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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX I

of the Commission Implementing Decision on the Annual Action Plan in favour of Lebanon for 2022

Action Document for EU support to Lebanon's Green Agenda

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	EU support to Lebanon's Green Agenda Annual action plan in favour of Lebanon for 2022 OPSYS business reference: NDICI-GEO-NEAR/2022/ACT-61337 ABAC Commitment level 1 number: JAD.1025404 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in Lebanon
4. Programming document	Multi-Annual Indicative Programme 2021-2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Priority Area 3 Green and sustainable recovery
6. Priority Area(s), sectors	Contributing to building a shockproof and climate-resilient economy, 231 Energy policy 232 Energy generation, renewable sources 321 Industry

¹ C(2022)8363 final of 24/11/2022

7. Sustainable Development Goals (SDGs)	Main SDG: 7. Affordable and Clean Energy Other significant SDGs and where appropriate, targets: 9. Industry, innovation and infrastructure 12. Responsible Consumption and Production 13. Climate Action			
8 a) DAC code(s)	23210 – Energy generation, renewable sources – multiple technologies 32130 – Small and Medium-sized Enterprises (SMEs) development 23183 – Energy conservation and demand-side efficiency 32161– Agro-industries			
8 b) Main Delivery Channel	40000 Multilateral organisations			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags	YES	NO	/
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	/	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.02110 Southern Neighbourhood Total estimated cost: EUR 32 000 000.00 Total amount of EU budget contribution EUR 32 000 000.00			
MANAGEMENT AND IMPLEMENTATION				
13. Implementation modalities (type of financing and management mode)	Project Modality Indirect management with UNDP and the entity to be selected in accordance with the criteria set out in section 4.3.1.2			

1.2. Summary of the Action

Lebanon is passing through a critical phase since the beginning of the economic meltdown at the end of 2019 to date. The multidimensional poverty rate of the Lebanese population has reached 81% in 2021, whereas the extreme multidimensional poverty rate reached 40%². The lack of reforms in particular in the Energy sector is exacerbating tensions and fuelling endemic corruption. The deteriorating socio-economic conditions have not only impacted Lebanese citizens and companies, but they have also impacted institutions. The unavailability of state-provided affordable, reliable and sustainable electricity (current

² United Nations Economic and Social Commission for Western Asia, 2021

average supply is 3 hours a day) places significant burden on private operators and public institutions alike, which are forced to resort to costly and environmentally problematic fuel-based generators to ensure a sufficient energy supply.

Lots of public institutions, including schools, lack resources to purchase fuel and can therefore not operate properly and deliver quality services.

The limited availability of public electricity and its expensive alternatives translate into interruptions in the supply chain, and are only one of the myriad challenges faced by the Lebanese industry. Indeed, the productive sector in Lebanon is struggling to survive.

Therefore, saving production costs through resource efficiency and cleaner production methods, increasing renewable energy supply and engaging in new circular business opportunities can all make a significant difference to companies' survival.

To address those challenges and in line with the Renewed partnership with the Southern Neighbourhood "A New Agenda for the Mediterranean"³ and the "European Green Deal"⁴, the action will support the public and private sector to transition to sustainable energy, sustainable production and resource efficiency to improve Lebanon's energy security, service delivery and economic competitiveness.

Overall the action will contribute to improving energy security and to promoting transition to energy and resource efficiency in Lebanon

Component I of the action will support the uptake of renewable energy and energy efficiency equipment in public sector buildings, hence contributing to both energy transition and a more efficient provision of public services.

The private sector part of the action (component II) will focus on increasing the competitiveness of Lebanese industry by:

- 1) Fostering entrepreneurship, innovation and technology transfers for sustainable energy solutions;
- 2) Supporting industries, in particular in the agro-food sector (making up about 25% of the industrial sector) to be more resource-efficient and adopt circular economy approaches in their value chains.

The Action is aligned with the Sustainable Development Goal (SDG) 7 "Affordable and Clean Energy". It also relates to SDG 9 "Industry, innovation and infrastructure", SDG 12 "Responsible Consumption and Production" and SDG 13 "Climate Action". This action falls under the European Commission Priority for external cooperation "Green alliances and partnerships", accompanying Lebanon to transition towards more sustainable development pathways.

The intervention is in line with the Renewed partnership with the Southern Neighbourhood "A New Agenda for the Mediterranean" and its Economic and Investment Plan, contributing to: Flagship 10 – energy transition and Flagship 4 – "Sustainable economies"⁵.

2. RATIONALE

2.1. Context

³ https://www.eeas.europa.eu/eeas/renewed-partnership-southern-neighbourhood-new-agenda-mediterranean_en

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁵ https://www.eeas.europa.eu/sites/default/files/joint_staff_working_document_renewed_partnership_southern_neighbourhood.pdf

Lebanon is enduring a severe and prolonged economic depression. According to the Fall 2021 World Bank (WB) Lebanon Economic Monitor (LEM)⁶ the economic and financial crisis is potentially ranking as top 3 most severe economic collapse globally since the mid-nineteenth century. In the face of such colossal challenges, continuous policy inaction and the absence of a fully functioning executive authority to implement reforms threaten already dire socio-economic conditions and a fragile social peace.

