

ANNEX 1

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 Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM)

1. IDENTIFICATION

Title/Number	Upgrading Solid Waste Management capacities in Bekaa and Akkar regions in Lebanon (SWAM) CRIS number ENPI 2013/024-977		
Total cost	Total estimated cost: EUR 14,000,000 Total amount EU budget contribution: EUR 14,000,000 For an amount of EUR 14,000,000 from the general budget of the European Union for 2013		
Aid method / Method of implementation	Project approach: Indirect management with the Office of the Minister of State for Administrative Reform (OMSAR)		
DAC-code	14050 15110 73010	Sector	Waste management / disposal Public sector policy and administrative management Reconstruction relief and rehabilitation

2. RATIONALE

2.1. Summary of the action and its objectives

This programme aims at improving the overall efficiency and effectiveness of Solid Waste Management (SWM) in the areas of Lebanon most affected by the influx of Syrian refugees. The action will directly contribute to address the medium and longer term needs of the Lebanese communities in areas with high Syrian refugees concentrations for increased and improved waste disposal services, by (i) building and upgrading SWM infrastructure and equipment at local level and (ii) enhancing the overall management capacity of local administrations in the SWM sector.

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Lebanon is characterised by regional socio-economic disparities with almost 30% of the population living under the poverty line and 8% under the extreme poverty line¹. Due to the absence of a modern legal framework on decentralisation, a lack of appropriate human and financial capacities and a non-performing fiscal system the quality and accessibility of public services is often quite low.

There are now around 900,000 Syrian, Palestinian refugees and Lebanese returnees in most parts of the country spread across more than 1,500 different locations, but the concentrations remain in the north (29.2%), including the city of Tripoli, and in the Bekaa Valley (33.4%). This represents respectively an increase of 31.3% and 55.8% of the population in these regions. With over 35 percent of the region's families living below the poverty line, both regions are among the poorest in Lebanon. They are characterised by weak infrastructure and limited livelihood opportunities. Even before the influx of refugees, the resources were limited. After having hosted refugees, often in private homes, the resources of host communities are stretched to the limit.

Besides, some 90% of residents of North and Bekaa have reported decreased incomes as a result of the crisis. More than 90% of those who have lost incomes did not find any alternative sources of income. Major factors that have contributed to decreased incomes are related to: increased competition between Syrian refugees and Lebanese workers, worsened security situation (Tripoli, Wadi Khaled and Ersal), cease of smuggling and border trade, decreased inter-regional trade in Lebanon because of worsening security situation, landmines on the Lebanese-Syrian borders that deprive Lebanese from access to agricultural lands and grazing fields and decreased import and export activity to/from and through Syrian territories.

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.

The Regional Response Plan 6 (RRP6), presented jointly by the Government of Lebanon, United Nations High Commissioner for Refugees (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

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

for period from January to December 2014. Also in this timeframe, it forecasts at least 100,000 Palestine Refugees from Syria (PRS) and up to 50,000 Lebanese returnees². Requirements for the response amount to over USD 1.7 billion with an additional USD 165 million presented by Government of Lebanon for direct support to national institutions.

Besides, in order to provide a solid basis to define its needs and frame its priorities in terms of the specific assistance it seeks from the international community as well as to inform its own domestic policy response, the Government of Lebanon requested the World Bank to lead an Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon which was subsequently transposed into a roadmap "*Lebanon roadmap of priority interventions for stabilization from the Syrian conflict*" (October 2013). The roadmap estimates the needs to finance additional municipal services and programmes to help reduce communal tensions and enhance social cohesion in Lebanese municipalities and host communities. The needs of the SWM sector are estimated to USD 100 million.

Regarding the national development policy of the sector itself, direct responsibility for Solid Waste Management (SWM) lies with the municipalities. Currently there exist 42 Unions of Municipalities in Lebanon to address common issues. However, very little collaboration takes place despite the high transaction costs associated with fragmented delivery systems. While municipalities are responsible for operating all collection and treatment systems, they suffer from lack of resources as well as operational solid waste management experience, preventing them from delivering services effectively.

2.2.2. Sector context: policies and challenges

The lack of waste management is one of the most acute sources of tensions between the host communities and the Syrian refugees. Indeed, the Solid Waste Management (SWM) situation is becoming more pronounced to the brink of a national crisis, hence the need for immediate intervention. It is therefore of utmost importance to contribute to address these needs in a quick and effective manner, by improving SWM infrastructure at local level.

Before the crisis, Lebanon generated around 1.94 million tons (2010) of solid waste per year, with a municipal solid waste generation growth of 1.65% per year. At that time, SWM was already among the most significant environmental challenges to Lebanon. Indeed, the system is mainly based on collection and open dumping in most of the areas in Lebanon except for Beirut and part of Mount Lebanon where treatment of waste consists on sorting and composting and sanitary landfilling. A private operator is dealing with all SWM related activities from collection to disposal.

