suffered from a drop in demand in the Syrian market, other Lebanese exporters have started to export to Syria to fill the gap in Syrian production. Furthermore, the massive amount of refugees representing more than 25% of the Lebanese population, has led to increased domestic demand for domestically produced food items.

The performance of the agricultural sector may seem modest in terms of contribution to the annual national wealth (4% of GDP in 2011, 6% in 2012),¹ nonetheless, agriculture participates fully in the balance and social equity in rural areas (6% of

¹ MOA, 2013.

national employment, but up to 25% of employment and 80% of GDP in some rural areas).² Agro-food industries constitute the first sector in terms of number of economic establishments, representing 18.2% (736 registered) of total economic activities and with a work force of 24.9% (20,607) of the total industrial labour and with total industrial outputs of 25.7% (USD 410,287 million).

The industrial (manufacture, as a whole) sector accounts for 20% of GDP and according to IDAL³, it accounts for around 7.5% of national output and employs around 140,000 people, or the equivalent of 25% of the local labour force, constituting the second largest employer after the public sector, ahead of other economic sectors.

Statistics on Lebanese SMEs are scarce, fragmented and often inconsistent with each other.

According to governmental sources, about 97% of Lebanese private enterprises can be considered as MSMEs. According to the Ministry of Economy and Trade (MoET) SME Strategy and the proposed definition of SME⁴, the total number of Micro and SMEs is estimated in about 60,000-65,000, constituting about 93%-95% of total enterprises and with a total employment of over 800,000 (over 50% of the working population), the majority being micro businesses with less than 5 employees and operating in the informal economy.

According to the World Bank, the size of informality as a percentage of GDP is estimated by the World Bank to be 36.4%. The share of the labour force, which does not make any social security contributions, goes up to 66.9% among employees⁵.

The distribution of the number of MSMEs by sector is not available; it is estimated in any case that at present over 60% of the enterprises operate in the trade and service sectors and 15%-20% in the industry sectors, *calling therefore for a diversification of the Lebanese economy*.

1.1.1 Public Policy Assessment and EU Policy Framework

Relevant National Policy Framework

The Small Business Act assessment (2014) indicates that over the last three years, there have been very limited improvements in the SME policy framework. The economic stagnation witnessed over the last two years has led to growing calls for a more active approach.

The SME policy mandate in Lebanon is currently distributed across several institutions, including the Ministry of Economic and Trade, the Ministry of Industry, Ministry of Agriculture, the Business Development Centres (BDCs), the Industrial Research Institute, the Euro-Lebanese Centre for Industrial Modernisation.

In response to growing calls for fostering competitiveness and sustainability of the private sector, the Ministry of Economic and Trade presented in December 2014 its national SME Strategy as a Roadmap for public and private stakeholders to introduce, adopt and implement a series of priority reforms and measures. While constituting an important reference framework for needed steps and actions, it will

² Analysis of Lebanon's Food market, BankMed, 2013.

³ Investment Development Authority of Lebanon.

⁴ 10/50/100 employees and LBP 0.5/5/25 billion, for micro, small and medium, respectively.

⁵ The challenge of informality in the Middle East and North Africa, World Bank, 2011.

need to be complemented by clearer and more prioritised action plans and implementation modalities.

The Ministry of Agriculture (MoA) Strategic Plan 2010–2014 revolves around eight pillars which set forth interventions at the central and local levels, using a combination of programmes, projects and policy measures aiming at containing the cost of production and improving quality of Lebanese agricultural products including also and among other developing value chains, improves focus on better quality, production, marketing and export of agricultural products.

More recently, in December 2014, the MoA issued a MoA Strategy 2015-2019, a milestone for the future development of the sector in Lebanon; priority areas include provision of safe and quality food from local and imported products, increase productivity and competitiveness of the Lebanese agricultural products, through improving the value-added of plant (and animal) production chains; Strengthening agricultural extension and education, and development of the cooperative sector and mutual funds.

Remarkable progress was made in the sustainable energy and environmental sectors that will be addressed by the programme in a wider competitiveness enhancement context.

The National Energy Efficiency Action Plan for Lebanon is currently the main guiding policy document for the development of energy efficiency in the country; it foster energy efficiency and the use of renewable energy sources in an enlarged public (municipal) and private sector context in order also to strengthen private sector companies in the national supply chain to boost their market shares and increase productivity.

EU relevant policy framework

The programme is fully consistent with:

- The Action Plan for EU-Lebanon Partnership and Cooperation 2013-2015, in particular with priorities H "*Improvement of business environment, particularly for MSMEs, and development of domestic market conditions in key sectors*" and I "*Enhancing production and marketing of agricultural products in line with international standards, advancing liberalisation, raising competitiveness and developing rural economy*".
- The recent European Commission Communication 263 on “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries”, calling for, in particular and among other for an enhanced role of the Private Sector in fostering an inclusive, sustainable economy, a higher focus on employment creation, inclusiveness and poverty reduction, introduction of different conditions and incentives to contribute to enterprise development, creation of opportunities through market-based solutions and on enhancement of the support to micro, small and medium-sized enterprises in the formal and informal sector.

1.1.2 Stakeholder analysis

Besides the target groups (ultimate beneficiaries), constituted by Micro and SMEs operating directly and indirectly⁶ in the agribusiness and wood processing in the Northern Bekaa, Northern Lebanon and Tripoli, including also local vulnerable groups, key stakeholders include a wide range of local and national private sector institutions and associations (BDCs⁷ of Tripoli and Saida, Chambers of Commerce of Beirut, Tripoli and Saida, ALI⁸, RDCL⁹, LAFI¹⁰, the Order of Engineers and Architects and other sector unions). They all expressed interest and commitment to contribute to the programme, fully sharing the value chain and cluster approach. Similarly, key financial institutions including the Central Bank, several banks, Kafalat, the ESFD¹¹ and Micro Finance Institutions (MFI) have expressed their readiness to provide financial support through the available lending schemes in Lebanon on the basis of viable action and financial plans.

In addition, the Lebanese Centre of Energy Conservation and various other specialised institutions such as Qualeb¹², IRI¹³, ELCIM¹⁴ - all supported by the European Commission -LARI¹⁵ and other accredited laboratories at the Chambers of Commerce are all interested to participate and actively contribute in their respective areas of competence.

1.1.3 Priority areas for support/problem analysis

Despite the absence in Lebanon of a sound policy framework and despite a weak business regulatory environment for supporting the private sector, as well as other geo-political constraints including the Syrian refugees' issues, there are some positive elements:

- With the support of major international organisations including the Central Bank, EU, the European Investment Bank (EIB), International Finance Cooperation (IFC), United Nations Development Programme (UNDP), Agence française de développement (AFD) and the World Bank, the Central Bank and other institutions have made available to the private sector (especially MSMEs) large credit lines, assisted also by Kafalat thematic guarantee facility to boost development and innovation and which are, however, only partially utilised. Significant resources have been made available also for financing energy efficiency and renewable energy schemes, as well as innovation sectors and , more recently, for supporting start-ups.
- The Lebanese private sector is showing remarkable levels of interest, resilience and dynamism, as proved by the increasing demand for technical assistance and

⁶ Providing complementary services and products.

⁷ Business Development Centers and Incubators, that did benefit of significant support from the European Commission).

⁸ Association of Lebanese Industries.

⁹ Lebanese Businessmen Association.

¹⁰ Lebanese Association of Food Industrialists.

¹¹ The Economic Social Development Fund.

¹² Lebanese Quality Management Unit at the MoET.

¹³ Industrial Research Institute.

¹⁴ Euro Lebanese Centre for Industrial Modernisation.

¹⁵ Lebanese Agricultural Research Institute.

finance to develop and/or innovate and/or expand despite the persistent crisis as recorded at the BDCs, Central Bank and other institutions.

- According to MoET SME Strategy, Lebanese entrepreneurs and SME owners are 2-4 times more likely to be highly educated persons who already have jobs, a pattern generally quite different and unseen in other MENA countries.

