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Report No: PAD3855

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$246 MILLION

TO THE

LEBANESE REPUBLIC

FOR A

LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT

December 16, 2020

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

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CURRENCY EQUIVALENTS

(Exchange Rate Effective {December 10, 2020})

Currency Unit = Lebanese Pound (LBP)

LBP 1,507.5 = US\$1 (official rate)

FISCAL YEAR

July 1–June 30

ATM	Automated Teller Machine
BDL	<i>Banque du Liban</i> (Central Bank of Lebanon)
CAS	Central Administration of Statistics
CERC	Contingent Emergency Response Component
CGAP	Consultative Group to Assist the Poor
CMU	Central Management Unit
COVID-19	Coronavirus Disease 2019
CPIMS	Child Protection Information Management System
CPI	Consumer Price Index
CSO	Civil Society Organization
DA	Designated Account
ESCP	Environmental and Social Commitment Plan
ESSN	Emergency Crisis and COVID-19-Response Social Safety Net
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FM	Financial Management
FOT	Fiduciary Operations Team
FSP	Financial Service Provider
GBV	Gender-based Violence
GBVIMS	Gender-based Violence Information System
GDP	Gross Domestic Product
GOL	Government of Lebanon
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HBS	Household Budget Survey
IFR	Interim Financial Report
IMC	Inter-ministerial Committee
IPSAS	International Public Sector Accounting Standards
ISR	Implementation Status and Results Report
LVAP	Lebanon Vulnerability Assessment Panel
MAPS	Methodology for Assessing Procurement Systems
M&E	Monitoring and Evaluation
MEHE	Ministry of Education and Higher Education
MIS	Management Information System
MOF	Ministry of Finance

MOIM	Ministry of Interior and Municipalities
MOSA	Ministry of Social Affairs
MTO	Money Transfer Operator
MTR	Midterm Review
NGO	Nongovernmental Organization
NPTP	National Poverty Targeting Program
NSSP	National Social Solidarity Program
PAPs	Project-affected Persons
PCM	Presidency of the Council of Ministers
PDM	Post Distribution Monitoring
PDO	Project Development Objective
PFS	Project Financial Statement
PHCC	Primary Health Care Center
PIN	Personal Identification Number
PMU	Project Management Unit
PMT	Proxy-means Testing
PoB	Port of Beirut
PoC	Person of Concern
POM	Project Operations Manual
POS	Point of Sale
PPSD	Project Procurement Strategy for Development
PISA	Programme for International Student Assessment
PwD	Person with Disability
RACE	Reaching All Children with Education
RFB	Request for Bid
RFP	Request for Proposal
RFQ	Request for Quotation
RIMS	Referral Information Management System
SDC	Social Development Center
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SGBV	Sexual and Gender-based Violence
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
SIMS	Information Management System
SMEB	Survival Minimum Expenditure Basket
SP	Social Protection
SSN	Social Safety Net
STEP	Systematic Tracking of Exchanges in Procurement
TOR	Terms of Reference
TPM	Third-party Monitoring
TPMA	Third-party Monitoring Agency
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VASyR	Vulnerability Assessment of Syrian Refugees
VAT	Value-Added Tax

WA	Withdrawal Application
WFP	World Food Programme

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
Lebanon	LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT		
Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P173367	Investment Project Financing	Substantial	Urgent Need or Capacity Constraints (FCC)

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 Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
05-Jan-2021	29-Feb-2024

Bank/IFC Collaboration

No

Proposed 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.

**Components**

Component Name	Cost (US\$, millions)
Provision of Cash Transfer for Basic Income Support	204.00
Provision of Cash Transfer for Students-at-Risk	23.00
Provision of Social Services	10.00
Enhanced Social Safety Nets Program Delivery	9.00
Contingent Emergency Response Component (CERC)	0.00

Organizations

Borrower:	Lebanese Republic
Implementing Agency:	Prime Minister's Office

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	246.00
Total Financing	246.00
of which IBRD/IDA	246.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	246.00
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Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024
Annual	0.00	29.00	147.00	64.00	6.00



Cumulative	0.00	29.00	176.00	240.00	246.00
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INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Education, Poverty and Equity

Climate Change and Disaster Screening

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

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● High
7. Environment and Social	● Substantial
8. Stakeholders	● Substantial
9. Other	● Moderate
10. Overall	● High

COMPLIANCE

Policy

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

Yes No



Does the project require any waivers of Bank policies?

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).

Legal Covenants

Sections and Description

Within 30 days of the Effective Date, the Borrower shall establish and maintain at all times during the implementation of the Project (a) a Technical Committee, chaired by the Minister of Social Affairs, and responsible for the monitoring of Project progress and acting as a Secretariat for the Inter-Ministerial Committee for Social Affairs; and (b) an Expert Advisory Group, consisting of academics, civil society representatives with the relevant expertise in the area of poverty and social policy, to provide guidance to the Technical Committee.



Sections and Description

The Borrower, through the CMU, within 60 days of the Effective Date, shall appoint a TPMA 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 ; (e) confirmation of receipt of registration fees and parents council fees by public schools on behalf of Beneficiaries; and (f) activities carried out by MOSA under Part 3 of the Project, including through household visits of Beneficiaries.

Sections and Description

The Borrower shall maintain at all times during the implementation of the Project within the PCM, the Central Management Unit (“CMU”), to be responsible for prompt and efficient oversight and coordination of the implementation of activities under the Project, including inter alia, carrying out Project outreach and communication campaigns in coordination with MOSA, and managing the National Poverty Targeting Program database, all with a composition, mandate, staffing (including, inter alia, procurement, FM, monitoring and evaluation, and social safeguards specialists) and other resources satisfactory to the Bank, all in accordance with the provisions of the Project Operations Manual.

Sections and Description

Within 30 days of the Effective Date, the Borrower shall, establish and maintain at all times during the implementation of the Project (a) a Technical Committee, chaired by the Minister of Social Affairs , and responsible for monitoring of Project progress and acting as a Secretariat for the Inter-Ministerial Committee for Social Affairs; and (b) an Expert Advisory Group, consisting of academics, civil society representatives with the relevant expertise in the area of poverty and social policy, to provide guidance to the Technical Committee.

Sections and Description

The Borrower shall maintain at all times during the implementation of the Project, an Inter-Ministerial Committee for Social Affairs, supported by the Technical Committee, to be responsible for high-level coordination, collaboration, and transparent oversight of Borrower’s social safety net programs.

Sections and Description

The Borrower shall maintain throughout the Project implementation period, with composition, mandate, and resources satisfactory to the World Bank, a fiduciary operations team within the CMU, to be responsible for the fiduciary aspects of the Project

Sections and Description

The Borrower, through PCM, shall enter into an Outputs Agreement with the World Food Program (“WFP”), on the terms satisfactory to the Bank.

Sections and Description

The Borrower shall cause MOSA to (a) conduct a verification exercise; (b) carry out periodic recertification of Beneficiaries under Part 1 of the Project based on a timeline, methodology, and procedures satisfactory to the Bank



and further described in the POM; and (c) provide a report of the verification and recertification results to the Bank upon the Bank’s request. No Beneficiary shall be eligible for a Cash Transfer prior to the verification of his/her eligibility by MOSA and confirmation of eligibility by CMU..

Conditions

Type	Description
Effectiveness	The Borrower, through the PCM, has adopted the Project Operations Manual, in form and substance satisfactory to the Bank.
Effectiveness	The Borrower, through the PCM, has finalized, adopted, and publicly disclosed Labor-Management Procedures, in form and substance acceptable to the Bank.
Disbursement	<p>Description</p> <p>No withdrawal shall be made for payments made:</p> <p>(a) for payments under Category (1) of the Project until the Borrower:</p> <ul style="list-style-type: none"> i. establishes the GRM within MOSA, with the terms of reference, functions, and staffing satisfactory to the Bank; ii. signs the Outputs Agreement with WFP, on the terms satisfactory to the Bank; iii. appoints TPMA for purposes of carrying out a technical audit under the terms specified under Section I.D.1 of Schedule 2 to the Legal Agreement; and iv. causes MOSA to verify Beneficiaries eligible to receive Cash Transfers under Part 1 of the Project in accordance with criteria and procedures set forth in POM.
Disbursement	<p>Description</p> <p>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: i. the Borrower has determined that an Eligible Crisis or Health 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; 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.H.(2)(b) of the Schedule; 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 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.H of the Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.</p>



I. STRATEGIC CONTEXT

A. Country Context

1. **Lebanon faces a combination of a balance-of-payments crisis, an economic and banking sector crisis, and a 10-year humanitarian situation caused by an unprecedented influx of displaced Syrians, all of which have been exacerbated by the COVID-19 pandemic and most recently by the Port of Beirut (PoB) explosion.** On October 17, 2019, hundreds of thousands of people poured into the streets in protest of worsening economic and social conditions, demanding an efficient and transparent governance system. Before these events, economic conditions on the macro financial front had been acute. A shortage of US dollars in the market resulted in parallel exchange rates, as well as informal restrictions and control mechanisms on dollar deposits and transfers out of the country—an unprecedented situation for Lebanon’s historically free capital account. On March 7, 2020, the Government of Lebanon (GOL) announced the decision to withhold all payments on its US\$1.2 billion Eurobond debt due on March 9, 2020, and to undertake reforms to stabilize and restate its economy. On March 23, the GOL took the decision to discontinue payments on all its foreign currency-denominated Eurobond and seek out restructuring agreements due to the spiraling financial crisis that has hit foreign currency reserves. Much of Lebanon's economic and social crises have their roots in the system of elite capture which after decades of poor governance and corruption has failed to deliver adequate services to its people.¹ The fragile and dysfunctional political system has blocked reforms and development. There is little trust in the Government by its citizens, a state of affairs which has been exacerbated by the above events.

2. **The Lebanese economy is undergoing a large contraction.** As a result of the exchange market pressures, businesses are facing a liquidity crunch, especially regarding trade and corporate finance, leading to disruptions all along the supply chain. Real gross domestic product (GDP) is projected to decline by 19.2 percent in 2020, following 6.0 percent and 1.9 percent contractions in 2019 and 2018, respectively. Inflation surged from 10 percent in January 2020 to 46.6 percent in April, 89.7 percent in June, and to 137 percent in October (well above the 50 percent threshold often used to define hyperinflation). Although robust evidence-based data on the impact on jobs due to the current situation in Lebanon is lacking, a rapid survey (Business News 2020)² conducted before the COVID-19 outbreak estimated that more than 220,000 jobs had been temporarily or permanently lost between October 2019 and February 2020. In addition, about one-third of firms have ‘temporarily’ reduced their employees’ salaries—by an estimated 40 percent on average. One-third of companies reduced their workforce by 60 percent on average and 12 percent have ceased or suspended their operations.

3. **The situation in the country is further compounded by the outbreak of the COVID-19 pandemic and subsequent lockdown measures which pose a serious threat to Lebanon’s health system and economy, particularly affecting the poor and the vulnerable.** The pandemic adds on to a perfect storm

¹ Lebanon Systematic Country Diagnostic, World Bank, 2016.

² Conducted by InfoPro—<http://www.businessnews.com.lb/cms/Story/StoryDetails/7423/220,000-jobs-lost-estimated-by-InfoPro>



of the worst financial, economic, and social crises in the recent history of Lebanon and the Government has limited resources to respond. The unmet needs are immense, and the system lacks the human and financial resources to manage or respond to the public health emergency. As of end-November 2020, Lebanon has reported 127,903 confirmed COVID-19 cases and 1,018 deaths due to the COVID-19 pandemic. The outbreak clouds an already strained health sector and will further set back Lebanon's efforts in its fight against poverty. There are serious concerns that the outbreak will particularly have an impact on the poor and the displaced Syrian population.

4. **The PoB disaster on August 4, 2020, constitutes a significant, exogenous shock to the country, which compounds the economic, public health, and social crises the country is facing, where further impacts on poverty and inequality cannot be ruled out.** The Rapid Damage and Needs Assessment estimates damages to the tune of US\$3.8–4.6 billion, economic losses of US\$2.9–3.5 billion, and priority recovery and reconstruction needs of US\$1.8–2.0 billion.³ The disaster is estimated to cause: (a) up to 0.4 and 0.6 percentage point declines in the growth rate of real GDP in 2020 and 2021, respectively, due to losses in the stock of physical capital and (b) potentially import constraints that could subtract an additional 0.4 to 1.3 percentage points from growth in 2020 and 2021, respectively. These impacts are beyond the double-digit contractions in real GDP growth stemming from the pre-existing economic and financial crisis and COVID-19 effects. The PoB explosion also led to the displacement of nearly 300,000 people and an undetermined number of job losses. According to the World Bank's preliminary assessment,⁴ poverty rates are expected to further increase in the aftermath of the PoB disaster. Anticipated impacts include (a) a direct loss of livelihoods, (b) decline in aggregate output; (c) higher inflation, (d) a loss in the quantity and quality of essential services, and (e) deteriorating social indicators (especially health and education). Concerns are growing that the damage to the PoB will exacerbate food insecurity, which was already increasing amid the COVID-19 pandemic and prolonged socioeconomic crisis, combined with the reduced capacity of households to cope with the situation.⁵ Most importantly, the PoB explosion has further added to the loss of trust and confidence by the Lebanese people of their government.

5. **Declining remittances and disruptions in global supply chains resulting from the COVID-19 pandemic would further exacerbate the economic crisis in the country.** As a result of the global economic slowdown and the subsequent loss of productive employment, the World Bank estimates a sharp decline in international remittances (World Bank 2020a). Although capital inflows from the large and widespread Lebanese diaspora have typically risen in past crises, which regularly bolstered balance sheets of the banking sector,⁶ a significant drop of 19.6 percent in inflowing remittances is forecast across the entire Middle East and North Africa region in the coming year amidst rising uncertainty (World Bank 2020a). Lebanon's remittances, which represented 12.7 percent of the GDP in 2019,⁷ are expected to plummet from US\$7.4 billion in 2019 to US\$6 billion in 2020, based on the average forecasted decrease in the region. Furthermore, the COVID-19 pandemic and the subsequent restrictions on movement have hindered food-related logistic services, disrupting food supply chains and jeopardizing food security for millions of people (World Bank 2020b). The higher levels of export restrictions particularly leave food-

³ "World Bank Group, European Union, and United Nations. 2020. *Beirut Rapid Damage and Needs Assessment*. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/34401> License: CC BY 3.0 IGO."

⁴ World Bank. 2020. A Disaster Event in Beirut: Preliminary Assessment.

⁵ OCHA (Office for the Coordination of Humanitarian Affairs). 2020 *Beirut Port Explosion, Situation Report*.

⁶ Paul Cochrane. "Coronavirus: Egypt, Lebanon, Jordan Suffer Economic Pain amid Falling Remittances."

⁷ World Bank Migration and Remittances Data.



importing countries vulnerable to commodity price fluctuations. Both the World Food Programme (WFP) and the Food and Agriculture Organization of the United Nations (FAO) have reported that Lebanon's cost of the basic food basket increased sharply (15 percent) between February and May 2020 as a result of the COVID-19 crisis, as well as the country's depleting US dollar reserves that continue to impair imports and drive prices up.⁸ This is particularly relevant as Lebanon imports at least 80 percent of its food supplies (ESCWA 2016). Combined with the economic shock, the disruptions in international food supply chains and trade networks will exacerbate Lebanon's food security vulnerabilities.

6. The impacts of COVID-19 are compounded by Lebanon's high vulnerability to climate change, which will increase going forward. COVID-19 impacts the health of citizens, and it strains the economic well-being of individual households and the country overall. Lebanon is a highly urbanized, middle-income country whose temperate climate and world heritage sites drive its thriving tourism industry. The tourism industry has been stalled everywhere in the world since March 2020. The tourism industry contributes 20 percent to the country's GDP which is also severely affected by international travel restrictions imposed by the pandemic. This will affect the sectors of economy in Lebanon directly servicing the tourist industry, all other sectors which cater both to locals and tourists, and all other citizens whose income and employment were put on hold by the COVID-19 containment measures. When financial resources are exhausted by response to the COVID-19 pandemic, the country and its citizens become increasingly vulnerable to other types of disasters. Low-income population and the 'new poor', those whose income dramatically shrunk due to the pandemic effect, will be disproportionately and severely affected, increasing their exposure to physical and economic risks of natural disasters. Climate change is also one of the leading global causes of hunger, and more frequent and intense extreme weather events increase the risk of food insecurity and malnutrition by destroying land, livestock, crops, and food supplies.⁹ To mitigate health, economic, and social impacts, it is critical to increase the country's resilience also to climate change. Climate change, manifested through rising sea levels and increasing temperatures (up to 1.7°C by mid-century), is expected to affect the densely populated coastal urban areas that host infrastructure and industry critical to the economy. Over 85 percent of Lebanon's residents live in urban areas concentrated along a coastline that is vulnerable to sea-level rise, with damages projected to cost US\$140 million in losses by 2040. As a result of this current and longer-term climate change context, labor markets and income prospects for the Lebanese population will be affected, particularly for low-skilled workers, affecting general public health, resulting in easier spread of water and vector-borne diseases.

B. Sectoral and Institutional Context

7. The ongoing economic, financial, and COVID-19 crises, as well as the PoB explosion, are having far-reaching and potentially disastrous consequences on households' economic well-being in Lebanon. Already before the crisis, poverty was on the rise (figure 1), with overall poverty estimated to have increased from 25.6 percent in 2012 to 37 percent in 2019, and extreme poverty estimated to have increased from 10 percent in 2012 to 16.2 percent in 2019. The Syrian crisis itself contributed a 7 percentage points increase in overall poverty between 2012 and 2017 (World Bank 2020c). Based on World Bank estimates of GDP growth and inflation rates in the first half of 2020, extreme (food) poverty will double to 22 percent, and overall poverty will increase to 45 percent in 2020. This translates into

⁸ World Food Programme. *Market Monitor #47*.

FAO Big Data Tool on Food Chains under the COVID-19 Pandemic—Daily Prices.

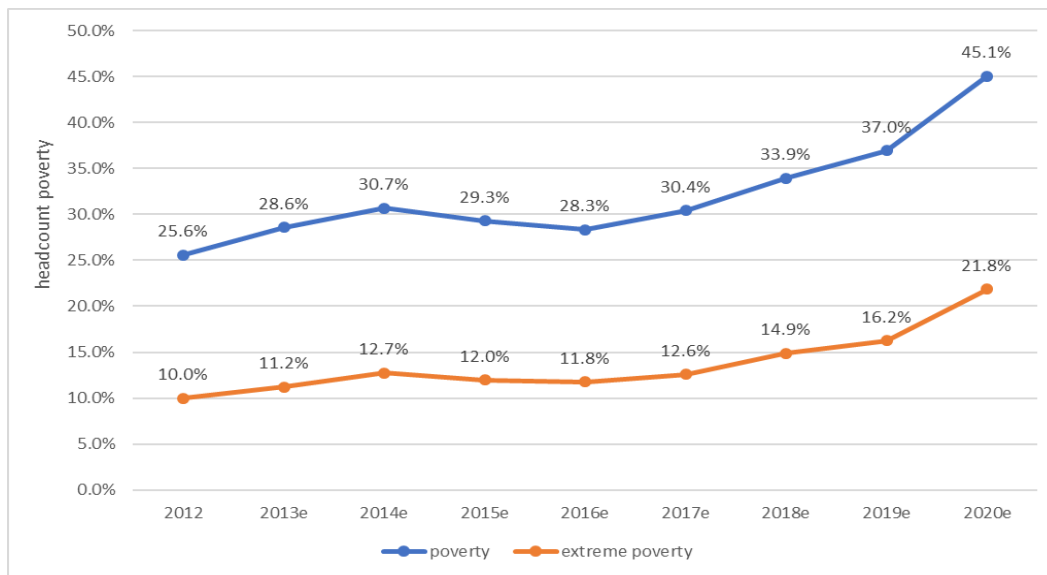
⁹ World Food Program, Climate Change infographic, 2020. <https://www.wfpusa.org/climate-change-infographic/>



approximately 1.7 million people (350,000 households) falling under the poverty line, of which 841,000 people (156,000 households) will be under the food poverty line, among which 12 percent are female-headed households. An immediate social protection response is critical to limit the projected increase in extreme poverty to the maximum extent possible, by supporting the poorest households in Lebanon that will be the worst affected by these crises.

8. **The influx of displaced Syrians in Lebanon since 2011 led to one of the world’s highest concentration of displaced people in any country, themselves affected by high poverty.** The total population of Lebanon increased by more than 38 percent between 2010 and 2019, rising from 4.9 million to 6.6 million. As of 2020, 16.5 percent (914,648) of the registered displaced Syrian population are in Lebanon,¹⁰ and the GOL estimates that there are approximately half a million more unregistered displaced Syrians. The socioeconomic situation of displaced Syrians has been deteriorating over the years. The deepening of the economic crisis since October 2019, combined with the COVID-19 pandemic lockdown as an aggravating factor, has led to a sharp increase in extreme vulnerability with 91 percent¹¹ of the population falling below the poverty line (less than US\$7.7 per day per person) and 88 percent¹² below the extreme poverty line (less than US\$6.8 per person per day), as per data collected in August 2020.¹³ Refugees are also extremely vulnerable to climate change impacts and natural disasters, disrupting even further their lives, adding a new layer of complexity to this context.

Figure 1. Poverty and Extreme Poverty Rates for Lebanese population, 2012–2020



¹⁰ 37.6 percent (344,285) in Bekaa, 26.5 percent (242,354) in the North, 24.5 percent (224,149) in Beirut, and 11.4 percent (103,860) in the South. UNHCR, “Operational Portal: Syria Regional Refugee Response – Lebanon,” December 31, 2019.

¹¹ Compared to 73 percent in 2019.

¹² Compared to 55 percent in 2019.

¹³ VaSyR, Vulnerability of Syrian Refugees, 2020, UNHCR (United Nations High Commissioner for Refugees), WFP, UNICEF (United Nations Children’s Fund).

Lebanon recognizes the international customary law principle of *non-refoulement* and is signatory to several international conventions on refugee protection including the 2016 New York Declaration for Refugees and Migrants, the 1966 International Covenant on Civil and Political Rights and the 1989 Convention on the Rights of the Child. Lebanon is not a signatory to the UN Refugee Convention of 1951 and accompanying 1967 protocol, which set out the fundamentals of refugee protection.



Source: Household Budget Survey (HBS) 2011/12 and World Bank staff calculations using macroeconomic inputs from March 15, 2020.

Note: Only Lebanese households are included for this simulation using HBS 2011/12. e. means poverty estimates are obtained from nowcasted consumption.

9. **If unmitigated, the economic crisis would not only result in a steep increase in poverty and inequality in Lebanon, but it would also reverse hard-won gains in human capital investment, as well as fuel social tension between vulnerable Lebanese and non-Lebanese communities.** As a direct fallout of the increases in poverty, households will come under increasing strain to smooth consumption and delay needed investments in education, nutrition, and healthcare. As the poorest are most likely to bear the brunt of the economic contraction, an increase in early marriages, child labor, abuse, and inequality is also very likely. This further underscores the need to provide immediate safety net support to the poorest households through emergency interventions.

10. **In addition to poverty impact, the crisis and the COVID-19 pandemic potentially create conditions for social tensions, interhousehold and intrahousehold conflict and an accentuation of distress.** Beyond addressing immediate basic needs, it would be necessary to provide the social support for vulnerable groups such as women facing the risk of gender-based violence (GBV), children in need of protection, the elderly, and people with disabilities, to address their multidimensional vulnerabilities (including those related to climate change exposure) and to ensure that the crisis does not marginalize such groups further. This calls for a prioritization of socially vulnerable groups for both monetary support and social services

11. **Policy responses to the crisis need to address existing gender inequities, as well as those that could emerge or widen as a result of the crisis.** The economic contraction, combined with a significantly reduced receipt of remittances leaves female-headed households in a particular economic, social, and environmental vulnerable situation. Even before the current crises, sexual and gender-based violence (SGBV) was affecting both the host and displaced populations, with women being the targets in 90 percent of reported incidents.¹⁴ Women and girls are also more vulnerable to the effects of climate change affecting education, maternal health, and GBV.¹⁵ Women at risk of GBV/sexual exploitation and abuse (SEA) and/or domestic abuse could experience a range of psychological and social consequences and require specialized interventions, including counseling and referral to remedial services. In Lebanon, the Gender-Based Violence Information Management System (GBVIMS) reported increases of several forms of GBV during the first quarter of 2020 compared to the same period of 2019. Specifically, since the lockdown measures under COVID-19, women and girls constituted 99 percent of survivors of violence, with a 9 percent increase of incidents within the home.¹⁶ Women are likely to experience an increase in GBV during crisis and in periods of lockdown and may not have sufficient access to referral and remedial services. Another critical gender gap pertains to enrollment in secondary schooling, where boys, especially from the poorest quintile households, are more likely to drop out between the ages of 13 and 18. Girls are 2.5 times more likely than boys to be out of school in conflicts. They are also more likely to be pulled out of school during natural disasters such as droughts, as they are called on to fetch water and care for

¹⁴ Lebanon Crisis Response Plan 2017–2020. <https://reliefweb.int/sites/reliefweb.int/files/resources/74641.pdf>.

¹⁵ An estimated one in five women refugees has experienced sexual violence—actual numbers could be much higher. <https://www.unocha.org/sites/unocha/files/Trends%20in%20Humanitarian%20Needs%20and%20Assistance%20Factsheet.pdf> World Bank. 2011. Gender and Climate Change: Three Things You Should Know. Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/27356> License: CC BY 3.0 IGO.

