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Strengthening the Long-Term Resilience of Subnational Authorities in countries affected by the Syrian and Iraqi Crises

Project Summary

Implementing agencies	United Nations Development Programme (UNDP) and United Nations Human Settlements Programme (UN-Habitat)
Overall objective/goal	Strengthen the long-term resilience of targeted subnational authorities and their host/refugee populations in countries affected by the Syrian and Iraqi crises.
Location	Iraq: Governorates of Dohuk, Erbil, Sulaymaniyah and Ninewa Lebanon: Unions of Municipalities of Tyre, Al Fayhaa, & Maten North
Beneficiaries	Iraq: 427,820 Lebanon: 240,250
Duration	36 months
Budget	EUR € 24,971,363
Specific Objectives/Outcomes	<p>The specific objectives of the action are:</p> <ol style="list-style-type: none"> 1. Subnational authorities have enhanced capacities to engage in holistic, area-based planning and consider different scenarios that respond to the needs of host, refugee and IDP populations; 2. Service delivery is increasingly responsive, and generates greater social stability outcomes, based on the needs of host, refugee and IDP populations. 3. Subnational authorities are empowered to facilitate local economic development and have better access to municipal investment that benefits the extension of safe public services and economic opportunities for host, refugee and IDP populations.
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1. Background and Rationale

1.1. Origin of the project/request for support

The proposed *municipal resilience programme in response to the Syria crisis* is a UNDP/UN-Habitat joint action intervening in countries affected by the impact of the Syria crisis (Lebanon and Iraq) over a period of 36 months with a set of tangible results achieved in the two countries in the first 18 months.

The main objective of the proposed action is to improve the resilience of host and refugee population in communities impacted by the Syrian crisis, through strengthened local multi-level governance systems, and improved access to basic services, affordable housing¹ and income.

The action seeks to optimize the impact of a range of interventions by multiple actors towards improving the resilience of host and refugee populations by complementing their efforts and accurately targeting to fill the gaps in support, where a UN Partnership brings a strong added value. Such complementarity requires supporting institutionalization and operationalization of integrated multi-tier planning and implementation of cross-sectoral actions covering basic social services as well as local economic development, including inducing employment opportunities, availing affordable housing and improving the management of natural resources.

The proposed action is based on the objectives of the EUTF MADAD: *“To address longer-term resilience needs of Syrian refugees in neighbouring countries, as well as supporting host communities and their administrations”*, and as such it is aligned to the framework of the Regional Refugee and Resilience Plan (3RP, 2018-2019) and the related national response plans. It responds to the “3RP Resilience/Stabilization component”, specifically its Livelihoods/Social Cohesion sector.

The proposed action addresses the resilience and stabilization needs of impacted and vulnerable communities in all sectors through a balanced approach between supporting longer term efforts for better systems and capacities for local development, and facilitating shorter and more immediate results that would help host communities and refugees improve their state of living with tangible benefits. Such an emphasis on capacities and tangible results envisages strengthening the ability of local governments to play a central role in crisis response, in tandem with provision of strategic, technical and policy support to advance national responses. It also targets generating more immediate and medium-term results through activities that support basic services, livelihoods and income generation in targeted communities.

By complementing and integrating into ongoing EUTF MADAD-funded actions, UNDP and UN-Habitat aim at strengthening and scaling-up their resilience response to the crisis through a multi-country, multi-partner and multi-year action for greater effectiveness, accountability and consistency in delivery through their country offices.

The Proposed Action’s Theory of Change assumes that enhanced coordination and consolidation of the diverse set of interventions by a multitude of public sector (central and

¹ Only in Iraq.

local), development partners, private sector, and civil society actors would optimize their cumulative impact and enhance the efficiency in resource utilization. It also assumes that the systemic empowerment of sub-national authorities to play a meaningful role in guiding and consolidating/coordinating these actions would improve the targeting of the response to address the specific needs and priorities of affected localities, their host communities and refugees.

The theory of change that underlies the proposed action rests on a number of interconnected assumptions, principles, and lessons learned from the global approach and experiences of the partner agencies (UNDP and UN Habitat) in similar contexts and in their ongoing work in the Syrian crisis affected countries, as detailed below.

- 1) With adequate support, local authorities can better plan, lead and coordinate state, societal and development partner efforts at achieving progress where people need it most (services, social cohesion and security, economic, livelihoods). Local governments do not have an exclusive mandate over all the above and need to work with other formal and informal actors that also play an important (and sometimes even more preponderant) role in these areas, such as the local executive (de-concentrated) bodies of line ministries for planning and delivering public services. They must be supported to work with clan structures and civil society on reducing conflicts and preventing violence, and with the private sector in stimulating the growth of local economies to generate employment opportunities. Above all, the role of local governments as conveners of local problem-solving, including refugee-related issues, and recovery-planning coalitions can have a direct effect on social peace and help strengthen the social contract. A related assumption is that local stakeholders have inherently the inclination and abilities required for collaboration and for developing collective responses but often need safer and more inclusive spaces for exercising these abilities.
- 2) Early economic revitalization through job creation and restoration of basic services or natural asset protection are key to effectively stabilize communities and keeping peace immediately, thus facilitating early recovery and steady return to sustainable development, including those areas with potential, on-going or recurring violence. Short-term work created through emergency employment and MSME (Micro, Small and Medium Enterprise) recovery projects can provide rapid improvements to community infrastructure and services, enabling access to markets and social services. Emergency employment, particularly when coupled with MSME recovery support, can also help crisis-affected people to develop or regain sustainable livelihoods assets and contribute to the revival of the local economy until the private sector can grow to absorb the labour supply at stable market-clearing wages.
- 3) Community infrastructure rehabilitation projects, if approached comprehensively, can support affected citizens to come together to rebuild their communities, strengthen partnerships with local authorities, reflect their own priorities in broader recovery and development planning and acquire new knowledge and skills that empowers them to expand their opportunities and choices. Community infrastructure rehabilitation is an important entry point for mobilizing communities around initiatives that help restore access to markets and essential services.

1.2. Context

After seven years of conflict, the situation in Syria is worsening: there is increased fighting and violence on the ground and no clear road map to peace. Since the Regional Refugee and Resilience Plan (3RP) for the Syria crisis was first launched in December 2014, the humanitarian and development situation has deteriorated or continues to be under threat both inside Syria and in neighbouring countries. Over the last year, the number of registered Syrian refugees in neighbouring countries has increased by more than 1 million and currently amounts to 5.3 million. In addition, displacement continues inside Syria, with some 6.1 million people displaced, including populations stranded near border areas in the north and south of the country².

Syrian refugees often face difficulty in accessing employment and services, impacting their ability to access food, housing, health and trauma care, and other basic needs and rights for themselves and their families. They are increasingly exhausting their savings and are falling further into poverty.

With a decreasing proportion of refugees staying in camps, host cities face the challenge of providing housing, public services, and jobs to both refugees and host communities. In this sense, host governments, sub-national authorities including municipalities and communities continue to bear the burden of the political, economic, social and security spill overs of the conflict. The large increase in population since the Syria crisis began is putting public institutions under extreme pressure to deliver basic services to an increasingly high number of vulnerable people. In a context of shrinking national resources, this is testing the limits of infrastructure and public services that were already fragile before the crisis.

Seven years on and the reality of the response on the ground in most affected regions indicate that sub-national authorities are yet to play a consistently effective role in guiding the response and in coordinating and tracking the diverse range of interventions being implemented by a multitude of actors including de-concentrated sector service providers, international aid organizations, civil society and the private sector. This reality is resulting in a significant level of inefficiency and redundancy in the delivery of much needed aid and in numerous cases, in the misguided targeting of valuable interventions. It also represents a missed opportunity to affect a longer-term process of development of sub-national systems of governance and the coherence of the distribution of roles and responsibilities among sub-national tiers of administration or government and between them and central ministries that in most cases, continue to hold the bulk of the mandate for the delivery of most basic social and economic services and infrastructure.

1.2.1 Iraq

Iraq is a country struggling with internal turmoil. As a result of the emergence of the so-called Islamic State of Iraq and Syria (ISIS) in Iraq, the country hosts 3.3 million IDPs as of end of July 2017, including those who remained displaced since 2006. According to International Organization for Migration's Displacement Tracking Matrix and Inter-agency Information Sharing Portal on Syria Regional Refugee Response, the Kurdistan Region of Iraq (KRI) itself hosts more than 860,000 IDPs as well as around 245,000 Syrian refugees as of end of July 2017, compared to a local population of around 5 million. The influx of IDPs

² 3RP Regional Refugee and Resilience Plan 2018-19

has intensified since the beginning of the Mosul Operation on 17 October 2016, resulting in approximately 840,000 individuals displaced as of beginning of August 2017. With an estimated 2 million people having returned to their places of origin, more than 1.2 million people are still displaced. The current situation results in a displaced population ratio similar to the one of Lebanon, however, the KRI receives much less international aid.

Furthermore, the economy of the KRI which kept the Syrian refugees employed since 2011 has severely shrunk since 2014 when investment stopped following ISIS occupation of Mosul, leaving minimum livelihood opportunities for displaced families. In addition to this, fighting to retake Mosul from the ISIS has triggered significant further displacement.

The KRI, namely Dohuk, Erbil and Sulaymaniyah, hosts most of the Syrian refugees in Iraq, and approximately 26% of the Iraqi IDPs. More than 50% of Syrian refugees live together with host communities. The influx of IDPs and Syrian refugees has increased security concerns in the KRI and is straining public services, leading to tensions with host communities. In some key cities such as Sinjar in Ninewa Governorate, only small numbers of IDPs have returned even after liberation from ISIS, due to the devastated state of towns and cities of origin, where buildings and houses have been burned, shops have been looted and basic infrastructure such as water networks and electrical grids have been severely damaged by major military operations.

A policy of free movement in and out of the camps and the facilitation of work permits allow refugees to freely pursue employment opportunities. This has led to similar rates of employment of both host and refugee communities: 32% aged 16-59 are employed and 57% of men and 6% of women are employed according to a survey made in four camps. Unemployment and under employment increased affecting more refugees and especially women, 100% of households with at least one family member with disability reported unemployment. In terms of job compositions, more than 50% of host communities are employed by the Government, while the same percentage of the refugees is self-employed. Of major concern is the significant increase in competition for available jobs, especially in camps in Erbil and Dohuk where the highest number of refugees and IDPs are sheltered. Distance to job location and discrimination were found minor factors as proved by the 13% of camp and 30% of host communities who have established businesses in relation to the needs of the camp.

