

Action Document for EU Trust Fund to be used for the decisions of the Operational Board

1. IDENTIFICATION

Title/Number	Water, Sanitation and Hygiene (WASH) programme for Syrian refugees and Lebanese host communities		
Total cost	Total estimated cost: EUR 20 million Total amount drawn from the Trust Fund: EUR 20 million		
Aid method / Method of implementation	Project Approach Direct Management – Grants – Direct Award Indirect Management – Delegation agreement		
DAC-code	140	Sector	Water and Sanitation

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The proposed action document is largely based on the outcome of the discussion of the **Joint Humanitarian Development Framework (JHDF)** workshop, which has been held at the EU Delegation to Lebanon in June 2016. The JHDF has been the opportunity for DG NEAR, DG ECHO and the EEAS to redefine and identify strategic priorities as well as to ensure programmatic coordination and cooperation modalities, so as to align to all the EU instruments responses in building a more resilient and long-term response to the Syria crisis in Lebanon addressing the humanitarian, mid-term and development priorities in the country.

The outcomes of the JHDF workshop feed into the priority setting under the Compact (operational priorities to be achieved in ensuring an appropriate and safe environment for refugees from Syria through mutual commitments), notably under its Pillar 3 "Fostering Growth and Social Development", which the EU agreed with the Government of Lebanon (GoL) on 15 November 2015, in line with the Partnership Priorities 2016-2020 (political principle steering EU-Lebanon Partnership) the revision of the European Neighbourhood Policy and as a follow up to the February 2016 London Conference on Syria. The agreement between the EU and Lebanon on the Compact conditions the level of funding to Lebanon from the London pledge (EUR 1 billion for Jordan and Lebanon for 2016/2017).

The JHDF has identified **WASH** (water, wastewater, environmental sanitation and hygiene) as a key priority sector. This action plans to address the existing gaps in the sector, which has been one of the less funded in the Lebanon Crisis Response Plan 2015-2016¹. According to latest figures, the donor community is currently financing only USD 90 million of a total of USD 391,3 million estimated sector needs reflected in the LCRP (85 million USD for water and sanitation, 5 million USD for environment and zero for energy).²

The **Overall Objective** of the programme is to contribute to mitigate social tensions among vulnerable populations through improved access to more efficient and sustainable safe water supply, environmental sanitation and hygiene, in Lebanon.

¹According to the latest available data of the dashboard of the Inter-Agency Coordination (January-May 2016) the funding Status of the health sector as of 12 April 2016 received only 55.7 million over the 290.9 million required. Only 391,634 people of the 1.602.000 targeted have been reached.

² Latest figures of the Inter-agency Dashboard for the Sector May 2016

The **Specific Objective** is to improve the living conditions and financial situation of vulnerable Lebanese and Syrian populations, by providing them with efficient and sustainable basic services (solid waste, water, waste water, hygiene). This will also contribute indirectly to mitigate the socio economic impact of the presence of refugees from Syria on Lebanon's environment and natural resources, as well as improve the sustainable and efficient management of such resources in Lebanon. Proposed results and activities articulated within the frame of two specific objectives:

SO.1 "To improve the living conditions of vulnerable Lebanese and Syrian populations, enhancing hygiene, environmental sanitation and access to safe drinking water."

SO.2 "To guarantee the sustainable and efficient management of solid waste, water, waste water, hygiene." These objectives are in alignment with the strategic objectives of the Lebanon Crisis Response Plan (LCRP) 2015 – 2016, with Pillar 3 'Fostering Growth and Job Opportunities' of the EU/Lebanon Compact as well as with the national strategies of the lead Ministries to the Sector, notably the Ministry of Energy and Water (MoEW) and the Ministry of Environment (MoE).

2.2. Context

2.2.1. Country context, if applicable

Political and Operational Context

Since the 1990 armistice, Lebanon has been continuously subject to enormous internal and external pressures and shocks, including the on-going presence of Palestinian refugee camps, outbreaks of conflict with Israel, politically sponsored internal violence and terrorist attacks. The current regional political dynamics have added significantly to those pressures and shocks, with a refugee influx, which has swollen the country's population, generating serious social and economic pressures in border areas and host communities. These dynamics together threaten to stretch Lebanon's fragile politico-social equilibrium to breaking point.

By October 2014, the Government of Lebanon clarified its policy towards the refugees and activated a crisis cell lead by the Ministry of Social Affairs (MoSA) with the Ministry of Foreign Affairs (MoFA), Ministry of Interior and Municipalities (MoIM) and Ministry of Labour (MoL). It clearly defined the main objectives of the government: i) to reduce the number of refugees by promoting their return, ii) to address rising security concerns and iii) to expand the humanitarian response to include a more development and institutional approach. In follow up to the activation of the Crisis Cell the GoL asked UNHCR to indefinitely suspend the registration of refugees, which was implemented as of 5 May 2015. The release of such a policy, combined with measures to impose border restrictions, constitute a challenging environment for refugees from Syria in obtaining legal stay and refugee protection. For those that are registered though, the required and unaffordable USD 200 renewal fee per family member for residence permits, combined with the cumbersome paperwork, drives the majority of refugees into illegal stay, indecent working conditions, puts their movements in the country at high risk of arrest by law enforcement authorities, and leads to dependence on negative coping strategies.

