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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX II**

to the Commission Implementing Decision on the special measure in favour of Lebanon for 2023

**Action Document for EU support to essential water and sanitation services in Lebanon**

**ANNUAL MEASURE**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and a measure in the sense of Article 23(4) of NDICI - Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title</b> <b>OPSYS</b> <b>Basic Act</b>	<b>EU support to essential water and sanitation services in Lebanon</b> Special measure in favour of Lebanon for 2023 OPSYS business reference: NDICI-GEO-NEAR/2023/ACT-61933 ABAC Commitment level 1 number: JAD.1216610 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	No
<b>EIP Flagship</b>	No
<b>3. Team Europe Initiative</b>	No
<b>4. Beneficiary of the action</b>	The action shall be carried out in Lebanon.
<b>5. Programming document</b>	N/A
<b>6. Link with relevant MIP(s) objectives/expected results</b>	N/A
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>7. Priority Area(s), sectors</b>	DAC Code 140 – Water Supply & Sanitation DAC Code 410 – General Environment Protection

<b>8. Sustainable Development Goals (SDGs)</b>	<b>Main SDG 6 - Ensure availability and sustainable management of water and sanitation for all</b>  Other significant SDGs (up to 9) and where appropriate, targets: <ul style="list-style-type: none"> <li>- SDG – 3 Ensure healthy lives and promote well-being for all at all ages</li> <li>- SDG– 5 Achieve gender equality and empowerment for all women and girls</li> <li>- SDG - 12 Ensure sustainable consumption and production patterns</li> <li>- SDG - 13 Take urgent action to combat climate change and its impact</li> <li>- SDG - 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development</li> <li>- SDG - 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</li> </ul>			
<b>9. DAC code(s)</b>	14015 - Water resources conservation (including data collection) – 60% 14010 - Water sector policy and administrative management – 10% 14081 - Education and training in water supply and sanitation – 10% 41081 - Environmental education/training – 10% 72010 - Material relief assistance and services – 10%			
<b>10. Main Delivery Channel</b>	Indirect Management with a pillar-assessed entity			
<b>11. Targets</b>	<input checked="" type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>12. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Nutrition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>13. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	EIP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES		NO
		<input type="checkbox"/>		<input checked="" type="checkbox"/>
	Tags	YES		NO
	transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	energy	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	environment, climate resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	digital	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	human development (incl. human capital and youth)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>
agriculture, food security and rural development	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
rule of law, governance and public administration reform	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
other	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tags	YES		NO	
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital services	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
<u>Connectivity</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tags	YES		NO	
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>	

	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>BUDGET INFORMATION</b>			
<b>14. Amounts concerned</b>	Budget line(s) (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 30 500 000.00 Total amount of EU budget contribution EUR 30 500 000.00		
<b>MANAGEMENT AND IMPLEMENTATION</b>			
<b>15. Implementation modalities (management mode and delivery methods)</b>	<b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.3.1.		

## 1.2. Summary of the Action

The main objective of the action is to contribute to the development of effective, reliable and self-financed public water and wastewater services in Lebanon. It aims at preserving the provision of essential public water and wastewater services for refugees from Syria and host Lebanese communities.

It is crucial to ensure continuity of water services in a country that hosts so many refugees. EU support to maintain at least minimal water services has been the backbone of the whole cholera response in 2022 and avoided further spread of the epidemic in the country.

The EU has been providing support to the operation of the Lebanese Water Sector since the beginning of the financial crisis, and this action is aligned with the five-year sector recovery plan developed by the Ministry of Energy and Water with EU financed Technical Assistance implemented by Agence française de développement (AFD) ending in 2026.

The continuity of EU support in the wastewater sector is critical until the end of the recovery plan in 2026. As part of the five-year sector recovery plan, the current financial gap of the sector is expected to be covered by tariffs or by governmental budget. A foreseeable risk would be disruption of services with dramatic consequences on public health and environmental conservation. If pumping stations within municipal areas and wastewater treatment plants stop operating, lower areas of several municipalities will risk being flooded; and rivers and the coastal regions would risk to be affected by waterborne pollution and diseases, with consequences in terms of public health, agri-food production and tourism. All these sectors are considered key for the country's recovery. In addition, the sewage produced by the Syrian refugee population living in informal tented settlements, instead of being dislodged at treatment stations, will be left entirely untreated and dumped in rivers and unauthorised landfills (as at the beginning of the Syrian

crisis). This action will cover until mid of 2024. Further funding would be required to ensure support up to the end of the recovery plan (2026).

The Action will continue the work towards raising public awareness around the importance of payment for water and wastewater services. Specific campaigns for raising awareness about the importance of wastewater treatment will be conducted in collaboration with the Ministry of Environment (MoE) and by continuous monitoring and publishing data of effluents quality.

The strategy of intervention proposed in this action has been validated by an evaluation of EU strategy of interventions in the Lebanese Water Sector since the beginning of the Syrian crisis (completed in 2022) and by the first findings of the evaluation of EUTF Madad outcomes that is ongoing.

The implementation of the action will be accompanied by an inclusive and gender sensitive policy dialogue focusing on ensuring Government engagement in supporting any possible financial gap between cost of the service and revenues collected through the tariffs. As part of the design of this action, all government counterparts have been informed that the support to operations of Water Establishments will be funded with this action until mid-2024 and that any possible further funding will not support the sector beyond the recovery plan (2026). Absence of concrete implementation of the recovery plan will imply a review of further EU support to the sector along the current modalities.

