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ANNEX IV

of the Commission Implementing Decision on the Special measure Syrian crisis in Lebanon for 2022
Action Document for EU Response to the Syrian Crisis: support to Wastewater and Water Public

Services to Syrian refugees and host communities in Lebanon

ANNUAL MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and a measure in the sense of Article 23(4) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	EU Response to the Syrian Crisis: Support to continuity of Wastewater and Water Public Services to Syrian refugees and host communities in Lebanon Annual measure in favour of Lebanon for 2022 OSPYS business reference: NDICI-GEO-NEAR/2022/ ACT-60956 ABAC Commitment level 1 number: JAD.1013805 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in Lebanon
4. Programming document	Not applicable
5. Link with relevant MIP(s) objectives/expected results	Not applicable
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	DAC Code 140 – Water Supply & Sanitation (65%) DAC Code 410 – General Environment Protection (20%) DAC Code 151 – Government & Civil Society-general (10%) DAC Code 122 – Basic Health (5%)

7. Sustainable Development Goals (SDGs)	Main SDG (1 only): 6 - Clean Water and Sanitation for all Other significant SDGs and where appropriate, targets: - SDG 13 - Climate Action - SDG 14 - Life below water - SDG 3 - Good Health and Well-being			
8 a) DAC code(s)	Under DAC code 140 – Water Supply & Sanitation (75%) 14015 - Water resources conservation (including data collection) 14010 - Water sector policy and administrative management 14081 - Education and training in water supply and sanitation Under DAC Code 410 – General Environment Protection (10%) 41081 - Environmental education/training Under DAC Code 720 – Emergency Response (10%) 72010 - Material relief assistance and services Under DAC Code – 122 – Basic Health (5%) 12264 – COVID-19 Control			
8 b) Main Delivery Channel	Indirect Management with a pillar-assessed entity			
9. Targets	<input checked="" type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	<u>Connectivity</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags digital connectivity energy transport health education and research	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Migration	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 30 000 000.00 Total amount of EU budget contribution EUR 30 000 000.00			
MANAGEMENT AND IMPLEMENTATION				
13. Implementation modalities (type of financing and management mode)	<ul style="list-style-type: none"> - Project Modality - Indirect management with the entity to be selected in accordance with the criteria set out in section 4.3.1 			

1.2. Summary of the Action

Lebanon has been facing compounded challenges with its largest peace-time socio-economic and financial crisis, aggravated over time and intensified by the impact of the COVID-19 pandemic on key sectors of the

economy, the consequences of the explosion of the Port of Beirut in 2020 and the war in the Ukraine in 2022. Owing to the lack of political consensus for pursuing and implementing effective reforms to enhance governance and accountability of public services and to generate State revenues and reduce expenditures, the multi-dimensional crisis continues to persist, although the 2022 parliamentary elections showed growing support for candidates representing civil society and demanding reform.

The main objective of this Action is to ensure the provision of quality water and wastewater treatment services in Lebanon at a time of multiple crises that affect the financial sustainability of public service providers. Reinforcement of wastewater sector will also have relevant positive spill-over effects on the sustainability of the public water services by reducing risks of contamination of sources and because the Regional Water Establishments, in charge for both water and wastewater services, will be reinforced through this project.

Currently, the Government of Lebanon is channelling more than 60% of the whole sewage produced in the country to sewage networks (including an estimated 60% of the total wastewater produced by the Syrian Refugee Population). However, only a limited proportion of this sewage is properly treated, and the entire treatment system is at risk of collapse. The continuity of wastewater treatment services is paramount to avoid dramatic consequences on public health and environmental conservation. Indeed, if lifting stations and wastewater treatment plants stop operating, lower areas of several municipalities will risk being flooded; and rivers and the coastal regions will be dramatically affected by waterborne pollution and diseases, with heavy consequences in terms of public health, agro-food production and tourism. All these elements are considered key for the country's recovery from the multiple crises affecting it. In addition to this, the sewage produced by the Syrian Refugee population living in ITS (Informal Tented Settlements), instead of being dislodged at treatment stations, will be left entirely untreated and dumped in rivers and unauthorised landfills (as was happening at the beginning of the Syrian crisis). This scenario would entail high risks for the environment but also for the protection space of the same refugee population that would be most probably accused again of being one of the major cause of environmental pollution in Lebanon.

The Action will provide an emergency response for securing the provision of wastewater treatment services in the short term. In collaboration with, and based on inputs from the EU-AFD Technical Assistance (EU-AFD TA) currently accompanying the water and wastewater sector's reform, the action will contribute to laying the foundations for the sector's future sustainability by facilitating the transition of responsibilities from CDR (Committee for Development and Reconstruction) toward the Regional Water Establishments, the public actor legally in charge of the service. This transition will promote a reduction of operational costs, more transparency and closer follow-up for subscription and payment of wastewater tariffs. The Action will also be critical to ensure significant leverage toward the Government of Lebanon to ensure implementation of the reforms already launched and supported by the EU-AFD TA and followed upon within the 3RF (Reform, Recovery and Reconstruction) framework.

The Action will also work towards raising public awareness around the importance of wastewater treatment through communication campaigns conducted in collaboration with the Ministry of Environment, which will also be reinforced in its capacity to monitor the quality of the effluents and publish data.

This action would ensure proper utilisation of wastewater infrastructural investments built by the Lebanese Government with the international community's support (in particular EU/EIB in line with the Barcelona Convention and Agenda for the Mediterranean) along the last 15 years. On the other hand, not intervening now would entail much higher additional capital costs to reactivate these facilities at a later stage.

The Action will also work in close collaboration with the Syrian Crisis sector coordination response and will support the installation of public filling points for water trucks serving Informal Tented Settlements (ITS). These filling points, under control of the Water Establishments, would guarantee better management of the water resource, improved guarantee of safe water supplied to Refugees and reduction of illegal thefts from public networks.

The Action is directly aligned with the Sustainable Development Goal (SDG) 6 “Clean Water and Sanitation for all”. It also relates to SDG 13 - Climate Action, SDG 14 – “Life below water” and SDG3

“Good Health and Well-being”. This action falls under the **European Commission Priority for external cooperation** “Green alliances and partnerships”, by contributing to ensure progressive implementation of the human right to water to meet population needs in terms of quality, quantity, affordability, and access, and under Priority on Migration Partnerships and forced displacements, **through providing assistance to the refugees displaced by the Syrian crisis**. Taking into account the **Council conclusions on Lebanon of the 7 December 2020**¹, this Action will provide support for a people-centred recovery in Lebanon in line with the “**3RF - Reform, Recovery and Reconstruction Framework**”. It moreover implements the pledges made by the EU at **the Brussels conferences** on “Supporting the future of Syria and the Region” made in 2020 and 2021.