The GoL participated in the 2016 London Conference on "Supporting Syria and the Region", where they put forward a Statement of Intent to improve certain regulatory conditions affecting Syrian refugees negatively: the periodical waiver of residency fees and simplifying documentary requirements such as waiving the "pledge not to work". In the national political context, any policy that alleviates the plight of refugees and provides them with any sense of permanency in Lebanon is contentious. Lebanon is not a signatory to the 1951 Refugee Convention and its 1967 protocol, and the GoL affirms this is not a country of asylum or final destination for refugees.

In the meantime, the operational space for international non-governmental organizations (INGOs) is increasingly shrinking. Restrictive and unpredictable administrative procedures are significantly hampering the ability of the INGOs to meaningfully participate to the optimization of the response. The role of the INGOs as valid contributors is challenged by irregular issuance of visa and work permits to international staff, registration of the organizations in the country, limited participation to ad-hoc coordination fora led by the Government institutions and UN system etc. Currently circa less

than 40% of the INGOs international staff has a valid permit (out of smaller sampling) and 21 INGOs are awaiting registration. Most of them are EU partners.

Socio-Economic impact of crisis on target population

Over the last 5 years, the situation in Lebanon has reached a critical level with nearly 1.1 million registered Syrian refugees (and an estimated 200,000 – 300,000 unregistered) of a population estimate of near 4.1 million,³ together with 40,739 Palestinians from Syria, adding to the approximately 270,000 – 280,000 Palestinian refugees already hosted in Lebanon. No country has taken in as many refugees in proportion to its population, equalling an estimated 25% increase. The no-camp policy adopted by GoL since the beginning of the crisis resulted in the scattering of refugees over the country. More than half of refugees have settled in the long neglected regions of Akkar and the Bekaa, prompting competition for the same scarce resources, such as jobs, houses and basic services. In search of refuge, the need for affordable shelter alternatives grew as shelter capacity diminished with more refugees continuing to arrive into Lebanon. Informal tented settlements have multiplied exponentially in the country with minimal government supervision/intervention. According to recent mapping in March 2016, there are 198,717 Syrian refugees living in 3,849 informal sites across Lebanon, compared to 114,000 individuals in 1,069 sites in April 2014.

As a result of the cumulative effect of a reduction of assistance, depletion of savings, prolonged presence and increased difficulty to access income, the average monthly expenditure of refugees has drastically decreased between 2014 and 2015, from 138 USD to 107 USD per person per month. The increased reliance of refugees on debt is staggering; refugee households have an average debt of USD 990 – according to the UN Inter Agency factsheets - and are caught up in a cycle of poverty and debt, leaving them few options but to try to survive from one day to the next. According to the UN, some 70% of registered Syrian refugees in Lebanon now live below the Lebanese extreme poverty line (equal to USD 3,84 per day), and increase from 50% in 2014. It is projected that the number of households living in a severely vulnerable condition will grow as the situation becomes ever more protracted.

Social tension and security

The Syrian conflict remains highly divisive in Lebanon. Some groups are actively engaged in the conflict across the border despite the official "disassociation policy" adopted in 2012 with the so-called Baabda Declaration. Since August 2014, fighting in the border town of Aarsal between Lebanese security forces and fighters associated with the Islamic State and Al-Nusra Front has brought the conflict onto Lebanese territory. It prompted a rapid rise in the tensions between communities leading to increased hostility towards Syrian refugees, including restriction of movements, increased evictions, raids, and police searches in refugees' settlements. This attack also exemplified the risk for the fragility of Lebanon. The proximity to the war zone as well as the potential for eruption of confessional conflicts, as seen in Tripoli between Lebanese communities, is alarming.

Moreover, already weak public services, like health care, education, water and electricity provision are overwhelmed, economic growth has largely faltered and unemployment is rising. Social tensions are increasing in areas of Lebanon where large numbers of Syrian refugees coincide with a pre-crisis history of weak service delivery for the local population. Municipalities are in the front line and struggling to bear burdens. This suggests that attention should be paid to improving institutional and operational capacities at the local level, with strong conflict sensitive approaches.

The Lebanon Crisis Response Plan 2016

Launched on 17 December 2015, the Lebanon Crisis Response Plan 2016 (LCRP) in its entirety is the 3RP country chapter for Lebanon, under the leadership of Minister of Social Affairs and the UN Resident Coordinator and Humanitarian Coordinator. The LCRP is a joint Government of Lebanon –

³ 1,033,513 Syrian refugees registered with UNHCR (30 June 2016)

UN plan to ensure that the humanitarian response to the Syria crisis tangibly benefits Lebanon whilst continuing in delivering humanitarian assistance to the refugees from Syria and other vulnerable groups, while expanding plans to invest in Lebanese services, economies and institutions. Funding requirements of the plan amount to USD 2.48 billion for 2016 (sector targets tabulated below), of which USD 329 million was required for the water and sanitation sector.⁴ To date, a total of USD 85 million has been committed, with a funding shortfall of USD 244 million to the water and sanitation sector.

