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Report No: PAD1850

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED ADDITIONAL FINANCING GRANT

IN THE AMOUNT OF US\$ 10 MILLION

TO THE

LEBANESE REPUBLIC

FOR AN

EMERGENCY NATIONAL POVERTY TARGETING PROGRAM PROJECT

June 27, 2016

Social Protection & Labor
MIDDLE EAST AND NORTH AFRICA

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ABBREVIATIONS AND ACRONYMS

BLF	<i>Banque Libano-Française</i>
CMU	Central Management Unit
DA	Designated Account
E-NPTP	Emergency National Poverty Targeting Program
ESIA	Economic and Social Impact Assessment
FM	Financial Management
FOT	Fiduciary Operations Team
GOL	Government of Lebanon
GRS	Grievance Redress Service
HBS	Household Budget Survey
HH	Household
IFR	Interim Financial Reports
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa Region
MOF	Ministry of Finance
MOSA	Ministry of Social Affairs
NGO	Non-Governmental Organization
NPTP	National Poverty Targeting Program
PCM	Presidency of the Council of Ministers
PMT	Proxy-Means Testing
POM	Project Operation Manual
SDC	Social Development Centers
SP	Social Protection
SSN	Social Safety Net
TFL	Trust Fund for Lebanon
TOR	Terms of Reference
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WA	Withdrawal Application
WFP	World Food Programme

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LEBANON

EMERGENCY NATIONAL POVERTY TARGETING PROGRAM

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ADDITIONAL FINANCING DATA SHEET

Lebanon

Additional Financing for Emergency National Poverty Targeting Program (P158980)

MIDDLE EAST AND NORTH AFRICA

GSP05

Basic Information – Parent							
Parent Project ID:	P149242			Original EA Category:	C - Not Required		
Current Closing Date:	31-Dec-2017						
Basic Information – Additional Financing (AF)							
Project ID:	P158980			Additional Financing Type (from AUS):	Scale Up		
Regional Vice President:	Hafez M. H. Ghanem			Proposed EA Category:			
Country Director:	Ferid Belhaj			Expected Effectiveness Date:	01-Sep-2016		
Senior Global Practice Director:	Omar S. Arias Diaz			Expected Closing Date:	31-Dec-2018		
Practice Manager/Manager:	Hana Polackova Brixi			Report No:	PAD1850		
Team Leader(s):	Haneen Ismail Sayed						
Approval Authority							
Approval Authority							
RVP Decision							
Please explain							
Borrower							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Finance	Alain Bifani	Director General	9613-306935	alainb@finance.gov.lb			
Project Financing Data - Parent (Emergency Nat'l Poverty Targeting Proj-P149242) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P149242	TF-17200	Effective	18-Aug-2014	18-Aug-2014	18-Aug-2014	31-Dec-2017	31-Dec-2017

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P149242	TF-17200	Effective	USD	8.20	8.20	0.00	5.65	2.55	68.90
Project Financing Data - Additional Financing for Emergency National Poverty Targeting Program (P158980)(in U SD Million)									
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		10.00		Total Bank Financing:		0.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
Borrower								0.00	
Lebanon Syrian Crisis Trust Fund								10.00	
Total								10.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name	Role	Title	Specialization	Unit					
Haneen Ismail Sayed	Team Leader (ADM Responsible)	Program Leader	Social Protection & Labor	MNC02					
Lina Fares	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGO05					
Rock Jabbour	Financial Management Specialist	Financial Management Analyst	Financial Management	GGO23					
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Andrianirina Michel	Team Member	Finance Officer	Finance Officer	WFALA					

Eric Ranjeva				
Chaogang Wang	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSU05
Hala Ballout	Team Member	Operations Analyst	Safeguards/Operations	OPSPF
Mazhar Farid	Team Member	Legal Analyst	Legal	LEGAM
Mei Wang	Counsel	Senior Counsel	Legal	LEGAM
Rene Antonio Leon Solano	Team Member	Sr Social Protection Specialist	Social Protection & Labor	GSP05

Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Lebanon	Mont-Liban	Mohafazat Mont-Liban	X		
Lebanon	Beyrouth	Beyrouth	X		
Lebanon	Liban-Nord	Mohafazat Liban-Nord	X		
Lebanon	Liban-Sud	Mohafazat Liban-Sud	X		
Lebanon	Beqaa	Mohafazat Beqaa	X		
Lebanon	Nabatiye	Mohafazat Nabatiye	X		
Lebanon	Aakkar	Mohafazat Aakkar	X		
Lebanon	Baalbek-Hermel	Mohafazat Baalbek-Hermel	X		

Institutional Data

Parent (Emergency Nat'l Poverty Targeting Proj-P149242)

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	93		
Public Administration, Law, and Justice	Public administration-Other social services	7		
Total		100		

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	53
Social protection and risk management	Social Protection and Labor Policy & Systems	47
Total		100

Additional Financing Additional Financing for Emergency National Poverty Targeting Program (P158980)**Practice Area (Lead)**

Social Protection & Labor

Contributing Practice Areas

Jobs

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	93		
Public Administration, Law, and Justice	Public administration-Other social services	7		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	53		
Social protection and risk management	Social Protection and Labor Policy & Systems	47		
Total		100		
Consultants (Will be disclosed in the Monthly Operational Summary)				
Consultants Required? Consulting services to be determined				

I. INTRODUCTION

1. This Project Paper seeks the approval of the Regional Vice President to provide an additional financing (AF) grant in an amount of US\$10 million to the Lebanon Emergency National Poverty Targeting Program (E-NPTP) Project (P149242). The AF is provided from the Lebanon Syria Crisis Trust Fund (LSCTF).

2. The proposed AF is sought upon the request of the Ministry of Social Affairs (MOSA) and the Presidency of Council of Ministers (PCM), in order to scale-up the successful e-card food voucher program under Component 2 of the E-NPTP, and to introduce a pilot graduation program for selected National Poverty Targeting Program (NPTP) beneficiaries to improve their employability.

3. This request is based on the need to continue and expand the e-card food voucher program which has been providing food support to poor Lebanese households in areas of high Syrian refugee influx, and which has contributed to reducing social tensions between poor Lebanese communities and Syrian refugee populations.

4. The proposed AF will also be used to enable the Government of Lebanon (GOL) to pilot an innovative graduation program for selected NPTP beneficiaries to “exit” from poverty, thus contributing to reduced poverty and vulnerability levels and improved program fiscal sustainability in the long run.

5. Hence, a restructuring of the project is being sought to: (i) revise the Project Development Objective (PDO) to reflect changes in the scope of project activities; (ii) revise the Results Framework to be in line with the modified PDO; and (iii) extend the grant closing date by 12 months to accommodate implementation of the pilot.

6. The current PDO of the E-NPTP is “to expand the coverage and enhance the social assistance package of the NPTP to Lebanese affected by the Syrian crisis and all Lebanese households under the extreme poverty line”. The revised PDO will be “to expand the coverage and enhance the social assistance package of the NPTP to Lebanese affected by the Syrian crisis and all Lebanese households under the extreme poverty line, *as well as to assess the effectiveness of a graduation pilot*”.