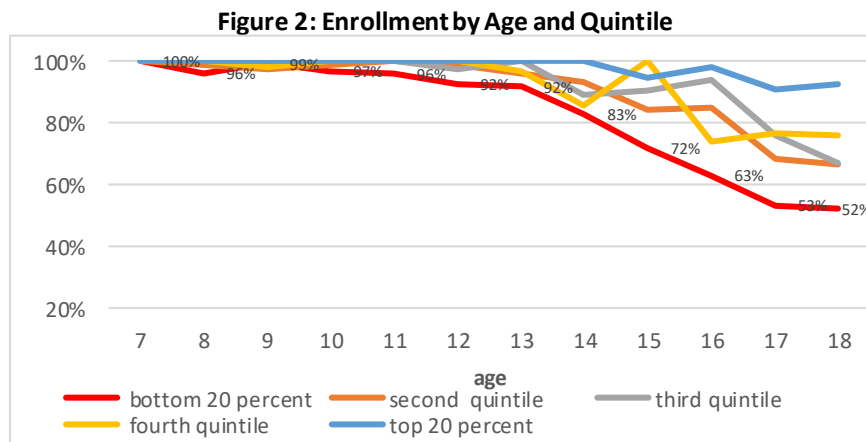
¹⁶ NCLW, WHO, UNFPA and UN Women, Gender Alert on COVID-19 Lebanon: Access to Justice and Gender-Based Violence, June 3, 2020, Issue No. 3.



family members.¹⁷Addressing their needs for support to continue schooling would be critical for addressing this gender gap.

12. **Social tensions can also emerge or deepen between the displaced and host communities in response to the crisis, with potentially grave consequences for harmony and economic recovery.** As the crisis intensifies, individuals and communities facing hardship and deprivation may foster resentment, which in turn affects inter-group relations. Crisis response measures need to adequately address potential sources of tensions. In the case of Lebanon, the very limited coverage of targeted social safety net (SSN) programs among extreme poor Lebanese households could give rise to greater resentment in the context of higher and more visible social assistance to displaced communities. Conversely, displaced Syrians have lower access to social services compared to Lebanese communities.

13. **The current financial and economic crises in Lebanon, further escalated due to the COVID-19 pandemic, also pose a serious threat to children’s continued schooling and long-term human capital accumulation.** Even before the current crisis, Lebanon’s education system was facing many structural challenges¹⁸ that are likely to be exacerbated in the absence of effective mitigation. In 2011/12, the school dropout rate was very high for students in the lower socioeconomic groups; by the age of 18, only 50 percent of students among the lowest quintile were still in school (Figures 2, 3, and 4). The situation is particularly grave for boys, for whom dropping out of school begins at ages 12 and 13, so that by the age of 18 only 34 percent of boys in the lowest quintile are still in school.¹⁹ With the estimated levels of increase in the poverty rate (including a doubling of extreme poverty from 10 percent to over 22 percent), a concomitant increase in dropout is very likely unless the poorest households are provided with the necessary support to continue children’s schooling.



¹⁷ Global Humanitarian Overview 2019. United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA). <https://www.unocha.org/sites/unocha/files/Trends%20in%20Humanitarian%20Needs%20and%20Assistance%20Factsheet.pdf>.

¹⁸ According to the World Bank’s Human Capital Index, a Lebanese child born in 2020 is expected to achieve only 52 percent of her/his full educational attainment as reflected in learning outcomes by the time she is 18 years old, alluding to the significant room for improvement in the education system. This concern is further evidenced in the recently announced Programme for International Student Assessment. (PISA) results for Lebanon that show that roughly two-third of the students do not meet the basic reading proficiency level, which places them at risk of exclusion. The PISA results further show that there are differences of four years of schooling between students of top and bottom income quintiles. Additionally, students in public schools, who in the case of Lebanon usually are from the bottom income quintiles, are roughly two years behind students in private schools.

¹⁹ Dropping out is most common at the end of cycles: at the end of primary school (Cycle 2) and also at the end of lower-secondary school (Cycle 3), one student in six leaves school.



Source: HBS 2011/12.

Figure 3. Enrollment by Age and Top and Poorest Quintile, Boys

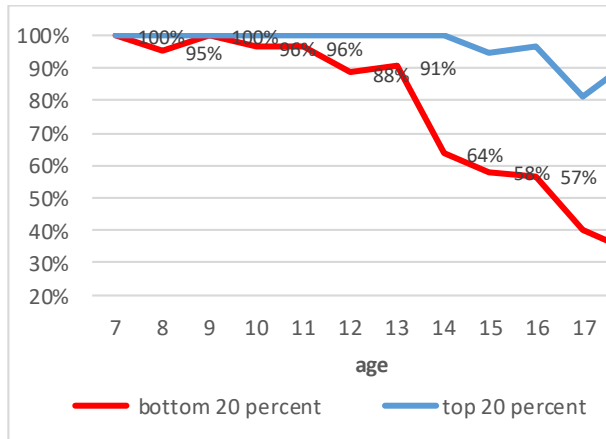
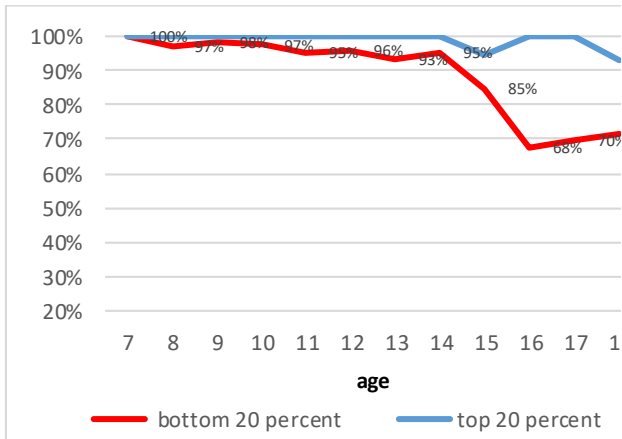


Figure 4. Enrollment by Age and Top and Poorest Quintile, Girls



Source: HBS 2011/12.

14. **High out-of-pocket expenses for children’s schooling pose barriers to the continued enrolment and attendance of children especially during a crisis.** Approximately 70 percent of the enrolled student population attend private schools, with a market size of about US\$1.3 billion in tuition fees alone. Private expenditures as the parents’ out-of-pocket share of expenditure are estimated at 1.45 percent of GDP.²⁰ Expenditure per student is generally higher at more advanced levels of education.

15. **Children’s workforce participation, closely linked to poverty, is another important impediment to full educational attainment and is likely to increase during a crisis.** Enrolled school children, who represent a financial burden for poor households, become a source of direct or indirect income once they leave school and are engaged in household or remunerated work. Participation in remunerated activities by children of all population groups increases with age: 4.5 percent of children ages 5 to 11 participate in such activities, along with 7.2 percent of children ages 12 to 14 and 10.8 percent of children ages 15 to 17.²¹ The economic barrier seems to be a significant factor for children attending both public and private schools. In all age groups, Lebanese boys are at least three times as likely as girls to be involved in remunerated activities: 7 percent of boys, compared to 2 percent of girls. For Lebanese children ages 5 to 11, 9 percent of boys are engaged in economic activities, compared to 3 percent of girls. Furthermore, 7 percent of enrolled Lebanese children ages 15 to 17 are engaged in remunerated activities, rising to 24 percent of out-of-school children. Among individuals from households registered in the National Poverty Targeting Program (NPTP) database, around 15 percent have never enrolled in school, of which around 50 percent stated compelling financial reasons as the main reason for not enrolling. Other important factors stated include having to repeat school years and health shocks. The current crisis is expected to exacerbate dropout, as children, particularly boys, are likely to start working to make up for decreasing adult incomes.

²⁰ Lebanon Education Public Expenditure Review, 2017.

²¹ UNICEF (United Nations Children’s Fund)/MEHE (Ministry of Education and Higher Education). 2019. *Study on Out of School Children in Lebanon*.



16. **Grade repetition is closely tied with school dropout and children being out of school.** Grade repetition trends are mostly observed in the first two cycles of education. Analysis by year of schooling shows a high prevalence of repetition in the fourth year of primary school where there is a repetition rate of 11.3 percent, and at the beginning of the lower-secondary cycle, with a repetition rate of 15.8 percent.

17. **The coverage of the existing targeted SSN programs (primarily the NPTP) is insufficient to protect poor households against the effects of the multiple crises that Lebanon is experiencing.** The GOL's only poverty-targeting social assistance program—the NPTP²²—has demonstrated the ability to channel targeted social assistance to extreme poor Lebanese households, defined as households who are unable to meet their basic food needs.²³ The NPTP has the foundational features of an effective SSN program, including progressive targeting, information on applicant and beneficiary households, and an up-to-date and well-managed management information system (MIS). However, at its current level of coverage, the NPTP will be inadequate to offer any meaningful cushion to the anticipated shocks that households will face as a result of the projected economic contraction, as it reaches only a small fraction of the population expected to fall into poverty/extreme poverty as a result of the crisis. The latest recertification/verification of the NPTP database was completed in 2018, whereby, of approximately 150,000 households that applied, 43,000 households were deemed to fall under the then extreme poverty line. Currently, the NPTP provides health and education benefits to 43,000 households, of which 15,000 households also receive food assistance through an electronic prepaid card. These represent only 4.5 percent and 1.5 percent, respectively, of all Lebanese households. Informal mechanisms such as remittances, nongovernmental organization (NGO) aid, and inter-household transfers are also limited in scale, not always progressively targeted, and not sustainable in a manner that supports long-term poverty reduction and human capital investments. In addition to the limited coverage of the NPTP, its other main challenge is the weakness in systems that need to underly an effective SSN program to ensure transparency and accountability, namely a strong grievance redress mechanism (GRM), periodic recertification and verification, monitoring and evaluation (M&E), and integrated registries.

18. **An extension of the program from 15,000 e-card food voucher beneficiaries to an additional 147,000 households under the proposed Emergency Crisis and COVID-19 Response Social Safety Net Project (ESSN) will be an effective means to arrest the increase in extreme poverty.** This proposed rapid scale-up of safety net coverage among the extreme poor will also require complementary investments in safety nets infrastructure to ensure that the scale-up is effective and does not overwhelm the existing relatively small capacity of the SSN system. Specifically, investments are required in core SSN systems, including GRM, communication and outreach, applicants' eligibility verification, M&E, and social registry/database management. The scale-up also offers an opportunity to build and equip Lebanon's SSN capacity to manage a national scale SSN program even beyond the current crisis.

²² The NPTP was launched in 2011 by the GOL with technical and financial assistance from the World Bank. The World Bank has provided technical assistance and financial support (US\$25 million) through the following projects—the First and Second Emergency Social Protection Implementation Support projects (US\$1 million and US\$6 million, approved in 2007 and 2011, respectively), and the Emergency NPTP (US\$8.2 million, 2014) and NPTP Additional Financing (US\$10 million, 2016).

²³ The standard international approach for setting a poverty line—which is followed in Lebanon by the Central Administration of Statistics (CAS)—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 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 fall below this line are considered poor.



19. **In parallel to the national SSN system, the UN agencies, in cooperation with international and national NGOs, and with financial assistance from donors, support a large-scale humanitarian cash transfer program for displaced Syrians to help mitigate the high poverty rate among them.** There are three main large-scale programs implemented under the basic assistance and food security sectors (table 1):²⁴ (a) food e-vouchers which represent the largest regular (monthly, yearlong) program with a total volume of US\$190.8 million of direct cash transfers in 2020 (currently set at US\$25 per capita, distributed in Lebanese pounds²⁵) reaching 151,000 Syrian households; (b) the multipurpose cash assistance program, with an overall volume of US\$103.5 million implemented through monthly unrestricted unconditional transfers (standardized at US\$103 per household, distributed in Lebanese Pounds) reaching 93,000 Syrian households; and (c) a US\$81.3 million seasonal (winter) cash transfer (3–5 months) program (set at US\$75 per household per month, distributed in Lebanese Pounds²⁶) reaching approximately 200,000 Syrian households.

Table 1. Annual Assistance to Displaced Syrians through the Lebanon Crisis Response Plan

Program	Types	Syrian Households Reached	Annual Program Amount (US\$)
Multi-purpose cash	Regular	93,000	103,519,777
Food e-vouchers	Regular	151,000	190,816,614
Winter cash	Seasonal	200,000	81,346,000
Total			375,682,391

20. **However, the humanitarian programs for displaced Syrians cover 50 percent of the displaced households in terms of food vouchers and only 31 percent in terms of multipurpose cash assistance.** With the estimated increase in extreme poverty level to 88 percent, this would leave a larger number of displaced Syrians unassisted and unable to cope with the crisis. The restrictions of movement, sometimes affecting displaced Syrians more severely, and the interruption of many economic activities, combined with increased challenges to access cash, have led to critical food and other assistance needs such as essential medicine for most displaced Syrians. This extreme poverty is, in turn, aggravating protection risks for different groups within the displaced population, with older persons and displaced Syrians with disability or a critical medical condition being particularly exposed. Moreover, the severe effect of the economic crisis and the COVID-19 pandemic on jobs, including in the service sector and construction, where many displaced Syrians work, will make it very difficult for most displaced Syrians to earn the money they need to cover their basic expenses after the lockdown ends. The competition for income-generating activities is likely to become extremely high and may further fuel intercommunal tensions igniting violence, unless the most urgent survival needs are addressed through social assistance.

21. **To be able to meet the growing and multiple needs of the population for social protection and social assistance programs, Lebanon needs to develop a national SSN system that is capable of responding to future shocks.** A key feature of such a system is a national integrated social registry, which would serve as a gateway for people (individuals and households) to be considered for inclusion in one or

²⁴ The total number of households supported and corresponding US dollar amounts are based on the following periods: (a) multipurpose cash assistance distributed between January and November 2020; (b) food e-vouchers assistance distributed between January and November 2020; and (c) winter cash assistance distributed by end 2019 (corresponding to the 2019/2020 Winter Support Campaign).

²⁵ Assistance is distributed at an exchange rate of US\$ 1 = LBP 3,900.

²⁶ Assistance programs from 2019 were implemented at the official exchange rate.



more social programs based on an assessment of their needs and conditions. Such a social registry could reduce transaction costs and increase access for citizens, produce cost-savings and efficiency of user programs (by reducing duplication), and serve as a powerful platform to coordinate social policy. A social registry would contain information on all applicants, whether or not they are deemed eligible for select social programs.

C. Relevance to Higher Level Objectives

22. **The proposed US\$246 million ESSN will** contribute to (a) arresting the increase in extreme poverty; (b) preserving human capital of children at risk of dropping out of schooling; and (c) building sustainable SSN systems. The ESSN will build upon successes of the NPTP and learn from challenges of the past 10 years by introducing new features and improvements to support a sustainable national SSN system.

23. **The proposed ESSN is aligned with strategic objectives of the World Bank Group and the World Bank Group's response to the COVID-19 pandemic.** The proposed project will provide cash support to extreme poor households in response to the economic shocks and the COVID-19 pandemic. The project contributes to and is aligned with the World Bank Group twin goals to eradicate extreme poverty and promote shared prosperity in a sustainable manner. The project is also part of and aligned with the World Bank Group COVID-19 Crisis Response Approach Paper to help countries mitigate the social and economic impacts of the COVID-19 crisis. The project will contribute to the implementation of the World Bank Group Middle East and North Africa enlarged strategy, particularly to building resilience to shocks, renewing the social contract, and building human capital. The project activities sequentially address the needs for relief (providing immediate cash transfers and social services to households in need), recovery (through social protection systems strengthening and financial inclusion to enable economic recovery), and resilience (by protecting human capital through cash transfers to students at risk of dropout and social protection systems strengthening). Finally, the project is fully aligned with the Middle East and North Africa-wide platform to mitigate socioeconomic impacts of the COVID-19 crisis.

24. **The ESSN forms a core part of the GOL's Financial Recovery Plan approved by the Council of Ministers on April 30, 2020.**²⁷ The plan includes a comprehensive program that addresses public debt restructuring, financial sector restructuring, fiscal adjustment, exchange rate adjustments and monetary policy, structural and governance reforms, and SSNs and pension reform. Specifically, the plan highlights the need for "a social sector reform agenda to improve social indicators and strengthen or develop social safety nets to protect the most vulnerable segments of the population." It emphasizes the need for a "fiscal reform package that will be accompanied by social safety net measures to protect the most vulnerable groups" and includes in the financing plan an increase in SSN expenditures from 0.7 percent of GDP in 2020 to 1.2 percent in 2024. It notes that "the World Bank and other donors have already provided support to build a poverty targeting system in Lebanon that could be immediately deployed to fund the SSN program. Monthly cash transfers will be considered for approximately 200,000 poor households to cover basic needs and offset the impact of the increase in some prices, including fuel."²⁸

²⁷ Lebanon Financial Recovery Plan, April 30, 2020.

²⁸ Although the plan was developed and approved by the now-caretaker government of Prime Minister Hassan Diab, it is likely that a new government will adopt a similar plan as a basis for negotiations with the International Monetary Fund.



25. **In response to the COVID-19 pandemic**, the GOL launched a National Social Solidarity Program (NSSP), aimed at assisting households affected by the lockdown restrictions. The program aims to provide temporary emergency aid of LBP 400,000 to approximately 200,000 households. Three months of distributions have taken place and a final one before the end of 2020 is planned. To support this program, the Ministry of Interior and Municipalities (MOIM), in collaboration with the Ministry of Social Affairs (MOSA), the Central Inspection Office, and the Presidency of the Council of Ministers (PCM), launched an electronic platform (IMPACT) to collect household applications for social assistance.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

26. The Project Development Objective (PDO) 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

PDO Level Indicators

27. **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 (PwD), households with elderly members, households with children under 18 (percentage))
- Number of households receiving top-up cash transfers for children ages 13–18
- 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])

B. Project Components

28. **The ESSN consists of five components (table 2):** (a) provision of cash transfers for basic income support to 147,000 extreme poor Lebanese households; (b) provision of top-up cash transfers for students from extreme poor Lebanese households at risk of dropping out of school; (c) provision of social services to vulnerable households; (d) enhanced social safety nets program delivery; and (e) a Contingent Emergency Response Component (CERC). The total project cost is US\$246 million for three years.



Table 2. The ESSN Project Components, Beneficiaries, and Costs

Component	Beneficiaries	No. of Beneficiaries (target)	Average Annual Cost per Beneficiary (US\$)	Total Project Cost (US\$, million)
1. Provision of Cash Transfer for Basic Income Support	Extreme poor Lebanese households included in NPTP scale-up	147,000 households	1,387 ^a	204
2. Provision of Cash Transfer for Students-at-Risk	Students ages 13–18 in households under Component 1 enrolled in public schools	87,000 students	264	23
3. Provision of Social Services	Vulnerable households and individuals	100,000 individuals	—	10
4. Enhanced Social Safety Nets Program	MOSA (including Social Workers)	—	—	9
5. Contingent Emergency Response Component (CERC)				0
Total Project Budget				246

Note: a. Inclusive of WFP direct and indirect costs for Components 1 and 2

Component 1. Provision of Cash Transfer for Basic Income Support (US\$204 million)²⁹

29. **Component 1 will help arrest the increase in extreme poverty by providing cash transfers to 147,000 Lebanese households, scaling up from the current 15,000 households who receive an e-card food voucher.** The scale-up would result in an enhanced coverage of Lebanon's targeted SSN from 1.5 percent at present to around 20 percent of the Lebanese national population with the ESSN. Donor support to the NPTP³⁰—which is expected to add an additional 35,000 households—would further increase SSN coverage by 7 percentage points, bringing the total number of households supported to 197,000, that is, 27 percent of the Lebanese population.

30. **Beneficiary selection.** The cash transfer program will support extremely poor households that are severely affected by economic and COVID-19 crises. Beneficiaries will be selected from existing applicants in the NPTP database after appropriate verification (see below), as well as extreme poor households from the IMPACT database of the GOL.

31. **The ESSN project will adopt a hybrid targeting methodology, combining the Proxy Means Test (PMT) to identify extreme poor households and categorical targeting to prioritize socially vulnerable groups within the group of extreme poor households.**³¹ The households eligible for project benefits will simultaneously satisfy two conditions: (a) their verified PMT scores will be below the eligibility cut-off corresponding to the extreme poverty line (that is, bottom 22 percent of PMT score distribution in the population based on the HBS 2011–12), and (b) they will belong to defined socially vulnerable categories. The PMT formula that will be used for determining eligibility will be the same formula currently employed

²⁹ Includes WFP direct and indirect costs for Components 1 and 2.

³⁰ In particular German and European Union (EU) financial support to the NPTP.

³¹ This is different from a Hybrid Means Test which combines PMT with formal means testing.



by the NPTP, that was developed with support from the World Bank to the NPTP. The PMT will be administered to households in the NPTP that are not currently receiving cash benefits, and to applicants from the IMPACT database alike. Both groups of potential beneficiaries will be subjected to the same PMT test, method of verification, and eligibility cut-off. The socially vulnerable categories proposed by the GOL to be considered for targeting include: (i) households headed by women, (ii) households with any member age 70 or above, (c) households with any member who has a severe disability,³² and (d) households with children (ages 0–18). Households will need to meet both criteria (PMT score below threshold and inclusion among the defined categories) to receive benefits. The inclusion of women-headed households as a distinct category for targeting is motivated by the need to recognize and address the greater hardships and vulnerabilities faced by poor female headed-households.³³ The total number of extreme poor households that belong to these categories is 139,225 (estimated by the World Bank using HBS 2011–12). This is lower than the combined coverage of the ESSN project (147,000 households) and those that will be supported under the NPTP by other donors (approximately 50,000 households), which allows some margin for program coverage to accommodate increases in extreme poverty. The categories proposed are broad and inclusive and simulations undertaken by the World Bank show that the proposed targeting methodology will include the maximum possible number of extreme poor households that can be covered within the resources available. For those households among the current 15,000 recipients of the NPTP that do not belong to the defined categories, an exemption will be made from the requirement to belong to agreed categories given the likely small number of such households.

32. **The NPTP database includes a large number of poor households that currently do not receive benefits, thus offering a readily usable list of potential beneficiaries for initial scale-up.** The NPTP database contains details of approximately 150,000 households including household composition as well as the PMT score used to determine eligibility for the program. Analysis conducted by the World Bank shows that around 43,000 households in the NPTP database have PMT scores corresponding to the extreme poverty threshold³⁴ in the country and corresponding to current levels of extreme poverty (figure 5). This suggests a very good identification of potential beneficiaries, in line with the best performing social assistance programs globally (World Bank 2018), making it possible to begin a rapid scale-up of the program using some of the existing database applicants in the first phase.

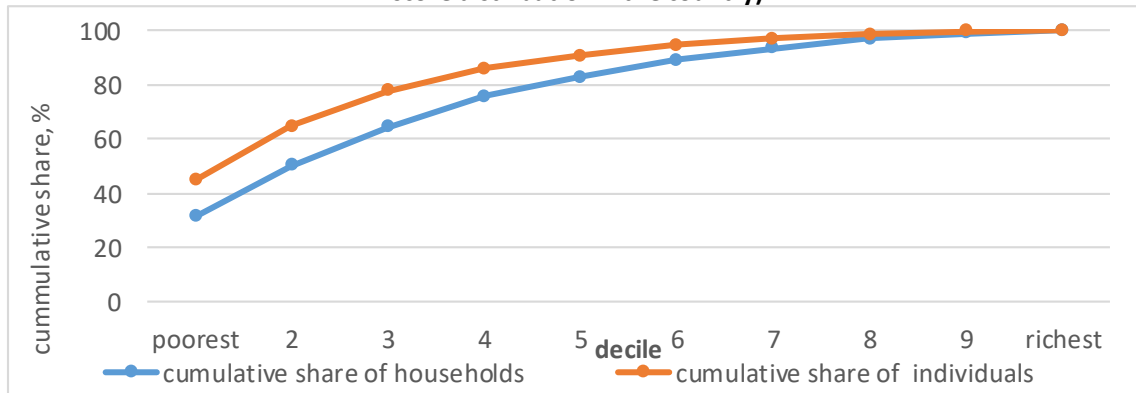
³² As certified by the GOL.

³³ The end target for percentage of female-headed households is 12 percent, which is lower than the baseline value of 13.2 percent. This is because of a relatively small coverage now and a higher denominator associated with the scale up. The 12 percent target is also higher than the share of such households among all extreme poor households (10.7 percent), to respond to an expected increase in the share of poor female-headed households due to the pandemic.

³⁴ Using the HBS 2011–12.



Figure 5. Cumulative Share of Households and Individuals in NPTP Database (by deciles corresponding to the score distribution in the country)



Source: World Bank staff calculations using NPTP database and HBS 2011–12

33. **Phasing of expansion.** The proposed scale-up will be conducted in a phased manner, beginning with verified beneficiaries from the NPTP database in Phase 1 (immediately), followed by a fresh intake of new verified beneficiaries from the IMPACT database in Phase 2 along with the larger set of NPTP applicants (table 3). The NPTP already has around 67,000 households with scores corresponding to extreme poverty levels, of which around 43,000 will be supported directly by other development partners, including the EU and Germany. The remaining approximately 24,000 potentially eligible beneficiaries will be verified and then included in the immediate (Phase 1) expansion of the program, subject to belonging to the agreed categories. In parallel, the IMPACT database will be analyzed to isolate potential beneficiaries using (a) eligible categories defined earlier and (b) asset filters to exclude visibly richer households (filters would include vehicle and home ownership, public sector employment, and insurance coverage). In Phase 2, after applying asset filters and eligible categories on the IMPACT database, the pool of potential beneficiaries from IMPACT, as well as applicants in the NPTP beyond the initial 67,000 (Phase 1) beneficiaries will be verified. Those found eligible using the hybrid targeting methodology described above will begin receiving benefits.

