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The RITE Independent Review - 2022

Findings And Recommendations Regarding
Eu Supported Solid Waste Management Facilities In
Lebanon

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RITE

Reform Initiative for Transparent Economies

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EXECUTIVE SUMMARY

INTRODUCTION

RITE is a UK not-for-profit organisation founded in 2021. Its investigations and reports facilitate a fact-based dialogue between funders and civil society over improving international development funding to Lebanon and beyond. Its findings inform its engagement with funders over what changes they are implementing or could still be making in support of good governance, budgetary responsibility, transparency, and accountability.

RITE's focus on Lebanon is at a time when its government is not providing the most basic public services. Its population and refugee communities are having to endure barely existing electricity, sanitation, and water services, severe pollution and environmental hazards, threadbare educational and health provision, and the collapse of the country's economy and currency. The country's dire situation means that it can ill afford for moneys from international assistance to be squandered, and for projects to remain badly implemented or not carried out.

The international community should also be motivated to pull Lebanon back from its current state of collapse. This is important given that Lebanon is a geopolitically sensitive country in a volatile region on the doorstep of Europe and hosts the largest per capita number of refugees in the world according to the UN. The country's poor management of its waste and environmental problems spills over into the Mediterranean Sea, creating global pollution concerns.

Lebanon's economic problems also mean that it is more reliant than ever on international funding. RITE's findings show that such funding, if administered with the right controls, can play a crucial role in achieving greater project implementation success and the better governance that Lebanon desperately needs. Such measures will also protect funder objectives, budgets, and reputations.

SYNOPSIS

The EU spent at least €30 million on 16 solid waste management facilities (**SWMFs**) that were to be owned and managed by Lebanese municipalities across the country. Implementation was entrusted by the EU to Lebanese government organisation **OMSAR** (Office of the Minister of State for Administrative Reforms). The solid waste sector needed attention as it has been in a permanent state of crises for decades due to poor infrastructure, regulations, and practices. The EU has led the way among international funders in seeking to resolve some of its issues, with grants to the sector of €89 million between 2004 and 2017.

However, none of the 16 facilities have so far sufficiently delivered on their objective of providing locals with improved environmentally friendly waste management. They created the risk of environmental and health hazards, resulted in wastage of funds, and their poor monitoring increased the possibility of fraud. Their problems are shrouded in denials and in an ongoing lack of transparency and public accountability.

The Lebanese context is difficult for international development funding due to the intermesh between politics and business, widespread corruption, and the slow pace of reforms. However, the RITE findings show that most the problems of the facilities could have been addressed through better management by the EU's implementing partner, more rigorous project controls by the EU, and greater transparency and accountability.

A 2019 EU Parliament Resolution on Lebanon has, among other things, “strongly deplored the extremely high level of mismanagement and lack of financial oversight over funds delivered in the past”¹. The state of collapse of Lebanon's infrastructure and the continued challenges facing the EU supported SWMFs suggest that such problems may not have remained in the past. This RITE Report provides the bases for fact-based engagement over how to stop implementation problems persisting in the present and future.

SUMMARY

This RITE Report was necessary because there has been little transparency and no accountability over the failings of the SWMFs. Its findings are constructive because they move away from the sense of inevitability linked to the Lebanese context, emphasising instead systemic changes that the EU and other funders can make to achieve greater control over outcomes.

The EU has distanced itself from responsibility on the basis that it did not own, control or directly manage the construction or operation of the SWMFs, stating that OMSAR provided its support to the SWMFs under commission from the Ministry of the Environment (EU Right of Response to the RITE Report). The EU commissioned an assessment of the ARLA programme under which most facilities were built and equipped. The assessment was completed in 2020 (the **ARLA 2020 Assessment**) but was not made public. It specified much of what went wrong and made recommendations to improve the projects. However, it also found that the EU had no responsibility towards the outcomes, praised their implementing partner OMSAR, did not specifically address misspending, and declared that there was no corruption despite its findings of poor monitoring.

The ARLA 2020 Assessment was made available to RITE after an uncertain and protracted process and after it had already completed its own findings. The RITE independent investigation enabled it to reach very different conclusions to the ARLA 2020 Assessment regarding lines of accountability for poor management, misspending and the risk of corruption. The RITE case studies illustrate the issues more precisely and fact-check the stories of two SWMFs that had attracted media controversy, EU Parliamentary questions, official denials and had remained until now only partially told.

The RITE Report shows that OMSAR and EU responsibility does exist under the implementation agreements. A 2005 EU grant was given to OMSAR as an “independent fund” under the ARLA programme (completed by OMSAR in 2017), with the EU retaining project approval rights². Under follow-up programmes known as SWAM 1 and 2 (2014-2025)³, the EU required OMSAR to increase or upgrade the SWMFs and support the inexperienced and under resourced municipalities in their maintenance and operation. The EU retained control over funds and made its technical support available. The United Nations Development Agency (**UNDP**) got involved by recruiting some of the implementation team members at OMSAR as its employees over a certain period, and by participating in the project's steering committee. This UNDP involvement did not improve project management or outcomes. Neither did the hiring of experts to guide the work of OMSAR that was stipulated by the funding agreements.

The RITE Report shows that implementation by OMSAR suffered from poor management over matters that were within their remit under the EU funding agreements. This includes project planning, design and equipping of the facilities, the bidding and due diligence processes leading to the appointment of contractors, the specifications provided for the redevelopment of some of the facilities, the support role provided to municipalities in the monitoring and enforcement of contracts, and record keeping and sharing. This RITE Report also makes clear that the EU could have used its approval and technical support rights more effectively as well as introduced more controls that would have allowed it to improve outcomes.

A media report regarding a SWMF in Minieh in the north of Lebanon led Ana Gomes, then Member of the European Parliament (**MEP**) to raise concerns with the EU Commission⁴. A letter dated 23 July 2019 from Frederica Mogherini (then High Representative of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission) to the MEP clearly states that there was no corruption⁵. The RITE Report shows why fraud cannot be ruled out without further investigations as poor monitoring has increased the risk of it occurring. In any event, implementation suffered from clear wastage of funds. This not only affects EU taxpayer money. The Lebanese people they intended to help also squandered their government funds on meeting the operational costs of facilities that were defective, under-performing, and adding to health and environmental risks.

RITE took special interest in the Minieh SWMF because it was the trigger for the MEP's concerns. The media report regarding it was met with denials by OMSAR⁶ and the EU. It was therefore important for RITE to check the facts. The most substantive denials were by OMSAR in relation to composting barrels it had commissioned for the facilities. RITE was able to establish that these denials were not well founded. RITE also became interested in another facility in the north, this time in Tripoli known as Al Fayhaa SWMF. This is because it was celebrated as the biggest facility of its kind and the only one operated as a public private partnership (**PPP**). Yet it stopped being fully operational only 6 months after its opening with little public information about why this came to be and what happened since. The two case studies also provide insight into two favoured funding models by the EU of decentralisation and PPP. The RITE Report illustrates why neither can achieve improved outcomes without better project implementation controls.

The focus of this Report on the EU supported SWMFs should not detract from the fact that the EU is not alone in facing implementation problems in Lebanon. RITE values the EU's support for the country and its commitment to accountability. The dysfunctional state of Lebanon's infrastructure indicates that the problems highlighted in this Report are part of broader systemic issues. They are not unique to one funder, project, sector or set of stakeholders. Some of the challenges to international funding in Lebanon relate to the country's known corruption problems and its slow pace of reforms⁷. Factors that have contributed to the country becoming a failed state, causing national and international concerns over the implications of its collapse.

This is why RITE has focused on solutions that give funders more control over implementation and that mitigate the risks of misspending and corruption regardless of government reforms. The RITE fact-based recommendations put the focus on project management measures that can be adapted across sectors and funders.

WHAT THE RITE REPORT ACHIEVES

- Evidencing poor management and misspending in relation to the SWMFs to support remedial actions.
- Showing that corruption was ruled out prematurely by the EU with regards to the SWMFs, with the need for further investigations.
- Detailing contractual lines of responsibility of the EU and its implementing partner following denials of responsibility, as well as highlighting why funders should chose to have greater project controls. Taking responsibility where this is due promotes accountability and improves governance.
- Enhancing transparency over the SWMFs given that there has been little information shared by the EU and its implementing partner despite public concerns.
- Verifying publicly contested accounts regarding two SWMFs in the north of Lebanon that were the subject of EU Parliament questions and media reports and completing their partially told stories.
- Giving insight and guidance on different favoured funding methods such as decentralisation, PPP, delegation to multinational organisations and to local non-governmental partners.
- Providing fact-based analyses of problems and of systemic changes needed to resolve them. Given the challenges to achieving reforms in Lebanon, the focus is on actions that give funders greater control over outcomes. This will help funders fulfil their stated international funding policies, achieve better governance, and protect institutional budgets.

THE RITE INVESTIGATION

RITE reached its findings after a detailed investigation that involved extensive interviews, document analysis and site visits that were focused on establishing the facts around two of the facilities in the north of Lebanon. They serve the unions of municipalities in Minieh and at Al Fayhaa (Tripoli) areas in the north of Lebanon (the **Minieh SWMF** and the **Al Fayhaa SWMF**).

The RITE investigation involved over 16 hours of detailed recorded interviews that include a previous OMSAR minister, the OMSAR Project Manager, local municipal and political leaders, the contractors that built and operated two of the facilities at Minieh and Al Fayhaa, the EU delegation in Lebanon (**EUD**), and UNDP. All interviewees were given the opportunity of a right of reply. The responses of those who took this up are reflected in this Report (often highlighted in bold for additional emphasis)⁸. RITE examined more than 60 documents obtained from open sources and freedom of information requests such as statements, websites, monitoring and assessment reports, EU action plans for implementing their financing decisions, and financing agreements between the EU and OMSAR. RITE has also conducted site visits to the Minieh and Al Fayhaa SWMFs.

One of the key documents obtained by RITE was the ARLA 2020 Assessment. It provides general findings regarding the failings of all the SWMFs without detailing the stories of individual facilities nor focusing on the misspending implications of this. It distanced the EU and OMSAR from responsibility on questionable grounds, and contradicted some of its own key findings around poor monitoring by emphatically concluding that there was no corruption. Its focus on ARLA was too narrow given the impact of the related SWAM programme on the SWMFs. Through its own investigation, RITE was able to fill in a lot of these gaps as well as provide clarifications around contested and previously unknown facts relating to the Minieh and Al Fayhaa SWMFs.

RITE amassed the evidential bases of this report despite encountering significant transparency hurdles during its investigation. Even the ARLA 2020 Assessment had problems accessing information. It states that the EUD did not retain sufficient records regarding the project, describing this as a loss of “institutional memory”.¹ The ARLA 2020 Assessment viewed its work as enabling the EUD to answer “unfair accusations” against the EU regarding the failures of the SWMFs. However, the EU did not then make the ARLA 2020 Assessment public so that the EU position be better understood. It would not release the ARLA 2020 Assessment and other information requested by RITE without a formal freedom of information process⁹, and not all requested information has been made available. Some reports that RITE found in the public domain have since been removed and some websites that it found to have outdated information have been updated. We provide in this Report screen shots or quotes from such documents and websites where necessary.

KEY FINDINGS

This Report details the ways in which the SWMFs failed to deliver on their objective of providing locals with improved waste management and analyses relevant lines of responsibility. It also fact-checks the reasons for the underperformance and premature closures of the Minieh and Al Fayhaa SWMFs and completes their stories. We have summarised some of the RITE key findings below. They are not listed by order of importance, but convey the broad spectrum of failures throughout the stages of implementation:

1. RITE fact-checked whether the ARLA 2020 Assessment was correct in seeking to distance the EU from responsibility. It found that the EU had approval rights over the projects that were selected for funding under ARLA as well as retaining control over funds and providing technical support under SWAM. RITE found that the EU approved projects that proved to be poorly designed, did not provide sufficiently effective technical support to the operation and maintenance of the facilities, and could have achieved better results by assuming greater project controls.
2. RITE fact-checked the ARLA 2020 Assessment praise for OMSAR, crediting it for progressing its learning about the sector and developing it. However, should such a learning curve have been achieved, it was not the objective of the SWMFs project. OMSAR did not competently carry out many of the important responsibilities entrusted to it by the EU under the ARLA and SWAM funding agreements, and that those agreements resourced it to effectively carry out with the help of experts in the field.
3. RITE found that the links between the EU, UNDP and OMSAR may create a systemic challenge to calling out poor management. The closeness emanates from their employment and funding structures. For example, the EU and UNDP have played an important role in building up OMSAR into an organisation tasked with supporting administrative reforms in Lebanon. The EU has provided OMSAR with substantial historic funding to undertake this role while UNDP recruited and directly employed a big proportion of OMSAR staff. This includes the OMSAR SWMFs Project Manager. UNDP Lebanon has itself the remit of enabling development in Lebanon. However, its guidance to

¹ The ARLA 2020 Assessment states at P.43 that “During this evaluation mission, EU archives revealed very deficient, even on financing contract archives. The evaluation team could only mostly count on OMSAR archives containing reports and exchange of letters with EUD.” It also states that “the EUD by fault of not having kept sufficient institutional memory of its involvement in ARLA, nor having had a sufficient monitoring system of its past and present portfolio, could not contradict some wrongly based opinions.”

the Lebanese government on this is in the context of the Lebanese government being an important funder of its operations in Lebanon.

4. RITE established that the design and specifications provided by OMSAR to the building contractors resulted in inadequate equipment and facilities, and that the projects in question were selected with the approval of the EU. This contributed to the low performance of the SWMFs and created the risk of health hazards and nuisance to locals. This included a lack of provision for drainage and treatment of hazardous leachate, many of the facilities did not have biofilters to reduce olfactory pollution, some facilities did not have a hangar to shield waste from the elements, and the equipment that is needed for packaging recyclables or for making the mixed waste processing system more efficient were often not provided.
5. OMSAR, and the EU in its technical support and direct payment roles, had a continued involvement in supporting the operation and maintenance of the Minieh SWMF under the SWAM programme. Yet, RITE found that they did not take any measures to upgrade the Minieh SWMF so to help alleviate its underperformance issues. OMSAR cited lack of sufficient funding for this. However, they also did not seek sufficient contractor investments, appointing contractors to operate the SWMF on an “as is” basis. The contractors did some improvements. However, a more significant upgrade came some 5 years after its start of operations, at the initiative of an NGO with UK Aid funding of \$338,000. This investment was wasted as the Minieh SWMF closed soon after its refurbishment in 2019 and did not reopen. It was not able to continue operating because the dumpsite where it sends its Reject Waste closed due to being over capacity and no replacement dumpsite or landfill were found. The Minieh SWMF itself became a dumping ground after its closure and suffered a fire in 2020. The RITE site visit found all its equipment damaged and burned. The building structures and hangars were charred but still standing. OMSAR and the municipality have accepted the cause of fire to be accidental.
6. Several SWMFs did not open for years following their construction and/or needed immediate upgrade, such as the al Fayhaa SWMF which did not open for three years after it was built. This resulted in wastage to EU funds due to non-use, and to losses on the cost of equipment that eventually became too degraded to be useful.
7. The operator of the Al Fayhaa SWMF claims to have allocated \$3.5 million to its upgrade (\$3 million contractual commitment and an additional \$500k demanded of them after start of operations). If so, this means that they more than doubled the EU initial investment of €1.4 million in the site. This made Al Fayhaa SWMF the biggest facility of its kind, in Lebanon, able to receive 500 tons of waste per day, and the only one operated as a PPP. However, the operations were not improved by this investment. The bid specifications, the choice of operator and weak oversight all played a part in the poor performance of the facility. These were part of the operation and maintenance support responsibilities of OMSAR towards the municipality, with a measure of EU involvement through the technical support they were meant to provide under SWAM.
8. Composting is a very important part of solid waste management as in Lebanon organic waste accounts for over 50% of municipal waste. Therefore, the failures of the facilities in composting are of great consequence. RITE disproves OMSAR’s claims that a third party was responsible for the composting barrels that they commissioned and that were not fit for purpose. RITE found that OMSAR did not reject delivery of the equipment nor seek their replacement or refund even when they had the benefit of a one-year warranty. The poor specifications provided by OMSAR for the composting barrels undermined the important composting objectives of 5 facilities and resulted in wastage of funds on equipment that was discarded by all of them.

9. The initial investment by the EU in the Al Fayhaa SWMF and the technical support that OMSAR and the EU provided for its redevelopment under SWAM as a PPP have been significantly lost after it stopped producing compost and operated sporadically. The Al Fayhaa SWMF operations were first shut by the municipality six months after the start of operations. A new arrangement was then reached between the operator and the municipality with OMSAR's involvement. This allowed for operations to continue for the contractual term of three years (2017-2020) but without doing any of the contractually agreed upon composting. This meant that instead of the contractual requirement not to send more than 35% Reject Waste to the dumpsite, it would send 90% Reject Waste. It was still paid a fee based on waste received at the gate, although at a reduced rate of \$15 per ton instead of \$25 per ton. The facility has been closed ever since and the operator and municipality remain in dispute. OMSAR and the operator have alleged bad faith on behalf of the municipality linked to its support for a competing local business. Claims that RITE was not able to independently verify. RITE was told by OMSAR that the Al Fayhaa SWMF is earmarked for another redevelopment, this time by the municipality and the Council for Reconstruction and Development (CDR) with World Bank funding.
10. The municipalities, as supported by OMSAR and with technical support from the EU from 2014, did not provide sufficient monitoring to ensure the correct fees and deductions are applied to operator payments. SWMF operator fees are based on a rate multiplied by the tonnage of daily waste received at the SWMF (the **Tipping Fee**). Deductions are applied to the Tipping Fee based on the percentage by which the operator missed their performance targets (the **Deductions**). No more than 35% of waste received at the SWMF should be sent to the local landfill/dumpsite (**Reject Waste**), the composting target is 20%, and recovery of materials such as metals, glass and plastics is set at 10%. The Deductions are equal to the percentage shortfall in meeting each of those targets. The Deductions were the principal financial motive for contractor good performance. Without appropriate monitoring financial incentives are lost and overcharging cannot be ruled out.
11. Municipalities have been granted the rights to the compost, which assumes that it would be of value to them or their agriculturalists or even for their landfills should they have any. In practice, no quality requirement was imposed on the compost produced by the SWMF operators. What they made was low grade with no agricultural or commercial value. As most municipalities don't have sanitary landfills, the low-grade compost could not even be useful as part of the landfilling process. Therefore, instead of benefiting, the Lebanese taxpayers were left with the burden of paying SWMF operators to produce a product that had no outlet other than being sent to dumpsites, with the marginal advantage of its size being reduced prior to being disposed of in this way.
12. The bidding processes conducted by OMSAR was not sufficiently rigorous to screen out contractors lacking relevant experience or previously associated with problematic projects. Such contractors, when appointed, impacted the effectiveness of the SWMFs.
13. There is a lack of correlation between the pricing charged by contractors for building and equipping the SWMFs and the capacity of the facilities. OMSAR was also found by the ARLA 2020 Assessment not to have met EU standards of reporting regarding the allocation of costs for equipment. Neither matter was clarified by OMSAR and the EU. Without that, it cannot be asserted that there was no misspending.
14. The operators chosen through the OMSAR bidding process all under-performed. OMSAR had responsibility of supporting the municipalities in monitoring and enforcing their performance and the EU had a role in providing technical support that safeguards outcomes. Yet, all the SWMFs

exceeded the maximum Reject Waste limit of 35%, with the average Reject Waste across the SWMFs estimated by OMSAR to be between 45% and 55%. RITE's findings show that the Reject Waste is likely higher if organic waste and poor-quality compost sent to dumpsites are accounted for. RITE was informed by one municipality leader that Reject Waste sent from the Minieh SWMFs to the local dumpsite could be as much as 85% and the Al Fayhaa SWMF operator confirmed to RITE that after they stopped composting, Reject Waste sent by them to the dumpsite was 90%. This creates a double cost to municipalities, once in payment to the SWMFs and another to the dumpsites, in return for limited advantage in improved waste management.

15. Mixed waste is widely cited by the stakeholders as the reason for the poor quality of compost and recyclables produced at the SWMFs. Waste collection is the remit of municipalities and would benefit from a government masterplan regarding sorting at source and the circular economy. However, very little effort was made by OMSAR to compensate for this through its own planning and sorting at source strategy. In fact, OMSAR told RITE that it considers sorting at source to be out of its remit. The finance agreements drawn by the EU were too vague on this all-important requirement. However, their wording still brings sorting at source and adequate project planning within the remit of OMSAR. The awareness campaign that OMSAR commissioned from an NGO was not supported by practical measures, such as the provision of bins and collection arrangements that segregate waste. The waste was further spoilt through OMSAR procuring or not discouraging use (by municipalities and their contractors) of compactor trucks, making waste sorting at the SWMFs very difficult.
16. The absence of an overarching national plan has been blamed by all stakeholders for project failings. Its negative impact has been cited to range from shortages of dumpsites or landfills which have caused certain SWMFs to cease operations, to the shortcomings in sorting at source which have undermined the compost quality. However, given that the SWMF projects went ahead despite the lack of a national plan, they did not seek to compensate for this with their own initiatives nor did they make the necessary plans to ensure the coherence and sustainability of the funded projects. Also, the lack of a national plan cannot be blamed for the multiple management shortcomings listed in this Report and that were within the control of the implementing parties.
17. The RITE findings show how the interplay between business and political interests in Lebanon can create obstacles that are difficult to surmount. It can lead to situations where certain people are insufficiently monitored or held to account while others are terminated, but not necessarily for all the right reasons. Both situations lead to bad outcomes for the public projects in question. This context requires special measures and was not sufficiently mitigated against.
18. The EU and others among Lebanon's international funders told RITE that they expect wastage of funds as an inevitability, and that this can be as high as half the expenditure on a project. The RITE investigation has shown that most of the problems are in fact largely avoidable, requiring more expert and rigorous project management. The expectation of wastage has itself become part of the problem and funders need to be more exacting about processes and outcomes.
19. The Al Fayhaa SWMF failed and closed despite being structured as a PPP. This shows that alternative project implementation partnerships that Lebanon's funders are exploring all require a similar extent of rigour in management and monitoring. This applies whether projects are implemented with the help of government or non-governmental institutions, NGOs, public private partnerships, local authorities, or multinational organisations.
20. There was and remains a lack of transparency in relation to the SWMFs. This includes the EU and OMSAR making access to documentation difficult or denying access altogether. This is despite the

financing agreements between the EU and OMSAR requiring OMSAR to make information accessible¹⁰ and the ARLA 2020 Assessment recommending to OMSAR greater transparency¹¹. It also runs against the EU's repeated calls for transparency, accountability, and the involvement of civil society organisations in achieving better governance.

21. The Vice President of the EU Commission assured concerned members of the European Parliament in 2019 that there was no corruption in relation to the SWMFs.¹² However, RITE's findings show that the lack of adequate monitoring created a risk of overcharging of the Tipping Fee and/or miscalculations of the applicable Deductions across all the SWMFs. Also, the procurement and pricing of certain facilities and equipment, and contradictory information over the capacity of SWMFs and the rates of pay of contractors require clarification. Only once these matters have been investigated by the EU could it be in a position to say whether or not there was overcharging, fraud or corruption. In any event, there was clear wastage of funds due to mismanagement of the project as detailed in this RITE report.

THE RITE RECOMMENDATIONS

The RITE suggestions would improve funder control over project outcomes through more rigorous project monitoring, more expert planning and project design, greater transparency and accountability, more robust procurement processes, better mitigation against fraud risks and mismanagement problems, and motivating performance through contractual and financial incentives that are backed by diligent monitoring and enforcement.

RITE recommends that international funders improve project implementation processes through the following non exhaustive list of best practice measures. While many of the recommendations may seem to be self-evident management tools, it was nonetheless necessary to include them as part of our recommendations as they were not adequately followed in the implementation of the EU supported SWMFs.

1. IMPROVE CONTROLS OVER PROJECT OUTCOMES

- a. Devise a results-based implementation framework that fits the project objectives. It should include the delineation of roles and responsibilities for each stakeholder and how their progress will be measured and remunerated. It should aim at minimising the possibility of blame being passed on to other stakeholders, encourage collaboration, provide performance incentives, and motivate parties to actively seek solutions that keep them on track to reaching the required outcomes.
- b. Combine the results-based framework with close monitoring of as many aspects of project implementation as possible. This is important in the Lebanese context as it supports funds being used as intended, implementation being competently carried out, parties meeting their obligations, areas of improvements identified and pursued, and targets and objectives being met.
- c. Select the most suitable stakeholders given the aims of the project and establish with them realistic and achievable results for their experience.

- d. Implementing partners should be required to have clear internal performance targets, lines of accountability, and monitor and enforce them. Such internal management lines of reporting should ensure that team members stay on track in terms of the quality and efficiency of their work and remain accountable within a management structure that has the necessary checks and balances.
- e. Provide ongoing technical support to ensure that the programme is implemented effectively, and that stakeholders have the support they need to achieve the results they commit to.
- f. Ensure accountability and transparency for all stakeholders around potential conflicts of interest, monitoring systems and accounting.
- g. Retain control over disbursements and deliver funds in instalments and only after independent verification of the successful implementation of distinct project phases.
- h. Have regular independent expert supervision and monitoring of project implementation and follow up on their findings.

2. MITIGATE AGAINST FRAUD AND POOR MANAGEMENT

- a. Do not allow for payments to contractors to be made without first ensuring that there is rigorous monitoring of data relevant to performance. Whenever possible, introduce digitised processes for data gathering analysis and reporting. This would help mitigate against false reporting and reduce the work intensity of project management and monitoring. For example, this could include management software that provides live data and images linking weighbridge and transport truck information in an automated way to a central management database. Where data is collected by the funder's implementing partner, it should be regularly shared with the funder and checked by them before disbursements are made.
- b. Conduct thorough due diligence on potential implementing parties to ensure they have the right experience, that all their beneficiaries are known and do not have a conflict of interest, and that they have a track record of successful projects and compliance with laws and regulations.
- c. Require implementing parties to have rules and processes aimed at preventing conflicts of interest and that these are actively monitored or questioned as necessary.
- d. Whenever possible, require contractors or implementing partners to take out and provide proof of insurance against fire, theft and criminal damage, and for security measures to be in place to protect premises and equipment. Should such incidents take place, they should be diligently investigated and pursued by the funder and its implementing partners.
- e. Require contractors to provide quality and performance guarantees in relation to equipment and services and implement this requirement diligently.
- f. Put in place robust fraud reporting systems. This could include a trusted whistle blower platform set up by Lebanon's funders. This could be done individually by each funder, or

preferably, jointly with several funders collaborating. Credible leads should be further investigated and acted upon.