Poverty is increasing in the whole country, but at a higher rate in ISIS-affected governorates including the KRI. Microsimulation estimates suggest a reversal of the hard-won welfare gains of the past, with poverty rising in overall Iraq from 19.8% in 2012 to 22.5% in 2014. Poverty was accompanied by a massive human capital deficit; in health, education and access to basic services. Many Iraqis live close to the poverty line, vulnerable to increases in the price and availability of necessities, and/or the loss of assets and livelihoods. According to the World Bank projections, the number of people living below the poverty line was 2.8 million at end 2014. IDPs make up half a million of Iraq's poor in 2014, with an estimated poverty rate of 40%, almost twice the average. The KRI experienced a quadrupling of poverty rates and increased competition for jobs, goods and services.

Infrastructure was also severely impacted and affected in the KRI by the influx of IDPs and refugees. Between October 2012 and September 2014, the additional demand for water for IDPs and refugees is estimated at 11% and the KRI needs to meet an additional estimated total water demand of 17.1 million square meters per year. The sharp increase in demand for

water has not been accompanied by investments in water and wastewater infrastructure. Sanitation remains a major concern, most notably in IDP camps. The major gaps relate to physical facilities, namely, the lack of wastewater treatment plants. The lack of sanitation increases public health risks and environmental pollution.

Based on the rapid needs assessments and field surveys conducted by UN-Habitat, the majority of vulnerable IDPs and Syrian refugee families live in over-crowded rented houses of urban neighborhoods without tenure security or basic safety, structural and sanitary standards. While some of the IDPs were able to stay temporarily with their relatives or to rent apartments, massive numbers of IDPs are still in need of shelter and basic services. As addressed in the Iraq Humanitarian Response Plans 2015, 2016 and 2017, the number of IDPs in some of Iraq's major cities has now exceeded their original population, putting host communities under severe pressure. Inadequate housing conditions contribute to significant protection needs, endangering women and girls. Women, men, girls, and boys face increased vulnerability to sexual and gender-based violence in insecure shelter conditions without doors and locks. Exposure to risk and feelings of vulnerability are pervasive among refugees and IDPs, especially for women and adolescent girls of reproductive age. These women and girls also have specific needs related to menstruation and cultural norms of modesty which often are not met in existing shelter conditions. This could significantly hinder early recovery efforts and further deteriorate the socio-economic wellbeing of the displaced and local populations, as well as leading to social tensions and public discontent, potentially resulting in additional widespread social unrest and violence.

Even among IDPs who are willing to return, a number of factors prevent or delay the return, including damage to housing, poor access to basic services, deterioration of community cohesion and security, limited economic opportunities, and disputed land and property claims. In Sinjar, aside from widespread physical destruction and the presence of unexploded ordinances, lack of proper documentation on housing, land and property rights has been preventing many IDPs from settling back in their former properties, some of which have been in the meanwhile usurped, as highlighted by assessments conducted by UN-Habitat.

The proposed project was designed in coordination with both the Federal Government of Iraq and the Kurdistan Regional Government, and priorities are determined against needs assessment conducted at the end of 2016.

1.2.2 Lebanon

The impact of the Syrian crisis on Lebanon is reaching a scale unprecedented in the history of complex, displacement-driven emergencies. While in April 2012, 32,800 Syrian refugees were registered or awaiting registration with UNHCR; by January 2018, this figure stands at just under one million refugees. When taking into account the Palestine refugees, this represents an increase equal to over 25% of the total Lebanese pre-crisis population, placing Lebanon first worldwide in terms of the number of refugees per capita.

Seven years into the crisis, poverty levels are high and the long-term resilience of the country's vulnerable communities is eroding as they run out of savings and struggle to access income. At present, 1.5 million Lebanese and 76% of the Syrian refugees live below the

poverty line.³ In response to their protracted poverty which is leading to rising food insecurity, 96 percent of Syrian households are adopting negative coping mechanisms. As a result, households are also sinking deeper into debt.

Host communities face the challenge of providing housing, public services, and jobs to both refugees and their own population. In this sense, host governments, sub-national authorities including municipalities continue to bear the burden of the political, economic, social and security spill overs of the conflict. The large increase in population since the Syria crisis began is putting public institutions under extreme pressure to deliver basic services to an increasingly high number of vulnerable people. In a context of shrinking national resources, this is testing the limits of infrastructure and public services that were already fragile before the crisis.

At the same time, the reality of the response on the ground in most affected regions indicate that sub-national authorities are yet to play a consistently effective role in guiding the response and in coordinating the diverse range of interventions being implemented by a multitude of actors. This reality is a significant level of inefficiency and redundancy in the delivery of much needed aid and in numerous cases, of misguided targeting with regards to valuable interventions. It also represents a missed opportunity to affect a longer-term process of development of sub-national systems of governance and the coherence of the distribution of roles and responsibilities among sub-national tiers of administration or government and between them and central ministries that in most cases, continue to hold the bulk of the mandate for the delivery of most basic social and economic services and infrastructure.

The Urban Dimension of the Crisis

Syrian refugees are located throughout Lebanon due to the absence of official camps; 87% of them live in 251 localities (in certain municipalities they outnumber local residents) and in these same localities reside 67% of the Lebanese poor population⁴. By mid-2017, it was estimated that 74% of refugees fall under the poverty line and 58% cannot meet survival minimum expenditures⁵.

While detailed data on urban refugee conditions is limited, available information suggests that vulnerability is concentrated in Lebanon's four largest cities Beirut, Tripoli, Saida and Tyr including 30% of the Syrian refugees, 74% of the Palestinian Refugees, 66% of Palestinian refugees from Syria, and 45% of the Lebanese population living under USD 4 per day⁶. In addition, there are many factors affecting the host population's acceptance of refugees, including access to proper basic services with fewer hours of electricity, reduction of water provision and unmanaged solid waste and sewage as well as competition over livelihoods opportunities⁷. Between 2014 and 2017, the percentage of Lebanese who did not report any inter-community tensions dropped from 40 to 2 percent. Competition for jobs, political and cultural differences, and pressure on resources and utilities are the top three sources of tensions. 94% of Lebanese respondents agree that the presence of Syrian refugees

³ Most of the refugee related data in this brief is extracted from the Vulnerability Assessment of Syrian Refugees in Lebanon (VASyR) 2017. This is an annual inter-agency assessment done with UNHCR, WFP, UNICEF that informs the LCRP sector strategies and targeting.

⁴ Source Inter Agency Most Vulnerable Localities Map March 2015

⁵ Initial findings of the Vulnerability Assessment of the Syrian Refugees in Lebanon (VASyR) for 2017

⁶ Source Un Habitat 2015

⁷ ARK Group for UNDP Lebanon, Regular Perception Surveys on Social Tensions Throughout Lebanon; Wave I narrative report, August 2017.

in Lebanon is placing too much strain on resources. Areas identified as most vulnerable in the 251-vulnerability map, which include all large cities of Lebanon and their suburbs, consistently suffer from less access to services, more insecurity, higher levels of tensions and more exposure to violence than non-vulnerable areas.

Local Authorities and a More Resilient Response

Within this context, municipalities have a critical role to play in the country's response to the impact of the Syria crisis and there is growing intention to engage more municipalities at the services as well as at the social cohesion levels. However, this will require increased funding and empowered human resources at municipal level, as well as enhanced collaboration and communication with central and subnational government. 70 percent of municipalities are too small to provide basic services pre-crisis, 57 percent lack an administrative structure, and 40 percent have only a single employee (often working on a part-time or voluntary basis).⁸

The draft law on decentralization was driven by the increasing responsibilities put on local governments and the lack of an effective central government. It focuses on reforming the Independent Municipal Fund system (IMF) and strengthening local governance to fairly distribute resources among different municipalities, and to improve the country's socio-economic development. The draft law, released in April 2014, aims to achieve equity across different regions by transforming Cadas (districts) into elected councils endowed with sufficient fiscal resources to provide more services and development projects. Additionally, it promotes fiscal autonomy such that the major sources of revenues are direct local taxes and fees. Finally, it aims to reduce socioeconomic imbalances by distributing intergovernmental transfers according to clear, transparent and equitable criteria. District Councils would therefore be able to directly administer taxes on built real estate, a portion of the income tax, and a portion of real estate registration fees. It is worthy to note that this law will not impose any new taxes or fees on citizens, with the exception of a new tax on real estate profit.

In the absence of a decentralised system, increased interaction between the national and local level will allow for enhanced responsiveness and support by central public institutions and ministries to the needs of municipalities. The response in Lebanon is testing approaches to increase effectiveness of municipalities through enhancing local-regional-national level coordination and improving capacities in a targeted manner. This work is seen as a potential source for informing a future decentralization reform and to strengthen social stability in Lebanon – as recent analysis has also demonstrated that residents' trust in their local authorities is a key component of social stability.⁹

Justification/Key Challenges

Despite increasing efforts from national and international actors to largely and actively engage municipalities in the response, municipal performance is hindered by the following key challenges:

Highly Centralized System: according to the Law 118/77, municipalities enjoy administrative and financial independence, however in practice, they are bound by the highly confessional and political systems which restrict decision making at the central level.

⁸ Lebanese Center for Policy Studies (2015), *Local Governments and Public Goods: Assessing Decentralization in the Arab World* ; Lebanese Center for Policy Studies (March 2015).

⁹ Aktis Strategy (2016), *Impact Evaluation Report, Lebanon Host Communities Support Project*.

Limited Financial Resources: municipal finance relies mainly on the funds channelled through the Independent Municipal Fund (IMF), controlled by the Ministry of Interior and Municipalities (MoIM), and fed from the taxes collected by key public service providers (e.g. electricity, communications, water, etc.) Amounts channelled to municipalities through the IMF are calculated based on a complex formula that considers the number of registered population and the percentage of fees collected annually by municipalities. However, in reality, the size of municipal annual budgets and their liquidity are subject to the availability of cash within the Ministry of Finance. Except for the funds channelled by the central government, municipalities seldom take any initiatives that may enhance local revenues. Moreover, municipalities did not receive increased national revenues to deal with the impact of the Syrian crisis within their localities.

