



EUROPEAN
COMMISSION

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COMMISSION IMPLEMENTING DECISION

of 25.4.2014

**amending Decision C(2013)4452 with a view to approving the special measures
"Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in
Lebanon (SWAM)" and "Recovery of Local economies in Lebanon" under the SPRING
2013 programme**

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THE EUROPEAN COMMISSION,

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

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

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

Whereas:

- (1) The European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy adopted on 8 March 2011 a Joint Communication on 'A Partnership for democracy and shared prosperity with the southern Mediterranean'³, which laid down the following priorities: (a) democratic transition and institution-building, (b) partnership with people, and (c) economic development and inclusive, sustainable growth.
- (2) The Commission adopted the Decision on the 2013 SPRING programme (Support for partnership, reforms and inclusive growth) for the Southern Neighbourhood region from the general budget of the European Union on 18 July 2013⁴. An increase in the budget was approved on 18 November 2013⁵.
- (3) Like SPRING 2011-2012⁶, the SPRING 2013 programme, financed under the European Neighbourhood and Partnership Instrument⁷, is intended to respond to the pressing socio-economic challenges that partner countries of the southern Mediterranean region are facing and to support them in their transition towards democracy. The SPRING 2013 programme will focus specifically on support related to democratic transformation and institution-building, and for sustainable and

¹ OJ L 77, 15.03.2014, p.95.

² OJ L 298, 26.10.2012, p. 1.

³ COM(2011)200.

⁴ C(2013)4452.

⁵ C(2013)8112.

⁶ C(2011)6828 of 26 September 2011.

⁷ Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006, OJ L 310, 9.11.2006, p. 1-14.

inclusive growth and economic development. It is a multi-country programme with an umbrella approach that provides the flexibility needed to modulate assistance according to progress by individual countries towards deep and sustainable democracy and inclusive socio-economic development, applying the ‘more-for-more’ principle.

- (4) These special measures under the SPRING 2013 programme concerns the actions “Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)” and “Recovery of Local economies in Lebanon”; they aim at upgrading the provision of basic services regarding Solid Waste Management and at recovering local economies in Lebanese communities particularly affected by the influx of Syrian refugees. These measures are consistent with the priorities of the new EU-Lebanon 2013-2015 Action Plan, in particular “Enhancing production and marketing of agricultural products in line with international standards, advancing liberalisation, raising competitiveness, and developing rural economy” and “Enhancing environmental protection and advancing sustainable regional development through greater decentralization and empowerment of municipalities and local authorities”.
- (5) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (hereinafter referred to as ‘the Rules of Application’)⁸.
- (6) This Decision concerns only the management method for the programmes “Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)” and “Recovery of Local economies in Lebanon”, as the financing of the programmes is already covered under the SPRING 2013 programme, which was adopted by decision C(2013)4452 of 18 July 2013.
- (7) Decision C(2013)4452 provides for centralised management only, except where the College decides otherwise in accordance with the empowerment procedure in Annex 1, point 4.1. Given that the empowerment procedure in question is not yet in place and in view of the urgency, the above Decision should be amended through the addition of these measures, which are to be implemented by indirect management. The decision to implement these measures by other management methods is due to the situation in the two sectors in Lebanon. The management methods selected are justified for operational reasons and have been discussed with the partner country.
- (8) The Commission may entrust budget-implementation tasks under indirect management to the partner country identified in this Decision, subject to the conclusion of a financing agreement. The scope of the budget-implementation tasks entrusted, as well as the Commission’s ex ante and ex post controls, are laid down in the Annexes of this Decision.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims of interest due for late payment on the basis of Article 92 of the Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such

⁸ OJ L 362, 31.12.2012, p. 1.

changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as the 'responsible authorising officer').

- (11) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument (ENI) Committee set up by the basic act⁹,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The amendment to Decision C(2013)4452 with a view to approving the special measures in favour of Lebanon under the SPRING 2013 programme referred to in the second paragraph below is hereby approved.

The measures, which are described in the attached Annexes, consist of:

- “Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)”;
- “Recovery of Local economies in Lebanon”.

The Annexes to this Decision become Annex 5 and Annex 6 to Decision C(2013)4452.

Article 2

Financial contribution

The maximum contribution of the European Union authorised by this Decision for the implementation of the special measures in favour of Lebanon shall be EUR 14 million for the programme “Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)” and EUR 7 million for the programme “Recovery of Local economies in Lebanon”, to be financed from the SPRING 2013 programme.

Article 3

Implementing methods

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

Section 4 of the Annexes referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of the Rules of Application.

The financial contribution referred to in Article 2 shall also cover any interest due for late payment.

Article 4

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20 % of the contribution referred to in the first paragraph of Article 2, or cumulated changes to the allocations of

⁹ Regulation (EU) No 232/2014 of the European Parliament and of the Council establishing a European Neighbourhood Instrument, OJ L 77, 15.3.2014.

specific actions not exceeding 20 % of that contribution shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling referred to in this Article.

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

Done at Brussels, 25.4.2014

For the Commission
Štefan FÜLE
Member of the Commission

ANNEX 1

of the Commission implementing Decision amending Decision C(2013)4452 with a view to approving the special measures "Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)" and "Recovery of Local economies in Lebanon" under the SPRING 2013 programme

Action Document for Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)

1. IDENTIFICATION

Title/Number	Upgrading Solid Waste Management capacities in Bekaa and Akkar regions in Lebanon (SWAM) CRIS number ENPI 2013/024-977		
Total cost	Total estimated cost: EUR 14,000,000 Total amount EU budget contribution: EUR 14,000,000 For an amount of EUR 14,000,000 from the general budget of the European Union for 2013		
Aid method / Method of implementation	Project approach: Indirect management with the Office of the Minister of State for Administrative Reform (OMSAR)		
DAC-code	14050 15110 73010	Sector	Waste management / disposal Public sector policy and administrative management Reconstruction relief and rehabilitation

2. RATIONALE

2.1. Summary of the action and its objectives

This programme aims at improving the overall efficiency and effectiveness of Solid Waste Management (SWM) in the areas of Lebanon most affected by the influx of Syrian refugees. The action will directly contribute to address the medium and longer term needs of the Lebanese communities in areas with high Syrian refugees concentrations for increased and improved waste disposal services, by (i) building and upgrading SWM infrastructure and equipment at local level and (ii) enhancing the overall management capacity of local administrations in the SWM sector.

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Lebanon is characterised by regional socio-economic disparities with almost 30% of the population living under the poverty line and 8% under the extreme poverty line¹. Due to the absence of a modern legal framework on decentralisation, a lack of appropriate human and financial capacities and a non-performing fiscal system the quality and accessibility of public services is often quite low.

