



EUROPEAN
COMMISSION

HIGH REPRESENTATIVE
OF THE UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

Brussels, 19.9.2016
JOIN(2016) 40 final

2016/0290 (NLE)

Joint Proposal for a

COUNCIL DECISION

**on the Union position within the Association Council set up by the
Euro-Mediterranean Agreement establishing an association between the
European Communities and their Member States, of the one part, and the Republic of
Lebanon, of the other part, with regard to the adoption of EU-Lebanon Partnership
Priorities and annexed Compact.**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• **Reasons for and objectives of the proposal**

The revised European Neighbourhood policy¹ adopted in November 2015 sets a new framework to define bilateral relations with partners. These should be captured in "Partnership Priorities" that are a key point of reference with partner countries in agreeing on a limited set of targeted priorities for the coming years.

The negotiation with Lebanon took place in the spirit of the London conference of February 2016 "for Syria and the region", where the Commission and the HRVP proposed the definition of mutual commitments to help hosting countries most affected by the influx of Syrian refugees (Jordan and Lebanon). The concept is in line with the new Global Strategy for the European Union's Foreign and Security Policy² presented in June 2016 by the High Representative whereby the complete EU tool box is used in the most efficient manner to increase impact and visibility of Union support.

It was agreed between the EU and Lebanon that the "Partnership Priorities" document will have as an annex a "Compact" defining the respective EU and Lebanon commitments in facing the impact of the Syria crisis. These documents will be the basis for the programming of EU assistance.

The "Partnership Priorities" and the "Compact" reflect shared interests and focus on those areas where co-operation between the EU and Lebanon is of mutual benefit. The respect of democratic principles and fundamental human rights constitutes an essential element of the relations between the EU and Lebanon. The shared goal of a common area of peace, prosperity and stability implies working together, particularly through co-ownership and differentiation, and to take stock of Lebanon's key role in the region.

While addressing the most urgent challenges, including migration and terrorism as priorities, Lebanon and the EU will continue to pursue the core objectives of their long term partnership, which is working towards sustainable Lebanese and regional stability and sustaining economic growth through strong state institutions and the revitalisation of the Lebanese economy, by leveraging the potential of the Lebanese private sector and civil society.

The main political priorities identified in EU-Lebanon relations for the coming years are:

- Security and Countering Terrorism
- Governance and Rule of Law
- Fostering Growth and Job Opportunities
- Migration and mobility.

The annexed Compact builds on the priorities identified by the Government of Lebanon, including in its statement of intent presented at the London Conference as well as in the Lebanon Crisis Response Plan (LCRP). It focuses on strengthening the institutional and economic resilience of Lebanon while enhancing services and economic opportunities for

¹ Council Conclusions on the Review of the European Neighbourhood Policy of 14th December 2015; Council press release no. 926/15

² Shared Vision, Common Action: A Stronger Europe; A Global Strategy for the European Union's Foreign and Security Policy

Syrian refugees and host communities, through increased protection, access to employment, quality education and basic services.

- **Consistency with existing policy provisions in the policy area**

The Lebanon-EU Partnership Priorities are the first bilateral framework agreed under the new European Neighbourhood Policy and are coherent with the priorities and modalities set out in the policy, namely the stabilisation of the neighbourhood in political, economic and security terms. It is also consistent with the EU-Lebanon Association Agreement, which entered into force in 2006³.

- **Consistency with other Union policies**

The proposed EU-Lebanon "Partnership Priorities and Compact", whilst reflecting the long standing commitment of the EU towards its Mediterranean partners, are fully aligned with the EU Global Strategy's call for an integrated approach in addressing crises: encompassing its humanitarian, development, migration, trade, investment, infrastructure, education, health and research policies.

The documents take into account, inter alia, the promotion of human rights and good governance, the external dimension of EU migration policies, the increased focus on international co-operation to counter terrorism and violent extremism and the potential of trade to generate fair growth and decent employment.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

This is a proposal on the basis of Article 218(9) TFEU for a Council Decision on the Union position within the Association Council set up by the Euro Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, with regard to the adoption of Partnership Priorities and the Compact.

Art.218(9) TFEU will ensure that the "Partnership Priorities" can be the basis for Union assistance foreseen under the European Neighbourhood Instrument. The adoption of the "Partnership Priorities and the Compact" is envisaged to take place at an EU-Lebanon Association Council meeting before the end of 2016 after the adoption by the Council on basis of Article 218(9) TFEU of an EU position for the Association Council itself.

- **Subsidiarity (for non-exclusive competence)**

As the Partnership Priorities and Compact concern the relations between the EU and Lebanon, these cannot be adopted at national level by Member States.

- **Proportionality**

The adoption of a Council position according to Article 218(9) TFEU is required in view of the adoption of the Partnership Priorities and Compact by the Association Council.

³ Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part; OJ L143/2; 30.5.2006

- **Choice of the instrument**

The Council conclusions of 14 December 2015 on the Review of the European Neighbourhood Policy⁴ confirmed the "Council's intention to start a new phase of engagement with partners in 2016 which could lead to the setting of new partnership priorities, where appropriate, focused on agreed priorities and interests".

