



Brussels, 11.12.2020
C(2020) 9074 final

COMMISSION IMPLEMENTING DECISION

of 11.12.2020

on the annual action programme part II for 2020 in favour of the Republic of Lebanon

COMMISSION IMPLEMENTING DECISION

of 11.12.2020

on the annual action programme part II for 2020 in favour of the Republic of Lebanon

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018] on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the annual action programme part II for 2020 in favour of the Republic of Lebanon, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme, for 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing Decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (3) The Commission has adopted the Single Support Framework in favour of the Republic of Lebanon for the period 2017-2020⁴, which sets out the following priorities: 1) promoting growth and job creation, 2) fostering local governance and socio-economic development, and 3) promoting the rule of law, enhancing security and countering terrorism.
- (4) The objective pursued by the annual action programme to be financed under the European Neighbourhood Instrument⁵ is to contribute to Lebanon's reform, recovery and reconstruction following the 4 August 2020 explosions at the port of Beirut. The

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 77, 15.3.2014, p. 95.

³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

⁴ C(2017)7179, Commission Implementing Decision of 30.10.2017 adopting a Single Support Framework for European Union support to Lebanon for the period 2017-2020.

⁵ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

action includes the following components: Governance; Economic Recovery and Jobs; and Services and Infrastructure.

- (5) Split in three components, the action entitled “EU contribution to Lebanon’s reform, recovery and reconstruction following the Beirut explosions” aims through (i) its Governance component at improving governance and accountability to help restore trust in the State, and at supporting civil society, (ii) its Economic Recovery and Jobs component at reviving the local and national economy by restoring access to jobs and economic opportunities, while promoting the green economy and (iii) its Services and Infrastructure component at restoring and improving basic services and physical infrastructure.
- (6) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.
- (7) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046.

To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.

- (8) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (9) In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (10) The action provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4.

HAS DECIDED AS FOLLOWS:

Article 1
The programme

The annual action programme 2020 part II in favour of the Republic of Lebanon, as set out in the Annex, is adopted.

The programme shall include the following action:

EU contribution to Lebanon’s reform, recovery and reconstruction following the Beirut explosions.

Article 2
Union contribution

The maximum Union contribution for the implementation of the programme for 2020 is set at EUR 34 000 000 and shall be financed from the appropriations entered in the following line[s] of the general budget of the Union:

- budget line 22.040101 : EUR 17 000 000;
- budget line 22.040102 : EUR 17 000 000;

The appropriations provided for in the first paragraph may also cover interest due for late payment.

Article 3
Methods of implementation and entrusted entities or persons

The implementation of the actions carried out by way of indirect management, as set out in the Annex, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5.3.3.1, point 5.3.3.2 and point 5.3.3.3 of the Annex.

Article 4
Flexibility clause

Increases⁶ or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph acting in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 11.12.2020

For the Commission
Olivér VÁRHELYI
Member of the Commission

⁶ These changes can come from external assigned revenue made available after the adoption of the financing Decision.



ANNEX

to Commission Implementing Decision on the annual action programme part II for 2020 in favour of the Republic of Lebanon

Action Document for EU contribution to Lebanon’s reform, recovery and reconstruction following Beirut explosions.

Annual Programme

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU contribution to Lebanon’s reform, recovery and reconstruction following the Beirut explosions. CRIS number: ENI/2020/042-955 financed under the European Neighbourhood Instrument
2. Zone benefiting from the action/location	Republic of Lebanon The action shall be carried out at the following location: All territories of the Republic of Lebanon with special focus on Beirut.
3. Programming document	Single Support Framework (SSF) for European Union (EU) support to Lebanon (2017-2020) ¹
4. Sustainable Development Goals (SDGs)	Main SDGs: – SDG 5: Achieve gender equality and empower all women and girls – SDG 8: Promote sustained, inclusive and economic growth, full and productive employment and decent work for all. – SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation – SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable – SDG 12: Ensure sustainable consumption and production patterns – SDG 16: Peace, justice and strong institutions – SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development

¹. C(2017)7179, Commission Implementing Decision of 30.10.2017 adopting a Single Support Framework for European Union support to Lebanon for the period 2017-2020.

5. Sector of intervention/ thematic area	- Governance - Promoting growth and job creation - Fostering local governance and socio-economic development	DEV. Assistance: YES ²		
6. Amounts concerned	Total estimated cost: EUR 34 million Total amount of European Union (EU) contribution: EUR 34 million			
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: - Grants - Procurement Indirect management with the entrusted entity(ies) to be selected in accordance with the criteria set out in sections 5.3.3.1, 5.3.3.2 and 5.3.3.3.			
8. a) DAC code(s)	15150 - Democratic participation and civil society 15110 - Public Sector Policy and Administrative Management 15113 - Anti-corruption Organisations and Institutions 41010 - Environmental policy and administrative management 15112 - Decentralisation and support to subnational government 15150 - Democratic participation and civil society 32130 - Small and medium-sized enterprises (SME)			
b) Main Delivery Channel	NA			
9. Markers (from CRIS DAC form)³	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ⁴	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New-born and child health	<input type="checkbox"/>	X	<input type="checkbox"/>

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

³ When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

⁴ Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	X	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	X	<input type="checkbox"/>	<input type="checkbox"/>
	Migration	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	Strategic Area: – Environment and Climate Change Sustainable energy			

SUMMARY

The Beirut blast has had a devastating impact on Lebanon. In addition to the human casualties and the direct destruction of the port, key infrastructure was damaged in the sectors of health, education, electricity, heritage as well as residential and commercial buildings.

The effects of the blast on Beirut and, by extension, on the Lebanese economy, go far beyond the immediate vicinity of the port. The destruction of some of the largest small and medium-sized enterprises (SMEs) in the retail, trade and banking sectors, has had a dramatic impact.

On the COVID-19 front, the spread of the pandemic has also been aggravated by dynamics resulting from the explosions. Following the 31 August Rapid Damage and Needs Assessment (RDNA) carried out by the EU, the World Bank Group and the United Nations (UN) which identified priority reconstruction needs, a reform, recovery and reconstruction Framework (3RF) is currently under preparation. Its aim is to provide a roadmap, including institutional arrangements with government and donors' involvement to operationalise the RDNA findings, building on existing structures and with civil society oversight. The 3RF shall be complementary to the ongoing follow-up to the «Conférence économique pour le développement, par les réformes et avec les entreprises», CEDRE conference.

The reforms called for in the context of the 3RF are in line with the benchmarks set by the European Union and are in line with the European Neighbourhood Policy (ENP), with the Priorities of the Single Support Framework (SSF) for the period 2017-2020 and the EU-Lebanon Partnership Priorities/Compact Commitments 2016-2020 under the revised European Neighbourhood Policy.

This Action aims to contribute to the following strategic pillars:

Governance: Improving governance and accountability to help restore trust in the State and support to civil society, bearing also in mind the need for a digital transition;

Economic recovery and jobs: reviving the local and national economy by restoring access to jobs and economic opportunities while promoting the Green economy;

Services and Infrastructure: Restoring and improving basic services and physical infrastructure.

In complementarity to this action document, substantial support is being channelled to Social Cohesion (Strengthening social cohesion and ensuring social inclusion), services and infrastructure through separate actions under the European Union Regional Trust Fund in Response to the Syrian Crisis. Support is also being made available in the domain of rubble removal via the Annual Action Programme 2018 funds.

The Action is intended to contribute to: (a) consensus-building among Lebanese stakeholders on the required enabling policy environment, recovery and reconstruction priorities; (b) an agreed reconstruction and recovery framework between Lebanese stakeholders and development partners; (c) a programmatic, co-ordinated and integrated approach across all sectors; (d) harmonised financing and aid tracking; and (e) gradual transition from the humanitarian response to recovery and reconstruction. The Action will include interventions relevant to the Green Deal.

Flexibility is foreseen to ensure that reconstruction and development assistance working directly with the government will be contingent on government commitment to reform while people-centred support and support for immediate recovery in favour of the Lebanese population and civil society, including the private sector, should be facilitated.

1 CONTEXT ANALYSIS

1.1 Context Description

Lebanon is a fragile State with weak public institutions and poor quality public services that are prey to deep-rooted confessional divisions. The inefficiencies in the public administration are also due to complicated, non-transparent and often incomprehensible procedures. This results in citizens and businesses wasting time and resources, distracting officials from performing their duties and provides ample opportunities for corruption. Furthermore, the political system is designed to reinforce multi-confessional co-existence through checks and balances that provide for short-term stability but restricts the scope for reform. 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.

On 4 August 2020, a large amount of ammonium nitrate stored at the port of the city of Beirut, exploded causing at least 200 deaths, 3 reported missing persons, and more than 6,500 injured. The Jordanian Earthquake Observatory issued a statement notifying that the energy from the Beirut port explosion was equal to a 4.5 earthquake on Richter scale. The site of the blast was located in Beirut's industrial waterfront, close to the city's densely populated residential neighbourhoods and downtown shopping districts and led to the displacement of more than 300,000 residents in surrounding areas. Private homes and businesses within a 10 km radius of the explosion site have been affected.

The EU and the international community responded swiftly to the Beirut port explosions. Upon the request for assistance from Lebanon, the Union Civil Protection Mechanism was deployed on 5 August with 18 teams on the ground until the closure of the Search and Rescue operations on 9 August. The EU Copernicus emergency satellite mapping service was

activated on 5 August to support damage assessment. A third European Union Humanitarian Air Bridge delivering essential humanitarian supplies and medical equipment was organised on 12 September. In addition to these efforts, the EU has mobilised more than EUR 64 million for emergency needs, medical support and equipment, and for the protection of critical infrastructure.

Non-governmental organizations (NGOs), in particular Lebanese, have been at the forefront of the emergency response to the explosions, supported in some instances by the United Nations system. They have mobilised considerable in-kind aid and financial resources. They also catalysed the solidarity expressed by the Lebanese youth, who joined in numerous volunteer actions. New coalitions of NGOs have also emerged to improve the effectiveness of their response but also influence the reconstruction process. This has certainly contributed to the mushrooming of needs assessments, with more than 45 such studies recorded by the United Nations (UN) Resident Co-ordinator Office at time of writing.