The current crisis has doubled the quantity of solid waste generated in several areas, mainly those with high concentration of refugees causing severe challenges for solid waste collection and disposal. The impact of the increased waste load on the natural environment is major particularly in terms of polluting surface, ground and marine waters, together with increasing soil pollution. In addition, the quantities and types of medical waste are expected to increase given that many refugees are seeking medical treatment. Thus, this waste stream is expected to increase environmental and public

² Until January 2014 there were 51,000 PRS and 17,500 Lebanese returnees.

health problems given that medical waste is currently not collected nor treated separately from municipal waste (with the exception of a few large hospitals).

Most of the existing legislation regarding SWM is oftentimes outdated or incomplete. Other instruments were enacted spontaneously with little regards for implementation. The main relevant document regarding SWM is the *Municipal Solid Waste Management plan* to Lebanon which was approved by the Council of Ministers in June 2006 and revised in 2010. This Master Plan recognises four services areas (1) North Akkar, (2) Beirut & Mount Lebanon, (3) Bekka & Baalbek-Hermel and (4) South and Nabatieh and proposes an integrated approach to SWM involving collection and sorting, recycling, composting and landfilling (June 2006) and incinerating and waste-to-energy (September 2010).

2.3. Lessons learnt

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

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

Lessons have been drawn regarding implementation modalities both on institutional set-up and coordination from two similar projects, in particular:

- the EU-funded programme "*Assistance to the Rehabilitation of the Lebanese Administration (ARLA)*"³: the project was successfully supported by the Office of the Ministry of State for Administrative Reform (OMSAR) which demonstrated a comprehensive experience in managing and implementing SWM projects. OMSAR is currently providing funds to support Operation and Maintenance (O&M) of these solid waste treatment plants.
- part of the programme "*Upgrading Basic Services in Communities in Lebanon*"⁴ implemented by UNHCR and under which a strong coordination framework has been developed, could be used for the current project.

2.4. Complementary actions

This action is complementary to the support already provided by the EU, certain EU Member States, other donor countries, international organisations and NGOs, to address the humanitarian and non-humanitarian needs caused by the conflict in Syria and the substantial influx of refugees to Lebanon as set forth in the RRP5. In addition, the EU has been closely involved in the preparation of the World Bank's Economic and Social Impact Assessment (ESIA). Hence, coordination with interventions of the other donors will be ensured.

³ C(1996)2528 adopted on 18 September 1996.

⁴ C(2013)6371 adopted on 3 October 2013.

On the other hand, a tight collaboration with ECHO has also been established to ensure complementarity with the emergency humanitarian response which ECHO provides.

The objectives and results of the programme presented in this action document will complement the following projects:

- The EU-funded programme "*Assistance to the Rehabilitation of the Lebanese Administration (ARLA)*" (EUR 14 million out of EUR 35 million), which has successfully supported eleven rural municipalities in improving their solid waste services. This project financed the construction of Solid Waste Management facilities (in particular solid waste treatment plants) and equipment (bins and trucks). It was closed in March 2011 and since then OMSAR is still providing technical and financial support to these municipalities that will be targeted by Component 2 of the current project.
- Three EU-funded projects (currently under implementation) include capacity building components respectively to the Ministry of Energy and Water, the Ministry of Environment and the Ministry of Agriculture: the EUR 9 million "*Support for infrastructure strategies and alternative financing*"⁵, the EUR 8 million "*Support to reforms and environmental governance*"⁶ and the EUR 14 million "*Agriculture and Rural Development*"⁵ projects. These three programmes will support the revision and the drafting of legal frameworks in fields that are related to SWM (e.g. waste-to-energy laws, responsibilities and mandates of SWM).
- The "*Support to municipal finance*"⁶ programme (EUR 20 million) which has been reoriented to enhance the municipalities' ability to design and implement infrastructure projects for water supply, sanitation and solid waste disposal. This project will strengthen the resilience of host communities of Syrian refugees by upgrading municipal service especially with regard to SWM. Since the scope and the beneficiaries profiles between the two projects are similar, good coordination between the implementing partners will be sought to seek synergies throughout the implementations of the projects.
- The programme "*Support to enhance basic infrastructure and economic recovery in Lebanon*"⁷ is to be implemented with a total estimated cost of EUR 18 million aiming at improving the overall efficiency and effectiveness of basic services provided to the Lebanese communities affected by the influx of Syrian refugees. This project will achieve its objective by enhancing economic recovery through creation of revenue generating activities. Since the this programme and the SWAM project will work in the same geographical areas on similar topics, good coordination will foster synergies.
- Part of the programme "*Upgrading Basic Services in Communities in Lebanon*" (EUR 9 million out of EUR 12 million) will also contribute enhancing water and sanitation hence also responding to the basic services needs of the host communities.