Lack of Skilled Human Resources: insufficient funds and the bureaucracy within the existing systems restrict the ability of municipalities to recruit the necessary technical and administrative personnel. This in turn hinders proper municipal planning and efficient service delivery as it negatively impacts the quality and cost effectiveness of proposal plans and interventions.

Bureaucratic Administrative Process: According to the Lebanese Administrative structure, municipalities fall within the jurisdiction of the Ministry of Interior and Municipalities, for processing their daily business. Municipalities are required to obtain ex-ante approvals from the Qaemaqam, the governor, and the minister according to set expenditure thresholds. This extensive administrative process has been impeding municipalities to meet the needs of their communities in a timely manner and affecting the overall municipal performance and operations.

Overlapping & Unclear Mandates: the highly confessional and politicized system in the country has led over the years to overlapping mandates and conflicting responsibilities between municipalities and line ministries, and amongst the ministries themselves. The competition over decision making and the confusion over the scope, scale, and level of work have led to improper planned, cost ineffective, unaligned service delivery systems at the local, subnational and national levels. This was made evident during the response to the Syrian refugee crisis, whereby local and national authorities made contradictory statements in response to proposed solutions and roles clearly overlapped.

The proposed action will build on the already existing context, here refer to section 1.4.2 on complementary actions, and in particular the existing work of UNDP and UN Habitat with regards to Host Communities and Urban populations. However, the overarching intent will be to go one step further than previous interventions and develop capacity, particularly at the sub national level, that will result in Unions of Municipalities and Municipalities being better able to manage the impact of the crisis. The intention is to leverage the investments in a manner that enables systems strengthening and results in stronger, more capable and accountable sub national structures. This is in essence the transformative agenda of the Resilience approach where funding targeting a crisis contributes to longer term change.

1.3. Stakeholder analysis, participation and ownership

The identification and formulation of the proposed project has been conducted in consultation with a wide spectrum of stakeholders at the sub-regional, national and local levels, civil

society, United Nations agencies and other implementing partners, EU Member States and other donors.

1.3.1 Iraq

The proposed project will be coordinated with the following government counterparts:

The national level: Ministry of Construction, Housing, Municipalities and Public Works
Ministry of Planning

The KRI: Kurdistan Ministry of Municipalities and Tourism
Kurdistan Ministry of Planning
Joint Crises Center at the Kurdistan Ministry of Interior

Governorate level: The governorates of Ninewa, Erbil, Sulaymaniyah and Dohuk

Municipal level: Sub-districts or municipal departments of Dohuk Center, Sumel, Erbil No. 4, Sinjar, and Mosul

1.3.2 Lebanon

The proposed project will be coordinated with the following government counterparts:

1. MoIM: being the ministry mandated to oversee the municipal sector, the Ministry of Interior and Municipalities will be considered as the main direct partner during the implementation of all project activities. The Project team is expected to be housed at the premises of the Directorate General of Municipalities located in Beirut. The daily interaction with the DG staff will help in ensuring the sustainability of Project's outputs.

2 MoSA: The proposed action is designed around the impact of the Syrian refugee crisis on the host communities and their administrations, and as such it is aligned to the framework of the Lebanon Crisis Response Plan (LCRP). The Project will closely coordinate with the Ministry of Social affairs, being the ministry mandated by the Government of Lebanon to lead on the response to the Syrian Crisis.

3. MoEW and Water Establishment: Many of the basic services provided by municipalities are linked with the mandate of the Ministry of Energy and Water and the Water Establishments. Coordination and synergies with municipalities is crucial.

4. MoEnv and OMSAR: While the Ministry of Environment is mandated to promote proper solid waste management practices, the Office of the Minister of State for Admin Reform has been engaged since many years in supporting municipalities financially to overcome solid waste problems at the local level. Municipalities have to collaborate with the two ministries when it comes to solid waste management.

5. MoPW: In the absence of streets & roads classification, the MoPW is in charge of the construction and rehabilitation of "main roads", leaving municipalities with secondary and tertiary roads.

6. CDR: The Council for Development and Reconstruction is the official body responsible for the planning and implementation of large infrastructure projects across Lebanon. As such, coordination with municipalities is necessary to align local priorities with the national plans.

7. Governors and Qaemaqam Offices: being responsible to facilitate and endorse admin and financial processes initiated by municipalities.

In addition to the above mentioned, municipalities occasionally and when needed, the project will coordinate with other line ministries at the national or subnational levels (MEHE, MoPH, MoAg, etc).

1.4 Complementary actions

UNDP¹⁰ and UN-Habitat have been operating for a long time in the context of the Syrian crisis (i.e. 3RP) and both agencies have been at the forefront of new initiatives, working with local, national and international partners and across the UN system. The proposed action will be complementary to other initiatives already funded under the EU MADAD Trust fund or by other resources, as listed here below.

1.4.1 Iraq

In Iraq, the proposed project is designed to address needs, both thematically and geographically, that are not covered by the existing projects and activities such as Local Area Development Programme (LADP), Funding Facility for Immediate Stabilization (FFIS), Iraq Crisis Response and Resilience Programme (ICRRP) and the Madad-funded actions implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) as well as the Italian/French initiatives.

The proposed project will be built on the ongoing activities and good practices under LADP, implemented by UNDP and UN-Habitat in the four Governorates of Ninewa, Erbil, and Dohuk. LADP aims at strengthening good governance and capacity to cope with the current situation of 12 Governorates of Iraq, namely Anbar, Basrah, Diyala, Dohuk, Erbil, Kirkuk, Missan, Muthana, Ninewa, Qadessiya, Salah al Din, and Sulaymaniyah. The activities implemented under LADP include capacity building in provincial strategic, development, response and sectoral planning; alignment of Governorate plans with national development priorities and goals of the Federal Government of Iraq and the Kurdistan Ministries of Planning; improving communication and coordination between central and local level; innovation in community service delivery; gender and youth mainstreaming in local development; and increasing participation of local communities and vulnerable groups in local development and strengthening the role of civil society. While LADP's objective to improve service delivery overlaps with that of the proposed project, LADP plans to achieve this objective through policy- and strategic-level interventions, the proposed project take a bottom-up approach targeting and engaging specific municipalities, which contributes to complement the interventions under LADP.

Activities under the proposed project will also be coordinated with FFIS, which is implemented by UNDP to support priority cities during the first three to four months after liberation, as well as Funding Facility for Expanded Stabilization (FFES), which is also

¹⁰ UNDP takes an active role in the inter-agency coordination mechanisms within the 3RP (i.e. through the UNDP-UNHCR 3RP secretariat, through its ongoing partnerships with other humanitarian actors, co-lead of the livelihoods sector working groups under 3RP country plans, especially in Jordan, Iraq, and Lebanon)

implemented by UNDP to support Governorate-level priorities over the medium-term to ensure that the gains made during immediate stabilization are not endangered by the slower pace of reform and reconstruction. FFIS's expected output to "support the Iraqi Government to address the immediate stabilization needs in newly accessible areas which allows for the return of IDPs" may overlap with the expected outputs of the proposed project. However, because activities under FFIS take place in areas that are newly liberated from ISIS in Salah al Din, Anbar, Ninewa and Diyala Governorates, the proposed action do not geographically overlap with FFIS, except for Sinjar in Ninewa Governorate. Even in Sinjar, FFIS's existing activities were conducted in different sectors from those that are planned in the proposed actions so that they are complimentary rather than overlapping: FFIS conducted rehabilitation of electricity network, a health center and the building for the Department of Education; whereas the proposed project proposes to support rehabilitation of damaged houses and water networks.

ICRRP is another UNDP project which is relevant to the proposed project, whose activities were taken into account to avoid overlapping. ICRRP implements activities on protection as well as empowerment and recovery support for Syrian Refugees, IDPs, and affected host communities in Iraq. ICRRP focuses on areas affected by ISIS with the following main outputs: (1) enhanced protection of IDPs women, girls and boys in Iraqi Governorates hosting a large number of IDPs; establishment of vulnerability monitoring and legal aid centers in IDP camps in Erbil, Dohuk, and Sulaymaniyah; a comprehensive human rights and sexual and gender-based violence awareness and advocacy campaign with focus on protection of human rights of the IDPs, minorities, ethnic and religious groups; capacity development to key institutions in the fields of human rights and sexual and gender-based violence; (2) fostering sustainable livelihoods and social cohesion; participatory and inclusive dialogue platform; socio-economic infrastructure; and (3) strengthened crisis management capacity of the Iraqi Government authorities.

In order to recognize tenure security for returning IDPs, the proposed project will also build on UN-Habitat's ongoing activities to map property claims, promote community-based dispute resolution mechanisms, and expedite procedures for verifications of housing, land and property rights through Social Tenure Domain Model.¹¹

Furthermore, collaboration with VNG International's proposed action titled "Dealing with Displacement – resilient subnational government in communities in the region affected by the Syrian crisis" will be sought in the area of linking physical infrastructure rehabilitation and capacity building. For example, to municipalities where water, sanitation and hygiene infrastructure was rehabilitated, VNG International can deploy experts on maintenance of water, sanitation and hygiene infrastructure at the municipal level.

Information on the proposed project will be shared with other United Nations agencies through the United Nations Country Team meetings as well as with national and international

¹¹ Social Tenure Domain Model (STDM) is a model developed to address land tenure that are not based on formal cadastral parcels and that are not registered. It aims to bridge the gap in the conventional land administration systems such that customary and informal tenure cannot be easily handled. It can be used on free and open software packages to broaden the scope of land administration by providing a land information management framework that would integrate formal, informal and customary land systems and administrative and spatial components. STDM makes this possible by incorporating tools that facilitate recording of all forms of land rights, all types of rights holders and all kinds of land and property objects/spatial units regardless of the level of formality.

NGOs through the national coordination committee. Both UNDP and UN-Habitat will maintain regular coordination with the EU Delegation to Iraq.

1.4.2 Lebanon

In Lebanon, in general, coordination with ongoing initiatives will be achieved through the Lebanon Crisis Response Plan (LCRP)¹² architecture.

