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INTERNATIONAL FINANCE CORPORATION
AND MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

FOR

THE REPUBLIC OF LEBANON

FOR THE PERIOD FY17–FY22

April 22, 2022

**Lebanon Country Office
International Bank for Reconstruction and Development
Middle East and North Africa Region
International Finance Corporation
Middle East and Africa Region
Multilateral Investment Guarantee Agency**

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FISCAL YEAR: January 1 – December 31

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ABBREVIATIONS AND ACRONYMS

3RF	Reform, Recovery, and Reconstruction Framework	GTFP	Global Trade Finance Program
AF	Additional Financing	HBS	Household Budget Survey
ASA	Advisory Services and Analytics	IBRD	International Bank for Reconstruction and Development
B5	Building Beirut Businesses Back and Better Fund	HCP	Higher Council for Privatization
BDD	Beirut Digital Development	IDA	International Development Association
BDL	Banque du Liban	IFC	International Finance Corporation
BMLWE	Beirut and Mount Lebanon Water Establishment	IMF	International Monetary Fund
BUS	Butec Utility Services Project	IPF	Investment Project Financing
CAS	Central Administration of Statistics	iSME	Supporting Innovation in SMEs Project
CEDRE	Conférence Économique pour le Développement, par les Réformes et avec les Entreprises	LBP	Lebanese Pound
CoA	Court of Account	LEM	Lebanon Economic Monitor
COVID-19	Coronavirus disease 2019	LEPAP	Lebanon Environmental Pollution Abatement Project
CPF	Country Partnership Framework	LFF	Lebanon Financing Facility
CSO	Civil society organization	LGIBE	Lebanon Government Interoperability Business Entry Project
DSP	Distribution Service Provider Project	LGIF	Lebanon Green Investment Facility
EDL	Électricité Du Liban	LHRP	Lebanon Health Resilience Project
ESF	Environmental and Social Framework	LMIP	Lebanon Municipal Investment Program
ESSN	Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project	LSCTF	Lebanon Syrian Crisis Trust Fund
EU	European Union	LVAP	Lebanon Vulnerability Assessment Panel
FBC	Finance and Budget Committee	MAPS	Methodology for Assessing Procurement Systems
FCV	Fragility, conflict, and violence	MDRF	Mashreq Displacement Response Framework
FX	Foreign exchange	MENA	Middle East and North Africa
FY	Fiscal year	MFI	Microfinance institution
GBPTP	Greater Beirut Public Transport Project	MGF	Mashreq Gender Facility
GBWSP	Greater Beirut Water Supply Project	MIGA	Multilateral Investment Guarantee Agency
GCFF	Global Concessional Financing Facility	MoF	Ministry of Finance
GDP	Gross Domestic Product	MoPH	Ministry of Public Health
GEF	Global Environment Facility	MPWT	Ministry of Public Works and Transportation
GoL	Government of Lebanon		

MSMEs	Micro, small, and medium enterprises	RETF	Recipient-Executed Trust Fund
mVAM	mobile Vulnerability Analysis and Mapping	R&E	Roads and Employment
NDC	Nationally Determined Contribution	RHUH	Rafik Hariri University Hospital
NDVP	National Deployment and Vaccination Plan	RRA	Risk and Resilience Assessment
NEW	New Entrants to Work Program	SCD	Systematic Country Diagnostic
NGO	Nongovernmental organization	SDC	Social Development Center
NPTP	National Poverty Targeting Program	SIMS	School Information Management Systems
PBC	Performance-based contracts	SMEs	Small and medium enterprises
PFM	Public financial management	SUL	Skilling Up Lebanon
PforR	Program-for-Results	SUM	Skilling Up Mashreq
PIM	Public Investment Management	TA	Technical assistance
PLR	Performance and Learning Review	TPMA	Third-Party Monitoring Agency
PMT	Proxy-means testing	UN	United Nations
PoB	Port of Beirut	UNHCR	United Nations High Commissioner for Refugees
PPA	Project Preparation Advance	WB	World Bank
PPP	Public-Private Partnership	WBG	World Bank Group
RACE 2	Reaching All Children with Education	WFP	World Food Programme
		WHO	World Health Organization
		YAG	Youth Action Group
		YOY	Year-on-year

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REPUBLIC OF LEBANON
PERFORMANCE AND LEARNING REVIEW OF THE
FY17–FY22 COUNTRY PARTNERSHIP FRAMEWORK

I. INTRODUCTION

1. **This Performance and Learning Review (PLR) summarizes progress under the FY17–FY22 World Bank Group (WBG) Country Partnership Framework (CPF) for the Republic of Lebanon at a time when the country is experiencing one of the most catastrophic economic and financial crises in recent history.** Approved on July 14, 2016, the CPF was designed to support two Focus Areas namely: (i) expanding access to and quality of service delivery; and (ii) expanding economic opportunities and increasing human capital. In the context of a fragile and conflict-prone environment, these Focus Areas have aimed at mitigating the impact of the Syrian crisis on Lebanon while strengthening state institutions, addressing existing vulnerabilities, and bolstering efforts to address longer-term development challenges. The CPF is underpinned by the cross-cutting theme of governance and renewing the social contract with the aim of regaining the trust of citizens through the promotion of social and economic inclusion and enhancing the quality of public services.

2. **The design of the CPF followed the framework that was laid out by the [2016 Lebanon Systematic Country Diagnostic \(SCD\)](#), which identified a set of overarching and nested constraints to Lebanon’s development.** While the SCD identified as overarching constraints (i) elite capture behind the veil of confessionalism; and (ii) the exposition to conflict and violence (partly stemming from the broader dynamics of conflict in the region), the CPF chose to focus on the nested constraints as the core of engagement.¹ Induced or aggravated by the overarching constraints, nested constraints are sector specific and include developmental challenges related to issues such as macroeconomic instability or a weak business environment. The approach of the CPF was to propose and support reforms that could alleviate them and to focus on the most critical development challenges. While this approach initially excluded engagement in the electricity sector due to lack of political consensus, the deterioration of macroeconomic conditions highlighted the critical importance of the sector for economic development, elevating the electricity sector as a priority during the CPF implementation stage.

3. **During the course of CPF implementation, overlapping crises emerged.** These included: (i) one of the worst financial and economic crises in recorded human history that has induced systemic macro-financial failures, such as impairments of the banking sector, risks to deposits, an exchange rate collapse, a default on sovereign debt, and triple digit inflation rates; (ii) the coronavirus disease 2019 (COVID-19) pandemic to which Lebanon, like other countries, responded with lockdowns that exacerbated pre-existing stresses and led to a significant loss of jobs and economic activity; (iii) the Port of Beirut (PoB) explosion on August 4, 2020, which devastated the city, killed more than 200 people, wounded thousands, and displaced around 300,000 residents; and (iv) most recently the major food security crisis as a result of the war in Ukraine.

4. **The crises have led to a significant surge in hunger, distress, and extreme poverty.** A report published by the United Nations Children’s Fund (UNICEF) in July 2021 discusses how these crises have placed Lebanon’s children at risk, with over 30 percent of children enduring hunger or skipping meals.²

¹ The Lebanon SCD outlined key constraints to sustainable and inclusive growth and job creation that remain relevant today: (i) reduce macro-fiscal vulnerabilities; (ii) improve governance and effectiveness of public institutions; (iii) address energy gaps to increase productivity of the private sector and reduce the macro-fiscal burden; (iv) strengthen information and communications technology so Lebanon is fully connected to the global economy and can develop the jobs needed in the 21st century; (v) modernize the education sector to ensure youth have skills relevant to employers; (vi) improve the business climate to ease the burden on firm creation and operation; (vii) increase investments in transportation so people and products can move efficiently; and (viii) address environmental issues to protect Lebanon’s natural resources, including water.

² United Nations Children’s Fund. 2021. “Lebanon: Children’s Future on the Line.” UNICEF, Lebanon Country Office. <https://www.unicef.org/lebanon/media/6541/file>.

The report indicates that 77 percent of households do not have sufficient resources to buy food, forcing families to send their children to work. In September 2021, the World Food Programme (WFP) estimated that food prices have gone up by 628 percent within a period of two years leaving an unprecedented number of people without a choice but to rely on humanitarian assistance for mere survival, including Syrian refugees and refugees of other nationalities.³ The crises have also led to mass exodus of young talent and the migration of specialists and professionals. Brain drain remains an insidious symptom, a reality referred to as the “third mass exodus” by the Crisis Observatory Center at the American University of Beirut. Women have been disproportionately affected by the crises. A survey of 327 registered companies points to job losses as high as 27 percent among women and 22 percent among men between October 2019 and October 2020. Even prior to these crises, Lebanon was subjected to various spillovers from the conflict in Syria and has hosted for almost a decade the largest refugee per capita population in the world. Recent years have also seen repeated periods of political deadlock and negotiations over forming a new government. The impacts of these crises are reversing hard-won development gains and have led to a surge in poverty rates, with over half of the population under the poverty line to date.

5. **The management of the crises exemplifies the extent to which governance capacities have eroded as well as the political paralysis elite capture has brought.** Political and sectarian divisions caused a near halt of high-level decision-making processes. Between October 2016 and October 2021, four governments were formed, while more than two years have been managed by caretaker governments. In May 2018, the Lebanese voted for a new Parliament for the first time in nine years after three extensions of the Parliament’s term. The mass protests of October 2019 then exposed long-festering governance deficits and economic decline. A government was formed in January 2020, which proposed frameworks for resolving the crises and started negotiations with the International Monetary Fund (IMF). In the aftermath of the PoB explosion in August 2020, however, the government resigned, leaving a 13-month hiatus until a new government in September 2021 was formed. Discord among major political factions, nonetheless, continues to paralyze the government’s work.

6. **Political uncertainty is expected to continue during 2022 as key elections are scheduled.** At the time of this writing, parliamentary elections are scheduled for May 2022, while presidential elections are scheduled for October 2022. After both elections, new governments need to be formed, which in the recent past has taken many months to achieve. Should governments remain in caretaker capacity following elections in 2022, necessary decisions on reforms could be delayed until at least the end of the year, including reform conditions identified by the Staff Level Agreement reached between the government of Lebanon (GoL) and IMF on April 7, 2022.

7. **In the context of a collapsed economy and uncertainty about the country’s political future, there is a pressing need to update the CPF, shift the WBG’s stakeholder engagement model, and exercise more selectivity in a narrow set of sectors that directly benefit the poor and most vulnerable, including refugees, and prepare the ground for a reform program.** The WBG’s strategic approach will need to be reoriented, first and foremost, to help address the economic and health crises, respond to the PoB explosion, and to reflect today’s protracted political crisis and economic depression. The WBG will also need to adapt its engagement model with the GoL in light of slow portfolio progress, concerns over elite capture,⁴ and a breakdown of the social contract between citizens and the government. While the current environment limits the scope and speed of reforms as well as new lending from the International Bank for Reconstruction and Development (IBRD), work can be done to prepare economic reforms for when the

³ Khoury, Edmond. 2021. “Lebanon: Unprecedented Number of People Forced to Rely on Humanitarian Assistance.” World Food Programme (Stories), September 17, 2021. <https://www.wfp.org/stories/lebanon-unprecedented-number-people-forced-rely-humanitarian-assistance>.

⁴ Le Borgne, Eric, and Thomas J. Jacobs. 2016. “Lebanon: Promoting Poverty Reduction and Shared Prosperity.” Systematic Country Diagnostic, World Bank, Washington, DC. <https://documents1.worldbank.org/curated/en/951911467995104328/pdf/103201-REPLACEMNT-PUBLIC-Lebanon-SCD-Le-Borgne-and-Jacobs-2016.pdf>.

government is able to act. This requires a stronger focus on engaging through policy dialogue, new modalities of working with civil society and non-state actors, scale-up of partnerships, and complementing of ongoing lending with the strategic use of grant resources. The WBG will continue to support Lebanon in addressing emerging needs and the underlying drivers of fragility; as such, new lending will be mainly focused on emergency responses.

8. The PLR proposes revising the CPF and its priority areas, including the results framework, and reviewing the program for FY17–FY22 to render it more people centered. These steps will address Lebanon’s evolving needs, recent changes in the socioeconomic context, and continued political instability. The review also seeks to learn from implementation experience to improve both the implementation of the existing portfolio and the quality of projects entering the portfolio. Changes to the CPF are intended to strengthen the WBG’s response to the economic and health crises and mitigate its socioeconomic impact (“crisis response and management”) and to prepare the ground for addressing underlying structural challenges in governance and the economic model (“crisis transformation”). The PLR also provides an opportunity to realign the CPF objectives with the updated WBG Middle East and North Africa (MENA) Strategy,⁵ the updated corporate Fragility, Conflict, and Violence (FCV) Strategy, the Rapid Damage and Needs Assessment following the PoB explosion, the Mashreq Gender Facility (MGF), and the Mashreq Displacement Response Framework (MDRF). The PLR draws on the SCD, recent Lebanon Economic Monitors (LEMs),⁶ as well as a recent Risk and Resilience Assessment (RRA), which is summarized in **Annex 8**.

9. While progress in achieving the CPF objectives has been modest on most fronts given the political and governance challenges, the project portfolio nonetheless exhibits some successes. Of the 11 objectives identified in the CPF results framework (see **Annex 3**), 2 (18 percent) were achieved (see Table 1). Five objectives⁷ were partially achieved (only some targets were met), and four objectives⁸ were not achieved at all (no targets were met). With respect to indicators, only 42 percent of CPF targets were either exceeded, achieved, or on track while more than half (58 percent) were either not on track to meet their targets or dropped. Ten indicators were revised, 10 were dropped, 12 were exceeded or achieved (and therefore removed from the revised results framework), and 45 were added. Indicators were dropped largely due to canceled or delayed projects, lack of progress, and limited government ownership. It is important to note that the modest results emanate largely from weak institutional capacities, a need to pivot away from longer-term infrastructure investment operations to emergency response operations, in addition to prolonged political paralysis, which has been aggravated by the compounded crises. In terms of portfolio performance, weak administrative capacity and a shift in priorities have led to the cancellation of US\$802 million of projects that were approved by the Board of Executive Directors but lacked ownership by the government. The World Bank (WB) restructured and reprogrammed its portfolio, and allocated resources to newly identified priorities, demonstrating proactive management by the Bank to mitigate the fallout of the crises. Despite the challenges, this flexibility and proactivity to adjust the portfolio has made possible some notable successes. These include the COVID-19 vaccination program under the Lebanon Health Resilience

⁵ The updated [MENA strategy](#) enlarged the WBG approach to create inclusive growth and quality jobs through: (i) human capital development to improve the quality of education, health care, and social protection systems; (ii) digital transformation to improve contestability in markets, including through disruptive technologies and digital payments; and (iii) MFD through the Cascade approach to mobilize private investment for development challenges and create markets and opportunities through IFC 3.0.

⁶ World Bank. 2020. *Lebanon Economic Monitor Fall 2020: The Deliberate Depression*. Washington, DC: World Bank. <https://www.worldbank.org/en/country/lebanon/publication/lebanon-economic-monitor-fall-2020>. World Bank. 2021. *Lebanon Economic Monitor Spring 2021: Lebanon Sinking (To the Top 3)*. Washington, DC: World Bank. <https://www.worldbank.org/en/country/lebanon/publication/lebanon-economic-monitor-spring-2021-lebanon-sinking-to-the-top-3>.

⁷ Objectives 1a, 2b, 2c, 2e, and B were partially achieved: improved water supply services in Greater Beirut (1a); improved access to finance (2b); improved delivery of education services and skills development (2c); strengthened safety net for the poorest Lebanese (2e); and improved availability of data (B).

⁸ Objectives 1b, 1c, 2a, and A were not achieved: reduced industrial, hazardous and wastewater pollution (1b); improved access to and quality of infrastructure and public transportation services (1c); improved private investment environment (2a); and strengthened financial management and procurement systems (A).

Project (LHRP), the Farmers’ Support Program under the Roads and Employment Project (REP), the Emergency Social Safety Nets Project (ESSN), as well as projects launched within the [Reform, Recovery, and Reconstruction Framework](#) (3RF)⁹ to respond to the PoB explosion.

Table 1: Summary of CPF Findings on the FY17–FY22 CPF Results Framework

FOCUS AREA 1: Expand access to and quality of service delivery		FOCUS AREA 2: Expand economic opportunities and increase human capital	
OBJECTIVE	Exceeded Achieved On track Not on track Dropped	OBJECTIVE	Exceeded Achieved On track Not on track Dropped
1a: Improved water supply services in Greater Beirut		2a: Improved private investment environment	
1b: Reduced industrial, hazardous and wastewater pollution		2b: Improved access to finance	
1c: Improved access to and quality of infrastructure and public transportation services		2c: Improved delivery of education services and skills development	
1d: Improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level		2d: Improved delivery of health services	
		2e: Strengthened safety net for the poorest Lebanese	
CROSS-CUTTING THEME: Governance and Renewing the Social Contract			
A: Strengthened financial management and procurement systems			
B: Improved availability of data			

10. **Additions and revisions have been made to the CPF’s objectives in light of the major changes to the context during the CPF period.** Focus Area 1 (“expand access to and quality of service delivery”) includes a new objective to improve the quantity, quality, and access of the electricity sector. Focus Area 2 (“expand economic opportunities and increase human capital”) includes an additional objective to respond to the COVID-19 crisis and enable socioeconomic recovery. A new cross-cutting theme on gender was added (“increased economic opportunities for women”) with two new objectives to: (i) contribute to a more enabling environment for women’s economic participation; and (ii) facilitate women’s entrepreneurship. One objective (“improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level”) was dropped, as the original indicators were achieved. It is too soon to propose new indicators as the Municipal Investment Program has yet to be negotiated. Objective A has been reformulated under the cross-cutting theme of governance and renewing the social contract as “strengthened transparency, accountability, and justice systems.”

11. **This PLR includes a one-year extension of the current FY17–FY22 CPF period.** This extension will provide the opportunity for the WBG and the GoL to focus on advancing urgently needed programs to address socioeconomic recovery and to support the government’s stabilization agenda. Prepared in the final phase of the CPF period, the PLR serves as a bridge to the preparation of Lebanon’s next CPF (FY24–FY29) in FY23.

⁹ The 3RF is a ‘people-centered’ response plan established in December 2020 after the Port of Beirut explosion, to help Lebanon address the urgent needs of the affected population, as well as tackle the related governance, recovery and reconstruction challenges.

12. **The PLR benefited from extensive consultations with external stakeholders.** Roundtables have been held during the elaboration of the PLR with representatives of the civil society, private sector, and international community. Feedback and discussions have been incorporated into the document, highlighting, among other issues, the crucial importance of close coordination among all concerned stakeholders to address Lebanon’s compounded crises in concerted efforts.

II. MAIN CHANGES IN COUNTRY CONTEXT

Sociopolitical and institutional developments and outlook

13. **Lebanon, with a history of civil war and conflicts, faces unprecedented threats to its already fragile social peace and risk of systemic failing of state institutions with regional and global consequences.** The overarching constraints to development in Lebanon identified in the SCD remain.¹⁰ They have created a fragile and dysfunctional political system as well as a state that has not been able to insulate political conflict from its capacities to govern and exercise authority.

14. **Over the course of the CPF implementation, political instability paralyzed decision-making, exacerbating social and economic conditions as well as FCV risks.** While the COVID-19 pandemic brought the October 2019 protest movement to a halt in March 2020, riots and violent escalations of conflict became more frequent and intense during 2020 and early 2021. Amid worsening crisis conditions, the focus of protests shifted from demands for governance and accountability toward the alleviation of socioeconomic grievances. Protests and riots have been triggered by food and gasoline price hikes as well as rapid currency depreciation. Shortages of basic goods and services, such as gasoline, water, electricity, food, and medicine, have led to frequent low-scale violence or outright conflict and aggravated popular frustrations. Moreover, the ongoing political stalemate and increasing polarization between political and sectarian groups have triggered intermittent armed clashes. Inflation and the currency depreciation have eroded the purchasing power of the wages and motivation of employees in public administrations, including the Lebanese Armed Forces, impacting the capacities of state institutions to address the underlying issues and mitigate risks. These trends have led to a further significant deterioration of citizens’ trust in government institutions.

15. **Several international donor efforts, such as the April 2018 Conférence Économique pour le Développement du Liban par les Réformes avec les Entreprises (CEDRE), have yielded limited results, as none of the reform prerequisites have been achieved.** Following the PoB explosion, international mediation efforts continued, notably in the form of the so-called French Initiative. More importantly, the European Union (EU), the United Nations (UN), and the WBG championed 3RF as a platform for international support and increased engagement with civil society organizations (CSOs). The 3RF was launched in December 2020 and lays out an engagement model emphasizing direct support to affected communities through people-centered recovery, while identifying a set of priority reforms as prerequisites for reconstruction. It also established a platform for stakeholder dialogue and an associated financing mechanism in the form of the Lebanon Financing Facility (LFF) Multi-Donor Trust Fund to channel donor grant resources to support immediate recovery targeting the poor and most vulnerable. To date, total funding committed by donors to the LFF amounts to US\$60.32 million.

16. **The outlook for political developments and economic recovery remains highly uncertain amid a very complex political economy and a volatile geopolitical environment.** With 2022 being an election year with parliamentary and presidential elections scheduled (municipal elections have been postponed to May 2023), fundamental political shifts may or may not happen. A stable elite-level consensus on reform priorities could remain difficult to achieve, as the deep interrelationships between political and economic

¹⁰ Le Borgne, Eric, and Thomas J. Jacobs. 2016. “Lebanon: Promoting Poverty Reduction and Shared Prosperity.” Systematic Country Diagnostic, World Bank, Washington, DC.
<https://documents1.worldbank.org/curated/en/951911467995104328/pdf/103201-REPLACEMNT-PUBLIC-Lebanon-SCD-Le-Borgne-and-Jacobs-2016.pdf>.

elites impede reform efforts in virtually every sector of the economy. As a consequence, the fundamental issues that exacerbate the crises and undermine citizens' trust in state institutions are likely to remain unaddressed. Moreover, as Lebanon's geographical location exposes it to competing foreign policy agendas, geopolitical tensions are likely to continue affecting domestic developments and increasing political and social polarization.

17. **While Lebanon's governance continued to deteriorate during CPF implementation, institutional bright spots continued to provide a level of transparency and accountability to government services.** The Central Inspection developed and managed an innovative information technology platform, IMPACT, which was used to inform citizens about assistance after the PoB blast and served a key role during the initial lockdown phase of the COVID-19 crisis. IMPACT provided accurate and useful information in an accessible manner and helped to maintain citizen trust in some government services. It has since become the host of the national COVID-19 registration platform and is being used across sectors to expand citizens' access to data. Another example of good practice is the Rafik Hariri University Hospital (RHUH), the largest public hospital university in Lebanon. Previously poorly reputed in the community, RHUH has undergone a noticeable transformation in recent years mainly attributed to its changes in managerial priorities with a focus on efficiency, supported by a strong partnership with international organizations. This hospital spearheaded the COVID-19 response in Lebanon since the start of the pandemic in February 2020, remains the main reference center for COVID-19 patients, and operates the largest vaccination center in the country (with up to 210,000 vaccines administered as of January 2022). Its refrigeration and cold chain equipment have served as storage of all COVID-19 vaccines. Many Lebanese are choosing to receive their vaccination at RHUH, even with the possibility to be vaccinated in a private hospital. RHUH has achieved these results despite limited resources and shortages in power supply and medical equipment caused by the economic and financial crisis.

Economic developments and outlook

18. **Lebanon's economy has been assailed by compounded crises, beginning with an economic and financial crisis, followed by COVID-19, and then quite dramatically, the explosion at the PoB.**¹¹ Of the three crises, the economic and financial crisis has by far the largest and most persistent negative impact, potentially ranking among the top three most severe economic collapses worldwide since the 1850s, according to the [Spring 2021 LEM "Lebanon Sinking \(to the Top 3\)."](#)¹²

19. **In October 2019, the economy plunged into a financial crisis brought about by a sudden stop in capital inflows, which precipitated, among others, systemic failures in the banking sector and debt servicing.** This included, on March 7, 2020, a government default on a US\$1.2 billion Eurobond redemption, marking the first-ever sovereign default for Lebanon. The Eurobond default precludes access to international markets for foreign financing while the domestic banking system is severely impaired. Discussions with creditors on Eurobond restructuring have made no discernible progress.

20. **In 2020, the WB termed Lebanon's economic and financial crisis a "deliberate depression."**¹³ Lebanese authorities countered the assailment of compounded crises with deliberately inadequate policy responses. The inadequacy is less due to knowledge gaps and quality advice and more the result of a

¹¹ On August 4, 2020, a massive explosion rocked the PoB, destroying much of it and severely damaging the dense residential and commercial areas within a 1- to 2-mile radius. See World Bank. 2020. *Beirut Rapid Damage and Needs Assessment*. Washington, DC: World Bank Group. <https://www.worldbank.org/en/country/lebanon/publication/beirut-rapid-damage-and-needs-assessment-rdna---august-2020>.

¹² In the Spring 2021 LEM (<https://openknowledge.worldbank.org/handle/10986/35626>), the Lebanon crisis is contrasted with the most severe global crises episodes as observed by Reinhart and Rogoff (2014) over the 1857–2013 period. See Reinhart, Carmen M., and Kenneth S. Rogoff. 2014. "Recovery from Financial Crises: Evidence from 100 Episodes." *American Economic Review* 104 (5): 50–55.

¹³ World Bank. 2020. *Lebanon Economic Monitor Fall 2020: The Deliberate Depression*. Washington, DC: World Bank Group. <https://openknowledge.worldbank.org/handle/10986/34842>.

combination of a lack of political consensus over effective policy initiatives and political consensus in defense of a bankrupt economic system, which has benefited a few for so long. In fact, the role of elite capture as a constraint to development in Lebanon was a central thesis of the WB's [2016 Lebanon SCD](#). Even prior to the onset of the crisis, the WBG had identified Lebanon as an FCV country, and as such, the dire socioeconomic conditions risk systemic national failings with regional and potentially global consequences.

21. Real gross domestic product (GDP) is estimated to have declined by 10.5 percent in 2021, on the back of a 21.4 contraction in 2020. Lebanon's nominal GDP plummeted from close to US\$52 billion in 2019 to an estimated US\$21.8 billion in 2021, marking a 58.1 percent contraction. This represents the highest contraction among 193 countries over this period. In fact, such a brutal contraction is usually associated with conflicts or wars. All components of GDP, except net exports, are estimated to be negative contributors to growth in 2021—for the third year running.¹⁴ A scarce source of growth is the trade-in-services balance, led by the tourism sector, as tourist arrivals surged by 101.2 percent over the first seven months of 2021. See **Annex 4** for select economic indicators.

22. Monetary and financial turmoil along with surging inflation drive crisis conditions. The exchange rate further deteriorated in 2021, with the U.S. dollar banknote rate depreciating by 211 percent (year-on-year [YOY]) over the first 11 months of 2021, breaching repeatedly the LBP22,000/US\$ threshold.¹⁵ This is within a multiple exchange rate system that includes the official exchange (LBP1,507.5/US\$). The central bank—Banque du Liban (BDL)—administered lower rates. Overall, the World Bank Average Exchange Rate depreciated by 219 percent YOY over 11 months during 2021. Exchange rate pass-through effects have implied surging inflation, which is estimated to average 145 percent in 2021—the third highest globally after Venezuela and Sudan. The surge in inflation since June 2021 is linked to the steady removal of the foreign exchange (FX) subsidy on imported goods.¹⁶

23. Public finances improved in 2021 as spending collapsed faster than revenue. Revenues are projected to be almost halved as a ratio of GDP, from an already low 13.1 percent in 2020 to a mere 6.6 percent in 2021. It is the third lowest revenue ratio worldwide in 2021, after Somalia and Yemen. The expenditure contraction was even more pronounced, shrinking by 9.4 percentage points to 7 percent of GDP in 2021. This partly reflects low interest payments due to the Eurobond default and a favorable arrangement with BDL on domestic debt, as well as drastic cutbacks in primary spending, which fell by 4.2 percentage points of GDP, over the first six months of 2021. As a result, the review projects the overall fiscal (primary) balance to reach -0.4 (0.2) percent of GDP in 2021, compared to -3.3 (-0.8) percent in 2020.

24. The sudden stop in capital inflows and the large current account deficit continued to steadily erode BDL's gross FX reserves. The current account deficit to GDP ratio remains broadly unchanged in 2021 at a projected 9.8 percent, as strong remittances and tourism offset a wider trade deficit in goods. A widening trade-in-goods deficit to GDP ratio in 2021 is largely driven by a sharp decline in US\$ GDP (a denominator effect). This is expected to be offset by an improving trade-in-services balance buoyed by the strong recovery in tourism. By September 2021, gross FX reserves (excluding gold reserves) at BDL reached US\$18.8 billion, declining by US\$5.3 billion since end-2020. Meanwhile, required reserves on

¹⁴ It is important to note that over the past couple of years, net exports contributed positively to growth due to a collapse in domestic demand, which in Lebanon has a high import content.

¹⁵ The new year heralded an unfortunate, albeit not entirely unanticipated, milestone for the Lebanese economy. On January 4, 2022, the US\$ banknote exchange rate breached the LBP30,000/US\$ mark for the first time.

¹⁶ A disorderly termination of the FX subsidy commenced in spring 2021 and was in full force by the summer. FX subsidies on critical and essential imports have largely been removed, except for chronic and cancer medications. The path to the subsidy removal was opaque, inadequately coordinated between the (caretaker) government and the central bank, and critically, lacked timely alleviation or compensation measures. Instead, marginal disputes and political positioning replaced effective policy responses, helping to drain precious and scarce FX resources. Those benefiting appear to be mostly importers, hoarders, and smugglers, while the poor and vulnerable received a small and declining share of the benefit.

banks' customer FX deposits are estimated at US\$14.8 billion. BDL does not publish net reserves, but these are estimated to be negative.

25. **The deliberate depression is creating long-lasting scars on the Lebanese economy and society as basic public services are failing while unemployment is rising unabatedly.** The poor and the middle class, who were already not well served under this model as the country was one of the most unequal in the world pre-crisis,¹⁷ are carrying the main burden of the crisis. Those paid in Lebanese lira—the bulk of the labor force—are seeing potent declines in purchasing power. The mobile Vulnerability Analysis and Mapping (mVAM) phone surveys conducted in November–December 2021 by the WFP in partnership with the WB found that 60.9 percent of households reported challenges in accessing food and other basic needs, up from 41 percent in the same period a year prior. The share of households having difficulties in accessing health care has also increased YOY from 36 percent to 52 percent in December 2021. Other studies point to a high share of women and men reporting they are unable to afford adequate basic services (34 versus 30 percent). The unemployment rate also rose among the respondents, from 30.9 percent in January 2021 to 37.7 percent in May–July 2021. Recent WB data at the level of formal firms show that the multiple crises will likely set back previous gains in women's economic empowerment as the net job loss was 5 percentage points higher for women than men on average.¹⁸ This is in a context where women comprise less than a third of the total full-time workforce in those firms.