There are now around 900,000 Syrian, Palestinian refugees and Lebanese returnees in most parts of the country spread across more than 1,500 different locations, but the concentrations remain in the north (29.2%), including the city of Tripoli, and in the Bekaa Valley (33.4%). This represents respectively an increase of 31.3% and 55.8% of the population in these regions. With over 35 percent of the region's families living below the poverty line, both regions are among the poorest in Lebanon. They are characterised by weak infrastructure and limited livelihood opportunities. Even before the influx of refugees, the resources were limited. After having hosted refugees, often in private homes, the resources of host communities are stretched to the limit.

Besides, some 90% of residents of North and Bekaa have reported decreased incomes as a result of the crisis. More than 90% of those who have lost incomes did not find any alternative sources of income. Major factors that have contributed to decreased incomes are related to: increased competition between Syrian refugees and Lebanese workers, worsened security situation (Tripoli, Wadi Khaled and Ersal), cease of smuggling and border trade, decreased inter-regional trade in Lebanon because of worsening security situation, landmines on the Lebanese-Syrian borders that deprive Lebanese from access to agricultural lands and grazing fields and decreased import and export activity to/from and through Syrian territories.

2.2.1.2. National development policy

As the Syrian conflict is highly divisive in Lebanon, the Government adopted a so-called "disassociation policy" vis-à-vis the conflict. This meant, inter alia, that the refugee issue remained largely un-addressed by the Government until December 2012 when the Lebanese Prime Minister launched its plan "*Response of the Government of Lebanon to the Crisis of Syrian Displaced Families*". The plan was the first official recognition of the urgency of the crisis and of the responsibility of the Government in dealing with it. The response plan presented a global approach that intends to bring together all the actors – the UN, local and international NGOs as well as donors - under the umbrella of the Lebanese Government. An inter-ministerial committee (IMC) headed by the Prime Minister was set up to implement the response plan. The Ministry of Social Affairs was put in charge of co-ordination.

The Regional Response Plan 6 (RRP6), presented jointly by the Government of Lebanon, United Nations High Commissioner for Refugees (UNHCR), United Nations (UN) and Non-Governmental Organisations (NGOs) partners, is to be considered as the strategic response for Lebanon and cover of the humanitarian needs

¹ UNDP Poverty, Growth and Inequality in Lebanon, 2007.

for period from January to December 2014. Also in this timeframe, it forecasts at least 100,000 Palestine Refugees from Syria (PRS) and up to 50,000 Lebanese returnees². Requirements for the response amount to over USD 1.7 billion with an additional USD 165 million presented by Government of Lebanon for direct support to national institutions.

Besides, in order to provide a solid basis to define its needs and frame its priorities in terms of the specific assistance it seeks from the international community as well as to inform its own domestic policy response, the Government of Lebanon requested the World Bank to lead an Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon which was subsequently transposed into a roadmap "*Lebanon roadmap of priority interventions for stabilization from the Syrian conflict*" (October 2013). The roadmap estimates the needs to finance additional municipal services and programmes to help reduce communal tensions and enhance social cohesion in Lebanese municipalities and host communities. The needs of the SWM sector are estimated to USD 100 million.

Regarding the national development policy of the sector itself, direct responsibility for Solid Waste Management (SWM) lies with the municipalities. Currently there exist 42 Unions of Municipalities in Lebanon to address common issues. However, very little collaboration takes place despite the high transaction costs associated with fragmented delivery systems. While municipalities are responsible for operating all collection and treatment systems, they suffer from lack of resources as well as operational solid waste management experience, preventing them from delivering services effectively.

2.2.2. *Sector context: policies and challenges*

The lack of waste management is one of the most acute sources of tensions between the host communities and the Syrian refugees. Indeed, the Solid Waste Management (SWM) situation is becoming more pronounced to the brink of a national crisis, hence the need for immediate intervention. It is therefore of utmost importance to contribute to address these needs in a quick and effective manner, by improving SWM infrastructure at local level.

Before the crisis, Lebanon generated around 1.94 million tons (2010) of solid waste per year, with a municipal solid waste generation growth of 1.65% per year. At that time, SWM was already among the most significant environmental challenges to Lebanon. Indeed, the system is mainly based on collection and open dumping in most of the areas in Lebanon except for Beirut and part of Mount Lebanon where treatment of waste consists on sorting and composting and sanitary landfilling. A private operator is dealing with all SWM related activities from collection to disposal.

The current crisis has doubled the quantity of solid waste generated in several areas, mainly those with high concentration of refugees causing severe challenges for solid waste collection and disposal. The impact of the increased waste load on the natural environment is major particularly in terms of polluting surface, ground and marine waters, together with increasing soil pollution. In addition, the quantities and types of medical waste are expected to increase given that many refugees are seeking medical treatment. Thus, this waste stream is expected to increase environmental and public

² Until January 2014 there were 51,000 PRS and 17,500 Lebanese returnees.

health problems given that medical waste is currently not collected nor treated separately from municipal waste (with the exception of a few large hospitals).

Most of the existing legislation regarding SWM is oftentimes outdated or incomplete. Other instruments were enacted spontaneously with little regards for implementation. The main relevant document regarding SWM is the *Municipal Solid Waste Management plan* to Lebanon which was approved by the Council of Ministers in June 2006 and revised in 2010. This Master Plan recognises four services areas (1) North Akkar, (2) Beirut & Mount Lebanon, (3) Bekka & Baalbek-Hermel and (4) South and Nabatieh and proposes an integrated approach to SWM involving collection and sorting, recycling, composting and landfilling (June 2006) and incinerating and waste-to-energy (September 2010).

2.3. Lessons learnt

The EU has already had success with adopting a two-step approach to refugee crises providing emergency humanitarian assistance while at the same time addressing medium to long term needs in host communities. The improvements made to local host communities can alleviate the pressure felt by hosts and refugees alike and play a significant role in reducing brewing tensions between the groups.

All responses to the crisis, including previous responses through the European Neighbourhood and Partnership Instrument (ENPI), have shown that the situation on the ground develops faster and further than projections and the interventions designed. For that reason, a large degree of flexibility will be required for any intervention addressing medium to long term needs in order to allow for an effective response to the evolving needs of the beneficiary populations.