The action will contribute mainly to the SDG indicator #6 (Ensure availability and sustainable management of water and sanitation for all). Other significant SDGs that this action will contribute to are: SDG#3 (Ensure healthy lives and promote well-being for all at all ages); SDG#5 (Achieve gender equality and empowerment for all women and girls); SDG#12 (Ensure sustainable consumption and production patterns); SDG#13 (Take urgent action to combat climate change and its impact); SDG#14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development); SDG#15(Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).

### **1.3. Beneficiary of the action**

The country beneficiary of this intervention, Lebanon, is included in the list of ODA recipients.

## **2. RATIONALE**

### **2.1. Context**

The Syria crisis is in its second decade, and Lebanon continues to host the largest number of refugees from Syria per capita, equivalent to 25% of Lebanon's population. The social and economic situation of refugees and host communities in Lebanon has been deteriorating following the multiple crises in the country which has been compounded by the COVID-19 pandemic and the Beirut port blast. Russia's unprovoked and unjustified military aggression against Ukraine disrupted the global grain supply chain, which further contributed to food insecurity for people living in Lebanon. In 2022, the language of Lebanon's political discourse has grown increasingly hostile, pushing a narrative that holds displaced households responsible for the country's hardship and the ongoing strain on public services. Devastating earthquakes in Türkiye and Syria multiplied the psychological impact of crises in Lebanon, adding further strains on refugees from Syria.

Water shortages are increasing, with water resources being largely over-exploited and treated wastewater not being re-used. The water supply system does not cover the totality of the population (estimated at

around 80-85%), with more than half of the system having surpassed its life cycle and requiring substantial upgrades besides operation and maintenance, with technical losses estimated above 50%. Additionally, there are nationwide concerns relating to the lack of proper wastewater treatment, with wastewater network coverage reaching only 60% of the population, while treatment, even if placed in strategic areas, only covering 32% of the total sewage produced in the country. Analysis about water quality of rivers and sea-shores are rarely conducted and not publicised. All these elements raise serious concerns related to water pollution and impact on biodiversity.

In addition to that, Lebanon is particularly vulnerable to climate change. Climate change has already had and will continue to have significant impacts on Lebanon's water resources. The most immediate consequences of climate change are droughts, reduced water availability, and declining water quality. Future projections suggest that these impacts will worsen in the coming decades. Adaptation priorities according to Lebanon's National Determined Contribution (NDC) include sustainable use of natural resources and developing sustainable water services.

The Syrian crisis has increased pressure on both water supply and wastewater treatment systems. The total demand has been increasing, especially in urban areas where approximately 80% of the refugees from Syria live. The poor performance of public water services cannot, however, be attributed to the presence of refugees from Syria alone. The structural problems of the sector are deeply rooted and can be summarised in: i) incomplete implementation of the reform in the sector launched in 2001 with the approval of law 221; ii) structural weaknesses of the four Water Establishments (i.e. chronic lack of financial and qualified human resources, outdated managerial procedures); iii) lack of key performance indicators to properly manage and monitor the services provided and to ensure accountability towards citizens.

The action is in line with the EU-Lebanon Compact, annexed to the Partnership Priorities jointly agreed between the EU and Lebanon<sup>1</sup>, which core objective is to improve the living conditions of refugees and vulnerable host communities in Lebanon. In particular, the Action will strengthen the self-reliance of Syrian refugees in Lebanon. This will improve their prospects in their host country as well as in their country of origin, if and when the conditions for voluntary, safe and dignified return are met.

The action is aligned with the Joint Communication "Renewed partnership with the Southern Neighbourhood – A new Agenda for the Mediterranean<sup>2</sup>", in particular its priority "Green transition-climate change resilience, energy and environment", and its economic and investment plan.

The action will contribute to several Sustainable Development Goals, in particular the SDG 6 on clean water and sanitation. The action is also aligned with the "Reform, Recovery and Reconstruction Framework (3RF)" launched by the European Union, the United Nations and the World Bank in December 2020 in response to the explosion of the Port of Beirut.

By improving wastewater and water supply services, the action shall also contribute to European Green Deal<sup>3</sup> objectives related to reducing water pollution and respond to the political commitments made at the Brussels Conferences on "Supporting the Future of Syria and the Region" over the last years. It is also aligned with the European Commission's Priority "Promoting our European Way of Life".

The action document is fully in line with the **five years Sector Recovery Plan** prepared by the Ministry of Energy and Water and complementary to the other EU action presented in the bilateral action plan. Both actions are responding to priorities indicated in the Sector Recovery Plan. This action will support the

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016D2131>

<sup>2</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_426](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_426)

<sup>3</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

operation and maintenance of the sector for approximately 18 months by keeping the services running, while the other one in the bilateral support will aim at reducing costs of operations of Water Establishments by improving their management operations and increasing their revenues (measuring production and updating the customer database).

This action is also complementary to the work of the Technical Assistance funded by EU and implemented by AFD as they will be working at the major reforms to ensure restructuring and sustainability of the sector in the medium-long term. The action is also complementary to the work of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) that will contribute to the sustainability of the sector by seconding engineers to the Water Establishments and providing capacity building for the staff.

The action presented in this document is also complementary to funding of other main donors in the sector like USAID, Switzerland and Italy. All of them have been supporting Water Establishments in the operation and maintenance of Water and Wastewater sectors in line with the Sector Recovery Plan.

The future Team Europe Initiative in the Water sector, currently at identification stage, is part of the strategy for promoting long term sustainability of the sector. The action is supposed to generate revenues for the Water Establishments by improving operations related to service provision, customers' management and fee collection.

