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Report No: PAD5355

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF US\$300 MILLION

TO THE

LEBANESE REPUBLIC

FOR A

LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET
PROJECT SECOND ADDITIONAL FINANCING (ESSNP AF2)

May 13, 2023

Social Protection and Jobs Global Practice
Middle East and North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective as of February 1, 2023)

Currency Unit = Lebanese Pound (LBP)

LBP 15,000.00 = US\$1 (official rate)

FISCAL YEAR

July 1 - June 30

Regional Vice President: Ferid Belhaj

Country Director: Jean-Christophe Carret

Regional Director: Nadir Mohammed

Practice Manager: Anush Bezhanyan

Task Team Leader(s): Ahmet Fatih Ortakaya

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AF1	First Additional Financing
AF2	Second Additional Financing
BDL	Banque du Liban
CAS	Central Administration of Statistics
CERC	Contingent Emergency Response Component
CIO	Central Inspection Office
CMU	Central Management Unit
CPF	Country Partnership Framework
CPI	Consumer Price Index
COM	Council of Ministers
DA	Designated Account
ESCP	Environmental and Social Commitment Plan
ESSNP	Emergency Social Safety Net
FM	Financial Management
FSP	Financial Service Provider
FX	Foreign Exchange
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GE	General Education
GM	Grievance Mechanism
GOL	Government of Lebanon
GRS	Grievance Redress Service
HBS	Household Budget Survey
IFR	Interim Financial Report
ILO	International Labour Organization
IMF	International Monetary Fund
IPF	Investment Project Financing
ISR	Implementation Status and Results Report
LHS	Lebanon Household Survey
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MEHE	Ministry of Education and Higher Education
MOF	Ministry of Finance
MOSA	Ministry of Social Affairs
MPI	Multidimensional Poverty Index
MS-SQL	Microsoft Office- Structured Query Language
NPTP	National Poverty Targeting Program
NSPS	National Social Protection Strategy
OF	Original Financing
OGERO	Organisme de Gestion et d'Exploitation de l'ex-Radio Orient
PCM	Presidency of the Council of Ministers
PDM	Post-Distribution Monitoring

PDO	Project Development Objective
POM	Project Operations Manual
REoi	Request for Expression of Interest
RFB	Request for Bids
RFQ	Request for Quotations
RFP	Request for Proposals
PFS	Project Financial Statement
PMT	Proxy Means Test
POB	Port of Beirut
PPSD	Project Procurement Strategy for Development
SDCs	Social Development Centers
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
SIMS	School Information Management System
SPIS	Social Protection Information System
SSN	Social Safety Net
STEP	Systematic Tracking of Exchanges in Procurement
ToR	Terms of Reference
TPMA	Third-Party Monitoring Agent
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees
WBG	World Bank Group
WFP	World Food Programme

Lebanon

Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing

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BASIC INFORMATION – PARENT (LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT - P173367)

Country Lebanon	Product Line IBRD/IDA	Team Leader(s) Ahmet Fatih Ortakaya		
Project ID P173367	Financing Instrument Investment Project Financing	Resp CC HMNSP (9344)	Req CC MNC02 (399)	Practice Area (Lead) Social Protection & Jobs

Implementing Agency: Prime Minister's Office

Is this a regionally tagged project? No	
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Bank/IFC Collaboration No	
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Approval Date 12-Jan-2021	Closing Date 29-Feb-2024	Expected Guarantee Expiration Date	Environmental and Social Risk Classification Substantial
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)



Development Objective(s)

The objective of the Project is to: (a) 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 (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.

Ratings (from Parent ISR)

	Implementation			Latest ISR
	19-Apr-2021	17-Nov-2021	30-Jun-2022	13-Feb-2023
Progress towards achievement of PDO	S	MS	S	S
Overall Implementation Progress (IP)	MS	MS	MS	MS
Overall ESS Performance	S	S	S	MS
Overall Risk	H	H	H	H
Financial Management	MS	MS	MS	MS
Project Management	MS	MS	MS	MS
Procurement	MS	MS	MS	S
Monitoring and Evaluation	MS	MS	MS	MS

BASIC INFORMATION – ADDITIONAL FINANCING (Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing - P180077)

Project ID	Project Name	Additional Financing Type	Urgent Need or Capacity Constraints
P180077	Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing	Restructuring, Scale Up	Yes
Financing instrument	Product line	Approval Date	



Investment Project Financing	IBRD/IDA	25-May-2023	
Projected Date of Full Disbursement	Bank/IFC Collaboration		
31-Dec-2026	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD	246.00	222.23	23.77		90 %
IDA					%
Grants	4.00	4.00			100 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing - P180077)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)



	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	250.00	300.00	550.00
Total Financing	250.00	300.00	550.00
of which IBRD/IDA	246.00	300.00	546.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	300.00
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COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

**PROJECT TEAM****Bank Staff**

Name	Role	Specialization	Unit
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Extended Team

Name	Title	Organization	Location
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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

- This Project Paper seeks the approval of the World Bank's Board of Executive Directors to provide a loan in the amount of US\$300 million to the Government of Lebanon (GOL) for a second Additional Financing (AF2) to scale up and restructure the activities of the Emergency Crisis and COVID 19 Response Social Safety Net Project (ESSNP, P173367).** The ESSNP was originally designed to be a 3-year Project financed by a US\$246 million IBRD loan referred to and the original financing (OF) that was approved on January 12, 2021, ratified by the Parliament¹ on March 12, 2021² and declared effective on July 28, 2021.
- The Project development objective (PDO) are to:** (a) 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 (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis. It consists of the following five components: Component 1- Provision of cash transfers for basic income support to poor and vulnerable Lebanese households; Component 2- Provision of top-up cash transfers for students at risk of dropping out of school; Component 3- Provision of social services to vulnerable households; Component 4- Enhanced social safety nets (SSNs) program delivery; and Component 5- Contingent Emergency Response Component (CERC).
- The Project was supplemented by a grant from the Lebanon Syrian Crisis Trust Fund in the amount of US\$4 million, referred to as the first additional financing (AF1).** The AF1 was approved on May 19, 2022 and was used to cover a financing gap under Component 1. The Project was restructured in February 2023, upon a request from the GOL to reduce the number of beneficiaries (from 150,000 to 105,000 in the Results Framework) and extend in time the provision of cash assistance to said beneficiaries (which was originally designed to cover 12 months only) under Component 1. The restructuring revised the end targets of Components 1 and 2, and the Project operations manual (POM). The AF2 enables the Project to go back to the original number of beneficiaries and even slightly higher with a target of 160,000 beneficiaries.
- Extending ESSNP by two years and expanding its coverage through the proposed AF2 is crucial to enable the GOL to continue to respond to the growing needs of the poor and vulnerable population.** Global evidence on the positive impact of cash transfers on consumption and economic growth provides justification for the ESSNP AF2. In addition, results from the Project under the OF and AF1 indicate a positive impact on households' ability to meet their basic needs and preserve their human capital. The Project is expected to reduce the incidence of extreme poverty by 3.9 percentage points in 2023. IBRD financing of the Project is expected to increase Lebanon's debt-to-GDP ratio only at the margin (see annex 1 on debt sustainability).

¹ The ESSN Law (Law No. 219) was amended on December 7, 2021. See next footnote.

² The Parliamentary ratification of March 2021 law entailed revisions to the Project, included reducing allocations for key activities. On April 26, 2021, the Ministry of Finance requested the World Bank to reflect those changes in the Project's design, seek additional grant financing, and extend the Project's effectiveness date. The World Bank informed the government that the specific parliamentary amendments would require a Project restructuring as they entail revisions to the Project's design and scope, results framework, and withdrawal category allocations. In September 2021, a new Government agreed to amend the ESSN Law and submit it to Parliament for re-approval. The new proposed amendments to Law No. 219 were discussed with the World Bank and agreed upon through an exchange of letters on October 25, 2021. Law No. 251, amending the provisions of Law No. 219 was approved by the Parliament on December 7, 2021 (retrieved from <https://www.presidency.gov.lb/English/News/Pages/Details.aspx?nid=26855>).



5. **The proposed ESSNP AF2 supports the establishment of a unified SSN program in Lebanon in line with the forthcoming National Social Protection Strategy³ (NSPS, the Strategy).**⁴ The Strategy was approved by the Council of Ministers (COM) in May 2022, subject to amendments by the Inter-Ministerial Committee overseeing its development. Once finalized, the Strategy is expected to be endorsed by the GOL by mid-June 2023 and to then be referred to the Parliament for ratification and necessary legislative action (please see annex 2 for details on the Strategy).
6. **A key element of sustainability in the Project is the focus on establishing systems and building institutional capacity.** The Project has laid the foundation for an adaptive social protection system in Lebanon, including through the establishment of a fully digitized social registry and supporting capacity building in key institutions. Further developing of DAEM Social Registry under the proposed AF2 will be crucial to improve the delivery of social assistance and services, and the integration of existing SSN programs. The Project will also continue to invest in the capacity of the GOL to design and effectively deliver social protection programs.
7. **In conjunction with the proposed NSPS's finalization, the GOL understands the need for creating fiscal space for social protection over the medium-term and to include this in its budget⁵.** The Government has expressed a commitment to necessary reforms, including: (a) fiscal reforms; (b) public sector reform; and (c) pensions reforms. The World Bank plans to support these reform areas through complementary technical assistance, including for fiscal governance and pension reforms.
8. **Through the Project, the World Bank has engaged with the GOL and development partners in strategic policy dialogue on the establishment of a shock-responsive social protection system.** Going forward, this collaboration will be further strengthened with regular consultations for improved coordination and support to the GOL for the Strategy implementation.

A. Country Context

9. **Lebanon is more than three years into an economic and financial crisis that is among the worst the world has seen.** The crisis that started in October 2019 has been further exacerbated by the dual impact of the COVID-19 outbreak, and the massive Port of Beirut (POB) explosion in August 2020, all of which affected people's health, livelihoods, and well-being. Lebanon's total contraction of 37.3% in real Gross Domestic Product (GDP) between 2018 and 2022 has already wiped out 15 years of economic growth and is scarring the country's potential for recovery. The depreciation of the parallel market exchange rate has accelerated since the beginning of 2023, breaching Lebanese Pound (LBP) 100,000 /US\$, amid rising tensions, bank strikes, and relatively fewer foreign exchange (FX) interventions by Banque du Liban (BDL). As of February 1, 2023, the LBP was officially devalued by 90 percent from LBP 1,500/US\$ to LBP 15,000/US\$. However, even with the official devaluation, the distortion remains significant, and without broader reforms, it is unlikely that the exchange rate will stabilize.

³ The Strategy development started in 2019, led by the GOL, through an inter-ministerial committee, Aman Social Safety Net, headed by the Minister of Social Affairs, including key ministries (Labor, Public Health, Education, Economy and Trade, Justice, and Finance), in addition to the National Social Security Fund, the National Employment Office, and the Central Administration of Statistics.

⁴ The AF2 will also expand the scope and coverage of existing Project components and will introduce revisions to selected activities under the OF and AF1 to expedite their implementation.

⁵ Lately, the GOL expressed its intention to include in the 2024 budget, some allocations to co-finance the NPTP.



The existence of multiple exchange rates will continue to create distortions in the economy and rent-seeking opportunities. In fact, the unification of the exchange rate is a prior action for an International Monetary Fund (IMF) program,⁶ and the World Bank has been consistently stressing the need for that in its policy dialogue with the government.

10. **Average food inflation⁷ reached 332 percent in June 2022,⁸ with likely dire consequences on the poor, as food consumption forms a large proportion of their expenses.** According to the World Bank's latest Food Security Update report, Lebanon recorded the highest nominal inflation rate in the world during the January 2022 – January 2023 period (139 percent annual change in food Consumer Price Index [CPI]). This increase is partly attributed to Russia's invasion of Ukraine and Lebanon's heavy dependence on Ukrainian and Russian wheat imports, and the destruction of wheat reserves and storage facilities in the POB explosion. The gradual lifting of subsidies⁹ also had a direct impact on the poor and vulnerable segments of the population, increasing the cost of transportation, food, and healthcare. While the FX subsidy was distortionary, expensive, and regressive, it was preventing the prices of these products from increasing. The overall CPI has increased by a cumulative 800 percent as of January 2022, compared to pre-crisis levels in October 2019.¹⁰

11. **In the absence of an economic recovery program and any compensation mechanism, poverty is likely to rise among the population, and to be further exacerbated among the already poor and vulnerable.** Before the crisis, poverty and extreme poverty¹¹ were on the rise, with an estimated increase from 25.6 percent in 2012 to 37 percent in 2019; and from 10 percent in 2012 to 16.2 percent in 2019 respectively. Based on World Bank estimates of GDP growth and inflation rates in the first half of 2020, extreme (food) poverty has doubled to 22 percent, and overall poverty has increased to 45 percent in 2020.¹² The Syrian crisis itself, which generated a massive displacement and increased the demand for already limited public services, contributed a 7 percentage points increase in overall poverty between 2012 and 2017.¹³ Over the past two years, poverty has likely increased, with projections from the World Bank¹⁴ indicating that over half the population may have fallen below the poverty line.

12. **The increase in unemployment further worsened households' welfare.** According to a follow-up labor force survey conducted by the Central Administration of Statistics (CAS) with the support of the International

⁶ In April 2022, a staff-level (preliminary) agreement with the IMF was reached on a US\$3 billion, 46-month lending program (Extended Fund Facility), subject to the implementation of ten prior actions and confirmation of international partners' financial support. However, according to the IMF, more than a year after the agreement, limited progress has been made in meeting the prior actions, as economic and financial turmoil continues to drive crisis conditions.

⁷ While the average annual inflation rose to 150 percent in 2021, and 218 percent in the first half of 2022.

⁸ Ibid.

⁹ To date, FX subsidies on fuel and several other imports have been fully removed.

¹⁰ Central Administration of Statistics' Inflation Indicators.

¹¹ The standard international approach for setting a poverty line, which is followed in Lebanon by the Central Administration of Statistics, is the cost-of-basic-needs approach. To estimate the extreme poverty line, a minimal nutrition requirement for healthy living is identified (usually defined in terms of minimal caloric requirements). Households whose consumption expenditure falls below this line are considered as extreme poor. To estimate the upper poverty line, a non-food component is added to the food poverty line (rents, durables, education, health and so on), and households whose consumption expenditure falls below this line are considered poor.

¹² World Bank Staff calculations with Household Budget Survey 2011/12 using estimated GDP growth and inflation rates in the first half of 2020. This calculation only includes Lebanese households where poverty estimates are obtained from nowcasted consumption.

¹³ World Bank. 2020. The Fallout of War: The Regional Consequences of the Conflict in Syria.

¹⁴ Based on initial findings from the ongoing Lebanese Households Survey.



Labour Organization (ILO) in 2022,¹⁵ Lebanon's unemployment rate increased from 11.4 percent in 2018-2019 to 29.6 percent in January 2022. Youth unemployment rate in particular (47.8 percent) is almost twice the adult rate (25.6 percent). People working in the informal economy, estimated at 60 percent of the population in January 2022, lack any form of social protection.

B. Sectoral and Institutional Context

13. **Prior to the ongoing crises, the social protection system in Lebanon was highly regressive, suffered substantial efficiency and effectiveness challenges, all of which were compounded by a weak institutional capacity.** Even though the GOL was spending 6 percent of its GDP on social protection (SP) programs in 2019, the biggest share of spending (93 percent) was on pension, while 4 percent on social assistance, and 3 percent on social care services.¹⁶ Only 13 percent of social assistance spending was targeted to the poor and the vulnerable in 2020, while 87 percent was on universal subsidies that benefited the affluent and large consumers more than the poor. The absence of a robust SP delivery system resulted in fragmentation, duplication, and challenges to identify those in need and provide timely response to shocks. Many governmental agencies are also facing significant capacity challenges in terms of human resources, weak systems,¹⁷ and insufficient operational resources to ensure sustainable implementation.

14. **Prior to the crises, the National Poverty Targeting Program (NPTP), launched in 2011, covered 15,000 extreme poor households (that is, 1.5 percent of the Lebanese population in 2018¹⁸).** The NPTP was launched through a World Bank grant¹⁹ by Council of Ministers' Decision No. 118/2009. It provided social assistance to the poorest Lebanese households, consisting of cash transfers, and educational and health fee waivers.²⁰ The NPTP has been running for a decade, fully financed by donor grants including the European Union, Canada, and others. Since 2019, the NPTP was planned to be scaled up to 75,000 households. Between September 2021 and April 2023, it was expanded from around 35,000 to 66,000²¹ households, and benefits started to be paid in US dollars, which was not the case before. The NPTP is managed by the Ministry of Social Affairs (MOSA) and a Central Management Unit (CMU) at the Presidency of the Council of Ministers (PCM) and is implemented with support from the World Food Program (WFP). Besides NPTP, MOSA manages a range of social services through its Social Development Centers (SDCs); however, most of these services were discontinued when the crises hit.

15. **The Government launched the ESSNP in December 2021, to respond to the need for expanded coverage of poor and vulnerable households and establish a robust delivery system.** While the NPTP and ESSNP are similar to a certain extent in terms of design, the eligibility assessment of the former applies a poverty-targeted

¹⁵ Central Administration of Statistics. Lebanon follow-up Labor Force Survey January 2022, Beirut, 2022.

