

## ANNEX

### **Action Fiche N° 1**

#### **1. IDENTIFICATION**

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

#### **2. RATIONALE**

##### **2.1. Sector Context**

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

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

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

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

##### **2.2. Lessons learnt**

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

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

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

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

### **2.3. Complementary actions**

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

### **2.4. Donor co-ordination**

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

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

## **3. DESCRIPTION**

### **3.1. Objectives**

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

The specific objectives are:

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

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

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

### **3.2. Expected results and main activities**

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

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

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

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

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

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

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

### **3.3. Stakeholders**

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

### **3.4. Risks and assumptions**

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

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

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

### 3.5. Crosscutting issues

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

The Project will respect national environmental standards.

## 4. IMPLEMENTATION ISSUES

### 4.1. Implementation method

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

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

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

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

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

### 4.2. Procurement and grant award procedures

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

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

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

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

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

#### **4.3. Budget and calendar**

Indicative breakdown:

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

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

#### **4.4. Performance monitoring**

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

#### **4.5. Evaluation and audit**

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

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

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

#### **4.6. Communication and visibility**

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

## FICHE D'ACTION N° 2

### 1. IDENTIFICATION

Titre	Appui à la r réhabilitation économique I: développement local, reconstruction et infrastructures		
Coût total	18 M€(contribution de la CE)		
Méthode d'assistance	Approche projet – gestion décentralisée		
DAC-code	15110	Secteur	Politique/planification économique et du développement

### 2. LOGIQUE D'INTERVENTION

#### 2.1. Contexte du secteur

Le Projet répond à la priorité n° 3 "Appui à la reconstruction et au redressement" du projet de PIN 2007-2010 ; et plus spécifiquement à l'item "Soutien au développement local".

Le conflit de l'été 2006 a entraîné des destructions massives de logements et d'infrastructures publiques. Les dommages occasionnés par la guerre ont aggravé une situation antérieure de déficit d'infrastructures publiques dans de nombreuses localités.

Le conflit a également eu des répercussions sur le plan économique, qui ont affecté directement les régions touchées par la guerre et indirectement le reste du territoire libanais ; avec notamment des ruptures de cycle économiques liées à des méventes de production (dans le secteur agricole notamment) ou à la disparition de ressources saisonnières (ce phénomène ayant touché plus spécifiquement les régions touristiques).

La part importante prise par les municipalités dans la gestion de la période post conflit et l'efficacité qu'elles ont démontrée ont confirmé l'intérêt de travailler avec ces acteurs dans l'étape de reconstruction et de redressement. L'appui apporté par le Projet couvre les deux aspects évoqués ci-dessus :

- contribuer à une dynamique de reconstruction du tissu économique et social local en finançant des projets de développement local identifiés dans le cadre de l'intervention précitée "Préparation de projets d'action municipale dans un cadre planifié de développement local" ;
- poursuivre l'appui apporté à la reconstruction et à l'extension des infrastructures publiques locales en finançant des projets qui accompagnent les projets de développement local (et leur sont complémentaires) et qui ont été identifiés par la mission d'évaluation des besoins précitée.

## 2.2. Enseignements tirés

Le Projet a été préparé sur la base des résultats :

- de la mission de septembre 2006 d'évaluation rapide des dommages causés par la guerre et de la mission de novembre 2006 d'évaluation des besoins des municipalités en matière d'infrastructures publiques ;
- du projet "Préparation de projets d'action municipale dans un cadre planifié de développement local", qui a élaboré des dossiers techniques de projets (incluant des composantes infrastructures) dont les élus locaux ont confirmé qu'ils demeurent d'actualité après le conflit.

## 3. DESCRIPTION

Le Projet comporte deux composantes, qui renvoient aux deux aspects évoqués ci-dessus : (i) composante I : **Mise en œuvre de projets de développement local** ; (ii) composante II : **Réalisation d'infrastructures d'accompagnement**.