- g. Use data and financial management systems and electronic payments that help increase transparency and reduce the risk of fraud and corruption.
- h. Adopt a constructive and collaborative approach to civil society organisations that are working on promoting transparency and accountability.
- i. Use independent third-party monitors and auditors to provide additional financial oversight and ensure compliance with regulations.
- j. Ensure that there is a clear and binding independent process for resolving disputes between staff, partners, and other stakeholders.
- k. Coordinate with other international funders over actions regarding stakeholders that persistently under-perform or deliberately undermine projects.
- l. Use other fraud early detection and exclusion systems as may be developed following the recommendations of organisations such as the European Court of Auditors 2019 Special Report on Action Needed for Fighting Fraud in EU Spending.¹³

3. IMPROVE TRANSPARENCY AND ACCOUNTABILITY

- a. Promote transparency and accountability by directly publishing the full set of documents pertaining to the implementation of funded projects on a webpage dedicated to such information. This must be kept accurate and up to date.
- b. Set up a public online register of interests for public projects. Third parties should have a mechanism for lodging information they have about potential conflicts of interest. Any such credible information will need to be verified and acted upon as necessary.
- c. Be diligent in tackling management issues that increase the risk of corruption such as any monitoring systems that prove vulnerable to abuse.
- d. Publicly report on any findings of corruption and the follow-up actions undertaken to correct them.
- e. Deny repeat business to individuals, businesses, municipalities, organisations, and government departments that demonstrate persistent bad faith or poor performance on other projects. Ideally, this should be part of a coordinated donor response. Considering the profit motive of the targeted parties, this might incentivise a change of behaviour. This can be cautiously lifted should they demonstrate that lessons of the past have been understood and how their performance will differ going forward.
- f. Consider the use of individual sanctions where they are justified.
- g. Communicate clearly with the public over any performance issues as well as any detected fraud and corruption, and the actions taken to address them.

4. IMPROVE PLANNING AND DESIGN

- a. Set and ensure adherence to rigorous and coherent policies, procedures and contractual terms that seek to compensate for the lack of a national masterplan.
- b. Ensure that the programme is designed and implemented with a long-term view, and that sustainability is considered from the outset¹⁴. As part of this, the programme should allow for capacity building among stakeholders as well as the development of parallel initiatives that complement the project. However, unless capacity building is the primary aim of a programme, it should not come at the cost of implementing it effectively. It should however be part of a parallel strand to developing its sustainability.
- c. Integrate user end experience of those the project intends to serve as part of setting the targets for stakeholders and the objectives framework of the project.
- d. Ensure that targets are realistic and achievable in the local contexts and fit the capacities of local actors and supplement them as necessary.
- e. Fully explain the reasons and rationale for any change of policy or direction. This should include objective and verifiable information that considers the impact on all the relevant aspects of the project, acknowledges and justifies any departure from original objectives or approaches, and provides a cost benefit analysis whenever applicable.
- f. Undertake feasibility studies that involve all project requirements such as sorting at source, the correct collection trucks, landfills, energy self-sufficiency, a market for output products, calibrating the quality and quantity of the output to the needs of such a market, resident buy-in to ensure continuity of operations and their financial sustainability through public contributions, and project digitisation.
- g. In previously untested situations, obtain proof of concept through pilot schemes before rolling out projects on a bigger scale.

5. IMPROVE THE PROCUREMENT PROCESS

- a. Retain control over bidding and contracting processes.
- b. Undertake thorough due diligence checks regarding the structure and robustness of joint ventures and any undeclared beneficiaries of companies.
- c. Conduct past-performance assessments for companies and implementing partners as part of the prequalification process for bids. Those with a track record of poor projects should be disqualified from bidding. Choose competent and qualified contractors with a sufficient history of directly relevant and successful projects. Should relevant expertise not be available locally, widen the call for proposals internationally.

- d. The operators of the SWMFs signed up to performance targets that they did not necessarily believe that they can meet, with none of them achieving them. The targets may also not have realistically reflected the limitations of the SWMFs¹⁵. Bidders should, therefore, be required to provide details of how they will deliver on their performance targets. This could include, specifying, what further investments in equipment or improved facilities they think are needed, whether they are prepared to invest in this and suggestions on how systems and processes could be improved to help them meet their targets.
- e. Make sure the commissioning and delivery of facilities and equipment is based on good technical standards that are suitable to the project aims, in line with policy, in accordance with feasibility studies, and sourced from tried and trusted companies that have a proven track record of successful similar projects in the field.
- f. Consider hiring contractors on a design and build basis. Their proposals will need to be expertly assessed for their technical suitability before the best one is approved.

6. MOTIVATE PERFORMANCE AND IMPROVE MONITORING

- a. Specify in contracts the required quality, health and environmental standards. These can be higher than those required by law if that is considered necessary in the project plans.
- b. Include contractual financial incentives that motivate meeting contractual objectives and end-user satisfaction. Making substantial deductions to the fees based on missed targets are crucial in that respect and should always be integral to the payment structure, as well as carefully monitored and enforced.
- c. Rigorously monitor the accuracy of the tipping fees being charged and of the deductions that need to apply to them, with the help of data management technology whenever possible, and enforce the full extent of the applicable penalties.
- d. Regularly monitor and enforce performance standards. This should cover the quantity of incoming waste and of Reject Waste as well as the quality of compost and re-usable materials. This should include a detailed understanding of the destination of recycled and composted products in terms of the buyers, prices, and quantities.
- e. Whenever possible, monitoring should be at the SWMF as well as at the landfill or dumpsite receiving the waste, with a comparison of records. This should ideally be done through a digitised system that automatically records weight data and images at both locations and sends them to a central management system. These systems can potentially track the entire journey of the waste or be more selectively used.
- f. Improve facilities design and operator monitoring so that nuisance issues can be pre-empted or dealt with as soon as they are identified. This will promote the acceptance and sustainability of the SWMFs amongst the public.
- g. Consider additional financial incentives to performance such as the polluter pays principle where SWMF operators are responsible for taking corrective action and paying for it in the event of creating environmental and health hazards.

- h. Put in place a conflict resolution process presided over by a trusted third-party specialist, preferably based outside Lebanon, and whose decision is binding upon the parties.
- i. Terminate contracts where breaches are persistently not corrected.

ALIGNMENTS BETWEEN RITE'S WORK AND INTERNATIONAL FUNDER CONCERNS

The RITE report supports the international approach towards Lebanon, such as the EU policies highlighted below, and that are also shared by others among Lebanon's international funders¹⁶.

The importance of helping Lebanon achieve greater stability and prosperity is recognised by the EU. As part of its initiatives towards neighbouring Mediterranean countries, it has adopted a policy decision that paves the way for Lebanon to join the European Economic Area, should it implement necessary reforms¹⁷. The European Parliament described Lebanon in 2021 as "a close and important partner of the European Union, a partnership that is based on common interests, long-standing historical and cultural ties, regular political and social dialogue and wide-ranging people-to-people contacts"¹⁸.

Given that this report is concerned with EU funded projects, we have focused on how RITE's work supports European Parliament Resolutions¹⁹, and Council Decisions on Lebanon as well as European Court of Auditor concerns over the EU maintaining tighter controls over risks of fraud. In particular:

- 1) RITE's work supports the European Parliament's 2021 joint motion for a resolution on the situation in Lebanon²⁰ as follows: (i) RITE's independent monitoring of the implementation of EU funded projects in Lebanon answers the EU Parliament's call "for robust monitoring of EU aid to ensure that it is transferred directly to those in need" and its insistence "on the need to include local civil society organisations in the design, planning, coordination, implementation and evaluation of aid programmes for Lebanon"; (ii) RITE's findings offer guidance and recommendations that will help the EU "counter the accelerating breakdown of public administration and basic services"; (iii) RITE provides a detailed assessment in this report of mismanagement and consequent misspending. It also identifies lines of responsibility for failings. This will help the EU Parliament to practically implement its statement that it "strongly deplores the extremely high level of mismanagement and lack of financial oversight over funds delivered in the past".
- 2) Several of the RITE Recommendations support the suggestions of The European Court of Auditors 2019 Special Report on Action Needed for Fighting Fraud in EU Spending²¹. They also support the work of the European Commission in fighting fraud as set out in the "Commission Anti-Fraud Strategy: enhanced action to protect the EU budget" and the working document setting out the Commission staff fraud risk assessments.²²
- 3) The RITE investigation points to facts that indicate possible corruption, but where further investigations by the EU are required to determine if this is the case. Pursuing such an investigation would help fulfil the EU Parliament's repeated calls for EU action against corruption including its statement that "all EU Member States, without exception, fully cooperate with and strengthen the EU's new targeted sanctions against corrupt leaders and those responsible for undermining democracy and the rule of law and their affiliates in Lebanon."

- 4) The RITE investigation supports the European Council Decision of 30 July 2021, renewed in July 2022, establishing a framework for targeted sanctions against persons and entities responsible for undermining democracy or the rule of law in Lebanon²³.

THE EU'S INITIAL RESPONSE

RITE has provided the EUD with a draft of this Report for their response. We have included the EUD comments verbatim in italics below. RITE does not provide a point-by-point response but considers that this Report already addresses many of the comments they raise. However, we have made some changes, mostly to the summary, to clarify some matters. We have also indicated in square brackets against some of the EUD comments relevant changes or references. RITE continues to engage with the EUD over the changes they have made in relation to this project and others in Lebanon, and what impact this is having on outcomes.

The EUD Response to the RITE Report was as follows:

On the methodology:

- *A general background of the complexity of the solid waste sector in Lebanon from its different angles is missing from the report. Understanding the challenges related to the sector's poor regulatory frameworks in the 2000s, the weak governmental capacity to conduct institutional reforms, the non-existence of solid waste treatment practices (during the 90s) and many other contextual information are critical to contextualise the information provided in the report. The report dives directly into critical remarks without a proper scene setting*
- *Most of your report revolves around the so-called "EU 2020 report", which we assume is the evaluation report produced by the consulting company LDK. I would like to clarify that the report was the result of an independent evaluation commissioned by the EU Delegation to the consulting firm LDK to take stock of the initiatives implemented in the solid waste sector until that moment, and to inform the future strategy in the sector. It is therefore incorrect to refer to it as "EU report" since it does not represent the official position of the EU. [RITE has since changed the shorthand, referring to the report as the ARLA 2020 Assessment].*
- *Your report misses an explanation of the different EU aid implementation modalities – in our case, the EU entrusted OMSAR as an implementing entity through an indirect management modality. This implementation modality is commonly used by the EU and other international donors. When it comes to the EU, this specific modality entails specific rules in terms of procurement and supervision, which were all respected at the time.*
- *The report does not explain the choice of case studies, nor does it explain the choice of the EU as focus donor. The specific projects being analysed were implemented over a decade ago (i.e. during the very initial phase of our assistance in the sector), and were already the focus of criticisms in the past. These are 2 out of 17 facilities built with EU financial assistance. The chosen sample cannot be considered representative of EU assistance. The approach chosen using this sample would seem to contradict RITE's stated objective to provide relevant and constructive recommendations for the future.*

- *The report does not make reference to the fact that the implementation of international development cooperation programmes is often too short for accompanying behavioural changes in local systems.*

On the findings:

- *The report does not acknowledge the fact that, as mentioned above, in 2018 the EU Delegation commissioned an independent evaluator to investigate and identify problems and deficiencies of the EU funded assistance in the solid waste sector in Lebanon, and to provide lessons learned for the sector as a whole. As part of this evaluation, due diligence of all EU supported waste management facilities was performed. The external evaluation lasted 24 month, and LDK based their analysis on an extensive combination of documentation review, interviews, focus group discussions, theory of change workshops, case studies and benchmark cases. The recommendations of LDK's evaluation revolve around 7 themes, as follows:*
 1. *Strengthening and creating accountability mechanisms*
 2. *Enhancing sector coordination and policy coherence,*
 3. *Building better business models,*
 4. *Enhancing municipalities/Union of Municipalities abilities via debt relief and financing prioritisation,*
 5. *Promoting financial sustainability through fiscal decentralisation,*
 6. *Enhancing facility operation through technical and contractual measures,*
 7. *Targeting more resilient waste management schemes.*

Several findings and recommendations of your report were already part of LDK's evaluation, and have already been adopted by the EU.

- *The report underestimates the government's prolonged inability to cope with and react to the required developments and reforms in the sector, especially at the technical, cost recovery and monitoring levels. This is instead a very significant factor in determining the success of infrastructural projects. Until today, the Government of Lebanon has not yet endorsed a cost-recovery law that promotes the "polluter pays principle" in line with international best practice.*
- *The report repeatedly argues that the EU has not properly monitored, or ensured the operations of, the solid waste facilities after their construction. Please note that all these facilities are owned by the relevant Municipalities or Unions of Municipalities. The EU never had a mandate of owning, controlling, or directly managing the construction or operation of the facilities. OMSAR had been mandated by the Ministry of Environment to supervise them, and until 2021, had also secured the necessary funds to cover their operations and maintenance. [See The "Fact-Checking EU Responsibilities" section of this Report]*
- *Several statements/findings are not supported by solid evidence and do not spur from an in-depth analysis; they are rather supported by vague and at times incorrect background information and statements. E.g. "*

[No examples were provided by the EUD.]

- *The report's overall tone and choice of titles are rather negative as compared to its actual findings and supporting evidence.*

All of the above results in a strongly positioned report whose methodology and background analysis are, instead, relatively weak. This wedge between analysis and conclusions affects the report's credibility and soundness.

We would be grateful if you could integrate our remarks in the document.

BASIC FACTS

EU SUPPORT FOR LEBANON'S SOLID WASTE SECTOR AND FOR LOCAL AUTHORITIES

The EU is the main contributor to the solid waste management sector in Lebanon²⁴. Its investment in the 16 SWMFs under review is part of a wider spend by the EU on the sector in Lebanon of €89 million (2004-2017)^{25 26}. It is also part of the EU's support of municipalities and its decentralisation approach that it regards to conducive to greater accountability. EU projects in support of local authorities in Lebanon totalled €142 million between 2007 and 2016²⁷.

The EU investment in the 16 SWMFs under review is €30-50 million. The lower figure relates to the latest known disbursements²⁸ and the higher figure references the budgets set out in the finance agreements²⁹. In addition, the Lebanese government has allocated \$50 million to meeting the fees of the SWMF operators³⁰. There was a very significant loss of value to the Lebanese currency against the US dollar in October 2019 that continued to deteriorate, reaching a low of 90% loss of value at the time of writing this report. Therefore, the value of the balance of the Lebanese government investment, expressed on the OMSAR website as \$50 million, would have significantly reduced since 2019 should they be seeking to make the payments in the Lebanese currency and based on official exchange rates.

The EU provided OMSAR with €10.2 million for municipal solid waste projects under the ARLA programme under which most of the SWMFs were built. This was later increased to €14.2 million.³¹ The EU completed the funding of the project in 2005, and OMSAR closed the programme in 2017³². The successor SWAM programmes were also implemented in partnership with OMSAR. SWAM relates to building and equipping new facilities and supporting the operation and maintenance of existing and new ones. **SWAM 1**³³ (start year 2014) had a budget of €14 million and **SWAM 2**³⁴ (start year 2015) a budget of €21 million. However, the EU expenditure under SWAM 2 was subsequently curtailed to €4.2 million³⁵. The EU's stated total expenditure on the SWMFs as at July 2019 was €30 million³⁶. However, further expenditure is possible given that the SWAM programme remains ongoing and has been extended in a 2022 Addendum until 2025.

The EU intervention in the solid waste sector in Lebanon is needed³⁷, with the country in a continual state of crisis over waste management³⁸. However, it has been a controversial involvement for the EU. The ARLA 2020 Assessment counts 30 articles published since 2015, "21 expressing negative opinion over the results of EU support to SWMFs," mainly relating to "compost like output-related nuisance or inefficiency of facility operations", and expressing concerns over "lack of positive results, corruption and turning a blind eye, disregard for the health of citizens and for the environment, delays and cancelled projects, and criticism from NGOs."³⁹

BUILDING AND EQUIPPING THE SWMFs

One of the first steps in the implementation of ARLA was a call for proposals from OMSAR to the municipalities⁴⁰ that resulted in eleven SWMFs being selected, built, and equipped⁴¹.

The ARLA Financing Agreement of 2005 specifies that the proposals should be appraised by OMSAR with the help of a committee of experts whose members should be approved by the EU. The selected projects are also to be approved by the EU. A summary of OMSAR's duties under the programme is provided in the 'Fact-Checking OMSAR' Responsibilities' section of this Report.

The committee of experts is to support OMSAR's work throughout the bidding processes for the building and equipping the SWMFs. In addition, OMSAR and the committee of experts were required to provide technical specifications, the terms for building and equipping the SWMFs, precedent contracts, monitoring the progress of the delivery of the SWMFs and equipment, and providing a final certification that the work was delivered in accordance with the specifications required from the contractors.

The agreements with the contractors that built and equipped the SWMFs were signed between the municipality and the contractors. However, the terms of the contracts were negotiated by OMSAR, and OMSAR was in charge of verifying delivery and making payments.

The EUD was across project implementation as OMSAR provided it with progress reports every 6 months and invoices during the construction and equipment of the SWMFs.⁴²

THE OPERATION OF THE SWMFs

Under the EU funded SWAM 1 and 2 Programmes (2014-2025)⁴³, OMSAR is to support the operation and maintenance (**O&M**) capacities of the SWMFs and manage the procurement of contractors and equipment for their operation. This is in relation to new SWMFs being built or upgraded under SWAM, as well as for the eleven existing SWMFs under ARLA.⁴⁴

OMSAR's tasks include procurement for operator and equipment contracts and the enforcement of their terms. The programme is implemented by way of indirect management by the EU. This means that OMSAR is the contracting authority for the procurement and grant procedures, while the EU executes payments. Dedicated long term technical assistance is also provided by the EU, to directly support implementation and to secure the sustainability of the project. A Steering Committee for the programme is required to meet at least once a year and includes the EU as an observer.⁴⁵

THE WASTE MANAGEMENT PROCESS, TARGETS AND FEES

One of the important functions of SWMFs is that they reduce the amount of waste that ends up at dumpsites and landfills. The ways in which they do this can include reusing and recycling materials such as metals and plastics, and by composting. Composting makes a big difference to the volume of waste reduction as organic waste accounts for 50 to 52% of municipal waste in Lebanon⁴⁶. What remains after sorting and composting has been completed is known as Reject Waste and this can be sent by the SWMFs to dumpsites and landfills (as available).

The collection of waste is carried out either by the municipality (as with the Minieh SWMF) or by a private contractor of the municipality (as with Al Fayhaa SWMF). At the SWMF, the waste truck is weighed at a weighbridge on the ways in and out. The weight difference of the full and empty truck determines the Tipping Fee of the SWMF operator, paid at a contractually agreed per ton rate multiplied by the daily number of tons of waste received. This is a standard practice in the industry.

The operators of the SWMFs are required to sort mixed municipal waste. The contractual targets set by OMSAR are that the SWMF should produce from the waste they receive 10% reusable materials that they can then re-sell and make additional income from, 20% compost that will be the property of the municipality. What remains should be no more than 35% of waste received at the facility, and the SWMF operators should deliver this Reject Waste to the local dumpsite or landfill. The weight of treated and reject waste leaving the SWMF should be determined on the weighbridge at the SWMF. In addition, the dumpsite receiving the Reject Waste also weighs it and charges the municipality a Tipping Fee for receiving it.

Deductions are applied to the Tipping Fee commensurate with how much the SWMF operator fell short of their targets. The OMSAR project Manager told RITE that the deductions from the total invoice would be equivalent to the percentage shortfall from the contractual targets.⁴⁷ For example, sending 40% Reject Waste to dumpsites would result in a 5% deduction. In addition, should 5% rather than the target 10% of materials be treated, a further 5% deduction should be applied to the SWMF operator invoice.

The all-important weighbridge, which provides the data for determining whether targets were met and what fees apply, is monitored by an employee of the municipality, with spot checks carried out by OMSAR two or three times per week.⁴⁸



1. The Weighbridge at the Al Fayhaa SWMF. Picture by RITE taken during site visit in August 2022.

WHAT BUDGETS ARE AT STAKE?

The financial relationship between the EU, their implementing partner OMSAR, the municipalities, and the Lebanese government intersect at several points in relation to the SWMFs.

The EU has invested at least €30 million in the SWMFs under ARLA and SWAM, while the Lebanese government agreed to fund the operation of the SWMFs by providing \$50 million⁴⁹ or their Lebanese Lira equivalent. A UNDP Waste Management Expert told RiTE that the Lebanese Government agreed to this based on OMSAR's view that the SWMFs can eventually become financially self-sufficient⁵⁰ and that the Lebanese government payments for their operation will pave the way to further funding by the EU. Municipalities normally pay for waste management from a Lebanese government municipal fund that is widely reported to be insufficient and to suffer from long payment delays.

In the case of the SWMFs operations, the payment of fees involves a long chain of payment approvals described in the ARLA 2020 Assessment as over-lengthy and resulting in payment delays. It is as follows, with OMSAR an important part of the chain⁵¹:



The responsibilities of OMSAR and the EU - in the planning, design, commissioning, building, appointment of contractors, and support to the operation and maintenance of the SWMFs- had an important bearing on the performance of the SWMFs. Poor management of these aspects of the project could cause wastage of stretched Lebanese government or municipal funds spent on operating the SWMFs as well as of the EU's own budget. The substantial additional cost to Lebanon of operating the SWMFs can only be justified if they meet their objectives.

If the operators were meeting their contractual targets, this would reduce the waste disposed of in dumpsites by 65% in the collection area of the SWMFs⁵². There are also economic uplifts to success that could make the expense more sustainable. Should high grade compost be produced, it could be used as much needed fertiliser, and the recyclables could contribute to a green circular economy. On the other hand, mismanaged SWMFs would not significantly alleviate pressure on dumpsites and landfills and could create additional health and environmental concerns. This is while significantly adding to the waste management cost burden for the government or municipalities.

CASE STUDIES: TIMELINES RELATING TO MINIEH AND AL FAYHAA SWMFs

The Minieh and Al Fayhaa SWMFs exemplify the ways in which the SWMFs failed to deliver on their objectives. The chronology of events, summarised below, is made public for the first time. Their stories will be picked up again in a greater detail in a more thematic way throughout this report.

CASE STUDY 1: THE MINIEH SWMF

Work started on the Minieh SWMF in March 2009 and its final completion was in March 2013⁵³ at a cost to the EU of €1,364,000.⁵⁴ The Building Contractor that won the bid was an experienced builder. However, they had no prior experience in relation to SWMFs.

After construction, the Minieh SWMF First Operator was appointed in 2013 on a three-year contract⁵⁵. Their previous SWMF work included sites awarded to them at Hbaline, Byblos in 2011 and in Zahle in 2012. Both had reportedly run into problems around the time of their appointment at the Minieh SWMF, although there was no litigation at the time.

Contractually, the operators were bound to send no more than 35% of their waste to the Dumpsite, produce 20% compost and treat 10% recyclables. The municipality was unhappy with the performance of the SWMF. The President of the Municipality primarily blamed the lack of sorting at source for the performance problems. A claim that is echoed by others, and that we consider in detail in this Report.

The municipality sought, in 2014, third party recommendations for improvements. The ensuing report, seen by RITE, included a recommendation that the municipality obtains a replacement or refund for the composting barrels supplied by the Building Contractor.

OMSAR shared the view that the composting barrels were not fit for purpose. They were paid for through EU funding and were based on OMSAR specifications. However, OMSAR did not accept that their specifications were at fault and told RITE that the Building Contractor and the operators of the SWMFs were not at fault either. Instead, OMSAR blamed a third party whose SWMF had provided the inspiration for the municipality wanting to use barrel technology for composting (and who also happens to be the author of the recommendations for improvement requested by the municipality). However, barrel technology varies in specifications, and the third party's barrel designs were never licensed to the SWMFs and were very different from what OMSAR commissioned.

In 2014, OMSAR's involvement with the SWMFs extended beyond building and equipping them, to supporting their operation and maintenance under the SWAM Programmes. The EU involvement also shifted from project approvals to directly making payments and potentially providing technical support.

During that period, the Minieh SWMF became non-operational for at least nine months after the contract of its First Operator came to an end on 31 Aug 2015. The Second Minieh SWMF Operator started work on 1 March 2016 on a three-year contract. An opening ceremony was held on 11 July 2016 attended by the OMSAR Minister and the EUD Ambassador⁵⁶. The Projects Director of the Second Operator of the Minieh SWMF told RITE that they were not involved in the opening ceremony despite it taking place after they were appointed⁵⁷.

The Second Operator of the Minieh SWMF was a major recipient of public contracts from the Lebanese government.⁵⁸ Later, the company's owner was placed on the US Sanctions list in October 2021.⁵⁹ Their performance at the Minieh SWMF was criticised in an EU/OMSAR Report from 2018⁶⁰. **In their Right of Reply, the Second Operator of the Minieh SWMF stated that the company and its previous owner (the person who is now under US sanctions) do not accept any allegations against them that resulted in personal sanctions nor any breaches of contract regarding the Minieh SWMF.**

On 1 April 2018, an NGO started a one-year upgrade of the Minieh SWMF under the UK Aid Intaj 3 Programme at a cost of \$338,000. The Upgrade was completed on 31 March 2019⁶¹. The Minieh Union of Municipalities President told RITE that he was happy with the upgrade⁶².

The contract of the Second Operator of the Minieh SWMF expired on 1 March 2019 and was extended at the request of OMSAR until 18 May 2019 to give them more time to replace the operator². It was therefore continuous during the year-long upgrade of the SWMF by an NGO that started on 1 April 2018. The upgrade included the construction of a hangar over the area where

² Second Operator of the Minieh SWMF Right of Reply.

composting takes place and creating drainage so that harmful leachate does not pool⁶³. Nonetheless, **the Second Operator of the SWMF told RITE in their right of reply that they did not suspend operations during that year and invoices were submitted for that period.**

The impact of the upgrade of the Minieh SWMF was never tested⁶⁴. This is because soon after, in April 2019, the Aadwe dumpsite closed due to protests over it being overcapacity and unsanitary⁶⁵. The closure of the Aadwe dumpsite left the Minieh SWMF with nowhere to send its Reject Waste and led to it closing too. Waste started accumulating at the SWMF⁶⁶. This happened within the last two months of the term of the Second Operator of the Minieh SWMF (as extended).

Around the same time, the Minieh SWMF attracted negative publicity following the publication of an article by British journalist Martin Jay in May 2019.³ The article resulted in Members of the European Parliament raising their concerns with the European Commission over the EU supported SWMFs. The EU Commission promised to assess the situation and said that the ARLA 2020 Assessment has been commissioned⁴

A third operator was appointed in 2019 to run the Minieh SWMF. This is despite the same operator being closed by the Al Fayhaa municipality for alleged breaches of contract in running their SWMF. The third operator never carried out any operations at the Minieh SWMF since their contract was conditional on the municipality finding an alternative dumpsite to Aadwe, which they were not able to do.

RITE visited the Minieh SWMF in August 2022 and found it closed and damaged by fire, with the composting barrels still discarded on its premises⁶⁷.

CASE STUDY 2: THE AL FAYHAA SWMF

Work started on the Al Fayhaa SWMF on 23 January 2010. The construction was awarded to the same Building Contractor that was hired a year earlier to build and equip the Minieh SWMF.⁶⁸ Their final delivery of the Al Fayhaa SWMF was on 25 June 2014⁶⁹ and cost the EU €1.4 million⁷⁰. However, the Al Fayhaa SWMF did not open for three years, until 2017, and required redevelopment. By that time, its original equipment had deteriorated and become of limited to no use⁷¹.

OMSAR, under the SWAM Programme, called for bids for the operation of the Al Fayhaa SWMF. This was awarded to a joint venture company set up between an experienced French company and a Lebanese company with limited experience. However, at the start of operations, the Lebanese company declared that the joint venture had been dissolved, and that they were the only operator of the SWMF.

