

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA5353

Project Name	Emergency Nat'l Poverty Targeting Proj (P149242)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Lebanon
Sector(s)	Other social services (100%)
Theme(s)	Social safety nets (50%), Social risk mitigation (25%), Vulnerability assessment and monitoring (25%)
Lending Instrument	Investment Project Financing
Project ID	P149242
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Social Affairs
Environmental Category	C-Not Required
Date PID Prepared/Updated	17-Apr-2014
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Estimated Date of Appraisal Completion	27-Jan-2014
Estimated Date of First Grant Approval	16-May-2014
Decision	

I. Project Context

Country Context

More than three years of conflict in Syria have resulted in massive outflow of refugees into neighboring countries. As part of the group of neighboring countries that are most affected (Lebanon, Jordan, Turkey and Iraq), Lebanon has received the largest number of refugees reaching close to 25 percent of its pre-crisis population. As of December 2013, close to 930,000 Syrians have registered or are awaiting registration with the United Nations High Commissioner for Refugees (UNHCR). In addition to hosting the largest number of Syrian refugees in both absolute numbers and relative to its population, Lebanon has witnessed the largest rate of increase of refugee inflow compared to the other affected countries. By end 2014 it is estimated that the number of Syrian refugees will increase to 1.6 million refugees (37 percent of Lebanon's pre-crisis population).

The Government of Lebanon (GoL) has maintained an open border policy since the beginning of the Syrian conflict and has permitted refugees to settle freely across the country. In addition, it has waived certain regulatory requirements and payments normally required of Syrian migrants. A feature of the influx in Lebanon has been the absence of camps and the absorption of many refugees into Lebanese communities, a remarkable tribute to the generosity and hospitality of the Lebanese people. While most refugees are renting accommodations (70 percent) or are hosted within

Lebanese communities, over 450 informal settlements have emerged across the country, with the resultant complexity of the humanitarian and operational challenges that such a large influx has generated for the Lebanese authorities and community. The majority of refugees (65 percent) have settled in the North and East (Beka'a) governorates but with growing numbers in Mount Lebanon, the South, and Beirut. This pattern is attributable principally to proximity to the Syrian border and to traditional cross-border ties and relationships. The large number of refugees has led to severe competition for (already limited number of) jobs and for access to public services and infrastructure.

To assist Lebanon in coping with the humanitarian dimension of the refugee influx, the international community, through the UNHCR and UN partner agencies is supporting the largest humanitarian emergency operation of its kind in many years. To date, through the Regional Response Plans (RRPs), some \$900 million of aid has been provided to support humanitarian assistance for the refugees in Lebanon. The latest RRP6 estimates needs in the order of \$1.8 billion for 2014 for Lebanon. Registered refugees receive assistance for protection, food security, shelter, health and nutrition, education, water, sanitation and hygiene, and livelihoods.

With the escalation of the Syrian conflict, spillovers onto Lebanon have rapidly moved beyond the humanitarian to the economic and social spheres where large, negative, and growing spillovers are occurring. At the request of the Government of Lebanon, the World Bank, in collaboration with the UN, the EU, and the IMF, undertook a rapid Economic and Social Impact Assessment (ESIA) of the Syrian conflict on Lebanon for the 2012 to 2014 period. The ESIA finds that during the 2012-2014 period, the conflict is estimated to: (1) cut real GDP growth by 2.85 percentage points each year, entailing large losses in terms of wages, profits, taxes, or private consumption and investment; (2) push approximately 170,000 Lebanese into poverty (over and above the 1.2 million currently living below the upper poverty line) and double the unemployment rate to above 20 percent, most of them unskilled youth; and (3) depress government revenue collection by USD1.5 billion while simultaneously increasing government expenditure by USD1.1 billion due to the surge in demand for public services. Across all key public services, the surge in demand is currently being met through a decline in both the access to and the quality of public service delivery. It is estimated that an additional spending of USD2.5 billion will be required for stabilization, i.e. to reinstate the access to and quality of public services to their pre-Syrian conflict level.

The socio-economic consequences of the refugee crisis have led to increasingly fragile inter-communal relations and social tensions. Even if refugees are largely living in very basic and insecure circumstances themselves, Lebanese communities have widely attributed the decline in their own living standards to the refugee presence. Notwithstanding the efforts of the Lebanese authorities to highlight their concerns on this point, the fact that Syrian refugees have hitherto been the main beneficiaries of international and government assistance remains a source of tension between communities.

Sectoral and institutional Context

Even prior to the onset of the Syrian conflict and the inflow of large numbers of Syrian refugees, poverty in Lebanon was significant and regional disparities in living conditions were acute. It is estimated that nearly 27 percent of the Lebanese population, or 1.2 million people, are poor, living on less than USD 4 per day, and 8 percent, or 300,000 people, are extremely poor, living on less than USD2.40 per day (UNDP, 2008). Poverty was significantly higher in some regions, with the

highest concentration of poor found in the North governorate (52.5 percent), followed by the South governorate (42 percent) and the Beka'a (29 percent).