### 3.1. Objectifs

Le Projet a pour objectif global de répondre aux besoins du redressement et de la reconstruction du Liban. Son objectif spécifique est d'aider à la restauration des conditions de vie des populations locales, sévèrement affectées par le conflit, en contribuant : (i) au redémarrage des activités économiques ; (ii) à la réhabilitation et à l'extension des infrastructures de base (notamment celles nécessaires au bon fonctionnement des services publics de proximité).

### 3.2. Résultats attendus et principales activités

Les résultats attendus de la composante I sont : réactivation du processus de développement local; une valorisation des ressources des territoires locaux ; le lancement de nouvelles activités économiques et des créations d'emplois ; la réduction de l'exode vers les grandes villes et de l'émigration.

Les résultats attendus de la composante II sont : reconstruction et des infrastructures et réhabilitation des services publics endommagés/affectés par le conflit.

Les activités du Projet impliquent des interventions relevant de domaines techniques multiples, listées de manière non limitative : réhabilitation/construction de bâtiments administratifs ou d'installations de production ; réhabilitation/extension d'infrastructures d'alimentation en eau potable et en eau d'irrigation ; travaux de génie civil pour l'aménagement de terrains agricoles ou pistes rurales ; fourniture de plants et opérations de reboisement ; réhabilitation de bâtiments ou sites ayant une valeur architecturale, historique, culturelle ou environnementale ; aménagements forestiers ; schémas d'urbanisme ; fourniture d'équipements (bureau, production, etc.) ; prestations de conseil et de contrôle technique ; et spécifiquement pour les projets de développement local : actions de formation et vulgarisation, publication de documents d'information et réalisation de campagnes de communication, prise en charge de coûts de fonctionnement.

### **3.3. Parties prenantes**

Les groupes cibles sont les municipalités affectées physiquement et/ou économiquement par le conflit. Le bénéficiaire final du Projet est la population des territoires de ces municipalités. Les partenaires du Projet sont le Bureau du Ministre d'Etat pour la Réforme Administrative (OMSAR) et le Conseil pour la Reconstruction et le Développement (CDR)..

### **3.4. Risques, hypothèses et conditions**

(i) La situation politique et sécuritaire au Liban ne fait pas obstacle à la mise en œuvre des actions financées dans le cadre du Projet. (ii) Il n'existe pas de chevauchement avec des actions mises en œuvre par d'autres donateurs ou par les autorités nationales. (iii) Les municipalités, les institutions publiques et les ministères techniques concernés coopèrent pleinement à la mise en œuvre des activités du Projet.

### **3.5. Questions transversales**

Les thématiques suivantes sont concernées par le Projet : réduction de la pauvreté ; bonne gouvernance et démocratie et préservation de l'environnement.

## **4. QUESTIONS RELATIVES A LA MISE EN OEUVRE**

### **4.1. Méthode de mise en œuvre proposée**

Option 3 : Gestion décentralisée via la signature d'une convention de financement.

Composante «Mise en œuvre de projets de développement local» : l'Autorité contractante est l'OMSAR. L'OMSAR signera des contrats de subvention avec les municipalités bénéficiaires des actions financées par le Projet. Compte tenu de la situation de crise qui affecte le Liban, ces projets font l'objet d'une attribution directe et d'un financement de l'intégralité de leur coût par le Projet. Ces actions seront mises en œuvre par les municipalités concernées, qui signeront les marchés de services, de fourniture et de travaux nécessaires à la réalisation des actions. L'OMSAR assurera le monitoring des activités de la composante et apportera aux municipalités un appui technique pour la préparation des consultations et le suivi de l'exécution de ces marchés. Dans le cadre du Projet, des moyens humains et logistiques seront mis à la disposition de l'OMSAR pour exécuter ces tâches. Ces ressources humaines seront recrutées selon les modalités (appel à candidatures individuelles, avec comité de sélection) définies par la Convention de Financement du projet MED/2005/17-554. L'OMSAR bénéficiera également d'appuis techniques extérieurs au Projet.