34. **Benefit level.** Since 2014, when the e-card food voucher program was introduced to extreme poor Lebanese households, the transfer value has been set at a value equivalent to the food component of a Survival Minimum Expenditure Basket (SMEB)³⁵ (as a benchmark of what extreme poor households require to purchase from local markets to meet their basic survival food needs, also consistent with what is provided to the displaced Syrians) subject to a cap of six members per household. Currently, the monthly average countrywide food SMEB is equal to LBP 100,000 per capita. This is roughly equal to a per capita benefit of US\$16 (equal to LBP 100,000 at 1.6 times the *Banque du Liban* (BDL) Sayrafa electronic platform rate of LBP 3,900 per US dollar) subject to a cap of six members per household. Component 1 benefits will also include a flat benefit amount per household set at LBP 200,000 (US\$32 at 1.6 times the BDL’s Sayrafa electronic platform rate of LBP 3,900 per US dollar) to account for fixed costs and economies of scale incurred by households for non-food basic household expenditures. The maximum monthly benefit for a household therefore would be LBP 800,000 (US\$128 at 1.6 times the BDL’s Sayrafa Electronic platform

³⁵ The food SMEB is the food component of the SMEB, based on a monthly ration per person of 6 kg of rice, 3.9 kg of bulgur, 1.5 kg of pasta, 1.5 kg of white beans, 1.5 kg of sugar, 0.9 liters of sunflower oil, 0.3 kg of salt, and 1.2 kg of canned meat. Source: WFP.



rate of LBP 3,900 per US dollar).³⁶ During project implementation, the benefit amount will be reviewed and revised quarterly, or at more frequent intervals if required, based on the prevailing rates of inflation (for example, CAS, Consumer Price Index (CPI) or WFP SMEB value), as outlined in the Project Operations Manual (POM).

Table 3. Proposed Phasing of ESSN Scale-up: Using NPTP and IMPACT Databases

Activity	Phase I	Phase 2
Phase 1 Intake: Approximately 24,000 extreme poor households from existing NPTP database		
Identification of potential beneficiaries from NPTP database using existing PMT scores	✓	
Verification of existing households in NPTP database	✓	
Payment to eligible households from within existing NPTP database (within agreed categories)	✓	
Phase 2 Intake: Approximately 123,000 extreme poor households from IMPACT and NPTP (beyond original 43,000)		
Shortlisting applicants from IMPACT (or other) database using categories, filters	✓	
Initial processing of applications	✓	
Verification of new applications	✓	✓
Identification of eligible new beneficiaries using computed PMT scores	✓	✓
Payment to eligible households from new applications		✓

35. **Payment modality.** The ESSN project will use the existing payment setup of the NPTP, and rely on prepaid branded cards issued by a commercial bank for the cash transfer. The current 15,000 NPTP beneficiaries receive a monthly amount that is uploaded on prepaid cards and restricted to food purchases in a closed network of WFP-contracted shops. The ESSN beneficiaries—including current NPTP beneficiaries—will receive a monthly amount that will similarly be uploaded on prepaid cards but will not be restricted in its use. Beneficiaries will be able to withdraw funds in cash at automated teller machines (ATMs), as well as use their cards to digitally pay for purchases in a network of shops. This change mirrors the global shift from voucher and in-kind assistance to unrestricted cash, proven to be more efficient and effective, in addition to maximizing beneficiaries’ agency and the multiplier effect on the local economy.³⁷ In Lebanon too, recent evidence has shown that cash increases purchasing power by 10 percent to 15 percent,³⁸ thus this payment modality will further improve the current NPTP experience that has found food vouchers to be an effective way for households to meet their food requirements. Recipients will be able to cash out the amounts transferred to the prepaid cards at any of the approximately 2,000 ATM machines³⁹ available in the country or to pay digitally for purchases using a point-of-sale (POS) machine in the network of approximately 500 WFP-contracted stores. The project will also explore the possibility of making cash-out possible at some or all of the money transfer operators (MTOs) network of approximately 2,000 agents to expand payment options to beneficiaries. In addition, it will explore piloting

³⁶ LBP 200,000 fixed and added LBP 100,000 per capita times six members.

³⁷ CGAP (Consultative Group to Assist the Poor). 2017. *The Role of Financial Services in Humanitarian Crises*. <http://cgap.org/research/publication/role-financial-services-humanitarian-crises>

³⁸ BCG (Boston Consulting Group). 2017. *Food-restricted Voucher or Unrestricted Cash? How to Best Support Syrian Refugees in Jordan and Lebanon?* <https://www.bcg.com/publications/2017/strategy-development-social-impact-is-cash-better-than-food-vouchers-syrian-refugees.aspx>.

³⁹ As of today, however, commercial banks are restricting use of ATMs to their clients/cardholders only.



of the opening of bank accounts for a selected number of beneficiaries to maximize the longer-term benefits of financial inclusion.⁴⁰

36. Verification of NPTP applicants is needed to ensure that ineligible households do not receive benefits. Although a recertification exercise of the entire NPTP database was completed in 2018, the scale-up will require a fresh verification to account for changes in households' economic circumstances in the past two years and to ensure that the targeting adopted by the NPTP accurately reflects the current situation to the extent possible. The verification process will be a prerequisite for all beneficiary households, whether they are already in the NPTP database or are new intakes into the program, to establish eligibility and receive benefits.

37. The verification exercise will be implemented by survey firm(s) and/or the WFP, in collaboration with MOSA and with technical inputs from the World Bank and subject to a technical audit by an independent third-party monitoring agency (TPMA). The verification exercise will use the same PMT formula and a cut-off score corresponding to the bottom 22 percent (extreme poverty rate) to determine eligibility and will use updated household information for the full range of its constituent indicators related to demographics, household composition, assets, and other characteristics. The verification exercise will be undertaken in phases, beginning with households in the database that are below the eligibility cut-off, and expanding progressively. The data collected during home visits will be transferred electronically to the NPTP Central Management Unit (CMU) at the PCM⁴¹ in real time for automated processing and generation of new (verified) scores that will ultimately be used to determine eligibility. Decisions on eligibility will be communicated to beneficiaries in batches, to begin a gradual expansion of the program, and will be reinforced through regular reminders over SMS messages. An independent TPMA, selected through a competitive process, will conduct a review and validation of the verification done by the social workers/survey firm for quality assurance, fiduciary control, and technical integrity. The audit will consist of obtaining a representative and sufficiently powered random sample of verified beneficiaries and conducting household visits to confirm their eligibility, as well as SMS-based rapid surveys sent to all beneficiaries for project monitoring and timely resolution of any issues encountered.

38. The project will introduce several critical modifications to respond to the challenges associated with the COVID-19 pandemic. Standard operating procedures for all stages of implementation that require social contact such as card distribution will be examined from a COVID-19 sensitivity perspective to build in measures to allow sufficient social distancing and to provide for basic safety and protective materials such as masks and sanitizers. Relying on digital payments through cards to which transfers are uploaded monthly would also reduce the exposure of beneficiaries to crowded spaces that are usually associated with payment centers where payments are made in cash. To ensure proper crowd management and compliance with health protocols at sites where cards will be distributed, locations will only accommodate 50 percent of their capacity and a maximum of 50 people at any given time.

Component 2. Provision of Top-up Cash Transfers for Students-at-Risk (US\$23 million)

39. Component 2 will help preserve the human capital of poor Lebanese households by supporting the retention of students who are at risk of dropping out of school due to socioeconomic reasons, which

⁴⁰ Chehade et al. 2020. *Humanitarian Cash Transfers and Financial Inclusion*.

<http://cgap.org/research/publication/humanitarian-cash-transfers-and-financial-inclusion>

⁴¹ This is currently the practice in the NPTP.



may also be aggravated by school closure due to the COVID-19 pandemic.⁴² The component will provide a top-up education cash transfer to the eligible 147,000 poor and vulnerable Lebanese households with an estimated 87,000 students between the ages of 13 and 18 years currently enrolled in public schools. The targeted students constitute 67 percent of the total number of children ages 13 to 18 years enrolled in public schools.⁴³ The purpose of the cash transfer is to support continued investments in children's schooling and reduce the extent of dropout and discontinuation of schooling that may be induced by the economic and financial crises and climate change impacts. Cash transfers have consistently been found to have beneficial effects on school participation, particularly improving enrollment rates and decreasing dropouts, with an average of a 6 percent improvement in school enrollment and a 3 percent improvement in student attendance in developing country settings.⁴⁴ The support received through this component will relieve the families from the burden of bearing the education expenditure and especially address the pressures that boys from extreme poor families in the age group face with respect to secondary school enrollment and completion. Evidence from the Tayssir program, a cash transfer program implemented in Morocco in 2008, showed that the students' dropout rate reduced by 75 percent and the re-entry to school almost doubled.⁴⁵ The cash transfer program also had an impact by changing how parents perceive education, which is consistent with the recent literature showing that the perceived returns to education are an important determinant of the demand for education.

40. **The cash transfers to students at risk will cover the direct costs of schooling for both general and vocational education streams for students in the 13–18 years age group from eligible households enrolled in public schools.** The direct costs of schooling covered by the project include school-related expenses, including, among others, school registration fees, parents' council fees, school textbooks costs, transport and school uniform expenses, and computer equipment and/or internet connectivity to enable remote learning. For students in the vocational stream of education, the project will cover the additional costs of the required technical equipment. The inclusion of the vocational stream of secondary education under this component is specifically motivated by the need to stem boys' dropout between the ages of 13 and 18 as they are more likely to be enrolled in vocational education than girls (as of 2018, boys made up 57 percent of all students enrolled in vocational education). Component 2 will not cover the indirect costs of schooling (foregone wages of students); however, because the students covered under this component belong to households that receive fixed and per capita benefits under Component 1 of the project, a substantial motivation for them to drop out and earn wages would be addressed by Component 1. The various costs of education covered by the component are described in table 4, drawing on estimates provided by the MEHE.

41. **The education cash transfers under Component 2 supporting students at risk will combine elements of hard and soft conditionality.** Registration/enrollment in the relevant grade will be a strict condition that will be monitored by the project for the payment of school fees and parent's council fees. Payments within Component 2 are divided into two categories as follows:

⁴² Cash transfer programs should not be seen as a tool to improve education, but rather a tool to alleviate poverty and its spillover on people's lives, one of which is the loss of education or schooling. Therefore, it is important to highlight the objective of cash transfers, which is social protection, to measure the impact of the intervention.

⁴³ According to MEHE, the total number of children ages 13 to 18 years is 128,656 students enrolled in public schools.

⁴⁴ Glennerster and Rudge 2019; de Hoop, Morey, and Seidenfeld 2019.

⁴⁵ Benhassine, Devoto, Duflo, Dupas, and Pouliquen 2013.



- **Funds paid directly to schools.** Registration fees and parent’s council fees for 16–18-year-olds⁴⁶ are paid directly to the schools that is, transferred by WFP to each school in LBP, based on the registration proof. Such registration proof is obtained when the parents complete the registration and swipe their card on a POS machine⁴⁷ that WFP will install in schools. WFP then does the reconciliation with the school confirming the parents from the program that have registered their children. WFP then proceeds with a bank transfer with the amount to the school’s existing bank account. Registration fees, parents’ council fees and cost of textbooks for 13–15-year-olds (usually enrolled in grades 7 to 9) in general education could also be covered by the ESSN project depending on funding availability and complementarity with other financing sources.
- **Funds paid to households at the beginning of the school year.** After the student’s registration in public school has been confirmed by WFP and MEHE, cash transfers for school-related expenses (for example, textbooks, school uniform,⁴⁸ equipment,⁴⁹ educational devices, other education-related expenses, and the monthly transportation expenses) will be uploaded to the prepaid card along with the funds for Component 1. These cash transfer expenses, which follow soft conditionality⁵⁰ are expected to incentivize households to invest in children’s education and continued schooling. Given that boys tend to drop out of school to engage in income-generating activities, it is expected that this support will particularly target and incentivize boys to stay in school. While the cash transfer is meant to be spent on school-related expenses, there will be no monitoring of the actual use of funds. This approach will also minimize administrative burdens associated with close and frequent monitoring and reporting.

42. **Monthly attendance will be monitored by the MEHE.** In case of missed attendance, a social worker from MOSA will conduct home visits to provide support or advice on possible services available to the household (psychosocial support and/or academic support such as after-school support).⁵¹ The goal is to support the student to stay in school by referring the families to seek the support needed, which would be provided under Component 3. If a child has not attended school for two consecutive months,⁵² benefits will not be discontinued; rather this will trigger an intense follow-up by the social worker to support the child to return to school. If, then after one month of continuous social support received under

⁴⁶ Students who are older than 18 years and remain in general education are eligible to receive benefits.

⁴⁷ The POS machines installed at the schools are not used to make payments, they will only be utilized to convey information that the parents have paid.

⁴⁸ Uniform expenses are paid only for students enrolled in general education.

⁴⁹ Equipment expenses are paid only for students enrolled in vocational education.

⁵⁰ A cash transfer pilot program was carried out by UNICEF in 2016-2017 targeting displaced Syrians aged 5 to 14 years. The program targeted 169 households in Mount Lebanon and Akkar. Each beneficiary household received a monthly payment of US\$20 and an additional US\$45 for every qualifying child following soft conditionality. No direct impact was reported on improved enrollment due to ceiling effect (pilot areas reached full capacity) but improvement was reported in child well-being, including enhanced food consumption, reduced child labor, and a subjective well-being (feeling positive).

⁵¹ It is expected that the social worker provides close follow-up and referral and not the actual psychosocial nor academic support.

⁵² Official MEHE texts stipulate that a child is considered dropped out if s/he misses 20 percent of the total number of days in the school year (equivalent to 2 months).



Component 3, the student has not returned to school, the benefits would be discontinued until the child re-enrolls.

Table 4. Cost Breakdown of Cash Transfer to Households

Age Group	13–15 years				16–18 years			
	General		Vocational		General		Vocational	
Stream	LBP	US\$	LBP	US\$	LBP	US\$	LBP	US\$
Paid Directly to Schools								
1. School Registration Fees	0	0	245,000	39	121,000	19	385,000	62
2. Parents' council fees	0	0	0	0	150,000	24	0	0
A. Total amount paid directly to schools at start of school year per child (1+2)	0	0	245,000	39	271,000	43	385,000	62
Paid to Households at the start of the school year								
3. Textbooks	0	0	312,000	50	399,360	64	418,080	67
4. School Uniform	112,320	18	0	0	312,000	50	0	0
5. Equipment	0	0	68,640	11	0	0	380,640	61
B. Total Amount paid to households at start of school year per child (3+4+5)	112,320	18	380,640	61	711,360	114	798,720	128
Paid to Households every month								
6. Transport Expenses	1,123,200	180	1,123,200	180	1,123,200	180	1,123,200	180
C. Total amount paid to households in monthly installments over the year per child (6)	1,123,200	180	1,123,200	180	1,123,200	180	1,123,200	180
Total Payments								
Total annual payment per child (A+B+C)		198		305		364		408

Note: US\$ converted to LBP at 1.6 times BDL's Sayrafa Electronic platform exchange rate of US\$1 = LBP 3,900, that is, LBP 6,240

43. **Monitoring and reporting school attendance and academic achievement are critical in retaining children in school through the response mechanisms supported by the project.** The information management system (SIMS) at MEHE has not been able in the past to regularly report on education data. However, in 2019–2020 school year, MEHE embarked on an important reform by issuing a unique ID to every student in public schools. Public schools are required to submit monthly attendance data through SIMS using students' unique IDs. Schools will also be required to report quarterly on the academic progress of the beneficiaries, disaggregated by gender and age, as poor academic performance is very



likely to lead to school dropouts. The project will finance technical assistance to support MEHE to enhance its monitoring system.

44. **Monthly attendance will be monitored by the MEHE.** In case of missed attendance, a social worker from MOSA will conduct home visits to provide support or advice on possible services available to the household (psychosocial support and/or academic support such as after-school support).⁵³ The goal is to support the student to stay in school by referring the families to seek the support needed, which would be provided under Component 3. If a child has not attended school for two consecutive months,⁵⁴ benefits will not be discontinued; rather this will trigger an intense follow-up by the social worker to support the child to return to school. If, after one month of continuous social support received under Component 3, the student has not returned to school, the benefits would be discontinued until the child re-enrolls.

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Component 3: Social Services (US\$10 million)

46. **Component 3** will contribute toward (a) strengthening the capacity and systems of MOSA and the Social Development Centers (SDCs) and (b) increasing access to quality social services for poor and vulnerable households.

47. **MOSA's mandate is to provide social protection and assistance including by building resilience through social service provision, playing an integrated development role across humanitarian, development, private sector, and government agencies.** Over the past few years, there have been numerous donor-funded initiatives to provide technical assistance to MOSA and the SDCs that directly contracted the services of NGOs and UN agencies to provide additional specialized social services, not made available by MOSA to vulnerable groups. Despite these investments, MOSA's capacity to respond to the rising needs in the country and its ability to maintain and sustain these systems still needs strengthening. This component will therefore expand social service provision to meet the increasing demands the recent crises have exacerbated, improve quality of services, and strengthen MOSA's capacity for coordination and policy development.

48. **The scope of Component 3** will include (a) rapid needs assessments of priority social services among vulnerable households and (b) capacity development of MOSA and its SDCs to (i) define and

⁵³ It is expected that the social worker provides close follow-up and referral and not the actual psychosocial nor academic support.

⁵⁴ Official MEHE texts stipulate that a child is considered dropped out if s/he misses 20 percent of the total number of days in the school year (equivalent to 2 months).



develop the package of (basic and specialized) social services to be provided to beneficiary groups; (ii) procure, manage, and monitor service provision based on minimum service standards;⁵⁵ and (iii) finance the provision of social services through SDCs and contracted service providers. (Details of the implementation plans will be outlined in the POM).

49. **Beneficiary selection. Support will be provided to poor and vulnerable households which will include beneficiaries (namely, women at risk, elderly, PwD and children at risk or in need of early childhood development)** from SDCs and referrals from social workers (that are the first point of contact for vulnerable households) as well as households identified through the ESSN database (Component 1) and students at risk of dropping out of school (identified through Component 2). Home visits conducted as part of eligibility for verification will be used for initial needs assessments of households, to be followed up by targeted links of Component 1. Routine attendance monitoring for Component 2 beneficiaries will also generate actionable data to link students facing difficulties with continued attendance to the SDCs and for further referral to specialized services as needed. The social workers will also support households seeking referrals to primary health care centers (PHCCs), which are supported under the ongoing World Bank-funded Health Resilience Project.

50. **It is expected that 60 percent of the beneficiaries of this component will be female.** Given the substantial increase in GBV incidents, particularly against women from vulnerable communities and the increase in negative coping mechanisms (child labor and early child marriages) a strong focus will be maintained on service provision for girls and women—with a 60 percent beneficiary target under this component. The project will also benefit MOSA, the SDCs which are the GOL's grassroots institutions and the social workers. (See Annex 4 for details on the links to Component 2 and vulnerability faced by proposed beneficiary groups). To reach this target population, the component will adopt a proactive outreach approach.

Subcomponent 3.1: Strengthen the capacity and systems of MOSA and the SDCs (US\$1.5 million)

51. **This subcomponent will support strengthening institutional capacity and systems of MOSA and SDCs to carry out its social development mandate** by ensuring that minimum service standards and, when needed, operating guidelines are developed and mainstreamed throughout MOSA and the SDCs to provide individualized and integrated assistance to poor and vulnerable households by implementing activities that will maintain and train⁵⁶ a cadre of qualified social workers (to fill the staffing gaps in SDCs to meet the 1.5 average qualified/trained social worker, per SDC) who can take on more specialized

⁵⁵ The Italian Cooperation is supporting MOSA on several initiatives such as the development of an Integrated Model of Social Services; the Social Information System software (e-networking) of SDCs; and a geo-localization initiative to assess the spatial distribution of SDCs in proportion to the needs of the vulnerable. Once endorsed by MOSA, these can be adopted as part of the 'basic and specialized packages.'. Other agencies are developing systems that can also be built upon such as the sectorwide referral information management system (RIMS) platform and the national child protection information management (CPIMS).

⁵⁶ Building on a multi-country social service workforce assessment (2019) and another by UNICEF in 2017, as well as the ongoing work that Italian cooperation is doing with MOSA. See annex for 4 the capacity constraints among social workers.



functions⁵⁷ and the deployment of information management and integrated referral systems across all SDCs (which MOSA in collaboration with other organizations are currently developing).

52. In parallel, MOSA will conduct a rapid needs assessment to ensure that social services⁵⁸ respond to the evolving needs of the beneficiary groups and then design and cost the 'packages of social services' (for each beneficiary group based on their needs and specific vulnerabilities—rather than supply or activity driven). Technical assistance will be provided to MOSA, where needed, to support the above tasks and to fast track the delivery of social services.

Subcomponent 3.2: Increased access to basic and specialized social services (US\$8.5 million)

53. **This subcomponent will expand the provision of social services for poor and vulnerable households, through MOSA, SDCs, and contracted specialized organizations.** SDCs are a key entry point where vulnerable groups seek assistance and basic 'prevention' services (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) and where social workers assess their needs, provide them with specialized services when available and refer them to specialized support services not available at the SDCs and/or MOSA (for example, case management for children at risk, psychosocial support, safe spaces, shelters for natural disasters, therapy case management for children at risk, dispute resolution, facilitate pathways to certify skills, learning and other aids for persons with disability and so on), which are typically provided by contracted NGOs or UN agencies. The package of services will therefore be designed to meet the needs that range from preventative to response services, some of which will be implemented by the SDCs themselves and others through contracted specialized agencies.

54. **MOSA will first conduct a rapid needs assessment** (under Subcomponent 3.1) to ensure that social services respond to the needs of the beneficiary groups and are designed to achieve the intended impact. To reach this target population, there will be a need to adopt a proactive outreach approach through social workers; adoption of various communications and community engagement tools; addressing of obstacles to accessing centres; and strengthening of trust and links between SDCs, service providers, and the community.⁵⁹ Beneficiaries will be selected in several ways—from SDCs and referrals from social workers (that are the first point of contact for vulnerable households), from households identified through the ESSN database (Component 1), and from students at risk of dropping out of school (identified through Component 2). GBV survivors will be referred to relevant service providers. Once the 'packages of social services' (for each beneficiary group) are designed and costed (under Subcomponent 3.1), MOSA will carry out the technical implementation arrangements and coordination tasks under this

⁵⁷ Such as, but not limited to, case management, preventative activities such as counseling, receiving of GRM complaints, referring to psychosocial programs, PHCC (supported under the ongoing Health Resilience Project), and GBV remedial services. MOSA (in collaboration with the Italian cooperation) is in the process of updating the terms of reference (TORs) of social workers, their workflow arrangements, and internal work process and workflow—which this subcomponent would follow.

⁵⁸ This assessment will therefore draw on secondary data review, data collected in home visits for verification and so on and will identify gaps in service provision for groups that are not covered through ongoing partner agencies—while avoiding duplication with the multiple other ongoing donor initiatives.

⁵⁹ Several good practices of UN and civil society organizations (CSOs) will be adopted, for example, communications and awareness raising campaigns as well as community and group activities that bring people to the centers or through mobile services, online content, call centers and so on.



component. The project will finance the packages⁶⁰ of basic and specialized social services, including costs associated with professional services, technical assistance, equipment, and incremental operating costs, and so on (except for civil works).⁶¹ (See also fiduciary section for further details).

Component 4: Enhanced Social Safety Nets Program Delivery (US\$9 million)

55. **This component will help ensure an efficient and effective implementation of the ESSN project and lay the foundations for a sustainable SSN delivery, including the building blocks of a National Social Registry.** Specifically, the component will finance the following:

- (a) A robust GRM and communication and outreach
- (b) M&E, verification system, and third-party monitoring (TPM)/ external technical audit
- (c) Building blocks of a National Social Registry
- (d) Project management and implementation support

Subcomponent 4.1: Development of a Robust Grievance Redress Mechanism and Communications and Outreach Strategy

56. **An effective GRM is critical for the success of any SSN program and for establishing channels of trust with the communities.** In Lebanon, the existing GRM that was established within MOSA has significant weaknesses that need to be addressed to ensure social accountability at the national and local levels.

57. **This subcomponent will therefore support the development of a robust GRM within MOSA that will strengthen accountability for beneficiaries and provide channels for project stakeholders to provide feedback on project activities.** The development of such a mechanism will allow for the identification and resolution of issues affecting the project, including issues pertaining to eligibility of the beneficiaries, GBV,⁶² loss of ecards, technical problems related to payments, misconduct of staff, misuse of funds, abuse of power, and other improper behavior. This feedback mechanism will be in alignment with the requirements of the Social Impact Assessment (SIA) and Stakeholder Engagement Plan (SEP).

58. **The GRM system will be established within the MOSA NPTP unit.** A GRM officer in MOSA will serve as a focal point by providing regular feedback on the effectiveness of the GRM to the Inter-ministerial Committee (IMC) for Social Affairs and ensuring capacity building in the MOSA NPTP unit. The responsibilities of the GRM officer will include ensuring strong coordination among different stakeholders, namely the NPTP CMU (hereby referred to as the CMU in the PCM which will serve as the Project Management Unit (PMU)—see description of Subcomponent 4.4 and implementation arrangements), MEHE, and other service providers that will be identified at a later stage. This subcomponent will cover

⁶⁰ Sector cluster groups (joint GOL, UN, and CSOs) have developed standard unit costs, standard operating procedures, and so on, which will be adapted in the design of the packages.

⁶¹ Civil works refers to the design, construction, and maintenance of the physically built environment, including works such as buildings.

⁶² The GBV specific aspects will draw on existing national systems and services in place and ensure compliance with international best practice and standards (mainly developed by UN agencies).



the costs of outsourcing some of the key functions of the GRM. A firm will be hired to develop an operating model, a call center, Grievance Redress Information System, and business procedures aimed at resolving complaints, queries, and requests at the national level and local levels through MOSA and MEHE. Multiple channels for receiving complaints will be used and MOSA and MEHE will have GRM focal points who will be in charge of monitoring the GRM at the local levels. Further details on the scope and structure of the GRM are described in the SEP.