The intervention is in line with the Joint Communication on a “*Renewed partnership with the Southern Neighbourhood - A New Agenda for the Mediterranean*”² and its Economic and Investment Plan³, contributing to: Flagship 11 “Water management”.

2. RATIONALE

2.1. Context

Lebanon has been facing compounded challenges with its largest peace-time socio-economic and financial crisis, aggravated over time and intensified by the impact of the COVID-19 pandemic on key sectors of the economy and the consequences of the explosion of the Port of Beirut in 2020. According to the World Bank, the financial crisis that Lebanon is going through is “one of the top ten, possibly top three most severe economic collapses worldwide since the 1850s”. In 2020, the COVID-19 pandemic took its toll on the economic activity, especially on small businesses and the informal sector. Lebanon defaulted on its public debt, cutting its access to financial markets. In 2021, the devaluation of the national currency against the US dollars accelerated, affecting dramatically an economy highly dependent on imports. The Central Bank and the banking sector severely restricted access to people’s savings and limited cash withdrawals. Subsidies (food, gasoline, medications) were lifted abruptly. In 2022, the country might be facing a “bread crisis” as 80% of its wheat imports originate from Ukraine. A triple digit annual inflation rates was reported for the 18th consecutive month in December 2021, with annual inflation reaching a record 224%, compared to December 2020. Food and non-alcoholic beverages witnessed a staggering annual increase of 438%, compared to December 2020. Lebanon’s economy contracted by 10.5% in 2021, the highest contraction amongst 193 countries globally. This devastating contraction follows from a 21.4% contraction in 2020, reflecting the near complete destruction of an economy and a shrinking GDP to 21.8 billion USD. Lebanon’s inflation rate for 2021 is the third highest globally after Venezuela and Sudan.

Lebanon’s leadership policy responses to these challenges have been highly inadequate, which is not so much related to knowledge gaps and quality advice, but rather the result of a dysfunctional governance system based on vested interests hampering the achievement of political consensus over effective policy initiatives. Poverty rate amongst Lebanese would have reached 81% in 2021 and the extreme poverty rate 34%. More alarming is that food insecurity is today a reality in Lebanon. In October 2021, 53% of families reported skipping a meal compared with 37% only 6 months beforehand. Seven in ten families had to buy food on credit or borrow money to afford food; the situation is even more alarming for Syrian refugees with nine out ten families having recourse to this coping mechanism. The crisis has resulted as well in a massive impoverishment of the middle classes, with the bulk of the labour force - paid in Lebanese lira- including civil servants - suffering from plummeting purchasing power. Thousands of highly qualified Lebanese (especially medical practitioners, university professors and scientists), entrepreneurs and young graduates, are migrating in search of better

¹ <https://www.consilium.europa.eu/media/47184/st13730-en20.pdf>

² https://www.eeas.europa.eu/sites/default/files/joint_communication_renewed_partnership_southern_neighbourhood.pdf

³ https://www.eeas.europa.eu/sites/default/files/joint_staff_working_document_renewed_partnership_southern_neighbourhood.pdf

opportunities. The living conditions of the population have deteriorated dramatically, in part due to lack of resources and a robust social protection systems. Importantly, the impact of the lockdowns in response to COVID-19 pandemic as well as the existing socio-economic crises affected disproportionately women.

Prior to the Parliamentary elections in May 2022, the International Monetary Fund (IMF) reached Staff-Level Agreement on economic policies with the Lebanese authorities that aims to “bring back confidence and put the economy back on a sustainable growth path, with stronger private sector activity and job creation”. The 2022 parliamentary elections showed growing support for candidates representing civil society and demanding reforms, which increases the potential to implement the five key pillars of reform outlined in the IMF Staff-Level Agreement, namely 1) restructuring the financial sector, 2) implementing fiscal reforms, 3) reforming state-owned enterprises, 3) strengthening governance, anti-corruption and anti-money laundering / combating the financing of terrorism and 5) establishing a credible and transparent monetary and exchange rate system. Under the Governance pillar, the agreement foresees reform of the civil service, the modernisation of public financial management, the implementation of the Public Procurement Law and the reinforcement of oversight bodies, in particular the Anti-Corruption Commission. This action will contribute to pave the way for an IMF programme for which inclusive policies are expected through addressing gender inequalities in the legal framework and spurring gender-based budgeting.

In response to the Beirut Port explosion in 2020 and the multidimensional crises, the European Union (EU), jointly with the United Nations (UN) and World Bank (WB) developed, in close cooperation with the government, civil society and the international community, the “Reform, Recovery and Reconstruction Framework (3RF)”⁴. Launched in December 2020, the 3RF focuses on the impact of the explosion on affected communities and businesses in the Beirut area by distinguishing two priorities, i.e. track 1- supporting the most vulnerable individuals, communities and businesses affected by the explosion; and track 2- reconstructing critical assets and services. The identified reform priorities recognises that a people centred, inclusive recovery will only be feasible and sustainable by providing women a meaningful and active participation in planning and decision making. The EU is co-leading the Inclusion and Gender Working Group to promote the role of women in ensuring a gender-responsive reform process.

The action presented in this document aims to secure access to public water and wastewater services and conservation of national water resources by promoting at national level more efficient use of water serving Syrian Refugees and re-use of treated wastewater. The main focus will be supporting operation for wastewater services throughout the country and reforms towards sustainable water management.

This action is particularly relevant in the current context in Lebanon, due to the sharp increase in poverty and vulnerabilities among refugees and host communities, and given the limited prospects for durable solutions to the displacement of close to 1.5 million Syrian refugees in the country. Taking into account the Council conclusions on Lebanon of the 7 December 2020, this Action will provide support for a people-centred recovery in Lebanon in line with priorities of the “Reform, Recovery and Reconstruction Framework”. It also feeds into the Lebanon Crisis Response Plan (LCRP)⁵.

This action also responds to the political commitments made at the Brussels Conferences on "Supporting the Future of Syria and the Region" co-hosted by the European Union and the United Nations in 2020 and 2021. It is in line with the priority “Strengthen resilience, build prosperity” of the Renewed Partnership with the Southern Neighbourhood and is part of the Flagship 6 “Inclusive economies” of its Economic and Investment Plan. It will contribute to several Sustainable Development Goals – the main one being SDG 1: No poverty - End poverty in all its forms everywhere.