The Al Fayhaa SWMF opened in June 2017 after its operator made a \$3 million investment in its Upgrade (with a further \$500k soon after). It was hailed by OMSAR and the EU as the only SWMF that was run as a Public Private Partnership (PPP) in the country and for having the highest capacity to treat waste nationwide, at 500 tons per day. It also planned to produce refuse derived fuel (RDF).⁷²

³ <https://intpolicydigest.org/growing-link-between-lebanon-s-cancer-surge-and-eu-abetted-corruption/>

⁴ <https://www.trtworld.com/magazine/exclusive-mogherini-under-fire-over-stink-in-lebanon-from-eu-cash-33136>

However, the Al Fayhaa SWMF was only fully operational for about 6 months. An arrangement was then reached whereby operations continued for the contractual term of three years (2017-2020), with invoicing for at least two of those years, despite the facility ceasing to do composting and its performance being significantly below contractually agreed levels⁷³. It stopped composting altogether and sent 90% Reject Waste to the dump site instead of the contractual 35% upper limit.⁷⁴

The Al Fayhaa SWMF Operator and OMSAR blame competing financial interests as the primary reason for the municipality seeking to close operations⁷⁵. However, there were also severe shortcomings and breaches of contract by the operator of the Al Fayhaa SWMF.

During RITE's visit to the Al Fayhaa SWMF in August 2022 the site was locked up and derelict. Its equipment had been removed or was damaged and discarded.

MISSPENDING AND THE RISK OF FRAUD

The risk of the EU being associated with mismanagement and misspending in Lebanon has come true in the case of the SWMFs. The ARLA 2020 Assessment confirms this, stating that the "reputational risk materialised in the eyes of the wider public and in the eyes of European institutions in Brussels."

The ARLA 2020 Assessment asserts that there was no corruption in the implementation of the SWMFs programme under ARLA and praised OMSAR for managing to avoid it in the difficult Lebanese environment⁷⁶. The ARLA 2020 Assessment's early findings led the Vice President of the EU Commission at the time to write to a concerned MEP on 23 July 2019 stating that "the initial conclusions show no evidence of corruption"⁷⁷. However, the RITE analysis shows that such corruption is not possible to rule out because:

- 1) There was poor financial reporting by OMSAR. The ARLA 2020 Assessment found that "progress reports and financial reports have been found but their structure does not allow for any cost-effectiveness analysis", and that "the financial reporting had insufficient granularity to allow for understanding the expenditure breakdown per nature of costs, or per type of results." It found this to be "not compliant to the EU reporting standards and should have been much more traceable."
- 2) There was poor monitoring of the weight of waste going in and out of the SWMFs. This is necessary to determining the Tipping Fee and Deductions. This is primarily the responsibility of the municipalities. However, OMSAR and the EU were meant to provide the necessary support to allow the municipalities to undertake this (as provided under the terms of the EU's SWAM finance agreement). As detailed in this Report, this was not adequately provided and created a risk of any overcharging by the operators remaining undetected. It also jeopardised the objectives of the SWMFs by undermining the financial incentive to performance.
- 3) The RITE findings show instances where the calculation of Reject Waste by OMSAR did not consider organic waste sent to dumpsites, whether treated or untreated. This is inconsistent with the contractual agreement with the operators of the SWMFs and could have resulted in their overpayment. It also undermines the objectives of the EU in creating and supporting

the operation of the SWMFs as it removes the performance incentives of the SWMF operators.

- 4) Poor management and consequent misspending can be found at each stage of project implementation. It involves duties that OMSAR was funded by the EU to undertake, and over which the EU had retained a level of supervision or provided direct payment and technical support. The thin line between mismanagement and corruption often lies in the hard to establish questions of intent. This makes it difficult to rule out the possibility of corruption, especially considering the prevalent lack of accountability and transparency as detailed in this report. Even if corruption is ruled out, the extent of mismanagement and misspending is serious enough in its own right.

POOR MONITORING OF PERFORMANCE AND FEES

The financial incentive to good performance by the SWMF operators lies in the Deductions that apply to the Tipping Fee. However, without proper monitoring and accurate verifiable logs, there is no way of knowing whether the contractors were charging the correct Tipping Fee nor of applying the correct Deductions. Such monitoring was not adequately carried out:

The Previous OMSAR Minister told RITE that it was up to the municipalities to determine the Tipping Fee and Deductions as they were responsible for the daily manning of the weighbridge. OMSAR only carried out spot checks in relation to that process. The first operator of the Minieh SWMF and the Operator of the Al Fayhaa SWMF both told RITE⁷⁸ that OMSAR were doing spot checks but that this was not enough to compensate for a lack of experience by the municipality.

The ARLA 2020 Assessment confirms that there was poor monitoring, stating that “Private operators are not the only stakeholders responsible for underperformance since the whole monitoring and accountability mechanism of the operation is not robust enough. Monitoring is focused mainly on inflows and outflows based on **self-declared data** (emphasis added) with a lack of control along the value chain by all stakeholders involved, **including by donors having funded the SWMFs** (emphasis added).”⁵

OMSAR stated that, over the years of operation of the Minieh SWMF, “experts from the waste management team of OMSAR have conducted field inspection visits to monitor operations and ensure compliance with the environmental and technical standards set out in the terms of reference of the contracts in question. All inspection visits were accompanied by reports sent periodically to the union and then to the contractor to take action to improve their operations.”⁷⁹

RITE has requested, but has not been able to obtain, monitoring reports pertaining to the SWMFs from either OMSAR nor the EU. We, therefore, had to rely on the ARLA 2020 Assessment’s account of the level of monitoring exercised on the project. According to the ARLA 2020 Assessment, “regular

⁵ The Second Operator of the Minieh SWMF, in their Right of Reply, told RITE that “The [RITE] report appears to suggest that these penalties were not assessed, but this is unfortunately not correct. We do not know from where RITE might have received such terribly wrong information, but we suggest strongly that RITE correct these misstatements as they will undermine the credibility of the report if left unaddressed.”

monitoring was delegated to OMSAR by the EU. It is a critical aspect of OMSAR's duties to undertake diligently and accurately and to follow up on the results". The ARLA 2020 Assessment found that:

- "The level of existing electronic documentary information from OMSAR or available from the EU Delegation was "very low".
- "qualitative assessments of recovered recyclables were not available".
- "While regular progress reporting does exist on ARLA's activities, no synthetic results reporting has been done over the whole programme duration. There was no initial log frame, neither key aggregable indicators collected at the time".
- It was "impossible to have a reliable and accurate value to answer the question of diversion rate from landfilling, of recovery of recyclable and compost outputs marketed or of cost recovery numbers." This is because "all monitoring systems are very weak, whether from OMSAR, the Ministry of Environment, the municipalities, or the SWMF operators."
- "There are "no contractual monitoring and control mechanisms in place for product quality."

The RITE analysis of the implications of these monitoring failures include:

- OMSAR will not be able to verify if contractors have met their contractual obligations, and therefore, check that the SWMFs are functioning properly and meeting contractually agreed targets in terms of diverting waste from dumpsites.
- OMSAR will not be in a position to apply the all-important financial incentives that were contractually imposed on contractors. This is because it cannot verify the applicability or level of penalties based on contractual under-performance.
- The risks of overcharging and fraud are increased and cannot be ruled out without further investigations.
- Environmental hazards could be missed, jeopardising the health of the public.
- In the words of the ARLA 2020 Assessment, it is "not possible to develop a financial sustainability strategy based on output, selling, and cost recovery."

OMSAR was tasked under the SWAM programme with supporting the municipalities in the operation and maintenance of the SWMFs. The lack of rigour from OMSAR in carrying this out may have resulted in misspending of Lebanese funds in operating the SWMFs. It is also a misspending of the EU investment in providing SWMFs that contribute to an improved waste management service for residents.

The EU also has the power under SWAM to exert greater control over project implementation through the technical support that it provides. It does not seem to have done this sufficiently to prevent mismanagement and possible misspending of its own funds or those of the Lebanese government.

UNRELIABLE INFORMATION FOR DETERMINING DEDUCTIONS

The Previous OMSAR Minister was in charge of approval of operator invoices on behalf of OMSAR⁸⁰. He told RITE that he was regularly contacted by SWMF operators complaining about the Deductions. However, he also said that he was not clear on how it was possible for the municipality and OMSAR to determine the performance levels and therefore the applicable deductions. He thought that the weighbridge system was not a sufficient indicator in relation to the treated output of the SWMF. When he asked his team about this, he would be told of their observations during site visits, such as plastics lying around untreated or organic materials remaining not composted.

The OMSAR Project Manager told RITE that all SWMFs missed their upper target of sending no more than 35% of Reject Waste to dumpsites/landfills. He said, on average, 45% to 55% of waste was being sent to landfills or dumpsites across the different SWMFs.

However, failings in monitoring cast doubt on whether the Deductions that were applied adequately reflected the under-performance of the SWMF operators. The ARLA 2020 Assessment states that “the monitoring modalities are not well defined, as well as the checking and auditing of the quantities upon which the invoicing is based...the specific results that the facility should attain are described in vague terms and the penalties in case of non-compliance can be circumvented easily by pleading responsibility of other parties. This is the case with most of the contracts.”

UNRELIABLE INFORMATION FOR DETERMINING CAPACITY AND RATES

The processing capacity of the SWMF effectively caps the Tipping Fee receivable by the operators of the SWMFs. The Previous OMSAR Minister told RITE that the Tipping Fee rates were set at between \$20 and \$25 per ton of waste received daily at the SWMFs.

The payment system makes it necessary to understand the per ton capacity and the rates of pay of operators of the SWMF. This should be straight forward, but there is contradictory information provided⁸¹ such as for the Minieh SWMF:

- The First Operator of the Minieh SWMF told RITE that the SWMF had a capacity of **61 tons per day**, and a 2014 inspection report instigated by the municipality confirms that.
- The Second Operator of the Minieh SWMF told RITE that they were processing 70 tons per day⁸² and the maximum capacity of the facility was **77 tons per day**. **In their right of reply, they provided RITE with a letter dated 11 April 2017 from the then OMSAR Minister, stating among other things that the capacity of the Minieh SWMF is 77 tons per day. They also said that this is reflected in their contract.** OMSAR’s website⁸³ also states that Minieh’s capacity is 77 tons per day, and this is also stated in the press release at the time of the official opening of the site in July 2016.⁸⁴
- The EU/OMSAR Technical Support Report of 2018 (The **Minieh Technical Report 2018**) states that “According to the data provided by OMSAR in terms of the waste quantities received by the Minieh Sorting Facility, the total amounts entering the facility is 75,079.44 tons over 47 months with a daily average of **54.88 t/d.**”⁸⁵ **However, the Second Operator of the Minieh SWMF have pointed out to RITE in their Right of Reply that they only operated the facility over a period of 37 months. This changes the average calculation made in the 2018 Report to 70 tons/day actually received at the facility, and not 54.88 tons/day.**
- The Operational Management information on the OMSAR website contradicts information elsewhere on the same website, stating capacity to be **100 tons per day**⁸⁶. This capacity was planned as an upgrade of the Minieh SWMF under SWAM⁸⁷, and was not carried out. A UNDP Survey from 2016 stated that the Minieh SWMF Second Operator was treating **90 tons** of waste per day with a site capacity of 100 tons per day⁸⁸. **UNDP have stated in their right of reply that “The capacity of SWMF in UNDP’s dumpsite masterplan report is based on feedback provided by stakeholders (either OMSAR or municipalities), the scope did not**

include conducting actual assessment of SWMFs as the assessment was focused on dumpsites.”

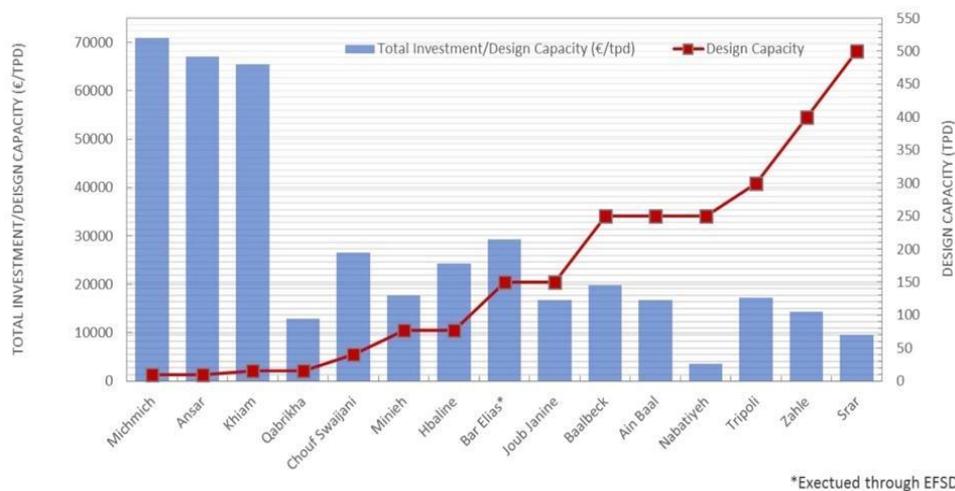
The facts surrounding the applicable fees of the operators of the Minieh SWMF contain further contradictions over their rate of pay. The Second Operator told RITE that they were being paid LL25,000 per ton. In those days, he said, this was the equivalent of \$16.5 per ton. This is a surprisingly competitive rate, considering that the previous OMSAR Minister told RITE that the rates set for operators were between \$20 and \$25 per ton, and that the First Operator of the Minieh SWMF told RITE that they were paid \$25 per ton. The Al Fayhaa SWMF Operator was also paid \$25 per ton prior to stopping composting. It is also different to what the Minieh Municipality leader told RITE. He said that the First Operator was paid at the rate of \$22 per ton and the Second Operator at the rate of \$18 per ton of waste received per day. RITE requested but was not able to obtain the contract or relevant invoices and payments to verify what rates were applied. The ARLA 2020 Assessment does not specify contractor rates of pay either.

The contradictions in information undermine transparency and accountability.

CONTRADICTIONARY INFORMATION AROUND COSTS AND INVESTMENTS

The Minieh and Al Fayhaa SWMFs were built one year apart, in 2013 and 2014 respectively, by the same building contractor. That contractor told RITE that they charged less for the Al Fayhaa SWMF at €940,563.51, than for the Minieh SWMF at €1,286,849. This is despite Al Fayhaa having much more substantial capacity. They simply told RITE that the specifications were different⁸⁹. The Previous OMSAR Minister told RITE that the Al Fayhaa SWMF was not properly equipped as they ran out of money to fund it.

The ARLA 2020 Assessment noted unexplained cost to capacity price variations across 15 SWMFs (Tripoli in the graph below is the same as Al Fayhaa SWMF) and they said that they had no access to information that would allow them to understand why that is the case. The below graph extracted from the ARLA 2020 Assessment illustrates the issue:⁹⁰



2. Graph showing cost of building and equipping the SWMFs relative to their capacity to treat waste (extracted from the ARLA 2020 Assessment).

There is also contradictory information around what was actually paid out. For example, an OMSAR document listing contracts that they have granted states that the Minieh SWMF Building Contractor won the contract at value €1,286,850.⁹¹ This figure was confirmed to RITE by the Building Contractor⁹². The cost to the EU of building and equipping the site was €1,364,000.⁹³ However, a corporate document on the Building Contractor headed paper lists the Minieh project as carried out by them in 2012 to be for €1,801,589.⁹⁴ This document was published on an Iranian opposition website and RITE was not able to verify its validity. **The Building Contractor declined to comment when offered by RITE a right of reply.**

Therefore, both the costing of the SWMFs as well as the actual spend on them need further clarification before it is possible to determine whether the expenditure on them was appropriate. It is not clear that the EU itself has this information given that the ARLA 2020 Assessment states that it could not make sense of the price differentials between the SWMFs. The ARLA 2020 Assessment also does not mention nor shed light on price information.

UNMET OBJECTIVES AND POOR MANAGEMENT

RITE is assessing the SWMFs against their stated objectives. It is therefore essential to know what they have set out to achieve before seeking to understand how far they went towards meeting their objectives. This section also fact checks the EU's own assessment of the achievements of the ARLA programme as described by the ARLA 2020 Assessment.

THE AIM OF USER END SATISFACTION IS AT ODDS WITH THE PUBLIC RESPONSE

Public satisfaction with the performance of the SWMFs is an important consideration given that their principal objective is to provide an improved waste management service to the public. The indications are that dissatisfaction is so severe that local protests erupted over the performance of at least five of the SWMFs⁹⁵. The ARLA 2020 Assessment has put the protests down to a “not in my backyard” phenomenon (**NIMBY**). However, this analysis does not consider the justifiable concerns over the SWMFs. These include olfactory nuisance, environmental and health risks due to the poor design of the facilities (lack of provision for leachate management and biofilters)⁹⁶, poor waste management practices of certain operators⁹⁷; and the financial and environmental degradation of the localities chosen for the SWMFs, dumpsites/landfills for the residents.



3. The Minieh SWMF is located on top of a beautiful hill overlooking the sea.

The ARLA 2020 Assessment considers one of the achievements of the SWMFs to be the priming of public support for future SWMFs to be set up in their vicinity. However, the protests indicate the opposite, with the public losing confidence in the way waste is managed. It is therefore likely that the SWMFs have made new projects more difficult to achieve.

This loss of public confidence also impacts the financial sustainability of the SWMFs. The ARLA 2020 Assessment states that an end user survey showed that “household solid waste management is a service really needed by the population, since in time of interruption of public service provision, many households accept to pay private individuals to ensure continuity of the service for the household. This stands as evidence of willingness to pay and is a sign that socio-cultural sustainability can be attained.” However, the EU supported SWMFs have not managed to garner such support and financial sustainability.

It is not only the public that is critical of the SWMFs. The facility operators, professionals in the sector and the political leaders that RITE spoke to, all expressed dissatisfaction with the design and operation of the SWMFs. By way of example, RITE asked a previous OMSAR Minister, who oversaw the implementation of the SWMF programmes between 2014 and 2016 (the **Previous OMSAR Minister**), if any of the EU funded SWMFs were a success. He singled out the SWMF at Baalbek, which was one that he had personally decided on when OMSAR Minister. He then added that it burned down in an arson attack over financial rivalry and reopened after a non-EU funded refurbishment⁹⁸.

Other SWMFs demonstrate that it is possible to have more successful projects that meet with public approval. The ARLA 2020 Assessment gave examples of successful non-EU projects that have local buy-in in Antoura village in Kesserwan and Bikfaya in the Metn. “They are using sorting at source schemes without co-mingling the waste, leading to higher value recyclables, no nuisance, and better social acceptance. Such centres can even maintain their financial equilibrium, independently from the [central government municipal fund allocation], basing everything on their local dynamic and on the search for the best market price for their recyclables.”

Therefore, the public disgruntlement was not a simple matter of NIMBY. It is related to the shortcomings of the SWMFs and to justifiable mistrust of new dumpsites and landfills born from how they have been managed previously.

THE OBJECTIVE: IMPROVING MUNICIPAL SOLID WASTE SERVICES FOR LOCALS

According to the ARLA 2020 Assessment, the aim of ARLA was to provide “improved local public service delivery.” The desired impact is “to have the local population enjoying the benefits of better local municipal solid waste management services, i.e., having household waste collected, transported, treated and disposed of in a way that minimised end-user exposure to negative externalities in terms of visual or olfactive nuisances, sanitary risk exposure, water contamination etc.” Therefore, the impact of ARLA does not stop at building and equipping facilities. It extends to their ability to operate effectively and serve the local communities they were intended to benefit⁹⁹.

The performance indicators under SWAM¹⁰⁰ include improving the provision of municipal services, upgrading the capacity of existing SWMFs, decreasing the quantity of solid waste disposed of in landfills by 10% as compared to national levels, and the construction and operation of 2 sanitary landfills at Baalbeck and Srar.

The 10% decrease in waste going to landfills specified under SWAM is significantly lower than the contractual target required of SWMF operators of not sending more than 35% of the waste they receive to landfills/ dumpsites. It also does not take into consideration the 20% contractual compost target, neither does it set any compost targets of its own. It corresponds to only one element of

what is contractually required of the SWMF operators. Namely that they treat 10% of recyclable materials such as metals, cardboard and plastics.

The 10% is also unlikely to sufficiently “minimise end-user exposure to negative externalities” that the ARLA 2020 Assessment considers to be a material part of assessing whether the project has met its objectives. However, it corresponds to what the ARLA 2020 Assessment described as a more realistic target for the SWMFs. However, the EU and OMSAR have not published studies showing whether the 10% target is supported by cost benefit analysis that still makes the cost of operating the SWMFs worthwhile. Otherwise the SWMFs could create a substantial increase in the cost of waste disposal without sufficient value in return.

The ARLA 2020 Assessment lists the achievements of ARLA as being the following:

- The creation of a nucleus of sorting and treatment infrastructures.
- The increase in the quantity of waste sorted and recycled.
- Engendering public support for further SWMFs to be built in their vicinity.
- Building up the skills of OMSAR in solid waste management.

An analysis of each of these outcomes is provided below, showing that their impact has been severely curtailed or even negated by their shortcomings.

INADEQUATE FACILITIES AND EQUIPMENT THAT DID NOT MEET THEIR OBJECTIVES

The principal achievement of ARLA was the provision of ten municipal SWMFs¹⁰¹ and one medical waste treatment facility¹⁰². Following the implementation of the SWAM programme, the SWMFs built, or developed with EU support, numbered 16 in total. OMSAR also undertook the equipping of the SWMFs with machinery, commissioning sorting at source campaigns to improve their efficiency and helping the municipalities source equipment, such as waste collection trucks and bins¹⁰³. However, the impact of these achievements has been severely undermined by poor management by OMSAR and the EU in their respective roles. This resulted in the SWMFs not delivering on their objective of improved waste management for locals as follows:

- 1) The SWMFs did not provide an environmentally friendly waste management solution that reduced waste sent to dumpsites/landfills and in a manner that offered value for money in that:

The technical performance of the SWMFs was, in the words of the ARLA 2020 Assessment, “low for sorting, and very low in composting...Sorting rates are sometimes so low that the whole chain represents a double cost (for sorting AND for landfilling nearly the same waste quantity) for no positive impact...the low cost-benefit ratio of sorting dirty waste makes the rejects (and sometimes unsorted waste as in Jbeil) dumped or landfilled without recovery.¹⁰⁴ ...The SWMFs produced compost-like output (**CLO**) which in many cases barely conformed to minimum specifications.¹⁰⁵ and cannot be distributed (even for free). Due to impurities or pollutants that it contains, it may harm the flora or pose health dangers to the citizens of the area where it will be disposed. Consequently, it ends up in the landfill, so the management cost is charged twice, once for the ‘composting’ and once for its landfilling. Subsequently, it is obvious that in this case the capital spent for the establishment of the facility, lacks its purpose which is to reuse and to divert waste from landfilling...The diversion rates from landfills and dumpsites may not be significant and might in fact amount to unjustified important cost increases for already hard-up municipalities.”

RITE's own findings regarding Al Fayhaa SWMF are an example of this. The Operator of the Al Fayhaa SWMF ceased composting altogether within months of operations. A new arrangement was reached between the Al Fayhaa SWMF Operator and the municipality, with OMSAR's approval, that departed from the original contract. They agreed for the operator to be paid a Tipping Fee of \$15 per ton for 500 tons per day (reduced from \$25 per ton) while only treating 10% of the waste. At full capacity, this is \$2.7 million per year to reduce waste to landfill by only 10%. The materials being removed are ones that waste scavengers compete to extract for free and resell. The remaining 90% waste is sent to the dumpsite and charged for again at an even higher rate (according to the operator of the Al Fayhaa SWMF).

- 2) The SWMFs were meant to alleviate the nuisance and health hazards associated with waste management. Instead, The ARLA 2020 Assessment found that:

“Most composting units of ARLA supported facilities are likely to underperform in terms of nuisance prevention, environment and/or public health protection. Indeed, most facilities lacked a leachate management system⁶ and those having one, are not operating it due to maintenance or design issues”. “Taking into account the specific geo-morphological profile around the location of the facilities, the impact on surface water and ground water could be significant although it has not been proven by a state or other independent organisation.” “All the SWMFs visited lack environmental monitoring mechanisms.”

Therefore, the SWMFs not only did not reduce existing environmental and health risks, they added to them.

- 3) All eight of the SWMFs that were meant to carry out composting were low performing:

OMSAR supplied five out of the eight SWMFs, that carry out composting, with barrel technology that did not function well and that was discarded¹⁰⁶. Furthermore, all the SWMFs produced low quality compost regardless of which technology they used. The ARLA 2020 Assessment found that all composting activities were low performing with “no significant performance differences” in terms of facilities sponsored through ARLA and SWAM I or other EU programmes such as ADELNORD and MuFin.

- 4) ARLA specified sorting at source as one of the activities under the programme and the SWAM 2 Finance Agreement¹⁰⁷ requires OMSAR to promote sorting at source and the 3Rs of waste management hierarchy (Reduce, Reuse, Recycle). However, the EU did not set targets or performance indicators for this and OMSAR did very little to develop sorting at source or even took actions that were counterproductive to achieving it:

The way OMSAR implemented the sorting at source requirement was by tasking two NGOs with conducting awareness campaigns⁷. However, OMSAR did not integrate the campaigns into a wider

⁶ This is the liquid that emanates from decomposing organic materials. It can be a significant pollutant because it can seep into and pollute soil and groundwater and rivers as well as presenting a health hazard to workers. It requires measures such as drainage that collects and directs it to an area or system geared to deal with it. This hazard is not only associated with commercial composting. It is also a problem that needs managing at landfills.

⁷ According to the ARLA 2020 Assessment, awareness campaigns accounted for 1% of the spending (around €142,000), and “were undertaken from mid-2009 to mid-2011 by Arcenciel and Sustainable Environmental Solutions. They focused on the proper management of solid waste and the culture of sorting at source.” At

plan that includes the provision of suitable bins and trucks. Instead, it purchased or allowed the use of bins that do not provide for sorting and trucks that spoil the waste further by crushing it⁸. As such, they did a very limited intervention that was disjointed from the rest of the activities.

Sorting at source is widely blamed for the low quality of compost by all those that RITE spoke to at OMSAR, UNDP, the Minieh municipality, and the Minieh and Al Fayhaa SWMF operators. Despite the importance they have placed on it and the repeated recommendations for sorting at source in various reports¹⁰⁸, there has been no commensurate effort to establish it. The ARLA 2020 Assessment considers that sorting at source is a long-term project requiring some 15 years to become established due to the necessity of behavioural changes. Had sorting at source been a greater focus of OMSAR under ARLA and SWAM, the 15-year milestone may have been reached by now.

- 5) Each delay in operations and each closure undermined the objectives of the SWMFs and wasted funds: most of the SWMFs were not operative for several years after they were built¹⁰⁹. Furthermore, about half of them needed redevelopment. This is an indication that their original specifications were inadequate. Eventually, “the majority but not all were operational”¹¹⁰.

The ARLA 2020 Assessment recommended that OMSAR spends its remaining funds on design improvements to the SWMFs, including equipping them with biofilters, leachate treatment, composting areas and techniques, and energy autonomy.

Therefore, although 16 SWMFs were delivered and equipped, they have not delivered on their objectives. The poor management that contributed to this has wasted EU and Lebanese government budgets.



4. Left: The Minieh SWMF open air accumulation of waste prior to the creation of the hangar by the NGO. Right: The Hangar providing cover from the elements for the waste as completed by the NGO at the Minieh SWMF (Pictures from the NGO Facebook Page)

least 9 areas served by WMFs were targeted, among them Minieh. In addition, a general campaign occurred at national level, involving media campaigns, website, and TV airtime.