59. **This subcomponent will also support development and implementation of the communication and outreach activities.** The development of a clear communication and outreach strategy will be key in building broad public support for the project through dissemination of its objectives and impacts and in ensuring that it targets the poorest and most vulnerable households. This subcomponent will therefore finance the implementation of a wide and continuous sensitization and communication campaign to promote communities' support throughout Lebanon. This campaign will rely on diverse communication channels, including sensitization of politicians/policy makers, consultations with the civil society and communities, and mass media campaign which would focus on the targeted beneficiaries. The communication strategy will need to ensure that vulnerable groups and women are well targeted by the project. The CMU will be in charge of hiring a firm that will develop and implement a detailed communication plan and will coordinate with a range of stakeholders, including the Ministry of Information to use their communication and outreach networks for maximizing effective dissemination.

Subcomponent 4.2: Monitoring and Evaluation, Verification, Technical Audit

60. **This subcomponent will finance the design and implementation of a robust M&E system to ensure the efficiency and effectiveness of the project.** The M&E system will be housed in the CMU as it houses the targeting database and will entail data tracking, documenting, and reporting on progress and results of the project periodically during implementation. Feedback and grievances received through the GRM will also be included in the reporting and will be in alignment with the requirements of the SIA and SEP. Post-distribution monitoring (PDM) will be undertaken at the end of each payment cycle with a sample of beneficiaries. This PDM survey will specifically ask beneficiaries questions on the payments process, the amount of cash transfer received, their awareness of and experience with using GRM systems, the use of cash receipts, and any fraud and corruption encountered. Adverse findings will be used to trigger immediate action. For a small number of households interviewed for the PDM, a recomputation of PMT scores will be done (with data collected afresh) to provide further assurance of the integrity of initial household verification visits. An impact evaluation is embedded in the design of the project to evaluate its impact and to inform its potential scale-up.

61. **This subcomponent will also finance TPMA for a review and validation of the entire delivery process including verification (described in Component 1) for all beneficiaries.** It will be conducted through contracting an independent and competitively hired firm. The scope of activities will include a monthly assessment of the accuracy and integrity of the verification process on the ground (reported every quarter), the process of data entry and eligibility determination using PMT, conformity of the categorical targeting criteria, and the payments process. The review and validation will be conducted for project activities over the entire duration of the project. Findings from the TPMA in relation to integrity of project activities will inform the need for any corrective or sanctioning measures that may need to be applied. Reports of the TPMA will be publicly disclosed to ensure complete transparency in the implementation of the program.



Subcomponent 4.3: Building Blocks of a National Social Registry

62. **This subcomponent will include support for establishing a national integrated social registry for Lebanon.** The social registry will support the core functionalities of delivering social protection programs which would entail outreach, intake and registration, assessment of needs and conditions, eligibility and enrollment decision, determination of benefits and service package, notification and onboarding, delivery of services and benefits, and effective monitoring and management. The first step will include assessments of the feasibility of linking multiple databases of social protection program beneficiaries across agencies and ministries with a well-designed migration strategy, and where imminently possible from a technological and legal standpoint, implementing such links. The expanded ESSN database (combining NPTP and IMPACT) will be a key resource that will contribute to this exercise. Over time, other programs would be included in the registry and systems developed to ensure unique identification and non-duplication of beneficiaries. The registry will also establish links to key databases that would help integrate formal records of employment and income, asset ownership, residence and dwelling details, and other information necessary through data sharing mechanisms (web service, application programming interface, and so on) for determining program eligibility using automated means-testing, PMT, or hybrid means-testing in the future. This will support the assessment of needs and conditions not only for the ESSN project but also for other potential programs that will be integrated into the social registry. This initiative will undertake preliminary work for establishing an integrated social protection registry and enabling more automated and dynamic targeting, ensuring compliance with relevant personal data privacy policies, and integrated service delivery. This subcomponent will also finance technical assistance related to the complementary changes in the legal framework, technical specifications of database and IT systems, and administrative/management systems across ministries for the establishment of an integrated and fully functional social protection registry in the medium to long term.

63. **This subcomponent will also support technical assistance for enhancing financial inclusion** by piloting the opening of bank accounts for some beneficiaries, as well as scaling up digital payments. While the proposed payments through cards will extend the reach of digital payments in the country, the opening of bank accounts for beneficiaries will be a significant contribution to financial inclusion in the current context of financial crisis and de-banking. Adopting and expanding the use of digital payments in these cash support programs are expected to boost vulnerable women's financial inclusion. This is especially the case in Lebanon, where the share of women who have financial accounts or a mobile payment provider is 33 percent, compared to 57 percent among men.⁶³

Subcomponent 4.4: Project Coordination and Management

64. **Overall project management and implementation will be the responsibility of the NPTP CMU at the PCM (hereby referred to as the CMU) in cooperation with the MOSA.** The CMU currently plays two functions: (a) management of the targeting database and (b) management of the fiduciary aspects of the project (procurement, financial management [FM], and fiduciary safeguards) which is carried out by the Fiduciary Operations Team (FOT) in the CMU. In the first half of the project implementation period, the CMU will continue to play its role in the implementation and coordination of the project, including managing the central NPTP/ESSN database, the fiduciary operations, communication and outreach

⁶³ Global FinDex 2017 data.



activities, environmental and social aspects, M&E, TPM, and other project monitoring activities. During this period, implementation functions such as management of the fiduciary aspects of the project will be strengthened in MOSA. In the second half of the project period, implementation functions of the project will be carried out by MOSA, upon sufficient assurance and evidence of institutional capacity within MOSA to perform these functions, as confirmed through an institutional assessment conducted at midterm review (MTR) of the project.

65. **This subcomponent will build on the current composition of the CMU under the ongoing emergency NPTP project.** The existing CMU consists of a project manager, a statistician, and IT officer; and on the fiduciary side, the CMU houses the FOT which consists of a procurement officer and FM officer. Hiring of additional staff will be covered under this subcomponent to absorb the additional workload and responsibilities, as needed. Therefore, this subcomponent will finance (a) fees of the CMU and MOSA consultants hired to implement the project (non-civil servants); (b) equipment and operating costs for the CMU and MOSA, which are directly linked to the daily management of the project (office space, utilities and supplies, and so on); (c) regular internal audits and annual external audits (audits of financial and procurement aspects according to the World Bank's legal requirements); and (d) undertaking of evaluations. This subcomponent will support strengthening capacity and systems of MEHE to enhance its monitoring systems.

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

66. 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 contingent emergency response to an eligible crisis or emergency, as needed. This component will allow the GOL to request the World Bank for 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 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.

C. Project Beneficiaries

67. **Project beneficiaries** consist of the following categories:

- (a) **Vulnerable households seeking social assistance and services.** The direct project beneficiaries include (i) extreme poor and vulnerable Lebanese individuals and households and (ii) vulnerable girls and women, elderly, people with disabilities, survivors of domestic violence, children and youth at risk of dropping out of school, and so on.
- (b) **MOSA and social workers at the central level and the SDCs at the community level.** The project will strengthen MOSA's capacity to carry out its social development mandate at the central level and through the existing (estimated 220) SDCs, to provide an integrated set of social welfare services.



D. Results Chain

68. **The theory of change underlying the project posits a causal link between component activities and intended outcomes of arresting increases in poverty due to the crisis, greater human capital acquisition, enhanced social cohesion, and longer-term productivity.** The results chain linking project activities with outputs and (immediate and long-term) outcomes is described by component in the following paragraphs and is depicted visually in figure 6.

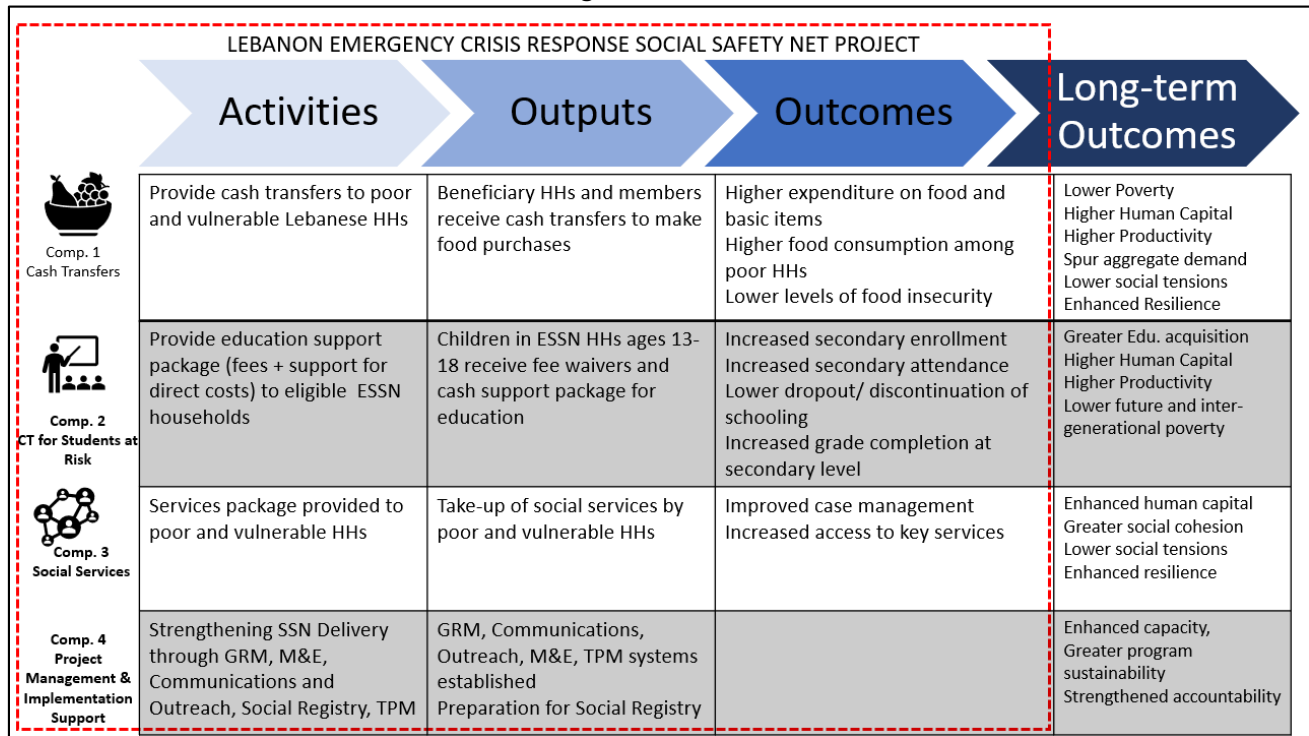
69. **Component 1 will provide cash transfers to 147,000 poor and vulnerable households, covering basic food expenditures for over 763,000 individuals.** It is posited that the cash transfers will increase households' purchasing power and consumption (compared to a post-crisis counterfactual scenario) and reduce the extent of poverty and extreme poverty in Lebanon. Ensuring poor households support for meeting basic needs through cash transfers will additionally free up households' own resources (from wage and non-wage income and transfers received) to make other important purchases such as basic non-food items, health care, transport, and other necessary services, which in turn will also enhance human capital acquisition and long-term productivity, and in the long run (beyond the project cycle) contribute positively to economic growth. By enhancing the purchasing power of poor households that have a high marginal propensity to consume, the project will also contribute to reviving consumption demand which in turn will generate economywide benefits. Further, by supporting poor and vulnerable households meet basic requirements, the project would also be contributing toward diffusing social tensions that may be aggravated during periods of economic crisis, including intrahousehold tensions that may lead to an increased risk of domestic violence.

70. **Component 2 will cover the direct costs of schooling for children from ESSN recipient households in the 13–18 age group.** The theory of change assumes that the cash transfer to cover the direct costs of schooling will lead to lower dropout, higher enrollment, higher attendance, and greater levels of grade completion in the specific age group among beneficiary households. By reducing the propensity to drop out or discontinue schooling and increasing rates of enrollment, attendance, and grade progression, the project will achieve greater human capital acquisition among the poorest households in Lebanon, which in the longer term (that is, beyond project duration) will increase productivity and reduce the intergenerational transmission of poverty.

71. **Component 3 will increase access to basic and specialized social services among vulnerable households that will provide valuable support during crisis.** This component will complement immediate cash assistance (provided under Components 1 and 2) as well as the support provided bilaterally by humanitarian agencies to displaced Syrians (through their multipurpose cash assistance, winterization, and food assistance programs), with inclusive social welfare services to improve the resilience of beneficiaries. It will also help respond to the vulnerabilities exacerbated by the multiple crises the country is facing which are increasing negative coping mechanisms, abuse, and exploitation—especially among children, women, the elderly, and persons with disabilities. The overarching assumption is that the minimal safety nets coverage to poor households will contribute to maintaining the social stability that Lebanon has been able to ensure over the past nine years.



Figure 6. Results Chain



72. **Component 4 will enhance the longer-term sustainability of the program.** Key SSN building blocks such as GRM, communications and outreach systems, and a national social registry will be established and/or strengthened through this component, representing a long-term investment in the social protection systems capacity, that would support an enhanced sustainability of the program to provide social protection coverage on scale in the long term.

73. **Critical assumptions underlying the results chain include the following:**

- (a) The marginal propensity to consume of ESSN beneficiary households (corresponding to the bottom 22 percent of households in Lebanon) is high, meaning that cash will be spent on food and basic needs items.
- (b) The price elasticity of secondary school enrollment, attendance, and grade completion is high, meaning that dropout and discontinuation of schooling will reduce if poor households have the means to finance the direct costs of schooling during a crisis. The implicit assumption is that children’s secondary school completion depends at least in part on their households’ ability to meet the costs of schooling.
- (c) The scale-up of the program will not have significant inflationary effects and that adequate supply of food items will be available at the national and local levels to respond to the additional demand created by the cash transfers.



E. Rationale for Bank Involvement and Role of Partners

74. **The World Bank has provided technical assistance and financial support to the GOL since 2007 when the NPTP was designed and subsequently launched in 2011.** Total World Bank support amounted to US\$25 million through the following projects—the First and Second Emergency Social Protection Implementation Support Projects (US\$1 million and US\$6 million approved in 2007 and 2011, respectively), the Emergency NPTP (US\$8.2 million, 2014), and the NPTP Additional Financing (US\$10 million, 2016). The World Bank engagement has succeeded in bringing in donors and partners to support the NPTP over the years. Specifically, the WFP has been a partner-implementer since 2014, mainly through its electronic payment system—the food e-card, and has helped build capacity in MOSA.

75. **In 2014, Germany initiated financial support to fund the e-card food voucher component of the NPTP, and in 2018, the EU (through its Madad Fund) approved financing and technical assistance to the NPTP.** Recently confirmed additional donor support will enable an immediate expansion of the SSN from 15,000 to approximately 50,000 beneficiary households in the NPTP database. The WFP has secured additional resources from donors including the EU and Germany to finance food assistance for 50,000 households from the NPTP database until February 2022. This development will immediately expedite the scale-up of the existing food e-vouchers programme reaching 35,000 households in addition to the current 15,000 recipient households under the NPTP and will enable the ESSN project to contribute to the SSN expansion to reach a larger number of households. The GOL (through MOSA) and the World Bank will ensure close coordination of this scale-up to avoid double-dipping and to maximize benefits to extreme poor Lebanese households by ensuring a common benefit structure and payment modality, similar verification and eligibility protocols, and non-duplication of beneficiaries. Such coordination will also ensure that there is no confusion on the part of applicants and beneficiaries as well as key implementation partners between donor and ESSN-funded segments of SSN scale-up. Even before the effectiveness of the ESSN project, MOSA and the World Bank will be closely involved in the verification process for the donor-funded scale-up of the safety net through WFP to ensure harmonization and alignment.

76. **With regard to social services, information and referral management systems, and SDC reform, multiple donors and partners are involved in this sphere,** including the EU, Italian Cooperation, UNHCR, UNICEF, and international and local NGOs. In education, the ongoing World Bank-funded US\$204 million Reaching All Children with Education (RACE) Program-for-Results is supporting access of Lebanese and displaced Syrians to schools while also meeting the long-term development needs of the sector: increased enrollment and transition rates in formal education, development of frameworks to support teaching and learning, a revision of the national curriculum, and timely availability of robust data for evidence-based policy making.

F. Lessons Learned and Reflected in the Project Design

77. An external MTR of the NPTP conducted in 2016⁶⁴ identified the following lessons learned:

- (a) **The organizational structure of the NPTP needs to be revisited** to ensure a clearer division of labor between the CMU in the PCM and the NPTP unit in MOSA. This pertains to the targeting database where the review recommended one management for the database to

⁶⁴ Corporate Results Indicator, February 2016.



ensure data integrity and accuracy and to protect privacy and confidentiality of household information. In the ESSN project, this is being addressed through the consolidation of all database-related functions into the PCM and providing MOSA the opportunity to focus on its core mandate of social work and case management.

- (b) **Further on data integrity**, the ESSN project will oversee the verification of applicants (both current, new intakes, and on a regular basis) through periodic technical audit by an independent, TPMA. The confidentiality of the PMT formula also will be protected.
- (c) **The NPTP social workers**—who to date have been primarily functioning as enumerators (filling the PMT questionnaire via household visits) and who at some stage of the program were too numerous in number—will need to be retrained to do case management of the NPTP beneficiary households. This is embedded in Component 3. Furthermore, the management of the social workers by MOSA has posed an implementation risk to the NPTP as their salary payments were delayed causing work disruptions that affected progress of the program. Hence, the ESSN project conditions that the GOL ensure timely payments to the social workers.
- (d) **The importance of considering cash as the form of assistance** instead of in-kind. This is the current design of ESSN project Components 1 and 2. Global evidence particularly emphasizes the positive effects of conditional cash transfers in increasing school enrollment, attendance and grade completion, and reducing dropout (Millán et al. 2019).
- (e) **Experience globally and in Lebanon shows that complementing cash assistance with inclusive social welfare services improves the resilience of beneficiaries**, which is the basis for Component 3.
- (f) **The GRM will be revisited and enforced**. The current NPTP GRM is rudimentary and needs redevelopment. The robust GRM will be in place as soon as the ESSN project starts implementation.
- (g) **A strong M&E system will be in place** to regularly monitor the performance of the NPTP—including the performance of the staff, management, and social workers—according to best practices in similar projects.

78. Considering the lessons learned and the need to ensure utmost transparency in the implementation of the project, which would enhance citizen trust in the Government, a comprehensive package of transparency and anti-corruption measures have been introduced in the project design. These are summarized in box 1 and detailed in respective sections of this document.



Box 1. Transparency and Anti-corruption Measures

- (a) **Communication.** The project includes a dedicated communications subcomponent to ensure that intended beneficiaries and the public at large understand the ESSN project objectives and targeted beneficiaries.
- (b) **GRM.** A robust and fully functional GRM has been included as a key project subcomponent and establishment of the GRM within MOSA, with the terms of reference, functions, and staffing satisfactory to the World Bank being a loan disbursement condition. A firm will be hired to develop a set of systems and procedures aimed at resolving complaints, queries, and requests at the national level and local levels through MOSA and MEHE.
- (c) **Targeting and eligibility verification.** The targeting approach for cash transfers does not exclude any geographical areas of the country. It focuses on identifying the extreme poor households in Lebanon across the entire country and not on specific regions. This is deliberately chosen to maintain the focus on including all the extreme poor in the country and to avoid perceptions of favoring any specific regions/groups over others. Verification of all applicant households will be done to determine eligibility for benefits. Verification of beneficiaries is a loan disbursement condition.
- (d) **TPM.** An independent TPMA will be recruited by the CMU to verify the eligibility of the beneficiaries under Components 1 and 2 and to confirm that payments have been made to the end beneficiaries. Appointment of the TPMA for purposes of carrying out a technical audit is a loan disbursement condition. The TPMA will collect monthly data and report quarterly. Reports of the TPMA will be publicly disclosed to ensure complete transparency in the implementation of the program.
- (e) **Post-distribution beneficiary monitoring.** PDM will be undertaken by WFP at the end of each payment cycle with a sample of beneficiaries. This PDM survey will specifically ask beneficiaries questions on the payments process, the amount of cash transfer received, their awareness of and experience with using GRM systems, the use of cash receipts, and any fraud and corruption encountered. Adverse findings will be used to trigger immediate action. PDM reports will be posted on the NPTP PCM website.
- (f) **FM.** A detailed FM chapter as part of the POM, fiduciary reporting from WFP, project detailed quarterly unaudited interim financial reports (IFRs) showing comprehensive breakdown of expenditures, and external audit TORs will be expanded to include verification of the project's IFRs and cross validation with the data from the TPMA reports.
- (g) **Engagement of stakeholders and consultations.** An Expert Advisory Group will be established to provide guidance to the Technical Committee on the ESSN. The group will consist of local experts from academia, think-tanks, and civil society in the fields of poverty and social policy.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

79. **The institutional and implementation arrangements of the ESSN project are presented in figure 1.** It includes several GOL ministries and entities making coordination and collaboration critical. This essential function of ensuring high-level coordination, collaboration, and transparent oversight of SSN programs is the responsibility of the IMC for Social Affairs chaired by the Prime Minister. The IMC for Social Affairs will be supported by a Technical Committee, chaired by the Minister of Social Affairs; MOSA also acts as the Secretariat to the IMC on Social Affairs. An Expert Advisory Group will be established to provide guidance to the Technical Committee on the ESSN project. The group will consist of local experts from academia, think-tanks, and civil society in the fields of poverty and social policy.

80. **The current NPTP CMU at the PCM, which was established in November 2008, will act as the PMU in the first phase of the ESSN project.** The CMU is responsible for two main functions: (a) managing



and housing the targeting database (validation of the data coming from MOSA/other sources, cross-checking with national databases, processing household data and generating scores and ranks per the PMT formula, and maintaining the PMT formula) and (b) managing the fiduciary aspects through its FOT. These functions include procurement, FM, M&E functions, and audits (both financial and technical). The CMU will implement these functions per World Bank regulations and policies. In addition, the CMU is responsible for coordinating and compiling the POM (with inputs from MOSA and MEHE) and submitting it to the World Bank. Adoption of the POM by the borrower, in form and substance satisfactory to the World Bank, is a loan effectiveness condition. The CMU has a direct and indirect relationship with the MOSA and MEHE: directly through managing their fiduciary aspects and in the case of MOSA receiving verified lists from them to score and rank and indirectly through representation at the Technical Committee.

81. **The MOSA through its NPTP Unit** is responsible for (a) carrying out the verification of beneficiaries by its NPTP social workers through conducting household visits and administering the PMT questionnaire, transmitting the scanned PMT questionnaires to the CMU, overseeing registration and card distribution and conducting the necessary follow-up; (b) development, delivery, and oversight of the social services packages and links with the households receiving the cash transfers—through its SDCs and/or community centers/NGOs; and (c) implementing and managing a robust GRM system. In addition, MOSA is responsible for developing the POM sections that pertain to its functions and providing the input to the CMU who will compile the POM. In the second phase of the project, additional functions would be transitioned to MOSA based on performance (see below). The MOSA is represented at the IMC and the Technical Committee.

82. **MEHE** is responsible for providing monthly data on gender- and age-disaggregated attendance and quarterly academic performance data of the students supported by cash transfers under Component 2. MEHE is represented at the IMC and the Technical Committee.

83. **The implementation of the cash-based assistance parts of Components 1 and 2 will be contracted out to the WFP by the GOL.** The positive experience with WFP implementation of the NPTP in the past four years, and the emergency nature of the ESSN project led to the decision to continue to utilize the services of the WFP, with appropriate handover clauses. The WFP platform/services for delivering cash-based assistance comprise the following: (a) direct instructions—on a monthly basis—to the financial service provider (FSP) to load each card with specific amounts of assistance on a specified loading date; (b) transaction monitoring; (c) joint planning and distribution of cards and personal identification numbers (PINs) to beneficiaries, where WFP, with cooperating partners and MOSA SDC staff will assist in beneficiary orientation to ensure they understand the program, why they are receiving assistance, and their rights as beneficiaries, and so on; and (d) implementation of PDM, and card complaints handling. The WFP support will be based on a standard form agreement developed between the World Bank and WFP, and signed by the GOL and WFP, based on the TORs approved by the World Bank. The agreement will also include clauses pertaining to handover of its functions to GOL/MOSA as ability and capacity is demonstrated. Signing of the Outputs Agreement with WFP, on terms satisfactory to the World Bank, is a loan disbursement condition.