For over two years, Lebanon has been facing compounded challenges: its largest peace-time economic and financial crisis, COVID-19 and the Port of Beirut explosion. However, Lebanon's leadership policy responses to these challenges have been highly inadequate. This is not so much due to knowledge gaps or lack of quality advice, but rather the result of a dysfunctional governance system based on vested interests, which hampers the achievement of political consensus over effective policy initiatives. With a history of a prolonged civil war and multiple conflicts— Lebanon is identified by the World Bank as a Fragility, Conflict and Violence (FCV) State - there is growing wariness of potential triggers to social unrest.

The poor quality of public services and inefficiencies in the public administration result in loss of time and resources by citizens and businesses alike, and provide ample opportunities for corruption. The country's political system is designed to reinforce multi-confessional co-existence and gives way to clientelism and deeply rooted vested interests. Corruption is widespread in public and private sectors and infiltrates all levels of society, as reflected by the country's global and regional average performances scores in most areas of governance. In addition, the limited role played by civil society at policy level renders the adoption and implementation of key government reform policies difficult. The May 2022 parliamentary elections also resulted in a more fragmented Parliament, with the absence of a clear majority and growing support for alternative candidates representing civil society at the expense of traditional parties.

Real GDP has decreased by 10.5% in 2021, following a 21.4 % contraction in 2020. This represents the highest contraction in a list of 193 countries. The national currency, the Lebanese Pound (LBP), lost around 90% of its value against the US dollar since the end of 2019, which has caused triple-digit inflation as most production inputs and consumption goods are imported from abroad.

As a result, over half of the population is likely below the national poverty line, with the bulk of the labour force - paid in Lebanese Pound (LBP)- suffering from plummeting purchasing power. Increased numbers of highly qualified Lebanese, especially youth, are migrating. With the unemployment rate severely on the rise, an increasing share of households is facing difficulty in accessing basic services, including electricity, health care, water supply/sanitation and education.

Against this background, Lebanon's social and economic woes are being further exacerbated by the negative impact of Russia's war in-Ukraine, which mostly affects: (i) food (in)security, due to possible shortages in imports of crucial foodstuff and agricultural inputs; and (ii) shortages in fuel items due to the global rise in energy prices, and commodity prices more generally, aggravating Lebanon's energy crisis and inflation-depreciation spiral. In addition, negative impact is expected on the action preparedness of the security services (LAF and ISF), increasingly creating security concerns.

The electricity crisis is at the heart of a dysfunctional post-war power-sharing system and has contributed to around 46 % of the Lebanese public debt⁷. The post-war heavily subsidised electricity system has never provided full-time electricity. The Lebanese power stations owned by Electricité du Liban (EDL) run on imported polluting fuel, and rely on an outdated transmission and distribution system where only 57 % of

⁶ <https://openknowledge.worldbank.org/handle/10986/36862>

⁷ https://www.aub.edu.lb/ifi/Documents/publications/research_reports/2020-2021/20211020_unbundling_lebanon_electricity_sector_research_paper_pdf.pdf

electricity produced is actually delivered, billed and collected, as the remainder is lost for technical and non-technical reasons.

EDL's unsustainable model suffers from high production cost, artificially cheap tariffs, low tariff collection rates, poor governance and lack of transparency. Since the summer of 2021, EDL has only produced up to 2-3 hours of electricity per day, forcing households and businesses to increase their reliance on privately owned, expensive and polluting diesel generators. The electricity deals signed with Egypt (for the purchase of natural gas) and Jordan and Syria (for the purchase of Jordanian-produced electricity) are yet to materialise given that the necessary funding backing the deals, to be provided by the World Bank, is conditional on reforms that are not yet being implemented.

Globally and as a result of trade and production disruptions caused by the Russian invasion of Ukraine, the World Bank is forecasting a 50% rise in energy prices this year. It expects the price of Brent crude oil to average USD 100 a barrel in 2022, its highest level since 2013 and an increase of more than 40% compared with 2021.

In Lebanon, this has pushed energy prices even higher. Diesel (mostly used for generators and transport) which was selling at 331,000 Lebanese lira per gallon - half the Lebanese minimum wage - has already undergone a 31 percent increase since the start of the Russian invasion of Ukraine.

In response to these multidimensional crises, including in particular the Beirut Port explosion of 4 August 2020, the European Union (EU), jointly with the United Nations (UN) and the World Bank (WB) developed, in close cooperation with civil society, Lebanon's government and the international community, the Reform, Recovery, Reconstruction Framework (3RF)⁸, which was launched in December 2020. The 3RF is a people-centred recovery and reconstruction framework to put Lebanon on the path of sustainable development focussing on essential actions, such as addressing the urgent needs of the most vulnerable populations and small businesses affected by the crisis.

In line with the European Commission policy priorities⁹, this action will support the external dimension of the European Green Deal and in particular the uptake of sustainable energy solutions, circular economy and green recovery in both the public and private sector.

The action is also aligned with the Lebanese unconditional National Determined Contribution (NDC) under the Paris Agreement¹⁰ to reduce by 20 % the Greenhouse gas emissions (GHG) by 2030, increase the renewable energy to reach 18% of the electricity produced by 2030 and a 3 % energy efficiency target by 2030.

A draft Renewable Energy law that would enable the development of distributed renewable energy through private purchase agreement and net metering has been approved by the Lebanese Council of Ministers and submitted to Parliament.

⁸ The 3RF provides a roadmap to operationalise the finding of the Rapid Damage Needs Assessment (RDNA) and other assessment carried out in response to the devastating port explosion where a large amount of ammonium nitrate caused at least 210 deaths, reported missing persons, and more than 6,500 injured.