⁸ The ARLA 2020 Assessment states that “The low technical performance of ARLA supported-facilities is partly due to the poor quality of the incoming waste”. This is linked to the absence of “sorting at source”, and the result of “compacting” during waste collection in the compactor trucks. It also states that the rationale for choosing compactor trucks was that they “increase transportation efficiency”. However, by the same token, “they reduce the quality (contamination) and quantity (co-mingling) of both recyclable and organic fractions”. It also states that “the mismanagement of the recyclables, mangled in compactor trucks and not properly packaged, likely reduced or eliminated possible reuse outlets for them”.

CASE STUDY 1: THE COMPOSTING BARRELS AT MINIEH AND OTHER SWMFs

In looking at the question of poor procurement by OMSAR, the composting barrels deserve special attention.

Controversy around the Minieh SWMF composting barrels arose following an article by Martin Jay that claimed that they were effectively useless and that they were sourced at a very inflated price¹¹¹. The ARLA 2020 Assessment states that OMSAR implemented this technology in five of the EU funded SWMFs¹¹² and that the rotating composting barrels in all of them were “ineffective” and “discarded” by the operators. RITE investigated the facts and found the following.

The Head of the Minieh Union of Municipalities told RITE¹¹³ that, in 2014, he asked a SWMF Director whose facility they admired¹¹⁴, to inspect the Minieh SWMF and equipment to suggest solutions for its operational problems. The SWMF Director recommended in his report to the municipality, among other things, that they ask for replacement drums or for their money back. He also told RITE¹¹⁵ that the 8 drums were charged at what he considered in his professional opinion to be a substantially inflated cost of €480,000 or €60,000 per barrel¹¹⁶. He said that he saw the price on a document shown to him by the president of the Minieh Municipality when he was advising them on improvements.¹¹⁷ He said that building composting barrels is his area of expertise. Having examined the Minieh composting barrels, he thought that they were done on the cheap relative to the specs that he would recommend and still came out expensive relative to what, in his experience, such cost should be.¹¹⁸

RITE asked the Building Contractor that provided the composting barrels about their cost. They did not provide the information on the basis that the project is now older than the legal record keeping requirements and they no longer had the information to hand. They denied that they were overpriced and said that the cost of manufacture cannot be known to the person that alleged it to be an inflated figure¹¹⁹.

OMSAR blames the SWMF Director for the choice made by the municipality for barrel technology. The OMSAR Project Manager told RITE that OMSAR only implemented what the municipalities had asked of them¹²⁰. However, this denial of responsibility by OMSAR does not reflect their duty to assess the project and set its technical specifications. Furthermore, RITE was able to establish in its interview with the SWMF Director that he was not involved in project design and implementation for the Minieh SWMF, that his patented composting barrels had different specifications altogether from the ones commissioned by OMSAR, and that he never granted them (nor was he asked to give them) a licence to use his technology. In other words, he appeared to be an outside party with no links to the implementation of the project and with no connection to the barrels as produced.¹²¹

Furthermore, OMSAR itself seemed convinced of the merits of barrel technology when it described it in a statement as a technique that was “present in Lebanon for many years. Several projects were implemented using this technology by US AID. The added benefit of these barrels is to reduce the time of composting.”¹²² The OMSAR Project Manager told RITE that the problem with the barrels is that they could not reach the required temperature of 65 degrees Celsius that is needed for the composting process¹²³. He was also adamant that the manufacturer provided the barrels in accordance with the specifications provided by OMSAR and was not at fault. It was therefore alleged that it could only be that OMSAR had provided deficient specifications that created barrels that are not fit for purpose.

Therefore, regardless of whether the claims about substantially inflated prices are true, the cost of the barrels has been a waste of funds. They also undermined the composting objectives of the SWMFs that were set up to carry them out.

The Composting Drum



5. Above Picture (Left): The 8-meter composting drum of the SWMF Director. Image from Harvard Business School Paper supplied to RITE by the SWMF Director.

6. Above Picture (Right): The eight 4-meter composting drums as delivered by the Minieh SWMF Building Contractor. Image Provided to RITE by the Minieh SWMF First Operator.



7. Above Picture: The Discarded Composting Drums at the Minieh SWMF. Picture taken by RITE during its August 2022 site visit.

CASE STUDY 2: THE AL FAYHAA SWMF BUILDING AND REDEVELOPMENT

The problems relating to the way the Al Fayhaa SWMF was built and equipped are evident in both the original specifications OMSAR provided for the SWMF, as well as the design that they approved for its redevelopment.

The Al Fayhaa SWMF was one of several SWMFs that suffered a long gap between being built and

equipped and the start of its operations. It required redevelopment before even being operated. The OMSAR Project Manager told RITE that the Al Fayhaa SWMF needed redevelopment, not because of shortcomings in its original design, but because it was built and equipped with limited available EU funds. It was intended as a first step that would attract further investment.

However, building the SWMF years before taking the necessary steps to start its operations is wasteful as the equipment degrades. This is what happened with the Al Fayhaa SWMF. Its operator considered its equipment of little use and discarded it.

The Al Fayhaa SWMF operator claim to have invested \$3.5 million (contractual and additional) in the site. If so, this more than doubles the EU initial investment of €1.4 million. It made Al Fayhaa SWMF the biggest facility of its kind in Lebanon, doubling its capacity to treat waste, reaching 500 tons per day.

However, this investment did not have the desired impact in meeting performance targets. The CEO of the Al Fayhaa SWMF told RITE that what they invested in was done in accordance with what OMSAR wanted, namely an RDF machine and “basic” equipment that allows for windrow composting together with a hangar for the composting area. It did not include high tech machinery that would help with more effective sorting of mixed waste in terms of removal of small metals and glass, or that could treat oils, detergents, and other toxins from the organic waste. She said that this “is what they asked for”, and that it was in line with what was available at other SWMFs.¹²⁴ They said that they were compelled to spend an additional \$500k on installing biofilters and tarmacking the SWMF, which they considered to be beyond their contractual commitments.

Despite the upgrade, the SWMF fell significantly short of contractual performance targets from the start of operations and until their closure as detailed in the Performance of the Al Fayhaa SWMF section below. **In their Right of Reply, the operator of the Al Fayhaa SWMF said that “The performance of the facility was within the key performance indicators but they were forced to stop the composting process.”**

THE LACK OF A COHERENT STRATEGY FOR COMPOST

Composting is an important component of waste management as organic waste amounts to 50-52% of municipal waste in Lebanon. The contracts provided by OMSAR require SWMFs to produce 20% compost output from the waste they receive (the composting process reduces the size of the waste with loss of humidity and gas).

The compost that the SWMFs produce is intended for the municipalities as their property. A high-grade compost that is suitable for agriculture (grades A or A+) would allow municipalities to serve their constituency at a time of great need. Lebanon’s annual import of fertilisers and composts is worth more than \$30 Million¹²⁵, with this bill significantly increasing due to a hike in global market prices¹²⁶. The devaluation of the Lebanese currency makes it prohibitively expensive and makes a necessity out of compost being produced locally.

Achieving higher-grade compost is more easily done if waste is sorted at source. This seems to be what is envisaged under ARLA with sorting at source named as an activity and the SWAM 2 Finance Agreement¹²⁷ which requires OMSAR to promote sorting at source and the 3Rs of waste management hierarchy (Reduce, Reuse, Recycle). Higher grade compost is also recommended in the

ARLA 2020 Assessment. It urges OMSAR to consider developing separate specialised composting units for meeting the country's demand in affordable compost (given the decrease in purchasing power for imported products) and increase cost-recovery potentials of SWMFs, and to develop "treat-recycle-reuse strategies".

Despite these requirements, OMSAR made very little effort in developing sorting at source. The Previous OMSAR Minister told RITE that OMSAR never considered sorting at source to be within its remit, and that it is a matter for the Ministry of Environment and the municipalities. Similarly, the OMSAR Project Manager told RITE that the EU finance agreements were not sufficiently specific in relation to sorting at source and that OMSAR considered this matter to be for the Lebanese government and municipalities, and not part of their remit. He said that OMSAR did not accept the findings of an EU assessment that used "waste aware indicators" to assess the SWMFs. This included judging the performance of the SWMFs based on whether there was associated sorting at source.

However, the Finance Agreement suggest otherwise. Furthermore, OMSAR aggravated the problem that mixed waste presents to the SWMFs by procuring or allowing the use of compactor trucks, and by not commissioning more effective mixed waste sorting equipment for the SWMFs¹²⁸.

Having decided not to do sorting at source, OMSAR and all the other stakeholders, went on to blame the lack of sorting at source for the low-quality compost produced by all eight SWMFs that provided that service.

OMSAR allowed the use of compactor trucks that further spoiled the waste, or even supplied such trucks⁹. **The UNDP in their right of reply stated that for "good compost, you need sorting at source independent of the type of truck. i.e. if you sort organic waste at source and then transport them in a compactor truck to the composting facility, this will not affect the quality of compost. The compactor truck increases the cross contamination between co-mingled waste and thus increases the risks of having low quality compost, which is already there when having co-mingled waste collected even without a compactor truck."**

However, this perspective is not universally shared. RITE spoke to the SWMF Director about his experiences of this in a non-EU supported SWMF in Beit Meri that he owns and operates. He told RITE that his Beit Meri SWMF produces high grade compost and he claimed that it sends zero waste to landfills or dumpsites. He said that his contract with the Beit Meri municipality "stipulates that waste is to be transported without the use of any sort of compaction. It does not stipulate that the waste should be sorted at source. We ran a "voluntary" campaign to ask residents to sort their waste using the 2 bags system but so far only 25% of residents abide by that sorting system while the rest just mix their waste in 1 bag. We even got the municipality to issue a decree mandating the sorting but it was never enforced. Our system is flexible enough to handle commingled waste as long as it is not compacted."¹²⁹

⁹ The ARLA 2020 Assessment (p.38) states that "Compost Like Output (CLO) in all facilities where it is produced contained significant amounts of various inert materials, and probably heavy metal compounds and hazardous material. And in the cases of Qabrikha, Kfour/Nabatiyeh and Khiam the Due Diligence synthesis report even concluded that CLO should be considered as reject and penalties should be applied to the payments of the operator. Qualitative assessments of recovered recyclables were not available. Given that waste is transported in compactor trucks to many facilities, however, and that no contractual monitoring and control mechanisms are in place or product quality, recyclable quality (and therefore market price) is therefore likely to be low as well."

There were other significant reasons for the low quality of the compost: the OMSAR-provided operator contracts do not specify the quality of output, the equipment that OMSAR commissioned or omitted for the facilities did not help with quality, and the practices of the SWMF operators were not always conducive to good results. In particular, the five SWMFs that OMSAR commissioned composting barrels for discarded them on the basis that they were difficult to use or not fit for purpose. SWMFs that used the windrow system¹³⁰ also achieved low quality compost, such as at Al Fayhaa¹³¹. The ARLA 2020 Assessment described some of the poor practices of operators, such as the compost not being stabilised, with intense biological activity still present. This reflects failures in following correct composting processes and rushing the relatively long maturation time compost requires¹⁰.

OMSAR has pointed to the usefulness of low-quality compost to the landfilling process in a statement in 2019¹³². However, even the landfilling option is not readily available as only two of the SWMFs have use of sanitary landfills, with the others using dumpsites¹¹.

As things stand, the main advantage of composting is the reduction of waste volume that the process produces. This would allow dumpsites extra capacity for other waste and can have environmental advantages if carried out properly (which has not been the case). However, it misses out on important bigger gains achievable by higher grade composting for agriculture and for improving the financial sustainability of the SWMFs. The low-grade compost may also provide insufficient value for money in terms of the additional financial and project management cost of the composting operation.

Furthermore, the Al Fayhaa SWMF Operator told RiTE that, if composting operations are more integrated with landfilling, this would make it more challenging to monitor their performance in terms of verifying the quantity and quality of compost that gets landfilled, as well as the quantity of Reject Waste that ends up in the landfill.¹³³

DEFICIENT PLANNING

Planning is essential to carrying out a coherent project that achieves its objectives.

The OMSAR Project Manager¹³⁴ and the UNDP Programme Manager¹³⁵ told RiTE that the lack of a master plan from central government was a key reason for failings associated with the SWMFs¹³⁶. The regulatory framework has however improved. This includes the passing in the Council of Ministers in 2012 of the Environmental Impact Assessment decree (8633/2012); in 2018 of the Integrated Solid Waste Management Law (Law 80) which encourages decentralisation, putting the impetus on the municipalities to fund and implement solid waste management policies; and “in 2019, the Environment Minister launched a waste management road map that includes establishing sanitary landfills at 25 potential sites, including the possible reopening of the Naameh landfill.”¹³⁷

¹⁰ The CEO of the Al Fayhaa SWMF Operator told RiTE that the windrow system used at the Al Fayhaa SWMF required a four-months process for composting. The Director of the Second Operator of the Minieh SWMF told RiTE that their open-air composting process took 75 to 80 days.

¹¹ According to the ARLA 2020 Assessment, the SWMFs at Baalbeck and Hbaine are the two that have landfills at their disposal.

The Previous OMSAR Minister told RITE that “the biggest mistake in the SWMFs was not to include landfills near the facilities”. The lack of landfills may have halted the work of some of the SWMFs, as it leaves them with nowhere to send their Reject Waste. However, it is a separate issue to the performance of the SWMFs. The failures that occurred in the implementation and operation of the SWMFs reflect a lack of planning and poor management that fall within OMSAR and the EU’s respective remits under the finance agreements for ARLA and SWAM.

The UNDP have responded to this point in their Right of Reply stating that “The poor planning and management are more related to the Lebanese government and authorities. The EU are a funding entity that aimed at supporting the sector in Lebanon, based on interventions highlighted by Lebanese Authorities. Thus, the EU are not responsible for planning and management unless Lebanese authorities request from them to fund the planning.”

RITE, in this Report, clearly states lines of responsibility that apply to the EU’s implementing partner OMSAR. However, the EU also retained project approval rights under ARLA and direct management and provision of technical support under SWAM. For these powers to be useful in achieving better project outcomes, RITE considers that the EU needed to make its own assessment of the suitability of what is being funded.

The ARLA 2020 Assessment identified multiple levels of lack of planning that impacted implementation, stating that “the programme was not sufficiently strategically prepared” in relation to “systemic perspective, technical choices, population acceptance, cost-recovery strategy, monitoring and management capacity”. The facilities were constructed “without feasibility studies”; without being “properly audited by OMSAR upon commissioning”; having no “operational plans”; and having waste treatment targets that did not take into consideration their operational limitations.¹³⁸ This reflects poor management by OMSAR that cannot be blamed on the lack of a national master plan.

Previous EU reports have also picked up on the need for better planning for EUD projects and made recommendations on this and other project management improvements. These are summarised in the Appendix to this Agreement as they were made in 2015, around the time of the implementation of SWAM.

INSUFFICIENT OPERATION AND MAINTENANCE SUPPORT TO THE MUNICIPALITIES

OMSAR was involved in managing the bidding contracting and delivery of the SWMFs and equipment under ARLA with EU approval of selected projects. Since 2014, under SWAM, OMSAR was required by its finance agreement with the EU to provide support to municipalities in the operation and maintenance of the SWMFs created under both ARLA and SWAM. The EU was also to provide technical support. These responsibilities were carried out as follows:

THE APPOINTMENT OF THE CONTRACTORS

Contractors were appointed in a bidding process managed by OMSAR. The OMSAR Previous Minister told RITE that there was a pre-qualification stage in the bidding process, and that the EU was involved at that stage, and that in any event, OMSAR never did anything without the EU’s agreement and approval. At the qualification stage, the contractors had to meet administrative, technical, and financial conditions.¹³⁹

The Previous OMSAR Minister told RITE that bidding processes in Lebanon can be rigged and can be intermeshed with political interests. According to him, one of the ways this happens is through a pre-agreement between the bidders. There is normally a minimum requirement of three bidders. He claimed that it happens that they would agree among themselves who will submit the most competitive bid and be the winner. That winner would then sub-contract to the other bidders so that all would benefit. He also said that contractors can be linked to political parties, including contractors that were awarded contracts for the SWMFs. The OMSAR Project manager credited their bidding process and winners for widening the pool of solid waste operators in Lebanon from principally two or three, to seven that have now developed experience in the sector.

However, this process has resulted in the appointment of contractors that do not have relevant experience. The ARLA 2020 Assessment states that “not all contractors have the required competencies to manage the waste treatment facilities.” The operators compounded the problem by employing “staff that did not possess all the required skills”, and “implementing a detrimental cost reduction strategy”.

Extra caution was required in the Lebanese context. The ARLA 2020 Assessment explains the reasons for this when it states that “the sector is not sufficiently protected from vested interests, there is a private sector concentration in the municipal solid waste sector, and political stakeholders are suspected to be the current or future shareholders in waste management infrastructures. This is also a reason for a generalised distrust in the public procurement processes among private actors and even among donor agencies.”

The appointment of contractors at the Minieh and AL Fayhaa SWMFs provide an illustration of the profile of companies that were deemed suitable.

CASE STUDY 1: THE MINIEH SWMF

The contractor that won the bid to build and equip the Minieh SWMF confirmed to RITE that Minieh was the first project of this type that they were ever involved with. They were very experienced contractors in other fields such as roads and public buildings. However, this did not extend to SWMFs before Minieh. They had previously won the bid for the Baalbek SWMF, but the start of that project was delayed. They also said that they sub-contracted the production of composting barrels to a company that had no experience at all in such technology. They explained that their line of work was mostly in the supply of conveyor belts, such as the ones used at airports. They added that they do not believe previous experience relating to solid waste management or its technologies to be a prerequisite. In their view, the only relevant consideration is if they can execute the specifications as provided, and they said that they achieved that. They confirmed that liability remains with their company as the principal contractor in relation to any breaches by the sub-contractor regarding the composting barrels.

The Building Contractor delivered, in Minieh, composting barrels which were subsequently discarded by the operators with the agreement of OMSAR, as well as SWMFs lacking basic infrastructure such as suitable drainage. The contractor told RITE that it was not their role to advise on design, but simply to do what was asked of them. They also did not think that OMSAR provided inadequate technical specifications, suggesting instead that the operators may not have known how to operate the machinery. This opinion is not shared by OMSAR or the operators of the Minieh SWMF, who thought the composting barrels were not possible to use, as they could not reach the requisite temperature¹⁴⁰. The Building Contractor told RITE that they got their quality assurance deposit back, indicating OMSAR’s satisfaction with their work.¹⁴¹

The First Operator of the Minieh SWMF won the bid in 2012/2013. This is despite allegations of poor performance regarding their operation of a SWMF and dumpsite in Hbeline in 2011, and in Zahle in 2012 that are referenced in a Democracy Reporting report¹⁴². **The First Operator of the Minieh SWMF pointed out in their right of reply that there were no legal disputes regarding those facilities at the time.**¹⁴³

The Minieh SWMF First Operator went on, after Minieh, to take a SWM contract in Armenia that has also ended up in legal disputes. **They pointed out in their right of reply that no conclusions should be drawn regarding their performance in Armenia prior to the decision of the International Centre for Settlement of Investment Disputes “as an international lawsuit has been filed by them and other investors against the government of Armenia.”** They also told RITE that several pending lawsuits have limited their ability to provide RITE with information **and added in their right of reply that “All reports and contracts are found at either OMSAR or the Federation of Municipalities of Minieh and can be obtained from them as they are the legal party to disclose such information.”** RITE requested documentation, such as the contracts, invoices, and audits from OMSAR and the said municipality and neither provided them.

The Second Operator of the Minieh SWMF (2016-2019) is a well-known contractor in the sector in Lebanon and had won other much bigger waste contracts in 2016. There has since been allegations publicised in a New York Times article in 2019¹⁴⁴ about their poor performance in that major contract. **In their Right of Reply, the Second Operator of the Minieh SWMF stated to RITE that they do not accept any of these allegations, that “statements and data referred to in [a New York Times 3 December 2019] article are factually incorrect and thus the article not credible” and they have answered them in an open letter published in the Daily Star newspaper. RITE has included an image of that reply article in the Appendix to this Report as supplied to it by the Second Operator of the Minieh SWMF.**

The owner of the Second Operator of the Minieh SWMF has since been placed on the sanctions list by the US in October 2021. The justification given for the sanctions being imposed on him relate to “actions [that] have contributed to the breakdown of good governance and the rule of law in Lebanon. [He has] personally profited from the pervasive corruption and cronyism in Lebanon, enriching [himself] at the expense of the Lebanese people and state institutions... [The] action aims to hold to account those in Lebanon’s business and political elite who have benefitted from improper tendering practices for inflated contracts and a pervasive culture of cronyism that undermines Lebanon’s institutions, rule of law, and economic stability, and demonstrates U.S. support for the Lebanese people in their calls for transparency and accountability.”¹⁴⁵

In their Right of Reply, the Second Operator of the Minieh SWMF stated to RITE that “the incident of the previous owner of the company being sanctioned does not relate to the aim of this [RITE] report. [The Second Operator of the Minieh SWMF] is supportive in providing information that exclusively relates to the aim of this [RITE] report. Further, while the individual is no longer associated with [the Company], [the Company] understands that the [sanctions] listing is being challenged and thus there is no acquiescence or agreement by the former owner that the US correctly determined sanctions should apply.”

The operator of the Al Fayhaa SWMF was awarded the third operator contract for Minieh for the period 2019-2022. They were deemed a suitable contractor for the Minieh SWMF by OMSAR and the municipality despite their poor performance at the Al Fayhaa SWMF. The CEO of the company told RITE that they were put off taking on the operation of the Minieh SWMF due to a lawsuit that was

instigated by United for Lebanon, the fact that it is in a damaged state and being used as a dump, and the dumpsite that it should have had available for its rejects being closed. In any event, they never started their work as their contract was conditional on a dumpsite being found and this has not happened.

CASE STUDY 2: THE AL FAYHAA SWMF

The same construction company that built and equipped the Minieh SWMF was appointed a year later to build and equip the Al Fayhaa SWMF. However, it remained closed for three years after its completion as it needed upgrading.

The OMSAR Project Manager told RITE that the large capacity of the Al Fayhaa SWMF made it attractive to contractors, and bids were invited for its operation. The Previous OMSAR Minister told RITE that the bidders included two well-known contractors. However, the bid was won by a relative newcomer - a Lebanese company with limited experience in the sector that was in a joint venture with a much more experienced French company. The Previous OMSAR Minister told RITE that he came under pressure from the more established Lebanese companies but that he held firm, telling them that he was bound by EU procedural requirements.

The bidding process for the operation of the Al Fayhaa SWMF was unusual. The OMSAR Minister in charge at the time told RITE that bidders were presented with a blank page to make investment suggestions¹⁴⁶. However, the CEO of the company that won the bid told RITE that the then OMSAR technical team indicated to them what they should propose in their bid, namely an RDF machine. The machine shreds tyres that are then burned at high temperatures in industrial furnaces¹⁴⁷. The previous OMSAR Minister had liaised in advance with the owner of the cement factory in Shikka that is close to the Al Fayhaa SWMF. They confirmed to him their interest in RDF¹⁴⁸.

The previous OMSAR Minister told RITE that the RDF proposal was an important factor in the contractor winning the bid, despite their limited experience in the sector. **He also stated in his Right of Reply that the Al Fayhaa SWMF needed equipping.** Therefore, the Operator's commitment to investing \$3 million in upgrading the SWMF was also a determining factor in them winning the bid, and this is what the Operator of the Al Fayhaa SWMF told RITE. Their understanding is that they won the bid due to that overall investment commitment they made of \$3 million.

Ultimately, no RDF was produced. The Al Fayhaa SWMF operator told RITE that this was because new regulations were needed before production of RDF was possible. Despite her understanding that there was a regulatory impediment to RDF production, she also said that she sent RDF to another cement factory on an experimental basis. However, the previous OMSAR Minister told RITE that there was no regulatory impediment, rather an objection by the municipality where the cement factory is located as they feared that RDF would worsen pollution.

The Al Fayhaa SWMF operator told RITE that they pledged in their bid to invest \$3 million. She also said that they invested an additional \$500k over what they were contractually obliged to spend. This was because they were made to purchase and fit biofilters to deal with olfactory pollution, as well as tarmacking the SWMF. She told RITE that, after winning the bid and signing the agreement, given that it was not possible to sell the RDF to the local cement factory, she argued for investing the €450,000 cost of the machine in something more useful for the facility. She claims that this suggestion was turned down.

After winning the bid, it transpired that the Lebanese company was the only company operating the Al Fayhaa SWMF. The experienced French company that was in a joint venture with it no longer had a role. The OMSAR Project Manager told RITE that when they queried this with the Lebanese company, they explained that they had bought out the French company's share of the project.

The CEO of the Al Fayhaa SWMF operator told RITE that her company bought out the French company as they no longer wanted to invest. This was after the seven-year contract that they expected was in fact for three years renewable annually with both sides' agreement. She said that she agreed to the shorter term out of expediency as a change of terms to seven years created administrative complications and she thought that there would be good faith in renewing her contract annually after the initial three years. The CEO of the operator of Al Fayhaa SWMF told RITE that they reached an agreement with the French company that gives the latter a 10% share of earnings from the Al Fayhaa SWMF. They said that this was in return for the consultancy they provided for the design of the mixed waste facility, and for their help in procuring the machinery.

The CEO of the Lebanese company that became the sole operator of the Al Fayhaa has a Masters in environmental engineering and was supported by a technical team. However, she told RITE that it is only after she signed the contract and started operations that she consulted her technical team and realised that the compost produced from mixed waste could not be of high-grade agricultural use required by European standards. In any event, this was not a contractual stipulation. She said that she was able to send the lower grade compost to tree farmers. Its other potential use is in the layering of landfills. However, the Operator told RITE that the local dumpsite did not do this.¹⁴⁹

The OMSAR Project Manager told RITE that the bidding process for Al Fayhaa was altered from the usual 50-50 allocation of weight between the technical and financial files. Instead, 60% weight was given to the technical file and 40% to the financial one. Yet, the resulting upgrade still did not meet the needs of the operation. This is despite a £3 million investment in the facility, and with the OMSAR Minister allegedly specifying what kind of investment OMSAR would favour.

In particular, the CEO of the Al Fayhaa SWMF Operator told RITE that her company was doing windrow composting and used sorting machinery that she described as "basic". It did not include high tech machinery that would help with more effective sorting of mixed waste in terms of removal of small metals and glass, or at treating oils, detergents, and other toxins from the organic waste. She said that this "is what they asked for", and that it was in line with what was available at other SWMFs.

This material change in the identity of the winning bidder and in their experience could be a cause for termination of their contract. However, the OMSAR Project Manager told RITE that they passed the matter to the Government's Auditors Department, but that no termination was required.

PERFORMANCE, DISPUTES, FIRES AND CLOSURES

The OMSAR Project Manager told RITE that Reject Waste across all the SWMF exceeded the target of 35%, typically achieving 45% to 55% Reject Waste and that deductions on invoices could be as high as 20% or 30%.¹⁵⁰ The Minieh and AL Fayhaa SWMFs show that this is likely an underestimate of the percentage by which targets were missed.

CASE STUDY 1: THE MINIEH SWMF

FALLING SHORT OF CONTRACTUAL TARGETS

The Head of the Minieh Municipality told RITE that none of the operators of the Minieh SWMF met their waste treatment targets. He said that they were required to send no more than 35% of waste to the dumpsite. According to him, the Reject Waste they sent to the dumpsite was nearer 85%.