## 2.2. Problem Analysis

### Short problem analysis

Water Establishments (WEs) have **severe budget deficits** due to the combination of several factors, including the devaluation of the fees collected in local currency, the collapse of public energy provision obliging them to use private and more expensive fuel-based generators. These factors have been affecting WEs' capacity to provide reliable services and to retain staff (especially the competent ones) whose salary lost most of its purchasing power. Lacking a proper publicly provided service, unregulated water trucking services have been flourishing, with related high financial costs to households, as well as health risks. Over the last three years, the continuity of minimal water and wastewater services has been guaranteed mainly through emergency funding provided by international Donors (the EU *in primis*, followed by USAID, Switzerland and Italy). According to the Recovery Plan drafted by Ministry of Energy and Water (MoEW) in early 2022, the water sector will only achieve complete cost-recovery at the end of 2026, when tariffs are expected to cover again operational costs.

Since the beginning of the Syrian crisis and the large influx of refugees in both urban and rural areas, wastewater facilities have been receiving and treating both the increased sewage produced in urban areas and connected to the sewage networks, and the sewage produced in informal tented settlements (ITSs), where approximately 20% of the Syrian refugee population resides. Maintaining treatment facilities operational is therefore key to avoid going back to the situation of the early years of the Syrian crisis, when the sludge produced in ITSs was being dumped in unauthorised landfills and rivers, with a highly negative impact on the environment and public health, due to the very concentrated bacteriological pollution load. This would contribute to widespread political rhetoric against refugees from Syria based on their impact on the environment and entail serious consequences in terms of protection for the refugee population.

A further possible consequence of a collapse of water and wastewater services would be a return to an unregulated municipal management of water resources, similarly to what happened during the years of the civil war, and whose remnants are still evident to this day (e.g. a large number of unregistered private wells). Unregulated management, in a context of climate change and in a territory as administratively and politically fragmented as the Lebanese, would entail competition between municipalities over water

resources, with a possible detrimental impact in terms of security and political stability. Disputes over water resources would most probably also affect, once again, the safety and security of the refugees from Syria in the country.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

<b>Main stakeholders</b>	<b>Mandate</b>	<b>Potential role</b>	<b>Capacities</b>
<ul style="list-style-type: none"> <li>- MoEW (Ministry of Energy and Water)</li> </ul>	<ul style="list-style-type: none"> <li>- In charge of overseeing and regulating the sector and monitor its performance. It is in charge for the definition of the strategy for water and wastewater sector.</li> </ul>	<ul style="list-style-type: none"> <li>- Definition of a multi-year strategy for reaching financial balance for the Water Establishments within the next five years (water) and wastewater);</li> <li>- Approval of tariff revisions;</li> <li>- Approval of national strategy and crisis response plan;</li> <li>- Capacity to coordinate and bring additional donors to fund the sector crisis response plan</li> </ul>	<ul style="list-style-type: none"> <li>- Limited capacity due to the lack of staff.</li> <li>- Supported in technical and planning activities by the EU-AFD Technical Assistance (TA) that is contributing to the implementation of the national strategy.</li> </ul>
<ul style="list-style-type: none"> <li>- 4 Regional WEs (Water Establishments)</li> </ul>	<ul style="list-style-type: none"> <li>- In charge of provision of water and wastewater services (law 221-2001).</li> </ul>	<ul style="list-style-type: none"> <li>- WEs are the entities coordinating all the interventions related to operations and maintenance. Each request of assistance for any locality is activated by a specific request launched by them and it is supervised by their staff that should approve the intervention.</li> <li>- In relation to Wastewater, they will be in charge of operations of all stations in the country through private operators</li> <li>- Analysis of treated effluents will be regularly published.</li> <li>- In charge of invoicing and collecting the tariffs for water and wastewater</li> <li>- In charge of proposing revision of the tariffs to MoEW.</li> <li>- In charge of improving performance of their service and reduction of NRW (Non-Revenue Water)</li> </ul>	<ul style="list-style-type: none"> <li>- Limited capacities in relation to wastewater. They will be assisted by the EU-AFD TA and by UNICEF in tendering for PBC (Performance Based Contracts) and monitoring them. An engineer will be seconded in each WE to monitor the implementation of PBC. The EU-AFD TA will assist in setting-up the Waste Water (WW) department in each WE and in training the staff.</li> </ul>
<ul style="list-style-type: none"> <li>- CDR (Committee Development and Reconstruction)</li> </ul>	<ul style="list-style-type: none"> <li>- Currently in charge of operation of existing WW infrastructure. By law it does not have this mandate.</li> <li>- By 2024 it is expected that CDR will no longer play any role in the water and wastewater sector.</li> </ul>	<ul style="list-style-type: none"> <li>- CDR should ensure a smooth handover of the wastewater infrastructure from the current contracts to the new ones that will be signed by UNICEF under responsibility of WEs. Its role will be mainly exercised during the preparation of the contracts.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited capacity but considering that this project will work in phasing CDR out of the sector, no support is foreseen any for this institution.</li> </ul>