There is already a comprehensive coordination structure¹³ in place which provides an entry point for the proposed action. UNDP and Habitat are both at the forefront of this structure with UNDP being the overall UN lead on Stabilization/Resilience aspects of the response while UNHCR lead on the Humanitarian side. Below this there are ten different sectors and working groups of which Social Stability, Livelihoods and Energy are led by UNDP, while Shelter, Neighborhood and Area-based approach by UN-Habitat. Furthermore, the Social Stability focuses on the work with municipalities and this working group also includes a Task Force on solid waste management. The other sector that will be of importance to this intervention, is WASH which is led by UNICEF and the project will coordinate closely with both the sector and UNICEF given their planned complementary action under the MADAD fund.

Building on the above there will be close coordination with other projects already funded or in the pipeline to be funded by the MADAD trust fund. These projects include the following:

a) The VNGI Local Governance Project

The VNGI's local governance project is a multi-country project which aims at enhancing the resilience and early recovery of cities and towns coping with Syrian displacement through three pathways: i) by improving emergency and longer-term planning at municipal level, ii) by enhancing project pipelining at the municipal level, and iii) by ensuring service delivery is responsive to the needs of refugees, IDPs and citizens, including women and girls, as well as firms.

b) The DAAD Higher Education Initiative

The Higher Education Initiative aims to improve perspectives for young Syrians by empowering them to pursue higher education to secure more stable livelihoods and contribute to post-crisis Syria reconstruction.

c) The LEADERS Consortium

The overall objective of the LEADERS Consortium's livelihoods and social services project is to advance economic self-reliance, resilience and social stability of displacement-affected populations in Jordan and Lebanon in preparation for durable solutions. The project has three key components: i) creating sustainable livelihood opportunities especially for youth and women, ii) capacitating MSMEs to become more viable, sustainable and sensitive to employees' basic rights, and 3) enhancing local economic development, service delivery and short-term employment in communities hosting refugees

d) Search for Common Grounds' Livelihoods and Social Stability Project

¹² This is the Lebanon Chapter of the 3RP

¹³ The LCRP coordination structure consists of ten sectors as well as inter-sector coordination to enhance the effectiveness and strategic alignment of the international response in Lebanon.

This project aims to strengthen community resilience and cohesion among Syrian refugee and host community youth in Iraq, Jordan, and Lebanon by addressing youths' livelihood challenges through Business Development Services including trainings, coaching and mentoring.

e) UNICEF's 'No Lost Generation' Initiative

This initiative invests in the future of a generation of children and young people affected by the Syrian conflict in Turkey, Lebanon and Jordan by enabling Syrian children and children in host communities to access educational and child protection services.

f) GIZ's 'Qudra' Project:

Qudra aims to build the resilience of host communities, refugees and displaced persons in Iraq, Jordan, Lebanon and Turkey through five areas of intervention: i) improving school infrastructure and access to extracurricular activities, ii) expanding and improving basic vocational skills, iii) strengthening social cohesion through community-based services, iv) building the capacities of the local administrations, and v) and promoting dialogue and exchange of experiences between refugees and host communities

g) The Italian/French Grant System for Better Services

This initiative aims at improving public and social services through a grant system for selected municipalities.

h) SKL Supporting Union of Municipalities in Akkar

Funded by SIDA, SKL will be working over the coming 3 years in Akkar with an approximate annual budget of USD 1.5 million. The focus of the intervention will be support to 2 unions of municipalities as well as to sub national level structures and hence it will be essential that strong connections are made here. The link between this intervention and the VNGI project, see below, provides an excellent opportunity for creating mass on this topic and driving the agenda forward.

The relationship with VNGI will be a close partnership given that both entities are funded by MADAD and working to achieve the same outcomes under the same framework. There has already been close cooperation during the design process and hence there is no overlap with regards to the geographical focus. Furthermore, there is an understanding that in terms of implementation there would be a close relationship between the two projects particularly on the capacity development activities. There is no concrete agreement in place as such but a desire/intention to cooperate. Any such arrangement would build upon the existing relationships between UNDP, UN-Habitat and VNGI. For example, UN-Habitat Lebanon has already initiated collaboration with VNGI through a number of activities. The "young talent" programme that aims to enhance the planning and administrative capacities of young municipal employees is being implemented jointly: a number of young representatives of existing technical offices and municipal guides working under UN-Habitat's projects have participated in training courses held in the Netherlands. Moreover, joint solid waste projects are being implemented in two Unions of Municipalities in the Bekaa, tapping into the expertise and contribution of the staff of the technical offices established by UN-Habitat. In West Bekaa, UNDP and VNGI are cooperating in the implementation of the Local Economic Development Plans for the area. UNDP and VNGI are also coordinating activities of specialized technical assistance and national institutional capacity building, through access to training and professional development provided in the Netherlands and accessed with support from VNG.

The Leaders consortium and the Search for Common Ground Social Stability project will provide important information and data on all issues but particularly those associated with Social Stability and Local Economic Development (LED), on which the intervention will build. The DAAD, No Lost Generation and Qudra interventions are all based around education and here there will links specifically around LED. The logic being that providers of education and in particular those addressing issues around vocational education have an important role to play in the whole LED discussion. The logic here being there should be a clear link between the skills provided in the educational establishments and the demand in the local market place. Finally, the Italian/French grant system for better services provides an opportunity in terms of both identifying and realizing priority interventions at the local level.

MADAD Support to the WASH Sector

There are also three initiatives, two led International NGO's and one by UNICEF, that are planning to engage in the WASH sector. These interventions will address a range of issues including simple rehabilitation of networks and wells as well as Capacity Development of the Water Establishments specifically with regards to design. There is also an intention to examine the issue around "non-revenue water" via meters etc. attempting to have people pay for what they use. Here there will be opportunities to complement specifically the work with the Capacity Development of water Establishments and the identification of strategic interventions. Furthermore, the issue of revenue offers an interesting possibility of collaboration with regards to the work that is planned on municipal finance, see Output 1.2.

Aside from MADAD there are a whole host of interventions too numerous to name here and as has already been said the main forum for coordination will be via the existing LCRP coordination structure.

Finally, the following projects under the existing respective portfolios of UNDP and UN Habitat will be prioritized to ensure that relevant synergies will be built.

Solid Waste Management Sector

Several donors (USAID, the World Bank and to a lesser extent the Italian Cooperation) have been supporting the sector since the early 2000's. All have withdrawn, in particular due to the limited success of their operations, which mainly promoted small-scale interventions for small municipalities (with the exception of the World Bank in Zahle but the project was suspended prematurely). The EU involvement dates back to the programme *Assistance to the rehabilitation of the Lebanese Administration (ARLA)* that phased out in 2011. Implemented by the Office of the Minister of State for Administrative Reform (OMSAR), this programme initially aimed at supporting the Lebanese Administration in implementing its National Administrative Rehabilitation Programme. Five years into implementation, an investment fund for municipalities amounting to EUR 14.2 million to finance Municipal Solid Waste Management interventions (MSWM) was approved. The EU reengaged in the sector in 2014 as a result of the Syria refugees crisis. Today, the portfolio amounts to EUR 72.6 million and mainly focusses on treatment and disposal.

Given that at the local level Solid Waste is continually highlighted as one of the priority issues many actors have historically and continue to engage in this sector. The Delegation will in the near future be fielding a 24-month support and evaluation mission to evaluate the impact of its past interventions and of a selected number of non-EU projects (more than 50

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donor funded operations have been identified insofar) and assess the performance of its on-going interventions, with a view to incorporate lessons learnt into current and future operations. By and large however, the EU has been facing similar challenges as its fellow donors. These call for a substantial revision of its approach in the sector and the necessity to address the structural issues that the sector faces. In this respect, the development of local solid waste management plans based on relevant datasets and through an appropriate level of local consultation will be a pre-requisite for future interventions. The Delegation is currently discussing with OMSAR and the Ministry of Environment - which is mandated with Solid Waste master planning, the rolling out of local master plans for the whole country and in parallel the establishment of a national Solid Waste information system.

Any planned intervention in this sector by the project will take place within this framework referred to above. This will ensure consistency between the different interventions financed by the EU in Lebanon; all the more important given that several of the geographical locations of this intervention match those covered through the current interventions of the EU. In this regards, a division of labour may be agreed. The project will also incorporate the recommendations and lessons learnt from the aforementioned impact evaluation report, which should be available early 2019.

i) Lebanon Host Communities Support Programme (UNDP)

The Lebanon Host Communities Support Programme (LHSP) was developed within the framework of the interventions conducted by the UNDP in partnership with the Ministry of Social Affairs (MoSA) to implement activities aimed at enhancing social stability and promoting development as part of a national strategy to respond to the crisis.

The project has three main goals:

1. Increase the livelihoods and economic opportunities in affected areas
2. Strengthen the capacity of local and national actors to deliver basic services in a participatory and conflict sensitive manner.
3. Improve local level dispute resolution and community security.

It is important to emphasize that the Proposed Project will be very different from LHSP with a separate team, branding and mode of operation. Furthermore, the two projects are very different in what they are fundamentally attempting to achieve with LHSP having a Stabilization focus whereas this intervention is focused on systems strengthening and more developmental in its approach.

ii) Urban Crisis Response Programme (Habitat)

The programme include profiling of affected cities and city neighborhood, formulation of responding strategies, capacity building at local level and project implementation. The programme have had special attention to the main cities in Lebanon, whereby all the cities covered by the target regions of this proposal are part of.

iii) Enhancing Community Security and Access to Justice in Lebanese Host Communities (UNDP)

The projects assumes that by (i) developing basic security and justice services for host communities and vulnerable groups in municipalities; (ii) developing the capacities of MoIM and MoJ to support municipal police and legal help desks; (iii) establishing platforms among state actors, as well as between formal and informal actors; (iv) developing capacities of

national state institutions to understand and respond to local security, justice and human rights challenges; and (v) developing a people-centred culture in security and justice institutions: tensions and conflicts between host communities and Syrian refugees will decrease while building blocks for positive resilience and improved social fabric will be laid.