The Syrian conflict is projected to increase the poverty headcount by 170,000 people in Lebanon by end 2014. Simulations using household expenditures data show that, between 2012 and 2014, poverty in Lebanon was projected to continue its downward path in the absence of the Syrian conflict. In its presence, however, about 120,000 Lebanese are estimated to have been pushed into poverty in 2013, which is approximately 3 percent of the Lebanese (pre-conflict) population. If the current patterns were to continue, by 2014 another 50,000 are expected to join the ranks of the poor. By 2014, the rate of poverty incidence in Lebanon would therefore be 4 percent higher due to the impact of the Syrian conflict. At the same time, the existing poor (about one in seven Lebanese) would be pushed deeper into poverty through the impact on lower wages and higher unemployment rates.

Recent assessments have also found that Lebanese households are facing higher expenditures as the costs of goods and services are rising, particularly foods. Local field studies pointed out to increases in food prices in 2012 by an average of 18 percent in Beka'a and 12 percent in the North. This is, in part, fueled by incoming cash from Arab countries to Syrian refugees, increased costs of transporting products to Lebanese markets due to increased prices of fuel, and the border closure which led to Lebanese purchasing goods and services from Lebanon when they used to purchase them from neighboring Syria at lower costs.

Rising food prices and the coping mechanisms with food vulnerability indicate a need to provide food assistance to help alleviate the impact of the crisis on the food security of poor Lebanese. To cope with increased expenditures and decreased incomes many Lebanese households are reducing savings, increasing debt, or cutting on meals. Beka'a residents, for instance, reported to mostly having to purchase food on credit (59 percent), borrow food (42 percent), and are spending from their own savings (37 percent). North residents buy "only afford to" food items (43 percent), reduce quality of meals (40 percent) and spend from savings (40 percent). Spending from savings indicates that Lebanese households might not be able to sustain the current situation in the near future.

Geographically, the majority of the Syrian refugees are located in regions already having high poverty rates, deepening the vulnerability of the Lebanese in these areas as competition for jobs, services and resources increases. Eighty-six percent of registered refugees and 65 percent of poor Lebanese are living in the same 215 cadasters out of some 1,600 cadasters nation-wide (UNICEF, 2013). Of the 1.2 million poor Lebanese, some 600,000 are considered as being particularly vulnerable.

The Ministry of Social Affairs (MOSA) is the main government entity responsible for provision of social safety nets in Lebanon. It provides social services to specific categories of vulnerable groups, primarily through its Social Development Centers (SDCs). The MOSA has placed poverty alleviation as one of its main priorities and established the National Poverty Targeting Program (NPTP) in 2011 as the first poverty-targeted social assistance program for the poorest and most vulnerable Lebanese families. The MOSA has also placed the reform, reinforcement, and capacitation of its social development centers (SDCs) among its priorities to enable them to fulfill their mandated roles, including relief work such as in the case of the Syrian refugee crisis. The SDCs provide social services and promote integrated development at the individual, household and community levels. In 2011, SDCs delivered around 260,000 health services, 64,000 social services,

8000 training services, and 5000 education services—including nursing, volunteer work, foreign language, fighting illiteracy, school drop-out courses. Finally, the MOSA is committed to the reform of its community development programs through the adoption of an effective and transparent mechanism for the allocation of financial support to communities and community-based organizations.

The National Poverty Targeting Program is managed by the MOSA and the Presidency of the Council of Ministers (PCM). It is the first poverty-targeted social assistance program in Lebanon with the objective to “provide social assistance to the poorest and most vulnerable Lebanese households based on transparent criteria that assess each household’s eligibility to receive assistance, given available public resources” . The NPTP is based on a proxy-means testing (PMT) targeting mechanism and is implemented through approximately 350 social workers and inspectors who have been hired at the level of 98 SDCs. The social workers/inspectors have been trained to implement the targeting method and collect needed household information that is verified and processed using an automated management information system (see Annex II for further information on the NPTP).

To date, the NPTP social assistance (the basket of benefits) consists of the following: (i) comprehensive health coverage for beneficiaries in public and private hospitals through the waiver of 10-15 percent copayments for hospitalization; (ii) coverage of chronic disease prescription medications; and (iii) registration fee waivers and free books for students in primary and secondary public schools; (iv) food baskets for eligible households. In 2012, the Council of Ministers allocated USD28 million for the financing of the social assistance, demonstrating its commitment to the NPTP. As of January 2014, more than 76,000 households (298,000 individuals) had applied to the program, and approximately 43,000 households (195,000 individuals) were deemed eligible to receive the benefits.

