

ANNEX 2

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

Action Document for "Recovery of Local Economies in Lebanon"**1. IDENTIFICATION**

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

2. RATIONALE AND CONTEXT**2.1. Summary of the action and its objectives**

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

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

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

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

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

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

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

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

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

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

¹ *The Economic and Social Fund for Development (ESFD) project belongs to the stabilising initiatives of the Government of Lebanon. The ESFD is a permanent organisation for poverty alleviation, established as an autonomous department at the Council for Development and Reconstruction (CDR).*

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

2.2.1.2. National development policy

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

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

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

2.2.2. *Sector context: policies and challenges*

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

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

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

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

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

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

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

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

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

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

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

² *The 2010 Agricultural Census indicates that the use of cultivated land is dominated by fruit trees (31%), olive trees (23%), cereals (20%), followed by horticultural crops (17%), industrial crops (4%), legumes (4%), and fodder (1%).*

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

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

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

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

2.3. Lessons learnt

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

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

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

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

2.4. Complementary actions

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

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

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

³ C(2008)3341 adopted on 4 July 2008.

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

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

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

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

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

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

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

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

2.5. Donor coordination

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

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

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

3. DETAILED DESCRIPTION

3.1. Objectives

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

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

3.2. Expected results and main activities

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

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

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

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

Main activities may include:

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

b) Agriculture products' competitiveness is increased

The project will provide:

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

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

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

Main activities may include:

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

3.3. Risks and assumptions

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

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

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

3.4. Cross-cutting issues

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

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

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

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

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

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

3.5. Stakeholders

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

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

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

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

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

4.2. Indicative operational implementation period

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

4.3. Implementation components and modules

4.3.1. *Indirect management with the partner country*

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

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

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

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

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

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

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

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

4.3.2. *Procurement (direct management)*

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

4.4. Scope of geographical eligibility for procurement and grants

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

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

4.5. Indicative budget

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

4.6. Performance monitoring

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

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

4.7. Evaluation and audit

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

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

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

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

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

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

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

4.8. Communication and visibility

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

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

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

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