7. There are no outstanding audit reports under Bank-financed projects previously implemented by the MOSA.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING IN THE AMOUNT OF US\$10 MILLION

A. BACKGROUND

8. Even prior to the onset of the Syrian conflict and the inflow of large numbers of Syrian refugees, poverty in Lebanon was significant and regional disparities in living conditions were acute. The most recently completed Household Budget Survey (HBS 2011-12) shows that poverty in Lebanon was 27 percent (pre-Syrian crisis) which implies that about one million people had levels of consumption below the annual poverty line set at 4,729 thousand LBP per capita per year (\$3,150). Significant regional differences exist. Poverty is the lowest in Beirut (16%), followed by Mount Lebanon (22%) and Nabatieh (25%). The poorest regions are North Lebanon (36%) and Bekaa (38%).

9. The Syrian conflict is estimated to have increased poverty among the Lebanese population by an additional 170,000 people in 2014 with the existing poor pushed deeper into poverty.¹ According to the 2015-16 Lebanon Crisis Response Plan (LCRP), in addition to the estimated 1.5 million Lebanese living under the poverty line, the total vulnerable population in Lebanon today is more than 3.3 million - including the Syrian refugees i.e. more than 55% of the population is considered poor or vulnerable to poverty. Prior to the Syrian conflict, Lebanon had a population of 4.2 million. Today, five years later, its population has surged by 30% to close to 6 million².

10. Since the majority of the Syrian refugees are located in regions already having high poverty rates, vulnerability of the Lebanese in these areas has increased. Recent assessments have also found that Lebanese households are facing higher expenditures as the cost of goods and services are rising, particularly food. The socio-economic consequences of the refugee crisis have also led to increasingly fragile inter-communal relations and social tensions with Lebanese communities attributing the decline in their own living standards to the refugee presence.

11. In response to rising poverty levels in communities hosting refugees and in order to help mitigate tensions between the refugee and Lebanese communities, the GOL, with World Bank's assistance, in 2014 scaled up the National Poverty Targeting program (NPTP) to cover more poor Lebanese households and provide food assistance via an electronic card (e-card) in the poorest regions of the country and those with the highest prevalence of refugees. The Emergency NPTP project of US\$8.2 million grant (funded from the Trust Fund for Lebanon) was approved on June 3, 2014 as an emergency operation, and is part of the World Bank's package of response programs to help mitigate the impact of the Syrian crisis on host communities. The project became effective rapidly on August 18, 2014 and has a closing date of December 31, 2017. Implementation of the Emergency NPTP is going well as documented in the recent mid-term review.³ As of May 2016, the Emergency NPTP is 69% disbursed, with the e-card food voucher component fully disbursed four months into implementation. However, due to funding constraints, only 5,076 extreme poor Lebanese households (27,209 individuals) have received the e-card to date.

¹ World Bank (2013), "Economic and Social Impact Assessment (ESIA)," Report No. 81098-LB, September

² 2015-16 Lebanon Crisis Response Plan

³ February 11, 2016 Mid-Term Review Package

B. SITUATIONS OF URGENT NEED OF ASSISTANCE

12. Similarly to the parent project, this AF is being prepared and implemented according to paragraph 12 of the OP 10.00 (*Situations of Urgent Need of Assistance or Capacity Constraints*), which allows for certain exceptions to the investment project financing policy requirements if the Bank deems the recipient to be in urgent need of assistance because of a man-made disaster or conflict (among other factors). The situation in Lebanon is characterized as both a man-made crisis (arrival of large refugee population), as well as the result of conflict (taking place in Syria).

13. The justification for processing this AF under emergency procedures stems from the urgent need to continue addressing the impoverishment of the Lebanese people generated by the Syrian crisis, especially in those communities most impacted by the influx of Syrian refugees. Moreover, there are to-date no indications that conditions in Syria will change in the foreseeable future, making continued emergency funding for the E-NPTP crucial in reducing the social tensions between refugee and host communities.

C. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

14. In such a fragile and conflict-prone environment, the new Lebanon Country Partnership Framework (FY17-FY22) is aiming at mitigating the immediate, and potentially long-lasting impact of the Syria crisis on Lebanon, while strengthening state institutions, addressing existing vulnerabilities, and bolstering efforts on longer term development challenges, all through interventions that foster inclusion and shared prosperity.

15. Accordingly, the proposed AF fully aligns with this approach which has already highlighted the large and significant impact of the Syrian conflict on Lebanon's fragile socio-economic and political environment. This new project is in compliance with the Social Protection and Labor Strategy 2012-2022 which aims at improving resilience, equity, and opportunity for people in both low- and middle-income countries as well as promotes the development of integrated and efficient social service delivery systems to address poverty, inequality, and other social risks. It is also consistent with the overarching objective of the WBG's Regional Strategy for the Middle East and North Africa (MENA), which aims at contributing to building peace and stability specifically linked to the Resilience and Refugees Pillar.

16. While addressing an immediate and urgent crisis, the project also contributes to the strategic objectives of the World Bank of "ending extreme poverty and promoting shared prosperity", particularly through targeting households that fall under the extreme poverty line. The project supports the principle of equity through provision of similar benefits for Lebanese extreme poor households and Syrian refugees.

D. RATIONALE FOR ADDITIONAL FINANCING

17. The GOL is aiming to scale up programs to reduce the economic and social impacts of the Syrian crisis on the host communities, including through the Lebanon Syria Conflict Trust Fund (LSCTF) established by the World Bank in December 2013 and the forthcoming Concessional Financing Facility.

18. To date, the impact of the e-card food voucher on the poor is very positive, and beneficiary satisfaction with the program is high. Results from the project's monitoring system indicate that: (i) beneficiary households were consuming 30% more food after six months of receiving the e-card; (ii) beneficiary households were benefiting from a more diversified diet; and (iii) beneficiary households are adopting significantly less negative coping strategies⁴.

19. Moreover, the NPTP program has established itself as Lebanon's main social safety net program, playing a central role for donors, UN agencies, and other ministries in reaching poor and vulnerable host populations affected by the Syrian conflict. Indeed, any program that is interested in reaching poor Lebanese households is directed to work through the NPTP, and specifically to draw from its database for the identification of its beneficiaries. Hence, reducing fragmentation of safety net programs for Lebanese.

20. For the medium and long term, the GOL is looking to institutionalize the NPTP through a law that would establish a program to provide conditional cash transfers to poor Lebanese building on and incorporating the NPTP. A draft law is under discussion in Parliament, which if passed, would institutionalize the NPTP program as a permanent feature of Lebanon's social safety net system, and would constitute a significant step in the development of Lebanon's social protection system more broadly.

21. Based on those achievements and needs, the GOL, through MOSA and PCM, requested the proposed AF in order to scale up the e-card food voucher. Moreover, this additional financing will also be used to fund a "graduation" pilot that seeks to lift NPTP beneficiaries out of extreme poverty. Given the scale of the challenge, NPTP is an effective channel through which the Government and other partners can implement social programs seeking to address the most pressing issues afflicting the poor and vulnerable.

