

ANNEX

Action Fiche N° 1

1. IDENTIFICATION

Title	Support to Socio-economic and Political Reforms (Priorities 1 and 2 of the CSP 2007-2010)		
Total cost	10 M €		
Aid Method	Project approach – decentralised management		
DAC-code	15110	Sector	Politique/planification économique et du développement

2. RATIONALE

2.1. Sector Context

Although the need for reform is widely recognised in Lebanon, the real difficulty for the Government has always been to achieve a national consensus on a reform programme. Only if the reform process is backed by a national pact, encompassing all political forces and hence religious groups, and overcoming thereby political rivalry, vested interests and clientelisme, it will have a chance of being effectively implemented. It is foreseen that this process led by the Lebanese and reflected in Lebanon's own reform programme will be supported, where necessary, by the International Community, including the European Union. The Donors Conference held on 25 January 2007 in Paris has set the basis and the conditions for this external aid.

The European Neighbourhood Policy (ENP) offers through its strategic documents – the Action Plan and the concrete translation of it into a Lebanon Country Strategy Paper and a National Indicative Plan, a tool to accompany Lebanon in its reform process.

Negotiations with Lebanon on an ENP Action Plan were concluded in May 2006, just before the start of the war. The ENP Action Plan was adopted in January 2007 by the Council of Ministers.

In June 2006, civil society organisations organised a workshop and presented to the Lebanese Government and to the European Commission their comments and contributions on the ENP Action Plan, especially on the Human rights chapter. They expressed the need and the wish to be more closely involved in the follow-up mechanisms.

2.2. Lessons learnt

Project implementation, within the framework of cooperation assistance in Lebanon, has suffered as the Government of Lebanon (GoL) lacks of national strategies.

In 2005, as bridging the Support to the Association Agreement Project, the European Commission decided to provide a new flexible tool to support the definition and launch of a certain number of priority reforms. The "Support to reforms" Programme (10 million EUR) should provide a financially limited yet practically useful complement to the financial assistance that other donors may concede to GoL.

The main lesson learnt through the two previous projects is that the choice of priorities for EC cooperation should avoid detailed lists and concentrate on a limited number of actions in order to have a potential impact.

The implementation of the ENP AP, the work of the technical platform composed by representatives of political parties and the work of the sub-committees set up within the AA, in consultation with stakeholders (civil society, private sector) will be an important framework in which priorities could be detailed.

2.3. Complementary actions

This project is also meant to complement and be reinforced by the on-going and planned EC funded projects in the NIP, including in particular the "Quality", the "SME", the "Economic and Social Fund", the "Agriculture" and "Security" programmes, as well as the "Support to Civil Society (AFKAR)" and local governance programmes.

2.4. Donor co-ordination

The local coordination with Member States takes place in the framework of the annual work plans and is conducted through regular and thematic meetings. The Member States are kept regularly informed about the preparation of the Financing plans since very early stages.

In the post-war context, the massive aid coming into Lebanon, especially for the reconstruction process, highlighted the need for an extensive donors coordination, including non traditional donors (mainly Arab states). This issue has been regularly raised to the Government of Lebanon. Different Governmental bodies are currently playing a coordination role. The EU is maintaining a regular dialogue with World Bank and UN Agencies.

3. 3. DESCRIPTION

3.1. Objectives

The Project will aim at providing support to the priorities defined by the Government in its economic Reform Programme (presented at the Donors Conference foreseen in Paris in January 2007) and in the joint EU/Lebanon ENP Action Plan.

The specific objectives are:

- Support for political reform – supporting Lebanon's political reform in the areas of democracy and rule of law, human rights, good governance, electoral reform, dialogue with civil society;

- Support for social and economic reform – support to the implementation of the Action Plan, improving social conditions, better access to basic social services, supporting local governance, trade reforms, supporting the private sector, fiscal reform, public finance management and reform of the energy sector.

Priority reforms supported by this project will be concretely defined by a core Inter-ministerial Working Group, with the participation of key Ministries and institutions, in close coordination with other donors and in particular with EU MS and the BWIs.