Unified Approach

The UNDP/Habitat project will be implemented alongside a VNG(I) intervention, also funded by MADAD as well as the SKL project funded by Sida. Given that all three projects are working in the same sphere and will be initiated during the same period it is essential that they coordinate closely. Already there have been discussions and meetings in the course of the design process resulting in agreements with regards the geographical focus ensuring that there is no overlap. This coordination will continue into the implementation phase and there is as a starting point an agreement to have common action and consultation around the following areas:

Capacity Development: the intention being that all actors will share resources and ideas with regards capacity assessment processes and the design of the capacity development packages that come out of them. The ideal scenario being that one set of Capacity Development packages modules is employed by all three actors.

Advocacy: all three actors will seek to agree a common position with regards advocacy hence strengthening the nature of the message that is delivered. This is particularly important with regards the decentralization debate and providing a platform for further discussions to take place at the national level, through various fora.

Networking & Coordination: This can be broken down into the following elements: (a) promoting reflective practice and joint lessons learnt regarding supporting system strengthening and local governance; (b) allowing for sharing of experiences and networking between the unions of municipalities engaged in the various interventions across the three projects and (c) codifying knowledge emerging from local level practice to inform policy discussions

1.5 Lessons learned

The proposed project rests on lessons learned from the global approach and experiences of UNDP and UN-Habitat in similar contexts and in their ongoing work in the Syrian crisis affected countries, as detailed below:

- 1) With adequate support, local authorities can better plan, lead and coordinate state, societal and development partner efforts at achieving progress where people need it most (services, social cohesion and security, economic livelihoods). Local governments do not have an exclusive mandate over all the above and need to work with other formal and informal actors that also play an important (and sometimes even more preponderant) role in these areas, such as the local executive (de-concentrated) bodies of line ministries for planning and delivering public services. They must be supported to work with civil society on reducing conflicts and preventing violence, and with the private sector in stimulating the growth of local economies to generate employment opportunities. Above all, the role of local governments as conveners of local problem-solving, including refugee-related issues, and recovery-planning coalitions can have a direct effect on social peace and help

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strengthen the social contract. A related assumption is that local stakeholders have inherently the inclination and abilities required for collaboration and for developing collective responses but often need safer and more inclusive spaces for expressing these abilities.

- 2) Early economic revitalization through job creation and restoration of basic services or natural asset protection are keys to effectively stabilize communities and keeping peace, thus facilitating early recovery and transition to sustainable development, including those areas with potential, on-going or recurring violence. Short-term work created through emergency employment and micro, small and medium enterprise (MSME) recovery projects can provide rapid improvements to community infrastructure and services, enabling access to markets and social services. Emergency employment, particularly when coupled with MSME recovery support, can also help crisis-affected people to develop or regain sustainable livelihoods assets and contribute to the revival of the local economy until the private sector can grow to absorb the labour supply at stable market-clearing wages.
- 3) Community infrastructure rehabilitation projects, if approached comprehensively, can support affected people to come together to rebuild their communities, strengthen partnerships with local authorities, reflect their own priorities in broader recovery and development planning and acquire new knowledge and skills that empowers them to expand their opportunities and choices. Community infrastructure rehabilitation is an important entry point for mobilizing communities around initiatives that help restore access to markets and essential services for the entire community.

For **Lebanon** specifically, the approach that will be applied within the proposed project will rely on the following lessons learnt:

1. Thus far the approach with regards investments at the local level has focused on municipal needs. This may well play an effective stabilizing effect but at the same time opportunities have been missed with regards larger investments that will impact upon several localities. Engaging in larger-scale infrastructure and livelihoods projects through clusters of municipalities is the natural and logical way to approach moving forward with regards interventions addressing the impact of the crisis at the sub national level, on this note:
 - It is important that CDR are at the very least consulted with regards large infrastructure projects (i.e > one million) since CDR has a mandate to take on multi-sectoral projects and then hand them over to the relevant ministry.
 - Cluster-level implementation must be linked to, and not undermine, planning done at the local level through other processes such as the MRR and City Profiling.
 - Anecdotal evidence from municipal officials indicates that in principle they are willing to cooperate with other municipalities but in practice such efforts have been tried but have failed because of lack of trust.
2. In regards, to livelihoods and economic development a much more rigorous planning process is required, potentially with different actors, and from a wider geographical area. Part of this approach should include detailing a planning mechanism for livelihoods that supplements what is done in the local level planning processes such as the MRR and City Profiles. A key point is that actors from a broader area than the municipality need to be involved. Although the municipality can carry out many

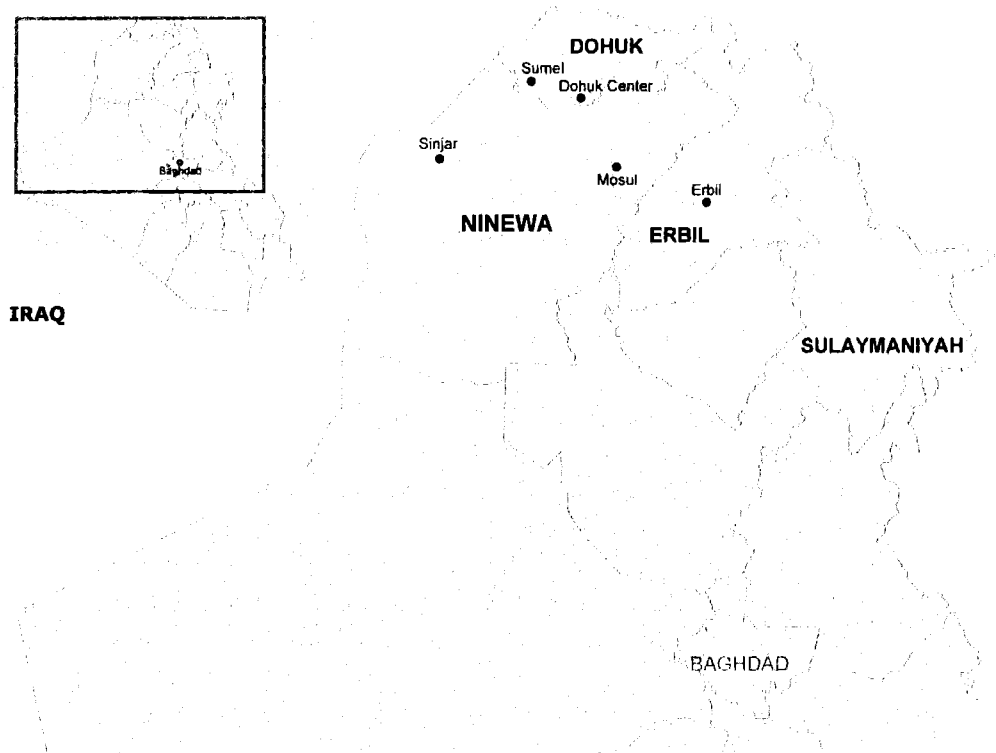
useful activities under the heading of Local Economic Development, market development requires area-based, regional and sometimes national level activities.

3. The communication and division of responsibilities is not always clear between different levels of Government resulting in delays and conflict particularly with regards the necessary approvals and permitting with regards infrastructure works. Given that the legislation also leaves many questions to be answered the only solution is a stronger interface between the central and local level. The challenge is to match local level needs with central level plans. This is linked with the planning process but the reality is that in many cases it is far more of a political issue.
4. There is a need to be clear on what the immediate results of peace-building activities are meant to be. The result does not necessarily have to be conflict reduction or resolution. Results that are specified as something more immediate and more achievable, for example promoting inter-community dialogue, building social cooperation and carrying out other activities that are likely to form social capital are more appropriate
5. Capacity development at the sub national level has to date only received minimal attention from interventions responding to the Syria Crisis. There is a need to address this gap and also an opportunity that such an approach will offer, most notably with regards to systems strengthening. In terms of institutional arrangements and Capacity Development activities MoIM should take a lead role.

1.6 Target Areas & Beneficiaries

16.1 Iraq

The proposed project will prioritize four Governorates: Dohuk, Erbil, Sulaymaniyah, and Ninewa.



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Three KRI Governorates were selected to implement the proposed project, as altogether they host approximately 97% of the refugees in Iraq. In these Governorates, three areas that bear the enormous burden of hosting refugees were selected: Dohuk and Sumel in Dohuk Governorate, and Erbil No. 4 in Erbil Governorate. These areas were identified upon consultations with the Kurdistan Ministry of Municipalities and Tourism, the respective Governorates as well as the Kurdistan Statistics Office. The extent of support these areas received from the international communities in the past was also taken into consideration.

In addition to the KRI Governorates, Ninewa Governorate was also selected given the criticality of tangible and timely response in the area as a result of the military operations. While Sinjar City was liberated from ISIS in late 2015, the majority of the population still remains displaced. As Ninewa Governorate is engaged in the liberation of Mosul, the second largest city in Iraq and the de facto capital of ISIS in Iraq, it is essential that they ensure successful repopulation and recovery to demonstrate its efforts and gain back the support of local communities in ISIS controlled areas. In Ninewa Governorate, Sinjar and Mosul were selected upon consultation with the Governorate, as these areas were severely affected by the crisis and are in dire need for rehabilitation and support.

The proposed project targets **427,820** direct beneficiaries composed of the following:

Governorate	Area (Sub-district or Municipal Department)	Direct beneficiaries (individuals)			Total
		Underserved host community members	IDPs	Syrian refugees	
Dohuk	Dohuk Center	30,000	58,000	11,700	99,700
Dohuk	Sumel	6,000	95,000	21,800	122,800
Erbil	Erbil No. 4	28,500	42,000	14,300	84,800
Ninewa	Sinjar	26,000	8,000	N/A	34,000
Ninewa	Mosul	N/A	28,320	N/A	28,320
Refugee camp		N/A	N/A	58,200	58,200
Total		90,500	231,320	106,000	427,820

In addition to direct beneficiaries, the proposed action will indirectly benefit authorities of the Kurdistan Ministry of Municipalities and Tourism, Governorates of Dohuk, Erbil, Sulaymaniyah and Ninewa, and Municipal Departments of Dohuk Center, Sumel, Erbil No. 4, Sinjar and Mosul, SMEs and NGOs.