22. A financing gap for the e-card food voucher component of US\$117 million was identified in the Emergency NPTP project document.⁵ To date, approximately US\$15.6 million has been provided through the Emergency NPTP (US\$3.76 million for the e-card food voucher component of the project) and the rest from other donors/partners including the UNHCR, UN, and Germany as the E-NPTP was designed as a platform for which to crowd in donor funding. The US\$10 million AF will help further close the financing gap. At the same time, the MOSA has requested additional funding from the government budget of US\$40 million to finance the expansion of the social assistance to a larger number of poor Lebanese households.

E. ACTIVITIES TO BE FINANCED THROUGH THE PROPOSED ADDITIONAL FINANCING

23. The E-NPTP project has three components: (1) Administration of NPTP; (2) Social Assistance (e-card food voucher); and (3) Fiduciary Operations Team (FOT). The AF will finance Component 1 (US\$0.5 million), Component 2 (US\$7.0 million), and a new component to be added for the graduation pilot (US\$2.5 million). Component 3 will be merged with Component 1. The components will therefore be as follows: (1) Administration of NPTP; (2) Social Assistance; and (3) Graduation Pilot.

⁴ Post monitoring distribution report, Government of Lebanon, 2015

⁵ LEBANON Emergency NPTP Project Appraisal Document (PAD), June 6, 2014, World Bank

24. **Component 1. Administration of NPTP (US\$0.5 million total cost, financed from the AF):** This component's objective is to ensure an effective and efficient administration and implementation of the project through its structures in the MOSA and the PCM. It is a continuation and expansion of activities financed under the parent project, as well as the inclusion of a new component. It includes the financing of the following:

- The NPTP Project Management teams at MOSA and PCM including, inter alia: (i) Monitoring and Evaluation of the NPTP implementation, (ii) Provision of training to Beneficiaries on the use of Food Vouchers, and technical assistance to the NPTP Project Unit in managing, assessing and monitoring the implementation of the e-card Food Voucher program and (iv) provision and maintenance of the e-cards for the Food Vouchers.
- The Fiduciary Operations Team (FOT) which is responsible for implementation of the procurement and financial functions of the project, working closely with the teams in MOSA and the PCM who are implementing the program activities. The FOT will continue to play the same role as in the parent project.

25. **Component 2. Social Assistance (US\$7.0 million total cost from the AF):** The objective of this component is to address basic food needs of extremely poor Lebanese households. It builds on the positive impact of the e-card food voucher program being implemented under the parent project. The proposed AF will therefore include a continuation and expansion of this program from the current 27,209 individuals receiving the e-card food voucher to 52,715 individuals. It will also extend coverage for another four months, reduce the value of the voucher from US\$30 per person/month to US\$27 per person/month, and cap the number of beneficiaries per household at six persons, in line with the agreement with PCM and World Food Program (WFP) and along the recent reform options for the NPTP.⁶

26. **Component 3. NPTP Graduation Pilot (US\$2.5 million total cost from the AF):** The objective of this component is to pilot a graduation model that would promote increased and sustainable levels of income among the poorest NPTP beneficiary households (HHs), in order to improve their overall relative poverty levels. To achieve this objective, NPTP-G will provide self-employment opportunities to male and female members of targeted NPTP HHs through the delivery of a comprehensive package of services. In the long-term, it is expected that NPTP-G will contribute to a decrease in the number of NPTP beneficiary HHs living under the extreme poverty line in the country.

27. The design of this component is based on the Consultative Group to Assist the Poor (CGAP)/Ford Foundation graduation model that has been implemented in over 20 countries with high success⁷. The component will finance a rapid market analysis in each target area in order to assess local market needs and opportunities, after which a package of the following services for the NPTP beneficiary HHs will be provided: (i) the NPTP e-card food voucher for consumption support and improved food security levels, financed through Component I above; (ii) an asset transfer to help jump-start one or more economic activities; (iii) technical skills training related to the chosen asset as well as on identifying, developing, and running a business; (iv) coaching and life-skills training to boost beneficiaries' self-confidence and social capital and contribute to improve overall levels of discouragement; and (v) financial literacy training and linkages to microfinance services for improved income management and

⁶ LEBANON: Food Security and Education for the Extreme Poor: Options for Reforming the National Poverty Targeting Program, Draft for Discussion, World Bank, Beirut, March 2016

⁷ From Extreme Poverty to Sustainable Livelihoods: A Technical Guide to the Graduation Approach, September 2014, Ford Foundation.

savings. This package of services will be delivered in a sequenced manner in the course of approximately 24 months. International evidence, well beyond that of the CGAP/Ford Foundation model, indicates that providing the extreme poor a comprehensive package of services is effective at addressing multidimensional poverty, thus contributing to reduced poverty levels. Graduation programs can reduce beneficiaries' potential dependency on public aid/benefits and thus alleviate pressure on public spending, all while moving the extreme poor into the market economy, by preparing them for self-employment or formal financial services.

28. The NPTP-G will target 600 HHs out of the additional poorest 5,000 HHs that will begin to receive the e-card food voucher through the AF (see component 1). The NPTP-G will be implemented in at least one rural and one urban areas. Focusing on the next poorest 5,000 HHs in the PMT ranking that will begin receiving the e-card food voucher is cost efficient, as the NPTP-G will leverage the consumption smoothing support that is provided through NPTP. Additionally, the targeted HHs would not expect to continue receiving the e-card food vouchers once the AF is depleted, thus effectively embedding a graduation approach to delivering social assistance through NPTP. The NPTP-G will target the North and the Bekaa, as these two regions have the highest concentration of the targeted beneficiary HHs (81% and 13% respectively). The NPTP-G will be piloted in at least one rural and urban area within the target region (s), to determine its effectiveness in both settings and thus, inform the potential scale-up of the program nationwide. One working age member per targeted HH will be eligible to benefit from NPTP-G. If the selected HH member is a male, the HH will be required to identify one working age female HH member for participation in trainings to be delivered through NPTP-G.

29. While most of the CGAP/Ford Foundation pilots focused on rural areas, there is some evidence that the CGAP/Ford Foundation model has also achieved significant results in semi-urban areas. The CGAP-Ford Foundation pilots in Pakistan and Yemen (selected sites) were implemented in semi-urban settings, and achieved similar results to those of the pilots implemented in rural areas. For example, both semi-urban pilots were able to graduate a similar percentage of beneficiaries than that of the rural pilots, and achieved sustainable livelihoods at equal rates. Some of the assets that were transferred to the beneficiaries of these semi-urban pilots include commodities to start small shops, sewing machines, etc. Evidence suggests, however, that these semi-urban pilots faced some challenges, including higher percentage of dropout rates and difficulties in monitoring program beneficiaries due to their higher mobility. Representative focus groups with current NPTP beneficiaries, including those who would be targeted through NPTP-G, were carried out in semi-urban areas throughout Lebanon. Information gathered through these focus groups suggests that there is wide interest on NPTP-G among current NPTP-G beneficiaries. NPTP-G will leverage the knowledge and lessons learned from these semi-urban pilots to maximize its likelihood of success. Finally, and given that NPTP-G will be subject to a robust impact evaluation (see below), the implementation of NPTP-G in an urban/semi-urban area will contribute to the evidence and overall body of literature on the impact of graduation on urban/semi-urban settings.