26. **As repeatedly called for, Lebanon urgently needs to adopt and implement a credible, comprehensive, and equitable reform plan if it is to avoid a complete destruction of the social and economic network and immediately stop irreversible loss of human capital.** As detailed and called for in the previous LEMs, this strategy would be based on: (i) a new monetary policy framework that would regain confidence and stability in the exchange rate; (ii) a debt restructuring program that would achieve short-term fiscal space and medium-term debt sustainability; (iii) a comprehensive restructuring of the financial sector to regain solvency of the banking sector; (iv) a phased, equitable, fiscal adjustment aimed at regaining confidence in fiscal policy; (v) growth enhancing reforms; and (vi) enhanced social protection.

27. **Instead, the burden of the ongoing adjustment and deleveraging in the financial sector continues to be highly regressive and concentrated on smaller depositors, the local labor force, and smaller businesses.** De facto lira-fication and haircuts on dollar deposits are ongoing despite BDL's and the banks' official commitment to safeguarding deposits—an impossible commitment given the negative net international reserves and equity. The banking sector is advocating for mechanisms that incorporate state-owned assets, gold reserves, and public real estate to overhaul their impaired balance sheets. This constitutes a bailout of the financial sector and is inconsistent with the restructuring principles that protect taxpayers. These principles include bail-in solutions based on a hierarchy of creditors, starting with banks' shareholders. The GoL can leverage the high levels of personal wealth as a basis for economic recovery. A wealth tax on financial and real assets, for example, can be a powerful tool to introduce progressivity in the fiscal adjustment. Given the high incomes of the top decile of income earners, a wealth tax of only 0.5 percent on top decile incomes would have sufficed to close the poverty gap in 2020.¹⁹

28. **In January 2022, the Lebanese authorities and the IMF resumed discussions that had been interrupted for many months since initial launch in May 2020.** Earlier discussions stalled as differences emerged within the government's team over the accounting and distribution of losses in the banking sector

¹⁷ Assouad, Lydia. 2017. "Rethinking the Lebanese Economic Miracle: The Extreme Concentration of Income and Wealth in Lebanon 2005-2014." Working Paper No. 2017/13, World Inequality Lab, Paris. <https://wid.world/document/rethinking-lebanese-economic-miracle-extreme-concentration-income-wealth-lebanon-2005-2014-wid-world-working-paper-201713/>.

¹⁸ World Bank forthcoming note on the results of a tracker survey covering 379 registered firms consisting of three waves implemented in 2020, using the sample frame from the 2019 Enterprise survey.

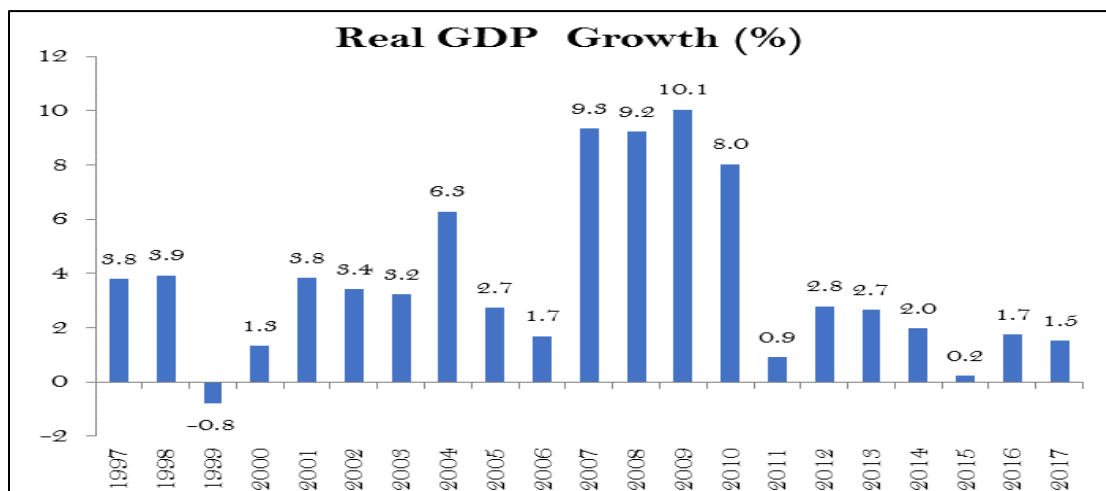
¹⁹ Abu-Ismaïl, Khalid, and Vladimir Hlasny. 2020. *Wealth Inequality and Closing the Poverty Gap in Arab Countries: The Case for a Solidarity Wealth Tax*. Beirut: Economic and Social Commission for Western Asia, United Nations. https://archive.unescwa.org/sites/www.unescwa.org/files/publications/files/wealth-inequality-closing-poverty-gap-arab-countries-english_1.pdf.

in its proposed financial recovery program. On April 7, 2022, the government and the IMF announced a Staff Level Agreement on a lending program of US\$3 billion over 46 months. The government will need to implement substantial frontloading of conditionality through eight prior actions. This, along with confirming “international partners’ financial support,” would advance the program for final Board approval.

The pre-crisis economy

29. **The post-civil war economy was characterized by highly volatile and uneven growth, partially as a result of frequent political and security shocks, but also due to structural problems.** Real GDP grew on average by 5.6 percent annually from 1993 to 2010, but these figures mask the impact of the many domestic, international, and political shocks Lebanon faced over this period (Figure 1). From 2011–2017, Lebanon’s real GDP growth decelerated sharply as a result of the war in Syria, with real GDP growth averaging 1.8 percent annually. The main drivers, however, have remained services characterized by low productivity and low employability potential for high-skill labor. The service sector constituted 72.4 percent of real GDP over the 2004–2016 period, while industry and agriculture made up only 14 percent and 4.3 percent of GDP, respectively. Real estate is the largest service sector, averaging 13.7 percent of GDP over the same period, and increasing to 17.3 percent if combined with construction. Wholesale and retail trade is also a principal output for the economy, making up 13.4 percent of GDP. This is followed by public administration at 9.4 percent of GDP and financial services at 7.3 percent of GDP. All but financial services are low value-added sectors and do not generate high-skill employment opportunities. Additionally, all but wholesale and trade of the aforementioned sectors lend themselves to rent seeking.

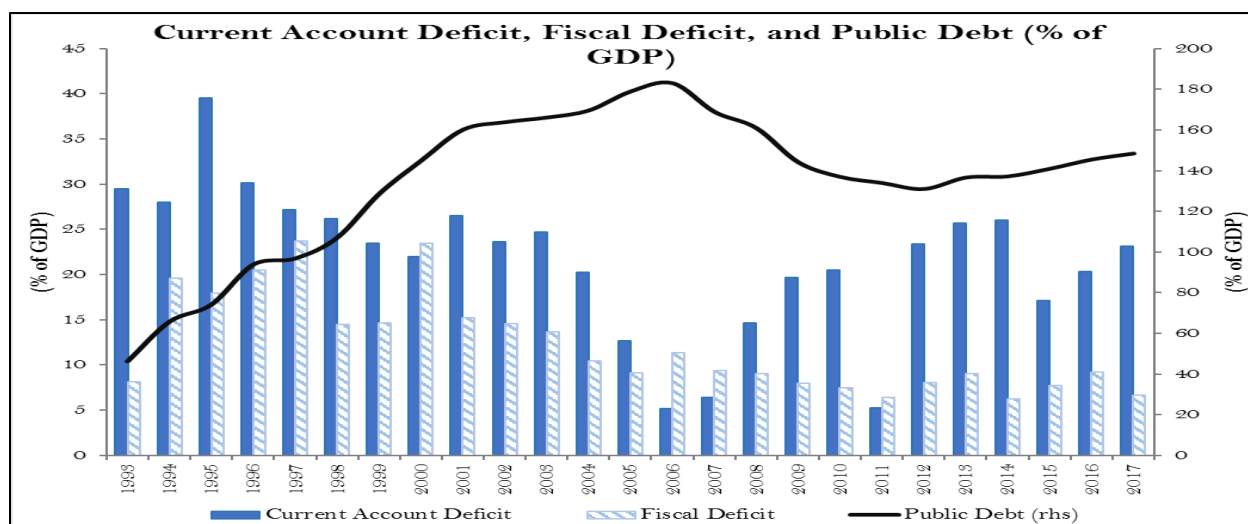
Figure 1: Volatile GDP Growth Makes Way to Consistently Sluggish Output



Sources: BDL and WB staff calculations.

30. **Macro-financial fragility stemmed from a frail macro-fiscal framework underpinned by unsustainable debt ratios and persistent and sizable fiscal and current account deficits (Figure 2), exposing the country to significant refinancing risks.** Attracting sufficient capital, and in particular deposits, to finance significantly larger budgetary and current account deficits proved increasingly challenging and expensive in light of slowing deposit growth. Meanwhile, there was a near-complete void of government initiative to address macroeconomic imbalances and other structural bottlenecks, such as power generation in Lebanon. Instead, progressively potent interventions by the BDL to actively manage economic and financial challenges facing the country, even when successful, offered only temporary reprieve and were not without additional macro-financial risks.

Figure 2: Large Twin Deficits Have Been a Long-Term Vulnerability for Lebanon



Sources: CAS and WB staff calculations.

31. **By 2018, Lebanon’s post-civil war economy began to crumble.** The November 2017 Hariri resignation crisis triggered a panic that was contained at the expense of tighter monetary conditions. Real GDP in 2018 decline by 1.7 percent, reflecting a deceleration in economic activity linked to policy-based tightening of liquidity. The latter includes a halt in subsidized lending by BDL that was being channeled through commercial banks to (mostly) the real estate sector, providing a rare source of growth impetus since 2012. The net foreign asset position accumulated a loss of US\$4,823 million in 2018, compared to a loss of US\$156 million in 2017. The tapering of capital inflows reflected on BDL’s FX reserves, which decreased by US\$2.3 billion to reach US\$39.7 billion (including Lebanese Eurobonds) by end-2018, equivalent to 14.3 months of imports of goods and services.

Developments in poverty reduction and shared prosperity

32. **The recurrent political paralysis as well as the unresolved economic and financial crisis will further contribute to a spike in poverty and unemployment rates.**²⁰ The poorest households are most likely to bear the brunt of the economic contraction and rapidly increasing food prices (averaging 315 percent in 2021). As household budgets come under increasing strain, the poor are being forced to reduce their investments in education, skills, and health, aggravating poverty and leaving them vulnerable to future shocks. A shrinking middle class has been hit by reduced opportunities for productive employment. Weakening economic prospects overall will also negatively affect relatively better-off households, by diminishing returns to potential investments in Lebanon versus foreign destinations, inducing more migration and with it the loss of much-needed talent and skills, and discouraging spending, which will impede or delay economic recovery.

33. **These crises are likely to exacerbate social hardships, disproportionately impacting poor and vulnerable households and reinforcing inequality.** Economic and financial crises reinforce socioeconomic grievances and increase the likelihood of widespread social tensions and unrest. Hunger is a growing reality for thousands of people in Lebanon according to the UN, with over 20 percent of the population at the end of 2021 being food insecure. UNICEF also warned that children are particularly at

²⁰ Estimates by the American University of Beirut, for example, find that a 10 percent decrease in wages of public sector employees will push an additional 50,000 individuals into outright poverty. See Chaaban, Jad. 2019. “Lebanon Needs a Budget for Its People, Not Its Ruling Class.” *Beirut Today*, April 23, 2019. <https://beirut-today.com/2019/04/23/lebanon-budget-people/>.

risk from acute hunger with 53 percent of households having at least one child that missed a meal last October 2021, up from 37 percent in April 2021. Nearly 40 percent of families had to sell possessions to buy food. Austerity measures, inflationary pressures, and a general decline in the wages of employees have started to cause a significant contraction in average purchasing power. This will have a particularly strong impact in regions with limited alternative employment opportunities and lack of social safety nets, which could reinforce inequality over time as well as impact women and girls disproportionately. Further, the war in Ukraine has led to a deterioration of the food security situation in Lebanon, as the country is heavily dependent on wheat imports, most of which came from Russia and Ukraine before the crisis.

34. **The absence of timely and relevant data has made it challenging to assess the current state of poverty and welfare in the country.** The last Household Budget Survey (HBS) was completed in 2011–2012 under very different conditions from the situation facing the country today. At the time, 27 percent of the population were found to be below the national poverty line. Poverty rates were highest among those employed in the agriculture (38 percent) and construction (40 percent) sectors, and among individuals who earned daily wages (47 percent). The inequality, as measured by the Gini coefficient, was estimated at 0.32. More recently, almost 49.3 percent of respondents in the mVAM phone survey round of May-July 2021 considered their families to be either very poor or poor, though this remains a subjective assessment.

35. **The deteriorating situation in the country and political stalemate are forcing many to contemplate emigration, putting at risk the talent pool that will be needed to transition to a sustainable economic model and advocate for political change.** A public opinion survey done between October and December 2020 in six MENA countries found a staggering 57 percent of highly educated Lebanese were seeking to emigrate primarily due to economic considerations.²¹ Multiple media reports have confirmed this in 2021.²²

36. **The private sector, contrary to its pre-crisis access to foreign capital, is severely constrained by a paralyzed financial system.** The political stalemate and lack of action by the government and BDL to resolve the financial and severe liquidity crises by regulating capital movement and foreign currency flows have led the sector to be largely shut out from capital inflows. This prevailing situation will significantly limit the role of the private sector and will leave very little room, if any, for private capital mobilization and sustainable developmental interventions to be applied in the foreseeable future. In addition, the prolonged crises are having a significant negative effect on the Lebanese diaspora and on foreign investors in the country.

37. **The public health crisis induced by COVID-19 has compounded the existing inequalities of income and access to services.** The reduction in domestic demand and consumption has disproportionately affected informal employment, which makes up some 50 percent of total employment. The mVAM surveys for May-July 2021 revealed that 48 percent of households had difficulties accessing health services, up from 25 percent in the July-August 2020 period, with lack of money forming a major barrier for seeking and accessing health care in the country. The health care crisis can potentially widen existing fault lines related to state-society relations, inequalities of income, and access to services. Refugee populations bear a particular risk, as the overcrowded and poor living conditions in camps and settlements as well as their limited access to health care make them particularly vulnerable and prone to the spread of the virus. Additionally, refugees and other vulnerable populations (i.e., migrant workers and host communities) have been lagging in vaccination coverage. This gap has been caused by access barriers, such as restrictions on

²¹ Konrad-Adenauer-Stiftung (KAS). 2021. “Migration in the Middle East and North Africa: What are the Public Perceptions in the Region?” KAS PolDiMed Survey 2020, KAS, Berlin. This public opinion survey of 10,841 respondents was conducted in Algeria, Jordan, Lebanon, Libya, Morocco, and Tunisia, with an average of 1,800 respondents in each country.

²² Yassine, Hussein. 2021. “Over 1,000 Doctors Have Left Lebanon due to Economic Crisis” *Lebanon News*, April 12, 2021. <https://www.the961.com/1000-doctors-lebanon-economic-crisis/>. Diab, Youssef. 2021. “Lebanon’s Judges Emigrate in Search of Decent Life.” *Asharq Al-Awsat*, March 13, 2021. <https://english.aawsat.com/home/article/2857866/lebanon%E2%80%99s-judges-emigrate-search-decent-life>.

mobilization, increasing poverty rates, low levels of digital literacy, hesitancy driven by misinformation and lack of access to reliable information sources, and lack of legal paperwork and documentation.

38. **Legal, institutional, and social hurdles to women’s rights remain in place and reflect overall high levels of exclusion.** Lebanon ranks one of the lowest countries in the world on the Gender Gap Index (145 out of 153)²³, and its ranking in terms of women’s participation in the labor force is one of the lowest globally. Women are also underrepresented in the political sphere. Their representation in Parliament constitutes less than 5 percent. At the same time, Lebanon also enjoys one of the most vibrant feminist movements in the Arab region, and Lebanese women have made great strides in advancing the women’s empowerment agenda. This effort has also been reflected in the October 2019 protests, where women have gone to the streets, often at the forefront, to demand change.

III. SUMMARY OF PROGRAM IMPLEMENTATION PROGRESS

39. **During the CPF period, the World Bank’s activities can be subsumed into two periods: (i) the pre-crisis period before summer 2019; and (ii) the crisis period between 2020 until 2022.** The Bank’s portfolio faced implementation challenges before 2019 owed mostly to the lack of addressing the overarching constraints identified in the SCD as well as complex institutional setup, weak administrative capacity, and lack of government ownership. After summer 2019, implementation challenges were further exacerbated by the multifaceted fallout of the crises, such as exchange rate fluctuations, declining administrative capacities, and prolonged periods of countrywide protests. Extensive adjustments to the portfolio were made once the crises hit and resources were shifted to address notably the fallout of the pandemic, the economic meltdown borne by the poor and vulnerable, the PoB explosion, and the impacts of the war in Ukraine.

Portfolio performance

40. **Substantial restructuring of the World Bank’s portfolio has allowed timely response to the emergencies imposed by the COVID-19 pandemic, in addition to alleviating some of the fallout of the economic crisis.** While the CPF envisioned IBRD financing in the amount of US\$650–US\$840 million during FY17–FY22, actual approved financing from IBRD and the International Development Association (IDA) amounted to US\$1.34 billion during that period, excluding the Global Concessional Financing Facility (GCFF) and Recipient-Executed Trust Fund (RETF).²⁴ However, three IBRD projects approved by the WBG Board during the CPF period were canceled as a result of failing to meet effectiveness deadlines and inability of government counterparts to implement the project in accordance with WB fiduciary and safeguard policies.²⁵ Further, the CPF period included one Project Preparation Advance (PPA) for the Strengthening Fiscal Governance Project in the amount of US\$6 million, which was canceled in FY21 due to slow implementation and lack of ownership by the government. In addition, the Water Supply Augmentation Project (also known as the Bisri Dam Project) was partially canceled in September 2020 (US\$230 million) and in March 2022 (US\$19 million) due to the government’s delays in finalizing environmental safeguards documents and significant delays in project implementation. A total of US\$802 million in Board-approved projects (including IBRD and GCFF) was canceled between FY19 and FY22.

²³ World Economic Forum. 2020. *Global Gender Gap Report 2020*. Geneva: World Economic Forum. https://www3.weforum.org/docs/WEF_GGGR_2020.pdf

²⁴ New IBRD and IDA lending under the CPF cycle includes: US\$55 million for the Lake Qaraoun Pollution Prevention Project; RACE 2 Program PforR (US\$100 million from IDA); US\$154.6 million for the Roads and Employment Project (including US\$45.4 million from the GCFF); US\$225.2 million for the Greater Beirut Public Transport Project (including US\$69.8 million from the GCFF); US\$95.8 million for the Lebanon Health Resilience Project (including US\$24.2 million from the GCFF); and US\$246 million for the Emergency Crisis and COVID-19 Social Safety Net Response Project.

²⁵ Canceled projects during FY19–FY21 include: US\$400 million for the National Jobs Program PforR (including US\$70.1 million from GCFF); US\$90 million Additional Financing for the Greater Beirut Water Supply Project to cover financing gaps faced by the parent project; and US\$43 million for the Land Administration System Modernization Project.

Canceling idle or underperforming projects has enabled the Bank to re-channel funds to operations that are of urgent need in view of the dire conditions in the country. One such example is ESSN (US\$246 million), which was approved by the WBG Board in January 2021. Other potential operations considered for funding from the canceled amount include the Emergency Broad Coverage Cash Transfer Project (US\$270 million, IBRD); the Strengthening Lebanon's COVID-19 Response (US\$25 million, IBRD and GCFF); and the Emergency Wheat Supply Response Project (US\$150 million, IBRD and GCFF).

41. **As of April 15, 2022, the World Bank's active portfolio in Lebanon consisted of 15 projects valued at US\$1.64 billion (including IBRD, IDA, GCFF, and RETFs).** They are detailed as follows: US\$1.33 billion under IBRD/IDA financing, including Lebanon's US\$100 million exceptional IDA credit which is financing the country's first Program-for-Results (PforR) operation); US\$139.4 million in concessional financing supported by the GCFF; US\$104.35 million in grants from the Lebanon Syrian Crisis Trust Fund (LSCTF) and Results-Based Financing (RBF); US\$43 million in grants from the LFF; and a small grant in the amount of US\$2.8 million from the State and Peace Building Fund as well as US\$3 million from the Health Emergency Preparedness Response (HEPR) Multi-Donor Trust Fund. The largest WB engagement in Lebanon between 2016 and 2020 was in the water sector (US\$674 million), until the partial cancellation of the Water Supply Augmentation Project. To date, the canceled funds from the said water project amount to US\$263 million. The Lebanon program spans across several sectors, including education, health, transport, environment, social safety nets, social recovery, digital skills, and private sector development through innovative small and medium enterprises (SMEs).

42. **The portfolio performance of the International Finance Corporation (IFC) has been adversely impacted by the compounded crisis with more than US\$250 million in distressed private sector exposure and obligations.** IFC various private sector clients are challenged by a set of informal capital control measures imposed by the banking sector and BDL that have caused delays and restrictions of FX international payments and transfers. IFC continues to work with the government and the BDL to honor IFC's Preferred Creditor Status and allow repayments of FX obligations from local clients into IFC's international accounts. IFC, as member of the WBG, aims for such status to be honored, enabling continued support to the Lebanese economy and its private sector. The project of the Multilateral Investment Guarantee Agency (MIGA) in Lebanon has likewise been adversely affected by Lebanon's compounded crises.

43. **Figure 3 shows Lebanon's lending program (including IBRD/IDA/GCFF and RETF grants) at the outset of the CPF and at the PLR stage.** This includes projects under the new objective 1d under Focus Area 1 of the CPF, introduced in this PLR, called "improved quantity, quality, and access of the energy sector," as well as new objective 2f under Focus Area 2 called "responding to the COVID-19 crisis and enabling socioeconomic recovery." A comprehensive advisory services and analytics (ASA) program during the CPF period also covers a broad range of issues (see **Annex 5**).

Figure 3: Snapshot of the WB Lebanon Lending Program at the CPF Stage (FY17) and the Actual Program at the PLR Stage (FY22)

FOCUS AREAS	OBJECTIVES	CPF FY17		PLR FY22	
		IBRD/IDA/GCFF/RETf Grants	605	IBRD/IDA/GCFF/RETf Grants	640
1. Expand access to and quality of service delivery	1.a: Improved water supply services in Greater Beirut	Lake Qaraoun Pollution Prevention Project	55	Lake Qaraoun Pollution Prevention Project (active)	55
	1.b: Reduced industrial, hazardous and wastewater pollution	Greater Beirut Urban Transport Roads and Employment Program	200	Greater Beirut Urban Transport Project (active)	295
	1.c: Improved access to and quality of infrastructure and public transportation services	Municipal Service Delivery, Local Economic Development, and Social Cohesion	200	Roads and Employment Project (active)	200
	1.d at CPF: Improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level (<i>dropped at PLR</i>)		150	- Additional Financing For Greater Beirut Water Supply Project (Board approved but cancelled)	90
	1.d: <i>New at PLR</i> : Improved quantity, quality, and access of the energy sector				
	2.a: Improved private investment environment				
	2.b: Improved access to finance				
	2.c: Improved delivery of education services and skills development				
	2.d: Improved delivery of health services				
	2.e: Strengthened safety net for the poorest Lebanese				
2. Expand economic opportunities and increase human capital	2.f: <i>New at PLR</i> : Responding to the COVID-19 Crisis and enabling socio-economic recovery				
CROSS - CUTTING THEMES					
Governance and Renewing the Social Contract					
<i>New at PLR</i> : Increased Economic Opportunities for Women					
		CPF FY17	548.2	PLR FY22	1,082.4
		IBRD/IDA/GCFF/RETf Grants		IBRD/IDA/GCFF/RETf Grants	
		Scale up of the Emergency Primary Healthcare Restoration Project	60	Health Resilience Project (active)	120
		Infrastructure Investment for Sustainable Jobs	120	+Supporting Lebanon's COVID-19 Response for Refugees and Host Communities (active)	3
		Additional Financing to National Poverty Targeting Program	60	- Lebanon National Jobs Program PforR (Board approved but cancelled)	400
		Land Administration System Modernization	50	Additional Financing to National Poverty Targeting Program (closed)	18.2
		Subsidized Temporary Employment Program	20	- Land Administration System Modernization (Board approved but cancelled)	43
		Reaching All Children with Education in Lebanon Support PforR	235	- Subsidized Temporary Employment Program-AA (dropped)	--
		Leveraging Innovation in Financial Service Provision to Manage Crisis in Lebanon	3.2	Reaching All Children with Education in Lebanon Support PforR (active)	204
				-Promoting Financial Inclusion to Manage Crisis in Lebanon (dropped)	2.3
				+ Support for Social Recovery Needs of Vulnerable Groups in Beirut (active)	7.8
				+ Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (active)	246
				+ Building Beirut Businesses Back & Better (B5) (active)	25
				+ Housing Rehabilitation and Cultural and Creative Industries Recovery (active)	12.75
				+ Skilling Up Lebanon (active)	0.35

Note: The + sign refers to projects added and Board approved; the – sign refers to projects dropped. Amounts are in US\$ millions, including all sources of financing.

44. The CPF allowed ample flexibility to ensure that the portfolio addresses the emerging priorities and needs of the successive governments, which has included a surge of WB and IFC support to respond to the socioeconomic impacts of COVID-19 and the PoB explosion. The WBG is viewed by the government, donors, and international partners as a major and trusted convening power. The WBG built and maintained a strong relationship with the various governments and CSOs that served during the CPF period and continued to provide expertise in multiple sectors through technical assistance (TA) and advisory support in times of crisis. The comprehensive ASA program during the CPF period is outlined in Annex 5. In addition, the Bank led a thorough review of the [Capital Investment Plan](#)²⁶ in 2018 and provided detailed recommendations to the GoL, which strengthened its viability and culminated in the CEDRE conference. The latter was organized in April 2018 to garner support from the international community for the purpose of renewing Lebanon’s poor infrastructure and restoring its economy and stability.²⁷ The WBG also harnessed its relations with the donor community, which was evidenced through its close coordination with the UN and the EU to establish the Lebanon 3RF, followed by the formation of the LFF as an instrument to channel financial support to implement 3RF’s priorities. The Bank is also working closely with other international financial institutions, the IMF, the UN, and other bilateral

²⁶ Harake, Wissam, and Christos G Kostopoulos. 2018. “Strategic Assessment: A Capital Investment Plan for Lebanon—Investment Opportunities and Reforms.” Working Paper, World Bank Group, Washington, DC.

<https://www.worldbank.org/en/country/lebanon/publication/strategic-assessment-a-capital-investment-plan-for-lebanon>.

²⁷ CEDRE pledges amounted to US\$11.6 billion in soft loans and grants to Lebanon.

institutions to advance dialogue and expedite action on critical issues, including implementing reform, providing safety nets to support the poor and vulnerable through cash transfers, and addressing the energy crisis through rapid financing.

45. **The WBG's economic and social response to the COVID-19 crisis has focused on relief, recovery, and resilience.** They are defined as: (i) relief to protect the poor and vulnerable, including Syrian refugees; (ii) recovery to support businesses through access to finance for trade and working capital needs, particularly for SMEs; and (iii) resilience to support the GoL's crisis management plan. Key changes in the portfolio include the following:

- *Under Focus Area 1*, the REP was restructured. US\$10 million was reallocated to support small farmers impacted by the multiple crises with inputs and materials to ensure their continued planting and animal production, and thus their ability to contribute to the country's food security.
- *Under Focus Area 2*, the LHRP was restructured twice in less than a year. A new component on COVID-19 response activities (US\$58 million, IBRD/GCFF) assisted in country preparedness and the procurement and deployment of COVID-19 vaccines. The Supporting Innovation in SMEs Project (iSME) was restructured to reallocate US\$5.5 million to provide financial support to Lebanese firms or research centers that have or could develop the capability to produce the medical supplies, equipment, and services needed to fight COVID-19. The ESSN Project (US\$246 million, IBRD, approved in January 2021) aims to provide emergency cash transfers and access to social services to extremely poor and vulnerable Lebanese. The Building Beirut Businesses Back and Better (B5) Fund (US\$25 million, LFF) was the first operation to be financed by the LFF, approved in July 2021 to support the recovery of targeted SMEs and ensure the sustainability of eligible multilateral financial institutions that were impacted by the PoB blast. The Skilling Up Lebanon (SUL) Project (US\$0.35 million, LSCTF) was approved in November 2021 to increase access to market-relevant digital skills for the Lebanese youth. Support for Social Recovery Needs of Vulnerable Groups in Beirut (US\$7.8 million, LFF and State and Peacebuilding Fund) was approved under the LFF (in December 2021) and aims at supporting the immediate social recovery needs of vulnerable groups following the PoB explosion. The Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery (US\$12.75 million, LFF) was approved in February 2022 and aims at supporting the rehabilitation of prioritized historical housing for the most vulnerable people and providing emergency support to creative practitioners and entities in the cultural sector in the PoB explosion areas. The COVID-19 Response for Refugees and Host Communities (US\$3 million, HEPR) supports COVID-19 vaccine registration and deployment as well as COVID-19 response for refugee populations and their host communities in Lebanon (approved in December 2021). More recently, the Bank team developed a Teachers' Incentives Program to support eligible public-school teachers, technical and vocational educational teachers, and school personnel who attend school at a minimum of 90 percent of their present schedule and deliver lessons in both the first and second school shifts. An amount of US\$37 million was allocated from the Reaching All Children with Education (RACE) Support Project to finance this initiative.

46. **Implementation of the Lebanon WBG program has faced multifaceted challenges and impediments since the beginning of the CPF cycle that weakened the overall implementation progress of the development program.** This was due to several factors associated with the deteriorating economic and financial situation since 2019; the COVID-19 pandemic; delays in Cabinet approvals and Parliament ratification; lack of government ownership on a project or financing instrument; slow flow of funds from the Ministry of Finance (MoF) to line ministries; lack of consensus on an exchange rate mechanism and informal capital control restrictions on WB funds; weak institutional, technical, and administrative capacity; and lengthy administrative and approval requirements at the Council for Development and Reconstruction (CDR).

47. **As of April 15, 2022, the portfolio comprised four problem projects.** These are the Bisri and the Awali water projects, the Greater Beirut Public Transport Project, and the Lake Qaroun Pollution Prevention Project, with the majority of active operations rated Moderately Satisfactory (see **Annex 5**). The water projects are considered over-age Investment Project Financing (IPF) since they are greater than eight years old. A total of US\$753.74 million of IBRD/IDA commitments (56.6 percent) was disbursed out of a total IBRD/IDA commitment of US\$1.33 billion. As of April 15, 2022, the IBRD IPF disbursement ratio stood at 23.15 percent, the highest in a decade. The annualized IBRD IPF disbursement ratio is estimated at 29 percent.

48. **Projects that failed to be declared effective within the scheduled effectiveness deadline and those with a record of poor performance were canceled or partially canceled during the CPF period.** This allowed the reprogramming of undisbursed funds to operations deemed of higher priority. Projects that were fully canceled due to delays in effectiveness include the National Jobs PforR (US\$329.9 million IBRD and US\$70.1 million GCFF); the Land Administration System Modernization Project (US\$43 million); and the Additional Financing for the Greater Beirut Water Supply Project (US\$90 million, IBRD) to cover financing gaps faced by the parent project. The Water Supply Augmentation Project (US\$263 million, IBRD) underwent two partial cancellations, the first in FY21 and the second in FY22. Further, the PPA for the Strengthening Fiscal Governance Project (US\$6 million) was canceled in FY21 due to slow implementation. Canceled amounts reached US\$802 million in total (including both IBRD and GCFF).