Total sector needs and targets:

Category	Total population in need	Targeted Population		
		Total	Male	Female
Displaced Syrians	865,000 ²⁸	760,000 ²⁹	364,040	395,960
Palestine Refugees from Syria	42,000	42,000 ³⁰	20,790	21,210
Palestine Refugees in Lebanon	20,000 ³¹	20,000	9,900	10,100
Vulnerable Lebanese	1,500,000	1,200,000 ³²	603,600	596,400
Total	2,427,000	2,022,000	998,330	1,023,670

Institutions	Total	Targeted
Municipalities	1005	TBD
Unions of Municipalities	46	TBD
Hospitals/healthcare institutions (PHC, etc)	80	
Water establishments + LRA + EdL	6	6
Central Ministries	3	MoEW, MoE, MoPH
Communities	Total	Targeted
Governorates	8	8
Sites		
Informal Settlements	2,365	2,365
Palestinian Camps	12	12
Palestinian Gatherings	42	24

The 2017-2020 LCRP is under preparation and is expected to be released in December 2016, for the first time covering a multi-year timeframe.

2.2.2. Sector context: policies and challenges (one paragraph)

The water, waste and energy sectors of Lebanon are highly politicized, as demonstrated by the national level solid waste management crisis that gripped the country from August 2015 until May 2016. Water shortages are increasing, with the country already using two-thirds of its available water resources, with surface water resources being largely exploited and groundwater experiencing significant depletion due to a high number of private and unregulated wells. Pre-crisis, the water supply system covered 79% of the population, with more than half of the system being past its useful life and requiring upgraded operation and maintenance. Furthermore, 48% of water across these networks is unaccounted for, with only 10% of the connections metered and limited regular collection of fees. Additionally, there are nationwide concerns relating to the lack of proper wastewater

⁴ See more at: <http://www.un.org.lb/english/latest-news/un-launch-the-2016-lebanon-crisis-response-plan-lcrp#sthash.pljdgmxO.dpuf> It must be noted that the LCRP for water and sanitation also includes sections on energy and environment, as decided by the Lebanese authorities.

treatment, with wastewater network coverage reaching only 60% and treatment only 8%.⁵ The Syrian crisis has increased pressures on these issues, increasing the national water demand by at least 12% and significantly increasing the quantity of wastewater and solid waste produced, particularly in areas such as Beka'a and Akkar. The impact of the increased quantity of wastewater and solid waste on the environment has led to an increased polluting of surface, ground and sea water, with direct consequences on public health due to a higher probability of waterborne diseases. The EU provides substantial longer term financial assistance to this sector mainly through four European Investment Bank (EIB) loans to the GoL, that have unfortunately not improved the situation as none of the four projects is operational (largely due to long lasting political blockages).

As part of the response to the Syria crisis to date, ECHO's approach has been to finance emergency WASH projects for the refugee communities in informal settlements and substandard housing through water trucking, sanitation facilities and desludging, solid waste management and hygiene activities to allow vulnerable refugee families to reach minimum standards of living conditions. The MADAD Trust Fund has identified the need for rehabilitation of water and environmental sanitation and hygiene infrastructure as a critical priority for Syrian refugees and host populations in Lebanon. Other programmes funded by EU development instruments include the support to the reform for Environmental Governance, and support to municipalities and Water Establishments to design and implement their own WASH projects (decentralization). The water and sanitation projects supported so far (more than EUR 72 million) have proven to have had a positive impact in terms of (i) prompt delivery of improved safe water supply to vulnerable Lebanese and Syrian populations (women, girls, and men) but also (ii) triggering some more economically sustainable water schemes all over the country (in particular through the gradual increasing level of subscription of beneficiaries and the payment of fees to the Water Establishments). However, despite these efforts, further investments are required in the water and sanitation sector as well as in the energy sector, as a lack of reliable power supply negatively affects the efficiency and sustainability of local water infrastructure.

