

The World Bank  
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Report No: PAD1190

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$32 MILLION

TO THE

LEBANESE REPUBLIC

FOR AN

EMERGENCY EDUCATION SYSTEM STABILIZATION PROJECT

March 9, 2015

*Education Global Practice*  
*MIDDLE EAST AND NORTH AFRICA*

## CURRENCY EQUIVALENTS

(Exchange Rate Effective: March 6, 2015)

Currency Unit = LBP Lebanese Pound  
1,503.51 Lebanese Pounds = US\$1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

CMU	Country Management Unit (WB)
CPS	Country Partnership Strategy
DfID	Department for International Development (UK)
DG	Director General
DOPS	Pedagogical and Scholastic Guidance Office ( <i>Direction d'Orientation Pédagogique et Scolaire</i> )
ECD	Early Childhood Development
ECE	Early Childhood Education
ECERS	Early Childhood Environment Rating Scale
ECRD	Educational Center for Research and Development
ECU	Engineering Coordination Unit (MEHE)
EDI	Early Development Instrument
EDP	Education Development Project
EDP II	Second Education Development Project
EESSP	Emergency Education System Stabilization Project
EMIS	Education Management Information System
ESDS	Educational Sector Development Secretariat
ESIA	Economic and Social Impact Assessment
ESPISP II	Second Emergency Social Protection Implementation Support Project
ETF	European Training Foundation
EU	European Union
GDP	Gross Domestic Product
GIS	Geographic Information System
GOL	Government of Lebanon
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IE	Impact Evaluation
KG	Kindergarten
LAES	Lebanese Association for Educational Studies
LAQA	Lebanese Agency of Quality Assurance
LSIN	Lebanon School Improvement Network

LU	Lebanese University
M&E	Monitoring and Evaluation
MEHE	Ministry of Education and Higher Education
MENA	Middle East and North Africa Region
MIC	Middle Income Country
MOF	Ministry of Finance
NQF	National Qualifications Framework
NVS	New Vision for the School
OECD	Organization for Economic Cooperation and Development
POM	Project Operations Manual
PD	Professional Development
PDO	Project Development Objective
PFS	Project Financial Statements
PISA	Program for International Student Assessment
PMU	Project Management Unit
PPP	Purchasing Power Parity
RACE	Reaching All Children with Education in Lebanon
SBD	Standard Bidding Documents
SIS	School Information System
TA	Technical Assistance
TIMSS	Trends in International Math and Science Studies
TPD	Teacher Profession Development
TVET/VET	Technical and Vocational Education and Training
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WB	World Bank

Regional Vice President:	Hafez Ghanem
Country Director:	Ferid Belhaj
Senior Global Practice Director:	Claudia Costin
Practice Manager:	Harry Patrinos
Task Team Leader:	Noah Yarrow

**LEBANON**  
**Emergency Education System Stabilization Project**

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**PAD DATA SHEET***Lebanon**Emergency Education System Stabilization (P152898)***PROJECT APPRAISAL DOCUMENT***MIDDLE EAST AND NORTH AFRICA*

Report No.: PAD1190

**Basic Information**

Project ID	EA Category	Team Leader(s)	
P152898	B - Partial Assessment	Noah Bunce Yarrow	
Lending Instrument	Fragile and/or Capacity Constraints [ X ]		
Investment Project Financing	- Fragile within a non-fragile country		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date	Project Implementation End Date		
03-March-2015	30-May-2018		
Expected Effectiveness Date	Expected Closing Date		
01-May-2015	30-Nov-2018		
Joint IFC	No		
Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Harry Anthony Patrinos	Claudia Maria Costin	Ferid Belhaj	Hafez Ghanem

Borrower: Lebanese Republic, Ministry of Finance

Responsible Agency: Ministry of Education and Higher Education

Contact: Fadi Yarak

Title: Director General

Telephone No.: 961-1-772-110

Email: FYarak@MEHE.gov.lb

**Project Financing Data(in USD Million)**

<input type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee
<input type="checkbox"/> Credit	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other
Total Project Cost:	32.00	Total Bank Financing: 0.00
Financing Gap:	0.00	

<b>Financing Source</b>	<b>Amount</b>
Borrower	0.00
Lebanon Syrian Crisis Trust Fund	32.00
<b>Total</b>	<b>32.00</b>

### **Expected Disbursements (in USD Million)**

Fiscal Year	2016	2017	2018	2019	0000	0000	0000	0000	0000	0000
Annual	7.00	10.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	7.00	17.00	32.00	32.00	0.00	0.00	0.00	0.00	0.00	0.00

### **Institutional Data**

#### **Practice Area (Lead)**

Education

#### **Contributing Practice Areas**

#### **Cross Cutting Areas**

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

#### **Sectors / Climate Change**

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Primary education	70		
Education	Secondary education	30		
<b>Total</b>		<b>100</b>		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

#### **Themes**

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Human development	Education for all	100
<b>Total</b>		<b>100</b>

<b>Proposed Development Objective(s)</b>		
To support the operational needs of Lebanese public schools and to improve the learning environment in response to the continued influx of Syrian refugee children.		
<b>Components</b>		
<b>Component Name</b>	<b>Cost (USD Millions)</b>	
Support to Schools	13.50	
Learning Environment Quality	16.60	
Project Management and Support	1.90	
<b>Systematic Operations Risk- Rating Tool (SORT)</b>		
<b>Risk Category</b>	<b>Rating</b>	
1. Political and Governance	High	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Substantial	
4. Technical Design of Project or Program	Low	
5. Institutional Capacity for Implementation and Sustainability	High	
6. Fiduciary	Substantial	
7. Environment and Social	Low	
8. Stakeholders	Moderate	
9. Other	Substantial	
<b>OVERALL</b>	High	
<b>Compliance</b>		
<b>Policy</b>		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X

Physical Cultural Resources OP/BP 4.11		<b>X</b>
Indigenous Peoples OP/BP 4.10		<b>X</b>
Involuntary Resettlement OP/BP 4.12		<b>X</b>
Safety of Dams OP/BP 4.37		<b>X</b>
Projects on International Waterways OP/BP 7.50		<b>X</b>
Projects in Disputed Areas OP/BP 7.60		<b>X</b>

### Legal Covenants

<b>Name: Schedule 2, Section I.B.1</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project Operations Manual		3 months after effectiveness	Once

### Description of Covenant

The Recipient shall, not later than three months of the Effective date of this Agreement, prepare, adopt and thereafter implement a Project Operations Manual, in a form and substance satisfactory to the World Bank.

<b>Name: Schedule 2, Section I.2</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Staffed PMU		2 months after effectiveness	Once

### Description of Covenant

The Recipient shall, not later than two months after the Effective Date of this Agreement, staff the PMU with qualified staff and adequate resources, including, inter alia, a Project manager, financial management officer, and procurement officer and maintain the PMU throughout the implementation of the Project.

<b>Name: Schedule 2, Section II.3</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Environmental Management Plan	<b>X</b>		CONTINUOUS

### Description of Covenant

The Recipient shall carry out the Project in accordance with Environment Management Plan.

### Conditions

<b>Source Of Fund</b>	<b>Name</b>	<b>Type</b>
Lebanon Syrian Crisis Trust Fund	Article IV, 4.01	Effectiveness

### Description of Condition

The Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank showing that the execution and delivery of the Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

### Team Composition

#### Bank Staff



<b>Name</b>	<b>Role</b>	<b>Title</b>	<b>Unit</b>		
Noah Bunce Yarrow	Team Leader (ADM Responsible)	Education Spec.	GEDDR		
Lina Fares	Procurement Specialist	Senior Procurement Specialist	GGODR		
Rima Abdul-Amir Koteiche	Financial Management Specialist	Senior Financial Management Specialist	GGODR		
Alaa Ahmed Sarhan	Safeguards Specialist	Senior Environmental Economist	GENDR		
Andrianirina Michel Eric Ranjeva	Team Member	Finance Officer	WFALA		
Chaogang Wang	Safeguards Specialist	Senior Social Development Specialist	GSURR		
Christina D. Wright	Team Member	Operations Officer	GEDDR		
Emma Paulette Etori	Team Member	Senior Program Assistant	GEDDR		
Haneen Ismail Sayed	Team Member	Program Leader	MNC02		
Mei Wang	Counsel	Senior Counsel	LEGAM		
Piers E. Merrick	Team Member	Senior Operations Officer	MNADE		
Tala Khlat	Team Member	Program Assistant	MNCLB		
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
Daniel Dupety	Architect		Paris		
Gustavo Arcia	Education Consultant		Miami		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Lebanon					

