



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 06/25/2020 | Report No: ESRSA00923



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Lebanon	MIDDLE EAST AND NORTH AFRICA	P173367	
Project Name	LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	6/18/2020	7/22/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Prime Minister's Office		

Proposed Development Objective(s)

The objective of the project is to provide cash transfers and access to social services to extreme poor and vulnerable populations affected by the economic and COVID-19 crises in Lebanon.

Financing (in USD Million)	Amount
Total Project Cost	300.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Lebanon is currently in a high-risk situation as it faces a combination of a balance of payments crisis, coupled with a deep economic crisis, compounded by the COVID-19 outbreak. The impending economic crisis, if unmitigated, will exacerbate poverty and inequality, and in turn economic suffering and social strife. According to World Bank staff's calculations, the current crisis is expected to result in high inflation and negative gross domestic product growth, which would result in more than doubling of extreme (food) poverty from 10 percent to 22 percent, and an increase in poverty from a current nowcast rate of 32.9 percent at present to 45 percent later in 2020.



The coverage of and spending levels on safety net programs in Lebanon was low pre-crisis and is certainly insufficient today to ensure poor households against the effects of the crisis. Today, Lebanon’s main targeted Social Safety Net (SSN) system is small - reaching barely 4 percent of the poor - primarily due to budgetary constraints. The primary SSN program is the National Poverty Targeting Program (NPTP), which the Bank has been supporting through grants, and which targets only the extreme poor (those falling under the food poverty line).

The ESSN Project aims to provide: (i) cash transfers to 140,000 extreme poor Lebanese households; (ii) top-up cash transfers for students from extreme poor Lebanese households at risk of dropping out of school; (iii) social care services to vulnerable Lebanese households and Syrian refugees; and (iv) enhanced delivery of Social Safety Net systems. Funding of assistance for the extreme poor households is provided for two years, while project implementation is programmed for two and half years to accommodate for start-up time.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

This emergency operation has been prepared as a new stand-alone project which will be implemented nationwide, in urban as well as rural and remote areas. The Emergency Crisis and COVID-19 Response Social Safety Net Project (ESSN) is a scale-up of the NPTP and will cover all eight (8) governorates in Lebanon. The project aims to cover all the poorest households falling under the extreme poverty line in every district.

Lebanon is currently in a high-risk situation as it faces a combination of a balance of payments crisis, coupled with an economic and banking sector crisis, a 10-year humanitarian situation caused by an unprecedented influx of displaced Syrians, all of which have been exacerbated by the COVID-19 pandemic. On October 17, 2019, hundreds of thousands of people poured into the streets in protest of the worsening economic and social conditions, demanding an efficient and transparent governance system. Prior to these events, economic conditions on the macro-financial front had been acute. A shortage of US dollars in the market resulted in parallel exchange rates, as well as informal restrictions and control mechanisms on dollar deposits and transfers out of the country - an unprecedented situation for Lebanon’s historically free capital account. On March 7, 2020, the Government of Lebanon (GOL) announced that it would default, for the first time, on its US\$1.2 billion Eurobond debt due on March 9, 2020, and seek out restructuring agreements due to the spiraling financial crisis that has hit foreign currency reserves.

The Lebanese economy is undergoing a large contraction. As a result of the exchange market pressures, businesses are facing a liquidity crunch, especially in regard to trade and corporate finance, leading to disruptions all along the supply chain. Preliminary estimates suggest real GDP will decline by almost 11 percent in 2020, following a 5.7 and 1.8 percent contractions in 2019 and 2018, respectively. Inflation, which was on a declining trend until October 2019, has picked up and is forecast to average 16 percent in 2020. Although robust evidence-based data lacks on the impact on jobs of the current situation in Lebanon, a rapid survey conducted before the COVID-19 outbreak estimated that more than 220,000 jobs had been temporarily or permanently lost between October 2019 and February 2020. In addition, about a third of firms have “temporarily” reduced their employees’ salaries – by an estimated 40% on average. One third of companies reduced their workforce by 60% on average, and 12% have ceased or suspended their operations.