⁵ C(2010)7440 adopted on 29 November 2010.

⁶ C(2011)5703 adopted on 11 August 2011.

⁷ C(2013)5680 adopted on 9 September 2013.

- Finally, the *Annual Action Programme for 2014* foresees another similar Solid Waste Management programme with the same scope and institutional set-up that will cover other geographical areas very affected by the influx of Syrian refugees with particular emphasis on the south of the country. This new programme should normally start its activities during the 2nd semester of 2014.

2.5. Donor coordination

It is intended to establish close cooperation with international financial institutions and other donors within the framework of this programme in order to avoid any overlapping activities, and to foster complementary results and measures' impact. The Office of the Ministry of State for Administrative Reform (OMSAR), as Contracting Authority of this programme will facilitate the coordination with other line Ministries, in particular with the Ministry of Environment, thanks to its central role in many operations/projects in the sector in Lebanon.

The co-ordination between the Government, the donor community and UN agencies is critical in order to get ensure sustainable results on the ground as shown in section 2.4 (experience of ARLA Project). However, substantial efforts are still to be made to increase the actual involvement beyond formal aspects of the Government in the response provided. A new partnership will be established and developed with the Government in charge to enhance the efficiency of the response.

With regard to the Syrian crisis, the EU has a close working relationship with the Lebanese government, the main UN agencies involved in the response to the influx of Syrian refugees to Lebanon inter alia UNHCR, UNICEF⁸, WFP⁹, UNRWA¹⁰ and UNDP¹¹ as well as with a number of international and national NGOs that often act as implementing partners for UN agencies.

Regular co-ordination meetings are being conducted at various levels. Some are donor oriented, others are technical in nature (e.g. shelter, education, child protection, water, sanitation and hygiene (WASH)) inviting all involved partners to participate. There are both meetings held at Beirut level as well as in the regions at field level. The regular meetings are co-ordinated by UNHCR and involve donors, implementing and other partners and increasingly Lebanese authorities.

Coordination with other EU Members States and in particular with the Italian cooperation which is currently working on the development of a master plan on SWM in Baalbek will be systematically sought at all stages of the project.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this project is to contribute mitigating the impact of the Syrian crisis on Lebanese host communities by alleviating tensions related to health and environmental hazards.

⁸ United Nations Children's Fund.

⁹ United Nations World Food Programme.

¹⁰ United Nations Relief and Works Agency for Palestine Refugees in the Near East.

¹¹ United Nations Development Programme.

The specific objective of this project is to upgrade the provision of basic services regarding Solid Waste Management (SWM) in the most affected host communities.

3.2. Expected results and main activities

Expected results and main activities are as follow:

Component 1: Environmentally friendly municipal SWM systems are established in the regions affected by the influx of Syrian refugees according to national laws and regulations.

The main activities may include (but are not restricted to):

- Construction/extension/rehabilitation of sanitary landfills;
- Construction of sanitary landfills-related infrastructure such as access roads;
- Procurement of disposal and collection equipment (bins, trucks and compactors);
- Construction of solid-waste treatment plants with sorting and composting facilities.

For the activities above, the following sites will be targeted, namely: Baalbek, Zahlé, Jeb Jannine (Bekaa) and Srar (Akkar). These municipalities have been selected based on the fact that they are located in the poorest region of Lebanon particularly affected by the influx of Syrian refugees.

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

Component 2: Enhanced management and Operation and Maintenance (O&M) capacities of the targeted municipalities by Component 1 of this programme and the eleven municipalities which benefited from ARLA project regarding their local SWM facilities.¹².

When appropriate, capacities of the local authorities in charge of the management of the solid-waste systems will be strengthened. Main activities may include (but are not restricted to):

- Support to Operation and Maintenance (O&M) of the facilities;
- Legal support in drafting agreements amongst the municipalities using common infrastructure;
- Support in procurement for recruiting contractors (e.g. to operate solid-waste treatment plants), purchasing equipment and carry-out works.

A dedicated long-term technical assistance will directly support the implementation of this component. This will also contribute in securing the sustainability of the project's results.

¹² Baalbek which is part of the target municipalities under this project also benefited from ARLA project.

The local authorities benefiting from Component 1 as well as those benefiting from the EU-funded ARLA project will be targeted by this Component.

3.3. Risks and assumptions

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

Risks include:

- The Syrian conflict could spill-over into Lebanon. This could jeopardise the project and cut-off access to Lebanese territory for international organisations and actors;
- The Lebanese authorities will be hampered in dealing with the crisis due to political constraints and limitations on capacities and resources;
- Some actors in the international community (state and non-state actors) could provide interventions outside the established co-ordination mechanisms, which could lead to cases of duplication of support;
- Lack of commitment of central and/or local authorities (e.g. election of a new government that doesn't prioritise the SWM sector, lack of coordination among municipalities).
- Lack of capacity of the Municipalities to deal with the contractors involved in the construction, design and Operation and Maintenance (O&M). This risk will be mitigated by a strong support of the technical assistance through dedicated on-the-job training to municipalities.