Many of the Syrian refugees are living in over 3,000 Informal Settlements (IS) scattered across the country with the highest concentrations in Beka'a and Akkar; a large number of households are female headed and therefore subject to specific protection and service delivery needs, also in the frame of the wash sector. These informal settlements are largely supplied with water through highly expensive water trucking, supported by ECHO, which is unsustainable and costly to all, users and donors. More sustainable solutions to the provision of quality water is currently under review, with the possibility of connecting the IS to public networks or drilling wells closer to IS (the latter being proposed by the Ministry of Energy and Water, based on the results of a dedicated hydrogeological study), when technically feasible⁶. Additionally, ECHO also heavily invests in wastewater disposal in IS through desludging activities. In the absence of / poor functioning of a proper waste water system treatment, these activities have been managed directly through partnerships with NGOs working in IS. Building the Water Establishments capacity and human resources to manage wastewater should be considered a priority for 2017, as much focus is placed on water, with very little attention to wastewater⁵. Sector needs, priorities, expected outcomes, as well as challenges in the sector are well articulated under the Lebanon Crisis Response Plan 2016 (LCRP). The overarching objective of the Energy and Water Sector as articulated in the LCRP is two-fold:

1. Ensuring access to basic services (electricity, water, sanitation and hygiene) to agreed minimum standards for the vulnerable populations affected by the Syrian crisis in order to mitigate the risk of potential health outbreaks and to ensure dignity and respect of human rights;
2. Mitigating the impact of the Syrian crisis on the environment and ensuring needed measures to avoid a further degradation of the natural ecosystem, its environmental health considerations and its long-term sustainability.

The proposed Action falls squarely within the framework of the sector priorities and approach, and will contribute to achieve the above stated objectives accordingly. Lastly, according to the latest

⁵ WASH Sector Strategy, February 2014

⁶ Aligned with a recommendation highlighted in the LCRP 2015 – 2016 (output 2.1)

available data,⁷ the donor community is currently financing only USD 90 million of a total of USD 391,3 million estimated as necessary for the sector in the LCRP (USD 85 million for water and sanitation, USD 5 million for environment and zero for energy).

Within this context, women and adolescent girls face special challenges in their health, protection and dignity without access to safe water and sanitation – particular those displaced from Syria in informal settlements. As outlined in the LCRP, interventions of local and international partners must consider the different needs of women, girls, boys and men. Sector water and hygiene responses aim to include particular elements to involve women in measuring and monitoring water quality, in household level engagement, but also in planning solutions alongside Lebanese institutions and key stakeholders. The LCRP, and with it the proposed action aim to also increase the focus on the dignity and protection needs of women and girls, including through hygiene promotion and capacity-building.

2.3. Lessons learnt

- By improving the provision of safe water supply to vulnerable populations through upgraded infrastructures, coupled with intense social accompanying actions towards the beneficiaries and the Water Establishment's staff (surveys, awareness campaigns, capacity building, information sessions on cost recovery), the economic viability of these water schemes is improving at local level thanks to an increase of subscriptions and payment of fees by beneficiaries to the Water Establishments.
- Associated costs⁸ with providing informal settlements (IS) with water trucking are significant and unsustainable in the long run. Additionally, unless specific actions are taken by the users, the water provided through trucks and parallel systems come with inherent risks related to poor water quality and the potential of risk to waterborne diseases. Based on available cost-efficiency studies, connections of the informal settlements to the public water networks would provide the most effective and efficient service delivery mechanisms for providing safe and drinkable water to beneficiaries. It would offer financial and income-generation gains for the Water Establishments, by increasing its user base and revenue to support recurrent operation and maintenance, as well as much-required system upgrades. This would ultimately increase the sustainability of water networks for both refugee and Lebanese populations alike, gradually decrease the financial misuse and exploitation of private water trucking and desludging companies and help in improving the environmental protection of the groundwater resources, by decreasing the pumping through uncontrolled private wells and improper waste management. In parallel to this option – whose opportunity/feasibility is still under discussion with the Ministry of Energy and Water -, another approach is being promoted by the Line Ministry, consisting of drilling and equipping new wells close to large IS and setting up a water provision's scheme managed by the Water Establishment. Finally, any alternative and sustainable provision of water and desludging managed at municipal level will eventually sustain a gradual decrease of humanitarian INGO-led water trucking towards a nationally owned system.
- The human, financial and technical resources of the Water Establishments should be strengthened (through Lebanese authorities' actions/decisions and the donor community's support), in order to improve their governance, efficiency, and accountability in their zone of coverage. This should be considered at the design phase for any future operation in the sector, and/or even more as a pre-requisite for any future action.

⁷ Interagency Dashboard, May 2016

⁸ The unit cost per beneficiary is approximately 4.3 USD per 1,000 litres of water per beneficiary. Currently, ECHO supports 109,128 refugees, with an average annual cost of 5,631,000 USD. This is compared to an approximated annual cost of 4,197,230 USD per person for piped water systems (200 USD per family, quantity not defined)

- At design phase, water supply and waste water infrastructure projects must be coupled with energy-related actions (from renewable energy sources), ensuring a sufficient electricity supply to sustain the operation and maintenance of the facilities/networks.
- Decentralised waste water schemes (with limited and affordable operation and maintenance costs) should be promoted, in line with regional wastewater master plans. Sludge management is a key element to consider at the design phase and in the budgeting of any future action, notably and as a priority in areas where a high concentration of refugees are located.
- Madad support to the sector builds on ongoing programmes in the sector, notably that respond to the impact of the Syria crisis, to which the EUTF Madad offers an opportunity to scale up the EU's engagement in a timely and substantial manner, thus delivering on political commitments most recently made (Partnership principles and the Compact of 15 November 2016) with the Government of Lebanon.