The situation in the country is further compounded by the outbreak of the COVID-19 pandemic and subsequent lockdown measures which pose a serious threat to Lebanon’s health system and economy, particularly impacting the poor and the vulnerable, including the refugees. The pandemic is coming at a time when Lebanon is already going through a “perfect storm” of the worst financial, economic and social crisis in recent history and the Government has limited resources to respond. The unmet needs are immense, and the system lacks the human and financial resources to manage or respond to the public health emergency. As of the beginning of June 2020, Lebanon has reported 1,304 confirmed COVID-19 cases and 28 deaths due to COVID-19. The outbreak further clouds an already strained health sector and will further set back Lebanon’s efforts in its fight against poverty.

Declining remittances and disruptions in global supply chains resulting from the COVID-19 pandemic are further expected to intensify the economic crisis in the country. As a result of the global economic slowdown and the subsequent loss of productive employment, the World Bank estimates a sharp decline in international remittances. Although capital inflows from the large and widespread Lebanese diaspora have typically risen in past crises, which regularly bolstered balance sheets of the banking sector, a significant drop of 19.6 percent in inflowing remittances is forecasted across all the MENA region in the coming year amidst rising uncertainty. Lebanon’s remittances, which represented 12.7 percent of the GDP in 2019, are expected to plummet from US\$7.4 billion in 2019 to US\$6 billion in 2020, based on the average forecasted decrease in the region. Furthermore, the COVID-19 pandemic and the subsequent restrictions on movement has hindered food-related logistic services, disrupting food supply chains and jeopardizing food security for millions of people. The higher levels of export restrictions particularly leave food-importing countries vulnerable to concerning risks, such as price swings. Both the WFP and the FAO reported that Lebanon’s cost of the basic food basket increased severely (15 percent) between February and May 2020 as a result of the COVID-19 crisis as well as the country’s depleting US dollar reserves that continue to impair imports and drive prices up. This is particularly relevant as Lebanon imports at least 80 percent of its food supplies. Coupled with the economic shock, the disruptions in international food supply chains and trade networks will exacerbate Lebanon’s food security vulnerabilities.

D. 2. Borrower’s Institutional Capacity

The implementing agency for this project is the Central Management Unit (CMU) within the Presidency of the Council of Ministers (PCM) who will be working in close coordination with the Ministry of Social Affairs (MoSA) and the Ministry of Education and Higher Education (MEHE). The CMU does not have the human resources capacity to follow up on the social or environmental safeguards aspects associated with the project, including the Stakeholder Engagement Plan (SEP), the Social Impact Assessment (SIA), the Environmental and Social Commitment Plan (ESCP), the Labour Management Procedures (LMP), the Gender-Based Violence (GBV) Action Plan and the Environmental and Social Management Framework (ESMF). The implementing agency did not demonstrate adequate capacity in monitoring social safeguards aspects, namely grievances and stakeholder engagements during the previous National Poverty Targeting Program or NPTP. In addition, as the safety net system is challenged by other factors such as the Syrian Refugee Crisis, it will be necessary to provide support to the PCM. The CMU needs to have a social safeguards specialist to follow up on the implementation of the social aspects as per the World Bank's ESF.

For Component 3 of the project, MoSA will contract the implementing partners (which can include NGOs, firms or UN agencies) who will provide social service support at the Social Development Centers (SDCs), to vulnerable Lebanese and refugees through the 220 centers across the country. Upon effectiveness of the ESSN project, the competitive procurement process for the implementing partners will commence, with preference given to those organizations which have an established track record of providing such services. The implementing partners will be required to



recruit a social safeguards specialist. The PCM-CMU will be responsible to ensure the recruited NGOs, INGOs, firms or UN agencies involved in the project have eligibility criteria namely E&S risk management capacity to ensure that they will implement activities in line with the safeguards instruments prepared for this project including the SIA, SEP, GBV Action Plan, LMP, and ESCP.