Prior to the explosions, Lebanon was already going through a deep economic, financial and social crisis. The eruption of the conflict in Syria exposed Lebanon's economic vulnerabilities, followed by public financial mismanagement, large macroeconomic imbalances, and deteriorating social indicators, all exacerbated by the recent COVID-19 pandemic. The IMF estimates that real GDP will contract by 25 % in 2020. These challenges are taking place against the backdrop of high levels of corruption, political turmoil, and weak governance reversing hard-won development gains as 55% of Lebanese citizens now live in poverty without any form of social protection system. The Beirut port explosion also significantly exacerbated a wide range of pre-existing vulnerabilities and needs among the poor, vulnerable and middle classes. Against a context of already rising national poverty rates, hyperinflation, the loss of jobs and livelihoods, food insecurity, high exclusion, neglect of cultural heritage and an inadequate national social protection system, Lebanon's remaining social fabric is in danger of total collapse.

Lebanon's Systematic Country Diagnostic (SCD) has identified elite capture, hidden behind the veil of confessionalism and confessional governance, as the overarching obstacle to the country's economic development. Lebanon's worsening conditions have been accompanied with increased political unrest. Frustration over corruption and mismanagement had already emerged since October 2019, leading to major popular protests and to the resignation of the then Prime Minister Hariri. The more recent port explosion has rekindled discontent and overall lack of trust in the government, leading to the resignation of Prime Minister Diab's government on 10 August 2020.

On 23 September 2020, the International Support Group (ISG) for Lebanon called for the urgent formation of an effective and credible government in order to be able to meet the legitimate aspirations and needs expressed by the Lebanese people, recover, and reconstruct the affected areas of Beirut. Sectoral and structural reforms would also be necessary to overcome and recover from the current and unprecedented acute social, economic, humanitarian and security challenges.

On 22 October, President Aoun appointed Saad Hariri as Prime Minister-designate. Mr. Hariri declared that he would form a government of non-partisan "specialists" and consultations in view of the formation of the government are on-going.

In response to the explosion, the EU, the World Bank Group and the UN released on 31 August a Rapid Damage and Needs Assessment (RDNA) to identify priority reconstruction

needs. The report estimates the damages and the impact of the blast on the population, infrastructure and service delivery, as follows:

Key Findings

- Physical damages: USD 3.8-4.6 billion with housing and culture sectors most severely affected.
- Losses in economic flows: USD 2.9-3.5 billion, with housing being the most hit followed by transport and port and culture.
- Priority recovery and reconstruction needs for Calendar Year 2020 and CY2021: US\$ 1.8-2.2 billion, with transport sector needs being the highest followed by culture and housing.

Impact on Economy

- Losses in economic activity due to destruction to physical capital- up to 0.4 and 0.6 percentage point (pp) declines in the growth rate of real gross domestic product (GDP) in 2020 and 2021, respectively.
- Loss of fiscal revenues.
- Possible trade disruptions resulting in higher transaction costs of external trade-import constraints could subtract an additional (upper limit) of 0.4 and 1.3 percentage points from growth in 2020 and 2021, respectively.
- Higher inflation and higher poverty rates.

Following the RDNA, the EU, the World Bank and the UN are currently preparing, in cooperation with the government, donors and civil society a reform, recovery and reconstruction Framework (3RF), which intends to provide a roadmap to operationalise the findings of the RDNA and other assessments for the immediate and short term until, indicatively, the end of 2021. Based on detailed sector assessments and in-depth consultations with stakeholders, the 3RF intends to identify the scope, design, institutional arrangements as well as the monitoring and accountability framework for decisive action to build back a better Lebanon, setting the ground for a comprehensive, medium-term reform, recovery and reconstruction programme.

The EU and the international community believe that the current crisis provides a critical opportunity to build back a better Lebanon, guided by the principles of transparency, inclusion, and accountability. This process would need to follow a “Whole of Lebanon” approach, bringing together government, civil society, the private sector, activist groups, youth groups, think tanks, academia, and the international community around a common vision and strategic objectives. It would need to ensure representation of all segments of Lebanese society, including women, the disabled, Lesbian /Gay /Bisexual /Transsexual /Intersex (LGBTI) community and other vulnerable groups, and take into account the voices and interests of refugees and migrants. The diaspora remains a strategic resource for the economy, not only for portfolio and other short-term investments, but more important, for long-term foreign direct and productive investments. This process should directly address the urgent needs of the population across the below -mentioned 4 Pillars in an efficient, equitable and transparent manner, while ensuring that the government delivers on governance reforms.

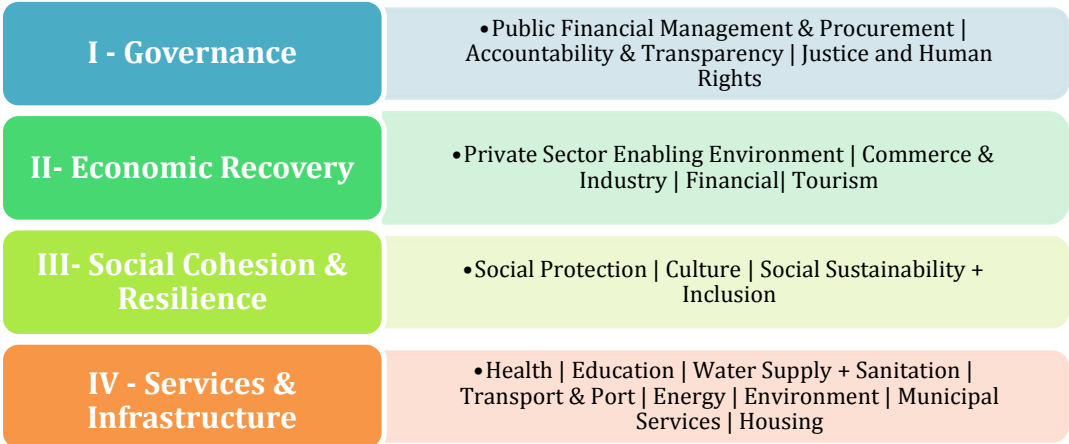
1.2 Policy Framework (Global, EU)

On 23 September 2020, the members of the International Support Group welcomed the joint EU, UN and World Bank RDNA report as a basis for donor engagement and called upon the

international community to swiftly scale up its support to Beirut and the Lebanese people in that context.

The RDNA assessment included a recommendation to establish recovery, reconstruction and priority reform areas. The international partners jointly with the government and civil society are currently preparing a Framework for reform, recovery and reconstruction. The Framework is designed around several building blocks. In line with international good practices, these include (a) strategic pillars and objectives for recovery and reconstruction, (b) enabling policy environment, (c) institutional and implementation arrangements, (d) a financing strategy. The four strategic pillars integrate the needs and priorities of fifteen sectors affected by the disaster as depicted in graph 1.

Graph 1: Four strategic pillars and sectors



In line with these strategic pillars, the Framework proposes four strategic objectives: (i) Improving governance and accountability to help restore trust in the State and support to civil society; (ii) Restoring access to jobs and economic opportunities, and reviving the local and national economy; (iii) Strengthening social cohesion by reducing social tensions; and (iv) Restoring and improving basic services and physical infrastructure.

The 3RF is intended to contribute towards: (a) consensus-building among Lebanese stakeholders on the required enabling policy environment, recovery and reconstruction priorities; (b) an agreed reconstruction and recovery framework between Lebanese stakeholders and development partners; (c) a programmatic, co-ordinated and integrated approach across all sectors; (d) harmonised financing and aid tracking; and (e) gradual transition from the humanitarian response to recovery and reconstruction.

The institutional and implementation arrangements to support the implementation of the 3RF would form part of an integrated and light-touch architecture with a Consultative Group including government representatives, a donor representative (on a rotating basis) and a civil society (CSO) representative (on a rotating basis) and a Reform Secretariat for technical co-ordination. This architecture would complement existing or recently established arrangements for the co-ordination between the government and development partners or stakeholders notably the arrangements made in the context of the 2018 CEDRE conference.

As part of the wider institutional arrangements, a civil society led independent Oversight Body would be established to monitor the 3RF implementation progress and the use of financing by implementing agencies. Its periodic reports could be disclosed to the public and be presented at the Consultative Group.

The proposed action under the umbrellas of 3RF also seeks to contribute to fulfilling priorities under the EU-Lebanon Partnership Priorities 2016-2020 and the Single Support Framework (SSF) 2017-2020 mainly in the areas of governance and the rule of law, as well as fostering growth and job opportunities.

Moreover, the EU Delegation established a roadmap of benchmarks for reform in Lebanon. The EU benchmarks covering the period 2020-2021 include credible reforms in key sectors including inter alia anti-corruption and justice, public procurement, electricity, water and wastewater, as well as social assistance and education.

Furthermore, in the context of the 2019 "EU-Lebanon Roadmap for Engagement with Civil Society", the need to support civil society's capacity was identified in order to facilitate their involvement in promoting and monitoring reform in Lebanon. Such support would aim at: enhancing the capacity of existing CSO platforms to better engage in policy dialogue and better perform their watchdog role in fighting corruption and improve their ability to participate in the formulation, implementation and monitoring of governmental actions. In this sense, the current Action aims at enabling CSO to structure their activities and enhance their visibility, thus increasing public accountability.

The Action is in line with the Gender Action Plan's (GAP) (2016-2020) objectives addressing girls and women's right to participate equally in the decision-making at all levels. The empowered women civil society organizations, mainly coalitions and networks, are intended to play an important role as catalyst in translating SDG 5 into national priorities.

While the 3RF remains at this moment a draft, its content is aligned with our policy and developmental approaches in Lebanon, including the relevant conditionality linked to key, prioritised reforms.

1.3 Public Policy Analysis of the partner country/region

Several public policy areas in relation to the four strategic Pillars are relevant in order to achieve a comprehensive response to reform, recovery and reconstruction after the Beirut explosions.