⁹ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI\(2020\)646148_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI(2020)646148_EN.pdf)

¹⁰ <https://unfccc.int/sites/default/files/resource/Lebanon%20BUR4%202021.pdf>

Component I of the action (public sector) will support the uptake of renewable energy and energy efficiency equipment in public sector buildings, and particularly in the defence and education sectors. As such, it will build on the results of the EU programme to support the implementation of the sustainable energy strategy of the Lebanese Armed Forces (LAF), the EU financed UNICEF action, that has a school retrofitting component, as well as on EU regional programmes for the Southern Neighbourhood, such as Clima Med. According to emerging needs and funding availability, the action may also expand to other relevant domains within the public sector sphere.

As regards Component II (private sector), it will build on the achievements of the EU programme on supporting entrepreneurship, innovation and technology transfer in sustainable energy (Cedro V) and other EU-funded interventions in support of innovative practices in the renewable energy sector (Re-fit and Restart notably). It will also build on and complement past and ongoing EU activities on improving resource efficiency in the industrial sector, notably the regional SwitchMed programme (Med Test) and the recently signed “*Private sector transition to a green and circular economy in Lebanon*” ENI/2021/428-796.

EU added value

The action will support the implementation of the external dimension of the Green Deal in supporting industries to transition to renewable energy and adopt circular economy practices and value chains. In the public sector, it will support pressing needs to increase access to affordable electricity and comprehensive energy management solutions (demand-side management, energy efficiency and small scale renewable systems), and eventually improve the provision of basic public services notably in the education and defence sector.

This action will notably build on the success of CEDRO IV and V to further support innovation and sustainable energy demonstration projects in the industry, relevant regional programmes like Switchmed II, MeetMed or Green Economy Financing Facility. The role of the EU is to promote best practices for sustainable energy and circular economy in the industry and public buildings. This approach is based on existing and successful programmes in Lebanon to accelerate the green energy transition while creating sustainable jobs.

2.2 Problem analysis

Component I Sustainable energy for public service entities

Problem and stakeholders’ analysis

Public service entities, whether at national or local levels, are struggling to operate due to the low level of electricity supply from the public electricity company Electricité du Liban (EDL) (2-3 hours per day on average). This is affecting the proper operation of schools, hospitals, Ministries, municipalities and all other public service providers all over the country, and therefore impacting the quality and continuity of public service delivery. The increased reliance on fuel generators has caused additional costs that the concerned institutions are unable to cover or pass on to final users, hence leading to major disruptions in the proper functioning of the State and local administrations.

The sharp deterioration in the provision of basic public services due to the electricity crisis have concrete implications for the functioning of schools, hospitals and other basic services leading to partial closure of schools or health care facilities in certain extreme cases. According to the World Bank, the collapse of

public service provision and is expected to have serious and long-term consequences in terms of human capital loss for the country.¹¹

Providing the public sector with a more reliable source of electricity is therefore crucial to improve the delivery of essential public services, in particular for the most vulnerable population.

One of the potential targets of this component is the Education sector. Lebanon has approximately 3,000 education establishments, comprising 1,236 public schools, 97 technical schools, 65 UNRWA supported schools, 331 private yet socially supported schools (e.g., supported by religious establishments), 1,164 private schools, 1 public university, 36 private universities, and 9 private colleges.

In 2021, more than 1 million students were enrolled in the above institutions. All these facilities consume considerable amounts of electricity and energy and many of them are seeking donor support with energy efficiency and renewable energy systems to provide the power reliability required to carry out their tasks and to lower the financial burdens of energy provision.

The provision of sustainable energy to schools is vital to carry out in-person learning. This is important not only because it is arguably better education-wise, yet also given the electricity and internet availability situation of school and university students at home. In a recent survey of 3261 respondents, more than half the students' parents surveyed indicated that they face 9 to 20 hours power cuts per day, undermining the capacity for online learning¹².

The Solar for Public Services (S4E) Proposal would aim to support mostly public but also private sector education institutions, including religious ones where relevant, with sustainable energy provisions. This support will enable better energy reliability to selected education facilities, better budgetary management, and lower environmental footprints. The selected public schools and the Lebanese University (i.e. the only public university in Lebanon) will be provided full support from the S4E Project, whereas private schools will be required to provide co-financing of the implementation costs (details and amounts will be determined at a later stage). Interventions envisioned are tailored to lighting, insulation, heating, ventilation, and air conditioning (HVAC) upgrades, and solar photovoltaic (PV) systems. Exact interventions will be done after conducted in-depth energy audits in strict coordination with other EU funded programmes in the sector.

The Solar for Public Services project would also focus on climate change, sustainable energy, and the environment awareness raising and skills development at the selected beneficiaries targeting students of all levels.

Another public service entity that was identified as potential target is the Lebanese Armed Forces (LAF). LAF is one of the largest institutions in Lebanon with approximately 84,000 active personnel and operates as a conventional military force, although it also plays a significant role in internal security. LAF is a key institution in Lebanon to guarantee the stability of the country and to ensure security in a difficult political and economic climate. Being the most sizable public institution that has earned national status of being both trustworthy and an emblem of Lebanese pride, the LAF is now under operational pressure and strain to continue providing the essential security services to Lebanese citizens.

Initially LAF spearheaded the sustainable energy transition within its services, and the investment made is now of utmost usefulness to keep the facilities operational. Energy is a critical component for the LAF's ability to continue their mandate.