## I. STRATEGIC CONTEXT

### A. Country Context

1. **Lebanon is a small open economy of high middle income status with a population of 4.4 million people in 2012.** GDP per capita was about US\$17,000 PPP in 2012. Services and trade are the most important sectors with tourism and financial services being a backbone of the national economy. The country has experienced protracted periods of civil war, the destabilizing effects of external conflicts, and large influxes of Palestinian and more recently Syrian refugees. In spite of its political instability, the country is well known for its high level of human development and open economy, as well as a large, educated and diversified diaspora (World Bank, 2010).<sup>1</sup>

2. **The Lebanese economy expanded at a moderate pace over the past five decades but growth has been erratic due to large and frequent shocks.** Real GDP growth grew on average by an estimated 3.6 percent from 1965 to 2014, whereas the median growth rate was 3.9 percent. This period has, however, been marked by major shocks. These include 15 years of civil war (1975-1990), wars with Israel, major political assassinations, waves of terrorism activities and spillovers from regional conflict, the latest being the Syrian conflict. Given the uncertainty but nonetheless relative high frequency of these shocks, Lebanon's growth performance has been volatile, which has been damaging to long-term investment decisions and the quality of growth in Lebanon.

3. **With low growth quality, poverty has remained elevated and the job content of growth has been weak.** Based on available but incomplete data, significant progress was made in reducing poverty prior to the civil war. Since that date, however, progress has stopped, and even reversed as poverty incidence has hovered around 28 percent for the few data points available. Extreme poverty has remained stable at around 8 percent since the end of the civil war. The country's employment challenge is also daunting as job growth has not kept pace with the growth of the labor force. Even during periods of relatively rapid economic growth, Lebanon experienced weak private sector job creation with an employment growth elasticity of only 0.2, which is considerably lower than those observed in other countries in the region. Meanwhile, the labor force has been growing, in part driven by an increase in the working age population. Under current conditions, Lebanon is not making significant progress toward increasing shared prosperity or eliminating extreme poverty.

### B. Situations of Urgent Need of Assistance

4. This project is being prepared and implemented in accordance with the provisions of paragraph twelve of World Bank OP10.00, "Projects in situations of urgent need of Assistance or Capacity Constraints." This permits the provision of investment project financing with specific exceptions in cases where there is an urgent need of assistance because of a natural or man-made disaster or conflict (among other factors). The situation in Lebanon reflects both the impact of a conflict in neighboring Syria and of a man-made disaster, in the form of the continuing influx of

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<sup>1</sup> This and the following paragraphs in the Country Context section draw directly from the concept note of the Lebanon Systematic Country Diagnostic (2015).

Syrian refugees fleeing the conflict, including the large numbers of refugee children, two of the conditions these policy provisions were designed to address.

5. It is unclear when the conflict in Syria will be resolved and while the conflict continues, expectations are that the influx of refugees will continue as well. This project is being developed amidst growing evidence that schools are under stress and the public education system is challenged to maintain the quality of education provided to Lebanese and Syrian children of school age. The number of Syrian refugee children in Lebanon already exceeds that of Lebanese students attending public school. There are an estimated 470,000 Syrian children of school age currently registered by the United Nations High Commissioner for Refugees (UNHCR) in Lebanon (representing around 43 percent of the total Syrian refugee population)<sup>2</sup> while there were 276,655 Lebanese students enrolled in the public education system in the 2011-2012 school year. In effect, there are estimated to be 1.75 school-age Syrian refugee children for every Lebanese public school student.

6. It is essential that the Ministry of Education and Higher Education (MEHE) be supported to deliver education services to the vulnerable refugee population while continuing to deliver education services to Lebanese students. Syrian children in Lebanon have suffered a cataclysmic educational reversal, going from pre-war Syria with high levels of educational attainment and completion to a situation where approximately 65 percent of school age Syrian children are out of school. Syria had a pre-war gross enrollment ratio in secondary education of 74 percent, equivalent to that in Lebanon. Syrian enrolment at the secondary level in Lebanon is now less than 5 percent.<sup>3</sup> Despite a number of donor activities in the education sector discussed in greater detail in Annex II, the needs of the Syrian population are great, as are the strains that they are placing on public provisions especially the public education system. For those students not enrolled, early marriage and child labor are significant concerns. Even for those enrolled, dropout is high and the social disruption to a generation of children is potentially catastrophic.<sup>4</sup> Serving these students is a priority along with maintaining existing services to Lebanese students.

7. This project is intended to provide emergency support to the Lebanese public education system and has two principal objectives: (i) to support schools to meet operational needs in order to provide education services to the Lebanese and Syrian school age population, and (ii) to help improve the learning environment in Lebanese public schools in the face of an influx of refugee children, deteriorating physical and learning environments, and lack of both human and financial resources.

### C. Sectoral and Institutional Context

8. **Prior to the Syrian Crisis, human capital development in Lebanon was already characterized by high inequality.** As revealed by the World Bank's inequality-adjusted 2013 Human Development Index (HDI), while Lebanon performs relatively well in terms of human

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<sup>2</sup> "Syrian Refugee Response: Lebanon Interagency Update" UNHCR, November 2014

<sup>3</sup> GER 2012 all secondary programs, Lebanon and Syria; World Bank EdStats accessed 10.7.14; current Syrian secondary enrollment rate estimated Inter-Agency Multi-Sector Needs Assessment 2014 (Education Chapter).

<sup>4</sup> UNHCR 2013 (The Future of Syria: Refugee Children in Crisis).

capital, the country faces large inequality of opportunities and outcomes among its citizens.<sup>5</sup> Inequality in Lebanon is particularly stark in income and in education, and less pronounced in health. This inequality is linked to the weakness of the state in delivering high quality public services, a difficulty that is compounded in poorer regions of the country. With low rates of return on skilled human capital at home, Lebanon is facing severe difficulties in retaining talent: the emigration rate of the tertiary educated reached 43.9 percent.<sup>6</sup> Inequality is also undermining Lebanon's poverty reduction and social and economic inclusion efforts as social/economic mobility is difficult for individuals born into low skilled households. The Syrian crisis and the associated large influx of refugees have severely stressed the quality of public services in Lebanon, especially those related to human capital (Economic and Social Impact Assessment of the Syrian Conflict, World Bank 2013).

9. Education in Lebanon is characterized by a multitude of parallel systems which together enroll a majority of children of school age. Overall, 516,627 students were enrolled in private schools, representing 52.9 percent of all students in the 2012-13 school year. The public sector enrolled 299,245 students or 30.7 percent, another 13.1 percent were in publically subsidized private schools and 3.3 percent of students were in United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) schools in school year 2012-13. Investments by the public sector include both free public schooling as well as subsidies to a group of private schools that are generally considered to perform as poorly or even below the level of public schools.<sup>7</sup>

10. Prior to the onset of the Syrian crisis, Lebanon's adjusted primary net enrollment rates were slightly above the regional average at 96 percent. However, secondary net enrollment rates in Lebanon at 67 percent lagged behind the MENA average of 72 percent. Even when compared with countries with similar level of development, Lebanon's secondary net enrollment rate was significantly lower than the average of 81 percent.<sup>8</sup>

11. Public education in Lebanon tends to serve the poor at low levels of quality. Public schools educate about 31 percent of students in Lebanon, despite being free. This revealed preference reflects the overall poor quality of public schools, particularly at the primary level, and has large and negative implications for the poor. The higher quality associated with private schools means that public-school students are likely to learn less and face more difficult job prospects upon graduation. This sets up inter-generational transmission of both lower learning levels and lower income.<sup>9</sup> Public schools exhibit lower academic outcomes in international and national assessments. The level of public school students was 10 percent lower than that of private schools in the 2011 Trends in International Mathematics and Science Study (TIMSS) results. Indeed, based on the 2004 household survey, poverty and education are highly correlated in Lebanon.

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<sup>5</sup> Lebanon's inequality-adjusted HDI is 20.8 percent lower than its HDI, among the largest losses in the group of countries in the high human development category.

<sup>6</sup> World Economic Forum's 2013 Human Capital Index

<sup>7</sup> Further information about the level of private sector investments is expected from a forthcoming Education Expenditure Review.