49. **International Development Association.** In March 2019, an additional exceptional allocation of US\$100 million on terms equivalent to IDA credits on IDA regular terms for projects that principally and directly benefit Syrian refugees²⁸ received strong support from IDA shareholders at the IDA18 Mid-Term Review. However, an IDA allocation was never utilized. Lebanon currently benefits from one IDA allocation (US\$100 million) which continues to finance the Support to Reaching All Children with Education (or RACE 2) Program, approved in September 2016. To date it has disbursed 90 percent of the IDA amount and 84.2 percent of the grant funding.

50. **International Finance Corporation.** During FY17–FY22, IFC’s strategy in Lebanon has focused on increasing access to finance (including microfinance) for micro, small, and medium enterprises (MSMEs) in financial markets. This is in addition to IFC’s public-private partnership (PPP) transaction advisory interventions in the transport and energy sectors, which were underway prior to the current crises. IFC’s advisory activities in Lebanon have aimed at improving the investment climate and introducing innovative approaches that leverage the private sector in areas such as climate change through sustainable energy finance and a landmark green bond, women in banking, corporate governance, and MSMEs development. IFC’s investment program in Lebanon included commitments of US\$222 million in Long-Term Finance and of US\$2.6 billion in Short-Term Finance (see **Annex 5**). IFC’s total committed exposure in Lebanon as of April 15, 2022, totaled US\$250.3 million. The financial crisis led to significant risk premiums in the country that resulted in a significant drop in IFC’s exposure, particularly under IFC’s Global Trade Finance Program. The largest part of IFC’s exposure remains in the financial sector representing 96 percent, followed by the construction and retail sectors representing 4 percent—of which 48 percent is in equity and 52 percent is in long-term debt. The financial crisis and lack of financial sector reforms, including formal capital controls, have led to a rapid devaluation of the local currency against the U.S. dollar and the creation of a large informal sector. This has negatively affected the performance of IFC’s overall portfolio, with the ratio of nonperforming loans standing at 98.6 percent as of April 15, 2022. Despite the fragility and multiple crises facing the country, IFC has identified selective cross-border investment opportunities with export potential focused on manufacturing, disruptive technologies, and

²⁸ World Bank. 2019. *IDA18 Post-Mid-Term Review Amendments: Review of the Small Island Economies Exception and IDA18 Exceptional Allocation to Jordan and Lebanon*. Washington, DC: World Bank.
<http://documents.worldbank.org/curated/en/118851553911283795/IDA18-Post-Mid-Term-Review-Amendments-Review-of-the-Small-Island-Economies-Exception-and-IDA18-Exceptional-Allocation-to-Jordan-and-Lebanon>.

funds. IFC's FY20–FY21 commitments in this space have reached US\$30 million, and the upcoming pipeline of activities for IFC could reach around US\$130 million.












51. **Multilateral Investment Guarantee Agency.** During the same period, MIGA had one active project in Lebanon, which supported an electricity Distribution Services Provider (DSP) under Lebanon's first PPP program in the power sector. In FY14, MIGA issued US\$35.5 million in guarantees covering the Butech Utility Services (BUS) Project. BUS electricity distribution operations cover around 30 percent of the Lebanese territory from northern Beirut to the country's northern border. Since its inception, BUS has achieved customer service improvements and network loss reductions benefiting households and businesses in its coverage area. BUS's DSP contract was extended by Lebanese utility Électricité Du Liban (EDL) in 2018, and MIGA subsequently extended its guarantees for an additional four years in FY19. Lebanon's ongoing crises have adversely affected the operating environment for foreign investors in the country, limiting demand for MIGA's political risk insurance products. Containing these operational risks will be important to generate foreign direct investment (FDI) and enable MIGA support for additional projects.

Progress toward CPF outcomes

52. **Moderate progress has been made toward achieving the CPF outcomes set at CPF design, with 42 percent of the indicators (14 indicators) having been exceeded, achieved, or on track to being met.** Of the 11 objectives identified in the CPF results framework (see **Annex 3**), two have been achieved ("improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level," and "improved delivery of health services"). Of the remaining 58 percent of the indicators (19 indicators), 10 indicators will be dropped because the projects associated with the indicators were either canceled or restructured. Overall, 10 indicators will be revised, 12 indicators that have been exceeded or achieved will be removed, and 45 new indicators will be added to the revised results framework.

53. **Adjustments to the program will be required to better align the CPF with recent country developments and corporate priorities, and to strengthen areas that need increased attention to ensure that the CPF objectives are met.** Specific progress under each Focus Area and Cross-Cutting Theme as formulated in the CPF is described in **Annex 3** and summarized in **Table 1**. However, the WBG program has grown significantly over the CPF period and indicators set at the CPF design stage do not reflect this expanded WBG engagement. The CPF results framework may also not have been sufficiently ambitious or impact oriented to reflect how the WBG program was influencing broader trends and challenges in the country context, including strengthening state institutions, addressing existing vulnerabilities, and bolstering efforts on immediate socioeconomic recovery and longer-term development challenges. The PLR updates the CPF results framework to align with the expanded program. See **Annex 1** for the updated results framework at PLR stage, **Annex 2** for a matrix of changes to the results framework, and **Annex 3** for the summary of progress toward CPF objectives.

Table 2: Summary of CPF findings on the FY17–FY22 CPF Results Framework

FOCUS AREA 1: Expand access to and quality of service delivery		FOCUS AREA 2: Expand economic opportunities and increase human capital	
OBJECTIVE	Exceeded Achieved On track Not on track Dropped	OBJECTIVE	Exceeded Achieved On track Not on track Dropped
1a: Improved water supply services in Greater Beirut		2a: Improved private investment environment	
1b: Reduced industrial, hazardous and wastewater pollution		2b: Improved access to finance	
1c: Improved access to and quality of infrastructure and public transportation services		2c: Improved delivery of education services and skills development	
1d: Improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level		2d: Improved delivery of health services	
		2e: Strengthened safety net for the poorest Lebanese	
CROSS-CUTTING THEME: Governance and Renewing the Social Contract			
A: Strengthened financial management and procurement systems			
B: Improved availability of data			

Source: World Bank.

Update on Focus Area 1: Expand access to and quality of service delivery

54. **Objective 1a: Improved water supply services in Greater Beirut.** This objective aims to increase the water supply provision for the Greater Beirut area and support the Beirut and Mount Lebanon Water Establishment (BMLWE) to transition to a 24/7 water supply under the Greater Beirut Water Supply Project (GBWSP). Lebanon is water-stressed and does not deliver the level of service expected of similar economies. Water deficits across Lebanon are estimated at 353 million cubic meters and are expected to increase to 425 million cubic meters by 2035. Water supply regularly reaches as low as three hours per day in the summer season across many regions. The GBWSP faced implementation delays, including on the works for critical infrastructure (remaining works for the pipelines and the lining of the water conveyor tunnel and the Water Treatment Plant), which have negatively impacted the ability to fill part of the water gap for the Greater Beirut area. However, the rehabilitation of the distribution network in the Greater Beirut area has been completed, which now helps reduce water leakages. The capacity building for leakage reduction and transition to 24/7 service pilot was also completed in 2019. The BMLWE has expanded the pilot to other areas based on successful assistance provided by the Malta water utility through Bank TA under the GBWSP. The Bank also strengthened BMLWE’s capacity for preparing the bidding documents for performance-based contracts (PBC) to reduce leakages in the network. As part of the Additional Financing for GBWSP (AF-GBWSP), BMLWE intended to hire a private consortium to implement a comprehensive leak detection and repair campaign to pave the way for switching to 24/7 in areas of Greater Beirut. However, the launching of the PBC bidding for leakage reduction under the AF-GBWSP was put on hold after the project was canceled as a result of delays in parliamentary ratification. In 2020, the GBWSP was extended to November 2022, and an additional extension will be required to complete the works for critical infrastructure. To track implementation under the project for the remainder of the CPF period, additional indicators will be added to the CPF results framework.

55. **Objective 1b: Reduced industrial, hazardous, and wastewater pollution.** This objective aims to reduce wastewater discharge into the upper Litani River Basin by connecting towns to existing and planned treatment plants under the Lake Qaraoun Pollution Prevention Project. It also encourages industries to reduce industrial affluent discharge along the Litani River through the Lebanon Environmental Pollution Abatement Project (LEPAP). The WBG program did not achieve significant progress against the indicators set out by the CPF. However, new indicators are on track to be added under the Lake Qaraoun and LEPAP projects and the IFC Sustainable Energy Financing. Although its target for 2022 will not be fully met, the Lake Qaraoun project is on track to meet its target of implementing 300 kilometers of sewage networks by the end of CPF implementation. The project has facilitated cross-sectoral coordination between various stakeholders, conducted a number of technical assessments, and provided capacity building support to respond to other sources of pollution of the Litani River, including solid waste, agrochemicals, and industrial pollution. Through LEPAP, the WBG has established a model for engaging industries in adopting pollution abatement measures through subsidized loans disbursed through the commercial banks. The WBG has also strengthened national institutions in charge of monitoring and enforcement of the sector, as reflected in newly added related indicators which are on track. While LEPAP has met all the targets set by the CPF, this project was plagued with slow implementation. It was approved in 2014 and only became effective in 2016. Moreover, it was in problem status for an extensive period of time, due to technical and administrative complexities of its design, which were addressed at the Mid-Term Review in 2018. Further obstacles have delayed disbursement due to a halt in lending operations at the level of commercial banks in 2019. Despite the financial crisis, the LEPAP model has been able to adjust to the fiscal situation and received stakeholders' support for its scaling up through future pollution management programs. Moreover, resources from various trust funds were mobilized to respond to this objective and urgent environmental investments, which contributed to improved wastewater and solid waste management and to long-term policy reform. These include projects in the pipeline: Reduction of Unintentional Persistent Organic Pollution through Waste Management in a Circular Economy (Global Environment Facility [GEF]); the Critical Environment Recovery, Restoration, and Waste Management Program (LFF); and the climate proofing of the solid waste management strategy project. The active projects are the Marine litter project (PROBLUE) and the Sustainable forests and forests fires management project (PROGREEN).

56. **Objective 1c: Improved access to and quality of infrastructure and public transportation services.** The objective aims to: (i) improve road quality and safety through the REP while contributing to the inclusion agenda and the development of lagging regions; and (ii) provide enhanced public transport for all through the Greater Beirut Public Transport Project (GBPTP). This objective faced significant delays over the CPF period, and the indicators set at CPF are not on track. The REP is progressing and creating much-needed jobs in the rural and sub-urban areas despite lengthy implementation delays related to exogenous factors (e.g., delay in effectiveness, COVID-19 related lockdowns, limited access to line-of-credit, shortage of fuel, and shortage of materials), as well as delays in the procurement processes due to the lengthy procedures at the CDR. With 12 works contracts signed (US\$116 million), the project is aiming to rehabilitate 550 kilometers of rural and semi-urban roads in 25 cazas all over Lebanon, creating around 300,000 labor-days in the construction industry for the Lebanese and Syrians equally until end of March 2022. The project also aims to enhance road safety by developing a national road safety strategy, as well as improve resilience and road asset preservation by developing a Road Asset Management System and implementing routine maintenance contracts in rural and semi-urban areas. New indicators have been added to the CPF results framework to monitor these efforts. All works contracts have been subject to the Bank's procurement prior review as the project risk is high. An independent procurement review for all WB projects has also been implemented. In addition, the task team has conducted regular progress meetings at a weekly basis as well as ad hoc supervision site visits to ensure smooth and compliant implementation. An online form has been designed on the IMPACT platform to allow local communities to share their feedback on the implementation of the works and flag any issues on site. The QR (quick response) code is provided at project sites and in municipalities. The project was restructured in March 2021 to reallocate US\$10 million to provide direct support to farmers engaged in crop and livestock production and to respond to the

devastating impact of the economic and financial crisis and the COVID-19 pandemic on the agriculture sector and food security.²⁹

57. **The GBPTP has also been facing major implementation delays, with almost no progress after more than two years since effectiveness.** Progress to date has been stagnant, with activities mainly geared toward complementing the capacity of the Railways and Public Transport Authority and of the Project Implementation Entity, with limited deliverables to date. It has been difficult to cancel this nonperforming project and relocate its resources due to lack of government consensus. However after continuous dialogue with the GoL over the past 13 months, a decision seems to have finally been reached to fully restructure the project and redirect the funding for clean-up, repair, and rehabilitation of the PoB, while keeping TA to the public transport sector. The indicators related to this project have therefore been dropped.

58. **The World Bank has also been engaged in the port sector since August 2020 with the setup of a unified platform of communication comprising more than 25 institutions from the diplomatic and donor community.** This platform, which the Bank continues to chair, has coordinated the engagement and support toward the reform and reconstruction of the PoB. It has prepared an overall port roadmap, along with recommendations for the reforms that are necessary to fight corruption and ensure efficiency and transparency in port governance and operations. The WB is also providing TA to the GoL to advance on preparing reforms to the port sector and the decision tools for reconstruction. Without such reforms it will not be possible to mobilize private investments for the reconstruction and operation of the PoB or to speed up near-term functional recovery and medium- to long-term needs. The Bank has mobilized grants from the Global Infrastructure Facility and launched the development of masterplan options for the PoB, alongside corresponding PPP options and investment plans assessing the potential for private sector participation in the development and operation of the port. There is now a clear consensus from the GoL on the need for a sector law and a new vision as prerequisites to rebuild the PoB and engage a long-term contract for port operation. The GoL has reiterated its commitment to bring forth to Parliament the new proposed law in early 2022. The master plan and investment plans are scheduled to be finalized by June 2022.

59. **Objective 1d: Improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level.** This objective aims to support municipal service delivery in areas most affected by the influx of Syrian refugees under the Lebanon Municipal Services Emergency Project. The project directly benefited 475,700 people and 1.4 million people indirectly—both from host and refugee communities. The project supported community prioritized basic services such as water supply and sanitation, solid waste management, roads improvement, and street lighting. The project exceeded most of its targets. In 2018, the GoL requested WB support for a Municipal Investment Program focusing on infrastructure investments in secondary cities and the creation of an enabling environment for private participation in the municipal sector. Accordingly, the Lebanon Municipal Investment Program (LMIP, US\$100 million including US\$9.3 million GCFF) was prepared and appraised by the WB. The Public-Private Infrastructure Advisory Facility is funding a TA involving assessment of private participation in the municipal sector. However, over the course of the last two years, the project approval has been severely impacted by the overlapping crises, and project processing was stalled. Therefore, this objective has been dropped at the PLR stage and will be revisited at the time of the formulation of the new CPF, given that the original indicators have been achieved (see **Annex 3**). It is too soon to propose new indicators—the LMIP has yet to be negotiated.

²⁹ The target of the new component is to benefit 27,600 small-scale farmers through input vouchers, and 10,000 small and medium dairy livestock keepers (some of whom may also be beneficiaries of the input support program) through 1 million vaccine doses. The distribution of the vouchers is expected to be completed by end of January 2022.

Update on Focus Area 2: Expand economic opportunities and increase human capital

60. **Objective 2a: Improved private investment environment.** This objective aims to support efforts by the government to improve the investment environment and ease of doing business through targeted policies and regulatory reforms under programmatic interventions. To deliver on this objective, the WB and IFC led several engagements, including the IFC Lebanon Government Interoperability Business Entry (LGIBE) Project and the Land Administration System Modernization Project. This is in addition to two IFC financial inclusion projects for implementing a modern and sound insolvency regime and introducing a secured transaction system, which were both pending the enactment of draft laws.³⁰ Unfortunately, none of these engagements could be completed with success due to challenging economic conditions spurred by the financial crisis and long political deadlock that unfolded during implementation. The indicators formulated at the CPF stage have been dropped. The PforR Creating Economic Opportunities in Support to the National Jobs Program was designed, but 12 months after Board approval, the WB withdrew its offer of financing due to delays in Parliament ratification and lack of government consensus. The project's objective was to improve economic opportunities for unemployed or inactive women and youth, businesses (with the focus on SMEs), and Syrian refugees. Other TA and advisory services will continue to support this objective. They include the Lebanon Economic Recovery Programmatic ASA, which aims to support the Lebanese authorities and CSOs in defining and designing reform priorities toward economic recovery; and the Digital Development ASA, which aims to support the Lebanese authorities in developing the digital economy, with a focus on legal and structural reforms for liberalizing the telecom sector. The achievement of economic recovery as well as financial sector monitoring will be overseen through two new indicators being added to the CPF results framework, and more outcome-oriented measures will be included in the next CPF.

61. **Objective 2b: Improved access to finance.** This objective aims to strengthen the capacity of the banking and microfinance institutions to provide increased access to finance through IFC for MSMEs and trade, and to offer new products in underserved markets with a focus on climate, gender, and young entrepreneurs. The indicators for this objective saw the volume of lending to MSMEs increase by US\$2.1 billion only during FY17–FY19 prior to the financial crisis. During the financial crisis, the banking sector stopped all lending activities, which affected negatively IFC's volumes of loans extended to MSMEs. Also, IFC supported trade finance for the period of FY17–FY19 through 12 local bank clients. The IFC Trade Finance program in Lebanon proved to be a suitable product considering the challenging macroeconomic environment. However, given its self-liquidating nature and decrease in demand at the onset of the crisis, IFC was able to reduce its trade finance exposure in Lebanon to zero. Since the start of the financial crisis, IFC has been vigilant not to increase any exposures in the financial market until agreement on an IMF program is reached. The trade finance program served as a tool to facilitate needed trade flows to the country, especially for strategic commodities, reaching US\$2.6 billion during the CPF period. IFC's investments in the climate business covered sustainable energy financing and the issue of the first green bond in the country. As a result, IFC climate financing has helped avoid emission of 14,566 of metric tons of Carbon Dioxide Equivalent (tCO₂e) during the period of 2016–2021 (source: IFC portfolio).

62. **Through the iSME Project, the WB was able to increase the supply of early-stage finance for financially viable, new, and existing innovative firms.** To date, iSME's co-investment fund has invested US\$13.6 million across 27 investments, representing 71.6 percent of the co-equity facility. Investments were made directly in 18 companies (US\$11.8 million) and 9 investments through 4 angel funds (US\$1.85 million) at an overall average investment ticket of US\$618,000. As for the grant component, 175 grantees were selected and awarded a total sum of US\$2.5 million, representing 83.3 percent of the grant facility. In total, the iSME in its grants and equity co-investments instruments has managed to leverage at least US\$58.7 million from other sources, thereby indicating a leverage ratio of 3.65, demonstrating the fund's

³⁰ The two financial infrastructure projects (i.e., insolvency and secured transaction) are pending draft laws at the Parliament. Draft laws were approved by the Cabinet in the pre-CEDRE conference momentum but have never been voted upon in Parliament.

ability to crowd in private sector financing. In April 2020, the iSME Project was restructured to help the GoL respond to the COVID-19 crisis. The restructuring allowed the introduction and reallocation of funds (US\$5.5 million) to a new component, the iSME-COVID-19 Funding Program. It aims at increasing the supply of domestically produced medical supplies, equipment, and services through research and development grants, and soft loans to manufacturing and services companies producing COVID-related material and supplies. Indicators will be added to monitor IFC investments and engagements as well as the iSME Project. In addition, indicators will be added under B5 to track the funds disbursed to damaged micro and small enterprises (MSEs) and the microfinance institutions that remain operational after receiving financial support.

63. **Objective 2c: Improved delivery of education services and skills development.** This objective aims to support better equitable access to enhanced quality education services and student learning through the strengthening of Lebanon’s education system. In response to the impact on the education system of the Syrian refugee crisis, the RACE 2 Program PforR sought to address the inequities in access to learning and achieved an enrollment of more than half a million students in formal public education. Building on this, RACE 2 broadened its scope to focus on improved quality and system strengthening in addition to equitable access. Student enrollments increased to more than 503,473. In 2020–2021 alone, more than 55,000 students transferred from private to public schools, comprising a 13 percent increase from the previous year—the highest to date. The deteriorating socioeconomic status of families is expected to further increase the shift of students from private to public schools, but also possibly increase the number of school dropouts. Contributions to enhanced learning quality were achieved through a national learning assessment strategy prepared with TA. Curriculum revision is a key reform toward which progress was made with the successful revision of the curriculum development plan and standard of procedures. Subsequently, within the context of the COVID-19 pandemic in the 2020–2021 school year, a digital learning platform was set up, the curriculum was reduced by 13 weeks, and an application of e-textbooks in the context of blended learning was launched. Despite these advancements, many children did not have access to remote learning due to the lack of electricity and internet access at home. As a consequence, learning losses are expected to be significant. For the 2021–2022 school year, because of the limitations, in-person learning is being implemented. The Teachers’ Incentives Program under the RACE 2 project to support public education personnel was disbursed in October 2021 to 15,860 eligible teachers and in November 2021 to 16,770 eligible teachers out of a total of 58,000 teachers. Progress toward strengthening the education system was also achieved through School Information Management Systems (SIMS), the shift toward a unified data system for all school types, and the allocation of a unique student ID to public and private school students. The expected additional financing from the EU, which aimed to build transparency and open access to data to make the SIMS data user-friendly for public consumption and analysis, is no longer forthcoming due to a shift in donor priorities.

64. **The SUL Project also contributes to this objective.** The SUL initiative has been designed and implemented in partnership with the Beirut Digital Development (BDD) Talent Development Hub (commonly referred to as BDD Academy) to increase access to market-relevant digital skills training programs for children and youth in Lebanon. Successful pilots have been implemented by the BDD Academy and funded from PROSPECT in partnership with various stakeholders (e.g., Code.org, Microsoft, DOT, Facebook, and Google). The BDD Academy is also the recipient of a US\$350,000 grant from LSCTF to build a sustainable model for training that will eventually be self-financed. The grant will finance the team and systems at BDD Academy, as well as the implementation of five digital skills pilot expected to train 700 youth, including 50 percent women, and place them on internships or connect them to opportunities in the gig economy. An additional indicator will be added to the CPF results framework to measure the youth that have successfully completed a market-relevant, certifiable digital skilling course as part of the Skilling Up Mashreq (SUM) initiative.

65. **Objective 2d: Improved delivery of health services.** This objective aims to improve the provision of health services to vulnerable populations residing in Lebanon, including refugees, by supporting access

to primary health care services, and by mitigating the impacts of the compounding crises the country is experiencing, including the strengthening of the government's capacity to respond to the COVID-19 pandemic challenges and to maintain the provision of essential health services. This objective has been influenced through the Emergency Primary Health Care Restoration Project (closed in December 2019) and the LHRP (effective in December 2018, restructured in March 2020 and in January 2021, and currently in discussion on the third restructuring). The Bank, through the Emergency Primary Health Care Restoration Project, assisted the GoL to improve access to primary health care services among the poor Lebanese by subsidizing a package of essential health services, strengthening the primary health care system, and building the capacities of the centers to meet the increased demand for health services, using a combination of public and private providers, including nongovernmental organizations (NGOs). A new indicator will be added to track the number of patients who benefit from financial assistance for inpatient treatment for COVID-19 and life-saving interventions.

66. **The LHRP (US\$120 million, IBRD and GCFF) became effective in November 2018.** It was designed to increase the provision of primary services for vulnerable people; however, it has been restructured to help the government respond to the challenges of the compounded crisis, including the response to the COVID-19 pandemic. In March 2020, the project was restructured to reallocate US\$40 million for the COVID-19 response. In January 2021, the GoL requested another restructuring of the project to reallocate US\$34 million to fund WB-approved COVID-19 vaccines for Lebanon's National Deployment and Vaccination Plan (NDVP). The WB team supported the GoL to develop this plan, prioritizing an evidence-based and inclusive approach for the vaccination deployment. The WB also set up a Joint Monitoring Committee, in collaboration with other development partners, to monitor the deployment of Bank-financed vaccines, and it is participating in the COVID-19 National Vaccine Committee. As part of the project supervision arrangements, the Bank contracted a Third-Party Monitoring Agency (TPMA), which has been a key element in ensuring adherence to the NDVP and a fair and equitable delivery of vaccination. Against all odds, the NDVP has been able to sustain an equitable and transparent vaccination plan, taking advantage of digital developments such as the National Vaccine Registration Platform (hosted in IMPACT). It has been labeled as a key factor to contain the pressure in the health sector during subsequent transmission waves (i.e., Delta and Omicron variants). However, gaps in vaccination coverage remain. As of January 2022, 37 percent of the population had a complete scheme. Factors include high hesitancy as well as misinformation and barriers to access, especially in vulnerable populations, including refugees. To address these challenges, the WB has mobilized resources to conduct outreach activities aimed at improving registration and access for non-Lebanese and host communities. The WB also continues to provide technical support to the government to accelerate vaccine deployment and increase coverage based on best practices. A new US\$50 million operation has been requested to support the pandemic response in 2022 and 2023. Additionally, the WB has mobilized resources to help close the gap in vaccination for refugees in Lebanon through a US\$3 million RETF from the Health Emergency Preparedness and Response Trust Fund to be executed in 2022 and 2023.

67. **Objective 2e: Strengthened safety net for the poorest Lebanese.** This objective aims to help the GoL in extending support to extreme poor Lebanese households through targeted social safety nets. This target has been achieved through supporting the principal targeted social assistance program, the National Poverty Targeting Program (NPTP); enhancing its methodologies and approaches; and updating its database. The recertification of the NPTP beneficiaries resulted in a new and well-targeted NPTP database, with 30 percent of households belonging to the poorest bottom 10 percent and 65 percent belonging to the bottom 30 percent. Additional efforts have led to a scale-up to 105,500 individuals from over 10,000 households benefiting from the e-card food voucher program (financed by the e-NPTP). Program enhancements facilitated an additional scale-up to 219,000 individuals from over 36,000 of the poorest households targeted through the same approaches with financing from donors. Furthermore, the ESSN comes as the WB's support to NPTP and builds on the successes and learning from implementation challenges over the past 10 years. The ESSN introduces a larger scale coverage as well as new added

features and improvements to the NPTP, namely: (i) moving from e-card food vouchers to cash transfers; (ii) preserving human capital of children at risk of dropping out of schooling by covering all costs of education and supporting other vulnerable groups, including the elderly, persons with disabilities, and women-headed households; and (iii) investing in social safety net delivery systems, such as the development of a National Social Registry. Additional indicators will be included in the CPF results framework to track this project, which has disbursed US\$139 million as of April 2022.

Update on cross-cutting theme: governance and renewing the social contract

68. **Objective A: Strengthened financial management and procurement systems.** This objective aimed to strengthen institutional oversight of the Court of Account (CoA), Parliament, and Central Tender Board, and support corporate governance of the private sector. Objective A will be reformulated as “strengthened transparency, accountability and justice systems” to reflect the broader governance aims of the WB in Lebanon and to better encompass the full range of accountability institutions the Bank is supporting through TA and policy advice, including support to operationalize the new Anti-Corruption Commission. Two indicators will be dropped, one indicator will be revised, and four indicators will be added.

69. **Although significant progress was achieved on launching full-fledged procurement system reform,** the procurement indicator as it was originally formulated (“standard bidding documents to be developed and monitored by the Central Tender Board”) was not achieved. Instead of targeting the achievement of the CPF indicator in an isolated approach, it will be revised in line with recommendations of the 2019 Methodology for Assessing Procurement Systems (MAPSII). In 2019, the GoL requested support for conducting MAPSII. The inclusive assessment involved more than 70 stakeholders from public and private sectors and CSOs. The MAPSII report was completed in July 2020. It was reviewed by the MAPS Global team and then by the Technical Advisory Group to ensure compliance with international methodology. The report will be published by the MAPS Secretariat–World Bank Global Procurement Practice in Q2 of calendar year 2022. From that point, procurement reform started to take a more strategic shape, and the public procurement law was passed in July 2021. The national public procurement reform strategy was submitted for consultation in November 2021, and the prime minister launched its final version on January 20, 2022, in a ceremony attended by donors, public and private stakeholders, and civil society. In parallel, secondary legislation (including standard contracts for works, goods, and consulting services), capacity building and professionalization, and e-procurement strategies were prepared and are ready for implementation. Financing was secured for deploying the e-procurement platform in alignment with the procurement law requirements. More importantly, the international community (in particular, Agence Française de Développement, European Bank for Reconstruction and Development, UNDP, United States Agency for International Development, and WB) are now coordinating efforts to implement activities in a streamlined manner, following a clear reform roadmap.

70. **No progress was made against the original CPF indicator with regard to improving the capacity of the CoA** given the lack of momentum and commitment to complete the Supreme Audit Institution Performance Measurement as the result of the lack of leadership of the CoA during the early phase of the CPF. This effort would have fed into an action plan for strengthening the CoA mandate and capacity to carry out its function in line with the international good practices and international standards for Supreme Audit Institutions. However, this has changed recently with the appointment of a new CoA president, who is highly engaged on strengthening the capacity of the CoA to conduct forensic audits by developing a manuals methodology and conducting a pilot audit. This work is ongoing and will be financed by the LFF in close coordination with the EU to achieve complementarity.

71. **On the other hand, the overall project development objective of “supporting the strengthening of the parliamentary financial oversight capacity in Lebanon” was achieved.** Although the CPF indicator relating to this objective (“strengthened technical capacity of the Parliamentary Finance

and Budget Committee”) was dropped as it could not be measured using Public Expenditure and Financial Accountability scoring, the project nevertheless made some instrumental impact on the Parliament’s oversight role that would help ensure proper planning for and use of public funds and thus enhance transparency and accountability of the Executive toward the people. Introducing technical objective analysis of the draft laws to the discussions of the Finance and Budget Committee (FBC) has improved the quality of the legislation through evidence-based debates and recommendations by members of Parliament. Conducting a thorough review of the budget based on professional analyses of all articles, assessing them against prevailing relevant laws, and highlighting their impact on the economy has given budget oversight an impactful exercise protecting people’s interests. Through the many knowledge sharing and learning activities, the FBC has improved its understanding of its role, the benefit of interacting and engaging with stakeholders, and the need to leverage the work of the CoA, drawing on good practices of other more advanced committees. Finally, this activity has planted the seeds for greater openness and transparency in FBC’s workings by exposing areas for improvement, encouraging the adoption of a culture of change, and putting in place a modern financial oversight strategy and rules of procedures to guide further bold reforms that are inevitable.

72. **On the public financial management (PFM) reforms, the Strengthening Fiscal Governance PPA faced substantial challenges in implementation and was canceled.** The PPA covered the areas of improving debt management, macro-fiscal and budget management, cash management, accounting, and internal audit, as well as e-services and public procurement. The PPA objectives were to implement some strengthening activities in PFM and to prepare for a larger comprehensive project on PFM reforms. However, the Bank has kept the dialogue on PFM reforms ongoing through TA to be provided under the LFF to address the much-needed reforms on Public Investment Management (PIM) and other accountability and transparency areas. The Bank-executed grant will support the GoL in building an effective PIM system through formalizing the PIM legal and regulatory framework to improve efficiency and effectiveness in the use of recovery and reconstruction funding. On the other hand, the Bank is keeping engagement on improving accountability and anti-corruption capacity of oversight bodies, such as the CoA and Central Inspection, to conduct forensic audits and financial investigation respectively, as well as support the creation of a new Anti-Corruption Commission and development of an electronic asset declaration system.