30. An impact evaluation will be embedded in the design and implementation of NPTP-G, in order to evaluate its impact and to inform its potential scale-up. The impact evaluation will assess whether NPTP-G had an impact on its beneficiaries in terms of the different variable of interest, including food security, income, savings, and soft skills.

31. An Operations Manual will be prepared by the PMU with support from the World Bank team, with detailed design and implementation arrangements related to this component. The Operations Manual will be finalized within three months of project effectiveness. The detailed design and implementation arrangements of this component are elaborated in Annex 2.

32. **Project results:** The results framework will be revised to reflect the modified PDO (see Annex 1).

F. IMPLEMENTATION ARRANGEMENTS

33. The parent project has established effective and efficient operational procedures with satisfactory management and this arrangement will continue with the additional financing. The Program implementation will therefore remain the responsibility of the NPTP Project Unit in the MOSA and the NPTP Central Management Unit (CMU) at the Presidency of the Council of Ministers (PCM). A fiduciary operation team (FOT), reporting directly to the Secretary of the Council of Minister, will be responsible for handling all fiduciary aspects of the project.

34. With respect to the implementation arrangements of the e-card food voucher, it will also remain as the arrangements established in the parent project: (i) WFP will conduct training for NPTP field work coordinators and social workers, including on assessments, distribution, monitoring and household visits; (ii) NPTP will be responsible for distribution and training of beneficiaries on the use of the e-card, as well as assessing and monitoring of food security indicators; (iii) WFP will provide a commercial Bank with the necessary information/data based on the NPTP database and operations for the production, activation, and loading of e-cards; (iv) WFP will in turn share reports from the bank on transactions and spending patterns; and (v) WFP and its identified partner(s) will continue to support NPTP through joint reporting and monitoring in the field.

35. With respect to the implementation arrangements of the graduation pilot, the NPTP Project Unit in MOSA will be in charge, in collaboration with selected public and private partners. A project sub-coordinator, with selected specialized consultants, will manage activities related to NPTP-G. All services included in the NPTP-G package will be delivered through public and private providers, which will be selected in accordance to World Bank's procurement guidelines. With regards to the coaching and life-skills training, the selected provider(s) will be in charge of designing the curriculum and delivering a series of Training for Trainers (ToT) for social workers in the Social Development Centers (SDCs) located in the project's target areas. This will strengthen the capacity of SDCs and facilitate a possible NPTP-G scale-up.

36. The financial management (FM) arrangements will follow the same arrangements of the ongoing National Poverty Targeting Program (NPTP) Project. The Fiduciary Operations

Team (FOT) will be handling the FM arrangements of the project. Further details on the fiduciary aspects are elaborated in Annex 3.

III. Summary of Proposed Changes

The proposed AF is sought in order to scale-up the e-card food voucher program and introduce a pilot graduation program for selected NPTP beneficiaries to improve their employability. The restructuring of the project is being sought to: (i) revise the PDO to reflect changes in the scope of Project activities; (ii) revise the Results Framework; (iii) extend the grant closing date by 12 months to accommodate implementation of the pilot.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Development Objective/Results

Project's Development Objectives

Original PDO

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

Change in Project's Development Objectives

Explanation:

The proposed AF is sought in order to scale-up the e-card food voucher program under Component Two of the E-NPTP, and introduce a pilot graduation program for selected NPTP beneficiaries to improve their welfare. Hence, the PDO is being revised to reflect changes in the scope of Project activities.

Proposed New PDO - Additional Financing (AF)						
The objective of the Project is to expand the coverage and enhance the social assistance package of the National Poverty Targeting Program (NPTP) to Lebanese affected by the Syrian crisis and all Lebanese households under the extreme poverty line, as well as to assess the effectiveness of a graduation pilot.						
Change in Results Framework						
Explanation: The RF is being revised to reflect the higher number of project beneficiaries of the e-card food voucher, and to reflect the new component being introduced which is the graduation pilot.						
Compliance						
Covenants - Additional Financing (Additional Financing for Emergency National Poverty Targeting Program - P158980)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
LSCT	Additional Financing	Operations Manual	02-Jan-2017	<input type="checkbox"/>		New
Conditions						
Source Of Fund			Name		Type	
Description of Condition						
Risk						
Risk Category				Rating (H, S, M, L)		
1. Political and Governance				Substantial		
2. Macroeconomic				Substantial		
3. Sector Strategies and Policies				Substantial		
4. Technical Design of Project or Program				Moderate		
5. Institutional Capacity for Implementation and Sustainability				Moderate		
6. Fiduciary				Moderate		
7. Environment and Social				Moderate		
8. Stakeholders				Moderate		
9. Other						
OVERALL				Moderate		
Finance						

Loan Closing Date - Additional Financing (Additional Financing for Emergency National Poverty Targeting Program - P158980)										
Source of Funds				Proposed Additional Financing Loan Closing Date						
Lebanon Syrian Crisis Trust Fund				31-Dec-2018						
Loan Closing Date(s) - Parent (Emergency National Poverty Targeting Project - P149242)										
Explanation:										
It is proposed that the project closing date is extended for a period of 12 months (December 31, 2018). The extension is sought to allow for the full implementation and evaluation of the pilot graduation program which requires 24 months. Given the current closing date is December 2017, this means the need for a one-year extension. Overall, the extension of the closing date will allow the team to complete all remaining activities and achieve the PDO.										
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date				Proposed Closing Date	Previous Closing Date(s)		
TF-17200	Effective	31-Dec-2017	31-Dec-2017				31-Dec-2018			
Change in Disbursement Estimates (including all sources of Financing)										
Explanation:										
The Disbursement estimates have been modified to reflect the changes in the project activities as per the new AF and will be reflected once the AF is approved.										
Expected Disbursements (in USD Million)(including all Sources of Financing)										
Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual	9.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	9.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocations - Additional Financing (Additional Financing for Emergency National Poverty Targeting Program - P158980)										
Source of Fund	Currency	Category of Expenditure	Allocation				Disbursement %(Type Total)			
			Proposed				Proposed			
LSCT	USD	GO, TR, IOC, NON CS and CS PRT 1 AND PRT 3	3,300,000.00				0.00			
LSCTUSD OOD VOUCH. PRT 2,ALLOWANCES PRT 2			6,700,000.00				0.00			
Total:			10,000,000.00							

Components				
Change to Components and Cost				
Explanation:				
The parent project has three components: (1) Administration of NPTP; (2) Social Assistance; (3) FOT. It is proposed to consolidate two components (Component 1 and 3) and introduce a new one as follows: (1) Administration of NPTP; (2) Social Assistance; and (3) NPTP Graduation Pilot				
Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component 1: Administration of NPTP	Component 1: Administration of NPTP	3.89	0.50	Revised
Component 2: Social Assistance	Component 2: Social Assistance	3.76	7.00	Revised
Component 3: FOT	Component 3: FOT	0.55	0	Marked for Deletion
	Component 3: NPTP Graduation Pilot	0.00	2.50	New
	Total:	8.20	10.00	
Other Change(s)				
Implementing Agency Name	Type	Action		
Ministry of Social Affairs	Implementing Agency	No Change		
PCM	Implementing Agency			
Change in Implementation Schedule				
Explanation:				
In order to allow for sufficient time for the scale-up of project activities and the full implementation of the new component, the closing date of the project will be extended to December 31, 2018.				