Based on the above assessment of Borrower’s capacity, the bank task team will provide hands on support and oversight to the PCM-CMU and the MoSA as needed throughout project implementation to ensure adequate implementation of the safeguards instruments including SIA, SEP, ESCP, LMP, GBV Action Plan and the ESMF.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Low

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

Social Risk Rating

Substantial

Currently the NPTP provides health and education benefits to 43,000 households, of which 15,000 households also receive food assistance through an electronic pre-paid card. These represent only 4.5 percent and 1.5 percent, respectively, of all Lebanese households. The NPTP has the foundational features of an effective social safety net including progressive targeting, information on applicant and beneficiary households, and an up-to-date and well-managed Management and Information System. However, at its current level of coverage, the NPTP will be inadequate to offer any meaningful cushion to the anticipated shocks that households will face as a result of the projected economic contraction, as it reaches only a small fraction of the population that can be expected to fall into poverty/extreme poverty as a result of the crisis. An extension of the program from 15,000 e-card food voucher beneficiaries to 140,000 households under the ESSN project will be an effective means to arrest the increase in extreme poverty.

While the proposed ESSN program will bring social benefits, it will also have "substantial" social risks mainly related to exclusion of some vulnerable and disadvantaged groups, such as: 1) the elderly because the PMT formula was unable to capture this group ; 2) small families because of the household characteristics used by the targeting program to calculate household poverty; 3) the near poor subgroups who may not qualify as part of the targeting program and may therefore not benefit from the program; 4) female headed poor households, especially if the man/father is deceased or incarcerated. The scoring system does not consider that the mother works and runs household errands, putting additional social pressure on her; 5) poor families with a deceased parent do not get any advantage in the current targeting program; and 6) Syrian refugees who will not be benefitting from components 1 or 2 of the project. The influx of Syrian refugees in Lebanon since 2011 has led to one of the world’s highest concentration of refugees in any country, themselves affected by high poverty. As of early 2020, 16.5 percent (914,648) of the registered Syrian refugee population are in Lebanon and the Government of Lebanon estimate that there are approximately half a



million more unregistered refugees. While some filters will be added to mitigate such social risks under the Emergency SSN ESSN program, the risk determinations are based on pre-mitigation risks and impacts. Depending on the circumstances, the risk rating may be adjusted during project implementation as mitigation measures are successfully implemented and anticipated risks do not materialize.

Other risks include contextual risks including citizens' mistrust of the government and social tensions between the Syrian refugees who benefit from a wide variety of international food, shelter and social programs while the Lebanese poor do not.

The existing grievance redress mechanism (GRM) needs to be improved as it does not have the dedicated and qualified staff to handle it nor the variety of options in uptake channels. The communications outreach campaigns need to also ensure that it reaches all geographic regions of Lebanon to avoid excluding certain poor groups such as those in Mount Lebanon who were excluded under the NPTP for example.

The program implementation is also associated with the risk of sexual exploitation abuse and sexual harassment (SEA/SH) especially related to cash transfers to beneficiaries under component 1 of the project where females may be at greater risk of SEA/SH. The results of the GBV screening tool indicated that various aspects of the program bring the GBV risk to a "moderate" risk rating and as such the implementing agency will need to prepare a GBV Action Plan in line with the World Bank's Good Practice Note (GPN) and hire a GBV specialist as recommended for a moderate GBV risk rating in the GPN.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project will not support any civil works involving the building/rehabilitation/ renovation of infrastructure. Therefore, there will not be adverse risks and impacts from works on the environment. The screening has concluded that the client does not need to prepare an environmental management plan to mitigate potential environmental impacts arising out of proposed project.

