

Document of  
The World Bank

Report No: ICR00004079

IMPLEMENTATION COMPLETION AND RESULTS REPORT

ON AN ORIGINAL LOAN  
IN THE AMOUNT OF USD 31.50 MILLION (P050529)

AND

AN ADDITIONAL FINANCING LOAN  
IN THE AMOUNT OF USD 27.00 MILLION (P116197)

TO THE  
REPUBLIC OF LEBANON

FOR A  
CULTURAL HERITAGE AND URBAN DEVELOPMENT PROJECT

June 15, 2017

Social, Urban, Rural and Resilience Global Practice  
Middle East and North Africa Region

CURRENCY EQUIVALENTS FOR P050529  
 (Exchange Rate Effective December 31, 2002)  
 Currency Unit = Lebanese Pound (LL)  
 LL 1.00 = US\$ 0.000667  
 US\$ 1.00 = LL 1,500

CURRENCY EQUIVALENTS FOR P116197  
 (Exchange Rate Effective January 1, 2012)  
 Currency Unit = Lebanese Pound (LL)  
 LL 1.00 = US\$ 0.0007  
 US\$ 1.00 = LL 1,505

FISCAL YEAR  
 January 1 - December 31

AF	Additional Financing
APSAD	National Association for the Preservation of Patrimony and Historic Residences
CAS	Country Assistance Strategy
CDR	Council for Development and Reconstruction
DGA	Directorate General of Antiquities
DO	Development Objective
DOAM	Directorate for the Operation of the Archeological Sites and Museums
FCV	Fragility, Conflict and Violence
ICR	Implementation Completion and Results Report
IP	Implementation Progress
ISR	Implementation Status and Results Report
FM	Financial Management
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MIU	Municipal Implementation Unit
MTR	Mid-Term Review
PAD	Project Appraisal Document
PAP	Project-Affected Person
PDO	Project Development Objective
RAP	Resettlement Action Plan
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization

<b>Positions:</b>	<b>Names:</b>
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
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**Republic of Lebanon**  
**Cultural Heritage and Urban Development Project**

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## Data Sheet

<b>A. Basic Information</b>			
Country:	Republic of Lebanon	Project Name:	Cultural Heritage and Urban Development
Project ID:	P050529 P116197	L/C/TF Number(s):	IBRD-71660 IBRD-81370
ICR Date:	05/31/2017	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	Government of the Republic of Lebanon
Original Total Commitment:	US\$ 31,500,000	Disbursed Amount:	US\$ 31,270,207; 99%
Additional Financing Total Commitment:	US\$ 27,000,000	Disbursed Amount:	US\$ 26,624,764; 99%
Environmental Category: B			
Implementing Agency: Council for Development and Reconstruction (CDR) of the Republic of Lebanon			
Cofinanciers and Other External Partners: Government of the Republic of Italy Government of the Republic of France			

<b>B. Key Dates</b>	
Process	Date
Concept Review:	03/09/1999
Decision Review:	06/22/2002
Approval:	04/17/2003
Closing:	12/31/2016

<b>C. Ratings Summary</b>	
<b>C.1 Performance Rating by ICR</b>	
Outcomes:	Satisfactory
Risk to Development Outcome:	Low
Bank Performance:	Satisfactory
Borrower Performance:	Moderately Satisfactory
Fiduciary Aspects:	Satisfactory
Safeguards:	Satisfactory

<b>C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)</b>			
<b>Bank</b>	<b>Ratings</b>	<b>Borrower</b>	<b>Ratings</b>
Quality at Entry:	Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency:	Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Moderately Satisfactory

<b>C.3 Quality at Entry and Implementation Performance Indicators</b>			
<b>Implementation Performance</b>	<b>Indicators</b>	<b>QAG Ass. (if any)</b>	<b>Rating</b>
Potential Problem Project at any time (Yes/No):	Yes	N/A (*)	N/A
Problem Project at any time (Yes/No):	Yes	N/A (*)	N/A
DO rating before Closing/Inactive status:	Satisfactory	N/A (*)	N/A

<b>D. Sector and Theme Codes</b>	
<b>Sector Code (as % of total Bank financing)</b>	
General industry and trade sector	30%
Urban transport	20%
Central government administration	20%
Sub-national government administration	20%
General water, sanitation and flood protection sector	10%
<b>Theme Code (as % of total Bank financing)</b>	
Cultural heritage	40%
Municipal governance and institution building	40%
Participation and civic engagement	20%

<b>E. Bank Staff</b>	
<b>Positions</b>	<b>Names</b>
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Country Director:	Ferid Belhaj
Practice Manager:	Ayat Soliman
Project Team Leader:	Guido Licciardi
ICR Team Leader:	Guido Licciardi
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\* *The project was not subject to QAG Assessment.*

## F. Results Framework

The Project Development Objective, as stated in the original loan agreement, was: (a) creating the conditions for increased local economic development and enhanced quality of life in the historic centers of the cities of Baalbeck, Byblos, Saida, Tripoli and Tyre; and (b) improving the conservation and management of the country cultural heritage. The original PDO was kept intact throughout the 13-year lifespan of the project.

Results framework until 2012

<b>Project Development Objective Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual at restructuring</b>	<b>Note</b>
Existence of conditions for increased economic development, seats and cafes and restaurants, in numbers	5,846	N/A (**)	13,605	Indicator moved to Intermediate Results level with restructuring
Existence of conditions for enhanced quality of life, area of pedestrian public spaces, in square meters	9,840	N/A (**)	154,067	Indicator moved to Intermediate Results level with restructuring
Existence of conditions for enhanced quality of life, area of facades of historic buildings rehabilitated, in square meters	40,000	N/A (**)	211,723	Indicator moved to Intermediate Results level with restructuring
Improvement in conservation and management of built cultural heritage, approval of landmark conservation laws	0	N/A (**)	3	Indicator moved to Intermediate Results level with restructuring
Increased rehabilitation activities in historic urban cores in compliance with approved regulations, in numbers	36	N/A (**)	71	Indicator maintained at Project Development level

<b>Intermediate Results Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>	<b>Note</b>
Civil works progress, in percentage	0%	100%	88%	Indicator maintained at Intermediate Results level
Established and well functioning Municipal Unit to operate and	0	4	3	Indicator maintained at

manage the city core in four of the five project cities				Intermediate Results level
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Results framework after 2012 restructuring and Additional Financing

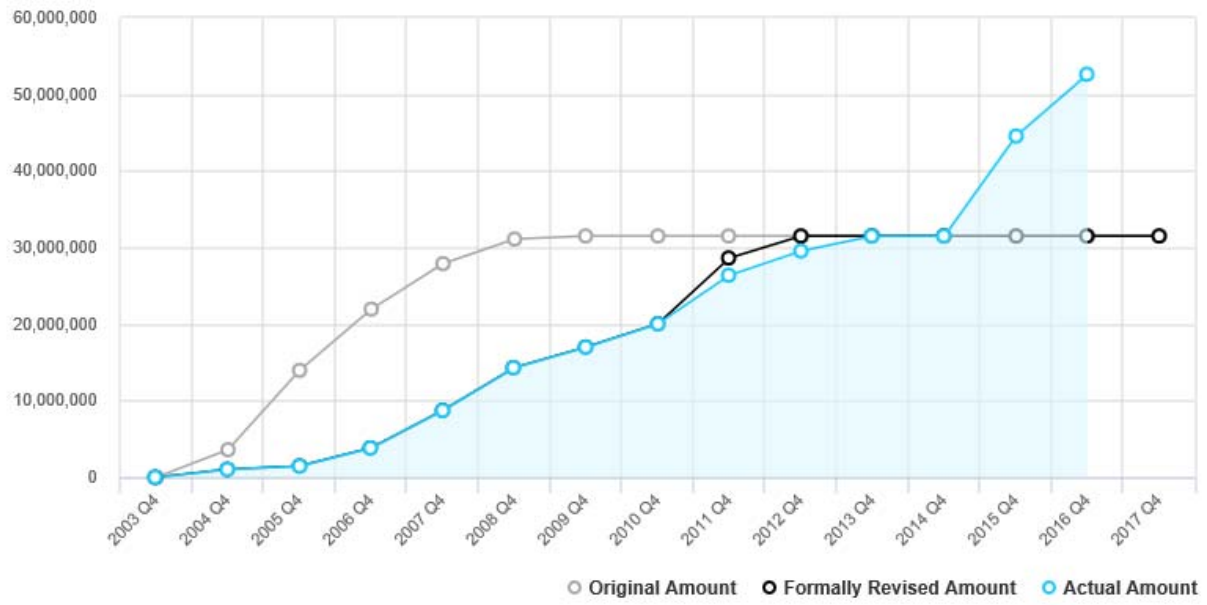
Project Development Objective Indicators	Baseline	Target	Actual at closure	Note
Individuals working in the sector of culture, tourism, and heritage related local businesses, in numbers	662	1,500	1,575	Exceeded
Businesses investing in their business or property development, in percentage	6.40%	27%	27%	Met
Residential units price increase, in percentage	30%	42%	60%	Exceeded
Business units price increase, in percentage	20%	32%	62%	Exceeded
Rehabilitation activities in historic urban cores in compliance with approved regulations recognizing the centrality of their cultural heritage to their economic and social development, in numbers	36	806	863	Exceeded
Project beneficiaries (residents), in numbers	37,529	48,000	49,000	Exceeded
Project beneficiaries (visitors), in numbers	203,000	400,000	420,000	Exceeded
Project indirect beneficiaries, in numbers	565,000	1,345,000	1,420,000	Exceeded

Intermediate Results Indicators <sup>1</sup>	Baseline	Target	Actual at closure	Note
Civil works progress, in percentage	0%	100%	100%	Met
Area of pedestrian public spaces rehabilitated, in square meters	9,840	245,000	274,000	Exceeded
Area of facades of historic buildings rehabilitated, in square meters	42,582	300,000	311,100	Exceeded
Restaurants and cafes, in numbers	306	450	495	Exceeded
Capacity in restaurants and cafes, seats, in numbers	5,846	20,000	20,550	Exceeded
Individuals working in restaurants and cafes	718	1,700	1,870	Exceeded
Approved landmark conservation laws, in numbers	0	6	10	Exceeded
Municipal units established to operate and manage city core	0	5	5	Met during implementation
			2	Exceeded after implementation <sup>2</sup>

\*\* When the project was approved in 2003, operational policy in effect at that time did not require numerical targets for indicators in the Results Framework.



## G. Disbursement Profile





## 1. Project Context, Development Objectives and Design

### 1.1 Project Context

1. The project was approved in April 2003 as an IBRD Investment Project Financing and became effective on February 3, 2004. After several extensions, a first Additional Financing was approved in 2012. These two financing instruments constitute the subject of this Implementation Completion and Results Report (ICR).

2. The project introduced sector policy reforms at the country level and focused on physical investments in five secondary cities located in less developed areas of the country, namely Baalbeck, Tripoli, Byblos, Saida, and Tyre. Three of these cities are home to UNESCO World Heritage sites. It received the 2017 Award of the World Bank Group Sustainable Development Vice-President.

3. By way of introduction of this ICR, it is worth to highlight that in several aspects the project was a successful operation that was able to deliver results in the very fragile and extremely volatile context that Lebanon is known for. The long (over 13 years) and rather complicated implementation history of the project poses particular challenges to evaluation, but also bears witness of the viability of the project throughout its implementation and showcases its remarkably high level of adaptability in the face of a constantly evolving political environment.

#### 1.1.1 Country Background

4. *Despite its small size, Lebanon has been at the center of Middle Eastern conflicts.* At appraisal, Lebanon had experienced a rapid shift in its urban and social environment brought about by major demographic changes, as a result of the 15-year civil war. The war had complicated the already uniquely complex communal make-up of the country and deepened fragmentation. The conflict left cities divided economically, socially and spatially, which called for an integrated urban development approach using cultural heritage as a vehicle for promoting inclusive and equitable growth across the country.

5. *Lebanon today faces additional tensions due to the Syrian refugee crisis.* Since the outbreak of the war in Syria, about 1.5 million displaced Syrians have moved to Lebanon, contributing significantly to rapid population growth in the country. Syrian refugees are generally young, highly vulnerable and live in precarious dwellings, 81% of Syrian refugees in Lebanon are under age 35, and 70% are poor. The influx of Syrian refugees has pushed population estimates from 4.5 million to 5.9 million people, of whom an estimated two million are vulnerable. The Syrian crisis has increased the population of the country by 30%, making Lebanon the country with the highest per capita ratio of refugees in the world, as presented in Table 1.<sup>3</sup>

**Table 1. Lebanon population**

Indicator	At appraisal (2003)	At closing (end 2016)
Total population	4.3 million	5.9 million
Of which Syrian refugees	N/A	1.5 million
Percentage of refugees	N/A	30%
Population density	415/km <sup>2</sup>	605/km <sup>2</sup>

#### 1.1.2 Sector Background and Key Issues

6. *The project intended to harness the untapped potential of urban regeneration for the development of historic cities and of the country at large.* Most of Lebanon's internationally renowned cultural heritage is found in urban areas.<sup>4</sup> Yet, due to pressures of modern development, postwar

reconstruction, the lack of resources for heritage conservation, much of the country's cultural assets and suffered from neglect. Most sites were poorly presented and often had safety hazards. Both in sites and the urban settlements surrounding them, access was jeopardized by traffic congestion, chaotic parking, while solid waste and wastewater were poorly managed. Fragile coastal zones, rich with marine archeological remains, like in Tyre, were exposed to dumping and illegal use. The Roman quarry in Baalbeck, were used as solid waste dump-yards.

7. ***Cultural assets did not contribute to the local socio-economic development of cities.*** Prior to the project, only about 333,000 tourists visited the archeological sites of Lebanon each year, for the whole country, as reported in project documents. Local economic activities were limited with very few businesses in these cities. Most tourism revenues went to foreign tour operators or to a small group of Beirut-based agencies and hotels. Accommodation was also scarce. There were few opportunities or incentives for visitors to remain for more than a few hours on a site outside Beirut. Traditional activities were to a large extent crowded out by the resale of imported commercial goods. In the targeted cities, the historical centers provided the main residential opportunity to the poorest segment of the urban population but lack of economic opportunity for local residents generated a vicious cycle of progressive impoverishment and degradation of once vibrant urban areas.

8. ***At appraisal, quality of life was low and consultations with citizens at the local level were quasi-non-existent.*** In the cities participating in the project, quality of life of local communities, especially women and youth, was significantly impacted by a lack of green areas and open public space in project cities, as elsewhere in the country. In a scale from 1 to 4 (1 being the lowest score, 4 being the highest), when the project started, the M&E surveys showed an average satisfaction level of 1. There were few channels by which the populations of participating cities were consulted or informed about the planning or development issues of their areas and for a long time. On the latter, the satisfaction level was below 1. Citizens were not able to elect their officials at municipal level. Efforts to rehabilitate local infrastructure were sometimes sharpened the divide between local community life and environmental pressures were on the rise.<sup>5</sup>

9. ***The sector had outdated and under-funded institutions, undermining its potential for local economic development.***<sup>6</sup> Protected sites were listed in the National Heritage Inventory,<sup>7</sup> which in 2001 contained about 486 properties. However, archeological sites<sup>8</sup> in Lebanon had a very low level of upkeep and overall management for over a quarter of a century. While the famous Qala'a archeological site in Baalbek received around 100,000 visitors a year, visitors wandered freely on the fragile site while untreated wastewater poured into the area. Historically, the Government entity in charge of cultural heritage, the Directorate General of Antiquities (DGA) had been understaffed and its share of the national budget was below 0.1 percent. DGA was, and it is still to some extent, constrained in attracting qualified staff at competitive remuneration, raising funds, executing large projects, and leveraging heritage assets for job creation. In 1996, a National Heritage Foundation was established, entitled to accept grants and private contributions. The Foundation successfully contributed to renovating the National Museum, also with significant financial and technical support from the Government of Italy. The museum was then handed over to the DGA, once completed in 1998 and today represents a tangible evidence of the efforts the country made in its post war reconstruction. There are also some private associations<sup>9</sup> active in preparing and executing rehabilitation projects. At regulatory level, before the project, laws<sup>10</sup> and regulations governing conservation of cultural heritage were outdated and poorly enforced. Additionally, few incentives for conservation were built into the legal system.

### 1.1.3 Government Strategy

10. ***The Government of Lebanon, with support from the international community, had developed a strategic view about the sector before the project was prepared.*** As part of the post-war reconstruction

efforts, in 1995, the Ministry of Tourism prepared a comprehensive plan for reconstruction and tourism development, with the assistance of UNDP, the Government of France and the World Tourism Organization (WTO). This plan included cultural heritage conservation and promotion of cultural tourism to historic and archeological sites, including for the five cities that later were included in this project. The project built on this plan, with a strategic view about incorporating cultural heritage into the social and economic development of local communities.

#### **1.1.4 Rationale for World Bank Support**

11. *Aware of the relevance of cultural heritage in Lebanon as a cornerstone for economic and urban development, the Government of Lebanon asked the World Bank to place emphasis on the sector in supporting post-war reconstruction.* The Government of Lebanon had formally asked the donor community for assistance in scaling up dispersed heritage conservation and management efforts into a national level integrated approach that encompassed strengthening local service delivery, by assisting secondary cities in less developed areas of the country. The Government and the World Bank then identified the five cities participating in the project, based on their level of damage from protracted conflict and risk of losing heritage assets due to the risk of unplanned reconstruction. The five cities were home to the poorest segments of the Lebanese population.

12. *Intervening in cultural heritage as a driver of social cohesion and local economic development was a priority of the Country Assistance Strategy.* The project was linked to the Lebanon CAS, which had the goal of contributing to poverty reduction and building a climate for investment, jobs and sustainable growth, leveraging resources present in the country, cultural heritage being one of them. The project was directly inscribed in the CAS<sup>11</sup> as "rehabilitation and preservation of Lebanon's cultural heritage and the development of sustainable and environmentally sound tourism" and was included under the base-case lending program. It also directly supported the CAS objectives of poverty alleviation, namely "target underprivileged areas through the provision of small-scale urban and rural infrastructure, upgrading of community infrastructure."

13. *The project was consistent with a sector strategy the World Bank MENA region was developing, focusing on cultural heritage as a driver of local economic development and social cohesion.* The MENA region in the late 1990s started working on a comprehensive regional strategy, then published in 2003, which represented an effort within the Bank to leverage cultural heritage as a driver of local economic development and social cohesion. Consistently with such strategy, the project was designed to have impacts on: (i) public sector efficiency and governance, through improving the quality of management of the heritage sector, and of participatory urban rehabilitation, led by the municipal authorities; (ii) private sector development and employment creation, through enabling a favorable environment for businesses to start up and invest in disadvantaged neighborhoods; (iii) education and training, by stimulating demand for skilled labor, specializing in conservation of built heritage, in arts and crafts, and leisure oriented services; (iv) local service delivery, by coordinating with other World Bank projects and international donors to address municipal services within the participating cities; and (v) gender inclusion, by encouraging neighborhood provision of educational and recreational facilities through conservation and re-use of cultural heritage, as well as providing employment and training opportunities through community-driven actions.

## **1.2 Project Development Objective and Key Indicators**

### **1.2.1 Project Development Objective**

14. The Project Development Objective, as stated in the original loan agreement, was: (a) creating the conditions for increased local economic development and enhanced quality of life in the historic centers

of the cities of Baalbeck, Byblos, Saida, Tripoli and Tyre; and (b) improving the conservation and management of the country cultural heritage.

