



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 20-Dec-2019 | Report No: PIDISDSA28084



**BASIC INFORMATION**

**A. Basic Project Data**

Country Lebanon	Project ID P172032	Project Name Lebanon Environmental Pollution Abatement Project Additional Financing	Parent Project ID (if any) P143594
Parent Project Name LB-Environmental Pollution Abatement Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 10-Dec-2019	Estimated Board Date 10-Mar-2020
Practice Area (Lead) Environment, Natural Resources & the Blue Economy	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Environment, Central Bank

Proposed Development Objective(s) Parent

The development objectives of the project are to assist the Borrower in: (a) reducing industrial pollution in targeted Industrial Enterprises; and (b) strengthening the monitoring and enforcement capabilities of the MOE.

Components

- A. Technical Assistance (parallel financing)
- B. Investment Sub-projects (IBRD)

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

**SUMMARY**

<b>Total Project Cost</b>	50.00
<b>Total Financing</b>	50.00
<b>of which IBRD/IDA</b>	50.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	50.00
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Environmental Assessment Category

F-Financial Intermediary Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

N/A

## B. Introduction and Context

1. The proposed Additional Financing (AF) responds to the Government of Lebanon's request of September 23, 2019 for additional World Bank support to scale-up the ongoing Lebanon Environmental Pollution Abatement Project (LEPAP) (the Project). The proposed AF remains within the scope of the parent project and will help meet the growing demand from Industrial Enterprises for pollution<sup>1</sup> abatement support.
2. The parent project is a financial intermediary loan of US\$15 million with a parallel grant in the amount of €2.3 million (equivalent to US\$3.0 million) financed by the Italian Cooperation (AICS). The Project was approved on August 1, 2014 and was declared effective on January 24, 2016. The Project Development Objective (PDO) is "to assist in (a) reducing industrial pollution in targeted Industrial Enterprises; and (b) strengthening the monitoring and enforcement capabilities of the Ministry of Environment (MOE)."
3. The Project combines the reliance on command-and-control instruments for pollution management with provision of incentives (concessional loans, technical assistance) to industries to reduce their pollution and to the banking sector to be able to evaluate environmental projects. The project builds the technical capacity of the MOE for monitoring and compliance, promotes information disclosure, and supports the MOE in operationalizing the Environmental Compliance of Establishments Decree No. 8471/2012.
4. The Project is contributing to reducing air, water and soil pollution in Lebanon, increasing compliance from the most polluting industries and increasing capacity in the MOE, the banking sector and industries.

### Sectoral and Institutional Context

5. The adverse impacts associated with industrial pollution in Lebanon are moderate. Relative to other countries in the region with a high level of industrialization (e.g., Egypt and Syria), the adverse impacts are lower but affect mainly the population living in urban and industrial areas (e.g., around the cement plants in Chekka and Siblinge, fertilizers in Selaata, and power generation in Deir Ammar, Hraycheh, Zouk, Jiyeh and Zahrani along the coast, and all powered by heavy fuel. Nevertheless, industrial activities in Lebanon are significantly contributing to environmental pollution.
6. With the exception of the power sector and cement and fertilizer industries, industrial activities in Lebanon are characterized by small and medium enterprises (SMEs). Food and beverage producers and tanneries as well as metal products manufacturing and textile finishing companies inadequately treat or dispose of waste and effluent into municipal networks.

<sup>1</sup> The term "pollution" is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.