1.6.2 Lebanon

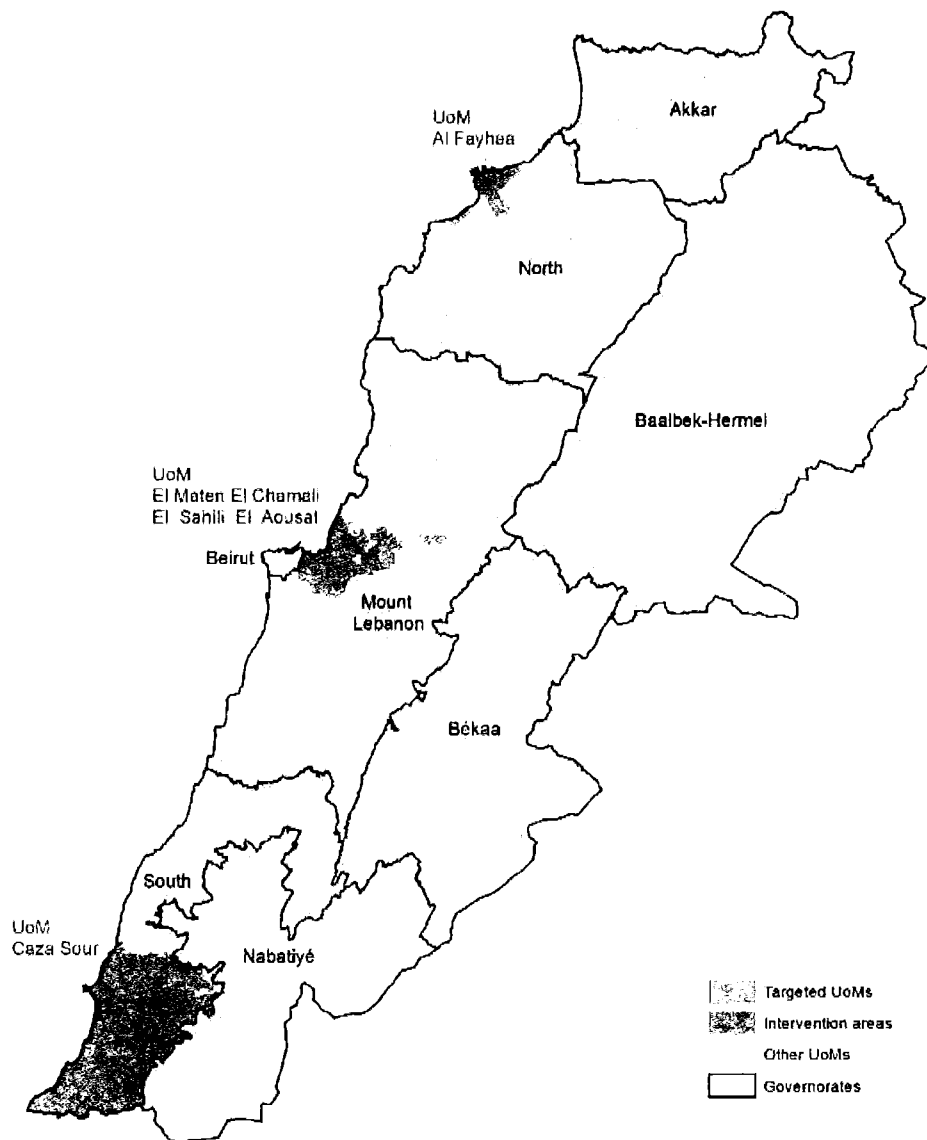
The UoMs will be the starting point for the interaction however given the intent of strengthened and improved systems there will be a strong focus of uniting municipalities around service delivery and local economic development initiatives. In many cases the main factor linking members of a Union is a confessional one and the intent here is to bring municipalities together around technical rather than confessional issues where there are clear efficiency and economic benefits to support joint action. The Proposed Project targets three unions of municipalities; Al Fayhaa, Metn Chemali, and Tyre Caza.

In the context of a formal no-camp policy since the outset of the Syrian refugee crisis in 2011, refugees have largely located in cities alongside impoverished host communities,

exacerbating existing urban stresses for all. This geographical distribution has put a premium on understanding the urban dimension in the response. In the current proposal, each municipality falls within the dense core of the *top three largest cities* as defined by their continuously built-up areas (CBAs), an urban delimitation originally defined by UN-Habitat (UN-Habitat, 2016, 2017) based on land-use morphology rather than on administration.

- Bourj Hammoud falls within the expansive 111km² CBA of the capital city of Beirut which spans over 30 municipalities
- Tripoli municipality is at the center of a 25km² CBA that contains part of 4 municipalities
- Tyre municipality is at the center of a 17km² CBA that contains all or part of 63 municipalities.

Each municipality holds significant concentrations of refugees as well as poor Lebanese, and constitute compelling case studies for applying interventions to the benefit of all cohorts in a given location. Such cross-community ameliorative approaches are associated with reductions in sectarian tensions and improvements in social stability.



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Geographic impact zone for capacity-building

The proposed *capacity-development* measures are readily scalable to the level of the Union of Municipalities (**Error! Reference source not found.**) of which each selected municipality is part.

- Bourj Hammoud municipality is a key member of the 32-strong Union of Municipalities of Metn Ech Chemali.
- Tripoli municipality is the lead of the 4-municipality strong Union of Municipalities of Al Fayhaa.
- Tyre municipality is the lead of the 63-municipality strong Union of Municipalities of Sour.

The selection of municipalities in key roles in their respective unions provides institutional conduits for maximizing the impact of the capacity-building strand of the proposed funding intervention.

Geographic impact zone for basic services and economic investments

This proposal has incorporated provision for dedicated economic studies to steer the decision-making process around the nature and scale of capital *infrastructure investment* which the intervention may leverage. Functional linkages in the urban setting can only be defined relative to the nature of sectoral or economic activity under consideration. The spatial boundaries of any such economic feasibility or market studies cannot therefore be preempted ahead of the determination of the nature of the proposed infrastructure investments, and the outcome of supporting studies.

Targeted Population:

The outputs of the Project, mainly those related to basic services and local economy will directly benefit the population in the 3 unions of municipalities distributed according to the following:

Union of Municipalities	Total Population / union	Population per cohorts per union			Population per cohorts within intervention areas		
		Lebanese Population	Lebanese Population	Syrian Refugee Population	Palestinian Refugee Population	Syrian Refugee Population	Palestinian Refugee Population
Sour Caza	351,648	192,517	192,517	28,622	120,000	20,000	100,000
Al Fayhaa	391,725	292,354	292,354	64,698	200,000	60,000	20,000
El Maten Chemali	458,098	390,308	390,308	50,460	290,000	50,000	15,000

2. Project Description and Implementation Strategy

2.1. Goal and objectives

The main goal of the proposed action is to improve the resilience of host and refugee population in targeted communities impacted by the Syrian crisis, through strengthened local/regional multi-level governance systems, and improved access to basic services, affordable housing and income, while complementing existing initiatives and supporting national governments address those risks and vulnerabilities where an UN joint partnership brings a strong added value. This will be done with a view to supporting the long-term capacity of host country to address refugee flows.

Specific objectives/outcomes of the proposed action are:

1. Subnational authorities have enhanced capacities to engage in holistic, area-based planning and consider different scenarios that respond to the needs of host, refugee and IDP populations;
2. Service delivery is increasingly responsive, and generates greater social stability outcomes, based on the needs of host, refugee and IDP populations.
3. Subnational authorities are empowered to facilitate local economic development and have better access to municipal investment that benefits the extension of safe public services and economic opportunities for host, refugee and IDP populations.

2.2 Project Strategy and Approach

2.2.1 Iraq

The main interventions proposed are:

a) Rehabilitation of water, sanitation and hygiene infrastructure and housing units

This intervention will be implemented by UN-Habitat with a specific focus on promoting community engagement. This involves building up houses from the vernacular, by embracing as much as possible the local traditional ways in which houses are typically built. Local designs and technical expertise will be utilized when implementing rehabilitation. This community-based approach has proved to be the most effective method of response as people have control of their own recovery process by becoming part of the solution and implementation. The proposed action will introduce a range of solutions for families living in damaged or poor-quality buildings without adequate access to water, sanitation and hygiene infrastructure, improving their living conditions by rehabilitating their houses and infrastructure through applying the self-help method where possible. This will allow for quick mobilization of labour resources and encourage IDPs/returnees and refugees to engage in the reconstruction work, thus creating job opportunities for home owners, IDPs/returnees and refugees in the wider community. Assistance will include the provision of building materials for housing repair and technical supervision of construction activities by UN-Habitat engineers. Activities will include the recognition of occupancy rights through Social Tenure Domain Model, in Sinjar and Mosul in Ninewa Governorate while securing lease agreements for the

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refugees in the implementation areas in the KRI as well as rehabilitation of housing to accommodate IDPs/returnees and refugees.

b) Job creation grant scheme

This intervention will be implemented by UNDP to generate income for the targeted communities and address a vital need to earn living with dignity and achieve social inclusion. The created employment opportunities will have multiple effects: employment and wages for most vulnerable groups; entrepreneurship boosting with potentially sustained businesses; market niches filled in with economic activities; community services improved; financial burden on local authorities partially lifted; labour skills acquired and/or improved.

2.2.2 Lebanon

The proposed programme/action in Lebanon is based on the following Theory of Change:

IF there are area based local needs assessment and planning processes which are transparent, technically sound and participatory/inclusive;

AND there is a mechanism to support municipalities by rolling out systems and procedures needed to plan and deliver services and monitor their impact; and local skills in the planning and delivery cycle;

AND there is a mechanism which delivers investments in basic services, social services and livelihoods responsive to local plans and strategies, involving the civil society and private sector;

AND there is a mechanism to:

- Ensure that locally developed projects align with national/regional policies and strategies
- Help national/regional authorities improve their plans and strategies based on information developed at local level
- Ensure that relevant local/regional and national level actors are all fully involved in decision-making and oversight
- Enhance locally generated revenues through strengthened municipal finance
- Enable private capital to meet housing needs of limited income host communities and refugees

THEN

- Service delivery in host communities will be expanded and rehabilitated
- Service delivery in host communities will be more responsive to locally defined priorities
- Self-reliance of host communities and refugees will be enhanced by increased economic activity and better livelihoods opportunities in host communities
- Local authorities (municipalities and line ministries directorates) will be able to plan and deliver projects and service delivery with less external assistance
- Host communities will have more social capital and more opportunities for inter-communal interaction and relations

ULTIMATELY Lebanese Host Communities will be more resilient and able to cope with the crisis.

