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ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2014
in favour of the Republic of Lebanon

Action Document for
"Upgrading Solid Waste Management capacities in Lebanon (SWAM 2)"

1. IDENTIFICATION

Title/Number	Upgrading Solid Waste Management capacities in Lebanon (SWAM 2) CRIS number ENI/2014/025-014		
Total cost	Total estimated cost: EUR 21,000,000 Total amount of EU budget contribution: EUR 21,000,000		
Aid method / Method of implementation	Project approach: Indirect management with the Republic of Lebanon		
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 alleviate the medium and longer term needs of the Lebanese host communities in areas with high Syrian refugees concentrations, 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 line.¹ 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 962,000 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 (27.44%), including the city of Tripoli, and in the South (12.25%).

This represents respectively an increase of 31.3% and 12.2% of the population in these regions. With respectively over 31.2% and 37.3% 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.

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 of Lebanon until December 2012 when the 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 of Lebanon in dealing with it. The response plan presented a global approach that intends to bring together all the actors – the UN, local and international Non-Governmental Organizations (NGOs) as well as donors - under the umbrella of the government of Lebanon. An inter-ministerial committee (IMC) headed by the Prime Minister was set up to implement the response plan. The Ministry of Social Affairs (MoSA) 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 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. Also in this timeframe, it forecasts at least 100,000 Palestine Refugees from Syria (PRS) and up to 50,000 Lebanese returnees^[1]. 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.

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

[1] Until January 2014 there were 51,000 PRS and 17,500 Lebanese returnees.

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 stabilisation from the Syrian conflict" (October 2013).

The roadmap estimates the needs to finance additional municipal services and programs 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 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 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 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 (CoM) in June 2006 and revised in 2010. This Master Plan recognizes 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)*": 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*" 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 RRP6. 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.

So far, the EU has allocated EUR 333 million in additional funds to respond to the crisis in Lebanon, out of which 170.8 million are ENPI funds. The funds are channelled through UN agencies and NGOs in coordination with the Ministry of Social Affairs (MoSA). Of these funds:

- EUR 92.5 million have already been committed for Lebanon through the ENPI budget and the Instrument for Stability (IfS) to address medium and long term needs in the areas of: education, health, reinforcing the capacities of the Lebanese authorities to deal with crisis, local community empowerment and support to PRS.
- The European Commission has by October 2013 allocated EUR 135 million in emergency humanitarian assistance to Lebanon (through ECHO) through UN agencies and European NGOs.

The objectives and results of the programme presented in this Action Document will complement the following projects:

- The 1st SWAM programme (EUR 14 million) funded under the *SPRING 2013* allocation. This programme is totally similar to this one with similar objectives and institutional set-up.

However, it will cover other geographical areas also very affected by the influx of Syrian refugees and will give priority to the Northern region and the Bekaa. This programme should normally start its activities during the 2nd semester of 2014.

- The EU-funded programme "*Assistance to the Rehabilitation of the Lebanese Administration (ARLA)*" (EUR 14 million), which has successfully supported eleven rural municipalities in improving their solid waste services. This project financed the construction of SWM 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 this project.
- Three EU-funded projects (currently under implementation) include capacity building components respectively to the Ministry of Energy and Water (MoEW), the Ministry of Environment (MoE) and the Ministry of Agriculture (MoA): the EUR 9 million "Support for infrastructure strategies and alternative financing", the EUR 8 million "Support to reforms and environmental governance" and the EUR 14 million "Agriculture and Rural Development" 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). In addition, it will complement the EU-funded regional programme *Horizon 2020 Initiative to de-pollute the Mediterranean Sea*, one of whose focus areas is SWM. The Initiative includes an infrastructure development component (the Mediterranean Hot Spots Investment Programme (MeHSIP) project under the responsibility of the

European Investment Bank (EIB), a capacity building component and a monitoring component.

- The "Support to municipal finance" 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" 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 this programme and the SWAM 2 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

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 OMSAR, as Contracting Authority of this programme will facilitate the coordination with other line Ministries, in particular with the MoE, thanks to its central role in many operations/projects in the sector in Lebanon.