2.4. Complementary actions

Since 2013, the EU Delegation has supported the water and sanitation sector with five infrastructure programmes (total amount of EUR 72 Million grants) aiming at upgrading water supply facilities for host communities in Lebanon affected by the consequences of the conflict in Syria. These projects are financing the rehabilitation of boreholes and optimization of water supply from springs, the construction and/or rehabilitation of permanent municipal water storage facilities, the extension/rehabilitation of (i) existing pipe networks and/or (ii) waste water infrastructure and treatment facilities. These projects also include social accompanying components (capacity building, training, surveys, awareness raising etc.) and are implemented through the public institutions (CDR, ESFD), international NGO's or UNHCR.

In addition, ECHO has financed WASH projects for the refugee communities in informal settlements and substandard housing through water trucking, sanitation facilities and desludging, solid waste management and hygiene activities. Since 2012 ECHO has allocated approximately EUR 23 million in the WASH sector through a number of INGOs/UN partners. In 2016 alone, ECHO has allocated EUR 14 million to WASH and shelter assistance in informal settlements and substandard buildings through partnership with 8 agencies, out of which EUR 4.7 million to WASH interventions. Given the financial unsustainability of the interventions and the need for a more structured response to the water and sanitation needs of the refugee population in Lebanon, in 2017 ECHO will refocus its provision of basic services (water and desludging) primarily to those areas currently underserved and where connections to public networks are not technically viable. The complementarity between ECHO and MADAD will look at implementing sustainable water provision through longer term funds in areas where the refugee population depending on humanitarian water trucking is the highest. This will provide beneficial and long term effects to the highly populated refugee sites while improving the water provision systems and desludging to the underserved Lebanese communities and municipality establishments.

The following EU financed interventions are also ongoing:

1. A technical assistance project to the Ministry of Energy and Water and the Ministry of Public Works and Transport (called "SISSAF Project"; EUR 9 million, 2013-2016) currently under implementation, whose objective is to improve the efficiency and effectiveness of service delivery and financial sustainability in the Lebanese sectors of water, energy and land transport.
2. The construction of local water distribution networks and waste water treatment plants in South Lebanon (EUR 9 million; 2010-2017).
3. A EUR 8 million grant committed in 2006 for the construction of wastewater facilities in the region of Tyre, South Lebanon (with a waste water treatment capacity of approximately 80,000m³/day).
4. A EUR 10 million grant committed in 2006, for the construction of wastewater facilities in the region of Greater Beirut (with a waste water treatment capacity of approximately 325,000m³/day).

5. A EUR 10 million grant (through the Neighbourhood Investment Facility) for the construction of water and wastewater facilities in the coastal area of the Keserwan region, North of Beirut (with a waste water treatment capacity of approximately 150,000m³/day, benefitting to 350,000 inhabitants).
6. Several regional projects promoting a better preservation and usage of water resources, in particular the "Sustainable Water Integrated Management (SWIM II) project".

Complementarity with ongoing Madad funded projects in the sector will be guaranteed as of November 2016, notably:

- "Promoting Sustainable Management of Water Services and Resources in Countries Affected by the Syrian Crisis" EUR 12.6 implemented by Gruppo di Volontariato Civile (GVC), targeting northern and southern Lebanon;
- Providing Lebanese and Jordanian communities hosting Syrian refugees with improved WASH infrastructure and facilities at community, institution, and household level, EUR 11.9 implemented by ACTED, targeting both Lebanon and Jordan.

2.5. Donor co-ordination

At a broader level the EU is actively contributing to overall donor co-ordination under the auspices of the United Nations in the framework of the 3RP that integrates humanitarian, development and macro-fiscal interventions to increase coherence between humanitarian and development and national and regional priorities. In the context of Lebanon, the Lebanon Crisis Response Plan (LCRP) 2015-2016 forms the Government of Lebanon and the United Nations' framework, outlining key outcomes, priorities and indicators to the sector. Sector coordination takes place in the Sub Working Group on Energy & Water, led by the Ministry of Energy and Water and Ministry of Environment.

General multisector coordination between EU Member States is undertaken regularly within the frame of the EU Development Counsellor meetings. This is complemented with broader donor coordination undertaken on a regular basis in the Informal Donor Group of EU Member States, Australia, Norway, Switzerland, Canada, USA and Japan where exchange of information takes place and guest speakers are invited on occasion to brief on particular issues of concern to the wider international community. Formal and informal coordination will be entrusted into the EU Delegation and EUTF field staff in Lebanon. All donors operate within the regulatory boundaries of the countries and in agreement with the relevant authorities.