¹¹ World Bank, Spring 2021

¹² Center of Lebanese Studies, 2021

The LAF is also the only public institution in Lebanon to have prepared its own Sustainable Energy Strategy. This strategy was launched in 2017, aiming to increase energy efficiency and renewable energy in its built environment so that the LAF achieves, as an institution, the same Climate Change targets as set by the Government of Lebanon (GoL) under the Paris Agreement through its Nationally Determined Contributions (NDCs). These measures not only lower greenhouse gas emissions (GHGs), but they also provide the LAF with savings on operating costs in a budget-constrained environment. The LAF has provided an energy reprioritization report to the donor community due to the current energy crisis.

The EU has been funding the ‘Sustainable Energy for Security’ (SE4S) project, implemented by UNDP to be concluded in 2022. This new action will build on the results achieved through the SE4S project to undertake thorough energy audits on the targeted institutions and prioritize further interventions on the basis of these audits. The intervention will also include energy efficiency measures as a pre-requisite and requirement.

Component II Green economy and jobs

Problem and stakeholders’ analysis

Industry is one of the major sectors in Lebanon with potential to drive economic recovery, local employment, and the generation of hard currency that is urgently needed.

However, high costs of energy have had a direct impact on inflating the operational costs of industries, decreasing their competitiveness and even their ability to sustain operations given the current economic crisis in Lebanon. The high cost of energy reduces the chances of much needed investments such as research, development, and upscaling operations that could generate employment opportunities.

UNICEF has indicated that 31% of young people in Lebanon are not in education, employment or training as of 2021.¹³

The Lebanese economy is composed by 95% of Small and Medium Enterprises (SMEs) that represent 50% of total employment.¹⁴

The industrial sector employs 23.6% of the Lebanese workforce (2019 data), and thereby enabling the sector to retain and grow its workforce is essential to economic wellbeing. Reducing energy use also has an indirect economic impact as every Euro saved from purchasing imported fuel is a Euro invested in the local economy with multiplier effects.

The action under component II will focus on 1) the support to entrepreneurship, innovation and technology transfer for sustainable energy in the industrial sector (mostly small and medium enterprises or SMEs) and 2) promoting an increased adoption of resource efficient and circular economy approaches within the Lebanese industry.

- **Entrepreneurship and innovation in sustainable energy**

For the sustainable energy part, the action will build on the EU-funded, UNDP implemented CEDRO V project. This project has developed several inter-linked activities aimed at promoting job creation, entrepreneurship, and industry technology transfer support. Under Activity 1 of CEDRO V, 58 start-up

¹³ [UNICEF Youth-Focused Rapid Assessment \(YFRA\) 2022. https://www.unicef.org/lebanon/media/7746/file](https://www.unicef.org/lebanon/media/7746/file)

¹⁴ <https://www.economy.gov.lb/media/11222/smes-in-lebanon-180412-19-website.pdf>

teams or newly established companies applied to the Energy Innovation Hub accelerator program, out of which 21 teams were selected to participate in the programme based on rigorous assessment criteria. After six months of incubation, the total number of jobs created by the teams is approaching 88. The programme successfully reached its intended targets of empowering young entrepreneurs, in particular women working in the energy sector in Lebanon. However there are still untapped opportunities for entrepreneurs to innovate, grow and eventually create new and sustainable jobs in particular for youth and women.

As for technology transfer, the CEDRO V project aimed at supporting 10 industries (mostly SMEs), yet the interest from industrial facilities for support is now many times this target. Energy management is high on industrial facilities' priorities.

The proposed action foresees interventions in the commercial and industrial sector facilities across the country through solar photovoltaic panels (PV), solar thermal and energy efficiency applications.

- **Circular Economy for industries**

The current economic and financial crisis has pushed the Lebanese industrial sector to a critical situation. In addition to the numerous challenges affecting the economy as a whole, the adoption by companies of resource-efficient and circular approaches is further compromised by the following main factors: (i) limited awareness about resource efficiency and circular economy; (ii) limited technical capacity; (iii) absence of financial mechanisms to finance the necessary investments; (iv) absence of research and development related to resource efficiency and circular economy in environmental departments; and (v) absence of a conducive policy and regulatory framework.

This second subcomponent will thus focus on the challenges and barriers that industries face to become more resource and energy efficient, non-polluting, and to produce goods that are responsibly managed throughout their life cycle, while also increasing productivity and enhancing access to international markets. In particular, the action will avail financial and technical support to industrial enterprises, mostly along the food and beverages value chain, to increase resource efficiency and the adoption of circular economy approaches, in order to increase their competitiveness.

In addition to providing savings through efficient resource management and the identification of value chains, the action will contribute to reviving the local and national economy by restoring access to jobs and economic opportunities while making a more structural and systemic contribution to the Green economy.

The beneficiaries of this second component are the SMEs and industries in particular along the whole agro-food value chain that represents 23% of Lebanese industries that are suffering from high energy costs and disruption, brain drain and inefficiencies. The inclusion of other sectors may be considered as well.

The Ministry of Industry is an important actor to support changes in the sector. With its "*integrated vision for the Industrial Sector in Lebanon for 2025*", the Ministry of Industry indicated several barriers currently challenging the sector's performance and viability, including yet not limited to the political stability, absence of favourable infrastructure, and the high cost of energy. The vision stresses on the need for alternative energy and encouraging energy efficiency.