Lessons have been drawn regarding implementation modalities both on institutional set-up and coordination from two similar projects, in particular:

- the EU-funded programme "*Assistance to the Rehabilitation of the Lebanese Administration (ARLA)*"³: the project was successfully supported by the Office of the Ministry of State for Administrative Reform (OMSAR) which demonstrated a comprehensive experience in managing and implementing SWM projects. OMSAR is currently providing funds to support Operation and Maintenance (O&M) of these solid waste treatment plants.
- part of the programme "*Upgrading Basic Services in Communities in Lebanon*"⁴ implemented by UNHCR and under which a strong coordination framework has been developed, could be used for the current project.

2.4. Complementary actions

This action is complementary to the support already provided by the EU, certain EU Member States, other donor countries, international organisations and NGOs, to address the humanitarian and non-humanitarian needs caused by the conflict in Syria and the substantial influx of refugees to Lebanon as set forth in the RRP5. In addition, the EU has been closely involved in the preparation of the World Bank's Economic and Social Impact Assessment (ESIA). Hence, coordination with interventions of the other donors will be ensured.

³ C(1996)2528 adopted on 18 September 1996.

⁴ C(2013)6371 adopted on 3 October 2013.

On the other hand, a tight collaboration with ECHO has also been established to ensure complementarity with the emergency humanitarian response which ECHO provides.

The objectives and results of the programme presented in this action document will complement the following projects:

- The EU-funded programme "*Assistance to the Rehabilitation of the Lebanese Administration (ARLA)*" (EUR 14 million out of EUR 35 million), which has successfully supported eleven rural municipalities in improving their solid waste services. This project financed the construction of Solid Waste Management facilities (in particular solid waste treatment plants) and equipment (bins and trucks). It was closed in March 2011 and since then OMSAR is still providing technical and financial support to these municipalities that will be targeted by Component 2 of the current project.
- Three EU-funded projects (currently under implementation) include capacity building components respectively to the Ministry of Energy and Water, the Ministry of Environment and the Ministry of Agriculture: the EUR 9 million "*Support for infrastructure strategies and alternative financing*"⁵, the EUR 8 million "*Support to reforms and environmental governance*"⁶ and the EUR 14 million "*Agriculture and Rural Development*"⁷ projects. These three programmes will support the revision and the drafting of legal frameworks in fields that are related to SWM (e.g. waste-to-energy laws, responsibilities and mandates of SWM).
- The "*Support to municipal finance*"⁶ programme (EUR 20 million) which has been reoriented to enhance the municipalities' ability to design and implement infrastructure projects for water supply, sanitation and solid waste disposal. This project will strengthen the resilience of host communities of Syrian refugees by upgrading municipal service especially with regard to SWM. Since the scope and the beneficiaries profiles between the two projects are similar, good coordination between the implementing partners will be sought to seek synergies throughout the implementations of the projects.
- The programme "*Support to enhance basic infrastructure and economic recovery in Lebanon*"⁷ is to be implemented with a total estimated cost of EUR 18 million aiming at improving the overall efficiency and effectiveness of basic services provided to the Lebanese communities affected by the influx of Syrian refugees. This project will achieve its objective by enhancing economic recovery through creation of revenue generating activities. Since the this programme and the SWAM project will work in the same geographical areas on similar topics, good coordination will foster synergies.
- Part of the programme "*Upgrading Basic Services in Communities in Lebanon*" (EUR 9 million out of EUR 12 million) will also contribute enhancing water and sanitation hence also responding to the basic services needs of the host communities.

⁵ C(2010)7440 adopted on 29 November 2010.

⁶ C(2011)5703 adopted on 11 August 2011.

⁷ C(2013)5680 adopted on 9 September 2013.

- Finally, the *Annual Action Programme for 2014* foresees another similar Solid Waste Management programme with the same scope and institutional set-up that will cover other geographical areas very affected by the influx of Syrian refugees with particular emphasis on the south of the country. This new programme should normally start its activities during the 2nd semester of 2014.

2.5. Donor coordination

It is intended to establish close cooperation with international financial institutions and other donors within the framework of this programme in order to avoid any overlapping activities, and to foster complementary results and measures' impact. The Office of the Ministry of State for Administrative Reform (OMSAR), as Contracting Authority of this programme will facilitate the coordination with other line Ministries, in particular with the Ministry of Environment, thanks to its central role in many operations/projects in the sector in Lebanon.

The co-ordination between the Government, the donor community and UN agencies is critical in order to get ensure sustainable results on the ground as shown in section 2.4 (experience of ARLA Project). However, substantial efforts are still to be made to increase the actual involvement beyond formal aspects of the Government in the response provided. A new partnership will be established and developed with the Government in charge to enhance the efficiency of the response.

With regard to the Syrian crisis, the EU has a close working relationship with the Lebanese government, the main UN agencies involved in the response to the influx of Syrian refugees to Lebanon inter alia UNHCR, UNICEF⁸, WFP⁹, UNRWA¹⁰ and UNDP¹¹ as well as with a number of international and national NGOs that often act as implementing partners for UN agencies.

Regular co-ordination meetings are being conducted at various levels. Some are donor oriented, others are technical in nature (e.g. shelter, education, child protection, water, sanitation and hygiene (WASH)) inviting all involved partners to participate. There are both meetings held at Beirut level as well as in the regions at field level. The regular meetings are co-ordinated by UNHCR and involve donors, implementing and other partners and increasingly Lebanese authorities.

Coordination with other EU Members States and in particular with the Italian cooperation which is currently working on the development of a master plan on SWM in Baalbek will be systematically sought at all stages of the project.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this project is to contribute mitigating the impact of the Syrian crisis on Lebanese host communities by alleviating tensions related to health and environmental hazards.

⁸ United Nations Children's Fund.

⁹ United Nations World Food Programme.

¹⁰ United Nations Relief and Works Agency for Palestine Refugees in the Near East.

¹¹ United Nations Development Programme.

The specific objective of this project is to upgrade the provision of basic services regarding Solid Waste Management (SWM) in the most affected host communities.

3.2. Expected results and main activities

Expected results and main activities are as follow:

Component 1: Environmentally friendly municipal SWM systems are established in the regions affected by the influx of Syrian refugees according to national laws and regulations.

The main activities may include (but are not restricted to):

- Construction/extension/rehabilitation of sanitary landfills;
- Construction of sanitary landfills-related infrastructure such as access roads;
- Procurement of disposal and collection equipment (bins, trucks and compactors);
- Construction of solid-waste treatment plants with sorting and composting facilities.

For the activities above, the following sites will be targeted, namely: Baalbek, Zahlé, Jeb Jannine (Bekaa) and Srar (Akkar). These municipalities have been selected based on the fact that they are located in the poorest region of Lebanon particularly affected by the influx of Syrian refugees.