73. **Objective B: Improved availability of data.** Through TA to the Central Administration of Statistics (CAS) to improve data and welfare measurement, disaggregated data on student enrollment and passing rates have been made available on an annual basis. The Bank poverty team also worked with the CAS to prepare for a new HBS round and finalized the development of a multidimensional poverty index. This indicator has been revised accordingly. Indicators relating to land registry and cadastre data and commercial registry have been dropped due to the cancellation of the Land Administration System Modernization Project and delays in the IFC LGIBE project. Through the COVID-19 vaccination operation under the LHRP, health data availability and transparency were improved through the IMPACT platform, which has been the host of the national COVID-19 registration platform. The IMPACT platform allowed public data sharing on the progress of the vaccination rollout through its publicly available data dashboards, which are updated biweekly.

Cross-cutting themes and partnerships

74. **While the CPF includes governance and renewing the social contract as a formal cross-cutting theme, gender, displacement, youth, and climate have remained equally critical during CPF implementation.** A new cross-cutting theme focused on “economic opportunities for women” is being introduced at the PLR stage to address the constraints in the labor markets women face in regard to their participation in Lebanon’s economic activity.

75. **The WBG has used its convening power to advance or lead substantive policy dialogue with the government and donors on a range of reform issues.** The WBG has underpinned reform prioritization and donor support harmonization, such as through the government’s Capital Improvement Plan in 2018 and various joint platforms and frameworks. The WB and the UN also co-chair the Lebanon Development Forum through which international financial institutions address issues such as crisis management and structural reforms, especially electricity.

76. **Under the cross-cutting theme of governance and renewing the social contract,** and following the PoB explosion, the WBG, the EU, and the UN developed the 3RF in 2020 to define short- and medium-term needs and priorities. These are: (i) people-centered recovery that returns sustainable livelihoods to the affected population, improves social justice for all (including women, the poor, and other vulnerable groups), and ensures participatory decision-making; (ii) reconstruction of critical assets, services, and infrastructure that provides equal access for all to quality basic services and enables sustainable economic recovery; and (iii) reform that helps restore people’s trust, improve governance, and harness conditions for reconstruction based on an inclusive approach. The LFF was created as one instrument to channel support to selected priorities under the 3RF for kickstarting the immediate socioeconomic recovery of vulnerable populations and businesses affected by the PoB explosion and to support the government’s efforts to catalyze reform and prepare for medium-term recovery and reconstruction. The institutional and governance arrangements under the 3RF (see **Box 1**) have been fully operationalized through the joint support of the WBG, the UN, and the EU in close collaboration with CSOs, development partners, and the GoL. Under the Mashreq Digital Development Dialogue ASA, the national workshop on digital economy in Lebanon (held in June 2021) underscored the need to transition to digital government for improved public-service delivery as well as transparent governance and oversight.

Box 1. 3RF Institutional and governance arrangements—an innovative and inclusive country platform

The 3RF is designed as a collaborative process based on the participation of the government, civil society, the private sector, and development partners. Integral to it is an innovative institutional architecture that includes the following bodies:

- A Consultative Group to serve as a platform for overarching strategic guidance and direction on implementation and for high-level policy dialogue on 3RF priorities.
- A Partnership Council as the governing body for the LFF.
- An Independent Oversight Body to serve as an independent mechanism formed by representatives from civil society to provide broad oversight on 3RF implementation and hold 3RF stakeholders accountable for progress.
- A dedicated Secretariat jointly staffed by the EU, the UN, and the WB to support the institutional arrangements and help facilitate 3RF implementation, including through communication, progress monitoring, and support for the closing of gender gaps and citizen engagement.

77. **The WBG has established partnership and financing platforms on gender.** The MGF was established in January 2019 as a WBG-facilitated interagency initiative that works in partnership with units across the WBG, donors, governments, NGOs, private sector firms, and researchers. The MGF provides TA to Mashreq countries to enhance women’s economic empowerment and opportunities as a catalyst toward more inclusive, sustainable, and peaceful societies, where economic growth benefits all. The MGF-supported work in Lebanon focuses on five pillars: the enabling environment, the care economy and research, private sector employment, entrepreneurship, and behavioral change. In December 2021, the law criminalizing sexual harassment was passed by Parliament after significant TA from the MGF in revising legal outputs and compiling several existing draft laws into one. In addition, several recommendations based on an extensive legal review of the Labor Code were adopted by the legal commission of the Ministry of Labor. A DigitalAG4Her Hackathon identified three winners providing innovative information and communication technology solutions to support women in agriculture. A Women’s Employment Peer-Learning Platform in partnership with the Chambers of Commerce of Beirut and Mount Lebanon engaged

88 private sector firms to discuss the business benefits of a gender diverse workforce and family-friendly workplace policies. A total of 160 women-led or -owned SMEs received capacity building support in crisis management training to mitigate the negative impact of the multiple crisis on female entrepreneurship. In addition, the Lebanon portfolio has a strong focus on identifying and addressing gender gaps. Since FY18, 100 percent of new WB operations in Lebanon have been gender-tagged. The gender tag methodology is also applied to trust-funded activities, such as the LFF, which is accompanied by a Gender Approach Note that lays out the process to be followed to identify, address, and monitor indicators to assess the progress toward closing identified gender gaps through the LFF work.

78. **The WBG has also contributed to improving country-level dialogue and coordination among development partners on the protracted displacement crisis.** The Bank established the GCFE Lebanon Group following the establishment of the facility in October 2015 to ensure upstream coordination and dialogue with GCFE donors and partners in Lebanon on medium-term development issues affecting refugees and host communities. The WB and IFC are also key partners in the Dutch-financed partnership named “PROSPECTS,” to support development responses to forced displacement. This partnership is being carried out in collaboration with the United Nations High Commissioner for Refugees (UNHCR), UNICEF, and the International Labour Organization. Through PROSPECTS, projects are jointly designed and implemented with the WB and UN agencies. Of the Bank’s grant allocation, US\$20 million has been channeled through the UNHCR to directly provide cash assistance and social services to Syrian refugees. The Bank continues to manage the LSCTF, established in 2013, to provide grant financing to projects that mitigate the impact of the Syrian crisis. The WBG’s continued support to the GoL in its response to the Syrian refugee crisis will remain critical. The MDRF under preparation will outline key priority areas of WBG’s future operational interventions in Lebanon to address the protracted nature of the Syrian crisis. Potential priorities will include: (i) strengthening institutional resilience and preparedness to manage ongoing and future displacement crises; (ii) strengthening the mobilization and management of public and development aid resources; and (iii) strengthening partnerships with humanitarian, civil society, and private sector organizations in an effort to provide a holistic response to a complex crisis. The GCFE will remain a key innovative instrument to provide Lebanon with concessional financing for interventions that benefit Syrian refugees and their host, and an effort will be made to leverage the facility for grants and support toward the private sector.

79. **Cooperation with the UN has been strengthened considerably across the humanitarian-development-peace nexus** since the signing of the UN-WB Compact for Lebanon in 2018. Priority areas for UN-WB collaboration were jointly agreed upon, and work continues toward aligning UN-WB diagnostics and assessments to create a foundation for joint planning and programming. A foundational activity is the joint WB-WFP-UNHCR Lebanon Vulnerability Assessment Panel (LVAP) Survey, which is a high-frequency national panel household survey that will yield new measures for poverty and vulnerability of all population groups. It consists of an in-person baseline survey followed by a series of phone-based follow-up measurements of both Lebanese and non-Lebanese residents (e.g., Syrian refugees and Palestinians) that aims to generate a reliable evidence base for an assessment of the evolving economic and social situation and the need for alternate mitigating measures. The results of the LVAP surveys will help inform the design of potential responses to the crises, such as in-kind operations and assistance for the food insecure and poor Lebanese residents and social assistance programs similar to the NPTP and the ESSN. It will also help shape the design of an overall evidence-based, fit-for-purpose, social protection system consisting of several complementary interventions at macro, meso, and micro levels. The survey is underway and expected to be completed in Q2 of FY23. The Bank has also collaborated with the WFP in rolling out a series of phone-based surveys (i.e., mVAM) to get a quick sense of the population’s level of vulnerability. In addition, the Bank, UNDP, and other partners are working jointly with the expert task forces formed by the Office of the Minister of State for Administrative Reform on the government’s anti-corruption strategy. The Bank has strong collaboration with the UN on refugee issues at a strategic level in the country, at the global headquarters levels, at an analytical level through data sharing by way of the joint

data center in Copenhagen, and at an operational level through programs on social safety nets, education, and health, among others. The UN-WB partnership is central to the Lebanon Development Forum and 3RF, and the UN is an implementing partner under the LFF notably in the areas of environmental and housing and culture recovery. The Bank is a leading member of the Joint Monitoring Committee, which monitors the evolution of the COVID-19 National Deployment Vaccination Plan and ensures joint advocacy, along with the World Health Organization (WHO), UNICEF, IOM, UNHCR, and the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The Bank has also been collaborating closely with WHO in the COVID-19 response. Discussions are underway with the GoL and the UNHCR to coordinate on the COVID-19 response plan and prepare special facilities for the treatment of Syrian refugees.

80. **The WBG has facilitated the engagement between young Lebanese and WBG staff on issues related to the Bank’s portfolio.** In 2018, the Lebanon Country Office established a Youth Action Group (YAG) composed of 25 young Lebanese from diverse backgrounds. It has: (i) provided feedback on WBG projects and strategies; (ii) organized events with youth to raise awareness around specific sectors of engagement; (iii) built knowledge and capacity; and (iv) conducted stakeholders’ consultations. Members of the Lebanon YAG have also been included as panelists in different WB events to highlight youths’ challenges and perspectives.

81. **The WBG has significantly scaled up its engagement with civil society.** As part of the WBG’s response to the forced displacement challenges, the Bank has established regular engagement with the NGO community. The International Federation of Red Cross and Red Crescent Societies was selected by the Bank as a TPMA to closely monitor the process of administering COVID-19 vaccines and deploying the national vaccination plan across the Lebanese territories to ensure that the process is conducted with equity and transparency, in full compliance with the Bank’s policies on fraud, corruption, and misconduct. Also, a strong collaboration with the Norwegian Refugee Council, Danish Refugee Council, and International Rescue Committee is in place, facilitating knowledge sharing, coordination, and sharing of insights from the ground. This engagement has also provided a solid foundation for a significantly scaled-up engagement with CSOs beyond refugee related issues, notably through the 3RF. Civil society inclusion in the governance and implementation of reform, recovery, and reconstruction is a core principle of the 3RF. The WB has supported the establishment and launching of the Independent Oversight Board, which functions as an independent mechanism for CSO representatives to provide broad oversight on 3RF implementation and hold the 3RF stakeholders and implementing organizations accountable for overall progress. The Bank is also leading the efforts to design and operationalize an online citizen engagement module to advance transparency and accountability across 3RF priority programs. This module will serve as a channel for citizens to engage and provide feedback on 3RF activities and reforms. It will be an important tool to ensure that citizens’ inputs are utilized to monitor progress, celebrate successes, and identify challenges. The LFF will provide direct financial support to capable CSOs, NGOs, and private sector intermediaries.

82. **The WB, IFC, and MIGA have closely collaborated in strategic areas.** The WB and IFC collaborate on reforms related to the business environment and provide advice to the Ministry of Economy and Trade. The Bank and IFC also have worked together on assessing private sector damages following the PoB explosion through the subsequent 3RF. Work has been conducted in close consultation with the private sector, chamber of commerce, associations, syndicates, and women groups, which helped to quantify the damages, losses, and needs and prioritize the needed reforms for the recovery. Strong collaboration on all issues related to the financial sector is reflected in **Annex 1**.

83. **During CPF implementation, the WBG also mobilized analytical support to the GoL to meet its climate commitments.** Lebanon will face significant impacts from climate change over the coming decades, including rising sea levels, heat waves, droughts, and other extreme events. As part of its updated Nationally Determined Contribution (NDC) under the Paris Agreement, Lebanon pledged to reduce its greenhouse gas (GHG) emissions by 20 percent by 2030 as an unconditional target and by 31 percent by 2030 as a conditional target. Following the request of the GoL, the WB provided analytical support to

design the Lebanon Green Investment Facility (LGIF) in FY21 through the Enabling Climate Actions in Mashreq (P173385) ASA. The LGIF aims to contribute to the realization of the NDC sectoral commitments to Sustainable Development Goals in order to reduce GHG emissions and promote climate change adaptation. The LGIF would allow Lebanon to mobilize and coordinate fragmented climate finance from a variety of sources and would contribute to a green, resilient, and inclusive recovery through climate-smart growth, reduced inefficiencies, and green technological innovation within the context of a tight fiscal space.

IV. EMERGING LESSONS

84. **The CPF period has witnessed mass protests over corruption and political deadlocks with a government that is barely functioning and paralyzed by deep divisions among its members.** The country's overlapping crises have not been met with an effective government response. Years of corruption and incompetence laid the ground for the collapse of basic service delivery and increased poverty. Reflecting on the challenging political environment, the PLR outlines lessons derived from the WBG engagement. Building on the findings of the RRA, and in an effort to mitigate imminent FCV risks, the PLR highlights priority areas of intervention as well as a set of selectivity filters for the choice of projects.

85. **Support basic service delivery, notably in the electricity sector.** The financial crisis has severely undermined virtually all sectors of basic service delivery and in some cases, such as for electricity, brought them to near collapse. The rapid deterioration of service delivery has fueled popular grievances and has given rise to various FCV-related risks, including popular unrest, riots, and occasional armed clashes. Support to basic service delivery is key to mitigate FCV risks, of which the electricity sector is the most important given its economy and sector-wide ripple effects. The severe shortage of foreign currency needed to secure imported liquid fuels and spare parts for power plants caused electricity production to stop entirely on several occasions, leading to outages in areas including the water supply, internet, and cellphone coverage, while fueling inflation and severely affecting the commercial viability of businesses. Moreover, the burden posed by the energy sector on Lebanon's fiscal sustainability was greater during the CPF implementation period than had been assumed at the time of preparation (see **Annex 6**). EDL's high operating costs are mainly dollar-denominated, and its low revenues are lira-denominated, combined with well-below cost recovery tariffs and high commercial losses. On March 16, 2022, the Council of Ministers adopted the policy statement "Setting Lebanon's Electricity Sector on a Sustainable Growth Path" (disclosed on April 1, 2022³¹), articulating the government's vision and objectives for the sector to (i) increase supply of affordable and sustainable electricity, (ii) improve sector's operational and financial performance, and (iii) enhance sector governance and transparency. Future Bank portfolio support will be strongly conditioned on progress toward implementing the government's reform program for the sector.

86. **Allow flexibility in project design.** In a fragile political situation, project design should be flexible to adjust to changes in country priorities. Sound project implementation also requires timely and formal course adjustment if the country environment is less conducive than initially assumed. For example, the timely and formal restructuring of projects during implementation (i.e., LHRP, iSME, and REP) to respond to emerging crises (i.e., the COVID-19 pandemic and economic and financial crises) has ensured enhancement of project outcomes and achievements while addressing critical emerging priorities.

87. **Apply selectivity filters to projects.** The CPF will continue to be flexible to accommodate the volatile environment through its ongoing lending and advisory support. While the WB and IFC have tried to be as selective as possible, competing priorities require deliberate filtering to stay focused on the priority areas identified. The WB will use the following selectivity filters in an effort to mitigate the most pressing

³¹ Ministry of Energy and Water, Lebanon. 2022. "Setting Lebanon's Electricity Sector on a Sustainable Growth Path – Policy Statement – March 2022." <https://energyandwater.gov.lb/ar/details/100777/setting-lebanon-s-electricity-sector-on-a-sustainable-growth-path-policy-statement-march-2022>.

drivers of fragility: (i) people-centered interventions; (ii) work to improve basic services (electricity, waste, water, education, and health); (iii) strategically opportunistic programming that supports operations and private sector investment where there is a drive for reform and risk appetite from private sector players; and (iv) comparative advantage to deploy impactful expertise.

88. ***Strengthen inter-ministerial and interagency coordination for reform implementation which remains critical.*** WBG projects have been impacted by weak institutional, coordination, and implementation capacities as well as inter-ministerial coordination challenges. The international community has reinforced institutional weaknesses by substituting missing institutional capacities with the extensive use of project implementation units. This has led to the creation of parallel structures within the civil service and exacerbated tension and fragmentation between ministerial staff, further contributing to the inability of institutions to function effectively. Future WBG operations should also build the capacity and core functions of the GoL to enforce policy decisions and track project and reform implementation along the delivery chain.

89. ***Form strong partnerships.*** Strengthened international partnerships and engagement across humanitarian, political, and development actors are needed to navigate the political economy constraints of reform when prioritizing support to avoid donor fragmentation, harmonize approaches, and jointly communicate key priorities and policy conditionalities. With its large donor base and multiplicity of reform plans, Lebanon still faces challenges in ensuring a strategic focus of its aid program and donor interventions. The WB has played a critical role in ensuring strong coordination across actors and harmonization of messages. It will be essential to maintain a coherent approach in regard to clear policy conditions that need to be in place before any assistance beyond emergency responses and people-centered recovery programs can proceed.

90. ***Rebuild the social contract through accountability and oversight of priority reforms.*** WBG operations must leverage accountability and transparency institutions and mechanisms to build trust in the government and broaden popular support for its reform agenda. Investing heavily in dialogue and engagement of civil society can also strengthen voices of civil society actors that advocate for change and build consensus on reforms. For example, recent efforts under the 3RF and LFF to engage with CSOs and channel assistance through NGOs, CSOs, and the private sector provide opportunities to introduce new approaches and tools that enhance transparency and social accountability. Supporting new CSO-led accountability institutions, such as the 3RF's Independent Oversight Board, and expanding citizen access to the IMPACT platform managed by the Central Inspection Bureau can help citizens ensure that funds are being used transparently for their benefit. Strengthened grievance redress mechanisms for better risk management in Bank-financed projects is also critical to ensure citizens' grievances are addressed. These platforms will help ensure that women, youth, and marginalized stakeholder groups are represented and heard. WBG operations must also increase government capacity for strategic communication and public consultation to build reform coalitions and sustain endogenous reform momentum.

91. ***Institutionalize decentralized implementation mechanisms.*** Given the role of many Lebanese NGOs and CSOs as key service providers, it is important to develop and maintain mechanisms that build bridges between state and non-state actors and can channel funding directly to non-state actors as and when needed (e.g., the LFF), and that have the capability to meet WB fiduciary, environmental, and safeguard standards. In addition, strengthening the role of local governments to serve citizens can improve local-level administration and service delivery (e.g., waste management and maintenance of local roads) to maintain stability of services and a "role for the state" at the local level. Such arrangements would not be designed to replace the government's role in leading the country's development agenda but to complement existing organizations and institutions in line with the broader development agenda.

92. **Maximize the impact of TPMAs.** The World Bank will continue to deploy TPMAs across the IBRD portfolio as an additional layer to ensure that WB funds are in compliance with applicable Bank rules and procedures and to ensure the projects reach their intended results. For example, under the Health Resilience Project, the Bank contracted a TPMA to closely monitor the process of administering COVID-19 vaccines and the deployment of the national vaccination plan to ensure that the process is conducted with equity and transparency, in full compliance with the Bank's policies on fraud, corruption and misconduct. Similar arrangements have been put in place for the ESSN Project, and new lending operations such as the Emergency Food Security operation under preparation will include a TPMA. Additionally, as part of overall portfolio oversight for LFF funded projects, an independent TPMA will be hired to ensure project implementation according to the World Bank's standards.

93. **To bridge the period toward a new CPF, the RRA has identified preparatory work that could be initiated to expand knowledge and facilitate national dialogue on prospective pathways for medium- to long-term transformational change.** This would entail initiating or scaling up reflections through ASA work on issues such as: (i) decentralized/territorial governance; (ii) a new economic model and avenues for private sector strengthening; (iii) justice sector; (iv) new approaches to service delivery in health and education; and (iv) civil service reform and gov-tech solutions. Moreover, the LEMs have helped identify priority areas of engagement to address the deepening macroeconomic imbalances and will remain of critical importance.

94. **The main lessons learned from Implementation Completion and Results Report Reviews (ICRRs), according to the Independent Evaluation Group, are the following:**³²

- Building capacity of public administrations can help ensure program sustainability. Furthermore, in emergency situations, it is critical to intervene at local and municipal levels. The project can build the capacity of the local governments in establishing an inclusive decision-making mechanism as well as implementing community-level sub-projects.
- A project can still be effectively implemented in contexts of unanticipated fragility and instability if there is flexibility in the project design and a strong, persistent engagement with the client on the ground.
- A favorable political environment and sufficient institutional capacity are the key prerequisites for effective sector-wide reforms. During periods when there is insufficient commitment to reform in a sector, it may make sense for the WBG to focus instead on continued policy dialogue with the government through analytical work, research, and outreach to support longer-term outcomes.

95. **Strengthened upstream engagement with the Cabinet and Parliament is crucial to avoid delays in implementation.** WB projects have experienced significant approval and effectiveness delays, leading in some cases to the cancellation of important projects. A recurring issue is the lack of ownership on the part of the government to steer and implement projects, emanating from insufficient administrative capacities and the politicization of bureaucracies. To mitigate these risks, the WB coordinates closely with the MoF prior to the issuance of draft decrees for submission to the Cabinet and Parliament and engages actively with the Parliament to win members' buy-in early on in project preparation. To ensure government ownership, the WB will only seek Board approval for projects once all assigned conditionalities are met.

³² Lessons learned from ICRRs for the Urban Transport Development Project (FY16); Education Development Project (FY10); Second EDP II (FY18); Second Emergency Social Protection Implementation Support Project (FY17); Lebanon Fiscal Management Reform II (FY17); Municipal Services Emergency Project (FY14); and Emergency Education System Stabilization (FY19).

96. **Streamlining disbursement processes are necessary to avoid slow disbursements.**³³ Potential actions include the use of direct payment methods, the review of the CoA on post review for externally financed operations based on robust and effective controls embedded in project design, and the establishment by MoF and BDL of an exchange rate mechanism in line with Bank policies for locally sourced expenditures in the absence of a unified exchange rate.

97. **Capacity strengthening remains important and requires investments in time, training, and financial support to strengthen public administrations and ensure that Bank-financed projects are implemented in a timely and efficient manner.** This approach will improve sustainability and the move from capacity substitution to capacity building. Project management units may require training on environmental and social safeguards, procurement, financial management, and disbursement, including on quality issues, grievance redress systems, citizen engagement, communication, and data quality.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

98. **While the CPF remains relevant, adjustments are needed to reflect developments in what is a highly volatile political context.** To be responsive to this context, the PLR draws on the RRA which has identified three potential scenarios in which a new political settlement can evolve—political gridlock, minimal consensus, and political shift. Each scenario imposes a different set of constraints and opportunities for WB engagement. Within a scenario of *political gridlock*, impasse prevails in attempting to achieve consensus on matters related to reform or crisis response. Such protracted gridlock leads to delays in staffing executive positions or the government itself, further undermining citizens’ trust in government institutions. Socioeconomic conditions deteriorate further, making shortages of essential services a new normal. In a scenario of a *minimal consensus*, political factions find consensus to take political decisions on minor issues, while reforms with distributional consequences remain unlikely to be implemented amid a strong influence of special interest groups. An IMF program could offer TA and reprieve for financing basic services and contribute to limited socioeconomic stabilization. Within a scenario of a *political shift*, emerging political parties manage to gradually increase political influence and can achieve the implementation of economic and governance reforms. A crucial inflection point for the form of the next likely political scenario will be the upcoming parliamentary and presidential elections in 2022.

99. **Reflecting these scenarios, the RRA identifies a set of priority interventions, or “pathways,” that can address drivers of fragility and will inform the Bank’s strategy in the upcoming period** (see Annex 9). These pathways include five broad goals: (i) support the emergence of a new political settlement based on inclusive political representation; (ii) promote macro-fiscal stabilization and transition to a new economic model; (iii) strengthen accountability institutions and the judiciary; (iv) preserve human capital and mitigate impacts of the crisis on inequality; and (v) improve equity and quality of infrastructure and public services. The composition and scaling of interventions depend on the political scenario that will eventually materialize. Within a scenario of continued gridlock, interventions should prioritize, among others, emergency responses to ensure basic services notably in electricity, waste management, social protection, health care, and education, as well as the promotion of CSO-led accountability institutions when and as needed. As the political scenario leads to minimal consensus, priority interventions should support reforms in the social security sector, macro-fiscal crisis responses, the management of public resources, and the judiciary. In a scenario that edges toward a political shift, programs can be scaled up to include the support of broader governance and civil service reform, reform of the decentralization framework, as well as larger programs for electricity, water, and wastewater sectors. As the shift between scenarios can be fluid, the Bank’s program for the upcoming period needs to be flexible and open for opportunities to scale up or adjust existing programs.

³³ World Bank. 2017. *Lebanon Country Portfolio Performance Review Report and Action Plan*. Beirut, Lebanon: World Bank.

100. **Emanating from a scenario of continued gridlock, the WB will continue to focus on saving lives and protecting the poor and vulnerable with efforts to stabilize socioeconomic conditions and improve basic service delivery.** To that end, the PLR updates the CPF results framework to reflect new WBG activities. It makes the following key adjustments: (i) adds new objective 1d in CPF Focus Area 1 on “improved quantity, quality, and access of the energy sector” instead of “improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level”¹⁴; (ii) adds a sixth objective in CPF Focus Area 2 on “responding to the COVID-19 crisis and enabling socioeconomic recovery”; and (iii) adds a new cross-cutting theme on gender titled “increased economic opportunities for women” with two new objectives explained below; (iv) reformulates objective A under the governance cross-cutting theme as “strengthened transparency, accountability, and justice systems”; and (v) extends the CPF period by one year to focus on the advancement of the New Entrants to Work (NEW) programs designed to address the socioeconomic recovery and support the GoL in stabilizing its macro-fiscal conditions. Reflecting Lebanon’s complex political economy constraints, amendments to the Bank’s engagement will be informed by political economy analyses for project design and implementation. More generally, the WBG will support social cohesion and a renewal of the social contract through policy dialogue and engagement with a range of stakeholders (e.g., Parliament, civil society, private sector, youth, and academia) on the trade-offs involved in the critical policy choices that lie ahead.

101. **A new cross-cutting theme on increased economic opportunities for women has been added at the PLR stage.** This theme includes two CPF objectives: (i) contribute to a more enabling environment for women’s economic participation; and (ii) facilitate women’s entrepreneurship. This theme seeks to address the fact that women represent a significant untapped resource when it comes to economic activity in Lebanon. Only 25 percent of women are in the labor force (compared to 76 percent of men), and a large proportion of them are unemployed. Few women are entrepreneurs. The multiple crises, including COVID-19, have taken a particularly hard toll on women’s ability and opportunities to be active in the labor market. The main WBG support to this agenda is coordinated through the WB-IFC initiative MGF, in combination with targeted activities under the existing portfolio, such as the IFC Advisory services and the B5 project under the LFF.

102. **To identify opportunities for scaling up the WB engagement moving forward, a set of strategic ASA activities will be prioritized to provide the analytic underpinnings for pipeline operations and support the government’s crisis management (see Annex 5).** These include the Public Financial Review (slated for completion in June 2022) and the Poverty Assessment (scheduled for completion in June 2023). These core ASAs will culminate in the launch of an update of the Lebanon SCD, which is programmed to start in FY23 as a foundation for preparing the CPF in FY23. The WBG will continue to provide crisis management TA (anchored in the Public Financial Review) to support preparation of an economic and financial recovery plan with (i) a macro section addressing critical macro-financial strategies that can achieve debt sustainability over the medium term and create fiscal space in the short term for the government to redirect scarce resources toward more productive sectors of the economy and help stabilize monetary and financial conditions; and (ii) a sector section focusing on key sectors to discuss the impact of the crises and propose actions to ensure basic service delivery particularly for the poor and vulnerable, covering key social (education, health, and social protection) and infrastructure (electricity, water, transport, and telecommunications) sectors. Further, the ongoing Lebanon Economic Recovery Programmatic ASA aims at supporting the Lebanese authorities and CSOs with (i) the development of a business environment reform roadmap and action plan and high-level recommendations on the governance structure for reforms; and (ii) recommendations to improve the policy, legal, regulatory, and institutional framework for private investment. These specific activities will be financed by the Competitiveness for Jobs and Economic Transformation (C-JET) Trust Fund and will inform and improve government readiness to implement investment climate reforms. The WB is also providing ongoing financial sector TA on the following topics: (i) out-of-court workout framework; (ii) e-signature regulations; and (iii) discussions on

insurance TA post PoB explosion. Other TA is ongoing on enhanced social protection, water, agriculture, transport, governance, procurement, reforms, poverty and equity, gender, health, digital development, displacement, climate change, solid waste management, and macro-financial analysis.

103. **The WBG is developing a pipeline of operations for FY22–FY23 in consultation with the GoL, informed by the RRA scenarios** (see Annex 7). The pipeline will be informed by the approval of an IMF program with the GoL that will be supported by structural reforms, public debt restructuring, introduction of a credible monetary and exchange policy, and restoration of solvency in the banking sector. However, in light of the ongoing electricity crisis, the rising poverty rates, the deterioration in food security and the growing FCV risks that emanate from these issues, the WB will prepare an emergency electricity project and a wheat supply emergency project, as well as expedite the implementation of the ESSN project. Key principles in developing and prioritizing the pipeline include: (i) focusing on urgent basic service delivery, particularly for the poor and vulnerable in key social sectors (education, health, and social protection) and infrastructure (electricity, water, waste, and transport); (ii) supporting inclusive and green economic recovery and reform implementation; (iii) pursuing grants, concessional financing, and guarantees as well as and mobilizing private sector finance; and (iv) building on a foundation of analytical work. Applying these principles will depend on potential IBRD and IDA financing, plus guarantees, grant co-financing, and private sector finance. Actual lending amounts will depend on several factors, including GoL’s priorities, global developments, country performance, demand from other borrowers, and the WB’s financial envelope.

104. **The FY22–FY23 pipeline will include a strong focus on further enhancing WB-IFC-MIGA partnership and private-sector-led investment and growth.** The WBG will continue to support the GoL in implementing key reforms to create an enabling environment for private sector investment. Examples include advancing regulatory reforms for the simplification of business registration and licensing, advancing implementation of the PPP law, adopting an effective competition law, and fully implementing the public procurement law. In addition, unleashing the potential of the digital economy cannot happen without a major reform of the telecom sector, including the liberalization of the mobile and fixed markets and the establishment of an effective and accountable regulator. IFC is keen in advancing PPP projects through its upstream resources, complemented by downstream potential for MIGA support. Through a comprehensive collaboration, IFC and the WB will continue to provide joint capacity building and institutional support to key line ministries, key municipalities, and the higher council for privatization and PPPs, as well as support efforts to increase the pace and ambition of Lebanon’s PPP potential. Building on the anticipated Lebanon’s recovery and reconstruction agenda, the WBG will identify opportunities to package complementary WB-IFC-MIGA financing, guarantees, and programmatic support in promising sectors, starting with energy and including transportation, telecommunications, and water where a foundation of analytics and ongoing programs can inform joint initiatives. IFC continues to coordinate efforts for mobilizing private sector finance and scaling green energy in Lebanon in close coordination with the WB and MIGA. MIGA will seek opportunities to work alongside the Bank and IFC to advance projects that support Lebanon’s recovery from its compounded crises. Joint WBG approaches will also identify opportunities for climate financing for climate-responsive projects across all sectors.