<b>Main stakeholders</b>	<b>Mandate</b>	<b>Potential role</b>	<b>Capacities</b>
<ul style="list-style-type: none"> <li>- MoE (Ministry of Environment)</li> </ul>	<ul style="list-style-type: none"> <li>- In charge of water quality analysis along the country</li> <li>- In charge of providing public electricity through Electricité Du Liban (EDL);</li> <li>- defining the electricity tariff for Water Establishments</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct regular analysis on areas where treated effluents are discharged and publish the data</li> <li>- Ensure availability of electricity from public grids;</li> <li>- Ensure incentivised tariff for Water Establishments</li> </ul>	<ul style="list-style-type: none"> <li>- Limited capacity. The reinforcement of its structure will not be targeted by this action. Most of the activities will be conducted outsourcing specific functions to private laboratories.</li> <li>- Limited capacity of increasing the total production of public electricity until macro-financial program is in place</li> </ul>
<ul style="list-style-type: none"> <li>- Government of Lebanon</li> </ul>	<ul style="list-style-type: none"> <li>- In charge of allocating national budget</li> </ul>	<ul style="list-style-type: none"> <li>- During the worst years of the financial crisis it has been difficult for the Government to allocate funds for the water sector to support Operation and Maintenance of the Water Establishments;</li> <li>- Can endorse an incentivised tariff for water Establishments to reduce costs of operations (as mentioned in the recovery plan)</li> </ul>	<ul style="list-style-type: none"> <li>- Capacity to address the energy problem once the current political impasse will be solved. Availability of public energy has already been declared a national priority.</li> </ul>
<ul style="list-style-type: none"> <li>- EU-AFD Technical Assistance team</li> </ul>	<ul style="list-style-type: none"> <li>- In charge for supporting reform of the sector (contract until 2025)</li> </ul>	<ul style="list-style-type: none"> <li>- Restructuring of Water and WW Departments in WEs;</li> <li>- Definition of procedures for data collection and publication;</li> <li>- Monitor the implementation of the Sector Recovery Plan</li> <li>- Define strategies for tariff revision to be submitted to approval of MoEW and WEs.</li> <li>- Support to the coordination of the sector to ensure complementarity with other actions</li> <li>- Preparation of Water Code Decrees</li> <li>- Identification of political priorities to be raised by the sector</li> </ul>	<ul style="list-style-type: none"> <li>- High capacity to mobilise various level of expertise</li> <li>- Already working at the centre of the sector and key for promoting reforms.</li> </ul>
<ul style="list-style-type: none"> <li>- UNICEF</li> </ul>	<ul style="list-style-type: none"> <li>- Key agency in the Water and Wastewater sector in Lebanon</li> </ul>	<ul style="list-style-type: none"> <li>- Coordinating the activities for support to Water Establishments in terms of maintenance and operations.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Implementing partner of SM2022 project on water and wastewater.</li> <li>- Large experience in implementing projects for support of O&amp;M for the Water and Wastewater Sector.</li> <li>- Capacity of coordinating emergency interventions in response to Syrian Crisis in the water sector</li> <li>- Experienced in promoting complementarity between donors.</li> </ul>

Main stakeholders	Mandate	Potential role	Capacities
- International Donors Community	- Partners for ensuring stability of the country and continuity of the services during multiple crisis	- Possibility to support with additional funding and ensure coverage of WEs operations for the years to come until cost recovery through tariffs will be achieved. - Higher political leverage toward GoL for reforms	- Other donors have shown interest to support the sector with the objective to survive the current financial crisis. This action will seek buy-in from other donors and ensure complementarity of funding. It is expected that the EU-AFD TA will facilitate this task.
- Lebanese Municipalities	- Final beneficiary of the intervention	- Municipalities should be sensitised to promote collaboration and payment of water and wastewater public services from citizens.	- Key actors to dialogue with Water Establishments to defend the right of the citizens for a reliable public service and to promote citizens' payment of tariffs. All this would contribute to ensuring the long term sustainability of the service.
- Syrian Refugee Population	- Final beneficiary of the intervention	- Syrian refugees living in urban context are expected to pay the water tariff through their landlord. This will increase revenues for Water Establishments. - The sewage produced by the Syrian refugee population resident in Municipality and in the majority of ITS is treated. This would ensure that their protection space is guaranteed against possible attacks of Lebanese Authorities based on environmental issues.	- Most of the Syrian refugee population living in urban areas is already connected to public services serving Lebanese Municipalities - Wastewater treatment plants in inland areas are already equipped with technology for receiving ITS sludge. The sludge transport will be ensured mainly by the humanitarian partners.
- Lebanese citizens/host communities	- Final beneficiary of the intervention	- Lebanese citizens should be encouraged to pay water and wastewater tariffs to ensure sustainability of the services. - Lebanese citizens should be sensitised about the importance of treating wastewater for health, environmental and economic reasons. A culture of respect of environment should be promoted around the country.	- Capacity of payment of citizens during financial crisis will be assessed to ensure that these could be affordable for the majority of the citizens. Public water services are traditionally much cheaper than privately provided ones. If minimal public services can be guaranteed then the total cost for households is expected to decrease even increasing the tariff.

### 2.3. Lessons Learned

Since 2020, with the beginning the multiple crises in Lebanon, the EU's strategy in the water sector has adopted a crisis response modality. This approach has been validated by a **strategic evaluation of EU cooperation in the water sector since the beginning of the Syrian Crisis**. The approach recommends three phases for future investments:

- (i) First, emergency assistance providing directly Operation & Maintenance (O&M) for water and sanitation services, to ensure the provision of public water and wastewater services all over the country and the survival of Regional Water Establishments;
- (ii) a second phase concentrating on tackling institutional reform while the crisis is brought under control; and;
- (iii) a normalisation phase after crisis stabilisation, where major investments should help covering the existing gap in the infrastructure of the sector.

Findings from an ongoing evaluation of the outcomes of the EUTF in the region, also recommend to continue the focus on operation and maintenance.