IV. Appraisal Summary

Economic and Financial Analysis

Explanation:

Social safety nets can help to reduce/mitigate poverty when they effectively reach the poor. NPTP uses a Proxy Means Testing (PMT) formula that has helped to identify the poorest and most vulnerable Lebanese households, thus minimizing leakages and contributing to more efficient public expenditures. Under NPTP, poor and vulnerable Lebanese households have benefited from health and education subsidies that seek to increase access to basic health and education services, thus improving overall human development outcomes. More recently starting in November 2014, the poorest NPTP households have been provided with food transfers (through an electronic debit card system) that has been shown through monitoring surveys to have a very positive impact on the poor and beneficiary satisfaction with the program is high. Results from the monitoring tool indicate that: (i) beneficiary households were consuming 30% more food after six months of receiving the e-card; (ii) beneficiary households were benefiting from a more diversified diet; and (iii) beneficiary households are significantly adopting less negative coping strategies. The AF aims to expand this positive impact on the poor by increasing the number of beneficiaries and expanding the duration of benefits.

The NPTP graduation pilot will promote the productive inclusion of targeted NPTP households through self-employment opportunities, which is hoped to increase overall income, consumption and savings levels. The asset transfer will enable the pilot's beneficiaries to jumpstart an economic activity and encourage savings to either withstand future shocks and/or promote future investments. The pilot will also provide its beneficiaries technical and non-technical training as well as coaching, thus improving their employability. The justification for providing financial literacy and linkages to microfinance is as follows: (i) the poor do not have the financial resources and sufficient liquidity to start their own business; and (ii) the very poor, many of whom are already in debt, usually find it too risky to take on a loan. The economic empowerment of poor and vulnerable populations can decrease both overall dependency levels and budgetary pressures. Finally, the pilot is efficient insofar as: (i) it will leverage the consumption smoothing support that is provided through NPTP; (ii) it will effectively embed a graduation approach to delivering social assistance through NPTP; and (iii) the beneficiaries' earnings have exceeded the program's total costs 36 months after the transfer of the productive assets in all the CGAP/Ford Foundation pilots implemented to-date.

Technical Analysis

Explanation:

The PMT is designed and implemented according to international good practices, using the proxy means testing (PMT) targeting method, which has been shown in more than 60 countries to be highly effective if implemented well. In addition, and while the level of the in-kind food transfer is within international norms, the AF will decrease the transfer level to better align it to comparable programs around the world. At the same time, the NPTP includes both education and health benefits that are critical to tackle multi-dimensional poverty. Finally, the payment system will continue to follow best practices as well as the latest developments in mobile payment systems and central information systems for program management.

The design of the NPTP graduation pilot is based on the CGAP/Ford Foundation graduation model that has been implemented in over 20 countries with high success, as evidenced by an overall graduation rate of 75-98 percent. A beneficiary profiling of the poorest NPTP households was carried out to identify their main characteristics and needs and thus inform the design of the pilot, which was tailored to the Lebanese context. Local organizations with expertise in the various pilot's components were consulted to ensure the pilot's technical soundness and to explore potential partnerships.

Social Analysis

Explanation:

The AF is expected to have a positive social impact by providing support to the poorest households through food assistance, and reducing their vulnerability by providing them with tools to exit poverty. Similarly, to the parent project, the AF should result in great positive social impact on the beneficiary population as it directly addresses impacts of the Syrian conflict on the extreme poor Lebanese. In this respect, the project is expected to reduce social tensions between Lebanese and refugee communities. With respect to social safeguard requirements of the World Bank, the project's components, composed of administration of the NPTP, provision of Social Assistance, and the NPTP Graduation Pilot will not result in any land acquisition, negative impacts on assets/livelihoods, nor restriction of access to natural resources. Thus, the Bank's Operational Policy on Involuntary Land Acquisition and Resettlement does not apply to this project.

On the risk ratings, the Environmental and social risks under the parent project were rated moderate. The reason for the rating was described as possible increased social tension regarding the distribution of the e-card food voucher cards to the poorest beneficiaries. As a mitigation measure, The MOSA NPTP team provided information brochures and clear explanations of the targeting mechanism used in the e-card food voucher system and its credibility. Moreover, since the implementation of the parent project, a grievance redress mechanism (GRM) was put in place.

A detailed assessment of the GRM was conducted by the World Bank team. Accordingly, the team concluded that the existing GRM still has some weaknesses that should be addressed. Those weaknesses were communicated to the Borrower along with the recommended measures that would need to be taken. Hence, the AF is maintaining the same Environmental and Social rating for the time being and will monitor the progress of the GRM before upgrading the risk rating.

Environmental Analysis

Explanation:

No change. This AF is similar to the parent project which is a category C project. The revised and new components will not involve any physical investments and will have minimal or no adverse environmental impacts. Given that, the Bank's OP 4.01 is not triggered and thus, no EA is required.

Risk

Explanation:

No change. The risk ratings remain the same as the parent project.

V. WORLD BANK GRIEVANCE REDRESS

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

ANNEX 1. RESULTS FRAMEWORK

Project Name:	Additional Financing for Emergency National Poverty Targeting Program (P158980)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Haneen Ismail Sayed	Requesting Unit:	MNC02	Created by:	Hala Ballout on 06-Mar-2016
Product Line:	Recipient Executed Activities	Responsible Unit:	GSP05	Modified by:	Hala Ballout on 06-Jun-2016
Country:	Lebanon	Approval FY:	2016		
Region:	MIDDLE EAST AND NORTH AFRICA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P149242	Parent Project Name:	Emergency Nat'l Poverty Targeting Proj (P149242)		

Project Development Objectives

Original Project Development Objective - Parent:

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

Proposed Project Development Objective - Additional Financing (AF):

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

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	195000.00	460000.00	350000.00
				Date	31-Dec-2013	06-16-2016	31-Dec-2018
				Comment			
No Change	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	52.00	52.00	52.00
New	Selected NPTP-G Household members reporting being employed or self employed	<input type="checkbox"/>	Percentage	Value	0.00		35.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
No Change	NPTP beneficiaries from extremely poor households as a share of total NPTP beneficiaries	<input type="checkbox"/>	Percentage	Value	57.00	57.00	57.00
				Date	31-Dec-2013	17-Dec-2015	31-Dec-2018
				Comment			
New	Targeted Households having increased their total income	<input type="checkbox"/>	Percentage	Value	0.00		50.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
Revised	Beneficiaries of safety net programs, of which are: E-card food vouchers	<input type="checkbox"/>	Number	Value	0.00	27209.00	52715.00
				Date	18-Sep-2014	17-Dec-2015	31-Dec-2018
				Comment			
New	Targeted Households having improved poverty level	<input type="checkbox"/>	Percentage	Value	0.00		25.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			

