

Action Fiche for Lebanon

1. IDENTIFICATION

Title/Number	Support to Reform – Environmental Governance		
Total cost	EU contribution : EUR 8 million		
Method of implementation	Decentralised management with the Project Administration Office (PAO) at the Presidency of the Council of Ministers		
DAC-code	41010	Sector	Environmental policy & administration

2. RATIONALE

2.1. Sector context

Despite the economy's impressive resilience to the crisis, Lebanon continues to suffer from high underlying vulnerabilities. The government's debt remains among the highest in the world and debt service absorbs almost half of total government's revenues. In addition, although macroeconomic policies have been strong, many structural reforms have remained stalled so far.

The Paris III Reform Agenda, which has served so far as a road map for the Lebanese reforms, failed in the solid political and legal engagement to keep environmental issues high on the political agenda. The December 2009 Policy Statement of the Government of Progress and Development, brings environmental concerns to the political forefront.

In January 2010, the Ministry of Environment presented a ten point action plan for the years 2010-2012 strengthening and activating the role of the Ministry of Environment in line with the Ministry of Environment organizational decree 2275/2009. The Ministry of Environment wants to ensure the right of the citizens to a clean environment. In spite of these efforts and significant advances on both the institutional and legal framework, considerable legal, institutional, technical and financial challenges remain to be taken up, in particular:

- lack of clarity and consistency in the legal and regulatory texts and other sector-specific legislations are fragmented, pending approval and sometimes outdated.
- with regards to the law and institutional framework pertaining to environmental management and protection, roles and responsibilities of the various ministries and government institutions at the administrative level are not clearly defined.
- most ministries (including the Ministry of Environment) do not conform to their latest legislation in terms of reorganization, decentralization, departmental function and services as well as staffing.

- from the financial prospective, different barriers still impede the implementation for sustainable environmental measures including greening the fiscal system and regulation on the green economy.
- with poor monitoring capabilities and inadequate budget provisions, little of the enforcement function can be performed.

As a result, pressures on Lebanon's natural resources continue to mount due to unchecked urban sprawl fuelled by the lack of adequate urban planning and land use management, speculation, energy and industrial air pollution, poor connection and treatment of municipal and industrial wastewater, unresolved management of municipal solid waste and mismanagement of water resources. Lebanon is also very exposed to the consequences of climate change. The programme is coherent with the priorities set down in the Joint Communication of 8 March 2011 of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, entitled "A Partnership for Democracy and Shared Prosperity with the Southern Mediterrean".

2.2. Lessons learnt

A general conclusion derived from all projects (EU funded and others) is that in the absence of a clear policy framework and capacity to enforce it, and if the Project is implemented outside of existing institutional and administrative structure (e.g. NGOs, civil society) the sustainability of any interventions is often questioned. Other accepted weaknesses of past interventions are:

- lack of transfer of knowledge.
- little ownership by the line ministry.
- limited intergovernmental coordination.

2.3. Complementary actions

The Ministry of Environment, together with the various development partners and line ministries, have implemented a number of projects on environmental protection (many of which can be checked on the website of the Ministry of Environment).

The present project is designed based on an exhaustive overview of these projects; it specifically complements the following key current initiatives:

- In the field of environmental law: a small initiative by the United Nations Development Program in coordination with the Ministry of Justice on rapid assessment for the establishment of an environmental police, ending early 2011.
- In the field of environmental administration: a EUR 2.5 million project funded by the Italian Co-operation for Ministry of Environment capacity strengthening (both human resources and technical capacity) through twinning, implemented over the 2010-2011 period.

- In the field of environmental economics: task force on “Sustainable Energy Strategy” coordinated by the Ministry of Finance with the participation of the Ministry of Energy and Water, the Ministry of Environment and the Central Bank.
- In the field of environmental policy-making: the second phase of the German *Gesellschaft für Internationale Zusammenarbeit* Environmental Fund for Lebanon (2010-2012) with a EUR 4 million grant to mitigate environmental risks on municipal level.