### **1.2.2 Key Performance Indicators**

15. Key performance indicators in the original loan included support to local development and enhancement of the quality of life in the participating five cities. These indicators have been measured by:

- a) Existence of conditions for increased economic development, seats and cafes and restaurants, in numbers;
- b) Existence of conditions for enhanced quality of life, area of pedestrian public spaces, in square meters;
- c) Existence of conditions for enhanced quality of life, area of facades of historic buildings rehabilitated, in square meters;
- d) Improvement in conservation and management of built cultural heritage, approval of landmark conservation laws; and
- e) Increased rehabilitation activities in historic urban cores in compliance with approved regulations, in numbers.

### **1.2.3 Revised PDO and Revised Key Indicators**

16. The original PDO was kept intact throughout the 13-year lifespan of the project.

17. When appraising the Additional Financing in 2011, the log frame of the original loan was reviewed, and selected indicators were added to synchronize the implementation of the two loans and reflect innovations of the World Bank approach to measuring results. The five project restructurings were mainly undertaken to enable project extensions due to the fragility of the country and the region. All the restructurings were level 2 restructurings and did not have impact on the PDO and its key indicators, as they remained relevant to the project. Section F of the datasheet provides changes occurred during the 2012 project restructuring.

18. The key performance indicators, as revised in 2012, have been measured by:

- a) Individuals working in the sector of culture, tourism, and heritage related local businesses, in numbers;
- b) Businesses investing in their business or property development, in percentage;
- c) Residential units price increase, in percentage;
- d) Business units price increase, in percentage;
- e) Rehabilitation activities in historic urban cores in compliance with approved regulations recognizing the centrality of their cultural heritage to their economic and social development, in numbers;
- f) Project beneficiaries (residents), in numbers;
- g) Project beneficiaries (visitors), in numbers; and
- h) Project indirect beneficiaries, in numbers.

### **1.3 Main Beneficiaries**

19. Beneficiaries spelled out in the PAD were: (a) residents of the five cities participating in the project; (b) domestic and international tourists; (c) local governments; and (d) central government.<sup>12</sup>

### **1.3 Original Components (as approved)**

20. The project had three components, structured as illustrated in Table 2.

**Table 2. Project components**

<b>Component</b>	<b>Description</b>
1. Rehabilitation of Historic City Centers and Urban Infrastructure Improvements	This component included: (1) Upgrading and improvements of public spaces; (2) Conservation and adaptive reuse of monuments and historic buildings; (3) Support to cultural heritage related productive and commercial activities; (4) Support to the rehabilitation of the heritage housing stock; (5) Enforcement of city center zoning regulations; (6) Traffic and parking improvements for historic centers; (7) Protection and landscaping of coastal and green areas; and (8) Studies for urban redevelopment adjacent to historical cores. <sup>13</sup>
2. Archeological Sites Conservation and Management	This component included: (1) Research and documentation; (2) Conservation of surfaces and structures; (3) Site presentation to visitors; (4) Site management; and (5) Further archaeological studies. These activities took place primarily in Baalbek and Tyre, both inscribed on the UNESCO World Heritage list. Additional activities took place in Tripoli, Byblos, and Saida.
3. Institutional Strengthening and Project Management	This component included: (1) Management of historic centers by Municipalities and DGA; (2) Strengthening municipal support to local economic development and communication; (3) Reform of the cultural heritage institutional and regulatory framework; (4) Restructuring and strengthening of DGA; and (5) CDR project management.

#### 1.4 Project Financing

21. ***The project had an initial commitment of US\$62 million.*** It was financed by the World Bank Group with US\$31.5 million, the Government of Lebanon with US\$6.5 million and, in parallel, by the Government of Italy with US\$10 million for key cultural heritage works and the Government of France with US\$12 million for general urban infrastructure activities.

22. ***The project benefitted from Additional Financing for US\$57 million.*** In 2011, given the results achieved on the ground and the commitment of the Government, the project benefitted from AF for about US\$57 million, including US\$27 million from the World Bank and about US\$1 million from the Government of Lebanon and in parallel, US\$30 million from the Government of France. AF was needed for the following reasons:

- a) Only the first batch of investments was detailed in the original project, in order to ensure timely implementation, postponing costing of additional investments through a separate project. Project documents state that “in order to respond to the Government’s request for implementing the rehabilitation work without delays”. The cost estimates for the remaining batches were substantially below market cost when these remaining batches were due for implementation.
- b) High country inflation between 2003 and 2010, aggravated by soaring construction material prices in the international market, particularly for steel, cement and asphalt, as well as the introduction of new environmental regulation that led to the closure of several quarries and imposed large variation orders.
- c) Uncertainties associated with the rehabilitation work in the five participating cities, amplified with the testing restrictions imposed on historical buildings and structures, which made harder to anticipate the full extent of repairs and therefore required major adjustments in design and associated costs as the work evolved.
- d) Difficulties in estimating costs of upgrading underground infrastructure, including utilities networks displacement and relocation, generated the largest cost increase.
- e) Unusually high frequency of archeological “chance finds” in all five cities during project implementation, which caused unpredictable cost increases and unexpected delays due to the work site closure by the DGA to allow the works to be adjusted.

23. Table 3 presents the project financing by component and Annex 1 presents additional details.

**Table 3. Project financing by component**

Component	Indicative Cost (US\$M)	% of Total	Bank Financing (US\$M)	% of Bank Financing
1. Rehabilitation of Historic City Centers and Urban Infrastructure Improvements	90.1	75.7%	41.9	71.6%
2. Archeological Sites Conservation and Management	20.8	17.5%	10.8	18.5%
3. Institutional Strengthening and Project Management	7.7	6.5%	5.3	9.2%
Total Project Costs	118.6	99.7%	58.0	99.3%
Interest during construction	0.0	0.0%	0.0	0.0%
Front-end fee	0.4	0.3%	0.4	0.7%
Total Financing Required	119.0	100%	58.5	100%

## 1.5 Other Significant Changes

### 1.5.1 Changes Due to Restructurings

24. *The project was restructured five times, all at level 2.* Despite the commitment of the Government of Lebanon, project implementation was impacted by exogenous factors, mainly country instability, volatile situation in the region, and more recently the Syrian refugee crisis. It is relevant to state that the project was restructured five times, and these restructurings were mainly to enable project extensions. These restructurings were all level 2 and did not have impact on the PDO and its key indicators, given that they remained relevant to the project. The ICR team was not able to find out why the task teams and management opted for several short extensions, rather than fewer longer extensions. A detailed analysis of these project restructurings and their rationale is presented in Table 4 below.

**Table 4. Project restructurings and their rationale**

Decision	Date	Rationale
Level 2 restructuring	2009	<b>Extension of 18 months</b> , from December 31, 2009 to June 30, 2011, for implementation delays due to country instability.
Level 2 restructuring	2011	Extension of 6 months, from July 1, 2011 to December 31, 2011, for implementation delays due to country instability.
Level 2 restructuring	2011	<b>Extension of 12 months</b> , from December 31, 2011 to December 31, 2012 to complete ongoing civil works that were slowed down due to tensions. There had been also a halt on implementation, requested by the World Bank until the project became compliant with new safeguard requirements, which were fulfilled. The extension was also necessary to complete the appraisal and approval of an additional financing by the World Bank, the Government of Lebanon and the Government of France. Given the aggregate extensions, totaling 36 months, and in accordance with OP 13.30, the team confirmed that: (a) PDO remained achievable; (b) performance of the implementing agency was moderately satisfactory; and (c) an action plan was prepared and agreed with the World Bank.
Additional Financing and Level 2 restructuring	2012	<b>Additional financing</b> , see 1.4 for details. Restructuring to: (a) align updated definitions, covenants and procurement procedures; and (b) extend the closing date to December 31, 2015, which was legally due to allow the use of AF. The activities funded under AF were planned to be implemented over a period of 3 years, i.e. until December 31, 2015. This implementation period was considered realistic given: (i) the presence of a strong and qualified implementing entity; (ii) the experience acquired through the first years of the project, both at the implemented entity and municipal level; and (iii) the advanced stages of the procurement process. In



		addition, the Government of Lebanon had already pre-financed 20% of the works programmed under AF, even before World Bank approval.
Level 2 restructuring	2015	<b>Extension of 12 months</b> to allow for activities to be completed, particularly in Tripoli and other sites, where implementation was impacted heavily by conflict and further exacerbated by the Syrian refugee crisis, including the damage of several project assets. <sup>14</sup>

## 1.5.2 Changes to the Results Framework

25. *The project presented an innovative results framework, which was later adopted in similar projects globally.* Table 5 presents the results framework of the project, including its evolution. The indicators were measured by a third-party research center, during the whole life of the project. To further validate project results, an independent economic impact assessment was commissioned to a foreign research center toward project completion.

**Table 5. Results framework and its evolution**

<b>Project Development Objective Indicators</b>	<b>2012 Restructuring and AF</b>
Existence of conditions for increased economic development, seats and cafes and restaurants, in numbers	Indicator moved to Intermediate Results level with restructuring
Existence of conditions for enhanced quality of life, area of pedestrian public spaces, in square meters	Indicator moved to Intermediate Results level with restructuring
Existence of conditions for enhanced quality of life, area of facades of historic buildings rehabilitated, in square meters	Indicator moved to Intermediate Results level with restructuring
Improvement in conservation and management of built cultural heritage, approval of landmark conservation laws	Indicator moved to Intermediate Results level with restructuring
Increased rehabilitation activities in historic urban cores in compliance with approved regulations, in numbers	Indicator maintained at Project Development level <sup>15</sup>
Individuals working in the sector of culture, tourism, and heritage related local businesses, in numbers	Added
Businesses investing in their business or property development, in percentage	Added
Residential units price increase, in percentage	Added
Business units price increase, in percentage	Added
Project beneficiaries (residents), in numbers	Added
Project beneficiaries (visitors), in numbers	Added
Project indirect beneficiaries, in numbers	Added

<b>Intermediate Results Indicators</b>	<b>2012 Restructuring and AF</b>
Civil works progress, in percentage	Indicator maintained at Intermediate Results level
Established and well functioning Municipal Unit to operate and manage the city core in four of the five project cities	Indicator maintained at Intermediate Results level <sup>16</sup>
Area of pedestrian public spaces rehabilitated, in square meters	Indicator moved from Development Objective level with restructuring
Area of facades of historic buildings rehabilitated, in square meters	Indicator moved from Development Objective level with restructuring
Restaurants and cafes, in numbers	Added

Capacity in restaurants and cafes, seats, in numbers	Indicator moved from Development Objective level with restructuring
Individuals working in restaurants and cafes	Added
Approved landmark conservation laws, in numbers	Indicator moved from Development Objective level with restructuring

**2. Key Factors Affecting Implementation and Outcomes**

**2.1 Project Preparation, Design and Quality at Entry**

**26. *Quality at entry was satisfactory and characterized by a structured approach to project design.***

Quality at entry should carefully be evaluated against the operational policies in effect when the project was appraised. Building on the experience of a project that had been piloted by the World Bank in Fez (Morocco), at a smaller scale and in a country featuring a more stable political environment, the project was the first in its kind to adopt an integrated approach to urban development, social cohesion, and cultural heritage, at this scale. A solid project rationale was developed hinging on World Bank expertise in the form of strategic support to a key sector for urban and local economic development. Preparation was detailed and based on rigorous feasibility studies.<sup>17</sup> The PAD provided technically detailed elements of design, a comprehensive stakeholders analysis, a good degree of operational readiness, and sound M&E arrangements. The PDO elements were overall well aligned with the analysis and issues of urban development, quality of life, and cultural heritage. Cost of preparation was about US\$1 million, including Bank budget and donor funding for Technical Assistance, from the Government of Italy. Retrospectively, the PAD did not include numerical targets for the indicators, but it should be noted that numerical targets were not required by operational guidelines in effect when the project was appraised. In this regard, it should be also noted that beyond the PAD, the implementing entity CDR designed an effective M&E system and then, when numerical targets became mandatory at the World Bank, the approach of the implementing entity was beneficial to retrofit M&E on the World Bank side. It should also be noted that the project was prepared as a framework and certain activities were only outlined in the PAD. If this may be perceived as a flaw of design, on the other hand it allowed flexibility and adaptability of the project during implementation, which helped adjust the operation to the evolving complexity of a fragile country.

**27. *Institutional understanding and implementation arrangements were grounded on a solid assessment.***

In November 2001, the Government of Lebanon and the World Bank undertook a Stakeholder Analysis and Social Assessment, which is still today to a large extent considered relevant. This study provided a practical guidance in project preparation and later in implementation. The study also included a skill gap analysis and training plan and a good understanding of the political economy around the nexus between urban development and poverty and the potential of cultural heritage to tackle them. The TOR of this study is still relevant and stated that “thematic discussions were revolving around the preservation and conservation of cultural heritage, the rehabilitation and management of cultural heritage sites, the development of a tourist industry, the enhancement of secondary economic benefits and the integration of historic sites into larger master plans”. This was one of the innovative elements of project design and helped build the capacity of the implementing entity, with particular regard to the development and implementation of Resettlement Action Plans for the correct application of safeguard instruments.

**28. *Beneficiary participation was driven by good practices, which have been replicated elsewhere.***

The stakeholder study identified key players and means to solicit suggestions. Project documentation indicated that broad-based consultations were held in participating cities as part of preparation, where the Mayors of the five cities, civil society representatives and local communities presented their vision and

plans for the project. There were also about 50 formal consultations and significant efforts to empower decision-making of local communities during preparation, of the urban poor, and particularly youth, women, and vulnerable groups. This effort has been commended by the donors on several occasions and the World Bank applied this good practice in multiple other projects in the MENA region and elsewhere.

## 2.2 Alternatives Considered in Project Preparation

29. ***During project preparation, a scenario analysis was carried out, assessing various project alternatives.*** The scenarios analyzed in project design are summarized below. The final scenario that was chosen for the project was an integrated approach. The scenarios assessed in preparation were the following: (a) Project focusing on Beirut vs secondary cities in less developed regions of Lebanon; (b) Project focusing on a single area vs multiple sites; (c) Project focusing on tourism promotion vs quality of life of local communities; (d) Project focusing on living vs built heritage; (e) Project focusing on natural sites vs archeological sites; (f) Project having the DGA and Municipalities vs CDR as implementing entity; (g) Project based on programmatic lending vs specific investment loan; and (h) Project based on community driven development vs urban development.<sup>18</sup>

30. ***Based on alternatives considered, four strategic choices were made and embedded in final project design, maximizing the effects of the resources available.*** These strategic choices are presented below.

31. ***Strategic choice 1: Initiate long-term urban rehabilitation programs for secondary cities of less developed regions.*** (a) Equip each of the five participating cities with a vision as cultural cities with their own cultural industries; (b) Provide participating cities with the urban planning tools and financial resources to start implementing this vision; (c) Provide central and local institutions with financial resources and technical assistance to address the conservation and presentation of archeological sites; (d) Consult with and involve local communities to achieve a shared vision and maximize their ability to derive benefits from the economic and social opportunities unlocked by the project; (e) Target investments to achieve a higher quality of public spaces and public services to benefit the local communities and tourists, equally; and (f) Pilot the rehabilitation of historic private housing stock with selected incentives, as a main productive asset of local communities in participating cities.

32. ***Strategic choice 2: Channel results to Municipalities and improve the quality of life of local communities, while making participating cities attractive to tourists.*** (a) Decongest and improve access to central areas of participating cities; (b) Redesign the interface with the areas of heritage value and improving circulation within the urban fabric; (c) Bring the conservation and presentation of selected archeological areas to international standards; and (d) Rehabilitate historic buildings for affordable housing and to accommodate cultural and small business activities for local communities.

33. ***Strategic choice 3: Encourage communication and learning.*** (a) Provide assurance to local communities in and around the sites that the project was implemented in their interests; (b) Enhance attachment of local communities to their places, increase their appreciation of their values, and motivate them to participate in project implementation; (c) Promote systematic listening and learning about local institutions and cultures, and about the processes of project implementation and its outcomes, attracting investment in cultural tourism and enhancing the local economic base; and (d) Encourage exchange of information and communications between the five participating cities.

34. ***Strategic choice 4: Reinforce critical functions urban planning institutions and build municipal capacity.*** (a) Introduce participatory planning of heritage conservation and management; (b) Facilitate private-public partnerships in heritage conservation; (c) Promote heritage-related local economic development, especially for economically disadvantaged areas and groups; and (d) Build awareness in the local communities of their shared responsibility for the conservation of local heritage.

## 2.3 Implementation

### 2.3.1 Implementation Arrangements

35. ***CDR was selected as the implementing entity.*** CDR mandate was assessed and during project preparation it was concluded that its experience had revolved around development and post-conflict reconstruction in Lebanon, which along with its long track record of successfully implementing World Bank-financed projects, made it the most suited implementing agency for the project. By mandate, CDR is granted exceptional authority, including emergency procedures.

36. ***Municipal Implementation Units were established to identify demand at the local level.*** To engage with Municipalities, MIUs were established in the five participating cities. This allowed CDR to discuss investments and identify priorities with local governments. It is worth mentioning that after about 30 years of appointed municipal authorities, without elections, Municipal Councils were directly elected only in June 1998. Despite their limited resources, it was essential for these local governments to be fully involved in the planning, design, and implementation of all project investments, also to involve and motivate their communities and constituencies.

37. ***Line Ministries were identified as counterparts for policy reforms.*** Two Ministries were identified as key partners for policy reforms supported by the project: Ministry of Culture and Ministry of Public Works. To further enhance coordination, an inter-ministerial Committee for the Conservation of Historic Cities<sup>19</sup> was established during project preparation. Local coordination committees were established by the Ministry of Culture. Additionally, two specialists reporting to the Ministry of Culture were located within the CDR premises to collaborate with other project personnel, for the whole life of the project. These mechanisms were still in place at the time of the ICR.

### 2.3.2 Implementation Progress

38. ***The project took 13 years to be implemented.*** The ICR team concluded that this was due to two reasons: (1) instability of the country and active conflict in some of the project cities; and (2) processing AF rather than preparing a separate project.

39. ***Implementing a project in a fragile country has intrinsic challenges.*** This project benefitted from a clear Government commitment, from design to completion. However, working in an instable country presented practical challenges. A number of assets delivered by the project were damaged in multiple occasions due to fighting and active shooting, with the subsequent need of repairing them. Decision-making was weakened by a context of political uncertainty, especially in some of the participating cities (e.g., Baalbeck, Tripoli), and at times even selecting contractors proved to be challenging. The situation worsened in recent years with the Syrian refugee crisis. Table 6 below provides context to position the project analyzed by this ICR into the main political economy events of the country.

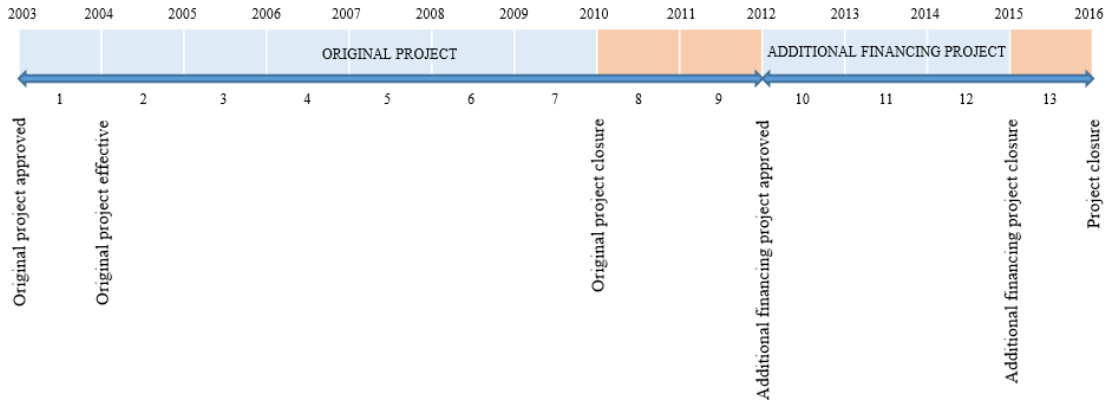
**Table 6. Context to the project during preparation and implementation**

Date	Event
1990	Civil war ends, with 120,000 deaths.
1999	Project preparation begins.
2003	Project is approved.
2004	Project becomes effective in 2004, after 9.5 month, below average effectiveness time for the country.
Feb. 2005	Former Prime Minister Hariri is assassinated, with consequent social tensions in the country.