¹⁶ Lebanon Public Finance Review, World Bank, 2022.

¹⁷ World Bank, 2021. *IT Assessments of Delivery Systems and a Roadmap for Developing a Robust SPIS in Lebanon.*

¹⁸ Based on 2018 population estimates by the Central Administration of Statistics, <http://www.cas.gov.lb/index.php/demographic-and-social-en/population-en>.

¹⁹ The World Bank has provided technical assistance and financial support (US\$25 million) through four emergency grant projects: the First and Second Emergency Social Protection Implementation Support Projects (US\$1 million and US\$6 million, 2007 and 2011, respectively), the Emergency NPTP (US\$8.2 million, 2014) and NPTP AF (US\$10 million, 2016).

²⁰ Due to the implementation challenges and change of GOL priorities, the educational and health interventions were discontinued. The original grant also included a graduation component which was never launched.

²¹ Data retrieved from the Central Management Unit.



approach through proxy means testing (PMT), and the latter uses a combination of vulnerability criteria (inclusion groups) followed by the same PMT. Combined, the two programs were expected to improve the coverage of the extreme poor Lebanese households, whose number is estimated to be 220,000: NPTP targeting 75,000 households and ESSNP originally targeting 150,000 households.²² The two programs are also harmonized in terms of monthly benefit size and implementation arrangements. However, the NPTP uses manual operations without a fully-fledged system²³ to validate, sort and screen applications, while the ESSNP uses a fully digitized delivery system, the DAEM²⁴ Social Registry, to accommodate all delivery processes. Developed under the ESSNP, the DAEM platform is an important step toward the development of an integrated Social Protection Information System (SPIS) in Lebanon that can eventually serve all SP programs and other sectors as needed. The design of the DAEM platform allows to host multiple programs through the same gateway, and therefore connect households and individuals in need with a range of social benefits and services.

16. **Building a unified SSN program is critical to avoid duplication, fragmentation, and inefficiencies, as reflected in the NSPS.** As such, the MOSA will, within four months following the effectiveness of ESSNP AF2, develop a roadmap and an, under terms satisfactory to the Bank, for the integration of NPTP and ESSNP, as articulated in the updated POM, (see box 1 action plan and annex 3 for details), based on the recently concluded assessment, also referred to as due diligence, which was jointly carried out by WFP and the World Bank, in consultation with the GOL, donors and other stakeholders. The guiding principles behind this integration, which donors and the World Bank agreed on,²⁵ are as follows: (a) avoiding duplication caused by parallel systems and ensuring aid effectiveness; (b) supporting the use of national systems (for example, the DAEM Social Registry, SDCs) for the implementation of SSN programs, and securing government financing to strengthen those systems; and (c) using updated data from the ongoing 2022–2023 Lebanese Household Survey (LHS)²⁶ as the basis for all SSN programs. In terms of governance, the mandate of the Steering Committee that was established for NPTP may be widened to include the integration of the two programs and their implementation.

²² Target was revised to 105,000 in February 2023 restructuring.

²³ Including a digital application and a Microsoft Structured Query Language (MS SQL)-based database managed by MOSA and CMU.

²⁴ DAEM is Arabic for 'support'.

²⁵ Donor Discussion Paper – Support for Lebanon's National Social Safety Net, May 30, 2022.

²⁶ Initiated by the World Bank with WFP, UNHCR, and UNRWA as partners, the LHS will invite close to 9,000 households across the country to voluntarily participate in an in-person survey that will help produce an urgently needed profile of household welfare in Lebanon. Data collection for the LHS is expected to be completed by August 2023



Box 1: Reforms Toward Realizing the NSPS: A Unified SSN Program for Lebanon

Integrating NPTP and ESSNP's programs into a unified SSN program for Lebanon is a critical step toward achieving the objectives of the NSPS. The recently concluded due diligence study identified key strengths and weaknesses in both programs, with the objective of informing a roadmap for their integration (see annex 3 for more details on the findings of the study). The GOL will further review and assess NPTP and ESSNP's programs and will develop a roadmap and a clear action plan for their integration, which will be included in the updated POM, and whose implementation and monitoring will start during the remaining implementation period of the ESSNP as part of the Project. As part of the preparation of the AF2, the World Bank proposed the following short- to medium-term actions be integrated in the action plan to be prepared by the Borrower:

- (1) Moving the full NPTP database to the DAEM Social Registry. This will be crucial given the absence of operating systems and disaster recovery in NPTP. User interfaces can be provided to officers in charge of NPTP at MOSA and SDCs (social workers, and so on) to access the platform. A key advantage is that the transfer will allow the deduplication to take place at the registration phase and will eliminate the need to carry it out after data collection.
- (2) Leveraging the large network of SDCs and social workers to diversify entry channels to the program. These channels may include, among others, physical visits to the SDCs, online applications, and call center-assisted registration. For that purpose, the capacity of the SDCs will need to be substantially upgraded, through investments in the service delivery infrastructure (equipment, hardware, and so on); and institutional capacity building especially for social workers, whose role is likely to expand beyond data collection and enumeration, to cover case management. This action will be supported by Component 3 of the Project.
- (3) Further developing the DAEM platform based on the needs of the Government, to (a) create advanced functionalities under the current modules; (b) add new modules such as integrated case management and social services; and (c) introduce modules to serve new social protection programs that would complement the cash transfers, as needed. This action will be supported by Component 4 of the Project.
- (4) Integration of eligibility criteria (using the same cut-off score) and harmonization of benefits provided by both programs. In this manner, both programs will be identical and will run by MOSA and the CMU with the same eligibility criteria, delivery system and components, with the exception of the source of funding. Since the DAEM platform allows to generate financial reporting and monitoring based on the source of funding, the integration process will be fully transparent to both government and donors.
- (5) Updating the PMT formula based on the ongoing LHS and applying it to all targeted social programs.
- (6) Completing the development of the payment module on DAEM and ensuring its interoperability with financial service providers (FSPs). In the meantime, the flow of funds can follow the current structure for both programs. Once the link is active, two separate payment lists can be created based on the source of funding (donor and government). This action will be supported by Component 4 of the Project.



C. Project Status

17. **Overall, the Project's implementation is on track.** As of April 2023, the Project has disbursed US\$221 million, representing 90 percent of the Project's total current loan amount. Key contracts were signed that helped expedite the Project's implementation. These contracts include (a) an output agreement with WFP for (i) verification of households eligible for cash transfers under the Project; (ii) the provision of cash transfers, and (iii) post-distribution monitoring (PDM); (b) the development of the DAEM platform by a private sector company, which included the establishment and operationalization of the Grievance Mechanism (GM); (c) Third Party Monitoring (TPM) by a private sector company; and (d) provision of information security services by a private sector company. The status of implementation under each component is described in the following sections.

18. **Component 1. Provision of Cash Transfers for Basic Income Support.** Significant progress has been made under this Component. As of April 2023, Component 1 has provided cash transfers up to 81,524 households meeting extreme poverty and/or vulnerability criteria, for up to 14 months²⁷. Upon the Project's launch in October 2021, Lebanese households in need were invited to register for ESSNP on DAEM. Between December 1, 2021, and January 31, 2022, more than 582,000 Lebanese households registered, out of which 468,157 completed their applications and were therefore considered for processing. Of the completed applications, public sector personnel (civil, military, security), application duplicates, and NPTP beneficiaries were removed, which resulted in 389,442 applications for further consideration. The resulting number was subject to affluence-test exclusion criteria,²⁸ which resulted in a pool of 364,891 households identified as non-affluent. The next stage applied the ESSNP hybrid targeting methodology, which combines categorical targeting to prioritize socially vulnerable groups and the PMT²⁹ to identify extreme poor households. Specifically, 244,963 households were found to be among one of the four socially vulnerable groups (female-headed households; at least one member in the household is aged 65 or above; at least one member in the household has a severe disability; and at least one member in the household is below 18 years). To further narrow down the pool of households to be verified through visits whereby the PMT indicators are collected, additional filters were applied, including ratios of rooms³⁰ and bathrooms³¹ per person. Following this screening, approximately 199,259 households met the criteria to receive a verification visit under the ESSNP.

²⁷ Almost 76,000 have been receiving payments for 14 months, while around 5,524 have been receiving payments for 3 months.

²⁸ The affluence test exclusion criteria (designed for a separate quasi-universal cash transfer program which however did not get implemented) include: (a) all household members currently residing outside Lebanon for a period exceeding 90 days from June 1, 2020 to July 30, 2021 (except members below 23 years of age, or those undergoing medical treatment); (b) households whose total annual income is more than \$10,000 (fresh - or its equivalent at Sayrafa platform rate); (c) households whose total bank deposits (in Lebanon or abroad) on June 30, 2021 in the banks is above US\$10,000 (fresh) - or its equivalent in local US dollars or Lebanese Pound at Sayrafa platform rate; (d) households whose annual rent is US\$3,500 or above (fresh - or its equivalent at Sayrafa Platform rate); (e) households who own three or more cars registered after 2018 and whose make year is 2017 or after; and (f) households who employ one or more foreign domestic worker.

²⁹ The PMT score is a proxy for consumption per person in a household, which is used to measure household welfare. It was developed using statistically significant predictors of a household's consumption, using the Household Budget Survey (HBS) 2011/12 data. Eligibility thresholds are determined from the PMT score distribution in the HBS data, which is set at the 30th percentile for the ESSNP.

³⁰ Households who have less than 2 rooms per person, calculated as (number of rooms excluding bathroom and kitchen / number of people in household) < 2.

³¹ Bathroom per person ratio is less than or equal 0.5, calculated as (number of bathrooms / number of people in household) <= 0.5.



19. **At the time of the Project’s restructuring in February 2023, around 76,000 households had been found eligible, and received cash assistance for 12 months.** Under the restructuring, the end target value for Component 1 decreased from 147,000 to 105,000 households. The restructuring allowed to continue the provision of cash assistance to the 76,000 beneficiary households for up to seven months (based on available funding), while integrating new eligible households, whose number was expected to be around 30,000, to receive cash assistance for 12 months, with payments retroactive on a quarterly basis starting from January 2023. The proposed AF2 will enable the GOL to go back to support (and even slightly go above) the original number of beneficiaries (with a targeted number of 160,000).

20. **Component 2. Provision of Cash Transfers for Students-at-Risk.** The objective of Component 2 is to support the retention of students who are at risk of dropping out of school due to socio-economic reasons, through providing a top-up education cash transfer to households covered under Component 1.³² According to the DAEM platform data, out of the 76,000 beneficiary households, 14,915 were found to have a total of 22,483 children aged between 13 and 18 years old, enrolled in public schools and vocational institutions. On November 21, 2022, the Government invited the beneficiary households under Component 1 to provide additional information on their children on DAEM, so that the data can be verified by the School Information Management System (SIMS) of the Ministry of Education and Higher Education’s (MEHE). A targeted communication campaign is planned to assist households with the registration of their children on DAEM. Despite the challenges faced over the past academic year,³³ the first payment to beneficiaries under Component 2 is anticipated by June 2023.

21. **Component 3. Provision of Social Services.** Component 3 is intended to support strengthening the capacity and systems of the MOSA and the SDCs and increasing access to quality social services for poor and vulnerable households. Progress under this Component has been slow, given that the GOL has prioritized Components 1, 2 and 4 to ensure timely delivery of cash assistance. The detailed program of activities to be carried out under this Component is being updated by MOSA in line with the strategic goals of the NSPS and will be reflected in the POM.³⁴

22. **Component 4. Enhanced Social Safety Nets Program Delivery.** The objective of this Component is to ensure an efficient and effective implementation of the ESSNP and lay the foundations for a sustainable SSN delivery, including establishing the building blocks of a national social registry. Component 4 includes four subcomponents as follows.

23. **Subcomponent 4.1. Development of a robust GM,³⁵ and communication and outreach.** Following the launch of the Project, an active and well-functioning Call Center was temporarily established and hosted on the premises of the Central Inspection Office (CIO), to support the registration of households on the DAEM platform. As the Project moved into implementation, the Call Center was upgraded with GM functionalities, and operators were trained and have been since then answering and resolving queries related to technical issues such as

³² The Project’s restructuring resulted in a revision of the end target value for Component 2, with the number of households receiving top-up cash transfers for children decreasing from 87,000 to 50,000, and it allowed for the payment of the cash grant for students directly to beneficiaries instead of schools.

³³ Including public schools’ closure due to a strike from January to February 2023 which had impacted the implementation of payments for Component 2 related to transport expenses (that is, challenges in monitoring the monthly attendance data for transfers to be paid to households on monthly basis).

³⁴ Precisely Strategic Goal 2: Expand the scope of social protection benefits to better address various lifecycle risks.

³⁵ The establishment of a grievance mechanism (GM) was a withdrawal condition for the ESSNP that was met by the GOL.



verification, complaints, inquiries, household visits, payments, and eligibility. Moving forward, the GM will be transferred to MOSA, and the transition will be agreed upon by the CIO, MOSA, and CMU. The CIO will maintain its inspection role through a user interface to be developed as part of the GM module on DAEM, to access grievances that may require investigation. In addition to the GM, this subcomponent supported the outreach efforts of the MOSA and PCM, through the CMU, including awareness campaigns.

24. **Subcomponent 4.2. Monitoring and Evaluation (M&E), verification system, TPM/external technical audit.** This subcomponent financed a contract with WFP to carry out PDM. The PDM survey includes questions on the payment process, the amount of cash transfers received, households' awareness of and experience with using GM systems, the use of cash receipts, and any fraud and corruption encountered. In addition to PDM, a verification system was embedded in DAEM platform to validate data and processes. A TPM Agent (TPMA) firm was also hired in June 2022 to verify the eligibility of the beneficiaries under Components 1 and 2 and to confirm that payments have been made on time.

25. **Subcomponent 4.3. Building blocks of a national social registry.** Good progress was made on the development of the DAEM platform, the first national social registry in Lebanon. The establishment of DAEM, along with its governance and implementation arrangements, were set by Prime Ministerial Decision No. 5 (dated September 30, 2021), and the CIO supervised and monitored the software development process. Currently, almost 45 percent of the population (after deduplication) is registered on DAEM, which makes it the most comprehensive social registry in the country.³⁶ To-date, key modules³⁷ have been developed and operationalized. A recent World Bank assessment of DAEM indicated that the platform is secure, adheres to global data privacy standards, and deploys top-of-the-line tools.³⁸ The DAEM datacenter is hosted on the premises of OGERO,³⁹ and follows the European Union's General Data Protection Regulation (EU's GDPR). The datacenter user password is split between parties, and no party has the full password to access the system on their own. To this day, no known data leaks or breaches have been detected.

26. **Subcomponent 4.4. Project management and implementation support.** This subcomponent has supported the PCM, through CMU and will also support MOSA to manage the Project, with the recruitment of key consultants, the procurement of needed equipment, and operating costs.

27. **The CERC has not been triggered.**

Results to-date

28. **Effective support to the poor and vulnerable.** The poverty score distribution of beneficiary households shows that the Project has successfully targeted households at different levels of extreme poverty. The average

³⁶ The system is being designed to host additional social safety net programs (such as NPTP) in due course.

³⁷ The eventual DAEM SPIS would include 12 key modules: (a) Intake and Registration; (b) Validation and Eligibility Assessment; (c) Payment Administration; (d) ESSN back-office; (e) Reporting and Data Analytics; (f) Public Dashboards; (g) User Interfaces; (h) Central GM module including Citizen Engagement; (i) training portal; (j) case management; (k) social services; and (l) a generic social assistance module. To date, the first five modules were developed and operationalized.

³⁸ Based on the assessments from private company who has done cybersecurity assessments (Source: World Bank Implementation Support Mission for Assessment of the DAEM Platform, Aug 1-5, 2022.)

³⁹ Organisme de Gestion et d'Exploitation de l'ex Radio Orient, that is, Lebanon's National Telecom Operator providing fixed infrastructure in Lebanon, delivering voice and broadband internet, and providing data services to residential and Enterprises.



beneficiary household belongs to the second decile, while over 25 percent of beneficiary households belong to the poorest decile. Nevertheless, further targeted outreach is required to ensure that all extreme poor households register on DAEM and are considered for the Project. In addition, results from the verification and scoring process indicate that the ESSNP has prioritized socially vulnerable groups: around 43 percent of ESSNP beneficiary households are female-headed, 22 percent have a member with a disability, 20 percent have an elderly member, and 75 percent have at least one child.⁴⁰

29. **Preservation of human capital.** PDM data suggests that the Project is directly facilitating spending on health, nutrition, and education — critical elements for strengthening human capital. Around 75 percent of beneficiary households reported reducing health or education expenses, withdrawing children from school, or selling productive assets during the crises, in order to buy food (90 percent) or cover health expenses (52 percent). This highlights the acute vulnerability and increased risk on human capital that the poorest households in Lebanon are facing. After receiving the transfers, the largest share of beneficiary household spending was on food (43 percent of spending) followed by healthcare (12 percent of spending). Around 99 percent of beneficiary households reported improved living conditions after the transfers, while 66 percent of beneficiary households with children reported that the transfers facilitated school attendance.

