

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC15771

Date ISDS Prepared/Updated: 09-Nov-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Lebanon	Project ID:	P157983
Project Name:	Leveraging Innovation in Financial Service Provision to Manage Crisis in Lebanon		
Team Leader(s):	Peter McConaghy		
Estimated Date of Approval:	22-Feb-2016		
Managing Unit:	GFM05	Lending Instrument:	Lending Instrument
Sector(s):	Payments, settlements, and remittance systems (30%), Microfinance (40%), Other social services (30%)		
Theme(s):	Micro, Small and Medium Enterprise support (40%), Social Safety Nets/Social Assistance & Social Care Services (30%), e-Services (30%)		
Financing (in USD Million)			
Total Project Cost:	2.3	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
State and Peace Building Fund			2.3
Environment Category:	C - Not Required		

B. Project Development Objective(s)

19. The project development objective (PDO) is to enhance the economic resilience of vulnerable populations and refugees in Lebanon through piloting innovative approaches to financial inclusion. The PDO will be met through three transmission channels. First, the project will produce rigorous analytical work documenting global best practices in innovative mechanisms to deliver financial services during crisis. Second, the project will apply innovation at the programmatic level through piloting the provision of microfinance services to recipients of agency-executed cash transfers. Third, through regional learning, the project will develop a policy framework for delivering financial service provision to other conflict-affect countries in the MENA region.

C. Project Description

A. Description (Concept)

22. Component 1: Strengthening the analytical base on promoting economic resilience of

refugees and vulnerable host communities through access to financial services. The objective of this component is to enhance knowledge of Lebanese policymakers on innovative approaches to promoting economic resilience of vulnerable Lebanese and refugees through financial inclusion, drawing on international best practice in both microfinance, livelihood development, and crisis management. The analytical work will also assess the legal/regulatory framework and institutional setup in Lebanon and propose interventions to be piloted. Particular attention will be placed on innovative linkages between cash transfers and financial services – for example digital transfers to transaction accounts, remote agent network development, or linkages to microinsurance and savings products. (\$250,000)

23. The analytical work will coordinate closely with key international actors working on promoting financial inclusion using cash transfers as an entry point, particularly in fragile and post-conflict contexts. This includes the United National Capital Development Fund (UNCDF), United Nations High Commission for Refugees (UNHCR), the GSMA, DFID, and the Gates Foundation, in close coordination with Lebanese authorities. The analytical work will commence directly after grant effectiveness and will inform the programmatic pilot under component 2 of the program. The document will seek to have impact both on the global levels, highlighting international best practices for promoting financial inclusion during emergency/crisis context, and locally through analyzing the institutional and regulatory options for Lebanon. Depending on implementation, the team may produce two outputs. The first focused on bringing international best practices to managing crisis in Lebanon and the second an internal document providing policy suggestions for Lebanese authorities.

24. Component 2: Programmatic Pilot of an electronic cash transfer program where transfers are digitized and connected to microfinance institutions (MFIs). The objective of this component is to promote economic resilience and livelihood development over a medium-term time horizon through targeted income support linked to access and usage of transaction accounts. The pilot would in first instance target low-income vulnerable Lebanese communities who have been affected by the economic instability caused by the ongoing Syrian crisis. Particular attention will be placed on female-headed households. The income support program would also benefit refugees. (\$1,800,000)

25. The pilot will catalyze innovation through two transmission channels. First, the pilot will seek to employ international best practices with regards to targeting and payment systems. This involves digitizing transfer payments through mobile or card-based technology. Secondly, the pilot will link cash transfers to microfinance institutions (MFIs) who can then offer beneficiaries financial services (transaction accounts) and non-financial services (financial education training). This pilot would be informed by the analytical work and draw on international best practice and current institutional/regulatory realities in Lebanon.

26. The program will include a rigorous evaluation comparing outcomes of beneficiary groups with respect to household welfare, vulnerability to economic shocks, access and usage of financial services, and relative poverty levels. This evaluation will capture the primary economic effects of the income support program as well as additionalities with respect to access and usage of financial services through participating microfinance institutions.

27. Component 3: Regional knowledge sharing and policy framework development. The objective of this component is to improve policies to promote economic resilience during periods of crisis through regional knowledge sharing and policy development. Funding would finance a series of workshops on the role of financial inclusion in times of crisis in the MENA region, as well as

technical assistance in developing a policy framework on using innovative financial inclusion pathways to manage crisis and conflict for the MENA region as a whole. (\$250,000)

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Yes. Tentative timeframe for preparing the appraisal stage ISDS is 15-December 2015.

E. Borrower's Institutional Capacity for Safeguard Policies

F. Environmental and Social Safeguards Specialists on the Team

Alaa Ahmed Sarhan (GEN05)

Mariana T. Felicio (GSU05)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The project is limited to developing analytical work, knowledge sharing, and piloting a digital cash transfer program linked to financial services at the micro household level. The project will not involve civil works or major activities that will cause negative impacts on the environment.
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	

III. SAFEGUARD PREPARATION PLAN

A. Appraisal stage ISDS required?: Yes

i. Explanation

The proposed project is classified as a Category C, as it is likely to have no adverse environment

ii. Tentative target date for preparing the Appraisal Stage ISDS

18-Dec-2015

- B. Time frame for launching and completing the safeguard-related studies that may be needed.**
The specific studies and their timing should be specified in the Appraisal Stage ISDS.

IV. APPROVALS

Team Leader(s):	Name: Peter McConaghy	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Mariana T. Felicio (SA)	Date: 10-Nov-2015
Practice Manager/ Manager:	Name: Rolf Behrndt (PMGR)	Date: 18-Nov-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.