Apr. 2005	After 29 years, Syria withdraws its troops from Lebanon.
July 2006	Israel launches a major military attack, further undermining the situation in the country.
Aug. 2006	Cease-fire with Israel. 1,150 Lebanese, mostly civilians, and 150 Israelis, mostly soldiers, died in the 34 days of fighting.
June 2007	Project Mid-Term Review.
May 2008	World Bank temporarily suspends all travel to Lebanon due to security and the Government continues project implementation despite social tensions.
Oct. 2008	Lebanon and Syria establish full diplomatic relations for the first time since both became independent.
Dec. 2009	First Project Restructuring, for a 18 month extension, till June 2011.
June 2011	Second Project Restructuring, for a 6 month extension, till December 2011.
2012	The Syrian conflict spills into Lebanon in deadly clashes between Sunnis and Alawites in Tripoli and Beirut. Tripoli, one of the project cities, falls into civil conflict with impacts on project implementation.
2011	Third Project Restructuring, for a 12 month extension, till December 2012.
Apr. 2012	Project Additional Financing is approved, with effectiveness delayed as a result of a hung Parliament. Fourth Project Restructuring, for a 12 months extension, till Dec 2015.
May. 2013	The United Nations praises Lebanese families for welcoming in 60,000 Syrian refugees coming into the country.
Aug. 2013	Dozens of people are killed in bomb attacks at two mosques in Tripoli, one of the project cities, with impacts on project implementation.
Sep. 2013	The United Nations says there are at least 700,000 Syrian refugees in Lebanon.
Nov. 2013	A double suicide bombing outside the Iranian Embassy in Beirut kills 23 people, enhancing social tensions in the country.
Apr. 2014	The United Nations announces that there are more than a million Syrian refugees in Lebanon, many in the project participating cities. The project becomes even more relevant as a means to highlight shared values among Lebanese communities.
Dec. 2015	Fifth Project Restructuring, for an extension of 12 months, till December 2016.
2016	One in every three people living in Lebanon today is a refugee from the Syrian conflict, the highest per capita ratio in the world. The relevance of the project for social cohesion becomes so high that the project is systematically highlighted as a major achievement by the Government.
June 2016	Suicide bombings in Al-Qaa aggravate relations between Lebanese and Syrian refugees.
Dec. 2016	Project closure.

40. ***Processing Additional Financing rather a new project made the overall operation become “overaged.”*** From the records analyzed by the ICR team, it emerges that the choice of AF vs a separate operation was made in interest of mobilizing financing quicker. At the beginning, to ensure a timely project start, all envisioned investments were listed in the PAD, and such project document was structured as a framework, with detailed preparation focusing on first years of implementation, for the explicit reason of achieving quick wins. During implementation, as the project progressed and some investments taken on by other financiers, further investments were analyzed in detail and the need of AF emerged. Given the framework approach of the PAD, the team could have opted for preparing a new project, rather than processing AF. This option was however not pursued further, because a brand new project would have taken a considerably longer time to obtain Parliament approval, a well-known operational challenge in Lebanon. Whereas, the approval of AF benefitted from a quicker approval track on the country side, as it was the continuation of an existing engagement. Based on the fact the project was proceeding well and the additional funding was demanded by the Government to continue working under the same PDO, with the same project components, and with the same implementation arrangements, AF was considered the most appropriate alternative. Retrospectively, in the mechanics of project monitoring, the choice of AF made the project be flagged “overaged,” although strictly speaking this choice was made in the interest of ensuring a faster Parliament approval. Graphic 1 below illustrates additional details related to the project timeline.

**Graphic 1. Project Timeline**



41. ***Actions plans and support missions were the preferred option to address implementation challenges.*** During the 13 years of project implementation, the Government and task teams relied widely on action plans, coupled with frequent implementation support missions, field verifications, as agenda-setting and communication tools, although sometimes with limited effect, due slow decision-making. In this regard. In a later stage, following these actions plans, effective video materials were produced and stories disseminated on media, which were well received by local communities and helped maintain momentum in implementation.

42. ***Conflict impacted implementation in several instances, resulting in damage to assets.*** After a halt during the 2006 war, implementation restarted with difficulties as laborers needed to be found and remobilized, contractors were trying to make up for financial losses, and even hiring of security guards became necessary (e.g. for Khan El Askar in Tripoli and in Baalbek). Although hostilities caused widespread destruction throughout much of Lebanon, most of the country's cultural heritage assets were spared. While Baalbek and Tyre were directly targeted, much of the damage was on locations other than the historic areas. There were however damages to assets delivered by the project, including a renovated souq in Baalbek, and to the coastal ecosystem and old port of Byblos, which were affected by an oil spill. Then, as the Syrian crisis emerged, project implementation was impacted again, with the need to repair additional damage caused by the spillovers of the Syrian conflict, for instance in the marketplace financed in Tripoli, where the whole structure, once completed, was heavily damaged by shooting. The asset was then fixed and put into operation and the results achieved on this deserved the project being bestowed the 2017 Award of the World Bank Group Sustainable Development Vice President.

43. ***ISRs analysis shows that during implementation ratings were candid and backed by evidence.*** During implementation, the task teams prepared 30 ISRs, among other memos and project documents for management. A careful analysis of those reports reveals the following positive elements:

- a) About two-thirds or 19 of DO ratings were Satisfactory, with 11 Moderately Satisfactory. IP ratings fared less well, as it was impacted by conflict, with 21 Moderately Satisfactory, 9 Satisfactory, 1 Moderately Unsatisfactory and 1 Unsatisfactory ratings, the latter two in periods when tensions were on the rise.
- b) Overall Safeguard ratings were quite positive with two-thirds or 22 Satisfactory, 7 Moderately Satisfactory, and only 1 Moderately Unsatisfactory.

The analysis of ISRs also revealed areas of improvements on which the Government and the task team took actions, although with some delay typical of in a country where conditions on the ground change constantly. More specifically:

- a) The task teams did a good job alerting the Government of problems, even if at times they may have anticipated these problems earlier. At various moments, ISRs highlighted areas of improvement in

the performance on procurement, financial management, and specific actions for safeguard compliance, mostly for delayed decision-making, keeping management in the picture and seeking guidance. Adequate actions were eventually taken, although in some cases the ISRs appeared more reactive, rather than pro-active. This with the caveat that doing such exercise in post-review has its own limits.

- b) Some ratings appear more rules-based than results-based: downrating safeguards rating at a certain point for incomplete documentation while in full compliance de facto, or downrating M&E for a minor contract processing delay, while the results of the opinion polls kept coming in.
- c) ISRs generally provided limited information about the component 3 of the project (policy reforms), even though results on the ground were achieved with the introduction of new laws and decrees.

## 2.4 Monitoring and Evaluation Design, Implementation and Utilization

### 2.4.1 Design and Implementation

44. **Monitoring and evaluation in this project was well structured.** CDR was responsible for monitoring: (i) performance indicators, as agreed in Annex 1 of the PAD and (ii) development objectives and outputs as detailed in the Project Implementation Plan. A standard format for quarterly progress reports was validated during the project launching workshop and then consistently followed. A third-party research center with a proven experience in M&E was hired at the outset of the project and provided data until project closing, with continuity of engagement. In 2008, a formal M&E framework was produced and tracked by the research center. Beneficiary assessment surveys were conducted to monitor project impact in the five cities participating. CDR also undertook post-evaluation technical audits on a sample of assets delivered by the project to ensure quality control, especially for works requiring special skills (e.g., archeology, conservation). Beneficiaries, Municipalities, and stakeholders in general were involved in the on-going monitoring and mid-term evaluation process through regular interviews and consultations. The implementing entity also maintained a database with relevant physical, fiscal, and socio-economic data, which provided a structured input for M&E.

45. **During implementation, the research center undertook 14 consecutive rounds of surveys, which were of high quality.** The rounds of surveys, defined “waves” adopted a mixed approach, combining multiple methodological tools, as follows:

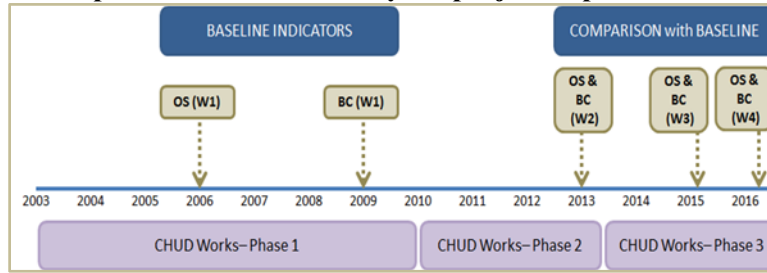
- a) Opinion survey: a quantitative research targeting a sample of 2500 respondents in the five participating cities (per wave), through a tailor-made questionnaire. The quota was divided upon three categories of respondents: (1) residents, (2) businesses, and (3) tourists.
- b) Business census: a field survey targeting all business on selected streets within each city.
- c) Real estate monitoring: evaluation of real estate sales and rental prices through a sample of 15 selected units (7 residential and 8 commercial) in each city.
- d) Stakeholders in-depth interviews: a qualitative research implemented through in-depth interviews with stakeholders, experts, and municipality members in each city.

Table 7 and Graphic 2 below summarize the number of these surveys and how they were conducted.

**Table 7. Rounds of surveys undertook in project implementation**

Tool	Type	Methodology	Total Number of Rounds
Opinion survey	Field survey	Quantitative	4
Business census	Field survey	Quantitative	4
Real state monitoring	In-depth interviews	Semi-quantitative	4
Interviews with stakeholders	In-depth interviews	Qualitative	2

**Graphic 2. Rounds of surveys in project implementation**



## 2.4.2 Utilization

46. *Actual use of data in implementation was done, yet delayed due to slow decision-making.* Specialized staff were at times hard to mobilize, and when hired, some needed time to be trained by the research center and understand how to manage the M&E. Some of the earlier ISRs rated this aspect as less than Satisfactory, and at the beginning the quality of the data was considered only Fair. Later in implementation the task team helped CDR share the positive findings from the opinion polls, stakeholder interviews, and business census with the general public, to create pride, interest, and learning. Towards the second half of project implementation, M&E was performing extremely well, and the last project extensions were partly based on a high level of confidence with the data that showed sound results being achieved, especially in terms of businesses that started up in participating cities.

## 2.5 Safeguard and Fiduciary Compliance

### 2.5.1 Safeguards

#### 2.5.1.1 Environmental Safeguards

47. *Environmental management of the project proceeded without major issues.* ISRs and project documents show that environmental issues were all minor and well captured and there was reasonable support to CDR for implementing environmental mitigation measures. There were few documentation issues that were overlooked during implementation, although this did not impact the correct application of the substance of environmental safeguards. First, the disclosure of the updated Environmental Impact Assessment, prepared in December 2012 with the restructuring, was done only on the CDR website, but not in the Infoshop of the World Bank, which was under the responsibility of the task team. However, the local disclosure gave the opportunity for different stakeholders to review and comment on the document. Second, there were some time gaps in the work of the environmental consultant for reviewing the progress of the implementing environmental mitigation measures, especially during the last period of the project (2014-2016).

#### 2.5.1.2 Social Safeguards

48. *Social safeguards were followed, despite challenges on the ground.* Project implementation involved different types of land acquisition. It also involved involuntary resettlement impacts and affected 760 PAP in total scattered in three cities, including Tripoli, Tyre and Saida. 6 RAPs were prepared. 4 RAPs were satisfactorily implemented by the time of project closing. 1 RAP was not implemented due to cancellation of the component. The implementation of the RAP of the marketplace in Tripoli was completed 3 months after project closure and it was satisfactorily implemented at the time of the ICR. One of the main reasons of the Tripoli RAP implementation delay was due to implementation of this activity being halted for four years since 2012 when the RAP was prepared, due to active shooting, which had impacts on stability in Tripoli. Resettlement impacts changed significantly when



implementation was resumed in early 2016 and it took time to update the census of PAPs. The RAP then was updated with the new census date and approved by the World Bank. The task team supervised the RAP implementation even after the project was closed. Up to date, the RAP has been satisfactorily implemented. Financing for the implementation of all RAPs came from the project, including for mitigation measures. Resettlement impacts and RAPs implementation are summarized in the Table 8 below.

49. ***Correct application of social safeguards in challenging contexts was recognized with the 2017 Sustainable Development Award.*** Based on the successful completion and operation of the new marketplace in Tripoli, despite the challenges of the context, the project received the 2017 Award of the World Bank Group Sustainable Development Vice President.

**Table 8. Resettlement impacts and RAPs implementation**

<b>RAP</b>	<b>Resettlement impacts</b>	<b>Number of PAP</b>	<b>RAP implementation</b>
Khan el Askar block A and B in Tripoli	Physical relocation of residents	38 households with 209 persons	Completed
Khan el Askar block C in Tripoli	Physical relocation of residents	33 households with 124 persons	Completed
Khan el-Askar shops in Tripoli	Physical relocation of small shops and warehouses	31 persons	Component was canceled
New marketplace in Tripoli	Physical relocation of vendors	280 vendors	Completed at the time of the ICR, received 2017 SD VPU Award
Salameh building in Saida	Temporary relocation of tenants	3 persons	Completed
New marketplace in Tyre	Temporary relocation of vendors	144 vendors	Completed

50. Given the nature of the project, CDR also focused substantial efforts also on the cultural properties safeguard policy. All contracts for civil works included provisions for chance finds. A number of chance finds were actually discovered during implementation and, when this happened, CDR alerted DGA for their intervention and follow up. Timely intervention was also facilitated by the presence of two DGA staff working full-time within the CDR premises.

### 2.5.3 Fiduciary Aspects

51. ***Financial Management has been satisfactory.*** FM arrangements have been satisfactory throughout the project life, as CDR has adequate systems in place to records transactions and generate the required quarterly financial reports. A FM unit was established at CDR with two financial officers handling all FM aspects of the project. An accounting software has been installed just for the purpose of the project. The financial reporting has been stable and all financial reports submitted on time throughout the project and found acceptable. The financial reports have all been generated from the accounting system. Audit reports have also been submitted on time and found acceptable. The audit reports had clear unmodified opinions. Some delays was observed in the recording and listing of the fixed assets under the project. This issue was then resolved by introducing a fixed assets module in the accounting software and conducting a full inventory of all fixed assets acquired under the project. The inventory has been validated by the external auditor on a yearly basis. Based on the above, the overall FM performance throughout the project is considered satisfactory.

52. ***Procurement has been satisfactory.*** Procurement guidelines were followed by CDR. The implementing entity retained adequate expertise to prepare bidding documents and manage contracts in project sites. CDR engaged with archaeologists, municipal engineers, social specialists, and social

development specialists to develop technical content of contracts. The personnel assigned to the project was proactively processing procurement. For instance, despite delays in effectiveness of AF pending Parliament approval, out of five major works contracts, four had their bidding documents ready for advertisement. At project closure of December 2016, all proceeds were committed and activities delivered in compliance with the procurement plan. The candidness of the procurement assessment acknowledged that procurement processing was affected by implementation impediments that faced the project, mainly due to externalities, including delays in the AF effectiveness, continuous political and security unrest (including the war of 2006 that affected all the country bridges infrastructure), nature of interventions that needed extensive community consultations, and nature of a project carrying intrinsic risk of unforeseen archeological finds (chance finds). One of the problematic sites in Tripoli suffered extensively from political and military unrest, slowing implementation but proceeding satisfactory from a procurement perspective. Despite the satisfactory procurement capacity and familiarity of CDR with international requirements, the impediments to procurement processing and contract management was beyond procurement, but affected timelines evidently. Those impediments were related to decision making for validation, within and outside CDR, which are a direct consequence of the fragmentation of the country. Guidance from the task team was followed, although at a pace that could have been faster.

## **2.6 Post-completion Operation**

53. *The project responded to local demand from Municipalities and delivered operational assets to them.* At project closure, the task team, together with staff from the implementing entity CDR, made extensive visits to all five cities that participated in the project, met with all Mayors, and visited all key sites, with some exceptions for the case of Tripoli, due to immediate security concerns<sup>20</sup>. All Mayors expressed pride with the achievements delivered by the project, recognized the delays, and pointed at improved implementation capacity and their ability to operate assets delivered to them by the project.

54. *The project has leveraged additional initiatives from other donors.* In all five cities, Majors explained that comprehensive local development plans were prepared as a direct consequence of the project, taking about two or three years, and funded by local resources or donors. In all these local development plans, investments for local infrastructure, social and economic development are spelled out and can help these local governments leverage financing from donors and investors.

## **3. Assessment of Outcomes**

### **3.1 Relevance of Objectives, Design and Implementation**

55. Rating: Substantial

56. This project had the overall goal of making secondary cities in less developed regions of Lebanon better places to live in (for local communities) and more attractive places to visit (for domestic and international tourists) together with policy reforms to improve conservation and management of the country cultural heritage. Both these dimensions, physical interventions and policy reforms benefited in project design from a careful period of studies, reflection and discussion, and resulted in a solid project. From the Government side, the project remained highly relevant to its priorities. Beyond the activities supported by this project, the Government focused its discussion with other development partners on interventions having the same integrated approach and rationale, in other locations. From the World Bank side, the demand-based approach to financing local interventions based on requests of local governments, prioritizing them based on their capacity to manage them, remained relevant too. This despite a specific focus on cultural heritage, at least on the World Bank side, has been progressively re-assessed based on the Syrian refugee crisis. Balancing all elements, relevance at the time of the ICR could be considered substantial.

57. The physical investments were identified with an integrated approach, aiming at providing basic infrastructure to help create an enabling environment for business to start up in participating cities and delivering jobs for people in the country, while improving quality of life for local communities. Beneficiary satisfaction surveys conducted at project closure showed, for instance, a net increase in the appreciation of public spaces and amenities (e.g., 80% to 140% increase compared to the baseline for the appreciation of benches, depending on participating cities; 70% to 80% for street paving; 70% for spaces for recreational activities; 50% to 60% for children playgrounds). Additionally, project-generated benefits demonstrated the relevance of this operation to local economic development (e.g., 60% to 90% for private investors, depending on participating cities, stated they would not have invested without the project). The policy reform interventions were designed to improve the capacity of the country to generate economic gains from its cultural heritage sites and enhance their management, which indeed materialized, as evidenced by private investors linking their investments with the project.

58. Project implementation progressed against many odds due to the country context. Lives were sometimes at risk and laborers fled the conflict on a number of occasions. As the project matured, and the encouraging results were communicated to the general public, implementation proceeded at a good pace, especially given the fragility of the country context, and the project closed with full delivery on all outcomes, going beyond targets.

### 3.2 Achievement of Project Development Objectives

59. Rating: High

60. The efficacy of the project was high, as measured by the project indicators. These indicators were collected and measured by the third-party research center that the implementing entity hired for M&E, which remained in place during the whole period of project implementation. Table 9 below provides information about PDO level indicators, while Table 10 provides information about Intermediate Results Indicators, as additional information.