On 1 October 2020, in response to the explosion, the Parliament adopted a law aiming to protect the areas and the population affected by the Beirut blast and to support reconstruction. The law sets up a committee in order to follow up the damage assessments and the reconstruction. The committee is headed by a representative of the Lebanese Army and consists of representatives from the Ministry of National Defense; Ministry of Interior/Governor of Beirut City, Beirut Municipality; Ministry of Public Works/General Directorate of Urban Planning, the Ministry of Finance / General Directorate of Real Estate, the Ministry of Culture; Council of Development and Reconstruction; Beirut Engineer Syndicate; Public Corporation for Housing and the High Relief Commission.

Concerning governance issues (Pillar I), the Lebanese authorities are conscious of the imperative necessity to reform the system and comply with minimum required conditions and international standards. Previous governments had planned to adopt good governance principles through improved strategic planning, modern human resources management and simplified procedures. Initial attempts were made to fight corruption and bribery, increase transparency and accountability through revising and modernizing related laws, improving access to information for citizens and enhancing the capacity for financial control. As a result, Lebanon committed to implementing a series of reforms to increase transparency,

accountability and fight corruption on the one hand and to long-term social and economic development on the other hand.

However, progress in these areas has been severely hindered by a lack of institutional reforms and the absence of a real political commitment. The Parliament adopted a basket of laws to fight corruption, including the Access to Information Law (No.28/2017) in February 2017; the Law on e-Transactions and Personal Data to regulate the country's domain, protect the privacy of the Lebanese citizens, define and control electronic crimes and facilitate trade and electronic transactions (No. No.81/2018) in October 2018; the Whistle-Blower Protection Law No. 83/2018 in October 2018 and the Law on Enhancing Transparency in the Petroleum Sector (No. 84/2018) in October 2018. However, the full application of existing laws and the endorsement of new laws was not ensured and the needed structural reforms were not implemented, thus hampering the fight against corruption and worsening the socio-economic conditions in Lebanon.

As regards economic recovery (Pillar II), the government would need to restore economic opportunities and livelihoods in the immediate term and to revamp business activity in the short term. In the longer term, businesses will need sustainable financing solutions; otherwise, the lack of liquidity will lead to insolvency and job destruction. Post-explosion assessments found that at least 5,000 formal business facilities have been damaged and need urgent financial assistance across all sectors: tourism, commerce and industry, creative industries, utilities, health, and education. Besides, microfinance institutions (MFIs) reported that over 5,200 borrowers were affected by the explosion. Based on the damages and losses, the needs for recovery and reconstruction of privately-owned establishments range from US\$ 370 to 460 million.

Defining environmental priorities in Lebanon has proven challenging. The current environmental public policies of Lebanon are mainly made of a patchwork of laws that could each be related to different SDGs, despite recent reinforcement of the Ministry of Environment legal and institutional framework (e.g. Law no. 444 of 2002 on Environmental Protection and its related decrees), and the recent ratification of the Paris Agreement by the Lebanese Parliament (Law no. 115 of 2019). Having clear long-term public policies on environment is not the most frequent practice in Lebanon. When existing, Lebanese environmental policies also remain insufficiently credible (e.g. Paris Agreement commitment to reducing greenhouse gas emissions by up to 30% by 2030, while at the same time searching for oil and gas reserves first rather than developing renewable energy).

The relative absence of datasets, evaluations (e.g. no evaluation of green incentives and loans in the energy sector) and analytical work complicates the assessment. Hence the need to consolidate research gaps, tackle disinformation and include gender considerations (e.g. through data that is sex-disaggregated). Reflection on lessons learned and environmental performance of key sectors (e.g. construction, agriculture, etc.) remains also limited. For instance, waste data does not exist; air pollution monitoring equipment were for the first time installed in 2018 thanks to EU assistance (and recently put on hold due to Ministry of Environment limited financial capacity). The latest work on environmental legislation was carried out in 2003 with EU assistance. The latest Country Environment Analysis was released by the World Bank in 2011. The budget of the Ministry of Environment was the 3rd lowest in 2019.

Environment is fundamentally a public policy in which citizens, both men and women, engage periodically. These mechanisms are clearly insufficient compared to the social

accountability previous and current popular uprisings are calling for. Ever since the 2015-2016 garbage protests, there were visible signs of growing mistrust between Lebanese citizens and their elite, a mistrust that goes beyond Lebanon's classical confessional divides. In the recent popular uprising of October 2019, this distrust reached an apex. The unclear environmental policy orientations, the weak public enforcement capacity of environmental regulation, the poor environmental sector governance and a disregard for the environment-related public service delivery are reasons as important as others for citizen to express their need of a drastic change. Months of waste crisis in 2015, 104 major fires destroying hectares of forests mid-October 2019, demonstrations in front of polluting cement factories in the uprising of October 2019 – all this is showing that, on the long run, Lebanese citizens consider ensuring a safe and healthy environment to the population is a public service and are willing to hold public authorities accountable for its delivery.

Concerning the social protection system (Pillar III), Lebanon is characterised by a high degree of fragmentation and weak governance, as well as the lack of an overarching policy or legal framework. Low investment and limited coverage of social protection have severely limited the State's capability to address vulnerabilities and respond to emerging crisis, thus increasing reliance on non-governmental actors and informal social protection. Social assistance and social insurance programmes are very limited in coverage and benefits, neither a long-term pension scheme for private sector workers nor unemployment/workplace accident insurance are in place. Furthermore, the State's capacity for provision of social care services - with its focus on institutionalization - is limited, and there is a lack of functioning active labour market programmes. Moreover, coverage of parallel social assistance programmes to refugees as well as Palestinians, are limited with only 40% of Syrian refugee households supported with food e-vouchers and multipurpose cash assistance.

Finally, concerning services and infrastructure (Pillar IV) the explosions had a significant impact on urban services – including health, education, energy, water, municipal services and the environment – in Greater Beirut. Based on the RDNA, preliminary assessments for the electricity sector demonstrate damage mainly to transmission and distribution lines, as well as to administrative assets of the national utility, Electricité du Liban (EDL). The resulting power outage caused disruptions of essential services such as health and communications. In addition, water and wastewater networks and infrastructure have been damaged. Municipalities have also suffered from infrastructure damage, reduction in revenue and increased operating expenditure, limiting their ability to provide municipal services. The explosions also caused the destruction of the Solid Waste Recycling and Sorting Facility at Karantina, partial damages to the Solid Waste Composting Facility at Coral in Bourj Hammoud and damages to the health care waste storage waste facilities of three hospitals in Beirut. Issues of waste management and pollution require urgent attention in the aftermath of the disaster.

Even prior to the disaster, the urban services sector was already suffering from significant pre-existing constraints and weaknesses. The Lebanese electricity sector, dominated by the EDL, was already suffering from long-term challenges, weak oversight and lack of transparency. It has also long been a major source of Lebanon's fiscal deficit and been unable to meet growing electricity demands. For the water sector, pre-existing challenges include the lack of human resources, low revenue collection, poor water and sanitation infrastructure, as well as a lack of proper procedures and equipment for their operation and maintenance. Similarly, municipalities in Lebanon have been experiencing severe constraints in their ability to provide services even prior to the port explosions. Challenges include, amongst others, a multiplicity

of mandates, the maintenance of municipal infrastructure, economic disparities, as well as limited fiscal and technical capacities. Finally, environmental governance has long been neglected and requires a long-term strategic agenda. Although Lebanon has promulgated many important environmental regulations, enforcement and monitoring of environmental regulations is very weak. For example, the weak human and financial capacities of local authorities, including the municipality of Beirut, weaken the ability of local authorities to meet environmental requirements. These pre-existing challenges have resulted in poor urban services that have hurt government legitimacy and weakened the social contract between citizens and local authorities.

1.4 Stakeholder analysis

The proposed Action seeks to integrate the relevant human rights-based approach (HRBA) principles ensuring that all key right-holders (i.e. Lebanese citizens, activists, CSOs, private sector) and duty-bearers (i.e. ministries, municipalities, public administrations including Beirut port, oversight bodies, and CSOs) are duly identified and associated as necessary, in response to the right of the Lebanese citizens to a transparent and accountable government. The aspiration is to strengthen the capacities of the right-holders to make their claims to the duty-bearers to meet their obligations, also in respect to fair and transparent access to public services.

The main target groups of the proposed Action are the ministries and other government institutions, public administrations, including State control bodies and institutions, as well as CSOs. However, it should be noted that the final beneficiaries of the Action are all Lebanese citizens, as individuals or involved in the civil or the private sector.

Lebanese Ministries and government institutions

Most of the ministries and institutions are understaffed and underfunded. The lack of political stability and consensus has slowed down major political and economic reforms, causing among others a low level of basic service delivery to the Lebanese population. In addition, the absence of an approved budget between 2005 and 2018 and the lack of a clear legal and regulatory framework led to the absence of a strategy for reform. Only in 2019, a State budget was approved in relation to the CEDRE process. Following the 4 August explosion, major government buildings were damaged thus affecting their day- to- day operations and compromising significantly the services delivered to citizens and to other sectors. Specifically, the Port of Beirut is a national public property managed by a temporary administrative committee, the “Temporary Committee for Management and Investment of the Port of Beirut” since 1990. The Temporary Committee, which is directly controlled by the Lebanese government, is in charge of specifying the needed works for the ports and awarding the corresponding contracts. The Port of Beirut revenues are declining due to the absence of a Port Management and serious governance and accountability issues.

Private Sector

The effects of the blast on Beirut and, by extension, on the Lebanese economy, go far beyond the immediate vicinity of the port. The destruction of some of the largest small and medium-sized enterprises (SMEs) in the retail, trade and banking sectors, has had a dramatic impact. In an instant, an estimated 100,000 women and men working in small businesses (many of them informal) became unemployed and highly food insecure. Around 10,000 enterprises have been destroyed or put out of business (most of them in the hospitality sector).

Civil Society Organizations

Lebanon has a vibrant, diverse and active civil society, with the number of registered organisations reaching more than 8,000 according to some estimates. CSOs represent a wide range of voices in reform and development debates, particularly on the vulnerable and marginalised population, while also taking responsibility for the delivery of services. They represent Lebanese citizens calling for better services delivery, reform, political accountability and transparency. Emerging CSOs and Lebanese citizens, both men and women, were mainly those involved in the current protests and those which came first in support to early recovery in the areas affected by the blast.