2.3 Lessons Learned

The highly unpredictable political and economic context in the country has proven the need to enable some flexibility in the project modalities and implementation. Political instability, frequent government turnover and lack of transparency as regards the utilization of public finances are also at the roots of the strategy to focus on small-scale interventions rather than on large-scale investments. The authorities will nonetheless be closely associated to the project, in order to facilitate implementation, showcase results, as well as providing useful inputs for further policy formulation.

Implementing partners will be requested to devise strategies to ensure the long-term sustainability of the equipment that the project will provide to the public sector, especially when it comes to operation and maintenance (O&M) beyond the project's life. The environmental sustainability of new equipment (e.g. future disposal of solar panels and their batteries, etc) will also be considered through the project.

Complementarity with existing and future EU and other donors programmes will be ensured to avoid any duplication and build on successful programmes.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to improving energy security and to promoting transition to energy and resource efficiency in Lebanon

The Specific Objectives (Outcomes) of this action are to:

For component I Sustainable Energy for the public service entities

1. To increase the quality and access to public services through sustainable energy solutions

For component II Green economy and jobs

2. To increase the competitiveness of the industrial sector through sustainable energy, resource efficiency and circular business models and enhance a more equitable and gender-balanced participation of all stakeholders

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

For Component I Sustainable Energy for the public service entities

Outputs Contributing to Outcome 1

- 1.1 Increased energy savings & access to electricity from small scale renewable energy installations in public service facilities
- 1.2 Increased awareness and capacity on Sustainable energy management and climate change

For Component II Green economy and jobs

Outputs Contributing to Outcome 2

- 2.1 Increased energy savings and access to electricity from small scale renewable energy installations in industrial and commercial facilities

- 2.2 Increased job created and entrepreneurs in the sustainable energy field (in particular women)
- 2.3 Increased capacity and knowledge of the industries to adopt sustainable energy solutions
- 2.4 Increased uptake of resource efficiency and circularity approaches along the agri-food value chain

3.2. Indicative Activities

Activity Output 1.1

- Energy audit reports of selected public service facilities
- Energy lighting retrofits and control interventions
- Heating, ventilation and cooling interventions
- Computerized maintenance and monitoring systems intervention
- Biomass stoves and boilers interventions
- Biomass raw material supply interventions
- Solar thermal systems interventions
- Solar photovoltaic systems interventions
- Building management systems interventions
- Building envelopes insulation interventions

Activity Output 1.2

- Workshops on design, installation, and commissioning of interventions
- Workshops on operation and maintenance of project interventions
- Workshop on sustainable procurement
- Sustainable Energy Education Webpage (on Energy Hub portal) and interactive online tools
- Creation and/or support of sustainable energy clubs at select education facilities
- Technical and vocational training on sustainable energy
- Interactive workshop on sustainable energy
- Sustainable energy and climate change academic course development

Activity Output 2.1

- Energy audit reports for selected private sector beneficiaries
- Implementation of energy efficiency measures for select beneficiaries
- Implementation of solar PV with energy management control (with or without storage capacity) for select beneficiaries
- Implementation of solar thermal system for hot water or steam generation for select beneficiaries

Activity Output 2.2

- Knowledge exchange and networking events between academics and industry
- An incubation and acceleration program for young innovators in sustainable energy
- Support at least 5 new start-ups in sustainable energy
- Sustainable energy skills gap identification report for women engineering
- Key skills development events and workshop based on skills gap identification

Activity Output 2.3

- Workshops for general professionals, public servants, and selected beneficiary facility staff
- Online course(s) on key sustainable energy design, installation, commissioning and operation and maintenance

Activity Output 2.4

- Development, management, operations and monitoring of a grants scheme to support resource efficiency and circularity.
- Development of partnerships
- Communication campaign
- Technical workshops

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The action focuses on resource efficiency and sustainable energy solutions to reduce the dependency of both public and private sectors on highly polluting diesel generators and support a transition to more circular economy practices in the industrial areas. All components will contribute to climate action, environmental protection and to a certain extent biodiversity by reducing greenhouse gas emission and other air pollutants.

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

The SEA screening concluded that key environmental and climate-related aspects need be addressed during design.

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

The EIA screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

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

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

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1¹⁵. This implies that the proposed action will support equal right for girls and boys to access education and equal rights of women and men to enjoy economic opportunities – including equal access to trainings and skills, as well as access to funding in the private sector component.

Human Rights

The programme follows a rights-based approach, encompassing all human rights, including the following five working principles that will be applied at all stages of implementation: Legality, universality and indivisibility of human rights; Participation and access to the decision-making process; Non-discrimination and equal access; Accountability and access to the rule of law; Transparency and access to information.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that inclusion of persons with disabilities is not a significant objective. However, inclusion will be

¹⁵ significant objective

mainstreamed within the action whenever possible and relevant, by favouring the participation of disabled persons in business management, job creation and access to education.

Democracy

In a Democratic context, security, education access to energy is provided or guaranteed by the State. This action will reinforce the access to this services and improve quality of life and green job creation.

In its assistance, the EU promotes legally binding international standards to promote the respect of democracy, fundamental rights and the rule of law. Through an intensive political dialogue, the EU promotes the monitoring in the application of those values and advocates for corrective measures.

Conflict sensitivity, peace and resilience

This action addresses the priorities and recommendations identified in the recent EU conflict analysis, which has been prepared in line with Art. 12 of the regulation (EU) 2021/947 establishing NDICI.