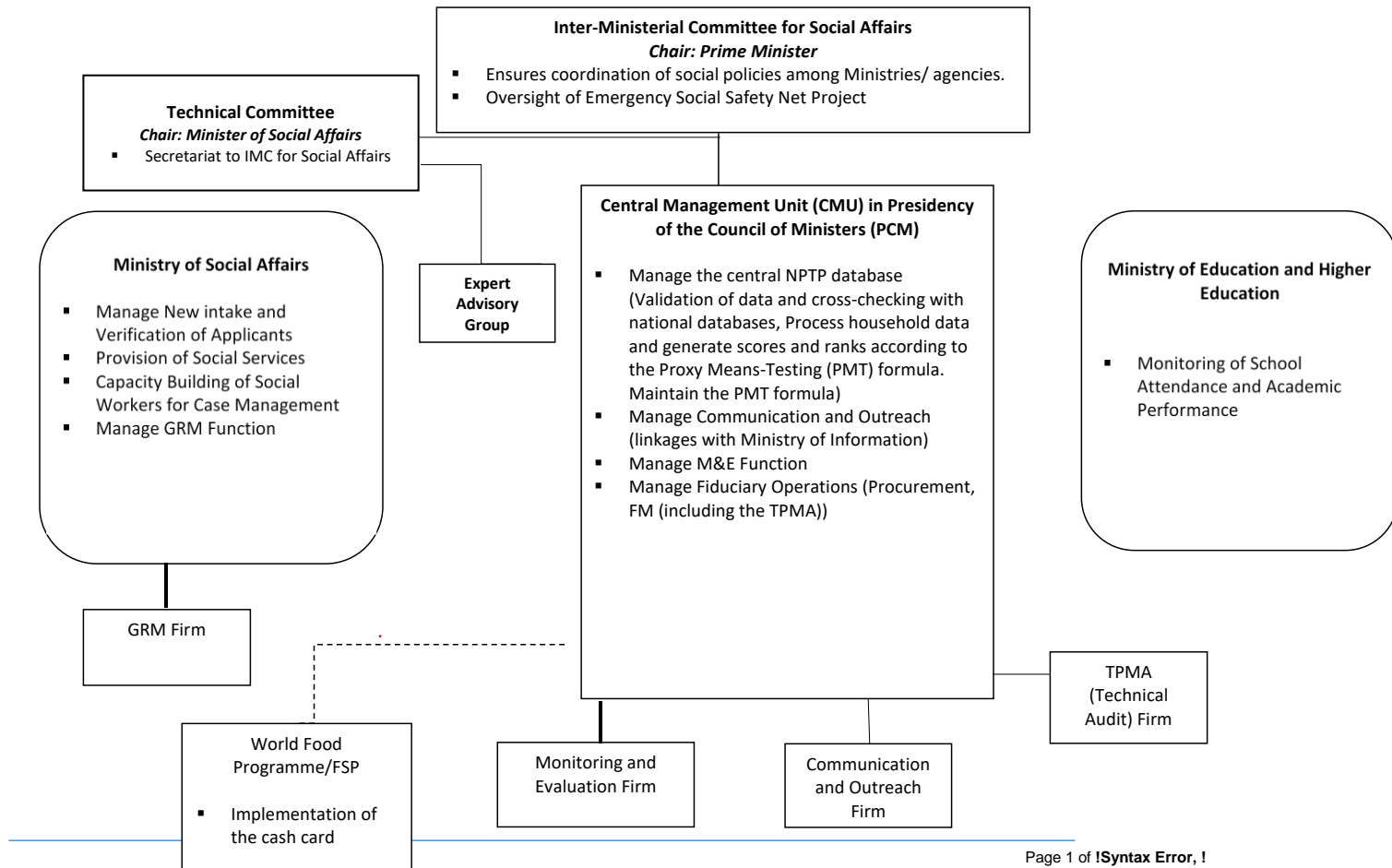
84. **Within three months of effectiveness of the ESSN project, a phased transition of certain CMU functions from the PCM to MOSA will be explored.** Such a transfer will be undertaken upon sufficient assurance and evidence of institutional capacity and good governance within MOSA to perform these



functions, as confirmed through an institutional assessment, and supported by technical assistance, as needed. These functions would include communications and outreach, M&E, and fiduciary aspects. This transition will follow an MTR of the project during which the World Bank will assess the fiduciary and technical capacity of MOSA to take over the agreed functions. The review will be informed by the quarterly TPM reports and World Bank mission Aide Memoires and Implementation Status and Results Reports (ISRs). An external consultant will be employed under the ESSN project to undertake the MTR.



Figure 1. Implementation Arrangements





B. Results Monitoring and Evaluation Arrangements

85. **M&E of project activities of the three components will be undertaken by the CMU.** Project activities will be monitored on an ongoing basis to support achievement of the PDO. Monitoring reports covering key project outcome and intermediate indicators will be prepared according to the schedule in the Results Framework and M&E plan. All individual level monitoring will include gender-disaggregated data. The CMU will ensure frequent reporting to the IMC for Social Affairs, the World Bank, and other donors/partners. It will also frequently publish the ESSN project monitoring reports on its website.

86. **The ESSN will be further guided by complementary welfare analyses and studies in Lebanon, including future rounds of the Lebanon Vulnerability Assessment Panel (LVAP) Survey and the next Household Budget Survey.** The LVAP surveys are conducted by the World Bank and are scheduled to begin in FY21. These panel surveys will provide valuable high-frequency data on evolving trends of poverty, food security, and economic vulnerability in Lebanon over the next year or longer. They will allow spatial analysis of poverty and other deprivations to inform future social protection policy priorities. There is also an urgent need to conduct a new round of the HBS in Lebanon (the last completed HBS in Lebanon dates to 2011–12). The World Bank plans to support the CAS to conduct the next HBS scheduled for 2021–22. This would be a valuable resource for updating poverty estimates, generating an updated PMT formula for better prediction of poverty, and undertaking spatial and demographically disaggregated analysis of poverty and vulnerability. It will also help assess the targeting performance (coverage, adequacy, inclusion and exclusion errors, and poverty impact) of the proposed ESSN project scale-up. These surveys will specifically enable a systematic assessment of the existence and extent of leakage (diversion of funds to affluent/non-eligible households) in the scaled-up safety net program and help inform necessary corrective actions. Such an assessment is not currently possible owing to the small scale of targeted safety net coverage and the absence of recent nationally representative household survey data.

87. **The project will undertake rigorous impact evaluation of key project components** (especially Components 1 and 2) to establish the causal effects of the project on a wide range of human capital and well-being outcomes, identify mechanisms of program impact, estimate the cost-effectiveness of interventions, and generate lessons for future crisis response and social protection programs in Lebanon and beyond. The impact evaluation studies are embedded in project design and will consider the use of experimental and quasi-experimental techniques (including Regression Discontinuity Design or Difference-in-Differences) to generate causal estimates. The World Bank will provide additional technical assistance for impact evaluation activities and, where needed, seek additional financial support from development partners and any available trust funds to finance impact evaluation activities.

C. Sustainability

88. **The GOL aims to achieve financial sustainability of the SSN program in the coming years by reprioritizing and reallocating financing from its budget toward SSN and social protection more generally.** Given the extremely difficult fiscal situation today, it will take a few years for this to be achieved (3–5 years), and external financing will have to play a role in the interim. The GOL has committed in its Financial Recovery Plan to the gradual allocation of 0.7 percent to 1.2 percent of its GDP toward SSN over a 5-year period.⁶⁵ For the 2020/21 period this financing will be covered by the World Bank and other

⁶⁵ Although this plan was approved by the now-caretaker government, it is very likely that any new government will adopt a



donors through the ESSN project or otherwise. As the crisis subsides over the medium term, and the number of extreme poor drops to pre-crisis levels, a smaller and more sustainable SSN program would be financed from domestic resources. The ongoing Public Finance Review supported by the World Bank will inform the scope and choice of options for creating the necessary fiscal space for the government to support SSN from its own budget over time. In addition, the GOL has committed to developing a National Social Protection Strategy in 2021 that will prioritize long-needed social protection policies and programs.

89. **The Institutional sustainability of the project will be ensured by systems strengthening activities under Components 3 and 4 and through the gradual transition of key implementation functions to MOSA/GOL.** The institution strengthening activities under the project include the establishment of minimum social service standards, capacity building of MOSA staff and the social workers, creation of a strong GRM, thorough review and validation of verification functions by a TPMA, dedicated communications and outreach, and initial work to establish an integrated social registry. These are critical functions that need to be built as part of a strong and effective social protection system and are therefore prioritized under the project to build sustainability. In addition, the functions that the WFP will be undertaking will gradually be transferred to the GOL/MOSA with clauses in the WFP agreement to this effect. The gradual shift of key project functions by MOSA over the project will also enable a strengthening of capacity within the ministry to administer and implement complex SSN functions.

IV. PROJECT APPRAISAL SUMMARY

A. Economic Analysis

90. **Data analysis and simulations undertaken by the World Bank indicate a strong economic justification of the project activities.** In the context of the economic crisis which is expected to cause substantial increases in levels of poverty, the proposed scale-up will result in an increased SSN coverage and provide substantial support to poor and vulnerable households. Analysis shows that project activities, if perfectly targeted, will mitigate the impact of the crisis on extreme poverty by 6 percentage points, indicating a strong economic salience of the interventions.

91. **The activities under Component 1 will result in an enhanced coverage of Lebanon's SSN of about 147,000 households from the bottom 8th to 29th percentiles, covering roughly 20 percent of the national population.**⁶⁶ Adding to this level of coverage, 43,000 households from existing NPTP and IMPACT databases would increase coverage to almost 27 percent which is higher than the average for such programs that subsidize services or provide food staples to the poor for a select group of countries,⁶⁷ which stands at 20 percent (World Bank 2018). Moreover, the value of the monthly benefit of the ecard voucher set at the LBP 100,000 per capita (for a maximum of six members per household) and LBP 200,000 per household would represent about 38.2 percent of the monthly consumption expenditure of the beneficiaries from the bottom 8th to 29th percentiles, which is much higher than the global and upper-

similar priority to SSNs given the urgency of the crisis.

⁶⁶ As discussed earlier, households up to the 8th percentile are supported under the NPTP by donor agencies including the EU.

⁶⁷ For which household data was available in the Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE).



middle-income country averages for social assistance transfers of 19 percent and 18 percent, respectively, indicating a substantial level of transfer adequacy (World Bank 2018).⁶⁸

92. **Simulations conducted by the World Bank using nowcasted HBS 2011/12 data show that the scale-up will reduce the extent of extreme poverty from 21.8 percent in the post-crisis simulation for 2020 to 9.5 percent, reflecting more than a 12 percentage point decrease in the extreme poverty rate.** As discussed in the sector context section, the crisis outlook in 2020 (pre-COVID-19) is expected to increase poverty and extreme poverty rates to 45.1 percent and 21.8 percent, respectively, in the absence of any mitigation measures. The simulated estimates of poverty impact indicate the ability of the scale-up to limit the full potential increase in extreme poverty.⁶⁹ If perfectly targeted, the scale-up will result in a reduction in the poverty gap from 13.9 percent to 9.2 percent, the extreme poverty gap from 5.6 percent to 3.6 percent, and extreme poverty gap-squared (severity of poverty) from 2.2 percent to 1.7 percent.

Table 5. Simulated Impact of Giving LBP 100,000 per month (6 people cap) and Top-up of 200,000 LBP per Household in 2020 to 147,000 Households (Selected from Bottom 8–29 percentiles and Vulnerable Groups)

Period	Poverty			Extreme Poverty		
	Poverty Headcount Rate	Poverty Gap	Squared Poverty Gap	Poverty Headcount Rate	Poverty Gap	Squared Poverty Gap
2019	37.0	10.4	4.3	16.2	3.9	1.5
2020	45.1	13.9	6.0	21.8	5.6	2.2
2020, post-transfer	41.5	9.2	3.8	9.5	3.6	1.7

Source: HBS 2011/12, nowcasted, World Bank staff calculations.

Table 6. Simulated Impact of Giving LBP 100,000 pc per month (6 people cap) and Top-up of LBP 200,000 per Household in 2020 to 147,000 Households (Selected from Bottom 8-35 Percentile and Vulnerable Groups)

Different Groups in 2020	Consumption per Capita in 2020 Prices, Annual LBP			Extreme Poverty			Costs, Annual, US\$, millions	Adequacy: Ratio of Benefit to Average Pre-transfer Consumption
	2019	2020	2020, Post-transfer	2019	2020	2020, Post-transfer		
First decile	2,967,794	2,625,509	3,010,602					12.0
Second decile	4,430,496	3,925,123	5,364,230					36.7
Third decile	5,443,359	4,807,964	6,244,228					30.0
Fourth decile	6,284,928	5,563,481	6,279,786	16.2%	21.8%	9.5%	191.3	13.3
Beneficiaries only	4,974,574	4,405,763	6,001,052					36.9
Extreme poor	3,809,230	3,369,745	4,316,331					24.8

⁶⁸ If adequacy ratio is calculated considering the bottom 7 percent of population, it will be even higher.

⁶⁹ These calculations are based on nowcasted HBS 2011/12 data and macroeconomic projections of the World Bank as of March 2020. Any further deepening of the economic crisis, for example, as a result of contagion from the global economic slowdown caused by the COVID-19 pandemic, may alter these estimates significantly.



93. **In addition to the cash transfer scale-up, the cash transfers for students at risk of dropping out of schooling will incentivize secondary school enrollment, attendance, and grade completion,** representing investments in human capital that would lead to greater long-term productivity and generate positive economic returns in the future. Simulations by the World Bank show that a 1 percent increase in expenditure among extreme poor households would lead to a 13.5 percent increase in the probability of enrollment for their children between the ages of 13 and 18 years. Because the value of the cash transfer under Component 2 represents around 6 percent of extreme poor households' consumption expenditure, the expected increase in probability of enrollment at ages 13–18 years among extreme poor households will be about 81 percent.

B. Fiduciary

(i) Financial Management

94. **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 be implemented by the PCM through the CMU and MOSA. The CMU (which hosts the FOT) will be handling the fiduciary aspects of all components whereas MOSA will be handling the technical aspects of Component 3 and verification for Components 1 and 2. The CMU has been performing satisfactorily under the ongoing NPTP. MOSA has limited capacity and experience in executing World Bank-financed operations and will assign a fully dedicated team to implement the technical aspects of the project.

95. **The overall FM risk for this project is assessed as High.** With the proposed mitigation measures, the FM residual risk would be reduced to Substantial. Annex 2 provides additional information on the FM assessment, the recommended measures to be maintained and FM arrangements.

96. **The CMU will be responsible for preparing quarterly IFRs. The IFRs will include** (a) sources and uses of funds; (b) contract expenditures; and (c) uses of funds by grant activity, component, and category and consolidated list of assets purchased through the project. The IFRs will be submitted to the World Bank no later than 45 days after the end of the quarter to which they relate.

97. **The annual consolidated Project Financial Statements (PFSs) will be prepared by the CMU and will be audited by an independent private external auditor acceptable to the World Bank, to be engaged within six months after loan effectiveness. The external audit will cover all components of the project.** The audit TORs will be developed by the CMU and cleared by the World Bank. A Management Letter will also need to provide the external auditor's assessment of the project internal controls. The external audit report, the project Audited Financial Statements, and the Management Letter will be submitted to the World Bank no later than six months after the end of each fiscal year and will be made public according to the World Bank disclosure policy.

98. **An independent TPMA will be recruited by the CMU to verify the eligibility of the beneficiaries under Components 1 and 2 and to confirm that payments have been made to the end beneficiaries.** The TPMA will be recruited no later than 60 days after loan effectiveness. The TPMA will also include the review and validation of activities performed under Component 3. The TPMA will carry out a technical audit on the payments made under Components 1, 2, and 3 of the project to verify the eligibility of all payments, and to obtain assurance that the payments were actually provided to the end beneficiaries.



The TPMA will submit quarterly technical audit reports to the CMU and World Bank within 45 days after the end of each quarter, comprising monthly disaggregated summaries of Components 1 and 2.

99. **The CMU in coordination with MOSA will be responsible for preparing a POM** that will include an FM chapter and will include a detailed description of all activities, roles, and responsibilities and flow of information and funds for the project and each of its components, including arrangements on WFP's role, annual audit, TPMA verification, and reporting. The POM, including its FM chapter, will be adopted before loan effectiveness.

100. **The borrower will be contracting WFP to implement Components 1 and 2 of the project.** WFP has been implementing a similar component in the NPTP and the performance was satisfactory. WFP's recording of information and production of financial data is adequate. The latest audit report covering WFP's operation in Lebanon did not highlight any material issues or irregularities. As part of the enhanced fiduciary arrangements, the World Bank agreed with the borrower through the implementing agency and WFP on the following: (a) WFP will submit detailed quarterly financial reports to the World Bank and PCM, including comprehensive breakdown of expenditures in format and content satisfactory to the World Bank, not later than 30 days after the end of each quarter; (b) the TPMA will be confirming the eligibility of beneficiaries, the process, and related payments; and (c) the project external audit TORs will be expanded to cross-validate the quarterly financial reports produced by WFP with the TPMA reports.

101. **To ensure that funds are readily available for project implementation, the PCM through the CMU will open two Designated Accounts (DAs) for the project: DA-A will be used for category 1 (Components 1 and 2) and DA-B will be used for category 2 (Components 3 and 4) of the project. The DAs will be in US dollars opened at the BDL to implement the project.** The two DAs will be maintained and managed by the CMU. Deposits into and payments from the DAs 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 replenishments will be based on Withdrawal Applications. Funds covering all components of the project will be channeled from the World Bank through the Ministry of Finance (MOF) Treasury account to the project DAs, based on claims requests submitted by the CMU to the MOF within a stipulated time period. Other disbursement methods will be available as per the project Disbursement Letter. For Components 1 and 2 of the project to be implemented by WFP, funds will be channeled from the World Bank through the MOF Treasury account to the project DA-A. Once funds have reached the DA-A, the CMU will transfer the funds to the WFP's local bank account in US dollars, and then the local commercial bank will upload the cards in Lebanese pounds converted at the higher of (a) the constant real exchange rate or (b) the highest regulated exchange rate in relation to the US dollar, plus 60 percent; such rate being determined in consultation with the BDL (using the BDL's Sayrafa electronic platform), and adjusted on a regular basis, including taking into account necessary inflationary adjustments. No payments will be made under Components 1 and 2 of the project until the borrower (a) establishes the GRM, with the TORs, functions, and staffing satisfactory to the World Bank; (b) signs the Outputs Agreement with WFP, on terms satisfactory to the World Bank; (c) appoints the TPMA for purposes of carrying out a technical audit; and (d) causes MOSA to verify beneficiaries eligible to receive cash transfers under Component 1 of the project in accordance with criteria and procedures set forth in the POM.



(ii) Procurement

102. **Procurement arrangements.** Procurement will be carried out in accordance with the World Bank Procurement Regulations for Investment Project Financing Borrowers dated July 2016, revised November 2017 and August 2018 (Procurement Regulations). 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 and the CMU 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).

103. **Implementing agency.** The project will be implemented by the PCM through its CMU. The PCM abides by the Procurement Law No. 14969 dated December 30, 1963. The PCM operates under the ceiling of LBP 100 million, equivalent to US\$66,350. Above that ceiling, bidding is processed centrally by the central tender board. The project will be implemented through the same PMU, which is currently assigned to the NPTP. The CMU is staffed with a project manager, procurement specialist, and financial officer. An M&E officer and other individual consultants and consulting firms will be hired to enhance the capacity of the CMU when needed. Contract management capacity of the CMU is acceptable.

104. **Project Procurement Strategy for Development (PPSD).** The procurement strategy is aimed to broaden the social and employment benefits of the project while ensuring the quality of the project's execution. Given that the project is prepared under emergency procedures, the PPSD will be prepared early at implementation.

105. **Systematic Tracking of Exchanges in Procurement (STEP).** STEP is the World Bank's online procurement planning and tracking tool to prepare, clear, and update Procurement Plans and conduct procurement transactions as referred to in Section V, article 5.9 of the Procurement Regulations. The Procurement Plans for the life of the project will progressively be developed by the CMU and uploaded through STEP. It defines the market approach options, the selection methods, and contractual arrangements and determines the World Bank's reviews. Any contract not uploaded in STEP, with award notification not being uploaded prior to signing of contracts, will not be eligible for financing.

106. **Procurement Plan.** An initial Procurement Plan for project implementation has been developed by the CMU. The Procurement Plan defines the prior review and procurement methods thresholds. The plan will remain updated by the CMU using the STEP system and reviewed and cleared by the World Bank.

107. **Procurement risks.** A procurement capacity assessment was carried out for the PCM as part of project preparation. Based on this assessment, the procurement risks for the project are rated High. The main procurement-associated risks include the following: (a) the socioeconomic and political situation of the country; (b) 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; (d) complexity of coordination with other concerned stakeholders, ministries, and so on. The following measures are proposed to mitigate these risks: (a) ensure continuation of services by the experienced CMU of the ongoing NPTP; (b) hire the UN agency (WFP) that is implementing a similar program under the NPTP to implement the scaled-up program under Components 1 and 2; (c) retain



procurement processing and decision-making at the CMU level only; (d) ensure good record keeping practices are in place; (e) hire TPMA to conduct site visits and physical inspection; and (f) develop a good communication strategy to address the civil society. Once the mitigation measures are implemented to the satisfaction of the World Bank, the risk rating may be revised to Substantial.

108. **Procurement methods.** This project will operate under emergency procedures, whereby contracting UN agencies and/or NGOs will ensure smooth and efficient implementation as well as respond to the CMU's capacity constraints in implementation of such programs. Specific procurement methods and procedures are outlined in annex 3 for all components.

109. **Key procurement under the project.** The total project cost is US\$246 million, out of which Components 1 and 2, supporting the cash transfer for food and for students-at-risk, amount to US\$227 million and Component 3 for the provision of social services to vulnerable Lebanese and non-Lebanese households amounts to US\$10 million. Procurement of goods, consulting services, NGOs, and individual consultants under both Components 3 and 4 amounts to US\$19 million.

110. **Advance procurement.** To speed up the implementation, the advance procurement process will be used. These activities include (a) preparation of expression of interest, (b) preparation of TORs, (c) identification of qualified consultants, and (d) launching bidding when applicable up to award of contracts.

111. **Prior review threshold.** Based on the assessment and the socioeconomic and political situation of the country, the project will be subject to high-risk prior review threshold.

112. Further details on procurement arrangements are provided in Annex 3.

C. Legal Operational Policies

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

D. Environmental and Social

113. The project will be carried out in accordance with the World Bank Environmental and Social Standards and the Environmental and Social Commitment Plan (ESCP) dated December 9, 2020.

114. **Social benefits of the project.** The project will benefit the extreme poor and vulnerable Lebanese by providing (a) cash transfers to 147,000 extreme poor Lebanese households; (b) cash transfers for students from extreme poor Lebanese households at risk of dropping out of school; (c) social services to vulnerable households; (d) enhanced delivery of SSN systems; and (e) a CERC.

115. **Potential environmental risks.** The environmental risk is assessed to be Low because the project components are expected to have limited to no impact on the environment. The project will not carry out activities that will generate any adverse risks or impacts on the environment. This project will not directly support any civil works.

116. **Potential social risks.** While the proposed project will provide social benefits, it will also have some potential social risks mainly related to exclusion of some vulnerable and disadvantaged groups, such as (a) smaller families because of the household characteristics used by the targeting mechanism to calculate household poverty; and (b) the near-poor subgroups who may not qualify as part of the targeting mechanism and may therefore not benefit from the project. It is also worth noting that there are people who may be eligible to benefit from the project but do not apply due to a variety of reasons which may include (a) cultural/social discomfort, (b) no access to transportation to and from the SDCs, and (c) people in extreme poverty who cannot afford to pay for the paperwork during the application process which includes requesting a civil registry record/civil status extract. In addition, some regions are underrepresented in the NPTP database when compared to their extreme poverty rates. For example, only 19 percent of the NPTP beneficiaries are from Mount Lebanon while analysis shows that Mount Lebanon has 32 percent of the country's extreme poor. The targeting mechanism therefore may result in the exclusion of certain vulnerable groups in certain geographic regions which is considered a significant social risk considering the currently collapsing economic situation of the country and the respective increasing number of poor and extreme poor. The CMU has accordingly prepared a preliminary SIA which identifies these risks and proposes respective mitigation measures as part of a social risk management plan. However, the SIA has not yet been consulted upon due to the urgent nature of the project and the COVID-19 general mobility restrictions. The CMU will update the SIA within one month after the loan effectiveness date and before the carrying out of the relevant project activities, following inclusive and meaningful stakeholder consultations. With respect to the Labor Management Procedures, the borrower, through the PCM, has agreed to finalize, adopt, and publicly disclose the Labor Management Procedures, in form and substance acceptable to the World Bank, as a loan effectiveness condition.



117. Lebanon is currently suffering from a deteriorating economy, rising poverty levels, and daily protests across the country due to general dissatisfaction of the people as a result of the country situation which is exacerbated further by the COVID-19 pandemic. The ESSN project will offer an impactful means to alleviate some of these impacts. However, as some people will not benefit from the ESSN, social tensions may arise. Therefore, it is imperative for the project to ensure implementation of an effective communication strategy and inclusive stakeholder engagement throughout the project life cycle and have a robust GRM in place. In addition, Component 3 of the project will expand social service provision to meet the increasing demands the recent crises have exacerbated. Therefore, vulnerable groups will benefit from access to crisis-relevant social support services at the SDCs, helping to mitigate some of the social tensions arising due to the current contextual background. Another risk which might have an impact on the successful implementation of the ESSN project is the existing mistrust of the Lebanese citizens towards its government.

118. **GRM.** Under the ESSN project, a GRM firm will be hired to handle all grievances. The GRM will have multiple uptake channels including a call center, website, emails, and mailboxes set up at the SDCs and schools. The firm will also be responsible for developing and managing the software which will be used to log grievances and for establishing the processes for resolving them, fixing the service standards for resolution at each level, preparing frequently asked questions, and ensuring a timely response system, regular collection of information, and monitoring. The resolution timeline will not exceed seven days. The firm will liaise with the GRM focal point in the CMU as well as the GRM officers in MOSA and MEHE. Both MOSA and MEHE will have a role in handling grievances each in their own capacity. They will be using the system established by the firm and providing regular reports to the CMU. The firm will also conduct capacity building and training to staff at MOSA and MEHE. Further details on the scope and structure of the GRM are described in the SEP.

119. **Gender.** The project identifies the need to ensure that female-headed households are able to access the cash transfers, given vulnerabilities they face, for example, food poverty. The targeting mechanism continues to include weighted criteria for female-headed households, and the expansion of digital payments is expected to benefit women's access and overall financial inclusion. Another gender gap identified is the share of boys dropping out of secondary school to engage in income-generating activities, which the financial incentives provided to households will address. 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.