105. **The Bank is channeling canceled portfolio resources toward projects that directly contribute to saving lives, protecting the poor and most vulnerable, and preventing the collapse of basic services.** The following FY22/FY23 pipeline projects (as of April 15, 2022) are being designed to mitigate the impact of the compounded crises—the financial and economic crisis, the COVID-19 pandemic, and the PoB explosion. They have been fast tracked for swift preparation:

- *Under Focus Area 1:* Lebanon Electricity Emergency Services Project (US\$300 million, IBRD); Beirut Critical Environment Recovery (US\$10 million, LFF); Reduction of Unintentional Persistent Organic Pollution through Waste Management in a Circular Economy (US\$8.86 million,

GEF); Lebanon National Comprehensive Environmental Management Program or Litani River Basin Phase I (IBRD, TBC); and Municipal Investment Project (IBRD; GCFF, TBC).

- *Under Focus Area 2: Support for Social Recovery Needs of Vulnerable Groups in Beirut (US\$7.8 million, LFF), active as of December 23, 2021; Supporting Lebanon's COVID-19 Response for Refugees and Host Communities (US\$3 million, RETF), active as of December 23, 2021; Decent Employment Creation for Vulnerable Lebanese Citizens and Syrian Refugees in Livestock Value Chains (US\$3.75 million, RETF); Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery (US\$13 million, LFF), active as of February 2022; Emergency Broad Coverage Cash Transfer Project (US\$250 million, IBRD); Strengthening Lebanon's COVID-19 Response (US\$25 million, IBRD and GCFF); Additional Financing for Support to RACE (IBRD, GCFF); Additional Financing for the ESSN Project (US\$4 million, LSCTF); and Emergency Wheat Supply Response Project (US\$150 million, IBRD and GCFF).*

106. **The WBG will continue to identify potential areas for capacity building to help enhance the GoL's capacity for implementing WBG-funded operations.** The WBG will intensify the supervision needed for successful implementation of new projects and will continue to provide hands-on capacity building to project implementation units through training programs on procurement, financial management, social and environmental standards, monitoring and evaluation, and gender sensitivity in operations.

107. **The WBG will communicate its “people-centered” approach, which focuses on improving livelihoods.** The WBG will work with task teams on developing a communications strategy for each of the Bank-financed projects to better communicate their objectives and to showcase results. The Bank's plan will focus on improved communications content and multi-media, more proactive dissemination of project results across Lebanon, and strengthened WBG engagement with national and local media outlets. The WBG will also expand the role and membership of the YAG to include youth voices in the design of the next CPF, inform the design of pipeline operations, and promote youth monitoring, which could serve as expanded communications efforts.

108. **Demand for WBG support is expected to remain strong.** The government has indicated that it will continue to seek WBG support for the objectives set out in the CPF through financial and technical resources. Indicative financing options for the remainder of the CPF period may include additional IBRD lending with IDA as a possible source of funding depending on the mix of instruments to be designed in coordination and agreement with the government. Given Lebanon's development needs and financing constraints, crowding-in private capital will remain critical. Lebanon's sovereign default and financial collapse suggest that the country will continue to need on-budget concessional and grant support in the medium term, while the IFC and MIGA will continue to play a key role in seeking to mobilize private sector investment. Lebanon is in discussion with various development partners to mobilize new financing for reforms related to the electricity sector's financial sustainability and the governance and reconstruction of the PoB. Concessional loans, grants, and guarantees will also be needed for Lebanon's stabilization program. A strong collaboration between donors will also remain critical.

109. **The WBG will continue to place a strong emphasis on trusted relations with counterparts, portfolio quality, and hands-on implementation support to reform and investment needs.** Building on the establishment and expansion of the WB Lebanon office during CPF implementation (staffing increased by 33 percent between 2016 and 2021), the WBG will ensure that technical staff managing key projects are based in country and in the region, in line with ongoing decentralization efforts. This will help ensure that teams support day-to-day reform and projects implementation, bottlenecks are addressed early on, and portfolio performance improves.

VI. RISKS TO THE CPF PROGRAM

110. **The overall risk rating for Lebanon at the PLR stage has been elevated from Substantial to High.** The PLR introduces a security risk, given the risk of conflict that Lebanon is vulnerable to. The PLR will retain the same risk ratings as reported in the Lebanon CPF except for the macroeconomic (changing from Substantial to High), fiduciary (from Moderate to High), environmental and social (from Moderate to Substantial), and other (from Substantial to High) risks (see **Table 2**).

Table 2: Risk Ratings for CPF Objectives in Lebanon

Risk category	CPF rating	PLR rating
Political and governance	High	High
Macroeconomic	Substantial	High
Security	NA	Moderate
Sector strategies and policies	Moderate	Moderate
Technical design of project or program	Substantial	Substantial
Institutional capacity for implementation and sustainability	Substantial	Substantial
Fiduciary	Moderate	High
Environment and social	Moderate	Substantial
Stakeholders	Moderate	Moderate
Other	Substantial	High
Overall	Substantial	High

Source: World Bank.

111. **Political risk.** This risk remains high. The volatile political situation and the tense national and regional security environment as a result of geopolitical tensions pose the most important risks to achieving the CPF objectives. Increased political polarization between political factions has undermined legislative activity and led to delayed decisions or non-decisions. Moreover, the election cycle of parliamentary and presidential elections in May and October 2022 introduces risks affecting the timely implementation of the WB program as well as the elaboration and adoption of a new CPF. Experiences of past government formations show that it can take many months or even years to find consensus on candidates for executive positions. Such stalemate risks leaving not only 2022 but also much of 2023 without a legitimized government. The WB has been able to adapt and promptly address emergency needs through analytical work, convening power, and funding aimed at facilitating political consensus. The WB will facilitate preparatory work for a new CPF as soon as political conditions allow.

112. **Governance risk.** Lebanon suffers from governance weaknesses that undermine transparency, accountability, and equity in the delivery of government services and opportunities in the private sector. The current crisis, moreover, leads to a massive brain drain of skilled personnel while political gridlock leaves key administrative positions vacant. This imposes high risks for the implementation of WB projects, which can be delayed, poorly implemented, or suffer from lack of ownership. This risk has been addressed by treating governance as a cross-cutting theme that permeates the entire program. In addition, specific attention is given to strengthening government institutions, including those that impact the private sector directly, and increasing the availability of data. Efforts to increase citizen engagement in the WBG-financed projects are expected to lead to an increase in transparency and accountability in the delivery of public services over time. Finally, the conflict in Syria has exacerbated domestic tensions because of the socioeconomic burden presented by the refugee influx. The CPF has been addressing the impact of the Syrian refugee influx on host communities with a focus on reducing social tensions through the equitable

provision of services and jobs. The CPF also aims to ensure that underserved regions and poorer segments of the population benefit from increased access to services and social safety net programs.

113. **Macroeconomic risk.** The risk rating for macroeconomic risk is being changed from Substantial to High. Lebanon is in a severe financial and economic crisis. To regain macroeconomic stability, the country will need to embark on a comprehensive macroeconomic stabilization program. This includes debt restructuring, financial sector restructuring toward regaining solvency of the banking sector, a new monetary policy framework aimed at regaining confidence and stability in the exchange rate, and a phased fiscal adjustment aimed at regaining confidence in fiscal policy. The WB's response has been focused on: (i) TA on a debt management strategy and financing options in response to a request from the MoF in early 2019, which included strategies to complement macroeconomic and structural reforms to achieve public debt sustainability over the medium term and to create necessary fiscal space in the short term for the government to redirect scarce resources toward more productive sectors of the economy; and (ii) the Public Financial Review as a key tool for the Bank to provide TA for the government's Crisis Management Group to help Lebanon implement a credible crisis management strategy that involves crisis stabilization and recovery measures for the fiscal and financial sectors, social safety nets, a growth framework, and governance deficiency.

114. **Security risk.** This risk is being introduced at the PLR stage. Given the severity of the macroeconomic and political conditions, there is a substantial risk that continued political gridlock affects security conditions. A lack of political consensus on urgent or even basic matters to resolve the crisis can undermine the capacities of security actors and can give rise to armed conflict based on sectarian or partisan polarization. Next to risks posed by the security environment for the implementation of WB projects, any form of conflict would prevent political decision-making and further undermine governance capacities. The WB responds to this risk by mitigating the most pressing fallout of the crises, notably in the social protection and electricity sectors, in order to help contain social unrest that could give rise to further tensions.

115. **Fiduciary risk.** At PLR stage, the risk rating for fiduciary risk will be changed from Moderate to High. Given the multiple exchange rate for US\$/LL and informal capital controls on hard currency, as well as the absence of a macro-fiscal stabilization framework, disbursement is severely impacted, leading to delays and bottlenecks in payments to contractors, consultants, and other locally sourced expenditures. In addition, the MoF has stopped adopting the direct payment method, thus making payments to international third parties (e.g., consultants and contractors) very challenging. For locally sourced expenditures, this risk is being mitigated through the use of the BDL-proposed exchange mechanism called Sayrafa, a platform that reflects the average exchange rate resulting from transactions in commercial banks and approved exchange bureaus. The Bank is in constant dialogue with BDL and the MoF to ensure that Sayrafa continues to be an acceptable exchange platform preserving the value of money. For internationally sourced expenditures, this risk is being mitigated through the establishment of the LFF to channel funds outside of country systems and therefore accelerate payments for WB-financed project beneficiaries. For new projects under preparation, the Bank is introducing the direct payment method in the legal agreement to supersede the existing cumbersome flow of funds through government systems.

116. **Environmental and social risks.** At PLR stage, the risk rating for environmental and social risks will be changed from Moderate to Substantial for the remainder of the CPF period, with special attention given to the implementation of the World Bank's Environmental and Social Framework (ESF). With the recent introduction of the ESF, the WBG is planning training and capacity building for implementing agencies and support for a communications strategy to ensure that client counterparts are able to prepare and monitor the environmental and social aspects of the Lebanon program.

117. **Institutional capacity for implementation and sustainability.** This risk remains Substantial. Lebanon has long been identified as a fragile state due to its high institutional and social instability, among other factors. To address weak institutional capacity and portfolio implementation issues, the Bank has regular portfolio reviews with the government with the objective of reducing delays in effectiveness and

portfolio riskiness, increasing disbursement ratios, and thereby improving results. The Bank has been regularly engaging with stakeholders from across the political spectrum to generate buy-in for projects with a view to ensuring a smooth approval process. Special efforts are being made to engage more actively with members of Parliament to foster a greater understanding of the Bank's work.

118. **Other risks.** The risk rating for other risks, focused on COVID-19 but more importantly on conflict- and fragility-related risks, will be changed from Substantial to High. The ongoing COVID-19 pandemic and the uncertainties around its evolution continue to pose a significant risk to Lebanon's socioeconomic outlook. Sharp increases in COVID-19 cases during the last two years in Lebanon, targeted lockdowns in the past, and continued issues of vaccine hesitancy have threatened early recovery progress. The health care crisis has widened fault lines related to state-society relations, inequalities of income, and access to services, increasing the risk of conflict. Moreover, Lebanon remains fragile with elevated risks of violence and conflict due to the combined impact of a confessional system of governance and vulnerability to external influence. Inadequate policy responses to the compounded crises have led to exacerbated socioeconomic grievances with long-standing partisan divisions as well as potential and dangerous civil strikes in Lebanon, including continued protests, roadblocks, and social unrest. Even small additional shocks, for example, food price increases, have turned peaceful protests into violent riots. The new objective at PLR stage to respond to the pandemic and enable socioeconomic recovery will help address these issues.

ANNEX 1. UPDATED CPF RESULTS FRAMEWORK FOR THE LEBANON CPF

FOCUS AREA 1: Expand access to and quality of service delivery	
<p>Intervention logic: Poor infrastructure leads to poor service delivery, which negatively impacts the poor in particular, as well as the environment, and further exacerbates local tensions as demand for services increases. As the country hosting the largest per capita share of Syrian refugees (25 percent of the population to date, with peaks of more than 50 percent in some regions), Lebanon has been struggling to cope with the impact of the refugee influx on its economy and government budget, stretching the government’s public finances, local infrastructure and service delivery beyond their limits. The GoL has extended a number of public services to the refugees (including in electricity, water supply and wastewater and solid waste management), thereby straining access for Lebanese nationals and jeopardizing quality. Investment in infrastructure is needed for growth and job creation but must be coupled with structural and institutional reforms to ensure long-term sustainability. The strategy of the World Bank Group (WBG) will continue to contribute to the alleviation of infrastructure constraints where feasible and will also encourage greater private sector participation in areas where there is potential for substantial impact, government readiness to engage, and interest from the private sector. The Bank, working closely with IFC to maximize participation by the private sector where feasible, will support select infrastructure investments and improved service delivery.</p>	
<p>CPF Objective 1a: Improved water supply services in Greater Beirut</p>	
<p>Intervention logic: While almost the entire population in Greater Beirut has access to potable water, the service is unreliable and usually not available 24/7. This in turn means the water utility cannot reform the tariff regime to make it both more efficient and better targeted, and the utility will remain on a weak financial foundation. The influx of Syrian refugees’ impact, followed by several crises that hit Lebanon since the October 17, 2019, mass protests, the financial crises and the Port of Beirut (PoB) explosion that impacted mostly the Beirut and Mount Lebanon Water Establishment (BMLWE), have exacerbated the situation. To address this challenge, the WBG will continue its support to increase the provision of water (50 million cubic meter of bulk water) for the Greater Beirut area, and to provide support to strengthen the financial sustainability and operational capacity of the water establishment.</p>	
CPF Indicators	WBG Program
<p>Indicator 1: Number of customers in Greater Beirut Mount Lebanon receiving 24/7 water supply (Number, Custom) Baseline: 0 (2010) Target: 20,000 (2022) <i>Source:</i> Greater Beirut Water Supply Project (GBWSP, P103063). [Achieved]</p> <p>Indicator 2: Volume of additional water distributed per year Baseline: 0 million cubic meters per year (2021) Target: 45 million cubic meters per year (2024) <i>Source:</i> GBWSP (P103063).</p> <p>Indicator 3: New piped household connections for poor households in Southern Beirut that are resulting from the Project's intervention (cumulative) (Number) (Number, Custom) Baseline: 0 (2010) Target: 5,125 (2022) -incorrectly reported by BMLWE (more information in Annex 2)- <i>Source:</i> GBWSP (P103063). [Achieved]</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Water Supply Augmentation Project (IBRD) - P125184; partially canceled in FY20 and FY22 • GBWSP (IBRD) - P103063 <p>ASAs:</p> <ul style="list-style-type: none"> • Mashreq Platform for Transboundary Water - P168021 • Mashreq Water Supply and Sanitation Technical Assistance - P176196

CPF Objective 1b: Reduced industrial, hazardous and wastewater pollution	
<p>Intervention logic: Sanitation services remain poor, in particular in the Bekaa Governorate. As a result, raw sewage is discharged into water bodies largely contributing to the degradation of water quality, especially along the Litani River. The WBG will continue to improve sewage connection to wastewater treatment plants and encourage industries to reduce industrial effluent discharge in order to reduce environmental pollution along the Litani River. Commercial bank financing of projects designed to promote resource (energy and water) efficiency and environment-friendly (i.e., green) building will reduce GHG emissions and conserve resources, as well as increase compliance of industries with national and international environmental standards to reduce industrial pollution. The WBG will also mobilize needed investments and technical assistance for wastewater and solid waste management.</p>	
CPF Indicators	WBG Program
<p>Indicator 1: Sewage connections to existing wastewater treatment plants Baseline: 30 kilometers (2021) Target: 300 kilometers (2023) <i>Source:</i> Lake Qaraoun Pollution Prevention Project (P147854).</p> <p>Indicator 2: Number of establishments that meet national environmental standards for solid waste, wastewater and air quality Baseline: 8 (2021) Target: 10 (2023) <i>Source:</i> Lebanon Environmental Pollution Abatement Project (LEPAP, P143594).</p> <p>Indicator 3: GHG emissions expected to be avoided Baseline: 14,115 tCO₂ (2021) Target: 24,137 tCO₂ (2023) <i>Source:</i> IFC Sustainable Energy Financing.</p> <p>Indicator 4: Guidelines and tools for environmental monitoring/compliance for specific industrial sectors developed (Number, Custom) Baseline: 10 (2021) - current value Target: 9 (2021) <i>Source:</i> LEPAP (P143594). [Achieved]</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Lake Qaraoun Pollution Prevention Project (IBRD) - P147854 • LEPAP (IBRD) - P143594 <p>Pipeline:</p> <ul style="list-style-type: none"> • Lebanon National Comprehensive Environmental Management Project: Phase I – Litani River Basin (IBRD) - P167818 (FY23) • Reduction of Unintentional Persistent Organic Pollution through Waste Management in a Circular Economy (GEF) - P172770 (FY22) • Beirut Critical Environment Recovery, Restoration and Waste Management Program (LFF) - P176635 (FY22) <p>ASAs:</p> <ul style="list-style-type: none"> • ESF Risks and Capacity in Mashreq - P175838 • Enabling Climate Actions in Mashreq - P173385 • Reduce marine litter with a focus on plastic pollution (PROBLUE TF) - P167818 • Promoting sustainable forest management to address forest fires in Lebanon (PROGREEN TF) - P167818 • Climate proofing the Solid Waste Management (SWM) strategy and SWM plans for Beirut and Mount Lebanon (CSF TF) - P178468 <p>IFC:</p> <ul style="list-style-type: none"> • Fransabank Green Bond (FY17)

CPF Objective 1c: Improved access to and quality of infrastructure and public transportation services	
Intervention logic: Poor connectivity, high transport costs, and lack of reliable and safe public transport services in Lebanon are hindering the rural and urban poor’s access to economic and educational opportunities. Rural roads in lagging regions are in particularly bad condition, while traffic congestion is rife, particularly in the Greater Beirut area, due to the lack of reliable public transportation services. The influx of Syrian refugees has put further stress on Lebanon’s deteriorating roads and transport network, particularly in the lagging regions where the infrastructure is in bad condition and the concentration of refugees is high. The WBG will continue to address these challenges through improved access in lagging regions through maintenance and upgrade of rural roads.	
CPF Indicators	WBG Program
<p>Indicator 1: Number of kilometers of improved road quality and safety Baseline: 0 (2021) Target: 550 kilometers (2023) <i>Source:</i> Roads and Employment Project (REP, P160223).</p> <p>Indicator 2: Improvement of the Road Emergency Response Capacity of the Ministry of Public Works and Transportation (MPWT) through the delivery of emergency support equipment to the MPWT Baseline: 0 (2017) Target: 40 (2019) [Achieved] <i>Source:</i> REP (P160223).</p> <p>Indicator 3: Development of a National Road Safety Strategy Baseline: 0 (2021) Target: 1 Strategy developed (2023) <i>Source:</i> REP (P160223).</p> <p>Indicator 4: Development of a Port sector law, and a national port sector vision and new Port of Beirut (PoB) masterplan Baseline: 0 (2021) Target: 1 (2023) <i>Source:</i> Technical Assistance for Port of Beirut Reform and Reconstruction (P176271).</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Greater Beirut Public Transport Project (IBRD/GCFF) - P160224 REP (IBRD/GCFF) - P160223 <p>ASAs:</p> <ul style="list-style-type: none"> Port of Beirut Reform and Reconstruction - P176271 Technical Assistance to Tripoli Port - P162351 Mashreq Public Transport Diagnostic - P173895
New CPF Objective 1d: Improved quantity, quality, and access of the energy sector	
Intervention logic: The electricity sector is on the brink of full collapse, with rolling blackouts of up to 22 hours/day and recent total outage due to lack of fuel to run EDL’s power plants. The WBG will continue to provide emergency support to address the growing fuel shortages and switch to cheaper natural gas supplied by Egypt through the Arab Gas pipeline, thereby increasing electricity supply in a least cost manner, while supporting initial reforms aimed at paving the way toward sector recovery. IFC will support developing private participation projects in green energy by conducting preparation activities that help unblock investment transactions through joint WBG engagements, and lead to effective and sustainable private investment in the sector; the latter would benefit from financing and de-risking instruments available from the WB, IFC and MIGA.	

CPF Indicators	WBG Program
<p>Indicator 1: Import of Natural Gas to the existing Deir Amar power plant through the Arab Gas Pipeline Baseline: 0 billion cubic meter (2021) Target: 0.6 billion cubic meter per year/equivalent to an average 1.6 million cubic meters per day (2023) <i>Source:</i> Electricity Services Emergency Support and Reform Project (P177846).</p> <p>Indicator 2: Increase in available electricity supply in Lebanon Baseline: average 2-4 hours per day (last two quarters of 2021) Target: 6-7 hours per day (2023) <i>Source:</i> Electricity Services Emergency Support and Reform Project (P177846).</p> <p>Indicator 3: EDL discloses its audited financial statements Baseline: no audited financial statements available since 2011 (2021) Target: EDL discloses audited financial statements for year 2022 (2023) <i>Source:</i> Electricity Services Emergency Support and Reform Project (P177846).</p> <p>Indicator 4: Increased supply of green energy (megawatts) Baseline: Capacity of hydro energy of 282 megawatts (2021) Target: Capacity of hydro energy of 432 megawatts (2023) <i>Source:</i> IFC Lebanon Green Energy program.</p>	<p>Pipeline:</p> <ul style="list-style-type: none"> Lebanon Electricity Services Emergency Support and Reform Project (IBRD) - P177846 (FY22/FY23) <p>ASAs:</p> <ul style="list-style-type: none"> Hydropower development in Lebanon - P156222 Lebanon Gas Import and Floating Storage Regasification Units Action Plan - P164657 Lebanon Power Sector Reforms Program - P166937 <p>IFC:</p> <ul style="list-style-type: none"> Lebanon Green Energy Program (pipeline) <p>MIGA:</p> <ul style="list-style-type: none"> BUTEC Electricity Distribution Service Provider (DSP) Project

FOCUS AREA 2: Expand economic opportunities and increase human capital
<p>Intervention logic: Access to finance has severely deteriorated due to the multiple crises hitting Lebanon, and the private sector is facing challenges to recover due to lack of liquidity in the financial sector, shortage of U.S. dollars, informal capital controls, and parallel exchange rates. Lebanese firms were already struggling and underperforming well before October 2019, and multiple cross-cutting business environment constraints have contributed to their underperformance. The ability of the economy to generate job opportunities or even preserve jobs is remarkably low, furthered by a deep lack of confidence, negative flow of investments, and the continuing banking and financial sector crisis. On the other hand, the negative effect of the severe liquidity crisis, and lack of inclusive action by the BDL has imposed a negative effect on the confidence of citizens, private sector and foreign investors in the country and its financial system. In addition, the telecommunications sector is not yet liberalized and lacks an effective and accountable regulator. The WBG will help address these challenges through policies, programs and innovative instruments that leverage the private sector as the main pillar of economic recovery. Improving the business environment, alongside access to finance conditions, are key for the recovery of the private sector. This will be complemented by improved delivery of education and health services, as well as strengthened safety nets targeted to the poorest Lebanese.</p>
<p>CPF Objective 2a: Improved private investment environment</p>
<p>Intervention logic: Firms face multiple challenges and high and unnecessary transaction costs throughout the business life cycle from entry to exit. The regulatory framework governing business entry and operations is outdated and is unable to cope with the developments of technology and new ways of doing business. In addition, the growth of the telecommunications sector is impeded by an outdated legal and regulatory enabling environment and the absence of private sector investment, with negative impact on the retention of digital talents. The WBG seeks to mitigate these constraints through supporting the GoL</p>

and civil society in defining and designing reform priorities that support improving the business environment and the GoL’s readiness to implement these reforms.	
CPF Indicators	WBG Program
<p><i>* Projects linked to this indicator might be prepared in FY23, and more outcome-oriented measures will be included in the next CPF.</i></p> <p>Indicator 1: Number of business environment recommendations drafted and shared with GoL as a result of consultations with stakeholders Baseline: 0 (2021) Target: 4 (2023) Source: Lebanon Economic Recovery PASA (P176611) – through the Lebanon Economic Recovery Through Investment Climate Reforms ASA (TF0B7327).</p> <p>Indicator 2: Number of financial sector briefs and policy notes Baseline: 0 (2021) Target: 5 (2023) Source: Lebanon Financial Sector Monitoring and Policy Dialogue (P171348).</p>	<p>ASAs:</p> <ul style="list-style-type: none"> Lebanon financial sector monitoring and policy dialogue - P171348 Lebanon Economic Recovery Programmatic ASA - P176611 Lebanon Economic Recovery Through Investment Climate Reforms ASA - TF0B7327 Lebanon activities under the Mashreq Digital Development Dialogue ASA (P172546) and subsequent Lebanon digital transformation support ASA <p>MIGA:</p> <ul style="list-style-type: none"> BUTEC Electricity Distribution Service Provider (DSP) Project
CPF Objective 2b: Improved access to finance	
<p>Intervention logic: In addition to broader business environment reforms, access to finance for MSMEs is critical for economic recovery. MSMEs are struggling to finance their operations, including the rehabilitation needed following the PoB explosion, working capital and trade. The financial sector, including the microfinance institution (MFI) that finances micro and small businesses, is facing an unprecedented crisis, and its sustainability is at risk in the absence of a broader reform program. The WB and IFC are providing tailored products to help address these financial constraints, facilitate access to finance to MSMEs, and sustain the operation of MFIs.</p>	
CPF Indicators	WBG Program
<p>Indicator 1: Improved access to finance by MSME</p> <p>(i) Total amount of equity financing received (leveraged) leveraging investors and the iSME funding program Baseline: US\$0 million (2015) Target: US\$40 million (2022) Source: Supporting Innovation in SMEs Project (iSME) (P127306), IFC Investment in startups. [Achieved]</p> <p>(ii) Volume of MSME loans outstanding³⁴ Baseline: US\$0 million (2021) Target: US\$15 million (2023)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Supporting Innovation in SMEs Project (IBRD) - P127306 Building Beirut Businesses Back & Better (B5) Fund (LFF) - P176013 <p>ASAs:</p> <ul style="list-style-type: none"> Lebanon MSME Technical Assistance Facility - P148583

³⁴ This MSME indicator represents the portfolio reach figures of IFC clients (including contributions from advisory services) and the contribution of the iSME project. It is based on the SME and microfinance outstanding loan portfolio of IFC clients for MSME-oriented financial institutions/projects at the end of each calendar year. It is conditional on the IMF program.

