



Brussels, 9.9.2013
C(2013) 5680 final

COMMISSION IMPLEMENTING DECISION

of 9.9.2013

**on the Special Measure II 2013 in favour of the Republic of Lebanon to be financed
from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument¹ (hereinafter referred to as ‘the basic act’), and in particular Article 13 thereof, which provides for the adoption of this Decision,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² (hereinafter referred to as ‘the Financial Regulation’), and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Country Strategy Paper for Lebanon and the Multiannual Indicative Programme for the period 2011-13³, points 2.3 (sub-priority 3), 2.4 and 2.5 (sub-priority 2) of which provide for the following priorities: support to political reforms, support to social and economic reforms, and support to the recovery and reinvigoration of the economy.
- (2) The objectives pursued by this Special Measure are to support basic infrastructure and socio-economic recovery in the refugee hosting communities of Lebanon in order to mitigate the impacts of the Syrian crisis. This objective lies outside of the National Indicative Programme (NIP) which did neither foresee basic infrastructure measures and short-term job creation (economic recovery) for refugees nor the accompanying social support and counselling actions. Therefore, this action is proposed as a Special Measure which reorients funding originally programmed in the NIP under sub-priority 2.4 (support to social and economic reforms) towards the response to the refugee crisis.
- (3) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union⁴ (hereinafter referred to as ‘the Rules of Application’).

¹ OJ L 310, 9.11.2006, p. 1.

² OJ L 298, 26.10.2012, p. 1.

³ C(2010)1144 of 2.3.2010.

⁴ OJ L 362, 31.12.2012, p. 1.

- (4) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of the Financial Regulation and Article 111(4) of the Rules of Application.
- (5) The Commission is required to define the term ‘non-substantial change’ in the sense of Article 94(4) of the Rules of Application to ensure that any such changes can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as ‘the relevant authorising officer’).
- (6) The measures provided for in this Decision are in accordance with the opinion of the ENPI Committee set up under Article 26 of the basic act,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The Special Measure II 2013 in favour of the Republic of Lebanon, constituted by the action identified in the second paragraph, is approved.

The action, the description of which is set out in the attached Annex, shall be:

- Support to enhance basic infrastructure and economic recovery in Lebanon.

Article 2

Financial contribution

The maximum contribution of the European Union authorised by this Decision for the implementation of this programme is set at EUR 18 million, to be financed from budget line 19.080101 of the general budget of the European Union for 2013.

Article 3

Implementation modalities

Section 4 of the Annex referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of the Rules of Application.

The financial contribution referred to in Article 2 shall also cover any possible interest due for late payment.

Article 4

Non-substantial changes

Increases or cumulated changes to the allocations of specific actions, not exceeding 20% of the contribution referred to in Article 2, shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling referred to in this Article.

The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 9.9.2013

For the Commission
Štefan FÜLE
Member of the Commission

ANNEX

- Support to enhance basic infrastructure and economic recovery in Lebanon.

ANNEX

of the Commission Implementing Decision on the Special Measure II 2013 in favour of the
Republic of Lebanon

Action Fiche for “Support to enhance basic infrastructure and economic recovery in Lebanon”

1. IDENTIFICATION

Title/Number	Support to enhance basic infrastructure and economic recovery in Lebanon CRIS number: ENPI/2013/24423		
Total cost	Total estimated cost: EUR 21,400,000 Total EU budget contribution: EUR 18,000,000		
Aid method / Method of implementation	Project approach : - Direct centralised management (grants – call for proposals)		
DAC-code	14050 14030 31140 73010 11120 15160	Sector	Waste management / disposal Basic drinking water supply and basic sanitation Agricultural water resources Reconstruction relief and rehabilitation Education facilities and training Human rights

2. RATIONALE

2.1. Summary of the action and its objectives

The recent dramatically increasing influx of refugees from Syria to Lebanon changed significantly the work assumption under which the Annual Action Programme 2013 was initially designed. In most parts of the country, hosting the refugees is severely stretching the economic and social resources of the host communities which already suffer from poverty. In this context, it has been decided to reorient part of the bilateral cooperation to support Lebanon in coping with the consequences of the Syrian conflict.

This special measure aims at improving the overall efficiency and effectiveness of basic services provided to the Lebanese host communities affected by the influx of Syrian refugees. The action will directly contribute to alleviating the short- and medium term development needs in those areas in Lebanon which are most affected by the impact of Syrian refugees. This project will achieve its objective by enhancing basic public infrastructure and of income generating opportunities.