In spite of the liberal CSO environment in Lebanon compared to other countries in the region, CSOs face legal, financial and political constraints. They suffer from weak institutional capacity, low performance, and limited competence in policy development. In addition, the absence of dialogue and interaction among CSOs and between CSOs and the government limits the impact that civil society could have on the reform agenda, including on the fight against corruption.

Civil Society will be the main stakeholder and final beneficiary of the Action and will have an essential role to play as watchdog, by leading an independent Oversight Body to monitor the 3RF implementation progress.

1.5 Problem analysis/priority areas for support

Although its estimates are preliminary due to the rapid nature of the assessment that was carried out together in co-operation with partners under challenging circumstances, the RDNA lays the groundwork for an agenda for reform, recovery, and reconstruction that inspires hope for a better future for all Lebanese, and where the Lebanese people should have a guiding role.

Reconstruction efforts will require not only the rehabilitation and reconstruction of damaged buildings and infrastructure, but also the rebuilding of institutions and governance structures. In the port sector for instance, the report recommends that, beyond the emergency works needed to ensure Lebanon's vital imports, the port is rebuilt in a holistic and modern way, better sited and sized, and governed by the most efficient and transparent practices.

The RDNA recommends a "Building Back Better" approach through a framework of reform, recovery and reconstruction combining interventions that prioritise the needs of the people, particularly the poor and most vulnerable, with structural reforms relating to macroeconomic stabilization, governance, private sector operating environment, and ensuring human security. These reforms should prevent corruption and elite capture.

Given Lebanon's state of insolvency and lack of sufficient foreign exchange reserves, international aid and private investment will be essential for comprehensive recovery and reconstruction. Lebanon's implementation of a credible reform agenda will be key to accessing international development assistance and to unlocking external and private sector sources of financing.

Re-establishing the trust of the Lebanese people will provide the foundation for a successful recovery: a recovery that not only deals with losses and damage, but also supports sustainable and inclusive development.

To this effect, the Action will support the design and implementation of targeted economic, financial and environmental governance reforms.

The Action will support an anti-corruption reform process building on the European Union's previous support, namely the Technical Assistance Facility I (TAF I) and the Policy Planning and Governance programme, addressing the aforementioned challenges for the implementation of the National Anti-Corruption Strategy. A priority will be given to support to the relevant national authorities in charge of combatting and preventing Corruption, bodies and civil society organisations. Support to the Lebanese administration will depend on the degree of commitment to reform demonstrated in the Ministerial Declaration. Further, the Action will contribute to enhancing human resources management tools for relevant institutions, the public services delivery through simplification of procedures, transparency and accountability as well as public participation to promote a culture of integrity. The role of public oversight bodies in fighting corruption will be further strengthened through technical assistance enabling government services to function in the best public interest.

The Action could also provide assistance to the formulation of and delivery on reform priorities, on the basis of transparency and inclusiveness. It could support the reconstruction efforts which will require not only the rehabilitation and reconstruction of damaged buildings and infrastructure, but also the rebuilding of institutions and governance structures and the capacity of the country to fight and prevent corruption.

The Action will seek to increase CSOs' overall capacity and sustainability to play their watch dog role vis-a-vis ministries and oversight bodies, including in the context of building back better. The programme will also assist CSOs to play a meaningful role in the broader reform processes and to be more systematically involved and consulted to promote a culture of integrity and enhancing transparency and accountability in all relevant corruption-prone sectors. In addition, CSOs will be empowered to have a major role in monitoring and auditing the reconstruction and the recovery process, including in the specific area of rehabilitation of cultural heritage.

The Action will support CSOs' oversight and multi-stakeholder dialogue on design and operationalization of a priority reform matrix as well as concerted policy dialogue with government counterparts on key reform benchmarks.

Prolonged public and donors' support to Lebanon in tackling environmental degradation and pollution since the early 2000's did not lead to sufficient structural changes able to alleviate the enablers of environmental degradation and pollution. In 2018, Lebanon ranked 67 out of 180 on the Environmental Performance Index. Data shows that its overall performance in recent years is deteriorating, especially for water and sanitation, air pollution, biodiversity and habitat. Slight improvements are observed for air quality and forests. Manufacture/industry and in general all the business sector is facing numerous challenges in its efforts to be competitive while reducing its ecological footprint. Pressure from stakeholders throughout and beyond the supply chain is increasing, requiring internalisation of the environmental costs associated with manufacturing, a more efficient use of resources and production inputs, compliance with national environmental legislation and international standards.

Past environmental actions of local authorities (LAS), non-State actors (NSAs) and economic actors did not lead to sufficient systemic change due to the combined effect of LAs unconcerned with the environmental aspect of environmental actions, and legally unconstrained policy makers, as well as NSAs not able to push for their voice to be heard by

decision makers, and offhand, unpremeditated donor financing. This has affected the progress on the ‘green agenda’ and the green economy, in the country.

The port of Beirut explosion intensified the severe impact of the ongoing economic, financial and health crisis on the productive sector. Prior to the explosion, businesses were facing severe challenges due to a lack of liquidity, a severe shortage of dollars, informal capital controls, parallel exchange rates, inability to import inputs and final goods, and interruption of operations due to lockdown. The destruction and losses caused by the explosion topped off the already weighed down productive sectors operating directly in Beirut and the surrounding region, with higher level impacts also felt due to the disruption in the value chains activities.

To support the immediate and short term needs of the productive sector and to help restore pre blast conditions, with a building back better lens, a set of priority programs are needed including: (i) a business recovery fund to provide to micro, small and medium-sized enterprises (MSMEs) impacted by the explosion with grants, concessional loans and non-financial assistance; (ii) a livelihood and economic opportunities programme that provides short-term income opportunities for local workers and residents affected by the explosion; and (iii) technical assistance to strengthen key productive sectors and most-affected value chains in meeting the reconstruction needs. Where relevant, interventions will target the most vulnerable, including women and women lead enterprises, youth, migrants, as well other vulnerable groups affected by the crisis.

2 RISKS AND ASSUMPTIONS

Risks have been identified from the outset of the 3RF design and steps will be put in place for risk management with the support of the Consultative Group and the Reform Secretariat for the implementation of this programme.

Risks will be measured against the benefits of the activity, and not just simply by choosing the lowest risk option. Options for minimizing risks, avoiding risk, sharing risks or mitigating and accepting risks will be developed based on the likelihood and potential impact of the risk.

Risks	Risk level (H/M/L)	Mitigating measures
The 3RF framework considers short-term reform as an essential element for recovery and reconstruction. Due to the governance vacuum, the commitment to reforms could be hampered.	H	The government is included in the Consultative Group of the 3RF providing an opportunity for high-level policy dialogue on the necessary short-term reforms and their implementations. In case the necessary reforms are not delivered the support will be redirected to the needs of the Lebanese Population exclusively.
Challenging co-ordination between key donors and implementing partners.	M	The proposed governance structure of the 3RF includes government and CSOs representatives and donors and will be supported by a Reform Secretariat to

		facilitate information sharing between members and support the technical co-ordination.
Risks of corruption affecting the impact of the Action and the fulfilment of the strategic objectives of the four pillars.	M	Corruption risk management processes in place for the implementation of the 3RF, in addition to an independent civil society led oversight body would monitor 3RF implementation progress and use of financing by implementing agencies.
Green business activities development not integrated in national green economy sector	M	Ensure communication and co-ordination between similarly placed SMEs through workshops centered on green economy actors organised as part of the NSA component
Market evolution renders green business plans developed under SME/MEs component not profitable	M	Conduct a yearly review of business plans in order to ensure capacity for adaptation to market pressures
SMEs co-financing capacity to access loans not attained due to struggling Lebanese banking sector and/or limited complementary donor budget	H	Decrease co-financing percent required by EU Eligibility for external donor support granted by EU Donor and Donor-government co-ordination to ensure complementarity in co-financing green business development
Assumptions		
<ul style="list-style-type: none"> • The security situation in Lebanon does not deteriorate following the protests against the authorities since 2019 and after the blasts, and subsequent Prime Ministers' resignations. • Lebanon's internal political situation and stability enables the security system stakeholders to implement reforms required. • All political actors at central and local level remain committed to the reform process as per CEDRE recommendations. • The Lebanese government is willing to take part in the structured dialogue with civil society. • Civil Society Organisations are willing to participate in the policy dialogue and are committed to playing a watchdog role in fighting corruption. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The Lebanese people – and especially the most vulnerable among them – are paying a high price for the multiple ongoing crises and have become increasingly distrustful of the current political and economic system. While it could take years to fully restore damaged infrastructure, it will be even more challenging to repair the sense of hopelessness and resignation that many Lebanese feel towards a political and economic system whose legitimacy is increasingly questioned.

The explosion must therefore serve as a wake-up call for rapid and systemic change. At this critical junction, swift and decisive action is necessary. This sense of urgency is shared by many Lebanese, as evidenced by the widespread protests in the aftermath of the disaster calling for systemic institutional, economic, and social change.

In this context, the current crisis provides a critical opportunity to build back a better Lebanon, guided by principles of transparency, inclusion, and accountability. The 3RF process follows a “Whole of Lebanon” approach, bringing together government, civil society, the private sector, activist groups, youth groups, think tanks, academia, and the international community around a common vision and strategic objectives. This process ensures representation of all segments of the Lebanese society, including women and other vulnerable groups, and takes into account the voices and interests of refugees and migrants.

This programme directly meets the urgent needs of the affected population while ensuring that results are delivered in an efficient, equitable and transparent manner.

Donors have previously pledged more than US\$11 billion for capital investments at the 2018 CEDRE conference. However, successive governments have since failed to deliver on the associated fiscal adjustments and structural reforms.