⁴ https://www.eeas.europa.eu/sites/default/files/lebanon_3rf_report_combined-121420.pdf

⁵ The LCRP is a joint plan between the Government of Lebanon and its international and national partners aiming to respond to the challenges of the Syrian crisis in Lebanon.

The water sector in Lebanon has been traditionally largely under-resourced. Water shortages are increasing, with water resources largely over-exploited and no re-use of treated wastewater. The water supply system does not cover the totality of the population (estimated at around 80-85%), with more than half of the system having passed its useful life and requiring upgraded operation and maintenance, with technical losses estimated above 50%. Additionally, there are nationwide concerns relating to the lack of proper wastewater treatment, with wastewater network coverage reaching only 60% of the population, while treatment, even if placed in strategic areas, only covering 32% of the total sewage produced in the country.

The Syrian crisis has increased pressure on both water supply and wastewater treatment systems. Regarding the water sector, the total demand has been increasing, especially in urban areas where approximately 80% of the Syrian refugees live. The poor performance of public water services cannot, however, be attributed to the presence of Syrian refugees alone. The structural problems of the sector are deeply rooted and can be summarised in: i) incomplete implementation of the reform in the sector launched in 2001 (law 221); ii) structural weaknesses of the 4 Water Establishments (i.e. chronic lack of financial and qualified human resources, outdated managerial procedures); iii) lack of key performance indicators to properly manage and monitor the services provided and to ensure accountability toward citizens.

The water and wastewater sector has traditionally been a priority for EU funding in Lebanon and it is a **pillar of future EU assistance**. The **EU is currently a main donor leading the policy dialogue in the water and wastewater sector**, namely through:

- Supporting the donor coordination mechanism with the Ministry of Energy and Water (MoEW) through the EU-AFD TA;
- Coordinating directly the EU Member States and European financial Institutions water group;
- Leading the 3RF water sector group;
- Promoting the creation of a network of civil society organisations working in the water sector.
- Leading the identification process for a Team Europe Initiative in the water sector in collaboration with other EU Member States and European Financial Institutions

Regarding **water**, the EU has been funding the construction of small and medium scale infrastructures that have been relatively successful considering the low capacity of the local Water Establishments directly involved in the implementation.

As for **wastewater**, the EU has invested in large infrastructural projects, mainly implemented by CDR (Council Development and Reconstruction) through direct grants and EIB loans. However, because of the authorities' limited capacity to guarantee the investments' sustainability, the expected outcomes have not been achieved in full. This has led to public opinion/CSOs' criticisms towards the EU and our support to CDR investments, which proved to be unsustainable.

Since 2020, with the beginning of COVID-19 crisis, from a purely developmental approach, the EU's strategy in the water sector has adopted a complementary **crisis response modality** that has become predominant in 2021. This modality entails:

- Support to Water Establishments to guarantee the provision of public water services all over the country through a project implemented successfully by UNICEF since 2020 and recently renewed;
- No funding for new large infrastructural investments;
- Revision of the existing blending portfolio with EIB, with the suspension of existing investments on Wastewater Treatment Plants that could have brought additional unbearable operational costs to an already fragile sector.

The investment in **long-term sustainability** is continuing in parallel through infrastructural projects in the water sector that were launched before the crisis and by a 5-year Technical Assistance implemented by AFD

(EU-AFD TA) that is aiming at ensuring major structural reforms for both water and wastewater sectors. Current EU policy discussions among donors and with the MoEW are focusing on **ensuring political support to the reforms** that are being devised and brought forward by the EU-AFD TA. These reforms mainly concern the approval of the new National Water Strategy, application of the Water Code (through implementing decrees that the EU-AFD TA will assist in drafting), including the application of water and wastewater tariffs, and strengthening the Water Establishments' capacity to operate the whole sector.

The future Team Europe Initiative in the Water sector, currently at identification stage as part of the assignments of the EU-AFD TA, is part of the strategy for promoting long term sustainability of the sector. The action is supposed to generate large revenues for the Water Establishments by improving operations related to service provision, customers' management and fee collection.

EU added value

The EU would bring an **important added value** with this action because:

- It would tackle worrying levels of untreated discharge in the Mediterranean, as part of the **Green Deal**;
- It would ensure that public health is guaranteed, by avoiding spread of large quantities of untreated sewage in Municipalities (if lifting stations are not operated) and on shores and rivers. This is particularly relevant especially during the COVID-19 pandemic as access to clean water and sanitation are key barriers against the transmission of the disease.
- It would ensure that Water Establishments will be able to survive the financial crisis and **continue ensuring public water and wastewater services** for both Lebanese and the majority of Refugee population, while at the same time going through a reform process expanding their responsibilities;
- It would ensure that **large part of the sewage generated by Syrian Refugee Population is treated within Lebanese Municipalities and ITS (Informal Tented Settlements) alike**. This would have a clear positive impact in increasing protection space for the Syrian Refugee Population, which is often unfairly accused of being one of the major causes of environmental pollution in Lebanon by the Lebanese political parties' communication;
- It would improve the quality of the water provided to Syrian Refugees living in ITS, by ensuring that most of the sources used by water truckers will be managed and regulated by the Water Establishments.
- It would exert an important leverage for the Government to **implement reforms, reorganise the sector, and guarantee its sustainability in the longer term**;
- It would guarantee a smooth transition in the delicate passage of responsibility on wastewater operations from the Council of Development and Reconstruction (CDR) to the regional Water Establishments. This would have a relevant impact in terms of **increasing accountability and transparency in the management and provision of services**;
- On the communication and visibility side, it would **dismiss previous allegations on the unsustainability of EU infrastructural investments** in the country;
- It benefits from the **support of all other donors involved in the water/wastewater sector in Lebanon**, which are collectively engaged in pushing for sustainability in the sector and may also contribute funding.

2.2. Problem Analysis

Short problem analysis

The financial crisis heavily affected the capacity of Lebanese public institutions to provide water and wastewater services for Lebanese and Syrian refugee population. Water Establishments have **severe budget deficits** due to the combination of several factors, including the devaluation of the fees collected, the collapse of public energy provision and the lifting of subsidies for fuel.

Over the last two years, the **continuity of water services** has been guaranteed mainly through emergency funding provided by international Donors (the EU in primis). According to the emergency response plan drafted by MoEW in collaboration with the EU-AFD TA, the assistance should be guaranteed for additional 4 years at least to ensure that tariffs would cover again operational costs.