<sup>8</sup> World Bank Ed Stats

<sup>9</sup> "Poverty, Growth and Income Distribution in Lebanon," August 2008.

12. Education spending has increased in recent years, driven in part by earlier administrative decisions, as well as by the entry of increasing numbers of Syrian students into the public system (see Table 1, Annex II below). The main drivers of this increase in spending were: (i) an increase in the contractual teacher hourly rate amounting to US\$14 million in 2014, which was an administrative decision unrelated to the Syrian influx; (ii) increase in the per student school fund contribution paid by the government, from US\$40 per student in academic year 2010-2011 to US\$100 per year thereafter which was also unrelated to the Syrian influx; and (iii) increase in the number of contractual teaching hours, responsible for the largest portion of the overall increase and which was related to the increase in the overall enrollment in the public schools as a result of the influx of Syrian students, as well as a much smaller increase in rent and maintenance costs of primary and secondary schools, which may or may not be directly linked to the Syrian influx. These increases and their attributions can be expressed as a marginal increase of the cost per student in public schools (See Figure 1, Annex II).

13. The Ministry of Education and Higher Education (MEHE) has responded to the current crisis by developing the Reaching All Children with Education in Lebanon (RACE) strategy, which was officially adopted in August 2014. The document presents an integrated three-year program to respond to the challenges of the education crisis in Lebanon set off by the Syrian conflict. At almost US\$600 million, the framework sets out a comprehensive strategy which explicitly encourages donor coordination and financing, especially via governmental mechanisms.<sup>10</sup> MEHE seeks balance between providing access for Syrian students to the Lebanese public system and preventing deterioration in the real and perceived quality of public education services for the Lebanese. There is evidence that increasing numbers of Syrians contribute to conflict within the classroom and perceptions of decreased public sector quality.<sup>11</sup>

#### **D. Higher Level Objectives to which the Project Contributes**

14. Support for educational provision, particularly in an emergency setting, presents a clear, compelling and direct connection to the World Bank's twin goals of ending extreme poverty and boosting shared prosperity. There is abundant empirical evidence that support for education can make critical contributions towards both goals. Education remains one of the most dependable ways of increasing income and pulling people out of poverty with each additional year of education estimated to increase earnings between six and ten percent, though not in all times in all contexts. In the context of the Syrian Crisis, it is hard to overestimate the importance of providing education for refugee and vulnerable Lebanese children and it has long been accepted that an educated, skilled workforce is a prerequisite for sustained development and society-wide economic prosperity.

15. The project has been explicitly designed to support the RACE strategy and to provide stability during a period of significant stress. The Project will finance activities undertaken by

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<sup>10</sup> The overall objective of RACE is to ensure that vulnerable school-aged children (3-18 years), affected by the Syria crisis, are able to access quality formal and non-formal learning opportunities in safe and protective environments. More specifically, the program aims at ensuring equitable access to educational opportunities, improving the quality of teaching and learning, and strengthening national education systems, policies and monitoring. (*RACE, June 2014*).

<sup>11</sup> <http://unhcr.org/FutureOfSyria/the-challenge-of-education.html>; <http://www.wvi.org/europe/publication/under-pressure-impact-syrian-refugee-crisis-host-communities-lebanon>.

MEHE, and will play an important role in stabilizing both the public system as well as providing a platform for other donors to channel funding through Government structures. The project is fully consistent with the approaches defined in the MENA Regional Strategy Update to the Board of Executive Directors (WB May 2014), specifically the emphasis on fostering resilience to cope with fragility and transition and supporting inclusion and gender equality. This project is also fully consistent with the emphasis on core investments in basic services as outlined in the Country Partnership Strategy (CPS) 2011-2014 (Report 54690-LB), as well as the Progress Report of the Lebanon CPS dated April 18, 2013 (Report 75814-LB), which had already highlighted the exacerbating effect of the Syrian conflict on Lebanon's fragile socio-economic and political environment. Since the onset of the crisis, Government priorities have increasingly focused on short-term stabilization measures with RACE prioritizing school rehabilitation and efforts to maintain educational quality.

## **II. PROJECT DEVELOPMENT OBJECTIVES (PDO)**

### **A. PDO**

16. The PDO is to support the operational needs of Lebanese public schools and to improve the learning environment in response to the continued influx of Syrian refugee children.

17. In line with the RACE strategy, the Project is designed to alleviate short-term financial pressure on MEHE and invest in quality to provide benefits to the Lebanese public school system. Project components are designed to be rapidly expandable to attract and accommodate additional donor interest. In the context of a humanitarian emergency, this Project is designed to address some of the immediate needs and help sustain the education infrastructure and quality needs in the medium term. The developmental aspects of the project include strengthening MEHE systems, disbursing through government accounts, direct implementation by the MEHE and/or schools, and quality-enhancing components.

### **Project Beneficiaries**

18. Total cumulative direct beneficiaries of the project include approximately one million public school students and staff over the life of the Project. Direct beneficiaries of the Project will include an average of 28,000 students who will be supported through the Support to Schools component each year at US\$160 per student for three years, the 390,000 students supported through school grants cumulatively over three years, students attending schools receiving financing for school rehabilitation, as well as the approximately 500 staff members of the "*Direction d'Orientation Pédagogique et Scolaire*" (DOPS). The Project will also benefit public school students in grades 1 through 9 through the universal textbook distribution activity for two years. (*Please see Table 1 below.*) The estimated beneficiary number in the chart for rehabilitation is lower than might otherwise be expected because the schools prioritized for rehabilitation are those in the worst condition in the country, and so are very costly to rehabilitate (see Annex I, Annex II). Indirect beneficiaries will include parents and society at large that will benefit from increased human capital and educational outcomes linked to stabilized enrollment following from project interventions, as discussed in Section VI, economic analysis.



**Table 1: Project Beneficiaries**

<b>Direct Beneficiaries per year</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Support to School Fund (students, teachers and administrators)	20,000	30,000	30,000
Textbooks grades 1-9 (students)	0	300,000	275,000
Supplemental School Financing (students)	70,000	140,000	180,000
School Rehabilitation (students, teachers and administrators)	0	1,000	3,000
DOPS (MEHE staff)	500	500	500

*Approximately 300,500 individuals are expected to benefit from the project; the same individuals may benefit from project support for multiple years.*

**PDO Level Results Indicators**

19. The number of PDO level results indicators is restricted to four and targeted modestly as needs may change during implementation. The frequency of reporting is quarterly, so that current Project implementation progress is clearly visible and so attention can be directed to any elements that require midcourse correction.
20. The PDO level results indicators are as follows:

<b><i>Project Level (PDO) Indicators</i></b>
Students benefitting from school fund support
Number of schools benefitting from supplemental school financing
Schools benefitting from rehabilitation
Direct number of Project beneficiaries, of which female

**III. PROJECT DESCRIPTION**

**A. Project Components**

21. The project consists of 3 components: (i): Support to Schools; (ii) Learning Environment Quality; and (ii) Project Management and Support. The three-year project aims to address two central human development and education system challenges facing Lebanon: maintaining the ability of schools to provide education services and maintaining the quality of the learning environment. The levels of operationality and quality prior to the onset of the Syrian crisis are under threat, and the Project’s linked investments will help stabilize them. First, the project will provide support to school-level expenditures which will alleviate some of the financial burden placed on the public education budget due to the influx of Syrian students while helping ensure that front-line service providers in schools have sufficient resources to respond to immediate operational needs. Second, by providing urgently needed rehabilitation and supplemental financing to schools which improve the learning environment, project investments will sustain and promote enrollment of all students. Third, by providing inputs for school counsellors, teacher trainers and health providers, the Project will help ensure continued support to students most in



need. Finally, by investing in highly visible inputs, including school rehabilitation, supplemental school financing and textbooks, the Project will demonstrate benefits for Lebanese as well as Syrian students, which may contribute to reduced tensions within and between different communities.