The Minieh Technical Report 2018 analysed the Minieh SWMF Second Operator’s performance in 2017, with their data table reproduced below¹⁵¹. According to that data, on average, the operator had 37% Reject Waste against a contractual target of 35% over 8 quarters from July 2016 to March 2018). The 37% figure correlates with what the Second Operator told RITE about their performance levels. **They confirmed this in their Right of Reply stating that “regarding the reject waste sent to the dumpsite, our percentage ranged between a minimum of 31% to a maximum of 37% during our term of operation.”**

Period	Quantities Incoming (tons)	Recyclable (tons)	%Recyclables	Rejects (tons)	%Rejects	Compost (tons)	%Compost
Apr 2016 to Jun 2016	1,644.41	6.76	0.41%	512.83	31.19%	19.61	1.19%
Jul 2016 to Sep 2016	5,092.58	180.19	3.54%	2611.16	51.27%	1614.92	31.71%
Oct 2016 to Dec 2016	6,557.88	566.33	8.64%	2316.48	35.32%	2994.25	45.66%
Jan 2017 to Mar 2017	6,601.46	662.38	10.03%	2320.5	35.15%	431.32	6.53%
Apr 2017 to Jun 2017	7,047.17	680.91	9.66%	2447.1	34.72%	113.51	1.61%
Jul 2017 to Sep 2017	6,753.02	604.22	8.95%	2645.63	39.18%	7.76	0.11%
Oct 2017 to Dec 2017	6,972.89	701.05	10.05%	2569.32	36.85%	100.07	1.44%
Jan 2018 to Mar 2018	7,213.38	725.63	10.06%	2834.18	39.29%	153.11	2.12%

8. Table extracted from the Minieh Technical Report 2018

However, according to the above table from the Minieh Technical Report 2018, they were achieving very low composting levels between January 2017 and March 2018¹⁵². They averaged 2.42% composting in 2017 and about the same in the first quarter of 2018. A 2016 UNDP Report suggests that even that 2% compost likely ended up as Reject Waste as it was very low quality and had no outlet¹².

Given that organic waste accounts for 50 to 52% of municipal waste (and even 56% in rural areas such as Minieh according to the Minieh Technical Report 2018) and only 2% compost was produced

¹² A UNDP Report that lists all Solid Waste Management sites surveyed in 2016, names the Second Operator of the Minieh SWMF, stating that they had 50 employees and did manual sorting, with no sorting taking place at source. Rejects are sent to the Aadwe dumpsite. However, as the quality of the compost produced was low, it would not have been suitable for distribution among farmers as the UNDP report suggests, and likely ended up at the Aadwe dumpsite as well.

https://www1.undp.org/content/dam/lebanon/docs/Energy%20and%20Environment/Publications/Updated-Master-Plan-Volume-A_Final-ilovepdf-compressed.pdf (table at page 242).

in 2017 and parts of 2018, the figure of 85% Reject Waste suggested by the head of the municipality to RITE seems more realistic as it seems to consider the organic waste. The 37% suggested by the table produced in the Minieh Technical Report 2018 and that the Second Operator of the Minieh SWMF said that they achieved do not seem to reflect the organic waste.

Other findings of the Minieh Technical Report 2018 show that in 2016, the Second Minieh SWMF operator was recovering less than 1% of recyclables in the second quarter and about 3% in the third quarter. Their performance reportedly improved in 2017, only missing their 10% recyclables target by about 1%.

The OMSAR Project Manager, Previous OMSAR Minister and all the contractors that RITE spoke to confirmed that penalties were regularly applied regarding under-performance. RITE does not question this fact. However, there is a lack of transparency, due to OMSAR not providing the necessary documentation and their non-availability in public records. This makes it difficult to independently assess the extent of the penalties, whether they were commensurate with the contractual stipulations, whether they reflected the amount of organic reject waste or low level of composting, and whether the data was self-reported or produced by the municipality under rigorous monitoring conditions. The Minieh Technical Report 2018 states that “the amount of compost produced and the amount of rejects were not always reported” (P.91). The ARLA 2020 Assessment also suggests the same, although not specifically in relation to the Minieh SWMF but across all the facilities, when it states that “Private operators are not the only stakeholders responsible for underperformance since the whole monitoring and accountability mechanism of the operation is not robust enough. Monitoring is focused mainly on inflows and outflows based on **self-declared data** (emphasis added) with a lack of control along the value chain by all stakeholders involved.”

The Second Minieh SWMF Operator has stated to RITE in their Right of Reply that “When [they] didn’t meet the percentage requirements, the penalty was applied to each item according to the conditions of the contract” and that “according to the conditions of contract, when this percentage exceeded 35%, the penalty was applied based on the approvals issued by the Ministry and Union of Municipalities and the Audit Bureau on each quarterly payment of the [Operator] (in all quarterly payments)”. They also stated that “public records readily exist that show the penalties were assessed. It is not clear why RITE personnel did not attempt to, or were unable to, verify these facts that are publicly available”.

According to the Second Minieh SWMF Operator, they performed the services despite only being paid in May 2020 for the services they provided in the entirety of 2017 and the first half of 2018. They stated to RITE in their right of reply that “OMSAR funds the operation and maintenance of the facility in Lebanese Pounds and through the Lebanese Government’s budget. Nevertheless, during the entire period of [our] operation from May 2016 till the handing over on June 2019, [we were] not paid for [our] services by the Ministry in contradiction of the conditions of the contract, [we] paid all of the expenses related to the operation and maintenance of the Minieh Sorting plant on a monthly basis to keep the smooth operation of the plant and to avoid any waste problems in the area. [We were] only paid for [our] services after the duration of the contract ended on May 2020 due to the absence of cash flow within the Ministry”. They provided RITE with a copy of a letter dated 29 January 2019 from the Minister that was in charge of OMSAR at the time. It was a request for the Minieh municipality to pay forthwith the Second Minieh SWMF Operator the funds that they have been provided with for that purpose and that relate to their invoices for the four quarters of 2017 and two quarters of 2018.

The Second Minieh SWMF Operator also stated in their “Technical support to upgrading the solid waste management capacities in Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018”, it is essential to note that the EU funded the construction of the Minieh sorting facility and not its operation.” However, under SWAM, the EU and OMSAR have maintained an involvement in supporting the operation and maintenance of the SWMFs. In any event, the report findings are not invalidated by the status of the EU in relation to the funding of the operation of the SWMF. The Second Operator of the Minieh SWMF also points out that “[we] had no involvement in the construction of the Minieh sorting facility, neither the structure nor the equipment of the facility when it was built.” This is something that RITE fully accepts and that it makes clear in its report.

OTHER SHORTCOMINGS OF THE MINIEH SWMF

The Minieh Technical Report 2018 refers to important shortcomings to the Minieh SWMF:

- Leaving leachate untreated and disposing of it into the surrounding area. It was observed on the ground, creating an environmental hazard to the surrounding area, as well as an occupational hazard to the workers. The Report states that the leachate should be treated before being disposed of, and that if this rectification is not carried out, there could be major adverse environmental implications to surface and groundwater.
- Not having an environmental specialist in the field of composting,
- Not having a maintenance engineer.
- Not using health and safety equipment.
- Not keeping the area clean.
- Not analysing the compost throughout 2017 while it is required to do that every quarter.
- Not providing In-house monitoring of the compost piles so to verify the safe hygiene status of the decomposition or the digestion process.
- Not carrying out sampling and analysis by proper laboratories on a monthly basis in accordance with the guidelines provided by the Ordinance of the Ministry of the Environment.

Given that the Minieh Technical Report 2018 does not seem to still be publicly available, we have reproduced herewith some of the relevant pages from it in lieu of quotations:



Although the contractual requirement is to perform compost analysis every quarter, however OMSAR mentioned in an inspection report issued in January 2018 that no analysis was conducted during 2017.

Consequently, it is impossible to evaluate the compost in terms of quality and marketability especially that it is the property of the Union as per contract. Moreover, the absence of the analysis makes the consultant question the composting processes.

Nonetheless, an observation mentioned in the inspection report of OMSAR in January 2018 pertaining to keeping the windrow moist whereby it is noted that no additional water is added upon need to keep the windrows moist. This would risk the entire process as it would not allow proper microbial growth necessary for the decomposition process. The inspection report further mentions that the windrows are turned and the temperature is measured.

The leachate is being collected in a tank but it is not sent to the treatment facility, rather it is disposed off into the surrounding. This is a major issue to be rectified as it has major adverse environmental implications to surface and ground water.

In conclusion, the consultants suggest that there should be sampling and analysis by proper laboratories on a monthly basis, according to the guidelines provided by the Ordinance of MoE.

In addition, there should be also in-house monitoring of the compost piles to verify the safe hygiene status of the decomposition or the digestion process by documenting accurately the temperatures achieved during the first intense decomposition phase. Further in-house analyses can be carried out to determine characteristics important for the application of compost and digestion residues which can be ascertained using simple techniques, such as water content, weight by volume, pH value, is recommended.

Also the sampling of the leachate produced and the proper follow up to assure its proper treatment prior to disposal.

2.4.2.3. Operational Aspects of Minieh Sorting Facility

As mentioned earlier, the Consultant visited the facility on 24 July 2018.

The main observations were as follows:

1. The facility was not in a state of cleanliness, litter was observed all around
2. Leachate was noticed on the ground and this would elucidate an environmental hazard to the surrounding as well as an occupational hazard to the workers
3. The workers did not employee any personal protective equipment.



Two inspection reports were also received from OMSAR. We have focused on the last report (January 2018) since it is the most recent. The below table summarizes the aspects of relevance:



Table 38. Minieh Operation aspects (OMSAR Reports)

No	Aspect	Description of Status on site	Tender Requirements
1.	Manpower	<ul style="list-style-type: none"> - Absence of an environmental specialist in the field of composting - Absence of maintenance engineer - The Site manager is present in the facility every day - There are 21 people working in separation; 5 first stage sorting and 17 sorting; 1 cleaning labor; 2 workers in the composting area, 2 workers on baler, 4 drivers and a supervisor; 1 on weighbridge - All workers are of Syrian Nationality 	<ul style="list-style-type: none"> - Availability of specialized personnel including an environmental specialist in the field of composting and a maintenance engineer - Presence of a site manager on a full time basis - Weighbridge operator from the municipality - Availability of the needed manpower for the proper operation of the facility - 50% of the staff should be residents of the neighboring municipalities - All workers should be above 18 years of age
2.	Occupational Health and safety	<ul style="list-style-type: none"> - Health and safety equipment are not being used 	<ul style="list-style-type: none"> - Ensuring a healthy and safe conditions of works for the labors (first aid, PPE, etc.) - Providing an insurance coverage for the workers against any potential accidents
3.	Environmental	<ul style="list-style-type: none"> - The area around the site is not clean - The facilities need to be cleaned - The compost was not analyzed during the year 2017 - Excessive amounts of compost not screened - Leachate not sent to the treatment facility 	<ul style="list-style-type: none"> - Site should be kept in clean conditions - Compost quality to be analyzed quarterly - Compost quality should match the requirements of the MoE - Screening of compost after the end of composting - Leachate to be treated in a WWTF

2.4.3. Planned Sorting Facility in Dannieh

Currently, the Union of the Municipalities of Dannieh does not have any treatment prior to disposal. As such, the waste flow and mass balance in the union of Dannieh Municipalities, the following was constructed in theory to reflect the above,

In their Right of Reply the Second operator of the Minieh SWMF told RITE that “Leachate was controlled through the existing drainage channel surrounding the area of the composting.”

RITE observes that, given that the Second Operator of the Minieh SWMF was contracted to operate the facility on an “as is” basis, the leachate treatment system goes back to the design of the facility as commissioned by OMSAR under ARLA. Despite the significant health and environmental problems it created, it was not corrected by them. The leachate problem was eventually dealt with as part of the upgrade of the Minieh SWMF by an NGO acting on their independent initiative, albeit in close coordination with OMSAR.

It is not clear if the Second Operator of the Minieh SWMF corrected for the other infractions mentioned in the Minieh Technical Report 2018. However, **in their right of reply, the Second Minieh SWMF Operator stated the following in response:**

“There were no breaches of the contract between [us] and the client (Ministry and Union).

When [we] first began operation in 2016, we improved the maintenance of the plant and the training of our labor and staff, and thus our performance was gradually enhanced allowing for the isolation of recyclables and compost. Needless to say, it is in [our] favor and benefit to sort recyclables as it is a source of income and profit to the company from this project. [We] purchased and installed magnetic separators, at its own expense, in order to improve the process of sorting to ensure a higher percentage of recyclables. The company also provided incentives to its labor to sort.

The contract specified having qualified personnel and did not specify the specific positions required.¹³ However, the project manager and his assistants were qualified for environmental, composting and health and safety aspects. In addition, the company also has an in-house maintenance team present at the sites. The company also always had labor present on-site ensuring the cleanliness of the plants. [We were] considered a large-scale company in Lebanon, with more than 3000 employees at that time with all the necessary qualifications to provide labor, spare parts, maintenance and other. This is why [we were] able to complete the financing and the handing over of the project according to all specifications.

Composting at Minieh: Windrow composting in open air before installation of hangars in 2019



9. "Doc 3 Picture" provided by the Second Operator of the Minieh SWMF

[We have] performed the tests according to the requirements in the contract, including in 2017. It is also important to point out that the composting in Minieh Plant was done through the windrow method and within a limited space (traditional outdoor method of composting – even the Windrow machine has been provided after few months of the operation - due to the absence of any Biological Treatment (MBT) technologically and advanced method (such as the tunnel composting). OMSAR was aware of the weakness of the windrow technology, and was trying with the union of Municipalities to improve and upgrade the treatment of composting lines during 2018 and 2019 (almost by the end of our operation), the goal being to provide more space such as steel hangars and to remove old drums (purchased by the EU and rendered non-operational since the time they were installed in 2005) to have additional sheltered space in order to relocate the composting to inside the steel hangars.(see doc 3 pictures related to the works).

[We have] monitored the hygiene of compost on a daily basis and that data was included in the relevant monthly reports. [We] completed the laboratory tests in a laboratory approved by OMSAR, the lab belongs to the Lebanese Government (IRI).

¹³ The OMSAR Project Manager told RiTE that the obligations imposed on contractors in their agreement, such as personnel, reflect what they commit to in their bid proposal.

The works were completed under the supervision of an engineer on behalf of the union of municipalities and occasionally representative from OMSAR. (doc 4 certificate of works).”

The Doc 4 in question is a Certificate of Works (in Arabic) dated 11 April 2017 from the OMSAR Minister at the time. It is appended in full to this Report. It states that the Second Operator of the Minieh SWMF are sorting and treating solid waste at the Minieh SWMF with a capacity of 77 tons per day, treating organic waste to produce agricultural compost¹⁴, and transporting Reject Waste to the dumpsite, and that they are abiding by their contractual terms.

UPGRADE AND CLOSURE OF THE MINIEH SWMF

On 1 April 2018, an NGO started a one-year upgrade of the Minieh SWMF under the UK Aid Intaj 3 Programme at a cost of \$338,000. The Upgrade was completed on 31 March 2019¹⁵³. This is within the operational period of the Second Operator of the Minieh SWMF who stopped operations on 18 May 2019.

In their Right of Reply the Second Operator of the Minieh SWMF stated that “[we were] operating normally during the year of 2018 while the client (the Lebanese Government), which was responsible for upgrading the plant, completed minimal upgrading works during that year. Upgrades completed by the client: added a rubber conveyor belt to transfer the organic fraction after being sorted directly from sorting line to the outdoor composting area; Installation of a baler to press the recyclables materials; Removal of old un-operational drums (in 2018) which were funded by the EU in 2005 and that weren’t operational since the time they were installed; and addition of hangar above composting field in 2019 to improve operation.”

The Upgrade of the Minieh SWMF was never tested as the Aadwe dumpsite closed in April 2019, forcing the closure with it of the Minieh SWMF, which now had nowhere to send its Reject Waste. The Minieh SWMF itself became a dump during that period, with waste piled up in it.

FIRE AT THE MINIEH SWMF

According to an article in Al Nahar Newspaper of 16 August 2020, residents woke up to a big fire at the Minieh SWMF that was put out by the Civil Defence Force. **In their Right of Reply the Second Operator of the Minieh SWMF told RITE that “the fire erupted on the site in May 2020 which has been documented by the Union of Municipalities, OMSAR, and the Ministry of Environment; a year after we had handed over the site to the responsible authorities and the absence of any person related to the company. Since 25 June 2019 (date of the handing over), [we have] had no involvement or representation at the site. A new tender was issued shortly after by the Ministry. We did not bid on that tender. [We are] not aware of [Company]-affiliated persons participating in**

¹⁴ RITE notes that the OMSAR Certificate of Works describes the composting activities of the Second Minieh SWMF Operator as producing agricultural compost when that was not the case. They were producing low grade compost not suitable for agriculture. Their contract did not specify any particular grade and therefore they were not in breach of their terms. However, the Certificate of Works is potentially misleading in this respect.

the evaluation [of the fire damage], but if that happened, the person was not acting on [our] behalf.”

The fire destroyed a facility that was built and equipped by the EU under ARLA, and that remains under OMSAR’s supervision under SWAM. The fire also wasted the funding provided by UK Aid for its refurbishment and that was never used.

RITE undertook a site visit to the Minieh SWMF in August 2022. It did not conduct an expert fire investigation at the site and was not able to ascertain whether there was structural damage to the building. The facility was still standing although charred. However, our lay observations suggest that the official narrative that is accepted by OMSAR and the municipality, of an accidental fire caused by sunrays hitting a shiny object, warrants further investigation.

For example, the President of the municipality told RITE that the fire took place at dawn (as does the newspaper article) when the sun would not yet have been intense; the hangar was already constructed and would have shielded waste from the sun and the visible fire damage was mostly to the internal parts of the building. A generator in a dedicated room that is adjacent to the facility was intensely damaged. A faulty generator could be a potential cause of fire. However, the SWMF was not in operation at the time and the engine would not have been on.



10. Charred sorting belt and engine are among the fire damage suffered at the Minieh SWMF (Picture taken by RITE during their site visit in August 2022).

The Head of the Minieh Municipality told RITE that, despite the fire, the site was possible to redevelop.

CASE STUDY 2: THE AL FAYHAA SWMF

PERFORMANCE AND DEDUCTIONS

The compost that the Al Fayhaa SWMF operator produced was too low grade for agricultural use. It was meant to be the property of the municipality. However, the CEO of the Al Fayhaa SWMF operator told RITE that she was distributing it for free to orchards. She said that OMSAR knew about

this and allowed it. The free distribution would avoid the operator having to incur more Deductions by further exceeding their 35% quota of Reject Waste sent to the dumpsite.

The Al Fayhaa SWMF Operator told RITE that they stopped composting activity altogether and this is confirmed in the ARLA 2020 Assessment. Furthermore, the ARLA 2020 Assessment singled out the Al Fayhaa SWMF in relation to health and environmental risks due to its larger capacity.

The Al Fayhaa SWMF operator told RITE that for the short period when they were carrying out composting, they were exceeding the allowable level of waste sent to the dumpsite by about 10%, sending in 45% of waste they received. According to how the penalty system works, as explained to RITE by the OMSAR Project Manager, this should result in a 10% deduction on the Tipping Fee payable to the Operator. However, the 10% excess over the allowable 35% to dumpsite does not fit well with our other findings:

- The CEO of the Al Fayhaa SWMF operator told RITE that the 35% upper limit on Reject Waste did not make sense given that she will be treating 50% organic waste and extracting 10% reusable materials. The balance is 40% Reject Waste.
- The CEO of the Al Fayhaa SWMF operator told RITE that her composting process generated 30% waste. She did not expect this to be counted towards the maximum 35% Reject Waste that is allowed to go to the dumpsite.
- RITE observes that if the above two statements by the CEO of the Al Fayhaa SWMF operator are factored in, they would be sending at least 70% reject waste to the dumpsite. If so, the Deductions that should apply would be 35% to reflect the amount they have exceeded the Reject Waste upper limit.
- In addition, there should be deductions relating to the extent they fell short of the 20% composting and 10% materials treatment targets. The ARLA 2020 Assessment states that recovery rates at the Al Fayhaa SWMF, as reported by OMSAR, were as low as 1.9% in October 2017, and that values of 3% of recyclables are not rare. The OMSAR Project Manager told RITE that he did not accept the justification presented for this that scavenger activity prevented higher recovery rates.

The CEO of the Al Fayhaa SWMF Operator told RITE that the National Audit Office wanted to discount 80% on an invoice. This means that they considered that she had exceeded the level of rejects that can go to the dumpsite or underperformed on her composting and sorting targets by 80%, which fits with our above analysis.

The Al Fayhaa SWMF operator explained the context to the 80% Deduction to RITE and why she challenged it. She said that her company requested from the municipality and from OMSAR to only do sorting, which is paid at \$15 per ton of waste received, and no composting on the basis that she needs to be upgrading the composting operations. She said that the municipality and OMSAR agreed to this. The CEO of the Al Fayhaa SWMF Operator told RITE that the municipality was happy for the 50% organic waste to be sent to the dumpsite as that operation is run by a business that they favour over theirs.

The CEO of the Al Fayhaa SWMF operator told RITE that the National Audit Office did not accept this departure from the contractual arrangement when it asked for an 80% discount on one of the invoices. She also said that OMSAR wrote to the National Audit Office twice to ask them to reconsider. She also only mentioned one such invoice. If that is the case, it would imply that the National Audit Office may have accepted the new payment arrangement for the other invoices.

However, RITE was not able to verify this as it was not granted access by OMSAR to the relevant invoices and their underlying data.

The Al Fayhaa SWMF operator told RITE in their right of reply that they were producing over 90% Reject Waste after they stopped composting. They explained that, without the composting, the maximum their facility can treat is 10%. However, they said that in the short period when they did do composting, they had 45% Reject Waste.¹⁵⁴

This arrangement means that the Al Fayhaa SWMF Operator would receive a Tipping Fee of \$15 per ton in relation to their capacity of 500 tons per day, before redirecting 90% of that waste to the dumpsite, who will charge again for receiving it.

The CEO of the Al Fayhaa SWMF operator admitted to RITE that she was in breach of contract over her performance targets. She said that she was aware prior to signing the contract that it would be challenging for her to meet the targets. However, as the contract did not specify the grade of compost, she considered that she could nonetheless produce whatever grade she could and be paid for it. The problem was that it had no outlet given its low quality. She also said that most of the SWMFs were already operational with similar facilities and terms to hers. The main difference is that she made investments that they had not, and therefore she required a longer term to recoup them. She also assumed that the other SWMFs had similar challenges meeting their targets and that therefore the performance levels were not rigorously enforced. She assumed that up to 10% discounts likely apply to the invoices for under-performance. She devised a business plan based on that assumption and proceeded to sign the contract.

Based on these calculations, the Al Fayhaa SWMF operations would have an annual turnover of \$4,562,500 (\$25 x 500 tons x 365 days) less 10%, totalling \$4,106,250. The CEO of the Al Fayhaa SWMF operator told RITE that the rival dumpsite had similar capacity and fees. If so, that means that the creation of the SWMF doubled the cost of waste management to the Lebanese taxpayer without proving its worth. Also, given that the total budget allocated by the Lebanese government for all 16 SWMF operations was \$50 million with an expectation that they become self-sustainable thereafter¹⁵⁵, there is a question mark over the affordability of the SWMFs for the government and municipality.

During the three years of intermittent operations the Al Fayhaa SWMF operator told RITE that they submitted invoices for two years-worth of work, with three of the quarterly invoices remaining unpaid. She did not want payments to be in Lebanese Lira as was suggested to her as the currency has lost some 90% of its value against the dollar. OMSAR told RITE that they were not aware that any invoices remain pending and thought that the operator was fully paid up. She did not clarify what Discounts have been applied to these invoices save to say that there was one contested invoice regarding the 80% discount. RITE had no access to the invoices to verify what performance standards and discounts were applied.

DISPUTES AND CLOSURE

It is not the poor performance of the Al Fayhaa SWMF that is at the centre of their dispute with the municipality. OMSAR and the Al Fayhaa SWMF Operator told RITE that the dispute between the operator and the municipality was around the municipality alleging olfactory pollution from the Al Fayhaa SWMF. This led the municipality to close the facility six months after the start of operations until they remedy the problem. The operator installed the required biofilters, and they told RITE that this cost them \$300,000. OMSAR carried out an inspection and declared that there was no olfactory

pollution from the SWMF. The municipality nonetheless closed their operation again twice, with them operating sporadically in between closures over a period of three years¹⁵⁶.

In conversation with RITE, the OMSAR Project Manager and OMSAR previous Minister both supported the operator's claim that the municipality's actions were principally motivated by rival financial interests.¹⁵ Furthermore, The OMSAR Project Manager told RITE that CDR and the municipality are planning to develop the Al Fayhaa SWMF with a grant from the World Bank. RITE was not able to independently ascertain whether these allegations are true.

The ARLA 2020 Assessment confirms this to be a problem with the SWMFs, without specifying which or how many of them it applies to. It states that "dumpsite operators were found in competition with facility operators, who reduce the amount of waste delivered to a dumpsite, and consequently lower the dumpsite operators' revenues. The current system does not incentivise any of the actors, be it facility operators or dumpsite operators, to improve sorting and reduce rejects to be dumped." It also states that "the sector is not sufficiently protected from vested interests, there is a private sector concentration in the municipal solid waste sector, and political stakeholders are suspected to be the current or future shareholders in waste management infrastructures. This is also a reason for a generalised distrust in the public procurement processes among private actors and even among donor agencies."

Regardless of whether the financial rivalries are the principal reason for the closure of the Al Fayhaa SWMF operator, there were significant performance issues and breaches of contract by the operator. Yet OMSAR considered this to be a secondary issue to the dispute and were willing to appoint the Al Fayhaa SWMF Operator to run the Minieh SWMF.

The Previous OMSAR Minister continued to help the Al Fayhaa SWMF Operator in the dispute, even though he had left office by then. He told RITE that their CEO got in touch with him and he put her in touch with the highest placed people nationally and in the north, but none of them could persuade the municipality. He also said that the secret of the nationwide contracting success of the Second Operator of the Minieh SWMF was that he goes in with local partners. He did not say this directly, but this was not the case with the Al Fayhaa SWMF Operator in the north. She told RITE that she was from a different part of the country, and she described the local big player in waste management as her rival.

The CEO of the Al Fayhaa SWMF Operator told RITE that her priority was to remove her equipment from the facility, saying that it was locked in there by the municipality and was losing value, rusting away. However, the President of the Union of Al Fayhaa Municipalities and the OMSAR project Manager both told RITE that the operator removed their equipment. The OMSAR project Manager said that the operator did this in summer 2021. The RITE site inspection of August 2022 showed that the site remains abandoned with a few remaining vandalised equipment.

¹⁵ The OMSAR Project Manager told RITE that there were disputes that caused the closure of at least two other SWMFs, naming one of them as the Kfour SWMF in Nabatiyeh. In addition, the OMSAR previous minister told RITE the Baalbeck SWMF was burned down by a local person because of a dispute over the land which was being used for the landfill. The original EU investment in it was therefore wasted. He said that he requested \$400,000 from the Lebanese government for the redevelopment of the Baalback SWMF after it burned down. All three SWMFs that involved such disputes (Al Fayhaa, Kfar and Baalback) were opened under the watch of the same previous OMSAR minister.



11. RITE site visit to Al Fayhaa SWMF in August 2022 revealed a derelict site with machinery removed, and what remains derelict or vandalised (Picture taken by RITE).