In-country, the EU Delegation is the co-chair of the Water Sector Coordination Group, together with the Ministry of Energy and Water. Key donors in the sector include USAID as well as the Agence France de Development and the Swiss Development Cooperation – all of whom actively participate in regular and formalised donor coordination meetings at country level. The main technical partners and donors in the WASH sector include: the EU including ECHO, EIB, AFD, UNHCR, UNICEF, UNDP, Swiss Development Cooperation, USAID.

At Brussels level, the Madad Trust Fund Management is in the lead in order to ensure coordination with MS contributing to the fund at central level. Moreover, the Fund Management will also coordinate with its selected implementing partners or other key stakeholders as necessary.

3. DETAILED DESCRIPTION

3.1. Objectives

The **Overall Objective** of the programme is "To contribute to mitigate social tensions among vulnerable population through improved access to more efficient and sustainable safe water supply, environmental sanitation and hygiene, in Lebanon."

The Specific Objectives are the following:

SO.1 "To improve the living conditions of vulnerable Lebanese and Syrian populations, enhancing hygiene, environmental sanitation and access to safe drinking water."

SO.2 "To guarantee the sustainable and efficient management of solid waste, water, waste water, hygiene."

3.2. Expected results and main activities

The **expected results** are:

- R1.1. Enhanced provision of safe drinking water, environmental sanitation and hygiene services to vulnerable populations.

Rehabilitation and expansion of water supply and waste water systems, including testing and equipping boreholes, execution of civil and hydraulic works, installation of household connections and water meters, installation of sanitation facilities and desludging;

- R1.2 Cost efficient schemes are promoted.

Awareness-raising (through 'social accompanying' actions) among customers on the need for (i) improved water demand management, (ii) the use of energy efficient technologies (for instance solar pumping), (iii) sustainable management of natural resources;

- R2.1 Strengthened governance of institutional stakeholders in terms of sustainable provision of basic WASH services.

Improving the management capacity of national stakeholders involved in the provision of services related to solid waste, water waste, water and hygiene, towards a sustainable supply to the target population. In particular, developing community-level outreach plans about:

- cost recovery principles (including the advocacy for gradual adoption of volumetric tariffs) and reduction of non-revenue water;
- promotion on adequate hygiene and health practices.

Main activities will build on existing support to the sector, continued assessment of lessons learned, and continued policy dialogue with key national interlocutors, and may include but are not limited to: (a) Improving access to economically viable potable water supply and improved wastewater management for vulnerable populations affected by the Syrian crisis through: rehabilitation and expansion of water supply and waste water systems, including testing and equipping boreholes, execution of civil and hydraulic works, installation of household connections and water meters, installation of sanitation facilities and desludging etc. with the inclusion of energy efficient approaches and schemes. (b) Improving household access to water and basic hygiene through: advocating for the adoption of metering and volumetric tariffs and facilitating collaboration between WEs, Municipalities and Communities, 'social accompanying' and raising awareness among customers on water conservation, sustainable environmental management, water cost recovery, as well as supporting household and community-level outreach and promotion on adequate hygiene and health practices. (c) Improving the capacity of Lebanese Water Establishments (WEs) to provide quality services through: training of staff and improving social outreach, including on applying the non-revenue water reduction approach with users.

3.3. Risks and assumptions

The main risks in the sector include:

- Potential blockages and influence of actions due to the financial losses to private sector water trucking companies.
- The operational space of key INGO partners is curtailed by irregular issuance of visa and

work permits to international staff and unreliable registration of the organizations in the country.

More general risks within the Lebanese context include:

- The Syrian conflict could further spill-over into Lebanon. This could jeopardise the action and cut off access to Lebanese territory for international organisations and implementing partners;
- Tensions between Lebanese hosts and refugees from Syria lead to violence in one or several locations; rejection of activities by target beneficiaries.
- The Lebanese authorities will be hampered in dealing with the crisis due to political constraints and limitations on capacities and resources;
- Return of refugees to Syria due to end of conflict and improvement of living conditions in the country (positive "risk").

The assumptions for the success of the project and its implementation include:

- A strong policy dialogue with relevant Ministries and willingness to promote more sustainable water and sanitation sector solutions, notably with regards to informal settlements;
- A close collaboration with ECHO on advocacy and the promotion of technical alternative water provisions methodologies, to move towards a more effective and sustainable approach to the sector;
- A minimal degree of operational space is retained by INGO partners so as to operate in Lebanon, with regards to the issuance of visa and work permits to international staff and registration of the organizations in the country;
- A strong engagement with sub-regional Water Establishments, with the aim to support local structures empowered by the central level, including ensuring well-trained and well-staffed establishments, coupled with progress on tariff reform where possible.