Composante «Réalisation d'infrastructures d'accompagnement» : l'Autorité contractante est le CDR. Compte tenu de la similitude des actions, cette composante sera exécutée par le CDR dans des conditions identiques à celles définies par la Convention de financement du projet MED/2006/18-303 : le CDR assure directement la mise en œuvre de projets identifiés dans des devis-programmes annuels et signe tous les contrats nécessaires à leur exécution. Le CDR bénéficiera d'appuis techniques extérieurs.

(1) *Décentralisation des procédures de passation des marchés*

Cas 1: La Commission contrôle ex ante les procédures contractuelles pour les contrats supérieurs à 50.000 € et ex post pour les contrats inférieurs ou égaux à 50.000 €

(2) *Décentralisation des procédures de paiement*

Cas 1: Via les devis-programmes, les paiements relatifs aux coûts de fonctionnement et aux contrats de faible montant sont décentralisés dans la limite des plafonds suivants :

Travaux	Fournitures	Services	Subventions
< €300.000	< €150.000	< €200.000	• €100.000

#### 4.2. Procédures de passation de marchés

Tous les contrats qui mettent en œuvre la convention de financement doivent être attribués et exécutés selon les procédures et documents standard définis et publiés par la Commission pour la mise en œuvre des actions extérieures, tel qu'en vigueur au moment du lancement de la procédure concernée.

Tous les devis-programmes doivent respecter les procédures et documents standard définis et publiés par la Commission, tel qu'en vigueur au moment de l'adoption des devis-programmes concernés.

#### 4.3. Budget et calendrier

Budget indicatif:

Lignes budgétaires	Montant en €
<u>Projets de développement local</u>	8.500.000
<u>Réalisation d'infrastructures d'accompagnement</u>	8.500.000
Renforcement des ressources humaines et des moyens logistiques de l'OMSAR	300.000
Imprévus	400.000
Visibilité	150.000
Audit et monitoring	150.000
<b>Total général</b>	<b>18.000.000</b>

La période de mise en œuvre opérationnelle indicative du Projet est de quarante-huit (48) mois, à dater de la signature de la Convention de Financement.

#### **4.4.    Monitoring des performances**

Les principaux indicateurs de mesure de l'exécution du Projet sont : le nombre d'actions réalisées, le respect des cahiers des charges techniques, le respect des calendriers d'exécution, etc.

#### **4.5.    4.5.    Evaluation et audit**

Le projet fera l'objet d'une évaluation externe à mi-parcours et en fin de projet, gérée par la Commission. Le projet fera l'objet d'audits financiers périodiques, gérés par la Commission.

#### **4.6.    Communication et visibilité**

Le projet appliquera les règles de visibilité définies par la CE.

## ACTION FICHE N° 3

### 1. IDENTIFICATION

Title	<b>Support for Economic Recovery II: SME Facility in support of an EIB Global Loan</b>		
Total cost	€15 million to support a €100 million EIB loan		
Aid method / Management mode	Project approach – <i>centralised</i> Management		
DAC-code	24030	Sector	Financial Sector

### 2. RATIONALE

#### 2.1. Sector context

As a result of the hostilities last summer Lebanon has suffered a substantial setback on the economic front. Real GDP, which was expected to grow by around 6 % in 2006, will most likely turn into contraction of up to -5%. The cost in terms of economic activity and growth is likely to extend well beyond 2006.

Although there was significant physical damage the major impact on the private sector and SMEs has been indirect and a result of the economic disruption. The major impacts are lower sales due to the loss of customers, lower investor and consumer confidence, transport disruptions and lost access to markets, lost suppliers and key staff. Indirect losses are difficult to estimate although survey evidence from October 2006 suggests that over 90% of firms suffered sales losses while at the same time their expenses (excluding payroll) remained the same or increased during the war.

The tourism sector is most affected both through a lost tourist season and longer-term through the effect on Lebanon's image. Occupancy rates were at 90% before the war and recent data suggests that even for the Eid holiday occupancy rates could have reached 40% from a maximum of 30% in October. Linked to this is the impact on the agricultural sector and food producers who were geared up to supply the high season demand which evaporated and who were left with large stocks. Manufacturing virtually shut down during the hostilities with the sector beginning to see a revival in October. Key personnel have also left and it is unclear whether they will return.