ACCOUNTABILITY

Accountability is a cornerstone of good management and will lead to more successful project implementation. Part of accountability is taking responsibility where appropriate, or being transparent about difficulties experienced, and fully investigating the facts so that the necessary remedial actions can be taken.

The ARLA 2020 Assessment recommended “strengthening and creating accountability mechanisms”. Yet the same report distances the EU from the SWMFs, applauds the progress made by OMSAR in gaining knowhow in managing them¹⁵⁷, and affirms that OMSAR managed the budget without succumbing to the rampant corruption in the sector. This is without investigating sufficiently the facts that could indicate misspending and possible fraud as highlighted in this report.

FACT-CHECKING THE EU RESPONSIBILITIES

The ARLA 2020 Assessment considers that wrongful blame was directed by the media at the EU. It seeks to put a distance between the EU and the SWMFs on the bases that the grant was given to OMSAR as an “independent fund” under ARLA; and many of the SWMFs were redeveloped after the EU’s initial funding therefore their performance reflects how they have been altered by other parties.

However, RITE does not consider this assessment to be justified for the following reasons:

RESPONSIBILITY FOR BUILDING AND EQUIPPING THE SWMFs UNDER ARLA

The ARLA 2020 Assessment distances the EU from responsibility, stating that it gave OMSAR an “independent fund” in 2005. After that date, the EU closed the programme, even though OMSAR did not complete it until 2017¹⁵⁸.

However, it is this very choice of an “independent fund” that is questionable. The ARLA 2020 Assessment itself picks up on the problematic aspects of the EU’s chosen approach, stating that “The modality of this massive transfer of EU-funds to OMSAR, together with giving [them] full responsibility over ARLA, might have been a mistake in some aspects.”

In any event, the EU retained a significant level of involvement under ARLA. This consisted in:

- Being part of the evaluation committee that selected the municipal projects.¹⁵⁹
- Having approval over the projects selected for implementation¹⁶⁰.
- Closely following the monitoring and steering structures of ARLA over 5 years.”¹⁶¹

Furthermore, The OMSAR Previous Minister told RITE that OMSAR never did anything without the agreement or approval of the EU. The OMSAR Project Manager told RITE that he was sending progress reports to the EUD every 6 months with invoices, during the construction and equipment of the SWMFs.¹⁶²The ARLA 2020 Assessment lists the reports from OMSAR to the EUD on the ARLA projects to be as follows¹⁶³:

- 9 semestrial reports during the first 6 years from January 2004 to December 2009,
- three annual reports during three years from January 2010 to December 2012, and
- a final report covering 3.5 years from January 2014 to May 2017.¹⁶⁴

The EU also reserved the right to carry out its own audits (with no obligation to undertake them).

The ARLA 2020 Assessment found a lack of record keeping at the EUD and at OMSAR in relation to these reports. It states that it found “traces of this follow up in OMSAR’s archives. These traces were not present at the EUD however, where a very deficient institutional memory was revealed during this evaluation mission.”

It is however clear that the EUD was informed of progress and had approval rights over the SWMFs as commissioned by OMSAR.

RESPONSIBILITY FOR THE OPERATION AND MAINTENANCE OF THE SWMFs UNDER SWAM

RITE agrees with the statement made by the EUD in their Right of Response to this Report that **“all these facilities are owned by the relevant Municipalities or Unions of Municipalities. The EU never had a mandate of owning, controlling, or directly managing the construction or operation of the facilities.”** However, this does not mean that the EU had no responsibilities.

Under SWAM, OMSAR was to act as the contracting authority for the procurement and grant procedures with the EU executing payments. The EU committed to dedicated long term technical assistance to directly support implementation of the operation and management of the SWMFs, and to secure the sustainability of the project results. The EU was also part of a Steering Committee for the programme, which meets at least once a year. However, it has restricted its involvement on the Steering Committee to that of an observer. Additionally, the EU can choose to carry out Results Oriented Monitoring (ROM) in relation to the programme.

The EU’s role under SWAM did not prevent poor management in the support provided by OMSAR to the operation and maintenance of the SWMFs.

RESPONSIBILITY FOR THE RE-DEVELOPED SWMFs AND THEIR OPERATION

The ARLA 2020 Assessment considers that the EU relationship with the SWMFs became less significant after their redevelopment with third party funding. It considers that “some mistakes in EU

visibility occurred with participation in the opening ceremony of a non-EU funded investment”. It states that “While the EU invested significantly in the facilities’ capital investment, 50% of the facilities were supported by other donors. Additionally, the EU had no leverage on their operation and maintenance. Thus, the actual situation of most of the facilities does not correspond to the one envisaged in the initial studies (some funded by EU). As a result, these facilities should not be labelled as EU facilities as the EU has not been fully involved or engaged throughout the maturation and implementation process.”

In fact, the SWAM Financing Agreements imposed on OMSAR a requirement to ensure the visibility of the EU in relation to projects that it continues to support under that programme. This resulted in reputational damage for the EU when the SWMFs became the subject of media scrutiny over their poor performance.

The examples of the Minieh and Al Fayhaa SWMFs demonstrate how the analysis of the ARLA 2020 Assessment does not reflect the reality of the EU and OMSAR responsibilities for the SWMFs:

The funding of the building and equipping of the Minieh and Al Fayhaa SWMF was done under the EU’s ARLA programme. The choice of those projects was done with EU approval, including the design specifications made for them by OMSAR. Therefore, their design shortcomings, as well as the lack of coherent planning by OMSAR around waste collection and disposal that impact their operations, was part of the remit of EU project approval. The wastefulness of the equipment costs through design shortcomings and the gap between its initial funding and the next steps being taken in the re-development of the Al Fayhaa SWMF should have been one of the relevant considerations for the EU when they approved those projects.

The operation and maintenance of the Minieh and AL Fayhaa SWMFs were also to be supported by OMSAR under SWAM, with the EU providing technical support. The EU was not responsible for paying the operators, this was done from the budget of the Lebanese government. However, the monitoring of the operators’ performance and related invoicing was part of the remit of the EU programme: OMSAR, with technical support from the EU, were to aid the municipalities by providing the operator contracts, managing the bidding process and appointments, ensuring adequate monitoring that would motivate performance and result in correct invoicing. Therefore, the contractual framework and contractor choices, poor monitoring, poor performance and unreliable invoicing that occurred at the SWMFs were all part of the remit of OMSAR and the EU in their supportive role to the municipalities.

The EU’s presence at the re-launch of the Minieh SWMF and the opening of the redeveloped Al Fayhaa SWMFs and their association with those facilities are therefore fully justified, even if they were not paying for the redevelopment of the Al Fayhaa SWMF or the operation of the Minieh SWMF out of their own budget. The reasons for the premature closures of the Minieh and Al Fayhaa SWMFs and the evolving situation around their potential redevelopment should also be the concern of OMSAR and the EU. Therefore, associating the failures of the Minieh and Al Fayhaa SWMFs with the respective roles of OMSAR and the EU in creating them and supporting their operations is justified.

The UNDP Waste Expert told RITE in their right of reply that “SWAM programmes did not include [operation and maintenance] (O&M). The O&M was a [Lebanese] government funded intervention through OMSAR and was governed by contracts between Municipalities and contractors. The subsidised funding of the operation was done through OMSAR on-behalf of the government, based on monthly reports. Supervision and contracts were the main responsibility of

municipalities and union of Municipalities. [RITE] implies that the O&M was the responsibility of OMSAR and its staff, or UNDP staff which is not 100% accurate.”¹⁶⁵

RITE considers that, although it is correct to say that the operations were funded by the Lebanese government and governed by contracts between municipalities and contractors, the SWAM Funding agreement does require OMSAR to support the municipalities in operations and maintenance, including the bidding process for contractors, providing the contract templates, and supporting the municipality in managing the operations. They were also part of the payment approval chain.

FACT-CHECKING OMSAR’S RESPONSIBILITIES

The EUD has stated in their Right of Reply that **“OMSAR had been mandated by the Ministry of Environment to supervise the [SWMFs], and until 2021, had also secured the necessary funds to cover their operations and maintenance.”**

However, OMSAR was also tasked by the EU under its funding agreements to build and equip them and support the municipalities in their maintenance and operation. The obligations imposed on OMSAR under the ARLA and SWAM finance agreements are as follows:

ARLA

The ARLA agreement shows that OMSAR had responsibility for the planning and design of the SWMFs and related equipment and campaigns, as well as for supervision of the building of the SWMFs until their final delivery. It was also provided with the necessary expertise to adequately perform its duties. Therefore, any learning curve by OMSAR was not supposed to be at the expense of good project implementation¹⁶⁶.

This view is supported by the following provisions of the ARLA Agreement between the EU and OMSAR of 2005¹⁶⁷:

- **Expertise:** An evaluation committee was to be set up, with its members approved by the EU. It was tasked with providing OMSAR with the administrative, technical, financial, commercial and contract management skills of its personnel in relation to every stage of project implementation, including the following. The OMSAR Project Manager confirmed to RITE that an evaluation committee was in place.
- **Selecting and Implementing Sound Projects:** OMSAR, supported by the selection committee, were required to select projects that were either ready for immediate implementation or that require studies to transform their concept into a project plan ready for implementation, and then proceed to implement them. This included defining the selection and evaluation criteria, and shortlisting projects based on those criteria as well as on market studies and regulations.
- **Providing the technical specifications for the SWMFs and equipment:** OMSAR, supported by the selection committee, were required to prepare technical terms including terms of reference, technical specifications, and quantity estimates.
- **Supervising good delivery:** OMSAR, supported by the selection committee, were to ensure follow-up and supervision of the building and equipping of SWMFs, including certificates of technical conformity and certificates of preliminary and final delivery.
- **Reporting:** OMSAR, supported by the selection committee, were to produce quarterly reports and collaborate with auditors as may be required.

THE SWAM AGREEMENTS

A financing agreement was signed in 2014 between the EU and OMSAR¹⁶⁸ for the implementation of the SWAM Programme over a period of 5 years (**SWAM 1**). This was followed a year later, in 2015, by the SWAM 2 Financing Agreement signed between the EU and OMSAR¹⁶⁹ for €21 million (**SWAM 2**). The periods of implementation of SWAM 1 and 2 were extended by Addendums No 2. Their operational phase will now conclude in 2023, and the programmes will close in 2025.

Both SWAM programmes are carried out in indirect management with the EU. They also have the benefit of a Steering Committee established under SWAM 2. The Technical Assistance Team active under SWAM 1 continues its role under SWAM 2. This includes providing expertise in relation to the preparation of technical specifications for works, drafting tender dossiers, agreements, planning documents and regular reports. SWAM 2 clarifies that OMSAR is responsible for the fulfilment of its obligations under the finance agreement even if it designates others for tasks in the implementation of the programme.

One component of the programmes is to “improve the overall efficiency and effectiveness of solid waste management” by “establishing environmentally friendly municipal solid waste management systems”. Under SWAM 1 the redeveloped or new SWMFs are to be in Baalbeck, Zahle, Jeb Jenin and Srar. SWAM 2’s target SWMFs include Al Fayhaa, which is to be developed with sorting, recycling, composting and RDF.

The other component of the programmes is to provide enhanced management, operation and maintenance (**O&M**) capacities to the municipalities of the new SWMF, as well as the municipalities that benefited from the creation of SWMFs under ARLA. The main activities may include but are not restricted to:

- support to O&M of the facilities.
- support in procurement for recruiting contractors, for example to operate the SWMFs, to purchase equipment and to carry out works.
- procurement, grant awards, and contracts.
- enforcing procurement and grant contracts.
- SWAM 2 states that “the project will pay special attention to the contracts between the municipalities and the contractors”.
- SWAM 2 specifies additional terms in relation to OMSAR’s O&M role, which now include the promotion of sorting at source and the 3Rs of waste management hierarchy, being Reduce, Reuse, Recycle.
- OMSAR is to set up and regularly use a technical and financial monitoring system and send reports to the EU. “Day-to-day technical and financial monitoring will be a continuous process”. In addition, OMSAR is required to provide Performance Monitoring Reports to the EU at least once a year.
- OMSAR is required to “ensure and check regularly that the actions financed from the budget are effectively carried out and implemented correctly.
- OMSAR is required to take appropriate measures to prevent, detect and correct irregularities and fraud, and where necessary, bring prosecutions and recover funds unduly paid.”

The management failings that this Report identifies as falling within OMSAR’s responsibilities are based on the above responsibilities imposed by the EU funding Agreement on OMSAR as its implementing partner under ARLA and SWAM.

EU ENCOURAGEMENT FOR OMSAR

The ARLA 2020 Assessment credits the SWMFs project with developing the capacity of OMSAR, allowing it to create similar projects in future. However, if such a learning curve was achieved, it was a side benefit that was not the primary objective of ARLA and SWAM¹⁷⁰.

In any event, the funding agreements envisaged that OMSAR would have access to the relevant expertise from the outset by funding the involvement of a committee of experts that advise it. This includes in the preparation of technical specifications for works, drafting tender dossiers, agreements, planning documents and regular reports. Therefore, poor management cannot be justified by the lack of expertise that OMSAR started with. It is also not clear what lessons have been learned considering the lack of acknowledgment by OMSAR and the EU in how their management have resulted in poor project outcomes.

The implementation of the ARLA programme by OMSAR extended from 2005 to 2017. This was assessed by the ARLA 2020 Assessment to have been “such an exceptional duration to spend the budget, that the efficiency of ARLA can only be assessed to be extremely low.” However, the ARLA 2020 Assessment considers that this long timeframe of implementation may be necessary in a country like Lebanon. RITE considers that encouraging an extended framework is reasonable if it does not result from poor management of the programme implementation.

THE LINKS BETWEEN OMSAR THE EU AND UNDP

The history and structure of the relationship between OMSAR, the EU and UNDP should be conducive to closer monitoring and controls over project implementation between them. However, their close associations can also lead to a reluctance to call out poor management.

The EU’s choice of OMSAR as the implementing partner for the SWMFs follows on from OMSAR’s implementation of the Assistance to the Rehabilitation of the Lebanese Administration (**ARLA**) programme (which originally had no connection to municipal solid waste management). The EU’s ARLA Assessment report of 2006 states that the ARLA programme had a “poor outcome”. However, no association was made in the 2006 Report between OMSAR’s implementation of ARLA and its disappointing results. The report states that OMSAR itself voiced doubts over its suitability to manage the solid waste projects. A doubt that lingered given that the Previous OMSAR Minister told RITE that the Ministry of Environment (MoE) would have been a more natural partner for the project than OMSAR, and that the MoE were trying to work with the municipalities over sorting at source, which is within their remit rather than that of OMSAR. OMSAR was nonetheless handed by the EU an “independent fund” to run the ARLA SWMFs programme.

The reasons for OMSAR’s creation and the involvement of the international community in shaping it provide an explanation as to why it should, in theory, be the right partner. It was set up and funded by the international community to help reform the Lebanese administration¹⁷¹. While not being a government department itself, it is headed by a government minister.

The Head of OMSAR, by virtue of that position, has the status of Minister. However, OMSAR is not itself a ministry. It operates like “a consulting firm delivering assignments for clients, with financial resources to entice ministries to engage in a project.”¹⁷² The two main operational units at OMSAR are the Technical Cooperation Unit and the Institutional Development Unit. They are each headed by

a Director. The Directors report to the Minister, who in turn should report quarterly to the Prime Minister. OMSAR is also held to account by the donor agencies that finance its activities.¹⁷³

Many of OMSAR's staff are chosen and funded by UNDP and some are UNDP employees¹⁷⁴. A 2009 Review of OMSAR states that out of its 84 total staff, 31 (37%) were contracted by UNDP and 53 (73%) were engaged by the Government of Lebanon.¹⁷⁵

The Previous OMSAR Minister told RITE that OMSAR and UNDP are so interlinked that "without UNDP there is no OMSAR"¹⁷⁶.

The UNDP Programme Manager explained to RITE¹⁷⁷ the nature of UNDP's involvement in the EU funded SWMFs. She said that UNDP had an advisory and technical support role to the Lebanese government, including in relation to OMSAR. She said that during the building of the SWMFs under ARLA, the EU funded certain OMSAR employees. The EU no longer wanted to do that under SWAM. The Lebanese government therefore put in a request for the UNDP governance programme to fund OMSAR employees from Lebanese government funds. UNDP agreed to this and recruited employees from among the team working on the ARLA project at OMSAR.

This included the OMSAR Project Manager working on the SWMFs. He told RITE that he was a UNDP employee between 2017 and 2020.¹⁷⁸ **UNDP stated in their right of reply that he and other ARLA team members were working at OMSAR already prior to their recruitment by UNDP in 2017 under SWAM¹⁷⁹.**

The OMSAR Project Manager period as UNDP employee coincides with his management responsibilities of the SWMFs under the SWAM programmes, including at the time of the opening of the Al Fayhaa SWMF and during the time that The Second Operator was running the Minieh SWMF until its closure and the fire at the facility. He said that his employment status changed as of 2020, when he became again an OMSAR employee.¹⁸⁰

The UNDP Programme Manager told RITE that the UNDP employment of the OMSAR Project Manager was controversial within the organisation. She said that when UNDP gets involved, they normally come in at project design stage. Unusually for UNDP, it was not involved at that all-important stage, nor was it required to provide technical support for the project, nor did it have programme oversight. The bidding process also followed OMSAR rather than UNDP procurement rules.

However, the UNDP Programme Manager confirmed to RITE that UNDP did have HR responsibilities towards the employees it hires, including managerial responsibility over their performance. Therefore, RITE considers that UNDP should have followed up with the OMSAR Project Manager on how he was conducting his responsibilities regarding the SWMFs.

In their Right of Reply UNDP stated that "the role of UNDP was merely related to supply of personnel to OMSAR for the project and not project implementation. Government procedures were implemented by OMSAR and not UNDP". However, the point that RITE is making is that UNDP had line management responsibilities like any employer once it took on the OMSAR Project Manager.

The UNDP Programme Manager also told RITE that the UNDP had an additional important responsibility towards the SWMFs. She said that UNDP sat on the project board (or Steering

Committee) together with the EU and ministries. She described the board as, in practice, being the reporting/accountability mechanism for the SWMF projects.¹⁸¹

Given the UNDP involvement as an employer of the OMSAR project Manager and at the Steering Committee, there has been little to no examination of their role and responsibilities in the ARLA 2020 Assessment or in reporting on the SWMFs.

CHOOSING AND MANAGING IMPLEMENTATION PARTNERS

The EU has been trying out various project implementation partnerships. This is justified because finding alternatives that work is necessary. It will help compensate for the lack of robustness of Lebanon's current institutional framework. The EU's Local Authorities Report¹⁸² states that "the main modality used to fund Lebanon is the project approach, with direct centralised and/ or direct decentralised management."¹⁸³ This means that the EU Commission is directly responsible for all steps in a programme's implementation, such as launching the calls for proposals, evaluating submitted proposals, signing grant agreements, monitoring project implementation, assessing the results, and making payments.¹⁸⁴

Decentralisation is the EU's favoured approach, together with PPPs. The ARLA 2020 Assessment also recommends a Design, Build Operate model for the solid waste management sector¹⁸⁵. These options make sense in that municipalities are, in theory, a closer link to the electorate and should be more accessible and accountable to citizens. Lebanon also has a vibrant private sector that could make a success of projects, whether as a PPP or fully privately, and can potentially ensure their sustainability.

Each of these approaches is complicated in the Lebanese context by the connections between local and national politics, by the links between political and private interests and by the risk of mismanagement and corruption¹⁸⁶. However, all of them remain valid options provided sufficient project implementation controls are in place. We have highlighted below some of the problematic aspects of each choice so to stress the importance of maintaining rigorous project controls in all cases:

CENTRAL GOVERNMENT DEPARTMENTS AND OMSAR

The Previous OMSAR Minister, who was an MP and part of the Lebanese government in different roles for some 13 years, told RITE that future funding should never go through Lebanese government institutions. He said that where the sign-off of a minister is necessary, it should be done with other checks in place. He thought that funders should ideally make payments directly and execute as much of the project directly or through outsourcing. He thought that using testing, inspections and verification companies could be part of this process. If they do delegate work to departments such as OMSAR, they need to check on their work. He was keen on private public partnerships as a possible solution.¹⁸⁷ RITE would, however, urge caution regarding the private sector approach as detailed below.

DECENTRALISATION

Despite heavy central government control and the absence of decentralisation reforms, the Local Authorities Report¹⁸⁸ acknowledges that Lebanese municipalities already have, by law, a significant level of autonomy and a wide array of functions. However, it finds that their work is hindered by challenges that have limited EU direct support. Instead, the EU has opted for “integrated development projects” that include as a component “capacity development for local authorities.”

The political and economic dependency of municipal leaders on central government is not necessarily conducive to better outcomes for their constituents. The Minieh SWMF is such an example. The municipality imploded due to conflicts linked to clashes between local politicians of the same party and their relationships to their central party in government. Political considerations also interfered with the municipality’s ability to effectively monitor or challenge contractors¹⁸⁹.

RITE spoke with local politicians who described the broader context in the North of Lebanon. RITE was told that implementing partners may be reluctant to hold contractors to account if this would antagonise their political backers (whether they belong to the same party or not). They said that even when this is less of an issue, the hiring practices of the contractors may create a conflict of interest that will lead to the municipality turning a blind eye to poor performance.

The Local Authorities Report¹⁹⁰ identified other limitations to funding municipalities such as fragmentation¹⁹¹, delays in receipts from the central government-controlled Independent Municipal Fund (IMF)¹⁹², small budgets¹⁹³, conflicting legislative texts and administrative bottlenecks, a lack of oversight, limited project management capabilities or relevant competencies, and understaffing¹⁹⁴.

PPP CASE STUDY: AL FAYHAA SWMF

The closures of the Al Fayhaa SWMF was attributed by its operator and by OMSAR to competing commercial interests.¹⁹⁵ This is acknowledged in the ARLA 2020 Assessment as being part of the problems faced by some of the SWMFs. The connection between business and political interests in Lebanon meant that the dispute could not necessarily be resolved through simple negotiations.

However, despite continued acrimony, a pragmatic arrangement seems to have been reached in that the Operator of the Al Fayhaa SWMF continued to invoice for about two years, despite their poor performance.

The fact that the machinery was owned by the Operator of the Al Fayhaa SWMF added complications to the ability of the municipality to continue operations without them, should they have wished to do so. The dispute led to the closure of the SWMF altogether. It will need a new redevelopment before it can operate again.

Furthermore, the investment by the operator did not lead to improved performance as the specifications for their investment did not help with that, and their contractual incentives were too weakly monitored and enforced. The appointment of a contractor that lacked experience may have also played a role in their poor performance.

Therefore, a PPP arrangement still requires strict implementation requirements and needs to provide for how the SWMFs can continue should the PPP arrangement come to an end for whatever

reason. A binding independent third-party dispute resolution process by a trusted expert based outside Lebanon may also be helpful.

THE PRIVATE SECTOR: THE DESIGN, BUILD OPERATE MODEL

The ARLA 2020 Assessment points to examples of private sector led SWMFs that are “much better prepared from design to operation, and with inclusion of cost-recovery mechanisms. This can include biogas-based electricity production to cover electricity needs of the facility, higher market value output of plastic pellets, better quality compost, concrete-structuring material.”

A SWMF in Beit Meri (that was not EU funded) illustrates some of the possibilities and limitations of resorting to the private sector. The Beit Meri facility was created on a design, build, operate basis funded by a \$750,000 business loan according to what its owner told RITE. Such a model is recommended by the ARLA 2020 Assessment because it makes clearer the contractor responsibilities for creating and delivering on the project, and the cost of building and equipping the facility falls to them.

The Beit Meri SWMF had an impressive commitment to delivering zero to landfill. In other words, it committed to compost, re-purpose and reuse all the waste it receives. UNDP told RITE that waste was sorted at source in Beit Meri¹⁹⁶. Something that the contractor described as useful although not strictly required. The contractor said that the most important pre-requisite is for the waste not to be ruined by being compacted in compactor trucks. The cost to the municipality is at \$65 per ton for the tipping fee. The contractor told RITE of problems with payments by the municipality, worsened by the economic crisis, and that this might force their closure. In such an eventuality, or in case of disputes over the SWMF performance¹⁹⁷, the municipality would be back to square one. It will not be able to access a vital service that it does not own.

It should be noted that a UNDP Waste Management expert alleged, in conversation with RITE, that the contractor’s zero to landfill promise is not being fulfilled. RITE was not able to verify this allegation, and it is outside the remit of this report to do so¹⁹⁸. However, regardless of the truth of the matter, this reinforces the point that private sector projects or partnerships still require careful monitoring and enforcement.

NGOs

The Local Authorities Report¹⁹⁹ states that “Civil Society Organisations (CSOs) were more favoured from 2015 onwards upon the implementation of the EU roadmap for engagement with Civil Society in Lebanon. This was not matched by a corresponding roadmap for local authorities”²⁰⁰.

The example of UK Aid funding to an NGO under their Intaj 2 programme is a reminder that even sound organisations can have corrupt elements, and some may have more ingrained corruption or conflicts of interests.

The UK Aid funding report into its Intaj 2 programme states that there were “two allegations of fraud with a previous skills building coordinator in the Bekaa and more recently with a recycling plant based in Tripoli which is a beneficiary under the INTAJ solid waste management and recycling component”. It is not clear what the details of the fraud were, with no public source information available in this regard.

The NGO in question was also involved in the upgrade of the Minieh SWMF under Intaj 3 and told RITE that the two allegations of fraud regarding a member of their staff were not related to this upgrade. They said that immediate measures were taken regarding both allegations which included the removal of the staff member and the business linked to them from the programme. They said that relevant information was shared with the donor in both cases.

As this example illustrates, even when funding NGOs and CSOs, robust project controls need to be in place.

MULTINATIONAL ORGANISATIONS

Multinational organisations need to be careful about conflicts of interest linked to the complexity of their funding arrangements, their institutional collaborations, and perceptions of conflict of interest linked to the profile of their personnel¹⁶.

For example, UNDP Lebanon's funding prior to 2017 relied heavily on receiving Lebanese government grants (its second biggest donor after the UK at \$13 million). The funder profile of UNDP Lebanon has changed over the years. Lebanon slipped to third place, providing 13% of UNDP funding between 2017 and 2022 at \$44 million. In 2022, only one Lebanese government department - the Council for Development and Reconstruction - funded UNDP, ranking in 8th place among its funders at \$1.7 million¹⁷. UNDP also have close connections with institutions such as OMSAR, which extend to recruiting its employees, paying their salaries, or even directly employing them. This creates potential conflicts of interest that need to be actively managed and communicated about.

To be clear, RITE is not insinuating or alleging any impropriety by UNDP. It is only pointing to the need for greater transparency over potential conflicts of interest, and the need for independent dispute resolution processes by way of an assurance of high standards.

¹⁶ In terms of OMSAR internal obligations regarding conflicts of interest, Under the SWAM Finance Agreements, OMSAR is required to have "effective and efficient internal control systems that respect the principles of sound financial management, transparency, and non-discrimination and avoid situations of conflict of interest." "A conflict of interest exists where the impartial and objective exercise of the functions of any responsible person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a tender or applicant or contractor or grant beneficiary." Internal Control Systems is "a process aimed at providing reasonable assurance that operations are effective, efficient and economical, that the reporting is reliable, that assets and information are safeguarded, that fraud and irregularities are prevented, detected and corrected, and that risks relating to the legality and regularity of the financial operation are adequately managed."