At the same time, however:

- Effective market, organisational, production and management linkages, cooperation and coordination among stakeholders constitute a major historical problem in Lebanon, independently from the past wars and the on-going Syrian crisis.
- The majority of the businesses in rural or relatively remote areas even if having an untapped potential to develop are featured by a high degree of fragmentation, dispersion and informality, as well as by the lack of inter firm linkages, access to information and access to finance capacity.
- Poor product/produce quality, a fragmented or non-organised trading system, and lack of constant supply of electricity, poor waste management practices, have led to a significant decrease of productivity, increase of production costs and therefore of overall competitiveness.

In this framework, a support to private businesses, especially MSMEs, based on sound value chain and clustering approaches, has been considered as the most appropriate for addressing economic and social development in a fully integrated, inclusive, synergic and sustainable perspective, as well as an indirect instrument also to leverage more effectively needed reforms, strategies and policies.

The pre-selected sectors of intervention include agribusiness¹⁶ and the whole wood processing in Northern Bekaa, Northern Lebanon and Tripoli areas and where an integrated socio-economic development potential has been identified that would build on available skills, resources and traditional activities.

According to the Lebanese Statistics Office, the contribution to the GDP of the wood, paper manufacturing and printing and of the agro-food industries increased by 7% and 10%, respectively, in 2013.

In terms of employment, agriculture and manufacture account for 6% and 12% of total employment and unemployment in these areas is estimated between 7% and 10% among the active working population.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The Syrian conflict could spill-over more deeply into Lebanon. This could jeopardise the project and cut-off access to Lebanese territory for international	M	The EU Delegation will consult with HQs on necessary actions for interrupting or re-tailoring on-going activities according to actual circumstances.

¹⁶ Agribusiness includes agro-food industry and the agricultural sector (mainly primary production); post harvest is considered as part of the agro-food industry.

organisations and actors.		
Scarce number of interested MSMEs, below the planned target values.	L	In consultation with local institutional stakeholders (especially the Chambers of Commerce) preparation and adoption of improved communication and dissemination strategies on the programme benefits and incentives.
Constrained access to finance in the target areas that might delay the implementation of planned investments.	L/M	Review of the financial plans jointly with FIs (Funding Institutions, including and local bank branches). Increase of advisory assistance to FIs.
Unforeseen instability or constraints of identified market targets.	L/M	Formulation of alternative viable market development and marketing strategies in the initial stage of the programme.
Assumptions		
The stability and security of Lebanon are key assumptions for the sustainability of the EU intervention as efforts can be jeopardised in case of widespread conflict. The project will need to maintain a high degree of flexibility in order to be able to adapt to an evolving context.		
Willingness and interest of MSMEs to establish linkages and jointly cooperate		
Interest and commitment of key central and local private sector institutional and financial stakeholders		

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The recent evaluation of the PSD14 programme made the following recommendations:

- Avoid fragmentation of activities and ensure consistency of the whole approach;
- Focus at micro/meso levels and have a more integrated and focused approach, e.g. sector-based;
- 'Stimulate' competition among actors and encourage them to adopt stronger oriented strategies, building on lessons learnt from Donors' assistance programme;
- Further strengthen their capacity to provide specialised services for supporting of MSMEs through the tools that the PSD programme will make available to the value chains and/or clusters for the achievement of planned objectives and results;
- Be more thematically focused and have a greater outreach in the regions in order to ensure impact.

3.2 Complementarity, synergy and donor coordination

The programme envisages a high degree of complementarity and synergies with a number of other programmes including:

- ◆ EU - European Training Foundation (ETF): Labour Market and Vocational and Technical Education support programme, where synergies and linkages could be established, e.g. formulation of curricula, entrepreneurship, specific capacity building actions, updating and enlarging training for unemployed and disadvantages.
- ◆ Deutsche Gesellschaft für Internationale Zusammenarbeit(GIZ): Dual System Training programme and CLOSER programmes, providing support to vocational training and the development of SMEs, environmental protection and civil conflict management.
- ◆ International Labour Organisation (ILO): support to Employment and Income for Vulnerable People affected by the Syrian refugee crisis in North Lebanon.
- ◆ The EU-funded Lebanon Energy Efficiency and Renewable Energy Finance Facility¹⁷ that includes a technical assistance component dedicated specifically to Energy Efficiency and Renewable Energy for undertaking feasibility studies and setting procedures to obtain loans under the joint European Investment Bank (EIB) and Agence française de développement (AFD) funding.
- ◆ The EU-funded MED-ENEC Project on Energy Efficiency in the Construction Sector in the Mediterranean¹⁸, focusing on energy efficiency renewable energy sources in the construction sector working and quality standards.
- ◆ SWITCH – MED programme, aiming at stimulating the demand and supply of sustainable production services to the industry, promoting the adoption of new green and socially inclusive business models.
- ◆ Relevant activities organised within the framework of the Euro-Mediterranean industrial cooperation process¹⁹, in particular regarding clusters.
- ◆ EU – funded Agriculture and Rural Development Programme²⁰ (ARDP), including a EUR 3.5 million guarantee scheme for rural credit, training of trainers for extension engineers at the MOA, introduction of Good Agricultural Practices.
- ◆ United States Agency for International Development (USAID) Industry Value Chain Development (LIVCD) aiming at increasing incomes in rural areas in selected complementary sub-sectors.
- ◆ World Bank “Sustainable Agriculture Livelihoods in Marginal Areas (SALMA)” support to the Ministry of Agriculture in the water resource management, rural services and infrastructure under the programme.

¹⁷ C(2011)5547.

¹⁸ C(2008)4089.

¹⁹ http://ec.europa.eu/growth/industry/international-aspects/cooperation-regions/eu-mediterranean/index_en.htm.

²⁰ C(2010)7440.

- ◆ Various United Nations Development Programme (UNDP) interventions in cooperation with the MoE and MoA targeting climate change and the latter is aiming at reviving livelihoods of farmers' in Southern Lebanon.
- ◆ United Nations Industrial Development Organisation (UNIDO): support to Tripoli furniture sector cluster in the framework of “Supporting the Development of Creative Clusters in the Southern Mediterranean Region” programme (funded by the EU and the Italian cooperation).

3.3 Cross-cutting issues

The programme will address gender equality, employment, green energy development and environmental aspects with particular attention, in a wider economically sustainable context through the recommended value chain and clustering approaches as outlined in point 1.1.3 and in line with the recent EU Communication EU Communication on “*A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*” and the Single Support Framework.

Value chains and cluster shall constitute moreover an opportunity to establish business models for integrating informal MSMEs into the formal economy, through the introduction of proper incentives and clearer economic benefits.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the programme is to contribute to Lebanon's economic development and job creation by enhancing the productivity and competitiveness of its private sector, with focus on vulnerable groups.

The specific objective of the programme aims at providing integrated non-financial and financial intermediation services to groups of Micro and SMEs in the agribusiness and wood processing sectors through establishment, management and operation of market-oriented value chains and clusters with special focus on enhancement of productivity and competitiveness. Value chains and clusters are considered as the most appropriate specific approach for achieving concrete results in terms of effective inter-business, inter-sectoral and private/public institutional linkages.

The expected outputs are:

1. MSMEs are reorganised into stronger groups for a more efficient and cost-effective use of inputs and resources
2. Market positioning and market access of MSMEs in the targeted sectors are expanded
3. Access to finance is facilitated for needed investments; available funding instruments are better used
4. New jobs and inclusive employment are created as a result of increased production and sales

4.2 Main activities

Agribusiness and wood processing have been pre-selected as target sectors on the basis of a mix of criteria reflecting their potential, opportunity for inclusive job

creation, socio-economic importance, synergy with other donors and potential impact on cross-cutting issues.