***Component 1: Support to Schools (US\$13.5 million)***

22. The Project will provide financing for school operating costs at the level of the school. Two funds currently exist to serve essential school needs, the “Parent Council Fund” and the “School Fund,” each with its own account for each school. Each fund has its own eligible expenditures under MEHE regulations. The Parent Council Fund, which is normally financed at the rate of US\$60 per student, can be used to pay for remedial instruction for students, student health expenses, school-related student activities and extracurricular activities sponsored by the school as per Decree No. 2153/M, 2007. The School Fund, financed at the rate of US\$100 per student, can be used to pay for things such as heat, electricity, paper, pens and other minor classroom supplies as per Decree No. 1845/M, 2006. MEHE currently provides the majority of the financing for these two funds at these rates, supplemented by other agencies. This component will support these funds at a student per-capita rate of approximately US\$160 for an average of 28,000 of these students for each of the three years of the life of the Project. The support under this program is in addition to planned and existing support by other partners. This US\$160 is a fraction of the larger per-student marginal cost which includes teacher salaries and is estimated at US\$363 for the 2013-14 academic year.

***Component 2: Learning Environment Quality (US\$16.6 million)***

***Sub-component 2.1: School rehabilitation (US\$5.2 million)***

23. This component will improve the quality of the public school learning environment by financing the rehabilitation of school buildings that are in the greatest need of repair. Activities will include improving structural security, access to water and sanitation with consideration of girls’ and boys’ needs, as well as the physical appearance of the school. While this project will only be able to cover a small portion of the total need, successful implementation is expected to pave the way for other donors to finance additional works either as an expansion to this project or through alternative mechanisms.

***Sub-component 2.2: Supplemental School Financing (US\$5.7 million)***

24. This component will provide small emergency funds to a majority of public primary schools in the country to fulfill frontline school needs with a focus on helping schools improve the learning environment and foster social cohesion between different student communities through extra-curricular activities. The funds would be used for purchasing items for classrooms and/or extracurricular activities that would enhance student and teacher motivation, foster pride in public schools and promote attendance and retention as well as minor physical improvements. Allocations will be based on brief School Improvement Plan proposals submitted by the school to MEHE regional offices and funds will be transferred directly from the project Designated Account into the school’s bank account. Spot checks by MEHE and the publication of activities on the school walls will be used for institutional and social accountability. Financial

accountability will follow existing procedures for transfers of funds to schools. Under the current design based on RACE, awards will range from a minimum of US\$1,000 to a maximum of US\$10,000 depending on the number of students and the activities proposed. The resulting award per student would favor the smaller schools to help foster equity and will focus on schools providing education for grades 1-9. Details of the Supplemental School Financing component are provided in Annex II.

***Sub-component 2.3: National Textbook Program for Public Primary Schools (US\$5.1 million)***

25. This subcomponent seeks to provide national textbooks and workbooks to students (grades 1 through 9) enrolled in public schools for the school years 2015-16 and 2016-17 depending on final student numbers and negotiated textbook prices. Textbooks were distributed for the school year 2013-14, expanding earlier textbook distribution initiatives by MEHE in school year 2012-13. The Department for International Development (DfID) spent US\$2.52 million to provide textbooks to approximately 80 percent of all students in grades 1-9 for one year.<sup>12</sup> The Project would spend approximately US\$5 million to provide curricular textbooks and workbooks.

***Sub-component 2.4 : Strengthening Direction d'Orientation Pédagogique et Scolaire - DOPS (US\$600,000)***

26. The *Direction d'Orientation Pédagogique et Scolaire* (DOPS) is a department comprising teachers within the Directorate General of Education which provides instructional, health and psycho-social counselling to other teachers and students in the national public school system. Strengthening DOPS is a priority for MEHE and the project would finance essential tools to enable this unit to provide high quality services to schools, teachers and students. The DOPS has three different types of counsellors: pedagogic, health and psycho-social/child protection. The DOPS sub-component would include support to continuing professional development for DOPS staff and the provision of resources and equipment for DOPS staff to efficiently and effectively carry out visits to schools, report and recommend support activities and provide for teacher centered workshops. The proposed cost of DOPS strengthening is US\$600,000.

***Component 3: Project Management and Support (US\$1.9 million)***

27. MEHE will implement all of RACE and EESS project activities, including the activities funded by other donors to RACE. This modality ensures that this project will strengthen government leadership of the response and contribute to sustainability. The Minister will be responsible for Project oversight, delegating specific responsibilities to the RACE Executive Committee (REC), and day-to-day coordination of project activities to the RACE PMU, created within MEHE.<sup>13</sup> The PMU will coordinate with various department heads in the central and regional offices. Detailed modalities and arrangements for financial and procurement operational processes, transactions, and decisions will be developed by the PMU and will be outlined in the Financial and Procurement sections of the Project Operations Manual. Further details on project

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<sup>12</sup> Crown Agents Third Party Interim Monitoring Report for DfID Lebanon Public School Support Initiative June 2014

<sup>13</sup> as per decision 8M 2015

implementation arrangements can be found in Annex . The cost estimate for project management is US\$1.9 million. PMU staff members shall be financed under this project and agreements with other donors. Positions financed by this Project will be procured in accordance with World Bank procurement procedures. This amount will cover key staff positions as well as operating costs for the PMU.

## B. Project Financing

28. The Project is financed from a grant US\$32 million from the Lebanon Syria Crisis Multi-Donor Trust Fund. The project is being calibrated to spend funds when they are expected to be available, and can rapidly expand if additional funds are made available from other donors.

**Table 2: Project Costs (US\$)**

<b>Project Components</b>	<b>Project cost</b>	<b>Percent Financing</b>
1. Support to Schools	13,500,000	100%
2. Learning Environment Quality	16,600,000	100%
3. Project Management and Support	1,900,000	100%
<b>Total Costs</b>	32,000,000	100%
Total Project Costs	32,000,000	100%
Front-End Fees	0	
<b>Total Financing Required</b>	32,000,000	100%

## C. Lessons Learned and Reflected in the Project Design

29. Current implementation of World Bank-financed projects in Lebanon suffers from delayed implementation and disbursement across sectors. The IBRD Second Education Development Project loan to Lebanon (P118187) currently suffers from low disbursement levels related to a number of factors. This Project is explicitly designed to improve this situation by extracting lessons learned in emergencies globally and in the context of Lebanon itself. The Project uses approaches that have worked elsewhere, and aims to help the Government to implement priority activities through its own channels where possible, and fill gaps where they exist.

30. This Project is designed with a minimum number of components, and many requests were not included. This minimized component design follows lessons learned as spelled out in the Implementation Completion and Results Report for the first Education Development Project “EDP” (WB, 2010). For example, the Student Cost Support (Component 1), representing almost 50 percent of the total grant value, is expected to disburse rapidly as it follows pre-existing flow-of-finance channels at MEHE and requires an absolute minimum of additional processing, primarily linked to withdrawals from the Designated Account.

31. The EESSP will prioritize the Project Management Unit (PMU) staffing so as not to overburden existing structures in MEHE and will focus on financing key staff at the PMU to help assure implementation. This will include at a minimum the Project Manager, Financial Management Officer and Procurement Officer.

32. Prior sector projects have suffered from dependency on policy reforms which did not materialize, as noted in the EDP ICR and elsewhere. The EESSP is designed to encourage policy reform. However, Project outcomes are not dependent on the approval of individual policy initiatives.

33. The Project provides a platform that others can contribute to. It is designed to be scalable, based on related experience in Jordan, among other places. For example, the school funds and rehabilitation components can be rapidly increased to make use of additional funds, as Project activities are a partial response to broader immediate and medium term challenges.

#### **IV. IMPLEMENTATION**

##### **A. Institutional and Implementation Arrangements**

###### **Project Management**

34. A PMU has been created at MEHE with staff members to be financed by this project and other donors. It will be led by a Project Manager who will report to the MEHE Director General (DG) under the guidance of the Minister. The PMU will be composed of a Project Manager, Financial Management Officer, Procurement Officer, M&E Specialist, Field Engineers, Surveyors, NGO Coordinators and Field Coordinators, Education Specialists and various IT, legal and administrative support staff. PMU staff are also planned to be posted in regional offices. PMU Staff will work closely with MEHE staff at the central and regional levels and with other units and departments of MEHE under the guidance of the DG.

##### **B. Results Monitoring and Evaluation**

35. The project Results Framework will be used for monitoring and evaluation of the project (see Annex I). Project performance monitoring will focus on progress in achieving the project objectives, as measured by the results indicators reflected in the Results Framework.