120. **GBV and mitigation measures.** The project implementation is also associated with the risk of GBV or SEA and sexual harassment (SH). Indeed, the results of the GBV screening tool indicated that various aspects of the project bring the GBV risk to a Moderate risk rating and as such the implementing agency will need to prepare a GBV Action Plan in line with the World Bank's Good Practice Note and to consider hiring a GBV specialist. In addition, the GRM will need to provide multiple channels to report SEA/SH that include anonymous reporting, and which will be handled by qualified staff in the GRM firm. The GRM will therefore have protocols for handling project-related SEA/SH complaints, including referral to GBV support services. Finally, all social workers and CMU staff will have adequate training on GBV and SEA/SH risks and sign a code of conduct. These requirements are laid out in the ESCP dated December 9, 2020, which has been publicly disclosed. The SEA/SH aspects mentioned will be carefully monitored throughout project implementation by dedicated and qualified staff in the CMU and as per the World Bank's Good Practice Note.



121. **Stakeholder communication and outreach program.** Prior public consultations were not conducted although some outreach campaigns were carried out at the start of the NPTP, including mass text messaging and media advertisement to provide guidance on the use of the ATM cards to beneficiaries and to introduce the targeting mechanism to citizens. The insufficient communication outreach campaign under the NPTP is considered to have been one of the main causes of exclusion of some geographic areas, specifically Mount Lebanon which has 32 percent of the country's extreme poor. For the ESSN project, the CMU within the PCM in coordination with MOSA, will be responsible for undertaking proactive consultations with the stakeholders, project-affected persons (PAPs), and project beneficiaries. Engaging citizens and stakeholders in the various project implementation phases is important to ensure that the feedback of citizens is integrated into a successful implementation of the ESSN project. The GRM will also play a vital role in this regard. PAPs will be notified about the existence of the GRM through different means including social media, regular media (newspapers, radio), flyers, mass messaging, and so on. A preliminary SEP has been prepared and disclosed before appraisal by the borrower whereas inclusive stakeholder engagement was not conducted due to the urgency of the project and COVID-19 travel restrictions. The borrower will update the SEP within one month after the loan effectiveness date following inclusive stakeholder consultation. The preliminary SEP identifies all stakeholders and proposes the timetable and means to engage with PAPs throughout project implementation. The SEP also recommends alternative modalities for consultations considering the current restrictions in mobility due to the COVID-19 outbreak. The dedicated staff of the CMU within the PCM will follow up closely on the successful implementation of the SEP during the life of the project.

122. **CERC.** As per paragraph 12 of Section III of the IPF Policy, pursuant to the World Bank's procedure 'Preparation of Investment Project Financing - Situations of Urgent Needs of Assistance or Capacity Constraints', the borrower will prepare, during the implementation stage, the Environmental and Social Management Framework which addresses the ESF instruments related to Component 5 of the project—the CERC.

123. Based on the above assessment of the social risks and impacts, the social risk rating for the project is rated Substantial.

V. GRIEVANCE REDRESS SERVICE

124. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For



information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. CLIMATE RISKS AND CLIMATE CO-BENEFITS

125. Lebanon is vulnerable to climate change. The main natural hazards that are expected to be exacerbated by climate change are (a) droughts with expected decrease of average precipitation and increased runoff, which would have direct effects on agriculture and water supply; (b) wild fires 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 these natural hazards fall disproportionately on poor households who do not have sufficient means for adaptation.

126. The project will improve the adaptation of its beneficiaries to climate change. The proposed operation explicitly strengthens Lebanon's adaptive capacity against effects of climate-induced shocks (food insecurity, health, and compromised livelihood due to climate change) by targeting climate-vulnerable populations (Lebanese poor families and non-Lebanese communities, including the displaced) 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; and (e) urban drainage, which in turn affects the ability to cope with surge storms and related health risks. All these impacts combined exert greater socioeconomic pressures on poor families and affect their abilities 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.

VII. KEY RISKS

127. The overall risk rating for the project is High. Fiduciary and social risks and respective mitigation measures are described in the respective sections earlier.

128. **Political and governance risks (High).** Lebanon is currently in the process of forming its third government in less than a year. The government of the Prime Minister Hassan Diab resigned soon after the Beirut port explosion in August 2020, and it is not clear when a new government will be formed. Bold



and timebound reforms are urgently needed to send a strong signal to the Lebanese people and the international community that serious measures will be implemented to curb the drainage of public resources and to put in place a sound governance system in conformity with international standards. The country is institutionally fragile and deeply affected by larger regional politics. The regional turmoil, particularly the Syrian crisis continues to have a severe impact on the security, political and economic situation in Lebanon. Beyond the Syrian crisis impact, the delays of approvals in the executive and legislative branches of the Government remain an impediment to reforms. The implementation of the World Bank-funded projects is affected by pending Cabinet and Parliament approvals, as well as the passing of important bills, regulations, and appointments. Mitigation measures include close monitoring of the country and macroeconomic environment and its impact on the Lebanon portfolio. The World Bank will continue to engage and coordinate closely with the Cabinet and Parliament to ensure that they are fully briefed on implementation bottlenecks and pending issues. The World Bank will also continue to implement strict screening and monitoring measures throughout project implementation. The World Bank is providing advisory and technical assistance on Methodology for Assessing Procurement Systems (MAPS), the design of a new procurement law informed by the findings of MAPS, public financial management, digital governance, and more recently on anti-corruption measures and judiciary reforms.

129. **Macroeconomic risks (High).** The country is facing a financial crisis, a deep recession, and political and social upheaval, as well as the impact of the COVID-19 pandemic. The economy is in a financial crisis brought about by a sudden stop in capital flows in late 2019. The ensuing shortages in US dollars resulted in several parallel exchange rates, bank closures, ad hoc capital controls, a broken payment system, and a potent liquidity crunch. On March 7, 2020, the GOL defaulted for the first time on its sovereign debt as it decided against paying a US\$1.2 billion Eurobond redemption. Mitigation of macroeconomic risks will only come about through the implementation of a comprehensive reform plan that will gain the support of the Lebanese people and the international community, and that will have significant financing behind it. The GOL's Economic Reform Program dated April 2020 is a step in the right direction. In addition, the World Bank has been supporting the GOL's reform efforts through conducting a Public Finance Review.

130. In the current context of a rapidly depreciating Lebanese pound/US dollar exchange rate and, relatedly, of rising inflation, it is important to preserve the purchasing power of the benefit amount, as well as to maximize the US dollar value of the funds provided by the World Bank. To mitigate the foreign exchange and inflation risks, the benefits in Lebanese pounds will be reviewed quarterly, or at more frequent intervals if required, by the World Bank and the CMU, in collaboration with WFP, based on either of the following options that maintains the Lebanese pound benefit purchasing power as compared to the previous month, and as further detailed in the POM: (a) the inflation-adjusted benefit value based on prevailing rates of inflation,⁷⁰ converted from Lebanese pounds to US dollar based on the highest regulated rate provided by BDL, be it the MTO rate, exchange houses syndicate rate, or any other regulated rate, as indicated on available platforms (for example, BDL Sayrafa electronic platform) or (b) the previous month benefit value in US dollars, converted at the constant real exchange rate value, understood as the exchange rate adjusted by the inflation differential in relation to a global benchmark. To ensure timely disbursement, BDL will notify the World Bank and the CMU, in writing, of the project's rate no later than a month before the school fees due date, be it understood that such project rate matches, at least, the highest of either the regulated exchange rate or the constant real exchange rate.

⁷⁰ Prevailing rates of inflation will be based on a standard definition outlined in the POM such as the CAS CPI or the value of the WFP's SMEB.



131. **Sector strategies and policies (Substantial).** The proposed SSN scale-up will be undertaken in the absence of a comprehensive social protection strategy, particularly to address medium-term structural priorities. This is being mitigated through concurrent policy dialogue with the GOL on developing a medium-term social protection strategy, including through contributions from development partners and the World Bank.

132. **Technical design of the project (Substantial).** The design of the project is based on current experience with e-card food voucher programs for Lebanese and for displaced Syrians, where extensive experience over the past 10 years has been gained and lessons learned on how to design such programs. The only ‘untested’ component, in the context of Lebanese beneficiaries, is the cash transfer for students at risk, although the design is informed by extensive experiences around the world with conditional cash transfer programs. Furthermore, the new IMPACT database is untested and would need to undergo a rigorous evaluation prior to its utilization. Mitigation measures include evaluation of the new IMPACT database to assess its suitability.

133. **Institutional capacity for implementation and sustainability (Substantial).** The rapid implementation of the ESSN project will face certain operational challenges and some capacity issues. Although there are qualified staff in the CMU, MOSA, and MEHE, they need to be fully dedicated with respect to their time in managing and implementing the ESSN project. The social workers hired by the MOSA for the NPTP pose a specific risk to project implementation given past experience when payments of their salaries suffered months of delays. This risk will be mitigated through commitment from the GOL regarding the timely payment of social worker salaries. Where necessary, the project will finance additional specialists. Key functions of a well-functioning SSN program —specifically GRM and M&E—will be supported throughout the project and will be in place at the start of the project to ensure smooth operation. Sustainability of the project will be ensured through the GOL commitment to financing of the ESSN over time as external financing decreases.

134. **Other - leakage risks (Moderate).** Leakage refers to the share of project benefits that are received by ineligible (affluent) households. The diversion of cash transfers under Components 1 and 2 to households that are not below the extreme poverty line would represent a leakage of funds away from its intended use to support extreme poor households during crisis. These risks are especially likely to materialize if targeting is not based on a robust methodology and can be influenced by corruption, error, or clientelism. This risk will be mitigated by ensuring that eligibility is determined entirely by the hybrid targeting methodology (described in paragraphs 30–33), and the requirement of supervised household visits for the verification of all applicants to collect data on their well-being and eligibility (paragraphs 36–38), as well as TPM and project oversight over the targeting process. The communications and outreach activities will also enable applicants and the public at large to understand the process of eligibility determination that will further reduce the scope for manipulation. The proposed LVAP and HBS surveys will enable a measurement of leakage of the scaled-up ESSN and a comparison with such global benchmarks⁷¹ in the future, to equip the World Bank with independently collected evidence to assess the presence and extent of leakage in the ESSN, which in turn will inform corrective steps. Further, audit reports of the WFP assessed by the World Bank indicate no evidence of any concerning or adverse findings

⁷¹ According to the World Bank ASPIRE database, for a group of 38 upper-middle-income countries, the average leakage in social assistance programs was between 1.6 percent and 47 percent, with an average value of 16.4 percent. For high-income countries this ranged between 7 percent and 42 percent, with an average value of 14 percent.



regarding leakage or corruption during WFP's oversight of the NPTP so far. Additional anti-corruption and oversight measures that will contribute to mitigating leakage risks are described in box 1.

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Lebanon

LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT

Project Development Objectives(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

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	147,000.00
Number of individuals (Number)		105,544.00	762,952.00
Percentage of female-headed HHs among beneficiary households (Percentage)		13.20	12.00
Percentage of HHs with persons with disabilities among beneficiary households (Percentage)		14.00	14.00
Percentage of HHs with elderly members among beneficiary households (Percentage)		16.00	25.00
Percentage of HHs with children under 18 among beneficiary households (Percentage)		76.00	79.00
Provision of Cash Transfer for Students-at-Risk			

Indicator Name	PBC	Baseline	End Target
Number of households receiving top-up cash transfer for children (Number)		0.00	87,000.00
Number of children (ages 13-18) enrolled in school year among beneficiary households (Number)		40,000.00	87,000.00
Percentage of boys (ages 13-18) enrolled in school year among beneficiary households (Percentage)		85.00	95.00
Percentage of girls (ages 13-18) enrolled in school year among beneficiary households (Percentage)		90.00	95.00
Provision of Social Services			
Number of beneficiaries of social services (Number)		0.00	100,000.00
Percentage of female beneficiaries (Percentage)		0.00	60.00

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			239,000.00
Share of surveyed beneficiaries who report receiving correct amount of NPTP cash payment (Percentage)		0.00			90.00
Share of surveyed beneficiaries who report overall satisfaction with NPTP payment process (Percentage)		0.00			80.00

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
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
Average monthly school attendance of 13-18 year old boys (Percentage)		0.00			90.00
Percentage of targeted 13-18 year old students completing the school year (Percentage)		70.00	85.00		85.00
Percentage of targeted 13-18 year old boys completing the school year (Percentage)		0.00			85.00
Component 3: Provision of Social Services					
Total number of social service packages developed (Number)		0.00			5.00
Percentage of social service packages delivered using the minimum standards agreed upon (Percentage)		0.00			70.00
Beneficiaries and stakeholders reporting MoSA's improved responsiveness in delivering assistance (Percentage)		0.00			60.00
Percentage of social services packages developed that incorporate climate change sensitive aspects (Percentage)		0.00			25.00
Component 4: Enhanced Delivery					
Percentage of beneficiaries informed about the Project through the outreach activities and communication campaign (Percentage)		0.00	50.00	60.00	80.00
Percentage of beneficiaries informed about the existence of the GRM (Percentage)		0.00	60.00	75.00	90.00

Indicator Name	PBC	Baseline	Intermediate Targets		End Target
			1	2	
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication (Percentage)		0.00	50.00	60.00	80.00
Number of social workers benefiting from training and capacity building program provided through the project (Number)		0.00	200.00	350.00	460.00
Number of verified beneficiaries as part of the verification process of the NPTP database (Number)		0.00			0.00
Number of GBV survivors referred to relevant service providers (Number)		0.00	50.00	75.00	100.00
Complaints Management System Operational (Yes/No)		No			Yes
Percentage of beneficiaries receiving a response to any grievance within 14 days of submitting a grievance GRM (Percentage)		0.00			85.00

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	Number of extreme poor households receiving unconditional cash transfers to support them cope with		ESSN Project MIS		

	economic distress and vulnerabilities, including climate-related shocks.				
Number of individuals			ESSN Project MIS		
Percentage of female-headed HHs among beneficiary households			ESSN Project MIS		
Percentage of HHs with persons with disabilities among beneficiary households			ESSN Project MIS		
Percentage of HHs with elderly members among beneficiary households			ESSN Project MIS		
Percentage of HHs with children under 18 among beneficiary households			ESSN Project MIS		
Number of households receiving top-up cash transfer for children	Total number of households and students receiving benefits from component 2, monitored to ensure lower dropout rates and higher level of enrollment.	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 households	Total number of students receiving benefits from component 2, monitored to ensure lower dropout rates and higher level of enrollment	Once at the beginning of the AY	Information management system (SIMS) at MEHE	Enrollment data from schools	MEHE
Percentage of boys (ages 13-18) enrolled in school year among beneficiary	Aims to ensure that the proportion of target	Quarterly	Information management	Enrollment and attendance of boys	MEHE



households	children (13-18) enrolled in formal education complete the school year		system (SIMS) at MEHE		
Percentage of girls (ages 13-18) enrolled in school year among beneficiary households					
Number of beneficiaries of social services	This indicator captures the total number of direct beneficiaries who receive support through the SDC or from specialized service providers. This also includes referrals made to PHCC or other line ministries. The total numbers will be disaggregated by beneficiary type (PwD, children, elderly, females) and reported quarterly.	Quarterly	MOSA	Head of SDCs	MOSA
Percentage of female beneficiaries	This indicator captures the total number of female beneficiaries who receive support through SDCs or from specialized service providers. This also includes referrals made to PHCC or other line ministries.	Quarterly	MOSA		MOSA

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 NPTP cash payment			Post Distribution Monitoring Survey		
Share of surveyed beneficiaries who report overall satisfaction with NPTP payment process			Post Distribution Monitoring Survey		
Average monthly school attendance of 13-18 year old students	Ensure that the proportion of target children (13-18) enrolled in formal education attend school at a rate of 15/20 days per month	Monthly	Information management system (SIMS) at MEHE	Attendance of children at school	MEHE
Average monthly school attendance of 13-18 year old boys	Ensure that the proportion of target children (13-18) enrolled in formal education attend school at a rate of 15/20 days per month.	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	Ensure that the proportion of target children (13-18) enrolled in formal education	Quarterly	Information management system	Attendance of students monitored on a monthly basis as well as	MEHE

	complete the school year		(SIMS) at MEHE	through the monitoring of the target children's academic progress	
Percentage of targeted 13-18 year old boys completing the school year	Aims to ensure that the proportion of target children (13-18) enrolled in formal education complete the school year	Quarterly	Information management system (SIMS) at MEHE	Enrollment and attendance of boys	MEHE
Total number of social service packages developed	At least one package to be developed for each beneficiary group identified through the needs assessment.	Annual	MOSA	MOSA unit	MOSA
Percentage of social service packages delivered using the minimum standards agreed upon	Each package will include the minimum stds. Of services to be delivered. These standards will be developed by MOSA.	Annual	MOSA		
Beneficiaries and stakeholders reporting MoSA's improved responsiveness in delivering assistance	This will be an indicator to measure satisfaction of services provided, outreach and access to SDCs. As well as the satisfaction of case management and referrals made, handling of grievance and complaints etc.	Annual	Satisfaction survey / GRM MIS	MOSA Unit	MOSA
Percentage of social services packages developed that incorporate climate change sensitive aspects	Social services packages that additionally support climate change adaptation and mitigation, and/or screening				

	of climate induced risks.				
Percentage of beneficiaries informed about the Project through the outreach activities and communication campaign					
Percentage of beneficiaries informed about the existence of the GRM		Quarterly			
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication	Number of surveyed beneficiaries who express satisfaction with overall interventions of the project.	Annually		Surveys	MOSA
Number of social workers benefiting from training and capacity building program provided through the project	Number of social workers who received training programs	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	This indicator will assess the efficiency in addressing GBV complaints through the GRM and measure the performance of the case management system	Quarterly	MIS	Number of GBV complaints referred	MOSA
Complaints Management System Operational	This indicator will confirm whether the complaints MIS system is developed and functional	Yes/No	MIS		MOSA
Percentage of beneficiaries receiving a response to any grievance within 14 days of submitting a grievance GRM	This indicator will assess the efficiency in the GRM response to the submitted	Regularly	MIS	Percentage of resolved and closed grievances	MOSA



	grievances and measure the performance of the case management system.				
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ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Lebanon

Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project

- 1. The World Bank will assist the Government of Lebanon with the implementation of the risk mitigation measures and will provide the necessary technical advice that would ensure the achievement of the project development objectives.** The World Bank will work closely with the CMU within the Presidency of the Council of Ministers (PCM) and key stakeholders throughout the project implementation period to make sure that milestones are met within the slated timeframe, and that results are achieved without delay. In case structural implementation challenges arise, the World Bank will work with the concerned entities on formulating an appropriate resolution through in-depth analysis and consultation. A MTR of the project would also serve as a platform to muster ideas and agree on a roadmap for way forward, including restructuring and other corrective measures that would keep project implementation on a solid track.
- 2. The World Bank will conduct implementation support missions and field visits on a regular basis.** In addition to the bi-annual implementation support missions, that will be informed by quarterly TPMA reports and PDM findings, the World Bank will undertake periodic field visits and spot checks to assess the functioning of project processes, interact with project beneficiaries and obtain feedback on the functioning of the project.⁷² In light of the current COVID-19 pandemic measures and restrictions (such as suspension of travel), implementation support will take place virtually until restrictions on travel and physical presence in the field are lifted. The World Bank will capture key proceedings, findings and recommendations of the missions in Aide Memoires that will be shared with key stakeholders within 2 weeks following mission completion. In addition, the World Bank will employ monitoring schemes to monitor project progress and achievement of results through formal and informal reporting channels. The World Bank will use ISRs to monitor progress and rate project performance according to achieved progress or lack thereof, while the CMU will also prepare regular results monitoring and implementation progress reports based on evidence from the field. Informal reporting channels would include interaction with direct beneficiaries of the project as well as reports from local media. Policy dialogue with the Government will be maintained as necessary in support of the national social protection and safety. An Implementation Completion and Results Report (ICR) will be finalized within 6 months after project closure.
- 3. Fiduciary support will be conducted through procurement and FM missions (to be carried out virtually in case restrictions on travel continue during the implementation period due to the COVID-19 pandemic).** FM and procurement specialists will conduct autonomous supervision and will also participate in the MTR process, implementation support missions, and will contribute to ISRs and the ICR upon completion of the project.
- 4. The table below includes a proposed schedule for implementation support activities according to the main areas of focus.** These will be further developed and confirmed based on discussions with the Government and agreement on priority activities to be implemented. The proposed schedule will be updated as needed based on implementation progress.

⁷² Drawing on the successful experience of the Argentinian Jefes y Jefas program.



5. **The institutional and implementation arrangements of the ESSN project are presented in the diagram in section 3 under sub-section A.** It includes several GOL ministries and entities hence coordination and collaboration are critical. The IMC for Social Affairs (established on March 2, 2020 by the PM) will be responsible for this coordination and collaboration. The current NPTP CMU, which was established in November 2008, will act as the PMU of the ESSN project, and is therefore responsible for implementation, including managing several key functions related to the operation of the database, the M&E activities, and the verification/new in-takes of beneficiaries. The GRM function will be located in MOSA.

Table 1.1. Implementation Support Plan

Time	Focus	Skills Needed
First six months	Support preparation and implementation of activities	Project Task Management, World Bank specialists, and consultants in Social Safety Nets
6 months-Completion	Support implementation of activities	Project Task Management World Bank specialists and consultants in Social Safety Nets M&E, and Management Information System (MIS) Activities

6. **The FOT**, also established in 2008 in the CMU, will manage the procurement and FM arrangements of the ESSN project, per the World Bank guidelines and policies.

7. **The MOSA** is responsible for delivery of the social services and links with the households receiving the cash transfers—via its SDCs and/or community centers/NGOs, - and for verification of applicants for cash transfers under components 1 and 2. **The MEHE** is responsible for providing attendance data and academic performance of the students supported by cash transfers under component 2.

8. **Implementation of the cash-based assistance under components 1 and 2 will be contracted out to the WFP by the GOL.** The WFP platform/services for delivering cash-based assistance comprise the following: (a) direct instructions – on a monthly basis—to the FSP to load each e-card with specific amounts of assistance on a specified loading date, (b) transaction monitoring; (c) joint planning and distribution of e-cards and PINs to beneficiaries, where WFP, with cooperating partners and MOSA SDC staff will assist in beneficiary orientation to ensure they understand the program, why they are receiving assistance, and their rights as beneficiaries, and so on; and (d) implementation of PDM, and e-card complaints handling. The WFP support will be based on a standard form of agreement developed between the World Bank and WFP, and signed by the GOL and WFP, based on the terms of reference approved by the World Bank. WFP will ensure that the collection, use and processing (including transfers to the Borrower or third parties) of any personal data under the project will be done in accordance with the best international practices, ensuring legitimate, appropriate and proportionate collection of data and also ensuring compliance with relevant personal data privacy policies.



ANNEX 2: Financial Management and Disbursements Arrangements

COUNTRY: Lebanon

Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project

Implementation Arrangements

1. The project will be implemented according to the World Bank procedures and guidelines on FM. The CMU within the Presidency of the Council of Ministers (PCM) will be handling the fiduciary aspects of the project whereas the Ministry of Social Affairs (MOSA) will be responsible for the overall technical aspects of component 3 and verification of applicants under components 1 and 2. The CMU has been managing the ongoing National Poverty Targeting Program (NPTP) financed by the World Bank and the FM performance of the CMU has been satisfactory.
2. The World Bank assessed the adequacy of the FM arrangements for the Emergency Crisis and COVID-19 Response Social Safety Net (ESSN) project. Based on the assessment, the FM risk, as part of the fiduciary risk is considered **High**. The following are the risks identified: (a) large-scale project with cash transfer activities that require enhanced control and monitoring procedures; (b) limited capacity and experience of MOSA in implementing Bank-financed operations; (c) flow of funds delays, that is, funds channeled through the MOF treasury account to the project's DA experience substantial delays; (d) limited internal controls systems within PCM and within MOSA; (e) risk of double-dipping as similar programs are already launched, such as the recent GOL cash transfers distributed via the Lebanese army; (f) risk of inaccuracy of the lists of eligible beneficiaries to be produced by MOSA and PCM in addition to the risk of payments to ineligible beneficiaries; (g) US dollar/ LBP fluid exchange rate, affecting the value of the benefit received by the beneficiaries; and (h) limited resources of the Court of Accounts (CoA) to carry out external audit on a timely and qualitative basis for the CMU and MOSA.
3. The FM residual risk is reduced to Substantial with the following risk mitigating measures:
 - (a) The current Financial Officer (FO), who is part of the CMU, and who has acquired adequate experience in the current NPTP will consolidate and implement the project FM arrangement for all components of the project. In case any additional support is needed, the CMU will recruit/assign additional financial staff;
 - (b) MOSA will need to ensure that dedicated staff are assigned to handle the technical aspects of the project in coordination with PCM;
 - (c) A POM describing and detailing the project implementation, stakeholders' responsibilities, procurement and FM policies and procedures, satisfactory to the World Bank, will be adopted prior to loan effectiveness;
 - (d) The CMU will utilize Excel spreadsheets to record daily transactions and produce the project's consolidated IFRs for submission to the World Bank within 45 days at the end of each quarter;
 - (e) For components 1 and 2 of the project, given the urgency of the situation, and to ensure timely availability of funds and adequate capacity to manage cash transfers, the CMU will



contract WFP to implement the related activities, and funds will be channeled from the World Bank through the MOF treasury account to the project DA-A within a stipulated time period. In addition, WFP will submit quarterly financial reports 30 days after the end of each quarter in form and content acceptable to the World Bank;

- (f) A TPMA with terms of references acceptable to the World Bank will be hired to carry out a verification and periodic recertification of:
- (i) eligible beneficiaries produced by MOSA and PCM, under Components 1 and 2 of the project. The process, size, and scope of the validation will be detailed in the terms of reference;
 - (ii) eligible beneficiaries produced by MOSA to receive the social services, under component 3 of the project;
 - (iii) a technical audit of project implementation, including, inter alia: cash transfers, accuracy of payments carried out by WFP under components 1 and 2 of the project; and confirmation of receipt of cash transfers by beneficiaries under components 1 and 2 of the project;
 - (iv) confirmation of receipt of registration fees by public schools on behalf of the beneficiaries; and
 - (v) activities carried out by MOSA under component 3 of the project including household visits.
- (g) The US dollar/LBP exchange rate adjustment modality specified in the Loan Agreement (see Schedule 2, Section C.4); and
- (h) 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 project.