The action will reinforce the security of supply to allow companies, the education sector and the army (LAF) to be more resilient and play an active role to maintain peace and social cohesion.

Disaster Risk Reduction

Disaster Risk Reduction is one of the outcome of the action as whole. By supporting climate mitigation measures, the action will contribute to reduce environmental and climate risks.

3.4. Risks and Assumptions

Category	Risk	Likelihood (High/Medium / Low)	Impact (High/Medium/ Low)	Mitigating measures
1. Risks related to the External Environment	Damage to installed equipment and material	Medium	High	Memorandums of understanding will be signed with beneficiaries to ensure the protection, operation and maintenance of the equipment installed.
	Natural disasters and environmental degradation	Low	High	Ensure all outdoor equipment can withstand severe weather conditions expected in Lebanon. Ensure that an environmental statement is undertaken for all projects with significant installations.
2. Risks related to planning, processes and systems	Battery disposal	High	Medium	All installation that have battery storage systems integration with them will be followed by assessments and guidelines on future sustainable disposal options.

Category	Risk	Likelihood (High/Medium / Low)	Impact (High/Medium/ Low)	Mitigating measures
	Ability to effectively operate and maintain installed systems	High	High	<p>The public sector's ability to operate and maintain systems is currently very low due to budget and human resource constraints. As an interim mitigation measure, a minimum of two-years performance guarantee for all systems installed will be required. The possibility of including O&M contract will also be assessed.</p> <p>For private sector beneficiaries, the risk is lower given that they would co-fund the systems and are financially better off.</p>
	Delays in import clearance will cause delays to the project	Medium	Medium	Sufficient time will be given for project implementation to account for expected delays in clearance imported system components.
3. Risks related to people and the organisation	Instability in the security situation in the country	Medium	Medium	Isolated security incidences may occur. Appropriate measures will be taken accordingly. These could include the postponement of some of the works on site, and the coordination with the Internal Security Forces and UN Department of Security as needed.
4. Risks related to legality and regularity aspects	Availability of funds to assist in co-financing private sector contribution	Medium	High	Available funds will be sought, such as CEDAR Oxygen, and support from other institutions (e.g. Cross Boundary)
	Capital controls and the inability to raise bank guarantees	High	High	Contractual agreements to be signed between the Implementing partners and the private sector beneficiaries that would overcome banking challenges to the extent possible.

External Assumptions

The common general external assumption is that throughout the project implementation period, progress in energy sector reforms will be limited, therefore the action has been designed in such a way as to be nonetheless successful in spite of the lack of conducive policy and regulatory framework for the sector.

3.5. Intervention Logic

The underlying intervention logic for this action is that the activities and outputs foreseen will support both the public and private sector to operate better, save costs, offer a better service, be more inclusive and contribute to Lebanon's needed sustainable energy transition. With only three hours of daily electricity, public facilities and companies rely on expensive and heavy polluting diesel generators in the best case scenario. In other cases they operate partially, or not at all, due to lack of electricity.

Under Component I (Sustainable energy in the public service entities)

Under this component, targeted **public service entities' buildings** will benefit from energy efficiency and renewable energy measures that will allow them to improve the access for citizens in particular the most vulnerable ones (including Syrian refugees when applicable) to access public services in decent conditions. By conducting energy audits, selected buildings will benefit from energy efficiency and renewable energy measures that will reduce the financial burden of expensive fuel generators, decrease air pollution, and improve the availability of electricity to eventually allow better public service delivery for all.

The implementation of energy efficiency measures and renewable energy systems will allow public service entities to further implement their sustainable energy strategy when relevant and improve their capacity to perform their duties. The measures will reduce the public sector's dependence on the unreliable electricity supply from the public grid, decrease expenditures for diesel fuelled generators, reduce air pollution and eventually improve the functioning of crucial public infrastructures.

Under Component 2 (sustainable energy and circular economy for the private Sector)

Sustainable Energy entrepreneurship and innovation

The action will support policy development, innovation, entrepreneurship and technology transfers in energy efficiency and renewable energy measures for industries notably. Supporting innovation and upscaling of energy service companies, technology transfers and demonstration projects will create a more efficient market for sustainable energy services. It will reduce the industry's dependency on expensive and polluting diesel generators, optimise its energy consumption thus reducing air pollution and greenhouse gases emissions and eventually improving its competitiveness. It will have a particular focus on women entrepreneurs and green jobs.

Entrepreneurship and innovation in circular economy

Industries in Lebanon are struggling to survive. Among the myriad of challenges that they are facing is the need to overcome limited fuel supplies and interruptions in the supply chain. Therefore, the possibility to save production costs through resource efficiency and cleaner production, find alternative sources of energy and engage in new circular business opportunities can make a significant difference to companies' survival. The intervention will help companies develop sustainable business models and will make available technical expertise and financial support through grants to co-invest in them. By optimising their production, companies will save costs, increase their efficiency and competitiveness and be better equipped to compete in local and international markets.

3.6. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Improved energy security and transition to energy and resource efficiency in Lebanon	1. Amount of fossil fuel import (Tons/year) 2. Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq/year) with EU support	All baselines to be defined at inception phase	1. Reduction of annual Fossil Fuel import by at least 4,900 Tons 2. Reduction of GHG by at least 16,000 Tons/year	Baseline and endline surveys conducted and budgeted by the EU-funded intervention	<i>Not applicable</i>
	1.					