To pursue such engagement, the political commitments are the most adequate instrument: a new binding international agreement with Lebanon would have brought a disproportionate procedural burden if compared with the time span to be covered by the Partnership Priorities. On the other hand, a simple Memorandum of Understanding would not have enjoyed the necessary level of endorsement required by the "Action Plan or equivalent document" cited in Article 3(2) of the European Neighbourhood Instrument Regulation⁵ as basis for the multi-annual programming of assistance.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

These texts were drafted following close consultation with relevant Commission services and with Member States' representatives in the Council Working Group on Maghreb and Mashrek as well as discussions with Lebanese counterparts.

Consultations with civil society stakeholders took place in Beirut and Brussels since March 2016. The main input received was the need to address the basic needs of the refugees from Syria including protection while supporting Lebanon to host their massive influx, the safeguard of human rights also while fighting violent extremism, the need to keep a high level of engagement in the promotion of education and other children's rights, the need to maintain efforts to promote gender equality and to protect international and local non-governmental organisations (NGOs) working in the country from undue pressures. These points were all taken into account in the attached texts.

These consultations were held following the orientations framed in the renewed European Neighbourhood Policy.

- **Collection and use of expertise**

The relevant thematic expertise was all available internally, either in Headquarters or in the EU Delegation.

- **Impact assessment**

Not applicable.

⁴ Council Conclusions on the Review of the European Neighbourhood Policy of 14th December 2015; Council press release no. 926/15

⁵ Regulation EU 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument; OJ L77/27; 15.3.2014

- **Regulatory fitness and simplification**

Not applicable.

- **Fundamental rights**

No consequence for the fundamental rights in the European Union Member States.

For the fundamental rights in Lebanon, the consequences are deemed to be positive, considering that the Lebanon Government's commitment foreseen in the Partnership Priorities and in the Compact include inter alia the implementation of commitments and obligations under international and national humanitarian law, the promotion of good governance, upholding and promoting quality public education for all children at all levels, improving access to health and justice.

4. BUDGETARY IMPLICATIONS

No additional budgetary implication beyond what is foreseen in previous international EU engagements. Any further budgetary implication will be defined by distinct proposals, such as the forthcoming 2017-2020 ENI Single Support Framework.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The implementation of the EU-Lebanon "Partnership Priorities and Compact" will be subject to a coordination mechanism with identified focal points in the relevant services to regularly review and monitor their implementation with a view of ensuring co-ownership, transparency and mutually beneficial implementation. The meetings related to the bilateral co-operation between the EU and Lebanon under the existing Association Agreement will contribute to the monitoring including at sector level.

6. REFERENCES

- a) Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Review of the European Neighbourhood Policy; JOIN/2015/050 final
- b) Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part; OJ L143/2; 30.5.2006
- c) Council Conclusions on the Review of the European Neighbourhood Policy of 14th December 2015
- d) Regulation EU 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument; OJ L77/27; 15.3.2014
- e) Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part; OJ L143/2; 30.5.2006
- f) Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Review of the European Neighbourhood Policy; JOIN/2015/050 final Common Position

Paper of Arab ENP Countries presented at the Beirut Ministerial Conference
on the European Neighbourhood Policy (ENP) Review on 24th June 2015

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on the Union position within the Association Council set up by the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, with regard to the adoption of EU-Lebanon Partnership Priorities and annexed Compact.

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 217 in conjunction with Article 218(9) thereof,

Having regard to the joint proposal of the High Representative of the Union for Foreign Affairs and Security Policy and of the European Commission,

Whereas:

- (1) The Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, was signed on 17 June 2002 and entered into force on 1 April 2006⁶.
- (2) A Joint communication by the High Representative of the Union for Foreign Affairs and Security Policy and by the European Commission of 18 November 2015 on the Review of the European Neighbourhood Policy⁷ has been welcomed by the Council Conclusions of 14 December 2015, where inter alia the Council confirmed the intention to start a new phase of engagement with partners in 2016 which could lead to the setting of new partnership priorities, where appropriate, focused on agreed priorities and interests.
- (3) The shared goal of the EU and Lebanon for a common area of peace, prosperity and stability implies working together, particularly through co-ownership and differentiation, and to take stock of Lebanon's key role in the region.
- (4) While addressing the most urgent challenges, the EU and Lebanon continue to pursue the core objectives of their long term partnership and work towards stability of the country and the region as well as sustained economic growth through strong state institutions and revitalisation of the Lebanese economy.