The investment in **long-term sustainability** is continuing in parallel, through infrastructural projects in the water sector that were launched before the crisis, and by a five-year Technical Assistance implemented by AFD (EU-AFD TA) that is aiming at ensuring major structural reforms for both water and wastewater sectors. Current EU policy discussions among donors and with the MoEW are focusing on **ensuring political support to the reforms** that are being devised and brought forward by the EU-AFD TA also within the framework of the 3RF.

The TA has also supported the Ministry of Energy and Water (MoEW) in the preparation of the **five years Sector Recovery Plan**.

The plan, that has been presented to the last Council of Ministers held before parliamentary elections in May 2022, defines the strategy for the sector to ensure that Regional Water Establishments survive the multiple crises affecting the country with a defined sets of actions and benchmarks to achieve financial recovery by 2026. At the same time, the plan lays the foundations for a long-term restructuring of the sector by defining the main reforms that are expected to be reached.

Water Establishments are expected to apply progressive yearly adjustments of the tariff, and its indexation, to cover their financial gap (to be noted that tariffs already increased in 2022 and 2023 by approximately 30 times. These increases have unfortunately been negatively offset by the continuing depreciation of the currency). Implementation of these yearly adjustments will be verified prior to the contracting phase to ensure progress is on course. During the lifespan of this Action, the following reform milestones are expected to be achieved: i) final approval of the National Water Strategy (process already started in 2022); ii) approval of the Decrees of the Water Code (process also started in 2022); iii) restructuring of the organizations of the Water Establishments (ongoing process).

Until the problems of public energy supply and devaluation of the currency are not solved, the Government will be requested to define a comprehensive financing plan to underwrite the sector recovery plan and close the gap between collected revenues, actual costs experienced by the Water Establishments and support provided by Donors until the end of the Recovery Plan. One of the ways to provide this support would be an incentivised energy tariff for the Water Sector.

A sequence of steps toward structural reforms highlighting milestones and responsibilities of each stakeholder involved in the sector will be defined with the support of the EU-AFD TA. This would ensure more stringent monitoring of progresses, increased accountability and possibility of more ad-hoc support from political actors.

The Team Europe initiative, which is still at identification stage due to the lack of macro-financial conditions for lending operations at country level, is also in line and complementary to both interventions. The Team Europe initiative is aiming at improving procedures in major municipalities of Lebanon to reduce operational costs of Water Establishments and increase fees collection at the same time.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The **Overall Objective/Impact** of this action is to contribute to the development of effective, reliable and self-financed public water and wastewater services in Lebanon

The **Specific Objective/Outcome** of this action is:

- Preserving the provision of essential public water and wastewater services for refugees from Syria and host Lebanese communities until cost recovery is ensured by the end of the Water Sector Recovery Plan

The **Outputs** to be delivered by this action contributing to the Specific Objective (Outcome) are:

- 1.1 – The continuity of water services is ensured by WEs in the majority of the Lebanese territory for approximately 18 months;
- 1.2 - The wastewater treatment services with larger impact on environment, health, agri-food production and tourism, are operated by WEs for approximately 18 months;
- 1.3 - Public Awareness is raised to promote a culture of payment for water and wastewater services.

#### 3.2. Indicative Activities

Activities related to Output 1.1: *The continuity of water services is ensured by WEs in the majority of the Lebanese territory until mid 2024*

- **Key infrastructure for water service provision is identified** at national level, in terms of possible major health consequences, and receives priority assistance for ensuring that water services will be provided on a regular basis;
- Regular **maintenance activities are performed** in collaboration with the WEs to ensure operations but also reduction of water losses and improved efficiency. Data about number of population served and potential quantity of water that could be delivered thanks to the intervention, is recorded;
- **A system for data collection and for monitoring quality of interventions** is set up. The data of the interventions are analysed in order to inform policy and national strategies.

Activities related to Output 1.2: *The wastewater treatment services with larger impact on environment, health, agri-food production and tourism, are operated by WEs until mid-2024*

- **Wastewater facilities are operated and maintained** to ensure that at least minimal level of service is in place (secondary treatment inland and preliminary treatment on the coastal areas);
- Training of Water Establishments' staff to enhance their capability of operating the infrastructures

Activities related to Output 1.3: *Public Awareness is raised to promote a culture of payment for water and wastewater services and decision making and policy dialogue are supported*

- **Systems for data collection**, and monitoring quality of interventions, for **water and wastewater** sectors are in place. The data of the interventions will be analysed in order to inform policy and national strategies;
- **Publication** of data about **wastewater quality** by the Ministry of Environment is ensured during the whole project;
- **Campaigns** led by the Ministry of Environment are conducted to improve national **awareness about environmental problems** related to untreated wastewater and promote the reduction of water pollution;
- **Campaigns** led by the Ministry of Water and Energy and Water Establishments are conducted to facilitate the **acceptance of the progressive tariff strategy** presented in the Recovery Plan;
- **Promotion of re-use of treated wastewater** and adoption of guidelines at National level highlighting climate consequences on water resources;
- A mechanism to **follow-up the implementation of the Sector Recovery Plan is in place**. Methodologies for data collection are validated and indicators regularly updated.

### 3.3. Mainstreaming

#### **Environmental Protection, Climate Change and Biodiversity**

##### **Outcomes of the Strategic Environmental Assessment (SEA) screening**

An SEA is not required but key environment and climate-related aspects will be addressed during the design of the action.

The project is not going to build any new infrastructure but will work in ensuring operation (including small reparations) for existing water and wastewater treatment stations. All those stations have been built in the past after a dedicated SEA has been conducted and compliancy assessed. The action during the implementation will identify concrete opportunities for water re-use and will work for ensuring that the legal framework for water re-use will be improved.