The project will build on these experiences and will ensure a continuation of activities initiated. The institutional set-up of the Support to Reform – Environmental Governance has been deliberately "embedded" within Government structures to ensure a better coordination amongst these initiatives and secure sustainable results.

2.4. Donor coordination

The EU donors established a Working Group on Environment offering the framework for donors to establish synergies and agree on a common approach towards the sector. Coordination also includes the regional projects especially the Horizon 2020 programme. In 2010, the Ministry of Environment started hosting these meetings, with the first one held in June at the occasion of the World Environment Day. The meeting was an opportunity to present the Ministry of Environment action plan for 2010-2012 as well as discuss the various environmental projects running in the country and how best to integrate them within the Ministry of Environment action plan, thus optimizing results. The second meeting was held in December and chaired by the Ministry of Environment. It is planned to organize at least two meetings per year in 2011 and the following years.

3. DESCRIPTION

3.1. Objectives

The **global objective** of this programme is to improve the environmental performance of the Lebanese public sector through reforming environmental governance. The **specific objective** is to create effective capacity specifically at the Ministry of Environment to plan and execute environmental policy, including enforcement and mainstreaming by coordinating with key line-ministries.

3.2. Expected results and main activities

Where the strategic focus is “Environmental Reform”, it is tackled from four complementary angles: legal, administrative, financial and technical, with the following respective expected results:

- (1) **Environmental inspection and enforcement strengthened**, through the identification of weaknesses of the current system, drafting of new inspection and enforcement procedures, training of key stakeholders as well as the procurement of required environmental monitoring (and related IT) equipment, and assistance in the first phase of implementation of the new procedures.

- (2) **Ministry of Environment administrative capacity improved**, through the establishment of Ministry of Environment regional departments (and development of related work mandate, procedures and co-operation modalities with the Mohafazat¹) as well as the upgrade of the management system at the Ministry of Environment (workflow, archive and equipment inventory).
- (3) **Environmental fiscal instruments developed and introduced to legislative process**, through the identification of instruments of fiscal nature meant to provide incentives to shift from environmental harmful activities towards cleaner/more sustainable alternatives and development of a priority action plan for the introduction of these instruments in the legislative process.
- (4) **Environmental policy enhanced**, through updating of the National Environmental Action Plan (NEAP) and initiating the mainstreaming of environmental policies (which will have a direct impact on priority issues for the Ministry of Environment and the environment sector at large, such as the sustainable management of land, the protection of air quality, solid waste management, etc.), as well as equipping the Inter-Ministerial Climate Change Co-ordination Unit with a mitigation and adaptation action plan.

3.3. Risks and assumptions

A general assumption in Lebanon is a stable security and political situation during the programme implementation.

It is also assumed that the framework in which the actual government operates keeps the environment at the forefront.

However, in a sector touching on all aspects of society, political interference and specific interests will still play a role and coordination between all concerned stakeholders is a challenge. This should be limited by contracting the project within the Prime Minister's Office and refer to the highest national decision level.

Ownership to the programme is ensured by the fact that the Programme is included in the action plan of the Ministry of Environment, which has consultation and mainstreaming as one basic aspect. It is therefore critical to properly undertake this coordination, which will contribute to an overall consensus and awareness among stakeholders, guaranteeing support in the longer term.

Finally, it is also assumed that strengthening the capacity of the Ministry of Environment will contribute to the preparation of the environment sector for more innovating approaches by donors in the future like sector support, which in turn will ensure better sustainability.

3.4. Crosscutting Issues

Part of the programme consists of mainstreaming environmental sustainability in other public agencies and ministries, in particular activities concerning result 4

¹ Equivalent to regions.

(ensuring involvement of local authorities) and result 3 (which will introduce environmental aspects in the national fiscal policy).

Improving good governance in the environmental public sector will be promoted by the implementation and enforcement of the environmental legal framework. Results 1 and 2 will upgrade the Ministry of Environment management capacity in addition to the update of the NEAP of result 4, which will have a direct positive impact on green employment opportunities.