From a social perspective, the screening showed that there are significant social risks and impacts associated with the Emergency SSN Program and as such ESS1 applies. These social risks include: exclusion of some vulnerable and disadvantaged groups such as the elderly, small households, female-headed households, near poor, poor families with deceased parent and Syrian refugees who will not be benefiting from the cash transfer activities under components 1 and 2 of the project. In addition, there are contextual risks which include citizens' mistrust of the government and social tensions between the vulnerable Lebanese and Syrian refugees, inadequate grievance mechanism to handle complaints and concerns, weak communication outreach and potential SEA/SH risks associated with project activities and specifically under component 1 activities which include cash transfer. Component 3 of the project aims to mitigate social tensions by supporting MoSA to expand the provision of social services to both host and displaced refugee communities, through SDCs and contracted specialized organizations. SDCs are the entry point where vulnerable groups seek assistance and basic 'prevention' services (including day care centres, orientation,



awareness raising, parenting or reproductive health lessons, afterschool learning support, community activities, skills trainings, psychosocial support, care giver support etc.) and where social workers assess their needs and refer them to specialized support services (e.g. safe spaces, shelters, psychosocial support, therapy case management for children at risk, eviction and documentation guidance, dispute resolution, facilitate pathways to certify skills, learning and other aids for persons with disability).

The client has therefore prepared a preliminary social impact assessment (SIA) to outline social risk and impacts associated with the project and recommended mitigation measures accordingly. The SIA includes a social risk management plan that comprises the key social risks, impacts, mitigation measures and responsible institutions. The SIA findings have been considered in the project design whereby additional filters were added to the existing targeting program to capture some of the identified vulnerable groups. However this will be monitored by the borrower throughout project implementation. This preliminary SIA prepared by the borrower was disclosed before appraisal. However, inclusive stakeholder engagement could not be conducted as part of the SIA due to the urgency of the project and COVID19 restrictions. The borrower will update the SIA one month after effectiveness date following inclusive stakeholder consultations. The updated SIA will be cleared by the bank and accordingly disclosed on both the Bank's external website and client's project website. Additional instruments that will be prepared by the client include the Stakeholder Engagement Plan (SEP), the GBV Action Plan and the LMP. A robust grievance mechanism will also need to be developed for the project and all complaints and concerns related to the project activities will need to be closely monitored and addressed within a specified time-frame.

ESS10 Stakeholder Engagement and Information Disclosure

A preliminary SEP has been prepared and disclosed before appraisal where inclusive stakeholder engagement could not be conducted due to the urgency of the project and COVID-19 general mobility restrictions. The Borrower will update the SEP during project implementation following inclusive stakeholder consultations within a timeframe as outlined in the ESCP (one month after effectiveness). The GOL has been involved in selected interactions with some of the Project's stakeholders, particularly those involved in Project preparation and management, through in-person meetings and via WebEx (the latter due to COVID-19 restrictions) to discuss matters related to Project design and preparation. Before that, several public hearing events and workshops targeting beneficiaries from the NPTP program were held across different geographic regions during the recertification of NPTP beneficiaries.

Vulnerable and disadvantaged groups have been identified and specifically targeted in the SEP. Dedicated approaches and increased level of resources have been planned to remove obstacles to their participation and foster a meaningful engagement of stakeholders, using specific consultation strategies amidst the COVID-19 pandemic.

Among the Project Affected Persons (PAPs), the SEP has identified (i) the direct beneficiaries who will benefit from the ESSN; (ii) social workers in charge of implementing social activities and communications around component 4 (the size of this stakeholder group is estimated at around 462 individuals); (iii) refugees, who will benefit from dedicated social services provided through Social Development Centers (the final number of refugees who will benefit from this program has not been determined); and (iv) 87,000 students between the ages of 13 and 18 years currently enrolled in school. There will also be engagement of NGOs for stakeholder engagement activities with refugees.



The SEP will allow the GOL to engage with stakeholders during the project cycle with (i) an early engagement during the pre-application phase; (ii) during provision of benefits and services; and (iii) in the post-application phase through household visits. It also allocates necessary resources including staff and budget for the management, implementation, and monitoring of the SEP during the duration of the Project.