36. Under the supervision of MEHE, the PMU, assisted by a specialist in monitoring and evaluation (M&E), will be responsible for preparing progress reports in collaboration with the Directors of the different MEHE departments. Brief, standardized quarterly reports will be produced by each department based on progress made in the implementation of the annual work plan. These will be compiled by the M&E Specialist in the PMU and submitted to the Bank and the REC. This M&E Specialist position is a key implementation position to be financed by this Project.

37. Developing and sustaining effective M&E systems in Lebanon has proven to be a significant challenge in current and previous World Bank financed projects, and not restricted to the education sector. In addition to severe limitations on available institutional capacity and difficulties in recruiting M&E specialists, data collection and their use have always raised

sensitive and politicized issues. In recognition of this, significant resources have been allocated under Component 3 to the recruitment of an experienced and qualified M&E Specialist as a key member of the PMU staff. The relevant data sources, on which results monitoring rely, are readily available and many data relevant to this operation are routinely collected.

### C. Sustainability

38. The imperative of this Project is for a rapid response to the influx of Syrian students in order to maintain a functioning public education system. Nonetheless, the investments in rehabilitation, school finance and textbooks will likely enhance the quality of the learning environment both in the immediate and medium term. Keeping children in school that might otherwise drop out of the system or not have access to educational opportunity at all will increase human capital and improve earning potential (see Section VI for details). If the public system were to decline significantly in quality, an exodus of both Lebanese and Syrian children would be expected in response to declining returns.

39. Predictable support to the national education system presents an opportunity to positively influence the lives of a generation of Lebanese and Syrian children, an investment in future jobs and economic prospects, and potentially could reduce vulnerability to radicalization amongst young people. The EESSP is designed to take advantage of opportunities to reduce tensions between refugee and host communities. To achieve this, EESSP financing within RACE supports equity in educational provision, improvement of the school infrastructure and classroom learning environment, and support to DOPS counselling services providing health and psycho-social support in public schools, among other activities.

## V. KEY RISKS

### A. Overall Risk Rating and Explanation of Key Risks

Risk Categories	Rating (H, S, M or L)
1. Political and governance	H
2. Macroeconomic	M
3. Sector strategies and policies	S
4. Technical design of project	L
5. Institutional capacity for implementation and sustainability	H
6. Fiduciary	S
7. Environmental and social	L
8. Stakeholders	M
9. Other	S
<b>Overall</b>	<b>H</b>

H = High, S = Substantial, M = Moderate, L = Low

40. **Overall project risk is rated “High”.** The rating reflects elevated risks in the categories of: Political and governance; sector strategies and policies; fiduciary; and, institutional capacity for implementation and sustainability. The overall assessment also acknowledges that the

operation takes place in an emergency context and that few of these risks can be effectively mitigated.

41. **Political and governance:** political volatility and governmental gridlock. Due to the “consociational” nature of the Lebanese government which was set up to guarantee equal representation among different religious/confessional groups, decision making in Lebanon requires consensus among a large number of divided political actors. Resulting stalemates in the executive and legislative branches of government often severely constrain reform efforts, the ability to pass important legislation and regulations, and to confirm key appointments. This paralysis is also affecting World Bank lending operations where lengthy approvals at ministerial and Cabinet levels are required. The risk is that the project might experience effectiveness or implementation delays in this environment.

42. **Specific mitigation measures:** The political risks affect all World Bank interventions and cannot be fully mitigated. However, it is significant that the project is grant-financed and, unlike IBRD funded operations, does not require parliamentary approval which frequently results in significant delays. The project does not include explicit policy reforms in recognition of the difficult political environment.

43. **Sector strategies and policies:** Historically, each of the three previous World Bank-financed projects in Lebanon’s education sector identified the lack of a cohesive sector strategy as an important constraint to progress. A five-year national Education Sector Development Plan (ESDP) was launched in 2010 and has informed the scope and focus of the Bank’s ongoing EDP II, as well as this operation. The Plan was developed prior to the Syrian refugee crisis and does not address this challenge. The RACE initiative, which was launched in May 2014 and reflects the Government’s most recent strategy for the education sector, provides the strategic context for this project which is directly supportive of RACE objectives and priorities.

44. **Specific mitigation measures:** The extraordinary nature of the challenges posed to the Lebanese education system by the influx of Syrian refugee children cannot be fully mitigated, nor is it possible to fully manage the frequent changes in personnel and policy direction that are a reality in Lebanon. The Bank will continue to provide technical assistance to MEHE to address the impact of the Syrian crisis. The RACE initiative provides overarching strategic and policy direction to the proposed activities and lends greater clarity and certainty to the policy environment. Finally, the project has a deliberate focus on core aspects of the education system as identified in both ESDP and RACE in an attempt to minimize the likelihood of disruption caused by changes in policy direction or sector priorities.

45. **Sector Strategies and policies:** Inadequate external assistance needed to sustain the response and perceptions of declining educational quality. This project aims to support access to quality education for Lebanese students and for the increasing numbers of Syrian refugees. The project faces two main risks in this context: (i) the risk that the substantial external resources needed to cover the costs of Syrian enrolment year by year does not materialize, hence putting pressure on this project to utilize more funds for immediate needs versus the quality-interventions. Globally, humanitarian funds are increasingly stretched; and (ii) in addition, a continued increase in Syrian students in the system might lower Lebanese perceptions of the quality of public education, indeed there is already anecdotal evidence to this effect. Perceptions

of deteriorating educational quality could result in nationals withdrawing their children from public education, either seeking private alternatives or allowing their children to drop out of the education system entirely. The project is designed to support quality but were a large scale withdrawal to occur, it would make reaching the PDO more difficult.

46. ***Specific mitigation measures:*** Neither risk can be fully mitigated. With respect to risk (i), it is anticipated that the design of this project as a developmental program, and not a humanitarian appeal, will catalyze/tap into donor development funds contributions, either through parallel financing or the Bank-administered Lebanon Syrian Crisis Trust Fund. With respect to risk (ii), project interventions were carefully selected which would include improvements to the physical learning environment that aim to build confidence in the ability of the system to continue to operate effectively under difficult circumstances.

47. **Fiduciary:** Risks stem from both procurement and financial management arrangements and the current overall residual risk is rated as “Substantial”. Once adopted, specific mitigation measures identified in each area are expected to reduce the overall fiduciary risk during implementation. The procurement risk factors relate to: the need for coordination between central and regional offices; delays resulting from centralized ministerial decision-making; limited experience of international procurement practice; weak enforcement of procurement planning arrangements; uncertain private sector interest in the procurement contracts with related concerns over competitiveness of bidding; deficiencies in procurement evaluation; inadequate complaints handling mechanisms; weaknesses in contract management and lack of public oversight. In Financial Management, the risks stem from: lack of staff trained in financial management; lack of the accounting software needed to produce timely IFRs and undertake asset management; inadequate financial policies and procedures to manage school sub-grants; and, expected difficulties and delays in the preparation of audit reports.

48. ***Specific mitigation measures for Procurement:*** An Operational Manual will be developed and will detail the service standards for procurement decisions as well as defining the decision-making processes at the school, region and central offices. Limited procurement capacity in the implementing agency will be addressed through the establishment of a PMU with staff experienced in procurement. Support in terms of training, technical assistance and staff resources, will be provided to ensure regular updates to procurement plan that is closely aligned with project objectives. Procurement packages will be structured to encourage private sector competition and a standard template for bid evaluation will also be prepared. Complaints handling mechanisms will be strengthened, and quality assurance mechanisms for contract execution put in place.

49. ***Specific mitigation measures for Financial Management:*** Timely recruitment of an experienced and capable Financial Officer to the PMU is a priority. The MEHE will ensure that an adequate accounting system is in place to process project transactions, to produce consolidated project interim unaudited financial reports (IFRs) and annual project financial statements on a cash basis (IPSAS) in accordance with World Bank reporting requirements. The Financial Management section of the project’s Operational Manual detailing the flow of project funds, project financial management arrangements and the overall FM implementation mechanism, will be prepared by the MEHE within three months of project effectiveness. Finally, the project financial statements (PFS) components will be audited by an independent private

external auditor acceptable to the Bank. The audited PFS, along with the management letter, will be submitted to the Bank no later than six months after the end of each fiscal year.

50. **Institutional capacity for implementation and sustainability.** Rapid project implementation is essential when responding to an unfolding emergency. While the limits to technical and implementation capacity in the education sector are well understood, they remain a challenge to overcome. These limitations have prompted the decision to establish a new PMU rather than relying solely on existing implementation structures. While a dedicated PMU is justified by the additional activities proposed and the need for a rapid response, there is a risk that the establishment of the PMU will be time consuming and that experienced and capable staff may be difficult to recruit.