¹⁷ UNDP Lebanon's website at <https://www.undp.org/lebanon/about-us/funding-and-delivery-stated-in-July-2022>, prior to its update in response to our Right of Reply shows that UNDP's activities in Lebanon were, prior to 2017, primarily funded by the UK at over \$14 million (The UK maintained its second position in 2022 at \$17 m). Prior to 2017, the website showed the Lebanese government as the second largest investor in UNDP at \$13 million. The EU and three of its member states were its other top funding sources at the time. In particular, the Netherlands funded UNDP at over \$10 million (no longer in the top 10 in 2022), Germany at \$7 million (Germany has become UNDP Lebanon's top funder in 2022 at \$44 million) and the EU was at about \$4 million (the EU is UNDP's 3rd largest funder in 2022 at \$15 million). The overall funding of UNDP Lebanon from its top 10 funders in 2022 was over \$95 million. The new figures from 2017 to 2022 have been provided by UNDP to RITE in their Right of Reply.

APPENDIX

EU PROGRAMMES SUPPORTING MUNICIPALITIES IN LEBANON

The following table was extracted from “Evaluation of EU Support to Local Authorities in Enlargement and Neighborhood Regions (2010-2018) Final Report–Vol. III–December 2020–Particip GmbH (https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf). It lists EU projects in support of local authorities in Lebanon between 2007 and 2016:

Table 2 Overview of EU-financed interventions to the support of local authorities in Lebanon selected for country case study

D or C year	Title	Budget (mEUR) ^a	Typology	Implementing partner
2007	Support for economic recovery: Local development, reconstruction, infrastructure rehabilitation (LOGOII - ENPI/2007/18-882)	12.4	A.3 Local infrastructure and related service delivery	LAs, central government, private companies
2008-2012	Appui au développement local dans le nord du Liban (ADELNORD)	17.3	A.4 Local (economic) development	Private company, central Government
2010, 2014	NIP - Kesrwan Wastewater project in Lebanon	10.1	A.3 Local infrastructure and related service delivery	Central government, European entities
2011	Support to Municipal Finance in Lebanon (MUFFIN) ^b	19.7	A.2 LAs' political financial and administrative capacities	Central government, Private company
2013	Sustainable Development Strategic Planning for Municipalities and Unions of Municipalities in Lebanon	0.2	A.2 LAs' political financial and administrative capacities	CSO - (I)NGO
2013	Upgrading Solid Waste Management capacities in Bekaa and Akkar Regions in Lebanon (SWAM 1)	14.9	A.3 Local infrastructure and related service delivery	Central government
2013	Upgrading water supply facilities for communities in Lebanon affected by the consequences of the conflict in Syria	8.8	A.3 Local infrastructure and related service delivery	International organisation
2013	Recovery of Local Economies in Lebanon (RELOC)	6.7	A.4 Local (economic) development	Central government, Private company
2014	Upgrading Solid Waste Management capacities in Lebanon – 2 (SWAM 2)	4.2 ^b	A.3 Local infrastructure and related service delivery	Central government
2014	ABS-ECOINF - Access to basic services for the vulnerable population in Lebanon	14.8	A.3 Local infrastructure and	CSO - (I)NGO

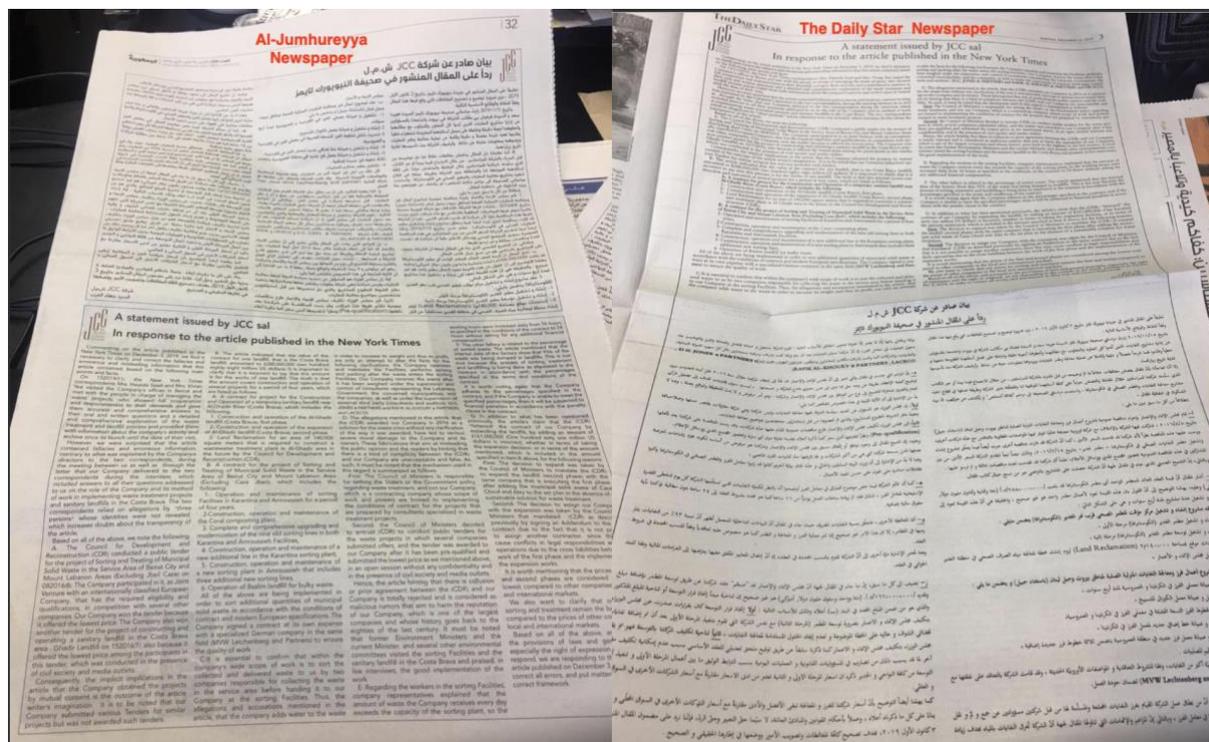
	– Economic recovery and basic infrastructures		related service delivery	
2014	RECONET - Regional Consolidation and Networking of expertise (Liban)	0.06	A.2 LAs' political financial and administrative capacities	Local authority
2015	Protection and sustainable development of maritime resources in Lebanon – Component 3 ^c (ProMARE)	12.7	A.3 Local infrastructure and related service delivery	(I)NGO - Local Authority
2016	Local Development Programme for Deprived Urban Areas in North Lebanon (UDP_NL)	20	A.4 Local (economic) development	EU MS

EU PROJECT MANAGEMENT RECOMMENDATIONS TO THE EUD

An EU Report from 2020 that considered its support to local authorities in “Neighbourhood Countries” (the **Local Authorities Report**)²⁰¹, including Lebanon, found that the EUD had taken on board recommendations of an earlier 2015 report. This included i) using an integrated approach to capacity building, ii) improving the quality of project design and monitoring, iii) expanding the monitoring process to include impact assessments and iv) clearly identifying sustainability strategies.²⁰² (the **2015 Recommendations**)

The 2015 Recommendations coincide with the start of SWAM 2. However, In relation to how these recommendations fit within the SWMFs programmes, i) the ARLA 2020 Assessment states that “the objective of ‘integrated solid waste management’ remains limited in its ‘integration’ aspect”²⁰³; ii) project design was an important problem in the building and equipping of the SWMFs and monitoring had severe shortcomings as detailed in this report; iii) the ARLA 2020 Assessment refers to the monitoring reports by OMSAR not having an impact focus and iv) the SWMFs do not produce a sufficient quality product to assure their self-sustainability through a circular economy or through raising funds from locals who are satisfied with the service.

RESPONSE TO NYT ARTICLE OF 3 DECEMBER 2019 PROVIDED BY THE SECOND MINIEH SWMF OPERATOR



OMSAR CERTIFICATE OF WORKS PROVIDED BY THE SECOND MINIEH SWMF OPERATOR

التاريخ: 11 نيسان، 2017
المرجع: 221/ص/2017

الى من يهمه الأمر،

الموضوع: إفاضة تنفيذ أشغال

المرجع: طلب شركة الجهاد للتجارة والتعهدات ش.م.ل. إفاضة تنفيذ الأشغال بموجب كتاب مسجل في مكتب وزير الدولة لشؤون التنمية الادارية الرقم 255/و/2017 في 2017/03/30

نفيدكم علماً بأن شركة الجهاد للتجارة والتعهدات ش.م.ل. تقوم بتشغيل وصيانة معمل معالجة النفايات الصلبة في منطقة المنية في شمال لبنان منذ 2016/03/01 ولمدة ثلاث سنوات تتجدد تلقائياً لمصلحة اتحاد بلديات المنية.

تتضمن الأشغال:

- أعمال فرز المواد الصالحة لإعادة التدوير وفرز المواد العضوية ومعالجة النفايات الصلبة بكمية 77 طن يومياً؛
- أعمال تسبيخ المواد العضوية لإنتاج سماد زراعي؛
- ونقل المرفوضات الى المكب لطرها.

ان شركة الجهاد للتجارة والتعهدات ش.م.ل. تقوم بتنفيذ الأشغال وفقاً للأصول والشروط المطلوبة في العقد.

ولكم جزيل الشكر،

وزيرة الدولة لشؤون التنمية الادارية



د. عناية عز الدين

END NOTES

¹ See https://www.europarl.europa.eu/doceo/document/RC-9-2021-0465_EN.html and [https://www.eu.dk/samling/20191/kommissionsforslag/kom\(2019\)0196/forslag/1577107/2050610.pdf](https://www.eu.dk/samling/20191/kommissionsforslag/kom(2019)0196/forslag/1577107/2050610.pdf)

² The full name is Assistance to the Rehabilitation of the Lebanese Administration (**ARLA**) programme. The original ARLA programme had no connection to municipal solid waste management. This came later under finance agreements dated 2003, 2004 and 2005 for ARLA-MIF, with MIF standing for Municipal Investment Fund.

³ EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014 (SWAM 1) and Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2) as extended by a 2022 amendment and The SWAM 2014 Agreement states that the programme aims to improve the overall efficiency and effectiveness of SWM...by 1) Building and upgrading SWM infrastructure and equipment at local level; and 2) Enhancing the overall management capacity of local administration in the SWM sector; and Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2).

⁴ <https://intpolicydigest.org/growing-link-between-lebanon-s-cancer-surge-and-eu-abetted-corruption/>

⁵ <https://www.trtworld.com/magazine/exclusive-mogherini-under-fire-over-stink-in-lebanon-from-eu-cash-33136>

⁶ Statement from OMSAR of 15 July 2019 in response to Martin Jay investigation of May 2019 of the Minieh WMF: <https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us>

⁷ For example, see Chatham House analysis at <https://www.chathamhouse.org/2021/06/breaking-curse-corruption-lebanon>

⁸ All interviewees provided a Right of Reply except for OMSAR and the company that built and equipped the Minieh and Al Fayhaa SWMF. They granted RITE interviews but declined to provide follow up responses to the RITE Report.

⁹ Source: Online Interview with Head of Governance Security, Social Development and Civil Society at the EU Delegation in Lebanon (departed September 2022) on 10 August 2022.

¹⁰ Under the SWAM 1 Agreement (EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014) OMSAR is to ensure transparency by “publishing every year in a dedicated and easily accessible place of its internet site, for each procurement and grant contract for which it is the contracting authority, its nature, purpose, name, locality of contractor or beneficiary as well as the amount of the contract. Publication of the procurement and grant contracts concluded shall take place within six months but may be waived if it harms the commercial interest of the contractor or the beneficiary. Justification must be submitted to the Commission for its approval.”

¹¹ The ARLA 2020 Assessment recommended that OMSAR “further improves transparency over its systems, activities, and results as a way to reassure donors willing to support Lebanese SWM sector.”

¹² Letter from Federica Mogherini (then High Rep of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission) to Ana Gomes MEP of 23 July 2019.

¹³ For example see P.7 of of the European Court of Auditors 2019 Special Report on Action Needed for Fighting Fraud in EU Spending https://www.eca.europa.eu/Lists/ECADocuments/SR19_01/SR_FRAUD_RISKS_EN.pdf

¹⁴ The Evaluation of EU Support to Local Authorities in Enlargement and Neighborhood Regions (2010-2018) Final Report– Vol. III–December 2020–Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf states that “almost all evaluations highlight problems in the sustainability of the EU-funded interventions, often related to the absence of an exit strategy and/or unrealistic assumptions about the actual capacities of local authorities to attend to the financial and technical requirements of the EU-funded projects once EU support ends.”

¹⁵ ARLA 2020 Assessment.

¹⁶ For policies of other international funders towards Lebanon, such as the US see <https://www.state.gov/u-s-relations-with-lebanon/> and <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20211028>; and UK see <https://www.gov.uk/government/publications/conflict-stability-and-security-fund-programme-summaries-for-the-middle-east-and-north-africa-2020-to-2021> and <https://www.gov.uk/government/publications/the-uk-sanctions-list>

¹⁷ See EUROPEAN NEIGHBOURHOOD POLICY EU-Lebanon Action Plan: https://cvws.icloud-content.com/B/Ad4htJFMrfapvSchSjvhKNs_WiUuAXHE0n_7FuWvNvYg7xwCpBu3F7I9/European+neighborhoodPolicy.pdf?o=ApHnNuW-sFe1BYmonZSKBwhEw5BW4COBeTS6k20I8N00&v=1&x=3&a=CAogE3KpWoEgDycjwHwX6hx-PgZXTQ8HleBuQ3HDr6OdArlSaxC1rov7wzAYtYvn_MIMwlgEAUgQ_WiUuWgS3F7I9aiUUGy4ecpOLLYj55LMu-Arlplw8QBvWyp8LEVJlqmICP0U8qTi6ciVm7TME5aRj3i5h6UxN1TjheKx88VjVjsRGlucPcGPNVAdkn884J&e=1667514353&fl=&r=2a2cf2cd-254f-4b7b-a238-2525cb67c52d-1&k=lsodeggedWxdQLfawS0Daw&ckc=com.apple.clouddocs&ckz=com.apple.CloudDocs&p=63&s=yU6S3FO5IFFC2IVqz5ZkQ9tga0&cd=i

¹⁸ European Parliament Joint Motion For A Resolution on the situation in Lebanon (2021/2878(RSP) dated 15.9.2021 at https://www.europarl.europa.eu/doceo/document/RC-9-2021-0465_EN.html (Para A).

¹⁹ https://www.europarl.europa.eu/doceo/document/RC-9-2021-0465_EN.html

²⁰ See https://www.europarl.europa.eu/doceo/document/RC-9-2021-0465_EN.html and [https://www.eu.dk/samling/20191/kommissionsforslag/kom\(2019\)0196/forslag/1577107/2050610.pdf](https://www.eu.dk/samling/20191/kommissionsforslag/kom(2019)0196/forslag/1577107/2050610.pdf)

²¹ Fighting fraud in EU spending: action needed , special report, Eu Court of Auditors, 2019 at https://www.eca.europa.eu/Lists/ECADocuments/SR19_01/SR_FRAUD_RISKS_EN.pdf

²² Commission Anti-Fraud Strategy: enhanced action to protect the EU budget, COM(2019) at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52019DC0196>

²³ See <https://www.consilium.europa.eu/en/press/press-releases/2022/07/26/lebanon-eu-extends-framework-for-targeted-sanctions/> . The measures envisaged in the European Council Decision include an EU travel ban and assets freeze for persistently hampering the formation of a government or seriously undermining the holding of elections, for obstructing or undermining the implementation of plans approved by Lebanese authorities and supported by the EU to improve accountability and good governance, including in the banking and financial sectors, or for serious financial misconduct concerning public funds, for acts covered by the UN Convention Against Corruption or for the unauthorised export of capital. The Decision was renewed in July 2022 for another year.

²⁴ Quote from the ARLA 2020 Assessment.

²⁵ Source: 2017 press release by the European External Action Service: "the EU's support to the waste management sector dates back to 2004. More than €89 million have been provided so far to the sector in infrastructure, equipment, but also technical assistance to the Ministry of Environment". <https://www.thefreelibrary.com/The+European+Union+and+OMSAR+launch+the+EU-funded+Solid+Waste...-a0517635881>

²⁶ Such as Towards a Decentralised Waste Management Integrated Response (TaDWIR), a €21 million EU-funded solid waste management project to be implemented by UNDP as announced by the EU in February 2022.

²⁷ See table listing these projects in the Appendix to this report. The source of the table is Evaluation of EU Support to Local Authorities in Enlargement and Neighborhood Regions (2010-2018) Final Report–Vol. III–December 2020–Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

²⁸ Letter from Federica Mogherini (then High Rep of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission) to Ana Gomes MEP of 23 July 2019.

²⁹ This includes the ongoing SWAM programme.

³⁰ <http://swmp.omsar.gov.lb/en/node/75>

³¹ According to the ARLA Final Evaluation Report of 2006 the increase in the budget of ARLA from an initial budget of €10.2 million was done first through Amendment No 2 to the financing agreement, signed on 18 November 2003 and the "Protocole d'Accord" signed on 16 December 2003, and a third amendment to the Financing Agreement dated 18

November 2005, increasing the EU contribution to the municipalities solid waste management projects to €14.2 million. The ARLA 2020 Assessment also states the budget under ARLA to be €14.2 million. It specifies the modality for this as being an MoU for ARLA “signed by EU and OMSAR on January 7, 2004 and a third amendment to the financing agreement signed on 25 October 2005, allocating, from the original €38 million of ARLA, an additional €4 million to the SWM management component -of ARLA. However, The Protocole D’Accord of October 2015 seen by RITE after a freedom of information request states the budget to be €10.2 million. The ARLA 2020 Assessment also mentions a contradictory figure of €16 million as ultimately allocated by the EU to the municipal investment fund component of ARLA, without explaining how this sits with the repeatedly asserted €14.2 million budget.

³² Source: ARLA 2020 Assessment

³³ The full programme title is “Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon” implemented under a Financing Agreement signed between the EU and OMSAR in 2014. Addendum No 2 dated September 2021 states the SWAM 1 operational phase is to end in 2023, with the closure phase to end in 2025.

³⁴ The full programme title is “Upgrading Solid Waste Management Capabilities in Lebanon” implemented under a Financing Agreement signed between the EU and OMSAR in 2015. Addendum No 2 states that the execution phase of SWAM 2 is to be completed in 2023, with the closure phase to end in 2025.

³⁵ Source: Support to Reforms – Environmental Governance, Beirut, Lebanon, EuropeAid/134306/D/SER/LB/3, Assessment of Solid Waste Management Practices in Lebanon in 2015 by GFA Consulting Group GmbH et al and figure of €4.2 million is from the ARLA 2020 Assessment. The OMSAR Project Manager told RITE that not all funds under SWAM 2 were disbursed, with the EU pulling out of many of the projects.

³⁶ Letter from Federica Mogherini (then High Rep of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission) to Ana Gomes MEP of 23 July 2019.

³⁷ ARLA Final Assessment Report dated 28 February 2006 (provided by the EU to RITE following a Freedom of Information request) states that, out of the submissions of projects ranging between project €100,000 and €1,000,000 “56 projects were properly evaluated by the Consultants and 10 projects selected for implementation”.

³⁸ For example, see <https://www.nytimes.com/2019/12/03/world/middleeast/lebanon-protests-corruption>

³⁹ P.43 of the ARLA 2020 Assessment.

⁴⁰ RITE recorded Interview with OMSAR Project Manager of 2 June 2022.

⁴¹ ARLA 2020 Assessment.

⁴² RITE recorded interviews with the OMSAR Project Manager on 2 June 2022.

⁴³ EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014 (SWAM 1) and Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2) as extended by a 2022 amendment.

⁴⁴ The SWAM 2014 Agreement states that the programme aims to improve the overall efficiency and effectiveness of SWM...by 1) Building and upgrading SWM infrastructure and equipment at local level; and 2) Enhancing the overall management capacity of local administration in the SWM sector; and Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2).

⁴⁵ EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014 (SWAM 1) and Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2)

⁴⁶ P.12 of https://lb.boell.org/sites/default/files/2019-12/lebanon_the_state_of_waste_1.pdf

⁴⁷ RITE recorded interviews with the OMSAR Project Manager on 2 June 2022.

⁴⁸ RITE recorded interviews with previous OMSAR Minister in Beirut on 6 May 2022

⁴⁹ Source: <http://swmp.omsar.gov.lb/en/node/75> where it is stated that “OMSAR has secured a grant from the Lebanese Government to fund the operations and maintenance of existing facilities constructed under the ARLA and SWMP Programs. This grant has a current budget of 50 million USD till the year 2020. (24,749,862,000 LBP per annum).”

⁵⁰ The UNDP Solid Waste Expert told RITE that OMSAR provided the Lebanese government with a self-sustainability model based on A SWMF in Zahle that dates back to 1999 or 2000. He said that it is a small sorting facility of 80 tons per day created through World Bank funding together with a landfill. There was no composting element to the facility. The municipality did not have the means to operate it until the World Bank funded operations over five years. The facility was meant to become self-sustainable after that period. It managed to do that by charging neighbouring municipalities for the processing of their waste at the rate of \$13 per ton.

⁵¹ ARLA 2020 Assessment

⁵² This is calculated on the basis of the contractual requirement that the OMSAR Project Manager and SWMF operators told RITE applies. In particular, SWMF operators should not send more than 35% of the waste received at their facility as rejects to landfills/dumpsites.

⁵³ This is according to RITE Recorded Interview with the building contractor company Chairman on 14 July 2022 at their offices in Beirut. However, according to a 2018 Technical support report to Upgrading the Solid waste Management Capacities, the municipality was handed the Minieh SWMF by the Building Contractor “ready for operation on 30/01/2012” (Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018 (p.87): <http://www.studies.gov.lb/getattachment/Sectors/Development/2018/DEVLM-18-1/Minieh-Dannieh.pdf>) RITE notes that when it tried to access this link on 8 February 2023, the document was no longer available. However, RITE has a downloaded copy of it available should it be required

⁵⁴ Source: EU/OMSAR press release dated 11 July 2016 and EU/OMSAR Technical Support Report 2018 for Minieh

⁵⁵ Sources: RITE Recorded Interviews with the Head of Municipality and the First Operator of the Minieh SWMF; and Technical support to upgrading the solid waste management capacities in Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018 (p.87): <http://www.studies.gov.lb/getattachment/Sectors/Development/2018/DEVLM-18-1/Minieh-Dannieh.pdf> RITE notes that when it tried to access this link on 8 February 2023, the document was no longer available. However, RITE has a downloaded copy of it available should it be required

⁵⁶ Source: https://eeas.europa.eu/archives/delegations/lebanon/documents/news/20160711_1_en.pdf

⁵⁷ RITE recorded Interview with the Projects Director of the Second Operator of the Minieh SWMF on 2 June 2022.

⁵⁸ According to an analysis by Gherbal published in <https://today.lorientlejour.com/article/1310710/watchdog-government-contractors-receive-billions-but-public-services-are-still-lacking.html>

⁵⁹ <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20211028>
<https://home.treasury.gov/news/press-releases/jy0440>

⁶⁰ Technical support to upgrading the solid waste management capacities in Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018 (p.87): <http://www.studies.gov.lb/getattachment/Sectors/Development/2018/DEVLM-18-1/Minieh-Dannieh.pdf> RITE notes that when it tried to access this link on 8 February 2023, the document was no longer available. However, RITE has a downloaded copy of it available should it be required.

⁶¹ Source: email from the NGO to RITE of 31/8/22

⁶² RITE recorded interview with the President of the Joint Municipalities of Minieh at his office at the Deir Ammar Municipality on 2 March 2022

⁶³ RITE recorded Interview with the NGO that did the Minieh SWMF upgrade.

⁶⁴ The UNDP Programme Manager told RITE that the NGO’s upgrade of the Minieh SWMF did not have time to be tested in practice due to the closure of the site soon after. She said that judgement should therefore be reserved in relation to how effective their intervention was regarding improving sorting at source and the quality of the compost.

⁶⁵ <https://www.thenationalnews.com/world/mena/sea-of-rubbish-may-engulf-north-lebanon-after-landfill-closes-1.852808>

⁶⁶

<https://www.thenationalnews.com/world/mena/sea-of-rubbish-may-engulf-north-lebanon-after-landfill-closes-1.852808>

⁶⁷ Images and videos of the Minieh SWMF from RITE's site visit of August 2022 are available upon request.

⁶⁸ RITE Recorded Interview with the building contractor company Chairman on 14 July 2022 at their offices in Beirut

⁶⁹ RITE Recorded Interview with the building contractor company Chairman on 14 July 2022 at their offices in Beirut

⁷⁰ Source: https://www.eeas.europa.eu/node/28626_en

⁷¹ RITE Recorded interview with the CEO of the Al Fayhaa SWMF Operator in Beirut on 2 May 2022.

⁷² Source: https://eeas.europa.eu/headquarters/headquarters-homepage/28626/eu-funded-solid-waste-treatment-plant-inaugurated-tripoli_en and <https://www.lecommercedulevant.com/article/27535-tripoli-recycle-80-de-ses-dchets> ; <https://www.lecommercedulevant.com/article/28749-rania-abou-mosle-une-entrepreneure-touche-a-tout>

⁷³ Source: RITE Recorded interview with the CEO of the Al Fayhaa SWMF Operator in Beirut on 2 May 2022.

⁷⁴ This was confirmed to RITE in the Al Fayhaa SWMF Operator Right of Reply.

⁷⁵ RITE Recorded interview with the OMSAR Project Manager on 2 June 2022.

⁷⁶ The ARLA 2020 Assessment states that "While the waste management sector in Lebanon has a reputation of suffering from a very high level of corruption, the ARLA expenditures seem to have been managed correctly, in conformity and regularity with EU financial regulation standards." It also states that "the ARLA budget seems to have been protected from any massive diverted use, which is a positive scenario given the poor governance in public finance management." The ARLA 2020 Assessment was satisfied that "Despite the fact that the EU delegation had no formal control over OMSAR, ARLA procurement processes are documented, annual financial expenditure verifications were made by a well-established international auditing firm. Report to auditors have also been made available to the evaluation team." The report states that "It is worth wondering if public investments in medium and small-scale projects (like the type of decentralised contracts developed with ARLA support) leave less space for governance issues than the widely criticised centralised waste management contracts that are regularly accompanied by unclear practices of weighting and invoicing waste collected and treated."

⁷⁷ Letter from Federica Mogherini (then High Rep of the EU for Foreign Affairs and Security Policy and Vice President of the European Commission) to Ana Gomes MEP of 23 July 2019.

⁷⁸ RITE Recorded interview with the First Minieh SWMF Operator in Beirut on 21 July 2022 and with the CEO of the Operator of the AL Fayhaa SWMF in Beirut on 2 May 2022.

⁷⁹ Source: Statement from OMSAR of 15 July 2019 in response to Martin Jay investigation of May 2019 of the Minieh WMF: <https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us>

⁸⁰ The OMSAR Project Manager described the payment process. He said that an OMSAR employee checks the invoices against performance reports. The OMSAR minister then sends them to the judge that heads the National Audit Office. They indicate how much OMSAR should be paying in accordance with the information presented to them. The OMSAR project manager told RITE that there are reports produced by OMSAR that show the sums invoiced less the deductions imposed by OMSAR, however RITE was not able to obtain copies of these reports from OMSAR nor from the EU.

⁸¹ Also see statement in ARLA 2020 Assessment: "process output capacity estimates are non-existent, which prevents the assessment of the facility efficiency compared with the calculated target."