As far as possible, high labour intensive methods will be used to implement the activities under Components 1 in order to provide as many jobs as possible to disadvantaged population.

Component 2: Enhanced management and Operation and Maintenance (O&M) capacities of the targeted municipalities by Component 1 of this programme and the eleven municipalities which benefited from ARLA project regarding their local SWM facilities.¹².

When appropriate, capacities of the local authorities in charge of the management of the solid-waste systems will be strengthened. Main activities may include (but are not restricted to):

- Support to Operation and Maintenance (O&M) of the facilities;
- Legal support in drafting agreements amongst the municipalities using common infrastructure;
- Support in procurement for recruiting contractors (e.g. to operate solid-waste treatment plants), purchasing equipment and carry-out works.

A dedicated long-term technical assistance will directly support the implementation of this component. This will also contribute in securing the sustainability of the project's results.

¹² Baalbek which is part of the target municipalities under this project also benefited from ARLA project.

The local authorities benefiting from Component 1 as well as those benefiting from the EU-funded ARLA project will be targeted by this Component.

3.3. Risks and assumptions

The main assumption is that the Syrian crisis will be protracted and that the influx of Syrian refugees to Lebanon will continue. In light of the unpredictability of the political and security situation in Syria, the project will need to maintain a degree of flexibility in order to be able to adapt to an evolving context.

Risks include:

- The Syrian conflict could spill-over into Lebanon. This could jeopardise the project and cut-off access to Lebanese territory for international organisations and actors;
- The Lebanese authorities will be hampered in dealing with the crisis due to political constraints and limitations on capacities and resources;
- Some actors in the international community (state and non-state actors) could provide interventions outside the established co-ordination mechanisms, which could lead to cases of duplication of support;
- Lack of commitment of central and/or local authorities (e.g. election of a new government that doesn't prioritise the SWM sector, lack of coordination among municipalities).
- Lack of capacity of the Municipalities to deal with the contractors involved in the construction, design and Operation and Maintenance (O&M). This risk will be mitigated by a strong support of the technical assistance through dedicated on-the-job training to municipalities.

3.4. Cross-cutting issues

The *environmental impact* of the projects is expected to be positive as the intervention will assist Lebanon in managing the refugee influx, which in itself has a negative effect on the environment due to the increase in demand for resources and by creating additional pressure on existing solid waste infrastructure. An Environmental Impact Assessment (EIA) has already been carried out for Baalbek. It considers the (i) definition of the legal and institutional frameworks, (ii) description of the project and the environment, (iii) evaluation of the impacts, identification of mitigation measures, and (iv) presentation of an environmental management plan (EMP). Similarly, an EIA will also be done for Srar.

The project will have a positive effect on *gender equality* as it will facilitate public services provisions for most vulnerable families, in particular the provision of solid-waste related services. Access to SWM services to women will be promoted under this project by expanding its outreach to households in which women have traditionally a critical role to play when it comes to solid-waste disposal (e.g. rolling up collection and sorting facilities, awareness campaign at household level).

By working directly with Local Authorities and their capacities, the project will significantly contribute to *good governance* and support Lebanese authorities in their management of local assets and services. Involvement the municipalities in all

aspects of the project, in particular during discussions with the private sector, will ensure ownership by the local authorities and in turn contribute in securing the sustainability of the project's results.

In addition, *community empowerment* activities will engage citizens and refugees in the identification of needs and possible solutions to the challenges faced by affected areas. Through its efforts to mitigate the impact of the influx of refugees the project will assist in defusing potential tension between refugees and host communities and positively affect refugee protection and conditions.

3.5. Stakeholders

For this programme, the main stakeholder and implementer at government level is the *Office of the Ministry of State for Administrative Reform* (OMSAR), which has demonstrated a comprehensive experience in managing and implementing infrastructure projects at country's level in the past, including EU funded programmes.

The municipalities of Baalbek, Zahlé, Jeb Jannine (Bekaa) and Srar (Akkar) and the eleven municipalities which benefited from the EU-funded ARLA project will be targeted. However, this project will benefit a much bigger number of municipalities since the facilities will be shared by other municipalities that are part of the SWM systems of the above municipalities. It is expected that facilities provided under Component 1 for the 4 targeted municipalities of Baalbek, Zahlé, Jeb Jannine and Srar the project will also benefit all the 235 municipalities which are part of their respective SWM systems representing a population of 1,350,000 inhabitants. Component 2 of the project will support, amongst other things, all these municipalities in formalising the use and the management of these facilities through dedicated agreements (see activities under Component 2). The selection of municipalities chosen to host SWM infrastructure are in line with the approved Municipal Solid Waste Management plan (2010).

The *private sector* will also play an important role in this programme since they will be involved in the management and the O&M of the facilities. The project will pay a special attention to the contractual relationship between the municipalities and the contractors.

Finally, the *civil society* will also be involved in the project, particularly environmental groups and non-governmental organisations. In particular these groups will be strongly associated to the Environmental Impact Assessments that will be conducted under this project. They could also be involved throughout their activities to the environmental monitoring of the project.

As far as possible, high labour intensive methods will be used to implement the construction activities under Component 1 in order to provide as many jobs as possible to *disadvantaged population*. This income generating scheme would assist the refugees and the hosts in re-capturing part of the income they have lost during the crisis, and render them less dependent on aid.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

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

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 60 months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1. *Indirect management with the Republic of Lebanon*

This action with the objective of upgrading the provision of basic services regarding Solid Waste Management (SWM) will be implemented in indirect management with Lebanon in accordance with Article 58(1)(c)(i) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control *ex ante* all the procurement and grant procedures.

Payments are executed by the Commission.

The financial contribution does not cover the ordinary operating costs deriving from the programme estimates.

The change of management mode from indirect to direct management, whether partially or entirely, is not considered a substantial change.

In accordance with Article 262(3) of Delegated Regulation (EU) No 1268/2012, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, will be laid down in the financing agreement concluded with the partner country.

A Programme Steering Committee will be set up to oversee and validate the overall direction and policy of the programme. It will be composed of the Council for Development and Reconstruction, the Economic and Social Fund for Development, the European Commission and other relevant stakeholders.

4.3.2. *Procurement (direct management)*

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation	Services	2	Second semester of 2 nd year Second semester of 4 th year
Audit	Services	1	Second semester of 1 st year

4.4. Scope of geographical eligibility for procurement and grants

Subject to the following, 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 shall apply.