The international community has indicated that while humanitarian and quasi-humanitarian assistance and support for immediate recovery in favour of the Lebanese people and civil society is forthcoming, reconstruction and development assistance working directly with the government will be contingent on government commitment to reform. Until a functioning government is able to institute the required governance and structural economic reforms, the country will not be able to access financing at scale to address its pressing public infrastructure needs.

Therefore, the 3RF as a common vision will help fill this gap by kick starting the recovery process and establishing the foundation for reconstruction in an inclusive and consultative way.

In addition, the Action is articulated in a way to bring together CSOs, government, donors and implementing partners in order to increase transparency, accountability and citizen/CSO engagement across activities and sectors.

This will help ensure the central involvement of civil society and the private sector in the reconstruction and recovery efforts and address weak citizen’s trust in the state.

3.2 Complementarity, synergy and donor co-ordination

The Action is in line with the European Neighbourhood Policy (ENP), with Priorities of the Single Support Framework (SSF) for the period 2017-2020 and the EU-Lebanon Partnership

Priorities/ Compact Commitments 2016-2020 under the revised European Neighbourhood Policy which foresee an envelope for complementary support to capacity development and institution building in the Lebanese administration and private sector. The Action complements and strengthens on-going interventions funded by the European Union Regional Trust Fund in Response to the Syrian Crisis in key sectors such as health, education, social protection, and water/sanitation.

This Action builds around the recommendations of the RDNA prepared by the World Bank, the United Nations and the European Union and contributes to the 3RF currently under preparation. It will help enhance the following:

- Co-ordination and effectiveness of international funding: By overseeing the different financing sources and a common vision, the 3RF is an efficient and unifying platform for promoting co-ordination and effectiveness of international funding by reducing duplication and ensuring allocation of scarce resources behind the priorities articulated in the 3RF. It also can help reduce administrative and transaction costs by pooling operational approaches, risk management, and results monitoring and reporting.
- Co-ordinated reform dialogue and support: A critical function would be to provide a platform for strengthening dialogue and collaboration between multiple stakeholders, including the government and civil society and donors on reform, and ensuring that sequencing and implementation arrangements of non-humanitarian grant financing are linked to clear progress on short-term reforms and possibly beyond.
- Complementary to other efforts and leverage: the Action will provide an efficient means for complementing other strategic efforts by donors, implementing partners. The Action could help complement such efforts by filling programming and/or analytical gaps.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The Overall objective of the programme is to support reform, recovery, and reconstruction following the Beirut port explosions of August 2020.

The Project specific objectives are:

- Specific Objective 1 (SO1): Governance: Improving governance and accountability to help restore trust in the State, as well as Supporting civil society capacity to promote their role in reform processes and oversight of rehabilitation and reconstruction.
- Specific Objective 2 (SO2): Economic recovery and jobs: Reviving the local and national economy by restoring access to jobs and economic opportunities while making a more structural and systemic contribution of Lebanese stakeholders to the Green economy, with specific attention to the economic fabric and businesses affected by the Beirut port explosion of 4 August 2020.

- Specific Objective 3 (SO3): Services and Infrastructure: Restoring and improving basic services and physical infrastructure (to be addressed also in a separate Action by the European Union Regional Trust Fund in Response to the Syrian Crisis).

Expected outputs of (SO1): Governance: Improving governance and accountability to help restore trust in the state and support to civil society

1.1 - In relation to improved governance and accountability:

- Relevant authorities in charge of combatting and preventing corruption are strengthened;
- Effective and co-ordinated implementation of the National Anti-Corruption Strategy by taking necessary steps to fully implement the Access to Information Law and Action Plan; activate the Whistle-blower Protection Law; operationalise the National Anti-Corruption Institution; and strengthen the independence and capacity of the Central Inspection and Court of Accounts;
- Design, integrate and conduct a corruption risk management process in recovery and reconstruction projects in key vulnerable sectors;
- Role and capacities of relevant Ministries and public institutions have improved in relation to the fight against corruption;
- Effective risk management and control functions in pilot administrations promoted;
- Oversight institutions' technical capacities enhanced in order to prevent and fight corruption; and enhanced communication between Oversight institution and citizens;
- Integrity in public human resources management safeguarded and promoted;
- Accountability and transparency towards the Lebanese citizens increased, especially in the reconstruction and recovery process of reform, recovery, and reconstruction;
- Reporting capacities of key government actors enhanced and fully transparent, including through the use of online platforms for publication of legislation;
- Technical Assistance to support co-ordination of reforms relevant for the process of reform, recovery, and reconstruction;
- Design, integrate and conduct a corruption risk management process of the reform, recovery, and reconstruction process;
- Transparency in public procurement enhanced and corruption risks in public procurement reduced;
- Adoption of the new Public Procurement Law, implementing regulations and complementary secondary legislation, including the mandatory usage of revised Standard Bidding Documents;
- E-governance and e-procurement promoted to ensure due process, fair competition and increased efficiency;
- A procurement regulatory body and a complaint handling unit set-up and operational,

Support to the government is conditioned upon its commitment to design and implement credible reforms.

1.2 - In relation to civil-society capacity building

- A more structured dialogue space between CSOs, the EU Delegation and the government is established on sectors related to reform, recovery, and reconstruction as well as the SSF and CEDRE priorities;
- A framework for strategic and regular consultation with CSOs is established;
- Impact, predictability and visibility of EU actions jointly with EU Member States in support of civil society in Lebanon promoted through the provision of a more structured space for dialogue with CSOs;
- Technical support provided to CSOs to improve their internal governance and to enable them to act as a partner for development with the government at the decision-making level through the provision of individual and practical on-the-job support, knowledge transfer and coaching type of activities;
- Sustainable mechanisms for co-ordination, monitoring and evaluation are strengthened to enhance the civil society advocacy and watchdog role;
- CSOs role in policy dialogue on the reform agenda and in fighting corruption is enhanced;
- Participation of CSOs in the preparation, implementation and monitoring of public policies is launched;
- Technical Support to CSOs to monitor and audit reconstruction and recovery process of the process of reform, recovery, and reconstruction is ensured;
- Women's and Youth organisations' activities in fighting corruption is enhanced;
- Public participation in promoting a culture of integrity is enhanced.

Support to the civil society is unconditional.

Expected outputs of (SO2): Economic recovery and jobs: Restoring access to jobs and economic opportunities while promoting the Green economy

2.1 - Local Authorities (LA), as accountable local decision makers and duty bearers, have an effective and accountable management of environmental actions and duly promote local green public investment and the Green economy.

2.2 - Non-State Actors (NSAs) engage in credible and legitimate dialogue and advocacy processes on Green economy and environmental issues and are included in the table of decision-makers, targeting NSAs (including women CSOs) to enable them to voice right-holders' perspectives in a structured and evidence-based demand for environmentally sound policies and actions.

2.3 – Start-ups, Micro and Small Enterprises, including women-led enterprises, develop sustainable, socially and gender responsible green and circular economy business models, targeting SMEs as key enablers of concrete implementation of a circular and green economy and job creation. There is increased technical, managerial, and administrative capacity in green business development; increased production and consumption of sustainable products in manufacture/industry; increased financial capacities in green business development A special attention will be given to the economic fabric and businesses affected by the Beirut port explosion of August 4th.

The key systemic changes expected from this Action are: i) the inclusion of accountability on environment management at all aspects and levels, with direct involvement of NSAs and LAs, and ii) the development of a private sector aware and supportive of the Green economy.

For 2.1: the way LAs organise environmental management; the way citizens, both men and women, and Community-based organisations (CBOs) (including women-led) engage with LAs; establishing accountable and transparent communication as a standard element of LAs management of environmental processes.

For 2.2: the way NSAs are organised to assess and work jointly on environment and green economy with new “structures” such as thematic coalitions, networks and social media platforms; the way NSAs are represented in public structures related to environment and/or green economy sector in Lebanon (are at the table with decision-makers, consultative committee, public policy monitoring mechanisms, structured dialogue, etc.); promoting structured collaboration with academic researchers; ensuring that gender perspectives are included in the green economy approach.

For 2.3: the way SMEs access to finance, as well as regard and invest in green economy activities as profitable; the way they link to local context and opportunities in developing green economy market value; the way they are more aware and better informed about climate change and its differential and distinct impact on both women and men, as well as the cause and effect chains of environmental mismanagement through interaction with the SO 1 and 2.

The expected outputs of (SO3): Services and Infrastructure: Restoring and improving basic services and physical infrastructure, cultural heritage

- Rehabilitate and reconstruct damaged infrastructures to ensure immediate delivery of essential educational, health and water/ wastewater services, cultural heritage.
- Implement innovative service provision to adapt to the new sanitary and economic situation such as volumetric water tariff and water quality control, blended learning, integration of psychosocial support into education programming, improving access to basic health services, and enhancing health system capacity to respond to COVID-19.
- Transitioning from project approach to more sector wide approach, inclusive of the development of Strategic Sector Plans and legal frameworks.
- Enhance governance, evidence-based policy dialogue and implement reforms through a strong participation of the civil society in the decision-making and monitoring processes.

A significant contribution by the European Union to this Pillar will also be provided through separate Actions in preparation by the European Union Regional Trust Fund in Response to the Syrian Crisis. Support to educational, health and water/ wastewater services is unconditional.

4.2 Intervention Logic

The programme aims to support elements of the 3RF, ‘Building back a better Lebanon’, guided by principles of transparency, inclusion and accountability, and ensuring the sustainability of the recovery process. The *Whole Lebanon* approach will bring together government, civil society, private sector and the international community around a common vision and strategic objectives.

1- Improving governance and accountability to help restore trust in the state and support to civil society

The governance reforms activities under this Action are the most critical elements needed to establish a transparent, accountable and inclusive framework for reconstruction and more broadly Lebanon’s recovery from its financial and socio-economic crises. Assistance would target the implementation of the EU benchmarks established for anti-corruption, public procurement as entry-points preparing for *inter alia* the adoption and implementation of the national strategy, the anti-corruption committee law, fighting impunity through judicial independence reform and effectiveness of the judiciary and the recovery of stolen assets, as well as other measures to instil transparency and accountability such as passing and implementing effective procurement laws.