The project will also contribute to gender equality first by using when available gender-sensitive indicators of outcome, output and if possible, results. Secondly, female participation in the reform process and implementation of activities will be promoted.

3.5. Stakeholders

Two categories of stakeholders are concerned:

- (1) National institutions in charge of policy developments and management of the sector.
- (2) Final beneficiaries benefiting from a reliable/transparent environmental legal framework.

Coordination with the other stakeholders will be ensured through:

- setting up a task force (Ministry of Environment and Ministry of Interior and Municipalities) for environmental inspection and enforcement.
- setting up another task force (Ministry of Environment and Ministry of Finance) for environmental fiscal reforms.
- forming an inter-ministerial consultation group for updating the NEAP.
- strengthening the Inter-ministerial Climate Change Coordination Unit.
- the project steering committee which will oversee the overall work.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Partial decentralised management through the signature of a financing agreement with the Republic of Lebanon represented by the Presidency of the Council of Ministers (PCM) in accordance with Articles 53c and 56 of the Financial Regulation. The Presidency of Council of Ministers will be the Contracting authority for all contracts except audit, evaluation and monitoring contracts which will be contracted directly by the Commission. The Ministry of Environment is considered as the beneficiary.

The Commission controls *ex ante* all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies *ex*

ante control for procurement contracts > EUR 50,000 and may apply *ex post* for procurement contracts ≤ EUR 50,000. The Commission controls *ex ante* the contracting procedures for all grant contracts. Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< EUR 300,000	< EUR 150,000	< EUR 200,000	≤ EUR 100,000

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country.

4.2. Procurement and grant award procedures

1) Contracts:

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI Regulation. Further extensions of this participation to other natural or legal persons by the relevant authorising officer shall be subject to the conditions provided for in Article 21(7) ENPI.

2) Specific rules for grants:

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i. e. the Practical Guide to procedures for programme estimates).

The EU financial contribution covers the ordinary operating costs deriving from the programme-estimates.

4.3. Indicative budget and calendar

The programme will consist of service delivery in the form of assistance and of supply of the necessary equipment for follow-up measurements and enforcement.

The budget foreseen amounts to EUR 8 million, with the indicative breakdown as follows:

- Activities/Results: EUR 6,800,000
- Communication and visibility: EUR 200,000
- Operating costs: EUR 350,000
- Contingencies: EUR 350,000
- Monitoring, external evaluation and audit: EUR 300,000

The foreseen operational duration is of 48 months as from the signing of the Financing Agreement.

4.4. Performance monitoring

A key indicator for the overall objective of “*improving environmental performance through reforming environmental governance*” is the Environmental Performance Index².

For the specific objective of creating an effective capacity of the public sector to plan and execute environmental policy (including enforcement and mainstreaming in key ministries), some objectively verifiable indicators of achievement are (i) increase in the number of infractions prosecuted and/or acted upon, increase in the number of civil service hours allocated to environmental strategy and enforcement, (ii) citizens’ feedback, (iii) proposed laws and decrees, (iv) proposed policies, plans and programs. External result oriented monitoring will take place during the implementation.

4.5. Evaluation and audit

The project will be subject to periodic external independent evaluations (i) *ex-ante*: to evaluate the pre-mobilization and mobilization phases (optional), (ii) mid-term: to

² Developed by the University of Yale to “provide a gauge at a national government scale of how close countries are to established environmental policy goals”.

assess progress in the execution of the project, (iii) final: to assess the overall execution of the project, (iv) *ex-post*: to evaluate the overall efficiency, impact and sustainability of the project (optional) and also to financial and possibly system audits.

4.6. Communication and visibility

Proper communication will be ensured through project events, and establishment of a working groups/ committees for specific activities. The support given by the EU will be acknowledged in all documents and media produced in the framework of the project, in particular books, brochures, press releases, videos, software, etc. Communication and Visibility Manual for EU External Actions available at http://ec.europa.eu/europeaid/work/visibility/index_en.htm should be followed at all times.