30. **Increased efficiency, effectiveness, and transparency.** The DAEM Social Registry has facilitated the Project's implementation through the automation of core delivery functions, which allowed the fast delivery of cash transfers, starting one month after the closing of registration. The platform has also increased transparency and citizen engagement, with the successful operationalization of the GM.⁴¹ It has also supported the M&E function, which was critical to inform needed adjustments throughout the implementation.

D. Rationale for Additional Financing

31. **Extending ESSNP and expanding its coverage through the proposed AF2 will be crucial to enable the GOL to continue to respond to the growing needs of the population.** As indicated earlier, the poverty rate is expected to have increased over the past two years, and ESSNP benefits have generated positive outcomes in terms of mitigating vulnerabilities and protecting human capital. Moving forward, and in the absence of budget allocations for targeted SSNs, suspending the assistance provided through ESSNP will likely reverse the gains made during the previous year, and may even generate tension and instability in the country. The expected increase in poverty and vulnerability provides a strong justification for scaling up the Project for improved coverage, in line with the NSPS vision.

32. **The ESSNP helped the GOL to initiate the establishment of much-needed delivery systems, whose further development will be critical for building a unified SSN program in Lebanon.** The ESSNP has laid the foundation of an adaptive social protection system in Lebanon, at the core of which is the DAEM Social Registry which will be further developed under the proposed AF2, to become a fully digitized and integrated SPIS that can accommodate the needs of the government. By automating and linking delivery processes, the upgraded system

⁴⁰ The four categories listed are not mutually exclusive, that is, multiple vulnerabilities can occur in the same household leading summation over 100 percent.

⁴¹ To date, 414,534 grievances were received, of which 73 percent were answered.



will substantially simplify the implementation of social assistance programs,⁴² reduce fragmentation and duplication, and promote efficiency and effectiveness. By doing so, the OF and its AF2 are expected to substantially facilitate the integration of ongoing SSNs into a unified SSN program in line with the GOL's vision articulated in the NSPS.

33. Beyond strengthening systems, the AF2 will allow to continue building strong institutional capacity within the Government. The Project intends to strengthen the implementation capacity of the GOL by forming a task team under MOSA to gradually take over some of the core technical and operational functions for sustainability purposes. In addition to supporting the task team, the Project will elevate the capacity of technical teams at the MOSA and SDCs to allow them to better perform their duties. The Project will also promote collaboration between social sector state institutions such as MEHE and the Ministry of Public Health.

E. Relevance to Higher Level Objectives

34. The Project is aligned with the strategic objectives of the WBG at the global, regional, and country levels. The AF2 will continue to provide support and protection to the poorest Lebanese households impacted by the multiple crises. The Project is aligned with the WBG twin goals of eliminating extreme poverty by 2030 and boosting shared prosperity and improving the living standards of the bottom 40 percent of the population in every country, in a sustainable manner. The Project also contributes to the WBG's Middle East and North Africa (MENA) Strategy Regional Update ("Looking Forward"), including Pillar 2 – Protecting the poor and vulnerable and Pillar 4 – Strengthening institutions.

35. The Project contributes to advancing the Lebanon Country Partnership Framework (CPF) FY17–FY22 objectives and is consistent with the updates introduced in the FY22 Performance and Learning Review.⁴³ The CPF has two focus areas that aim to renew the social contract between the state and citizens: (a) expand access to and quality of service delivery; and (b) expand economic opportunities and increase human capital development. Specifically, the proposed AF2 contributes to CPF objective (2e) of strengthening SSNs by (a) mitigating the adverse effects of the crises on the population; (b) further developing an integrated SPIS with a payment mechanism for all SSN programs with strong monitoring measures in place; and (c) building a resilient society against future shocks and crises.

36. The Project is aligned with the World Bank's Global Crisis Response Framework. Specifically, the Project with the support of the AF2 is aligned with Pillars 1, 3, and 4 – responding to food insecurity; strengthening resilience; and strengthening policies, institutions, and investments for rebuilding better, respectively. The Project is also consistent with the World Bank's global Social Protection and Jobs strategy (Compass): Charting a Course Towards Universal Social Protection: (a) it seeks to contribute to a "country specific trajectory" toward Universal Social Protection; (b) it advances the strategy through "progressive realization"; (c) it considers the "diverse needs" in the country environment; and (d) it supports "tailored instruments" for progress.

⁴² All social programs follow similar business processes across the delivery chain, which includes the four core phases of assessment, enrollment, provision of benefits, and management of cases.

⁴³ World Bank. *Lebanon - Performance and Learning Review of the Country Partnership Framework for the Period of FY17–FY22*.



37. **The Project is aligned with the WBG Gender Strategy (FY16–FY23).** It contributes to the strategy's objectives of improving human endowments through the expansion of SSNs, and through empowering vulnerable people, precisely women, by embedding innovations in the program's design, such as including female-headed households as a vulnerability criterion. Through the expansion of SSNs during a time of crisis, the Project will also contribute to mitigating the adverse effects of the crisis on women's human capital.

38. **The Project is expected to support the GOL to advance important reforms reflected in the NSPS.** The NSPS prioritizes the expansion of SSNs, with a medium- to long-term vision of achieving a universal social protection system (refer to box 2 and annex 2 for more details).

39. **In conjunction with the Strategy's finalization, the GOL understands the need for creating fiscal space for social protection over the medium-term and to include this in its budget.** The Government has expressed commitment to necessary reforms, including: (a) fiscal reforms; (b) public sector reform; and (c) pensions reforms. The World Bank plans to support these reform areas through complementary technical assistance, including for fiscal governance and pension reform.

40. **As stipulated in the Strategy, reforming the pension system in Lebanon is crucial to ensure its financial sustainability and strengthen resilience of the Lebanese population.** The current system serves few, crowds out other social programs and adds to the budget deficit. Efforts to address the fiscal imbalance have only been short-term solutions, and a more decisive set of measures is needed to bring fiscal relief and address long-term structural issues. Reforms need to focus on income security in old age for all Lebanese and serve as a model for reforming civil servants' and military pension systems. A long-term vision for Lebanese income security in old age should guide the reform effort, with short-term quick fixes being viewed within the context of a broader, longer-term strategy. The World Bank will continue to provide complementary technical assistance to GOL to implement a comprehensive package of measures for pensions reform in Lebanon, precisely looking at (a) the conversion of the existing end-of-service indemnity in the private sector into a self-sustaining life-long pension regime in line with international practice; and (b) reforms necessary to ensure financial sustainability of the National Social Security Fund (NSSF) in the long term.



Box 2: The Project’s Contribution to the Realization of the NSPS

The Project will support the achievement of all NSPS strategic goals:

Strategic Goal 1- Expand the coverage of existing social protection programs for higher inclusion of the poor and vulnerable populations. The AF2 will support scaling up the Project, with a revised target of 160,000 households that meet extreme poverty and/or vulnerability criteria (from an original target of 150,000 households, scaled down in February 2023 to 105,000).

Strategic Goal 2- Expand the scope of social protection benefits to better address various lifecycle risks. The AF2 will restore the scope of Component 3, which will seek to provide social services (include access to livelihood opportunities) to 400,000 individuals with strong case management and intermediation. The Project will also continue to complement cash assistance with incentives that promote educational investments under Component 2.

Strategic Goal 3- Develop a coordinated, integrated, and efficient institutional model for social protection design and service delivery. This will be achieved through (a) the Project’s support to the integration of the main SSNs –NPTP, ESSNP, and others– the process of which will be further articulated by the Government based on the due diligence exercise that started under the OF; (b) the substantial investment planned under the AF2 in systems building, including DAEM Social Registry and its potential to be transformed into an SPIS based on the needs of the government; and (c) the institutional capacity development within the main agency, the MOSA.

Strategic Goal 4- Establish equitable and sustainable financing mechanisms for social protection. Under ESSNP, a multi-stakeholder (including the GOL, World Bank, ILO, and United Nations Children’s Fund [UNICEF]) costing exercise was initiated to develop a financing roadmap for the Strategy. While securing the necessary fiscal space to finance much needed SSNs as part of social protection schemes requires broad national budget reform (see annex 4 for more on debt sustainability and reforms that can enable financial sustainability), the costing exercise which will continue to be supported under AF2 will outline the transition of financing for social protection programs, with increasing government contributions in the medium to long term.

Strategic Goal 5- Ensure access to information and adequate participation of beneficiaries and civil society in ensuring oversight and accountability in social protection service delivery. The Project will intensify communication and outreach efforts, and further strengthen the GM function, to improve transparency and citizen engagement.



II. DESCRIPTION OF ADDITIONAL FINANCING

A. Summary of Changes

41. **The AF2 will introduce the following key changes to the Project:** (a) the number of beneficiaries under Component 1 will be restored and even increased, and subsequently, under Component 2 will increase; (b) the design of existing components will be amended as follows (i) targeting under Component 1 will be revised to cover most vulnerable households on top of 150,000 extreme poor and vulnerable households, to reach 160,000 households, (ii) the conditionality under Component 2 will be softened, and coverage will be expanded to reach 92,000 students, and (iii) Component 3 will restore its original scope and will aim to reach 400,000 individuals; (c) the Project's implementation arrangements will be revised to strengthen MOSA's capacity to take over core technical functions; (d) the Results Framework will be revised to reflect the new coverage in Components 1 to 3; and (e) the closing date of the Project will be extended from February 29, 2024 to December 31, 2026.

B. Project Development Objective (PDO)

42. **The PDO will remain the same as in the original Loan Agreement:** (a) 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 (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.

PDO Level Indicators

43. **The PDO will be monitored through the following PDO-level outcome indicators (see Results Framework for further details):**

- Number of households receiving basic cash transfers (of which female-headed households, households with persons with disabilities, households with elderly members, households with children under 18 [percentage])
- Number of children (ages 13–18) enrolled in school year among beneficiary households
- Percentage of boys (ages 13–18) enrolled in school year among beneficiary households
- Number of beneficiaries of social services (of which female [percentage])

C. Components, Activities, and Beneficiaries

44. **The ESSNP AF2 will keep the five components of the Project as in the OF.** The total Project cost for ESSNP AF2 is US\$300 million until the Closing Date on December 31, 2026. Table 1 summarizes the five components with their revised targets.



Table 1. Revised Project Beneficiary Targets, by Component

Project Components ⁴⁴	Beneficiaries	OF/AF1 (target)	AF2 (target)
1. Provision of Cash Transfers for Basic Income Support	Extreme poor Lebanese households and socially vulnerable	105,000 households	160,000 households
2. Provision of Top-up Cash Transfers for Students –at Risk	Students aged 13–18 in households under Component 1 enrolled in public schools	50,000 students	92,000 students
3. Provision of Social Services	Vulnerable households, individuals, and SDCs	100,000 individuals	400,000 individuals
4. Enhanced SSN Program Delivery	MOSA (including social workers), Program beneficiaries	—	—
5. CERC			

Component 1: Provision of Cash Transfers for Basic Income Support (AF2 allocation US\$253 million)

45. **Component 1 will facilitate the provision of cash transfers to 160,000 beneficiary households.** This includes all ESSNP beneficiary households who meet poverty and vulnerability criteria, in addition to new households who meet at least two vulnerability criteria. Combined, the OF/AF1 and the AF2 will provide transfers to those beneficiaries for 24 months, in the amount of US\$25 as a lump sum, in addition to US\$20 per household member (up to 6 members, US\$145 for a household). The proposed scope breakdown between the OF and the AF2 is presented in table 2, taking into account the revisions to the Project following its restructuring.

Table 2. Scope Breakdown between ESSNP OF/AF1 and ESSNP AF2

Number of Beneficiary Households	ESSNP OF/AF1	ESSNP AF2
Beneficiaries identified in 2022 (76,000 households)	18 months	6 months
Beneficiaries to be added in 2023 (30,000 households)	12 months	12 months
Extreme vulnerable beneficiaries to be added in 2023 (10,000 households)	12 months	12 months
Beneficiaries to be added in 2024 (44,000 households)	0 months	24 months
Total beneficiaries (160,000 households)	24 months of payments	

46. **Eligibility criteria.** The Project will continue to adopt/use a hybrid targeting methodology, described in the Project Status section, to reach out to 150,000 extreme poor and vulnerable households. In addition, the Project will cover extremely vulnerable households, that is households who meet 2 vulnerability criteria or more, albeit whose PMT score may be over the eligibility threshold (up to 10,000 households). The identification of new beneficiaries will be carried out through a multi-step approach, as outlined in Table 3 (approximately 40,000 households to be added in 2023 and roughly 44,000 households to be added in 2024). Moving forward, as subject

⁴⁴ The benefits under Components 1 and 2 are for 24 months including the OF/AF1, while the social services provided to individuals under Component 3 will cover until the closure of the Project (December 31, 2026).



to budget availability, the GOL intends to adopt a dynamic registration approach for SSNs to enable registration throughout the year.

Table 3. Reaching Target Beneficiaries under ESSNP AF2

Household Categories	Total Households	Potential Beneficiary Households (expected)
ESSNP suspended households	28,000 ⁴⁵	8,400
Further verification	61,000	18,300
NPTP ineligible but ESSNP eligible		17,000
Extremely vulnerable (2 or more vulnerabilities)		10,000
Targeted registration of extreme poor (if needed)		30,300
Total		84,000

47. **Payment process.** As part of its contractual agreement with GOL, WFP manages the current disbursement of benefits based on payment lists generated by the CMU on DAEM. Payments are communicated to recipients by SMS and are redeemed in actual US dollar notes through Western Union’s agents in Lebanon (Online Money Transfers [OMT] and Bank of Beirut [BoB] Finance). Redemption is free of charge for the recipient, with WFP compensating the FSPs (Western Union and their agents) for their services. Moving forward, the GOL intends to expand the payment module of the DAEM platform, to be able to directly disburse the benefits to either bank or electronic wallet accounts.

48. **Coverage and adequacy.** Combined, the ESSNP and NPTP will cover 235,000 of the poorest and/or most vulnerable Lebanese households. This is approximately 23.5 percent of all Lebanese households, covering all extreme poor households based on the Household Budget Survey (HBS) 2011/12 data.⁴⁶ However, it is critical that both coverage and adequacy of the benefits are examined closely as the 2022–2023 LHS data becomes available. The LHS data analysis is expected to be finalized by the end of 2023, that is, as ESSNP beneficiaries receive their second year of transfers. Once the coverage and adequacy assessments are completed, they will be reflected in the Project’s design for the remainder of implementation during 2024.⁴⁷

Component 2: Provision of Top-up Cash Transfers for Students at Risk (AF2 allocation US\$34 million)

49. **This Component will expand the provision of educational cash top-up transfers to approximately 92,000 students.** Similar to the OF, Component 1 beneficiary households will be requested to register on DAEM their children aged between 13 and 18 years, who are currently enrolled in public schools in general education (GE) or

⁴⁵ Following verification on DAEM, a number of households enrolled in ESSNP were suspended due to suspected duplication in their applications and are currently subject to another review (that is, deduplication process).

⁴⁶ Until the LHS is available, the HBS 2011/12 remains the latest nationally representative dataset in Lebanon with an estimate for consumption poverty. This dataset has been nowcasted to approximate the current number of extreme poor in the country. It is used to temporarily set coverage targets for the program until the LHS is available and actual poverty estimates are ready.

⁴⁷ Which may require a third Project restructuring.



technical and vocational training⁴⁸ (TVET), in order to receive the cash top-up. There will be no cap on the number of children per household.

50. **Assistance Package.** The Project will cover direct costs of schooling which include school registration fees, parents’ council fees, school textbooks or stationery costs, transportation, and school uniform expenses. However, given the challenges faced under the OF, the amount of the top-up will be revised, adjusted, and paid in installments (to be agreed upon between MOSA, MEHE, and CMU). Eligible students are entitled to an amount between US\$285 to US\$425 per scholastic year depending on school grade and education stream (table 4), to be paid directly to the beneficiary households as a top-up to Component 1.

Table 4. Benefit Size by Stream and Age Group (in US dollars)

Age Group	13-15 years		16-18 years	
	General	Vocational	General	Vocational
Stream				
1. School Registration Fees	0	30	60	30
2. Parents’ council Fees	0	0		0
3. Textbooks	60	140	140	140
4. School Uniform				
5. Equipment/Stationary				
A. Total amount paid to households at the start of the school year per child	60	170	200	170
6. Transport Expenses (borne for 9 months)	25	25	25	25
B. Total amount paid to households in monthly installments over the year per child	225	225	225	225
Total Annual Cost per Child (A + B)	285	395	425	395

51. **Monitoring Students.** The registration and the academic performance of eligible children will be monitored and reported on by MEHE to the PCM-CMU and MOSA. Monthly attendance will be monitored by MEHE using the SIMS for GE and the student management system for TVET. Action plans, including interventions for psychosocial and academic support, will be developed by MEHE and MOSA for children who are found to be frequently missing attendance at school or lagging academically.

Component 3: Provision of Social Services (AF2 Allocation US\$13 million)

52. **The ESSNP AF2 will restore the activities that were planned under Component 3 of the Project under the OF, and will increase their allocations by US\$13 million, to reach US\$17.8 million.** More specifically, Component 3 will finance the following activities:⁴⁹ (a) assessments needed to inform the design and

⁴⁸ The inclusion of the vocational stream of secondary education under this Component is essential for particularly targeting boys’ dropout between the ages of 13 to 18 years as they are more likely to be enrolled in TVET than girls (as of 2018, boys made up to 57 percent of all students enrolled in TVET).