Survey estimates suggest the vast majority of businesses are operating at a level of sales below pre-war levels and that, on average, businesses are producing at around 60% of their pre-conflict levels. While some may recover quickly it is clear that for a significant number it will take much longer and many are in the process of deciding whether to rebuild their operations confidence. Others are deciding whether to relocate elsewhere in the region.

In terms of sales, most firms expect to have recovered to pre-war levels within 1-2 years, however, while nearly three-quarters of firms were planning to make new investments for the vast majority of firms these have been cancelled or postponed.

The performance of the private sector is evident in the performance of the banks loan portfolios. While there has been an immediate impact banks are concerned about the longer-term effects of the economic slowdown. The Lebanese financial sector is considered one of the strongest assets of the national economy. It is characterised by the very high capitalization and level of deposits to GDP and high quality and modern international financial services. Despite this successful development, its intermediation capacity on the domestic market, particularly lending to the private sector, remains limited, representing broadly 20% of assets.

## **2.2. Lessons learnt**

This programme builds upon actions already being implemented by the EC in support of the development of the private sector. It will also benefit from the experience of the EIB through its previous 21 operations signed with Lebanon over the last 13 years. The EC is working closely with the EIB and the Central Bank of Lebanon (BdL) to prepare this project. The experience of the EIB in managing EC interest rate subsidies and that of the BdL in managing the scheme of the Lebanese government is incorporated in the project.

## **2.3. Complementary actions**

The EC has various initiatives supporting enterprises through technical assistance. The EIB has an ongoing line of credit in support of enterprises. The EC support to the Kafalat credit guarantee scheme is complementary this action. Following the hostilities, and in view of a request from the Lebanese government, several donors are planning to provide support to enterprises through various lines of credit and guarantee schemes through the Central Bank (BdL) and directly with the private sector. These initiatives by IFC, AFD, OPIC, Arab Fund for Economic and Social Development, are currently under preparation. This includes the EIB Global Loan €100 million, which will be supported through this project. The Lebanese government also has an interest rate subsidy scheme for enterprises.

## **2.4. Donor coordination**

Meetings have been held with the other donors planning similar initiatives mentioned above, and with the BdL to ensure that any community action is complementary and coherent with existing and future actions of other donors. Coordination will continue with the BdL, the EIB and other donors during the detailed preparation phase.

# **3. DESCRIPTION**

## **3.1. Objectives**

The overall objective is to help ensure that enterprises affected by the war can rapidly gain access to credit.

### **3.2. Expected results and main activities**

This €15 million enterprise action will support an EIB €100 million global loan to encourage the recovery of the private sector after the war. It will complement other government initiatives for the private sector including tax and export promotion initiatives. The funds will be channelled through the Central Bank and will be linked to individual EIB loan requests. The majority of the funds will be used to provide front-loaded interest rate subsidies on EIB loans. Funds will also be used to finance training courses for bankers in the areas of credit risk assessment and enterprise finance.

### **3.3. Stakeholders**

The main stakeholders are the enterprises who will benefit from an EIB loan and the commercial banking sector that will also provide loan finance. The BdL, as implementing partner for the EIB and EC, is also a key stakeholder in the project. The Council for Reconstruction and Development (CDR) as National Coordinator is also a key stakeholder.

### **3.4. Risks and assumptions**

Political instability is a risk to the effective implementation of the project although this is mitigated by the fact that the project partner is the Central Bank which is likely to be less affected than line ministries. The BdL has extensive experience in managing EIB loans and the Lebanese government's interest rate subsidy scheme.

### **3.5. Crosscutting Issues**

All EIB loans are screened against environmental criteria. Technical assistance support to the commercial banking sector and to the BdL will improve governance.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

Centralised management.