⁶ Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part; OJ L143/2; 30.5.2006

⁷ Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Review of the European Neighbourhood Policy; JOIN/2015/050 final

HAS ADOPTED THIS DECISION:

Article 1

The Union position within the Association Council set up by the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the the Republic of Lebanon, of the other part, with regard to the adoption of EU-Lebanon Partnership Priorities and annexed Compact shall be based on the texts annexed to this Decision.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels,

*For the Council
The President*



EUROPEAN
COMMISSION

HIGH REPRESENTATIVE
OF THE UNION FOR
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ANNEX 1

ANNEX

to the

Joint Proposal for a

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on the Union position within the Association Council set up by the Euro Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, with regard to the adoption of EU-Lebanon Partnership Priorities and annexed Compact

DECISION No 01/2016 OF THE 12th EU-Lebanon ASSOCIATION COUNCIL of [DAY MONTH YEAR]

Agreeing on EU-Lebanon Partnership Priorities

THE EU-LEBANON ASSOCIATION COUNCIL,

Having regard to the Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part,

Whereas:

- (1) The Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lebanon, of the other part, was signed on 17 June 2002 and entered into force on 1 April 2006;
- (2) Article 76 of the Euro-Mediterranean Agreement gives the Association Council the power to take appropriate decisions, for the purposes of attaining the objectives of the Agreement;
- (3) In terms of Article 86 of the Euro-Mediterranean Agreement, the Parties shall take any general or specific measures required to fulfil their obligations under the Agreement and shall ensure that the objectives set out in the Agreement are attained.
- (4) The second EU-Lebanon Action Plan, which was agreed in 2013 with the objective of furthering cooperation in the areas identified in the Euro-Mediterranean Agreement, came to an end in 2015 and has not been renewed.
- (5) The review of the European Neighbourhood Policy in 2016 proposed a new phase of engagement with partners, allowing for a greater sense of ownership by both sides;
- (6) The EU and Lebanon have agreed to consolidate their partnership by agreeing on a set of priorities for the period 2016-2020 with the aim of supporting and strengthening Lebanon's resilience and stability while seeking to also address the impact of the protracted conflict in Syria.
- (7) The Parties to the Euro-Mediterranean Agreement have agreed on the text of the EU-Lebanon Partnership Priorities including the Compact, which will support the implementation of the Euro-Mediterranean Agreement, focusing on cooperation in relation to a set of commonly identified shared interests that will be given priority.

HAS DECIDED AS FOLLOWS:

Article 1

The Association Council recommends that the Parties implement the EU-Lebanon Partnership Priorities including the Compact as set out in the Annex.

Article 2

This Decision shall enter into force on the day of its adoption.

Done at xx, [day month year].

For the EU-Lebanon Association Council

The Chair

ANNEX

EU-Lebanon Partnership Priorities plus Compact

Lebanon-EU Partnership Priorities

A renewed EU - Lebanon partnership (2016-2020)

Framing the Lebanon-EU Partnership Priorities

Lebanon has taken a leading role in the discussions and consultations on the review of the European Neighbourhood Policy (ENP). The Arab position paper which was delivered at the Beirut conference on the ENP review constituted an important document contributing to the consultation process leading to the revised ENP. Overall, the priorities build on Lebanon's engagement in the ENP review and set up a framework for political engagement and for short and medium term interventions based on the priorities defined by the Government of Lebanon. Moreover, as partners, Lebanon and the EU face, today more than ever, immediate challenges linked to protracted crises. These challenges require the above mentioned framework to take into account the exceptional circumstances in the region, and their impact on Lebanon.

The EU and Lebanon consider their partnership as an embodiment of shared values and an acknowledgment of mutual interests. Human rights and fundamental freedoms as embodied in relevant international, regional and national law, constitute shared values. The respect of democratic principles and fundamental human rights constitutes an essential element of the relations between the EU and Lebanon. The shared goal of a common area of peace, prosperity and stability implies working together, particularly through co-ownership, differentiation and enhanced partnership, driven by the importance of upholding Lebanon as a model of moderation for the entire region, and to take stock of the key role of its vibrant private sector and dynamic civil society.

While addressing the most urgent challenges, including migration and terrorism, Lebanon and the EU will continue to pursue the core objectives of their long term partnership, which is working towards sustainable Lebanese and regional stability, where the EU will engage actively with the Lebanese authorities and uphold dialogue with all political parties, sustaining economic growth through strong state institutions and the revitalisation of the Lebanese economy, also by leveraging the potential of the Lebanese private sector and civil society. Within each of the priority areas agreed below some challenges need immediate attention, while some other implementation steps will need adequate preparation for a successful implementation in the medium term.

The EU-Lebanon Association Council endorses this renewed partnership as a paradigm for a new, tailor-made bilateral engagement that includes an upgraded political dialogue. The immediate post Association Council period will be key in translating commitments into actions; this will require effective implementation of the Partnership Priorities and of the accompanying Compact by both sides. A mid-term review of the Partnership Priorities will recalibrate and adjust them where necessary. Ultimately, the success of this renewed partnership will be measured by the extent to which it responds to the needs of Lebanon and the EU. The priorities and commitments outlined in this document and its annex are non-exhaustive, and the EU stands ready to make Lebanon benefit from EU initiatives targeting priority third countries in the region.