7. The improper use of chemicals, uncontrolled emissions, and production techniques that intensively use nonrenewable resources further add to potential environmental impacts. Lack of technical knowledge and financial means are often cited as reasons for why SMEs are unable to properly manage or reduce effluents from their operations.
8. The World Bank Country Environmental Analysis (CEA) for Lebanon (2011)<sup>2</sup> estimated the cost of environmental degradation (COED) in Lebanon at US\$800 million (equivalent to 3.7 percent of GDP in 2005). The largest proportion is attributed to water pollution (1.1% of GDP), followed by air pollution (0.7% of GDP). Lebanon produced roughly 310 million m<sup>3</sup> of wastewater in 2012 of which 250 million m<sup>3</sup> are from municipal and domestic establishments, and 60 million m<sup>3</sup> are from industrial enterprises. Moreover, overall air pollution loads in 2005 reached: 36,000 tons/year of PM10, 185,000 tons/year of SO<sub>2</sub> and 69,000 tons/year of NO<sub>x</sub>. Industrial waste generates about 185,000 tons/year as most of the waste is mixed with municipal solid waste.
9. Such loads can be managed through: (i) establishment of compliance and enforcement system; and (ii) provision of financial incentives to facilitate the transition of industries towards compliance. Given the limited scale of industrial activity in Lebanon, there is high potential for many significant polluters to be compliant within a 5-10 year period.
10. The Government of Lebanon (GOL) has demonstrated a strong commitment to tackle industrial pollution and encourage green investments through a combination of regulations and incentives that were recently introduced by the MOE. Improvements to the environmental legal framework include the following: (a) the enactment of the Framework Law for the Protection of Environment (444-2002); (b) the Health Care Waste Management Decree (8006-2002); and (c) four key environmental Decrees passed in 2012. These Decrees are: (i) the environmental impact assessment (EIA) developed with the assistance of the World Bank/Mediterranean Environmental Technical Assistance Program (METAP); (ii) the Strategic Environmental Assessment (SEA) Decree; (iii) the establishment of the National Council for the Environment; and (iv) the establishment of the environmental compliance certification system (Decree 8471- 2012). Moreover, several environmental guidelines (such as the MOE Decision 8/1-2001) were developed by the MOE during the 2000-2002 periods under the *Strengthening the Permitting & Auditing System for Industries* (SPASI) program financed by the European Union (EU).
11. Lebanon's track record of enforcement and compliance, however, has been poor. Actions have generally been taken against small and medium private enterprises that have less significant adverse environmental impact than the larger industrial enterprises for which enforcement has been sporadic and often neglected. The fact that MOE is not the only enforcement agency further complicates the implementation of environmental Laws (other agencies with relevant responsibilities include the MOEW, Ministry of Industry (MOI), Ministry of Interior and Municipalities (MOIM), Ministry of Justice, as well as municipalities) as reflected in Strengthening of Environmental Legislation Development and Application System (SELADS) which is a project run by the UNESCO-Cousteau Ecotechnie Chair at the University of Balamand, Lebanon (the Chair), funded primarily by the European Commission Life Third Countries programme (EC) which aims at strengthening the capacities of the institutions dealing with environmental legislation development and enactment, as well as those dealing with environmental legislation application. The costliness and technical complexity of recently enacted Laws (e.g., Framework for the Protection of Environment no. 444-2002 and Decree no. 8471-2012) also pose some

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<sup>2</sup> Lebanon Country Environmental Analysis. World Bank. 2011



challenges for MOE. MOE therefore seeks to pursue a sequenced approach, by first targeting priority areas/sectors and assisting individual industries towards achieving compliance.

12. The MOE believes that solutions aimed at remedying the challenges related to industrial pollution should be implemented gradually and should focus first on issues that affect public health and degradation of natural resources. Addressing these issues should not be limited to policy statements and to investments that are disconnected from Lebanon's environmental priorities. They should be driven by the performance record of GOL to engage in policy reforms, improve governance and accountability in specific and well-defined pollution management systems that are considered to be the cornerstone of Lebanon's transition to environmental sustainability.

### **C. Proposed Development Objective(s)**

#### Original PDO

The development objectives of the project are to assist the Borrower in: (a) reducing industrial pollution in targeted Industrial Enterprises; and (b) strengthening the monitoring and enforcement capabilities of the MOE.

#### Current PDO

As Above. No change to the parent project PDO

#### Key Results

- Scale up of pollution abatement efforts in the industrial sector towards compliance with National Legislation, particularly in:
  - Effluent discharged from industries
  - Waste management in the form of waste beneficiation in industries
  - Air quality management from industries
- Strengthening of MOE to support the efforts toward pollution abatement