3.4. Cross-cutting issues

The *environmental impact* of the projects is expected to be positive as the intervention will assist Lebanon in managing the refugee influx, which in itself has a negative effect on the environment due to the increase in demand for resources and by creating additional pressure on existing solid waste infrastructure. An Environmental Impact Assessment (EIA) has already been carried out for Baalbek. It considers the (i) definition of the legal and institutional frameworks, (ii) description of the project and the environment, (iii) evaluation of the impacts, identification of mitigation measures, and (iv) presentation of an environmental management plan (EMP). Similarly, an EIA will also be done for Srar.

The project will have a positive effect on *gender equality* as it will facilitate public services provisions for most vulnerable families, in particular the provision of solid-waste related services. Access to SWM services to women will be promoted under this project by expanding its outreach to households in which women have traditionally a critical role to play when it comes to solid-waste disposal (e.g. rolling up collection and sorting facilities, awareness campaign at household level).

By working directly with Local Authorities and their capacities, the project will significantly contribute to *good governance* and support Lebanese authorities in their management of local assets and services. Involvement the municipalities in all

aspects of the project, in particular during discussions with the private sector, will ensure ownership by the local authorities and in turn contribute in securing the sustainability of the project's results.

In addition, *community empowerment* activities will engage citizens and refugees in the identification of needs and possible solutions to the challenges faced by affected areas. Through its efforts to mitigate the impact of the influx of refugees the project will assist in defusing potential tension between refugees and host communities and positively affect refugee protection and conditions.

3.5. Stakeholders

For this programme, the main stakeholder and implementer at government level is the *Office of the Ministry of State for Administrative Reform* (OMSAR), which has demonstrated a comprehensive experience in managing and implementing infrastructure projects at country's level in the past, including EU funded programmes.

The municipalities of Baalbek, Zahlé, Jeb Jannine (Bekaa) and Srar (Akkar) and the eleven municipalities which benefited from the EU-funded ARLA project will be targeted. However, this project will benefit a much bigger number of municipalities since the facilities will be shared by other municipalities that are part of the SWM systems of the above municipalities. It is expected that facilities provided under Component 1 for the 4 targeted municipalities of Baalbek, Zahlé, Jeb Jannine and Srar the project will also benefit all the 235 municipalities which are part of their respective SWM systems representing a population of 1,350,000 inhabitants. Component 2 of the project will support, amongst other things, all these municipalities in formalising the use and the management of these facilities through dedicated agreements (see activities under Component 2). The selection of municipalities chosen to host SWM infrastructure are in line with the approved Municipal Solid Waste Management plan (2010).

The *private sector* will also play an important role in this programme since they will be involved in the management and the O&M of the facilities. The project will pay a special attention to the contractual relationship between the municipalities and the contractors.

Finally, the *civil society* will also be involved in the project, particularly environmental groups and non-governmental organisations. In particular these groups will be strongly associated to the Environmental Impact Assessments that will be conducted under this project. They could also be involved throughout their activities to the environmental monitoring of the project.

As far as possible, high labour intensive methods will be used to implement the construction activities under Components 1 in order to provide as many jobs as possible to *disadvantaged population*. This income generating scheme would assist the refugees and the hosts in re-capturing part of the income they have lost during the crisis, and render them less dependent on aid.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

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

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 60 months from the date of entry into force of the financing agreement 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 Republic of Lebanon

This action with the objective of upgrading the provision of basic services regarding Solid Waste Management (SWM) will be implemented in indirect management with Lebanon in accordance with Article 58(1)(c)(i) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control *ex ante* all the procurement and grant procedures.

Payments are executed by the Commission.

The financial contribution does not cover the ordinary operating costs deriving from 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
4.3.1. - Indirect management with the Republic of Lebanon	13,250	/
4.7. - Evaluation and audit	150	/
4.8. - Communication and visibility	200	/
Contingencies	400	/
Total	14,000	/

4.6. Performance monitoring

Achievements will be monitored regularly by the Ministry of State for Administrative Reform (OMSAR) as Contracting Authority, which shall set up a programme's technical and financial monitoring system. Regular progress reports will be generated.

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

4.7. Evaluation and audit

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

- a mid-term evaluation mission;

- a final evaluation, at the beginning of the closing phase.

The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.

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

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

An amount of EUR 150,000 is earmarked for audit and evaluation purposes which will be implemented through procurement under direct centralised management (service contracts).

4.8. Communication and visibility

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

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

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

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