61. As measured in the various indicators, the project succeeded in substantially contributing to: (i) creating the conditions for increased local economic development and enhanced quality of life; and (ii) improving the conservation and management of the country cultural heritage. On the first part of the PDO, the assessment of the economic impact of the project shows that businesses, in particular in Byblos, have been willing to invest more in their enterprises due to the presence of the project (i.e., over 40% of the businesses in Byblos who had invested indicated that without the project they would have not invested at all). The study points out that the data collected paints a positive picture of the impacts of the project on the business environment and delivered significant social benefits in terms of livability in the targeted cities. To illustrate, 96% of the businesses in Byblos and 60% of the businesses in Tyre agreed that the restoration of the old city has improved as a place to visit and live in.

**Table 9. Project Development Objective Indicators**

<b>Project Development Objective Indicators</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual at project closure</b>	<b>Note</b>
Individuals working in the sector of culture, tourism, and heritage related local businesses, in numbers	662	1,500	1,575	Exceeded
Businesses investing in their business or property development, in percentage	6.40%	27%	27%	Met

Residential units price increase, in percentage	30%	42%	60%	Exceeded
Business units price increase, in percentage	20%	32%	62%	Exceeded
Rehabilitation activities in historic urban cores in compliance with approved regulations recognizing the centrality of their cultural heritage to their economic and social development, in numbers	36	806	863	Exceeded
Project beneficiaries (residents), in numbers	37,529	48,000	49,000	Exceeded
Project beneficiaries (visitors), in numbers	203,000	400,000	420,000	Exceeded
Project indirect beneficiaries, in numbers	565,000	1,345,000	1,420,000	Exceeded

**Table 10. Intermediate Results Indicators**

Intermediate Results Indicators <sup>21</sup>	Baseline	Target	Actual	Note
Civil works progress, in percentage	0%	100%	100%	Met
Area of pedestrian public spaces rehabilitated, in square meters	9,840	245,000	274,000	Exceeded
Area of facades of historic buildings rehabilitated, in square meters	42,582	300,000	311,100	Exceeded
Restaurants and cafes, in numbers	306	450	495	Exceeded
Capacity in restaurants and cafes, seats, in numbers	5,846	20,000	20,550	Exceeded
Individuals working in restaurants and cafes	718	1,700	1,870	Exceeded
Approved landmark conservation laws, in numbers	0	6	10	Exceeded
Municipal units established to operate and manage city core	0	5	5	Met during implementation
			2	Exceeded after implementation <sup>22</sup>

62. Concerning the second half of the PDO, on results at policy level, the project supported the establishment of an integrated system of laws and decrees to improve conservation and management of cultural heritage at country level. The Ministry of Culture carried out its reorganization, with three laws: (1) Ratification Law for the Reform of the Ministry of Culture, 2008; (2) Cultural Properties Definition, 2008; and (3) Public Entity Under Mandate of the Ministry of Culture (Conservatoire National de Music, Public Libraries, and National Committee for Museums), 2008. Following the 2008 laws, the reform process continued and in 2016 the Government issued four Decrees, completing the new regulatory framework for the Ministry of Culture: Decree to Establish the Board of Directors of Museums in Lebanon, their Bylaws, and Other Regulations, 2016; Decree to Establish Procedures and Organization of Excavations Managed by the Directorate General of Antiquities, 2016; Decree to Establish New Procedures (Integration and Reintegration) in Case of Chance Finds in Private and Public Properties, 2016; and Decree to Manage the Special Fund for Cultural Heritage, 2016. These laws and decrees benefitted from Technical Assistance provided by the project and represent its results at policy level. They are all in effect and represented a clear modernization of the sector, acknowledged by sector experts.

63. Results indicators were collected and measured by the third-party research center that the implementing entity hired for M&E. The last report of this research center, produced in December 2016 is provided as an addendum to this ICR. Additionally, to further validate findings and capture project impacts, CDR hired a foreign university to undertake a retrospective and prospective assessment of the economic impacts of the project. The assessment analyzed data from a variety of official sources, and collected original data covering in its first phase all five participating cities, and in its second phase a sample of two cities (Byblos and Tyre, selected due to their higher safety), among the five targeted by the project, then comparing them with a control site (Bcharre), with the objective of investigating the impacts of the project on investment and employment outcomes amongst businesses and residents. The assessment sought to demonstrate the added value of project investments on target cities and has compiled new and original data pertaining to the socio-economic impacts of such investments, particularly in regard to employment and income generation. Additional details on this assessment can be found in Annex 3.

### **3.3 Efficiency**

64. Rating: Substantial

65. At appraisal, the economic analysis of the project was based on a cost effectiveness methodology. The selected investments were considered the most cost-effective alternatives to achieve the project objectives. In this regard, the project chose to invest in the most promising locations and at the optimal level of investment. The investments per city varied and was determined by significance, most urgent needs and development potential.

66. Considering World Bank financing, in the case of the first and the largest component, approximately 75.7% (US\$90.1 million) of the total project cost, the choice of investments was limited to those which represent the backbone or core of the selected area's cultural fabric, and whose improvement encouraged significant investment in adjacent private structures by residents, businesses and/or real estate developers. Most of the investments (about 90% of the total) took place on public land and concerns predominately paving, street lighting, urban furniture and landscaping. The facades and critical infrastructure of selected buildings also received basic rehabilitation. Access to historical areas was also facilitated, including more rational traffic routing and improved parking arrangements. Confined and improved pedestrian routing was undertaken to decrease the pressures on the fragile sites. Approximately about 17.5% (US\$20.8 million) of the total project cost have been used for the most basic and essential required research, conservation, presentation and management for selected archaeological sites. Inventories, measurements, photos, maps and other basic documentation have been reduced, often building on existing, but incomplete, records. Conservation measures have been undertaken on a limited number of structures and monuments. Access to some sites was improved and the project also provided for education materials and exhibits to highlight the cultural significance of historical areas in the fabric of modern urban life. Finally, the project provided about 6.5% (US\$7.7 million) for institutional strengthening and project management, to modernize the country cultural heritage regulatory framework, augment potential revenue sources and to improve the efficiency of the DGA and the relevant municipal departments, in addition to the implementing entity CDR.

67. At project completion, the beneficiary satisfaction surveys conducted by the third-part research center in charge of M&E showed increase of satisfaction in the areas where the project invested (e.g., 86% increase in economic activities in Sida; 75% positive impact on tourism reported in Byblos; and 52% improvement on quality of life for residents in Tyre). This confirms the appropriateness of priority investments identified at appraisal and it is particularly evident in the cities featuring a higher level of stability, as evidenced in the M&E report of December 2016, which complements this ICR.

68. The project certainly took a long time to be implemented. The AF was approved to cover the cost over-runs of works originally planned under the project, for the reasons explained in paragraph 22. On balance, the net effect has been positive. In the Economic Impact Assessment, aside from the direct impact, the additional consumption induced effects from the project are estimated at around US\$12 million in additional outputs. In absolute terms, as viewed from a World Bank perspective, the use of funds could have been more efficient, but this should be carefully weighed against the reality of an unstable country that remained highly committed during implementation despite challenges. In particular, a number of assets, after their completion, were damaged by active conflict, and additional funds had to be spent to fix them and to ensure full operation (e.g. New Marketplace in Tripoli), while others were damaged by natural disasters (e.g., promenade in Byblos).

### **3.4 Justification of Overall Outcome Rating**

69. Rating: Satisfactory

70. The ICR team rates the overall outcome as Satisfactory, based on the full achievement of the PDO, the indicators collected by the third-party research center, and the findings of the economic impact assessment (details in Annex 3). Evidence shows that not only did this project deliver on all targets of the PDO, it also achieved several additional results. Additionally, what the project has demonstrated, also thanks to the entrepreneurial spirit of Lebanon, is how targeted infrastructure at the local level could help startup of businesses in and around project sites, in addition to improving the quality of life of local communities living in urban areas targeted by the project. Additionally the policy reform objectives of the project were met and new laws and decrees are in effect, with a substantial modernization of the cultural heritage sector.

71. It should be noted that the project achieved these outcomes with delays, the majority of which were well beyond project control, including factors of instability due to the political economy of the country and the region. This must be stated as a testimony of commitment of the Government of Lebanon, which continued being engaged in the project in circumstances that have been, at minimum, extraordinarily challenging.<sup>23</sup> As an example, it is worth mentioning the bullets that damaged the marketplace in Tripoli, due to conflict, followed by their repair and the operationalization of the asset with success, despite earlier perceptions of failure due to the context, featured by years of active shooting during implementation. The marketplace is now a safe place for host communities and Syrian refugees to work, shop, and meet and the activity received the 2017 Award of the World Bank Group Sustainable Development Vice President. On the stakeholders' side, the ICR team gleaned from available documentations that city residents and civil society had a positive overall feedback of the project activities and results associated with them. Additionally, in each of the Municipalities, it was noted that Mayors made extra efforts to voice the opinions shared by residents in cities, for effective local service delivery.

### **3.5 Overarching Themes, Other Outcomes and Impacts**

72. *Poverty Impacts, Gender Aspects, and Social Development.* Concerning impacts on poverty, investments supported by the project improved infrastructure and service provision in the historic city cores of five cities in less developed regions of Lebanon, where poverty rates are high and unemployment and under-employment are prevalent. A high property ownership rate prevented gentrification, even in presence of substantial increase in real estate values and virtually all renters returned to their improved businesses. The economic assessment pointed out that most of the residents interviewed were long-term residents, i.e. had been living in the old cities since before 2009. The project beneficiaries included a large spectrum of society – e.g., in Tyre, the repairs of the port and the marketplace had a positive impact on the livelihood of fishermen living in the city. The result has been a clear improvement in standards of living and access to services. As far as gender aspects and social development are concerned, the ICR

team met with all Mayors of the five participating cities, who were pointing out that new businesses that opened in and around project sites were employing young men and women, including refugees from Syria, some of whom might have been possible targets for radicalization in absence of opportunities, in the opinion of these Mayors.

73. ***Institutional Strengthening.*** The stakeholder analysis done in 2001 was of high quality, and provided a solid guidance during implementation. The arrangements between CDR as implementing entity, line Ministries and the Municipalities took efforts to be established, but the problems were seldom related to the institutional arrangements, both in terms of organizational capacity, and in terms of rules of the game. Both the principles of the stakeholder analysis and the partnership between the implementing entity, line Ministries and Municipalities have been internalized and strengthened the decision-making system on a permanent basis. Municipalities gained confidence, based on actual results on the ground, and with elected Mayors that showed to be strong advocates for their cities.

74. ***Other Unintended Outcomes and Impacts.*** Three key unintended positive outcomes of the project are worth mentioning. First, in each city, there are new private sector initiatives being launched, with entrepreneurs renting public spaces for cafes, hotels, and so on, community organizations starting training centers, children's playground, or museums. It is also reassuring to find that all investments in heritage conservation are guided by the laws and decrees adopted during project implementation. Second, all five cities have worked for the last 2-3 years, in a participatory manner, to formulate local development plans based on assets the project delivered. These plans are comprehensive, attractive to donors, and have embedded the integrated project focus on cultural heritage, urban development, and pro-poor growth. Third, the project intervened in an additional site beyond what was appraised, with a highly symbolic value. In one of the project sites, the Via Romana in Byblos, there were dozens of Roman columns that had been moved from Beirut and abandoned. With a proactive approach, the implementing entity brought back the columns to Beirut, using project savings, mobilizing archaeologists and trucks and reused these columns in the only large park in the city, Horsh Beirut, where they now serve as benches and playground for local communities. This has been also highlighted by media.

### **3.6 Summary of Findings of Impacts from Beneficiary Surveys**

75. The economic impact assessment carried out by a foreign university toward project completion involved surveys of: (1) businesses; (2) residents; (3) visitors; and (4) cultural institutions and organizations, in Byblos and Tyre, with Bcharre as a control site. Representative results for these four groups of stakeholders are as follows.

76. ***Businesses.*** The project had a positive influence on the diversification of goods and services offered by businesses, more so in Byblos than in Tyre, also due to their higher stability (72% businesses in the sample in Byblos increased the diversity of their goods and services in 2009-2015 because of the project, 52% in Tyre). Businesses, particularly in Byblos, have also been willing to invest more in their enterprises, due to the presence of the project in their localities. Confidence in the future of the commercial sector is indicated in plans to increase investment in the years ahead in both cities, with evidence that such confidence has been influenced by the activities completed under the project. Overall, these data painted a positive picture of the economic impacts of the project on business operations in the dynamic local business environment in Byblos, with a somewhat more muted outcome in Tyre, a city located in the extreme south of the country, in a region with wide UN troops to ensure stability. Prospects for future economic development in both cities appear to be sound, and the indications are that the project has contributed towards establishing favorable conditions for such development in the commercial sector.

77. ***Residents.*** There has been an apparent lack of discretionary income growth in the target cities over the past five years, but household incomes across Lebanon have been under pressure for some time, also

due to the Syrian refugee crisis, so this observation cannot be seen as anything out of the ordinary. Data collected indicated that residents in both Byblos and Tyre noticed more employment and business opportunities available to them in the tourism sector (about 90% of residents in Byblos and 60% in Tyre) as well as in the arts and cultural sectors (about 90% and 50% percent respectively), and that these changes were attributable to the project.

78. **Institutions.** Results showed some significant positive impacts of the project on the institutional infrastructure supporting the cultural sector in the target cities. Although some cultural organizations faced more difficult times than others, the overall picture was one of consolidation and growth among the cultural institutions surveyed, with significant increases in visitor numbers and diversification of activities by cultural institutions attributable to the results of the project. More in details, 83% of cultural institutions in Byblos and 46% in Tyre experienced increases in visitation by foreign tourists in 2009-2015, which they attributed to the positive impacts of the project. There have also been increases in the number of employees and in employee salaries in the cultural institutions in both Byblos and Tyre. These favorable trends seemed likely to continue for at least some of the organizations surveyed; several reported plans to increase their level of operations in the future and to increase their investments in premises, equipment and in upskilling their employees.

79. **Tourists.** The surveys of tourists to the old cities of Byblos and Tyre show that the project focus on rehabilitating heritage and improving the conditions in which visitors experience the old cities of Byblos and Tyre had a positive impact. Given the difficult circumstances surrounding the tourist industry in Lebanon at the time of the assessment, due to the Syrian crisis, these results were regarded as encouraging. When compared with the control old city of Bcharre, the old cities of Byblos and Tyre demonstrated stronger hospitality sectors, with more cafes, restaurants, bars and so on. Byblos was perceived by most visitors as an attractive city with cafes, restaurants and nightlife. Tyre was perceived as a place to shop and enjoy services, although its archaeological sites and the particularly distinctive local character of its heritage, especially around the harbor, has been a strong drawcard. The existence of the archaeological sites and the heritage assets in the historic cores was influential in drawing visitors to the two cities, and once there, they contribute to the local economy via their expenditures on goods and services purchased. Significant non-market benefits were also generated for visitors; for example, 80% of the sample of visitors in Byblos indicated they would have been willing to contribute something towards heritage rehabilitation in the city. Such positive willingness-to-pay could in principle be exploited in due course if an appropriate mechanism for revenue capture could be implemented.

#### **4. Assessment of Risk to Development Outcome**

80. Rating: Low

81. Interviews with all five Mayors of the project participating cities demonstrate that sustainability of project achievements is one of its strongest aspects, making the overall risk to development outcome low. There is virtually little chance for the project cities to go back to where they were, or to abandon the achievements reached under the project. The only risk would be due to worsening conditions in the country and lack of maintenance by Municipalities. The five Mayors mentioned that, as a direct consequence of the project, their cities had been engaged in a multi-year consultation process ended with local development plans. It is also due to observe that in all five cities the private sector and the communities themselves have taken additional initiative to improve infrastructure, business and livelihoods. It is positive to note that such infrastructure improvements are guided by the laws and regulations that were developed and adopted during project implementation.<sup>24</sup>

82. Sustainability, in terms of technical, economic, institutional and social sustainability, appears highly likely, as follows:



- a) **Technical sustainability.** The quality of the works carried out by the project is generally high, thanks to specialists involved. Similarly, the designs for infrastructure and city improvements benefited from extensive consultation with the local population, as well as input from internationally recognized expertise.
- b) **Economic sustainability.** Tourism is poised to grow, and it represents one of the main pillars of the Lebanese economy, together with banking and real estate. Promotion and advertising of cultural heritage has proven to work, and there is a strong commitment to continue. Businesses related to this sector have grown. They are likely to continue and expand and interviewed businesses were largely optimistic about their prospects. Housing quality and prices have been overall in an upward trend, without risking much of a gentrification of the city cores, due to high ownership rates. Upgraded public spaces and buildings are now used in a wide variety of ways, including businesses, low-income housing, community learning centers, and children’s playgrounds.
- c) **Institutional sustainability.** CDR has grown into its role over, the elected Mayors impressed the ICR team with their results in their cities. Based on what the project delivered, these Mayors also confirmed that planning tools of their cities have now a higher quality and depth of their planning, and mostly, with a focus on cultural heritage, urban planning, and pro-poor growth, as a direct consequence of the project.
- d) **Social sustainability.** This is considered high as well, especially based on the results of the beneficiary satisfaction surveys conducted by the third-party research center that carried out M&E during implementation and the foreign university toward project completion. Beneficiary assessments have been between positive and very positive in cities featuring a higher level of stability (Byblos and Saida), less positive in cities that are less stable (Tyre, Baalbeck and Tripoli), and the latter must be seen in conjunction factors exogenous to the project. An aggregate of census and survey data indicate relatively high levels of satisfaction among project beneficiaries, as shown in Table 11 below.

**Table 11. Main Results per Topic per City**

	<b>Baalbek</b>	<b>Tripoli</b>	<b>Byblos</b>	<b>Saida</b>	<b>Tyre</b>
<b>Awareness</b>	Low	Low	Very high	Positive	Very high
<b>Satisfaction with project</b>	Average	Low	High	High	Low
<b>Satisfaction with work</b>	Beneath the median threshold	Negative results dominated	Positive results with no exceptions	Positive results with no exceptions	Positive results dominated
<b>Impact</b>	Positive	Average	Very high	High	Fluctuating
<b>Visitors</b>	More one-day tourism	Increase in tourism with stay	Increase in tourism with stay	Tourism with stay doubled	Tourism with stay increased
<b>Business</b>	Facades improving; hospitality business share increasing; investment rising	Increase in facade situation, huge increase in hospitality activities	Increase in facade situation, huge increase in hospitality activities	Enhancement in facade situation; stable hospitality activities; improved investments	Slight deterioration in facade; sharp increase in hospitality businesses; improved investments
<b>Real estate</b>	Increase in residential; decrease in business units	Huge surge in real estate prices	Significant increase in real estate values	Significant increase in residential; downward adjustment business units	Decreases in sale prices

83. The overall risk rating for the project at appraisal was Substantial. In retrospect, the risks were well identified and most ratings were realistic. This risk awareness allowed the project to ensure that risks of inequity and elite capture did not materialize, and that risks of lacking resources, capacity, and other infrastructure improvement were addressed effectively. There were risks underestimated in project preparation, especially those concerning violence, political upheaval, social tensions and, above all, the consequences of the Syrian refugee crisis. It should be however acknowledged that when the project was prepared, the country was going through a period of relative optimism, with a positive trend toward stability. Thus, the overall Substantial risk rating appears realistic on a retrospective basis, and the risk identification proved helpful. Table 12 below provided an analysis of risks at entry and exit, at the beginning and completion of the project.