#### D. Project Description

13. The project development objectives, design, components, institutional arrangements, and operational modalities of the Additional Financing remain the same as the parent project. The Result Framework is marginally adjusted to reflect: (i) changes in the legal framework governing pollution management in Lebanon; (ii) the AF's growing impact on pollution abatement at the national level, specifically in the cement sub-sector; and (iii) the AF's contribution to gender empowerment and to maximizing finance for development as key cross-cutting priorities. The AF includes an extension of the project closing date by three years and four months, i.e. from March 31, 2021 to July 31, 2024, to ensure an adequate period of implementation of additional activities.
14. The AF objectives remain fully aligned with the Lebanon Country Partnership Framework<sup>3</sup> Objective 1b: Reduced industrial, hazardous and wastewater pollution..
15. The proposed AF builds upon significant legal and policy developments initiated in Lebanon since the parent project design and provides an enabling environment for regulating the environmental requirements of the industrial sector. Laws were approved since the effectiveness of the parent project including the law for the Appointment of Environmental Prosecutors (251/2014), the law for Integrated Solid Waste Management (80/2018) and the law for the Protection of Air Quality (78/2018). Furthermore, the Capital Investment Plan for Lebanon presented at the CEDRE Conference in Paris, April 2018, identified that critical economic growth could only be made through infrastructure upgrades and the reduction in pollution which is very relevant to the current AF. The AF is also supported by significant policy developments aimed at adopting resource efficiency and circular economy at the industry level in Lebanon as well as engaging the consumer in these efforts. In this context, Lebanon developed its Sustainable Consumption and Production Action Plan for the Industrial Sector (2015) and has initiated its National Sustainable Development Strategy, to complement the recent Economic Vision for Lebanon (2018) which identified the industrial sector among the five key sectors for economic growth of the country.
16. The AF components will mirror the parent project and will comprise of the following:
  - (i) **Component 1: Project Management and Technical Assistance (IBRD, US\$5 million).** The component will include Project Management costs (US\$2.5 million) for the PMU operating costs including technical, fiduciary and safeguards management, monitoring, evaluation, reporting, and communication. The component will also provide Technical Assistance (US\$2.5 million) to strengthen pollution management capacity of the Ministry of Environment and participating industries. Technical assistance will be offered to all participating enterprises to identify which pollution prevention and abatement technology would best reduce the current rates of pollution in line with national regulations and international norms and good practice. Technical support could include capacity assessments with specific consideration to gap analyses for companies to reach international

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<sup>3</sup> World Bank. 2016. *Lebanon - Country partnership framework for FY17-FY22 (English)*. Washington, D.C: World Bank Group.



accreditation or good practice (ISO 14001, 9001, 50001). This component is essential in achieving the second part of the PDO regarding the strengthening of capacity in the MOE and in industries. This component is the continuation of parent project component A. It will be financed under the IBRD loan to secure core project management functions and capacity building throughout the project lifetime.

- (ii) **Component 2: Investment in Pollution Management Subprojects (IBRD, US\$45 million)** will provide concessional loans through the banking sector for pollution prevention and abatement measures identified in Component 1. These will include enterprises and establishments in the: (i) industrial; (ii) agricultural; (iii) healthcare and medical waste sectors; and (iv) any other classified establishments, in order to bring them in compliance with national environmental regulations in a cost-effective manner. The sub-projects could include pollution prevention, resource recovery, clean technology adoption, fuel substitution, waste minimization or end of pipe environmental control where no other alternatives are available. The Borrower will make available the proceeds of the Loan to the Central Bank under a Subsidiary Agreement (management mandate) and provide sub-loans through participating banks on a first-come, first-serve basis and as long as the enterprise fulfills certain eligibility criteria (Annex C). This component is a scale up of parent project component B. All operational and financing modalities remain unchanged.

## E. Implementation

### Institutional and Implementation Arrangements

- 17. Addressing issues such as the compliance system's institutional clarity and financial mechanism notably in terms of transparent lending criteria, as well as structuring and strengthening capacities of the main actors, stakeholder outreach and community awareness are critical for the success of the project.
- 18. The AF will follow the same implementing arrangements as the parent project. MOE will be implementing the project through a PMU that currently exists at the Ministry of Environment and is responsible for technical, fiduciary, and safeguards management, as well as communication, monitoring, evaluation, and reporting. A Project Advisory Committee chaired by the Minister of Environment and comprising of Ministry of Finance, Central Bank, and private sector representatives, was established under the parent project to oversee, provide guidance, and facilitate LEPAP implementation and monitor progress. The Committee will continue with the AF.