Agribusiness is a strategic sector in Lebanon, with high socio-economic impact going far beyond its weight on the GDP and total spending of the country. Stone fruits are an important agriculture sub-sector, with great but still untapped potential of development in terms of production and quality. Stone fruits, in particular apricots and plums, are mostly produced in the Beeka and North Lebanon, including Akkar. They have a good price/quality ratio and do not have any historical records of Sanitary and Phytosanitary (SPS)-specific limitations. The stone fruits chain can be easily developed into localised clusters to produce fruits derivatives, such as dried, puree and nectar. The volume of production, estimated at around 50 000 tons per year for apricots and plums, has been gradually reduced since the civil war by about 50%. This choice is fully in line with the ENP Action Plan, and in particular with Priority I "*Enhancing production and marketing of agricultural products in line with international standards, advancing liberalisation, raising competitiveness and developing rural economy*".

Wood is one of the oldest industries and one of the most valuable and monitored commodities in the world. Wood is very well recognised for its many uses starting with the commodity being a source of heat, handmade and art products, as well as being an important construction, floor and furniture material. The wood processing sector, and in particular the furniture industry, used to be an important driver of the Lebanese economy. At present, it serves also and especially other important sectors of the Lebanese economy, such as construction and craft. Despite the overall economic decline especially of the furniture sector and massive cheaper imports from Asian countries, imports of semi-finished products such as panels are increasingly serving domestic and, to a more limited extent, the export markets. Considering the availability of skills and of production assets, which are in relatively good conditions and not obsolete especially in Northern Lebanon where wood processing used to constitute an important traditional activity of the regional economy, there is definitely a good development potential for local product expansion and diversification.

The programme will target, e.g. *inter alia*:

- In the agribusiness sector:
 - ❖ Two stone fruit value chains (apricots and plums), with an indicative initial participation of about 100-150 MSMEs in the Northern Bekaa and Akkar areas.
- In the wood processing sector:
 - ❖ One wood-processing cluster, with an indicative participation of about 100 MSMEs, in Tripoli area and Northern Lebanon.

This selection will be further validated during the inception phase with a possibility to adjust to new conditions especially regarding the security situation in the targeted areas.

The programme will be built around the following *non-exhaustive* key activities:

Programme Management:

- Establishment of Sector Management and Coordination Unit (SMCU);

- Identification of potential domestic and foreign market targets, alternative and direct supply sources of needed inputs, business leaders and potential strategic partnerships;
- Formulation of market development strategies;
- Diagnostic surveys, gap assessments and organisation of value chains;
- Formulation and adoption of value chain and cluster integrated market driven action plans;
- Mobilisation of funding sources for assessed and viable investment plans in the target value chains;
- Formulation of national sector strategies with proposals for streamlining and adopting relevant legislative and regulatory frameworks;
- Supervision, Monitoring & Evaluation of the work of the SMCUs.

Targeted intervention in the agribusiness and wood processing sectors:

- Implementation of the action plans for enhancement of competitiveness and productivity in partnership with national and international organisations, institutions and business leaders and the organisation and procurement of specialised services, equipment, technologies and works;
- Assistance in loan applications and finalisation of arrangements with funding institutions;
- Provision of advisory and counselling assistance to the MSMEs and organisation of targeted workshops and training cycles;
- Assistance to the management of commercial contracts;
- Participation to selected specialised fairs and networking with EU institutions and programmes for know-how transfer and development;
- Formulation and adoption of national target sector strategies including regulatory frameworks and as contributions to the national SME and Agricultural strategies;
- Organisation of dissemination and visibility events on programme's approaches and results, strategies and regulatory frameworks.

Public/private Dialogue will be enhanced through official meetings at the Steering Committee. Continuous cooperation is also expected throughout the programme, where the private sector will contribute and advocate the adoption of sectoral strategies and relevant legal and regulatory frameworks.

4.3 Intervention logic

The EU is committed to contribute to Lebanon's economic growth by boosting job creation and reducing poverty. Besides its importance for the economic development of the country, main reasons to continue supporting private sector development in Lebanon lie with the actual willingness of businesses to develop and expand despite the persistent crisis, the availability of skilled manpower and the presence of strong private sector institutions and associations, some assisted directly or indirectly by EU past interventions.

It is essential to continue supporting the Lebanese private sector, taking into account the objectives of:

- increasing micro, small and medium enterprises productivity and participation in the economy by fostering their development and integration into value chains;
- focusing on the meso and micro levels, as no actual progress took place at macro level in the implementation of an economic reform agenda as recommended by a number of previous interventions by the EU and other donors, and due to an absence of a comprehensive policy.

The evaluation of the PSD14 highlighted the lack of a market driven approach, of a local and regional dimension of the programme and consequently the absence of local institutional and private actors in the process.

The intervention strategy will be based on a number of fully integrated, synergic and mutually consistent measures at both micro and meso levels. The first will focus on enhancement of productivity and competitiveness factors in all relevant areas such as MSMEs' organisation, production cost reduction, technology upgrade, energy and environment, quality management, marketing and others, while the meso level will focus on business support services, access to finance (for effectively leveraging available funding sources for needed viable investments), formulation of sector strategies, networking with EU specialised associations, visibility and dissemination actions for impact enhancement at whole sector and national levels.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) N° 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

5.3.1 Indirect management with a Member State agency

This action may be implemented in indirect management with Expertise France in accordance with Article 58(1) of Regulation (EU, Euratom) N° 966/2012. After having consulted with several Member States agencies (GIZ, Denmark's development cooperation - DANIDA, Swedish International Development Cooperation Agency - SIDA, Belgian Development Agency - BTC), Expertise France has been chosen for the following reasons:

i) Due to the complexity and technical nature of the programme, Indirect Management with a Member State agency is the preferred option. Expertise France is the lead implementation agency in the field of private sector development. The agency will be able to fully contribute to the further design of the programme and will be able to adjust it according to the volatile conditions prevailing in the country.

ii) Lebanon is highly impacted by the Syrian crisis. The volatile environment as well as the target groups (vulnerable communities) require flexibility and rapid response.

iii) The French agency has a good knowledge of the Lebanese background, where it has already implemented projects.

iv) A 'peer to peer' approach will be privileged so as to have a better focus on the private sector needs. The agency will be able to mobilise a large network of actors, including Chambers of Commerce and 'field' experts.

The entrusted entity would carry out the following budget-implementation tasks:

- Establishment and management of a Technical and Financial Coordination Unit (TFCU) and of two main Sector Management and Coordination Units (SMCU);
- Launching of call for tenders and calls for proposals;
- Definition of eligibility, selection and award criteria;
- Evaluation of tenders and proposals;
- Award of grants, contracts;
- Concluding, monitoring and managing contracts;
- Carrying out payments, and recovering amounts due.

5.3.2 Changes from indirect to direct management mode due to exceptional circumstances

If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in direct management through procurement of services.

Subject in generic terms	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
enhancing productivity and competitiveness in the Lebanese private sector	services	1	Q1 2016

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the

basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

Programme Components	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3.1.1 Indirect Management	15 000 000	N.A.
Totals	15,000,000	N.A.

5.6 Organisational set-up and responsibilities

The programme envisages the establishment of a Technical and Financial Coordination Unit (TFCU) and of two main Sector Management and Coordination Units (SMCUs). The TFCU will coordinate and guide the work of the SMCUs, coordinate and manage mobilisation of funding sources, cooperate with Lebanese national private sector institutions and associations on dissemination and advocacy. The SMCUs will manage and coordinate all assistance and activities to be provided directly at the level of value chains and clusters.

The Delegatee will ensure the management of the TFCU and the overall supervision and coordination of the programme. It will also proceed to the set-up of the SMCUs.

The EU Delegation will monitor the overall implementation of the programme and will be the focal point for any communication issuing from the Delegatee.