This support to enterprises in Lebanon will be closely coordinated and linked with an EIB loan. A Financing Agreement will be signed with the government of Lebanon, the Council for Reconstruction and Development (CDR). A grant contract will be signed by the Commission with the Central Bank of Lebanon (BdL) who will be responsible for implementation of the project. The Central Bank of Lebanon manages all EIB loans to the government, as well as interest rate subsidy schemes of the government and other donors. This, together with the current crisis situation declared in Lebanon justifies the direct award of the grant contract to Central Bank of Lebanon given that the bank manages EIB loans.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by

the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

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

#### **4.3. Budget and calendar**

The budget of the Enterprise Support Facility is 100% financed by the Commission and it is exclusively applicable to EIB loans. EIB loans can finance up to 50% of each project. The remaining 50% of the project will be financed by local commercial banks and enterprises' own resources which can also benefit from a subsidy from the government or other donors. This Facility includes (on an indicative basis):

- direct EIB loan support activities worth EUR 14,680,000;
- technical assistance contracts (including monitoring) worth EUR 200,000;
- visibility activities worth EUR 20,000
- audit, evaluation and monitoring worth EUR 100,000;

A Financing Agreement will be signed with the CDR . The implementation of the project will last 48 months (4 years) from the date of signature of the Financing Agreement.

#### **4.4. Performance monitoring**

Performance monitoring will be coordinated with the EIB. The BdL will be responsible for providing regular reports on the utilisation of the project funds and EIB loans. Specific monitoring will be undertaken as necessary to ensure coherence and complementarity with other donor actions and in coordination with the Lebanese government.

#### **4.5. Evaluation and audit**

Mid-term and final evaluations by external consultants and external audits will be performed in accordance with the EC procedures. Financial and systems audits will be undertaken before

#### **4.6. Communication and visibility**

Visibility activities will be coordinated with those of the EIB. The European Commission will ensure that adequate communication and visibility is given to the EC funding by the BdL and CdR (press conferences, brochures/flyers, media reports, etc.).

## ANNEX

### ACTION FICHE N° 4

#### 1. IDENTIFICATION

Title	<b>De-mining and Clearance of Unexploded Ordnance</b>		
Total cost	€4 million		
Aid method / Management mode	Project approach – <i>centralised and joint management</i>		
DAC-code	15250	Sector	De-mining

#### 2. RATIONALE

##### 2.1. Sector context

During the 2006 war, heavy shelling by air, sea and from ground forces have contaminated the country with un-exploded ordnance (UXO) and more than a million cluster bombs have been fired in the Southern part of the country by the IDF in the last two days of the conflict.

With massive support from the international donor community, 58 de-mining teams will be active in 2007 under the coordination of UN-MAC SL and the National De-mining Office created in 1998. UNIFIL has also sent de-mining teams from Belgium, France, Italy, Spain and China. According to the National De-mining Office (NDO), UNDP and UN-MAC SL, all newly affected areas, near Tyr, as well other areas in the south should be cleared by the end of the year 2007.

The affected areas that remain to be cleared in 2008 are:

- the Southern UN delineated "Blue Line" (Israeli-Lebanese border - 375.000 mines).
- Mount Lebanon, 30,000 mines: to be confirmed.
- the Chouf area, 30,000 mines: to be confirmed.

Since 2000, there have been 512 mine victims, of which 182 since the 34 day war of 2006. During the Lebanese civil war there have been more than 2500 mine victims.

In 1998, the Lebanese Council of Ministers created the National De-mining Office (NDO) as a coordinating body for all humanitarian mine action activities in Lebanon. The NDO is a department of the Defense Ministry. Since 2000, the NDO has been supported by experts and advisors funded by UNDP. In terms of capacity, the NDO has an engineering regiment of 400 de-miners and 800 support staff. A draft de-mining policy document has been prepared and waiting for approval of the Prime Minister's office since.

With the support of the United Nations, a Mine Action Coordination Centre was established in Tyr, South Lebanon (MACC-SL, South Litani). UN-MACC SL is providing planning, coordination and quality assurance capability. In 2007, the NDO will establish with the support of UNDP a new Operation and Management cell in Nabatieh. All activities currently under the supervision of UN-MAC-SL will be transferred to this new Operation and Management Cell.