51. **Specific mitigation measures:** The project allocates US\$635,000 for project management per annum, an amount derived from prior World Bank experience in the country and the sector. This sum will finance six key positions while other positions will be financed by other donors to the RACE program. Specialist technical staff in the World Bank office in Lebanon will continue to provide support on an as-needed basis with the timely completion of the Project Operational Manual as an immediate priority.

52. **Institutional capacity for implementation and sustainability:** Experience in Lebanon shows that project implementation takes longer than originally envisioned at the design stage. Experience in the education sector more broadly indicates that rehabilitation activities also tend to slow the pace of disbursement.

53. **Specific mitigation measures.** The risk of delays from rehabilitation has been specifically addressed in the project design. The operation focuses primarily on the payment of student costs (component 1) and uses existing channels to disburse these funds rapidly. Identification and preparation of the rehabilitation work will also be initiated from the outset, but is only scheduled to commence in year two of project implementation.

54. **Other:** A resurgence of internal or regional conflict. The number of refugees in Syria is estimated at 1.14 million – equivalent to 26 percent of the Lebanese population. In addition to the humanitarian crisis, the conflict has exacerbated sectarian divides within Lebanon. Moreover, the potential for the Syrian conflict to spill over or to draw other belligerents into Lebanon would likely derail project implementation and cause significant and lasting damage economy wide. This risk is clearly beyond the remit of this project and cannot be effectively mitigated.

## VI. APPRAISAL SUMMARY

### A. Economic and Technical Analysis

#### *Rationale for Public Sector Intervention*

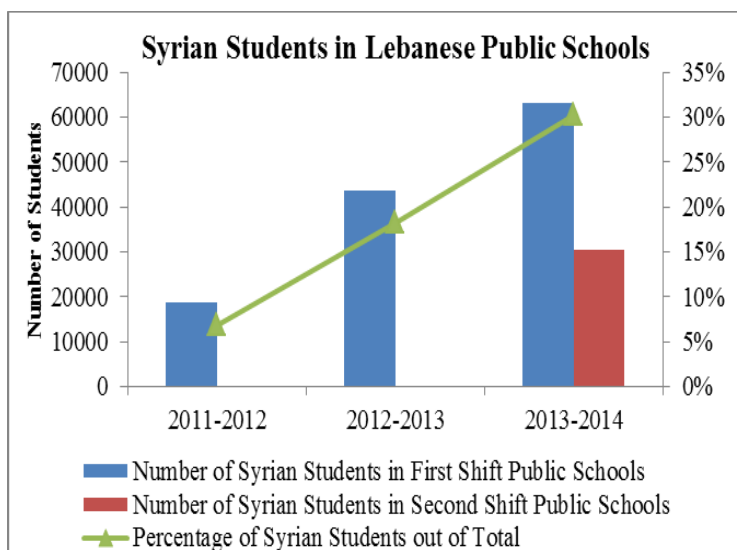
#### *Role of the Public Sector*

55. With the Syrian conflict well into its fourth year, spillovers into Lebanon have rapidly moved beyond the humanitarian to the economic and social spheres where large, negative, and growing impacts are evident, especially in the education sector. The GoL has been successful in



accommodating more than 100,000 Syrian students in its system between 2012 and 2014 at a high social and economic cost. Approximately 63,000 Syrian students were enrolled in the majority of public first shift schools during academic year 2013-14. Syrian students were in about 93 percent of Lebanese public schools and constituted 28 percent of total students attending public schools. Public schools accommodated another 30,418 students in second shift programs in the 2013-14 school year (Figure 1). Moreover, there are to date no indications that conditions in Syria will change in the near term, and it is expected that the costs stemming from hosting Syrian refugee students in Lebanon will continue to rise. Thus, the rationale for public intervention is twofold: (i) to assist the public education sector in sustaining the large number of Syrian refugees registered in public schools by partially alleviating the fiscal pressure related to enrolling the large number of Syrian students; and (ii) protecting quality of education and retention for all students attending Lebanese public schools, both Lebanese and Syrian. The first point is directly linked to the section of the PDO on school support, and the second point is directly linked to the section of the PDO on learning environment quality.

**Figure 1: Syrian Students in Lebanese Public Schools**



*Alleviating the Fiscal Pressure on the MEHE*

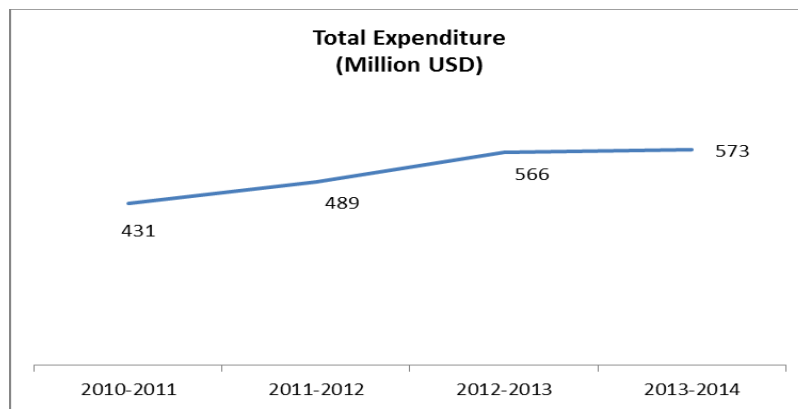
56. The demand for public education by Syrian refugees has resulted in a significant increase in the expenditure on public education by the GOL. Prior to the Syrian crisis, the Lebanese public school system was characterized by excess capacity, as the Lebanese population preferred private over public education if they could afford it. As additional students enrolled as a result of the influx of Syrian refugees, there were some improvements in efficiency, particularly when additional students joined schools operating below capacity. However, other schools were already relatively full at the onset of the crisis, and have since become overloaded with student demand. Overall, there have been dramatic increases in the expenditure on public education, posing acute stress on the operations and the learning environment of public schools.

57. Preliminary analysis of MEHE’s actual expenditures has revealed that total expenditure has increased from US\$431 million in academic year 2010-11 to US\$573 million in 2013-14

(Figure 2). This represents a 33 percent increase in MEHE’s overall expenditure, of which 26 percent (US\$37 million) is linked to the Syrian refugee influx. A closer look at the reasons for the increase in expenditure indicates that contractual teacher expenditure has increased by 128 percent, though it should be noted that a portion of this increase is attributable to the increase in the hourly rate of contractual teachers. Around 1,000 class sections have been added between academic year 2010-11 and academic year 2013-14 to accommodate the influx of Syrian students, and so the number of contractual teacher hours to support this influx has risen dramatically. Civil servant salaries have increased by 25 percent, while rent costs have also increased by 12 percent. Contribution to school funds expenditure has increased by 130 percent.<sup>14</sup>

58. In FY 2011, (corresponding to academic year 2010-2011) the per-student cost of attending a Lebanese public school (1<sup>st</sup> shift) was US\$1,561, covering 276,119 students.<sup>15</sup> In FY 2014, (corresponding to AY 2013-2014) the per student cost increased to US\$1,852, covering a total of 309,498 students. Therefore, the increase in per student cost between FY2011 and FY2014 was US\$291. Of this amount, US\$203 per student can be directly associated with the influx of Syrian refugees. Component 1 of the project will partially alleviate pressures on the stretched public finances of the MEHE as a result of the increased Syrian student enrollment by financing the contribution to school funds for an average of 28,000 students per year for three years.

**Figure 2: Total Expenditure**



*Quality Interventions*

59. The overarching rationale for Project investment in the public sector is to prevent the deterioration of both the capacity of public schools and the quality of education provided by public schools. Specifically, financing of school operating costs is appropriate in this context as activities under the Project will improve the ability of schools to meet essential needs and enhance the environment of learning by providing schools with supplemental financing,

<sup>14</sup> Education in Lebanon is mandatory by law for grades 1 through 9. As a result, MEHE (i.e., central government) transfers a per pupil amount of US\$100 to public schools for each student enrolled in KGs up to grade 9 to cover registration costs for mandatory education grades. The US\$100 per student sits in the school fund managed by the school to finance operating costs.