Moreover, the support might cover the delivery and quality of public services through entry-points such as simplification of procedures, public procurement as well as enhancing human resources management and public participation through promoting a culture of integrity. Considering that all political actors at central and local level remain committed to the reform process, the role of oversight bodies in fighting corruption will be further strengthened through this Action.

The objective of those initiatives is to actively engage citizens in the development and monitoring of the reconstruction and recovery process, to be capable of holding political and government officials accountable for their decisions and actions; and that allows the citizens of Lebanon to renew their social contract with the government.

In line with SDG 16, technical support to Lebanese public administrations is essential to assist the Lebanese government in combatting corruption, implementing the reform agenda at legal and policy level.

Based on the priorities identified in the *EU-Lebanon Civil Society Roadmap* and acknowledging the important role civil society could play in fighting corruption by enhancing accountability and transparency of the government and its public administrations, the Action will provide needed support to improve CSOs internal governance, effectiveness and sustainability. This activity will be implemented in indirect management with a Pillar Assessed Organisation.

Through a grant scheme CSOs will be able to put social accountability into practice through playing a watchdog role of public policies development, implementation thereby improving transparency and accountability of public institutions.

2- Restoring access to jobs and economic opportunities, and reviving the local and national economy

Prolonged EU support to Lebanon in tackling environmental degradation and pollution since the early 2000's did not lead to sufficient structural changes able to alleviate the enablers of

environmental degradation and pollution. The mechanisms that, for example, allow pollution of the sea, rivers and soils -- by untreated domestic and industrial wastewater effluents, by the large-scale open dumping of municipal and special wastes, or by the overuse of fertilisers in agriculture -- are still in place. Support to and through central government has taken place for several programming cycles but has not created the space for accountable engagement of LAs nor for an effective and representative involvement of NSAs in the environmental sector.

Past EU and donors' interventions have focused on hard component implementation, rather than on structuring the Lebanese environmental sector, or they have been implemented through a mixed approach for tackling the refugee crisis in the country. Support to the private sector in environment has been limited so far with some exceptions with renewable energy and energy efficiency (e.g. National Energy Efficiency and Renewable Energy Action NEEREA, Lebanon Energy Efficiency and Renewable Energy Financing Facility, etc.). In order to push for structural and inclusive changes in environment, not only should the central government be targeted, but also other levies in the national balance of powers, namely LAs, NSAs, as well as economic actors (SMEs and MEs).

The present Action adopts an inclusive and integrated approach that combines the strengthening of accountability mechanisms with the promotion and financing of green private and public investments. The programme aims at improving conditions for putting accountability at the centre of NSA and LA environmental actions, and for preparing a transition toward a greener economy. It intends to do so by

- i) Providing an enabling space and financial support to green investments and green businesses
- ii) Bolstering accountability mechanisms between the citizens and their respective LAs
- iii) Providing a safe space for the emergence and development of environmental NSA coalitions

For 2.1, at LA level, as first accountable public authority for their constituencies, the Action will provide a lead position and visibility in local environmental actions and green investments. It will condition the support to sound environmental project management and accountable communication towards citizens.

Experience shows that citizens are sensitive to accountable communication from their LAs and remember effective local actions; this component aims at experimenting the creation of the conditions for virtuous circle of local accountability and citizen demand for environmentally sound local public service delivery. The assumption underlying this Action is that when a LA identifies and receives funding to implement an environmental action and publicises that fact to its constituency, it would be poised in a “no middlemen” position to social accountability vis-à-vis its constituency. Additionally, being essentially a learning-by-doing approach, participating LAs would be able to build in-house capacity, share their experience and initiate a network of LAs engaged in environmental action and social accountability, in short, a network of LAs in transition.

For 2.2, at NSA level, access to and production of better information, training, learning-by-doing, and peer exchanges opportunities will be offered on environment and green economy issues. The Action will incentivise a strong NSA consortium with vertical, deep knowledge. This consortium will aim at providing the wider environmental NSA community with reliable

and credible data to describe the environmental situation and its effects and disseminate it in actionable ways.

As evidenced during the identification process, many NSAs show needs and interest in capacity strengthening on technical environmental issues and green economy fields. The wider community of beneficiary NSAs will develop technical knowledge and evidence-based opinions and solutions on the environmental situation, and as such, more credible views and advocacy goals. Moreover, these NSAs will gain better understanding of public administrative structures and divisions of jurisdictions, and of current regulation on environment issues. They will as such be able to communicate better with appropriately positioned interlocutors and gain a clearer understanding of their capacity to trigger social accountability mechanisms.

For 2.3, at the level of Start-ups, Micro and Small Enterprises, the evidence shows that an innovation capacity and entrepreneurship culture exist in the country. The Action proposes financial and capacity development assistance to SMEs (including their access to green finance) that would on one hand incentivise private initiatives in green economy sectors (e.g. construction, water, waste, energy, agriculture/forestation, etc.) and on the other hand support existing businesses to comply with environmental legislation and use resources and production inputs more efficiently. That will also be incorporated in the ‘Build back better’ approach in support of the MSMEs. impacted by the August 4th explosion.

By supporting a local multi stakeholder dialogue (link with 2.1) at all phases of the SMEs, the Action will improve its local relevance and acceptability, hence its likelihood for sustainability. By connecting SMEs (including women-led) with credible and knowledgeable NSAs on environment and green economy topics (link with 2.2), the green businesses developed are likely to be more gender responsive, technically sound and better integrated to the environment and green economy sectors of Lebanon.

3- Restoring and improving basic services and physical infrastructure, cultural heritage

The activities will focus on ensuring immediate access to essential health, education and water/ wastewater services through a social protection programme and subsidised services, covering all vulnerable people in need. In terms of infrastructure, priorities will go to repair, reconstruction, conservation of heritage properties and integrated urban upgrading of Beirut. Rehabilitating urban services in the aftermath of the disaster requires a three-pronged approach that focuses on initiating critical sector reforms, building back better the most important damaged infrastructure assets (based on findings from the RDNA and additional sector-level damage assessments), and adopting a more participatory, inclusive and transparent approach to sector governance and co-ordination.

4.3 Mainstreaming

Based on universal principles and international good practices and lessons learned from similar country contexts, the 3RF proposes the following guiding principles for Beirut’s recovery that should be applied consistently throughout the recovery process:

Integrated and participatory approach – Promote integrated and harmonised strategies, plans and programmes for recovery and reconstruction, explicitly linked to reforms - that are flexible and adaptive to address national and local development priorities and responsive to a Whole-of-Lebanon strategic paradigm that engages all stakeholders and empowers communities, including local actors and businesses, and creates space for their meaningful participation in the recovery process;

Leave No One Behind (LNOB) - Ensure pro-poor recovery that prioritises the needs and rights of vulnerable individuals and groups, including the socio-economically disadvantaged, and guarantees accessible and affordable services, programmes, and resources for all;

Gender equality and women empowerment – Promote meaningful and active participation of women in planning and decision making to ensure an inclusive recovery process, cover the needs, interests, and priorities of both women and men to ensure gender-sensitive programming, service delivery and support gender sensitive policies and address gender gaps;

Conflict sensitivity/Do no harm – Understand the national and local operating environment and causes of tension and division susceptible to create conflict and act to mitigate with a view to enhancing social cohesion;

Transparency and accountability, including anti-corruption – Promote their integration and mainstreaming in recovery planning, programming and implementation through strengthening the role of oversight, human rights and rule of law institutions for sustainable recovery; promoting social accountability and the role of civil society, strengthening business integrity; and, harnessing the benefits of technology and innovation in enhancing transparency and openness;

Sustainable livelihoods - Promote a sustainable economic and business recovery, and contribute to the economic revitalization of the affected communities;

Build back better, greener and smarter – Build on existing initiatives; employ elements of right sizing, right siting, structural improvements to infrastructure, climate change adaptation, climate smart practices, greening. Build back better implies thinking out-of-the-box, using non-traditional approaches and piloting, and innovating and experimenting;

Maximize subsidiarity - Foster decentralised implementation with adequate checks and balances and use bottom-up approaches for recovery and reconstruction in accordance with the priorities of individuals, communities and local institutions;

Coherence and co-ordination: Ensure effective co-ordination between the different levels of government and the range of other stakeholders; and, develop/maintain a clear interface with existing humanitarian and other co-ordination mechanisms; and,

Two-way communication and grassroots outreach - Promote clear and transparent two-way communication and grassroots outreach to ensure adequate societal awareness and knowledge of the recovery programme and to manage citizens' expectations in an effective manner.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. Given the nature of the intervention, the programme contributes to high number of SDGs such as:

- SDG 5: Achieve gender equality and empower all women and girls
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

- SDG 12: Ensure sustainable consumption and production patterns
- SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development Implementation

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this Action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **60 months** from the date 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 authorizing officer by amending this Decision and the relevant contracts and agreements.

5.3 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 measures⁵.

5.3.1 Grants: (direct management)

5.3.1.1 Grants - Sub-Component 1.2

(a) Purpose of the grant(s)

The grant(s) will contribute to achieving the objective SO1 and more specifically the output 1.1.

(b) Type of applicants targeted

CSOs capable of implementing innovative practices and activities in the fight against corruption and the establishment of a more transparent and accountable governance.

5.3.1.2 Grants – Sub-Component 2.1.1

(a) Purpose of the grant(s)

The grant(s) will contribute to achieving the objective SO1 and more specifically the output 2.1.

⁵. 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.

(b) Type of applicants targeted

European Association of Local Authorities with previous experience in the field as well as Non-State Actors (CBO, NGOs, universities, research centres, think tanks, association of professionals), international organizations with experience in supporting local authorities.

5.3.1.3 Grants – Sub-Component 2.2.1

(a) Purpose of the grant(s)

The grant(s) will contribute to achieving the objective SO1 and more specifically the output 2.2. : ensuring that Non-State Actors (NSAs) engage in credible and legitimate dialogue and advocacy processes on green economy and environment issues and are included in the table of decision-makers.

(b) Type of applicants targeted

Non-State Actors (NGOs, universities, research centres, think tanks, association of professionals) with proven successful experience of advocacy in the field of environment. Consortia can also include Local Authorities.

