

Lebanon

Emergency Crisis and COVID-19 Response Social Safety Net Project

January 12, 2021

Chair Summary*

The Executive Directors approved a loan for the Lebanese Republic for the Emergency Crisis and COVID-19 Response Social Safety Net Project in the amount of US\$246 million on the terms and conditions set out in the President's Memorandum.

Directors expressed strong appreciation for the World Bank's continuing efforts to support the Lebanese people, especially during the current compounded political, economic and social crises in the country. They noted that Lebanon has been enduring extremely difficult conditions as a result of 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 most recently by the Port of Beirut explosion.

Directors supported the scale and design of the project and acknowledged its urgency and relevance to the current context alongside the importance of swift and transparent implementation. They also supported the objectives of the project, namely, to provide cash transfers to extremely poor and vulnerable Lebanese households and access to social services to vulnerable populations including Syrian refugees.

Directors commended the focus on investing in various building blocks of social safety net delivery schemes and stressed the need to continue to incentivize financing to meet the needs of the displaced people in the country. They also emphasized the need to support the Government of Lebanon's fiscal and economic reforms, in coordination with the IMF.

Directors noted with concern the high and unsustainable debt level of Lebanon and urged management to continue to work with the Lebanese authorities on a debt management strategy. They took note of the fiduciary and non-fiduciary risks associated with the implementation of the project and stressed the importance of having adequate mitigation measures, monitoring mechanisms, and communication strategies in place to help ensure effective and efficient implementation of the Project. Given the fiscal and political risks, they also inquired about the government's capacity to take over the project and ensure the long-term sustainability of the program.

Directors underlined the importance of effective coordination with donors and development partners to optimize the use of existing resources and progress towards meeting the needs of the poorest families, as well as building a shock-responsive national social safety net system.

*This Summary is not an approved record.