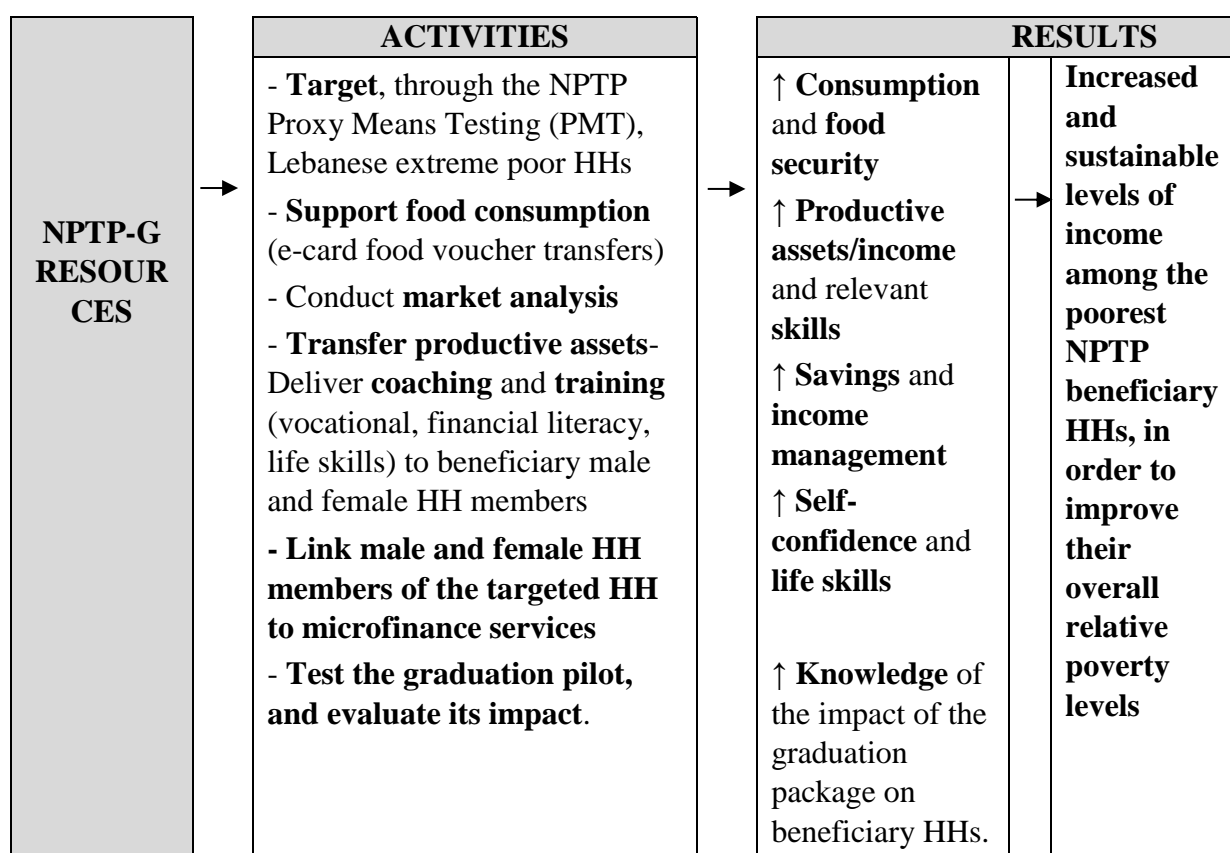
Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Number of NPTP Applicants	<input type="checkbox"/>	Number	Value	480000.00	494594.00	800000.00
				Date	31-Dec-2013	17-Dec-2015	31-Dec-2018
				Comment			
New	Targeted Households reporting increase in savings	<input type="checkbox"/>	Percentage	Value	0.00		10.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
New	Members of targeted Households reporting increase in soft skills	<input type="checkbox"/>	Percentage	Value	0.00		25.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
New	HHs benefiting from the NPTP-G	<input type="checkbox"/>	number	Value	0.00		600.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
New	Percentage of Females benefiting from the NPTP-G	<input type="checkbox"/>	Percentage	Value	0.00		50.00
			Sub Type	Date	01-Sep-2016		31-Dec-2018
			Breakdown	Comment			
New	Individuals benefiting from NPTP-G	<input type="checkbox"/>	Number Sub Type Supplemental	Value	0.00		3700.00

New	Targeted HHs reporting increase in Food Consumption Score	<input type="checkbox"/>	Percentage	Value	0.00		25.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			
No Change	Time lapse between application and eligibility notification	<input type="checkbox"/>	Months	Value	3.00	3.00	1.00
				Date	31-Dec-2013	17-Dec-2015	31-Dec-2018
				Comment			
No Change	Household awareness of NPTP	<input type="checkbox"/>	Percentage	Value	40.00	60.00	90.00
				Date	31-Dec-2013	17-Dec-2015	31-Dec-2018
				Comment			
No Change	Proportion of assisted people informed about the e-card food program (who is included, what people receive, and where they can complain)	<input type="checkbox"/>	Percentage	Value	0.00	100.00	100.00
				Date	31-Dec-2013	17-Dec-2015	31-Dec-2018
				Comment			
New	Targeted Households reporting increase in revenue of productive assets	<input type="checkbox"/>	Percentage	Value	0.00		60.00
				Date	01-Sep-2016		31-Dec-2018
				Comment			

ANNEX 2. NPTP GRADUATION PILOT (NPTP – G)

1. The objective of this component is to pilot a graduation model that would promote increased and sustainable levels of income among the poorest NPTP beneficiary households (HHs), in order to improve their overall relative poverty levels. To achieve this objective, NPTP-G will provide self-employment opportunities to male and female members of targeted NPTP HHs through the delivery of a comprehensive package of services. In the long-term, it is expected that NPTP-G will contribute to a decrease in the number of NPTP beneficiary HHs living under the extreme poverty line in the country. The diagram below summarizes the theory of change underlying the design of NPTP-G.

Theory of change of the NPTP-G



2. **The design of this component is based on the Consultative Group to Assist the Poor (CGAP)/Ford Foundation graduation model that has been implemented in over 20 countries with high success.** The component will finance a rapid market analysis in each target area in order to assess local market needs and opportunities, after which a package of the following services for the targeted NPTP HHs will be provided: (i) the NPTP e-card food voucher for consumption support and improved food security levels, financed through Component I above; (ii) an asset transfer to help jump-start one or more economic activities; (iii) technical skills training related to the chosen asset as well as on identifying, developing, and running a business; (v) coaching and life-skills training to boost beneficiaries' self-confidence and social capital and contribute to improve overall levels of discouragement; and (vi) financial literacy training and linkages to microfinance services for improved income management and savings. This package of services will be delivered in a sequenced manner in the course of approximately 24 months. Based on average cost estimates from similar packages of services provided through other CGAP/Ford Foundation graduation pilots around the world, it is estimated that the average cost per beneficiaries for NPTP-G is US\$4,000. This cost includes the cost of the income support component, which as stated in the description of NPTP-G, is financed under component 1. The income support component is an integral part of the NPTP-G package of services and, as such, must be included in the overall NPTP-G costs. In addition, the cost per beneficiary HH assumes that some of the NPTP-G services (i.e.: financial literacy training) will be co-financed by different partners (i.e.: MFI) as per initial agreements reached during appraisal.