##### **Outcomes of the Environmental Impact Assessment (EIA) screening**

The EIA screening classified the action as Category C (an EIA is not required).

The project is not going to build any new infrastructure but will work in ensuring operation (including small reparations) for existing water and wastewater treatment stations. All those stations have been built in the past after a dedicated SEA has been conducted and compliancy assessed.

##### **Outcome of the Climate Risk Assessment (CRA) screening**

Climate low-risk project: climate risk aspects will be addressed during the design of the action

This action will have high impact on the environmental protection of Lebanon and it represents an important step for the implementation of the EU Green Deal in Lebanon as it will contribute to the reduction of the pollution of rivers and of the Mediterranean Sea. It will also improve the protection of water resources in Lebanon. This will have an important impact also in terms of adaptation to Climate Change as it will lay the basis for future more efficient use of water and re-use of treated wastewater. The action will also ensure that operations of stations are optimised with the objective to minimise use of energy and emissions.

#### **Gender equality and empowerment of women and girls**

The partner that will implement this action will be encouraged to **respect a gender balance rule**. It should ensure that the staff employed within this action respects, as much as possible, gender balance terms of **number of staff** and in terms of **level of responsibilities**.

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as **G1** (significant objective).

### **Human Rights**

The action documents promote the human rights of **ensuring accessibility to water and sanitation services at an affordable price for the citizens** and Syrian Refugee population.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as **D0**.

### **Democracy**

The action will promote transparency and access for citizens to Key Performance Indicators (KPI). These indicators will be very important to monitor performances of public authorities and improve accountability toward citizens.

### **Conflict sensitivity, peace and resilience**

The action will improve protection level for Syrian Refugee Population in Lebanon.

### **Disaster Risk Reduction**

The action will respond to priority 2 of Sendai framework (Strengthening disaster risk governance to manage disaster risk) by reinforcing national capacities to manage the wastewater sector and prioritise operations to avoid environmental disaster risks with possible heavy consequences on health.

The action will identify and focus on the most critical water and wastewater infrastructures that should run in the country to ensure continuity of basic services and reduction of major environmental and health risks for the population. The definition of these priorities can be considered as the basis for an emergency plan for Disaster Risk Reduction (DRR) in the Country.

The action will drastically reduce the risk related of additional environmental pollution of rivers and coastal areas. If the action will not be funded it is expected that 30% of the total amount of sewage produced in Lebanon will be released on the Lebanese shores and rivers. This will have dramatic impacts in terms of health, tourism and agri-food production.

## **3.4. Risks and Assumptions**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium / Low)</b>	<b>Mitigating measures</b>
1-External environment	Political stalemate and social tensions resulting in an overall deterioration of the situation, including security	High	High	The EU Delegation continuously monitors the overall situation in the country and follows-up to address risk, including security.

				Project execution will be contingent upon the possibility to operate under the prevailing conditions.
1-External environment	Lack of political commitment to undertake reforms or support the action or to guarantee financial support at the end of the Recovery Plan	High	High	<p>A sector recovery plan has been prepared by the MoEW and presented to the Council of Ministers in May 2022.</p> <p>The activities foreseen under this action are part of the same plan.</p> <p>Publication of information about the sector should reduce the risk of non-fulfilment by GoL.</p> <p>The Heads of Cooperation of several donors' institutions will soon establish a new coordination table complementing an existing technical coordination. This higher level of coordination will guarantee more political pressure on the Government toward the achievement of reforms and national budget allocation to cover gaps in funding at the end of the Recovery Plan.</p>
1-External environment	Limited inter-institutional cooperation	High	High	<p>Maintain high-level dialogue and correspondence with authorities on several levels, EU and partner representatives to call for reform.</p> <p>A water sector political group has been recently created to put pressure on the Government toward achievement of reforms.</p>
1-External environment	Collapse of the financial and economic system, including increasing inflation and further devaluation of the Lebanese pound	High	Medium	<p>Almost all the activities related to this action will be contracted and disbursed in USD.</p> <p>In terms of cost-recovery for the Water Establishments, in order to reduce the impact of the devaluation, the value of the fee for wastewater is expected to be calculated on a yearly basis in relation to the USD/LBP exchange rate.</p> <p>The EU Delegation, in close coordination with the UN/RC already coordinates on macro-economic mitigation measures, including dollarization of aid in an effort to continue to ensure the smooth running of aid programmes in Lebanon.</p>
1-External environment	Increasing social tensions and political opposition to the	High	Medium	Change in the narrative of international partners to focus on a greater recognition of Lebanese concerns,