Facing the Humanitarian crisis with a comprehensive approach:

Since 2011, Lebanon has been sustaining an unprecedented burden resulting from the mass influx of Syrians displaced from Syria into its territory. Today Lebanon hosts an estimated 1.5 million Syrians and around 0.5 million Palestinians, which makes Lebanon the country hosting the highest number of displaced and refugees, both per capita and per square kilometre. The recent migration crisis in the EU has brought forward the political, economic and social challenges resulting from it. Lebanon is 440 times smaller and 120 times less populated than the EU, but the absolute numbers of refugees hosted in the last years are similar.

Lebanon and the EU consider that the only sustainable long term solution for refugees and displaced from Syria into Lebanon is their safe return to their country of origin, as conditions for such a return are met. Meeting the needs of refugees and displaced persons across and from Syria and of their host communities is an urgent priority for the whole international community, whose efforts in this direction should be intensified. Both sides will be mindful however to the imperative of building conditions for the safe return of refugees from Syria and displaced Syrians, including during the transition, in accordance with all norms of international humanitarian law and taking into account the interests of the host countries.

In this spirit, Lebanon and the EU will draw the concrete benefits of their joint commitment to upgrade their political dialogue, working together to assess and promote the availability of such conditions bilaterally and in relevant international fora where the EU and Member States will reflect the particular situation of Lebanon and the necessity to take its vital interests into account, and express their grave concern of the hosting by Lebanon of over one million of refugees registered by UNHCR and its impact on host communities, security and stability of Lebanon and of the wider region.

In this context, and in recognition of the protracted nature of the refugees' crisis, the Lebanese Government launched a new approach on how to manage the temporary and ongoing stay of Syrians displaced from Syria into its territory, to mitigate the pressure of the Syrian mass influx on the country and its citizens, in a way that aims to be neither prejudicial to the interests of the country and of the Lebanese citizens nor of the refugees. This new vision, as detailed in Lebanon's statement of intent presented at the London conference of February 2016, together with the international support in terms of adequate funding and delivery tools, has the potential to substantially improve the situation. The Government of Lebanon will facilitate the availability of international funds and delivery tools for the different lines of action, particularly those targeting the national economy, infrastructure and job-creation initiatives, with the needed administrative and regulatory measures in accordance with Lebanese laws and regulations.

The EU and Lebanon aim at high impact interventions, involving all forms of financial assistance, grants and loans, in order to mitigate the drastic effects of the Syria crisis on Lebanon's finances¹, on the host communities and on the country's economy, infrastructure and environment. Improving economic opportunities for refugees and displaced persons from Syria will have to come in the broader context of improving the economic resilience of the country as a whole through foreign and local investments in job-creating projects, infrastructures and local economic development. Such interventions will help also to create a climate in which the cost of borrowing to the Treasury could be significantly lowered.

¹ Note has been taken of the impact of the Syria crisis, including refugees, on Lebanon, assessed by the World Bank in the 13 January 2016 conference as over 5.6 billion USD for 2015 with a cumulative cost of over 13.1 billion USD for the period 2012-2015.

The Partnership Priorities will aim to promote joint interests and enhance cooperation. They are interlinked and mutually reinforcing. They will also provide a strategic framework for coordinating political, security and cooperation efforts over the next four years (2016-2020). These priorities and objectives as outlined below build upon existing plans and strategies of the government. They will also be the basis for aligning assistance behind the Government's vision. The Partnership Priorities seek to promote gender equality including through improved participation of women in political and decision-making fora.

1. **Security and Countering Terrorism**

The main objective will be to improve the security for all European and Lebanese citizens. Lebanon and the EU will advance on security sector reforms and enhancement by developing the institutional capacity of security actors including law enforcements, security management, oversight bodies and justice in full respect of human rights and democratic norms.

Attacks perpetrated by Daesh underline the fact that Europe and Lebanon face a common threat from terrorism. Our efforts will focus on building a broad security and counter terrorism (CT) partnership. The roadmap agreed by Lebanon and the EU¹ following the CT Dialogue of 26 January 2016 will deliver stronger and qualitatively concrete cooperation in countering United Nations Security Council (UNSC) designated terrorist organisations. Areas of cooperation include justice and law enforcement, countering the financing of terrorism, border management, airport security and civil aviation security and countering violent extremism. In this regard, the EU will actively mobilise all its relevant tools, instruments and capabilities allocated for priority third countries faced with a serious terrorist threat.

Lebanon and the EU will work towards a coordinated national approach to countering the terrorist threat. Lebanon will develop, with the support of the EU, its national Counter-Terrorism strategy, encompassing contributions from Member State experts, Europol, Cefpol, FRONTEX and Eurojust. The outcome will be a strategy which reflects the unique contributions each arm of the Lebanese Government can make to countering terrorism and violent extremism.