⁴⁹ The World Bank will mobilize bank-executed resources to support the implementation of the first two activities, i.e. the assessment and the design of services.



implementation of social services, covering the needs at the local level, existing services and the capacity of SDCs and MOSA's regional offices in terms of infrastructure and human resources; (b) design of an integrated package of social services; (c) development of a case management and referrals⁵⁰ system, and capacity building for social workers and relevant teams; and (d) provision of social services, which may include training and upskilling activities linked to graduation. To facilitate the provision of the new services, this Component will support introducing to the DAEM SPIS the required modules such as social services module and case management module.

53. **Beneficiary selection.** Beneficiaries will include: (a) individuals (previously or currently) benefiting from SDCs' services (namely women at risk, elderly, persons with disabilities, and children at risk or in need of early childhood development and beyond); (b) referrals from social workers, who are the first point of contact for vulnerable households; and (c) households identified through the NPTP and ESSNP database (Component 1) and students at risk of dropping out of school (Component 2).

Component 4: Enhanced Social Safety Nets Program Delivery (no additional funding under AF2)

54. **The AF2 will continue to support Component 4's activities that were initiated under the Project under the OF.** These will be implemented using savings from the OF (US\$4.3 million), with no additional funds under the AF2.

55. **Subcomponent 4.1. Development of a robust GM, and communication and outreach.** This subcomponent will support (a) the transfer of the GM from the CIO to MOSA and its operationalization; and (b) the implementation of effective communication and outreach activities.

56. **Subcomponent 4.2. M&E, verification system, TPM/external technical audit.** This subcomponent will continue to finance the implementation of an efficient M&E system to be managed by both the PCM and the MOSA, leveraging the PDM established under the OF. It will also finance the TPMA hired under the OF, with an expanded scope to cover the activities that will be launched under Component 3. The TPMA will submit quarterly technical audit reports to the CMU, MOSA and World Bank within 45 days after the end of each quarter.

57. **Subcomponent 4.3. Building blocks of a national social registry.** This subcomponent will continue to support the development of the DAEM SPIS, building on the progress achieved under the Project under the OF,⁵¹ and based on the needs of the GOL. While key modules are already operational under the DAEM Social Registry,⁵² the system will be further developed to include additional functionalities, namely (a) a central GM module; (b) training portal; (c) case management; (d) social services; and (e) a generic social assistance module. The full

⁵⁰ Including referrals to primary health care centers, which are supported under the ongoing World Bank-funded Health Resilience Project.

⁵¹ This included software development entailing the basic functionalities for the registry, eligibility, back-offices for ESSNP, payments, and reporting and dashboard modules.

⁵² Terminology on unified registries might differ from one country setting to another. Some countries use the unified registry in the sense of an information system used to operate multiple functions not necessarily in the social sector. However, the term social registry refers to "Information systems that support the processes of outreach, intake and registration, and assessment of needs and conditions to determine potential eligibility for social program(s). They maintain information on all registered households regardless of whether they eventually benefit from a social program." which is retrieved from Sourcebook on the Foundations of Social Protection Delivery Systems. Washington, DC: World Bank. doi:10.1596/978-1-4648-1577-5 and used in the sense of Social Protection field.



development of all 12 modules would require 12 months of software development and a six-month maintenance period.

58. **The Project, as restructured through this AF2, will facilitate the establishment of an integrated SPIS with core functionalities for delivering social protection programs.** This will entail undertaking assessments of feasibility of linkages of multiple databases, as well as the development of additional modules of software, including a digital payment administration system, carrying out database linkages to enable automated and dynamic targeting and integrated service delivery, and provision of technical assistance related to the necessary changes to the legal framework, compliance with relevant Personal Data privacy policies, technical design of the registry and IT and administrative/management systems, as well as related capacity building across ministries⁵³.

59. **The integration of poverty-targeted SSN programs supported under the NPTP and ESSNP programs will benefit from the full SPIS, as user interfaces could be added for the respective implementing entities based on the integration roadmap that will be developed by the Government.** For instance, households will apply through SDCs to the unified SSN program and register using the intake and registration module. The initial screening to filter out affluent segments of the population, household verification, and PMT estimates will be performed through the eligibility assessment module. The development of individualized action plans, case management, and provision of social services (based on needs assessment) will be done through the case management and social services modules. Payments to beneficiaries of the unified SSN program will be made through the payment module, GRM of the DAEM SPIS will serve unified SSN programs (and potentially other SP programs which will run through DAEM SPIS), and so on. Annex 4 provides details on the components of SPIS and the progress on the software development.

60. **The subcomponent will also support the development of a fully digitized Government to Person payment administration system.** The payment administration module in DAEM SPIS will lay out a fully digitized payments architecture that can accommodate all disbursement options available in the market, including e-wallets, bank accounts, cards, and cash. There will be a smooth transition from payment through WFP to payment through DAEM SPIS, with pilot testing and iterative adjustments planned prior to full transfer. The Project will pilot access to accounts, with the longer-term objective of enhancing the financial inclusion of the recipients.

61. **Subcomponent 4.4: Project management and implementation support.** While the CMU will continue to manage the day-to-day implementation, including fiduciary and safeguards functions, the MOSA will expand its task team to assume a more substantive role in the Project's implementation. This subcomponent will therefore finance the hiring of additional staff based on the needs and budget availability, to absorb the additional workload and responsibilities under the AF2. Precisely, it will cover (a) remuneration of the CMU and MOSA consultants (non-civil servants); (b) equipment and operating costs for the CMU, which are directly linked to the daily management of the Project and supporting Project coordination and management activities between PCM-CMU and MOSA; (c) regular internal audits and annual external audits (audits of financial and procurement aspects according to the World Bank's requirements); and (d) undertaking of evaluations. This subcomponent will also support strengthening the capacity and systems of MEHE to enhance its monitoring systems.

⁵³ Technical assistance for the DAEM SPIS development, data governance framework, and support related to the relevant personal data privacy and policies will be supported through a separate technical assistance program in which the World Bank is currently fundraising.



Component 5: Contingent Emergency Response Component (US\$0)

62. In recognition of Lebanon’s current significant vulnerability to shocks, a CERC with no funds is included in accordance with the World Bank policy on Investment Project Financing for a contingent emergency response to an eligible crisis or emergency, as needed. This Component will allow the GOL to request from the World Bank a rapid reallocation of the Project funds to respond promptly and effectively to an eligible emergency or crisis that is a natural or man-made disaster, or a crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. If the World Bank agrees with the determination of the disaster and associated response needs, this Component will draw resources from the categories financing Components 1, 2, 3, and 4 and/or allow the GOL to request the World Bank to recategorize and reallocate financing from other Project components to cover emergency response and recovery costs.

D. Budget and Financing

Table 5. Revised Project Costs by Component (US\$, millions)

Components	OF/AF1	AF2	Total Allocation
1. Provision of Cash Transfer for Basic Income Support	208.0	253.0	461.0
2. Provision of Cash Top-up Transfers for Students-at-Risk	23.0	34.0	57.0
3. Provision of Social Services	4.8 ⁵⁴	13.0	17.8
4. Enhanced SSN Program Delivery	14.2	0.0	14.2
5. Contingent Emergency Response (CERC)	0.0	0.0	0.0
Total	250.0	300.0	550.0

E. Implementation Arrangements

63. Institutional and implementation arrangements for the proposed AF2 are revised to formalize MOSA’s role in the Project’s implementation. As indicated under subcomponent 4.4, the Project will be managed by both the PCM and MOSA. Specifically, the CMU under the PCM is responsible for maintaining and administrating the PMT formula, issuing payment lists, updating the POM, and handling the fiduciary and safeguards aspects of the Project. MOSA will be increasingly responsible for communication and outreach, GM, social services, integrated case management and referrals, and so on. Similar to the Project’s implementation under the OF, the implementation of the cash-based assistance is contracted out to WFP through an output agreement. However, moving forward, social workers at MOSA are anticipated to be involved in the household verification exercise and to take it over gradually. The details of the implementation arrangements will be determined in the POM, which is a condition of effectiveness under the Loan Agreement.

⁵⁴ Due to ESSN law amendment by Parliament, the initial allocation of US\$10 million was downsized to US\$4.8 million and the remaining US\$5.2 million was moved to Component 4 and hence increasing its allocation from US\$9 million to US\$14.2 million.



III. KEY RISKS

64. **Similar to the OF/AF1, under the proposed AF2, the overall risk rating for the Project is deemed High.** Lebanon is a fragile state with interdependent drivers of fragility. These include (a) having one of the worst financial and economic crises in recorded human history;⁵⁵ (b) the COVID-19 pandemic which exacerbated pre-existing stresses and led to a significant loss of jobs and economic activity; (c) the POB explosion on August 4, 2020, which devastated the city, killed over 200 people, wounded thousands, and displaced around 300,000; (d) the influx of Syrian refugees and refugees from other nationalities (Lebanon hosts the largest refugee per capita population in the world⁵⁶); and (e) weak institutional capacity to mitigate such risks and mistrust in institutions and the government as a whole. Key risks which are rated as High include political and governance, macroeconomic, and fiduciary. Key risks rated as Substantial include sector strategies and policies, institutional capacity for implementation, environmental and social, and stakeholders. These risks and their associated mitigation measures are discussed below.

65. **Political and Governance risks (High).** Lebanon has been without a head of State since the end of President Michel Aoun's term in end-October 2022. Prime Minister Najib Mikati's Government continues to serve in caretaker capacity with limited executive powers. The persisting political vacuum has hampered decision-making on urgent structural reforms, and it remains unclear if or when the political impasse will be resolved. The institutional paralysis, swathed in weak governance and debilitated capacity, has further exacerbated the socio-economic conditions in the country which is already facing an acute financial and economic crisis. Mitigation measures put in place by the World Bank include close monitoring of the country and macroeconomic environment and its impact on the Lebanon portfolio, and strong coordination with partners and donors supporting the NSPS. The World Bank will continue to engage and coordinate closely with the concerned authorities (caretaker government, MPs, and so on) to ensure that they are fully briefed on implementation bottlenecks and pending issues. Lebanese authorities at the highest level have expressed to the World Bank their readiness to expedite and facilitate the approval and ratification of this project.

66. **Macroeconomic risks (High).** The fact that in the current crises context public finances have all but collapsed and there is no fiscal space to sustain an SSN program through domestic financing poses risks for the long-term sustainability of a social protection program supported by the Project. A comprehensive reform of Lebanon's government budget, within a broader macroeconomic and financial stabilization plan, is needed to pave the way for a shift from (emergency) financing of such a program through foreign lending towards sustainable, domestic financing in the medium-term. Even though the GOL expressed its intention to include in the 2024 budget, allocations to co-finance the grant funded NPTP, the social protection program supported by the Project could risk early termination if fiscal constraints were to become binding in the absence of needed reforms. The World Bank plans to support these reform areas through stand-alone technical assistance, including for fiscal governance and pension reform.

⁵⁵ World Bank. 2021. *Lebanon Economic Monitor Spring 2021: Lebanon Sinking (to the Top 3)*.

⁵⁶ UNHCR Lebanon.



67. The impact of Lebanon's multiple exchange rate system on the Project is expected to be minimal, as the transfer amounts under the Project will be paid to beneficiaries in US dollars. This will help to preserve the purchasing power and maximize the real value of the funds provided.

68. **Fiduciary risk (High).** The combined financial management (FM) and procurement risks assessed under the Project remain relevant for this AF2 and are respectively rated as Substantial and High. The FM risks are the following: a) activities will include cash transfers that require continued enhanced control and monitoring procedures (b) flow of funds delays; (c) limited internal controls systems within CMU; (d) risk of the inaccuracy of the lists of eligible beneficiaries and the risk of payments to ineligible beneficiaries; (e) US dollar/ Lebanese Pound fluid exchange rate, impacting the value of the benefit received by the beneficiaries, and (f) limited oversight capacity in public audit institutions. The main procurement associated risks include the following: (a) the deteriorating socio-economic and political situation of the country; (b) the perception of corruption in the current fragile political environment; (c) delay in procurement processing and contract management related to the lack of decision making and cumbersome internal administrative processing; (d) complexity of coordination with concerned stakeholders. The following measures are proposed to mitigate the procurement risks: (a) ensure the continuation of services by the experienced CMU currently managing the Project; (b) expand the scope of the hired TPMA under the OF to conduct site visits and physical inspection under the scaled-up program; and (c) develop a good communication strategy to address stakeholders, including civil society. (See the Fiduciary Annex section for details about the risks and proposed mitigating measures).

69. **Sector Strategies and Policies risk (Substantial).** The GOL is currently finalizing the revisions of the NSPS as per decision 69 dated May 2022, with support from ILO and UNICEF (refer to box 2 and annex 2). Until the final Strategy is endorsed by the GOL, mitigation measures will focus on maintaining concurrent policy dialogue with the GOL and contributions to the Strategy document, and continuous engagement with other development partners, as well as the provision of technical assistance as needed. Once endorsed, the Strategy will be referred to Parliament for ratification and the issuance of implementation decrees. The World Bank will explore resources to support the GOL to with the Strategy's legislative framework and the development of action plans for its operationalization through technical assistance.

70. **Notwithstanding the progress toward endorsing the NSPS, the sustainability of financing of social assistance programs relies exclusively on donor financing, which poses a substantial risk to the sector.** Currently, NPTP relies exclusively on donors' grants which are only guaranteed for one year. This will likely jeopardize the sustainability of resources to the program in the presence of limited government financial commitment to it in the short term. In the meantime, the Government is planning to include allocations in the state budget, to co-finance social assistance programs.

71. **Stakeholder risk (Substantial).** The main stakeholder risk relates to the possible grievances over the Project's eligibility. This risk is being mitigated through multiple measures embedded in the Project design including a robust GM and effective communication and outreach. Since its operationalization (December 1, 2021), the GM system has received 414,534 grievances (as of December 20, 2022) of which 73 percent were answered.

72. **Institutional capacity for implementation (Substantial).** The urge for rapid implementation of ESSNP revealed capacity gaps at the MOSA. Preoccupied with the scale-up of the NPTP, MOSA social workers were



unable to be involved in the implementation of ESSNP. Although there are qualified staff in the PCM, MOSA, and MEHE, they were not fully dedicated to the Project. In addition, although beneficiaries were paid in US dollars, Project staff were paid at the Sayrafa rate which makes recruiting and retaining qualified Project staff challenging. To mitigate these risks, the Project is financing the hiring of additional specialists to increase the capacity of the stakeholders involved in implementation. Moving forward, the expected integration of SSN programs under the NPTP and ESSNP is anticipated to result in efficiency gains in implementation by aligning resources from both SSN programs.

73. **Environment and Social risk (Substantial).** The AF2 does not include new activities. The proposed amount will be used to supplement existing financing under the Project components. As such, and similar to the OF, the social risk for the AF2 remains substantial and the environmental risk is low.

74. **Grievance Mechanism.** The proposed AF2 will employ the same GM structure is in place for the Project under the OF. Moving forward, the GM system will be moved to MOSA as agreed upon between the CIO, PCM, and MOSA without any interruption. The full handover to MOSA is expected on July 1, 2023.

IV. APPRAISAL SUMMARY

A. Economic Analysis

75. **The design of the Project is motivated by global evidence on the positive impact of cash transfers on consumption, economic growth, and human capital.** Global evidence shows that payments from cash transfer programs are mostly spent on food, medicines, school-related expenses, and agricultural inputs – expenditures that generate local economic multipliers. It is estimated that US\$1 of cash transfers injected into a local economy generates between US\$1.27 and US\$2.6 in additional local income. In addition to the positive impact on growth from local multipliers in the short-term, the Project is also expected to contribute to economic growth in the long term by preserving and building human capital, which, in the context of the current crises is under threat. While additional borrowing for the ESSNP is expected to increase Lebanon’s debt-to-GDP ratio⁵⁷ at the margin (see annex 1 on debt’s sustainability), the expected overall positive impact of growth from the Project will likely mitigate the impact on debt sustainability.

76. **The multiple crises in Lebanon hit the poor and vulnerable segments of the population, further deepening their need for continued social assistance.** PDM results indicate that households that benefit from ESSNP have seen their food consumption severely affected, with reduced meals and adults prioritizing meals for children over other members. Around 59 percent of households reported purchasing food on credit, 69 percent of households reported reducing health expenses, while 18 percent reported reduced education expenses. Around 75 percent of households reported adopting at least one crisis coping strategy.⁵⁸ The primary reasons for adopting a coping strategy were to buy food (90 percent of households) and to cover health expenses (52 percent of households). This heightened vulnerability is driven by the ongoing crises and underlines the need for

⁵⁷ By the end of 2023, the ESSNP would add about 0.5 percentage point to public debt/GDP.

⁵⁸ Crisis strategies are associated with the direct reduction of future productivity, such as selling productive assets, withdrawing children from school, reducing health and education expenses.



continuing ESSNP’s support to the most in need. Around 43 percent of beneficiaries noted that the social assistance from the government was their most important source of income.

77. **Project results to date show a positive impact on households’ ability to meet their basic needs.** Among beneficiary households, food and beverage comprised the largest group of expenditures (43 percent of the total expenditure) followed by healthcare expenditure (12 percent), utilities (12 percent), and transportation (10 percent). Almost all of beneficiary households (99 percent) reported improved living conditions after receiving program benefits.