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

4.5. Indicative budget

Module	Amount in EUR thousands	Third party contribution
4.3.1. - Indirect management with the Republic of Lebanon	13,250	/
4.7. - Evaluation and audit	150	/
4.8. - Communication and visibility	200	/
Contingencies	400	/
Total	14,000	/

4.6. Performance monitoring

Achievements will be monitored regularly by the Ministry of State for Administrative Reform (OMSAR) as Contracting Authority, which shall set up a programme's technical and financial monitoring system. Regular progress reports will be generated.

All results will be reported to the European Commission, which may also carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

4.7. Evaluation and audit

The Commission will carry out external evaluations (via independent contractors), as follows:

- a mid-term evaluation mission;

- a final evaluation, at the beginning of the closing phase.

The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.

The Commission shall inform the Beneficiary at least three months in advance of the dates foreseen for the external missions. The Beneficiary shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

Audit missions might be carried out as necessary and in addition to the foreseen verification measures.

An amount of EUR 150,000 is earmarked for audit and evaluation purposes which will be implemented through procurement under direct centralised management (service contracts).

4.8. Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

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

EN

ANNEX 2

of the Commission implementing Decision amending Decision C(2013)4452 with a view to approving the special measures "Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)" and "Recovery of Local economies in Lebanon" under the SPRING 2013 programme

Action Document for "Recovery of Local Economies in Lebanon"

1. IDENTIFICATION

Title/Number	Recovery of Local Economies in Lebanon CRIS number: ENPI/2013/024-991		
Total cost	Total estimated cost: EUR 7,000,000 Total amount of EU budget contribution: EUR 7,000,000		
Aid method / Management mode and type of financing	Project Approach Indirect management with the Republic of Lebanon - Council for Development and Reconstruction (C.D.R.)		
DAC-code	31140	Sector	Agricultural relief and rehabilitation

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The EU mobilised additional funds, through SPRING, to mitigate the impact of the Syrian crisis in Lebanon.

This project aims to alleviate the medium and longer term needs of host communities in areas in Lebanon with high Syrian refugee concentrations and includes the findings and recommendations of the Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon conducted by the World Bank. The action is aligned with the response plans of the Lebanese government and the UN, the Regional Response Plan 6 (RRP6) and coordinated with the efforts of international community.

The overall objective of this project is on recovering local economies in Lebanese communities particularly affected by the influx of refugees, specifically in the agricultural sector, by far the most important sector to provide livelihood and job opportunities in these hosting areas. The specific objective of this project is to improve the productivity of small-scale sustainable agriculture.

The project will be implemented through the Economic and Social Fund for Development ESFD¹/CDR, an EU funded project, involved in local development for the last 10 years.

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Lebanon is characterised by regional socio-economic disparities with almost 30% of the population living under the poverty line and 8% under the extreme poverty line. Due to the absence of a modern legal framework on decentralisation, a lack of appropriate human and financial capacities and a non-performing fiscal system, the quality and accessibility of public services is often quite low.

The continued conflict and increasing violence and hardship in Syria force evermore Syrians to seek refuge, in particular in neighbouring countries such as Lebanon. Lebanon alone has so far been the main recipient with more than 938,392 refugees registered or awaiting registration by 24 February 2014. This number is expected to continue to increase. As some refugees are hesitant to register with the United Nations High Commissioner for Refugees (UNHCR), the actual number of Syrian refugees is considered to be much higher.

The influx of refugees was initially concentrated in the northern region, but quickly expanded to also include southern region and the Bekaa Valley. There are now Syrian refugees in most parts of the country spread across more than 1,500 different locations, but the concentrations remain in the north (29.4%), including the city of Tripoli, and in the Bekaa Valley (34.2%). Both regions are among the poorest in Lebanon and are characterised by weak infrastructure and limited livelihood opportunities. Even before the influx of refugees, the resources were limited. After having hosted refugees, often in private homes, the resources of host communities are stretched to the limit.

The conflict is estimated to negatively and materially affect the poverty, livelihoods, health and human capital conditions of the Lebanese people. According to the World Bank assessment (*Economic and Social Impact Assessment* - ESIA), by end-2014, some 170.000 additional Lebanese will be pushed into poverty (over and above the current 1 million below the poverty line). Furthermore, an additional 220,000-324,000 Lebanese, primarily unskilled youth, are expected to become unemployed, thus doubling the unemployment rate to over 20 percent. The influx of refugees has challenged the already weak public social services sector in Lebanon and social tensions, including gender issues, among refugees and Lebanese communities are on the rise.

Prior to the Syrian crisis, labour market conditions in Lebanon were already dire. High unemployment rates coexisted with mismatches in the labour market and a high prevalence of low-quality and low-productivity jobs. The influx of Syrian refugees is

¹

The Economic and Social Fund for Development (ESFD) project belongs to the stabilising initiatives of the Government of Lebanon. The ESFD is a permanent organisation for poverty alleviation, established as an autonomous department at the Council for Development and Reconstruction (CDR).

expected to increase labour supply by between 30 and 50 percent-with the largest impacts on women, youth, and unskilled workers. Such a massive increase in the number of individuals looking for jobs at a time when economic activity is subdued is expected to have major effects on labour market outcomes. The overall unemployment rate and the share of informal work in total employment could both increase each by up to 10%.

2.2.1.2. National development policy

As the Syrian conflict is highly divisive in Lebanon, the Government adopted a so-called "disassociation policy" vis-à-vis the conflict. This meant, inter alia, that the refugee issue remained largely un-addressed by the Government until December 2012 when the Lebanese Prime Minister launched its plan "Response of the Government of Lebanon to the Crisis of Syrian Displaced Families". The plan was the first official recognition of the urgency of the crisis and of the responsibility of the Government in dealing with it. The response plan presented a global approach that intends to bring together all the actors – the UN, local and international NGOs as well as donors - under the umbrella of the Lebanese Government. An inter-ministerial committee (IMC) headed by the Prime Minister was set up to implement the response plan. The Ministry of Social Affairs was put in charge of co-ordination.

In 2013, the Regional Response Plan 5 (RRP5) identified for Lebanon needs amounting to USD 1.7 Billion. Also in this timeframe, it forecasted at least 80,000 Palestine Refugees from Syria (PRS), up to 49,000 Lebanese returnees. The newly prepared RRP6, presented jointly by the Government of Lebanon, UNHCR, United Nations (UN) and Non-Governmental Organisations (NGOs) partners, is to be considered as the strategic response for Lebanon and cover of the humanitarian needs for period from January to December 2014. Requirements for the response amount to over USD 1.7 billion with an additional 165 million presented by Government of Lebanon for direct support to national institutions.