The **wastewater sector** has been traditionally operated by the Council of Development and Reconstruction (CDR), which depends directly on the Prime Minister's office, through contracts funded by the national budget, although the law 221 (2001) transferred the responsibility on the sector to the regional Water Establishments, which are instead under the MoEW's authority. In the current situation, the Government of Lebanon can no longer ensure payments for existing operation contracts held by CDR. For this reason, it is pushing for handing over this responsibility to Water Establishments (WEs) as soon as possible. Unfortunately, this process is happening without previously providing WEs with adequate means (financial and technical) to manage the wastewater sector. A tariff for wastewater does not practically exist yet, and Water Establishments lack technical capacities and financial resources as mentioned above. If the Water Establishments had to assume immediately these additional operational costs for the wastewater sector, they **would collapse financially in a few months**. Unless a rescue plan is defined and funded, it is very likely that:

- all the **wastewater treatment plants in the country will stop operating in the months to come**. This will have severe **environmental consequences** and will seriously put at **risk of deterioration and obsolescence most of the infrastructure** built in the last 15 years in the sector (many of them funded by EU/EIB).
- All the lifting stations around the country would stop operating. This would entail almost **continuous flooding** of lower areas in Municipalities where the sewage is collected (approx. 60% of the country). This will have huge consequences in terms of public health and environment with serious risks of civil unrest in the areas affected.

It should be highlighted that since the beginning of the Syrian crisis, in addition to the sewage produced by Lebanese population, the **wastewater facilities have been treating the sewage produced by Syrian population residing in urban areas and connected to the sewage networks**. In relation to the sewage produced in ITS (Informal Tented Settlements, where resides approx. 20% of Syrian refugee population), most of these **treatment plants have been specifically equipped for receiving trucks and treating their sludge**. If the treatment facilities are halted, in addition to the environmental problem of untreated Municipal sewage diverted in shores and rivers, **the sludge produced in ITS** (with more concentrated bacteriological pollution load, because not diluted) **would be randomly dumped in unauthorised landfills and rivers with high risks for the environment and for the public health**. This was the situation in the country at the beginning of the Syrian crisis. Going back to that initial situation would contribute to widespread political arguments against Syrian refugees based on their environmental contamination. This would entail serious consequences in terms of protection for the refugee population at local and national level.

The Action will also include a component to improve the quality and the management of the water supplied to ITS (Informal Tented Settlements). Water trucking is still the main modality of supply for large part of the Syrian population living in ITS. The management of this service has not been properly regulated in the years

and the water's origin has never been properly tackled by the sector. This has had negative consequences in terms of quality of water transported, when collected from unsafe sources, and loss of revenues and disruption of public services when the water was illegally stolen from public networks. Ensuring access to publicly managed filling points for water trucking, will improve the quality of the service for the Syrian Refugee population, but will also ensure better management of water resource and of public service by the Regional Water Establishments.

This action will guarantee that **water and wastewater public services are not disrupted** for Lebanese and Syrian Refugee Population with **high returns in terms of environment and increased protection space for Syrian Refugee Population**.

At the same time, the action will promote long overdue reforms and sustainability, facilitating a **smooth transition of responsibilities from CDR to the Water Establishments**. This transition will bring **more transparency and efficiency in the sector**. Upon a study conducted by the EU-AFD TA, this can be estimated in operational **savings of about 50% as compared to the current situation**. Moreover, the system's performance in terms of treatment of the effluents would improve thanks to closer technical supervision from the Water Establishments. Treating and evacuating wastewater will have an important impact on the environment in general (coastal and rivers) but also on health and agro-food production, and this is particularly true in inland areas where the presence of refugees is high. Sectoral reforms towards more efficient use of water and re-use of treated wastewater are essential due to the predicted future climate trends which will be manifested as declines in precipitation and consequently less water availability for agriculture, commercial and residential uses.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

main stakeholders	mandate	potential role	capacities
<ul style="list-style-type: none"> - MoEW (Ministry of Energy and Water) 	<ul style="list-style-type: none"> - In charge of overseeing and regulating the sector and monitor its performance. It is in charge for definition of the strategy for water and wastewater sector. 	<ul style="list-style-type: none"> - Definition of a multi-year strategy for reaching financial balance for the Water Establishments within the next 5 years (water) and wastewater); - Approval of tariff revisions; - Approval of national strategy and crisis response plan; - Capacity to coordinate and bring additional donors to fund the sector crisis response plan 	<ul style="list-style-type: none"> - Limited capacity due to the lack of staff. - Supported in technical and planning activities by the EU-AFD TA that is contributing to the implementation of the national strategy;
<ul style="list-style-type: none"> - 4 Regional WEs (Water Establishments) 	<ul style="list-style-type: none"> - In charge of provision of water and wastewater services (law 221-2001). In the wastewater sector this mandate was not accomplished because CDR was holding it 	<ul style="list-style-type: none"> - Will finally receive the ownership of wastewater infrastructure and will be in charge of operations through private operators. - Analysis of treated effluents will be regularly published. - In charge of invoicing and collecting the tariffs for water and wastewater - In charge of ensuring the service for supplying water for trucking 	<ul style="list-style-type: none"> - Limited capacities. It will be assisted by the EU-AFD TA and by UNICEF in tendering for PBC (Performance Based Contracts) and monitoring them. An engineer will be seconded in each WE to monitor the implementation of PBC. The EU-AFD TA will assist in setting-up the WW department in each WE and in training the staff. - They will be strengthened in their capacity to supply water trough filling points for water trucking in strategic locations

