

Action Fiche for Syrian Arab Republic

1. IDENTIFICATION

Title/Number	Syria Municipal and Environment Infrastructure Programme		
Total cost	Total cost of the programme EUR 100 000 000 <ul style="list-style-type: none">• EU contribution EUR 5 000 000• Beneficiary contribution & other sources EUR 45 000 000• EIB contribution EUR 50 000 000		
Aid method / Method of implementation	Project approach - <i>Decentralised management</i>		
DAC-code	43010	Sector	Multisector aid for basic and social services

2. RATIONALE

2.1. Sector context

Solid waste management, water supply and wastewater treatment are amongst the major environmental problems associated with the rapid economic expansion, urbanisation, the high rate of population growth and changing consumption patterns in Syria. These have, in turn, led to serious health and environmental problems resulting from the unregulated discharge of untreated sewage wastewater and the improper disposal of municipal solid waste.

In particular, Syria suffers from a serious lack of wastewater treatment facilities, both for domestic and industrial discharges. Several major wastewater treatment projects are under construction but the problem remains very widespread. Almost all non-treated effluents are currently discharged into rivers, lakes or the sea. Further, solid waste management presents a serious problem for all Syrian municipalities, since solid waste is generally dumped over extensive sites without treatment or site conditioning, hence causing environmental concerns (pollution of limited water and groundwater resources) and health problems to the population.

Additional environmental infrastructure investments are thus needed at the municipal level, especially regarding construction of wastewater and solid waste treatment plants as well as disposal facilities. The Government of Syria intends to promote decentralization via the increase of municipal ownership for infrastructure development at the municipal level.

The EU support to the European Investment Bank (EIB) "Municipal and Environment Infrastructure Programme" concerns different investment schemes of environmental and social benefit at the municipal level in Syria. These schemes will be institutionally feasible, affordable, cost-effective and complementary to other initiatives currently being implemented or planned by the Syrian Ministry of Local Administration (MoLA) in Syrian municipalities.

2.2. Lessons learnt

The EU-funded multi-sector "Municipal Administration Modernisation (MAM)" programme assisted Syrian authorities from 2002 to 2009 in the implementation of the national decentralisation programme and the improvement of local capacities to plan and manage regions, cities and towns in the country. While the programme was initially conceived to streamline the administration at national and municipal level, more assistance is now needed in terms of supporting local authorities in learning how to make use of external financing -including international borrowing- to build infrastructure.

Work undertaken until present in the water sector by the EU and other donors has highlighted a lack of institutional and technical capacities often leading to serious delays in the implementation of projects. A requisite for their success is ensuring a strong coordination of actors in the *de facto* fragmented water sector.

The MoLA has effectively put in place the 2005 Master Plan for Solid Waste Management (MPSWM) through action plans to be undertaken by municipalities. However, implementation of the MPSWM is delayed due to the absence of adequate facilities and equipment, lack of sufficient funding, as well as the lack of suitable local skills and experience in solid waste management throughout the country.

2.3. Complementary actions

Donor programmes -in particular from Germany (GTZ and KfW), Japan (JICA) technical cooperation and the European Commission/EIB- are assisting to improve both the planning and operation of wastewater treatment plants, as well as providing funding for new plants. The World Bank is also showing interest in this sector.

In the field of solid waste management, the EU is already funding the project "Syria's Solid Waste and Medical Waste management in areas affected by large influx of Iraqi refugees". In the water and sanitation sector, the EU is subsidizing the EIB-led "Damascus Rural Water and Sanitation Project". A joint European Commission/EIB Water Supply and Sanitation Project in Baniyas and surrounding areas is currently under feasibility study and is expected to go ahead by mid-2010. Further, the EIB has been asked by the Syrian authorities during 2009 to co-finance the Aleppo Rural Water and Wastewater project for the construction of a number of new wastewater treatment plants in rural areas.

This Municipal and Environment Infrastructure programme will consult all ongoing projects to seek advice, to take stock of lessons learned, to harmonise proposals and approaches and to establish synergies. In particular, the activities of the programme will be closely coordinated with the forthcoming EU-funded "De-centralization and Local Development" (MAM II) Project, expected to start in 2010.