Besides, in order to provide a solid basis to define its needs and frame its priorities in terms of the specific assistance it seeks from the international community as well as to inform its own domestic policy response, the Government of Lebanon requested the World Bank to lead an Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon. (October 2013).

2.2.2. *Sector context: policies and challenges*

The massive presence of the Syrians is mostly perceived by the Lebanese as a humanitarian problem, with severe shortages in the provision of basic needs (shelter, health, education, basic infrastructures, etc.) but also as a threat to their wellbeing and their security. Hence, tensions are accumulating in the different host communities.

At the same time, the Lebanese economy is already hampered by severe distortions in prices and resource allocation and suffers from low jobs creation, inducing a massive and persistent emigration.

Agriculture represents 5 to 6% of Lebanon's GDP; however a much higher percentage of the population - at least 30% - directly or indirectly draws income from this sector. At the local level, farmers constitute a vulnerable community due to small exploitations, low productivity, inequality in ownership and access to productive

assets. Rural women suffer vulnerability and a lack of access to the different infrastructures.

The agricultural sector in Lebanon is facing several challenges, including institutional, policy, structural, technological, financial and human resources constraints, hindering its development and resulting in a low performance of the sector, combined with a degradation of natural resources.

Over the years, agricultural land use in Lebanon has gradually changed from production systems based on cereals to a more intensive production of fruits and vegetables. As a result, agricultural value-added per hectare has increased².

Water scarcity, rather than land resources, is currently limiting the expansion of agricultural production. Nonetheless, water efficiency in most existing irrigation schemes is usually quite low, especially in the large to medium scale irrigation schemes built with public funds. At the same time, uncontrolled private well drilling and pumping, results in a significant lowering of the water table and in an increased salinity.

The proportion of abandoned or unused land is relatively higher among small farmers than large ones. Reasons for not cultivating the land are diverse; it may be difficult to access, the productivity may be low, there may be a lack of irrigation water or owners may have abandoned the agricultural activities without selling or leasing their land to other farmers. As a general rule, interest for re-cultivating these lands is low, except where irrigation systems that small farmers cannot afford are developed.

Prior to the Syrian crisis, new problems affecting agriculture arose, such as vulnerability to critical climatic phenomena, increased demand from emerging markets, prices volatility, and speculation on raw materials. Furthermore, because of a lack of consistent strategic planning in the agricultural sector in the past decades, agricultural production in Lebanon declined in comparison with neighbouring countries and when compared with other economic sectors. This situation has major consequences for the trade balance especially at a time when Lebanon is engaged in agricultural commodities which are subject to international free-trade agreements.

In the last few years, the Lebanese Government, realising the excellent potential of the agricultural sector, has made the strategic choice of revitalising the sector and shifting towards a more competitive and sustainable system that is more attractive to investment. The Ministry of Agriculture's Strategic Plan 2010-2014 could serve as the foundation of a comprehensive sector strategy that also integrates the broader needs of rural development.

The strategy highlights the development of the rural and agriculture sectors to promote socio-economic growth which will contribute to (i) balancing the development between regions; (ii) reducing poverty and malnutrition; (iii) improving food security through improvement in the quality, quantity, and prices of products; (iv) minimising rural immigration; and (v) strengthening the role of women and youth in development.

²

The 2010 Agricultural Census indicates that the use of cultivated land is dominated by fruit trees (31%), olive trees (23%), cereals (20%), followed by horticultural crops (17%), industrial crops (4%), legumes (4%), and fodder (1%).

Increasing the mobilisation of water resources and improving water efficiency has been identified as a main pillar of the Government's agricultural strategy. Studies and forecasts have revealed a deficit in water availability for agricultural production in Lebanon by 2015. It is estimated that the amount of water needed for irrigation will be more than 60% of the available water resources. Improving water conservation and reduction of water pollution are considered essential for supporting economic and social needs. However, programmes to mobilise water and financial resources are still minimal, and the role of micro water development schemes is underestimated. Increasing water harvesting and the use of modern irrigation techniques at the farm level will become a more economical way of increasing water availability, yields, production, and income, particularly for the poor smallholders.

A large part of the displaced Syrians, who themselves come from rural areas in Syria, live in rural areas in Lebanon where the most severe cases of poverty are found. Indeed, Syrian labour force in Lebanon has always been predominantly working in agriculture. Hence, priorities are twofold in the sector: on the one hand, the existing and the potential agricultural skills and, on the other hand, the intensity of agricultural needs. Agriculture in terms of the exchange of goods and labour is by far the segment of economy and society that is the most integrated between Syria and Lebanon. There is no legal restriction concerning agricultural labour work for Syrian refugees in Lebanon.

In order to select the geographic areas for the project intervention, the ESFD superimposed the '*UNHCR Registration trends for Syrians*' and the *ESFD poverty map for Lebanon*. This has resulted in the identification of cazas such as Akkar, Minyeh/Dinniye, Baalbeck, Hermel, Tyr, Hasbaya, Jezzine, Marjeyoun, Bent Jbeil, and others. The ESFD shall cooperate with the union of municipalities in these areas where the ESFD has extensive experience and abundance of local development plans that are readily available for financing.

Indeed, the North of Lebanon, the Bekaa and the South of Lebanon are considered to be three of the main agricultural regions in Lebanon. Agriculture in these areas is currently facing huge challenges but also offers real economic opportunities: 1) availability of manpower of the Syrian refugees; 2) potential new markets with the provision by the international community of daily foods to almost one million refugees.

2.3. Lessons learnt

The EU has already had success with adopting a two-step approach to refugee crises providing emergency humanitarian assistance while at the same time addressing medium to long term needs in host communities. The improvements made to local host communities can alleviate the pressure felt by hosts and refugees alike and play a significant role in reducing brewing tensions between the groups.

The co-ordination between the Government, the donor community and UN agencies has improved, although substantial efforts are still to be made to increase the actual involvement beyond formal aspects of the Government in the response provided. In case a new Government is appointed, a new partnership will need to be established and developed to enhance the efficiency of the response.

All responses to the crisis, including previous responses through the European Neighbourhood and Partnership Instrument (ENPI), have shown that the situation on the ground develops faster and further than projections and the interventions designed. For that reason, a large degree of flexibility will be required for any intervention addressing medium to long term needs in order to allow for an effective response to the evolving needs of the beneficiary populations.

Regarding implementation modalities lessons have been drawn, both on institutional set-up and coordination from a very similar project, ADELNORD (Programme d'appui au développement local dans le Nord Liban)³, implemented by CDR and ESFD.