**Table 12. Risk Assessment at Project Entry and Exit**

<b>Risks at Entry</b>	<b>Rating</b>	<b>Risks at Exit</b>
Difficult fiscal and macro-economic situation, unreliable central-local transfers, political vulnerability of international tourism.	M	The risk is confirmed, due to major political upheaval and the Syrian crisis.
Under-resourcing of the Directorate General of Antiquities.	S	This risk materialized, but in the end, the Government pre-financed US\$15 million, awaiting the ratification and approval of the Additional Financing by Parliament and Cabinet of Ministers.
Urban improvements will not be fully implemented and enforced due to limitations in management capacity, staffing, and regulatory discipline in project municipalities.	S	The risk materialized, but was mitigated extremely well, at the cost of a longer implementation period, but with the benefit of better prepared staff, and higher expectations of sustainability, despite the fragility of the country context.
City wide infrastructure improvements, financed outside the project will disrupt the timing of rehabilitation activities in the historic zones.	M	The risk materialized, but the project chose to advance some of the needed infrastructure investments, allowing the project to proceed, despite delays due to the fragile country context.
Public spaces and infrastructure will be improved, but these improvements will not benefit the lower-income population and will not have a significant effect, on employment and economic opportunities for the local population. Instead the improvements will benefit only selected private owners and/or national elites.	M	This risk did not materialize and this is a major achievement of the project.
Public spaces and infrastructure will be improved, but complicated land and real estate property ownership patterns in old towns, current rental law and lack of access to credit will stunt the mobilization of private capital and rehabilitation of private buildings and housing stock. Instead, some private owners will want to cash in on the increased real estate values and attempt to replace their historic buildings by modern high-rises in violation of the norms of the approved urban zoning rules for the historic areas.	M	This risk did not materialize, which was a major project achievement.

The two archeological sites will be documented, conserved and presented, but the sustainable management structure would not be put in place to maintain the results of the project.	M	The mission found all sites to have adequate management structures in place, with dedicated site managers working on a full-time basis.
The reformed Directorate General of Antiquities will receive necessary capacity building assistance, including a priority action program, but would not have resources to perform according to this comprehensive priority action program, and instead return to "fire-fighting" and ad hoc activities.	S	That risk remains, and will depend on leadership now and in the future. More importantly, the five Mayors of the project participating cities have clear priority action plans, and appear determined to implement them.

## 5. Assessment of Bank and Borrower Performance

### 5.1 Bank Performance

#### (a) Bank Performance in Ensuring Quality at Entry

84. Rating: Satisfactory

85. Overall, project preparation, design, and quality at entry were sound. This evaluation also considers the guidelines in effect when the project was prepared. Bank inputs during preparation and appraisal helped to deliver a strategically relevant and thoroughly prepared project, where extensive consultations (50) promised strong ownership and engagement at central, Municipal, and community levels. Lessons from previous experience of the World Bank and other donors were incorporated and the risk management strategy was sound, based on elements available back then. Although ambitious, project design made sense and combined key ingredients in an effective manner to achieve integration. Safeguards and fiduciary aspects were carefully appraised and prepared. Some elements were outstanding, and helped the project achieve its objectives, such as the reflection on design options; the innovative capturing of synergies between poverty reduction, economic growth and heritage conservation; the participatory approach to priority setting and engaging the poor in the city cores, and the realistic risk analysis, for instance. The stakeholder analysis and institutional understanding were well done.

#### (b) Quality of Supervision

86. Rating: Satisfactory

87. On the positive side, task teams, during the implementation of the project, never lost faith, and stuck with their colleagues in the Government and the implementing entity CDR, giving faith to each other depending on circumstances. The adaptability and flexibility of the project certainly helped all parties, also thanks to a continued engagement of task teams. As a result, both CDR and the World Bank further solidified their reputation as trustworthy professional partners. As mentioned earlier, the task teams were creative in keeping the project going, in the face of major delays and sometimes even dangerous circumstances. The project received support from management, as reflected in project documents. Managers sometimes initiated flexible and innovative ways to resolve implementation problems, encouraged adaptation to ever-changing situations, but kept their focus on the expected outcomes of the project. Supervision of fiduciary and safeguards aspects was done well, with staff located in the Country Office available to provide support. The coalition of donors supporting the project helped as well, as their continued and coordinated efforts played a major role in solving challenges and addressing them proactively. The ICR team noted that the supervision quality of the social safeguards, particularly about the resettlement of the vendors at the marketplace in Tripoli was high, particularly

toward project completion. The task team insistence on solid impact analyses and the dissemination of results showed an uptick in implementation progress, including on disbursements, particularly toward project completion. Overall, the supervision teams performed well, despite changes of Task Team Leaders. The task team built good relations with stakeholders and partners and provided key technical expertise in a timely fashion. The quality of the 30 ISRs was good, candid in its observations, and realistic in ratings. The task team placed knowledge sharing at the top of its priorities, as a strong believer of World Bank as a knowledge bank. Toward project completion, the task team prepared comprehensive media campaigns with the implementing entity CDR, involving Lebanese young talents in the production of a series of communication products, feature stories, advertisements, and promotional materials for the Lebanese media and the World Bank website.<sup>25</sup>

88. On the negative side, and in retrospect, it appears doubtful that the decision to go the route of AF was better than a decision to appraise a new project. The claim that it would be faster to ask the Government for support of additional funding than for a new project was definitely a point in favor of such choice, but on the other hand, an appraisal for a new project might also have helped better embed changes happened in the country and their associated risks. Outcomes were duly captured with the economic impact assessment, but the choice of AF penalized the perception of the project within the World Bank, with the red flag of an “over age” project, despite the results achieved. Two sequential projects would have avoided the reputational risk of a single project needing 13 years for implementation. From a portfolio management perspective, this 13-year project stood out as a sore finger, and the extensions were not without their costs to the World Bank and the Government alike.

### **(c) Justification of Rating for Overall Bank Performance**

89. Rating: Satisfactory

90. When reflecting upon the bigger picture of the World Bank performance in this project, the solid design and implementation results stick out. The task team did an appreciable job in assisting the Government of Lebanon to prepare the project. Quality at entry was sound and early implementation demonstrated solid ownership, preparation, and design logic. The ICR team noted evidence of a solid, professional team working in partnership with the Government and the implementing entity CDR, including both task team members based in the Country Office and the Headquarters in Washington, DC. Many of the issues faced during implementation were beyond the control of the project, the task team, and even the Government, and it then boils down to the question of the 13-year implementation period. This ICR team believes that the option of a new project to be appraised would have been more appropriate. However, the ICR is also aware that such opting for a preference is completely hypothetical on a retrospective basis.

## **5.2 Borrower Performance**

### **(a) Government Performance**

91. Rating: Moderately Satisfactory

92. The Government of Lebanon and the implementing entity had a strong sense of ownership of, and commitment to the project, despite the challenge of designing and implementing such an integrated project in a fragmented country. The Government performed its duties, yet with delay. AF suffered a two-year effectiveness delay, due to the complex political economy of the country, but most bidding documents were ready before AF approval, ready to be launched. In assessing the rating of Government performance, the ICR team took these aspects into account, and rate the performance with a balanced approach. The central government allowed effectiveness to be delayed, especially for AF. Overall, a

moderately satisfactory rating is justified based on the fact that the Government, at all levels, central and local, remained committed throughout the 13 years of project implementation, as evidenced for instance by the adoption of laws and decrees on the policy reforms supported by the project, and the funding advances of US\$15 million waiting for the Parliament to approve AF.

## **(b) Implementing Agency or Agencies Performance**

93. Rating: Satisfactory

94. The performance of the implementing entity CDR, as an independent Government agency was satisfactory. Strong commitment, professional monitoring, and deployment of knowledgeable staff were positive. The main achievements of CDR in this project are presented below:

- a) CDR put a spotlight on five cities and a sector that risked to be neglected in post-war reconstruction, possibly for the first time in Lebanon, and it has put cultural heritage front and center of urban reconstruction and development.
- b) CDR gained experience, expertise, and exposure in learning in a multi-sectoral environment, working with a variety of stakeholders, particularly Municipalities, delivering what local governments asked for, with them not having capacity to deliver in independence, as highlighted in the PAD and to a great extent, still valid today.
- c) CDR can be proud of the achievements of the project, in particular of the fact that all key indicators of the PDO were achieved, with many of them surpassing targets.
- d) CDR also contributed to the increased demand for investment in cultural heritage, also considering the private sector investment leveraged by the project and the businesses that started up in project participating cities, openly stating the correlation between their investments and project activities.
- e) CDR also learned the opportunity of focusing projects in specific geographic areas: better to focus on fewer cities, for critical mass, and visible, attributable impacts, rather than spreading thin, with less robust evidences of attribution.

95. Additionally, the ICR team found it appreciable that CDR had an approach adapted to a fragile country:

- a) CDR held wide stakeholder consultations, to build consensus, throughout the project, with proper documentation, and results were widely disseminated, to reduce tensions, although this came at the cost of slower implementation.
- b) CDR management proved to be sensitive to inter-ethnic and inter-community issues, but again, at the cost of implementation pace.
- c) CDR identified a number of conflict-generated needs and addressed them, including the employment of Syrian refugees, a crisis occurred during project implementation, as in the case of the conservation works of the Temple of Bacchus in Baalbeck, where 70% of the workforce employed were Syrian refugees. These Syrians learned techniques that they will bring back home and make available for the reconstruction of Syria, when the situation will allow so.
- d) CDR identified opportunities for improved trust and reconciliation and took concrete actions. One of the most striking examples is the marketplace in Tripoli, completed and operational despite the extensive destruction of the asset during years of shooting.

96. At fiduciary level, CDR has provided to have adequate systems in place to records transactions and generate the required financial reports. A dedicated unit was established at CDR with 2 financial officers handling all fiduciary aspects of the project. The financial reporting has been stable and all financial reports submitted on time throughout the project and found acceptable. The audit reports have also been submitted on time and found acceptable. Management at CDR is of high level, with technicians and sector experts who have been among the main thinkers of the post-war reconstruction in Lebanon. Besides, project personnel included individual specialists of high caliber, although they came from very

different backgrounds, which made collaboration quite challenging at times. It should be noted that the project personnel did not have a Project Coordinator from the CDR regular staff to ensure effective cooperation. This function was ensured, beyond her regular duties, by the Director of the Funding Division, a woman with competence and compassion, one of the most prominent intellectual leaders of post war reconstruction in Lebanon, who went the extra mile for filling the absence of lower level coordination bridging with project personnel hired for working on the project. The ICR team also acknowledges the guidance provided by the Director of the Planning Division, whose technical competence ensured the resolution of several implementation bottlenecks, especially in coordinating project interventions with national planning priorities as well as the Director of the Project Division, for his oversight on staff and personnel assigned to the project. These CDR senior managers worked under the oversight and guidance of the CDR President, who ensured timely follow up and high-level technical input throughout implementation, intervening personally to solve challenges in decision-making.

97. Still, there is room for improvement, as the relationship between the CDR and its project level personnel can be best described as hierarchical, and somewhat distant (high level regular employees vs low level temporary consultants), which is not surprising given the rather large differences in incentives between regular staff and consultants working in the institution. A more structured policy to human resources can be beneficial to a more integrated work environment. This lack of middle-level management is typical of countries in MENA and represents one of the main obstacles to delivery of results in a timely manner.

98. It is however without reservation that ICR team states that the institutional arrangements, capacity and accountabilities have been overall adequate, and will allow any further investment CDR may be entrusted with to be managed and delivered well, balancing the context with the results delivered.

### **(c) Justification of Rating for Overall Borrower Performance**

99. Rating: Moderately Satisfactory

100. Overall, the commitment to achieving the PDO remained always strong. When the country situation deteriorated, considerable efforts were made to continue implementation, but causing delays and necessitating extensions of the project. The implementing entity CDR showed commitment, especially at management level. Safeguard and Fiduciary aspects of the project were done very well. On the other hand, the political economy of the country had a negative impact on project implementation and decision-making, justifying a balanced rating of moderately satisfactory.

## **6. Lessons Learned**

101. *An integrated approach helped achieve sound results.* The integration of sectors targeted by the project resulted in a total that is more than the sum of the parts. In cases where cultural heritage sites are situated in cities, an approach combining cultural heritage, urban upgrading, private sector, tourism, and poverty reduction can drive a powerful economic dynamic. Integration, as learned in this project for the first time, at such scale, demonstrated that simply improving an access road for tourist buses or putting in place an improved sewer infrastructure, would not provide optimal outcomes and may also be of dubious sustainability and inclusiveness. Consultation between the local stakeholders (residents, actual and prospective business owners, public utility managers, Municipality representatives, cultural heritage site managers, and mayors) and the implementing entity provided to be essential. The best results were achieved where close interaction between stakeholders was ensured. Focusing on communication and community outreach had had a positive effect.

102. ***Right-sizing investments facilitated implementation.*** Investments in projects of this nature should be right-sized, both at the level of individual cities and at the national level. Considerations to determine the critical size include the following.

- a) Integrate both the potential of cultural heritage to attract visitors, as well as the opportunity for local people to improve their living. Thus, for instance, simply refinishing a building façade, or putting a bicycle route in, would not be enough. Conversely, redoing the whole of urban transport including roads, buses and management practices, would be too much.
- b) Focus on what is needed to make cities attractive for local communities and tourists, by carefully blending improvement of key basic services (e.g., water, sanitation, electricity, access, parking, safety) with promotion of local businesses that cater to local communities and tourists.
- c) Focus on the five selected sites helped build a denser network of higher quality tourist circuits. This project certainly helped raise the country profile as a stand-alone tourist destination and thereby improve the resilience of its tourist sector to the threat of external shocks.

103. ***Sound application of safeguards helped turn challenges into development opportunities.*** The project financed a high risk, high return activity: the construction of a large municipal marketplace for about 300 vendors in Tripoli, a city at constant risk of conflict, with the objective of providing a safe selling space to vendors and their customers, who were previously occupying nearby streets and public spaces. The marketplace is located in a highly fragile area, above a river dividing the two feuding districts of Bab al-Tabbaneh and Jabal Mohsen. The location of the marketplace was until recently an active conflict zone, with factions shooting at each other, as still evidenced by signs of bullets on buildings along the river. High safeguards standards, a very committed client and timely implementation support from the team allowed to deliver results in such a fragile context, mitigating social tensions and achieving the successful completion and operation of the marketplace, which now accommodates safely around 300 vendors selling clothing, used shoes and vegetables. Local communities and Syrian refugees are the main customers of the marketplace and their feedback on the safety of the new location is extremely encouraging. The task team helped the client build a solid dialogue at the central and local level, especially with the newly elected Mayor, starting with a comprehensive identification of all possible risks, with the aim of ensuring that no vendor was left behind. After working closely with the client for about a year, all vendors were safely moved into the new facility, with the result of having their livelihoods and working conditions improved, in addition to achieving a safe urban space for people to shop and meet. In addition to close partnership with the client, three other factors contributed to the success of this project in general and the marketplace in Tripoli in particular. All these factors are about collaboration: (i) close partnership with the CMU, (ii) horizontal integration of the team within WBG, and (iii) open dialogue with other donors. Moreover, the team and the client worked closely to enhance dialogue at the municipal level, which made the Mayor feel empowered. This helped apply safeguards in an innovative and proactive manner, turning a major safeguard challenge into an opportunity for development.

104. ***Social cohesion proved to be a valid add-on during implementation.*** The angle on social cohesion, leveraging cultural heritage as a cornerstone of identity, proved to work, especially in such a fragmented context. Cultural identity is a real, major contributor to social cohesion, a key element of the social capital, and helps reduce conflict. Given that in the Lebanon 22% of young people (even higher for females) are out of work, many of them live in rapidly decaying city cores, and are thus at risk of getting into trouble, or become victims of extremism. The economic impact assessment showed that young people not only took up the opportunities in terms of jobs, or businesses, but they showed pride in their cultural heritage, finding a confirmation of their identity, as part of a long history of a country that has been a major center of human civilization.

## Notes

<sup>1</sup> For the End of Project Status of all Intended Outputs, see Annex 2, Outputs by Components.

<sup>2</sup> MIUs assigned to work with CDR were established during project implementation, for the purpose of liaising local governments and implementing entity. At the end of the project, two Municipalities had decided to embed these units on a permanent basis and therefore two of these will continue operate beyond project life, which is a result in terms of sustainability and capacity building going beyond the project.

<sup>3</sup> Most refugees are scattered across the country, living in precarious conditions in informal tented settlements in rural areas, or dilapidated buildings in the poorest neighborhoods.

<sup>4</sup> Archaeologists discovered remnants of prehistoric huts with crushed limestone floors, primitive weapons, and burial jars left by the Neolithic and Chalcolithic fishing communities who lived on the shore of the Mediterranean Sea over 7,000 years ago, with clear evidences of exchanges and trading, with artifacts showing how foreign communities lived with locals, side by side. Evidence of an early urban settlement in Lebanon was found in Byblos, dating back to 5000 BC, which is considered to be one of the oldest continuously inhabited cities in the world. The city was a port, showing clear evidences of intercultural communities. Lebanon was a part of northern Canaan, and consequently became the homeland of Canaanite descendants, the Phoenicians, a seafaring people that spread across the Mediterranean before the rise of Cyrus the Great, bringing back wealth and prosperity to their homeland and allowing foreigners to settle freely and trade with them. The Phoenicians are known as the inventors of the first alphabet of the world, one of the highest contributions of Lebanon to world culture, with the alphabet being an evidence of openness and means to communicate between communities. It is also the civilization that built a reputation on its ability to produce and trade the murex, showing trading and entrepreneurial skills that still today are among the main features of the Lebanese identity. After being part of the Roman and Ottoman empires, Lebanon came under French Mandate. The country gained independence in 1943, establishing a power-sharing mechanism based on the very diverse nature of its communities.

<sup>5</sup> For example, in the old town of Saida, home to 14,000 people, 77% of buildings were in bad condition and in need of conservation actions; in the old town of Tripoli, home to 16,500 residents, 48% of buildings were in bad or ruinous conditions, while another 46% required rehabilitation, including facade work.

<sup>6</sup> The cultural heritage administration in Lebanon is legally vested in the Ministry of Culture, created in 1993, and specifically in the DGA. DGA was originally created in 1933 under the Ministry of Education and then transferred to the Ministry of Tourism. Also, a Directorate for the Operation of the Archeological Sites and Museums was created within the Ministry of Tourism. Thus, the functions of administration and safeguarding of cultural sites are entrusted in the DGA, while promotion is vested in the Ministry of Tourism.

<sup>7</sup> The procedures of heritage property designation (classement) and property listing (inscription) on the National Heritage Register are the two currently available operational tools for protecting heritage sites in Lebanon. Since 1936, only individual important historic monuments were designated and listed. In 1973, the souqs of Byblos and Zouq were listed, and in 1990-1997 groups of private buildings were added on the National Register for the first time, mostly in coastal cities.

<sup>8</sup> For example, archeological excavations in Tyre, one of Lebanese five World Heritage Sites, have sat idle since the 1970s. Archeological remains are left exposed, deteriorating unearthed foundations and mosaics.

<sup>9</sup> For instance, the National Association for the Preservation of Patrimony and Historic Residences (APSAD); the Hariri Foundation (created in 1983) and Audi Foundation (created in 1995), both based in Saida; and the Rene Mouawad Foundation in Tripoli.

<sup>10</sup> The main laws relevant to heritage protection before the project dates back to the Antiquities Law of 1933 and to the Urban Code of 1983. The laws did not take into consideration the evolution of the concept of heritage as recorded in the 1972 UNESCO Convention. The Urban Code of 1962 contained a requirement to elaborate detailed plans and regulations for heritage sites and cities. In practice, there were only a few urban Master Plans delimiting historic areas of cities. While the Municipal Law of 1977 gives rights to regional and municipal authorities, they lack resources and skills to address their assets either directly, or through heritage conscious urban development policies.

<sup>11</sup> The strategic objectives of the CAS included: (a) rehabilitation and expansion of infrastructure, institutional development; (b) environmentally sustainable development; and (c) upgrading human resource base and addressing poverty.