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## F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

LEPAP project is designed to reduce industrial pollution and to reducing air, water and soil pollution in Lebanon, increasing compliance from the most polluting industries and increasing capacity in the Ministry of Environment (MOE), the banking sector and industries. It has two main component (same as the parent



project): a. Component A through technical support and training, strengthens the capacity of MOE, the banking sector and the industrial associations and provide project management support. This component consists of establishing a Project Management Unit (PMU) at the MOE in coordination with Banque du Liban (BDL). In terms of safeguards risks, this component is not expected to have adverse E&S risks and impacts and is, conversely, contributing to creating an overall enabling environment for furthering the environmental pollution abatement agenda at the country level. b. Component B includes providing concessional loans through the banking sector for pollution control to private enterprises in order to bring their air emissions, effluent discharges and industrial waste generation towards compliance with national environmental standards in a cost-effective manner. Overall selection criteria for the LEPAP subprojects include such areas as pollution prevention, resource recovery, clean technology adoption, waste minimization, or end-of-pipe environmental control where no other alternatives are available. To date, LEPAP supported 8 subprojects that are in various stages of implementation. They included funding for pollution abatement measures, e.g. WWTPs, filters, and other equipment to help reduce pollution (mostly focusing on air and water). Subprojects were selected based on a robust environmental audit now mandatory under the Lebanese law for all enterprises, so that to assist them in gradually coming into compliance by identifying a list of necessary measures to be taken as part of the action plans included in the audit. Enterprises then borrow from LEPAP to implement top priority measures (this constitutes a "LEPAP subproject"). Subproject physical locations have covered the five regions of Lebanon with particular emphasis on Greater Beirut and the Bekaa regions. The locations and types of subprojects and enterprises financed is similar under the AF based on the analysis of the indicative pipeline that WWTPs, installation of pollution reduction equipment, and development of waste management facilities (e.g. incinerators at hospitals).

**G. Environmental and Social Safeguards Specialists on the Team**

Ekaterina Grigoryeva, Environmental Specialist  
 Noushig Chahe Kaloustian, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	





Pest Management OP 4.09	No
Physical Cultural Resources OP/BP 4.11	No
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	No
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

While specific E&S risks and impacts of each LEPAP subprojects cannot be known at this time, safeguard issues and impacts associated with the proposed project can be analyzed based on the currently available pipeline. Even though this pipeline may change, a list of potential subprojects has been identified under the LEPAP AF and these include at this time the following: installation of wastewater treatment plants for industrial facilities, improvement of incinerators for medical waste at hospitals and pharmaceuticals, and installation of bag filters at cement factory. The adverse impacts can include of untreated industrial wastewater pose risks to human health, degradation of soil resources with heavy metals, salinity and water logging, groundwater pollution through percolation; creating of imbalances in water bodies and in the plants and reduction of biodiversity and causing damages in the operation of municipal wastewater treatment plant. The adverse impacts of not reusing water in industry would lead to an increase in the consumption of water and energy, an increase of salinity levels leading to effluent toxicity and discharging pollutants into the ecosystem. Furthermore, poor and/or lack of treatment of industrial solid waste have negative impacts on soil pollution, groundwater pollution due the percolation of leachate and air pollution due to burning of hazardous and non-hazardous waste. The project will finance pollution control investments in enterprises to mitigate these impacts.

The social risks anticipated for the subprojects are limited to the investments in existing industrial facilities similar to the parent project. The subproject safeguards instruments which will be prepared for the AF subproject investments will ensure that all social risks including labor influx, child labor, gender-based aspects, discrimination, impacts to local communities are reflected in the respective safeguards instruments with adequate mitigation measures, and periodic monitoring according to the World Bank safeguards policies. The sub-projects need to include a functional grievance redress mechanism (GRM) including the project level LEPAP-AF which will also need to include a GRM that will need to be communicated during the stakeholder consultations. The GRM needs to be readily available on the implementing agency’s website.

As with the parent project, PMU will continue to undertake the E&S risk screening for these pipeline investments as per the Sub-Project Identification Form (PIF). The PIF will categorize subprojects as either high, medium or low risk which correspond to the need for the PMU / industries to prepare safeguards instruments that include ESIA or ESMPs



for both high and medium risks respectively. No safeguards instrument will be prepared for low risk sub-projects, but regular E&S monitoring will be conducted as needed by the PMU during implementation.

With regard to the above risk categorization, it should be clarified that while the project category is "FI" (denoting project design modalities involving financial sector rather than level of E&S risk), the risk profile in line with the scope and nature of the proposed portfolio, is assessed as moderate both for the parent projects and the AF. Furthermore, the updated LEPAP ESMF sets out an exclusion list that identifies activities LEPAP will not finance. The list, among other things, explicitly excludes subprojects that would be equivalent to World Bank category A in order to ensure that the risk profile of the LEPAP project remains moderate. Notably, all subprojects with resettlement impacts (land acquisition, livelihood impacts on waste pickers and so on) would be excluded and, as such, OP 4.12 on Involuntary Resettlement will not be triggered. In other words, no cat A equivalent subprojects are envisioned in LEPAP and, even if a proposal of this nature is submitted, it will not be financed.

