

## ANNEX

### **ACTION FICHE FOR LEBANON**

#### **1. IDENTIFICATION**

Title/Number	Support to the reconstruction of the Palestinian refugee camp at Nahr el-Bared		
Total cost	€8 million		
Aid method / Method of implementation	Joint management with international organisation and centralised direct management		
DAC-code	16040	Sector	Low-cost housing

#### **2. RATIONALE**

##### **2.1. Sector context**

Between May and September 2007, Lebanese armed forces were engaged in combat with the radical Islamist group Fateh al Islam in and around the Nahr el-Bared Camp (NBC) in north of Lebanon. When the hostilities ended on 2 September 2007, an estimated 95 % of the camp and a significant part of the surrounding ('adjacent') areas had been destroyed or severely damaged.

Initially, the main priority of the donor community was to address the humanitarian needs of NBC's displaced refugees and the construction of temporary shelters. UNRWA (United Nations Relief and Works Agency for Palestine Refugees in the Near East), as the organisation having the mandate to ensure the management of the Palestinian refugees camps in Lebanon, coordinated these activities. This first phase was funded through a Flash Appeal of USD 12.7 million (June-August 2007) and an Emergency Appeal (September 2007-August 2008) of USD 54.8 million launched by UNRWA. The Lebanese government and UNRWA then elaborated a strategy for the reconstruction phase, which was presented to the international community at the donors' conference held in Vienna on 23 June 2008. This document integrates the Preliminary Master Plan elaborated by UNRWA (in consultation with the Palestinian communities) and provides a vision for an integration of the camp in its neighbourhoods. The strategy encompasses needs in the initial camp ("old camp"), the adjacent areas (known as the "new camp", which includes a mixed population of Palestinians having settled outside the boundaries of the initial camp and Lebanese families), Beddawi camp (where the massive influx of NBC refugees has deteriorated the living conditions), and the Lebanese municipalities surrounding NBC.

A large rubble removal operation, funded by the Stability Instrument has already been launched to prepare for the reconstruction of refugee housing, infrastructure and camp facilities. Rubble removal is, however, hampered by unexploded ordnance and improvised explosive devices. Moreover, problems of legal nature (expropriation and

ownership of houses etc)<sup>1</sup> need to be resolved. These obstacles in addition to the unprecedented size of the reconstruction need, illustrate the particular difficult environment in which the reconstruction process has to be carried out.

The Vienna donor conference documents define clearly the responsibilities of the different stakeholders in the implementation of reconstruction activities. Given UNRWA's mandate regarding NBC, UNRWA will have the responsibility for the implementation of housing and infrastructure reconstruction in NBC. The government remains responsible for the reconstruction of infrastructure in the "new camp" and will also set-up a scheme for housing repair and rehabilitation in the "new camp". The government has asked the World Bank to set-up a Multi Donor Trust Fund (MDTF) as a coordination and fiduciary tool, for donors interested in pool funding mechanisms. The possibility of parallel funding directly to UNRWA or to the government is also foreseen and a role for NGOs is equally envisaged. Indeed, NGOs have not only provided emergency assistance to the refugees after the crisis but also managed the rehabilitation and repair of damaged houses in the "new camp".

## **2.2. Lessons learnt**

No global evaluation of the first emergency and relief phase has taken place. However, some conclusions can be drawn from this phase.

First of all, it is clear that the reconstruction of NBC is not a standard infrastructure project. The project takes place in a very particular context, a refugee camp, with a high number of sensitive issues and obstacles. This requires therefore a strategy of risks mitigation. Ensuring flexibility working with different stakeholders can be a good approach for the next phase.

Given that the size of the reconstruction of NBC encompasses the rebuilding of a city of around 30 000 inhabitants, UNRWA is facing an unprecedented challenge and needed external support for activities preceding the reconstruction phase (in particular, rubble removal was delegated to UNDP). Therefore, it was decided that the Agency would implement the reconstruction by means of outsourcing the works management.

The Vienna strategy encompasses the old and new camps as well as the Lebanese municipalities. A general assessment of donors' activities and pledges so far show that funding for the Lebanese municipalities is sufficient while funding for the old and new camp is still insufficient. Although the legal status of the old and new camps is different, the Palestinian communities have often underlined the need for a comprehensive strategy taking care of both populations. This shall be taken into account for the next phases.

## **2.3. Complementary actions**

This operation is part of a general response of the international community to the crisis of Nahr el-Bared and ensures a follow-up of on-going EC operations on this matter.

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<sup>1</sup> Since 2002 Palestinians are not allowed to possess properties in Lebanon. Thus a solution must be found for the fully or partly destroyed houses in the new camp owned by Palestinians.

In addition to being the biggest contributor to the UNWRA General Fund for the Palestinian refugees in the region, the Commission is so far also the main contributor to the NBC. A total of €20 million has been already committed (€5.2 million of immediate humanitarian assistance, €6.8 million from the Instrument for Stability (IfS) and a further €8 million of humanitarian assistance for the recovery phase). The complementarity of instruments used (ECHO humanitarian assistance and IfS) allowed the Commission to work with a variety of actors (UNRWA, NGOs, Government).