Going forward, in response to rising poverty levels in communities hosting refugees and in order to help mitigate tensions between the refugee and Lebanese communities, the GOL plans to enhance the type of social assistance provided through the NPTP by including food assistance via the e-card food voucher system, currently being implemented by the WFP for more than 500,000 Syrian refugees. In addition, primary health care services, through the Ministry of Public Health (MOPH), will be included in the package of benefits eligible under the NPTP. The GOL will also expand the coverage of the NPTP to include additional beneficiaries.

II. Proposed Development Objectives

The objective of the Project is to expand the coverage and enhance the social assistance package of the National Poverty Targeting Program (NPTP) to Lebanese affected by the Syrian crisis and all Lebanese households under the extreme poverty line.

III. Project Description

Component Name

Component 1: Administration of NPTP

Comments (optional)

This component’s objective is to ensure an effective and efficient administration and implementation of the NPTP through its structures in the MOSA and the PCM, so that it can expand

the coverage and enhance the social assistance to extremely poor Lebanese households and those affected by the Syrian crisis. This component will also improve the efficiency of the NPTP.

Component Name

Component 2: Social Assistance

Comments (optional)

Provides a package of social assistance benefits for 350,000 extremely poor Lebanese households and those affected by the Syrian crisis for a 3 year period. It consists of: (i)comprehensive health coverage in public and private hospitals through the waiver of 10-15% copayments for hospitalization; (ii)comprehensive primary health care coverage at MOPH primary health care facilities or at the MOSA SDCs; (iii)coverage of chronic disease prescription medications; (iv) registration fee waivers and free books for students in primary and secondary public schools; and (v) basic food needs through the e-card food voucher program. In addition, the food component will help mitigate tensions between the Syrian refugee and Lebanese host communities by somewhat harmonizing benefits among them.

Component Name

Component 3: FOT

Comments (optional)

The FOT will be responsible for implementation of the procurement and financial functions of the project, working closely with the teams in MOSA and the PCM who are implementing the program activities. The FOT will play two key roles in the project:(i) managing the procurement process through the various stages for all contracts (goods, consulting services, and operating costs), as well as updating and implementing the procurement plan; and (ii) handling financial management, including payments for all contracts, financial reporting, and ensuring external audits are undertaken in compliance with requirements. The FOT will be composed of: (i) Procurement Specialist, (ii) Procurement Officer, (iii) Financial Management Specialist, (iv) Procurement Assistant, and , and (v)an internal auditor.

IV. Financing (in USD Million)

Total Project Cost:	96.20	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			85.00
Lebanon Syrian Crisis Trust Fund			8.20
UN High Commissioner for Refugees			3.00
Total			96.20

V. Implementation

Program implementation is the responsibility of the NPTP Project Unit in the MOSA and the NPTP Central Management Unit (CMU) at the Presidency of the Council of Ministers (PCM). A fiduciary operations team (FOT), in the PCM, will be responsible for handling all fiduciary aspects of the project.

The NPTP Project Unit in the MOSA is responsible for the following: (i) managing the NPTP database in MOSA; (ii) receiving household applications; (iii) interfacing with applicants; (iv) entering data; (v) conducting household visits; (vi) checking for data errors; (vii) transmitting data to

the central database of the NPTP CMU; (viii) verifying claims from hospitals, schools, and PHCs and authorizing payments; (ix) managing the outreach campaign; (x) managing the e-card food voucher beneficiaries list, delivery of the e-cards to beneficiaries, and follow up; and (xi) monitoring of the program (specifically inputs and outputs).

The NPTP CMU in the PCM is responsible for the following: (i) managing the central database; (ii) validating data and cross-checking with national databases; (iii) processing household data and generating scores and ranks according to the proxy-means testing (PMT) formula; (iv) maintaining the PMT formula; (v) analyzing national data and reporting findings to the Social Inter-Ministerial Committee (Social-IMC); (vi) monitoring of program results including targeting performance; and (vii) auditing data processing.

With respect to the implementation arrangements of the e-card food voucher, the following arrangements have been agreed upon: (i) WFP will conduct training for NPTP field work coordinators and social workers, including on assessments, distribution, monitoring and household visits; (ii) NPTP will be responsible for distribution and training of beneficiaries on the use of the e-card, as well as assessing and monitoring of food security indicators; (iii) WFP will provide the Banque Libano-Francaise (BLF) with the necessary information/data based on the NPTP database and operations for the production, activation and loading of e-cards; (iv) WFP will in turn share reports from the bank on transactions and spending patterns; and v) WFP and its identified partner (s) will continue to support NPTP through joint reporting and monitoring in the field.; (For more details on the business processes and implementation, see Annex II).

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Haneen Ismail Sayed
 Title: Lead Operations Officer
 Tel:
 Email: hsayed@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance
Contact: Alain Bifani
Title: Director General
Tel: 9613-306935
Email: alainb@finance.gov.lb

Implementing Agencies

Name: Ministry of Social Affairs
Contact: Bashir Osmat
Title: Advisor to the Minister
Tel: 961-1-611242
Email: bashiros7@yahoo.fr

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>