2. **Governance and Rule of Law**

A stable Lebanon requires progress on good governance and the rule of law. The EU will work with Lebanon in order to:

- develop cooperation projects in the area of institutional capacity building within the framework of the administrative reform strategy of Lebanon;
- promote the shared values of democracy and the rule of law including good governance and transparent, stable and effective institutions, protection of free speech and an independent press;
- pursue reform efforts strengthening the effectiveness and the independence of the justice system, and aiming at a more efficient public sector. Enhancing the fight against corruption, which hampers growth and economic development, will remain fundamental to achieving results across all Partnership Priorities.

1

The reform of the electoral law and the election framework will be critical to modernise the country. Lebanon welcomes the readiness expressed by the EU to engage in fostering electoral reform in Lebanon and in improving governance at the municipal level. Sustainable development also requires the promotion of human rights, including the protection of marginalized population groups.

3. Fostering Growth and Job Opportunities

a. Municipalities:

Efforts to strengthen community resilience will be a priority. Economic disparities in Lebanon are depleting the country from its growth potential and are a threat to its stability. Special attention will be given to deprived areas, including by empowering municipalities, union of municipalities and local authorities and by strengthening civil society organisations, in order to improve local governance. Increased participation of women and youth will be supported with a view to foster an inclusive approach for sustainable growth. This will also entail the improvement of service delivery, such as health, as well as investment in municipal infrastructure projects. Municipalities have been severely squeezed by this surge of population, as they have to extend basic services and address to the immediate needs of both the Syrian populations in the country and the host communities, causing a decline in the quality of the services provided.

b. Private investment:

Efforts will be made to revitalise the Lebanese economy with a focus on generating decent employment opportunities for all and broad-based inclusive growth through scaled up private investment. The economy has also a critical role to play in Lebanon's efforts to mitigate the effects of the Syrian crisis. To this end, it is desirable to pursue efforts to address Lebanon's macroeconomic imbalances and fiscal vulnerabilities with the necessary reforms to pave the way to higher sustainable growth.

Countrywide employment generation will help to build trust in government and public institutions and encourage social cohesion. A growing formal economy will generate critical revenue to support public service delivery and build the legitimacy of public institutions. Improved competitiveness and diversification, combined with a vibrant private sector will enhance the resilience of the national economy and consequently boost job creation in line with Lebanese laws and regulations, and in this way reduce sectarian and social tensions. This can be achieved through the broad based engagement of businesses and the population, including the Lebanese diaspora, in innovation and knowledge-based economic activities, and the creation of decent jobs which are beneficial to all. The implementation of the commitments under the EU-Lebanon Compact will provide additional opportunities for the country's development.

c. Infrastructure:

Lebanon and the EU will examine the possibility to make use of concessional finance for the expansion of critical infrastructure with a view to enhance the productivity of high priority sectors. The involvement of International Financial Institutions (IFIs) to introduce new delivery methods, including special grants, non-financial assistance and concessional loans, will be jointly explored. Special efforts

will be made to engage with the private sector organisations that may be interested in availing themselves of opportunities afforded by European financing facilities. The aim is to support the development of critical infrastructure such as electricity, water, waste management and transportation and to provide prioritised support to the productive sectors. Targeted financial assistance including budgetary assistance will also be explored, as appropriate. In addition Lebanon looks forward to the setting up of EU specific mechanisms to mitigate the risks associated with large investment programmes. The EU and Lebanon will work together towards realising the conditions for concrete financial interventions, particularly European ones, to support key infrastructure projects and mobilise various EU financial instruments as appropriate

The abovementioned lines of action will be a matter of close consultation with a view of achieving concrete results.

d. **Trade / Agriculture / Industry:**

Lebanon and the EU also aim to strengthen their trade relationship. To this end, Lebanon and the EU will establish and regularly convene a **joint working group** to further facilitate trade and reduce existing non-tariff barriers for goods and services. This working group will start convening at the earliest.

There is a mutual interest in boosting the trade relationship by increasing the competitiveness of the industrial products, the services sector, and the agricultural and agro-food sector, including by improving the quality standards of Lebanese agricultural products, while mainstreaming the notion of sustainable consumption and production.

Work in this area will also help to mitigate the impact of the Syrian crisis on trade, as well as helping promoting investment in labour-intensive sectors, such as agriculture and industry. Opportunities provided by the Association Agreement should be thoroughly optimised with a view to ensuring benefits for both sides, and efforts will be made to further facilitate market access for Lebanese products to the EU and other markets. An enhanced cooperation and technical assistance on sanitary and phytosanitary standards will be instituted, including in cooperation with the Lebanese private sector, in order to adequately address these issues. In this way, Lebanon can increase exports of agricultural products and maximise benefits from existing market access opportunities, which includes fulfilling agricultural tariff-rate quotas (TRQs) in the Association Agreement.

The EU will continue to encourage and support Lebanon towards membership of the World Trade Organisation (WTO) as well as to beneficial participation in the Agadir Agreement.

e. **Energy security, climate action and conservation of natural resources:**

Increased attention to the environment through energy efficiency, renewable energy, waste management, water management and natural resources conservation can boost the country's touristic potential, protect the national wealth and reduce the exposure of the population to disease and health hazards. Research and innovation cooperation and partnerships can play a key role in all these areas, by boosting the potential for an integrated and efficient management of natural resources through a nexus approach.