2.4. Complementary actions

This action is complementary to the support provided by the EU to address the needs raised by the influx of refugees as a consequence of the crisis in Syria. Since the EU has been closely involved in the preparation of the World Bank's Economic and Social Impact Assessment (ESIA), coordination with interventions of other donors will be ensured. A tight collaboration with ECHO has also been established to ensure complementarity with the emergency humanitarian response.

The objectives and results of this programme will complement other EU projects which intervene already at 1) the national level: support to reform and elaboration of national strategies with the Ministry of Agriculture and ministry of Environment at 2) the regional level with the support to the Water Establishments through the water sector coordination group and projects related and at 3) the community level with municipalities, local authorities, cooperatives, NGO, various water users committees. These projects are namely:

- ✓ The "Agricultural and Rural Development Programme (ARDP)"⁴ (EUR 14 million), being implemented by the Ministry of Agriculture, which aims at improving the overall performance of the agriculture sector and improve livelihoods of rural and farming communities.
- ✓ The "Support to municipal finance reform in Lebanon" programme⁵ (EUR 20 million), being implemented by the Ministry of Interior and ESFD which shall also enhance the unions of municipalities' ability to design relevant infrastructure projects, and attract external financial means for their implementation.
- ✓ The programme "Appui au développement local dans le Nord Liban" (EUR 18 million), being implemented by the Council for Development and Reconstruction (CDR) and ESFD, which intervene in one of the most affected area in Lebanon. This project aims at developing the region, through agricultural infrastructures and accompanies small scale development projects defined by the local communities.
- ✓ The programme entitled "Support to enhance basic infrastructure and economic recovery in Lebanon"⁶ is to be implemented by ONGs with a total estimated cost

³ C(2008)3341 adopted on 4 July 2008.

⁴ C(2010)7440 adopted on 29 November 2010.

⁵ C(2011)5703 adopted on 11 August 2011.

⁶ C(2013)5680 adopted on 09 September 2013.

of EUR 18 million, aiming at improving the overall efficiency and effectiveness of basic services provided to the Lebanese host communities affected by the influx of Syrian refugees. This project intends to enhance economic recovery through creation of revenue generating activities.

It has to be noted that these EU funded projects work already with various institutions such as ministries, decentralised and regional antennas of these ministries, LARI (Government Research institutes for improving production), local authorities (municipalities and Unions of municipalities), Lebanese and international NGO's, various contractors, cooperatives and water user's. Through these projects, the EU Delegation has developed very strong partnerships with all these institutions.

The ESFD provides a unique and coherent support package to accelerate growth and employment, including sound business planning and access to business development loans. The job creation's mainstream programme started in 2005 and has since then expanded rapidly. It has established partnerships with banks, a credit line and a risk sharing scheme between the ESFD and its partner banks. This has allowed an extensive outreach to many small enterprises in most regions in Lebanon. Hence, the ESFD addresses the main constraints for small enterprise development in Lebanon, mainly the access to finance for business operations and the support to business development.

The Business Advisory Services (BDS) is an ESFD trademark and has over the years proved to be an important catalyst for lending activities. In the framework of the ESFD project, the BDS has provided support and developed un-banked business owners in poor areas into bankable clients who would, otherwise, not enjoy the benefits of financial services. The BDS field officers have been active in i) offering viable business ideas to SMEs, ii) assisting small enterprise owners in designing business plans, iii) preparing cash flow projections, iv) preparing loan applications, v) organising training sessions for SME owners and finally vi) supporting the submission of loan applications to ESFD partner banks with the necessary follow up.

Up to January 2014, the ESFD has financed a total of 6,450 projects and SMEs in the targeted regions, with loans equalling EUR 60 million approx. This is expected to increase the growth and prosperity of SMEs in the under-served regions of Lebanon and to create around 4,500 jobs.

2.5. Donor coordination

It is intended that a close cooperation will be established with international financial institutions and other donors within the framework of this programme. This will avoid any overlapping activities, and will foster complementary results and measures' impact. The Council for Development and Reconstruction (CDR), as the National Coordinator and as Contracting Authority for this project, will facilitate the donor coordination thanks to its central role in many operations/projects financed by donors in Lebanon.

With regard to the Syrian crisis, there is general consensus that the donor community should engage and support the Government in its response efforts. In this sense, the previous responses through the European Neighbourhood and Partnership Instrument (ENPI) to this crisis are aligned with the Government's plan. At the same time, the

co-ordination between the Government and UN agencies appears to improve but there is a need for continued focus and support.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective is to revive the local economy and create job opportunities for vulnerable groups, to help mitigate the impact of the Syrian crisis on Lebanon.

Given that the agricultural sector is by far the most important sector to provide livelihoods and job opportunities in the crisis-affected communities, this project has the specific objective to improve the productivity of small-scale sustainable agricultural activities.

3.2. Expected results and main activities

To achieve the project objective, the following two (2) results are expected.

a) The agro-chain sector, the productive agricultural infrastructure and other productive activities are improved at the local level

The aim is to improve the rural infrastructure to increase agricultural productivity as well as the capacity of local actors in managing and maintaining this infrastructure, while ensuring environmental sustainability.

A comprehensive coordination with the ministry of Agriculture and other EU funded projects (ARDP, ADELNORD) will take place in the framework of the Strategic Plan 2010-2014.

Main activities may include:

1. Rapid participatory assessment in the targeted communities. The communities will be targeted based on exposure to the crisis and their capacity to cope with it (number of refugees within the community, needs, capacities and potential to implement and sustain the activities foreseen);
2. Implementation of agricultural infrastructure projects that will improve irrigation distribution;
3. Implementation of agricultural infrastructure projects that will improve the quality of water;
4. In coordination with the regional water establishments, support to water users' associations or community based associations managing the irrigation (capacity building, trainings).

b) Agriculture products' competitiveness is increased

The project will provide:

1. Needs and demand-based knowledge and skills in agronomic techniques to rural communities in a systematic and participatory manner, with the objective of improving their production and income;
2. Non-financial services (training, business plan management, agricultural marketing and business studies) through the existing lending programme of the Economic and Social Fund for Development (ESFD).

The above activities should result in private sector development and should lead to an increase in job opportunities. Since the ESFD offers financial services targeting SMEs (including start-ups) across Lebanon to serve their growing financing needs, the Job Creation Component at ESFD shall boost employment opportunities through the provision of financial and non-financial services to the farmers. The ESFD shall also provide farmers with business advisory services, assisting them in designing business plans, preparing cash flow projections, preparing loan applications, and finally supporting the submission of loan applications to ESFD partner banks with the necessary follow up.