A Steering Committee of the programme, composed of representatives of the relevant institutions (including in particular the Ministry of Economy and Trade, the Donors, the Central Bank, the Head of TFCU) and the European Commission, will meet on a bi-annual basis. This Committee will:

- (i) assess and monitor the programme's progress;
- (ii) jointly discuss any critical points, risks or bottlenecks of programme's implementation and propose and discuss remedies in case of problems;
- (iii) ensure close cooperation among all involved relevant stakeholders.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. An ex-post evaluation could be foreseen under the next programming exercise.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to the intention to continue the action.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)²¹

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: impact	To contribute to Lebanon's economic development and job creation by enhancing the productivity and competitiveness of its private sector, with focus on vulnerable groups	Unemployment rate Employed population in the targeted regions % of population living under the poverty line (2015) Number of people living under the poverty line (2014) in the targeted regions	20% (2015) 1,118 000 employed in the country (2010) 28% 1,170 000 (2014; whole country)	18% (2020) 1,123 000 (+5000 jobs created) 27% 1,145 000 (2020)	- international and national statistics; macroeconomic data - programme's reports - evaluation reports	Security and political situation remains stable
Specific objective: Outcome(s)	To enhance the productivity and competitiveness of the agribusiness and wood processing sectors through the development of inclusive, social and economically sustainable value chains and clusters	% increase of sector contribution to the national GDP % of increases and value of exports % of employed vulnerable groups and Syrian refugees	About 6%-7% GDP contribution (whole agribusiness, of which 4% from primary agricultural production) and 7%-8% (wood processing), according to 2011/2012 statistics and estimates	At least 50% increase by 2020 in each target sector/sub-sector	National and local statistics, records from the TCFU and SMCUs	National and local Monitoring & Evaluation systems in place
Outputs	1. MSMEs are reorganised into stronger groups for a more efficient and cost-effective use of	Number of grouped MSMEs in value chains and clusters sharing	Lack of linkages among businesses. 70% of informality	250-300 MSMEs organised in value chains and	Action Plan adopted. Records from TCFU,	Willingness and interest of MSMEs to share assets,

²¹

Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	inputs and resources	common services	among MSMEs (2012/2013)	clusters. Decrease of informality among participating MSMEs. Assessed and bankable action plan (2016/2017)	SMCUs, Chamber of Commerce and other stakeholders	resources and strategic goals
	2. Market positioning and market access of MSMEs in the targeted sectors are expanded	Number of domestic and export served markets and regularly sold quantities of products	Lack of business leadership and of product demand	Identified markets and business partners in the GCC, EU and other countries (2016/2017)	Records from SMCUs, Chambers of Commerce, MSMEs, business leaders	Interest and availability of business associations and marketing channels to drive market expansion
	3. Access to finance is facilitated for needed investments; available funding instruments are better used	Number of loans and guarantee agreements in the target areas	Decreased lending in the target areas (10-20% of total national lending, 2010)	40% increase of lending in the targeted value chains and clusters (2018)	Statistics from BdL, banks, Kafalat and MFIs records; Records from TFCU, SMCUs	Availability of lending instruments and resources from BdL, Kafalat, EIB and other FIs/MFIs
	4. New jobs and inclusive employment are created as a result of increased production and sales	% increases of total employment and of women, youth and vulnerable people in the target value chains and clusters	Increasing unemployment in the target areas. 6%-8% of women youth employment in the agriculture and manufacture sectors (2012/2013)	15%-20% increase of total employment, of which at least 20% women, youth and vulnerable people (2020)	Records from value chains and clusters, MSMEs, SMCUs and local and national agencies	Interest and active participation of women, youth and vulnerable people into value chains and clusters

<p style="text-align: center;">Activities (non-exhaustive)</p>	<p>1.1 Facilitation of value chain organisation and provision of capacity building</p> <p>1.2 Facilitation of strategic partnerships, including between Lebanese exporters and importers in targeted markets</p> <p>1.3 Business development services are enhanced through business intermediaries</p> <p>2.1 Development of gap assessments, marketing studies and Action Plans in the targeted sectors</p> <p>2.2 Assistance in product development and technology upgrade</p> <p>2.3 Delivery of coaching and training on quality management</p> <p>3.1 Assistance in loans application and dissemination of financial instruments available</p> <p>3.2 Provision of capacity-building to business intermediaries</p> <p>4.1 Promotion and training of Quality management and traceability system</p> <p>4.2 Networking with EU organisations/programmes and exchange of know-how</p>					
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This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2015 part II in favour of the Republic of Lebanon

Action Document for "Technical Assistance for the Government of Lebanon"

1. Title/basic act/ CRIS number	"Technical Assistance for the Government of Lebanon" financed under European Neighbourhood Instrument. CRIS: ENI/2015/38-212			
2. Zone benefiting from the action/location	Lebanon			
3. Programming document	Single Support Framework for EU Support to Lebanon (2014-2016)			
4. Sector of concentration/ thematic area	Public sector policy and administrative management			
5. Amounts concerned	Total estimated cost: EUR 5,000,000 Total amount of EU Budget contribution EUR 5,000,000			
6. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management – Procurement of services			
7. DAC code(s)	15110			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective

	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

In a tense regional environment the Government of Lebanon is challenged in a range of areas - from securing its borders, maintaining stability and peace in the face of the Syrian refugee crisis while keeping the economy healthy and infrastructure intact, to coping with an absent president and postponed elections. The EU has given considerable technical assistance to Lebanon over the past decades and further assistance to numerous areas is still needed. The aim of the programme is to contribute to improving good governance and strengthen the capacities for administrative and institutional reform within the Lebanese public administration, and contribute to achieving the objectives of the EU-Lebanon Partnership and Cooperation Action Plan 2013-2015. Due to the chronic institutional and political instability, this programme will be designed to be flexible to accommodate to a changing environment.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Lebanon is a fragile state characterised by weak institutions that are prey to entrenched confessional divisions. This makes the adoption and implementation of key Government policies difficult. Furthermore, the political system is designed to cement multi-confessional co-existence through checks and balances that provide for short-term stability but restricts the scope for reform.

Since the 1990 armistice, Lebanon has been continuously subject to enormous internal and external pressures and shocks, including the ongoing presence of Palestinian refugee camps, outbreaks of conflict with Israel, politically-sponsored internal violence and terrorist attacks. The current regional political dynamics have added significantly to those pressures and shocks, with a refugee influx which has swollen the country's population (generating serious social and economic pressures), and the increasing displacement of the Syrian conflict – and its wider regional and global underpinnings – to Lebanon. These dynamics together threaten to stress Lebanon's fragile politico-social equilibrium to breaking point.

The most pervasive risks relate to the spill-over from the conflict in Syria, with mounting concern for its potentially destabilising effect on Lebanon. The Syrian crisis has led to further polarisation and weakening of governance, with the postponement of elections scheduled for November 2014 severely limiting the scope for legislative process or policy formulation and implementation, such as the vacuum of the office of President.

1.1.1 Public Policy Assessment and EU Policy Framework

Although major political and economic reforms remain stalled by the lack of political consensus, the stability and good governance of the country remain at the centre of the discourse of the national authorities, as reflected in the priorities agreed under the new Action Plan for EU-Lebanon Partnership and Co-operation (2013-2015) and also in the Single Support Framework (SSF) for the period 2014-2016: i) Justice and security systems reform, ii) Reinforcing social cohesion and protection of vulnerable groups, iii) Promotion of sustainable and transparent management of energy and natural resources.

1.1.2 Stakeholder analysis

The lack of political stability has slowed down major needed political and economic reforms, causing among others important lack of provision of basic services to the Lebanese population through efficient infrastructure. Other major consequences include the Lebanese Government and Parliament not adopting a budget in a decade, while most public institutions are understaffed, underfunded and their civil servants struggle with salaries that have not kept up with inflation. The lack of an approved budget has also led to the absence of a national development strategy, unclear or incomplete legislative and institutional frameworks that generate scattered responsibilities and multiple key stakeholders within a sector, lack of updated sector strategies and structured sector budget frameworks. The EU has given considerable technical assistance to Lebanon over the past decades. For instance, in recent years the EU has provided assistance to the Office of the Minister of State for Administrative Reform (OMSAR), the Council for Development and Reconstruction CDR, the Ministry of Agriculture, Ministry of Education and others public administration entities. In numerous areas the Government is in need of further support.