Both parties aim at realising the potential of energy cooperation. An Energy Dialogue could offer the means to step up energy cooperation, including in the exploration and exploitation of the oil and gas

sector and related offshore opportunities. Following the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (UNFCCC), the EU and Lebanon will explore enhanced cooperation on the implementation of Lebanon's Indicative Nationally Determined Contribution. Debt for nature swap can be explored with a view to reducing the burden of the public debt and improving the conservation of natural resources.

4. Migration and mobility:

Lebanon and the EU are negotiating a joint declaration to launch their Mobility Partnership initiated with the dialogue on Migration, Mobility and Security, and both parties will also agree on an annex detailing concrete priority actions serving the goals of the new Mobility Partnership.

Both sides will seek to strengthen their cooperation in migration and mobility through the Lebanon-EU Mobility Partnership which constitutes a long-term framework to reinforce Lebanon's capacity to manage both regular and irregular migration, while taking into account its interests as a host country and keeping in mind its specific context and scarce resources and the heavy burden that it has been bearing since the beginning of the Syrian crisis.

Lebanon and the EU aim to advance cooperation on a broad range of issues with the understanding that migration and mobility need to be addressed in a comprehensive manner and that every objective of the Mobility Partnership should be pursued with equal vigor. Its full and effective implementation will be fundamental to Lebanon-EU cooperation in this field. This includes inter alia enhancing well-managed mobility of Lebanese and EU citizens across the territories of the two sides, increasing the capacity to manage migration flows, strengthening the capacity to manage borders, increase dialogue on matters related to international protection where mutual concerns will be discussed, and, most importantly, ensuring that the nexus between migration and development is further strengthened and renders visible results to Lebanon's population.

5. Mechanisms for dialogue and mutual coordination:

The general framework for cooperation between Lebanon and the EU is the Association Agreement, which entered into force in 2006. It will be important to rationalise and optimise the implementation of the Association Agreement including thorough rethinking of the dialogues and sub-committees taking place. Grouping the sub-committees into fewer thematic meetings will allow advancing cooperation in priority areas. At the same time, broader formats including civil society and non-state actors might also be organized.

At the same time, both parties are ready to deepen the political dialogue including through an upgraded engagement in the foreign policy sphere. Modalities to scale up the level of cooperation and consultation with the Lebanese Ministry of Foreign Affairs and Emigrants (focal point for the ENP) will be explored, taking into account the EU's principled position of support to the sovereignty, territorial integrity, pluralism and inclusive stability of Lebanon.

Both sides will establish a coordination mechanism to regularly review and monitor the implementation of the partnership priorities and of the compact with a view of ensuring co-ownership, transparency and mutually beneficial implementation.

EU-LEBANON COMPACT

Annex to the Partnership Priorities

Introduction

In light of the revised European Neighbourhood Policy (ENP) and as announced at the London Conference "Supporting Syria and the Region" of February 2016, the EU is proposing a comprehensive support package which combines different policy elements within EU competencies. This document sets out some mutually agreed actions that both sides intend to implement in good faith and without prejudice to their legal frameworks.. Any measures undertaken within the scope of this Compact will not be to the detriment of the Lebanese people and will be in conformity with the Lebanese Constitution, Lebanese laws and regulations.

The EU-Lebanon Compact, guided by the Partnership Priorities, will define priority actions to support the stabilisation of the country. The priority actions will build on the priorities identified by Government of Lebanon, including in its statement of intent presented at the London Conference as well as in the Lebanon Crisis Response Plan (LCRP). Most importantly, the EU-Lebanon Compact will strengthen mutual cooperation between the Government of Lebanon and the EU over the period 2016-2020. The mechanism to review progress in the implementation of the Compact will draw *inter alia* on the policy dialogues under the general framework of the EU-Lebanon Association Agreement.

The Compact priority actions will be funded through the additional EU funds pledged for Lebanon at the London Conference, including at least EUR 400 million to be allocated in 2016 and 2017 and additional funds that the EU may make available in the remaining years of the timeframe of this document. These financial resources will fund programmes implemented with partners such as state authorities, unions of municipalities, municipalities, EU Member States' agencies, non-governmental organisations and international organisations. Support for both the State and the private sector may also be provided through blending EU grants with loans provided by European and Member States' financial institutions, where appropriate, in partnership with other international financial institutions, to reduce risk and make loan conditions more attractive.

The core objectives of the EU-Lebanon Compact are both to provide an appropriate and safe environment for refugees¹ and displaced persons from Syria, during their temporary stay in Lebanon, and to provide a beneficial environment for Lebanon, host communities and vulnerable groups. This will allow needs including humanitarian needs, to be addressed in an effective, dignified and fair manner. This approach needs to come in the broader context of increasing resilience of the Lebanese national economy, infrastructures and investing into job-creating projects.