Municipalities and the Union of Municipalities will be closely involved with the technical service providers to ensure transparency and accountability of the project activities. They will play a direct role in the selection of the irrigation schemes and the beneficiaries. At the outset and throughout the project, Municipalities and the Union of Municipalities will work closely with the ESFD to mobilise their communities for the activities of the project.

Main activities may include:

1. Dissemination of useful and practical information related to agricultural activities; including the sustainable use and application of seeds, fertilizers (organic and inorganic), pesticides as part of integrated pest management, improved cultural practices and livestock;
2. Ensuring the practical application of useful knowledge to both farmers and households;
3. Providing individual farmers with systematic and needs oriented business training (technical, financial, administrative, legal, managerial and eventually other business skills);
4. Providing individual farmers with business advisory services, assisting them in designing business plans, preparing cash flow projections, preparing loan applications, and finally supporting the submission of loan applications to ESFD partner commercial banks.

3.3. Risks and assumptions

It is widely expected that the Syrian crisis will be protracted and that the influx of Syrian refugees to Lebanon will continue. In light of the unpredictability of the political and security situation in Syria, the project will need to maintain a degree of flexibility in order to be able to adapt to an evolving context. Hence, main risks include:

- ✓ The Syrian conflict could spill-over into Lebanon. This could jeopardise the project and cut-off access to Lebanese territory for international organisations and actors;
- ✓ The Lebanese authorities will be hampered in dealing with the crisis due to political constraints and limitations on capacities and resources;
- ✓ Some actors in the international community (state and non-state actors) could provide interventions outside the established co-ordination mechanisms, which could lead to cases of duplication of support;
- ✓ Return of refugees to Syria due to end of conflict and improvement of living conditions in the country (positive "risk").

To mitigate these risks, the EU has decided that this project will work with ESFD, a permanent project which has some staff on the field and which is used to work with local authorities and communities in the targeted areas.

3.4. Cross-cutting issues

The environmental impact of the projects is expected to be positive as the intervention will assist Lebanon in managing the refugee influx, which in itself is likely to have a negative effect on the environment due to the increase in demand for resources and by creating additional pressure on existing infrastructure. For some activities, especially irrigation, an Environmental Impact Assessments (EIA) will be carried out.

The project will have a positive effect on gender equality as it will train and employ more women as extension agents, as well as facilitating and increasing interaction between male extension agents and women farmers. The project may conduct a gender analysis of the farming system. The findings will be used in training sessions, the research agenda and the planning of extension messages and activities.

By working directly at local level, the project will significantly contribute to good governance and support Lebanese authorities in their management of local assets and services. In addition, community empowerment activities will engage citizens and refugees in the identification of needs and possible solutions to the challenges faced by affected areas.

By the end of the project, the ESFD shall make sure that the post-project sustainability is not based on a reliance on government support. In the case of water projects for instance, the Water User Association / Water User Groups or local committee designated as 'water management groups' (in partnership with municipalities and Union of Municipalities) will be fully in charge of Operation and Maintenance of water reservoirs and irrigation schemes, and other soil and water conservation common structures built under the project.

Through its efforts to mitigate the impact of the influx of refugees the project will assist in defusing potential tension between refugees and host communities and positively affect refugee protection and conditions. This would positively affect refugee protection and human rights overall.

By empowering local communities they are given a stronger voice in the identification of needs and assistance.

3.5. Stakeholders

The success of this programme depends on the degree of ownership of its actors both at decision-making as well as at implementation level. It is therefore crucial to involve local and central Lebanese institutions as well as the direct beneficiaries in the planning, implementation and daily management of the programme.

The main stakeholder at government level is the Council for Development and Reconstruction (CDR) as National Coordinator and as Contracting Authority. The CDR has demonstrated a comprehensive experience in managing and implementing infrastructure projects at country's level. The Economic and Social Development Fund (ESFD) will act as supervisor of the project.

In addition, considering their importance in the local governance, municipalities will play a significant role in projects design and implementation, but also as communication relays towards local populations who will directly benefit from the actions of the programme. Wherever possible, the civil society, agricultural institutions such as LARI, Green Plan, Chamber of Commerce Industry & Agriculture of Tripoli & North Lebanon (CCIAT) private sector operators (as vectors of green economy's development), cooperative and water user's associations will also be involved in this programme.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

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

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2 and 4.3 will be carried out, is 60 months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

4.3.1. *Indirect management with the partner country*

This action with the objective of facilitating the recovery of local economies may be implemented in indirect management with the Republic of Lebanon in particular with the Council for Development and Reconstruction (CDR) in accordance with Article 58(1)(c)(i) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 50,000 and may apply ex post control for procurement contracts up to EUR 50,000. The Commission will control ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts up to the ceilings indicated in the table below.

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

The financial contribution covers, for an amount of EUR 800,000 the ordinary operating costs incurred under the programme estimates.

The change of management mode from indirect to direct management, whether partially or entirely, is not considered a substantial change.

In accordance with Article 262(3) of Delegated Regulation (EU) No 1268/2012, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, will be laid down in the financing agreement concluded with the partner country.

A Programme Steering Committee will be set up to oversee and validate the overall direction and policy of the programme. It will be composed of the Council for Development and Reconstruction, the Economic and Social Fund for Development, the European Commission and other relevant stakeholders.

4.3.2. Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation	Services	2	Second semester of 2 nd year Second semester of 4 th year
Audit	Services	1	Second semester of 1 st year

4.4. Scope of geographical eligibility for procurement and grants

Subject to the following, 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 shall apply.

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

4.5. Indicative budget

Module	Amount in EUR thousands	Third party contribution (indicative, where known)
4.3.1. – Indirect management with Republic of Lebanon	6,600	N.A.
4.7. – Evaluation and audit	100	N.A.
4.8. – Communication and visibility	100	N.A.
Contingencies	200	N.A.
Totals	7,000	N.A.

4.6. Performance monitoring

Achievements will be monitored regularly by the Council for Development and Reconstruction as Contracting Authority, which shall set up a programme's technical and financial monitoring system. Regular progress reports will be generated. The Contracting Authority will be assisted in this task by a supervisor, the Economic and Social Development Fund.

All results will be reported to the European Commission, which may also carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

4.7. Evaluation and audit

The Commission will carry out external evaluations (via independent contractors), as follows:

- a mid-term evaluation mission;
- a final evaluation, at the beginning of the closing phase.

The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the

reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.

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

Audit missions, including technical audits, might be carried out as necessary and in addition to the foreseen verification measures.

An amount of EUR 100,000 is earmarked for audit and evaluation purposes which will be implemented through procurement under direct management (service contracts).

4.8. Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors, grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts, and delegation agreements.

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