Hence, this high-medium-low subproject categorization scale was developed to cover the universe of LEPAP-eligible subprojects and takes into account such factors as (1) classification under Lebanese environmental law (I, II, or III); (2) key environmental issues typical for LEPAP-supported subprojects; (3) a range of other issues such as occupational health and safety, community health and safety, grievance redress, social issues, and gender issues that are within the scope of the World Bank safeguard policies. The "high" risk classification on this scale is not equivalent to WB category A (that is excluded from financing). The categorization scale is expected to assist the PMU with the E&S screening process and with the decision to prepare either an ESIA or an ESMP for each subproject in compliance with the Lebanese national requirements as well as WB safeguards. Moreover, such scales are consistent with good practice for a typical environmental and social management system of a financial . Even though it is applied by the LEPAP PMU and only then passed as part of the due diligence to the participating commercial banks, this approach, among other things, may help enable commercial bank in the future to take a greater role in E&S due diligence of the LEPAP subprojects (see more details in the borrower capacity section of this ISDS).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Indirect and long terms impacts cannot be fully assessed at this time because the industrial facilities have not been selected. However any indirect and long term impacts will be assessed during the preparation of the Environment and Social Assessment (ESIA) or Environment and Social Management Plan (ESMP), which is a requirement to have access to LEPAP funds.

However, given the scope, size and nature of the LEPAP subprojects, potential indirect and/or long term impacts are not expected to occur. Any subprojects that may cause such impacts would, in fact, be excluded from financing. The LEPAP AF will not finance any subprojects with any potential large scale, significant and/or irreversible environmental and/or social impacts and the update of the Environmental and Social Management Framework (ESMF) includes adequate provisions to avoid this.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

As the project AF will finance 20-25 enterprises to help them implement pollution reduction measures, the positive environmental outcomes are considered to outweigh negative E&S impacts that are generally expected to be moderate and arise mainly during the subproject construction stage.



Within the LEPAP-supported subprojects, analysis of alternatives will be made during the preparation of ESIA or ESMPs for the preparation phase of each subproject. However process change / cleaner production will be considered over end of pipe treatment.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

From the start of the project (parent LEPAP project) to date, LEPAP PMU that is housed at the Ministry of Environment (MoE) has been taking on primary responsibility for environmental and social screening and subsequent preparation of E&S risk management instruments of the sub-projects that have applied for LEPAP financing. In summary, the environmental and social due diligence (ESDD) process is conducted in line with the existing Environmental and Social Management Framework (ESMF), which comprises the main part of the document titled “Environmental and Social Assessment”. As the document has undergone an update during preparation of the AF, this resulted in the title adjusted to “ESMF” during the review of the instrument as, besides the initial analysis of the project’s scope and nature in relation to the E&S risk management aspects, its substance is consistent with the ESMF required for this type of projects by OP/BP 4.01. This ESMF has been updated ensuring that occupational and community health and safety and social aspects receive better coverage and more attention at par with environmental aspects, including potential risks associated with labor influx, weak worker and community health and safety management, gender-based aspects and weak code of conduct, grievance redress mechanism (GRM), and more inclusive stakeholder engagement that includes women NGOs, commercial banks, amongst others. In so doing, the updated ESMF will also ensure that environmental and social risk management and respective recommendations for risk mitigation will take into account the E&S risk profile of the entire enterprise/ industry and not just for the LEPAP interventions.

LEPAP PMU now consists of 2 full-time staff including a procurement officer and a monitoring and evaluations (M&E) officer; the PMU is also comprised of part-time specialists/consultants including an air emissions expert, junior technical assistant, environmental & social consulting firm, a wastewater consulting firm, a communications expert and the LEPAP focal point at the Ministry of Environment (MoE); all staff are well qualified in their respective fields and have been following up and documenting regularly under the parent project. This same arrangement will continue under the AF with the addition of a full-time E&S staff to the PMU. The PMU staff has been taking key responsibility for assisting the industries in preparing the ESIA and ESMPs and also used consultants paid for from LEPAP TA funds to provide further assistance to the industries in preparing good quality instruments. To date, each of these instruments has been reviewed by the Bank, feedback provided to LEPAP PMU and the reports were found overall satisfactory. LEPAP PMU also conducts regular monitoring during construction and provides the Bank with monitoring reports on a monthly basis. It is to be noted that an incident occurred in one of the sub-projects under the parent project which resulted in a fatality. Accordingly, an immediate and thorough assessment was carried out thereafter by the Bank team which indicted that this incident was not directly related to the LEPAP intervention. The ESIRT for the incident was accordingly filled out by the team. Lessons learned, especially as they pertain to the environmental and health and safety (EHS) aspects of the entire enterprises, have been reflected in the updated project ESMF.