The EU commits to align its intervention with the abovementioned broad approach and to be particularly mindful to the development needs of Lebanon as it pursues and where needed to increase humanitarian assistance. Based on this approach, and aiming at easing the temporary stay in Lebanon of Syrian nationals who have fled the war in Syria, Lebanon commits to continue seeking, in conformity with Lebanese laws, ways to facilitate the streamlining of regulations governing their stay, including periodical waiver of residency fees and simplifying documentary requirements such as the "pledge not

¹ Nothing in this document holds prejudice to the position of Lebanon to consider the Syrian nationals who have fled from Syria since 2011 as displaced persons, or to Lebanon's strategic goal to work towards reducing their numbers, mainly with a view of achieving their safe and full return to Syria without resorting to refoulement.

to work”, with a view to easing their controlled access to the job market in sectors where they are not in direct competition with Lebanese, such as agriculture, construction and other labour intensive sectors.

In this regard, Lebanon, supported by UNHCR, aims at taking full administrative ownership of the Syrian crisis response to ensure an efficient and transparent management framework which would also take into account that status determination and registration are the primary responsibilities of the host country in cooperation with relevant UN agencies.

This Compact will be implemented in close regular coordination between the two sides as per the coordination mechanism outlined in the Partnership Priorities

1. Enhancing Stability: Security and Counter-terrorism	
EU commitments	Lebanon commitments
<ul style="list-style-type: none"> a) Actively support the implementation of the counter terrorism roadmap through technical assistance and financial and non-financial support. b) Provide technical assistance and financial support in countering criminal activities including the fight against the smuggling and trafficking of humans, drugs and firearms. c) Reinforce Integrated Border Management by supporting the four border agencies. d) Support to fight money laundering and the financing of terrorism. e) Support conflict prevention and mediation as well as interventions aiming to countering violent extremism and diffusing tensions. f) Intensify cooperation and support on aviation safety and security. 	<ul style="list-style-type: none"> i. Improve the coordination of security services, including agencies responsible for border management. ii. Support the operational activities of the Interministerial Counter-Terrorism Committee established on 26/5/2016. iii. Design and implement a comprehensive integrated counter-terrorism strategy in line with UN Security Council relevant resolutions. iv. Agree an Integrated Border Management (IBM) strategy, including increased coordination of Lebanese security agencies and cooperation within relevant EU programmes. v. Intensify cooperation on aviation safety and security.

2. Governance and Rule of Law

<p>a) Strengthen key democratic functions (i.e. electoral system, parliamentary oversight, institutional coordination, anti-corruption bodies).</p> <p>a) Support modernisation of the justice system, including by improving access to justice, establishing an independent and performing judiciary system, and strengthening the capacity of criminal justice actors, including through institutional capacity building to ensure compliance with international human rights obligations.</p> <p>b) Increase support to local authorities through development programmes in priority regions to be determined in coordination with Lebanese authorities.</p> <p>c) Provide support to civil society by funding NGO initiatives, according to Lebanese legislation, for projects focused on areas of social, cultural and economic development, promotion of human rights, democracy and principles of good governance.</p> <p>d) Provide financial and technical support to institutional capacity building within the framework of the administrative reform strategy of Lebanon.</p>	<p>i. Work towards reducing pre-trial detention and improve prison management.</p> <p>ii. Promote participation of civil society in public decision making</p> <p>iii. Reinforce local governance structures by:</p> <p style="margin-left: 40px;">a. Allocate necessary financial resources to municipalities as provided for by applicable laws.</p> <p style="margin-left: 40px;">b. Increase participation of Local Authorities and Unions of Municipalities in advising on community needs and service gaps.</p> <p>iv. Develop Social Development Centres (SDCs) with workers, service providers and NGO-public partnerships, including early identification of children at risk.</p>
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3. Fostering Growth and Job Opportunities