main stakeholders	mandate	potential role	capacities
- CDR (Committee Development and Reconstruction)	- Currently in charge of operation of existing WW infrastructure. By law it does not have this mandate	- CDR should ensure a smooth handover of the wastewater infrastructure from the current contracts to the new ones that will be signed by UNICEF under responsibility of WEs. Its role will be mainly exercised during the preparation of the contracts.	- Limited capacity but considering that this project will work in phasing CDR out of the sector, it is not foreseen any support for this institution. Its role should become secondary after the first year of implementation.
- MoE (Ministry of Environment)	- In charge of water quality analysis along the country	- Conduct regular analysis on areas where treated effluents are discharged and publish the data	- Limited capacity. The reinforcement of its structure will not be targeted by this action. Most of the activities will be conducted outsourcing specific functions to LRA or private sector
- EU-AFD Technical Assistance	- In charge for supporting reform of the sector (contract until 2026)	- Preparation and standardisation of Performance Based Contracts.) - Restructuring of WW Departments in WEs; - Definition of procedures for data collection and publication; - Define strategies for tariff revision to be submitted to approval of MoEW and WEs. - Support to the coordination of the sector to ensure complementarity with other actions - Preparation of Water Code Decrees	- High capacity to mobilise various level of expertise - Already working at the centre of the sector and key for promoting reforms.
- UNICEF	- Key-agency in the Water and Wastewater sector in Lebanon	- Support for defining a procurement strategy of contracting PBC on behalf of Water Establishments. Possible partner for implementation	- Large experience in implementing projects for support of O&M for the Water and Wastewater Sector.
- UNDP	- Key-agency in the Environment sector in Lebanon	- Contribution for the definition of the strategy for supporting MoE in conducting analysis and regularly publishing results. Possible partner for implementation	- Large experience in capacity building activities with MoE
- International Donors Community	- Partners for ensuring stability of the country and continuity of the services during multiple crisis	- Possibility to support with additional funding and ensure coverage of WEs operations for the years to come until cost recovery through tariffs will be achieved. - Higher political leverage toward GoL for reforms	- Other donors have shown interest to support the sector with the objective to survive the current financial crisis. This action will seek buy-in from other donors and ensure complementarity of funding. It is expected that the EU-AFD TA will facilitate this task.

main stakeholders	mandate	potential role	capacities
- Lebanese citizens	- Final beneficiary of the intervention	- Lebanese citizens should be sensitised about the importance of treating wastewater for health, environmental and economic reasons. A culture of respect of environment should be promoted around the country. This is paramount to ensure acceptance of payment of water and wastewater tariffs.	- Key actor to ensure future payment of tariffs and ensure long term sustainability of the service.
- Lebanese Municipalities	- Final beneficiary of the intervention	- Municipal administrations would be largely affected if the pumping stations under their administrative areas would be stopped. Flooding of lower areas would entail civic unrest mainly targeting the Municipalities themselves. They should be sensitise to promote collaboration and payment for the WEs from citizens.	- Key actor to dialogue with Water Establishments to defend the right of the citizens for a reliable public service and to promote citizens' payment of tariffs. All this would contribute to ensuring the long term sustainability of the service.
- Syrian Refugee Population	- Final beneficiary of the intervention	- The sewage produced by the Syrian refugee population resident in Municipality and in the majority of ITS is treated. This would ensure that their protection space is guaranteed against possible attacks of Lebanese Authorities based on environmental issues.	- Wastewater treatment plants in inland areas are already equipped with technology for receiving ITS sludge. The sludge transport will be ensured mainly by the humanitarian partners.

2.3. Lessons Learned

The action is fully in line with the recommendations provided by the strategic evaluation for the Water and Wastewater Sector in Lebanon covering the entire portfolio of interventions funded by the EU in Lebanon since the beginning of the Syrian Crisis (2011). The evaluation is not published yet at the time of the preparation of this action document (under final revision)⁶. The evaluation recommends the following staged approach:

- *During the crisis period:*
 - Donors can assist Water Establishments in **buying spare parts and consumables**;
 - Donors could temporarily **pay for essential staff** in the Water Establishments;
 - Regarding WWTPs, the EU could **cover the costs of service contracts** for the operation and maintenance, provided that wastewater management is handed over to the WEs. For the time being they do not have the capacity to operate directly so they can outsource the operations to the private sector;
- *During the stabilisation of the economic crisis:*
 - WEs should develop a **culture of accountability**, externally but also internally. They should be transparent on their work. Donors should include accountability aspects in their technical assistance and make accountability improvement (including the necessary changes to the organisation of the WEs) a condition for future assistance

⁶ CTR 300001631 - Strategic Evaluation of EU Water and Wastewater Strategy in Lebanon

- *After stabilisation of the economic crisis*
 - Donors should continue their policy and **strategic dialogue with MoEW** but deal directly with WEs whenever possible. The EU should continue supporting the practice of key performance indicators and direct some of their support to assist WEs in providing the necessary data;
 - Water Establishments need to **continue improving financial viability**. On the revenue side this means extension of the number of subscriptions, improving collection rates and reducing losses;
 - Wastewater treatment is not sustainable as long as no clear **tariffs for wastewater** collection and treatment are constituted and applied. Despite abhorrent environmental impacts, donors should not continue investing in infrastructure for wastewater collection and treatment until this issue is resolved;
 - The EU is advised in this phase to **implement water and wastewater projects simultaneously**, when conditions are in place. Where water is consumed, wastewater is produced that has to be taken in account as well. Moreover, not tackling wastewater issues usually leads to pollution of water resources.

Following these recommendations, the action presented in this document, provides support during a crisis period while at the same time working to ensure that the conditions for the sector's long-term sustainability will be in place by its conclusion, thanks to the complementarity with the sector Technical Assistance EU-AFD. It should be highlighted that this intervention has been drawn in full collaboration with the EU-AFD TA and with the other Donors active in the sector. As such, it will be complementary to the interventions funded by other donors (i.e. USAID, AICS, SDC, UNDP, UNICEF, WB) as part of the sector recovery plan presented by MoEW in April 2022, and in line with the recommendations and strategic directions proposed by the Sector Response to Syrian Crisis coordinated by MoEW and UNICEF, which aims to integrate as much as possible the response to the Syrian Crisis within the services provided by public entities.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to contribute to an *improved conservation of national water resources in Lebanon*.

The **Specific Objective** (Outcome) of this action is that *Provision of essential public wastewater and water services is guaranteed for Lebanese and Refugee Populations during a period of multiple crisis affecting the Country*.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

Output 1.1 - WEs ensure continuity of wastewater and water services in the majority of the Lebanese territory

Output 1.2 - Sustainable reforms for the sector are in place, including the promotion of reuse of treated wastewater and improved management of water trucking services for Syrian refugee population

Output 1.3 - Public Awareness about wastewater impact on the environment is raised to promote a culture of payment for wastewater and water services.