<p><i>Source:</i> IFC trust fund under the Lebanon Financing Facility (LFF) and Supporting Innovation in SMEs Project (iSME) (P127306).</p> <p>Indicator 2: Amounts of funds disbursed to damaged Micro, Small, and Medium Enterprises (MSMEs) Baseline: US\$0 million (2021) Target: US\$17.8 million (2023) <i>Source:</i> Building Beirut Businesses Back & Better (B5) Fund (P176013), funded by the LFF (approved FY22).</p> <p>Indicator 3: Number of Microfinance Institutions operational for at least 24 months after receiving financial support to sustain their operations Baseline: 0 (2021) Target: 3 (2023) <i>Source:</i> Building Beirut Businesses Back & Better (B5) Fund (P176013), funded by the LFF (approved FY22).</p> <p>Indicator 4: Increased number of beneficiaries from productive MSMEs supported through blended finance instruments Baseline: 0 MSME beneficiaries (2021) Target: 25+ MSME beneficiaries (2023) <i>Source:</i> IFC trust fund under LFF (pipeline).</p> <p>Indicator 5: Increased number of beneficiaries from marginalized MSMEs supported through blended finance instruments Baseline: 0 MSME beneficiaries (2021) Target: 100+ MSME beneficiaries (2023) <i>Source:</i> IFC MFIs Prospects Green Finance project (pipeline).</p>	<ul style="list-style-type: none"> • Lebanon Financial Sector Assessment Program (FSAP) Update - P156401 • Lebanon Capital Markets Regulation and Development - P147667 • Lebanon FSAP follow-up - P161089 • Lebanon Strengthening Insurance Sector Regulation and Supervision - P150698 • The Role of Financial Services to Manage the Syrian Refugee Crisis in Lebanon - P162629 • Lebanon financial sector monitoring and policy dialogue - P171348 <p>IFC:</p> <ul style="list-style-type: none"> • Disruptive Technology Investment • IFC MFIs Prospects Green Finance project (pipeline) • IFC trust fund under LFF to support MSMEs recovery (pipeline)
<p>CPF Objective 2c: Improved delivery of education services and skills development</p>	
<p>Intervention logic: The influx of Syrian refugees has imposed enormous pressure on the education system at all levels. These stresses are having an impact on access, retention, and quality of education for Lebanese and refugee children. The WB has been helping address this by aligning with Lebanon’s strategy to Support Reaching All Children with Education. The Ministry of Education and Higher Education is in the process of finalizing a new five-year strategy. Closer interaction between supply and demand sides of the labor market, including increased activity by the private sector in the education space, could also play an important role. In addition, the CPF will increase access to market-relevant digital skilling courses, with industry certification through the implementation of a private-sector-led skills development program. Increased activity by the private sector in the education space could also play an important role.</p>	

<p>CPF Indicators</p> <p>Indicator 1: Number of school-aged children (3-18 years) enrolled in formal education aggregated by Lebanese/non-Lebanese Baseline: 400,000 (2016) Target: 500,000 (2021) [Achieved] <i>Source:</i> Reaching All Children with Education in Lebanon Support Program-for-Results (PforR) (P159470).</p> <p>Indicator 2: Increase in the proportion of students passing their grades, and transitioning to the next grade (disaggregated by school type, grade, nationality, and gender) (Percentage, Custom) Baseline: 3.67% (2021) Target: 4 (2023) <i>Source:</i> Reaching All Children with Education in Lebanon Support PforR (P159470).</p> <p>Indicator 3: Youth that have successfully completed a market-relevant, certifiable digital skilling course as part of the Skilling Up Mashreq (SUM) initiative Baseline: 0 (2021) Target: 5,000 (2023), of which 50% women <i>Source:</i> ASA Skilling Up Lebanon Program, which is part of the Skilling Up Mashreq initiative (P169918).</p>	<p>WBG Program</p> <p>Ongoing:</p> <ul style="list-style-type: none"> Reaching All Children with Education in Lebanon Support PforR (RACE 2) (IDA/TF) - P159470 Skilling Up Lebanon (Lebanon Syrian Crisis Trust Fund [LSCTF]) - P176444 <p>Pipeline:</p> <ul style="list-style-type: none"> Additional Financing - Lebanon RACE Support Program (IBRD/GCFF-TBC) - P176205 (FY22) <p>ASAs:</p> <ul style="list-style-type: none"> Support to the Human Capital Project in Mashreq countries - P170413 Supporting Mashreq Education Interventions with Analytical Activities - P175814 ASA Lebanon Youth – National Volunteer Service Program Strengthening and Sustainability - P158815 Skilling Up Mashreq - P169918, including financing from the PROSPECTS Dutch partnership <p>IFC:</p> <ul style="list-style-type: none"> CMA Advisory Project: Lebanon Social Enterprise Support Alfanar Start Mashreq Entrepreneurship Program
<p>CPF Objective 2d: Improved delivery of health services</p>	
<p>Intervention logic: With only half of the Lebanese population covered by health insurance, a large proportion of the uninsured population—the poor and the vulnerable—, have limited access to health care and are subject to financial hardship, even impoverishment. The large influx of refugees further exacerbated the situation due to the large increase in demand for health services leading to crowding out of poor Lebanese and impacting their access to affordable care. The WBG will continue to improve access to primary health care services among poor Lebanese, including to provide treatment for COVID-19.</p>	
<p>CPF Indicators</p> <p>Indicator 1: Number of primary health care facilities contracted by the Ministry of Public Health (MoPH) to deliver the package of essential health care services to National Poverty Targeting Program (NPTP) beneficiaries beneficiaries Baseline: 75 (2021) Target: 170 (2023) <i>Source:</i> Lebanon Health Resilience Project (LHRP, P163476).</p>	<p>WBG Program</p> <p>Ongoing:</p> <ul style="list-style-type: none"> LHRP (IBRD/GCFF) - P163476 Supporting Lebanon's COVID-19 Response for Refugees and Host Communities - Health Emergency Preparedness and Response - TF-P176778 <p>Pipeline:</p> <ul style="list-style-type: none"> Strengthening Lebanon’s COVID-19 Response (IBRD/GCFF) - P178478 (FY22)

<p>Indicator 2: Number of patients who benefit from financial assistance for inpatient treatment for COVID-19 and life-saving interventions Baseline: 0 (2021) Target: 10,000 (2023) <i>Source:</i> LHRP (P163476).</p>	<p>ASAs:</p> <ul style="list-style-type: none"> Lebanon MoPH Statistical Capacity Building - P163042 Technical Assistance in Pandemic Preparedness/Response and Health System Strengthening in the Mashreq - P175822
<p>CPF Objective 2e: Strengthened safety net for the poorest Lebanese</p>	
<p>Intervention logic: Lebanon faces a combination of a balance-of-payments crisis, an economic and banking sector crisis, and a 10-year humanitarian situation caused by an unprecedented influx of displaced Syrians, all of which have been exacerbated by the COVID-19 pandemic and the PoB explosion. The WBG will continue to strengthen safety nets to protect the most vulnerable populations with cash transfers and social services support.</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1a: Households receiving basic cash transfers (Number, Custom) Baseline: 15,153 (2021) Target: 147,000 (2023) <i>Source:</i> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (P173367). Indicator 1b: Percentage of female-headed households among beneficiary households (Percentage, Custom) Baseline: 13.2 (2021) Target: 12 (2023) <i>Source:</i> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (P173367). Indicator 2: Households receiving top-up cash transfer for children (Number, Custom) Baseline: 0 (2021) Target: 87,000 (2023) <i>Source:</i> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (P173367). Indicator 3: Number of beneficiaries of social services (Number, Custom) Baseline: 0 (2021) Target: 50,000 (2023) <i>Source:</i> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (P173367). Indicator 4: Female beneficiaries of social services (Percentage, Custom) Baseline: 0 (2021) Target: 60 (2023)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (IBRD) - P173367 <p>Pipeline:</p> <ul style="list-style-type: none"> Emergency Broad Coverage Cash Transfer Project (IBRD) - P177920 (FY22) Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project-Additional Financing (LSCTF) - P178075 (FY22) <p>ASAs:</p> <ul style="list-style-type: none"> Technical assistance to Central Agency of Statistics of Lebanon to improve data and welfare measurement - P164846 Impact Evaluation of Lebanon's National Poverty Targeting Program (NPTP) Graduation Pilot - P164844 Lebanon Poverty Assessment - P176651 Mashreq Poverty and Shared Prosperity Program - P169854 Pensions, Social Safety Nets (SSN), Labor, and Higher Council for Privatization (HCP) in Mashreq - P171595

<p><i>Source:</i> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (P173367).</p>	
<p>New CPF Objective 2f: Responding to the COVID-19 crisis and enabling socioeconomic recovery</p>	
<p>Intervention logic: Lebanon’s economy was hit hard by the COVID-19 pandemic amid already low growth, high unemployment, and growing debt. Lebanon responded with lockdowns which exacerbated pre-existing stresses and led to a significant loss of jobs and economic activity. This new objective will support the GoL’s response to the COVID-19 crisis and plans for socioeconomic recovery, as well as ensuring the availability of wheat in Lebanon in response to the economic impact of the war in Ukraine and maintaining access to affordable bread by poor and vulnerable households. The WBG’s economic and social response to the compounded crises has been focusing on relief, to protect the poor and vulnerable including Syrian refugees; recovery, to support businesses through access to finance for trade and working capital needs, particularly for SMEs; and resilience, to support the government’s crisis management plan.</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1a: Percentage of specific priority population defined in the national plan vaccinated (total and disaggregated by gender) Baseline: 37% (2021) data are as of mid-December 2021 Target: 70% (2023) <i>Source:</i> LHRP (P163476). Indicator 1b: Percent female (Custom Breakdown) Baseline: 47 (2021) data are as of mid-December 2021 Target: 50 (2023) <i>Source:</i> LHRP (P163476). Indicator 2: Number of firms receiving funding from the COVID-19 financing facility Baseline: 0 (2021) Target: 11 (2023) <i>Source:</i> Supporting Innovation in Small and Medium Enterprises Project (P127306). Indicator 3a: Number of vouchers delivered to small-scale farmers Baseline: 0 (2021) Target: 26,700 (2023) <i>Source:</i> REP (P160223). Indicator 3b: Percentage of women beneficiaries (Percentage, Custom Supplement) Baseline: 0 (2021) Target: 16 (2023) <i>Source:</i> REP (P160223). Indicator 4: Number of micro and small enterprises (MSEs) receiving grants (of which are women owned or led) Baseline: 0 (2021) Target: 4,300 (of which 30% are women owned or led) (2023)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Lebanon Health Resilience Project (IBRD/GCFF) - P163476 (restructured twice: FY20, FY21) • Roads and Employment Project (IBRD, GCFF) - P160223 (restructured: FY21) • Supporting Innovation in Small and Medium Enterprises Project (IBRD) - P127306 (restructured: FY20) • Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (IBRD) - P173367 • Building Beirut Businesses Back & Better (B5) Fund (LFF) - P176013 (FY22) • Support for Social Recovery Needs of Vulnerable Groups in Beirut Project (LFF) -P176622 (FY22) • Supporting Lebanon's COVID-19 Response for Refugees and Host Communities - Health Emergency Preparedness and Response - TF-P176778 (FY22) <p>Pipeline:</p> <ul style="list-style-type: none"> • Emergency Broad Coverage Cash Transfer Project (IBRD) - P177920 (FY22) • Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project-Additional Financing (LCSTF) - P178075 (FY22) • Decent Employment Creation for Vulnerable Lebanese Citizens and Syrian Refugees in Livestock Value Chains - TF-P176547 (FY22) • Beirut Housing Reconstruction and Cultural and Creative Industries Recovery (FY22)- TF P176577

<p><i>Source:</i> Building Beirut Businesses Back & Better (B5) Fund (P176013), funded by the LFF (approved FY22).</p> <p>Indicator 5: Beneficiaries of improved mental health and psychosocial support services and platforms (disaggregated by gender) Baseline: 0 (2021) Target: 2,150 (2023) <i>Source:</i> Support for Social Recovery Needs of Vulnerable Groups in Beirut Project (P176622), funded by the LFF (FY22).</p> <p>Indicator 6: Cumulative amount of wheat procured through the project and delivered in the ports of Beirut and Tripoli (Metric ton) Baseline: 0 (2022) Target: 250,000 (FY23)</p>	<ul style="list-style-type: none"> • Beirut Critical Environmental Recovery, Restoration and Waste Management Program, to be funded by the LFF (FY22)- TF P176635 • Emergency Wheat Supply Response Project (IBRD, GCFF) – P178866 (FY22) <p>IFC:</p> <ul style="list-style-type: none"> • IFC trust fund to support MSMEs recovery (pipeline) <p>MIGA:</p> <ul style="list-style-type: none"> • BUTEC Electricity Distribution Service Provider (DSP) Project
<p>Cont. WBG Program:</p> <p>ASAs:</p> <ul style="list-style-type: none"> • Technical Assistance in Pandemic Preparedness/Response and Health System Strengthening in the Mashreq - P175822 • Port of Beirut Reform and Reconstruction - P176271 • Agri-food Sector Transformation in Mashreq - P175510 • Digital Agriculture Transformation Roadmap for Lebanon, Beirut Rapid Damage and Needs Assessment, Recovery, Reforming and Rebuilding Lebanon’s Port Sector: Lessons from Global Best Practices, Reforming and Rebuilding Lebanon’s Port Sector Part II: Policies and Solutions for Digitalizing the Port of Beirut (publications) • Lebanon: Strengthening 3RF oversight, engagement and monitoring - P177084 • 3RF Governance Implementation – Reconstruction with Integrity and Transparency (Pillar in regional programmatic ASA) - P176495 <p>Beirut Residents’ Perspective on August 4 Blast - P174445</p>	

<p>CROSS-CUTTING THEME: Governance and Renewing the Social Contract</p>
<p>CPF Objective A: Strengthened transparency, accountability and justice systems</p>
<p>Intervention logic: Lebanon suffers from severe governance and trust deficits. The governance system is characterized by weak public financial management and public procurement, outdated and ineffective institutional arrangements for control and audit, a judiciary frequently undermined by elite-level influence and curtailed in its ability to uphold the rule of law, the lack of an independent anti-corruption authority to implement new transparency and accountability laws, and ineffective (or non-existent) delivery of public services. While anti-corruption strategies have been endorsed and Access to Information and Asset Declaration Laws and the public procurement law have been adopted in Lebanon, many of these initial reforms remain unimplemented, or strategies have not been translated into concrete action on the ground. The WBG’s program will assist the GoL in the areas of procurement, investment management and audit reform, fiscal policy analysis, debt and budgetary management, corporate governance, and anti-corruption with a view to strengthen institutions that foster the</p>

<p>efficient use and robust monitoring of public resources, enhance transparency and accountability of government operations, and accelerate the fair and predictable implementation of laws and regulations. It will also support the GoL in streamlining e-government strategy implementation and oversight. Improvements in corporate governance in private sector firms would promote transparency, improved risk management, and greater accountability in the private sector.</p>	
CPF Indicators	WBG Program
<p>Indicator 1: Standard Bidding Documents (SBDs) to be reviewed and adopted by the government as per the findings and recommendations of MAPSII of 2019 Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Methodology for Assessing Procurement Systems (MAPSII) (P169855).</p> <p>Indicator 2: Number of Corporate Governance Assessments for private sector firms Baseline: 2 (2021) Target: 4 (2023)³⁵ <i>Source:</i> IFC.</p> <p>Indicator 3: The Court of Account conducts a forensic audit function on a pilot basis Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Strengthening accountability and transparency in Mashreq (P176495), funded by the LFF.</p> <p>Indicator 4: Strengthened capacity of Central inspection on financial investigation Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Strengthening accountability and transparency in Mashreq (P176495), funded by the LFF.</p> <p>Indicator 5: IFC corporate governance executive director certification Baseline: 0 beneficiary (2021) Target: 50 beneficiaries (2023) <i>Source:</i> IFC Corporate Governance Program with Tammayz.</p> <p>Indicator 6: Creation and operationalization of new Anti-Corruption Commission Baseline: Anti-Corruption Law calls for creation of AC Commission (2021) Target: AC Commission fully operational (2023) <i>Source:</i> Strengthening accountability and transparency in Mashreq (P176495), funded by the LFF.</p>	<p>ASAs:</p> <ul style="list-style-type: none"> • Risk and Resilience Assessment – P173519 • Lebanon activities under the Mashreq Digital Development Dialogue – P172546 (and subsequent Lebanon digital transformation support ASA) • Support for Realization of e-Government in Lebanon – P165584 • Methodology for Assessing Procurement Systems (MAPSII) – P169855 • Mashreq Programmatic Procurement – P175883 • Lebanon Parliament Financial Oversight – P155471 • Implementing 3RF Governance Pillar – P178520, which is a subtask of Strengthening accountability and transparency in Mashreq countries – P176495 <p>IFC:</p> <ul style="list-style-type: none"> • Corporate Governance Program with Tammayz

³⁵ IFC aims to have four Corporate Governance Assessments for private sector firms during the CPF period.

CPF Objective B: Improved availability of data	
Intervention logic: Data can be used to inform decisions on Lebanon’s development agenda and to stimulate an open and informed debate on policy reforms by a range of stakeholders. It can also be used to hold government to account in the delivery of services. Through this and other channels, opportunities for elite capture can be reduced, thereby mitigating the potential for group grievances and conflict in what is a very volatile and contentious environment.	
CPF Indicators	WBG Program
<p>Indicator 1: Poverty estimates for 2022 based on the 2022 Lebanon Vulnerability Assessment Panel (LVAP) Baseline: No (2021) Target: Yes (2022) <i>Source:</i> Lebanon Poverty Assessment (P176651)</p> <p>Indicator 2: Poverty measures for 2023 using follow-up phone surveys from LVAP Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Lebanon Poverty Assessment (P176651)</p> <p>Indicator 3: Labor force statistics (participation, unemployment rate, etc.) using the 2022 Lebanon Vulnerability Assessment Panel (LVAP) and other data sources Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Lebanon Poverty Assessment (P176651)</p> <p>Indicator 4: Household access to services (electricity, health, education, water/sanitation) using the 2022 Lebanon Vulnerability Assessment Panel (LVAP) Baseline: No (2021) Target: Yes (2023) <i>Source:</i> Lebanon Poverty Assessment (P176651)</p>	<p>ASAs:</p> <ul style="list-style-type: none"> • Land Administration and Policies in Mashreq – P175699 • Lebanon Poverty Assessment – P176651

New CROSS-CUTTING THEME: Increased Economic Opportunities for Women
Intervention logic: Women represent a significant untapped resource when it comes to economic activity in Lebanon. Only 25 percent of women are in the labor force (compared to 76 percent of men), and a large proportion of them are unemployed. Few women are entrepreneurs. The multiple crises, including COVID-19, have taken a particularly hard toll on women’s ability and opportunities to be active in the labor market. Women face a range of constraints that limit their labor force participation, including a restrictive legal framework, limiting social norms, lack of access to quality childcare provision and safe transport. Given the instrumental role of the private sector for employment and job creation, more gender-responsive workplaces can contribute to improving jobs for women, can help remove barriers to women’s participation in Lebanese workplaces, and can build a community of companies dedicated to hiring, retaining, and promoting women. The main WBG support to this agenda is coordinated through the WB-IFC initiative Mashreq Gender Facility (MGF), in combination with targeted activities under the existing portfolio such as the IFC Advisory services and the B5 project under the LFF.

New CPF Objective C: Contribute to a more enabling environment for women’s economic participation	
Intervention logic: Lebanon is characterized by low levels of female labor force participation coupled with high levels of unemployment among women. Incorporating more women in the labor force contributes to inclusive growth and is key to help grow the middle class. The WBG will support empowering women and girls to help achieve more inclusive institutions, sound policies, and effective development outcomes. The WBG is supporting a series of activities aimed at improving the enabling environment for women’s work, including working with the private sector on creating more gender-responsive workplaces.	
CPF Indicators	WBG Program
<p>Indicator 1: Number of laws reviewed and suggested amendments to ensure no discriminatory clauses against women are included, submitted to relevant governmental agency or ministry Baseline: 1 (2021) Target: 2 (2023) <i>Source:</i> MGF.</p> <p>Indicator 2: Framework for increased quality and affordable childcare endorsed by the government Baseline: 0 (2021) Target: 1 (2023) <i>Source:</i> MGF.</p> <p>Indicator 3: Number of signed clients from the private sector to improve gender diversity at the workplace (advisory services) Baseline: 0 (2019) Target: 2 (2021) [Achieved] <i>Source:</i> MGF.</p> <p>Indicator 4: Number of unique private sector companies participating in the women’s employment peer-learning platform Baseline: 0 (2020) Target: 35 (2021) [Achieved] <i>Source:</i> MGF.</p> <p>Indicator 5: Number of unique private sector companies participating in the women’s employment peer-learning platform (leaders for equality) Baseline: 0 (2021) Target: 10 (2023) <i>Source:</i> MGF.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project (IBRD) – P173367 Support for Social Recovery Needs of Vulnerable Groups in Beirut (LFF) – P176622 <p>IFC:</p> <ul style="list-style-type: none"> Women’s Employment Peer-Learning Platform Version 2: Leaders4Equality (under the MGF) (pipeline) Lebanon Women Econ (TF MENA Creating Markets Advancing Women)³⁶ <p>ASAs:</p> <ul style="list-style-type: none"> MGF – P168157

³⁶ Conducting with courier-service Wakilni and cosmetics company Beesline an assessment of the gender composition and dynamics in the workforce of the client companies, which will produce a Gender Diversity Action Plan for each company to increase and improve jobs for women in the company’s workforce.

<p>Indicator 6: Number of survivors and those at risk of gender-based violence (GBV) benefiting from improved access to quality GBV prevention, case management and referral, and treatment services (disaggregated by women, accompanied girls, and at-risk boys) Baseline: 0 (2021) Target: 1540 (2023) <i>Source:</i> Support for Social Recovery Needs of Vulnerable Groups in Beirut Project (P176622), funded by the LFF (FY22).</p>	
<p>New CPF Objective D: Facilitate women’s entrepreneurship</p>	
<p>Intervention logic: Women are underrepresented among Lebanese entrepreneurs, with only 6 percent of firms being led by a woman and less than 10 percent of firms with women among the main owners. The WB will support empowering women with the right skills set, combined with increased opportunities to access resources, to ultimately contribute to promoting more female entrepreneurs.</p>	
<p>Indicator 1: Number of women-led or owned SMEs that received capacity building support in crisis management training and subsequently in export-promotion support Baseline: 0 (2020) Target: 160 (2022) [Achieved] <i>Source:</i> MGF.</p> <p>Indicator 2: Number of female-owned micro and small enterprises receiving B5 grants that are operational for at least 12 months after receiving the grants Baseline: 0 (2021) Target: 1,032 (2023) <i>Source:</i> Building Beirut Businesses Back & Better (B5) Fund (P176013), funded by the LFF (approved FY22).</p> <p>Indicator 3: Number of incubators and accelerators trained on gender sensitization and gender lens investing, and number of women-led startups trained on investment readiness Baseline: 0 (2020) Target: 5 incubators/accelerators and 30 women entrepreneurs (2021) [Achieved] Source: MGF.</p> <p>Indicator 4: Number of women-led or owned SMEs that received capacity building support in export and procurement readiness Baseline: 0 (2021) Target: 75 (2023) Source: MGF.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Building Beirut Businesses Back & Better (B5) Fund (LFF) - P176013 (FY22) <p>ASAs:</p> <ul style="list-style-type: none"> • MGF <p>IFC:</p> <ul style="list-style-type: none"> • Lebanon Women Econ (TF MENA Creating Markets Advancing Women) • CMA Strat Mashreq entrepreneurship program • Ureed project • Access2Markets Booster for Women-led SMEs in Lebanon (under the MGF)

ANNEX 2. MATRIX OF CHANGES TO ORIGINAL CPF RESULTS FRAMEWORK

Original CPF Indicators	Revised CPF Indicators	Rationale for Change
FOCUS AREA 1: Expand access to and quality of service delivery		
CPF Objective 1a: Improved water supply services in Greater Beirut		
	New Indicator 1: Number of customers in Greater Beirut Mount Lebanon receiving 24/7 water supply (Number, Custom)	This indicator will measure the improvement in water supply services in Greater Beirut area. This indicator has already been achieved and exceeded.
Indicator 2: Volume of additional water distributed per year	Revised: Volume (million cumulative per year) of additional potable water distributed in the project area (cumulative) Revised Baseline: 0 (2010) Revised Target: 45 (2024)	The target date should be revised (from 2020 to 2024) to ensure a proper operation system and to reflect the delays in procurement to complete the construction of the Wardanieh Water Treatment Plant the bulk remaining infrastructure works related to the tunnel lining and pipelines due to the bankruptcy of the main contractor in 2018 for the tunnel works, the financial crisis that delayed the payment of material and staff since October 2019, and the COVID-19 lockdown and delays in processing the remaining works for the tunnel lining and the pipelines works.
	New Indicator 3: New piped household connections for poor households in Southern Beirut that are resulting from the Project's intervention (cumulative) Revised Target: 5,125 (2022)	During project preparation, there was an error in the original estimate of the end target value (20,000) by Beirut and Mount Lebanon Water Establishment (BMLWE). The real end target value is 5,125. This target has been achieved.
CPF Objective 1b: Reduced industrial, hazardous, and wastewater pollution		
Indicator 1: Household connection to sanitation services in the Bekaa Governorate	Revised: Sewage connections to existing wastewater treatment plants Revised Target: 300 kilometers (2023)	This indicator needs to be revised to align with the revisions being proposed to the Lake Qaraoun Pollution Prevention Project's results framework.
Indicator 2: Number of industrial enterprises that reduced biological oxygen demand discharge by 50%	Revised: Number of establishments that meet national environmental standards for solid waste, wastewater and air quality Revised Target: 10 (2023)	This indicator should be revised to cover all industries engaged in pollution abatement, and not only those involved in industrial wastewater treatment. To date, eight industries funded by the Lebanon Environmental Pollution Abatement Project (LEPAP) have been able to meet national environmental standards for solid waste, wastewater and air quality, as they are all operational.

Original CPF Indicators	Revised CPF Indicators	Rationale for Change
Indicator 3: GHG emissions expected to be avoided	Unchanged , except revised baseline of 14,115 tCO ₂ (2021) and target of 24,137 tCO ₂ (2023)	This indicator remains unchanged.
	New Indicator 4: Guidelines and tools for environmental monitoring/compliance for specific industrial sectors developed	This indicator is added to reflect the technical assistance provided through LEPAP to strengthen the capacities of the Ministry of Environment and other stakeholders in monitoring and enforcing environmental regulations and adopt needed measures for pollution abatement. This indicator has been achieved through guidelines focusing on the agri-foods and construction sectors.
CPF Objective 1c: Improved access to and quality of infrastructure and public transportation services		
Indicator 1: Number of kilometers of improved rural access	Revised: Number of kilometers of improved road quality and safety Revised Target: 550 kilometers (2023)	Given that the Roads and Employment Project (REP) includes both rural and semi-urban roads, it is important to modify the title from rural roads. The target date should be revised (from 2020 to 2023) to reflect the delays in the effectiveness of the REP and in the approval of the list of roads and broadened project scope since CPF approval. The target number should be increased to 550 kilometers.
	New Indicator 2: Improvement of the MPWT's Road Emergency Response Capacity through the delivery of emergency support equipment to the Ministry of Public Works and Transport	This indicator will aim to procure and deliver pieces of equipment to support the improvement of the road emergency response capacity of the Ministry of Public Works and Transport. This target has been achieved.
	New Indicator 3: Development of a National Road Safety Strategy	This indicator will aim to conduct the study from January 2022 to January 2023, and the hiring of a consulting firm is in its final stages.
	New Indicator 4: Development of a port sector law and a national port sector vision and new PoB masterplan	This indicator will include coordinating a unified platform of communication with the donor and diplomatic community to coordinate support toward the reform and reconstruction of the PoB.
New CPF Objective 1d: Improved quantity, quality, and access of the energy sector		
	New Indicator 1: Import of Natural Gas to the existing Deir Amar power plant through the Arab Gas Pipeline	This indicator will measure the quantity of Egyptian Natural Gas imported through Jordan and Syria using the Arab Gas pipeline to Deir Amar power Plant located at North of Lebanon.
	New Indicator 2: Increase in available electricity supply in Lebanon	This indicator will measure the average of EDL supplied electricity hours per day.
	New Indicator 3: EDL discloses its audited financial statements	This indicator will monitor EDL disclosure of its audited financial statements.

Original CPF Indicators	Revised CPF Indicators	Rationale for Change
	New Indicator 4: Increased supply of green energy	This indicator will aim to close the gap on renewable energy resources in the country.
FOCUS AREA 2: Expand economic opportunities and increase human capital		
CPF Objective 2a: Improved private investment environment		
	New Indicator 1: Number of business environment recommendations drafted and shared with GoL as a result of consultations with stakeholders	This indicator aims to identify recommendations to strengthen the business enabling environment to reduce the cost of doing business for the private sector and increase the attractiveness of the Lebanese economy for foreign investments.
	New Indicator 2: Number of financial sector briefs and policy notes	This indicator aims to provide financial sector monitoring and policy advise support under the financial sector PASA.
CPF Objective 2b: Improved access to finance		
Indicator 1: Improved access to finance by MSME	Revised: (i) Total amount of equity financing received (leveraged) leveraging investors and the iSME funding program.	This indicator will be changed to a more specific indicator to better capture the results achieved under the iSME. This indicator has already been achieved and exceeded.
	Revised: (ii) Volume of MSME loans outstanding Revised Baseline: US\$0 million (2021) Revised Target: US\$15 million (2023)	This indicator will continue to be monitored, including the contribution of the iSME.
	New Indicator 2: Amounts of funds disbursed to damaged micro and small enterprises	This indicator aims to reflect the financing channeled through the B5 Project to damaged MSEs that are struggling to finance their recovery needs, given the interruption of financing through the financial sector as a result of the crisis.
	New Indicator 3: Number of Microfinance Institutions operational for at least 24 months after receiving financial support to sustain their operations	This indicator aims to capture the impact of the support provided to the microfinance institutions through the B5 Project in the form of self-sustainability grants to preserve the microfinance sector and its capacity.
	New Indicator 4: Increased number of beneficiaries from productive MSMEs supported through blended finance instruments	This indicator will aim to support MSMEs with access to finance solutions through MFIs in order to benefit more than 25 beneficiaries.
	New Indicator 5: Increased number of beneficiaries from marginalized MSMEs supported through blended finance instruments	This indicator will aim to support marginalized MSMEs in order to benefit more than 100 beneficiaries.

CPF Objective 2c: Improved delivery of education services and skills development		
Indicator 1: Proportion of school-aged children (3-18 years) enrolled in formal education aggregated by gender; Lebanese/non-Lebanese	Revised: Number of school-aged children (3-18 years) enrolled in formal education aggregated by Lebanese/non-Lebanese.	This indicator will be revised to change the unit of measurement from percentage to number to be aligned with the RACE 2 Support PforR. This indicator has been achieved and exceeded.
Indicator 2: Proportion of students attending classes, passing their grades and transitioning to the next grade	Revised: Increase in the proportion of students passing their grades and transitioning to the next grade (disaggregated by school type, grade, nationality, and gender).	This indicator will be revised to measure the increase in the proportion of students passing and transitioning to the next grade; it will not measure the proportion of students attending classes.
	New Indicator 3: Youth that have successfully completed a market-relevant, certifiable digital skilling course as part of the Skilling Up Mashreq (SUM) initiative	This indicator is added to reflect the expected result to be achieved as part of the multiple pilots implemented under the Skilling Up Lebanon program—part of the SUM initiative.
CPF Objective 2d: Improved delivery of health services		
Indicator 1: Number of primary health care facilities contracted by the MoPH to deliver the package of essential health care services to NPTP beneficiaries.	Unchanged, but new target under the Lebanon Health Resilience Project (LHRP) (2017-2023): 170 (2023)	The LHRP is a continuation of the Emergency Primary Health Care Restoration Project (2015-2019).
	New Indicator 2: Number of patients who benefit from financial assistance for inpatient treatment for COVID-19 and life-saving interventions	This indicator will accommodate the GoL’s request to cancel the primary health care interventions and reallocate resources to support and measure the treatment of people for COVID-19 and critical health interventions, to mitigate the effects of the socioeconomic crisis in the health sector.
CPF Objective 2e: Strengthened Safety Nets for the Poorest Lebanese		
	New Indicator 1a: Households receiving basic cash transfers	In response to the economic, financial, and COVID-19 compounded crisis affecting Lebanon, these indicators will help measure cash transfers to 147,000 Lebanese households under the extreme poverty line, as well as the sex-disaggregated component.
	New Indicator 1b: Percentage of female-headed households among beneficiary households	
	New Indicator 2: Households receiving top-up cash transfer for children	In response to the Economic, Financial, and COVID-19 compounded crisis affecting Lebanon, this indicator will help measure top-up cash to children at risk of dropping out of schooling.

	New Indicator 3: Beneficiaries of social services	This indicator will measure the total number of direct beneficiaries who receive support through the Social Development Center (SDC) or from specialized service providers.
	New Indicator 4: Female beneficiaries of social services	This indicator will measure the total number of female beneficiaries who receive support through SDCs or from specialized service providers.
New CPF Objective 2f: Responding to the COVID-19 crisis and enabling socioeconomic recovery		
	New Indicator 1a: Percentage of specific priority population defined in the national plan vaccinated	This indicator aims to strengthen the GoL's capacity to respond to the COVID-19 crisis.
	New Indicator 1b: Percent female	This indicator aims to measure the percentage of specific female priority population defined in the national plan that was vaccinated.
	New Indicator 2: Number of firms receiving funding from the COVID19 financing facility	The indicator aims to support the capability of firms in response to the COVID-19 crisis.
	New Indicator 3a: Number of vouchers delivered to small-scale farmers	This indicator aims to support small farmers in Lebanon.
	New Indicator 3b: Percentage of women beneficiaries	This indicator aims to measure the percentage of women beneficiaries of vouchers delivered to small-scale farmers.
	New Indicator 4: Number of micro and small enterprises receiving grants (which are women owned or led)	This indicator aims to support the recovery of targeted MSEs damaged by the explosion and sustain the operations of eligible MFIs. It is expected that the 4300 damaged MSEs and three MFIs benefit from the fund's support.
	New Indicator 5: Beneficiaries of improved mental health and psychosocial support services and platforms	This indicator aims to measure the beneficiaries of a range of psychosocial interventions for improved mental health and wellbeing after the amalgamation of different crises affecting Lebanon have had a dire effect on the psychosocial wellbeing of its population.
	New Indicator 6: Cumulative amount of wheat procured through the project and delivered in the ports of Beirut and Tripoli (Metric ton)	This indicator aims to measure the amount of wheat procured through the project to help manage the immediate supply shock resulting from the war in Ukraine and to ensure continuity in wheat supply by avoiding disruptions and shortages in wheat availability, which should help maintain food security for vulnerable households.