3.2. Expected results and main activities

The sub-committees set up under the Association Agreement will be instrumental. EC assistance will target a limited number of priorities where resources will be concentrated.

In support of the implementation of the Action Plan, the expected results are:

(a) under the "Support for political reform" chapter:

- implementation of electoral reform;
- improved dialogue with civil society representatives on the reform process and the ENP AP;
- improved democratic and governance environment (rule of law).

(b) under the "Support for social and economic reform" chapter:

- implementation of socio-economic reforms (such as improved social conditions, better access to basic social services, strengthened local governance, trade/investment reforms, support to the private sector, fiscal reform, public finance management reform and reform of the energy sector).

The main activities will be essentially assistance to the Government and/or the involved public or non public structures in order for the Government to fulfil its reform agenda and implement commitments taken under the Association Agreement and the ENP Action Plan.

3.3. Stakeholders

The final beneficiary of this project is the Lebanese population which will benefit from reforms, improved public service and better governance. The direct beneficiaries will be the Government of Lebanon, the line Ministries and the public or non public structures that will be supported by the Project.

3.4. Risks and assumptions

The lack of the following factors could jeopardise the successful implementation of the project:

- Proven Government's consensus and commitment in implementing the reform programme;

- Adequate participation of involved line Ministries;
- Adequate responsibilities and involvement in the reform process of the Office in charge of implementation at the Presidency of the Council of Ministers;
- Adequate involvement of civil society representatives;
- Political stability.

3.5. Crosscutting issues

During all phases of this Project, particular attention will be devoted to the principle of equality of treatment and opportunity of both men and women. The Government of Lebanon commits itself to provide its assistance to the beneficiary in order to identify and waive obstacles to the equal participation of men and women to the project.

The Project will respect national environmental standards.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The project will be mainly decentralised. Taking into consideration the sensitivity of certain themes in the "Support to political reform" chapter (such as the electoral law reform, the dialogue with civil society, the work of the technical platform), the EC Delegation will be the Contracting Authority for a limited number of contracts in these sensitive sectors (approximately 1 M€) as well as for framework contracts, audit and evaluation contracts.

For the decentralised contracts, the Presidency of Council of Ministers will be the Contracting Authority, subject to the Commission's *ex ante* control for procurement contracts superior to 50,000 euro.

For procurement contracts equal or inferior to 50,000 euro, the Presidency of Council of Ministers will tender and award the procurement contracts with *ex-post* control by the EC Delegation.

On the basis of programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings:

Works	Supplies	Services	Grants
< €300.000	< €150.000	< €200.000	• €100.000

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external aid operations, in force at the time of the launch of the procedure in question.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Implementing Rules of the Financial Regulation where financing in full is essential to carry out the action in question.

For agreements with international organisations, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the international organisation concerned.

Twinning projects will be implemented in accordance with the applicable twinning manual.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question

4.3. Budget and calendar

Indicative breakdown:

	M €
1. Fond operational PAO	9.2
2. Visibility	0.1
3. Audit and Evaluation	0.2
4. Contingency	0.5
Total	10

The implementation period of the project activities is fixed at 48 months, starting from the signature of the Financing Agreement.

4.4. Performance monitoring

The key monitoring indicators will be detailed in the Financing Agreement and will largely depend on the reform agenda of the Government.

4.5. Evaluation and audit

The project will undergo annual audits. Additionally, a mid-term and an ex-post evaluation and *ad hoc* monitoring missions might also be carried out.

The European Commission will prepare the terms of reference and select the service providers for the audit, monitoring and evaluation missions. All audit and evaluation reports will be communicated by the European Commission to the Beneficiaries. The

beneficiaries will put at the disposal of the audits, monitoring or evaluation missions all necessary supporting documents.

4.6. Communication and visibility

The European Commission will ensure that adequate communication and visibility is given to the EC funding by the Presidency of the Council of Ministers (press conference, brochures/flyers, media reports, etc.).