The main stakeholders and direct beneficiaries of the proposed action will be the Ministries, other Government structures and the public administration, thereby indirectly benefitting to the Lebanese citizens. The intention is that, to the extent possible, the interventions should be demand driven according to the needs of the Government of Lebanon and its public administration, and respond to the priorities identified in the EU-Lebanon Partnership and Cooperation Action Plan 2013-2015. The EU Delegation has identified a number of areas where support could be possible, some of them through demands initiated by the Government of Lebanon.

The Government recently requested renewed assistance in its effort to better coordinate aid in Lebanon and to improve its administrative system and information management system of ongoing donor activity in the country. Indeed, the majority of the coordination is currently performed by UN agencies and donors on a sector basis. However, the Government has recently showed renewed interest in aid coordination, both with regard to humanitarian support which falls under the mandate of the Ministry of Social Affairs, and development support, which is led by the Council for Development and Reconstruction (CDR). Actions could be implemented to provide the Government with the necessary capacity to perform aid coordination not only for bilateral assistance but also for the assistance provided in the context of the Syrian crisis.

Support could also be provided to complement the on-going EU project "Policy Planning & Governance", which gives short-term support to tackle the broader aspects of administrative reform, and the support provided to the Lebanese

Parliament to develop policies and tools for improved quality of regulations issued by parliamentarians. A possible intervention could be to pilot some of the short-term activities identified through the on-going support, such as application of regulatory development policies and tools, to the involved Ministries.

Indicatively, technical assistance can also be envisaged to support the implementation of policies or strategies within the rural tourism, electricity, trade, water and agriculture sectors.

1.1.3 Priority areas for support/problem analysis

Areas for support among the priorities for action in the 2013-15 EU-Lebanon Action Plan:

- A. Reforming the justice system (including the prisons segment) toward greater efficiency, effectiveness, and independence of the judiciary
- B. Election reform aiming to achieve international standards and enhancement of the effectiveness of the Lebanese Parliament
- C. Human rights and protection of vulnerable populations, including Palestinian refugees, by legislation or other adequate measures and targeted actions
- D. Enhancement of public finance management and effective allocation of public resources
- E. Improving efficiency, good governance and transparency of public administration
- F. Improved security sector management and law enforcement, including cooperation, accountability and oversight mechanisms, and advancing integrated border management
- G. Increasing trade competitiveness and further trade integration in EU and international markets, WTO accession
- H. Improvement of business environment, particularly for MSMEs, and development of domestic market conditions in key sectors
- I. Enhancing production and marketing of agricultural products in line with international standards, advancing liberalisation, raising competitiveness, and developing rural economy
- J. Enhancing environmental protection and advancing sustainable regional development through greater decentralisation and empowerment of municipalities and local authorities
- K. Implementation of the National Education Strategy, improving technical and vocational training
- L. Enhancing provision of social protection and health care
- M. Implementation of an energy strategy aimed at extending power supply, launching a structural reform and promoting renewable and low-carbon energy use and energy efficiency

The further objectives specified in the Annex of the EU-Lebanon Action Plan could also help identifying possible areas of support for the programme:

1. Political Reform and Dialogue

2. Reform and cooperation in the field of justice, freedom and security
3. Economic and social reform, sustainable development
 - a. Economic and financial reform
 - b. Social and migration issues, sustainable national and regional socio-economic development
4. Trade-related issues, market and regulatory reform
 - a. Industry, trade and services
 - b. Market, competition and business environment
 - c. Customs and taxation
5. Education and research, information society, civil society and culture
 - a. Education, science and technology, research and development, innovation and information society
 - b. Youth and sports, civil society, culture, and people-to-people contacts
6. Agriculture and fisheries
7. Transport, energy and environment

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Security environment deteriorates	H	Maintain vigilance, flexible design and alternative scenarios
Ministries won't make full use of the technical assistance	M	Reinforce dialogue with the Government, make sure that the activities remain in line with the needs throughout the political changes (hence the need for flexibility)
Foreign experts aren't issued necessary permits to enter Lebanon	M	Engage more with the Ministry of Labour and with General Security
Assumptions		
There is a minimum consistency in the different policies to allow our programme to remain relevant.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

This action is a response to the need for support to public administration capacity building expressed by the Government of Lebanon. A range of projects on supporting the Government have been completed in recent years, benefitting the Council for Development and Reconstruction and the Office of the Minister of State

for Administrative Reform. The EU Delegation has learned that for successful reform a political will is necessary. Given the entrenched confessional divisions in the country, this can be a challenge. This action will offer technical assistance in those areas where reform faces negligible political hurdles.

As for regulatory development, positive results were obtained from past experience in improving draft regulations by making them available for public consultation. A SIGMA (Support for Improvement in Governance and Management in Central and Eastern European Countries) mission has demonstrated the high relevance of the analysis of regulatory development policy, quality of regulations and consultation with civil society to the needs of various stakeholders and beneficiaries. EU and other donors' support showed that regulatory development operates within a relatively liberal framework. It has also shown that stakeholders can play a key role as catalyst for change. Support has enabled an empowered civil society to work more efficiently.

Lebanese authorities often change policy. The Ministry of Education is a case in point. In June 2014, the Government laudably launched its "Reaching All Children with Education" (RACE) policy to respond to the crisis. But despite ambitious goals for enrolment of refugee children into public schools the number of enrolled children was reduced, mainly due to lack of implementation modalities.

3.2 Complementarity, synergy and donor coordination

The action is in line with the ENP Action Plan and with Priorities of the Single Support Framework (SSF) for the period 2014-2016 which foresees an envelope for technical assistance and twinning to support ENP Action Plan objectives.

Coordination will be ensured with other technical assistance programme to the Government, such as the Support programme for the infrastructure sector strategies and alternative financing (SISSAF) programme¹, which aims to improve the efficiency and effectiveness of service delivery and financial sustainability in three Lebanese infrastructure sectors i.e. water, energy and land transport.

Coordination and synergies will also be ensured with SIGMA which has been giving short-term support to public administration reform efforts in Lebanon. The SIGMA programme can also be beneficial in supporting the Government in Lebanon in identifying and formulating interventions to be financed through the Technical Assistance Facility.

3.3 Cross-cutting issues

The action will enhance good governance in Government structures. There is furthermore an opportunity for increasing women's participation in Government by ensuring their access to the programme's capacity building measures for public service as well as gender mainstreaming in public sector strategies and policies.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to contribute to the modernisation, stabilisation and good governance of public administration in Lebanon. The specific objective is to respond

¹ C(2010)7440.

to needs for Technical Assistance expressed by the Government of Lebanon in line with the priorities of the EU-Lebanon Action Plan. A Project Steering Committee (composed of the Council for Development and Reconstruction, the European Commission and any other appropriate Lebanese public institution) will specify the projects to be financed and implemented under this Decision.

The expected results will depend on the nature of the interventions, but will always correspond to the main objective of improving governance of the Lebanese public administration. The already identified results are:

- Efficient and well-informed decision and policy-making processes have been improved;
- Accountability and transparency towards the Lebanese citizens through a strengthened management and administrative system has increased;
- The capacity of the Government of Lebanon for performing aid coordination has been enhanced.

4.2 Main activities

Activities can include but are not limited to:

- High-level expertise on legal, administrative and financial matters.
- Institutional and organisational assessments and studies.
- Exchange with counterparts from the EU and/or Arab countries in the region.
- Providing training facilities, workshops, seminars and conferences.

4.3 Intervention logic

The intention is to establish and implement a Technical Assistance Facility to provide standing, demand driven training, technical and legal assistance on public administration related issues.

The assistance provided would cover a wide range of issues depending on need and context, in line with the EU-Lebanon Action Plan priorities and in complementarity with EU's on-going support and the three sectors of intervention in the SSF.

The programme will define the modalities for the deployment of the assistance during its inception phase.