3.2. Indicative Activities

- Activities related to Output 1.1 - WEs ensure continuity of wastewater and water services in the majority of the Lebanese territory
 - support for handover to WEs from previous contractor
 - tendering process ensuring gender balance
 - launch of vacancies and secondment of qualified staff for WEs respecting gender balance
 - definition of KPI and validation of the methodology for their collection and publication
 - Regular follow-up of operations, data collection and publication

- Activities related to Output 1.2 - Sustainable reforms for the sector are in place, including the promotion of reuse of treated wastewater and improved management of water trucking services for Syrian refugee population
 - advocacy for implementation of reforms in collaboration with EU-AFD TA
 - Promotion of re-use of treated wastewater and adoption of guidelines at National level;
 - Installation of filling points managed by Regional Water Establishments for supplying water trucks serving Syrian refugee population living in ITS

- Activities related to Output 1.3 - Public Awareness about wastewater impact on the environment is raised to promote a culture of payment for wastewater and water services.
 - procurement for water quality analysis implementation
 - regular sampling of water quality
 - publication of data
 - design of awareness campaign in collaboration with Ministry of Environment (MoE)
 - Launch of awareness campaign at national level in collaboration with MoE
 - design of awareness campaign for payment of tariffs in collaboration with WEs, MoEW and EU-AFD TA
 - Launch of awareness campaign for payment in the wastewater sector in collaboration with MoEW and Water Establishments
 - Data about payment is collected from WEs and published

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Strategic Environmental Assessment (SEA) screening (relevant for budget support and strategic-level interventions)

The SEA screening concluded that no further action was required.

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project).

The EIA screening classified the action as Category C (no need for further assessment).

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this action has no or low risk (no need for further assessment).

This decision will have high impact on the environmental protection of Lebanon and it represents an important step for the implementation of the EU Green Deal in Lebanon as it will contribute to the reduction of the pollution of the Mediterranean Sea and will improve the protection of water resources in Lebanon. This will have an important impact also in terms of adaptation to Climate Change as it will lay the basis for future more efficient use of water and re-use of treated wastewater.

Gender equality and empowerment of women and girls

The partner that will implement this action will be encouraged to **respect a gender balance rule**. It should ensure that the staff employed within this action respects a gender balance in **number of staff** (50%) and in terms of **level of responsibilities**.

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as **G1** (significant objective).

Human Rights

The action documents promote the human rights of **ensuring accessibility to water and sanitation services at an affordable price for the citizens**.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as **D0**.

Democracy

The action will promote transparency and access for citizens to Key Performance Indicators (KPI). These indicators will be very important to monitor performances of public authorities and improve accountability toward citizens.

Conflict sensitivity, peace and resilience

The action will improve protection level for Syrian Refugee Population in Lebanon.

Disaster Risk Reduction

The action will drastically reduce the risk related of additional environmental pollution of rivers and coastal areas. If the action will not be funded it is expected that 30% of the total amount of sewage produced in Lebanon will be released on the Lebanese shores and rivers. This will have dramatic impacts in terms of health, tourism and agro-food production.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1-External environment	Political stalemate and social tensions resulting in an overall deterioration of the situation, including security	High	High	<p>EU Delegation continuously monitors the overall situation in the country and follows-up to address risk, including security.</p> <p>Project execution will be contingent upon the possibility to operate under the prevailing conditions</p>
1-External environment	Lack of political commitment to undertake reforms or support the action	Medium	Medium	<p>A sector recovery plan has been prepared by the MoEW and presented to the Council of Ministers in May 2022 to ensure compliance of the GoL and CDR. The activities part of this action are part of the same plan.</p> <p>In case the commitments indicated in this plan in terms of actions and reforms, will not be respected by GoL, the support to the Wastewater sector will be discontinued by the international community of Donors.</p> <p>Publication of information about the sector should reduce the risk of non-fulfilment by GoL.</p>
1-External environment	Limited inter-institutional cooperation	Medium	Medium	<p>Maintain high-level dialogue and correspondence with authorities on several levels, EU and partner representatives to call for reform</p>
1-External environment	Collapse of the financial and economic system, including increasing inflation and further devaluation of the Lebanese pound	Medium	Low	<p>Almost all the activities related to this action will be contracted and disbursed in USD.</p> <p>In terms of cost-recovery for the Water Establishments, in order to reduce the impact of the devaluation, the value of the fee for wastewater is expected to be calculated on a yearly basis in relation to the USD/LBP exchange rate.</p> <p>EU Delegation, in close coordination with the UN/RC already coordinates on macro-economic mitigation measures, including dollarization of aid in an effort to continue to ensure the smooth running of aid programmes in Lebanon.</p>

1-External environment	Increasing social tensions and political opposition to the presence of Syrian refugees in Lebanon in a context of deepening socio-economic crisis and competition over resources.	High	Medium	Change in the narrative of international partners to focus on conversations towards a greater recognition of Lebanese concerns, resilience, burden sharing and the temporary nature of Syrian displacement, emphasising solidarity with the refugee situation and highlighting support given to vulnerable Lebanese.
1-External environment	Socio-economic and protection situation of refugees deteriorates.	High	Medium	The EU will continue to advocate for Lebanon to adhere to obligations for refugee protection, as per international law. Continuous dialogue to take place with Lebanon during programme implementation, ensuring a clear framework is established to safeguard refugee protection and livelihoods.
1-External environment	No or limited payment by CDR of its arrears to the contractors currently operating the Wastewater Treatment Plants	Low	High	The amount of arrears has been quantified by CDR at approximately USD 38 million. EUD, together with the international Community, has lobbied the Lebanese counterpart for ensuring compliance with this condition since 2021. The Council of Ministers has finally approved the allocation of the budget for this purpose in May 2022. Ministry of Finances has confirmed the allocation and CDR is currently proceeding with the payments. If the payments will not be finalised by the end of 2022 with all the contractors, some of the funds indicated in this action may be used to support also the Water Sector by ensuring access to spare parts and maintenance. The modalities and the possible actors for implementation will be the same.
2-Planning, processes and systems	Delays in contracting can cause discontinuity of operations	High	Medium	<p>The EU-AFD TA will collaborate with the WEs to ensure preparation of tendering documents (with technical specifications already assessed in collaboration with WEs and CDR) that will be ready for when the contract related to this Action Document will be signed.</p> <p>EUD will ensure that most of the negotiations with the possible implementing partners are already made before final approval of NDICI committee. This will ensure that the partners would be ready to sign in a short delay.</p>

