



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 10-May-2022 | Report No: PIDA33867

**BASIC INFORMATION****A. Basic Project Data**

| | | | |
|---|--|---|--|
| Country Lebanon | Project ID P178075 | Project Name Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Additional Financing | Parent Project ID (if any) P173367 |
| Parent Project Name LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT | Region MIDDLE EAST AND NORTH AFRICA | Estimated Appraisal Date 05-May-2022 | Estimated Board Date 30-May-2022 |
| Practice Area (Lead) Social Protection & Jobs | Financing Instrument Investment Project Financing | Borrower(s) Lebanese Republic | Implementing Agency Prime Minister's Office |

Proposed Development Objective(s) Parent

The objective of the Project is to: (a) provide cash transfers and access to social services to extreme poor and vulnerable Lebanese populations affected by the economic and COVID-19 crises in Lebanon; and (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.

Components

Provision of Cash Transfer for Basic Income Support
Provision of Cash Transfer for Students-at-Risk
Provision of Social Services
Enhanced Social Safety Nets Program Delivery
Contingent Emergency Response Component (CERC)

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

| | |
|---------------------------|------|
| Total Project Cost | 4.00 |
| Total Financing | 4.00 |
| of which IBRD/IDA | 0.00 |
| Financing Gap | 0.00 |

DETAILS



Non-World Bank Group Financing

| | |
|----------------------------------|------|
| Trust Funds | 4.00 |
| Lebanon Syrian Crisis Trust Fund | 4.00 |

Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

B. Introduction and Context

This Additional Financing (AF) in the amount of US\$4 million will be used to supplement existing financing under Component 1 (Provision of Cash Transfer for Basic Income Support) of the Parent Project, the Emergency Crisis and COVID-19 Response Social Safety Net (ESSN - P 173367). The proposed AF will contribute to offsetting a financing gap resulting from the increase of the transfer value of benefits provided under Component 1 to extreme poor households.

Country Context

Lebanon's compounding crises pose long-term challenges for the country. In 2019, Lebanon faced an economic and financial crisis due to a stop in capital inflows, which led to systemic failures across the banking sector, debt, and exchange rate devaluation. A shortage of United States dollars (US\$) in the market resulted in multiple exchange rate systems, as well as informal restrictions and control mechanisms on deposits held in US\$ and on transfers out of the country. The Port of Beirut explosion in August 2020 had significant negative economic impacts on livelihoods, placing further strain on the economy. The SARS-CoV-2 (COVID-19) pandemic and subsequent lockdowns exacerbated the crises, affecting people's health, livelihoods, and food security. In the face of the crisis, Lebanon's Gross Domestic Product (GDP) plummeted from close to US\$52 billion in 2019 to a projected US\$21.8 billion in 2021, marking a 58.1 percent contraction¹. Such significant and rapid contraction is usually associated with conflicts or wars. The compounding nature of the crises makes recovery challenging, with long-term consequences on the welfare of Lebanese households.

The ESSN, a US\$246 million IBRD Loan, was approved by the Board of Directors on January 12, 2021, and declared effective on July 31, 2021, after Parliamentary ratification on March 12, 2021 (Law no 219).² The ESSN provides Cash Transfers (CTs) and access to social services to 147,000 extreme poor and vulnerable Lebanese households affected by the economic and COVID-19 crisis. The ESSN aims to: (i) arrest the increase in extreme poverty through the provision of CTs with benefit levels equivalent to US\$20 per household member per month (with a cap at six household members) to meet food needs, in addition to US\$25 per household per

¹ World Bank, Lebanon Economic Monitor, Fall 2021: The Great Denial

² Effectiveness conditions include: (i) Finalization of the Project Operations Manual; (ii) Finalization of the Labor Management Procedures; (iii) Issuance of the Legal Opinion.



month covering non-food needs; (ii) preserve the human capital of children (13 – 18 years old) from beneficiary households currently enrolled in public schools through the provision of cash top-ups³; (iii) improve access to social services for vulnerable population groups; and (iv) build a sustainable national social registry in Lebanon. The ESSNP scales-up and enhances the GOL's National Poverty Targeting Program (NPTP) which in the near-term are expected to be merged into one social safety net (SSN) program.

Sectoral and Institutional Context

Poverty and vulnerability have increased significantly, with severe implications on Lebanon's human capital.