- Humanitarian support targeting the Palestinian communities offered in a first phase temporary accommodations and housing rehabilitation, winter relief and psychosocial support. This was followed by a second phase on recovery with emphasis being housing repairs and shelters, improvement of families' incomes and livelihoods through promotion of small business and job creation activities.
- Support provided under the Instrument for Stability includes two components:
  - Technical assistance to the government to reinforce its operational capacity: the expert appointed is the Chief Technical Advisor for the Prime Minister and ensures the general coordination and the definition of the strategic approach for the reconstruction.
  - Support to UNRWA in the design of the reconstruction and the finalisation of the Master Plan as well on rubble removal: both are key steps before the reconstruction can effectively start.

This new EC intervention aims at consolidating these activities by supporting now the reconstruction phase, on the basis of the Government strategic document presented to Vienna and the Preliminary Master Plan, in close coordination with the other donors.

The programme also comes in support to other EC projects with Palestinian refugees in Lebanon, through specific projects implemented by UNRWA (scholarships, education, support to the Camp Improvement Initiative) or through the above-mentioned EC contribution to UNRWA's General Fund.

#### **2.4. Donor coordination**

Following the appointment of the EC funded advisor to the Prime Minister, the government has taken a leading role on donors' coordination. Steering committees gathering all donors have been regularly organised in the Prime Minister's office to inform about progress on the ground, legal and political issues etc. The government also organised a donors' conference in Vienna on 23 June 2008 in close coordination with the government of Austria. The European Commission played an active role in the Vienna Conference, which was co-chaired by Commissioner Benita Ferrero-Waldner.

Following the Vienna Conference, a Reconstruction and Recovery Cell (RRC) has been set-up in the Prime Minister's office, which is a unique access point for stakeholders and donors. This RRC, headed by the EC funded expert, will ensure the

overall *strategic coordination* and is responsible for the coherence of actions funded by the various donors and the coordination of all stakeholders.

Since the first weeks of the crisis, the EC Delegation has ensured effective coordination with Member States. Member States have allocated, during the first phase, more than € 10 million to NBC. Moreover, additional pledges from EU Member states in Vienna reached over €18 million.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The purpose of this project is to prepare and facilitate the return and progressive reintegration of the Palestinian refugees displaced as a consequence of the conflict in NBC.

The overall objective is to consolidate political stability and social cohesion in Lebanon.

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

The EC will follow the strategic approach developed in the Vienna documentation, which does not only provide a framework for the reconstruction but also presents a vision for the integration of the camp in the region. The programme supports the strategy of the government encompassing the old and new camps in accordance with the guidelines for reconstruction as presented in the Preliminary Master Plan.

The programme aims at contributing to the reconstruction of NBC and its adjacent areas and will essentially provide a contribution for reconstruction and rehabilitation activities, including also activities that facilitates the reconstruction process or support the communities before or after their return. Activities will include:

- A contribution to the implementation of the reconstruction in the old camp, on the basis of the Master Plan. This contribution will aim at providing support to the physical reconstruction activities (housing units and infrastructure) and the component will be implemented by UNRWA.
- Complementary measures implemented through one or more NGOs for operations in the new camp (which is not under the responsibility of UNRWA). Specific rapid impact activities will include housing rehabilitation and reconstruction as well as support to repair and stabilisation etc. As an example, it is envisaged to give financial support for the rebuilding of the 'Mohajareen' site, where a draft design for 98 housing units has already been elaborated. The proposed reconstruction of Mohajareen is not hampered by legal obstacles related to land ownership and the draft reconstruction project is supported by the government and the Palestinian community.

The results expected from these activities are first of all the construction of housing units and infrastructures, and, as a consequence, the return of refugee families to their previous environment.

### 3.3. Risks and assumptions

A number of risks remain present in the management of the camp reconstruction:

– Political risks:

Tensions between the Palestinian refugees of NBC and the Lebanese population in the surrounding municipalities affected by the conflict, could affect the reconstruction process. The new security scheme, whereby the government takes over the responsibility for the security of the camp, could also aggravate tensions between the Palestinian communities and the Lebanese authorities. The difficulties to solve legal problems of housing ownership in the new camp might also slow down the operations.

– Managerial and Technical risks:

Since the reconstruction of NBC is a large and complex operation, implementation delays cannot be excluded. The risks of inflation could lead to an increase of reconstruction costs. The Master Plan for reconstruction still needs official validation by the Council of Ministers. The availability of donors' funding at the different phases of the reconstruction process is not yet fully ensured. In particular, there is still a lack of clarity regarding funding from Arab donors, which hampers planning of activities. Finally, as UNRWA will implement the reconstruction of a city of around 30000 inhabitants, which is beyond UNRWA's usual mandate, the agency might face capacity problems.

Measures of risks mitigation have been planned. UNRWA will externalise reconstruction activities to a private contractor with experience on similar issues. The project design is simple and works are of an unsophisticated nature. The government follows an incremental approach and will build confidence by showing tangible results through available funding to mobilise complementary resources (public and private). The allocation of funds pledged in Vienna for the surrounding Lebanese municipalities should appease tensions on the ground.