78. **The Project has also helped preserve human capital.** Around 66 percent of beneficiary households reported that the cash transfers facilitated school attendance. Under the AF2, with the addition of the educational cash top-up transfers, the Project is expected to have an even stronger impact on human capital, as increased school retention is expected to substantially enhance future earning potential. To illustrate, Lebanon's public-school students lost about 0.4 learning-adjusted years of schooling⁵⁹ due to school closures between October 2022 and February 2023. This loss in schooling is expected to reduce future earnings for the affected students by 2.9 to 3.4 percent, resulting in an overall loss to the economy of between US\$192-223 million across the working lives of affected students. By supporting school retention, the Project therefore is expected to benefit individual students and the overall economy.

79. **Simulations conducted by the World Bank indicate that in 2023, the ESSNP is expected to reduce the incidence of extreme poverty by 3.9 percentage points and to lower the corresponding poverty gap by 2.2 percentage point.** Without the ESSNP, poverty incidence is expected to increase by 0.4 percentage points in 2023 over 2022 (column 1, table 6). The ESSNP interventions in 2023 add another 30,000 poor households (in addition to the existing 76,000 beneficiary households) and are expected to reduce the headcount extreme poverty rate by 9.5 percentage points among poor households in the bottom 30 percent and 5.5 percent in the middle 30 percent, with a corresponding decline of 7.6 percentage points and 1.3 percentage points, respectively in the extreme poverty gap.

Table 6. Projected Change in Poverty from ESSNP in 2023

	<i>Without ESSNP</i>	<i>Difference with ESSNP</i>		
	% point change in extreme poverty headcount (2022-2023)	extreme poverty headcount	extreme poverty gap	Extreme poverty severity
	(1)	(2)	(3)	(4)
Bottom 30 percent	-0.3	-9.5	-7.6	-3.2
Middle 30 percent	1.2	-5.5	-1.3	-0.3
Top 40 percent	0.3	0.0	0.0	0.0
<i>Overall</i>	<i>0.4</i>	<i>-3.9</i>	<i>-2.2%</i>	<i>-0.8</i>

Note: Households are grouped by quintiles using PMT-score quintiles for 2012.

⁵⁹ Learning-adjusted years of schooling combines quantity and quality of education into a single metric.



80. In 2024, the ESSNP is expected to reduce the incidence of extreme poverty by 0.8 percentage points and to lower the corresponding poverty gap by 0.4 percentage points. In the absence of the ESSNP, headcount extreme poverty is anticipated to rise by 2.5 percentage points over 2023. With the ESSNP, households in the middle 30 percent will see a 2.6 percentage points fall in headcount poverty (column 2, table 7) while their poverty gap is anticipated to decline by 1.4 percentage points (column 3, table 7).

Table 7. Projected Change in Poverty from ESSN in 2024

	<i>Without ESSNO</i>	<i>Difference with ESSNP</i>		
	% point change in extreme poverty headcount (2023-2024)	% point change in		
		extreme poverty headcount	extreme poverty gap	Extreme poverty severity
	(1)	(2)	(3)	(4)
Bottom 30 percent	2.4	0.0	0.0	0.0
Middle 30 percent	4.3	-2.6	-1.4	-0.5
Top 40 percent	1.3	0.0	0.0	0.0
<i>Overall</i>	2.5	-0.8	-0.4	-0.1

Note: Households are grouped by quintiles using PMT-score quintiles for 2012.

81. The Project’s design mitigates the risk posed by the multiple exchange rate system. The current system reflects a variety of exchange rates to buy and sell currency, set import and other tariffs, and record internal accounts, creating not only economic distortions, but also inaccurate accounts, and providing rent-seeking opportunities. Even with the official devaluation in February 2023, the distortion remains significant, and without broader reforms, it is unlikely that the exchange rate will stabilize. The impact of the multiple exchange rate system on the ESSNP is minimal, as cash transfers will be paid in US dollars. This will help preserve the impact of the program on households’ welfare.

B. Technical

82. The design of the Project is based on the key role that an adaptive social protection system can play during times of crisis. Evidence from the global response to the COVID-19 pandemic highlighted the key role that adaptive social protection systems can play in the quick scale-up of cash transfer programs. Countries with strong systems were able to mobilize support quickly and efficiently during the crisis and were better prepared to respond to them. The ESSNP invests in building this system for Lebanon, through DAEM Social Registry, and results show that 45 percent of the Lebanese population is currently registered on it (after deduplication), making it the most comprehensive social registry in the country. This further strengthens the GOL’s ability to respond to future shocks (for example, climate change) and crises.

83. The Project will contribute to further strengthening the DAEM platform and building institutional sustainability in the long term. Through the ESSNP, the GOL is establishing a fully functional SPIS. Component 4 of the AF2 will support the development of other modules, including payment and monitoring systems, thereby



further strengthening the social protection infrastructure in the country. A strong and adaptive social protection system can create efficiencies across programs, reduce costs, and enable the Government to better respond to crises, including those induced by climate change. A robust monitoring system is also critical to effective implementation, identifying beneficiary needs, and taking evidence-based action. By developing stronger systems, the Project will improve institutional sustainability and facilitate efficiencies for existing and future programs.

84. **The continuation of the ESSNP is aligned with the Government’s vision articulated in the NSPS, that is to create a unified SSN program.** Currently, both NPTP and ESSP are being implemented in parallel to each other, using different delivery channels. Through a coordinated effort between all stakeholders including the World Bank, donors, and WFP, a roadmap for the integration of the delivery channel, utilizing lessons learned from the implementation of both projects as well as international best standards, will be developed by the Government (see box 1 and annex 3 for details). The continuation of the ESSNP through this AF2 will contribute toward the realization of this goal, creating the building blocks of a unified targeted SSNs for all extreme poor and vulnerable Lebanese.

C. Financial Management

85. **The FM assessment of the Project was carried out to ensure that an adequate FM system is in place that satisfies the World Bank’s requirements for the proposed Project.** The Project will follow the same fiduciary arrangements as the OF and will be implemented by the PCM-CMU and MOSA. The CMU (which hosts the Fiduciary Operations Team) will continue to handle the fiduciary aspects of the Project, and MOSA will increasingly be involved in the technical aspects of it. The CMU has been performing satisfactorily under the initial financing.

86. **The overall FM risk for this Project is assessed as Substantial.** The following are the risks identified: (a) activities will include cash transfers that require continued enhanced control and monitoring procedures (b) flow of funds delays, that is, funds channeled through the Ministry of Finance treasury account to the Project account are witnessing delays; (c) limited internal controls systems within CMU; (d) risk of the inaccuracy of the lists of eligible beneficiaries to be produced by MOSA and CMU in addition to the risk of payments to ineligible beneficiaries; (e) US dollar/ Lebanese Pound fluid exchange rate, impacting the value of the benefit received by the beneficiaries, and (f) limited capacity of the Court of Accounts to carry out an external audit on the timely and qualitative basis for the CMU and MOSA.

87. **With the proposed mitigating measures, the FM residual risk will be reduced to Moderate.** The following are the risk-mitigating measures: (a) the current Financial Officer, who is part of the CMU, and who was recruited for the initial Project will handle all FM aspects of the AF2; in case any additional support is needed, the CMU will recruit/assign Financial staff; (b) the POM prepared for the OF/AF1 will be used in the implementation of the AF, the CMU will update the POM accordingly; (c) the CMU will continue to utilize Excel spread sheets to record the daily transactions and produce the consolidated unaudited Interim Financial Reports (IFRs); (d) for the cash transfers of the Project, the GOL has contracted WFP to implement the related activities for the OF/AF1 and will contract WFP for the AF2; (e) A TPMA with terms of references acceptable to the World Bank has been hired to



carry out a verification and periodic recertification of eligible beneficiaries and payments made under the cash transfer activity; the TPMA will also cover the AF2; (f) the CMU will enter into a contract with an independent private external auditor acceptable to the World Bank as per ToRs cleared by the World Bank to perform the annual external audit of the AF2.

88. **To ensure that funds are readily available for Project implementation, the PCM through the Ministry of Finance (MOF) will open a Project Designated Account (DA) for the AF2.** The DA-D⁶⁰ will be used for both categories of the project. It will be in US dollars and opened at the BDL to implement the Project. The DA will be maintained and managed by the CMU. Deposits into and payments from the DA will be made in accordance with the provisions stated in the Loan Agreement and Disbursement Letter and as outlined in the World Bank's Disbursement Guidelines for Projects. DA-D replenishments will be based on withdrawal applications. Funds will be channeled from the World Bank through the MOF Treasury account to the Project DA, based on claims requests submitted by the CMU to the MOF. The disbursement method will be based on Interim Financial Report (IFR). Annex 5 provides additional information on the FM assessment, the arrangements under AF2, and the recommended mitigation measures to be maintained.

D. Procurement

89. **Procurement will follow the same arrangements as the OF under the Project.** It will continue to be carried out in accordance with the World Bank's Procurement Regulations for Investment Policy Financing Borrowers dated November 2020 for Goods, Works, Non-Consulting, and Consulting Services and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") provided for under Section IV of the Procurement Regulations will apply, as the same may be updated from time to time in agreement with the World Bank. The Borrower will also ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January 2011 and as of July 1, 2016 ("Anti-Corruption Guidelines").

90. **The overall Procurement risks are rated as High.** They include the following: (a) the deteriorating socio-economic and political situation of the country; (b) the perception of corruption in the current fragile political environment; (c) delay in procurement processing and implementation related to the lack of decision making at the concerned Ministry's level; (iv) complexity of coordination with other concerned stakeholders, ministries, and so on. The following measures are proposed to mitigate these risks: (a) ensure the continuation of services by the experienced CMU currently managing the Project; (b) hire a UN agency (WFP) that is implementing the relevant components under the Project and similar program under the NPTP Project to implement the same scaled-up program under component 1 and 2; (c) procurement processing and decision making remain at the PCM level. Annex 6 provides more details on the procurement arrangements and risk mitigation measures under the AF2.

E. Legal Operational Policies

⁶⁰ Three designated accounts have been opened under the Project, DA-A and DA-B for the initial financing, and DA-C for AF1.



	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

F. Environmental and Social

Anticipated Environmental Impacts and Risks

91. **The environmental risk is rated as low.** Similar to the OF/AF1, the environmental risk is assessed to be low since the Project components are expected to have limited to no impact on the environment. The Project will not carry out any civil works or activities that will generate any adverse risks or impacts on the environment.

Anticipated Social Impact and Risks

92. **The social risk is rated as Substantial.** The AF2 does not include new additional activities as the proposed amount will be used to supplement existing financing under the Project components. Under the OF/AF1, the CMU, prepared, cleared, and disclosed the following environmental and social instruments: (a) the ESCP; (b) the SIA; (c) the SEP; and (d) the LMP. All the instruments were updated under the AF1 and redisclosed. In January 2023, the CMU conducted virtual consultations with all identified stakeholders, and all feedback was incorporated into updated SIA and SEP instruments in line with the ESCP for the AF1. Under the AF2, the CMU will again update all instruments including the SIA, LMP, and SEP to reflect the AF2 and to reflect feedback from consultations conducted with beneficiaries or other interested parties or vulnerable groups in an updated SEP. The ESCP will also be updated noting that it will supersede previous versions of the ESCP for the Project and shall apply to the OF, the AF1, and the AF2. All instruments have been updated.

G. Corporate Commitments (gender, climate, and citizen engagement)

Gender

93. **Similar to the OF/AF1, the proposed AF2 responds to two gender gaps:** (a) first, the disproportionate impacts of Lebanon’s multiple crises on vulnerable women, including female-headed households, related to food poverty and social protection (including gender-based violence [GBV]), and (b) second, student completion rates, especially among secondary school boys who are more likely to drop out in order to engage in income generating activities. As such, the AF2 will continue to reach vulnerable women by way of making sure that the targeting mechanism continues to prioritize female-headed households. The Project will also ensure that the expansion of digital payments continues to promote women’s access to financial services and to account for those who choose to open one. In addition, through the establishment of a case management system, the Project will continue to address the needs of vulnerable women, through counseling and referral. Relatedly, the integrated social services that will be designed under Component 3 are expected to include important services such as GBV, social care, and psychosocial support given the ongoing rise in prevalence of GBV against women since the lockdown. On the



second gender gap identified, the Project will continue to provide a top-up education cash transfer to help boys from extreme poor families overcome the pressures of having to leave school to work thus impacting their secondary school enrollment and completion. Similar to the OF/AF1, PDO indicators include specific targets for female-headed households as beneficiaries of the cash transfers, as well as boys' attendance and completion rates in secondary school.

Climate Change

94. **The challenges of Lebanon's social protection system are exacerbated by climate change.** In particular, the country is vulnerable to several natural and climate-induced hazards including (a) droughts with an expected decrease of average precipitation and increased runoff, which would have direct effects on agriculture and water supply; (b) wildfires which affect forest areas forming about 20 percent of the country's area and constituting an important source of income for many Lebanese households through their ecosystem benefits; (c) extreme heat waves, which is a main factor in initiating forest fires, affects agriculture and public health; (d) surge storms and heavy rains of more than 100 mm per hour, which could damage property and agricultural land; and (e) sea-level rise which will affect the Mediterranean coastal zone of Lebanon. The impacts of climate change fall disproportionately on poor households who do not have sufficient means for adaptation. Poor households are highly vulnerable to climate impacts because they tend to live in low-quality housing in more exposed areas, are more vulnerable to the changes in food and water prices cause by climate-related shocks, are economically dependent, and have limited access to safety nets. This economic dependence and lack of financial means among poor households to recover from climate-related shocks can also lead to malnutrition, and lack of access to education and healthcare. Social protection can play a central role in managing climate risks by addressing poverty, providing support during periods of economic and livelihood disruption, and ultimately enhancing adaptive capacity to better prepare vulnerable groups for climate shocks.

95. **Against these climate change-induced threats in Lebanon, the AF2 will support an adaptive social protection system that builds the resilience of households and individuals to cope, adapt, and adjust to various shocks, particularly to climate change.** The proposed AF2 explicitly strengthens Lebanon's adaptive capacity against the effects of climate-induced shocks (food insecurity, health, and compromised livelihood due to climate change) by targeting climate-vulnerable populations (Lebanese extreme poor families who are socially vulnerable) and providing them with adaptive and shock-responsive social protection (cash transfers and social care services). The cash transfers under Component 1 will have a direct effect on the ability of households to adapt to impacts on (a) food security, which is highly affected by climate change effects on agriculture; (b) availability of drinking water supply, as the price of potable water may significantly increase with climate change pressure; (c) health conditions, especially during heat waves and for households that lack access to proper cooling and health care; (d) forest products, for those who benefit from them; (e) urban drainage, which in turn affects the ability to cope with surge storms and related health risks and (f) the high seismic activity in the region. All these impacts combined exert greater socioeconomic pressures on poor families and affect their ability to keep their children enrolled in schools. Cash transfers under Component 2 will mitigate such impacts by incentivizing school enrollment and attendance. Furthermore, as indicated in Lebanon's Third National Communication to the United Nations Framework Convention on Climate Change, the education sector is playing an important role in awareness for climate action, keeping children in the education system will enhance the awareness of future generations on climate action as climate change effects may become more severe in the coming decades.



Component 3 will provide social services for vulnerable people that are most affected by climate change. The services provided (such as awareness raising on adaptation to local climate conditions and provision of care for children and people with disabilities that are most vulnerable to health impacts of climate change) will improve the adaptive capacity of beneficiaries to climate change. Finally, Component 4 will finance the establishment of an adaptive social protection system, that allows the government to identify vulnerable populations and scale up support to those in the event of a crisis, including a climate crisis. Further, with approximately 45 percent of the Lebanese population registered on the DAEM platform, the GOL will be able to better identify the populations in need in the event of a climate change-related shock in the future.

Citizen Engagement

96. **The citizen-oriented approach will be maintained throughout the AF2.** As mentioned earlier, a GM was developed under the OF/AF1 and is fully functional. The function was one of the 12 modules that were developed through DAEM SPIS. The system enabled to receive, record, manage, escalate, and report grievances for ESSNP. By design, the module could also serve any other social programs to be implemented through the platform. The GM served as a very effective tool to monitor in a timely manner, the Project's implementation, leading to adjustment and course correction in operations and ultimately improvements in service delivery. Moving forward, the GM will be handed over to MOSA. It will be accompanied by targeted and consistent communications and outreach activities, to be undertaken to address specific gaps, specifically around promotion and reach, through the strategic development and dissemination of key messages using highly effective and direct channels such as social media, focus groups, satisfaction surveys, and so on. This will allow for higher visibility among the Project's intended target groups and increased transparency and engagement with the public overall.

V. WORLD BANK GRIEVANCE REDRESS

97. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a Project supported by the World Bank may submit complaints to existing Project-level GM or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address Project-related concerns. Project-affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism. The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.