2.2. Context

The continued conflict, violence and hardship in Syria force evermore Syrians to seek refuge, in particular in neighbouring countries. Lebanon has so far been the main recipient with more than 550 000 Syrian refugees registered or awaiting registration with United Nations High Commissioner for Refugees (UNHCR) by 24 June 2013 in addition to approximately 57 000 Palestine Refugees from Syria (PRS) (recorded with the United Nations Relief and Works Agency (UNRWA) in Lebanon.¹ Finally, there is an estimated 60 000 'Lebanese returnees'.² As some refugees are hesitant to register and as others still rely on own resources, the actual number of Syrian refugees is certain to be even higher.³ The numbers of refugees coming from Syria are expected to continue to rise: the UNHCR and the Government of Lebanon forecast 1 000 000 refugees in need of assistance (i.e. seeking registration with UNHCR) in Lebanon by the end of 2013 - for the same timeframe UNRWA projects for 85 000 PRS.

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.⁴ 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 influx of refugees initially concentrated in the northern region, but quickly expanded to the Bekaa Valley. By now, there are Syrian refugees in most parts of the country, spread across more than 1 200 different locations, but the highest concentrations remain in the north (34.1%), including the city of Tripoli, and in the Bekaa Valley (33.9%). 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. With hosting the refugees, often in private homes, the resources of host communities are stretched beyond the limit.

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

¹ Being Palestinian, these refugees fall under the mandate of the United Nations Relief and Works Agency (UNRWA) and not UNHCR.

² ECHO SitRep 22. "Lebanese returnees" are individuals who formally are Lebanese but who lived their lives in Syria often for decades. They have fled Lebanon under conditions similar to those of Syrian refugees but fall outside the mandate of the UNHCR as they are formally nationals of the host country and therefore by definition not refugees.

³ According to Government of Lebanon figures, there are already more than 1 000 000 Syrians in Lebanon including refugees in need of assistance, refugees depending on own resources and a large number of Syrian workers already present in Lebanon prior to the conflict.

⁴ UNDP Poverty, Growth and Inequality in Lebanon, 2007.

2012 when the Lebanese Prime Minister launched the 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 (MoSA) was put in charge of co-ordination.

Lebanese infrastructures for solid waste disposal, wastewater management and water supply, already showing substantial weaknesses, are even more under pressure due to the number of users, increasing every day.

2.2.2. *Sector context: policies and challenges*

Following the resignation of Prime Minister Miqati 22 March 2013 the caretaker Government has not taken any major policy decisions concerning the refugee crisis, but on numerous occasions President Sleiman and cabinet ministers have referred to the refugee crisis as the main challenge facing Lebanon.

Lebanese authorities have so far allowed Syrians to enter Lebanon and they have not prosecuted Syrian refugees who crossed the border outside official border posts for illegal entry or stay alone. The same is so far the case for PRS. This is positive, but in both cases these decisions are made ad hoc and therefore offer limited protection as they could be reversed or simply discontinued.

The international response to the crisis in neighbouring countries (Egypt, Iraq, Jordan, Lebanon and Turkey) is managed by the UNHCR through the different *Regional Response Plans* (RRP) and the specific response within Syria is organised by OCHA through the *Syrian Humanitarian Assistance Response Plans* (SHARP) and organised on bi-annual basis. The RRP5 and revised SHARP (July-December 2013) were launched in Geneva on 07/06/2013 for a global amount of USD 4.4 billion to assist 6,8 million of people, the highest amount for a humanitarian appeal ever. The requirement for Lebanon is USD 1.7 billion including for the first time the appeal made by Government of Lebanon (USD 450 million).

In addition to the humanitarian response, non-emergency assistance has also been provided, but at a smaller scale. The needs of the Syrian refugees, as well as those of the Lebanese host communities, go beyond the immediacy of humanitarian assistance. In light of the vulnerability of the host communities there is an increased risk of tension emerging between the refugee population and their hosts. There are already indicators of increased tension between the communities. As the number of refugees continues to increase, it is important to scale up support to address, and as far as possible mitigate, the risk of tensions flaring up by addressing the medium to long term needs of both groups. Municipal public services must be enhanced to respond to the immediate needs of host communities and must support income generating activities and jobs creation.

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.

2.4. Complementary actions

The objectives and results of this programme will complement the following projects:

- The EU-funded programme "Assistance to the Rehabilitation of the Lebanese administration" (EUR 14 million), which has successfully supported eleven rural municipalities in improving their solid waste services.
- The projects in the solid waste sector financed by the Italian Development Cooperation, in particular in four municipalities in South Lebanon and in Baalbek.
- Three EU-funded projects (currently under implementation) include capacity building components: the EUR 9 million "Support for infrastructure strategies and alternative financing", the EUR 8 million "Support to reforms and environmental governance" and the EUR 14 million "Agriculture and rural development" projects.
- UNDP's project setting up the Lebanese Centre for Water Conservation and Management, as well as Gesellschaft für Technische Zusammenarbeit (GIZ) and USAid's technical assistance to the Ministry of Energy and Water and the four Water Establishments in the country.