Finally, the SEP will allow the set-up of dedicated GRMs at national and local levels to address a wider range of complaints and feedback. The project will contract a third-party GRM firm to manage and report on grievances.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The project will involve the use of a range of workers: i) Direct workers (project management unit – PMU) , ii) Contracted workers hired by the project to manage Grievance Redress Mechanisms (GRM) and the communications outreach; and, iii) NGOs that will be recruited under component 3 of the project.

The Borrower will develop and implement Labor Management Procedures (LMP) to manage and mitigate risks associated with Labor and Working condition of project workers. Provisions for LMP will be consistent with ESS2, will be included in the ESCP, and will contain provisions on terms and conditions of employment, nondiscrimination and equal opportunity for employment, worker’s organizations, and restrictions on child and forced labor. Specific provisions will be added in the LMP on Occupational Health and Safety (OHS) risks due to COVID-19 related risks as needed.

ESS3 Resource Efficiency and Pollution Prevention and Management

The project will not support any works or activities that may result in impacts on resource efficiency and pollution, and therefore ESS3 is not currently relevant.

ESS4 Community Health and Safety

The client will develop and implement measures and actions to assess and manage the risks of gender-based violence (GBV) and sexual exploitation and abuse and sexual harassment (SEA/SH). A Gender Based Violence Action Plan for the project will address such risks in a way that is commensurate to the risk level and will include primarily the need to have a code of conduct for all staff involved in the project, training/awareness-raising of SEA/SH, hiring of a GBV specialist to prepare and implement GBV Action Plan, and a GRM channel for SEA/SH grievances.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement



This project does not require land acquisition, impact negatively on assets, or cause loss of assets. ESS5 is not currently relevant.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

As the project will not support any physical works, ESS6 is not currently relevant.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is not currently relevant for this project because there are no indigenous peoples in Lebanon.

ESS8 Cultural Heritage

The project will not finance civil works and no interaction with tangible or intangible cultural heritage is expected. Therefore, ESS8 is not currently relevant.

ESS9 Financial Intermediaries

ESS9 is not currently relevant because there will not be any involvement of financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP 7.60 Projects in Disputed Areas

No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
<p>Regular reporting on the compliance with the environmental and social instruments (LMP, SIA, SEP, GBV Action Plan) on a bi-annual basis.</p> <p>The CMU will also: i) hire a social specialist to follow up and monitor the risks and mitigation as assessed in the SIA; (ii) consider hiring a GBV specialist; and , (iii) update the SIA with inclusive stakeholder consultations.</p> <p>The CMU will also prepare an ESMF in response to the CERC component 5 of the project during the implementation phase.</p>	10/2020
ESS 10 Stakeholder Engagement and Information Disclosure	

Public Disclosure



Regular reporting on the implementation of the SEP. Update of the SEP with inclusive stakeholder consultation sessions. An improved accessible grievance mechanism shall be made publicly available to receive and facilitate resolution of concerns.	10/2020
ESS 2 Labor and Working Conditions	
Preparation and Disclosure of the LMP	08/2020
ESS 3 Resource Efficiency and Pollution Prevention and Management	
ESS 4 Community Health and Safety	
Prepare a Gender Based Violence (GBV) Action Plan. Develop and implement measures and actions to assess and manage the risks of gender-based violence (GBV) and sexual exploitation and abuse (SEA).	09/2020
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	
ESS 8 Cultural Heritage	
ESS 9 Financial Intermediaries	

Public Disclosure

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? **No**

Areas where “Use of Borrower Framework” is being considered:

Borrower Framework is not being considered

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient



Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Prime Minister's Office

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social)	Pia Peeters Cleared on 16-Jun-2020 at 07:44:54 EDT
Safeguards Advisor ESSA	Nina Chee (SAESSA) Concurred on 25-Jun-2020 at 10:03:38 EDT