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Report No: 52404-LB

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF

LB – ADDITIONAL FINANCING GRANT FOR THE
FIRST MUNICIPAL INFRASTRUCTURE PROJECT

December 15, 2009

IN THE INITIAL AMOUNT OF
US\$ 30 MILLION EQUIVALENT

TO THE

LEBANESE REPUBLIC

Sustainable Development Department
Middle East Country Department
Middle East and North Africa Region

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ABBREVIATIONS AND ACRONYMS

PCU Project Coordination Unit

Vice President:	Shamshad Akhtar
Country Director:	Hedi Larbi
Country Manager:	Demba Ba
Sector Manager / Director:	Anna M. Bjerde
Task Team Leader:	Robert Maurer

LEBANON
LB – ADDITIONAL FINANCING GRANT FOR THE
FIRST MUNICIPAL INFRASTRUCTURE

CONTENTS

	Page
ANNEX 1: Proposed Changes	6
ANNEX 2: Appraisal Summary Update	8
ANNEX 3: Updated Critical Risk Framework	9
ANNEX 4: Results Framework and Monitoring.....	10

Restructuring**Status: Final****Restructuring Type: CD Approval**

Last modified on date : 12/15/2009

1. Basic Information

Project ID & Name	P103875: LB - Municipal Infrastructure
Country	Lebanon
Task Team Leader	Robert Maurer
Sector Manager/Director	Anna M. Bjerde
Country Director	Hedi Larbi
Original Board Approval Date	11/03/2006
Current Closing Date	12/31/2009
Proposed Closing Date	06/30/2011
EA Category	B-Partial Assessment
Revised EA Category	B-Partial Assessment
EA Completion Date	06/01/1998
Revised EA Completion Date	

2. Revised Financing Plan (US\$)

Source	Original	Revised
BORR	0.00	0.00
SPF	0.00	30.00
Total	.00	30.00

3. Borrower

Organization	Department	Location
Ministry of Finance		Lebanon

4. Implementing Agency

Organization	Department	Location
Ministry of Interior and Municipalities		Lebanon

5. Disbursement Estimates (US\$m)

Actual amount disbursed as of 12/18/2009		13.93
Fiscal Year	Annual	Cumulative
2009	0.00	13.93
Total		13.93

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Does the scale-up of restructured projects trigger any new safeguard policies? If yes, please select from the checklist below.	N

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The objectives of the additional financing grant are to: (i) restore basic services and rebuild priority public infrastructure in the affected municipalities and villages; (ii) support local economic recovery and development in the municipalities that have suffered the heaviest damage; and (iii) provide technical assistance to and build the capacity of municipalities to mitigate the impact of the hostilities on municipal finances (within the broader context of developing the municipal sector).

7b. Revised Project Development Objectives/Outcomes [if applicable]
Not applicable

ANNEX 1
Proposed Changes

a. What are the proposed changes, as applicable, in the project's development objectives, outcomes, design, and/or scope?

N/A

b. What are the other complementary changes, as applicable:

Institutional arrangements Yes No
If, yes, please explain:

Financing mechanism/Conduit Yes No
If, yes, please explain:

Outputs Yes No
If, yes, please explain:

Project Costs and financing plan (include summary tables) Yes No
If, yes, please explain:

Financial management Yes No
If, yes, please explain:

Disbursement arrangements Yes No
If, yes, please explain:

Procurement Yes No
If, yes, please explain:

Closing date Yes No
If, yes, please explain:

The Government of Lebanon has requested an extension of the closing date for from December 31, 2009, to June 30, 2011. The World Bank carried out a detailed implementation review mission from October 5-8 and from 15-16, 2009 and the project team has determined that the objectives of the Project continue to be achievable, the implementation performance is rated satisfactorily, and the Government of Lebanon has

prepared a specific action plan and detailed schedule, to complete the outstanding activities within the additional period.

Despite the political uncertainties and deteriorating security conditions in 2007 and during the first half of 2008, the physical reconstruction of the extensive damage caused by the 2006 hostilities has made good progress and is now substantially completed. This priority (funded under Component 1 of the project) received the highest attention as it was urgent to restore the living conditions of the people directly impacted by the conflict. Because it took more time and efforts than initially envisioned to address the population's most pressing needs, the Government is now requesting additional time to fully reap the Grant's expected outcomes.

The proposed extension would allow time for: (a) delivering the 15 community sub-projects selected to revive the local economy in the worst affected areas; (b) operationalizing the recently established Municipal Observatory which will allow to progressively introduce a performance-based municipal management system; and (c) carrying out the Municipal Finance Study focusing on (i) the Independent Municipal Fund assessment, (ii) the Property Tax reform, and (iii) the appraisal of the municipalities' overall financial capacity. An Action Plan was prepared by the PCU and was found to be acceptable by the Bank as it will allow completion of pending activities that are central to the long term sustainability of the municipal sector policy dialogue in Lebanon and part of the new Government's policy reform program.

Implementation schedule

Yes No

If, yes, please explain:

The implementation arrangements remain the same; however, the schedule of delivery will be adjusted according to the new closing date.

**ANNEX 2:
Appraisal Summary Update**

(1 page) if applicable:

Do the proposed changes result in significant change of impact (from original Appraisal Summary of the PAD) in the following:

Economic and financial analysis Yes No
If, yes, please explain:

Technical Yes No
If, yes, please explain:

Social Yes No
If, yes, please explain:

Environment Yes No
If, yes, please explain:

Exceptions to Bank Policy Yes No
If, yes, please explain:

ANNEX 3
Updated Critical Risk Framework

**New Risks Identified During Implementation/Restructuring That Might Jeopardize
Achievement of the Restructured Project DOs or Outcome Targets:**

Risks	Risk Rating	Risk Mitigation Measures

ANNEX 4
Results Framework and Monitoring

**LEBANON: LB – ADDITIONAL FINANCING GRANT FOR THE
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Results Framework**

PDO		Project Outcome Indicators		Use of Project Outcome Information	
Current	Proposed	Current	Proposed	Current	Proposed
Intermediate Outcomes		Intermediate Outcome Indicators		Use of Intermediate Outcome Monitoring	
Current	Proposed	Current	Proposed	Current	Proposed