VI SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Legal Covenants		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

VII DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Provision of Cash Transfer for Basic Income Support	208.00	Revised	Provision of Cash Transfer for Basic Income Support	461.00
Provision of Cash Transfer for Students-at-Risk	23.00	Revised	Provision of Cash Transfer for Students-at-Risk	57.00
Provision of Social Services	10.00	Revised	Provision of Social Services	17.80
Enhanced Social Safety Nets Program Delivery	9.00	Revised	Enhanced Social Safety Nets Program Delivery	14.20
Contingent Emergency	0.00		Contingent Emergency	0.00



Response Component (CERC)		Response Component (CERC)
TOTAL	250.00	550.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-91980	Effective	29-Feb-2024	29-Feb-2024	31-Dec-2026	30-Apr-2027
TF-B8655	Closed	31-Aug-2022	31-Aug-2022	31-Aug-2022	31-Oct-2022
TF-B8667	Closed	31-Aug-2022	31-Aug-2022	31-Aug-2022	31-Oct-2022

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2020	0.00	0.00
2021	0.00	0.00
2022	143,000,000.00	143,000,000.00
2023	72,440,000.00	215,440,000.00
2024	34,560,000.00	250,000,000.00
2025	75,000,000.00	325,000,000.00
2026	105,000,000.00	430,000,000.00
2027	75,000,000.00	505,000,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● High	● High
Macroeconomic	● High	● High
Sector Strategies and Policies	● Substantial	● Substantial
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial



Fiduciary	● High	● High
Environment and Social	● Substantial	● Substantial
Stakeholders	● Substantial	● Substantial
Other	● Moderate	● Moderate
Overall	● High	● High

LEGAL COVENANTS – Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing (P180077)

Sections and Description

Section I-A-6 (ii) prepare and furnish to the Borrower and the Bank, no later than thirty (30) days after the end of each quarter, financial report on the use of funds, including: (1) statement of cash contributions/receipts and expenditures; and (2) explanatory notes, including schedules showing breakdown of funds received, and breakdown of expenditures/ payments by components.

Section I-B-1. The Borrower, through the CMU, shall by not later than four (4) months after the Effective Date or such later date as the Bank may agree in writing, update the POM for the Project, in form and substance acceptable to the Bank.

Section I-D-1. The Borrower, through the CMU, within two (2) months of the Effective Date, or such later date as the Bank may agree in writing, shall update and maintain throughout the Project, the TPMA arrangements to carry out, under terms satisfactory to the Bank, a technical audit of the Project implementation, including, inter alia, of: (a) Cash Transfers carried out by WFP; (b) verification and periodic recertification of the Beneficiaries identified by MOSA under Part 1 of the Project; (c) accuracy of payments of Cash Transfers and Top-Up Cash Transfers; (d) confirmation of receipt of Cash Transfers and Top-Up Cash Transfers by Beneficiaries; and (e) activities carried out by MOSA under Part 3 of the Project, including through household visits of Beneficiaries.

Section I-D-2. The Borrower shall, through the CMU, submit to the Bank a technical audit report on a quarterly basis, within 45 days of the end of each quarter, containing an evaluation of Project implementation carried out by the TPMA.

Section II-A. The Borrower shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under the Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of the Agreement, the Borrower shall ensure that such information, report or document does not include Personal Data.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	Article IV. 4.01: The Additional Condition of Effectiveness consists of the following, namely the Borrower has signed the amendment to the Outputs Agreement with WFP on terms and conditions satisfactory to the Bank.



Type	Financing source	Description
Disbursement	IBRD/IDA	<p>Section III B.1. Withdrawal Conditions; Withdrawal Period.</p> <p>1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:</p> <p>(a) for payments made prior to the Signature Date;</p> <p>(b) for payments made under Category (1), unless and until the total amount under Category (1) of the withdrawal table in Section III.A of the Original Loan Agreement is fully disbursed;</p> <p>(c) for payments made under Category (2), unless and until the total amount under Category (2) of the withdrawal table in Section III.A of the Original Loan Agreement is fully disbursed; or</p> <p>(d) for Emergency Expenditures under Category (3), unless and until the Bank is satisfied that all of the following conditions have been met in respect of said expenditures:</p> <p>i. the Borrower has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Bank a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;</p> <p>ii. the Borrower has prepared and disclosed all environmental/social documents, (including an ESCP) required for said activities, and the Borrower has ensured that any actions which are required to be taken under said documents have been implemented, all in accordance with the provisions of Sections I.F.(2)(b) of this Schedule;</p> <p>iii. the entities in charge of coordinating and implementing the Contingent Emergency Response Part, have provided sufficient evidence satisfactory to the Bank that it has adequate staff and resources for the purposes of said activities; and</p>



		<p>iv. the Borrower has adopted the CERCM, in form and substance acceptable to the Bank, and the provisions of the CERCM remain relevant or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.</p>



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Lebanon

Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing

Project Development Objective(s)

The objective of the Project is to: (a) 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 (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
Provision of Cash Transfer for Basic Income Support			
Number of households receiving basic cash transfers (Number)		15,153.00	160,000.00
<i>Action: This indicator has been Revised</i>			
Number of individuals (Number)		105,544.00	800,000.00
<i>Action: This indicator has been Revised</i>			
Percentage of female-headed HHs among beneficiary households (Percentage)		13.20	25.00
<i>Action: This indicator has been Revised</i>			
Percentage of HHs with persons with disabilities among beneficiary households (Percentage)		14.00	14.00



Indicator Name	PBC	Baseline	End Target
Action: This indicator has been Revised			
Percentage of HHs with elderly members among beneficiary households (Percentage)		16.00	25.00
Action: This indicator has been Revised			
Percentage of HHs with children under 18 among beneficiary households (Percentage)		76.00	79.00
Action: This indicator has been Revised			
Provision of Cash Transfer for Students-at-Risk			
Number of households receiving top-up cash transfer for children (Number)		0.00	50,000.00
Action: This indicator has been Marked for Deletion			
Number of children (ages 13-18) enrolled in school year among beneficiary households (Number)		40,000.00	92,000.00
Action: This indicator has been Revised			
Percentage of boys (ages 13-18) enrolled in school year among beneficiary households (Percentage)		85.00	95.00
Action: This indicator has been Revised			
Percentage of girls (ages 13-18) enrolled in school year among beneficiary households (Percentage)		90.00	95.00
Action: This indicator has been Revised			



Indicator Name	PBC	Baseline	End Target
Provision of Social Services			
Number of beneficiaries of social services (Number)		0.00	400,000.00
<i>Action: This indicator has been Revised</i>			
Percentage of female beneficiaries (Percentage)		0.00	60.00
<i>Action: This indicator has been Revised</i>			
Percentage of Social Workers from MOSA received training through ESSN (Percentage)		0.00	60.00
<i>Action: This indicator is New</i>			
Rationale: To measure the performance of the capacity building program			
Number of social service packages developed through ESSN (Number)		0.00	6.00
<i>Action: This indicator is New</i>			
Rationale: to measure the performance of component 3			

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Component 1: Provision of Cash Transfer for Basic Income Support					
Number of households verified for eligibility (Number)		0.00			260,000.00
<i>Action: This indicator has been Revised</i>					
Share of surveyed beneficiaries who report receiving correct amount of ESSN cash payment (Percentage)		0.00			90.00
<i>Action: This indicator has been Revised</i>					
Share of surveyed beneficiaries who report overall satisfaction with ESSN payment process (Percentage)		0.00			80.00
<i>Action: This indicator has been Revised</i>					
Component 2: Provision of Cash Transfer for Students at Risk					
Average monthly school attendance of 13-18 year old students (Percentage)		0.00	90.00		90.00
<i>Action: This indicator has been Marked for Deletion</i>					
Average monthly school attendance of 13-18 year old boys (Percentage)		0.00			90.00
<i>Action: This indicator has been Marked for Deletion</i>					
Percentage of targeted 13-18 year old students completing the school year		70.00	85.00		85.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
(Percentage)					
<i>Action: This indicator has been Revised</i>					
Percentage of targeted 13-18 year old boys completing the school year (Percentage)		0.00			85.00
<i>Action: This indicator has been Revised</i>					
Component 3: Provision of Social Services					
Total number of social service packages developed (Number)		0.00			6.00
<i>Action: This indicator has been Revised</i>					
Percentage of social service packages delivered using the minimum standards agreed upon (Percentage)		0.00			70.00
<i>Action: This indicator has been Marked for Deletion</i>					
Beneficiaries and stakeholders reporting MoSA's improved responsiveness in delivering assistance (Percentage)		0.00			60.00
<i>Action: This indicator has been Revised</i>					
Percentage of social services packages developed that incorporate climate change sensitive aspects (Percentage)		0.00			25.00
<i>Action: This indicator has been Revised</i>					



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Share of MOSA social workers benefiting from training and capacity building program provided through ESSN (Percentage)		0.00	20.00	40.00	60.00
Action: This indicator is New	Rationale: to measure the performance of the component 3				
Component 4: Enhanced Social Safety Nets Program Delivery					
Percentage of beneficiaries informed about the Project through the outreach activities and communication campaign (Percentage)		0.00	50.00	60.00	80.00
Action: This indicator has been Revised					
Percentage of beneficiaries informed about the existence of the Grievance Mechanism (Percentage)		0.00	60.00	75.00	90.00
Action: This indicator has been Revised					
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication (Percentage)		0.00	50.00	60.00	80.00
Action: This indicator has been Revised					
Number of social workers benefiting from training and capacity building program provided through the project (Number)		0.00	200.00	350.00	460.00



Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Action: This indicator has been Marked for Deletion					
Number of verified beneficiaries as part of the verification process of the NPTP database (Number)		0.00			0.00
Action: This indicator has been Marked for Deletion					
Number of GBV survivors referred to relevant service providers (Number)		0.00	50.00	75.00	100.00
Action: This indicator has been Revised					
Complaints Management System Operational (Yes/No)		No			Yes
Action: This indicator has been Revised					
Percentage of beneficiaries receiving a response to any grievance within 14 days of submitting a grievance GRM (Percentage)		0.00			85.00
Action: This indicator has been Revised					
Number of modules developed at DAEM Social Registry (Number)		0.00	9.00	11.00	12.00
Action: This indicator is New					
The management of DAEM datacenter is moved to Presidency of the Council of Ministers (PCM) (Yes/No)		No			Yes
Action: This indicator is New					



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of households receiving basic cash transfers			ESSN Project MIS (DAEM)		
Number of individuals			ESSN Project MIS (DAEM)		
Percentage of female-headed HHs among beneficiary households			ESSN Project MIS (DAEM)		
Percentage of HHs with persons with disabilities among beneficiary households			ESSN Project MIS (DAEM)		
Percentage of HHs with elderly members among beneficiary households			ESSN Project MIS (DAEM)		
Percentage of HHs with children under 18 among beneficiary households			ESSN Project MIS (DAEM)		
Number of households receiving top-up cash transfer for children		Once at the beginning of the AY.	Information management system (SIMS) at MEHE.	Enrollment data from schools.	MEHE.
Number of children (ages 13-18) enrolled in school year among beneficiary		Once at the beginning of	Information management	Enrollment data from schools	MEHE



households		the AY	system (SIMS) at MEHE		
Percentage of boys (ages 13-18) enrolled in school year among beneficiary households		Quarterly	Information management system (SIMS) at MEHE	Enrollment and attendance of boys	MEHE
Percentage of girls (ages 13-18) enrolled in school year among beneficiary households					
Number of beneficiaries of social services		Quarterly	MOSA	Head of SDCs and DAEM Social Services and integrated Case Management Module	MOSA
Percentage of female beneficiaries		Quarterly	MOSA		MOSA
Percentage of Social Workers from MOSA received training through ESSN				survey and administrative data	PCM and MOSA
Number of social service packages developed through ESSN					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of households verified for eligibility			ESSN Project MIS		



Share of surveyed beneficiaries who report receiving correct amount of ESSN cash payment			Post Distribution Monitoring Survey		
Share of surveyed beneficiaries who report overall satisfaction with ESSN payment process			Post Distribution Monitoring Survey		
Average monthly school attendance of 13-18 year old students		Monthly	Information management system (SIMS) at MEHE	Attendance of children at school	MEHE
Average monthly school attendance of 13-18 year old boys		Monthly	Information Management System (SIMS) at MEHE.	Attendance of children at school.	MEHE
Percentage of targeted 13-18 year old students completing the school year		Quarterly	Information management system (SIMS) at MEHE	Attendance of students monitored on a monthly basis as well as through the monitoring of the target children's academic progress	MEHE
Percentage of targeted 13-18 year old boys completing the school year		Quarterly	Information management	Enrollment and attendance of boys	MEHE



			system (SIMS) at MEHE		
Total number of social service packages developed		Annual	MOSA	MOSA unit	MOSA
Percentage of social service packages delivered using the minimum standards agreed upon		Annual	MOSA		
Beneficiaries and stakeholders reporting MoSA's improved responsiveness in delivering assistance		Annual	Satisfaction survey / GRM MIS	MOSA Unit	MOSA
Percentage of social services packages developed that incorporate climate change sensitive aspects					
Share of MOSA social workers benefiting from training and capacity building program provided through ESSN					
Percentage of beneficiaries informed about the Project through the outreach activities and communication campaign					
Percentage of beneficiaries informed about the existence of the Grievance Mechanism		Quarterly			
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication		Annually		Surveys	MOSA
Number of social workers benefiting from training and capacity building program provided through the project		Quarterly	Progress Reports	Number of staff received training programs	MOSA



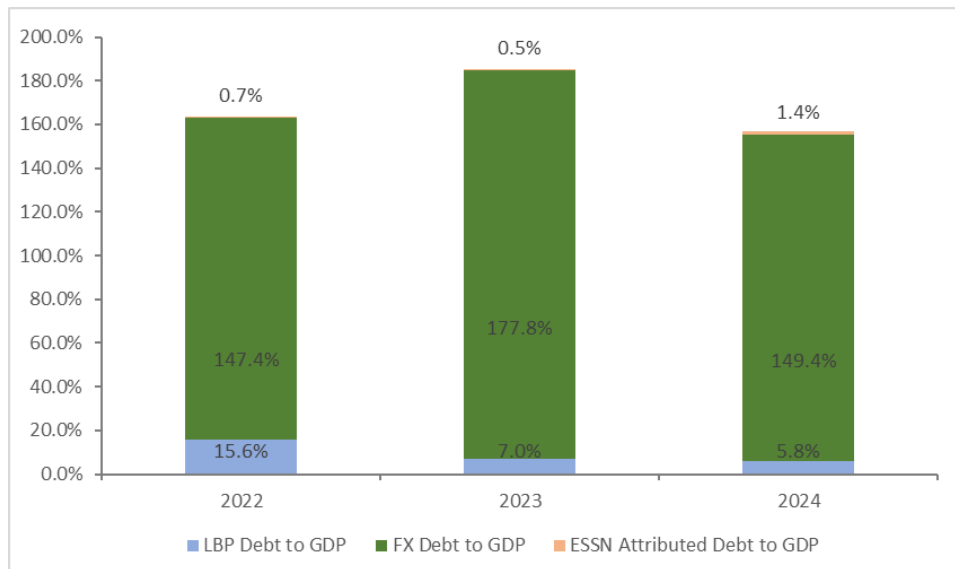
Number of verified beneficiaries as part of the verification process of the NPTP database			NPTP MIS		
Number of GBV survivors referred to relevant service providers		Quarterly	MIS	Number of GBV complaints referred	MOSA
Complaints Management System Operational		Yes/No	MIS		MOSA
Percentage of beneficiaries receiving a response to any grievance within 14 days of submitting a grievance GRM		Regularly	MIS	Percentage of resolved and closed grievances	MOSA
Number of modules developed at DAEM Social Registry					
The management of DAEM datacenter is moved to Presidency of the Council of Ministers (PCM)					



ANNEX 1. Rapid Assessment of ESSNP’s Impact on Debt Sustainability

1. **The total Project cost of the ESSNP and its AF2 amounts to US\$546 million over several years (possibly till end-2026⁶¹).** Lebanon’s public debt is estimated at US\$35,278 billion as of end-2022 (or 164 percent of GDP). By the end of 2023, the ESSNP would add about 0.5 percentage points to public debt/GDP. These estimates are based on a worst-case scenario of continued GDP contraction, no reform, and no debt restructuring in 2023. While it is extreme difficult to Project GDP figures for 2024 given the uncertainty, preliminary forecasts posit that the ESSNP AF2 (disbursed in full in 2024), would add around 1.4 percentage points to debt-to-GDP in 2024⁶²).

Figure 5.1. Debt-to-GDP Ratio



Source: Based on a World Bank estimate of GDP for 2022-2024.

2. **While the ESSNP will increase Lebanon’s debt-to-GDP ratio at the margin, the Project provides essential emergency assistance to a vulnerable population (160,000 households) which has been left to fend for themselves in the most acute crisis in Lebanon’s history.** In fact, PDM data shows that ESSNP cash transfers are critical for preserving human capital among beneficiaries. The ESSNP further supports the creation of a national social registry which will be critical for institutional sustainability and effective targeting of social assistance for years to come.

3. **While the Project’s impact on debt sustainability is expected to be at the margin, the longer-term sustainability of the SSN, particularly in the continued absence of a macroeconomic stabilization plan, is a concern.** The sustainability of a national SSN program, as part of a larger social protection scheme, requires that Lebanon’s economy is put on a recovery track. Macroeconomic stability would also provide greater predictability in terms of the fiscal space required to sustain the social safety net program through domestic financing; only a

⁶¹ While the Project’s duration is expected to span till 2026, the provision of cash transfers is expected to conclude by end of 2024.