Implementation Structure

4. The project components will be implemented as follows:

- Component 1: Provision of Cash Transfers for Basic Income Support (US\$204.00 million). This component will include the distribution of cash transfers to eligible poor Lebanese households through prepaid cards and will be implemented by WFP based on a Standard Agreement to be signed with the GOL.
- Component 2: Provision of Top-up Cash Transfers for Students at Risk (US\$23.00 million). This component will include cash transfers to eligible Lebanese households of US\$40–60 per student per month to cover around 87,000 students to reduce the number of dropouts. This component will also be implemented by WFP based on a Standard Agreement to be signed with the GOL.



- Component 3: Provision of Social Services (US\$10.00 million). This component will help increase access to social support services (COVID-19, Psycho-Social Support, GBV, Education) for poor and vulnerable households, provided through specialized organizations (such as UN agencies or NGOs). This component will be implemented by the CMU at PCM who will be handling the fiduciary aspects and MOSA who will be handling the technical aspects.
- Component 4: Enhanced Social Safety Nets Program Delivery (US\$9.00 million). This component will support GRM, Communication and Outreach, M&E, Verification, External and Technical Audit, Capacity Building and Project Management. This component will be implemented by the CMU at PCM.

Project Financial Management Arrangements

Staffing

5. The CMU will be handling the fiduciary aspects of the project for all components, and MOSA will be handling the technical aspects in coordination with the CMU. Both will ensure compliance with the project FM procedures as described in the POM. The CMU has adequate experience in executing Bank-financed operations and it currently consists of a Project Manager, a Financial Officer (FO), and a Procurement Officer. The FO has gained adequate experience in implementing World Bank FM arrangements. MOSA will need to assign a dedicated team to handle the technical aspects of the project. Given the larger scope of this project, additional FM staff may be recruited/assigned as needed to support the CMU. The FO at the CMU will contribute to the preparation of the FM chapter of the Project Operational Manual. For components 1 and 2, WFP will be contracted through a Standard Agreement to be signed with the GOL.

Budgeting

6. For the purpose of the project, a consolidated project annual budget and disbursement plan will be produced and maintained by the CMU with inputs from MOSA and will be based on the project Procurement Plan and implementation schedule to ensure timely availability of funds and proper execution of activities. The budget plan will be used as an effective monitoring tool for comparing planned expenditures with actual ones and monitoring the existing variances. The budget plan will be prepared on a yearly basis and will be submitted to the World Bank for approval no later than December 15 covering the next fiscal year.

Accounting and Reporting

7. For the purpose of the project, the CMU will utilize Excel spreadsheets to record daily transactions and produce the consolidated project's IFRs. The CMU will receive the information and data from WFP related to components 1 and 2 (as part of the WFP enhanced fiduciary arrangements to submit quarterly financial reports to the CMU and the World Bank). The project's accounting transactions will need to be adequately captured and recorded.

8. The project will prepare quarterly IFRs in accordance with IPSAS – Cash Basis and developed through the Excel spreadsheets. The CMU will be responsible for preparing the IFRs. The IFRs will be sent to the World Bank by no later than 45 days after the end of each quarter. The format and content of IFRs



have been agreed upon during negotiations and will be included in the POM. The IFRs will be composed of:

- (a) Statement of Cash Receipts and Payments by category for the year then ending and cumulatively from inception date up until the year end, including funds received from other financing sources (counterpart funds, and so on) if any;
- (b) Accounting policies and explanatory notes including a footnote disclosure on schedules:
 - (i) Statement of DA reconciling period-opening and end balances;
 - (ii) Statement of project commitments, showing contract amounts committed, paid, and unpaid under each project's signed contract;
 - (iii) funds transferred, expenses paid and remaining balances;
 - (iv) A comprehensive list of payments made, showing households case number, confirmation of amount received (link to signed receipts) for components 1 and 2;
 - (v) A comprehensive list of all fixed assets acquired under the project.

9. *PF*): The PFSs, prepared in accordance with IPSAS – Cash Basis–will contain the same information as the quarterly IFRs but cover an annual period. The audited PFS will be submitted to the World Bank no later than six months after the end of each fiscal year⁷³ (see External Audit Arrangements below).

Controls and Audits

10. *External Audit arrangements*: The consolidated PFS will be audited by an independent private external auditor acceptable to the World Bank. The audit will cover all aspects of the project and will include all components and will ensure compliance with the POM, review of effectiveness of the internal controls system, and compliance with the Loan Agreement. 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. In addition, the project Management Letter will contain the external auditor assessment of the internal controls, accounting system, and compliance with financial covenants in the Loan Agreement. The audit TORs will be finalized and agreed upon with the World Bank no later than three months after loan effectiveness. The external auditor will need to be engaged within six months of loan effectiveness.

11. In line with the World Bank's disclosure policy effective July 1, 2010, this project's audited annual financial statements once issued and accepted by the World Bank will be made available to the public on the PCM website.

Internal controls

12. The project will be implemented through the CMU and MOSA. The CMU will be handling the fiduciary aspects of the project whereas MOSA will be handling the technical aspects of the project. The

⁷³ Project fiscal year ends December 31.



implementation of the project will involve coordination between various units and stakeholders mainly the Prime Minister's Office, MOSA, FOT, and WFP. To ensure coherent coordination of various activities in addition to a proper control environment, a POM satisfactory to the World Bank will be adopted prior to loan effectiveness. The POM will include a detailed description of all activities, roles and responsibilities, fiduciary arrangements, including FM and procurements rules and procedures, flow of information and funds for the project and each of its components including WFP, annual auditing procedures, TPMA verification and reporting.

13. **UN agencies:** The WFP will be contracted by the CMU to implement components 1 and 2 through a Standard Agreement and will carry out the cash transfers to eligible beneficiaries. The funds will be channeled from the World Bank through the MOF treasury account to the project DA-A. The payments to WFP will be made from the project DA-A. WFP has implemented a similar e-cards cash transfer activity under the NPTP, and its performance was satisfactory with no issues or irregularities identified.

14. Given WFP's wide operational coverage all over the world, the agency does not get audited on a yearly basis for every country, however, an annual corporate audit is conducted for WFP global operations. WFP corporate audit reports covering fiscal year 2018 and 2019 were reviewed by the World Bank and the reports did not raise any irregularities or significant material control issues that might impact WFP's operations in Lebanon. The latest specific country audit report for WFP's operations in Lebanon covered fiscal year 2017 did not identify either any irregularities or significant internal control issues that might impact its operation in Lebanon.

15. WFP recording of information and production of financial data is adequate. The audit report for 2017 covering WFP's operations in Lebanon identified some inconsistencies in reconciling data within WFP information system, these were ranked by the auditor as moderate or low on the risk assessment scale and did not have any impact on the eligibility of expenditures or the overall efficiency of its operations in Lebanon. Given that WFP will be contracted by the Lebanese Government to implement components 1 and 2 of the project, and to provide reasonable assurance about the operation and related expenditures, the following enhanced fiduciary arrangements have been agreed upon with the GOL and WFP:

- The TPMA will be verifying the process of beneficiary verification, the eligibility of beneficiaries and the related payments (card upload) by WFP.
- Detailed financial reporting will be required by WFP on a quarterly basis which will include a comprehensive breakdown of expenditures, among others (see para. 17 for more details). The format and content of quarterly financial reports will be agreed with WFP.
- The project external auditor's TORs will be expanded to include a cross verification of the data in the WFP quarterly financial reports with the data and reports submitted by the TPMA.

16. WFP systems including the flow of funds and payments mechanism are satisfactory to the World Bank. The food card system and related mechanism within WFP are as follows: (a) the cards are produced by the commercial bank and distributed to the eligible beneficiaries; (b) once the funds are received by WFP, the cards are uploaded with the relevant amounts each month; and (c) eligible beneficiaries use the cards to withdraw cash from ATMs and in specific convenience stores across the country. WFP electronic system allows the tracking and monitoring of the cards in addition to gathering the data on the frequency



of the card use and for which commodities and location. Monthly reports are produced by WFP which includes data on the usage of cards (case number of beneficiaries, payments made, location, frequency and so on).

17. Given the scale of the proposed project, a TPMA will be recruited by the government to review and validate the payments made under the cash transfer components (components 1 and 2) and provide an independent assurance on whether the funds were actually used for the intended purposes. The TPMA will cross validate the payments made in the context of the agreement. TPMA reports will be provided every quarter and will contain month-wise assessments of cash transfer payments under components 1 and 2.

18. **Additional enhanced fiduciary arrangements over those envisaged in the standard agreement will be introduced.** Quarterly financial reports covering components 1 and 2 on project progress submitted to the World Bank by WFP no later than 30 days at the end of each quarter will include: (a) statement of cash contributions/receipts and expenditures and (b) explanatory notes, including schedules showing breakdown of funds received, breakdown of expenditures/ payments by beneficiary by expenditure category (for example, cash, purchases different types of shops) including any relevant anonymous (that is, without any personal data) beneficiary identifier, and so on. These reports will feed into the project's IFRs to be prepared and submitted by the CMU on a quarterly basis.

19. The CMU will hire a TPMA to carry out independent verification and compliance reviews of the process of identifying beneficiaries, eligibility of the beneficiaries, the related amounts transferred, receipt proofs, and so on as part of the cash transfers payments under components 1 and 2. The related TORs will be developed by the CMU and will be reviewed and cleared by the World Bank. The TPMA will submit quarterly reports within 45 days after the end of each quarter to the CMU and the World Bank that will include month-wise assessments of payments under components 1 and 2. The sample size and design parameters of the review will be determined by the World Bank to ensure sufficient statistical power to assess the verification process in a representative manner. The TPMA will be hired no later than 60 days after loan effectiveness. The TPMA will also cover the activities implemented by MOSA under component 3 of the project. The TPMA will provide an independent assurance on the activities rendered and payments made under components 1, 2 and 3. To mitigate the risk of double-dipping, as currently the GOL is launching a program to support the poor with a contribution of LBP 400,000 per household, a coordination mechanism will be put in place between CMU, MOSA, and Ministry of Interior to ensure that various support programs are synchronized and avoid duplicative transfers to the same beneficiaries. The list of beneficiaries eligible for cash transfers under components 1 and 2 will be coordinated with all agencies involved in similar social support. The CMU and MOSA will validate the lists on a quarterly basis before sending them to WFP. The TPMA will conduct an independent review and validation of the lists produced by MOSA and the CMU on an ex-post basis to ensure that the applicants are eligible as per the agreed targeting methodology. The TPMA will further assess the process of verification of applicants conducted by social workers to ensure that verification visits are conducted according to proper criteria. The TPMA will carry out a verification and periodic recertification of: (a) eligible beneficiaries produced by MOSA and PCM, under components 1 and 2 of the project. The process, size, and scope of the validation will be detailed in the terms of reference, and (b) eligible beneficiaries produced by MOSA to receive the social services, under component 3 of the project. A technical audit carried out by the TPMA of the project implementation, including, inter alia, of: (a) cash transfers, accuracy of payments carried out by WFP under components 1 and 2 of the project; (b) confirmation of receipt of cash transfers by beneficiaries under components 1 and 2 of the project; (c) confirmation of receipt of registration fees by public schools



on behalf of the beneficiaries; and (d) activities carried out by MOSA under component 3 of the project including households visits.

20. Once the lists are validated and subsequent payments made by WFP, the TPMA will verify that the payments were made to the eligible beneficiaries. The TPMA will be reconciling all data (financial and non-financial). The TPMA will be under the supervision of the Technical Committee and will report back to the Technical Committee accordingly. The quarterly reports produced by the TPMA will be made public.

21. Component 3 of the project will finance social support services (COVID-19, Psycho-Social Support, GBV, others) for vulnerable households, provided through SDCs or specialized agencies (UN agencies or NGOs). This component will be implemented by MOSA. The CMU will handle the fiduciary aspects until these functions are transferred to MOSA, whereas MOSA will handle technical aspects. MOSA will coordinate the implementation of the activities, however, no funds will be transferred to the NGOs/SDCs/specialized agencies by MOSA. MOSA will assign a dedicated team to handle the technical implementation of this component. The TPMA will review and validate the activities and payments made under this component on an ex-post basis to ensure that funds are used for their intended purposes. The scope and size of the review will be detailed in the TORs. The TPMA will produce quarterly reports on the progress made (for every month within that quarter) and related findings will be submitted 45 days after the end of each quarter.

22. A Contingent Emergency Response Component (CERC) with no funds is included for contingent emergency response to an eligible crisis or emergency. This component will allow the Government to request the World Bank to reclassify and reallocate financing from other project components to cover emergency response and recovery costs. Expenditures will be evaluated and reviewed to determine if they are acceptable to the World Bank prior to disbursement. Disbursements will be made based on an approved list of goods, works, and services required to support mitigation, response, recovery, and rebuilding in a crisis. A CERC operations manual detailing the implementation arrangements will be prepared and submitted to the World Bank for approval along with a budget plan and the list of works, goods and services.

Box 2.1. Role of the TPMA

Components 1 and 2:

- (a) The TPMA will carry out a verification and periodic recertification of: (a) eligible beneficiaries produced by MOSA and PCM, under components 1 and 2 of the project. The process, size, and scope of the validation will be detailed in the terms of reference, and (b) eligible beneficiaries produced by MOSA to receive the social services, under component 3 of the project.
- (b) The TPMA will carry out a technical audit of the project implementation, including, inter alia, of: (a) cash transfers, accuracy of payments carried out by WFP under components 1 and 2 of the project; (b) confirmation of receipt of cash transfers by beneficiaries under components 1 and 2 of the project; (c) confirmation of receipt of registration fees by public schools on behalf of the beneficiaries; and (d) activities carried out by MOSA under component 3 of the project including households visits.
- (c) Once the lists are validated and payments are made by WFP, TPMA will confirm that all payments have reached the eligible beneficiaries (proof of payment of eligible beneficiaries).
- (d) The TPMA will produce quarterly reports on the review to be submitted 45 days after the end of each quarter.

Component 3:



- (a) The TPMA will monitor the delivery of social services to the beneficiaries provided either through the SDCs or contracted specialized agencies/ NGOs.
- (b) The TPMA will review and validate the payments made for services/activities (provided by MOSA) to be rendered by the NGOs/SDCs/ specialized agencies under this component.
- (c) The CMU will perform the payment and TPMA will confirm that the payments have been made to the contracted specialized agencies/ NGOs.
- (d) The TPMA will visit the SDCs (at a minimum of 30 percent) to ensure that social workers are present and available on site. In addition, the TPMA will visit the households in the catchment area to ensure that the services have been delivered.
- (e) The TPMA will produce quarterly reports on the review to be submitted 45 days after the end of each quarter.

Flow of Funds Arrangements

23. The flow of funds procedures will be detailed in the POM. The project's funds covering all components will be channeled from the World Bank through the MOF treasury account to the project DAs. To facilitate the efficient management of the FM system, the Borrower will, through MoF, channel the proceeds of the loan from the loans treasury account in the loan currency at Banque du Liban (BDL) to the DA of the project by a letter signed by both the Head of Treasury and the Central Treasury Cashier of the MoF.

24. **As described above, the project's components 1 and 2 (cash top-up for households) will be implemented by WFP** and the related disbursements arrangements are based on the Standard Agreement will be channeled as per the following:

- The CMU prepares a withdrawal application and submits to the World Bank with a copy of the Agreement.
- Funds are transferred from the World Bank through the MOF treasury account (#36) held in US dollars at BDL.
- The CMU prepares and submits to MOF a request to transfer the funds from the treasury account to the DA-A (opened at BDL in US dollars).
- MOF transfers the funds to the project DA-A within a stipulated time period (not exceeding 72 hours from the receipt of the transfer request submitted by the CMU).
- Once funds are transferred from the treasury account to the DA-A, the CMU transfers the funds to WFP bank account in US dollars. WFP will then instruct the local commercial bank to upload the cards in LBP based on the exchange rate converted to Lebanese Pounds at the higher of: (a) the constant real exchange rate, or (b) the highest regulated exchange rate vis-à-vis the US dollar, plus 60 percent; such rate being determined in consultation with BDL, and adjusted on a regular basis, including taking into account necessary inflationary adjustments.
- Recipients will redeem their funds in LBP by cashing out in LBP at ATMs or paying in LBP in stores.



- WFP prepares quarterly financial reports and submits to the CMU and the World Bank.

25. WFP direct and indirect costs will be included in category 1 and will be paid from DA-A in US dollars directly to WFP based on the schedule of payments specified in the Standard Agreement.

26. The CMU prepares withdrawal applications and submits to the World Bank along with the project's IFRs detailed in the Disbursement Letter to document the funds used. For the fees paid directly to the schools under component 2, the payments will be made in LBP. Payments from WFP local bank account will be made in LBP based on the highest of either the regulated exchange rate or the constant real exchange rate.

27. **For components 3 and 4, funds will be channeled from the World Bank** through the MOF treasury account to the project DA-B. Deposits into, and payments from, the DA-B will be made in accordance with the provisions stated in the Loan Agreement and Disbursement Letter and as outlined in the World Bank's Disbursements Guidelines for Projects by means of advances, replenishment and reimbursements. Replenishments of the DA-B will be against withdrawal applications. The CMU will be responsible for submitting monthly replenishment applications with appropriate supporting documentation. Funds will be channeled from the World Bank to the MOF treasury account and then transferred to the project DA-B.

Disbursement Arrangements

28. **DA.** Two DAs will be opened and managed by the CMU. One DA for each category of expenditures. DA-A will cover category 1 (components 1 and 2) and DA-B will cover category 2 (components 3 and 4) of the project. Funds will be channeled from the World Bank through the MOF treasury account in US dollars to the project DAs (held at the BDL in US dollars) within a stipulated time period based on request to be submitted by the CMU to MOF. Advances to DA-A will be based on IFRs which will include a projection of expenditures. DA-B will have an advance ceiling of US\$5 million. Withdrawal applications will be submitted by the CMU to claim the funds. For category 1 of the project (related to components 1 and 2), disbursement will be made based on IFRs (format and content will be detailed in annex 2 of the Disbursement Letter). For category 2 of the project (related to components 3 and 4) disbursement will be made based on statement of expenditures (format and content will be detailed in annex 3 of the Disbursement Letter). Withdrawal applications will be submitted on a monthly basis (or as needed). Disbursement methods will include advance, replenishment and reimbursement of the DAs.



Table 2.1. Details of Project Expenditure Categories

Category	Amount of the Loan Allocated (US\$)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Cash Transfers under components 1 and 2 of the project	227,000,000	100%
(2) Goods, consultants' services, non-consulting services and operational costs under components 3 and 4 of the project	18,385,000	100%
(3) Contingent Emergency Response Component (CERC)	0	
(4) Front-end Fee	615,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	246,000,000	

29. A four-month grace period will be granted to allow for the payment of any eligible expenditure incurred and accepted by the loan closing date (that is, services, goods or works, received and accepted).

30. *Authorized Signatories:* Authorized signatories will be nominated by PCM for the project to sign the withdrawal applications (WAs). Names and corresponding specimen signatures will be submitted to the World Bank prior to the receipt of the first WA (advance to DA). Each WA will be approved and signed by the authorized signatories.

Governance and Anti-Corruption

31. Fraud and corruption may affect the project resources, and thus impact negatively the project outcomes. The above proposed fiduciary arrangements, including the POM with a detailed FM chapter, reporting, external audit, in addition to the utilization of UN agencies will help address the risk of fraud and corruption that are likely to have a material impact on the project outcomes.

Table 2.2. Action Plan

	Action	Date due by	Responsible
1	Finalize the POM which will include an FM chapter	Prior to effectiveness	CMU /MOSA
2	Recruit a project external auditor with TORs acceptable to the World Bank	Within 6 months from project effectiveness	CMU
3	Recruit a TPMA with TORs acceptable to the World Bank	Within 60 days of from effectiveness	CMU
4	Establish a coordination mechanism with the several bodies implementing similar cash transfers program	Before first payment of cash transfers	CMU
5	Assign a dedicated team at MOSA to handle the technical aspects of the project	No more than 1 month after project effectiveness	MOSA



ANNEX 3: Procurement

COUNTRY: Lebanon

Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project

- 1. Procurement arrangements.** The following procedures will be applied to the project: World Bank Procurement Regulations for Investment Project Financing Borrowers dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”), and the provisions of the Borrower’s Procurement Plan for the project (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank. The Borrower and the CMU 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 Presidency of the Council of Ministers (PCM) through the CMU will be the implementing agency in collaboration with concerned ministries. The PCM abides by the Procurement Law No. 14969 dated December 30, 1963. The CMU operates under the ceiling of LBP 100 million equivalent to US\$66,350. Above that ceiling, bidding is processed centrally by the central tender board. The CMU is currently satisfactorily managing the procurement aspects of the ongoing NPTP, however, when decision making involves other agencies, specifically MOSA, it suffers from long delays.
- 3. Past experience of the implementing agency in internationally funded projects.** The CMU has extensive experience in implementing donor-funded projects and is currently managing the procurement operations of the NPTP. The procurement processing and contract management was rated satisfactory during implementation. As per the Public Procurement Law, the agency can use donors’ regulations, to implement internationally financed projects. The NPTP comprised procurement of consultants (the majority of the activities), and purchase of goods (IT equipment). NPTP implementation involving the Ministry of Social Affairs and other concerned public institutions, suffered from lack of decision making at the Ministry’s level which reflected in delays in processing procurement. In the proposed project, the PCM will continue to coordinate with the concerned ministries, however, procurement processing and decision making will remain in its entirety with CMU.
- 4. Staffing.** The ESSN project will be implemented through the same PMU which is currently assigned to the NPTP. The unit is staffed with Project Manager, Procurement Officer, and Financial Officer. An M&E officer will be hired, and other individual consultants and consulting firms will be hired to enhance the capacity of the PMU when needed. The CMU has qualified staff on board with extensive experience in implementing project financed by international donors, and World Bank-financed projects.
- 5. Recordkeeping.** The recordkeeping at CMU is found satisfactory. All records of procurement activities are maintained by the CMU procurement team.
- 6. Systematic Tracking of Exchanges in Procurement (STEP).** STEP is the World Bank’s online procurement planning and tracking tool to prepare, clear, and update procurement plans and conduct procurement transactions as referred to in the Procurement Regulations Section V, article 5.9. The Procurement Plan for the life of the project will progressively be developed by the CMU and uploaded through STEP. It defines the market approach options, the selection methods and contractual



arrangements, and determines the World Bank's reviews. Any contract not uploaded in STEP, with award notification not being uploaded prior to signing of contracts, may not be eligible for financing. The CMU is familiar with the system and is using it for the current NPTP.

7. **Procurement planning.** The current CMU has good experience with procurement planning. An initial Procurement Plan for project implementation was developed by CMU. It defines the prior review and procurement methods thresholds. The plan will be updated, reviewed and cleared by the World Bank using the STEP system.

8. **TPMA/External Technical Audit.** The CMU will appoint a TPMA within 60 days after loan effectiveness to carry out verification and compliance reviews of the process of identifying beneficiaries, eligibility of the beneficiaries, the related amounts transferred, receipt proofs, and so on as part of the cash transfers payments under components 1 and 2. The TPMA will also include the review and validation of activities performed by MOSA under component 3. The related TORs will be developed by the CMU and will be reviewed and cleared by the World Bank. The TPMA will submit quarterly reports within 30 days after the end of each quarter to the CMU and the World Bank. The sample size and design parameters of the review will be determined by the World Bank to ensure enough statistical power to assess the verification process in a representative manner.

9. **Applied taxes.** The government observes the following taxation: (i) stamp duties of (a) four per thousand (4‰) of the contract price for contract registration at Ministry of Finance, and (b) four per thousand (4‰) on each payment; (ii) value added taxes (VAT) of 11 percent applied on consultants and contractors who are registered and eligible for VAT; and (iii) income taxes that are a flat rate of 7.5 percent for non-registered consultants and variable for registered consultants (Taxpayer Identification Number), depending on their job classification at Ministry of Finance. Exemption of consultants from income taxes may be observed if they are registered in countries that have entered with Lebanon into agreements prohibiting double taxation. Contracts financed by international donor proceeds are exempted from VAT (Law No 379 dated December 14, 2001).

10. **Overall Procurement Risk Assessment.** The procurement risk rating is **High** and mainly related to: (a) the socioeconomic and political situation of the country; (b) perception of fraud and corruption in the current fragile political environment; (c) use of the program for political gains; (d) delay in procurement processing and implementation related to the lack of decision making at the concerned Ministry's level; and (e) complexity of coordination with other concerned stakeholders, ministries, and so on. The following measures are proposed to mitigate these risks: (a) contracting the UN agency (WFP) that is implementing similar program under the NPTP; (b) procurement processing and decision making with CMU; (c) ensuring good recordkeeping practices are in place; (d) hiring TPMA to conduct site visits and physical inspection; and (e) developing a communication strategy to address the civil society.

11. **Project Procurement Strategy for Development (PPSD).** The procurement strategy is aimed to broaden the social and employment benefits of the project while ensuring quality project's execution. Given that the project is prepared under emergency procedures, the PPSD will be prepared early at implementation.