CROSS-CUTTING THEME: Governance and Renewing the Social Contract		
CPF Objective A: Strengthened transparency, accountability, and justice systems		
Indicator 1: SBDs to be developed and monitored by the Central Tender Board (CTB)	Revised: SBDs to be reviewed and adopted by the government as per the findings and recommendations of MAPSII of 2019	This indicator should be revised since broader objectives were achieved (i) through conducting MAPSII, (ii) the public procurement law No 244 was voted in July 2021, (iii) the action plan strategizing the public procurement reform implementation was launched in January 2022 by the Prime Minister in the presence of donors and various stakeholders. Along the action plan, SBDs development comes as priority to be developed prior to effectiveness of the law that is set in August 2022.
Indicator 2: Number of Corporate Governance Assessments for private sector firms	Unchanged, but revised target date (2023)	This indicator will continue to be monitored into 2023.
	New Indicator 3: The Court of Account conducts a forensic audit function on a pilot basis	This indicator will aim to support the CoA in piloting a forensic audit function for strengthening accountability and transparency.
	New Indicator 4: Strengthened capacity of Central inspection on financial investigation	This indicator will aim to strengthen the financial investigation capacity of the Central inspection.
	New Indicator 5: IFC corporate governance executive director certification	This indicator, through local partners, will provide capacity building and accreditation for corporate governance certification targeting 50 executive professionals in Lebanon and the region.
	New Indicator 6: Creation and operationalization of new Anti-Corruption Commission	This indicator aims to monitor support to operationalize the new Anti-Corruption Commission, including plans to create and implement an electronic asset declaration system to be funded by the LFF.
CPF Objective B: Improved availability of data		
Indicator 1: Comparable poverty estimates based on the two surveys collected during 2017-2022	Revised: One poverty estimate based on the Household Budget Survey conducted in 2021-2022.	This indicator should be revised, as the WB poverty team worked with the Central Administration of Statistics (CAS) to prepare for a new round of Household Budget Survey (HBS), to completely redesign survey instruments to reduce item and unit non-response.
New CROSS-CUTTING THEME: Increased Economic Opportunities for Women		
New CPF Objective C: Contribute to a more enabling environment for women's economic participation		
	New Indicator 1: Number of laws reviewed and suggested amendments to ensure no discriminatory clauses against	This indicator tracks progress of the work implemented under the Enabling Environment Pillar of the WBG MGF. This target is on

	women are included, submitted to relevant governmental agency or ministry	track, as the anti-sexual harassment law was approved by the government in December 2020 with significant technical and coordination support from the MGF team.
	New Indicator 2: Framework for increased quality and affordable childcare approved by the government.	This indicator tracks progress of the work implemented under the Childcare Policy Dialogue and Research Pillar of the MGF. The target is on track, as the framework will stem from the comprehensive childcare assessment, expected to be finalized by December 2021.
	New Indicator 3: Number of signed clients from the private sector to improve gender diversity at the workplace (advisory services)	This indicator tracks progress of the work implemented under the women’s employment peer-learning platform—Employment Pillar— of the MGF. This indicator was achieved in 2021.
	New Indicator 4: Number of unique private sector companies participating in the women’s employment peer-learning platform	This indicator tracks progress of the work implemented under the Private Sector (wage employment) Pillar of the MGF. The target was achieved and exceeded (88), with more companies joining the discussions and webinars on the peer-learning platform than expected.
	New Indicator 5: Number of unique private sector companies participating in the women’s employment peer-learning platform (leaders for equality)	This indicator will measure the private sector companies that will develop gender diversity and inclusion Human Resources tools.
	New Indicator 6: Number of survivors and those at risk of GBV benefiting from improved access to quality GBV prevention, case management and referral, and treatment services	The COVID-19 outbreak has increased the risk of GBV, particularly during the various lockdowns. This indicator will measure beneficiaries of GBV services funded by the Support for Social Recovery Needs of Vulnerable Groups in Beirut Project.
New CPF Objective D: Facilitate women’s entrepreneurship		
	New Indicator 1: Number of women-led or owned SMEs that received capacity building support in crisis management training and subsequently in export-promotion support	This indicator tracks progress of the work implemented under the Entrepreneurship Pillar of the MGF. The target has been achieved in 2021 (160). These firms will receive further technical and advisory support to promote the export of their products and/or services.
	New Indicator 2: Number of female-owned micro and small enterprises receiving B5 grants that are operational for at least 12 months after receiving the grants	This indicator tracks progress under the Building Beirut Businesses Back & Better (B5 Project).
	New Indicator 3: Number of incubators and accelerators trained on gender sensitization and gender lens investing, and number of women-led startups trained on investment readiness	This indicator tracks progress under the Venture Spark4Her – startup training program under the Entrepreneurship Pillar of the MGF. The target has been exceeded in 2021 (5 incubators/accelerators, and 34 women-led startups).
	New Indicator 4: Number of women-led or owned SMEs that received capacity building support in export and procurement readiness	This indicator will measure the number of women-led or owned SMEs that will be better equipped to start exporting to regional and international markets and scale up their businesses, tap into new local markets, and build stronger business networks.

ANNEX 3: MATRIX SUMMARIZING PROGRESS TOWARD CPF OBJECTIVES

FOCUS AREA 1: Expand access to and quality of service delivery	
CPF Objective 1a: Improved water supply services in Greater Beirut	
CPF Indicators	WBG Program
<p>Indicator 1: Total number of people switched to 24/7 service Baseline: 0 (2015) Target: 80,000 (2019) Target status: >80,000 (2021) Target Exceeded The total number of households who switched to 24/7 service in the zones under the Greater Beirut Water Supply Project (GBWSP) is estimated at 30,000 (each household is estimated at around five persons living in the same unit). <i>Source:</i> GBWSP (P103063).</p> <p>Indicator 2: Volume of additional water distributed per year Baseline: 0 million cubic meters per year (2015) Target: 10 million cubic meters per year (2020) Target status: 0 million cubic meters per year (2021) Target Not on Track The water conveyor and Water Treatment Plant are still under construction. The project was extended to November 2022, and an additional extension is needed to complete the works. This indicator will be revised. <i>Source:</i> GBWSP (P103063).</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Water Supply Augmentation Project (IBRD-P125184) (FY15); partially canceled in FY20 • GBWSP (IBRD- P103063) (FY11) • Mashreq Platform for Transboundary Water (P168021) (ASA) • Mashreq Water Supply and Sanitation Technical Assistance (P176196) (ASA) <p>IFC:</p> <ul style="list-style-type: none"> • IFC PPP Advisory and Investments in infrastructure (not implemented)
CPF Objective 1b: Reduced industrial, hazardous and wastewater pollution	
CPF Indicators	WBG Program
<p>Indicator 1: Household connections to sanitation services in the Bekaa Governorate Baseline: 0 Household connection (2016) Target: 5,000 Household connections (2022) Target status: N/A (2021) Target Not on Track The target will not be met by FY22 due to delays in the implementation of the Zahleh and Aitanit works and in launching the Anjar works contracts. This indicator will be revised. <i>Source:</i> Lake Qaraoun Pollution Prevention Project (P147854).</p> <p>Indicator 2: Number of industrial enterprises that reduced biological oxygen demand discharge by 50% Baseline: 0 (2016) Target: 10 (2022) Target status: 4 (2021)</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Lake Qaraoun Pollution Prevention Project (IBRD-P147854) (FY17) • PCB Management in the Power Sector Project (GEF Grant No: TF018030) (FY15) • LEPAP (IBRD-P143594) (FY15) • ESF Risks and Capacity in Mashreq (P175838) (ASA) <p>IFC:</p>

<p>Target Not on Track Out of eight industries engaged in pollution abatement measures, four industries have implemented wastewater treatment interventions (Kassatly Chtaura, Chateau Ksara, Sicomo and Libanlait) which are all operational, leading to a reduction of biological oxygen demand by more than 50%. This indicator will be revised. <i>Source:</i> LEPAP (P143594).</p> <p>Indicator 3: GHG emissions expected to be avoided Baseline: 4,728 tCO2 (2013-2016) Target: 24,137 tCO2 (2022) Target status: 14,566 tCO2 (2021) Target on Track Green bond issuance (total Finance and Budget [FB] disbursements of US\$44.3 million under FB green bond to eligible transactions) achieved 14,566 metric tons of carbon dioxide equivalent (tCO2eq) per year; on a cumulative basis this is equivalent to 58,200 tCO2eq of cumulative savings by end of FY20. This indicator will be revised in terms of the baseline and target. <i>Source:</i> IFC Sustainable Energy Financing from the Green bond issuance.</p>	<ul style="list-style-type: none"> Fransabank Green Bond
CPF Objective 1c: Improved access to and quality of infrastructure and public transportation services	
CPF Indicators	WBG Program
<p>Indicator 1: Number of people using the new public transport service (of which women) Baseline: 0 (2015) Target: 50,000 (50% of which women) (2018) Target status: 0 (2021) Target Dropped There has been almost no progress in project implementation since the effectiveness of the Legal Agreements. The Bank recommended the GoL canceling the project and continuing to work jointly to prepare a strategy to address the needs of the public transport sector, in view of a potential new operation to respond to the needs of the country. This indicator will be dropped. <i>Source:</i> Greater Beirut Urban Transport (P160223).</p> <p>Indicator 2: Number of kilometers of improved rural access Baseline: 0 (2015) Target: 50 kilometers (2019) Target status: 0 kilometers (2021) Target Not on Track Due to delays, the Roads and Employment Project (REP) was made effective in October 2018, and the list of roads to be financed under the project was approved in June 2019. 550 kilometers of roads are now under implementation, with the target expected to be reached by June 2023. The project was also restructured in early 2021 to address immediate needs in the agriculture sector, and it is creating much-needed jobs and supporting small-scale farmers all around Lebanon, with specific and measurable results on the ground. This indicator will be revised. <i>Source:</i> REP (P160223).</p>	<p>IBRD:</p> <ul style="list-style-type: none"> Greater Beirut Urban Transport (IBRD/GCFF) - P160223 (FY18) Roads and Employment Project (IBRD/GCFF) - P160223 (FY17) PoB Reform and Reconstruction (P176271) (ASA) Technical Assistance to Tripoli Port (P162351) (ASA) Mashreq Public Transport Diagnostic (P173895) (ASA) <p>IFC:</p> <ul style="list-style-type: none"> PPP AS Beirut Rafic Hariri International Airport expansion and upgrade (project terminated due to crisis)

	<ul style="list-style-type: none"> • PPP AS Bus Rapid Terminal operational management of the bus fleet (project terminated due to crisis)
CPF Objective 1d: Improved capacity of central and local governments to provide basic services to communities hosting Syrian refugees and stimulate economic development at the local level	
CPF Indicators	WBG Program
<p>Indicator 1: Municipal Services Emergency Project investments corresponding to the priorities identified by beneficiaries. Baseline: 0% (2015) Target: 80% (2017) Target status: 100% (2021) Target Exceeded At project completion in June 2018, additional surveys were conducted by a third party to document the impact that beneficiaries felt on their lives after actual delivery and operation of assets that they had demanded. Results included: satisfaction for improvement in targeted communities in solid waste 79%; in water and sanitation 77%; in roads and streetlights 74%; in mobility and sanitary conditions 71%; and in parks and amenities 64%. <i>Source:</i> Municipal Services Emergency Project (P149724) and Beneficiary Feedback Survey delivered by the client.</p> <p>Indicator 2: Positive impact of Cultural Heritage and Urban Development investments on the livelihood of local communities, as rated by beneficiaries.³⁷ Baseline: 0 (2014) Target: 4 (2017) Target status: 5 (2021) Target Exceeded At project completion and at ICR in May 2017, additional surveys' results included: relevance of the operation to local economic development (60% to 90% of private investors, depending on participating cities, stated they would not have invested without the project); net increase in the appreciation of public spaces and amenities (e.g., 80% to 140% increase compared to the baseline for the appreciation of benches, depending on participating cities; 70% to 80% for street paving). <i>Source:</i> Municipal Services Emergency Project (P149724).</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Lebanon Municipal Services Emergency Project (P149724/TF-17510) - Closed • Lebanon Comprehensive Urban Resilience Project (P154164) (ASA) • Comprehensive Urban Resilience Masterplan for the City of Beirut – Phase II (CURMCB II) (P167089) (ASA) • Syrian Refugee Crisis Impact – 3-Country Survey (GFFD TA) <p>MIGA:</p> <ul style="list-style-type: none"> • BUTEC Electricity Distribution Service Provider (DSP) Project
FOCUS AREA 2: Expand economic opportunities and increase human capital	
CPF Objective 2a: Improved private investment environment	
CPF Indicators	WBG Program
<p>Indicator 1: Improvement in business regulation services to private sector.</p> <p>(i) Time to register a business (# of days)</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Lebanon financial sector monitoring and policy dialogue (P171348) (ASA)

³⁷ The rating scale is 0 to 5, with 5 being the highest impact as reported by beneficiaries.

<p>Baseline: 7 (2016)³⁸ Target: 3 (2020) Target status: 15 (2021)³⁹ Target Dropped The IFC project was closed in FY20 due to lack of progress and weak commitment from stakeholders (there was misalignment of the relative line ministry). <i>Source:</i> IFC Lebanon Government Interoperability Business Entry (LGIBE).</p> <p>(ii) Time to register a property transaction (# of days) Baseline: 25 (2016) Target: 5 (2019) Target status: 37 (2021)⁴⁰ Target Dropped This was an indicator under the IBRD Land Administration System Modernization Project which was canceled in November 2019 due to failure to become effective (the parliamentary ratification did not happen before the effectiveness deadline). The construction permit reform was dropped. <i>Source:</i> Land Administration System Modernization Project (P159692).</p> <p>(iii) Insolvency and Bankruptcy Law and Insolvency Practitioners Law enacted Baseline: No (2016) Target: Yes (2022) Target status: No (2021) Target Dropped The two draft laws that were transferred to Parliament in early 2019 are still pending despite various follow-ups with the Minister of Economy and Trade in the previous government. <i>Source:</i> The World Bank did not reach the stage of developing through a project through an ASA or others.</p>	<ul style="list-style-type: none"> Lebanon activities under Mashreq Digital Development Dialogue (P172546) (ASA) Creating Economic Opportunities – Lebanon National Jobs Program (IBRD/GCFF) - (P163576) – Canceled Land Administration System Modernization Project (P159692) (IBRD) – Canceled <p>IFC:</p> <ul style="list-style-type: none"> LGIBE canceled <p>MIGA:</p> <ul style="list-style-type: none"> BUTEC Electricity Distribution Service Provider (DSP) Project
<p>CPF Objective 2b: Improved access to finance</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1: Improved access to finance by MSME</p> <p>(i) Increased financing available to startups and early-stage firms Baseline: US\$20 million (2016) Target: US\$60 million (2022) Target status: US\$58.7 million (2021) Target on Track</p>	<p>IBRD:</p> <ul style="list-style-type: none"> Supporting Innovation in SMEs Project (IBRD-P127306) (FY13) Lebanon MSME Technical Assistance Facility (P148583) (ASA)

³⁸ As per Doing Business (DB) Report 2016.

³⁹ As per the DB Report 2020.

⁴⁰ As per the DB Report 2020.

<p>Assuming that this indicator is trying to capture the financing leveraged by iSME portfolio companies from private investors, this target is on track, since the iSME in both its instruments (grants and equity co-investments) has managed to leverage at least \$58.7 million from other sources, thereby indicating a leverage ratio of 3.65. However, this indicator will be revised to better align with the iSME's results framework. <i>Source:</i> Supporting Innovation in SMEs Project (P127306).</p> <p>(ii) Volume of MSME loans outstanding⁴¹ Baseline: US\$2.4 billion (2013) Target: US\$3.8 billion (2020) Target status: US\$2.1 billion (2021) Target Not on Track Aggregate numbers are published in IFC Annual Report. The Reach data of CY18-19 could not be collected from clients in Lebanon due to political and financial crisis. This indicator will be revised. <i>Source:</i> IFC reach data.</p> <p>(iii) Average annual outstanding volume of Trade Finance transactions guaranteed by IFC partner banks Baseline: US\$96 million (annual average outstanding 2013-2016) Target: US\$110 million (annual average outstanding by 2022) Target status: US\$302 million (annual average outstanding for FY17–20) Target Exceeded Target achieved for the first four years but for the last two fiscal years, target was not achieved. IFC put all Global Trade Finance Program (GTFP) lines for banks in Lebanon on hold due to the financial crises. This indicator will be dropped. <i>Source:</i> GTFP BLF, GTFP Fransabank, GTFP Byblos Bank, GTFP Bank Beirut, GTFP Credit Lebanon, GTFP BLC Bank SAL, GTFP CL SAL, GTFP BBAC, GTFP CREDITBANK, GTFP SGBL, GTFP BLOM.</p>	<ul style="list-style-type: none"> • Lebanon FSAP Update (P156401) (ASA) • Lebanon Capital Markets Regulation and Development (P147667) (ASA) • Lebanon FSAP follow-up (P161089) (ASA) • Lebanon Strengthening Insurance Sector Regulation and Supervision (P150698) (ASA) • The Role of Financial Services to Manage the Syrian Refugee Crisis in Lebanon (P162629) (ASA) • Lebanon Economic Opportunities Diagnostics (LECOD) (P159481) (ASA) • Lebanon financial sector monitoring and policy dialogue (P171348) (ASA) <p>IFC:</p> <ul style="list-style-type: none"> • Investments and advisory projects in financial institutions that promote increased lending to MSMEs • New trade finance engagements • Potential IFC investments in manufacturing, agribusiness and services sectors (e.g., education and health)
CPF Objective 2c: Improved delivery of education services and skills development	
CPF Indicators	WBG Program

⁴¹ This MSME indicator represents the portfolio reach figures of IFC clients, including contributions from advisory services. It is based on the SME and microfinance outstanding loan portfolio of IFC clients for MSME-oriented financial institutions/projects at the end of each calendar year.

<p>Indicator 1: Proportion of school-aged children (3-18 years) enrolled in formal education disaggregated by gender; Lebanese/non-Lebanese Baseline: 57% (2016) [Revised: 400,000 (2016)] Target: Increase of 8% over 5 years (2021) [Revised: 500,000 (2022)] Target status: N/A [Revised: 503,473 (2021)] Target Exceeded This indicator was revised during CPF implementation from percentage to number as “Increase in the proportion of school-aged Lebanese and non-Lebanese children (3-18) enrolled in formal education... (Number)” to be aligned with the RACE 2 Support PforR, and as such it was achieved. <i>Source:</i> Reaching All Children with Education in Lebanon Support PforR (P159470).</p> <p>Indicator 2: Proportion of students attending classes, passing their grades and transitioning to the next grade Baseline: 57% (2016) Target: Increase of 10% after 5 years (2021) Target status: 79% (2021) Target Exceeded This indicator will be revised to measure the increase in the proportion of students passing and transitioning to the next grade—it will not include the proportion of students attending classes. <i>Source:</i> Reaching All Children with Education in Lebanon Support PforR (P159470).</p> <p>Indicator 3: Youth that have successfully completed a 75-hour training on life skills, coaching, and on-the-jobs training under the New Entrants to Work (NEW) program. Baseline: 0 (2015) Target: 500 (2017), of which 50% women and 20% with secondary education or below Target status: 200 (2021) Target Dropped The project was canceled. It was not implemented on time, and the GoL faced significant delays. A Bank extension was not possible anymore for this project. Therefore, Component 1 of ESPISP II and its activities, indicators and results were dropped. The New Entrants to Work (NEW) program was never launched. <i>Source:</i> Second Emergency Social Protection Implementation Support Project (ESPISP II – P111849).</p> <p>Indicator 4: Youth aged between 15 and 24 trained in soft skills (under National Volunteer Service Program) Baseline: 0 (2015) Target: 2,000 (2017) Target status: 2,434 (2021) Target Exceeded Of whom get job offers Baseline: 10% (2015) Target: 15% (2017) Target status: 12% (2021) Target Not on Track</p>	<p>IBRD/IDA:</p> <ul style="list-style-type: none"> • Reaching All Children with Education in Lebanon Support PforR (P159470 IDA/TF) (FY17) • Lebanon Emergency System Stabilization (LSCTF) - Closed • Support to the Human Capital Project in Mashreq countries (P170413) (ASA) • Skilling Up Mashreq (P169918) (ASA), PROSPECTS Dutch Partnership • Second Emergency Social Protection Implementation Support Project (ESPISP II – P111849) - Canceled
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<p>The project's employment intervention, which consisted of the provision of soft skills training to participating youth, was insufficient by itself or when combined with the experience gained through volunteering to increase youths' chances of employment. This indicator will be revised. <i>Source:</i> National Volunteer Service Program (P126734).</p>	
<p>CPF Objective 2d: Improved delivery of health services</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1: Number of primary health care facilities contracted by the MoPH to deliver the package of essential health care services to the National Poverty Targeting Program (NPTP) beneficiaries Baseline: 0 (2016) Target: 75 (2018) Target status: 75 (2021) Target Achieved The previous target of 75 was met in 2019 and a new target was set under the Lebanon Health Resilience Project (LHRP) (2017-2023), which is a continuation of the Emergency Primary Health Care Restoration Project (2015-2019). <i>Source:</i> Lebanon Health Resilience Project (P163476).</p>	<p>IBRD:</p> <ul style="list-style-type: none"> Lebanon Health Resilience Project (IBRD/GCFF) - P163476 (FY17) Emergency Primary Health Care Restoration Project (LSCTF) (P152646) - Closed
<p>Indicator 2: Pregnant women receiving at least four antenatal care visits (percentage) Baseline: 65 (2016) [Revised: 50 (2017)] Target: 90 (2018) [Revised: 60 (2022)] Target status: 60 (2021) Target Achieved The LHRP was restructured in March 2020. Due to delays in project implementation, project duration is three years instead of five years. The baseline and the target values for this indicator were changed to 50 percent and 60 percent, respectively, based on the decrease in project duration. <i>Source:</i> Lebanon Health Resilience Project (P163476).</p>	<ul style="list-style-type: none"> Lebanon Ministry of Public Health Statistical Capacity Building (P163042) (ASA) Technical Assistance in Pandemic Preparedness/Response and Health System Strengthening in the MASHREQ (P175822) (ASA)
<p>CPF Objective 2e: Strengthened safety net for the poorest Lebanese</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1: Enhanced targeting of NPTP benefits to the extreme poor⁴² Baseline: 100,000 households receiving education and health benefits (2015) Target: 44,000 (2017) Target status: 41,000 (2021) Target Achieved The WB poverty and social protection teams worked closely with the Central Administration for Statistics (CAS) to produce welfare aggregate data using the 2011/2012 Household Budget Survey (HBS 2011/2012), updated the poverty line for Lebanon, and finalized a new proxy-means testing (PMT) formula in December 2015. Subsequently, the NPTP application</p>	<p>IBRD:</p> <ul style="list-style-type: none"> Emergency NPTP (P149242) (LSCTF) - Closed Additional Financing for Emergency NPTP (LSCTF-P149242) - Closed Lebanon Emergency Crisis and COVID-19 Response

⁴² Enhanced targeting will be measured by comparing errors of inclusion and exclusion prior and after the recertification process. The target amount will be captured under the current NPTP project.

<p>form and PMT questionnaire were updated. The new PMT formula was used to assess about 640,500 applicants (existing and new beneficiary households) between 2017–2020, with nearly 261,000 beneficiaries from over 41,000 households deemed eligible for NPTP health and education benefits. <i>Source:</i> Additional Financing for Emergency National Poverty Targeting Program Project (P149242).</p> <p>Indicator 2: Number of extreme poor Lebanese receiving e-card food voucher Baseline: 30,000 (2015) Target: 60,000 (2017) Target status: 105,500 (2021) Target Exceeded Close to 105,500 individuals from over 10,000 households benefited from the e-card food voucher program (financed by the E-NPTP). After project closing (March 2021), and by October 2021, nearly 219,000 individuals from over 36,000 poorest households were benefiting from the e-card food vouchers, with financing from donors. <i>Source:</i> Additional Financing for Emergency NPTP Project (P149242).</p> <p>Indicator 3: Youth aged 15-25 among NPTP beneficiaries who are neither in school, employment or training receive package of services for increased employability Baseline: 0 (2015) Target: 650 (2017) Target Status: N/A (2021) Of whom demonstrate improvements in livelihood Baseline: 0% (2015) Target: 60% (2017) Target status: N/A (2021) Target Dropped Under the ESPISP II project, the NEW program was never implemented. <i>Source:</i> Second Emergency and Social Protection Implementation Support Project (ESPISP II – P111849).</p>	<p>Social Safety Net Project (IBRD- P173367)</p> <ul style="list-style-type: none"> • Second Emergency Social Protection Implementation Support Project (ESPISP II) – (IBRD-P111849) - Canceled • Technical assistance to Central Agency of Statistics of Lebanon to improve data and welfare measurement (P164846) (ASA) • Impact Evaluation of Lebanon's NPTP Graduation Pilot (P164844) (ASA) • Lebanon Poverty Assessment (P176651) (ASA) • Mashreq Poverty and Shared Prosperity Program (P169854) (ASA) • Pensions, SSN, Labor, and HCP in Mashreq (P171595) (ASA)
<p>CROSS-CUTTING THEME: Governance and Renewing the Social Contract</p>	
<p>CPF Objective A: Strengthened financial management and procurement systems</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Indicator 1: An improved capacity of the Court of Account (CoA) to conduct its mandate as external audit of the public accounts. Baseline: 0 (2016) Target: amended strategy to include reforms priorities proposed, adoption of audit methodology compliant with international standards (2017) Target status: 0 (2021) Target Dropped The activity was not completed due to the limited ownership and dedication from the CoA. <i>Source:</i> The World Bank did not reach the stage of developing through a project through an ASA or others.</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Parliament Financial Oversight (technical assistance) • Lebanon activities under Mashreq Digital Development Dialogue (P172546) (ASA)

<p>Indicator 2: Strengthened technical capacity of the parliamentary Finance and Budget Committee Baseline: No scoring (2011 Public Expenditure and Financial Accountability) Target: Having a scoring (at least D+) (2017) Target status: N/A (2021) Target Dropped There was no PEFA conducted after the 2011 (officially unpublished) one, so there is no measured score. <i>Source:</i> Parliament Financial Oversight (technical assistance).</p> <p>Indicator 3: SBDs to be developed and monitored by the CTB Baseline: 0 (2016) Target: Usage of SBD in at least six public institutions (2017) Target status: Usage of SBD in one public institution (2021) Target Not on Track Standard contracts for works, goods, consulting services have been developed, and standard procurement documents are yet to be drafted. Although the target as originally formulated was not reached, significant progress on procurement reform has been made, with MAPSII conducted, the public procurement law passed, and the action plan/public procurement reform strategy launched. Revisions to the indicator and target are intended to capture this progress. <i>Source:</i> MENA EMNRU (Multi-donor trust fund-Global Procurement Practice- MAPS assessment).</p> <p>Indicator 4: Number of Corporate Governance Assessments for private sector firms Baseline: 0 (2017) Target: 4 (2022)⁴³ Target status: 2 (2021) Target on Track IFC delivered two Corporate Governance Assessments for private sector clients conducted in 2017-18 but did not have funding to deliver the rest during recent years. However, IFC aims to have four Corporate Governance Assessments for private sector firms completed during the CPF period. <i>Source:</i> IFC.</p>	<ul style="list-style-type: none"> • Support for Realization of e-Government in Lebanon (P165584) (ASA) • Methodology for Assessing Procurement Systems (MAPSII) (P169855) (ASA) • Mashreq Programmatic Procurement (P175883) (ASA) • Lebanon Parliament Financial Oversight (P155471) (ASA) • Strengthening accountability and transparency in Mashreq countries (P176495) (ASA)
CPF Objective B: Improved availability of data	
CPF Indicators	WBG Program
<p>Indicator 1: Disaggregated data on (i) student enrollment available by February 1 of each academic year, and (ii) on student passing rates available by August 1 of each academic year for all school types: public, private, and subsidized private Baseline: No (2016) Target: Yes (2021) Target status: Yes (2021) Target Achieved Achieved so far. Note that this is a recurrent annual indicator.</p>	<p>IBRD:</p> <ul style="list-style-type: none"> • Land Administration and Policies in Mashreq (P175699) (ASA) • Technical assistance to Central Agency of Statistics of Lebanon to improve data and

⁴³ IFC aims to have four Corporate Governance Assessments for private sector firms during the CPF period.

<p><i>Source:</i> Technical assistance to Central Agency of Statistics of Lebanon to improve data and welfare measurement (P164846).</p> <p>Indicator 2: Comparable poverty estimates based on the two surveys collected during 2017-2022 Baseline: No (2016) Target: Yes (2022⁴⁴) Target Status: No (2021) Target Not on Track The WB poverty team worked with the Central Administration of Statistics (CAS) to prepare for a new round of the HBS. Despite finishing the work, CAS and the wider administration have not collected or used the data for policymaking financed through the budget. The COVID-19 outbreak made all face-to-face data collection impossible, and the WB team tried to partner with the World Food Programme (WFP) to conduct several rounds of phone surveys. The poverty team also worked with CAS to develop a multidimensional poverty index using the Labor Force and Households Living Conditions survey. Preliminary work has been accomplished and the index has been developed, but the work has not been finalized. <i>Source:</i> Household Budget Survey.</p> <p>Indicator 3: Land registry and cadastre data accessible to public online Baseline: No (2016) Target: Yes (2022) Target status: No (2021) Target Dropped The Land Administration System Modernization Project, which was to support digitization of land records, was canceled in November 2020 due to a failure to become effective. <i>Source:</i> Land Administration System Modernization Project (P159692).</p> <p>Indicator 4: Commercial registry automated and different public entities involved in commercial registration are connected Baseline: No (2016) Target: Yes (2017) Target status: No (2021) Target Dropped The project has been delayed for two years partly due to the absence of the GoL for a while and due to the absence of proactiveness and commitment of the client until the appointment of the new minister in January 2019. This project was canceled. <i>Source:</i> IFC LGIBE.</p>	<p>welfare measurement (P164846) (ASA) IFC: <ul style="list-style-type: none"> • LGIBE dropped </p>
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⁴⁴ Poverty estimates will be available the following year after the data collection is completed.