Interventions will be flexible and the methodology will be proposed in more details based on the results of inclusive needs assessments which will involve all stakeholders and in complementarity with the interventions of other donors.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts

and agreements implemented, is 48 months from the date of entry into force of the Financing Agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

5.3.1 Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance	service	1	Q2 - 2016

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014] on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution
5.3.1 Procurement (services)	4,925, 000	
Monitoring, Evaluation & external audit	75,000	
Totals	5,000,000	

5.6 Organisational set-up and responsibilities

The Commission will be the contracting authority. The EU Delegation will be responsible for the management of the programme and will monitor its overall implementation. The Delegation will be the focal point for any communication issuing from the Contractor or the Beneficiary Institutions.

A Project Steering Committee (composed of the Council for Development and Reconstruction, the European Commission and any other appropriate Lebanese public institution) will specify the projects to be financed and implemented under this Decision.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the Contractor's responsibilities. To this end, the Contractor shall establish a technical and financial monitoring system and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. It will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the Contractor at least one month in advance of the dates foreseen for the evaluation missions. The Contractor shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The Contractor and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by the Financing Agreement.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by the Financing Agreement.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and by the Contractor.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Contractor with the support, where necessary, of the Commission and the partner country. Appropriate contractual obligations shall be included in the service contract and procurement contract.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)² TO BE REVISED ACCORDING TO 4.1 AND 4.2

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

[logframe will be revised at the end of the inception phase and if needed in the course of implementation]

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To establish an effective, efficient and transparent public administration in Lebanon that constructively engages in socio-economic development.	Strategic Planning in various ministries is developed and implemented Level of Government implication/investment in the socio-economic reform process	Studies/analysis is drawn from the Ministries' strategies over the past 3 years	Indicators are achieved during course of implementation	To be drawn from the partner's institutions.	Government shows commitment to the reform process

² Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

<p>Specific objective(s): Outcome(s)</p>	<p>To strengthen institutional, technical and administrative capacity of the Lebanese administrations in line with the priorities of the EU-Lebanon Action plan</p> <p>Efficient and well-informed decision and policy-making processes have been improved.</p> <p>Accountability and transparency towards the Lebanese citizens through a strengthened management and administrative system has increased.</p> <p>The capacity of the Government of Lebanon for performing aid coordination has been enhanced.</p>	<p>Number of institutional and legal frameworks adopted in relation to Government reform strategies</p> <p>Number of Government processes re-engineered to facilitate business using upgraded level of Information and Communication Technologies (ICT)</p> <p>Number of reform initiatives undertaken by Lebanese Governmental institutions</p>	<p>Policies and mechanisms developed and adopted by the Government.</p>	<p>Lebanese public administration launches reform within duration of this project</p>	<p>ENP Progress Reports on Lebanon</p> <p>Contractor's regular reports</p>	<p>Government allocates sufficient human resources for institutional and technical capacity building</p>
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This action is funded by the European Union

ANNEX 3

of the Commission Implementing Decision on the Annual Action Programme 2015 part II in favour of the Republic of Lebanon

Action Document for "Civil Society Partnership to Promote Reform and Local Development in Lebanon"

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: section 5.3.1 call for proposals.

1. Title/basic act/ CRIS number	<i>Civil Society Support to Reform and Local Development in Lebanon</i> CRIS number: ENI/2015/ 038-357 financed under European Neighbourhood Instrument
2. Zone benefiting from the action/location	Southern Neighbourhood, Lebanon The action shall be carried out at the following location: North Lebanon, Bekaa, Beirut, Metn, South Lebanon (5 districts)
3. Programming document	Single Support Framework for EU Support to Lebanon (2014-2016)
4. Sector of concentration/ thematic area	Support to Civil Society
5. Amounts concerned	Total estimated cost: EUR 5,560,000 Total amount of EU Budget contribution EUR 5,000,000 Budget line: 21.030101 This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 560,000
6. Aid modality and implementation modality(ies)	Project Modality Direct management – grants (call for proposals)

7. DAC code(s)	15150			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagship	N/A			

SUMMARY

As outlined in the September 2012 Communication from the European Commission “*The Roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations*”¹, the EU Delegation and EU Member States have jointly drafted and adopted in October 2014 an *EU Country Roadmap for Engagement with Civil Society (2014-2017)* for a better engagement with civil society in Lebanon. The proposed action will utilise a budget of EUR 5 million allocated under the Single Support Framework (SSF) for support to the implementation of the EU Roadmap to Lebanon over a 48 months period. The overall objective of the programme is to contribute to a more enabling environment for civil society in Lebanon.

The aim of the programme is twofold;

- 1) Promoting a conducive environment for civil society in supporting reform and increasing public accountability in the field of health, education and environment (including water and energy).
- 2) Support Civil Society Organisations (CSOs) in their contribution to local development, both in terms of capacity building and financial support. Special consideration will be given to support interventions jointly addressed by CSOs and other stakeholders, namely municipalities and the private sector. Proposed initiatives must address basic needs of services to citizens in the most vulnerable rural

¹ COM(2012) 492 final.

communities in various sectors including health, education and environment (including water and energy).

The targeted sectors are in line with those identified as priority areas of interventions under the Single Support Framework (SSF) 2014-2016², in the EU Roadmap to Lebanon (2014) and in the recommendations given in the recent CSOs mapping conducted in Lebanon³.

With regard to the financial support foreseen under the programme to support CSOs in their contribution to local development, special focus will be on grass root organisations to allow their engagement in the local development process. The programme will support multi-stakeholder partnerships and innovative schemes of collaboration between CSOs, local authorities and other relevant stakeholders, including the private sector.

1. CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Civil society in Lebanon is operating in a complex environment. Freedom of assembly is protected by the Lebanese Constitution, however in reality; there are a number of constraints that civil society actors face on a daily basis. The weak capacity of public institutions to respond to civil society's demands, the political system which is based on confessional divisions, the geopolitical conditions and the local instability and insecurity all have a negative impact on the function of CSOs.

The deterioration of the political, socio-economic and security situation in Lebanon following the Syrian crisis is further contributing negatively to civil society, as it limits its ability to fulfil its mission in reaching out to citizens from various backgrounds. Although the socio-economic challenges existed long before the Syrian crisis, the rising political, social and economic pressure has aggravated the situation. The Government response to the need for socio-economic services by vulnerable Lebanese communities as well as Syrian refugees has been very limited, which has forced CSOs to expand their efforts in focusing on complementing the Government's role in terms of service provision, predominantly in the education and health sectors.

According to a recent EU-funded mapping exercise on civil society organisations carried out in Lebanon⁴, CSOs in Lebanon in general face internal and external challenges. The external constraints are mainly a consequence of the political system, the security threats and the unfavourable legal framework, while the internal challenges are those related to their internal organisation, such as management capacities and financial sustainability. In this regard, the programme will focus on meeting the capacity development needs of two categories of CSOs:

- a) Grass root organisations (e.g. newly established, formal and informal groups and others working on initiatives related to the priority sectors defined in this programme i.e. health, environment and education);

² https://ec.europa.eu/europeaid/single-support-framework-ssf-programming-document-lebanon-2014-2016_en.

³ http://eeas.europa.eu/delegations/lebanon/press_corner/all_news/news/2015/20150416_en.htm.

⁴ http://eeas.europa.eu/delegations/lebanon/documents/news/20150416_2_en.pdf.

- b) Organisations more advanced in their work at local and national level but who still suffer from weak internal governance and professionalism in complying with their mission statement (e.g. formal networks, non-state actors represented in the Economic and Social Council, coalitions and others working on health, environment and education related issues).

1.1.1 Public Policy Assessment and EU Policy Framework

In the Commission's Communication of 12 September 2012 *The Roots of Democracy and Sustainable Development: Europe's Engagement with Civil society in External Relations*⁵, a more ambitious partnership with civil society organisations was envisaged. This was translated by the elaboration of Roadmaps at country level which are conceived as a joint initiative between the European Union and its Member States (MS) and which identified long term objectives of EU cooperation with CSOs. These roadmaps triggered coordination among EU and MS that aimed to strengthen the strategic engagement with civil society to achieve greater coherence, consistency and impact of EU actions.