2.4. Donor coordination

Donor coordination in Syria is under the responsibility of the State Planning Commission (SPC). Due to the absence of activity in the area in recent years, the EU Delegation to Syria organised Informal Donor Coordination meetings in order to avoid overlap of ongoing and planned donor activities. During 2009, the State Planning Commission launched official aid coordination meetings with international

donors, grouped by major areas of assistance. It is envisaged that such meetings will continue in the future and will possibly be supplemented with thematic working groups, one of them covering the "Water Sector and Infrastructure".

The Syria Municipal and Environment Infrastructure Programme will be compliant with the EU Backbone Strategy in terms of ownership thereby facilitating communication and efficiency with the beneficiary. It is considered that the EU would be in a position to play a leading coordination role, in line with the Paris Declaration principles and the European Consensus on Development as well as the EU Code of Conduct on Complementarity and Division of Labour in Development Policy.

3. DESCRIPTION

3.1. Objectives

The overall objective of the programme is to foster local development through facilitating new infrastructure at the municipal level across Syria. The EU contribution to the programme will focus on those actions promoting a sound environmental local development with a view to improve the quality of environmental and economic living conditions of the population. In particular, the purpose of the EU contribution is to finance a number of projects to be implemented by municipalities and industries aiming at improving the water supply and sanitation and solid waste management at local level.

3.2. Expected results and main activities

The expected results are the following:

- Successful completion of infrastructure works;
- Improved capacity of local administration to plan and manage municipal environmental infrastructure;
- Improved living conditions of the population through improved water, waste water and solid waste management.

An initial pipeline of potentially eligible projects, subject to further preparation and due diligence, in two thematic areas has been identified and has already received official government endorsement.

Thematic Area I. Integrated Water and Wastewater Management

Urban Wastewater

- (1) Wastewater treatment plants for municipalities in Deir Ezzor, Rakha, Aleppo, Homs, Hama and Rural Damascus.
- (2) Wastewater collection system and treatment plant for Arwad Island-Tartous Governorate.

Industrial Pollution

- (1) Industrial wastewater collection system and treatment plant for Ramouseh tanneries in Aleppo Governorate.
- (2) Wastewater treatment plant for Homs municipal abattoir (slaughter house).

Thematic Area II. Integrated Solid Waste Management

- (1) Al Ramadan integrated waste management facility in Rural Damascus.
- (2) Palmyra integrated waste management facility.
- (3) Provision of two transfer stations and collection and transfer equipment for solid waste management in Rakha Governorate.
- (4) Provision of equipment for landfill & collection in Deir Ezzor Governorate.
- (5) Rehabilitation of existing waste dump site and the establishment of a compact collection & transfer station for the municipality of Arwad Island-Tartous Governorate.
- (6) Rehabilitation of Al-Khamishli waste dump.

In order to carry out these activities, a Project Management Unit (PMU) embedded in the MoLA and supported by Facility for Euro-Mediterranean Investment and Partnership (FEMIP) funded Technical Assistance will: 1) provide support for the efficient management of the Programme; 2) provide support by identifying new projects and assist proponents of selected proposals in project development and documentation; 3) provide technical support, facilitate and supervise project formulation, design and procuring goods, services and works under the loan agreement; 4) assist in the monitoring and the evaluation of project implementation and the assessment of investment impacts; 5) assist in organising broader awareness-raising campaigns, training and information dissemination.

3.3. Risks and assumptions

Risks

Besides the usual project risks such as cost overruns and delays, so far the following additional risks were identified:

- Promoter's financial means to complete the EIB part are not secured;
- Poor project management and results on the part of project proponents reflecting weak institutional and technical capacities;
- Projects are weakly designed;
- Poor coordination between governmental authorities at central, regional and local levels;

- No experience in the operation of wastewater treatment plants and in solid waste management in the concerned municipalities;
- Inadequate institutional mechanisms for operational sustainability
- No regard of Polluter-Pay Principle
- Projects not cost effective (investment per capita)
- Lack of public awareness of the importance of sanitation.

Assumptions

- PMU will advise municipalities in project preparation and implementation and municipalities will accept and implement this advice;
- Central Government, governorates and municipal administrations will show continued interest to take up loans and to secure the necessary national budgets for co-financing.
- Activities under the project will be closely coordinated with the second phase of MAM (Decentralisation and Local Administration project), expected to start in mid-2010;
- Projects to be financed will stick to the timetable for implementation established at project design stage.