2-Planning, processes and systems	Humanitarian funding from International Donors for desludging of Syrian ITS is discontinued	Low	High	<p>The support has been provided since the beginning of the Syrian Crisis. It is not expected to be interrupted as this could imply very negative consequences in terms of health, environment and protection for the Syrian Refugee Population leaving in ITS.</p> <p>EUDEL will continue advocating the humanitarian donors community for funding this activity in coordination and complementarity with the actions funded by EUDEL for supporting the sector.</p>
2-Planning, processes and systems	The new Sector strategy for promotion of public filling Points managed by Regional Water Establishments is opposed by the new Government	Low	Medium	<p>The new sector strategy, foreseeing the installation of public filling points, brings several advantages to the Public Sector by ensuring better management of the Water Resource and increased revenues for the Water Establishments. The strategy has already been drafted and promoted by UNICEF within the Ministry of Energy and Water and it is expected to be validated by the end of the year.</p> <p>EUD, together with UNICEF and the other actors of the sector will keep lobbying for the regulation and improvement of the strategy serving refugees living in ITS as this could promote better service and more integration of Lebanese Authorities in the response.</p>
3-Legality and regulatory aspects	The handover of the infrastructures between CDR and WEs it is not completed before the action	Medium	High	<p>The stations that will not be handed over by the CDR will not be included in this action. To ensure proper handing over all the previous arrears owned by CDR to its contractors should be cleared by GoL.</p> <p>To ensure minimisation of risk, new procurements will be launched for all the stations in order to ensure discontinuity with the previous management.</p>
3-Legality and regulatory aspects	Risk of corruption effecting the impact of the action and the fulfilment of its strategic objectives	Low	Medium	<p>Procurement will be launched on the name of the Public Water Establishments but the whole procedure will be managed by the implementing partner that should present consolidated experience in procurement in Lebanon.</p>
4-Communication and information	Misperception of the nature of the EU intervention by the public leading to critical opinions	Medium	Medium	<p>Strong efforts by implementing partners under the guidance of the EU Delegation to ensure accurate transparent and communication on the action.</p>

External Assumptions

The context in Lebanon will continue to be difficult politically and economically, but there will not be major operational constraints for the implementation of the activities.

3.5. Intervention Logic

The underlying intervention logic for this action is based on the assumption that in a period of exceptional emergency, as the current one, it is crucial to support wastewater public sector to avoid dramatic effects on the environment and on the public health but also on the provision of the correlated public water services. As the Water Establishments are in charge for both water and wastewater services, there is a real risk that the default in one sector could have dramatic consequences also for the other one. This is the reason why both General objective and specific objective mention “water and wastewater” even if the main activities of this action document are related to wastewater.

This emergency action is deeply rooted in a long term strategy of support of the Water and Wastewater Sector developed in the Sector Crisis Recovery Plan developed by the EU-AFD TA and presented by MoEW to the Council of Ministers in May 2022. The three outputs are intertwined in ensuring short and long term outcomes that would benefit both Lebanese and Syrian Refugee population.

Operation of wastewater treatment plant (**output 1**), would avoid in the **short term** an **environmental catastrophe** within Municipalities, in rivers and in coastal areas. In addition to this it would **avoid negative consequences in terms of protection space for the Syrian Refugee population**.

Reforms in the sector, higher awareness about environmental risks, promotion of wastewater reuse and culture of payment for the service (**outputs 2 and 3**), would lay the **basis for the medium-long term sustainability** (including exit strategy from this kind of assistance) and for the safeguard of the large infrastructural investments done by Government of Lebanon in the last twenty years (the majority of it with support of European Union as part of the Union for Mediterranean strategy). Re-use of wastewater in particular could create an economic value for the treated wastewater that would help the recovery of the sector.

Installation of public filling points for water trucking (**output 2**) serving the Syrian Refugees living in ITS (Informal Tented Settlements) would ensure better management of the water resource and more involvement of the Lebanese Water Establishments in the response to the Syrian Crisis. The possible revenues generated by the Water Establishments in providing safe water to the water trucks would ensure their interest in this activity and at the same time an important link between humanitarian action and long term development response.

Support to the Water Establishments for operating the wastewater facilities would ensure that large amount of sewage would not flood lower areas of Municipalities or go completely untreated to the sea or, even worse, to the rivers in the inland of the country (especially Bekaa area where a large part of the refugee population resides). Treatment of sewage would **avoid an environmental catastrophe** that would entail effects in terms of **public health, agro-food production and tourism** with profound negative consequences in terms of recovery for the whole Lebanese economy and **possible civil unrest** in case of sewage flooding of Municipalities.

Ensuring continuity of operations of the facilities would also **avoid infrastructure decay, hence avoiding** the much higher capital costs needed for re-establishing operations at a later stage.

The support to the operation for wastewater would be conditional to the handover of the responsibility from CDR to the Water Establishments. This would ensure **compliance with the current legislation and with**

sound international practices. Water Establishments will be empowered in their capacity to operate, or monitor the operations (if outsourced to private operators with Performance Based Contracts), and their performances will be evaluated through Key Performance Indicators (currently under study by the EU-AFD TA) and published. **These elements would ensure transparency in the sector and lower costs of operation** for the future that are the basis for long term sustainability (Overall Objective).

Reforms (output 2) will be the main objective of the advocacy done by EUD and the implementing partner. The main reforms, already present in the 3RF, but particularly related to this project are:

- Publication of the revised National Strategy;
- Adoption of decrees of the new water code establishing the principle polluter-payer (currently under preparation by the EU-AFD TA);
- Adoption of a tariff for wastewater that would discourage wastage of water and would take in account devaluation of LBP (currently under study by the EU-AFD TA);

The support to the operations (provided within output 1) and the possibility to discontinue it, will ensure the right **leverage for obtaining the reforms by the Government of Lebanon**. This leverage will be reinforced by the particular attention that will be given in the public media to the Wastewater sector in collaboration with the Ministry of Environment (output 3).

The communication campaigns conducted in collaboration with the Ministry of Environment will ensure that the **wastewater sector becomes a priority for the population** (and consequently for the GoL) in the years to come. Data about the current status of water streams and coasts would be collected and published with the objective to sensitise the population about the need for wastewater treatment, and in turn facilitate the payment of the future tariff. A specific communication campaign will be launched by the Water Establishments to promote tariff payment.

Ensuring continued treatment of wastewater would **radically reduce the risk of adverse political discourse** from the Government of Lebanon **against the environmental pollution produced by Syrian Refugee population** (which has unfortunately happened several times in the past).

All the above mentioned elements would contribute in creating the proper conditions for ensuring long term sustainability of the whole wastewater sector, and indirectly the water sector, by ensuring reinforcement of the Water Establishments and safeguard of water sources.