Given the moderate risk profile and the fact that all safeguards instruments for the subprojects under the parent project to date have been reviewed by the Bank and found to be of satisfactory quality, prior review by the Bank will continue under the AF until such time that instruments are found to be consistently of the good quality.

In terms of the overall MoE capacity for project implementation, legal basis for the EIA system is established in the Environment Protection Law No. 444/2002 and Law No. 690/2005 on the reorganization of the MOE and the EIA



decree No. 8633/2012 and its annexes. The EIA decree and its annexes include all the requirements for screening, preparation of the environmental assessment and the supervision of the environmental assessment process including consultation and disclosure; and the Environmental Compliance for Establishments decree No. 8471/2012 that will regulate all activities from classified establishments (such as industrial ones) that may cause harmful pollution and environmental degradation. To obtain an environment permit, MOE will also establish a compliance working group and will require that polluting enterprises should prepare a compliance action plan (CAP) as part of the documentation for accessing LEPAP funds.

While this is a Financial Intermediary project, it should be noted that participating commercial banks are mainly focused on the analysis of commercial viability of subprojects and currently do not have a strong role in ESDD. This is in a large part due to the project design where MoE does not have sufficient leverage (e.g. it can be estimated that each bank would finance about 2-4 LEPAP subprojects), as well as uneven E&S capacity of commercial banks in Lebanon. Nevertheless, consideration will be given to increasing the role of the banks in this aspect to (i) be more consistent with good practice of integrating ESDD in the overall loan assessment process (which is done by the banks) and (ii) ensure that the expanding pipeline of sub-projects given the increased AF amount does not create a bottleneck for the project given that the LEPAP PMU capacity and resources for ESDD are very limited and may not be able to manage the growing pipeline effectively. To overcome this envisioned challenge, LEPAP PMU will be requested to strengthen their ESRM capacity and hire full-time staff responsible for these matters.

In terms of increasing E&S capacity of commercial banks in Lebanon, in the course of the parent project, an initial assessment of the commercial banks' capacity for ESDD has also been carried out, along with some capacity building activities. It was concluded that while some banks in Lebanon have a robust Environmental and Social Management Systems, this capacity is uneven. To assist in leveling the playing field in this area in the country, to date, two E&S training and awareness raising events for banks have been carried out under the parent project. Additional activities will be planned as part of the technical assistance component of the LEPAP AF, starting with a more in-depth sector E&S capacity assessment.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders are representatives from the Ministry of Environment (MoE), Ministry of Industry, Ministry of Energy and Water, Banque du Liban, several commercial banks, Association of Lebanese Industries, Lebanon Red Cross, and several establishments and industries that are borrowers or potential borrowers under the LEPAP AF. The updated LEPAP Environmental and Social Management Framework (ESMF) was consulted upon with the stakeholders on Thursday November 21, 2019 where the Environmental and Social Management Framework (ESMF) of the Lebanon Environmental Pollution Abatement Project-Additional Financing (LEPAP-AF) was presented. Amongst other things, the consultation provided a list of the pipeline subprojects and explained potential associated environmental and social impacts and respective mitigation measures. The Minister of Environment explained the importance of the LEPAP-AF to financially support the private sector in complying with national environmental standards and enhancing their environmental performance. The findings of the ESMF were then presented, including LEPAP-AF eligibility criteria and environmental and social screening and due diligence. The main questions raised by the participants focused mainly on the eligibility criteria, funding procedures and environmental and social requirements. It is to be noted that 47 participants attended the consultation session out of which 32% were women.

The updated LEPAP ESMF has been reviewed by the World Bank and disclosed on the MoE website on 4 December



2019, as well as World Bank website on 4 December 2019.

**B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**CONTACT POINT**

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**APPROVAL**

Task Team Leader(s):	Laurent Debroux
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