	presence of refugees from Syria in Lebanon in a context of deepening socio-economic crisis and competition over resources.			resilience, burden sharing and the temporary nature of Syrian displacement, emphasising solidarity with the refugee situation.
1-External environment	Socio-economic and protection situation of refugees deteriorates.	High	Medium	The EU will continue to advocate for Lebanon to adhere to obligations for refugee protection, as per international law. Continuous dialogue to take place with Lebanon during programme implementation, ensuring a clear framework is established to safeguard refugee protection and livelihoods.
2-Planning, processes and systems	Humanitarian funding from International Donors for desludging of Syrian ITS is discontinued	Low	High	The support has been provided since the beginning of the Syrian Crisis. It is not expected to be interrupted as this could imply very negative consequences in terms of health, environment and protection for the Syrian Refugee Population leaving in ITS.  The EU will continue advocating the humanitarian donor community for funding this activity in coordination and complementarity with the actions funded by the EU for supporting the sector.
3-Legality and regulatory aspects	The handover of some infrastructures between CDR and WEs it is not completed.	Medium	High	The stations that will not be handed over by the CDR will not be included in this action. Political support from the Government will be sought to overcome possible reticence of Water Establishment in receiving CDR infrastructures.
3-Legality and regulatory aspects	Risk of corruption effecting the impact of the action and the fulfilment of its strategic objectives	Low	Medium	Procurement will be launched on the name of the Public Water Establishments but the whole procedure will be managed by the implementing partner that should present consolidated experience in procurement in Lebanon.
4-Communication and information	Misperception of the nature of the EU intervention by the public leading to critical opinions	Medium	Medium	Strong efforts by implementing partners under the guidance of the EU Delegation to ensure accurate transparent and communication on the action.
4-Communication	EU possible difficulty in exiting from assistance to	Medium	Medium	The connection between EU assistance and the Recovery Plan is clear and has been publicised at sector level since the



ion and information	operations of Water Establishments		initial steps of identification of this Action Document. EU communication and policy dialogue will focus on this point and will put the Government in front of its responsibilities during the implementation of the project to ensure that recovery of the sector will be in place and that water and wastewater will become national priorities.
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### External Assumptions

The context in Lebanon will continue to be difficult politically and economically, but it is not expected to have any major operational constraints for the implementation of the activities.

### 3.5. Intervention Logic

The underlying intervention logic for this action is that supporting Water Establishments in their operations until the end of the Recovery Plan (2026), will lead to the provision of at least a minimal level of services for water and wastewater at an affordable price all along the country, and therefore allow progress to reach financial self-sustainability in the medium term.

This would ensure that the **right to access water is guaranteed** for the majority of the Syrian Refugee population living in Municipal areas (approx. 80% of the total) but also for the Lebanese considering the very high cost of private water providers. The provision of water and wastewater services by the Water Establishments would also contribute to a better management and use of water resources, as well as to the avoidance of an environmental and public health crisis due to the lack of wastewater treatment.

The assumptions for this action document are the following:

#### If Water Establishments

- receive support in repairing their water facilities that have breakages;
- are provided with spare parts;
- are supplied with chlorine and other consumable for water treatment;

#### Then

- at least minimal water supply services will be guaranteed up to mid-2024 for the majority of the population living in Lebanon (Lebanese and refugees) at an affordable price. This will be important to reduce risks of future outbreaks of cholera.

#### If Water Establishments

- receive support for repairing the Wastewater facilities;
- receive support in terms of energy and consumables for operating the wastewater treatment facilities and the lifting stations within municipalities
- are equipped with additional staff for taking over the responsibility of the wastewater sector from CDR;

Then

- 1) the major existing stations operated in mainland Lebanon will be fully operated and treat sewage that can be safely discharged in rivers without consequences for public health and agri-food production.  
If these facilities are operated and if the mainland stations are operated then the sewage produced in the majority of the Informal Tented Settlements of Bekaa can be properly treated;
- 2) the major facilities on the coastal area will receive the sewage from major urban areas and will be (?) capable to pump it away on deep sea without contamination on the Lebanese shores. If these facilities are operated during the summer period, then the tourist economy can be saved and can contribute to the economic recovery of the country.
- 3) The urban areas around lifting stations will not be flooded with sewage avoiding important consequences in terms of public health.

If

- Water Establishments will be supported until the end of the Recovery Plan (2026)
- The Population will be sensitised about payment of tariffs and about the importance of treating wastewater in terms of health and respect of environment;
- Tariffs for water and wastewater will be progressively increased and protected from inflation;
- Water Establishments' efficiency and cost-recovery will be improved by the end of the Recovery Plan thanks to complementary interventions funded by EU (bilateral action document);
- Advocacy toward the government to raise the Water and wastewater sector as national priorities is effective and they will receive more energy from public grids

Then

- The sector will be able to drastically reduce its financial deficit and autonomously secure public water and wastewater services in a sustainable way. Any remaining financial gap will be covered by the National Budget.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain: Main expected results [maximum 10]	Indicators [it least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact 1 (OO)</b>	Contribute to the development of effective, reliable and self-financed public water and wastewater services in Lebanon	1 – Water Establishments reach financial balance  2 – Child morbidity does not increase due to water borne diseases in served areas	Yearly deficit of USD 86 million (2023)  baseline to be provided by UNICEF	Yearly deficit of less than USD 50 million (2024)  Endline to be provided by UNICEF	Yearly updates of Recovery Plan  National reports from WHO and UNICEF	<i>Not applicable</i>
<b>Outcome 1 (SO)</b>	Preserving the provision of essential public water and wastewater services for and the Syrian Refugee Population and host Lebanese communities until cost recovery is ensured by the end of the Water Sector Recovery Plan	1.1 % of national daily water production guaranteed thanks to EU reparations/support  1.2 % of national sewage treated  1.3 % of sewage produced by Syrian ITS in inland areas treated in sewage treatment plants  1.4 Staff employed/supported by the project should respect a gender balance	At least 50%  NA  NA  NA	At least 50%  At least 50%  At least 50%  At least 30%	Reports of Water Establishments  LCRP Sector reports  Project reports  Sector gender survey study	- Prices in the market remains stable in USD currency  - Access to fuel is guaranteed in the country
<b>Output 1</b>	1.1 – The continuity of water services is ensured by WEs in the majority of the Lebanese territory until end of Recovery Plan (2026)	1.1.1 # of m3 of water per day made available to benefiting households  1.1.2 # of m3 per day of water treated before distribution/ being distributed	400.000 m3/day  500.000 m3/day	400.000 m3/day  500.000 m3/day	- Reports of Water Establishments.  - Project reports	Political situation is stable in the Country and a Government is in place