⁸² Recorded Interview with the Projects and Development Director at The Second Operator of the Minieh SWMF online on 2 June 2022

⁸³ <http://swmp.omsar.gov.lb/en>

⁸⁴ Joint EU/OMSAR press release dated 11 July 2016:

https://eas.europa.eu/archives/delegations/lebanon/documents/news/20160711_1_en.pdf

⁸⁵ Technical support to upgrading the solid waste management capacities in Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018 (p.83):

<http://www.studies.gov.lb/getattachment/Sectors/Development/2018/DEVLN-18-1/Minieh-Dannieh.pdf>

RITE notes that when it tried to access this link on 8 February 2023, the document was no longer available. However, RITE has a downloaded copy of it available should it be required

⁸⁶ Expressed as 36500 tons a year at <http://swmp.omsar.gov.lb/en/node/75>

⁸⁷ Source: EU/OMSAR Technical Support Report 2018 for Minieh

⁸⁸ UNDP Report "Updated Master Plan for the Closure And Rehabilitation of Uncontrolled Dumpsites Throughout the Country of Lebanon" dated September 2017 (see table at page 242 entry No 14):

<https://www.undp.org/lebanon/publications/updated-master-plan-closure-and-rehabilitation-uncontrolled-dumpsites-throughout-country-lebanon>

⁸⁹ RITE Recorded Interview with the Chairman of the Building Contractor on 14 July 2022 at their offices in Beirut

⁹⁰ The ARLA 2020 Assessment states that "The facilities of Michmich, Ansar, and Kham (design capacity of 10 tpd, 10 tpd, and 15 tpd, respectively) show significantly higher capital costs per tpd compared with remaining facilities. Typically, economies of scale would reduce the total capital investment needed per unit processed, however the extent of reduction observed in the facilities is too large to be justified solely by scale up of the facility capacity. Baalbeck, Ain Baal, and Nabatiyeh facilities have the same design capacity of 250 tpd, but the corresponding investment for Nabatiyeh (3 505 EUR/tpd) is lower than Baalbeck (19 726 EUR/tpd) and Ain Baal (16 767 EUR/tpd), which have investment per design capacity values closer to each other. It should be noted that an investment of USD 1 million dedicated for repairs following a fire at the Baalbeck facility was not included in the capital investment data."

⁹¹ Source: [https://omsar.gov.lb/getattachment/Anti-Corruption/Donors-%E2%80%93-Facts-and-figures/List-of-the-contracts-awarded-by-OMSAR-using-donor-funds-since-1-January-2001-excluding-petty-purchases-\(below-LBP-5-million\).pdf?lang=en-US](https://omsar.gov.lb/getattachment/Anti-Corruption/Donors-%E2%80%93-Facts-and-figures/List-of-the-contracts-awarded-by-OMSAR-using-donor-funds-since-1-January-2001-excluding-petty-purchases-(below-LBP-5-million).pdf?lang=en-US) p.7

⁹² Source: RITE recorded Interview with Chairman of the Building Contractor company on 14 July 2022 at their company offices in Beirut.

⁹³ Source: EU/OMSAR press release dated 11 July 2016 and EU/OMSAR Technical Support Report 2018 for Minieh

⁹⁴ Published by an anti-Iranian activist group on <https://www.ifmat.org/07/06/hizballah-al-bonyan-for-engineering-and-contracting-company/>

⁹⁵ The ARLA 2020 Assessment gives the examples of 1) the Ain Baal SWMF closing in 2017 due to public protests before resuming operations in March of 2019 after upgrades by a fund from UNDP and the World Bank. It states that the facility still faces oppositions with issues escalating between Ain Baal municipality and the union of municipalities. 2) Tripoli/Al Fayhaa SWMF composting section was shut down due to complaints of odours in the city. By the time of the RITE Report, the facility was shut down completely. 3) The Jbeil SWMF witnessed public protests in 2014 from nearby villages. 4) the Baalbeck and Minieh SWMFs faced public opposition.

⁹⁶ ARLA Assessment Report.

⁹⁷ The ARLA Assessment Report states that certain SWMFs did not follow correct processes for the proper maturation of compost as well as the compost being of poor quality across all SWMFs that produced it.

⁹⁸ The previous OMSAR Minister told RITE that the Baalbeck fire was the work of a local drug baron who wanted his land used instead of the one picked for the project. He said that it is now operating again after the rehabilitation of the site. (Source: RITE recorded interview in Beirut on 6 May 2022).

⁹⁹ The ARLA Assessment Report also states in this regard that "The first impact expected in the ARLA's solid waste management component was to serve the population in solid waste management public service delivery, [this is therefore] a core field of impact to consider. Approaching it only through the inflow and outflow of waste observed at the facilities gate is not enough."

¹⁰⁰ EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014.

¹⁰¹ They are intended to benefit 18 Unions of Municipalities and are located at Baalbeck, Minieh, Michmich, Ansar, Kham, Tripoli, Chouf Swajjani, Jbeil, Ain Baal, Qabrikha with capacity ranging from 10 to 300 T/day.

¹⁰² At Abassyeh with theoretical capacity of 300 kg/day.

¹⁰³ According to the ARLA 2020 Assessment, the programme achieved the delivery of 59 waste collection trucks serving 125 municipalities/15 unions of municipalities; 13,788 containers and bins to 117 municipalities/13 unions of municipalities; and a two-year awareness campaign targeting an estimated 38,2000 people. However, The ARLA 2020 Assessment also states that there was no satisfactory breakdown of expenditure, and it made the following assumptions on spend (see P.10 and P.178 of the ARLA 2020 Assessment): 70% on building or upgrading the SWMFs, 15% on trucks and pick-ups, 2.5% on containers and bins, (at the end of 2011, the total spending on equipment was pick up and trucks €2,089,443, facility machinery €239,285 , containers, bins and bags €336,529), 1% on awareness campaigns, and 6.6% on OMSAR administrative costs (in line with benchmark in development programmes of around 7%).

¹⁰⁴ P. 81 of the ARLA 2020 Assessment.

¹⁰⁵ Quotes from the ARLA 2020 Assessment. It also specifies that the low CLO quality was the result of the compost not being stabilised (intense biological activity was still present) and contained a lot of impurities (plastic, broken glass etc).

¹⁰⁶ The ARLA 2020 Assessment states that “Certain equipment, although delivered, were put out of order. [In particular,] rotary composting drums and compost turning machines in Ansar, Michmich, Minieh, Zahle and Hbaline facilities.”

¹⁰⁷ Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2)

¹⁰⁸ Sorting at source has been repeatedly recommended by various reports into solid waste management in Lebanon, including studies undertaken by the EU (See Support to Reforms – Environmental Governance, Beirut, Lebanon, EuropeAid/134306/D/SER/LB/3, Assessment of Solid Waste Management Practices in Lebanon in 2015 by GFA Consulting Group GmbH et al: http://www.databank.com.lb/docs/STREG-SWM-Assessment-Report_final-sept2017.pdf). According to Democracy Reporting International’s survey of 209 municipalities, 91% of Lebanese municipalities favour sorting at source, primary sorting and simple recycling techniques to mitigate the effects of the waste management crisis. However, only a quarter of them said they had started this process The case studies of Democracy Reporting International show that the difficulties, at least outside big cities, are surmountable. The Zahle municipality claimed that exorbitant resources would be necessary to lead awareness campaigns and modify citizens’ behaviours. However, the experience of Bikfaya shows that grassroots initiatives do not require enormous resources if they tap into volunteer networks and are led by the municipality (<https://democracy-reporting.org/en/office/lebanon/publications/study-solid-waste-management-in-lebanon-lessons-for-decentralisation>).

¹⁰⁹ ARLA 2020 Assessment.

¹¹⁰ The ARLA 2020 Assessment states that Ansar and Fneidek SWMFs were non-operational at the time of the ARLA 2020 Assessment inspection. Since then, at least Minieh and AL Fayhaa SWMFs were also not operative.

¹¹¹ <https://www.trtworld.com/magazine/exclusive-mogherini-under-fire-over-stink-in-lebanon-from-eu-cash-33136> and <https://intpolicydigest.org/growing-link-between-lebanon-s-cancer-surge-and-eu-abetted-corruption/>

¹¹² The Ansar, Michmich, Minieh, Zahle and Hbaline SWMFs.

¹¹³ RITE Recorded interview with the President of the Joint Municipalities of Minieh at his office at the Deir Ammar Municipality on 2 March 2022

¹¹⁴ According to the SWMF Director, the Minieh Municipality had visited his SWMF at Kherbet Selm in 2002, and that is still operative to date.

¹¹⁵ E-mail to RITE from the SWMF Director of 7 February 2023.

¹¹⁶ RITE Recorded interview with SWMF Director on 7 June 2022

¹¹⁷ SWMF Right of Reply.

¹¹⁸ He said in his right of reply to RITE that the industrial scale barrels that he makes and that can process 10 tons of organic waste per day cost between \$150,000 and \$250,000. He said that the barrels at the Minieh SWMF were smaller than his barrels and they tried to make up for this by making more of them when that smaller size is not what is needed. The Minieh SWMF barrels had thinner steel (6 mm when his would be 10 mm), their inner body was hollow while his have some 40 hooks per square meter to shred and grind the fermenting waste as well as 3 to 6 fermentation compartments, adding to the materials and labour cost, and he considered their rotation driving mechanism was too weak.

¹¹⁹ RITE Recorded Interview with the Chairman of the Building Contractor on 14 July 2022 at their offices in Beirut. The Building Contractor declined to respond when this was put to them again in their right of reply.

¹²⁰ <https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us>

¹²¹ RITE Recorded interview with SWMF Director on 7 June 2022

¹²² Source: Statement from OMSAR of 15 July 2019 in response to Martin Jay investigation of May 2019 of the Minieh SWMF:

<https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us>

¹²³ OMSAR said in a 15 July 2019 statement that the First Operator of the Minieh SWMF “stated that the required conditions inside the barrels can’t meet the temperature and humidity levels required for the composting process. Efforts were made to increase the temperature by blowing hot air into the vessel but to no avail because this has affected the moisture balance and did not work. [The First Operator] has revealed that the use of this technology is stressful, time-consuming and ineffective and therefore the company has stopped using barrels to produce organic skewers.” OMSAR further states that “in 2016, the [Municipality] decided to remove the barrels completely from within the facility as evidenced in Letter 124 of 10/03/2016 at the request of the [incoming Second] Operator.”:

<https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us>

¹²⁴ Pages 34 and 35 of Draft 5.2

¹²⁵ Percentages and Figure from the report: Support to Reforms – Environmental Governance, Beirut, Lebanon ,EuropeAid/134306/D/SER/LB/3, Assessment of Solid Waste Management Practices in Lebanon in 2015 by GFA Consulting Group GmbH et al

¹²⁶ The SWMF Director told RITE that market prices for compost in Lebanon are around \$180 per ton for grade A or A+ and that Lebanon does not produce enough organic waste to meet its agricultural needs for compost.

¹²⁷ Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2)

¹²⁸ RITE recorded interview with the CEO of the AL Fayhaa SWMF in Beirut on 2 May 2022.

¹²⁹ E-mail to RITE from the SWMF Director of 7 February 2023 as part of his right of reply.

¹³⁰ The production of compost by piling organic matter in long rows.

¹³¹ The ARLA 2020 Assessment states that none of the EU supported SWMFs delivered high grade compost (see p.38 of the ARLA 2020 Assessment and Compost Quality section of this report). It also states that organic waste “is most of the time treated with an inadequate composting process (poorly controlled anaerobic conditions, too short maturation). The result is a compost like output (CLO) that is still active biologically and keep producing nuisance like odours and leachate.”(p.178)

¹³² Source: Statement from OMSAR of 15 July 2019 in response to Martin Jay investigation of May 2019 of the Minieh WMF at <https://www.omsar.gov.lb/Media/News/%D9%A2%D9%A0%D9%A1%D9%A9/%D8%AA%D9%85%D9%88%D8%B2/2019-07-15?lang=en-us> : OMSAR have adopted a “mechanical biological treatment process” at 12 facilities, describing this method as well suited to the situation where there is no sorting at source. They say that mixed waste will not result in a final product that can be ideally used or that they would recommend for agriculture, but that their adopted processes will “significantly reduce the harmful substances of the waste”. They say that it is up to the municipalities to decide on its use, provided this is compliant with the stipulation of the Ministry of Environment. OMSAR also states “the stabilisation of organic materials has the advantage of reducing waste volume by 30% and when disposed of, it reduces the level of methane production and waste juice by more than 90%, unlike the disposal of fresh untreated waste. In fact, many countries at the international level require that new wastes be subjected to bio-mechanical treatment as a minimum

before landfilling in sanitary landfills in order to minimize environmental emissions (ie, methane and waste juices) and increase the life of the landfill.”

¹³³ RITE recorded interview with CEO of the Operator of the Al Fayhaa SWMF in Beirut on 2 May 2022.

¹³⁴ RITE recorded Interview of 2 June 2022 with the OMSAR Project Manager.

¹³⁵ RITE recorded Interview with UNDP Programme Manager Energy & Environment at UNDP offices in Beirut on 20 July 2022.

¹³⁶ RITE recorded Interviews with OMSAR Project Manager on 2 June 2022 and with Programme Manager Energy & Environment at UNDP on 20 July 2022.

¹³⁷ The ARLA 2020 Assessment

¹³⁸ The ARLA 2020 Assessment recommends that OMSAR considers “technical recommendations of the due diligence synthesis report on improvements to bring to designing, contracting, monitoring operations and technical processes in SWMFs”. The ‘synthesis report’ in question was not available for RITE’s consideration.

¹³⁹ RITE recorded interviews with the OMSAR Project Manager

¹⁴⁰ RITE recorded interviews with the OMSAR Project Manager and with the Minieh SWMF first and second operators.

¹⁴¹ That same Building Contractor won €7,824,093 worth of EU funded contracts between 2011 and 2018 according to one of their corporate documents.

¹⁴² According to a report by Democracy Reporting, the creation of a SWMF in Hbaline included a €1.1 million EU grant among other funding. The Hbaline SWMF became operational in 2007 and was managed by the Union of Municipalities of Jbeil, with a processing capacity of 77 tons per day. According to the report, the municipality did a very poor job operating the facility and the site closed after local protests. In 2010, a newly elected mayor decided to outsource to the private sector and contracted the Minieh SWMF First Operator. Their poor performance led the Municipality to close the facility again in 2011, but the contractor continued to manage the dumpsite at Hbaline, without running the SWMF. Waste piled up in the dumpsite as high as nearly 50 metres, causing a landslide into the river, contaminating the groundwater of the region. The same contractor also ran into trouble with the Zahle Municipality who were dissatisfied with their performance, and the municipality terminated the company’s contract for the operation of the SWMF there. (<https://democracy-reporting.org/en/office/lebanon/publications/study-solid-waste-management-in-lebanon-lessons-for-decentralisation>)

¹⁴³ **The Minieh SWMF First Operator told RITE in their right of reply that “At the time when Sanitek was awarded Minieh it had zero lawsuits against any Party and vice versa.”**

¹⁴⁴ <https://www.nytimes.com/2019/12/03/world/middleeast/lebanon-protests-corruption.html>

¹⁴⁵ <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20211028>
<https://home.treasury.gov/news/press-releases/jy0440>

¹⁴⁶ RITE recorded interview with the previous OMSAR Minister in Beirut on 6 May 2022.

¹⁴⁷ RITE recorded interview with the CEO of the Al Fayhaa SWMF Operator in Beirut on 2 May 2022.

¹⁴⁸ RITE recorded interview with the previous OMSAR Minister in Beirut on 6 May 2022.

¹⁴⁹ PP 34 and 35 of Draft 5.2

¹⁵⁰ RITE Recorded Interview of 2 June 2022 with OMSAR Project Manager.

¹⁵¹ Technical support to upgrading the solid waste management capacities in Lebanon "Contract number: ENPI/2017/389-095" Sub-Activity 1.1 BASELINE REPORT – MINIYEH-DANNIEH DISTRICT September 2018 (p 92-100): <http://www.studies.gov.lb/getattachment/Sectors/Development/2018/DEVLM-18-1/Minieh-Dannieh.pdf> RITE notes that when it tried to access this link on 8 February 2023, the document was no longer available. However, RITE has a downloaded copy of it available should it be required

¹⁵² The above Technical Support Report found that Compost like output (CLO) has generally been well below contractual standards, averaging at 2%. This was apart from two periods where they exceeded their target for their composting output, achieving 31% and 45% against a contractual target of 20%.

¹⁵³ Source: email from the NGO to RITE of 31/8/22

¹⁵⁴ PP 42 to 44 of Draft 5.2

¹⁵⁵ RITE recorded interview with Solid Waste Expert at UNDP in Beirut on 20 July 2022

¹⁵⁶ The President of the Badawi Municipality/the Union of Al Fayhaa Municipalities told RITE that it was three years and the CEO of the Al Fayhaa SWMF said it was two years, referring to the period they were able to invoice for.

¹⁵⁷ The ARLA 2020 Assessment states that “The OMSAR team was learning by doing every day since 2005, developing a comprehensive set of skills to deal with its SWM portfolio. Despite the fact that its technical and managerial expertise could still be pushed a level higher, OMSAR SWM team is already acknowledged by people in MoE, CDR, MoI, UoM, operators, as probably the best team of practitioners among all public bodies involved in the SWM sector.”

¹⁵⁸ ARLA 2020 Assessment

¹⁵⁹ ARLA 2020 Assessment

¹⁶⁰ The Protocole D’Accord of 2005 required selected projects to be submitted to the EU for approval if they are within their dates of involvement of 30 November 2005 (same as signature date). However, Amendment No 2 extends the EU approval of selected projects beyond this date, to all the selected projects.

¹⁶¹ ARLA Assessment Report

¹⁶² RITE recorded interviews with the OMSAR Project Manager on 2 June 2022.

¹⁶³ The ARLA Assessment Report states that “the reports and correspondence consulted by the evaluation team did not cover the whole period during which ARLA has been executed, nor were they providing a comprehensive and aggregated view of the results perspective. Progress reports have clearly been activity-oriented and structured around the ARLA procurement processes.”

¹⁶⁴ P.76 of the ARLA Assessment Report.

¹⁶⁵ UNDP response to their Right of Reply.

¹⁶⁶ The ARLA 2020 Assessment sets out the duties undertaken by OMSAR in the implementation of the ARLA programme:

- Managed calls for proposals for municipal solid waste management projects (2 calls and 1 complementary selection).
- Managed the procurement of transport and collection equipment that was given to municipalities.
- Managed the procurement and implementation processes for design, construction and equipment contracts of the SWMFs.
- Managed the procurement process for service contracts of SWMF operators.
- Brokered between facility operators and municipalities to negotiate, monitor and supervise contractual obligations and quality requirements.
- Organised training events for local authorities (minor activity in time and budget).
- Managed procurement and implementation of service contracts for awareness raising campaigns on waste management and sorting at the source.
- Participated in sector and donor dialogue through i) the dialogue with the Council of Ministers via OMSAR Minister; ii) the steering committee with Ministry of Environment (MoE), Ministry of Interior (MoI), Council for Development and Reconstruction (CDR) and EUD; iii) the coordination with beneficiary municipalities.¹⁶⁶
- Planned, managed, monitored, and reported on the overall technical and financial implementation of the funds.

¹⁶⁷ Source: Protocole D’Accord of 2005.

¹⁶⁸ EU-OMSAR Financing Agreement for Upgrading Solid Waste Management Capacities in the Bekaa and Aakar Regions in Lebanon (ENPI 2013) signed in 2014 (SWAM)

¹⁶⁹ Upgrading Solid Waste Management Capabilities in Lebanon (ENI 2014) (SWAM 2)

¹⁷⁰ Furthermore, a Previous OMSAR Minister told RITE that plans are underway to move solid waste management projects away from OMSAR and into the Ministry of the Environment, and that OMSAR's future looks uncertain as there are also plans for its staff to be paid in line with other civil servants and in the devalued Lebanese currency.

¹⁷¹ A review of OMSAR's work by the OMSAR minister in 2009 explains that the formation of OMSAR in 1995 was in the context of the international community coming to the aid of Lebanon after the end of its long civil war, with a \$12 billion investment between 1992 and 1996 for the rebuilding the country's infrastructure. OMSAR was put in charge of a \$106.3 million administrative rehabilitation project granted as to 19% from the Lebanese government, 19% from the World Bank, and 12% from multiple sources. This was intended to be used by OMSAR towards the purchasing of equipment (44% of budget), seeking expertise and advice (37% of the budget), and capacity development (19%). The EU's ARLA programme additional funding intended as part of this effort at administrative reforms that OMSAR was created to fulfil.

¹⁷² Source: The OMSAR Review of 2009 commissioned by the OMSAR Minister.

¹⁷³ Source: The OMSAR 2009 Review commissioned by the OMSAR Minister.

¹⁷⁴ The OMSAR 2009 Review states that OMSAR was formed following a 1995 World Bank loan for administrative rehabilitation, with its Technical Cooperation Unit (TCU) and Institutional Development Unit (IDU) becoming operative in 1996 following a UNDP grant to the government to finance the salaries of experienced professional staff.

¹⁷⁵ Source: Review and Evaluation of OMSAR mandates and achievements, October 2009

¹⁷⁶ The OMSAR Previous Minister told RITE that OMSAR is now under threat as previous interior minister decided that UNDP employees should be paid like other civil servants in Lebanese Lira rather than in their dollar salaries. Furthermore, he said that the current OMSAR Minister (in position since September 2021) wants to give all waste projects to the Ministry of the Environment.

¹⁷⁷ Source: RITE recorded interview with Programme Manager Energy & Environment at UNDP at UNDP Beirut offices in June 2022.

¹⁷⁸ Source: recorded interview with OMSAR Project Manager on 2 June 2022.

¹⁷⁹ Source: UNDP right of reply.

¹⁸⁰ Source: recorded interview with OMSAR Project Manager on 2 June 2022.

¹⁸¹ Source: Recorded Interview with Programme Manager Energy & Environment at UNDP offices in Beirut on 20 July 2022

¹⁸² Evaluation of EU Support to Local Authorities in Enlargement and Neighborhood Regions (2010-2018) Final Report—Vol. III—December 2020—Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

¹⁸³ It says that from 2015 onwards, in light of the growing demands dictated by the Syria crisis, the EU moved to direct implementation in its partnership with the Economic and Social Development Fund (ESFD).

¹⁸⁴ Source: https://ec.europa.eu/info/funding-tenders/find-funding/funding-management-mode_en

¹⁸⁵ P.94, recommendation 36 of the ARLA 2020 Assessment

¹⁸⁶ For an analysis of the origins of this see "Spoils of Truce—Corruption and State-Building in Post-war Lebanon" by Reinoud Leenders.

¹⁸⁷ Source: RITE Recorded interview with Previous OMSAR Minister (2014 to 2016) in Beirut on 6 May 2022. In addition, the ARLA 2020 Assessment had recommendations for the Lebanese government that include: improved fiscal support to municipalities, setting coherent policies, sector coordination across ministries and improved legislation. It also made

additional recommendations to the ministries of Environment, Finance, Interior and Industry such as calling for a Master Plan from the Ministry of the Environment. It also recommended that OMSAR continues advocating with the government and ministries so to secure funding for O&M of the SWMFs, to coordinate the work of ministries in areas relevant to the waste management sector, to engage with them over any needed regulatory frameworks and regarding fiscal decentralisation, and to work with the private sector over solid waste industrial activities.

¹⁸⁸ Evaluation of EU Support to Local Authorities in Enlargement and Neighbourhood Regions (2010-2018) Final Report– Vol. III–December 2020–Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

¹⁸⁹ RITE interviews with two local politicians.

¹⁹⁰ Evaluation of EU Support to Local Authorities in Enlargement and Neighbourhood Regions (2010-2018) Final Report– Vol. III–December 2020–Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

¹⁹¹ It states that there are 1,108 municipalities [in a very small country of 10,452 Km, averaging a municipality per 9.4 km]. 75% of them are members of 56 Municipal Federations/ Unions.

¹⁹² It states that Lebanon’s intergovernmental transfer system (IMF) transfers, which represent around 70% of local authority revenues, are not released in a predictable and timely manner. The IMF collects on behalf of municipalities tax percentages from fuel, telecom, alcohol and spirits and various real estate transactions and then redistributes them to municipalities (75%) and Union of Municipalities (25%) according to discretionary criteria, often irrespective of legally stated deadlines and transparency criteria. The average delay in the distribution is about 28 months. In 2020 Local Authorities were still struggling to get their 2017 allocation disbursed.

¹⁹³ It states that around 61% of local authority revenues are spent on administrative costs and routine infrastructure maintenance works and another 30% on cleanliness, leaving around 9% to everything else the Federations have to do, such as advanced public services or larger-scale development projects.

¹⁹⁴ It states that more than two thirds of local authorities have less than 3 employees (often a clerk and one or two municipal guards) which means that most governance and decision-making functions are handled by (largely volunteer) municipal council members and depends to a large extent on the level of knowledge, involvement and harmony amongst these members.

¹⁹⁵ RITE Recorded Interview with Al Fayhaa Operator CEO in Beirut on 2 May 2022 and with OMSAR Project Manager on 2 June 2022 and with the Previous OMSAR Minister (2014-2016) on 6 May 2022.

¹⁹⁶ UNDP Right of Reply response.

¹⁹⁷ RITE was told that performance may be an issue at the Beit Meri facility by a Solid Waste Expert at UNDP (recorded interview of 20 July 2022). However, as this is outside the remit of the RITE investigation, we did not seek to verify this with the municipality or the contractor.

¹⁹⁸ RITE Recorded Interview with UNDP Solid Waste Expert at UNDP offices in Beirut on 20 July 2022.

¹⁹⁹ Evaluation of EU Support to Local Authorities in Enlargement and Neighbourhood Regions (2010-2018) Final Report– Vol. III–December 2020–Particip GmbH: https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

²⁰⁰ For more information see https://trustfund-syria-region.ec.europa.eu/index_en : it applies across ME countries with Syrian refugees and counts 120 projects and a budget of €2.38 billion between its launch in 2014 and 2021.

²⁰¹ Evaluation of EU Support to Local Authorities in Enlargement and Neighbourhood Regions (2010-2018) Final Report – Vol. III – December 2020 – Particip GmbH (Lebanon case study p.7): https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf: “Most projects and programmes of EUD Beirut were subject to ROM, mid-term and final evaluations. As far as LAs are concerned, an important evaluation was conducted in 2015 for EU’s External Aid programmes funded in the field of local development in Lebanon”.

²⁰² Evaluation of EU Support to Local Authorities in Enlargement and Neighbourhood Regions (2010-2018) Final Report – Vol. III – December 2020 – Particip GmbH (Lebanon case study p.7): https://neighbourhood-enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf

enlargement.ec.europa.eu/system/files/2021-01/la_eval_-_annexes.pdf: “The results of the evaluation were clearly taken on board. The horizontal Local Authority thematic budget line was put on hold starting 2015, and the EUD shifted to a new integrated and multisector approach to development in large interventions like UDP-NL and the Litani River Local development programme. Under these integrated multi-sectors programmes, Local Authorities alongside Civil Society Organisations (CSOs) and other actors participate actively in these programmes and benefit from capacity building activities but do not implement directly. All local development programmes promote, directly and indirectly, interaction and dialogue among the various local entities and CSOs.”

²⁰³ P.2 of the ARLA 2020 Assessment.