In recent years, the EU has strengthened its commitment to support an enabling and conducive environment for civil society and increased its efforts to include CSOs as actors and partners for development in policy dialogue. This has been translated into engaging CSOs in dialogue concerning policy and programming of EU development aid through a "structured dialogue"⁶ process that started in 2010. Since 2012, the EU Delegation has organised more than eight consultation meetings to which CSOs, social partners, professional organisations and local authorities were invited. Civil society was also involved in the programming exercise of the European Neighbourhood Instrument 2014-2016 for Lebanon.

1.1.2 Stakeholder analysis

CSOs in Lebanon have for several years been negatively affected by factors which have limited their capacities and ability to function, as they are operating in a volatile political and security environment as well as under dire socio-economic conditions. The political system which is characterised by confessional divisions affects the capacity of civil society to play an influential autonomous role in policy-making. Since the beginning of the Syrian crisis, the Government failed to adopt concrete response to the Syrian refugee crisis and this has led to a deterioration of socio-economic, political and security conditions that has negatively affected the work of CSOs. Hence, many CSOs have shifted their focus to relief and humanitarian aid at the local level. As the need for basic services in vulnerable communities are beyond their capacities, such challenges prompt civil society to focus its efforts on complementing Government services and filling the gaps in basic service provision.

CSOs are taking a significant role in the local development process through working directly with local stakeholders, such as municipalities. This has helped some CSOs to prove their capacity as a credible partner within their municipality and local community. Besides playing different conflict mitigation roles, such as building consensus among stakeholders, CSOs has also contributed to build the capacity of local authorities.

⁵ COM(2012) 492 final.

⁶ https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured_dialogue.

The direct beneficiaries of the action are the local civil society organisations in Lebanon. The programme will also support multi-stakeholder partnerships and innovative schemes of collaboration between CSOs, local authorities and other relevant stakeholders, including the private sector. The final beneficiaries are the wider populations in Lebanon which will be more involved in policy dialogue, decision making processes and local development.

1.1.3 *Priority areas for support/problem analysis*

The EU Roadmap for engagement with Civil Society in Lebanon, jointly elaborated by the European Union and the EU Member States in September 2014, identifies four priorities:

- **PRIORITY 1:** *Refining EU coordination at the local level*
- **PRIORITY 2:** *Improving internal governance, sustainability and outreach of CSOs*
- **PRIORITY 3:** *Enhancing CSOs' participation in policy dialogue and policy making processes*
- **PRIORITY 4:** *Fostering CSOs' participation in policy making for citizens' basic needs (health, education, water, energy and environment)*

In line with the Communication of September 2012 and the priorities identified in the EU Roadmap to Lebanon, the programme will aim at supporting implementation of the Roadmap, in close coordination with the EU Member States represented in Lebanon. The programme will contribute to fostering CSOs participation in policy dialogue and policy development at local level, thus allowing better ability to reach out to a range of stakeholders. In line with priority 4 of the EU Roadmap to Lebanon⁷ and following the recommendations given in the mapping exercise⁸, the programme will also contribute to enhance the role of CSOs in improving quality of life of all segments of the Lebanese society, mainly the most vulnerable, on issues related to health, education and environment (including water, energy and solid waste management).

Capacity building programmes will be developed based on needs identified in the mapping exercise on civil society organisations⁹. CSOs capacity needs range from internal governance (e.g. management and leadership), to fundraising, policy engagement and others related to the sectors they work in. A participatory approach among CSOs and other stakeholders will be adopted when developing training programmes to avoid having redundant training topics that are not based on CSOs actual needs¹⁰. On-the- job training will be included as an interactive approach among CSOs in collaboration with other stakeholders (i.e. local authorities and the private sector) to allow more engagement in addressing citizens' common needs and solving local development problems.

⁷ PRIORITY 4: fostering CSOs' participation policy making for citizens' basic needs (health, education, water, energy and environment).

⁸ Data collected during the focus groups which took place in 15 locations across Lebanon identifying priorities which need attention of both Government donors at local level.

⁹ <http://www.enpi-info.eu/medportal/news/latest/39139/Lebanon:-findings-of-mapping-study-on-civil-society-presented>.

¹⁰ Redundancy in training was reported in the mapping exercise to CSOs in Lebanon.

Financial support to third parties (sub-granting) will be provided to CSOs to enhance their participation in local development in the targeted sectors. It will be given to local civil society actors such as community-based organisation, grassroots organisations and local cooperatives to implement small-scale community development projects in rural areas in the targeted sectors. This will enable CSOs to play a more active role in health, education and environment (including water and energy).

All priorities identified above were shared with EU Member States focal points at the identification phase of the programme. The focal points were assigned by their respective EU Member States to jointly work with the EU Delegation during the drafting process of the Roadmap in 2014.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Willingness of stakeholders to work together for the sake of development agenda	L	Advocacy and collaboration at high level (EU/Ministries/LA) to promote importance and value of joint decisions/actions in local development
The security and political situation deteriorates affecting implementation of project activities and/or making them irrelevant to the actual needs	M	The programme's design will allow flexibility to be able to adapt to the context and take the necessary actions for re-tailoring on-going activities according to the current circumstances
Assumptions		
EU Member States engaged in implementing the EU Roadmap to Lebanon.		
Grass root organisations are committed and interested in being included in the local development process at community level.		
Civil society organisations including municipalities committed to participate in the capacity building activities.		

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Despite several donors' initiatives to improve the capacity of CSOs in Lebanon, major challenges (as listed above) still remain. Furthermore, the findings of the mapping exercise raised additional issues such as poor technical skills pertaining to their advocating capacity for better policy formulation in health, environment and education sectors. As such, the provision of adequate support will enable them to operate in a participatory, transparent and inclusive environment and ensure their impact and positive intervention in policy dialogue, policy making and local development process.

Despite the dynamism of civil society in Lebanon, few are capable of influencing policies. CSOs are known for their poor capacity, fragmentation and weak outreach. To enable them to act as an active catalyst for change contributing to local

development, there is a need to enhance their internal governance, managerial and financial capacity and promote networking among themselves as well as with other stakeholders (i.e. local authorities and private sector) towards achieving common objectives of interest to the Lebanese population in general and to rural communities in particular.

3.2 Complementarity, synergy and donor coordination

Complementarity between the bilateral ENPI envelope and thematic lines is taken into account to ensure the consistency of EU cooperation.

In the context of ENP policy, the suggested programme complements the EU funded “*AFKAR III*” programme¹¹ which focuses on creating synergies among CSOs working in the same field and between CSOs and the Government. In the meantime, institutional support is provided to CSOs and Government staff following assessment of their needs.

The European Instrument for Democracy and Human Rights (EIDHR) currently funds activities via civil society on issues related to migrant workers' rights, torture, prisoners and other human rights related issues.

Under the Development Cooperation Instrument, the Civil Society Organisations and Local Authorities (CSO/LA) programme has large scale coverage for initiatives in various sectors which focuses mainly on civil society/municipality/private sector partnership and coordination. The programme contributes to progressively support multi-actor approaches and inclusive partnerships for development aimed at poverty eradication and sustainable development, recognising the value of different stakeholders' contributions and synergies. The programme will be laying the foundation in regards to partnership and coordination between civil society/municipality/private sectors, which the proposed programme can continue to build on.

The on-going Civil Society Facility South (CSF) Regional Programme¹² aims at increasing the involvement of CSOs in sector policy dialogues through capacity building modules implemented to upgrade CSO skills and competencies on regionally relevant thematic areas and policy issues.

Various support mechanisms and initiatives for CSOs are already being implemented by the EU Member States and other donors in Lebanon. Coordination with these will be of great importance and information sharing will be mainly through the existing local coordination thematic meetings organised between EU Delegation and EU Member States to avoid overlaps. In addition, MS are regularly informed about the preparation of Action Documents. They have been informed about the current programme through a meeting organised with the Focal Points. The EU Delegation will keep MS and other donors informed of the progress made under this programme in relevant country-level donor coordination groups.