This action is part of EU's efforts put in place to reorient part of its development assistance as far as possible to respond to the consequences of the Syrian conflict and complementary to specific response to the crisis through three previous decisions:

- “Support to areas affected by the influx of Syrian refugees to Lebanon”⁵ which allocated EUR 5 million through a contribution agreement with UNHCR to address medium and long term needs in the areas of i) capacity building of host country institutions to handle the crisis (ministerial and municipal level as well as civil society organisations), ii) education and iii) local community empowerment;
- “Support to areas affected by the influx of Syrian refugees to Lebanon II”⁶ which allocate EUR 10 million through contribution agreements with UNHCR and the United Nations Children's Fund (UNICEF), as well as a call for proposal (NGOs and UN agencies), to address i) education, ii) child needs and vulnerabilities; iii) capacity building of Lebanese institutions and structures, iv) local community empowerment, and v) vulnerabilities identified through a call for proposals and
- “EU Contribution to the Government of Lebanon Response Plan to the Syrian crisis”⁷ (Special Measure I 2013) which allocated EUR 30 million in the areas of i) strengthening the capacity of the Lebanese institutions ii) community empowerment and livelihood activities, iii) education and iv) support to the response of UNRWA to the influx of Palestinians refugees from Syria (Financing Agreement to be signed with the Government of Lebanon).

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 EU has a close working relationship with the Lebanese Government in the frame of the bilateral cooperation, the main UN agencies involved in the response to the influx of Syrian refugees to Lebanon inter alia UNHCR, United Nations Development Programme (UNDP), UNICEF, World Food Programme (WFP), UNRWA as well as with a number of international and national NGOs that often act as implementing partners for UN agencies.

In general, 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.

⁵ C(2012)3815 adopted on 7 June 2012.

⁶ C(2012)9360 adopted on 14 December 2012.

⁷ C(2013)2348 adopted on 18 April 2013.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objective of this project is to upgrade provision of basic services and contribute to economic recovery, in particular to mitigate the impact of the Syrian crisis on Lebanon.

The specific objectives of this project are:

- To improve infrastructure at local level in areas most affected by the influx of Syrian refugees.
- To support economic recovery, income generating initiatives job creation and social activities.

3.2. Expected results and main activities

Project Approach

As underlined in the Lebanese Response Plan, a number of socio economic assessments have determined that the burden of the Syrian crisis has fallen acutely on host communities in Lebanon. Many of them have been cut off from their traditional sources of affordable goods or services and economic opportunities due to the conflict situation in Syria. This adds to already limited basic infrastructure, social services and employment opportunities. The Lebanese Government, the international community and the European Commission have agreed to support these communities.

The strategy of this programme (in line with the Lebanese Response Plan) will focus on:

- improving and expanding essential services to the most affected communities by increasing adequate sanitation, waste disposal facilities and clean water supply, supporting basic education and providing better livelihoods opportunities;
- supporting the resilience and social cohesion of displaced and host communities by mobilizing and empowering them through employment and income generating activities;
- ensuring protection of refugees, displaced persons and affected communities by strengthening prevention and response to gender-based violence, and, in particular, by improving protection of youth and children at risk.

Expected results

The following indicative results are expected in the frame of this programme:

a) The provision of basic services is improved

- The number of persons benefitting from a clean environment with effective means to dispose solid waste will have increased.

- Vulnerable people will have improved access to potable water and improved sanitation infrastructure and their health conditions will be improved.

b) Local socio-economic development is recovering and more jobs are being created

- Low skilled workers will have improved access to the labour market.
- The average household income of refugees and Lebanese host communities' households will have increased in the short-term.
- Income generation, employment and market creation will be enhanced.

c) Refugees and affected communities benefit from intensive social support as regards gender-based violence, protection of youth and children at risk, access to education and training in conflict prevention

- Vulnerable women and children will have benefitted from psycho-social support and recreational activities.
- More children (than at present) will have accessed formal and non-formal education.
- People with disabilities will be receiving community-based rehabilitation services.
- Tensions within communities will be reduced as mediation and conflict prevention trainings will be supported.

Monitoring

The European Commission will monitor the grants projects based on regular field visits and analysis of the contractors' progress reports. The achievement of expected results will be assessed and shared with all actors supporting the host communities affected by the Syrian crisis, in order to ensure full complementarities (and avoid any overlaps) with other similar actions.