Poverty was already increasing before the crisis, from an estimated 25.6 percent in 2012 to 37 percent in 2019.⁴ Tentative projections by the World Bank suggest that well over 50 percent of the population was likely to be under the national poverty line in 2020 (World Bank, 2021). The 2019 Multidimensional Poverty Index (MPI)⁵ for Lebanon reveals that 53.1 percent of the residents in Lebanon are multi-dimensionally poor, with the highest incidence among children ages 0-4 years, at 66.8 percent. This further highlights the vulnerability of households with young children and the severe implications that the current crises pose on their human capital. Across the eight governorates, *Akkar* and *Bekaa* are the poorest, while the greatest intensity of poverty among the MPI-poor is experienced in Beirut (Lebanon 2019 Multidimensional Poverty Index).⁶

While the average annual inflation rose to 85 percent in 2020, the average food inflation alone grew by a record 250 percent over 2019. Between January 2021 to January 2022, the average year-on-year (yoy) inflation rate reached 157 percent, with a corresponding food inflation rate of 328 percent. Since the removal of Foreign Exchange (FX) subsidies, yoy food inflation has increased sharply, reaching 483 percent in January 2022. This has dire consequences on the poor, as food consumption constitutes a larger proportion of household expenses of poorer households. Phone surveys conducted by the World Food Program (WFP) in May and July 2021 found that 46 percent of households reported challenges in accessing food and other basic needs (WFP, 2021). The COVID-19 pandemic has further heightened the vulnerability of the poor, whose living, working, and health conditions place them at greater risk compared to wealthier segments of the population.

C. Proposed Development Objective(s)

Original PDO

The objective of the Project is to: (a) provide cash transfers and access to social services to extreme poor and vulnerable Lebanese populations affected by the economic and COVID-19 crises in Lebanon; and (b) in case of an Eligible Crisis or Emergency, provide an immediate and effective response to such emergency or crisis.

Current PDO

³ The cash top up range between US\$200 and US\$300 per eligible child per scholastic year, in addition to school registration fees.

⁴ Based on nowcasting using data from HBS 2012.

⁵ The Central Administration for Statistics (CAS) together with the World Bank has developed the first official multidimensional poverty index for Lebanon using the nationally representative 2018-2019 Labor Force and Housing Living Conditions Survey. The index is derived from 19 indicators across five dimensions which are education, health, financial security/well-being, basic infrastructure and living standards. See forthcoming "Lebanon Multidimensional Poverty Index 2019", CAS and World Bank, March 2022.

⁶ CAS and World Bank (2022). "Lebanon – Multidimensional Poverty Index 2019" (forthcoming).



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Key Results

Progress towards the achievement of the PDO will be measured through the following outcome indicators:

- Number of households receiving basic cash transfer (percentage female-headed households, percentage persons with disabilities (PwD), percentage households with elderly persons, percentage households with children (ages 0-18)
- Number of households receiving education cash transfer for children (ages 13-18)
- Number of children (ages 13-18) enrolled in school from targeted households
- Percentage of boys (ages 13-18) enrolled in school year among beneficiary households
- Number of beneficiaries of social services (percentage female, percentage PwD, percentage elderly, percentage children)

D. Project Description

Similar to the parent project, the proposed Additional Financing (AF) applies paragraph 12 of Section III of the Investment Project Financing (IPF) Policy (*Projects in Situations of Urgent Need of Assistance or Capacity Constraints*). The special consideration of paragraph 12 of Section III of the said Policy is triggered based on the urgent need of assistance caused by the worldwide COVID-19 outbreak in December 2019, as well as the prevailing economic and financial crisis in Lebanon.

The AF Grant (US\$4 million) is funded from the Lebanon Syria Crisis Trust Fund (LSCTF)⁷ and will be used to supplement existing financing under Component 1 (Provision of Cash Transfer for Basic Income Support) and will have one component. Approximately 2,700 households (approximately 12,300 individuals) out of a targeted 147,000 households will benefit from the provision of CTs for basic income support, verified as falling under the extreme poverty threshold. The proposed AF will contribute to offsetting the resulting financing gap, currently standing at US\$16 million, resulting from the increase of the transfer value. The remaining financing gap after the reallocation and the AF grant will stand at US\$12 million. This amount is expected to be filled through seeking additional grants. Households will receive US\$20 per household member per month, to cover basic survival food needs, in addition to a flat amount of US\$25 per month per household to meet fixed costs and economies of scale incurred by households for non-food basic expenditures. Eligibility is determined based on households who applied on the DAEM platform and simultaneously satisfy two conditions – as per the targeting approach adopted in the parent project PAD: (a) their verified Proxy Mean Test (PMT) scores are below the eligibility cut-off corresponding to the extreme poverty line, and (b) they belong to defined socially vulnerable categories.