<sup>12</sup> Concerning residents of the five cities participating in the projects, population numbers are: Baalbek about 60,000, old town 11,000; Byblos about 150,000, old town 15,000; Saida about 150,000, old town 14,000; Tripoli about 500,000, old town 16,500; and Tyre about 50,000, old town 10,000.

<sup>13</sup> In the case of Tripoli and Tyre, project investments have been implemented in conjunction with parallel projects addressing deficiencies of water and wastewater infrastructure.



<sup>14</sup> Changes were also made pertaining to the project. The Works Category was increased using the amount available under the “Unallocated” category, while the Goods Category and the Consultants Category was decreased. This was due to a number of variation orders and re-measurement of work contracts and to the 100% payments applied between August 2006 and August 2007 on all World Bank ongoing agreements (after 2006 War). The financing percentage for works remained at 80% for the remaining portion of the project.

<sup>15</sup> This indicator was maintained and rephrased as “Rehabilitation activities in historic urban cores in compliance with approved regulations recognizing the centrality of their cultural heritage to their economic and social development, in numbers.”

<sup>16</sup> This indicator was maintained and rephrased as “Municipal units established to operate and manage city core.”

<sup>17</sup> Archeological interventions were not designed in isolation from the urban rehabilitation components: conservation works were designed to generate employment for the most vulnerable and educational benefits for the local communities. Additionally, the Municipalities were closely involved and played a role in building community support for the rehabilitation of the residential and commercial zones immediately adjacent to the archeological sites.

<sup>18</sup> a) Project focusing on Beirut vs secondary cities in less developed regions of Lebanon. Beirut was considered as a potential project city, but then not included, as it was receiving funding from several sources. The catalytic effect of the project was considered to be of much higher relevance in secondary cities of less developed regions, on the basis that it would have created conditions for establishing them as cultural cities and boost related investments, creating the conditions for new businesses to start up.

b) Project focusing on a single area vs multiple sites. The geographic proximity of most heritage sites in Lebanon, combined with diversity of local communities demanded a project regionally balanced and based on a principle of equitable development. This determined the choice of five project secondary cities distributed in a balanced manner.

c) Project focusing on tourism promotion vs quality of life of local communities. Concentrating only on tourism development, as initially intended in early states of project preparation, would have misaligned the project objectives and reduced its development effectiveness and long-term impact on local communities.

d) Project focusing on living vs built heritage. Lebanon's cultural scene is active and focusing on it was considered. It was decided to give priority to conserving the authentic setting "at the source" of living heritage, and to induce people to go to the locations where they could have experienced living heritage and contribute to its conservation through spending, balancing benefits to local communities, domestic and international tourists.

e) Project focusing on natural sites vs archeological sites. Besides the three archeological sites of Baalbek, Byblos, and Tyre, Lebanon has two natural sites that appear on the UNESCO World Heritage List: Wadi Quadisha and Forest of the Cedars. It was decided to concentrate the project on cultural heritage to increase the impact on the urban poor, given the integration of heritage sites and residential neighborhoods inhabited by poor communities.

f) Project having the DGA and Municipalities vs CDR as implementing entity. The capacity of the DGA and Municipalities was very weak and inter-ministerial coordination has always been a challenge in a post-conflict country like Lebanon. While the real ownership of the project remained with DGA for the archeological part and Municipalities for the urban rehabilitation part, responding to their demand and needs step by step, CDR was considered the most appropriate choice to facilitate the procurement and financial management of the project.

g) Project based on programmatic lending vs specific investment loan. After a detailed analysis, the specific investment loan was chosen as the lending instrument for the project, as the sector needed a large-scale investment operation to conserve and rehabilitate rapidly deteriorating cities that were emerging from protracted conflict and at the same time create jobs through labor intensive civil works. At the time of appraisal, the sector was not mature enough for programmatic lending and was only defining its operational boundaries, also due to the weakness of sector institutions.

h) Project based on community driven development vs urban development. To achieve its development objective, the project was designed to work in tandem and complement a parallel Community Development and Municipal Infrastructure project, implemented by the Ministry of Interior. The projects built synergies in the participating cities, with investments identified and then financed by these operations depending on their targets. The other project focused on smaller interventions in more locations too.

<sup>19</sup> It was supported by CDR and included representatives of the Ministry of Culture, Ministry of Interior and Municipalities, Ministry of Finance, CDR, Directorate General of Antiquities, Ministry of Tourism, and the Municipalities of Baalbek, Tripoli, Byblos, Saida, and Tyre.

<sup>20</sup> The team, together with the Director Funding of the CDR, met with the mayor of Tripoli in his office, went for a walk towards the city center, but was called back by security and instructed to get in the cars immediately. This is an illustration of the fragile security in a city of 500.000 people, with at least 200.000 refugees, at about 30 km from the Syrian border.

<sup>21</sup> For the End of Project Status of all Intended Outputs, see Annex 2, Outputs by Components.

<sup>22</sup> MIUs assigned to work with CDR were established during project implementation, for the purpose of liaising local governments and implementing entity. At the end of the project, two Municipalities had decided to embed these units on a permanent basis and therefore two of these will continue operate beyond project life, which is a result in terms of sustainability and capacity building going beyond the project.

<sup>23</sup> In Baalbeck, once the conservation of the Bacchus Temple was completed in July 2017, the Baalbek International Festival Committee organized the 60th Anniversary Festival with great success and participation of the local and international community. The inauguration ceremony was attended by the task team, CDR Director of Funding Division, the General Director of Antiquities at the Ministry of Culture, the Mayor of Baalbek and other local officials from Baalbek and its Union of Municipalities. At the inauguration ceremony, CDR representatives and the Mayor of Baalbek expressed gratitude for the result achieved and emphasized that the archeological site represents a key driver for the local economy, and its restoration enhances further its economic value for the tourism industry. It is important to highlight that the event received wide coverage in the national media. The ICR team would like to emphasize that conservation works in Bacchus Temple involved cleaning of interior walls and capping on the roof to guide the rain and snow away from the interior of the Temple. Similar works were completed in Jupiter's Exedra, as well as in the Venus Temple and Arab Tower. While the symbolic value of the intervention on the Bacchus Temple, and site as a whole is appreciable, it should be noted that several domestic and international experts and entities have expressed concerns on the depth of stone cleaning, which has been deemed excessive. On the one hand, CDR should be certainly commended for having avoided certain unnecessary interventions for structural strengthening of the Temple, which would have clearly undermined the site. On the other hand, the ICR team reiterates that the activities performed on the surfaces of the Temple of Bacchus and the site more in general have led to a level of cleaning that is hard to justify, which then required extensive chromatic integrations to achieve acceptable visual integrity. This conclusion was based on the expertise of task team members, including those serving ICOMOS and its International Scientific Committees, technical reports reviewed, additional ICOMOS colleagues consulted, and media. While the theoretical position of all parties was for a minimum intervention, in reality, for the interior of the Temple of Bacchus and the site as a whole, a level of cleaning was certainly necessary, but was indeed done in a way often too thorough and visually too aggressive, often eliminating layers of patinas. Beyond the scientific implications, very well-articulated in the ICOMOS reports, the issue also pertains to perception, with a result that, at minimum, contrasts visually with the aesthetic integrity and authenticity, and visual uniformity of a site of outstanding beauty, where traces of time should be perceived as having equal dignity to the assets those traces have accumulated on, limiting their removal only to what is strictly, highly, and immediately harmful. Additionally, with such a deep intervention concentrated in the interior of the Temple of Bacchus, the exterior of the Temple has been left without any intervention, with plants growing in the joints of the stone blocks, a serious issue deserving simple, tested, immediate, and minimal intervention for their removal, which is highly recommended by the task team. Other issues have been highlighted in Tyre, where interventions followed a piecemeal approach that is questionable from a scientific perspective. In conclusion, while reiterating appreciation for the symbolic value of these interventions, and for their value to the image of the country, as demonstrated by the success of the Baalbeck Festival, the task team and ICR team recommend avoiding approaches involving deep cleaning in any future work, for which preference should go to lighter and less questionable interventions including: (1) wall capping; (2) drainage; and (3) anastylosis, rather than cleaning exercises that remain of unclear approach, harsh techniques, weak sustainability, and uncertain outcome in the mid and long-term. Cleaning is certainly necessary in some instances, but the extent and depth of such cleaning should be carefully limited in space and scope, to areas of extreme necessity.

<sup>24</sup> As an example, the Mayor of Saida said that, according to him, this was a very good project, although slow due to conflict. Based on this project, he expects the rich citizens of his city to contribute to safeguard and invest on the past and what has been already done by the various private Foundations based in Saida is a tangible evidence.

<sup>25</sup> One of the stories was produced with innovative means, including drones and was published on August 8, 2016. It focused on how the project became a driver of job creation and local economic development in the participating cities, harnessing the true essence of the Lebanese entrepreneurial spirit. The story was well received by the public and featured at the top of the World Bank homepage of the external website on August 17 and 18, 2017.

- English:<http://www.worldbank.org/en/news/feature/2016/08/08/supporting-lebanons-cultural-heritage-as-a-driver-of-job-creation-and-local-economic-development>
- Arabic:<http://www.albankaldawli.org/ar/news/feature/2016/08/08/supporting-lebanons-cultural-heritage-as-a-driver-of-job-creation-and-local-economic-development>

- French: <http://www.banquemondiale.org/fr/news/feature/2016/08/08/supporting-lebanons-cultural-heritage-as-a-driver-of-job-creation-and-local-economic-development>
- Another story was published on December 22, 2016 with a dynamic videoblog with senior management.
- English: <https://www.worldbank.org/en/news/feature/2016/12/22/cultural-heritage-project-strengthens-economic-community-activity-in-lebanon>
  - Arabic: <http://www.albankaldawli.org/ar/news/feature/2016/12/22/cultural-heritage-project-strengthens-economic-community-activity-in-lebanon>
  - French: <http://www.banquemondiale.org/fr/news/feature/2016/12/22/cultural-heritage-project-strengthens-economic-community-activity-in-lebanon>
  - Spanish: <http://www.bancomundial.org/es/news/feature/2016/07/14/helping-lebanese-communities-cope-with-syrian-refugees>

## Annex 1. Project Costs and Financing

### (a) Project Cost by Component

#### Project financing by component, initial financing

Component	Indicative Cost (US\$M)	% of Total	Bank Financing (US\$M)	% of Bank Financing
1. Rehabilitation of Historic City Centers and Urban Infrastructure Improvements	42.6	68.8%	24	76.2%
2. Archeological Sites Conservation and Management	13.7	22.1%	4.1	13.0%
3. Institutional Strengthening and Project Management	5.3	8.6%	3.1	9.8%
Total Project Costs	61.6	99.5%	31.2	99.0%
Interest during construction	0.0	0.0%	0.0	0.0%
Front-end fee	0.3	0.5%	0.3	1.0%
Total Financing Required	61.9	100.0%	31.5	100.0%

#### Project financing by component, additional financing

Component	Indicative Cost (US\$M)	% of Total	Bank Financing (US\$M)	% of Bank Financing
1. Rehabilitation of Historic City Centers and Urban Infrastructure Improvements	47.5	83.2%	17.9	66.6%
2. Archeological Sites Conservation and Management	7.1	12.4%	6.7	25.1%
3. Institutional Strengthening and Project Management	2.4	4.2%	2.2	8.3%
Total Project Costs	57.0	99.9%	26.8	99.8%
Interest during construction	0.0	0%	0	0.0%
Front-end fee	0.07	0.1%	0.07	0.25%
Total Financing Required	57.07	100%	27	100.0%

#### Project financing by component, initial and additional financing

Component	Indicative Cost (US\$M)	% of Total	Bank Financing (US\$M)	% of Bank Financing
1. Rehabilitation of Historic City Centers and Urban Infrastructure Improvements	90.1	75.7%	41.9	71.6%
2. Archeological Sites Conservation and Management	20.8	17.5%	10.8	18.5%
3. Institutional Strengthening and Project Management	7.7	6.5%	5.3	9.2%
Total Project Costs	118.6	99.7%	58.0	99.3%
Interest during construction	0.0	0.0%	0.0	0.0%
Front-end fee	0.4	0.3%	0.4	0.7%
Total Financing Required	119.0	100%	58.5	100%

**(b) Financing****Financing plan, initial financing**

<b>Source of Funding</b>	<b>Local (US\$M)</b>	<b>Foreign (US\$M)</b>	<b>Total (US\$M)</b>
Borrower	6.6	0	6.6
World Bank, IBRD	15.7	15.8	31.5
Government of Italy	5.0	5.0	10.0
Government of France	0.4	0.6	1.0
Government of France (through the French Agency for Development)	5.4	5.6	11.0
Financing Gap	0.6	1.2	1.8
Total Project Cost	33.7	28.2	61.9

**Financing plan, additional financing**

<b>Source of Funding</b>	<b>Total (US\$M)</b>
Borrower	0.07
World Bank, IBRD	27.00
Government of France (through the French Agency for Development)	30.00
Total	57.07

**Financing plan, initial and additional financing**

<b>Source of Funding</b>	<b>Total (US\$M)</b>
Borrower	8.5
World Bank, IBRD	58.5
Government of Italy	10.0
Government of France (also includes funding from French Agency for Development)	42.0
Total	119.0

## Annex 2. Outputs by Component

*Outputs are presented by location and by component, listing all those delivered at the completion of World Bank financing, as of December 31, 2017.* It should be noted that activities financed in parallel by the other two donors, the Government of Italy and the Government of France were still ongoing, as they had project closures different than those of the World Bank financing.

<b>Baalbeck</b>
<b>Component 1</b>
City entrances and interfaces, new public spaces and parking
a) Parking areas at the South and North city entrances
b) Moutran Square
c) Improved sidewalks
d) Through-traffic diverted
e) New building will house a cluster of productive activities
Rehabilitation and revitalization of the historic street pattern
a) Pedestrian circuits interface to Hay el Sohl; Ummayad Mosque to Serail, Square; Moutran Sq. to Hay Qalaa, Venus Temple area, and Ras el Ain; Souq el Moutran; Catholic Church to Mercury Temple hill; Souq el Moutran to Mercury Temple hill
b) Paving, lighting and signage of the circuits
Support to vernacular housing rehabilitation (mud bricks buildings)
Support to local economic development, cultural tourism, private sector participation, and communication
a) Additional Souqs Saleh Hider and Abdoul Halim, Hajjar
b) Supply of equipment for operation and maintenance for municipal services
<b>Component 2</b>
Research, documentation, conservation and presentation of the archaeological site of Al-Qalaa
a) Research and documentation of WHS
b) Conservation of surfaces and structure of WHS
c) Site Presentation and comprehensive site management plan
d) Landscaping, Fencing and Site Management Improvements
<b>Tripoli</b>
<b>Component 1</b>
River-side circulation, parking improvements and landscaping
a) Corniche up to Al Bourtassi Sq
b) Bourtassi Garden
Resettlement housing and commercial space
Northern neighborhood, Khan el Askar, public space and street frontage
a) Khan Rehabilitation
b) Business plan created
c) Conversion of activities to cultural and tourism sector
d) Pedestrian connection between Mosque and Khan
e) Phase 1 Souqs
f) Rue des Eglises
Bab El Tebbaneh, fresh produce market Khan el Aarsat and street frontage
a) Construction and resettlement of Platform
b) Granaries Street Souq rehabilitation
Improved access to the Moulawwyia bridge

Study for urban redevelopment of the Northern Zone
Study for traffic management and parking in the historic city
<b>Component 2</b>
Archaeological site of the St. Gilles Citadel
<b>Component 3</b>
Support to local economic development, cultural tourism, private sector participation, and communication

<b>Byblos</b>
<b>Component 1</b>
City entrances and interfaces, new public spaces and parking
a) Visitor and bus parking N. Highway
b) Pedestrian access over the Roman road
c) Pedestrian crossings access to souq
d) Removal of gas station
e) Access to old city and Ottoman souq
f) Reopening Tripoli gate
g) Reorganized Municipal Parking
h) Access to harbor
Rehabilitation of public spaces and infrastructure in the historic center
a) Main square rehabilitation including separating parking
b) Square rehabilitated
c) Gardent Fossil Museum
d) Sewerage networks and pump stations
e) Sewerage networks and pump stations
Improvements to the harbor areas and to the coastal zone
a) Access bollards; restriction of vehicles
b) Upgrading of pier with lighting and wooden promenade
Support to local economic development, cultural tourism, private sector participation, and communication
a) Equipment for municipal services
b) Pedestrian bridge over the highway
c) Parking in the northern part of the city
d) DGA House
e) Aqua Lina Street Rehab/Infrastructure
f) Playground at Beirut Park Horsh in partnership with Beirut Municipality columns for urban furniture
g) Souq Rehabilitation (elevations, public spaces and infrastructure)
h) Souq Rehabilitation (other complementary activities)
i) Public Garden
j) Shuttle services

<b>Saida</b>
<b>Component 1</b>
Rehabilitation of public spaces in the historic center
a) Serail Square
b) Pathways
Support to housing rehabilitation: (Salameh Building)
<b>Component 2</b>

Research, documentation, conservation and presentation of the Land Castle
Support to local economic development, cultural tourism, private sector participation, and communication:
a) Equipment for municipal services

<b>Tyre</b>
<b>Component 1</b>
Improvements to the Port waterfront, public spaces and historic buildings
a) Construction of fisherman house, storage areas and workshops
Bawabeh Square, parking and municipal facilities
Hamra Street and Hammam Square, public space and street frontage improvements
Coastal zone protection and promenade
Support to housing rehabilitation
Support to local economic development, cultural tourism, private sector participation, and communication
a) Hiram fountain site
b) El Mina
El Bass
a) Funerary complex, palaestra crusader chapel
b) Roman Arch
c) Visitor center and site museum
d) System of access
e) Storage building
f) Pedestrian Exit
El Mina
<b>Component 2</b>
Cultural promenade at the interface of the archaeological and historical areas
a) Children library
b) Malmuk House
Research, documentation, conservation and presentation of the El Bass and El Mina archaeological sites
a) Two archaeological sites researched and documented
b) Unified site management plan
c) Conservation of structure and surfaces



### Annex 3. Economic and Financial Analysis

**Overview.** This annex provides a summary of the economic impact assessment commissioned by CDR to a foreign university, to assess economic impacts of project investments. Due to copyright issues, the entire document cannot be appended entirely to this document. The assessment used tested economic methodologies for impact evaluation to derive indicators of the direct, indirect, and induced effects generated by the investments. The assessment analyzed data from a variety of official sources, and collected original data covering in its first phase all five participating cities, and in its second phase a sample of two cities, among the five targeted by the project, selected based on their stability, then comparing them with a control site, with the objective of investigating the impacts of the project on investment and employment outcomes amongst businesses and residents. The assessment sought to demonstrate the added value of project investments on target cities and has compiled new and original data pertaining to the socio-economic impacts of such investments, particularly in regard to employment and income generation. While the primary focus is on evaluating the economic effects of the project on relevant stakeholders, the assessment also engaged with issues of social and cultural development in the target cities, since these issues are intertwined with the economic impacts, and have been seen as contributing an important dimension to the outcomes the project was expected to deliver. In the first phase of the assessment, a macro approach was adopted, examining direct, indirect and induced impacts of the project in all five cities participating in the project, analyzing secondary data on tourist numbers to derive tourism expenditure impacts, and collecting primary data on investment outcomes to estimate aggregate effects. In the second phase of the study, the focus is on micro data for Byblos and Tyre, based on the relative higher security of these cities compared to the others, particularly Tripoli and Baalbeck, applying the principles of *ex post* economic impact assessment as derived from cost-benefit analysis and refined for application to heritage assets as a result of methodological developments in the field of cultural economics. Both cities, Byblos and Tyre, have established communities and feature a range of local commercial activity together with a functioning tourism sector and enjoy a relative stable security situation, much higher for Byblos, less for Tyre. In the assessment, dedicated surveys of businesses, residents, cultural organizations and visitors to the old cities were undertaken to assess economic, social and cultural impacts of the project. In any assessment of the extent to which changes in economic variables might be attributable to the existence of a given project, it is necessary to have some benchmark for comparison, i.e. a counterfactual that indicates what would have happened if the project had not occurred. In the assessment the approach adopted to identifying a counterfactual involved finding another city that had similar characteristics to the target cities in all respects except for the fact that heritage investment had not been undertaken there. Such an approach allows comparing the target city's experience with that of the control site as a basis for estimating the project impact. The assessment on the two cities was therefore completed with the comparable control site of Bcharre.