3. **NPTP-G will target the additional poorest 5,000 HHs that will begin to receive the e-card food voucher through the AF (see Component 2), thus embedding a graduation approach into the pilot and ensuring a strong impact on welfare and poverty levels.** Focusing on the next poorest 5,000 HHs in the PMT ranking that will begin receiving the e-card food voucher is cost efficient, as the NPTP-G will leverage the consumption smoothing support that is provided through NPTP. Additionally, the targeted HHs would not expect to continue receiving the e-card food vouchers once the AF is depleted, thus effectively embedding a graduation approach to delivering social assistance through NPTP.

4. **The NPTP-G will be implemented in the two regions with the highest concentration of the targeted beneficiary HHs, and will benefit at least one rural and one urban area.** The NPTP-G will target the North and the Bekaa, as these two regions have the highest concentration of the targeted beneficiary HHs (81% and 13% respectively). The NPTP-G will be piloted in at least one rural and urban area within the target region (s), to determine its effectiveness in both settings and thus inform the potential scale-up of the program nationwide.

5. **Each targeted HH will select one of its working-age members to receive the NPTP-G package of services, all while ensuring the participation of a working-age female in NPTP-G.** If the selected HH member is a male, the HH will be required to identify one working-age female HH member for participation in the technical, soft-skills and financial literacy training provided through NPTP-G. Ensuring the participation of a working-age female HH member in the NPTP-G trainings, especially that related to financial literacy, will contribute to women's empowerment and an even greater welfare impact at the household level.

6. **NPTP-G is expected to have significant results at the end of the program.** Specifically, NPTP-G is expected to directly benefit 600 HHs and approximately 4,000 HH members. At the end of the program, it is expected that 60% of the targeted HHs will have increased their total income, and 20% of them will have improved their relative poverty level (as measured by their PMT ranking). In addition, it is expected that 30% of the selected NPTP-G HH members will be self-employed.

7. **Progress towards achieving the component's goals will be tracked through the following key outcome indicators:**

- Targeted HHs having improved their poverty level as measured by their PMT ranking at the end of the program and one year after the program (Percentage);
- Targeted HHs having increased their total income at the end of the program and one year after the program (Percentage);
- Selected NPTP-G HH members reporting being self-employed at the end of the program and one year after the program (Percentage);
- Individuals benefiting of the NPTP-G (Total number; female percentage).

8. In addition, progress towards the development objective of this component will be tracked through several output- and outcome-level indicators related to each of the four sub-components of the NPTP-G. The Results Framework included below identifies for each indicator, its baseline and target values as well their corresponding baseline value, the target to be achieved, and its data collection and reporting arrangements.

9. **NPTP-G will finance the design and implementation of a robust Monitoring and Evaluation (M&E) system to ensure the efficiency and effectiveness of the NPTP-G.** At the household level, a rigorous yet easily manageable Client Monitoring System (CMS) will be developed in order to track participants' progress towards achieving the key project outcomes of interest. At the program level, an M&E plan will be produced in order to ensure effective planning and coordination of M&E efforts. The M&E plan will identify the information needs of the project; the resources available in MOSA/NPTP for M&E activities; the M&E roles and responsibilities of different project stakeholders; the sources of information for each indicator; the methods and tools for data collection; and the intended uses of the information emanating of the M&E system. Special attention will be paid to ensuring that the quality of inputs and the engagement of project staff with participants are effectively monitored and, insofar as possible, to aggregating the monitoring information collected at the household level in order to draw conclusions and recommendations at the project level.

10. **An impact evaluation will be embedded in the design and implementation of NPTP-G, in order to evaluate its impact and to inform its potential scale-up.** The impact evaluation will utilize the regression discontinuity design (RDD) method by comparing the NPTP-G outcomes of interest between the 5,000 NPTP targeted HHs that will begin to receive the e-card food voucher through the AF and the 5,000 NPTP eligible HHs that are just above the poorest 10,000 HHs based on the PMT ranking. A difference-in-difference (DD) method will be combined with the RDD method in order to eliminate the unobservable differences that do not vary over time between beneficiary and non-beneficiary HHs.

11. **The impact evaluation design will include two treatment arms and one comparison group.** The impact evaluation of the NPTP-G will consist of the following groups: (1) one treatment group of 600 beneficiary HHs randomly selected from the pool of 5,000 NPTP targeted HHs that will begin to receive the e-card food voucher through the AF. This group will receive the NPTP-G; (2) a second treatment group of 600 randomly selected HHs out of the remaining targeted HHs. This group will only receive the consumption smoothing support (i.e. e-card food voucher); and (3) a comparison group that will consist of 600 HHs which are just above the poorest 10,000 HHs based on the PMT ranking. This group will receive no treatment. The sample size selected for the NPTP-G impact evaluation is consistent with the average sample size used in a graduation program piloted in six countries (Banerjee et al. 2015).

12. An Operations Manual will be prepared by the PMU with support from the World Bank team, with detailed design and implementation arrangements related of this component.

ANNEX 3: FIDUCIARY ARRANGEMENTS

Financial Management

1. The financial management arrangements have been discussed and will follow the same arrangements of the ongoing Emergency National Poverty Targeting Program (NPTP) Project. The Fiduciary Operations Team (FOT), reporting directly to the Secretary of the Council of Ministers, will be handling the FM arrangements of the project. The FOT team includes a Financial Officer (FO) who will be responsible among others tasks for managing the Project Designated Account (DA), honor the entities requests for issuing payments, consolidating the project accounts and issue periodical financial reports to reflect the overall grant financial position.

2. *Accounting:* The project will be acquiring a new accounting software that will be used for recording the daily transactions and producing the financial reports. The accounting software utilized under the parent project will be dropped as the software provider has stopped furnishing any support or maintenance. The accounting software will be acquired, installed and fully functional 3 months after effectiveness.

3. *Internal Controls:* a Project Operational Manual (POM) is being utilized by the current project and will also be used for the additional financing. The POM contains a detailed chapter on accounting and financial management. The POM will be updated for the additional financing, specifically with the new activity (NPTP-G) and will be finalized within 3 months of project effectiveness.

4. *Financial Reporting:* The FOT will be responsible for preparing Quarterly un-audited Interim Financial Reports (IFRs) detailing the grant: (i) sources and uses of funds; (ii) contract expenditures; (iii) uses of funds by grant activity, component and category; (iv) designated account reconciliation statement; and (v) consolidated list of fixed assets purchased through the project. The IFRs will be submitted to the Bank no later than 45 days after the end of the quarter to which they relate. In addition, the annual Project Financial Statements (PFS) will be prepared by the FOT bearing the same information as the IFRs and will be audited by an external independent auditor.