Mitigating measures have been considered, including:

- Enhanced policy dialogue with the Lebanese authorities and potential support to private sector water trucking companies in identifying new potential business alternatives;
- In case of a severe deterioration of the security situation in certain areas of Lebanon (eg: spill-over of the Syrian conflict into Lebanon, violent tensions between refugees and host communities), activities could be moved to geographical areas deemed safe;
- The risk of duplication is mitigated through continued and active coordination at donor, partner and geographic level through various coordination fora;
- Close coordination with local and national authorities in the implementation stages of the action; close coordination with local community leaders;
- In case of further political constraints for the Lebanese authorities in responding to the needs of the populations living in Lebanon or in case of a partial or complete collapse of public services delivery, basic public services could be continued through local authorities as well as local NGOs and CSOs;
- In the event of a peaceful resolution in Syria and a return of Syrian refugees, activities can continue as foreseen as the needs of the most vulnerable communities in Lebanon for improved public services will persist;
- Continued advocacy of the international community towards the GoL, on the need to preserve operational space and access to all actors as part of the response to the Syrian crisis in Lebanon, notably through the establishment of an Access Task Force.

3.4. Cross-cutting issues

During implementation of the Action it will be ensured that all financed initiatives respect principles in particular human rights, gender equality, good governance and environmental impact as core elements. Conflict sensitivity, conflict mitigation and conflict resolution will also be considered and promoted to

the furthest possible extent. The effective taking into account of cross-cutting issues into the Programme design will be verified via field visits and analysis of reporting on the Programme. Gender-sensitive approaches are regularly integrated at project-level, including through the inclusion of gender disaggregated data, inclusive targeting approaches and response activities that also meet gender-specific needs.

Projects funded under this programme will integrate a Rights-Based Approach in each step of the project cycle from identification, formulation, implementation, monitoring to evaluation. Environmental impact and sustainability in programming forms part and parcel of this Action, taking into account the need for gender sensitive programming in the sector as a whole.

3.5. Stakeholders

The main stakeholders of the project are local host and refugee communities as such, including therefore women, girls and men, their representatives, local and sub-national authorities of Lebanon including sub-regional Water Establishments, national and international non-governmental organisations as implementing agencies, as well as the private sector actors involved in the sector. Key central national stakeholders include then Ministry of Energy and Water (MoEW), the Ministry of Environment (MoE), the Ministry of Public Health (MoPH), the Ministry of Education and Higher Education (MEHE), and then Ministry of Interior and Municipalities (MoIM). International NGOs have played a critically important role in the implementation of activities in the water and sanitation sector, as part of the EU Response to the Syria Crisis in Lebanon. It is worth noting however that the role of the INGOs as valid contributors is challenged by irregular issuance of visa and work permits to international staff and unreliable registration of the organizations in the country.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement, if relevant

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out is 36⁹ months from adoption of this Action Document by the Operational Board. All activities have to be implemented before 14/12/2019.

Extension of the implementation period may be agreed by the Manager which will be communicated immediately to the Operational Board.

4.3. Implementation components and modules

Two implementation modalities can be foreseen within framework of this action, both covering key areas of intervention under SO1 and SO2, but engaging with different national structures with different levels of engagement (local and central level).

A. The proposal of working in direct management mode, through substantial grant(s) to either a non-governmental organisation, a specialised EU member state implementing agency or the Water Establishment(s). This modality would prove most effective and appropriate in terms of (a) delivering infrastructure and services under SO1 whilst (b) working directly with Water Establishments, so as to achieve more sustainable governance of the sector at local level under SO2. Where appropriate, sub-

⁹ The implementation period of the contract must remain within the duration of the Trust Fund (December 2019). In case the Trust Fund is extended, this action document may also be considered to be extended.

granting could therefore be considered as a main purpose of the Action, in order to support the Water Establishments in the implementation of foreseen activities under SO1. At this early stage, indicative partners in this regard could be key international non-governmental organisations that demonstrate substantial capacity in the water sector in Lebanon, with whom the EU already has an existing partnership, or a highly specialised European Member State agency. Further requirements are detailed under Section 4.3.1 below.

B The proposal of working in indirect management mode possibly through a United Nations agency and/or other relevant organisations (including EU Member States implementing agencies) in order to engage on key capacity development and governance support at the central Ministry level under SO2, while building experience through the implementation of infrastructure and delivery of services under SO1.

It should be noted that the sector does not benefit from a wide range of actors, with regards to implementation capacity and operational experience in the Lebanese context. Further requirements are detailed under Section 4.3.2 below.

The objective is to guarantee the essential and direct linkage and opportunity between the delivery of improved services (SO1) and improving internal governance and capacity development (SO2) of the Ministry of Energy and Water at both decentralised and centralised level, thus at Water Establishment and central Ministry level respectively.