3.3 Cross-cutting issues

The diversity of the civil society actors involved in the programme ensures multi-sector activities with special focus on gender, youth and vulnerable population.

¹¹ C(2009)7826.

¹² C(2012)8236.

While being considered as a cross cutting issue across the programme, aid to environment is also among the priorities and objectives in the financial support to initiatives at community level.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the programme is to contribute to a more enabling environment for civil society in Lebanon.

The specific objective of this programme is to promote increased engagement of civil society organisations in Lebanon both at policy and local development levels through the implementation of the “EU Roadmap for Engagement with Civil Society in Lebanon”.

Results of the action:

1. Participation of civil society in the policy dialogue/policy making process enhanced and public accountability increased in the fields of health, education and environment (including water and energy).
2. CSOs engagement in local development process is improved through provision of technical and financial support to local CSOs to address basic needs of vulnerable population in rural areas.

4.2 Main activities

Result 1: Participation of civil society in policy making and policy dialogue process enhanced and public accountability increased in the field of health, education and environment.

1. Capacity building to civil society organisations promoting an enabling environment to be better and more engaged in policy making and policy dialogue in priority sectors identified above (i.e. health, education and environment, including water and energy).
2. Empowering CSOs to scale up their impact through building partnerships, networks and coalition.
3. Conducting monitoring and evaluation of services delivered by the Government in the priority sectors (strengthening the watchdog role of the CSOs in holding the Government accountable).

Result 2: CSOs engagement in local development process improved

1. Assess, develop and implement training programmes in support of local grass root organisations in line with the findings and recommendations of the EU-funded mapping on civil society in Lebanon.
2. Provide financial support to organisations at local level. This is intended to encourage local civil society organisations¹³ to work with various stakeholders¹⁴ on collaborative and innovative projects identifying joint solutions for emerging needs and challenges at local level. The overarching

¹³ E.g. grass root organisations, cooperatives, community-based organisations, cooperatives.

¹⁴ E.g. local authorities, private sector and other local actors.

goal is to improve the quality of life for vulnerable segments of Lebanese society in areas identified in the mapping¹⁵. CSOs will be encouraged to propose initiatives integrating social needs for vulnerable populations in poor areas within their activities.¹⁶ Particular emphasis is placed on supporting initiatives addressing gender, children and youth needs.

3. Support and provide guidance in project formulation, implementation and management to sub-grantees through coaching, mentoring and learning by doing.

4.3 Intervention logic

The programme will address the EU priorities identified in the EU Roadmap in a comprehensive manner and with a participatory approach with a view to meet CSOs' urgent needs and foster their participation in the local development process.

In view of the broader political, legal and socio-economic environment prevailing in the country, and according to the findings of the mapping of CSOs in Lebanon, internal and external challenges are faced by the CSOs in Lebanon. The programme will focus on improving the quality of capacity building programmes through building tailor made training programmes focusing on improving the internal organisational capacity of CSOs, their outreach for policy dialogue and their financial sustainability.

Moreover, financial support will be provided to civil society organisations, especially grass root organisations, to improve the quality of life of all segments of society in particular in the areas most affected by the Syrian crisis. Innovative initiatives will mainly target women, youth and children and will be implemented at local community level in the three targeted sectors.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

¹⁵ E.g. water, electricity, infrastructure, solid waste, agriculture, access to public health.

¹⁶ E.g. violence, youth unemployment, fighting drugs among youth, youth civic disengagement.

5.3 Implementation modalities

5.3.1 *Grants: call for proposals “Civil Society Support to Reform and Local Development in Lebanon” (direct management)*

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The overall objective of the project is to promote engagement of civil society organisations in Lebanon both at policy and local development levels in the areas of health, education and environment, in line with the objectives of the EU Roadmap to Lebanon, endorsed by the EU Delegation and EU Member States in October 2014.

(b) Eligibility conditions

In order to be eligible for a grant, the applicant must:

- be a legal person;
- be non-profit-making;
- be a non-governmental organisation or public sector operator;
- be established in a Member State of the European Union or of a country that is a beneficiary of Regulation (EU) N°236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action and ENI.

However, in view of the specificity and technicality of the programme and in line with the Paris Declaration calling for a development effectiveness through operationalising the division of labour and the harmonisation of practices, it is preferable to have the programme implemented by an institution or consortium that has European relevant experience in working with civil society. Knowledge of the Lebanese civil society context is an asset. The selected institution must possess a high standard of financial transparency.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is 5,000,000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 36 months.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are; relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 90%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call:

This call will be launched in the first quarter following the adoption of the Decision.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
To promote more engagement of civil society organisations in Lebanon both at policy and local development levels (grant).	5,000,000	560,000
Total	5,000,000	560,000

5.6 Organisational set-up and responsibilities

The contracting authority is the EU Delegation to Lebanon. The civil society organisation main grantee, which will be selected through a call for proposals, will be responsible for managing implementation of the programme including the financial support to CSOs. The EU Delegation will have an indirect responsibility in managing these sub-grants. A Project Steering Committee including EU and its Member States will be established to play a key role in providing strategic guidance to the project and in problem/conflict solving to ensure smooth implementation.

5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a mid-term and an ex-post evaluation will be carried out for this action or its components contracted by the Commission.

The mid-term evaluation will be carried out for problem solving in particular with respect to components related to the monitoring of the implementation of the EU Roadmap and the sub-grants awarded through the financial support.

An ex-post evaluation is foreseen to be carried out for accountability and learning purposes at various levels (including for policy revision). Taking into account that the EU Roadmap is a continuous process that will be updated on a yearly basis, such programme is considered to be a pilot being tested. The findings of the evaluation will provide clearer picture for the EU whether to launch a second phase of the action in the next programming cycle.

The Commission shall inform the implementing partner at least two months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation. The main beneficiary will steer and carry out all activities pertaining to the promotion of the programme's activities, during the various phases of its implementation ensuring that information reaches out the largest and most relevant possible population. This includes but is not restricted to

contracting visibility/communication expertise, organisation of workshop, seminars, and TV spots, documentary, etc. This would be done through appropriate contracting modalities (i.e. Framework contracts, negotiated procedures, etc.)

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in the grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication, and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOG FRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the log frame matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative log frame matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	The overall objective of the programme is to contribute to a more enabling environment for Civil Society in Lebanon.	Organisational capacity of CSOs are improved and internal constraints are diminished	Mapping study 2014: Internal constraints for CSOs: -41.2% lack of structured human resources system 60.5% lack of financial resources	To be defined during inception phase	Annual review of the Roadmap document	Political and security conditions that could affect work of CSOs remain stable
Specific objective(s): Outcome(s)	The specific objective of this programme is to promote increased engagement of civil society organisations in Lebanon both at policy and local development levels through the implementation of the “EU Roadmap for Engagement with Civil Society in Lebanon”.	Social capital of CSOs has increased/ Services have improved in the targeted municipalities/	Mapping study 2014: CSOs relations are inexistent with: 27% national Government institutions 25% private sector 18% with media Ex-ante survey to be	To be defined during inception phase.	Annual review of the Roadmap document.	

			conducted during inception phase.		Ex ante/ex post survey.	
Outputs	Result 1: Participation of civil society in the policy dialogue/policy making process enhanced and public accountability increased in the fields of health, education and environment.	Number of CSOs participating in policy dialogue related to targeted sectors compared to previous years. Number of campaigns conducted in the priority sectors.	14% of CSOs participate in consultation meetings with Government at national level.	More than 30% of CSOs participate in Government consultation meetings. To be defined during inception phase.	Government, donors and CSOs reports. Programme reports.	Government is willing to be engaged with civil society.
	Result 2: CSOs engagement in local development process improved through provision of technical and financial support to address basic needs of vulnerable population in rural areas.	Number of effective multi-actors partnerships established within the programme Number of beneficiaries of improved services	NA	To be defined during inception phase.	Programme reports.	Grass root organisations willing to network and coordinate with local authorities and other relevant actors.