5. *Budgeting:* Grants fund will be channeled into the treasury account for grants and donations of MOF and they will be transferred to the DA of the project. A project annual budget and disbursement plan will be produced and maintained by the project based on the project procurement plan and implementation schedule to ensure timely availability of funds. It will be used as an effective monitoring tool for comparing planned expenditures with actual ones and monitoring the existing variances.

6. *External Audit:* the PFS will be audited by an independent private external auditor acceptable to the World Bank, to be engaged within six months after effectiveness. The audit Terms of Reference (TORs) will be cleared by the World Bank. The project audited PFS and management letter will be due for submission by no later than 6 months after the end of each fiscal year. The audited PFS will be made public as per the World Bank disclosure policy. There are no overdue audit reports related to the ongoing NPTP project.

7. *Flow of Funds:* The project flow of funds will go through MOF treasury account for grants and donations and then transferred to the Designated Account based on transfer requests submitted by FOT to MOF.

8. Funds will then be disbursed to various stakeholders handling the components: (i) administration of NPTP handled by MOSA and PCM; (ii) social assistance, technically managed by WFP handling the payments of the food vouchers component; and (iii) NPTP graduation pilot handled by MOSA.

- Component 1 – Administration of the Project: this component will finance operating costs of the project. This will include consultancy staff, incremental operating costs and audit of the project.
- Component 2 - Social Assistance: this component will be handled by WFP through an agreement between WFP and the Lebanese Government. Funds will be transferred to WFP from the World Bank based on the agreement. WFP will be utilizing commercial Bank to distribute the e-card payments on a monthly basis. WFP will be reporting back to PCM on a quarterly basis on the utilization of the funds. PCM will be responsible to document these expenditures vis-à-vis the World Bank. This component will be disbursed under category 2.
- Component 3 - NPTP Graduation: this component will be implemented through consultancy services and training. MOSA/PCM will get in contract with specialized firms to undertake the implementation of the asset transfers based on the market analysis.

Disbursements Arrangements

9. To ensure that funds are readily available for project implementation, PCM through MOF will open a Designated Account (DA) in US Dollars at the Central Bank of Lebanon. The DA will be managed by FOT. Deposits into, and payments from, the DA will be made in accordance with the provisions stated in the Grant Agreement and as outlined in the World Bank “*Disbursements Guidelines for Projects*” by means of advances and replenishments of the DA against Withdrawal Application. Reimbursements and Special Commitments will also be available as payments methods under the project. The Ceiling of the Designated Account is set at US\$ 500,000. The minimum ceiling for direct payments and reimbursements will be 20% of the advance ceiling. PCM through FOT will be responsible for submitting monthly replenishment applications with appropriate supporting documentation. Funds will be channeled through MOF treasury account for grants and donations to the project DA. The following table specifies the categories of eligible expenditures that will be financed out of the proceeds of the Grant:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, consultant services, non-consultant services, training, workshops, incremental costs and audit under Part I (a), (e), (g), (h), (l) and III of the Project.	3,300,000	100%
(2) Food vouchers under part 2 of the project	6,700,000	100%
TOTAL AMOUNT	10,000,000	

10. *E – Disbursement:* The World Bank has introduced e-disbursement for all Lebanon supported projects. Under e-disbursement, all transactions will be conducted and associated supporting documents scanned and transmitted on line through the Bank’s Client Connection system. E-disbursement will considerably speed up disbursements and facilitate project implementation.

Reporting on Use of Grant Proceeds

(i) Supporting Documentation. Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for Reimbursement:***

- Statement of Expenditure in the form attached (Attachment 4 of the Disbursement Letter);
- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 5 of the Disbursement Letter).

- ***For reporting eligible expenditures paid from the Designated Account:***

- Statement of Expenditure in the form attached (Attachment 4 of the Disbursement Letter);
- Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 5 of the Disbursement Letter); and
- A reconciliation of the Designated Account, in the form attached (Attachment 6 of the Disbursement Letter), with a copy of the bank statement.

- ***For requests for Direct Payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

11. *Authorized Signatories:* Authorized signatories will be nominated by PCM to sign the Withdrawal Applications (WAs). Names and corresponding specimen signatures will be submitted to the Bank prior to the receipt of the first WA (advance to DA). Each WA will be approved and signed by the authorized signatories.

Procurement Arrangements

12. The project is currently managing satisfactorily the fiduciary aspects of the both ENPTP and ESPISP II project. Therefore, only an update of the assessment is needed to confirm the capacity.

13. Per original design, the project shall continue to use the consulting services of WFP, and an amendment or revision of the original agreement that was negotiated with WFP at length under ENPTP, shall be needed as per the new scope of coverage. The contract reflects the fact that WFP is signatory to the WB-UN FPA (February 19, 2009) and to the WB-UN FM Framework Agreement (April 18, 2006) and thus is not subject to the Bank's normal financial management and audit requirements. WFP will be tasked with the e-card food voucher program. Associated risks to the program are contained and do not jeopardize implementation.

14. The following project procurement arrangements will be envisaged:

(a) Project guidelines: For ENPTP original project, World Bank procurement guidelines of July 2011 applied. For the AF, the revised version of July 2014 shall be used. It is to note that the project is not eligible to follow the new Procurement Framework that will be made effective starting July 1, 2016.

(b) Procurement methods for goods and non-consulting service: The project is expected to use: (i) international competitive bidding (ICB), (ii) national competitive bidding (NCB) for which shall be used either ICB -or a translated version- or develop Standard Bidding Documents acceptable to the Bank as mentioned in clauses 3.3 and 3.4 of the procurement guidelines, (iii) Shopping, (iv) Framework agreements and (v) Direct contract.

(c) Selection of consultants: the project is expected to conduct (i) Quality-and-Cost-Based-Selection (QCBS), (ii) selection under a Fixed Budget (FBS), (iii) Least-Cost-Selection (LCS), (iv) selection based on Consultants' Qualifications (CQS), selection of UN agencies⁸, (v) Use of Non-Governmental-Organizations, (vi) Non Profit/Profit Financial Firms, (vii) Single Source Selection (SSS) and (viii) Selection of Individual Consultants. In view of the nature of the AF, it is anticipated to retain consultants under single sourcing procedures.

(d) Procurement plans: An initial procurement plan for the life of the project is being developed by the GOL. It defines the prior review and procurement methods thresholds. It will be updated and reviewed by the Bank at least twice a year or as seen necessary. The initial procurement plan for the whole project is ratified at negotiations of the AF and will be attached to the legal agreement.

(e) Prior Review threshold: Based on the satisfactory assessment, the project shall be subject to low risk prior review threshold, making the project mostly subject to post review.

(f) Frequency of supervision mission and post procurement review is foreseen respectively twice and once yearly. In post procurement review, a sample of 10 percent of contracts eligible for post review shall be covered.

⁸ Agencies of the United Nations (UN) may be single-sourced by Borrowers/Recipients when they are uniquely or exceptionally qualified to provide technical assistance and advice in their area of expertise. The Borrower/Recipient shall use the Bank's standard form of Agreement between a Borrower and a UN agency (consultants' guidelines clause 3.15).