5.3.2 Procurement (direct management) – Sub-Components 2.1.2 and 2.2.2

The procurement will contribute to mapping the on-going and planned environment-related investments, identifying gaps and opportunities and developing and managing the monitoring framework for both sub-components 2.1 Local Authorities and 2.2 Non-State Actors of SO2.

5.3.3 Indirect management with entrusted entities

5.3.3.1 Indirect management with an international organisation – Sub-Component 1.1

A part of this Action may be implemented in indirect management with an entity, which will be identified by the Commission's services using the following criteria:

i) pillar assessed entity with the necessary capacity to effectively address political, technical, logistical and institutional challenges; ii) sound track record in implementing projects in relation to reform, recovery and reconstruction ; iii) proven experience in implementing in Lebanon actions similar to the programme proposed; iv) capacity to build synergies between relevant EU projects and guarantee full co-ordination with other EU bilateral and regional actions in this sector; v) capacity to launch tenders for procurement of contracts as well as call for proposals to mainstream oversight and civil society activities.

The implementation by this entity will entail more specifically sub-component 1.1. However, the entrusted entity will collaborate and, as appropriate, support (i.e. via sub-granting) the work of other organisations specialised on certain aspects of the intervention. Furthermore, the entrusted entity(ies) will be expected to take fully into account the Lebanese context when implementing the programme.

5.3.3.2 Indirect management with an international organisation – Sub-Component 2.3

A part of this Action may be implemented in indirect management with an entity, which will be identified by the Commission's services using the following criteria:

- Consolidated working relationship with the Ministries of Industry and with the Cleaner Production and Technology centres in the Mediterranean area, preferably in Lebanon.
- Successful implementation of similar programmes, preferably in Lebanon.

The implementation by this entity will entail more specifically sub-component 2.3. The entrusted entity will, amongst others, support the transition to sustainable consumption and production practices by demonstration activities implemented directly with the private sector (industries and services), as well as the support to green entrepreneurship. This approach will align with the ‘Bring back better’ approach after the Beirut Port explosion of August 4th.

5.3.3.3 Indirect management with an international organization – Specific Objective 3

A part of this Action may be implemented in indirect management with an entity, which will be selected by the Commission’s services using the following criteria:

i) pillar assessed with the necessary capacity to effectively address political, technical, logistical and institutional challenges; ii) sound track record in implementing projects in relation to reform, recovery and reconstruction; iii) proven experience in implementing in Lebanon actions similar to the programme proposed; iv) capacity to build synergies between relevant EU projects and guarantee full co-ordination with other EU bilateral and regional actions in this sector; v) capacity to launch tenders for procurement of contracts as well as call for proposals to mainstream oversight and civil society activities.

The implementation by this entity will entail more specifically Specific Objective 3. The entrusted entity will collaborate and, as appropriate, support (i.e. via sub-granting) the work of other organisations specialised on certain aspects of the intervention. Furthermore, the entrusted entity(ies) will be expected to take fully into account the Lebanese context when implementing the programme.

5.3.4 Change from indirect to direct management due to exceptional circumstances: Grants – Component 2

In case the preferred modality as described in 5.3.3.2 cannot be implemented due to circumstances outside of the Commission’s control, the actions described will be implemented in direct management through grant(s).

(a) Purpose of the grant(s)

The grant(s) will contribute to achieve the SO2 and more specifically the output 2.3 : to promote and better position start-ups, Small and Medium Enterprises to develop socially responsible and gender responsive green business models, by supporting their competitiveness and compliance with environmental legislation through increased capacities in green and circular business models, a better access to green finance, and direct financial support.

(b) Type of applicants targeted

NGOs and public bodies established in a European and/or ENI country.

5.4 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 authorizing officer responsible may extend the geographical eligibility basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this Action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third-party contribution, in currency identified
Specific objectives 1. – Governance and CSOs	6 800 000	
1.1 Sub-Component Governance		
Indirect management with an international organization – cf. section 5.3.3.1	4 000 000	NA
1.2 Sub-Component CSOs		
Direct management (grant) — cf. section 5.3.1.1	NA	
Specific objective 2. – Sustainable economic recovery and jobs	17 000 000	
2.1 Sub-Component Local Authorities		N.A
2.1.1.-Grants (direct management) – cf. section 5.3.1.2	NA	
2.1.2.-Procurement (direct management) – cf. section 5.3.4	NA	
2.2 Sub-Component Non-State Actors		
2.2.1.-Grants (direct management) – cf. section 5.3.1.3	NA	
2.2.2.-Procurement (direct management) – cf. section 5.3.2	NA	
2.3 Sub-Component Green Economy – StartUps/SMEs		
Indirect management with International Organisation – cf. 5.3.3.2	9 700 000	NA
Specific objective 3.- Services and Infrastructure	10 000 000	
3. Indirect management with an international organisation – cf. 5.3.3.3	10 000 000	NA
Grants – total envelope under section 5.3.1.	9 300 000	
Procurement – total envelope under section 5.3.2	800 000	
Evaluation (cf. section 5.8)	will be covered	
Audit/ Expenditure verification (cf. section 5.9)	by another	

	Decision	
Communication and visibility (cf. section 5.10)	200 000	NA
Total	34 000 000	NA

5.6 Organisational set-up and responsibilities

Governance arrangements intend to support the overall implementation of the 3RF and to complement existing or recently established arrangements for government-development partner or stakeholder co-ordination notably the CEDRE arrangements. The proposed architecture is likely to evolve over time, as the 3RF process could move to a multi-year medium-term recovery and reconstruction agenda and as government puts in place dedicated mechanisms for intra-ministerial co-ordination and support.

The EU Delegation will be part of the governing arrangements set under the 3RF and any steering committee (SC), which shall provide strategic guidance and oversight of implementation, provide co-ordination and high-level political dialogue. They shall also include members of related institutions at central and local level as well as stakeholders, including CSOs. The SC will also ensure donors' co-ordination and the widest possible dissemination of information about the programme and its various activities. EU Delegation may also participate in any technical secretariat set up supporting monitoring and oversight and support technical co-ordination and implementation.

A civil society led Independent Oversight Body may monitor 3RF implementation progress, provide periodic reports disclosed to the public and presented to the governing bodies and receive complaints and feedback from beneficiaries and citizens and report on its findings

5.7 Performance and Results monitoring and reporting

A clear overall outcomes and outcome indicators will be established for the different phases of the recovery framework, and for each of the underlying principles. Results monitoring will be based on the principles of simplicity, and promoting a learning culture to inform and, where necessary, adapt delivery. Self-reporting will be supplemented by regular population perception surveys, and, where appropriate, by satellite and drone imagery where appropriate, for example for port infrastructure.

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) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

In a country with multiple frameworks/responses⁶, and a large presence of the international community, a comprehensive and locally owned aid tracking tool is necessary for sustainability, transparency and efficiency. For optimal results, using an online tool is the best approach. However, given the urgency of the responses and the potential delays in initiating an online tool, an offline approach will be adopted and then gradually transition to online. To enable flexibility for the different reporting requirements and ensure maximum coherence and coverage of reporting, the data included in the tool will be made publicly available.

Beyond the financial aid tracking, in order to maintain transparency and accountability, an online platform will be set up as a “one-stop shop” for all the relevant information concerning the 3RF.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the Action. The final report, narrative and financial, will cover the entire period of the Action implementation.

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).

5.8 Evaluation

Having regard to the importance of the Action, a mid-term and final evaluation(s) will be carried out for this Action or its components via independent consultants contracted by the Commission

With regards to a mid-term evaluation, it will be carried out for problem solving and learning purposes, in particular with respect to improving the second part of the implementation and informing a possible second phase of the action.

With regards to a final evaluation, it will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact of the complexity of the action.

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

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

⁶. In terms of tracking systems, Lebanon already has the following: *LEBANON AID TRACKING*, led by RCO with support from LCRP interagency (for LCRP) and OCHA (for LEA); *LEBANESE EMERGENCY APPEAL FINANCIAL TRACKING*, led by OCHA; *OCHA-FINANCIAL TRACKING SYSTEM*, global, led by OCHA, *BEIRUT PORT DISASTER DONOR CO-ORDINATION PLATFORM*, led by the Government of Lebanon.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

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

5.10 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 at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The communication and visibility requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force. Public communication provides citizens with truthful and accurate information, engages citizens in the recovery effort, helps to debunk false or misleading information, and supports a better understanding of public attitudes including fears, concerns and expectations. Together, this can help restore trust.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

6 Pre-conditions

The identification and formulation process of the proposed Action took place in a context characterised by countrywide popular protests against the authorities demanding better governance and accountability, and following the Beirut port explosion, a tragedy that touched the Lebanese deeply. Provided that armed conflicts do not spread, the risk of political instability could reveal a window of opportunity to be used in an agile implementation strategy of the current Action.

Since 2016, subsequent governments have committed to undertaking long overdue key reforms in areas such as public procurement, anti-corruption and civil society involvement. The current setting may provide a better basis and be more conducive to set out pre-conditions for the authorities to ensure the smooth implementation of the Action. For instance (non-exhaustive): i) all concerned key line ministries and services must be committed to the implementation of the national anti-corruption strategy and any other national or sectorial strategies or action plans; ii) the State shall facilitate the implementing partner's technical

assistance; iii) all relevant State and non-State institutions shall be committed to proper consultations with civil society, including for initiatives concerning transparency and accountability mechanisms to fight corruption; iv) the authorities shall ensure the feasibility, sustainability and visibility of the current and previous actions; and v) a proper degree of political and socio-economic stability is required.