EU commitments	Lebanon commitments
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<p>a) Increase support to private sector development, focusing on the sectors with higher multiplier effects for employment, including through fostering a culture of entrepreneurship and innovation.</p> <p>b) Enhance cooperation and technical assistance on Sanitary and Phytosanitary Standards as well as quality and marketing standards.</p> <p>c) Enhance cooperation and provide assistance in order to help the private sector to take advantage of existing market access to the EU including by improving the international competitiveness of Lebanese products and producers, and use available margins of manoeuvre to enhance EU market access for Lebanese products. To this end, the EU will engage in the joint working group to further facilitate trade and reduce existing non-tariff barriers for goods and services</p> <p>d) Support Lebanon towards the goal of membership to the World Trade Organisation (WTO).</p> <p>e) Provide relevant technical assistance and capacity building to Lebanon to further develop its services sector (financial services, creative industries, fashion, audiovisual industries, IT and telecoms) in line with the country's priorities.</p> <p>f) Support Lebanon to take advantage from its accession to the Agadir Agreement.</p> <p>g) In the context of Lebanon's ongoing process of accession to the European Bank for Reconstruction and</p>	<p>I. Take measures to strengthen the legal, regulatory, institutional and administrative capacities for quality infrastructure and improve the business and investment climate, and address Lebanon's macroeconomic imbalances and fiscal vulnerabilities with the necessary reforms</p> <p>II. Strengthen policy making and Public Finance Management capacities in public institutions at central and local levels.</p> <p>III. Adoption of an export promotion policy.</p> <p>IV. Pursue negotiations for Lebanon's future WTO accession.</p> <p>V. Identify challenges for trade in services and address them.</p> <p>VI. Actively participate in the Agadir Agreement secretariat's work.</p> <p>VII. Where appropriate, engage with relevant IFIs in order to benefit from concessional financing.</p> <p>VIII. Design and implement a strategy for the energy sector, taking into account the existing commitments in the energy sector, laid down in the "Electricity Sector Policy Paper of 2010". In particular, review of the current tariff scheme, address the low collection rates and the high production costs and expand power generating capacity.</p>
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<p>Development (EBRD), support a decision to make Lebanon full country of operations. Support also an increase in the European Investment Bank's (EIB) lending operations in Lebanon, in line with its external lending mandate. Facilitate the engagement with other international financial institutions (IFIs), to support concessional financing for infrastructure investments and help create a climate in which the costs of borrowing could be lowered</p> <p>h) Increase financial and non-financial support for renewable energy transition, including for facilities, capacity building and research and innovation, as well as energy saving measures at the level of municipalities and unions of municipalities.</p> <p>i) Explore opportunities for increased energy cooperation and sharing of technical expertise, as appropriate, including in the oil and gas sector.</p>	
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<p>j) Explore new Technical Vocational Education and Training (TVET)/SME programs with a view to create jobs, particularly for young people and vulnerable groups, both Lebanese and Syrians.</p> <p>k) Increase support to the Reaching All Children with Education (RACE) plan.</p> <p>l) Continue to support school access and quality, as well as non-formal education.</p> <p>m) Support the National Plan to Safeguard Children and Women in Lebanon as well as disabled people.</p>	<p>IX. Complete programme accreditation of existing Training Centres and implement a Technical Vocational Education and Training (TVET) action plan.</p> <p>X. Ensure that vulnerable children can access a quality learning environment, including increasing the absorption capacity of education and related geographic coverage.</p> <p>XI. Ensure the School Information Management System funded by EU becomes fully operational.</p>
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<p>n) Support a comprehensive programme for Youth and Women empowerment.</p> <p>o) Support the Government of Lebanon in its response to the current humanitarian crisis. Increase support to the most vulnerable Lebanese and refugees.</p> <p>p) Build capacities of Lebanese civil society and community-based organizations, particularly in their work in support of all vulnerable populations in Lebanon.</p> <p>q) Ease access for eligible Syrians and Palestinian refugees and for Lebanese from host communities to EU programs addressing higher education and research.</p>	<p>XII. Finalise the policy for non-formal education aiming at bridging between formal and non-formal education based on the current accelerated learning programme.</p> <p>XIII. Improve child protection and referral mechanisms.</p> <p>XIV. In accordance with Lebanese legislation, facilitate the registration of international NGOs in Lebanon, as well as appropriate the issuance of work visas and residency for staff of international NGOs as appropriate.</p>
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<p>r) Strengthen the network of Primary Health Care Centres in partnership with Lebanese and International NGOs.</p> <p>s) Promote access to primary and secondary health care for both vulnerable Lebanese and Syrians.</p>	<p>XV. Continue to develop and consolidate the public health system in a sustainable way.</p> <p>XVI. In accordance with Lebanese legislation, promote health services for all.</p> <p>XVII. Promote immediate access of lifesaving cases to hospitals and improve quality control in hospitals.</p> <p>XVIII. Promote equal treatment in access to essential drugs, provided that donor financing is available.</p>
<p>t) Funding for Water, Sanitation and Hygiene (WASH) activities.</p>	<p>XIX. Integrate infrastructure investments in Master Plans (existing and/or in</p>

<p>u) Water and Waste Water infrastructures will be funded through the bilateral assistance and through blending (assistance coupled with loans).</p> <p>v) Support for infrastructures for the most deprived areas would be considered on the basis of priorities defined by the Government of Lebanon.</p>	<p>preparation).</p> <p>XX. Remove existing obstacles and build on good practices drawn from successful projects in Waste/Water management.</p> <p>XXI. Reinforcement of institutions in charge of Energy and Water.</p> <p>XXII. Endeavour to implement the Water Code, and support a sustainable tariff reform.</p>
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3. Migration and Mobility

EU – Lebanon mutual objectives

Once agreed, EU and Lebanon will implement fully the mutual political commitments of the Mobility Partnership after its adoption and all the actions in the related Annex, in line with the following priorities identified therein:

- Promoting and facilitating well-managed legal migration and mobility
- Strengthening the capacity of the relevant Lebanese authorities to manage borders and prevent irregular migration
- Strengthening the nexus between migration and development

- Enhancing dialogue and cooperation on matters related to refugees, allowing for thorough discussion of concerns.