Capitalizing on their vast experience working with municipalities and subnational government institutions, UNDP and UN-Habitat will adopt a 5-pillar strategy by promoting the following:

1. Integrated Capacity Development: The Project will implement a multi-thematic capacity development program while at the same time scaling up the dialogue between municipalities and service delivery public institutions at the local, regional and national levels.

Prior to initiating the CD activities, a Capacity Assessment/feasibility study will be conducted to identify the gaps and challenges exist within municipalities on the human resources and on the internal and external processes levels. The Assessment will examine thoroughly the bottlenecks hindering the smooth flow of business from municipalities to i) the governor office and then to MoIM, ii) the DGM to MoIM, and iii) to concerned line ministries and subnational public institutions.

The recommendations will inform the scope and focus of the capacity development Modules and Program, which will address the implications of the crisis and the political economy in the short and long terms.

2. Enhanced Role of the DGM: Involving from the onset the Directorate General of Municipalities, operating directly under the MoIM, in Project activities is very strategic to ensure local/national level system strengthening as well as sustainability of the intervention. Municipalities normally liaise with the DGM to process their regular admin and financial businesses.

While concerned staff from DGM will be involved in CD activities, the daily interaction with the Project Team who will be accommodated at the DGM premises will also enhance work processes and methods applied by the DGM. The Project will assess the applied interface, and will advise on measures to be undertaken to improve work processes. This will include in addition to the planned capacity development program, the provision of equipment and installation of advanced computerised solutions at the central and local levels.

3. Synergies with Public Institutions: The Proposed Action will assess and analyse the flow of business processes between municipalities, line ministries, and subnational government institutions. The Project will unpack the obstacles & bottlenecks hindering the municipal work, and will propose viable actions that will improve the delivery of services and facilitate existing processes. In this regard, the CD modules, training sessions, and coaching designed to be undertaken throughout the lifespan of the Project, will target not only municipalities, but also Governor offices, DGM, MoIM, line Ministries and subnational government.

4. Regional Technical Offices (RTOs): RTOs represent a vital instrument for the facilitation, timely implementation, and sustainability of Project activities as well as for future system strengthening. The Project will assess the capacity and the functions of the RTOs currently operational in Tripoli and Tyre, and will recommend actions to be undertaken to ensure consistency of RTOs operations with Project activities. The RTO Assessment will also examine the HR needs in terms of capacity, skills, and equipment.

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The same will be applied while establishing the RTO under the union of municipalities of Metn Chemali. The Project team together with concerned unions of municipalities and the DGM will recommend an exit strategy that ensures the sustainability of the RTOs after the completion of the Project.

5. Promoting Strategic Basic Services and Local Economic Investments: The Project includes sizable funds allocated for each union to help mitigate the implications of the refugee crisis. However, the approach to be adopted in the design of potential interventions will ensure short and long-term outputs and outcomes.

While the LCRP promote small and medium scale interventions that respond to urgent needs identified within a number of set sectors, the investments under this Project will promote large scale basic services interventions linked and aligned with regional/national plans. For LED interventions, the Project will ensure return on investments.

The Project will initiate a dialogue between municipalities and the private sector and local economic civil entities, such as LEDA, the chamber of industry and commerce, trade unions, market committees, etc. It will also set the grounds to promote public-private partnerships capitalizing on the recently ratified law.

2.3 Expected results

2.3.1 Iraq

Outcome 1: *Subnational authorities have enhanced capacities to engage in holistic, area-based planning and consider different scenarios that respond to the needs of host, refugee and IDP populations.*

Output 1-1: Improved and updated knowledge of vulnerabilities and risks.

Activity 1-1-1: Conduct rapid vulnerability assessment, including mapping of movement of host communities, IDPs and refugees, as well as functionality of infrastructure, by identifying key lapses, local economic dynamics, housing and shelter. (UN-Habitat)

Activity 1-1-2: Collect satellite imagery and triangulated information from local authorities, local researchers and informants, and conduct detailed assessments and mapping of vulnerability and damage on housing, small-scale community infrastructure, and land and property rights based on UN-Habitat's City Profile methodology. (UN-Habitat)

Activity 1-1-3: Identify sectors with potential for employment and local economic development through rapid labour skills assessment targeting Syrian refugees and IDPs, labour market assessment to match with employers' needs, and labour market analysis that is integrated with an area-based value chain analysis. (UNDP)

Output 1-2: Strengthened local capacity to prioritize resilience building interventions.

Activity 1-2-1: Agree with local authorities on housing units and small-scale community infrastructure to be rehabilitated, based on the findings of the needs assessments and the vulnerability assessments. (UN-Habitat)

Activity 1-2-2: Establish an online inter-governmental dialogue and coordination platform in collaboration with the private sector, civil society and other development actors on the basis of the functioning under LADP platform. The platform will map the existing interventions and identify priority areas for future interventions of all stakeholders involved in the process. All actions in the field will be in line with the dynamics of the situation in the country. (UNDP)

Outcome 2: *Service delivery is increasingly responsive, and generates greater social stability outcomes, based on the needs of host, refugee and IDP populations.*

Output 2-1: Improved access of host communities, IDPs and refugees to basic municipal services and social, public, and economic infrastructure.

Activity 2-1-1: Undertake detailed assessments and finalize technical specifications for rehabilitation of small-scale community water, sanitation and hygiene infrastructure in partnership with relevant service providers and obtain approvals from the local authorities. (UN-Habitat)

Activity 2-1-2: Fast-track the procurement of small and medium scale contractors for the implementation of the works through utilizing pre-qualified contractors to submit bids in order to expedite the procurement process. All procurement arrangements will follow the United Nations Procurement Manual (<https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/p m.pdf>). Selected contractors will be required to employ members of the community wherever possible. (UN-Habitat)

Activity 2-1-3: Undertake the rehabilitation of small-scale community water, sanitation and hygiene infrastructure ensuring technical oversight by UN-Habitat technical teams and the engagement of relevant service providers. (UN-Habitat)

Activity 2-1-4: Prepare relevant maintenance manuals and ensure the service provider, such as Directorate of Water, is fully trained and has in place sufficient capacity to operate and maintain the rehabilitated infrastructure prior to handing over the completed works. (UN-Habitat)

Output 2-2: Adequate housing is made available for low-middle income host community, IDPs and vulnerable refugee households.

Activity 2-2-1: Plan and agree with the local authorities and home owners on minimum rehabilitation requirements based on the following needs: structural safety of the home; provision of adequate protection from the elements; gender and cultural considerations; ensuring appropriate water and sanitation connections; ensuring safe electrical connections; ensuring healthy living conditions (e.g. light, ventilation health hazards); provision of adequate indoor space that provides for basic living activities, i.e. minimum of two rooms for sleeping, washing and dressing; taking care of infants, children and the ill or infirm; storage of food, water, household possessions and other key assets. Guidance Note on Defining Adequacy of Shelter, issued by Shelter and Non-Food Item Cluster Iraq, will also be referred to during the discussions on minimum rehabilitation requirements. (UN-Habitat)

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Activity 2-2-2: Select small- and medium-scale contractors for housing through UN-Habitat's fast-track procurement modality, which involves inviting pre-qualified companies (see Activity 2-1-2 above). (UN-Habitat)

Activity 2-2-3: Rehabilitate housing units, employing host communities, IDPs and refugees where possible. Focus of the activity will be on self-rebuilding of the house with the technical support of UN-Habitat staff, and roving teams of skilled labourers to undertake specialist tasks. Where vulnerable households lack family members that can engage in self-help construction, local small-scale contractors will be assigned to construct houses. Incremental housing improvements will also be supported through sequential material packages. Families will rehabilitate their homes with the materials provided and where possible any material they can salvage from their damaged property. In the most vulnerable cases, for example widows, elderly and disabled, additional support will be delivered through the provision of labour.

Activity 2-2-4: Recognize occupancy rights through Social Tenure Domain Model (STDM) or refugees lease agreements. (UN-Habitat)

Activity 2-2-5: Utilizing STDM, provide societal evidence of land rights through local public display of mapping results to appointed local land committees who would act as witnesses/guarantors in front of the community and local authorities. (UN-Habitat)

Outcome 3: Subnational authorities are empowered to facilitate local economic development and have better access to municipal investment that benefits the extension of safe public services and economic opportunities for host, refugee and IDP populations.

Output 3-1: Self-reliance of refugees, IDPs and vulnerable host communities are increased through job creation grant scheme:

Activity 3.1.1: Launch job creation grant scheme to finance intensive jobs generating projects. Launch job creation grant scheme to finance intensive jobs generating projects. Eligible applicants might be any legal entity such as SMEs, NGOs, local authorities and/or other public institutions. The projects need to be labour - intensive and fill in market niche or any other need. The grant scheme will contain separate calls for proposals using different eligibility and selection criteria to allow for inclusion of all areas of the labour market that are in need of work force (meeting market demand at this point in time without excluding sectors that may not be surfacing labour market surveys). In addition, it will increase the level of probability of the short term employment to become long term. The applicants will be able to apply for: (a) Employment Grant to cover the cost of employed staff from the targeted groups on a full-time or part-time basis with the amount payable varying with the required skill level and the related costs. The geographic location of an action also may impact on the amount payable; or (b) Apprenticeship Grant to cover the cost of apprentices, with a special focus on young people who are not enrolled in full-time education or training.

One of the main areas of intervention, that is already identified with high demand of labour, will be waste collection management and recycling, parks maintenance and hospitality, in close cooperation with the Kurdistan Ministry of Municipalities and Tourism and relevant Governorates. For example, the quantities of waste have increased, in line with the number of refugees and IDPs. Capacity of the Kurdistan Ministry of Municipalities and Tourism to

cover the additional quantities has decreased due to lack of financial resources. A one-day campaign titled “Clean KRI” implemented by LADP demonstrated that there is a huge need for collection, separation and recycling of waste in environmentally-friendly way. The Kurdistan Ministry of Municipalities and Tourism is looking for sustainable solution for waste treatment in the KRI with the LADP expert support, an interim measure is needed to fill the gap. The activity will not only create jobs, but will also have impact on health and environment at prevention stage.