**Major outcomes.** The estimated increases in annual tourist visitation to the cultural sites that may be attributable to the project works range from fewer than 5,000 in Tripoli up to about 40,000 in Byblos. The assessment estimated that these increases generate increased tourist expenditure across the five cities of an average of over US\$ 6 million annually. The increase experienced in Byblos accounts for almost half of this total, due to the higher stability of the city compared to the others. The results indicated a particularly significant influence of the project on business investment decisions in both Byblos and Saida. Indeed, over 40% of businesses in Byblos that had invested, indicated clearly that without the project, they would not have invested at all. In the case of residential investment, the results showed the strong influence of the project in Byblos, with almost half those residents who had invested attributing their decision fully or partially to the project.

**Econometric analysis.** The aggregate-level analyses undertaken as part of the assessment covered all five of the cities targeted in the project, and evaluated project impacts from two perspectives. Firstly, the

assessment used official tourist data to estimate increases in visitor numbers in the five cities that may be attributable to the project and use these estimates to derive corresponding direct, indirect and induced impacts on output, income and employment. Secondly, the assessment used primary data collected from businesses and residents, through dedicated surveys, to estimate the possible effects of the project on levels of investment, and aggregated these effects to derive direct, indirect and induced impacts associated with these changes in investments. The assessment was able to obtain official statistics of time series for visitor numbers for the five target cities covering all years from before the project commenced up to the present time. For these statistics, trend equations were estimated econometrically for the pre-project years, incorporating any control variables considered relevant. From these equations, after making appropriate allowance for “natural” growth in numbers that would have occurred anyway, projections of the “without-project” case were made, and any apparent structural change (e.g. more rapid increase) over the period since the project were discerned. The difference between the “without-project” trend and the actual numbers can, under certain assumptions, be taken as indicating the marginal increase in tourist visitation attributable to the project. It was then possible to calculate the increase in total annual tourist expenditure by applying the spending of tourists per visit to the increased numbers calculated. The increases in visitor spending had flow-on effects on the regional and national economy that were estimated using multipliers. This assessment identified Type I multipliers to estimate direct and indirect impacts of the project and Type II multipliers for estimation of induced impacts. Type II multipliers took into account the household sector via compensation of employment (wages) and final consumption expenditure (consumption of households). Multipliers were calculated for output, income and employment impacts of the initial increase in expenditure attributable to the project. Moreover, assessment of the possible impacts of the project on levels of investment in the five target cities required data from surveys of relevant stakeholders. With the cooperation of the third-party research center involved in M&E, the team was able to include some questions relating to these issues in the fourth wave of the surveys of project outcomes in all five cities that was implemented in October 2016. The surveys were a business census covering a range of businesses in the target cities, and an opinion survey administered to residents.

**Results of the surveys of major stakeholder groups.** The conservation of heritage assets and the rehabilitation of the infrastructure in the historic cores of the target cities in the project was expected to have had a range of direct economic impacts on the economies of the cities. These benefits have been seen in improvements in the economic circumstances of businesses, households and cultural institutions in the historic city centers and in the experiences of visitors who contribute to the city economic and social life. As mentioned above, the economic impact assessment involved surveys of: (1) businesses; (2) residents; (3) visitors; and (4) cultural institutions and organizations, in Byblos and Tyre. Representative results for these four groups of stakeholders are as follows.

**Businesses.** The project appeared to have had a positive influence on the diversification of goods and services offered by businesses, more so in Byblos, a more stable city, than in Tyre, a less stable city (72% businesses in the sample in Byblos increased the diversity of their goods and services in 2009-2015 because of the project, 52% in Tyre). Businesses, particularly in Byblos, have also been willing to invest more in their enterprises due to the presence of the project in their localities. Confidence in the future of the commercial sector is indicated in plans to increase investment in the years ahead in both cities, with evidence that such confidence has been influenced by the works and activities completed under the project. Overall, these data painted a positive picture of the economic impacts of the project on business operations in the dynamic local business environment in Byblos, with a somewhat more muted outcome in the less secure Tyre. Nevertheless, the prospects for future economic development in both cities appear to be sound, and the indications are that the project has made some contribution towards establishing favorable conditions for such development in the commercial sector.

**Residents.** There has been an apparent lack of discretionary income growth in the target cities over the past five years, but household incomes across Lebanon have been under pressure for some time, so this

observation cannot be seen as anything out of the ordinary. Data collected indicated that residents in both Byblos and Tyre noticed more employment and business opportunities available to them in the tourism sector (about 90% of residents in Byblos and 60% in Tyre) as well as in the arts and cultural sectors (about 90% and 50% percent respectively), and that these changes were attributable to the project.

***Institutions.*** Results showed some significant positive impacts of the project on the institutional infrastructure supporting the cultural sector in the target cities. Although some cultural organizations faced more difficult times than others, the overall picture was one of consolidation and growth among the cultural institutions surveyed, with significant increases in visitor numbers and diversification of activities by cultural institutions attributable to the results of the project. More in details, 83% of cultural institutions in Byblos and 46% in Tyre experienced increases in visitation by foreign tourists in 2009-2015, which they attribute to the positive impacts of the project. There have also been increases in the number of employees and in employee salaries in the cultural institutions in both Byblos and Tyre, although sample numbers are too small to enable a general conclusion to be drawn. These favorable trends seemed likely to continue for at least some of the organizations surveyed; several reported plans to increase their level of operations in the future and to increase their investments in premises, equipment and in upskilling their employees.

***Tourists.*** The surveys of tourists to the old cities of Byblos and Tyre show that the project focus on rehabilitating heritage and improving the conditions in which visitors experience the old cities of Byblos and Tyre had a positive impact. Given the difficult circumstances surrounding the tourist industry in Lebanon at the time of the assessment, due to the Syrian crisis, these results were regarded as encouraging. When compared with the control old city of Bcharre, the old cities of Byblos and Tyre demonstrated stronger hospitality sectors, with more cafes, restaurants, bars and so on. Byblos was perceived by most visitors as an attractive city with cafes, restaurants and nightlife. Tyre was perceived as a place to shop and enjoy services, although its archaeological sites and the particularly distinctive local character of its heritage, especially around the harbor, has been a strong drawcard. The existence of the archaeological sites and the heritage assets in the historic cores was influential in drawing visitors to the two cities, and once there, they made a contribution to the local economy via their expenditures on goods and services purchased. Significant non-market benefits were also generated for visitors; for example, 80% of the sample of visitors in Byblos indicated they would have been willing to contribute something towards heritage rehabilitation in the city. Such positive willingness-to-pay could in principle be exploited in due course if an appropriate mechanism for revenue capture could be implemented.

***Conclusions.*** The project has had some significant impacts flowing both from increases in tourist numbers compared to the estimated “without-project” counterfactual, and from the project influence on the investment decisions of businesses and residents in the five target cities. The assessment estimated an annual direct impact attributed to the project of around US\$10 million across the five cities, with an increase in employment of more than 300 jobs per year. The flow-on effects of these impacts are also significant, with indirect effects of around US\$9 million in increased output in the rest of the economy. The additional consumption-induced effects from the initial direct impact are around US\$12 million in additional output. These were conservative estimates, based on data collected given the circumstances the country and opportunity to limit this assessment only to two cities out of five, due to easy of access for security clearances and the stability of the five cities. Overall, in the participating cities it was possible to point out significant improvements in urban amenity that the project works had initiated and carried through. These improvements helped to create an environment that was favorable to investment by economic actors such as businesses and households, for example in renovating their premises or properties. A number of such investments have entailed heritage conservation works carried out on private properties, stimulated in many cases as a result of the example set by heritage rehabilitations undertaken as part of the project. The various positive impacts of the project observable in the five target cities were definitely confirmed and illustrated in the two case-study cities of Byblos and Tyre. These

two cities provided something of a contrast in the ways in which the project was designed and implemented. In association with initiatives undertaken by the municipalities of the two cities, the project was following what can be interpreted as an *entrepreneurial strategy* in Byblos, i.e. pursuing a proactive and market-driven approach with clear economic objectives, and a *progressive strategy* in Tyre, i.e. emphasizing the provision of a wider redistribution of benefits to different stakeholder groups in addition to effects on economic growth, in a city by far less stable than Byblos. This was also explained due to the different economic conditions of these two cities, one relatively close to the capital, Byblos, the other located in a definitely lagging regions of Lebanon, Tyre. In Byblos, the focus has been on providing for economic growth through improved city image, increases in visitor numbers, stimulated private investments, and a reliance on prominent special events. The results for the commercial sector in Byblos showed consistently strong impacts. It could be observed that these initiatives were primarily located in the prime city locations, but were also tailored towards more affluent city residents and tourists rather than more diverse population groups with a wider geographical range. Byblos city has been capitalizing on large scale cultural initiatives and events which have generated significant publicity and public attention. In Tyre, project activities have been seen as an opportunity to activate local production, enrich local neighborhoods through public and private heritage-led projects, and strengthen community identity. There has also been attention to environmental initiatives such as protection of the coastal zone. Attempts have been made to support local production through rehabilitation and activation of the local souks and traditional industries, particularly the traditional fishing industry. In both Tyre and Byblos, current and planned investments and future plans for expansions in business operations pointed clearly to the success of the project in addressing the lack of economic opportunities in the old cities that had existed previously. Although accessibility still remained somehow a problem in both cities, the project improved the state of tourist infrastructure and amenities, contributing significantly to strengthening of the hospitality sector in these two cities. Residents in Tyre and Byblos see the positive impact of the project on tourism and on traditional arts and cultural activities. Importantly, there has been an increased appreciation of cultural heritage amongst the communities in both Tyre and Byblos since the project. An important question is whether or not the project has laid down a sound foundation for the possible generation of future benefits. This study investigated this issue in some detail and found clear evidence from the opinions of businesses, families, cultural organizations and visitors in both Byblos and Tyre that such a foundation was indeed being put in place, and that economic, social and cultural benefits derived from the project could be expected over the longer term. These findings were likely to be replicated in the other three cities in the project, where the assessment was not performed due to priority given to two cities, Byblos and Tyre, where security allowed site visits and data collection.

## Annex 4. Bank Lending and Implementation Support Processes

### (a) Task Team Members

Name	Title
Abou-Rizk, Nada (178597)	Senior Program Assistant, MNCLB
Abu-Hassanein, Zeyad (324171)	Senior Environmental Specialist, GEN05
Ahoulou, Jeanne A. (154218)	Not available
Amarin, Ihab (197567)	Not available
Anyu Djomo, Marcelle Ide Mireille (465585)	Customer Service Representative, GSDTE
Ashworth, Samuel Benjamin (483958)	Not available
Bahnson, Caroline (217693)	Senior Operations Officer, GCFMR
Bartaa, Freddy (492545)	Driver, MNCLB
Bekhechi, Mohammed A. (93023)	Consultant, GEN05
Ben Brahim, Khaled Mohamed (402569)	Finance Analyst, WFALN
Bhatt, Nina (88746)	Practice Manager, GSU03
Bigio, Anthony G. (51629)	Consultant, GEFEO
Bou Jaoude, Robert (180902)	Country Manager, MNCIQ
Brotsis, Christianna Johnnides (157243)	Senior Urban Management Specialist, GSUGL
Butler, John R. (52762)	Lead Social Development Specialist, Safeguard Policies, GSU04
Dennis, Eugenia (14718)	Not available
Eid, George Eid (208551)	Driver, MNCLB
El Masri, Diana C. (272561)	Not available
El-Chami, Mona (265283)	Senior Financial Management Specialist, GGO23
El-Fadel, Mutasem (186601)	Not available
Fares, Lina (232552)	Senior Procurement Specialist, GGO05
Feghoul, Mohammed D. E. (86206)	Not available
Galliano, Elena (99108)	Not available
Ghosh, Parthapriya (292426)	Senior Social Development Specialist, GSU06
Gigler, Karim Violeta E. (161493)	Not available
Gregoire, Gael (310568)	Senior Policy Officer, CESSK
Haidar Ahmad, Hadi (342184)	Driver, MNCLB
James, Richard (20630)	Not available
Kanaan, Sima W. (20425)	Lead Social Development Specialist, GSU05
Kandeel, Mohammad Farouk Ibrahim (448739)	Senior Environmental Specialist, GEN05
Karam, Dany Bechara (257773)	Team Assistant, MNCLB
Khayzir, Naji (509290)	Driver, MNCLB
Kranz, Frederick P. (15561)	Not available
La Cava, Gloria (145658)	Senior Social Scientist, GSU03
Le Tourneur, Candice (351452)	Not available
Le, Marie Ange (8845)	Not available
Licciardi, Guido (346286)	Senior Urban Development Specialist, GSU11
Mahfouz, Elie (497164)	Consultant, GSU11
Mahgoub, Ayah (362791)	Urban Economist, GSU11
Malaeb, Makram (414795)	Not available
Martinez Romero, Silvia (385711)	Senior Renewable Energy Specialist, GEEES
Massey, Ekaterina K. (84276)	Not available
Maurer, Robert (20702)	Not available
McPhail, Alexander A. (19090)	Lead Water and Sanitation Specialist, GWA05

Menon Parameswaran, Balakrishna (155077)	Lead Urban Specialist, GSU12
Nitti, Rosanna (190551)	Senior Urban Specialist, GSU09
Omar, Ahmad Ibrahim (308856)	Customer Service Representative, GSDTF
Opsal, Knut (18305)	Lead Social Development Specialist, GSU07
Rebosio Calderon, Michelle P. (347915)	Senior Social Development Specialist, Safeguard Policies, GSU05
Reichert, James A. (103397)	Senior Infrastructure Specialist, GTI02
Reliquet, Chantal (11513)	Ex-Senior Urban Development Specialist, GSU05
Wang, Chaogang (202824)	Senior Social Development Specialist, Safeguard Policies, GSU05

(b) Staff Time and Cost

FY	P050529		P116197		Total	
	Amount in US\$	Staff Weeks	Amount in US\$	Staff Weeks	Amount in US\$	Staff Weeks
1999	91,162	-			91,162	-
2000	71,259	14			71,259	14
2001	32,030	6			32,030	6
2002	155,982	22			155,982	22
2003	117,202	18			117,202	18
2004	67,736	10			67,736	10
2005	80,818	14			80,818	14
2006	64,752	14			64,752	14
2007	65,677	10			65,677	10
2008	72,482	8			72,482	8
2009	57,021	6			57,021	6
2010	206,898	22	13,470	2	220,368	24
2011	327,400	44	63,563	8	390,964	52
2012	199,711	29	142,149	26	341,860	55
2013	59,142	8	31,888	5	91,030	13
2014	83,775	7	16,536	3	100,310	10
2015	100,869	11			100,869	11
2016	178,275	25			178,275	25
2017	160,250	21			160,250	21
	<b>2,192,441</b>	<b>290</b>	<b>267,606</b>	<b>43</b>	<b>2,460,047</b>	<b>334</b>

## **Annex 5. Summary of Borrower's Comments on Draft ICR**

**Introduction.** The Completion Report of the Cultural Heritage and Urban Development Project (CHUD), elaborated by the Council for Development and Reconstruction (CDR), follows the World Bank Group guidelines for Implementation Completion and Results Reports. This Annex summarizes the comments of the implementing entity CDR on project achievements and lessons learned.

**Original Project Development Objective.** The Project Development Objective, as stated in the loan agreement, was: (a) creating the conditions for increased local economic development and enhanced quality of life in the historic centers of the cities of Baalbeck, Byblos, Saida, Tripoli and Tyre; and (b) improving the conservation and management of the country cultural heritage. The project objectives therefore reflect the recognition of the intrinsic value of built cultural heritage and its importance as an asset for sustainable economic and social development. By setting the two interrelated objectives the project aimed at harvesting the economic value of cultural heritage, capturing synergies between cultural heritage and urban development, and integrating cultural heritage preservation, local economic development, and poverty alleviation. The project also aimed at raising awareness and appreciation of local inhabitants of the value of cultural heritage. In order to achieve these two PDO, the project was structured under three major components:

Component 1 - Rehabilitation of Historic City Centers and Urban Infrastructure Improvements;  
Component 2 - Archeological Sites Conservation and Management; and  
Component 3 - Institutional Strengthening.

**Implementation Arrangements.** CDR, institution of the Republic of Lebanon, was responsible for the Implementation of the project. For this purpose and to support CDR, a Project Management Unit (PMU), composed of multiple disciplinary experts, was recruited and established at the CDR main offices. The project also established Municipal Implementation Units (MIUs) in each of the five cities. The project was implemented in close coordination with the Directorate General of Antiquities (DGA) and the Municipal councils in the five targeted cities. The project also coordinated with other concerned public authorities regarding upgrading the infrastructure such as Ministry of Culture, Ministry of Tourism, Ministry of Public Works regarding Port of Tyre, North Lebanon Water Establishment, Electricity of Lebanon, Electricity of Qadisha, Electricity of Byblos, and Directorate of Urban Planning regarding the preparation and the approval of the urban master plan regulations for the five cities targeted by the project.

**Project financing.** The three components of the project have been implemented benefiting from a several financial arrangements prepared during project preparation and then signed with the various donors that contributed to the project, together with the Government of Lebanon, namely the World Bank Group, the Government of France (together with the French Development Agency) and the Government of Italy. The total cost for these three components was preliminary estimated at appraisal to be about US\$62 million, of which US\$31.5 million M financed by the World Bank. During implementation, the project was also supported by additional financing secured from the World Bank and the Government of France (through the French Development Agency). Total project of the project eventually became about US\$112 million, of which US\$ 58.5 from the World Bank Group. Maps 1 to 5 outline the interventions in the five participating cities.

### **Assessment of World Bank Group and Borrower Performance**

**World Bank Group Performance.** The World Bank Group performance during project preparation and implementation was highly supportive and positive. The task team acted as partner to the Borrower, believing in CDR institutional capacity, through the PMU, and helping and supporting the achievement of the objectives set in the Loan and the Project Agreements. Support provided by task team was very proactive and through, since the beginning, to set the pace of the project, and also showed necessary

flexibility to understand issues and challenging moments, mainly due to political and security instabilities, both beyond the control of the implementing entity and the Government as a whole.

**CDR Performance.** The performance of the implementation entity was satisfactory. The PMU at CDR performed satisfactorily during project implementation, handling diligently project activities, at technical level, fiduciaries aspects, procurement, and safeguards. Corrections to processing and contract management were brought in due course. The PMU complied with World Bank Group procedures. Communication with the task team and overall coordination among the participating agencies revealed efficient and largely successful, despite exogenous factors mentioned above.