⁶² Total World Bank Project financing amounts to US\$246 million, of which US\$143 million was disbursed in 2022. US\$102.5 million undisbursed ESSN financing to be disbursed in 2023.



recovery track can pave the way for a shift from (emergency) financing of the program through foreign lending toward sustainable, domestic financing in the medium term.

4. **An inclusive social protection scheme should be at the core of any social contract to be developed in the post crisis phase.** Financing social protection schemes (including safety nets) from the government budget ensures that prospective governments are committed to the redistribution of wealth and income in a fair and equitable manner. Such an approach will yield long-term efficiency gains, all the while fostering sustainable economic growth. In fact, productivity is found to be higher in countries with higher social spending, as social protection is an investment in human capital.⁶³

SSN Program Sustainability: The need to Create Adequate Fiscal Space

5. **To reach the extreme poor,⁶⁴ total financing needs for the national SSN (combining both the NPTP and ESSNP) are around US\$370 million⁶⁵ annually (based on the program benefit sizes).** To put matters into perspective, the required funding amounts to 1.7 percent of GDP⁶⁶ in 2022; this is in line with the global average spending on SSNs.⁶⁷ If program benefits were to be maintained at current levels, financing needs, as a share of GDP, would likely decrease once GDP recovers from current crisis conditions after macro-fiscal stabilization; at the same time, if economic recovery is pro-poor, the number of potential beneficiaries would also decline. However, in the current context, securing the fiscal space to realize such financing, without eroding the government deficit and public debt, requires a comprehensive reform of Lebanon's government budget within a broader macroeconomic and financial stabilization plan. In the current crisis, public finances have all but collapsed. In 2021, revenues are estimated to have declined from an already low 13.1 percent of GDP in 2020 to 6.6 percent of GDP in 2021, among the lowest rates globally.⁶⁸ The decline in revenue was more than offset by an even larger decline in total expenditures, falling by 10.5 percentage points (year-on-year) in 2021 to 5.9 percent of GDP.

6. **Securing fiscal space to finance much needed SSNs as part of social protection schemes requires broader national budget reform.** As part of such a strategy, the Government needs to broaden the tax base and strengthen compliance. Comprehensive tax reforms and an overhaul of the taxation system in Lebanon is crucial for addressing widening inequality and achieving fairness and equity. The bulk of government revenues has historically been financed from indirect, largely regressive taxes. Tax reform needs to focus on the introduction of direct, targeted, and progressive taxes. Tax reform should also review the exemption policies that primarily benefit well-off individuals and organizations. On the expenditure side, public expenditure reforms need to be grounded in enhancing public sector management, starting with reforming the public administration, improving resource allocation and the management of public enterprises, enhancing public service delivery, and addressing inefficient public spending. This may entail a comprehensive review of the public sector functions, profiles and

⁶³ Ortiz, I., A. Chowdhury, F. Durán-Valverde, T. Muzaffar, and S. Urban. 2019. *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options*. International Labour Organization.

⁶⁴ 22 percent as predicted using 2010–2011 HBS data.

⁶⁵ Based on World Bank task team estimates using the following parameters: Total number of Households (ESSN + NPTP) = 225,000 × [US\$120 (average benefit size per household) + US\$16.74 (average monthly education top-up per household)] × 12 Months ~ US\$370 million.

⁶⁶ Based on World Bank estimates of 2022 GDP in US dollar.

⁶⁷ Global average on social safety net spending is 1.5% of GDP, in MENA region, average spending is around 1% of GDP, according to the World Bank's *The State of Social Safety Nets 2018*.

⁶⁸ Fall 2022 LEM.



competencies of civil servants, a census of the civil service, and crucial pension reforms, all necessary tools to inform public sector reform. Together, and in combination with macro-economic stabilization, these reforms will foster economic growth, improve the investment climate and create fiscal space.⁶⁹

⁶⁹ World Bank. 2005. Lebanon: Public Expenditure Review, Reform Priorities for Fiscal Adjustment, Growth and Poverty Alleviation. Washington, DC. <https://openknowledge.worldbank.org/handle/10986/8480>



ANNEX 2. Lebanon National Social Protection Strategy

Vision and Objectives

1. **The NSPS presents the GOL's vision for the sector.** The Strategy development started in 2019, led by the GOL, through an inter-ministerial committee, Aman Social Safety Net, headed by the Minister of Social Affairs, including key ministries (Labor, Public Health, Education, Economy and Trade, Justice, and Finance), in addition to the National Social Security Fund, the National Employment Office, and the Central Administration of Statistics. The Strategy was approved by the Council of Ministers (COM) in May 2022, subject to amendments by the Inter-Ministerial Committee overseeing its development. Once finalized, the Strategy is expected to be endorsed by the GOL by mid-June 2023 and to then be referred to the Parliament for ratification and necessary legislative action.

2. **The Strategy is built on three core priorities:** (1) universal coverage to align with human right-based social protection, (2) shock responsiveness to enhance the government's ability to respond to crises, and (3) financial sustainability to ensure continuity and feasible implementation measures for all initiatives. It aims to shift from the current system of providing fragmented social protection services to a coordinated national system. The NSPS outlines five strategic objectives for the social protection sector:

- **Strategic Goal 1:** Extend coverage of social protection schemes for higher inclusion.
- **Strategic Goal 2:** Expand the scope of social protection benefits to better address various lifecycle risks.
- **Strategic Goal 3:** Develop a coordinated, integrated, and efficient institutional model for social protection design and service delivery.
- **Strategic Goal 4:** Establish equitable and sustainable financing mechanisms for social protection.
- **Strategic Goal 5:** Ensure access to information and adequate participation of beneficiaries and civil society in ensuring oversight and accountability in social protection service delivery.

3. **There are five overarching social protection reforms that the NSPS emphasizes on.** These include 1) A robust legal and policy framework, 2) Integrated contributory and noncontributory social protection schemes, 3) Measures for integration and coordination across programs, 4) Developed governance, institutional capacity, and administrative infrastructure of governmental entities, and 5) A mixed financing model that combines budget resources and contribution financing for social protection.

Social Protection Pillars

4. **There are five pillars through which these objectives can be achieved:** (1) Social Assistance, (2) Social Insurance, (3) Social Welfare, (4) Financial Access to Basic Services, and (5) Economic Inclusion and Labor Activation.

5. **Social Assistance.** The social assistance pillar aims to create an organized and well-coordinated system that provides direct income support to households to address vulnerability, promote socio-economic inclusion, and preserve human capital/productivity. The system includes core lifecycle income-support benefits and cash benefits for households below the nationally defined threshold. This comprehensive system replaces price



subsidies and works in conjunction with other pillars of the social protection system. The programs have transparent eligibility criteria, adequate benefit levels, harmonized delivery systems, and are shock responsive. This system focuses not only on poverty alleviation but also includes non-contributory income support schemes to address lifecycle vulnerabilities and contribute to socio-economic development in the long term.

6. **Social Insurance.** This pillar aims to establish an integrated and financially sustainable social insurance system that provides adequate benefits to the entire working population. Reforms must balance broad coverage, comprehensive lifecycle risk protection, and solvency without imposing a significant burden on the government budget. The proposed system includes reformed pensions, child/family benefits, expanded access to social insurance benefits, and links to labor activation measures. Structural fragmentation between the six employment-based social insurance schemes must be reconciled, and equitable access to benefits improved.

7. **Social Welfare.** The Social Welfare Pillar aims to provide quality care services at the community level, while fostering family unity and preservation, and with a high degree of government oversight and regulation. The social protection framework aspires to shift toward public service provision, complemented by public-private partnerships and engagement with civil society for specialized services. Social welfare must be based on the premise of citizenship and empowerment, placing citizens at the center of all interventions in favor of well-being. The main components of the social welfare pillar include providing a continuum of care, investing in the MOSA and SDCs, improving the enabling environment of the sector, and driving social and behavioral change under a socio-ecological, multi-sectoral framework. Reforms must be implemented across three main axes, which are strengthening the role of SDCs in planning of services, double empowerment of rights holders and stakeholders, and double accountability of service providers.

8. **Financial Access to Basic Services.** There are two parts to this pillar: social health protection and financial access to education. The aim of the *Social Health Protection* component is to have a unified and adequately covered health system with reduced fragmentation, supporting health as a human right. The objectives are to introduce a universal health coverage law, reduce out-of-pocket expenditures, promote solidarity, drive synergies, and support transparent healthcare regulation. Main components include prioritizing vulnerable groups through subsidies, increasing coverage, and targeting institutional interventions for a more efficient delivery model. The aim of the *Financial Access to Education* component is to ensure financial access to education for all children. The strategic approaches necessary include reducing direct and indirect costs of education and recognizing the role of social assistance programs in reducing economic barriers for poor and vulnerable households. The high dropout rates in Lebanon are due to costs, and it is vital to explore synergies between public and private education provision and financing.

9. **Economic Inclusion and Labor Activation.** The goal of the Labor Market Activation Pillar is to address unemployment and underemployment among vulnerable groups and increase access to decent work. To achieve this, the pillar focuses on introducing active labor market policies and programs, enhancing labor legislation and oversight, and promoting social dialogue and stakeholder participation in policymaking. The aim is to reduce labor market imbalances and ensure the inclusion and protection of vulnerable workers. This pillar is interconnected with other social protection pillars to ensure economic inclusion and labor activation of the most vulnerable.



ANNEX 3. Roadmap for the Integration of SSN programs under the NPTP and ESSNP

Study Methodology

1. **The study which was jointly carried out by WFP and the World Bank, in consultation with the GOL, donors and other stakeholders, looked at each aspect of the delivery chain for both SSN programs supported by the NPTPT and ESSNP** (intake and registration, household verification and beneficiary selection, payment, grievance redress mechanism) as well as crosscutting areas such as communication, governance, and organization. It aimed to highlight best practices and lessons learned from the SSN programs under the projects, as well as gaps with international best standards.
2. **The due-diligence study included a detailed desk review and qualitative data analysis.** The interviewed sample included representatives from Government, development partners, FSP, and WFP program management, field officers, and the program team. To probe efficiently, an interview topic guide was used to standardize the data collection process by covering the same range of issues in all interviews, while maintaining a degree of freedom to explore each subtopic in depth. To analyze collected evidence, the team mapped qualitative interview data to reflect the multidimensionality of the content. Given that the research inquiry goes back in time to the early stages of designing and implementing the two projects, and memory lapses could occur, testimonials of the interviewees were corroborated with other secondary reports written on the projects. The diversification of the interviewed sample enabled the team to identify areas of convergence and divergence in the transcripts and recognize the most consistent themes that run through the textual data.

Preliminary Findings

3. **The due-diligence study indicated several issues regarding the implementation of the NPTP program.** First and foremost, NPTP is a first-generation paper-based SSN program and **lacks a digitized delivery system** to implement all day-to-day operations. Steps such as outreach, intake and registration, and needs assessment are done by MOSA and only the data regarding registration is recorded in the MS SQL database at MOSA. There is a replication of the same database with the same table structure at PCM. MOSA sends data through a physical drive-in batches to PCM to clean the data, run the PMT, administer the payment list and share it with WFP. Even though regular back-ups are taken there is no disaster recovery with NPTP, no software applications, no programming interfaces, and so on. Most of the tasks are operated manually. There is no GM in place for NPTP. Given all these issues, the learned lessons from NPTP includes: (a) benefiting from the strong network of SDCs and social workers, (b) physical interaction (a human layer) at the intake and registration phase (especially home visits to vulnerable categories such as people with disabilities and elderly).
4. **ESSNP provides a fully digitized delivery system, DAEM Social Registry, to implement the program as per the due-diligence study.** All steps in the implementation of ESSNP are done through DAEM Social Registry. This includes outreach, intake and registration, deduplication, application of exclusion filters and inclusion criteria, needs assessment, household visits (through the surveyor module), eligibility assessment and PMT calculation, payment list administration, and real-time monitoring of the beneficiaries. Different users access the system only through defined user interfaces to prevent error, and fraud and provide data privacy and protection which are largely missing in the implementation of the NPTP program. There are also a few issues as indicated by the due-diligence study, such as limited time to register to the DAEM social registry, complex registry form to



fill in, limited data cleaning capacities, weak human interaction throughout the registry process, and so on. However, most of these issues can be sorted out provided sufficient time and additional software development.

A Roadmap for a Unified Social Safety Net Program for Lebanon

5. **Government will develop a roadmap for a Unified SSN Program for Lebanon (integrating the NPTP, ESSNP and other SSN programs) based on the findings from the due-diligence study carried out under the OF.** This roadmap will include guidelines with a calendar of specific milestones for the design, governance, organization, and service delivery of a unified program, in addition to building on the DAEM platform as a gateway for Lebanese households seeking any type of social assistance and social care programs. Once the recommendations from the study are finalized, the GOL, with support from all stakeholders, will develop a roadmap under the NSPS to be included in the updated POM within 4 months of the Effective Date of the AF2. The roadmap will be implemented during the remaining implementation period of the Project and may go onwards. The roadmap will also highlight critical aspects of the program, including the financial sustainability of the program within Lebanon's medium-term fiscal framework.



ANNEX 4. DAEM SPIS

Further developing the DAEM SPIS entails three components as follows:

Component 1: Software Development of SPIS (Module Descriptions)

- 1. Intake and Registration Module.** This module will be designed for managing program applications for ESSN and provide a baseline for program records. All data relating to the applicant and his/her household will be stored using an individual record-based structure that enables constructing households. This module will also include a form-based data collection tool based on the PMT questionnaire to be used at the ESSNP household visits. The module will have a management tool (a) to assign the ESSNP applicant household profiles to the enumerators/social workers and (b) to monitor the enumerators'/social workers' progress during the household visits/verification. This module is operational. Advanced functionalities such as the automatic creation of applicant profiles are to be further developed through the Project
- 2. Validation and Eligibility Assessment Module.** This module will be designed for the validation of data through APIs or other means of data retrieval and the management of the decision on the eligibility of the programs. This will allow running affluence tests and PMT for the ESSNP. It will also allow periodic assessment of eligibility before each payment cycle. The affluence test is operational. However, API integration and automatic data validation functionalities will be further developed through the Project.
- 3. Payment Administration Module:** This module is designed for defining payment periods, provision for benefits, integration of external payments (that is, banks, payment cards, e-wallets, and so on), and payment reconciliation. This module will enable the management and execution of separate payment lists for different social assistance programs through single or multiple payment lists. The disbursement process will be fully digitized, including (a) creating the list of eligible beneficiaries, (b) passing the eligible list to payroll, (c) creating the payment order and sharing with FSPs,⁷⁰ and (d) payment reconciliation. Households eligible to receive benefits under the ESSNP will continue to receive them in US dollars and the aim of the new module is to allow them to choose their preferred provider. The direct integration of the payment system with the DAEM SPIS will allow for instant reconciliation, reporting, and monitoring of the benefits across the payment cycle (funds uploaded, then redeemed or not). The DAEM SPIS's payment module will include an automated system that will allow, once households are selected, to generate a unique transaction code every month and to send an SMS notification to recipients, specifying the amount of the benefit alongside the unique transaction number. The list of eligible recipients will be available on the DAEM SPIS for all integrated and participating FSPs. For cash redemption, FSPs will be required to authenticate the head of household against their ID prior to disbursing funds. FSPs will need to confirm that the payment has been made. This process is expected to take place online and instantly, with a 60-second window open for checking the recipient's name and benefit amount to mitigate

⁷⁰ The GOL will seek proposals from interested FSPs that would be able to provide the benefit amount in US dollars in cash, with or without an account, according to a predefined service level agreement. Recipients will be able to show up at the closest participating FSPs to cash out their benefits. Eligible FSPs will need to have the capacity to (a) technically integrate with the DAEM system using API; (b) manage, hold, and ship liquidity across Lebanon; (c) authenticate the head of household at the time of funds withdrawal; (d) conduct financial integrity checks; and (e) put in place a 24/7 call-center to assist recipients and answer questions they might have. The FSPs will provide the GOL with a monthly report on the log of calls received from recipient households, clearly listing the main issues encountered.



the risk of duplicate payments. Currently, the payment list creation is operational. The full payment module is expected to be developed through the Project.

4. **ESSNP Back-office Module.** Due to the different components of the ESSN, a separate module would be needed to manage ESSN operation. This would include monitoring conditionalities for the education component.

5. **Reporting and Data Analytics Module.** This module will be designed for statistical data and reporting infrastructure to provide regular reports regarding program beneficiaries.

6. **Public Dashboards.** These dashboards will cover the required aggregated reports which would be made available to the public based on an agreed principle between all parties. Public dashboards are operational. Advanced functionalities and additional features (that is, requested graphs, tables, charts, and so on) will be added throughout the Project.

7. **User interfaces for call center operators, CMU, MOSA, CIO, and WFP.** These interfaces will be designed for different users based on user data access principles to view the required data to undertake respective operations and to manage incoming grievances. The Project envisions multiple users undertaking different types of grievances throughout the implementation of the ESSNP. For instance, CIO's users to oversee and investigate (if needed) grievances, WFP users to manage verification-related issues, PCM users to manage PMT-related grievances, and MOSA to manage communication and other day-to-day operations. Interfaces for WFP and CMU are operational with basic functionalities. The advanced features and interfaces for other parties will be developed throughout the Project.