		1.1.3 # of people receiving water supply through the O&M component of the project, disaggregated by sex and community of origin (EURF 2.8 / GERF 2.38)	3.000.000 people (2.300.000 Lebanese + 700.000 Refugees from Syria)	3.000.000 people (2.300.000 Lebanese + 700.000 Refugees from Syria)		
<b>Output 2</b>	1.2 - The wastewater treatment services with larger impact on environment, health, agro-food production and tourism, are operated by WEs until end of Recovery Plan (2026)	1.2.1 m3 sewage treated/pumped per day  1.2.2 % of existing waste-water stations operated and repaired thanks to the EU intervention  1.2.3 % of tests of effluent released on rivers respecting quality standards	0  0  0	at least 100.000 m3/day  at least 30%  at least 90%	- Reports of Water Establishments.  - Project reports  - Tender and Contract Documents  - Data from laboratories	Political situation is stable in the Country and a Government is in place
<b>Output 3</b>	1.3 - Public Awareness is raised to promote a culture of payment for water and wastewater services	1.3.1 # of people reached by awareness campaign launched by WEs for payment  1.3.2 # of people reached by awareness campaign about risk of sewage not treated launched by MoE  1.3.3 # of analysis of water in rivers and coastal areas conducted and published	0  0  0	at least 2 million people  at least 2 million people  at least 20 analysis/ quarter	- Reports of Water Establishments.  - Project reports  - Awareness campaign reports  - Data from laboratories	Political situation is stable in the Country and a Government is in place

		at national level on a regular basis				
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## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the Government of Lebanon.

### 4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>4</sup>.

#### 4.3.1. Indirect Management with a pillar-assessed entity

This action will be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission's services using the following criteria based on capacity, aid effectiveness and presence in the country:

- Previous experience in managing operation and infrastructure contracts for the Water and Wastewater sector in Lebanon;
- Strong expertise on public procurement and contract monitoring for the provision of public services;
- Previous experience in managing national communication campaigns related to provision of public services in Lebanon.

The implementation by this entity entails the activities leading to *Output 1.1 – The continuity of water services is ensured by WEs in the majority of the Lebanese territory until the end of Recovery Plan (2026); Output 1.2 - The wastewater treatment services with larger impact on environment, health, agro-food production and tourism, are operated by WEs until end of Recovery Plan (2026); Output 1.3 - Public Awareness is raised to promote a culture of payment for water and wastewater services.*

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<sup>4</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### 4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality described in 4.3.1. cannot be implemented due to circumstances outside of the Commission's control, the alternative implementation modality is a grant in direct management:

- (a) Type of applicants targeted will be Non-governmental organisations (NGOs).

#### 4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	
<u>Implementation modalities – cf. section 4.3</u>		
<b>Objective:</b> Essential public water and wastewater services are preserved for the Syrian refugee population and host communities until cost recovery is ensured by the end of the Water Sector Recovery Plan composed of		
Indirect management with Pillar Assessed entity cf. section 4.3.1	<b>30 500 000.00</b>	
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	may be covered by another Decision	
<b>Strategic communication and Public diplomacy</b> – cf. section 6	may be covered by another Decision	
<b>Totals</b>	<b>30 500 000.00</b>	

#### 4.6. Organisational Set-up and Responsibilities

A steering committee for the implementation of the action will be established at the time of definition of this action and will remain in charge for the whole duration of the implementation of the action.

**The steering committee** will meet at least on a quarterly basis and it is composed by the following stakeholders:

- Implementing partner;



- EU Delegation;
- MoEW (Ministry of Energy and Water)
- WEs (Water Establishments)
- CDR (Committee for Development and Reconstruction)
- MoE (Ministry of Environment)

A **monitoring committee** will be established between EU and the implementing partner and will meet regularly for the follow-up of the activities (at least on a quarterly basis)

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

As part of the activities of the project, a set of Key Performance Indicators will be established in collaboration with the EU-AFD TA at the beginning of the project. The data related to these indicators will be collected, analysed and part of it published.

Water quality analysis will be conducted regularly in collaboration with the Ministry of Environment and these data will be published. These elements will facilitate proper follow-up and monitoring of the activities by the EUD, but also by the other actors involved in the Sector and by the beneficiary population. A table indicating the maintenances done will be compiled on a quarterly basis to track all the maintenance and spare parts installed by the project.

The data compiled by the partner will be shared on a quarterly basis with EUD in Lebanon and presented by the partner to the quarterly sector coordination meeting at Ministry of Energy and Water.

A ROM monitoring evaluation will be launched after the first year of implementation of the project to verify compliance and adequateness of the implementation strategy and to help re-orienting activities in case of changes in the sector context.

## 5.2. Evaluation

Having regard to the nature of the action, a mid-term evaluation will be carried out for this action or its components via the implementing partner.

It will be carried out for learning purposes, in particular with respect to ensure that the experience cumulated in supporting operations of Water Establishments is capitalised. The evaluation will also assess the main performance indicators of the sector in relation to those presented in the Recovery Plan to quantify progresses. The evaluation will ensure that EU will dispose of all the needed data to put Government of Lebanon in front of its responsibilities to operate the public water and wastewater sector at the end of the Recovery Plan (2026) coinciding with the end of EU assistance to whatever form of operations for Water Establishments.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

## 5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.