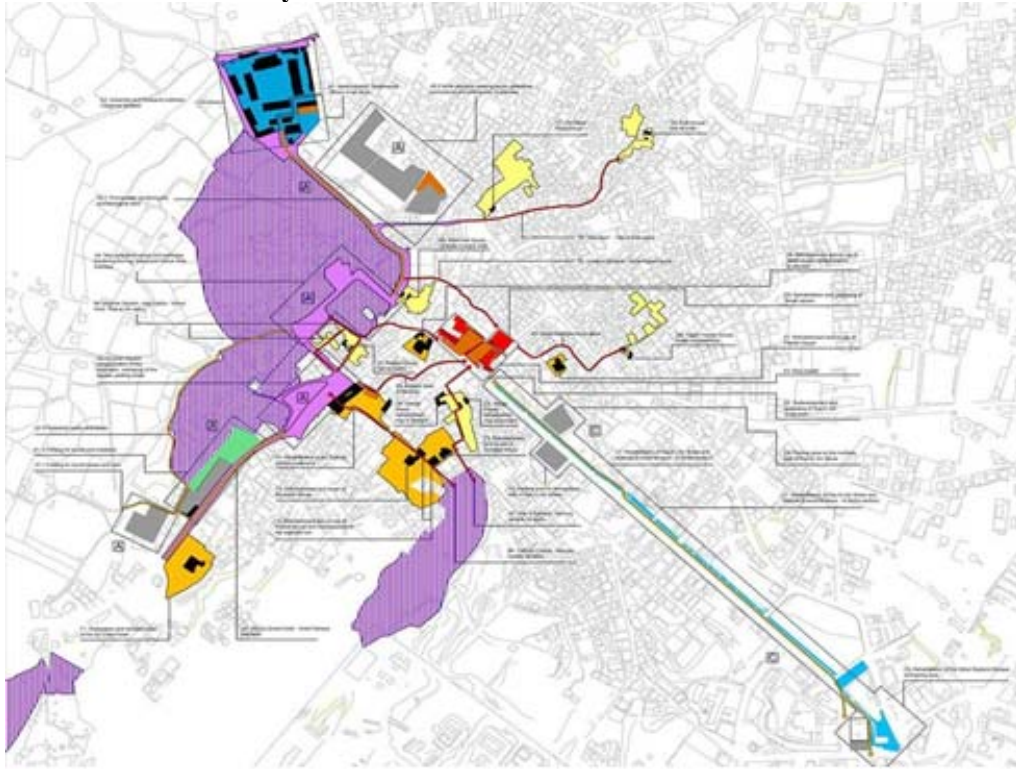
### **Main Results**

- 1. Achieving policy reforms.** The project was the catalyst in drafting and pushing forward a number of institutional structuring and legal reforms efforts in the cultural heritage sector, namely three Laws and four Decrees, to improve conservation and management of cultural heritage at the country level.
- 2. Raising awareness.** The project has raised awareness of the intrinsic value of cultural heritage among local communities in the five targeted cities and the country as a whole, especially on: economic potential, national pride, mutual understanding, source of richness, vitality and adaptability for the society confronted by the challenges of post-war rehabilitation (physical and moral) and globalization.
- 3. Supporting local economic development.** The project served as a pilot to demonstrate the contribution of cultural heritage to local development with impacts on local economies and employment in several sectors, including commerce and leisure industries, building conservation, real estate, urban regeneration with private sector mobilization, rural development, cultural activities and tourism. The project also generated benefits for local communities, including improvement of image, well-being, feeling of identity, social cohesion, and attractiveness.
- 4. Succeeding in the re-appropriation of historic cities and their identities.** The project has triggered the re-appropriation of the historical cores of the targeted five cities by their Municipalities, local communities, and general public at country level. This has been achieved in various stages in each city, depending on their security and social challenges, with substantial contribution to their identities, an important factor in post-war reconstruction.
- 5. Addressing pre-existing social issues.** The project has addressed and helped reduce pre-existing social issues in the participating cities, particularly at: Khan el-Askar and Abu Ali marketplace in Tripoli, marketplace and fishermen marketplace in Tyre.
- 6. Setting new procedures.** The project set new working procedures between stakeholders, particularly DGA, public institutions at central local level, as well as the private sector, mainstreaming efforts for other activities in Lebanese historic cities;

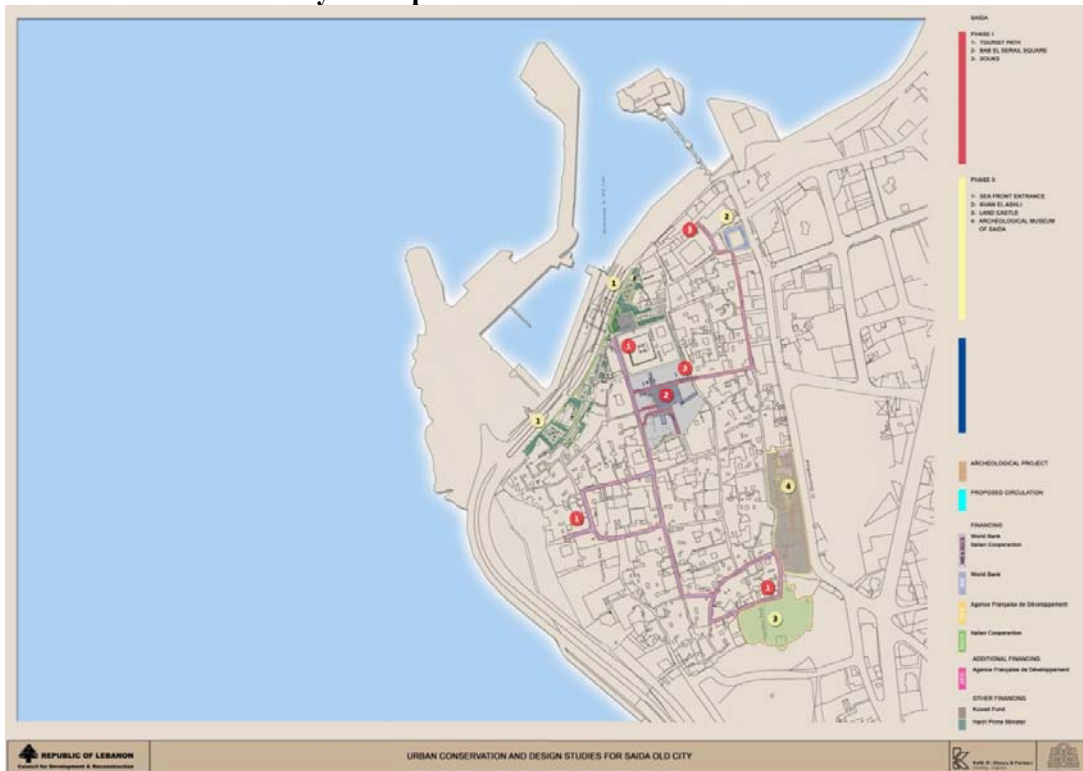
**Way forward.** The project generated substantial impacts and lessons learned, which could be further optimized by extending future similar approaches to other secondary cities in Lebanon. CDR has received many requests from other Municipalities asking the possibility to be targeted by similar initiatives.



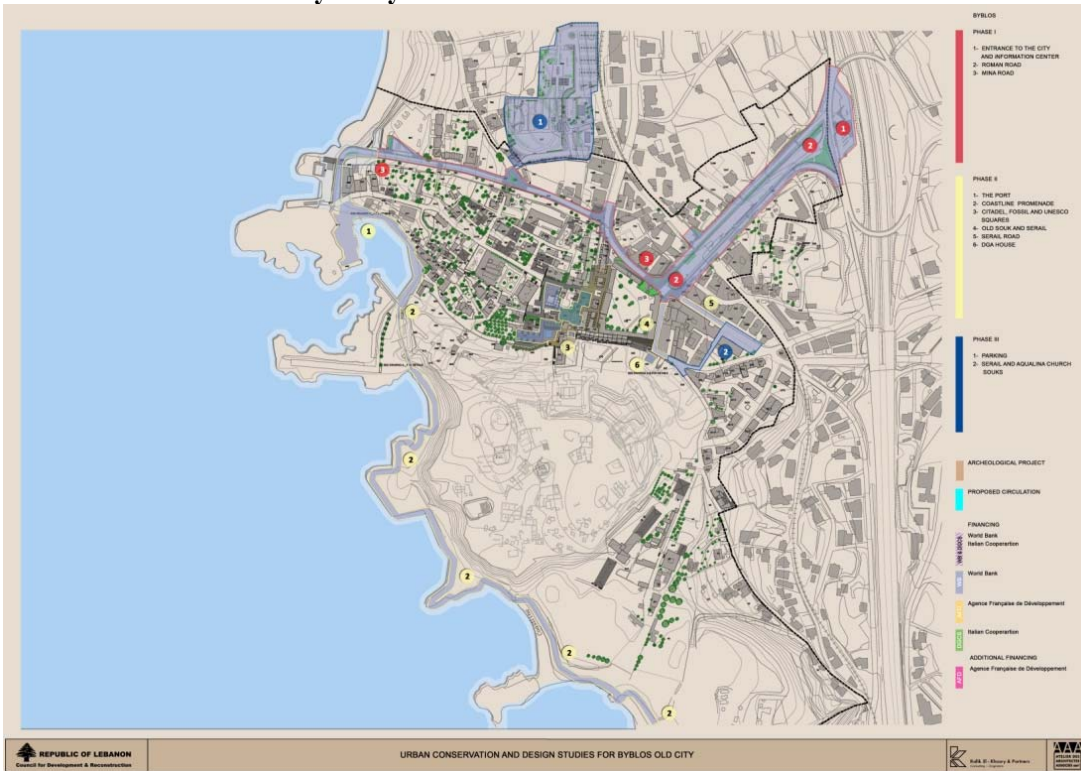
**Map 1. Interventions in the city of Baalbek**



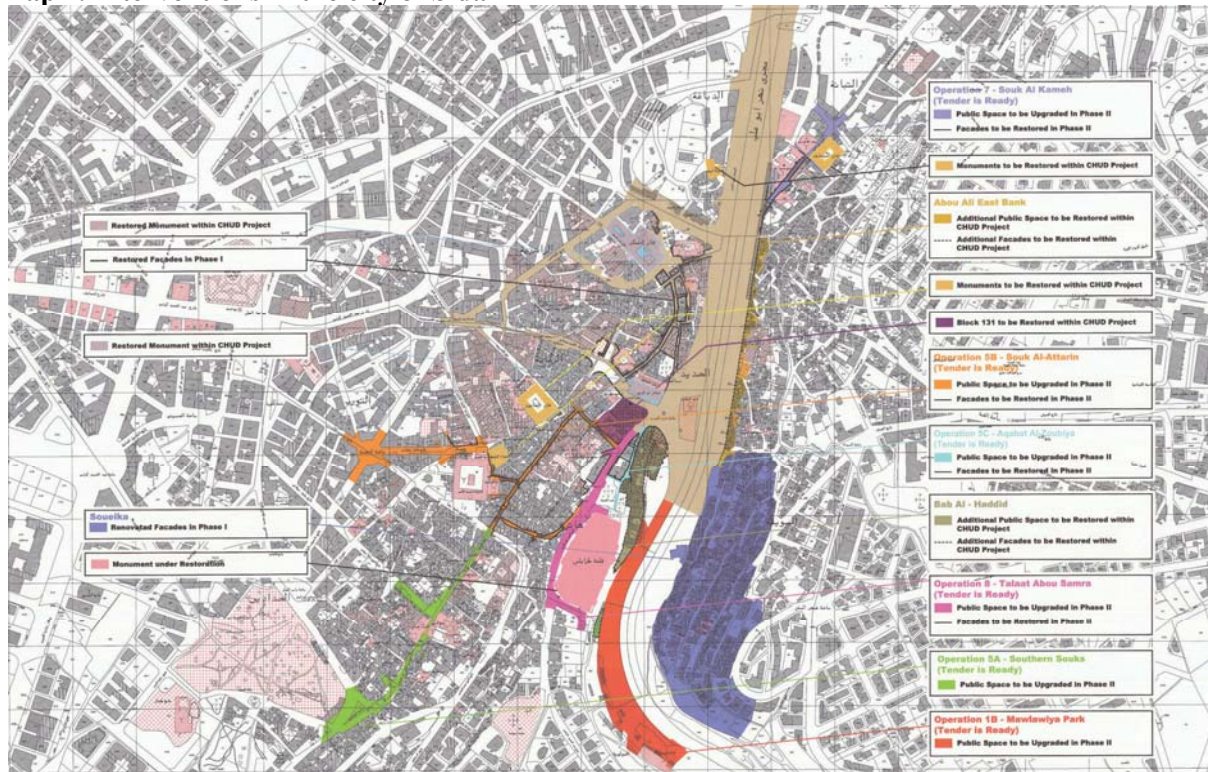
**Map 2. Interventions in the city of Tripoli**



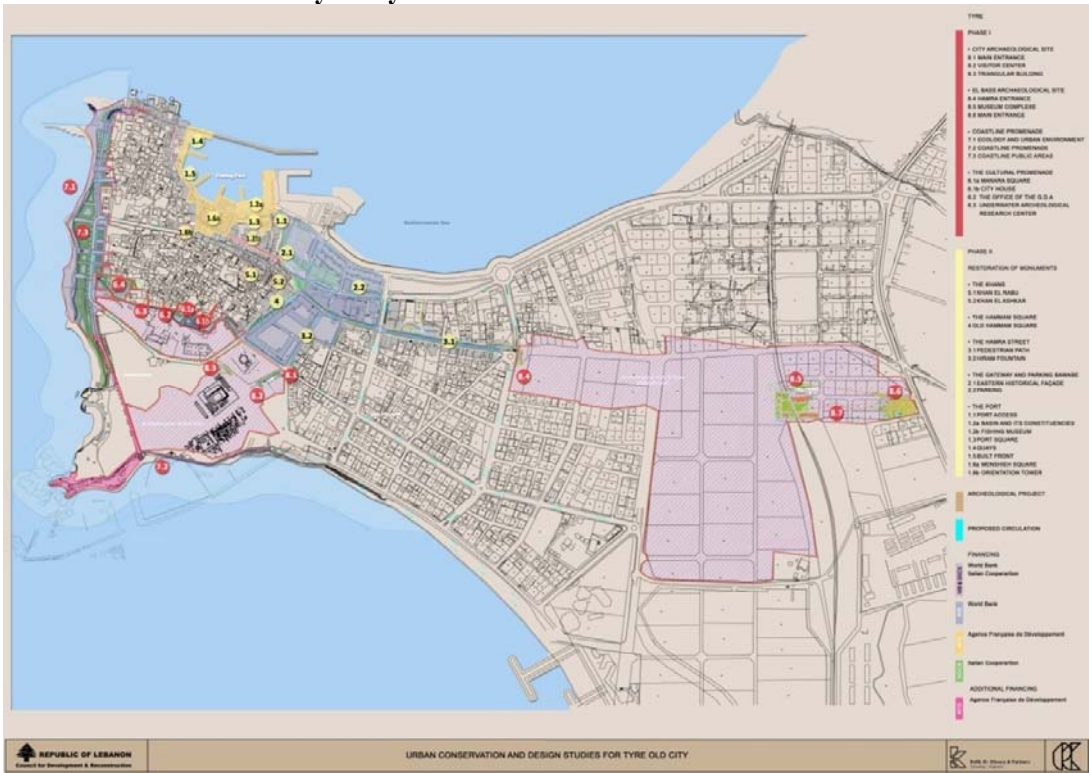
**Map 3. Interventions in the city of Byblos**



**Map 4. Interventions in the city of Sida**



Map 5. Interventions in the city of Tyre



## Annex 6. Photos from Project Sites

Baalbeck. Access road to the World Heritage Site, the project closed drive through traffic and reserved it to pedestrians



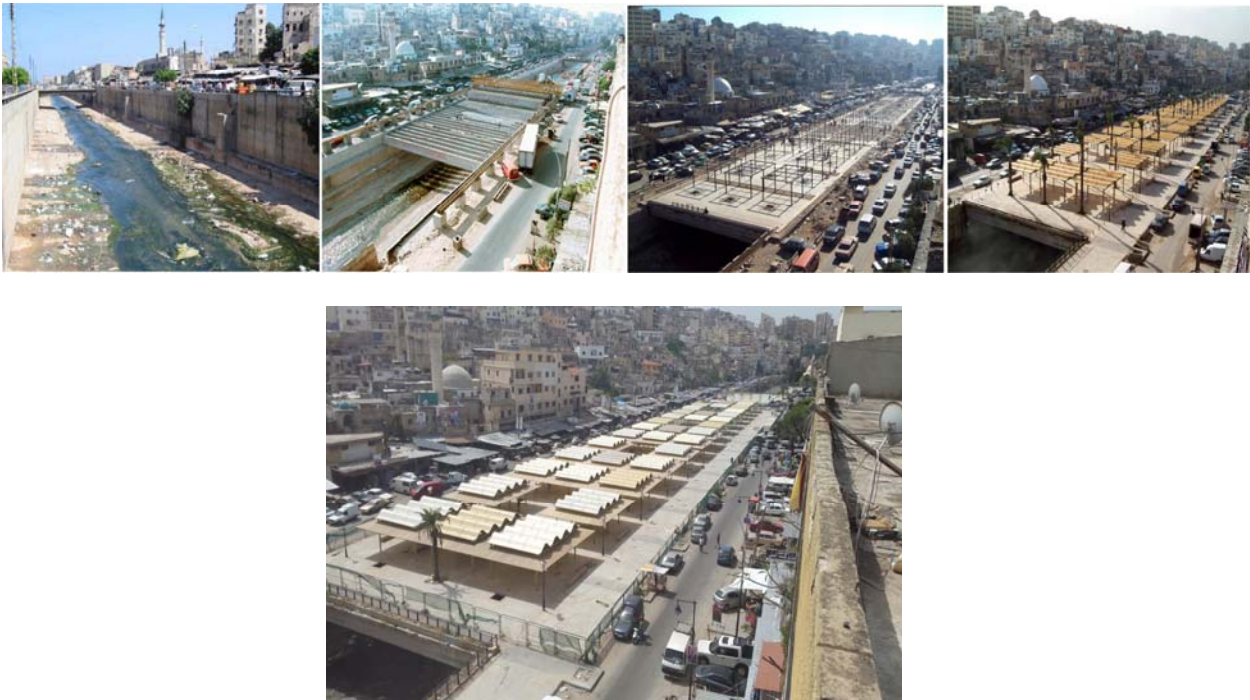
Baalbeck. Area with shops, before and after the project



Tripoli. Khan Al Askar, before and after the project



Tripoli. New marketplace, before, during and after the project



Sida. Public space closed to traffic and converted into a square, before and after the project



Tyre. New marketplace built by the project, before and after the project



Tyre. Private sector investment leveraged by the project, before and after the project



Tyre. Street rehabilitated, before and after the project



Tyre. Community building rehabilitated, before and after the project



Tyre. Port rehabilitated, after the project



## Annex 7. List of Supporting Documents

- Project Appraisal Document of the original project;
- Loan Agreement of the original project;
- Project Agreement of the original project;
- Project Restructuring Papers and Memos for Extension;
- Project Paper for additional financing;
- Loan Agreement of the original project;
- Project Agreement of the additional financing;
- Implementation Supervision and Results Reports (details in the table below);
- Aide Memoires
- Third Party Monitoring and Evaluation Reports; and
- Third Party Economic Impact Assessment.

No.	Date ISR archived	No.	Date ISR archived
1	04/30/2003	16	01/11/2010
2	10/31/2003	17	07/29/2010
3	04/28/2004	18	05/02/2011
4	10/29/2004	19	06/29/2011
5	03/29/2005	20	01/15/2012
6	06/24/2005	21	05/27/2012
7	12/27/2005	22	10/21/2012
8	06/20/2006	23	07/04/2013
9	12/19/2006	24	12/28/2013
10	04/02/2007	25	06/16/2014
11	11/17/2007	26	12/30/2014
12	05/23/2008	27	06/26/2015
13	09/30/2008	28	12/15/2015
14	06/29/2009	29	06/06/2016
15	12/17/2009	30	12/16/2016



# Annex 8. Country Map