<sup>15</sup> The per student unit cost is calculated by aggregating all recurrent and capital spending of the MEHE in a specific year divided by the number of enrolled students.

providing all students in grades 1-9 with textbooks, and rehabilitating schools in need. In the absence of the Project, gaps in school level operations and poor learning environments could have severely negative impacts on learning outcomes and impede attempts at enhancing the quality of public education.

### ***Expected Economic Benefits***

60. The Project has multiple expected economic benefits justifying the investments in support to schools and the quality of education. Tangible benefits in the short-term include maintaining essential operations for schools, investments in school infrastructure such as school rehabilitation, and improved learning environment for all students in the medium term. Specifically, the payment of US\$60 to the “Parent Council Fund” is expected to support enrollment from the poorest students. By supporting this fund, the Project will support both enrollment and school functionality. Intangible benefits include enhanced collaboration and harmonization amongst donors engaged in education in Lebanon with the MEHE’s RACE strategy.

61. With over 60,000 Syrian refugees enrolled in first-shift public schools in academic year 2013-2014, the economic and social benefits of supporting access to formal education far outweigh the costs of their enrollment at the estimated marginal operational cost of US\$363, provided that the quality and retention for all students is not compromised, a key Project goal. While Project financing cannot be tied to the specific operations of individual schools, it can be linked to overall financial support to schools provided by MEHE. The Project is therefore contributing to school functionality that would likely be lower in the absence of the Project.

62. School operations, including heating and keeping the lights on, can be associated with sustaining enrollment, contributing to gains in human capital. Research on school dropout and absenteeism from multiple sources globally has found that the cost is high on both the individual and societal level (Rumberger and Lamb 2003, OECD 2001, Barro 1997, Owens 2004). Children who drop out risk becoming vulnerable adults, and are more likely to be unemployed and stay unemployed. They are also more likely to engage in criminal activities, drug abuse and violence, and experience poorer mental and physical health, thus imposing greater costs on society.<sup>16</sup> By providing support to student enrollment in school, the Project is contributing to preventing these behaviors and avoiding these costs. An undereducated generation of Syrian children will result in lower levels of human capital, with devastating developmental impacts on the reconstruction of Syria once the conflict is over.

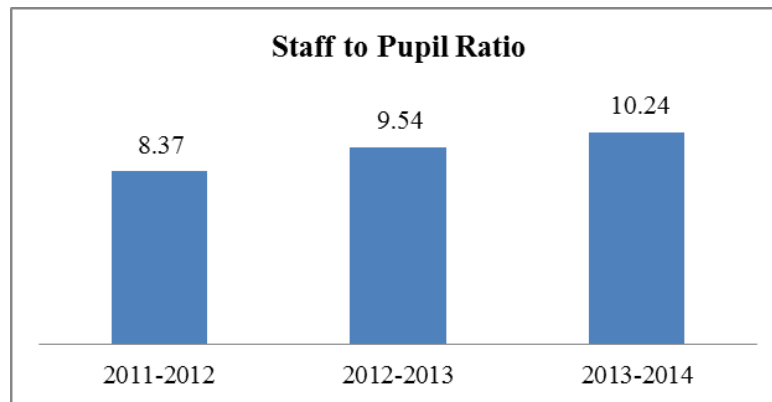
63. Supporting school operations under Component One (Support to Schools) is efficiency enhancing. Preliminary analysis of the staff to pupil ratio has shown that for public schools offering pre-school to grade nine, the staff to pupil ratio has increased from 8.37 in academic year 2011/12 to 10.24 in academic year 2013/14, which implies improved utilization of resources.<sup>17</sup> Efficiency would be enhanced by supporting schools to continue to enroll these additional students.

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<sup>16</sup> School Dropout and Completion (2011, Lamb, S., Markussen, E., Teese, R., Sandberg, N., Polesel, J. (Eds.)), “Misspent Youth: the Costs of Truancy and Exclusion”, Brooks, James, Heady, June 2007; see also Owens 2004, Rumberger 1987.

<sup>17</sup> This staff ratio includes civil servants who are teachers and administrators, as well as contractual teaching staff.

**Figure 3: Staff to Pupil Ratio**



64. Under subcomponent 2.4 “DOPS Strengthening”, the DOPS staff will benefit from professional development and support. Given the role of DOPS staff in providing health, psycho-social and instructional support in schools, the increased human capital at DOPS is expected to translate into economic benefits in the long-term in the form of stabilized enrollment amongst school-aged children and increased educational outcomes.

65. An additional benefit of this project is that in supporting the public system as a whole, it will also support the current World Bank EDP II investments. With the heavy influx of Syrian students and resulting challenges, the achievement of some of the EDP II project goals are at heightened risk. Investing in an emergency education project to mitigate the impact of the Syrian student influx on the Lebanese public education system will alleviate the pressure on the public education system as a whole.

### ***World Bank Comparative Advantage***

66. The World Bank is uniquely positioned to utilize Lebanese Government mechanisms for service delivery in response to the Syrian crisis, as few other agencies work directly through Lebanese governmental structures. The Project design ensures that components are linked to but not dependent on broader Bank policy engagement with MEHE related to system efficiency, support for effective classroom instruction, and effective regulation of education service providers. Moreover, the World Bank is currently conducting a Public Expenditure Review which will provide key information for policy makers on internal efficiency issues related to teacher allocation and teacher/student ratios in order to achieve economic and efficiency gains. Furthermore, the Bank expects to leverage this project to mobilize other donor funds to invest in operational research and education sector analytical work that will support improved Project implementation and better-informed policy discussion. Finally, the Bank will also bring to bear lessons learned in delivering projects in other fragile and emergency environments.

### **B. Technical**

67. The Project includes a mixture of rapidly-disbursing activities which have been highlighted as a priority by MEHE, as well as components which are more challenging to implement but are commensurately expected to have high yields in terms of the quality of the

learning environment. The Project thus meets international standards for emergency design in which investments are expected to have immediate, short term impacts as well as address some short- or medium-term issues which would be detrimental to the overall system if ignored.

### **C. Financial Management**

68. MEHE has completed the implementation of one World Bank financed Project (EDP) and is currently implementing a second Project (EDP II). The implementation is carried out through an Education Sector Development Secretariat (ESDS) that has adequate knowledge of the World Bank financial management requirements and disbursement arrangements. However, due to the emergency nature of this Project and the fully occupied team within ESDS with current projects financed by the World Bank and other development partners, it is essential to have a separate dedicated PMU for this emergency Project that will be fully focused on implementation. Further, it should be noted that MEHE lacks the necessary human resources and capacity to undertake the implementation of this Project, similar to other line ministries in the country which also have serious deficits in staffing.

### **D. Procurement**

69. **A procurement capacity assessment of the MEHE was conducted** to identify risks and mitigation measures. The Ministry is currently managing the fiduciary aspects of the IBRD-financed EDP II satisfactorily. Therefore, only an update of the assessment was needed to confirm capacity.

70. The project proceeds will finance recurrent costs and commissioning consulting services, civil works and purchase of goods.

71. **Substantial procurement risk rating** is based on identified risks to (i) Coordination challenge with various departments in the central and regional offices; (ii) decision centralized at minister level with likelihood of delays; (iii) Weak experience of civil servants in international procurement; (iv) Procurement planning not enforced; (v) Private sector lack of appetite in the sector; (vi) Deficiencies in procurement evaluation process; (vii) Resolution of complaints not institutionalized; (viii) Contract management weakness; and (ix) Lack of solid public oversight. Once adopted, the following mitigation measures identified in each area are expected to reduce the overall fiduciary risk during implementation: (i) OM to clearly determine time expected to make procurement related decisions; (ii) OM to define the validation of decisions at the level of school, regional and central offices; (iii) Appointment of an experienced PMU; (iv) Ensure appropriate support (staff, training, tools) to prepare the project procurement plan to link it to project objectives; (v) Procurement packaging to attract competition; (vi) Develop standard template for evaluation report for project and ensure compliance; (vii) Improve addressing complaints; (viii) Develop and implement quality assurance arrangements for contract execution; and (ix) Selection of an external auditor.