⁷ The LSCTF is a multi-donor trust fund designed to support Lebanese communities hosting Syrian refugees, established by the World Bank in 2013. The World Bank is administering the LSCTF in accordance with the institution's policies and procedures, including fiduciary policies and the framework regarding governance and anti-corruption.



Under the proposed AF, no changes are envisaged to the original PDO, implementation arrangements, fiduciary arrangements, or environmental and social aspects. The AF will be used to co-finance the parent project, utilizing the US\$4 million for Cash Transfers under Component 1. No other revisions will be made to the parent project.

The Grant Agreement will reflect that the expenditures from the Grant will finance Cash Transfers for separate households from those financed under the parent project and the Project Operations Manual will be updated accordingly. The Implementation period of the AF Grant will be between May and August 31, 2022, as the end disbursement date of the LSCTF is October 31, 2022. The closing date of the AF Grant will be August 31, 2022.

Legal Operational Policies

| | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Assessment of Environmental and Social Risks and Impacts

From a social perspective the program has the risk of excluding certain vulnerable groups due to the targeting system including the elderly, small families, and near poor subgroups who may not qualify as part of the program and may therefore not benefit from the program. While various mitigation measures have been added under the parent Project, as per the Environmental and Social Framework (ESF) guidelines, social risk determination is based on pre-mitigation risks and impacts. In addition, inadequate Grievance Mechanism (GM) and poor communications outreach programs are also considered social risks to the program. Finally, based on the results of the World Bank risk screening assessment, the implementation of the program is associated with a moderate risk of sexual exploitation and abuse and sexual harassment (SEA/SH) due mainly to the limited awareness on SEA/SH prevention and control measures amongst the project workers which need to be mitigated through proactive trainings during project implementation and the preparation and implementation of a SEA/SH Prevention and Response Plan, as per the requirements of the World Bank Good Practice Note on Addressing SEA/SH. From the environmental perspective the risks are low as the project will not support any physical work.

E. Implementation

Institutional and Implementation Arrangements

Institutional and implementation arrangements for the proposed AF will follow those of the parent project. The Project Management Unit (PMU) - the Central Management Unit (CMU) located in the Presidency of the Council of Ministers (PCM) - will manage the project, similar to the parent project. Specifically, the PMU is responsible for: maintaining and administrating the PMT formula, issuing payment lists, as well as the fiduciary and related activities of the project. In addition, the PMU is responsible for the implementation and monitoring of the environmental and social instruments, including the Stakeholder Engagement Plan (SEP), Environmental



and Social Commitment Plan (ESCP), Social Impact Assessment (SIA), and Labor Management Procedures (LMP), all of which were cleared and disclosed under the parent project. The implementation of the cash-based assistance is contracted out to the World Food Programme (WFP). A Third-Party Monitoring Agency (TPMA) is currently being recruited to verify the eligibility of the beneficiaries under the project and to confirm that payments have been made to the intended beneficiaries. The TPMA will collect monthly data and report on results to the CMU on a quarterly basis. Reports of the TPMA will be publicly disclosed to ensure complete transparency in the implementation of the program. In addition, post-distribution monitoring will be undertaken by WFP at the end of each payment cycle with a sample of beneficiaries. The results of this monitoring will be included in narrative progress reports which will be submitted to the World Bank.

CONTACT POINT

World Bank

Haneen Ismail Sayed
Lead Operations Officer

Borrower/Client/Recipient

Lebanese Republic
Youssef El-Khalil
Minister of Finance
minister@finance.gov.lb

Implementing Agencies

Prime Minister's Office
Marie Louise Abou Jaoude
Project Manager
maboujaoudeh@pcm.gov.lb

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>



APPROVAL

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|----------------------|---------------------|
| Task Team Leader(s): | Haneen Ismail Sayed |
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Approved By

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|---------------------------|-----------------|-------------|
| Practice Manager/Manager: | | |
| Country Director: | Saroj Kumar Jha | 11-May-2022 |