Further pre-conditions: for LAs to be held accountable as a resilient public authority in place, for NSA to be a force for bringing forward proposals, and SMEs to foster a green economy culture. This classical factor, often unduly used as precondition, is however likely to be considered at present in Lebanon with its past and recent history, and geopolitical position. This is why the following precondition should be highlighted: for the Action to take place, political instability shall not reach the level of an open armed conflict spreading across the country.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁷

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (incl. reference year)	Targets (incl. reference year)	Sources of data	Assumptions
Impact (Overall Objective)	Achieving a “People-centred recovery that returns sustainable livelihoods to the affected population, improves social justice for all individuals and groups – women and men, promotes self-reliance of local communities, and practices participatory decision making in the reconstruction of critical assets, services and infrastructure that provides equal access for all to quality basic services and enables sustainable economic recovery - reform towards restoring citizen trust, improving governance, and harnessing conditions for future development, applying a Whole-of-Lebanon lens	The impact of the 3RF activities will be measured using a number of indicators including, but not restricted to Governance indicators, Balance of payment, poverty rate, inflation rates, recessions, food security and livelihoods indicators, community participation in recovery and reconstruction interventions.	IMF report, World Bank poverty indicators, SDG indicators, RDNA report	Restoring peoples’ livelihood, infrastructure and basic services affected by Beirut explosions	Survey to be conducted at the end of 2021, monitoring reports	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	Specific Objective 1 of the 3RF (SO1): Governance: Improving Governance and accountability to help restore trust in the state is improved and CSOs supported Specific Objective 2 of the 3RF (SO2):	Pillar Governance: voice and accountability, political stability, government effectiveness, rule of law, corruption rate Pillar Economic recovery and	WB, IMF systematic country diagnostic WB control of	The intended value of the indicator.	Sources of information and methods used to collect and report (including who and	<ul style="list-style-type: none"> • rapid Government formation, • low level

⁷ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	<p>Economic recovery and jobs: reviving the local and national economy by restoring access to jobs and economic opportunities while promoting the Green economy</p> <p>Specific Objective 3 of the 3RF(SO3): Services and Infrastructure: basic services and physical infrastructure are restored and improved.</p>	<p>jobs: unemployment rate, consumer price index</p> <p>Pillar 3 Services and Infrastructure: % household with basic service restored, number of infrastructure (houses, roads, electricity, water) restored</p>	<p>corruption scale (-0.88, 172/209 countries)</p>		<p>when/how frequently).</p>	<p>of uncertainty in economic and fiscal indicators</p> <ul style="list-style-type: none"> • no conflict with bylaws of SOE and other public institution • Institutions fully functional
<p>Outputs 1 related to SO1</p>	<p>Expected outputs Specific Objective 1 (SO1): Governance: Improving Governance and accountability to help restore trust in the state is improved:</p> <ul style="list-style-type: none"> • National Authority in charge of anti-corruption strengthened • Effective and co-ordinated implementation of the National Anti-Corruption Strategy by taking necessary steps to fully implement the Access to Information Law and Ac <p>en the independence and capacity of the Central Inspection and Court</p>	<p><i>For SO.1 Governance</i></p> <p>Number of projects implemented with Public Administrations in order to strengthen their capacities to fight and prevent corruption</p> <p>Number of projects implemented with Public Administrations in order to promote transparency and access to information</p> <p>Number of public servants trained on tools to fight and prevent corruption</p>	<p>Baseline to be established</p>	<p>End 2021</p>	<p>Idem as above for the corresponding indicator.</p>	<p>Corruption Institution; and</p>

	<p>of Accounts.</p> <ul style="list-style-type: none"> • Corruption risk management process in recovery and reconstruction projects in key vulnerable sectors designed, integrated and conducted • Role and capacities of Ministries Improved for anti-corruption • Effective risk management and Control functions in pilot administrations promoted • Technical capacities of oversight Institutions enhanced • Accountability and transparency Towards Lebanese citizens increased • Adoption of a new Public Procurement Law and Implementing regulations and complementary secondary legislation, including the mandatory usage of revised Standard Bidding Documents. • Procurement regulatory body and a complaint handling unit established and operationalised • Empowered Civil Society to monitor and audit recovery and reconstruction activities <p>Civil Society supported</p> <ul style="list-style-type: none"> • A more structured dialogue space between CSOs, EU Delegation and government is enhanced for sectors related to the 3RF as well as the SSF and CEDRE priorities; 	<p>2021 Budget submitted by legislative and ratified by Parliament</p> <p>Number of laws, treaties, reforms ratified or amended</p> <p>Number of approved and adopted revisions and strategies</p> <p>Number of cases of human rights abuses are identified and sanctioned.</p> <p># of Civil society Organizations effectively engaging with NACI</p> <p>Level of increase in capacity to detect and pursue corruption allegations and grave breaches of financial and administrative controls</p> <p>Number of persons successfully trained on corruption risk management</p> <p>Number of corruption risk Assessments and risk management plans completed</p> <p><u>For SO.1 civil society</u></p>		<p>Increased number of CSOs playing watch dog role</p>	<p>Yearly reports of CSOs (platforms/networks)</p> <p>-Project's reports</p>	
--	---	--	--	--	--	--

	<ul style="list-style-type: none"> • A framework for strategic and regular consultation with CSOs is established; • Impact, predictability and visibility of EU actions jointly with EU Member States in support of civil society in Lebanon promoted through the provision of a more structured space for dialogue with CSOs; • Technical support provided to CSOs to improve their internal governance and to enable them to act as a partner for development with the government at the decision making level through provision of individual and practical on-the-job support, knowledge transfer and coaching type of activities; • Sustainable mechanisms for co-ordination, for monitoring and evaluation are strengthened to enhance the civil society advocacy and watchdog role. • CSOs role in policy dialogue on the reform agenda and in fighting corruption is enhanced; • Participation of CSOs in the preparation , implementation and monitoring of public polices is activated; • Technical Support to CSOs to monitor and audit reconstruction and recovery proo • Women's and Youth organisations efforts in fighting corruption enhanced; • Public participation in promoting a culture of integrity is enhanced. 	<p>Level and quality of framework for strategic dialogue established around priority sectors</p> <p>Number and diversity of the CSOs invited to attend multi-stakeholder structured dialogues</p> <p>Number of CSOs (Networks, platforms, etc) whose institutional capacity on policy dialogue are supported by the project</p> <p>Number of initiatives funded under the project focusing on fighting corruption</p> <p>Level of participation of CSOs in monitoring anti-corruption public policies development and implementation</p>			<p>- Evaluation report of EU funded programme TA'CIR in support of implementation of EU roadmap 2016-2018</p>	
Outputs 2	Expected outputs of (SO2): Economic	2.1.i1: Perception of LAs on their	Idem as above for	Idem as above	2.1.i1: focus	Factors

<p>related to SO2</p>	<p>recovery and jobs: reviving the local and national economy by restoring access to jobs and economic opportunities while promoting the Green economy:</p> <p>2.1: Local Authorities (LA) have an effective and accountable management of local environmental actions</p> <p>2.2: Non-State Actors (NSAs) engage in credible and legitimate dialogue and advocacy processes on green economy and environment issues and are included in the table of decision-makers</p> <p>2.3: Startups, Micro and Small Enterprises (SMEs) develop socially responsible and gender responsive green business models</p> <p>2.3.1: Increased technical, managerial, and administrative capacity in green business development</p> <p>2.3.2: Increased production and consumption of sustainable products in manufacture/industry</p> <p>2.3.3: Increased financial capacities in green business development</p>	<p>management of accountable local environmental action</p> <p>2.1.i2: Combined capacity score of accountable management of LAs in environmental actions</p> <p>2.1.i3: # of joint LAs structures strengthened by or emerged thanks to the programme</p> <p>2.2.i1: # of events reaching out indirect beneficiaries: media, public authorities, private sector, etc.</p> <p>2.2.i2: # of dialogue/advocacy events reaching out public authorities (disaggregated by type national, regional, local, etc. and per environmental topic)</p> <p>2.2.i3: perception of beneficiary NSAs of their increased ability to bring about structural and systemic changes in their specific environmental or green economy action</p> <p>2.3.i1: Annual turnover trend for green activity</p> <p>2.3.i2: Net profit from green activity</p> <p>2.3.i3: # Number of full-time (equivalent)green jobs created</p>	<p>the corresponding indicator.</p>	<p>for the corresponding indicator.</p>	<p>group discussion by PMU at inception and upon LAs project completion</p> <p>2.1.i2: Evaluation against a capacity assessment grid by PMU</p> <p>2.1.i3: survey conducted by the final evaluation on all stakeholders having benefited from the action</p> <p>2.2.i1: Project monitoring data on dialogue/com munication events & attendance</p> <p>2.2.i2: Dialogue/advo cacy monitoring data</p> <p>2.2.i3: survey conducted by the final evaluation on</p>	<p>outside project management' s control that may influence on the output-outcome linkage.</p>
------------------------------	--	---	-------------------------------------	---	--	--

					all stakeholders having benefited from the action 2.3.i1: Annual Bookkeeping 2.3.i2: Annual Bookkeeping	
Outputs 3 related to SO3	<p>Expected outputs of (SO3): Services and Infrastructure: Restoring and improving basic services and physical infrastructure:</p> <ul style="list-style-type: none"> • Damaged infrastructures are rehabilitated and reconstructed to ensure immediate delivery of essential educational, health and water/ wastewater services • Innovative service provision to adapt to the new sanitary and economic situation such as volumetric water tariff and water quality control, blended learning, integration of psychosocial support into education programming and, improving access to basic health services, and enhancing health system capacity to respond to COVID-19 is implemented. • Transition from project approach to more sector wide approach is initiated, inclusive of the 	<ul style="list-style-type: none"> • Number of damaged infrastructure rehabilitated or reconstructed • Number of innovative services created to adapt to the new economic situation • Number of schools that received psychosocial support • Number of people with access to basic health services • Number of health capacity created to respond to COVID 19 • Number of project that has switch from project to a sector wide approach • Number of strategic sector plans and legal frameworks created • Number of reforms initiated with strong civil society participation. 	Idem as above for the corresponding indicator.	Idem as above for the corresponding indicator.	Idem as above for the corresponding indicator.	Factors outside project management' s control that may influence on the output-outcome linkage.

	<p>development of Strategic Sector Plans and legal frameworks</p> <ul style="list-style-type: none">• Governance, evidence-based policy dialogue and implement reforms through a strong participation of the civil society in the decision-making and monitoring processes is enhanced.					
--	---	--	--	--	--	--