The co-ordination between the government of Lebanon, the donor community and UN agencies is critical in order to get ensured 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 of Lebanon in the response provided.

A new partnership will be established and developed with the newly appointed Government to enhance the efficiency of the response.

With regard to the Syrian crisis, the EU has a close working relationship with the government of Lebanon, the main UN agencies involved in the response to the influx of Syrian refugees to Lebanon inter alia United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Food Programme (WFP), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and United Nations Development Programme (UNDP)

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 supporting mitigating the impact of the Syrian crisis on Lebanese host communities by alleviating tensions related to health and environmental hazards.

The *specific objective* of this project is to upgrade the provision of basic services regarding SWM.

3.2. Expected results and main activities

Expected results and main activities are as follow:

- *Expected result 1: Environmentally friendly municipal SWM systems are established in region most affected by the influx of Syrian refugees according to national laws and regulations.*

Main activities may include:

- Construction/extension/rehabilitation of sanitary landfills;
- Sanitary landfills-related infrastructure such as access roads;
- Provision of disposal and collection equipment (bins, trucks and compactors);
- Construction/extension/rehabilitation of solid-waste treatment plants

For the activities above, the following sites have been identified, namely:

Beneficiary	Solid-waste Treatment facilities			Sanitary landfill
	Sorting / Recycling	Composting	Biogas digester RDF* Medical waste	
Bekaa				
Jeb Janine Union				
Mount Lebanon				
Jbeil				
Nabatyeh				
Unions of Nabatyeh-Chqif				
Ansar				
Bint Jbeil				
Khiam				
Qabrikha				
North Lebanon				
Union of Al Fayhaa Municipalities - Tripoli				
Union of El Menieh				
Michmich - Akkar				
Srar				
Koura				
Zgharta				
Daneyeh				
South Lebanon				
Union of Municipalities of Tyre				
Sahel Ezzahrani				

KEY

* *Refuse-derived fuel*

Construction & rehabilitation Extension



- *Expected result 2: Enhanced management and Operation and Maintenance (O&M) capacities of the targeted municipalities by Component 1 of this programme.*

Main activities may include:

- Support to 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.

The local authorities benefiting from activities listed under 'expected results 1' will be primarily targeted. 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.

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

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 further 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 prioritize 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 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) will also be done for the municipalities where sanitary landfills will be constructed (Tyr, Nabatieh and Jeb Janine).

The project will have a positive effect on *gender equality* as it will facilitate public services provisions for most vulnerable families that might otherwise not be able to do so, 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. 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 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 SWM infrastructure of Ansar, Bint Jbeil, Daneyheh, El Menieh/Tripoli, Jbeil, Jeb Janine, Khiam, Koura, Michmich, Nabatyeh, Qabrikha, Sahel-Ezzahrani, Srar, Tyre and Zagharta will be targeted among others. However, this project will benefit to 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 municipalities².

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 EIAs 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.

² It is expected that facilities provided under Component1 for the 10 targeted municipalities of Tripoli, Srar, Zagharta, Daneyheh, El Menieh (North), Tyre, Nabatyeh, Saida, Bint Jbail and Jeb Janine (South) the project will also benefit all the 667 municipalities which are part of their respective SWM systems representing a population of 2,700,000 inhabitants. Component 2 of the project will support, amongst other things, all these municipalities in formalizing the use and the management of these facilities through dedicated agreements (see activities under Component 2).

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, 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 SWM may 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.

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 Office of the Ministry of State for Administrative Reform, the Ministry of Environment, the Municipalities and the Unions of Municipalities benefiting from this project, the European Commission and other relevant stakeholders.

4.3.2. Procurement (direct management)

	Type (works/ supplies/ services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation	Services	2	2 nd semester of 2 nd year 2 nd semester of 4 th year
Audit	Services	1	2 nd 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,b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or 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	Third party contribution
4.3.1. - Indirect management with the Republic of Lebanon	19,400,000	/
4.7. - Evaluation and audit	300,000	/
4.8. - Communication and visibility	300,000	/
Contingencies	1,000,000	/
Totals	21,000,000	/

4.6. Performance monitoring

Achievements will be monitored regularly by the 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 300,000 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 EU External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.