The grant scheme will support small business and their start-ups with a special focus on “missing entrepreneurship.” This activity will be packed with coaching and training in entrepreneurship provided by UNDP experts. Creativity and innovation leading to models generating more job opportunities will have priority. The initiative is designed to employ refugees, IDPs and vulnerable host community members and give incentives to local small and medium-sized businesses as well as alternative job creation projects of NGOs and public institutions with the capacity to grow and employ more staff. Furthermore, incentives for employers sustaining employees and apprentices after the life span of the project period will be created. The grant scheme will be gender- and minority-sensitive and will build on the ongoing VET training that are provided by GIZ and all EU success stories in alternative job creation. (UNDP)

2.3.2 Lebanon

Outcome 1: Subnational authorities have enhanced capacities to engage in holistic, area-based planning and consider different scenarios that respond to the needs of host, refugee and IDP populations.

Output 1-1: Efficient & timely municipal work processes to address impact of crisis are strengthened through an enhanced administrative interface.

According to “Act 118/77”, municipalities have to obtain approvals from the Ministry of Interior & Municipalities for all their admin and financial business. This lengthy and bureaucratic process involves occasionally district and governorate levels until it reaches the Directorate General for Municipalities (DGM) based in Beirut and officially known as the “General Directorate of Administrations and Local Councils”. The delays in processing approvals are mainly linked to the lack of capacities, weak coordination and conflicting priorities between local and national levels.

The Project will thoroughly assess the bottlenecks hindering effective municipal performance, and will recommend and implement relevant capacity development activities that will strengthen the local-subnational-national interface. The focus with regards this output of the intervention will be on the administrative and the flow of information and cooperation between different levels of Government that is local, deconcentrated and national. This will involve municipal staff, employees at the level of the Governors’ offices and the DGM. Before proceeding with CD activities and actions to enhance the interface between MoIM and municipalities, a Capacity Assessment will be conducted to analyze aforementioned gaps and challenges, and recommend viable actions.

To ensure better outputs and long-term outcomes, it was agreed with MoIM that the Project team unit will be established and housed in the premises of DGM for the whole duration of

the Project. The day-to-day interaction with DGM employees will help the Project team better understand processes, routines, and challenges, and allow to advise and recommend actions that will facilitate and accelerate work processes between municipalities and DGM.

In addition to skills and capacities, the Project team will examine applied workflows, admin routine, and approval processes, to recommend relevant, effective and advanced computerized solutions at local and national levels.

Activity 1-1-1: Conduct Capacity/Functional Assessment (UNDP)

A multi-purpose, multi-level assessment will be implemented that will thoroughly assess the overall capacity of the DGM, concerned governors' offices and unions of municipalities. It will involve an overview of the current communication protocols/ practices between the unions of municipalities and different levels of government. This will include a review of the mandates and bi-laws of the different administrative levels to identify gaps and overlaps as well as potential synergies and complementarities. This assessment will look at both human and physical capacity, the working environment and the availability of the necessary resources in order to perform the required task. Analysis will also be performed on applied workflows, routines and processes to advise on improved local-regional-national coordination, capacity development needs on administrative levels, and the use of advanced technology solutions. The assessment will be a functional task review with regards the administrative functions of Government at different levels.

Activity 1-1-2: Design and Implement a Capacity Development Strategy (UNDP)

Based on the initial assessment, priorities where capacity development is required will be identified. The expectation is that topics such as communication, mandate, responsibilities etc. will be identified but as already stated an initial assessment will be the precursor to any topic being selected. Once the topics have been identified and agreed upon capacity development packages will be developed then be rolled out. Highly competent expertise will be sought, with regards the development and roll out of the packages, that will link local knowledge with strong technical expertise. It is important to note that these packages will employ a number of mechanisms, including formal training, mentoring and setting of targets that will all be geared towards delivering upon a sustainable change. Given that assessment will include analysis of the working environment and resources available some of the proposed actions required will in all likelihood include investment in equipment and materials such as IT equipment and specific software. This will be of particular importance if as expected a shared platform between municipalities and the DGM to facilitate and speed up the exchange of information and work processes is highlighted as part of the assessment.

Output 1-2 Greater Understanding and awareness by all local actors of their role in managing the impact of the crisis

The arrival of Syrian refugees generated tensions in host communities. The tensions are linked to overall livelihoods and development challenges (e.g. pressures on housing, jobs and local infrastructures); concrete security incidents and human rights violations; but also to perceptions. Intergroup conflicts are still relatively minor issues and mostly manifest in low levels incidents. Instances of violent confrontation are sporadic and localized, usually linked to crimes and offences for which Syrians are being blamed by Lebanese residents¹⁴.

¹⁴ *The Syrian Crisis and its Impact on Lebanon, A Conflict Analysis*, Norwegian Church Aid (2015), p. 5

While the presence of Syrian refugees is increasingly less perceived as a direct security threat to host communities, the protracted nature of the crisis is expected to aggravate negative perceptions.¹⁵ Most recent perception surveys point out to increasing feelings of tension between refugees and host communities.¹⁶ Such increase is related to the fact that Lebanese tended to perceive initially the Syrian refugee presence as temporary.¹⁷ With the Syrian crisis entering its seventh year, the presence of Syrian refugees begins to aggravate tensions over the competition for jobs and livelihoods.¹⁸ The political calendar, such as the forthcoming Parliamentary elections, impacts tensions at local level. A great source of concern in recent surveys is the increased number of respondents seeking to defend their interests and a decrease of those promoting dialogue in most communities. Those figures indicate growing tensions and decreased social stability within the communities, and the increased likelihood this will lead to negative action. This situation could create conditions for people to use more violent or isolating means to “take matters into their own hands”, particularly when considering the high number of respondents who feel powerless to affect change in their communities, and who see themselves as increasingly competing with the refugee population¹⁹

This output will specifically target the local political leadership and community leaders from various sectors, age groups, and women, and provide them with tools and knowledge as to how better manage the impact of the crisis and promote state-society relations. This output will work in close coordination with another separate intervention on Community Security that is implemented in partnership between UNDP and UNHCR.

Activity 1-2-1 Develop Mechanisms for Social Stability (UNDP)

These mechanisms will be developed with the view of targeting elected officials and community leaders representing different sectors with the intent of being to incorporate a conflict prevention lens in any planning process that is taking place. They will build upon on the extensive and learning and knowledge coming from the existing work that UNDP has been rolling out in support of hosting communities in partnership with MOSA and its Social Development Centers. These mechanisms will take on different roles in different locations being very adaptive to the local context with the common objective of reducing tensions and invigorating the role of the municipalities in mitigating conflicts and managing the crisis.

In practice this will be achieved by establishing *Mediation units* (which will be closely linked to the Regional Technical Offices) at the level of each union. The RTO may act as the secretariat for the units, that will include representatives of the union, staff from the SDCs in the specific region, as well as the main NGOs working in the area and any other key actors. The units will be trained on conflict analysis techniques; reflecting on peace practices; conflict prevention and communication skills; etc. MoSA staff previously trained by UNDP and who happen to be from the same targeted union’s boundaries will co-facilitate the training sessions.

¹⁵ “Looking at non-services, it appears that security is becoming less of a concern, while employment remains an issue that people consistently, and increasingly, raise in their stories” – *Impact Evaluation Report, Lebanon Host Communities Project*, AKTIS/UNDP (2016), p. 13

¹⁶ *Impact Evaluation Report, Lebanon Host Communities Project*, AKTIS/UNDP (2016), p. 67. This is the case of the North and the Bekaa that were the focus of the study; but can be said from other regions, such as Mount-Lebanon.

¹⁷ *Citizens’ perceptions of security threats stemming from the Syrian refugee presence in Lebanon*, International Alert (2015), p. 4

¹⁸ *Impact Evaluation Report, Lebanon Host Communities Project*, AKTIS/UNDP (2016), p. 59

¹⁹ *Ibid.*, p. 76

These units will then reach out to municipalities and other key actors within each union's boundaries through a series of meetings and focus groups, to develop regional conflict briefs for their respective areas. Such analysis will be an important local level resource and will inform the local level planning processes and decision makers. Also, the individuals who have been involved in the development of these documents will be an important local level resource who will act as a focal point and inform local decision makers.

Secondly these units will be enabled to support local officials in combatting the problems they face in managing the day to day impact of the crisis. The material and background for such advice will draw from existing data that already exists and have been developed through projects such as the Community Security.

The overall intent here is to twofold

1. To provide an overview of the context in the geographic region from a conflict perspective that feeds into all planning processes at the local level.
2. Advise local leaders on how they mitigate the impact of the crisis

Activity 1-2-2: Facilitate the involvement of the Subnational Government structures in the Syrian Crisis Response coordination mechanism. (UNDP)

There are a multitude of coordination mechanisms that meet at the local level and although the Ministry of Social Affairs (MoSA) participate and indeed chair many of these groups the involvement of Local Government structures remains limited. Response actors tend to coordinate and communicate with Sub National Government structures on a bi lateral basis. This element of the intervention will break down this barrier and ensure the involvement of the local level in the relevant response coordination structures jointly managed by the Government of Lebanon and the UN. At the very least the Social Stability, Livelihoods and WASH working groups will be targeted. To date this has not really happened for two reasons

1. Language, the meetings are held in English which by default excludes many local participants
2. The communication with regards LCRP by Municipalities tends to take place directly between implementing partners and the mayors of specific locations. While in many cases this will still be required there is scope for clusters and unions to be represented at the local level coordination meetings of the Governor's offices in these coordination meetings will also be developed and strengthened.

Output 1-3: Strengthened Municipal Capacity on Raising Revenues and Financial management

Municipal finance in Lebanon depends mainly on funds channeled by the national government, yet on ad hoc basis, through the Independent Municipal Fund (IMF). Municipalities are required to prepare their annual budget, using a fixed template, and submit it to MoIM in October of every year. The requested annual budget is submitted together with the cashflow balance of the current fiscal year, showing expenditures, balances, overspending, and deficits.

Municipalities/union with large annual budgets follow more complicated and lengthy financial regulations and procedures than those with smaller budgets. All their payments are subject to a pre-audit arrangement conducted frequently by a "Financial Controller" assigned by the MoIM.