4.3.1. *Grants: direct award (direct management)*

In order to be able to respond to immediate needs for interventions in the context of the Syrian crisis in favour of water and sanitation interventions for Syrian refugees and their host communities the direct award of grants is foreseen. The Fund has been established under Article 187 of the Financial Regulation as 'emergency' trust fund, and is therefore covered with flexible procedures applicable to crisis situations. Moreover, the crisis situation applicable to all programmes implemented in the whole of Syria and activities related to the Syrian crisis which will have to take place outside Syria-such as in Lebanon- has been extended until 30/06/2017.

a) Eligibility conditions

The lead applicant needs to be a legal entity, be non-profit making and a non-governmental organisation. Lebanese Water Establishments and any specialised EU member state implementing agencies are eligible too. European or International non-profit operators and CSOs can be envisaged partners.

b) Essential selection and award criteria

Essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the Action Document; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action; Presence and experience in Lebanon specifically, immediate intervention capacity, and the ability to work in multi-actor approaches and inclusive partnerships aimed at recognising the value of different stakeholders' contributions and synergies will be part of the evaluation criteria. An essential criteria is the applicants experience in responding to the Syria crisis in Lebanon, notably demonstrating capacity and expertise in the WASH sector.

c) Maximum rate of co-financing

The maximum possible rate of co-financing for the grants is 80% of the total eligible costs of the action. If full financing is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. If full funding is essential, the applicant must provide adequate justification and accepted by Manager, in respect of the principles of equal treatment and sound financial management.

d) Indicative period to conclude the grant agreement(s) is first quarter of 2017.

4.3.2. Indirect Management – Delegation Agreement

Eligible institutions will be selected on the basis of their experience in the field, and possibility to scale up their existing operations and/or introducing new activities within their portfolio. As such the selection of these entities may be justified by their unique position as lead agencies in the sector, coupled with their ability to absorb considerable funds in a short period whilst maintaining the required accountability standards.

At this stage, indicative potential Partners in this regard could be EU Member States implementing agencies, United Nations agencies and/or other relevant organisations.

4.3.3. Management structure

The management structure of the overall programme will depend on the implementation bodies that will be chosen. The Madad Fund liaison officer and staff of the EU Delegation to Lebanon shall ensure coordination between different partners, and that activities are in line with national plans.

4.4. Indicative budget

Component	Amount in EUR thousands
SO.1 "To improve the living conditions of vulnerable Lebanese and Syrian populations, enhancing hygiene, environmental sanitation and access to safe drinking water"	
- through direct management:	11,000,000
- through indirect management:	3,000,000
SO.2 "To guarantee the sustainable and efficient management of solid waste, water, waste water, hygiene"	
- through direct management:	4,000,000
- through indirect management:	2,000,000
Communication and visibility*	0
TOTAL	20,000,000

* Communication and visibility funds will be included in the various components

4.5 Performance monitoring

Monitoring shall be ensured primarily through EU Delegations in-country and in particular with the assistance of specific Trust Fund field & liaison officers posted within the EU Delegations. In addition, the EU Trust Fund is planning to launch an independent M&E exercise to accompany all Fund programmes and ensure that targets are met and lessons learnt can be incorporated into other EUTF actions.

The purpose of the Madad EUTF Monitoring and Evaluation Framework would be to assess, across various levels, the degree to which the Overall Objective of the Trust Fund has been achieved.

The Madad Trust Fund M&E Framework will assess the effective delivery of programmes, contribute to improved project design, and develop a knowledge base of 'what works' to allow for continuous improvement of aid delivery. Above all and in the spirit of the Agenda for Change, the Madad Trust Fund M&E Framework aims to ensure upward and downward accountability and transparency of EU support towards the Madad Trust Fund Board and end beneficiaries, respectively.

The Trust Fund and actions financed by it are subject to the monitoring and evaluation rules applicable to EU external programmes, in order to ensure the respect of the principles of economy, efficiency and effectiveness, as per Article 13 of the Agreement Establishing the Madad Trust Fund.

4.6 Evaluation and audit

Projects shall carry out an obligatory final evaluation, and one external audit per year. Whenever possible, evaluations will be jointly carried out by partners. This will also contribute to harmonise further and higher education support to Syrian refugees and to the host countries in the region, in order to make technical co-operation more effective in line with current EU guidelines.¹⁰

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 audits or expenditure verification assignments for one or several contracts.

4.7 Communication and visibility

While communication and visibility of the EU is a legal obligation for all external actions funded by the EU, to date the visibility of the EU's support to the Syrian crisis, in particular in neighbouring countries affected by the crisis, has been insufficient. The public perception is that the EU is not addressing the Syrian crisis, when in fact it is the largest donor. The lack of visibility to the EU's actions weakens the EU's political traction in the region and its standing in Europe.

Therefore, communication and visibility is an important part of all Madad Fund programmes factored into the implementation in order to underline its importance at all stages of the planning and implementation of the Programme.

All visibility actions by Madad Fund implementing partners outside areas of conflict should be stepped up. Each implementer will have to draw up a comprehensive visibility and communication plan for their respective target country/community and submit a copy for approval to the Madad Fund and relevant EU Delegation. The related costs will be covered by the budgets of the contract as part of the project.

The measures shall be implemented by the implementing consortium/ia, its contractors, and/or its grant beneficiaries. Appropriate contractual obligations shall be included in, respectively, procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action together with specific requirements to highlight the Madad Trust Fund shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

¹⁰ EC Guidelines No. 3, *Making Technical Co-operation More Effective*, March 2009.