Main activities

The expected results will be achieved through grant projects. One or more call(s) for proposals will be launched for several lots, indicatively for the following areas of tasks within the targeted communities:

- basic infrastructure (construction/rehabilitation of solid waste disposal facilities, water and sanitation infrastructure),
- income generating activities and support to SME's and other economic actors for promoting communal socio-economic development,
- access to basic education and social support services, prevention/response to gender-based violence and improved protection of youth and children at risk.

Thresholds will vary depending on the lots. Each call for proposals will specify the eligible fields of intervention and implementation modalities.

NGOs and the civil society in Lebanon, which shall represent the main beneficiaries of the grants through these calls for proposals, have the capacity to develop and implement such large economic recovery and social-service oriented actions.

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 high degree of flexibility in order to be able to adapt to an evolving context.

Risks include:

- The Syrian conflict could spill-over more deeply 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").

3.4. Cross-cutting issues

The *environmental impact* of the projects is expected to be positive as the intervention will assist Lebanese communities in coping with the increased demand for resources and environmentally relevant public services such as water supply, sanitation and waste disposal

The project will have a positive effect on *gender equality* as it will facilitate public services which are particularly important for family health and women's health and security (e.g. hygienic waste disposal, safe drinking water and sanitation facilities).

By working directly at local level, the project will significantly contribute to *good governance* and support Lebanese authorities in their response to the influx of refugees. 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. This would positively affect refugee protection and *human rights* overall. Finally, individuals and groups vulnerable to child abuse or sexual and gender based violence would benefit from strengthened Lebanese institutions both concerning prevention and support of victims.

3.5. Stakeholders

Main stakeholders are consulted to shape the EU response to the consequences of the Syrian conflict in Lebanon, during the preparation period, and will continue to be so during implementation.

The direct beneficiaries are:

- The refugee population and the hosting communities in areas affected by the influx of Syrian refugees.
- The Lebanese authorities involved and benefitting from the local development projects that will be implemented.

Other stakeholders include local and international NGOs and organisations which will be the implementing partners for the various activities that will be financed by the project.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

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

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, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Implementation components and modules

4.3.1. Grants: call for proposal “Economic recovery and local socio-economic development” (direct centralised management)

(a) Objectives of the grants, fields of intervention and expected results

The objectives and the type of actions eligible for financing and the expected results are those described under 3.2.

(b) Eligibility conditions

Potential applicants for funding include European and/or regional (ENPI) legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs as well as private economic actors (such as SMEs).

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicants.

The essential award criterion is the relevance of the proposed action for the objectives of the call; additional criteria are design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call should not exceed 80% of the eligible costs of the action.

The maximum possible rate of co-financing may be up to 100 % in accordance with Articles 192 of the Financial Regulation if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call(s)

Third trimester of 2013.

(f) Exception to the non-retroactivity of costs

Not applicable.

4.4. Scope of geographical eligibility for procurement in direct centralised and decentralised management

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

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act ENPI on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realization of this action impossible or exceedingly difficult.

4.5. Indicative budget

Component/Module	Amount in EUR thousands	Third party contribution EUR thousands (indicative)
4.3.1: Call(s) for proposals (direct centralised management)	17,200	3,400
Total envelope under section 4.3.	17,200	/
4.7. – Evaluation, financial and technical audit	500	/
4.8. – Communication and visibility	200	/

Contingencies	100	/
Totals	18,000	3,400

4.6. Performance monitoring

The European Commission will regularly monitor the performance of the grant projects against the expected results indicators described under 3.2.

The grant contractors will report all results to the European Commission, which may also carry out Results Oriented Monitoring (ROM) via independent consultants. The ROM may start after the sixth month of project activities and 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 a mid-term evaluation (via independent consultants) and other evaluations if deemed necessary.

Financial and technical audits might be carried out as necessary.

EUR 500,000 is earmarked for audit and evaluation purposes. Evaluation and audit assignments will be implemented through service contracts, making use of one of the Commission's dedicated framework contracts or another applicable procurement procedure.

4.8. Communication and visibility

The European Commission will ensure that the grant contractors will provide adequate communication and visibility for the EU funding. EUR 200,000 is earmarked for accompanying communication and visibility measures. These will be implemented through a single service contract whose tendering procedure will be launched indicatively in the second trimester of 2014.

All visibility activities will be implemented in accordance with the "Communication and Visibility Manual for EU External Actions"⁸. Depending on the evolution of the situation on the ground, visibility activities might need to be scaled down in order to allow a successful implementation of the project activities.

⁸ http://ec.europa.eu/europeaid/work/visibility/index_en.htm.