<p>Outcome 1</p>	<p>1. Increased quality and access to public services through sustainable energy solutions</p>	<p>1.1 fuel consumption for electricity generation in public service facilities</p> <p>1.2 number of hours of electricity in public service facilities enabled by renewable energy with EU support</p> <p>1.3 Number of beneficiaries with increased access to energy services</p>	<p>1. All baseline values to be defined at inception phase</p>	<p>1.1. 30% reduction of fuel consumption in selected facilities</p> <p>1.2. Min. 5 Hours per working day</p> <p>1.3. Min. 3000 beneficiaries</p>	<p>1.1. Experience and data from previously implemented UNDP projects</p> <p>1.2. Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>1.3 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	<p>The common general external assumption is that throughout the project implementation period, progress in energy sector reforms will be limited, therefore the action has been designed in such a way as to be nonetheless successful in spite of the lack of conducive policy and regulatory framework for the sector.</p>
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<p>Outcome 2</p>	<p>2. Increased competitiveness of the industrial sector through sustainable energy, resource efficiency and circular business models and enhance a more equitable and gender-balanced participation of all stakeholders</p>	<p>2.1 Number of Micro Small Medium Entreprises (MSMEs) reporting increased turnover from Circular Economy activities as a direct result of EU support received, disaggregated by sex and age group of the owner, enterprise size</p> <p>2.2 Percent of savings generated from improved resource (material, energy, water) efficiency</p>	<p>All baseline values to be defined at inception phase</p>	<p>2.1. Min. 20 MSMEs reporting increased turnover</p> <p>2.2. Min. 20% savings in energy bill</p>	<p>2.1- Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	
<p>Output 1 related to Outcome 1</p>	<p>1.1 Increased energy savings & access to electricity from small scale renewable energy installations in public service facilities</p>	<p>1.1.1 Tons of CO2 emissions saved per year with EU support</p> <p>1.1.2 Energy saved per year (MWh) with EU Support</p> <p>1.1.3 Renewable energy power generated per year (MWh) with EU Support</p>	<p>To be defined at inception phase</p>	<p>1.1.1 6000 Tons per year</p> <p>1.1.2 4250 MWh energy per year saved</p> <p>1.1.3 4250 MWh per year RE generated</p>	<p>1.1.1 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p>	<p>Energy generated and energy saved is the combination of heat and electricity saved or generated from RE sources. At inception phase a separation of heat from electricity would be done</p>

<p>Output 2 related to Outcome 1</p>	<p>1.2 Increased awareness and capacity on Sustainable energy management and climate change</p>	<p>1.2.1 Number of trainers trained</p> <p>1.2.2 Number of trained/educated beneficiaries on sustainable solutions and climate change</p> <p>1.2.3 Number of beneficiaries with knowledge in sustainable solution and climate change</p> <p>1.2.4 Number of courses developed (sustainable energy and climate change)</p>	<p>To be defined at inception phase</p>	<p>1.2.1 Min. thirty (30) workshops</p> <p>1.2.2 Min. two thousand (2,000) beneficiaries</p> <p>1.2.3 Min. thirty (30)</p> <p>1.2.4 Three (3) courses developed</p>	<p>1.2.1 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p> <p>1.2.2 Based on awareness raising activities of Project within selected beneficiaries</p> <p>1.2.3 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p> <p>1.2.4 Report EU-funded intervention's M&E system, Progress reports, ROM</p>	
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					reviews, evaluations	
Output 1 related to Outcome 2	2.1 Increased energy savings & access to electricity from small scale renewable energy installations in industrial & commercial facilities	<p>2.1.1 Tons of CO2 emissions saved per year with EU support</p> <p>2.1.2 Energy saved per year (MWh) with EU Support</p> <p>2.1.3 Renewable energy power generated per year (MWh) with EU Support</p>	To be defined at inception phase	<p>2.1.1 6000 Tons per year</p> <p>2.1.2 4250 MWh energy per year saved</p> <p>2.1.3 4250 MWh per year RE generated</p>	<p>2.1.1 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p> <p>2.1.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>2.1.3 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	

<p>Output 2 related to Outcome 2</p>	<p>2.2 Increased job created and entrepreneurs in the sustainable energy field (in particular women)</p>	<p>2.2.1 Number of successful start-ups with EU support</p> <p>2.2.2 Number of women engineers empowered with EU support</p> <p>2.2.3 Number of green jobs supported/sustained by the EU</p>	<p>2.2.1 To be defined at inception phase</p>	<p>2.2.1 Min. five (5) start-ups</p> <p>2.2.2 Thirty (30)</p> <p>2.2.3 To be defined at inception phase</p>	<p>2.2.1 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p> <p>2.2.2 Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p> <p>2.2.3 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	
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<p>Output 3 related to Outcome 2</p>	<p>2.3 Increased capacity and knowledge of the industries to adopt sustainable energy solutions</p>	<p>2.3.1 Number of workshops implemented 2.3.2 Number of trainers trained 2.3.3 Number of industrialists with knowledge in sustainable solution and climate change</p>	<p>2.3.1 Zero (0) 2.3.2 Zero (0) 2.3.3 To be defined at inception phase</p>	<p>2.3.1 Min. Twelve (12) 2.3.2 Thirty (30) 2.3.3 Fifty (50)</p>	<p>Report EU-funded intervention's M&E system, Progress reports, ROM reviews, evaluations</p>	
<p>Output 4 related to Outcome 2</p>	<p>2.4 Increased uptake of resource efficiency and circularity approaches along the agri-food value chain</p>	<p>2.4.1 Number of Micro, Small and Medium Enterprises (MSMEs) applying Sustainable Consumption and Production practices with EU support – focusing on Circular Economy models only</p>	<p>To be defined at inception phase</p>	<p>Min. of 35 SMEs</p>	<p>EU-funded intervention M&E system (incl. annual and final reports from implementing organisations, e.g. governments, international organisations, non-state actors), ROM reviews, evaluations, etc.)</p>	

4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

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

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁶.