12. **Methods of Procurement.** The total value of the project is US\$246 million, of which components 1 and 2 for the cash transfer for food and students-at-risk support amount to US\$227 million and the value of components 3 and 4 amounts to US\$19 million. Procurement of goods, consulting services, hiring NGOs,



and individual consultants amounts to US\$19 million. The project will use the following procurement methods and arrangements:

- (a) Selection methods for goods and non-consulting service. The project will use: (i) Request for Bids (RFBs), Request for Proposals (RFPs), Request for Quotations (RFQs), 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; and (vi) Selection of Individual Consultants;
- (c) Other particular method of procurement and special arrangements.
 - (i) *Selection of UN agencies:* Agencies of UN may be single sourced by the implementing agency due to the UN 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 be applied. When entering a contract with a UN agency, 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. In particular, the cash transfer program will be implemented by WFP;
 - (ii) *Use of Nongovernmental Organization (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;
 - (iii) *Advance procurement:* To avoid delays in project implementation, advance procurement will be used for: (1) preparation and negotiations of UN agreements; (2) preparation of expression of interest; (3) preparation of TORs; (4) identification of qualified consultants; and (5) launching bidding when applicable up to award of contracts.

13. **Frequency of supervision and post procurement review.** The frequency of supervision mission and post procurement review is foreseen twice and once a year, respectively. In post procurement review, a sample of 10 to 20 percent of contracts eligible for post review will be covered.

14. *POM.* A POM with detailed project procurement arrangements specified will be adopted prior to loan effectiveness.

Procurement workflow

15. The procurement planned under this project is the responsibility of the CMU at the Presidency of the Council of Ministers. This unit will coordinate, as needed, with concerned stakeholders, such as the Ministry of Social Affairs, the Ministry of Education and Higher Education, and so on.

16. The following describes, in general, the workflow of processing procurement under the project:



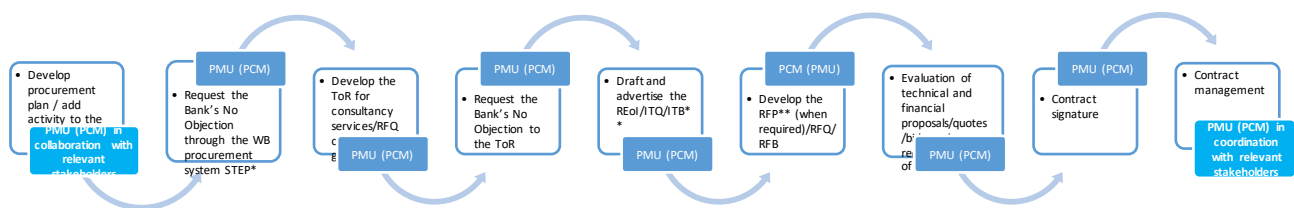
Table 3.1. Workflow of Processing Procurement

Action	Responsible	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*	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**/ITQ/ITB	CMU	15 days
Develop the RFP** (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**	CMU	15 days
Contract signature	CMU	3 days
Contract management	CMU in coordination with relevant stakeholders	

Note: *The use of the World Bank procurement system STEP is mandatory throughout the procurement process.

**The World Bank's No Objection is required for the activities subject to prior review.

Figure 3.1. Procurement Workflow





ANNEX 4: Additional Details on Component 3

COUNTRY: Lebanon

Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project

Provision of Social Services (US\$10 million)

1. Over the last few years, numerous donor-funded initiatives⁷⁴ provided technical assistance to MOSA and the SDCs, contracting the services of NGOs and UN agencies to provide primary and secondary social services for vulnerable groups. Despite such efforts,⁷⁵ the sustainability of the systems, capacity built and the ability of MOSA to manage, coordinate and oversee the provision of social services that adhere to a minimum set of performance standards needs strengthening. There are multiple modalities of social service provision across a range of actors, weak coordination among different stakeholders, inability to retain social workers due to poor incentives and working conditions. There is also a need to establish and mainstream clearly defined minimum performance standards and additional operating procedures (including for referrals and inter-ministerial links), quality measures, and improve human resource capacity and presence of social workers at SDCs.

2. This annex provides an overview of: (a) capacity and coordination gaps; (b) a summary of the needs and vulnerability assessment of the target beneficiary groups; (c) an overview of the implementation plan; and (d) the proposed social services that will be available for the beneficiaries under component 3. Further details of the component will be provided in the POM and the outreach developed by MOSA.

(i) Rapid Gap Analysis (of social workers and coordination)

3. **The Multi-Country Review of the State of the Social Service Workforce in the Middle East and North Africa Region**⁷⁶ was developed by the Global Alliance on Social Service Workforce in 2019. The review was designed to highlight unique aspects of each country's workforce, identify common challenges or trends, and suggest evidence-based strategies that countries could consider when developing their country-level action plans. Findings of the Social Service Workforce (SSW) survey in Lebanon are summarized below. In terms of challenges, this review identified the following main points:

- (a) **Coordination and workforce.** Approximately 31 percent of the interviewed workforce reported coordination as a challenge. The assessment also shows that the workforce market is predominantly private with only 12.8 percent of the respondents were employed by the

⁷⁴ The EU as a donor has been funding several projects (implemented by several UN agencies and NGOs) which support social services, especially for women and children at risk, while the Italian cooperation has been supporting MOSA carry out the geo-localization and other systems building initiatives.

⁷⁵ See link to the World Bank assessment, which found that the distribution of SDCs is not proportional to the national spread of poverty. Furthermore, across the country SDCs experience varying levels of performance, resource endowments and appropriately trained staff. SDC budgets were diverted toward medical services and away from family care, psychosocial support and childcare. In 2012, MOSA prioritized capacitation of SDCs and expanding funding to meet demand from displaced Syrians.

<http://documents1.worldbank.org/curated/en/925271468089385165/pdf/810980LB0box379831B00P14754500PUBLIC0.pdf>

⁷⁶ Global Alliance on Social Service Workforce. The Multi-Country Review of the State of the Social Service Workforce in the Middle East and North Africa Region 2019. <https://www.unicef.org/mena/media/5556/file/MENA-SSW-Review-2019.pdf.pdf>



government. Despite it being highly qualified, the workforce is highly unregulated indicating the need to organize the profession; approximately 97 percent of the respondents consider the country needs to establish a regulatory framework for the profession.

- (b) **The inability to retain social workers.** 43 percent of the social workers (SW) reported their intent to move on to other jobs and 39 percent of respondents stated that their place of work does not offer opportunities for upward mobilities while 56 percent consider that there is a need for a legislation that focuses on improved working conditions.
- (c) **The need to establish minimum standards and operating procedures for social services provision.** Due to the high level of privatization of the public service delivery, there is a need to set criteria for performance standards that promote good practices in social services provision.

4. The assessment also provided a roadmap for different recommendations/activities to address the abovementioned issues which included, among other recommendations, the need to develop and mainstream standardized titles and job descriptions for social workers that define the roles and responsibilities that the position entails and minimum criteria required to fulfill the functions associated with the position. There is also a need to ensure appropriate monitoring, supervision and evaluation systems are in place.

5. **Several bottlenecks in referral management and effectiveness have been highlighted in the latest RIMS snapshot.**⁷⁷

- **Follow up on referrals:** In the first quarter of 2020, half of the referrals never received any feedback in April 2020 (compared to lower percentages in previous months) and only 22 percent were closed (received a final status). In addition, 22 percent of the interviewed Persons of Concerns (PoCs) reported the lack of follow up of humanitarian service providers as the main challenge for them to access service. Although most service providers adopt a re-referral process if they are not able to provide the service, 85 percent of PoCs who reported not being able to access the service they need, also stated that no other agency contacted them to provide the service.
- **Timeliness of service provision:** 70 percent of service providers reported that follow up is taking longer, over half of the them reporting over 10 days⁷⁸.
- **Ability of access to services:** 28 percent of PoC respondents stated their inability to reach a service provider as a reason for not receiving a service.
- **Coordination between service providers:** With regards to the follow up on referrals, findings show that overall, internal referrals perform significantly better than the external ones.

⁷⁷ RIMS Snapshot. June 2020. <https://reliefweb.int/sites/reliefweb.int/files/resources/RIMS%20snapshot%20May%202020.pdf>

⁷⁸ Minimum Standards for Individual Referrals 2020 request that acknowledgement, receipt and assessment of fast track referrals be conducted within 24 hours, and acknowledgement of normal referrals in 48 hours and assessment completed in 14 days.



6. The above highlights the need to strengthen service provision as well as communication and coordination between the services providers and with PoCs. The results monitoring under component 3 will include a satisfactory survey to gather feedback from beneficiaries, in alignment with the requirements of the SIA and SEP, on the services and follow up support provided, it will monitor MOSA’s ability to coordinate this work. Carrying out a needs and vulnerability survey, before social service packages are designed and implemented, will help ensure that the services meet the needs of the beneficiaries and are not supply or activity driven. Outreach to beneficiaries will also be an approach under this component.

(ii) Assessment of Needs and Selection of Beneficiary Groups

7. **The compounded crises Lebanon is simultaneously experiencing significantly exacerbate access of vulnerable communities to social services.** The growing demand is documented in the Referral Information Management System (RIMS) snapshot, which captures information among the Lebanese and non-Lebanese. Referrals increased by approximately 40 percent in the first quarter of 2020 compared to the last one of 2019. As seen in Figure 4.1, most requests focus on protection (notably related to cash for rent and the risk of eviction), GBV and child protection. There is also a need for continuous support of mental health services. Most referrals to health were sent by GBV actors in April 2020, with an increase in the proportion of GBV to health referrals from 10 percent in January, to 36 percent in April 2020.

Figure 4.1. Proportion of Referrals Sent by Sectors

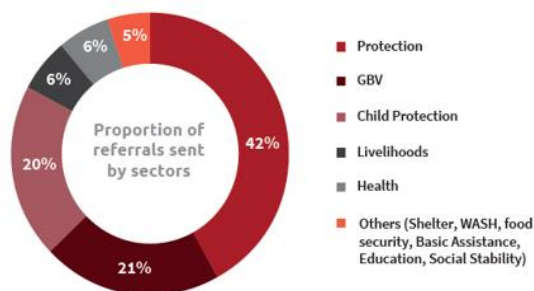


Figure 1. Proportion of referrals sent by sectors
Source: RIMS Snapshot (June 2020)

Beneficiary groups to be supported under component 3

8. Beneficiaries under this component will be selected in several ways—from SDCs and referrals from social workers (that are the first point of contact for vulnerable households), from households identified through the ESSN database (component 1) and students at risk of dropping out of school (identified through component 2).

9. When looking at the broad groups of beneficiaries, the Government of Lebanon has stressed the need to include children, females, elderly and individuals with disability who live in poor households and are particularly at high risk of various deprivations such as being out of school, facing acts of violence, risking separation from family members and social support networks, getting involved in worst forms of child labor (including trafficking and sexual exploitation), being forced to get married and being deprived of their basic social rights.



- (a) **Women at risk of SGBV.** GBV is one of the major concerns affecting Lebanese households, with women being the targets in 90 percent of reported incidents.⁷⁹ Women at risk of GBV/SEAH and/or domestic abuse in the poorest households could experience a range of psychological and social consequences and require specialized interventions including counseling and referral to remedial services. An assessment carried out by the Inter-Agency SGBV Task Force in Lebanon has shown that 54 percent of women and girls reported a rise in SGBV incidents in the community or household.⁸⁰ Similarly, the GBVIMS reported an increase in several forms of GBV during the first quarter of 2020 compared to the same period months of 2019,⁸¹ with cyberbullying (187 percent increase) and economic violence (53 percent self-reported by women and girls) emerging as new types of GBV. This highlights the need to increase access to specialized services and has also been reflected in the Gender Alert Report which recommends continuing to support MOSA's SDCs to deliver services at those at risk of and surviving violence, as well as other vulnerable populations.
- (b) **Children at risk:** In a country that suffers from a deep economic crisis combined with a high influx of displaced Syrians, the situation for boys and girls, particularly in vulnerable communities, is critical. Within this context, children face many challenges whether it is child labor, violence, malnutrition, bullying, drug abuse, and so on. In 2016, UNICEF found that 6 percent of Lebanese children were engaged in child labor.⁸² Such circumstances have numerous short and long-term negative effects on the well-being of children. Moreover, MOSA decided to put a greater investment on the early childhood development given the direct and tangible impact on the country social and economic development at the long term.

Box 4.1. Links to Component 2:

Monitoring and reporting school attendance and academic achievement are critical in retaining children in school through the response mechanisms suggested by the project. Monthly attendance will be monitored and in case of missed attendance, a social worker from MOSA will conduct home visits to provide support or advice on possible services the household can access (psychosocial support and/or academic support). The aim is to support the student to stay in school by referring the families to seek the support needed. If a child has not attended school for two consecutive months, the monthly benefits will not be discontinued, rather this will trigger a strong follow-up of the social worker to support the child to return to school. Note that the social worker will provide close follow up and referral and not the actual psychosocial nor academic support. (Official MEHE texts stipulate that a child is considered dropped out if s/he misses 20 percent of the total number of days in the school year.)

- (c) **Elderly:** Customary family-based support for the elderly, especially in the poorest households, is often suboptimal and insufficient in deteriorating socioeconomic situations.

⁷⁹ Lebanon Crisis Response Plan 2017-2020. <https://reliefweb.int/sites/reliefweb.int/files/resources/74641.pdf>

⁸⁰ Inter-Agency SGBV Task Force Lebanon. Impact of COVID-19 on the SGBV Situation in Lebanon. <https://reliefweb.int/sites/reliefweb.int/files/resources/76729.pdf>

⁸¹ GBVIMS (2020)

⁸² UNICEF Deputy Representative in Lebanon. 2019.

https://www.aub.edu.lb/fhs/news/Pages/enh1_ChildLabourReportLaunch.aspx#:~:text=%E2%80%9CIn%202016%2C%20UNICEF%20found%20that,were%20engaged%20in%20child%20labor.



According to the latest official demographic data, elderly (defined as people aged 65 and over) account for 9.7 percent of the total Lebanese population.⁸³

- (d) **Persons with disability:** An estimated 10-15 percent of the Lebanese population live with a form of disability.⁸⁴⁻⁸⁵ The intersection between disability and poverty has been clearly established; it is a two-way relationship where disability increases the risk of poverty and the conditions of poverty increase the risk of disability. Social safety nets play a vital role with regards to disability in terms of poverty alleviation and reduction.

(iii) Implementation rollout plan

Figure 4.2. Implementation Rollout Plan for Component 3

PHASE ONE (months 1 to 3 of the project)		PHASE TWO (months 4 to 6 of the project)		PHASE THREE (months 6 to end of project)	
Sub-component 3.1		Sub-component 3.2			
Develop TORs for technical assistance required to carry out assessments, evaluations, development of packages and capacity building of social workers and MOSA staff.		Outline the minimum service standards and operating guidelines ⁸⁶		*Carry out procurement for the delivery of basic packages through the SDC and contract agencies to deliver specialized social services.	
*Procure the required technical assistance based on the TORs.				Define, develop and cost out the packages of (basic and specialized) social services ⁸⁷	Implementation of packages of social service delivery through SDCs and contracted NGOs.
Conduct a rapid needs and vulnerability assessment to identify priority social services among vulnerable households.					MOSA will carry out routine monitoring and oversight tasks during capacity building, social service delivery and assess the impact of social services provided.
		Conduct a system strengthening assessment and support the mainstreaming of information management and integrated referral systems ⁸⁸ across all SDCs			
		MOSA to Provide trainings and capacity building of social workers.			
MOSA to coordinate and lead the dialogue between donors, humanitarian and development actors, facilitate links with government agencies and so on.					

⁸³ Ministry of Public Health of Lebanon, Statistical Bulletin. <https://www.moph.gov.lb/en/Pages/8/327/statistical-bulletins>

⁸⁴ UN Educational, Scientific and Cultural Organization. Social Inclusion of Young Persons with Disabilities (PWD) in Lebanon.

⁸⁵ Lebanese Civil Society’s Coalition. (2015). Universal periodic review Lebanon 2015: Civil society reports. (Joint report). Beirut, Lebanon: Arab NGO Network for Development.

⁸⁶ MOSA jointly with the Italian cooperation are developing some of these standards, which are expected to be completed by December 2020

⁸⁷ Technical assistance can be provided to develop and cost packages

⁸⁸ There are several individual and integrated systems being developed (such as the e-networking system, UNICEFs sectorwide RIMS platform and the national CPIMS, which



10. **Once the needs assessment is completed for each beneficiary group, MOSA will design and cost the package of social services that will be covered by this component.** Some will be provided directly at the SDC while others will be contracted to specialized agencies. An overview of the type of services that beneficiaries under component 3 will benefit from is described below. While most families will benefit from primary prevention interventions, other households with deeper and more complex social issues (that is, violence, abuse, exploitation) will need more dedicated and longer-term support at secondary, tertiary level or highly specialized services.

11. **To reach the target population,** MOSA will first conduct a rapid needs and vulnerability assessment to ensure that social services respond to the needs of the vulnerable person, and are designed to achieve the intended impact (rather than be activity- or supply-driven.) An outreach **manual** will be developed to train the SDCs staff and partners to increase and enhance the systematic outreaching processes to the most vulnerable, and these outreach activities and approaches will be a part of the design and costing of the package of basic and specialized social services. In some areas MOSA will also rely on the **use of mobile units** - these 'social service' mobile units circulate in specific areas, defined based on the existing mapping and assessment that identify the vulnerable localities in the country where Lebanese (and non-Lebanese) live.

12. **The specific social service will be determined following the needs assessment,** and these could range across: (a) primary prevention services which aim to provide information (including on COVID-19), promote good behavior, practices and safe environments for children, elderly, youth and women: these services are typically offered at the SDCs or by CSOs and will range from community awareness and social behavior change activities⁸⁹ or daycare centers and nurseries for elderly and children to life skills and civic education programs for youth promoting psychosocial wellbeing reproductive health awareness and so on; and (b) secondary and tertiary prevention and response services which aim to mitigate risks and reduce vulnerabilities before they reach a crisis point: these are more structured activities offered at the SDC or contracted to specialized agencies and would include longer-term social work support to children and individuals living in very difficult economic and social conditions, positive parenting programs for parents, psychosocial support, safe spaces, psychosocial support for women and girls facing GBV, different aids (audiovisual and motor), learning support tools and speech and sensory motor therapy for persons with disability.

⁸⁹ Within the overall Communication for Social and Behavioral Change Strategy of MOSA called "Qudwa" promoting positive role model behaviors and decision making at all level.



ANNEX 5: Lebanon Country Program Adjustment Responding to COVID-19

COUNTRY: Lebanon

Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project

1. **The World Bank Group’s engagement in Lebanon has been guided by the Country Partnership Framework (CPF) FY17-FY22.** The Lebanon CPF is focused on: (a) scaling up access to and quality of service delivery; and (b) expanding economic opportunities and increasing human capital. Through these two focus areas, the World Bank Group (WBG) has been exerting concerted efforts to help Lebanon mitigate the economic and social impact of the Syria crisis on the country, safeguard the country’s development gains, and enhance stability and development prospects.

General Country Context

2. For almost a year, Lebanon’s economy has been assailed by compounded crises, beginning with an economic and financial crisis, followed by the COVID-19 outbreak, and lastly the explosion at the Port of Beirut in August 2020. Of these crises, the economic crisis has had by far the largest and most persistent negative impact. Real GDP growth is projected to sharply decelerate to -19.2 percent in 2020, on the back of a -6.7 percent contraction in 2019. The collapse of the currency has led to triple-digit inflation rates. Inflation acts as a highly regressive tax, affecting the poor and vulnerable disproportionately, as well as people on fixed income, such as pensioners. The burden of the ongoing adjustment or deleveraging in the financial sector is highly regressive, concentrated on smaller depositors, the local labor force and smaller businesses. A year into the economic crisis, there have been limited policy responses by the authorities as Lebanon faces a dangerous depletion of resources, including human capital, with brain drain becoming an increasingly desperate option.

3. Immediately after the Port of Beirut explosion, the WBG in cooperation with the United Nations (UN) and the European Union (EU) launched a Rapid Damage and Needs Assessment (RDNA) to estimate the impact on the population, physical assets, infrastructure and service delivery. The assessment finds that damages from the explosion are in the range of US\$3.8-4.6 billion, with losses to financial flows amounting to US\$2.9-3.5 billion. As recommended by the RDNA, a framework for Reform, Recovery, and Reconstruction (the 3RF) was jointly developed by the World Bank, UN and EU to build back a better Lebanon based on principles of transparency, inclusion and accountability. The 3RF pursues two parallel tracks: (1) a socioeconomic recovery track (“track 1”), that addresses the urgent needs of the most vulnerable populations and small businesses affected by the explosion; and (2) a reform and reconstruction track (“track 2”), focusing on critical reforms to address governance and recovery challenges in Lebanon, which are prerequisites for mobilizing international support for reconstruction beyond the recovery track. The Lebanon Financing Facility (LFF) is currently being developed to operationalize the 3RF. This Fund would bridge the current development funding gap and enable flexible implementation, including direct support to the UN, NGOs and financial intermediaries. It would also provide technical assistance and analytical support to strengthen dialogue and collaboration on priority reforms for recovery and reconstruction.

4. The deepening economic crisis as of October 2019, combined with the COVID-19 pandemic lockdown as an aggravating factor, if unmitigated, will exacerbate poverty and inequality, and in turn, economic suffering and social strife. Already prior to the crisis, poverty was on the rise with overall poverty estimated to have increased from 25.6 percent in 2012 to 37 percent in 2019, and extreme poverty



estimated to have increased from 10 percent in 2012 to 16.2 percent in 2019. Based on World Bank estimates of GDP growth and inflation rates in first half of 2020, it is estimated that extreme (food) poverty will double to 22 percent, and overall poverty will increase to 45 percent in 2020. This translates into approximately 1.7 million people (350,000 households) falling under the poverty line, of which 841,000 people (156,000 households) will be under the food poverty line, among which 12 percent are female-headed households.

Impact of the COVID-19 Pandemic on the Country

5. Between late August and December 2020, COVID-19 cases have surged at an alarming rate in the country. As of December 7, total registered COVID-19 cases were 138,096 in addition to 1,115 deaths, compared to August 27 when Lebanon had registered a total of 14,248 cases and 139 deaths. Lebanon continues to record a high number of daily COVID-19 cases. The Ministry of Public Health continues to work on increasing the capacity of public and private hospitals. To date, the country has 932 regular beds and 455 Intensive Care Unit beds in total. Authorities are concerned that these additional beds will not be enough considering the high number of cases recorded on daily basis. Despite this high number of daily cases, the lockdown measures were lifted as of November 30, 2020, mainly due to the deteriorating economic situation.

Government Response and Programs

6. In response to the COVID-19 pandemic, the Government launched a “National Social Solidarity Program” (NSSP), aimed at assisting households affected by the lockdown restrictions. The program aims to provide temporary emergency aid of LBP 400,000 to approximately 200,000 households. Three months of distribution have taken place and a final one before the end of 2020 is planned. To support this program, the Ministry of Interior and Municipalities, in collaboration with the Ministry of Social Affairs, the Central Inspection Office, and the Presidency of the Council of Ministers, launched an electronic platform (IMPACT) to collect household applications for social assistance. In addition, the Government has supported individuals/businesses by extending deadlines for payment of taxes and fees, and the Banque du Liban allowed banks and financial institutions to extend exceptional five-year zero percent interest rate loans in Lebanese pounds and in US dollars to existing customers who were unable to cover expenses during March-May 2020.

WBG Support for Responding to the Crisis

7. The World Bank continues to provide Crisis Management TA (anchored in the Public Finance Review and financially supported by Germany) to support the preparation of an Economic and Financial Recovery Plan comprising of: (1) debt restructuring; (2) financial sector restructuring; (3) fiscal adjustment; (4) a new monetary framework; (5) an enhanced social safety net; and (6) growth and investment. In addition, the World Bank is providing ongoing financial sector TA on the following topics: (1) out-of-court workout framework; and (2) e-signature regulations. The discussions are ongoing on an insurance TA, following the Beirut port explosion.

8. In addition to “*protecting the poor and vulnerable*” through the proposed ESSN project, a number of ongoing projects in Lebanon have been restructured to fund immediate needs due to the novel coronavirus crisis, as efforts are being mobilized to “*saving lives*”: (a) **Health Resilience Project** (US\$120 million) was restructured to reallocate US\$40 million to a new component on COVID-19 response activities aiming to assess country preparedness and response capabilities, training of health workers and frontline



responders, provision of health services in public hospitals and urgent procurement of goods; (b) the ***Innovative Small and Medium Enterprise Project*** (US\$30 million) was restructured to reallocate US\$5.5 million from existing components to a new component entitled “Emergency Financing Facility iSME COVID-19 Funding Program” to provide financial support to Lebanese firms or research centers that have or could develop capabilities to produce medical supplies, equipment and services needed to fight COVID-19 pandemic; and (c) the **Roads and Employment Project** (US\$200 million) restructuring, which aims to allocate US\$10 million to support Lebanese farmers with inputs and materials, and hence to contribute to the country’s food security, has been approved by Parliament on September 30, 2020. Implementation arrangements are being finalized and disbursements are expected to start in early January 2021.

Selectivity, Complementarity, Partnerships

9. **The World Bank enjoys strong collaboration with all development partners in Lebanon** and is working closely with other IFIs, the UN (WFP, WHO, UNOPS, FAO, UNICEF) and bilateral partners on the emergency crisis and safety nets for poor and vulnerable population, and crisis management and structural reforms. Under the restructured Health Resilience Project, the Ministry of Public Health contracted separately both UNOPS (US\$6.3 million) and WHO (US\$5.6 million) for the procurement and distribution of identified medical equipment and supplies for COVID-19 crisis response. In the education sector, the GOL’s RACE 2 strategy is the overarching program umbrella, where the UN and other donors have aligned their financing and support along the RACE 2 program. Partnerships with development partners and donors have also been evidenced throughout the Beirut RDNA, the Lebanon 3RF and LFF processes, during which concerted efforts were mobilized in support of Lebanon and its population, with the World Bank Group taking the lead in coordinating such important preparatory work that would provide the basis for a well-articulated medium- to long-term recovery, reconstruction and development agenda.



ANNEX 6: References

COUNTRY: Lebanon

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