3.4. Crosscutting Issues

The project fosters a number of EU cross-cutting issues, including environmental sustainability, governance and human rights. By ensuring the participation of all major stakeholders in the sector, including consumer associations and the media through inclusive consultation mechanisms, the project will contribute to enhancing public sector accountability and governance. It will also increase the access of the population to environmental services, which constitute basic human rights and contribute to Millennium Development Goal (MDG) 7.

3.5. Stakeholders

The stakeholders are the:

- State Planning Commission (SPC);
- Ministry of Local Administration (MoLA), Ministry of Housing and Construction and its General Establishments for Water and Wastewater, Ministry of Irrigation;
- Governorates and their Directorates for Cleanliness;
- Ministry of State for Environmental Affairs (MoSEA), the General Commission for Environmental Affairs (GCEA) and the Directorates of Environmental Affairs in the relevant Governorates;

- Ministry of Tourism;
- Municipalities.

The competences of the various governmental stakeholders are further described in Annex 1. The final beneficiaries and users of the proposed projects outputs will be the population of the relevant municipalities. Local communities will be involved through public consultation and participation during the preparation of the Environmental Impact Assessments (EIAs) for the proposed projects.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The programme will be implemented under decentralised management mode. The EU Contribution amounts to EUR 5 million in parallel to the disbursement of an EIB loan in support of the investment project. The contracting authority is the Syrian Ministry of Local Administration (MoLA), following the procedures set out in 4.2 below, except for the provision included in the contribution for audit, monitoring and evaluation, for which the European Commission will be the contracting authority. Payment will be made directly by the European Commission to the contracting authority, as reimbursement of expenditures deemed eligible on the basis of conditions to be detailed in the Financing Agreement.

4.2. Procurement and grant award procedures

(1) Contracts

All contracts implementing the financing agreement and benefitting from both the EU and the EIB contribution will be awarded and implemented by the Beneficiary in accordance with the EIB applicable rules and procedures (including EIB's prior non-objection at various steps of the tender and award process), except for the provision included in the EU contribution for audit, monitoring and evaluation, which will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the European Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

EIB is currently undergoing a compliance assessment for the respect of the requirements of Article 56 of the Financial Regulation, which should be completed by the end of the year. Until then, the European Commission has already an extensive experience of working with the EIB, which as an EU body gives a reasonable assurance that the requirements of the Financial Regulation will be respected. In addition, the programme is not expected to begin before the assessment has been completed.

The Commission controls ex post the contracting procedures, based on a confirmation to be received from the EIB.

Participation in the award of contracts for the provision included in the EU contribution for audit, monitoring and evaluation in the present action shall be open to

The Ministry of Local Administration (MoLA) will provide the European Commission with relevant reports and lists of payments related to the implementation of each component benefiting from the EU financing in this project. The timing and format of these reports and lists will be detailed in the financing agreement. The lists of payments will be subsequently the subject of control and verification by an international audit firm to be contracted by the Commission. For this purpose, a control and verification plan will be established on the basis of agreed-upon procedures.

The audit firm will draw up reports in accordance with agreed-upon procedures. Full co-operation between the audit firm, the EIB and the Ministry of Local Administration (MoLA) is deemed necessary. For this purpose, the Ministry of Local Administration (MoLA) will designate a contact person in charge of facilitating the control and verification tasks of the audit firm.

4.5. Evaluation and audit

The follow-up, the evaluation and the audit of the programme shall be done in accordance to the requirements and under the control of the Ministry of Local Administration (MoLA), the European Commission and the EIB. In parallel with that indicated in 4.4, the Commission reserves the right to perform project-specific monitoring, evaluation and audits directly at its own cost. In particular, the Commission will carry out an overall assessment and evaluation of the project. The European Commission will prepare the terms of reference and select the service providers for audit, monitoring and evaluation missions. The European Commission will communicate all audit and evaluation reports to the beneficiary. The Ministry of Local Administration (MoLA) will put at the disposal of the audit, monitoring and evaluation missions all the requested supporting documents.

4.6. Communication and visibility

The visibility of each action will comply with the "Communication and Visibility Manual for EU External Actions" in force at the time of the implementation. The Ministry of Local Administration shall ensure that the project implementation and outputs will be distributed to all concerned stakeholders and through the national media.