8. **Central GM module.** This module will enable a central GM Module to receive, record, manage, escalate, and report grievances for ESSNP and any other social protection programs to be implemented through DAEM SPIS. In addition, this module will serve for citizen engagement to (a) share Project information, making public key indicators on beneficiaries and (b) solicit, address, and respond to feedback from citizens, and beneficiaries on the Project, that is, complaints, suggestions, queries, and compliments. CIO will have a user interface to the GM module and investigate upcoming grievances, if needed.

9. **Training Portal.** This portal will allow running the system/module level trainings, as the software development will follow an iterative and incremental process and the modules will be launched following one another on an agreed timeline, through the same gateway. This module will include a learning repository that end-users can access at any time and facilitated trainings for each module launched on an agreed timeline.

10. **Case management module.**⁷¹ The case management module will be designed as a channel to provide tailor-made support to beneficiaries or households. The case management module will detect the changes in the characteristics of beneficiaries or the households and refer them to the appropriate programs. This case management module will have three core functionalities: management of incoming/ongoing cases (day-to-day operations such as creating a case, assessing household needs, informing the household about the programs/services that they can benefit from, provision of these services/programs from the available portfolio,

⁷¹ The case management takes a proactive approach to support individuals in need by identifying their emerging needs and vulnerabilities and mobilizing all available support through referrals to provide adequate support. The caseworkers refer the program beneficiaries to services and programs to meet those needs that require attention. This support can involve a combination of responses, including the provision of cash benefits, in-kind benefits, psychosocial support, employment guidance, referrals to other social services, health services, and links to other networks.



and so on), management of outgoing cases (creation and notification of case tickets to be referred to the external stakeholders), and conditionalities monitoring (tracking the compliance to conditionalities of the beneficiaries and household to the program rules). In addition to case management, this module will lay out a digitized environment to allow citizen engagement (support services and get accountability and visibility regarding programs, feedback from citizens, and so on)

11. **Social Services Module.** This module will be designed for the provision of social services for the poor and vulnerable households which would include ‘prevention’ services such as daycare centers, orientation in case of natural disasters or extreme heat events, awareness raising, parenting or reproductive health lessons, afterschool learning support, community activities, skills training, psychosocial support, caregiver support, and so on. The delivery process for such programs will be digitized to be delivered through this module.

12. **A Generic Social Assistance Module.** This module will be designed to lay out a generic social assistance infrastructure that would allow the implementation of socially aimed programs (any potential social protection programs which may be intended to run through DAEM SPIS). This may include cash-based disability and/or social care programs, social pensions, and so on at the discretion of the GOL.

13. **The software development (12 modules) will be spanned over one year with modules to be delivered and the maintenance will be in the last six months.** In addition to module development, there will be an information security check by an external party representing a summary of Component 1).

Component 2: Providing/Procuring IT and Hardware Needs

14. The GOL reached an agreement to host the database at the premises of OGERO’s datacenter by following the security standards as determined in the policies and processes with a disaster recovery at the private company’s data center. OGERO is providing platform-as-a-service and will charge a service fee for the cost of the use of servers (dedicated servers for the Project), virtualization licenses, database licenses, switches, application server licenses, storage, rack cabinets, cooling, UPS, generator, cabling, and so on. All activities on the platform are logged, to ensure transparency and accountability. Component 2 will cover the cost of the platform as a service fee and any additional IT needs of the platform throughout the Project implementation.

Component 3: Capacity Building

15. This Component will include a comprehensive capacity building for the implementing actors, that is, for the MOSA on (a) the system usage (end-user trainings) and (b) handholding of the system during the transition to GOL. The staff who are involved at the central level at MOSA and CMU, and staff who work at SDCs will be trained on the modules developed through the training portal (module 10). In addition to system user trainings, a training module and materials will be developed for the recurrent trainings as needed and added to the repository at the training portal. Once the software development is finalized, there will be a transition period in the management of the SPIS from the private firm to the CMU. During this phase (during or after the maintenance phase), CMU will be trained by the firm/international experts on the management of the system.



Figure 3.1. DAEM platform development progress and modules to be further developed



Development plan is prepared for

- (i) Payment module,
- (ii) Advanced functionalities for current modules (1,2,4,7), and
- (iii) New modules (8 -12)

12 months of development and 6 months of maintenance

- Operational
- Partially operational
- Modules to be developed



ANNEX 5. Financial Management

- The AF2 will be implemented according to the World Bank procedures and guidelines on Financial Management.** The CMU at the PCM will jointly implement AF2 with MOSA and will follow the same FM arrangements of the initial financing. CMU has been performing satisfactorily in terms of financial management arrangements handling the fiduciary aspects.
- The World Bank assessed the adequacy of the FM arrangements proposed for the ESSNP AF2.** Based on the assessment, the FM risk, as part of the fiduciary risk is considered Substantial. The following are the risks identified: (a) activities will include cash transfers that require continued enhanced control and monitoring procedures (b) flow of funds delays, that is, funds channeled through the Ministry of Finance treasury account to the Project account are witnessing delays; (c) limited internal controls systems within CMU; (d) risk of the inaccuracy of the lists of eligible beneficiaries to be produced by MOSA and CMU in addition to the risk of payments to ineligible beneficiaries; (e) US dollar/ Lebanese Pound fluid exchange rate, impacting the value of the benefit received by the beneficiaries, and (f) limited capacity of the Court of Accounts to carry out an external audit on the timely and qualitative basis for the CMU and MOSA.
- With the proposed mitigating measures, the FM residual risk will be reduced to Moderate.** The following are the risk-mitigating measures: (a) the current Financial Officer, who is part of the CMU, and who was recruited for the initial Project will handle all FM aspects of the AF2; in case any additional support is needed, the CMU will recruit/assign Financial staff; (b) the POM prepared for the OF/AF1 will be used in the implementation of the AF, the CMU will update the POM accordingly; (c) the CMU will continue to utilize Excel spread sheets to record the daily transactions and produce the consolidated unaudited Interim Financial Reports (IFRs); (d) for the cash transfers of the Project, the GOL has contracted WFP to implement the related activities for the OF/AF1 and will contract WFP for the AF2; (e) A TPMA with terms of references acceptable to the World Bank has been hired to carry out a verification and periodic recertification of eligible beneficiaries and payments made under the cash transfer activity; the TPMA will also cover the AF2; (f) the CMU will enter into a contract with an independent private external auditor acceptable to the World Bank as per ToRs cleared by the World Bank to perform the annual external audit of the AF2.

Financial Management Arrangements

- Staffing.** The CMU will be handling the fiduciary aspects of the AF2 and will ensure compliance with the Project FM procedures as described in the POM. The CMU includes a Project Director, a Financial Officer, a Procurement Officer, and an assistant. Additional FM staff may be recruited/assigned as needed to support the CMU.
- Budgeting.** For the AF2, a consolidated Project annual budget and disbursement plan will be produced and maintained by the CMU and will be based on the Project procurement plan and implementation schedule to ensure the timely availability of funds and proper execution of activities. The budget plan will be prepared on a yearly basis and will be submitted to the Bank for approval no later than December 15 covering the next fiscal year.
- Accounting and reporting.** For the Project, the CMU will continue to utilize excel spreadsheets to record the daily transactions and produce the consolidated Project's unaudited IFRs. The CMU will receive the info and



data from WFP (as part of the WFP fiduciary arrangements to submit quarterly IFRs to the CMU and the World Bank). The Project's accounting transactions will need to be adequately captured and recorded. The Project will prepare quarterly IFRs in accordance with IPSAS – Cash Basis and develop through the Excel spreadsheets. The CMU will be responsible for preparing the IFRs. The IFRs will be sent to the World Bank no later than 45 days after the end of each quarter.

7. **Internal controls.** The Project will be implemented through the CMU. The CMU will be handling the fiduciary aspects of the Project. The Project will be implemented as per the POM prepared for the OF/AF1; the CMU will update the POM as needed.

8. **External audit.** The consolidated Project Financial Statements (PFS) of the AF2 will be audited by an independent private external auditor acceptable to the World Bank. The audit will be carried out in accordance with International Standards on Auditing. The audit report and PFSs, along with the management letter, will be submitted to the World Bank no later than six months after the end of each fiscal year. The audit TORs will be finalized and agreed upon with the World Bank three months after Project effectiveness. The external auditor will need to be engaged within six months of Project effectiveness.

9. **UN agency.** WFP has been contracted to implement the cash transfer component for the Project and conduct the enumeration of the beneficiaries. The funds will be channeled from the World Bank through the MOF treasury account to the Project account and then to the WFP bank account. WFP will be contracted for the AF2 (like the initial financing) and will be reporting back to CMU and the Bank on a quarterly basis. WFP performance has been satisfactory under the initial financing with quarterly financial reports being submitted on time and found acceptable.

10. **The flow of funds.** The funds will be transferred from the World Bank to the MOF treasury account (single treasury account #36) which is a pooled account in US dollar under MOF at the Central Bank. Once funds reach the treasury account, they will be transferred to a segregated Project DA-D used for both categories of the project, opened in US dollar at the Central Bank. CMU will use the funds in the Project accounts to pay for eligible expenditures under the Project. Given the volatile environment and the rapid deterioration of the local currency against the US dollar which has affected all public institutions and the economy as a whole and in order to ensure that the funds will be rapidly mobilized at the Central Bank, the Bank assessed the procedures of the BDL and found that the overall administrative and procedural flow to be adequate and that there are minimal risks that the payments would be delayed or halted as the Central Bank has proper segregation of duties when it comes to transfers and payments, as along with the Governor, there is the Central Council that signs on all payments and reviews transfers, in addition, the first vice governor would immediately assume the responsibilities of the governor in case the latter is not available.

Disbursement Arrangements

11. **Designated Account.** A Project Designated Account will be opened and managed by the CMU. DA-D will cover both categories of the Project. Funds will be channeled from the World Bank through the MOF treasury account in US dollars to the Project DA (held at the BDL in US dollars) based on a request to be submitted by the CMU to MOF. Advances to DA-D will be based on IFRs which will include a Projection of expenditures for six months. Withdrawal applications will be submitted by the CMU to claim the funds. The disbursement will be made based on IFRs (format and content will be detailed in annex 2 of the Disbursement Letter).



Table 5.1. Details of Project Expenditure Categories⁷²

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of taxes)
(1) Cash Transfers, Top Up Cash Transfers, Direct Costs and Indirect Costs under Parts 1 and 2 of the Project	286,300,000	100%
(2) Goods, non-consulting services, consulting services and Operating Costs under Part 3 of the Project	12,950,000	100%
(3) Emergency Expenditures	0	
(4) Front-end Fee	750,000	Amount to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(5) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	300,000,000	

12. **Authorized signatories** will be nominated by MOF for the Project to sign the withdrawal applications. Names and corresponding specimen signatures will be submitted to the World Bank prior to the receipt of the first withdrawal application (advance to DA). Each withdrawal application will be approved and signed by the authorized signatories.

⁷² A four-month grace period will be granted to allow for the payment of any eligible expenditure incurred (that is, services, goods, or works, received, and accepted) before the Project’s Closing Date.



ANNEX 6. Procurement

1. **Procurement Arrangements.** The following procedures will be applied to the Project: “World Bank Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services” dated November 2020, and the provisions of the Borrower’s procurement plan for the Project (“Procurement Plan”) provided for under Section IV of the Procurement Regulations will apply, as the same may be updated from time to time in agreement with the World Bank. The Borrower will also ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”).
2. **Implementing Agency.** The Project will follow the same procurement arrangements as the OF/AF1 and will be implemented by the CMU, which has extensive experience in implementing donor-funded Projects and is currently managing the procurement operations of the OF/AF1. The procurement processing and contract management is rated as Moderately Satisfactory during implementation. The CMU will continue to coordinate with MOSA and the concerned ministries, however, procurement processing and decision-making will remain in its entirety with the CMU.
3. **Project Procurement Strategy for Development (PPSD).** The procurement strategy developed for the OF/AF1 will be revised to reflect the AF2.
4. **Systematic Tracking of Exchanges in Procurement (STEP).** The Project will continue using STEP to plan, record, and track procurement transactions and contract management.
5. **Staffing.** The Project will be implemented through the CMU which is currently assigned to support the implementation of the Project. The unit is staffed with Project Director, Procurement Officer, Financial Management Officer, and other individual consultants as per the agreed staffing plan.
6. **Record Keeping.** The record keeping at CMU is found satisfactory. All records of procurement activities are maintained by the CMU procurement team.
7. **Procurement Planning.** The CMU has good experience with procurement planning. An initial Procurement Plan for Project implementation is being developed by CMU. It defines the prior review and procurement methods thresholds. The plan will remain updated, reviewed, and cleared by the World Bank using the STEP system.
8. **Third Party Monitoring Agent.** An independent TPMA has been recruited for the Project, and based on satisfactory performance, this contract is expected to be extended under the AF.
9. **Overall Procurement Risk Assessment.** A Procurement Capacity Assessment is being carried out periodically for the PCM as part of Project implementation. The Procurement Risk remains rated as High. The main procurement associated risks include the following: (a) the deteriorating socio-economic and political situation of the country; (b) the perception of corruption in the current fragile political environment; (c) delay in procurement processing and implementation related to the lack of decision making at the concerned Ministry’s level; (iv) complexity of coordination with other concerned stakeholders, ministries, and so on. The following measures are proposed to mitigate these risks: (a) ensure the continuation of services by the experienced CMU currently managing the Project; (b) hire a UN agency (WFP) that is implementing the relevant components under



the Project and similar program under the NPTP Project to implement the same scaled-up program under component 1 and 2; (c) procurement processing and decision making remain at the PCM level.

10. **Methods of Procurement.** The total value of the AF2 is US\$300 million fully dedicated to Components 1, 2, and 3. The Borrower will update the contract with WFP to implement Components 1 and 2 using the World Bank Standard Output Agreement, like the OF/AF1. Component 4 for the Project's implementation will not receive additional funding. Procurement of goods, and consulting services under Component 4 will continue to use the funding available under the OF. The Project will use the following procurement methods and arrangements:

- (a) **Selection methods for Goods and Non-Consulting Services.** The Project will use (i) Request for Bids (RFB), Request for Proposals (RFP), Request for Quotations (RFQ), and (iv) Direct selection where justified.
- (b) **Selection methods for consultants.** The Project will use (i) Quality and Cost-Based-Selection (QCBS); (ii) Selection under a Fixed Budget; (iii) Least-Cost Selection; (iv) Selection based on Consultants' Qualifications; (v) Direct Selection where justified; and (vi) Selection of Individual Consultants.
- (c) **Other particular method of procurement and special arrangements.**
 - i. **Selection of UN agencies:** Agencies of the UN may be single sourced by the implementing agency due to these agencies' generally exceptional capacity, country experience, staffing, and presence in the geographical areas. Thus, the UN agencies would be responsible for implementation, and UN procurement procedures would apply. The implementing agency will use a standard form of agreement between the borrower and the UN Agency or a case-specific template approved by the World Bank.
 - ii. **Use of nongovernmental organizations (NGOs):** NGOs are not-for-profit organizations and may be uniquely qualified to assist in the preparation, management, and implementation of the Project, essentially due to their involvement and knowledge of local issues, community needs, and participatory approaches.

11. **Frequency of Supervision and Post Procurement Review.** The frequency of supervision mission and post procurement review is foreseen, respectively, twice and once yearly. In post procurement review, a sample of 10 to 20 percent of contracts eligible for post review will be covered.

12. **Frequency of Supervision and Post Procurement Review.** The frequency of supervision mission and post procurement review is foreseen respectively twice and once yearly. In post procurement review, a sample of ten to twenty percent (10 to 20 percent) of contracts eligible for post review will be covered.

13. **Project Operation Manual.** The POM will be updated by the CMU.

14. **Procurement workflow.** The procurement planned under this Project is the responsibility of the CMU at the PCM. This unit will coordinate, as needed, from a technical perspective, with concerned stakeholders such as the MOSA, MEHE, and so on. **Table 6.1** describes, in general, the workflow of processing procurement under the Project.



Table 6.1. Workflow of Processing Procurement

Action	Responsible Entity	Expected Timeline
Develop procurement plan/add activity to the procurement plan	CMU in collaboration with relevant stakeholders	When required
Request the World Bank's 'no objection' through the World Bank procurement system STEP ^a	CMU	5 days
Develop the ToR for consultancy services/RFQ or RFB for goods	CMU in coordination with relevant stakeholders	15 days
Request the World Bank's 'no objection' to the ToR	CMU	5 days
Draft and advertise the REoI ^b /ITQ/ITB	CMU	15 days
Develop the RFP ^b (when required)/RFQ/RFB	CMU	15 days and in parallel with the ToR and REoI
Evaluation of technical and financial proposals/quotes/bids and recommendation of award ^b	CMU	15 days
Contract signature	CMU	3 days
Contract management	CMU in coordination with relevant stakeholders	Throughout the contract period

Note: REoI = Request for Expression of Interest.

a. The use of the World Bank procurement system STEP is mandatory throughout the procurement process.

b. The World Bank's 'no objection' is required for the activities subject to prior review.

Figure 6.1. Procurement Workflow