ANNEX 4: LEBANON SELECTED ECONOMIC INDICATORS

	2016	2017	2018	2019	2020	2021
				Est.	Proj.	
Real sector	(annual percentage change, unless otherwise specified)					
Real GDP	1.5	0.9	-1.9	-6.7	-21.4	-10.5
Real GDP per Capita ¹	-1.2	-0.6	-2.5	-6.8	-21.8	-10.9
Agriculture (share of GDP)	4.0	4.5	4.4	5.0	6.0	6.0
Industry (share of GDP)	12.8	12.3	12.0	10.6	12.7	12.7
Services (share of GDP)	71.5	71.6	72.2	74.3	77.0	79.2
Net indirect taxes (share of GDP)	11.7	11.6	11.4	10.1	4.3	2.1
Money and prices						
CPI Inflation (p.a)	-0.8	4.5	6.1	2.9	84.3	145.0
Money ²	7.3	4.2	3.0	-6.7	198.0	115.0
Investment & saving	(percent of GDP, unless otherwise specified)					
Gross Capital Formation	22.7	21.4	20.8	18.5	7.7	2.0
o/w private	21.3	19.9	19.1	17.2	7.4	1.6
Gross National Savings	2.2	-1.5	-3.5	-2.7	-1.6	-7.8
o/w private	-1.0	-4.8	-5.3	7.9	1.4	-7.8
Central Government Finance	(percent of GDP, unless otherwise specified)					
Revenue (including grants)	19.4	21.9	21.0	20.6	13.1	6.6
o/w. tax revenues	13.7	15.5	15.4	15.5	8.9	4.5
Total expenditure and net lending	28.6	28.6	32.0	31.2	16.4	7.0
Current	27.3	27.1	30.3	29.9	16.1	6.6
o/w Interest Payment	9.3	9.4	9.8	10.0	2.5	0.7
Capital & Net Lending (excluding foreign financed)	1.4	1.5	1.7	1.3	0.4	0.4
Overall balance (deficit (-))	-9.3	-6.7	-11.0	-10.5	-3.3	-0.4
Primary Balance (deficit (-))	0.0	2.7	-1.2	-0.5	-0.8	0.2
External sector	(percent of GDP, unless otherwise specified)					
Current Account Balance	-20.5	-22.9	-24.4	-21.2	-9.3	-9.8
Trade Balance	-23.6	-24.7	-24.8	-24.9	-20.3	-28.0
o/w Export (GNFS)	37.3	36.0	35.7	35.4	28.2	41.4
Exports of Goods	7.7	7.6	7.0	9.3	12.9	16.9
Exports of Services	29.6	28.4	28.7	26.1	15.3	24.5
o/w Import (GNFS)	60.9	60.8	60.5	60.3	48.5	69.4
Imports of Goods	35.0	34.7	34.4	35.0	33.4	48.6
Imports of Services	25.9	26.1	26.1	25.2	15.1	20.8
Net private current transfers:	4.8	2.3	2.5	5.6	14.2	23.0
Net Remittances	6.6	5.2	4.2	6.1	10.3	16.9
Net Income receipts	-1.7	-0.5	-2.1	-1.9	-3.3	-4.8
Capital Accounts	0	0	0	0	0	0
Gross Reserves (months of imports GNFS) ^{3,4}	15.2	15.6	14.3	14.3	18.8	14.3
Total Public Debt						
Total Debt Stock (in million US\$)	74,900	79,530	85,139	88,900	56,832	40,432
Debt-to-GDP ratio (percent)	146.3	149.7	154.9	171.0	179.1	185.4
Memorandum Items:						
GDP (in million US\$)	51,205	53,141	54,961	51,992	31,735	21,804

Source: Government data, and World Bank staff estimates and projections.

¹ Population figures, which include Syrian refugees registered with the UNHCR, are taken from the United Nations Population Division.

² Prior to 2020 this is M3, including non-resident deposits; 2020 and after, this is M0 (currency in circulation).

³ Gross Reserves (months of imports GNFS) = (Imports of Goods & Services / Gross Res. excl. Gold)*12.

⁴ Total Imports using the BOP data from the Quarterly Bulletin of BDL.

ANNEX 5: WORLD BANK GROUP PORTFOLIO DETAILS (IBRD/IDA/LFF)

Data as of	FY15	FY16	FY17	FY18	FY19	FY20	FY21	@ Mar 31
PORTFOLIO AND DISBURSEMENTS								
Active Projects #	16	13	14	15	14	11	10	13
Net Commitments Amt \$m	1,067.54	896.44	1,242.14	1,880.24	1,848.24	1,370.34	1,351.60	1,377.85
Total Disbursements \$m	186.66	180.62	281.70	379.90	415.26	523.72	575.84	759.47
Total Undisbursed Balance \$m	833.88	715.82	959.83	1,502.22	1,434.86	846.43	776.16	618.79
Disbursements in FY \$m	27.66	112.73	160.33	128.55	66.73	118.52	69.58	183.01
Disbursement Ratio for IPF only %	7.5	13.6	22.4	13.6	4.4	11.2	8.3	23.6
IBRD/IDA Disb Ratio	6.7	11.8	22.1	11.9	4.3	11.2	8.3	22.8
Slow Disbursements %	18.8	15.4	14.3	13.3	7.1	9.1	10.0	0.0
PORTFOLIO RISKINESS								
Actual Problem Project #	7	3	5	1	2	3	2	3
Problem Project %	43.8	23.1	35.7	6.7	14.3	27.3	20.0	23.1
Potential Problem Project #	5	8	4	4	6	4	3	2
Projects At Risk #	12	11	9	5	8	7	5	5
Projects At Risk %	75.0	84.6	64.3	33.3	57.1	63.6	50.0	38.5
Commitments At Risk \$m	350.80	807.94	1,060.60	655.40	1,253.50	1,222.80	852.00	1,036.51
Commitments at Risk %	32.9	90.1	85.4	34.9	67.8	89.2	63.0	75.2
Proactivity %	0	85.7	100.0	100.0	100.0	100.0	100.0	100

**Data source: WBG Business Intelligence. The data exclude small grants.*

World Bank ASA Program- at CPF (FY17) and PLR (FY22)

Focus Area 1			Focus Area 2			Cross-Cutting Themes		
Analytical and Advisory Services at CPF			Analytical and Advisory Services at CPF			Analytical and Advisory Services at CPF		
ASA/TA	Initiation FY	Completion FY	ASA/TA	Initiation FY	Completion FY	ASA/TA	Initiation FY	Completion FY
Hydropower development in Lebanon	2015	FY17	Capital Markets Regulation and Development	FY14	FY17	Parliament Financial Oversight	FY14	FY17
Lebanon Mobile Internet Ecosystem Program	FY16	FY17	Promoting Capacity Building and Knowledge Sharing to Improve Youth Employability	FY15	FY17	Priority Reforms for the Government of Lebanon	FY17	FY17
Lebanon Comprehensive Urban Resilience Project	FY16	FY17	Lebanon FSAP Update	FY16	FY17	Support for Realization of e-Government in Lebanon	FY18	FY19
Lebanon Gas Import and FRSU Action Plan	FY18	FY19	Lebanon FSAP follow up	FY17	FY19			
Lebanon CIP Assessment	FY18	FY19	MSME TA Facility	FY14	FY18			
Technical Assistance to Tripoli Port	FY17	FY19	National Volunteer Service Program Strengthening and Sustainability	FY16	FY19			
Comprehensive Urban Resilience Masterplan for the City of Beirut – Phase II	FY19	FY21	Lebanon Economic Opportunities Diagnostics	FY16	FY19			
			Technical assistance to Central Agency of Statistics of Lebanon to improve data and welfare measurement	FY18	FY19			
			The Role of Financial Services to Manage the Syrian Refugee Crisis in Lebanon	FY17	FY19			
			Developing Innovative Practices for Improving Social Cohesion between Lebanese and Syrian Refugees living in Host Communities	FY18	FY19			
			(Regional) Support to the Human Capital Project in Mashreq countries	FY19	FY20			
			Lebanon Ministry of Public Health (MoPH) Statistical Capacity Building	FY17	FY20			
			Lebanon Trade Facilitation Advisory Services	FY18	FY21			

Focus Area 1			Focus Area 2			Cross-Cutting Themes		
Analytical and Advisory Services at CPF			Analytical and Advisory Services at CPF			Analytical and Advisory Services at CPF		
ASA/TA	Initiation FY	Completion FY	ASA/TA	Initiation FY	Completion FY	ASA/TA	Initiation FY	Completion FY
Lebanon Power Sector Reforms Program	FY18	FY22	Impact Evaluation of Lebanon's National Poverty Targeting Program Graduation Pilot	FY18	FY22	Strengthening 3RF oversight, engagement and monitoring	FY22	FY23
Port of Beirut Reform and Reconstruction	FY21	FY24	Skilling Up Mashreq	FY20	FY23	Lebanon financial sector monitoring and policy	FY22	FY25
(Regional) Mashreq Digital Development Dialogue	FY21	FY22	Lebanon Economic Recovery Programmatic ASA	FY22	FY23	Lebanon - Methodology for Assessing Procurement Systems (MAPSII)	FY19	FY22
(Regional) Land Administration and Policies in Mashreq	FY21	FY22	Lebanon Public Financial Review (Core)	FY21	FY22	(Regional) Mashreq Programmatic Procurement	FY21	FY22
(Regional) Mashreq Water Supply and Sanitation Technical Assistance	FY21	FY22	Lebanon Poverty Assessment (Core)	FY21	FY24	Implementing 3RF Governance Pillar, a subtask of (Regional) Strengthening accountability and transparency in Mashreq countries	FY22	FY24
			Lebanon Country Economic Memorandum (Core)	FY22	FY23			
			Lebanon Systematic Country Diagnostic (Knowledge Product)	FY22	FY23			
(Regional) Mashreq Platform for Transboundary Water	FY19	FY23	(Regional) Technical Assistance in Pandemic Preparedness/Response and Health System Strengthening in the Mashreq	FY21	FY22			
(Regional) ESF Risks and Capacity in Mashreq	FY21	FY22	(Regional) Pensions, SSN, Labor, and HCP in Mashreq	FY20	FY22			
(Regional) Mashreq Public Transport Diagnostic	FY21	FY22	(Regional) Developing the Mashreq displacement Strategy	FY19	FY23			
(Regional) Agrifood Sector Transformation in Mashreq	FY21	FY23	(Regional) Supporting Mashreq Education Interventions with Analytical Activities	FY21	FY23			
			(Regional) Mashreq Poverty and Shared Prosperity Program	FY20	FY24			
			(Regional) MASHREQ GENDER FACILITY: Facilitating Women's Economic Transformation	FY19	FY25			

IFC Program in Lebanon

Data as of April 15, 2022

	FY17	FY18	FY19	FY20	FY21	FY22 YTD	FY17–FY22
Long-Term Finance	9.0	62.0	151.0	0.0	0.0	-	222.0
<i>of which IFC Own Account</i>	9.0	47.0	108.2	0.0	0.0	-	164.2
<i>of which Core Mobilization</i>	-	15.0	42.8	0.0	0.0	-	57.8
Short-Term Finance	529.7	895.2	897.1	248.4	-	-	2,570.4

CY	Project Name	Industry	Product	Committed Exposure (US\$ million)
2007	ADMIC	MAS	ET, LN	6.5
2008	Butec Holdings	MAS	LN, QE	4.0
2009	IFC-Byblos Bank-Equity	FIG	ET	100.0
2014	Fransabank	FIG	LN, RM	24.7
2014	IFC-Audi Bank-Equity	FIG	ET	60.0
2014	Bank Audi SAL	FIG	ET, QL	0.0
2016	Lebanese Leasing	FIG	ET, LN	1.1
2016	RSF BLC Bank	FIG	GT	2.5
2017	Al Majmoua	FIG	GT, LN	0.0
2017	RSF Al Majmoua	FIG	GT	2.0
2018	SGBL	FIG	LN	25.4
2018	CL SAL	FIG	LN, RM	24.1
Total				250.3

MIGA Program in Lebanon

Data as of April 15, 2022

Fiscal Year	Project Name	Effective Date	Expiration Date	Investor Countries	Industry Sector	Guarantee Amount (US\$)	Status	Description
FY14 (extended in FY19)	Butec Utility Services (BUS) SAL (Distribution Service Provider)	November 1, 2018	June 30, 2022	Cyprus, Egypt	Services	35.46	Active	The Project involves the execution of a distribution services provider (DSP) PPP contract from Lebanese utility Electricite du Liban to perform all electricity distribution functions (assets and infrastructure management and customer service) in over 30% of the country in the northern region.

ANNEX 6: LEBANON'S ENERGY SECTOR AND DEBT SUSTAINABILITY

The cost of limited action in the sector has accumulated to around US\$40 billion as of 2020 through the annual budgetary transfers to the state-owned utility Électricité Du Liban (EDL), representing almost half of the GoL's debt in the post-civil war era. For many years, the dysfunctional electricity sector in Lebanon has been a major contributor to the country's dire economic situation. The sector's destabilizing effect on Lebanon's macro-fiscal conditions has been immense. From 2017 to 2019, the annual transfer by the Ministry of Finance to EDL ranged from US\$1.33 billion to US\$1.66 billion. In 2020, the combination of worsening economic and financial crisis, the COVID-19 pandemic, and the PoB explosion made the sector's conditions exponentially worse. By mid-2021, EDL's generation fell significantly, causing widespread, ever-extending blackouts, resulting from the utility's inability to secure foreign exchange for payment of its fuel and spare parts for its power plants. In turn, the ongoing sector collapse has significant negative spillovers on the economy, including the increasing risk on the continuity of basic service delivery (notably health and water services).

At the heart of this financial drain are EDL's high operating costs which are mainly dollar-denominated, and low revenues which are lira-denominated, combined with well-below cost recovery tariffs that have remained unchanged since 1994. The primary causes of EDL's high operating costs are (i) its continued reliance on expensive, highly polluting imported liquid fuels for power generation; and (ii) high network losses. Fuel expenses accounted for 68 percent of EDL's total annual costs in 2017 and 2019, and for 74 percent in 2018. The electricity sector suffers from significant technical, commercial, and collection losses. In 2016–2019, the network losses accounted for a staggering 38–56 percent of total energy generated. The high percentage is attributable to non-technical losses that are primarily theft.

Despite budget transfers, the power sector has been unable to secure adequate supply to electricity consumers, severely impacting economic and social development, and creating a public trust deficit that goes far beyond the technical and fiscal challenges. In 2017 to 2019, EDL supplied on average 55–64 percent of Lebanon's electricity needs, causing rolling blackouts ranging from three hours in Beirut to 13 hours in some rural areas. In 2020, the combined impact of the compounded crises on the electricity sector drastically affected the sector. EDL's generation fell by an estimated 17 percent YOY over the first 11 months. This drop in generation was mainly caused by fuel shortages that were badly disrupted by delays in importing new shipments, receipt of supplies that did not conform to required specifications, and EDL's inability to secure cash and foreign exchange for payment. In 2021, the fossil fuel-intensive and inefficient generation model became increasingly unsustainable due to the severe shortage of foreign currency. As an immediate result, the generation declined to 60 percent in July 2021, with electricity blackouts lasting up to 22 hours per day and a complete system shut down on October 9, 2021. Since then, EDL operates at minimum capacity to maintain grid stability, with fuel supplied under a one-year agreement signed with Iraq.

The electricity supply deficit is filled by polluting and expensive private diesel generators. During 2017 and 2020, consumers have been relying on private diesel generator networks, which have an estimated cost of up to US\$0.30 per kilowatt hour comparing to an average of US\$0.095 per kilowatt hour for EDL's retail tariffs. In 2021, with extended rolling blackouts used by EDL as a cash management tool, the private generators have been unable to cope with running nearly non-stop. In addition, struggling to secure diesel fuel, the owners of private generators have increased their tariffs. As the economic crisis continues and the BDL's foreign currency reserves become increasingly depleted, diesel fuel subsidies have been lifted, which has significantly hiked the electricity tariffs by private generators toward cost reflective levels, making them unaffordable for many families already severely impacted by the economic crisis.

ANNEX 7: INDICATIVE AREAS FOR FY22–FY23

FY	Project Name	Indicative Objectives	Source of Financing
FY22	Reduction of Unintentional POPs through Waste Management in a Circular Economy	To assist Lebanon in reducing UPOPs emission through promoting circular economy and improving management of waste disposal sites in the waste sector.	Global Environment Facility (GEF)
FY22	Support for Social Recovery Needs of Vulnerable Groups in Beirut (active as of December 23, 2021)	To support the immediate social recovery needs of vulnerable groups following the port of Beirut explosion.	Lebanon Financing Facility (LFF)
FY22	Supporting Lebanon's COVID-19 Response for Refugees and Host Communities (active as of December 23, 2021)	To support COVID-19 vaccine registration and deployment, as well as COVID-19 response for refugee populations and their host communities in Lebanon.	Health Emergency Preparedness and Response Multi-Donor Trust Fund (HEPR)
FY22	Additional Financing - Lebanon RACE Support Program	To promote equitable access to education services, enhance quality of student learning, and strengthen the education systems in Lebanon's education sector in response to the protracted refugee crisis.	IBRD, GCFE
FY22	Additional Financing-Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project	To provide cash transfers and access to social services to extreme poor and vulnerable Lebanese populations affected by the economic and COVID-19 crises in Lebanon; and in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.	Lebanon Syrian Crisis Trust Fund (LSCTF)
FY22	Emergency Wheat Supply Response Project	To ensure the availability of wheat in Lebanon, in response to the economic impact of the conflict in Ukraine, and to enable emergency access to affordable bread by poor and vulnerable households.	IBRD, GCFE
FY22	Decent Employment Creation for Vulnerable Lebanese Citizens and Syrian Refugees in Livestock Value Chains	To create decent employment opportunities and improve incomes of Lebanese farmers, particularly women, and Syrian refugees.	MNA VPU Free Standing Trust Fund (MNAF)
FY22	Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery (active as of February 23, 2022)	To support restoration of selected housing for the most vulnerable people and to provide emergency support to creative practitioners and entities in areas affected by the PoB explosion.	LFF
FY22	Beirut Critical Environment Recovery, Restoration and Waste Management Program	To support emergency environment control measures in Beirut City from impacts of the August 2020 explosion and support planning for longer term environmental restoration efforts.	LFF
FY22	Strengthening Lebanon's Covid-19 Response	To strengthen the Government of Lebanon's capacity to respond to COVID-19.	IBRD, GCFE
FY22/FY23	Lebanon Electricity Services Emergency Support Project	To provide emergency support to improve electricity supply in Lebanon while reducing electricity sector costs and improving its operational efficiency.	IBRD
FY23	Emergency Broad Coverage Cash Transfer Project (EBCCT)	To provide cash transfers to households affected by price increases in the aftermath of subsidy elimination; and build a sustainable and integrated Social Protection Information System (SPIS).	IBRD
FY23	Lebanon National Comprehensive Environmental Management Program (Phase I – Litani River Basin)	To reduce pollution and improve natural resource management in the Litani River Basin (LRB) for enhanced livelihoods.	IBRD
FY23	Municipal Investment Program	To improve municipal services and local economic opportunities in selected secondary cities; and improve the enabling environment for private sector participation in municipal investments in selected primary and secondary cities.	IBRD, GCFE

ANNEX 8: EXECUTIVE SUMMARY OF THE RISK AND RESILIENCE ASSESSMENT

For more than two years, Lebanon has been assailed by compounding shocks and crises that exacerbated many of its pre-existing drivers of fragility. While socioeconomic conditions deteriorated for years, the summer of 2019 marked the beginning of a severe economic and financial crisis, which were further exacerbated by the COVID-19 pandemic, and the devastating explosion in Beirut’s port on August 4, 2020. The combination of chronic macroeconomic imbalances and deliberate political inaction to mitigate its impact resulted in a crisis that has been described as one of the worst in recorded human history (World Bank 2021). Despite this dire situation, Lebanon was without an empowered government for much of the time since the onset of the crisis in 2019. Not only have the protracted political crisis and daily deprivation eroded popular trust in government institutions, but they have also given rise to social unrest, sectarian and political polarization, increasing tensions between refugees and host communities, and other forms of crime and violence.

To unpack Lebanon structural causes of fragility, this RRA applies a “social contract” framework that takes the contestation between political elites (“elite bargaining”), relations between elites and society (“state-society relations”), and the relationship between social groups (“societal relations”) as a starting point for analysis. At the root of Lebanon’s fragility lies an elite-level power-sharing arrangement that has entrenched a system of governance based on sectarian allegiance, widespread clientelism and patronage. This has led to increasing political polarization and paralysis in decision-making. The accumulation of popular grievances as a result of weak public services, widespread lack of accountability, and low-quality economic growth have undermined state-society relations and given rise to mass protests and social unrest. High levels of socioeconomic inequality and exclusion, very low levels of trust between communities, and (perceived) competition between host communities and refugees weaken the quality of social relations. By leveraging sectarian identities for political competition, elites aggravate such social tensions. High levels of foreign interference further exacerbate domestic political and social polarization and expose the country to wider geopolitical contestations.

Elite-level arrangement	Structural cause 1: Lebanon’s political settlement, which is grounded in a sectarian power-sharing agreement, has led to elite capture, widespread clientelism, and patronage, increasing polarization and political paralysis.
State-society relations	Structural cause 2: An increasing divide between people’s needs and expectations and the political elite’s priorities has undermined state-society relations and fueled discontent, grievances, and widespread unrest.
Intra-societal relations	Structural cause 3: High levels of socioeconomic inequality and exclusion, very low levels of trust between communities, and (perceived) competition between host communities and refugees over access to services and economic opportunities harm the quality of social relations.
External influence	Structural cause 4: High levels of foreign interference and the simmering conflict with Israel reinforce domestic polarization and expose Lebanon to wider geopolitical contestations.

Emanating from these structural causes, the RRA identifies seven drivers of fragility in five key areas. Political decision-making processes on all levels of government give ample room for political actors to influence, stall or slow down decision-making – often under the pretext of sectarianism. As this makes agreement on complex legislation that require lengthy negotiations between a large set of actors highly challenging, policymaking remains biased toward short-term decisions that often fail to address the structural causes of Lebanon’s governance deficits. Weak accountability institutions and pervasive corruption in the public sector combined with high levels of political interference in the justice system have

contributed to a culture of impunity and undermined public trust into state institutions. The dominance of vested interests in government institutions and the absence of transparency and appropriate checks and balances have contributed to unsustainable economic and fiscal policies. Lebanon’s economic model has not been able to generate economic opportunities and led to high levels of inequality and poverty. Moreover, the privatization and exclusionary, patronage-based access to services, as well as capture and mismanagement of public funds for infrastructure have led to a steady decline in the quality of virtually all public services, and in some cases, such as for electricity provision, to a near collapse. The crisis has exacerbated these trends and fueled public grievances, giving rise to frequent protests and riots. Finally, the erosion of public sector wages has affected the capacities of formal security actors to respond to the changing demands of a more volatile security environment.

Political processes	Driver 1: Subordination of political processes to the prerogatives of sectarian politics and elite interests has led to stalled and short-term decisions and politicized government institutions.
Public sector governance and justice	Driver 2: Pervasive corruption, near absence of accountability, and a politicized and weak judiciary have undermined trust in state institutions and fueled a culture of impunity.
Economic determinants	<p>Driver 3: Limited economic opportunities and rising levels of poverty and vulnerability—a result of a misdirected growth model, unsustainable macroeconomic policies and an unmanaged crisis—fuel grievances and drive mass emigration of skilled labor.</p> <p>Driver 4: High levels of connectedness between political and business elites have led to weak competition and contestability in key sectors.</p>
Service delivery and public infrastructure	<p>Driver 5: Privatization and patronage-based delivery of social services, exacerbated by the current crises, leads to exclusionary access and reinforces tensions between social groups.</p> <p>Driver 6: Elite capture and mismanagement of public funds have resulted in a steady decline in the quality of public infrastructure and led to high inequalities between regions.</p>
Security	Driver 7: The weakening of the operational capabilities of formal security actors, the presence of militant non-state actors, as well as a high availability of small arms lead to a deteriorating security environment.

While Lebanon faces critical challenges ahead, it can also draw on important sources of resilience. Critical among these are the high levels of personal wealth of both residents and diaspora Lebanese, as well as international business networks and remittance flows, which can serve as a basis and important resource for economic recovery. A high number of CSOs, as well as an active diaspora, help to fill gaps in various areas of service delivery, contribute to public debate, and advocate for civil rights and reforms. Many of these organizations are driven by youth who exhibit high degrees of political consciousness and engagement. Strong familial and communal networks complement other systems of social protection and provide important mechanisms in mitigating the fallout of the crises. Lebanon moreover benefits from several public institutions, chief of them the Lebanese Armed Forces, whose impartiality and effectiveness have helped to retain or restore some public trust into public institutions across sectarian and partisan lines.

They have contributed to improve governance in important sectors, for example in the response to the pandemic and the roll out of the vaccination campaign.

Lebanon’s trajectory remains highly uncertain and will depend on the form and evolution of its political settlement. To identify appropriate priorities and potential entry points for addressing fragility, the RRA identifies three potential scenarios. Within a scenario of *political gridlock*, impasse prevails, and political actors are unable to achieve consensus on matters related to reform or crisis response. Under such a scenario, socioeconomic conditions will continue to deteriorate, making shortages of essential services a new normal, further undermining popular trust in government institutions with increasing risks of instability and violence. In a scenario of a *minimal consensus*, political parties are able to reach consensus on selected or urgent issues. Reforms with distributional consequences, however, are unlikely to be implemented given the strong influence of special interest groups. Under such a scenario, international support is likely to remain limited and could stabilize the delivery of basic services and contribute to limited socioeconomic recovery. Within a scenario of a gradual *political shift*, changes in the distribution of power between traditional elites and new nonsectarian actors could lead—with popular and international support—to the implementation of more far-reaching structural economic and governance reforms.

The RRA identifies “pathways” and associated priority interventions to address drivers of fragility. These pathways are centered around five broad objectives: (i) support the emergence of a new political settlement based on inclusive political representation; (ii) macro-fiscal stabilization and transition to a new economic model; (iii) strengthen accountability institutions and the judiciary; (iv) preserve human capital and mitigate impacts of the crisis on inequality; and (v) improve equity and quality of infrastructure and public services. The priority interventions within each pathway will depend on the political scenario. In a scenario of continued gridlock, interventions should prioritize urgent needs, preserve institutional capacity and address immediate drivers of unrest while promoting the “demand side” of governance reform. Priorities include social protection, maintenance of critical infrastructure and ensuring the provision of electricity and basic social services for the most vulnerable, including at municipal level. Under a minimal consensus, priority reforms and interventions should target areas critical for crisis recovery and addressing fragility drivers. These include macro-fiscal reform, the management of public resources, and strengthening of accountability and oversight institutions as well as the judiciary. Once a political shift materializes, broader economic, governance and sector reforms may be feasible, notably a review of the frameworks for territorial governance, combined with programs strengthening infrastructure and public services.

The analysis identifies a number of implications for the Bank’s strategic role, its program, and the operational engagement model. At the strategic level, the Bank should continue to proactively engage key stakeholders beyond the government and identify and support coalitions for reform. Strong international partnerships and engagement across humanitarian, political, and development actors will remain key to harmonize approaches and jointly communicate priorities and policy benchmarks to government. In the short-term, expectations with respect to addressing entrenched fragility drivers should be modest: World Bank engagement should focus on delivering tangible benefits to the Lebanese people while helping to reduce risks of further instability and generating momentum on a selected set of reforms. At the same time, the World Bank should not lose sight of a long-term vision of pathways out of fragility and initiate analytical work and policy dialogue in anticipation of potential changes in the political settlement. In terms of the operational engagement model, the Bank should ensure a “do no harm” approach by applying a fragility lens in project selection and design and consider alternative channels for implementation (including NGOs and municipalities) to accelerate the implementation of projects that respond to the crisis. In addition, it should ensure strong fiduciary oversight and monitoring arrangements remain in place and further strengthen the use of civil society-led monitoring and citizen engagement mechanisms.

ANNEX 9: PATHWAYS OUT OF FRAGILITY

(Source: Lebanon Risk and Resilience Assessment)

Priority Areas/Scenario	Political Gridlock	Minimal Consensus	Political Shift
Support the emergence of a new political settlement and inclusive representation	<ul style="list-style-type: none"> - Build leadership coalitions for reform and develop mechanisms for strategic citizen engagement - Promote the “demand side” of governance reform, e.g., by supporting civil society and promoting policy-based platforms, such as on women’s empowerment - Support nonsectarian security actors, notably the LAF, to preserve operational readiness and integrity 	<ul style="list-style-type: none"> - Support national dialogue on the role and function of the state as well as the security architecture - Promote dialogue on the merits, challenges, and opportunities for strengthening territorial governance 	<ul style="list-style-type: none"> - Support decentralization reform to improve subnational governance and accountability by revisiting the responsibilities in service delivery between central, regional, and local levels - Support reform of electoral law and electoral commission to facilitate participation in the democratic process - Strengthen the security sector governance, financing models, and financial management, as well as public oversight over security actors
Macro-fiscal stabilization and transition to a new economic model	<ul style="list-style-type: none"> - Urgent macro-fiscal/economic crisis response reforms and policies - Support “survival” of viable SMEs via recovery grants and other short-term solutions 	<ul style="list-style-type: none"> - Macro-fiscal adjustment with focus on debt restructuring and tax reform - Promote dialogue and consensus building on new economic vision and model 	<ul style="list-style-type: none"> - Business environment/financial sector reforms (see 3RF pillar 2) - Strengthen regional and local economic development, and reposition the role of large and secondary cities as drivers of economic growth - Facilitate entrepreneurial activities in emergent sectors that are contestable and competitive, notably the ICT sector, manufacturing, and high-end agricultural products
Strengthening accountability institutions and the judiciary	<ul style="list-style-type: none"> - Promote innovative, CSO-led accountability institutions such as 3RF Independent Oversight Board (IOB) - Support IMPACT platform and other decentralized ICT solutions to improve accountability of both local and central institutions - Strengthen institutions for the oversight of elections to ensure legitimacy of electoral results 	<ul style="list-style-type: none"> - Strengthen management of public resources with focus on public financial management and procurement reforms - Prioritize support to the judiciary (subject to law) and Anti-Corruption Commission - Strengthen institutions for oversight and accountability (Court of Accounts, Central Inspection) 	<ul style="list-style-type: none"> - Support broader governance reform and institutional development, such as via ICT deployment - Support civil service reform, notably the civil service board to minimize sectarian dependencies of bureaucrats in public administration
Preserving human capital and mitigating crisis impact and inequality	<ul style="list-style-type: none"> - Targeted social assistance programs, including cash transfer, to mitigate extreme inequality of income 	<ul style="list-style-type: none"> - Reform the social security sector by providing protection schemes that include the “missing middle” and go 	<ul style="list-style-type: none"> - Assist in the development of a new service delivery model in the health care sector based on the principles of

	<ul style="list-style-type: none"> - Public works programs that provide income-generating activities for low-income and low-skilled populations, including refugees, with focus on small-scale infrastructure works and maintenance (e.g., water supply/wastewater) as well as food/agriculture - Emergency responses in the public health care and education sectors to preserve essential services and mitigate the fallout of the crises on the most vulnerable 	<p>beyond cash assistance for poor populations</p> <ul style="list-style-type: none"> - Strengthen the public education sector to improve learning outcomes and mitigate the impact of increased transfers of students from private to public schools due to the crisis - Support the public health sector to create the capacities to accommodate patients shifting from private to the public sector - Identify the distributional impact of structural adjustment and price liberalization 	<p>universal health coverage to increase access to care for vulnerable populations in an affordable manner</p> <ul style="list-style-type: none"> - Support educational reform to increase employability and job opportunities for youth and to promote social cohesion
<p>Improve equity and quality of infrastructure and public services</p>	<ul style="list-style-type: none"> - Support municipalities and unions of municipalities to ensure continuity of critical services, including waste management, street maintenance, maintenance of health centers and schools, permits issuance, among others - Support (decentralized) deployment of renewable energy to improve electricity supply, notably via solar energy - Support the repair and maintenance of existing critical infrastructures for electricity and water supply (including, where useful, via cash-for-work programs) - Mitigate the most important environmental hazards, including pollution, hazardous waste management, forest fire responses, and land erosion 	<ul style="list-style-type: none"> - Support performance-based financial support for local governments to improve local service delivery and accountability - Provide technical assistance and facilitate coalition building for structural reform in priority sectors as basis for future investments: <ul style="list-style-type: none"> o Electricity sector by supporting governance reform (such as the creation of an independent energy regulatory authority) and renewable energy generation o Water/wastewater management 	<ul style="list-style-type: none"> - Support broader reform of municipal governance and service delivery (roles/responsibilities, financing, governance/accountability) - Support rehabilitation of priority infrastructure and the port (based on clear governance pre-conditions)