## 2.2. Lessons learnt

Following the Israeli withdrawal in 2000, the EC has supported the de-mining process in Lebanon through two projects with MAG-UK under the Rehabilitation Budget Line:

- Lebanon's first national Landmine Impact Survey (LIS), that was released in 2003 providing information on the number, size and impact of mined areas in Lebanon;
- De-mining activities in South Lebanon (72,568 m<sup>2</sup> de-mined including a high proportion of agricultural land).

There has been excellent coordination with the National De-mining Office, working closely with all actors involved in de-mining (UN-MAC SL, other NGOs, private companies).

## 2.3. Complementary actions

In 2007 ECHO is funding the activities of four International NGOs for humanitarian de-mining in the South of Lebanon with activities being phased out towards the end of the year. It concerns:

MAG	UK	€996,136	Emergency battle area clearance support to South	2 de-mining teams
Handicap International	FR	€1,754,105	Emergency Humanitarian De-mining in South Lebanon.	3 de-mining teams
Danish Church Aid	DK	€1,791,706	Humanitarian Mine Action in conflict-affected areas in southern Lebanon	3 de-mining teams
FSD	CH	€1,572,518	Emergency Humanitarian De-mining Capacity in Lebanon	5 mobile de-mining teams

It is estimated that, for the period 2007- 2008 and apart from the funds allocated to UNIFIL, a total amount of €42 million will be allocated by UAE, Canada, Norway, Australia, UK, The Netherlands, Finland, Germany, Japan and the US for de-mining operations. The EC planned allocation of €8 million for the same period (€4 m for each year) will therefore amount to 19 % of the total donors' contribution.

## **2.4. Donor coordination**

Under the NDO and UN-MAC SL donor contributions and actions are regularly discussed and co-ordinated. Apart from EC/ECHO and UNIFIL teams, the main other donors are: United Arab Emirates (€22 million in 2007), Norway, Japan, US, and Canada.

## **3. DESCRIPTION**

### **3.1. Objectives**

The overall objective of the project is to assist Lebanon in restoring the conditions necessary for the security of its population and its economic and social development. The specific objectives are to increase possibilities of land use, alleviate mine risk and support mine victims.

### **3.2. Expected results and main activities**

The expected results are:

- the Landmine Impact Survey is updated;
- the NDO is fulfilling its mandate in terms of management, planning, coordination and quality insurance;
- de-mining teams are operational;
- mine victims receive adequate support;
- mine risk education and awareness is provided if necessary.

The project will support the NDO in:

- updating the technical mines survey in the remaining affected zones;
- reinforcing the technical capacities in terms of management, planning, coordination and quality insurance (technical assistance);
- providing de-mining clearance capacity either through the provision of equipment and/or by supporting de-mining teams;
- providing assistance to mine victims;
- organising mine risk education and awareness (if needed).

### **3.3. Stakeholders**

The direct beneficiary of this programme is the Lebanese population, especially those living in the remaining affected areas and mine victims. The National De-mining Office will be the main beneficiary of the institutional support provided by the project.

### **3.4. Risks and assumptions**

The Project has been designed taking into consideration the following risks, which could eventually jeopardise the successful implementation of the project:

- The cluster de-mining (CBU) should be finalised by the end of 2007. The National De-mining Office will take over all activities from UN-MAC SL by the end of 2007. Any postponement of this operations could eventually lead to delay the start up of the activities under this project
- The National De-mining Office should maintain its commitment to humanitarian de-mining. It is envisaged that a memorandum will be signed with the Commission;

The Lebanese Government should continue to work in the spirit of the Ottawa Convention and will ultimately ratify it.