4.3.1 Indirect Management with a pillar-assessed entity¹⁷

A part of this action may be implemented in indirect management with the United Nation Development Programme (UNDP). This implementation modality entails carrying out activities aiming at achieving Specific objectives 1 and 2 (only outputs 2.1, 2.2 and 2.3)

The envisaged entity has been selected using the following criteria:

- a sound track record of successfully implementing large cooperation projects (similar amounts) in Lebanon;
- sound track record in implementing projects relating to renewable energy and energy efficiency;
- sound knowledge of the sector's challenges and the stakeholders (sustainable energy and industrial sector);
- neutrality and capacity to work with governmental and non-governmental actors in all areas of Lebanon;
- continuation of an existing and successful programme in the same areas;
- a transparent, and recognised successful implementing partners by all stakeholders.

The choice of this specific pillar assessed entity (UNDP) contributes to reinforcing the coordination of the energy sector. UNDP has indeed a long experience of implementation of similar programmes with various donors and gained credibility among all stakeholders with key delivery successes.

¹⁶ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

¹⁷ The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.3.3.

4.3.2 Indirect Management with a pillar-assessed entity

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

- a sound track record of successfully implementing large cooperation projects (similar amounts) in Lebanon;
- sound track record in implementing projects in Lebanon relating to resource efficiency and circular economy in the industrial sector;
- sound knowledge of the sector's challenges and the stakeholders (industrial sector, circular economy approach);
- neutrality and capacity to work with governmental and non-governmental actors in all areas of Lebanon;
- A transparent, and recognised successful implementing partners by all stakeholders.

The implementation by this entity entails carrying out activities aiming at achieving Specific objective 2 (only specific output 2.4).

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

In case indirect management with an international organisation as per section 4.3.1 and 4.3.2 cannot be implemented due to circumstances outside of the Commission's control, these components may be implemented under direct management through Grants as follows:

a) Purpose of the grant:

- Increase quality and access to public services through sustainable energy solution
- Increase competitiveness of industry through sustainable energy, resource efficiency and circular business models

b) Type of applicants: legal entities, natural persons, international organisations, NGOs or SMEs

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components¹⁸	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	
SO 1 - Sustainable Energy for public service entities SO 2 (output 2.1-2.3) - Sustainable Energy entrepreneurship and innovation Indirect management with UNDP	22 000 000
SO 2 (output 2.4) - Circular Economy for industries Indirect management with pillar assessed entity	10 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision
Communication and visibility – cf. section 6	N.A.
Totals	32 000 000

4.6 Organisational Set-up and Responsibilities

For each component or, if more relevant, sub-component, a project steering committee (PSC) shall be set up to oversee and validate the overall direction and policy of the projects. It will also provide guidance for the programme activities and oversight of implementation, provide co-ordination to ensure overall coherency. The PSC shall meet minimum twice a year.

The implementing partners will assist the PSC by fulfilling a technical secretariat functioning jointly and ensuring an active and meaningful participation of right holders as applicable (i.e. representatives of the relevant Ministries, beneficiaries, public and private sector organisations...) in each of the programme activities and in the decision making.

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

4.7 Pre-condition

Not applicable

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

¹⁸ N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e. for the conclusion of audit contracts and payments.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

- Implementing partners will be requested to identify clear baselines setting and targets and specify whether additional surveys are needed in case data are not yet available and/or should be refined during the inception phase. If needed, additional survey can be funded at contract level and budget lines to this aim to be clearly identified in the contract.
- Implementing partners will set in place a robust system to monitor the impact of the actions (in terms of energy savings, GHG emissions reduction...).
- Collection of data will be the responsibility of the implementing partners and baselines data must be available at the latest at the end of the inception phase while results data must be collected on time for the submission of the final report.
- Analysis of sex-disaggregated data will be encouraged whenever relevant and possible.
- Implementing partners will be requested to identify yearly milestones/targets to ensure a proper monitoring of the achievements at the time of the submission of the annual report. Grants contracts (or relevant agreements with final beneficiaries) logical framework will be developed based on the logical framework for each of the Outcomes to promote coherent data collection and reporting.
- To promote the measurement of the impact of the action, the programme will make use of and possible participate in surveys done by others (i.e. national authorities or other donors).
- Peer review mechanisms will be favoured, alongside with the engagement of relevant national stakeholders in order to promote stronger national M&E capacities.

5.2 Evaluation

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for problem solving, learning purposes, in particular with respect to the overall strategic approach to the EU in Lebanon in supporting the external dimension of the Green Deal¹⁹.

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

The Commission shall inform the implementing partner at least one calendar month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

¹⁹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

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

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

Any actions related to the communication and visibility will be coordinated with the strategic communication actions of the EU Delegations, to ensure coherence of narrative and message, as well as horizontal strategic communication.