### 3.4. Crosscutting Issues

Environmental and social sustainability: UNRWA and UNDP initiated an environmental assessment on NBC in April 2008, in consultation with the Lebanese authorities. This assessment will be expanded to assess effects of the return process. It will consider the natural and social aspects in an integrated way and an environmental action plan to provide guidelines for contractors and ensure environmental monitoring of the reconstruction process will be developed. The actions funded under this project will respect this plan.

Human rights: The refugee population being a particularly vulnerable population, the operations carried out in NBC should ensure protection of the communities' rights. The Return Plan prepared by UNRWA includes measures to protect refugees during the reconstruction process (temporary shelters, social services, special measures for elderly, vulnerable women and children). Operations funded by this project will respect rights of the communities. Despite these measures, the protection of Palestinians' rights in the area is dependent on the government general policy

towards Palestinians and the progress regarding their rights (access to employment, property, etc.). Finally, the revitalisation of the government's Camp Improvement Initiative is needed to improve the living conditions for the Palestinian population.

### **3.5. Stakeholders**

The ultimate beneficiaries of the Project will be the Palestinian refugees to be reintegrated in NBC following the reconstruction of housing units. Also the Palestinian refugees in other overpopulated camps in Lebanon will benefit from the return of the refugees to the NBC.

The main actors involved in the reconstruction process are:

- The government - in particular the Prime Minister's Office, notably the NBC Reconstruction and Recovery Cell (RRC) - and the Lebanese Palestinian Dialogue Committee (LPDC). The RRC will ensure overall operational coordination while the LPDC will deal with political and security aspects.
- UNRWA, who is responsible for NBC administration, has been also mandated for the reconstruction process of the old camp. The agency has set-up a PMU to coordinate the implementation of reconstruction activities under UNRWA's responsibility. As reconstruction activities are not part of the usual mandate of UNRWA, the PMU will recruit a private consultant to execute works.
- The World Bank will co-chair the Multi Donor Trust Fund, which will channel a part of donors' contributions. Coordination with the World Bank is necessary to ensure coherence between the MDTF activities and parallel funding. The main contributors to the MDTF are Member States and the biggest donor will eventually be given the co-chair of the Fund.
- The Palestinian communities and in particular the community-based "Nahr el Bared Reconstruction Commission for Civil action and Studies (NBRC)". The NBRC was associated to the elaboration of the Master Plan guidelines and will certainly be involved in all steps of the reconstruction process.
- NGOs, which support refugees and the rehabilitation and construction process in particular in the new camp (repair and construction of damaged or destroyed houses).

## **4. IMPLEMENTATION ISSUES**

### **4.1. Method of implementation**

The programme will be implemented by means of joint management with an international organisation (UNWRA) and direct centralised management (NGO financing).

### **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.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of ENPI Regulation.

The programme foresees to allocate part of the budget through a contribution agreement with an International Organisation (UNWRA). Under this agreement, 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.

The programme also foresees the possibility to proceed to grant contracts with NGOs. 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. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

1) Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 100%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

2) Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

Following Article 168 of the Financial Regulation addressing exceptions to calls for proposals for countries in crisis situations, grants may be awarded without a call for proposals.

#### 4.3. Budget and calendar

The indicative breakdown of the budget is the following:

Activity	Budget in €
Contribution agreement with an International Organisation for reconstruction and rehabilitation activities in NBC (old camp).	5 000 000
Grant contracts with one or more NGOs for reconstruction and rehabilitation activities in the adjacent areas of NBC (new camp).	2 900 000

Visibility	25 000
Audit and Evaluation	75 000

The possibility to transfer part of the visibility budget to the grant contracts is foreseen, if visibility actions are integrated in the activities covered by the grant contract.

The reconstruction timeline prepared by UNRWA foresees a minimum of three years before the reconstruction process is finalised. Accordingly, the duration of the action is 48 months.

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

In terms of results, the number of housing units built, the number of families returned will be the key indicators to monitor the progress of the programme. The performance will also take into account the rapidity of the progress. A timeline has been elaborated by UNRWA and its respect will be closely monitored by the EC. It is important to note that monitoring mechanisms will be developed by the government but will assess the performance of the reconstruction process as a whole. Since the EC will fund only a part besides other donors, the different grant contracts will include specific indicators to monitor more specifically the EC funded activities.

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

Audits of the activities funded by an International Organisation will be in line with the agreements between this Organisation and the EC. An ex-post evaluation could be foreseen, depending on general evaluations of the reconstruction process that could be conducted by the government.

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

The EC will ensure that adequate communication and visibility is given to the EC-funding during the reconstruction process.

As far as the foreseen contribution to UNWRA is concerned, EU visibility will follow the visibility provisions of the Financial and Administrative Framework Agreement (FAFA), signed on 29 April 2003 between the United Nations and the EC, and respecting the Joint Action Plan on visibility concluded by the parties on 22 September 2006. The complementary measures to be implemented by NGOs will follow the EU Visibility Guidelines for External Actions.