### **3.5. Crosscutting Issues**

De-mining activities have a direct positive impact on the environment and land use in the affected zones. Environmental considerations will be fully integrated into the de-mining operations.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

- The project will be centrally managed by the EC Delegation for the grant contract(s) and jointly managed with an international organisation for the contribution agreement. The following contracts should be signed:
- A contribution agreement with UNDP for the technical assistance to NDO or any other relevant UN agency. The UNDP has been providing technical assistance to the NDO since the year 2000. The contribution agreement will be concluded in accordance with the Financial and Administrative Framework Agreement concluded between the European Commission and the United Nations (agreement signed 29 April 2003);
- grant contract(s) with de-mining operator(s) to ensure continuity with ECHO's action (LRRD), will be either through a call for proposals or by direct award if justified.

Lebanon is facing a crisis, as defined in Article 168(2) of the Implementing Rules of the Financial Regulation. As a result negotiated contracting procedures may be used when necessary.

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by

the Commission for the implementation of external aid operations, in force at the time of the launch of the procedure in question.

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

As for the activities implemented by an international organisation, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

#### **4.3. Budget and calendar**

The total financial contribution of the EC to the project amounts to €4 million. The implementation of the programme will last 48 months from the date of the decision of the Commission.

The indicative budget breakdown is as follows:

Contribution agreement	€1.00 m
Grant (s)	€2.95 m
Audit and evaluation	€0.04 m
Visibility	€0.01
<b>Total</b>	<b>€4.00 m</b>

#### **4.4. Performance monitoring**

Progress will be monitored regularly by the EC Delegation. The key indicators will be the total de-mined surfaces and the specific results indicators that will be defined in the implementing contracts.

#### **4.5. Evaluation and audit**

The project will be subject to a final evaluation. The audit of grant contracts will be directly managed by the EC. All auditing matters related to the contribution agreement with the international organisation are governed by the Verification Clause annexed to and forming an integral part of the Financial and Administrative Framework Agreement concluded between the European Community and the United Nations (agreement signed 29 April 2003).

#### **4.6. Communication and visibility**

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

## ANNEX

### ACTION FICHE N° 5

#### 1. IDENTIFICATION

Title	<b>EU scholarships for Palestine refugees in Lebanon</b>		
Total cost	€3 million		
Aid method / Management mode	Project approach – <i>joint</i> management		
DAC-code	11420	Sector	Higher education

#### 2. RATIONALE

##### 2.1. Sector context

In 2006, 404,170 Palestine refugees are registered by UNRWA offices in Lebanon. According to NGO estimates, a maximum of 250.000 Palestine refugees are effectively living in Lebanon. Palestine refugees are denied civil rights, including the right to work and the right to private property. More than half of them live in 12 camps in very poor living conditions. They do not have access to the Lebanese school system as well as health care and social services (basic services in these areas are provided by UNWRA). The Lebanese Government has shown since end 2005 a new interest in improving living conditions of Palestine refugees in Lebanon. The European Commission has welcomed the "Camp improvement initiative" launched by Prime Minister Siniora in May 2006. In her letter dated 3<sup>rd</sup> July 2006, Mrs Benita Ferrero Waldner has confirmed EC's continuous efforts to support Palestine refugees in Lebanon.

The proposed project will make available scholarships for young Palestinians, thereby improving their employment prospects. Currently, the vast majority of Palestine Refugees in Lebanon is unable to afford the high tuition fees of the private educational Lebanese system (40 private universities with an average annual fee of \$5000 per year). Access to the only Lebanese public university is limited for Palestine refugees. UNRWA provides free primary education, vocational training, and also provides free secondary education.

Whereas it is unlikely that the Lebanese authorities will ease the restrictions on the access of Palestine Refugees to the Lebanese labour market in the near future, students benefiting from the scholarship project will have a better chance of finding meaningful employment after achieving a university degree.

##### 2.2. Lessons learnt

The present project will build on the results of the UNRWA managed project: "**EU scholarship fund for Palestine refugees in Lebanon**" funded in 2005 for **€1.1 million** (MEDA regional, out of the €4 million envelope decided in 2004 for

"Improving employment opportunities for young Palestine refugees"). . In August 2005, almost 200 applications were received for the academic year 2005-2006, out of which 54 were selected with the budget available. This project had an **excellent EU visibility** and proved to be very effective in responding to the needs of the Palestinian students. UNRWA requested in 2006 additional support from this purpose from Commission.