3.6. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Improved conservation of national water resources in Lebanon	1 - % of national sewage treated	1. 5%	1. At least 20%	- Reports of Water Establishments & CDR	<i>Not applicable</i>
Outcome 1	Provision of essential public wastewater and water services is guaranteed for Lebanese and Refugee Populations during a period of multiple crisis affecting the Country	1.1 m3 sewage treated/pumped per day 1.2 % of sewage produced by Syrian ITS in inland areas treated in sewage treatment plants 1.3 # of Syrian refugees in ITS with improved sources for water trucking	1.1 NA 1.2 NA 1.3 NA	1.1 At least 100.000 m3/day 1.2 at least 50% 1.3 at least 30.000	- Reports of Water Establishments - LCRP Sector reports	- Prices in the market remains stable in USD currency - Access to fuel is guaranteed in the country
Output 1.1	WEs ensure continuity of wastewater and water services in the majority of the Lebanese territory	1.1.1 % of existing stations operated thanks to the EU intervention 1.1.2 # of KPI (Key Performance Indicators) related to wastewater services collected and published on at least 6months basis by WEs/MoEW 1.1.3 # of Performance Based Contracts (PBC) in place for the wastewater sector 1.1.4 # of staff seconded to facilitate monitoring of operations (disaggregated by sex and CoO) 1.1.5 increase of % of women employed in the water & wastewater sector.	1.1.1 0 1.1.2 0 1.1.3 0 1.1.4 0 1.1.5 NA	1.1.1 At least 60% 1.1.2 at least 3 1.1.3 at least 20 1.1.4 at least 4 1.1.5 at least 20% increase%	- Reports of Water Establishments. - Project reports - Tender and Contract Documents - Sector gender survey study	- Prices in the market remains stable in USD currency - Access to fuel is guaranteed in the country - Enough number of application is received from women working in the sector

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Output 1.2	Sustainable reforms for the sector are in place, including the promotion of reuse of treated wastewater and improved management of water trucking services for Syrian refugee population	1.2.1 Standards for re-use of treated wastewater are approved in Lebanon 1.2.2 Number of WE public filling points for water trucking installed	1.2.1 N/A 1.2.2 0	1.2.1 1 1.2.2 3	<ul style="list-style-type: none"> - Reports of Water Establishments. - Project reports - 3RF monitoring reports - LCRP sector reports 	<ul style="list-style-type: none"> - Political situation is stable in the Country and a Government is in place - Currency devaluation is halted
Output 1.3	Public Awareness about wastewater impact on the environment is raised to promote a culture of payment for wastewater and water services.	1.3.1 # of awareness campaign launched by Wes for payment 1.3.2 # of awareness campaign launched by MoE 1.3.3 # of analysis of water in rivers and coastal areas conducted and published at national level on a regular basis	1.3.1 0 1.3.2 0 1.3.3 0	1.3.1 1 1.3.2 1 1.3.3 at least 20/ quarter	<ul style="list-style-type: none"> - Reports of Water Establishments. - Project reports - Awareness campaign reports - Data from laboratories 	<ul style="list-style-type: none"> - Political situation is stable in the Country and a Government is in place

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the Government of Lebanon.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁷.

4.3.1. Indirect Management with a pillar-assessed entity

This action may be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission's services using the following criteria:

- Previous experience in managing operation and infrastructure contracts for the Water and Wastewater sector in Lebanon;
- Strong expertise on public procurement and contract monitoring for the provision of public services;
- Previous experience in managing national communication campaigns related to provision of public services in Lebanon.

The implementation by this entity entails the achievement of the objective of this Action.

4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality described in 4.3.1. cannot be implemented due to circumstances outside of the Commission's control, the alternative implementation modality is a grant in direct management:

- (a) The purpose of the grants will correspond to the description of Output 1.1, Output 1.2 and Output 1.3
- (b) Type of applicants targeted will be Non-governmental organisations (NGOs)

⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.4. 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 on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
<i>Implementation modalities – cf. section 4.3</i>	
Objective <i>Provision of essential public water and wastewater services is guaranteed for Lebanese and Refugee Populations during a period of multiple crisis affecting the Country</i> composed of	
Indirect management with Pillar assessed entity 4.3.1	30 000 000.00
Evaluation – cf. section 5.2 Audit – cf. section 5.3	<i>will be covered by another Decision</i>
Communication and visibility – cf. section 6	N.A.
Totals	30 000 000.00

4.6. Organisational Set-up and Responsibilities

A steering committee for the implementation of the action has been established at the time of definition of this action and will remain in charge for the whole duration of the implementation of the action.

The steering committee will meet at least on a quarterly basis and it is composed by the following stakeholders:

- Implementing partner;
- EUD;
- MoEW (Ministry of Energy and Water)
- WEs (Water Establishments)
- CDR (Committee Development and Reconstruction)
- EU-AFD TA (Technical Assistance for the Reform of the Sector)
- MoE (Ministry of Environment)

A **monitoring committee** will be established between EU and the implementing partner and will meet regularly for the follow-up of the activities (at least on a monthly basis)

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.7. Pre-conditions [Only for project modality]

Not applicable

5. PERFORMANCE MEASUREMENT

5.1. 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 (on a quarterly basis) 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 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).

Roles and responsibilities for data collection, analysis and monitoring:

As part of the activities of the project, a set of Key Performance Indicators will be established in collaboration with the EU-AFD TA at the beginning of the project. The data related to these indicators will be collected, analysed and part of it published.

Water quality analysis will be conducted regularly in collaboration with the Ministry of Environment and these data will be published. These elements will facilitate proper follow-up and monitoring of the activities by the EUD, but also by the other actors involved in the Sector and by the beneficiary population. A table indicating the maintenances done will be compiled on a quarterly basis to track all the maintenance and spare parts installed by the project.

The data compiled by the partner will be shared on a quarterly basis with EUD in Lebanon and presented by the partner to the Steering Committee.

Data about respect of gender balance in the employment of staff related to this project and in subcontracting will be shared with EUD on a quarterly basis.

5.2. 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.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the capacity of Water Establishments for follow-up of activities. Future sustainability of the whole Water and Wastewater Sector should be assessed and recommendations provided for the follow-up to Lebanese Authorities and to the EUD and the larger International Community of Donors.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join.

The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged 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 following the best practice of evaluation dissemination. 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.

5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

Any actions related to communication and visibility requirements in force under the current programming period 2021 - 2027 will be coordinated with the strategic communication actions of the EU Delegations, to ensure coherence of narrative and message, as well as horizontal strategic communication.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.