### 2.3. Complementary actions

Since 2002, the EU has provided support to Palestine refugees in Lebanon through thematic budget lines (co-financing, rehabilitation, food security, ECHO) and very recently through MEDA (€19 million). The sectors covered are water, sanitation, economic development, vocational training, education, health, psychosocial, shelter rehabilitation, food aid and youth activities. The main beneficiaries are European and Palestinian NGOs as well as UNRWA for specific projects. In addition the Commission is one of the main contributors UNRWA's general fund. For 2007 an amount of €66 million is foreseen for this purpose.

In the sector of education, the EC has developed an integrated approach with a view to improving employment prospects of the Palestinian youth.

The following projects are currently ongoing and are complementary to the proposed project:

- "Improve education of young Palestine refugees in Lebanon for better employment opportunities", €15 million, MEDA sub-regional, contract with UNRWA targeting pre-school, primary and secondary education;
- "Vocational training project", €4 million, MEDA sub-regional: support to Vocational Training Providers in the Palestinian camps including UNRWA Sibline Training Centre and the provision of university scholarships (€1.1 million, 54 scholars, 2005-2009);
- "Assistance to local initiatives targeting children and young Palestine refugees in all camps in Lebanon", €748,222, Co-financing NGO budget line, Save The Children Sweden with 5 Palestinian NGO's.

### 2.4. Donor coordination

UNRWA organises annual donor coordination meetings, including field visits, with representatives of the donor countries. In Lebanon, an informal coordination mechanism has been put in place since May 2006 with a view of exchanging information on different projects and on partners (NGO's and UNRWA). It is foreseen to reinforce this **local coordination** in 2007, especially the dialogue with UNRWA.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective is to improve employment opportunities for young Palestinian refugees. The specific objective is to provide to Palestinian students access to higher education in Lebanon.

#### **3.2. Expected results and main activities**

The project will increase the access of young Palestinian refugees to higher education in Lebanon.

The following activities will be carried out:

- Open scholarship applications to the EU scholarship fund to Palestine refugees that have graduated in Lebanon (UNRWA or Lebanese system). With the budget available, approximately 150 scholars could be supported for completing a tertiary degree. Approximately fifty scholars will be selected each year over three years for the total duration of their studies;
- Ensure ongoing evaluation and monitoring mechanisms of the scholarship scheme;
- Reinforce counselling and placement services of UNRWA.

#### **3.3. Stakeholders**

The direct beneficiaries of this programme are the refugee Palestinian students that are granted a scholarship. Indirectly, their families and the community at large will benefit from the expected increased employment rate among the direct beneficiaries.

#### **3.4. Risks and assumptions**

The project has been designed taking into account that the following risks could hamper the successful implementation of the project:

- A serious deterioration of the political environment could eventually affect UNRWA's operations in a significant manner;
- UNRWA should allocate the necessary resources to the project.

#### **3.5. Crosscutting Issues**

In relation to **gender equality**, particular attention will be paid to the principle of equality of treatment of both men and women students.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Implementation method**

The programme will be implemented by joint management method through the signature of an agreement with an international organisation. The contracting authority is the European Commission. UNRWA is the implementing agency of the project, with which the EC will sign a contribution agreement in accordance with the financial and framework agreement concluded between the European Commission and the United Nations (agreement signed 29 April 2003).

### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

### **4.3. Budget and calendar**

The total financial contribution of the EC to the project amounts to €3 million. The implementation of the programme will be 48 months from the date of the signature of the contribution agreement between UNRWA and the EC.

### **4.4. Performance monitoring**

Achievements will be monitored regularly by UNRWA and the results will be reported every year to the EC. The key indicators will be the yearly results of the scholars and the number of students passing a University degree.

### **4.5. Evaluation and audit**

The project will have an evaluation that will be directly managed by the EC in agreement with UNRWA. All auditing issues related to this project are governed by the Verification Clause annexed to and forming an integral part of the FAFA.

### **4.6. Communication and visibility**

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