72. **The project procurement arrangements** will be envisaged as following:

- (i) Project guidelines: World Bank procurement guidelines<sup>18</sup> apply to the project.
- (ii) For the procurement of Goods, Works and Non-Consulting Services, the following methods shall be used: (i) international competitive bidding (ICB); (ii) national competitive bidding (NCB) for which shall be used either ICB -or a translated version- or develop Standard Bidding Documents acceptable to the Bank as mentioned in clauses 3.3 and 3.4 of the procurement guidelines, (iii) Shopping; (iv) Framework agreements, (v) Direct contract.
- (iii) For the selection of consultants, the following methods shall be used: (i) Quality-and-Cost-Based-Selection (QCBS), (ii) Selection under a Fixed Budget (FBS); (iii) Least-Cost-Selection (LCS), (iv) Selection based on Consultants' Qualifications (CQS); (v) Single Source Selection (SSS); and (vi) Selection of Individual Consultants.
- (iv) Procurement plans: An initial procurement plan dated January 22, 2015 was developed by the Government. It defines the prior review and procurement methods thresholds. It will be updated and reviewed by the Bank at least twice a year or as seen necessary.
- (v) Prior Review threshold: Despite the past experience of MEHE in project implementation, the Project shall be subject to the 'substantial risk' prior review thresholds. Nonetheless, most procurement activities of the project shall be subject to post review.
- (vi) Frequency of supervision missions and post procurement reviews is foreseen respectively twice and once yearly. In post procurement review, a sample of ten percent (10 percent) of contracts eligible for post review shall be covered.

#### **E. Social (including Safeguards)**

73. No social safeguards are triggered under this project.

74. The Project is expected to have social benefits, including strengthening social cohesion and the resilience of host communities as an impact of all components, especially contributions to the Parent Council Fund.

#### **F. Environment (including Safeguards)**

75. It is not expected that the project will have any significant negative environmental impacts. Nonetheless, an Environmental Management Plan (i.e., EMP) has been prepared and

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<sup>18</sup> World Bank "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 revised July 2014 and World Bank "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011 and revised July 2014..

was disclosed on the MEHE's website on November 14, 2014 and on the World Bank's website on December 18, 2014, with the objective of ensuring that the project activities are consistent with the Bank environmental and social safeguards policies and procedures as well as meet the national and local environmental legislation.

76. The EMP includes the environmental impacts of the typical activities to be carried out by the project and the corresponding mitigation measures. These mitigation measures will be adopted as a means of addressing any potential negative environmental impacts that may be generated by the project activities. The monitoring and supervision activities are also outlined in the EMP. In addition, the EMP includes the Terms of Reference (TOR) for the supervision engineers in order to ensure that the requirements set forth in the EMP are embedded in their task descriptions. The EMP has an annex which lists the technical specifications that will be included in the bidding documents/contracts for the contractors selected to carry out the various activities financed by the project.

#### **G. Other Safeguards Policies Triggered (if required)**

77. N/A

#### **H. World Bank Grievance Redress**

78. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## Annex I: Results Framework and Monitoring

**Country: Lebanon**

**Project Name: Emergency Education System Stabilization (P152898)**

### Project Development Objectives

PDO Statement

To support the operational needs of Lebanese public schools and to improve the learning environment in response to the continued influx of Syrian refugee children.

**These results are at** | Project Level

### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values										
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target	
Students benefiting from school fund support (Number)	0.00	20000.00	30000.00	30000.00								30000.00 <sup>19</sup>
Number of schools benefitting from supplementary financing (Number)	0.00	300.00	900.00	1700.00								1700.00
Schools benefitting from rehabilitation (Number)	0.00	0.00	0.00	10.00								10.00

<sup>19</sup> Approximately 30,000 individual students are expected to benefit from school fund support provided by the Project; the same individuals may benefit from project support for multiple years.



Direct project beneficiaries (Number)(Core)	0.00	90500.00	300500.00	300500.00							300500.00
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core)	0.00	50.00	50.00	50.00							50.00

### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values									
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Number of textbooks distributed (Number)	0.00	0.00	3600000.00	4500000.00							4500000.00
Data collected on use of supplemental school financing and perceived impact(Yes/No)	No	Yes	Yes	Yes							Yes
School improvement activities displayed on beneficiary school walls (Percentage)	0.00	0.00	60.00	60.00							60.00

## Annex II: Detailed Project Description

### LEBANON Emergency Education System Stabilization Project

1. The PDO is to support the operational needs of Lebanese public schools and to improve the learning environment in response to the continued influx of Syrian refugee children. Following the *Economic and Social Impact Assessment* (WB, 2013) and the *Roadmap of Priority Interventions for Stabilization* (WB & UN, 2013), a mixture of rapid delivery and immediate impact and medium term delivery and impact interventions are proposed to support the delivery of quality education services in Lebanon. The proposed activities draw directly from the RACE document of MEHE, validated in August 2014.

#### Project Components

Project Component	Component as in RACE	Component Description	EESS Project Funding (USD x1000)				distribution of the \$32m MDTF funds
			Year 1	Year 2	Year 3	Total	
Operational Needs	1.2.1	Support to School Funds	3,500	5,000	5,000	13,500	42.19%
Quality of the Learning Environment	1.1.1	Rehabilitation of Schools (including Equip/Furniture)	900	1,800	2,500	5,200	16.25%
	3.3.2	Supplemental School Financing	1,900	1,900	1,900	5,700	17.81%
	2.1.2+3	Textbooks		3,000	2,095	5,095	15.92%
	3.1.1	DOPS Strengthening	200	200	200	600	1.88%
Project Management, Monitoring		6 key implementation positions including Project Management, FM, Procurement, equipment	635	635	635	1,905	5.95%
<b>Total</b>			7,135	12,535	12,330	32,000	100.00%

**Component 1: Support to Schools (US\$13.5 million)**

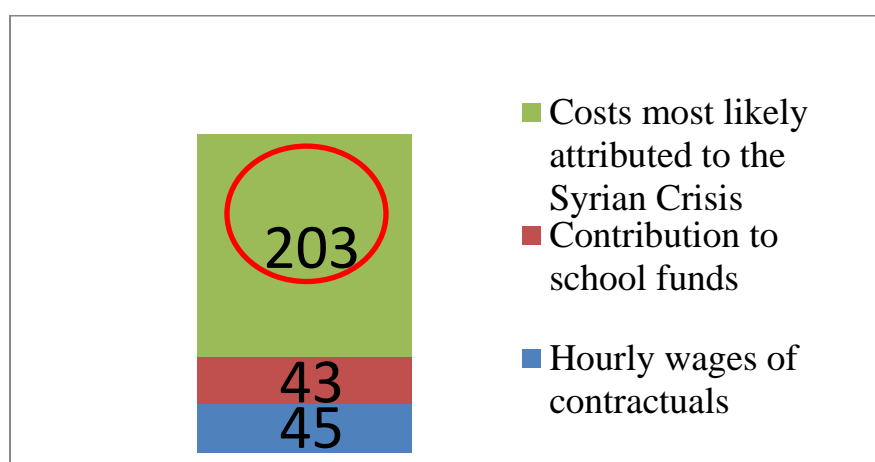
2. This component will finance two separate school funds that the school uses to pay for essentials such as electricity, heat and supplies. The Project will finance one fund, the “School Fund” (calculated at US\$100 per student), and a second fund, the “Parent Council Fund,” of US\$60 per student, which are separated into two different accounts at the school level. The ability of schools to remain open and operational is threatened by the rising costs associated with the influx of Syrian children and an increased number of \$100-per student “School Fund” payments made by MEHE (see below Table 1 and Figure 1). In addition, MEHE does not have the necessary financing to support the “Parent Council Fund”, and as a result this account is usually underfinanced at the school level. Project financing of the US\$60 “Parent Council Fund” is expected to support enrollment from the poorest students. By supporting the “Parent Council Fund” and the “School Fund,” the Project will support both enrollment and school functionality.

**Table 1: Actual MEHE Education Expenditures, 2010-2014**

School Year	2010-11	2011-12	2012-13	2013-14
Education Budget in US\$ <sup>20</sup>	430,962,944	488,624,030	566,052,744	573,147,542

3. As shown below in Figure 1, the marginal cost of each additional student is approximately US\$203. When School Fund (US\$100) and Parent Council Fund (US\$60) costs are added, the marginal student cost is approximately US\$363. The combined figure represents a broad array of all MEHE budget line items, including salary payments to contract teachers, payments for rented public school buildings, administration costs, exam fees as well as school and parent council fund financing. For reasons of financial and administrative simplicity and the urgency of the context, this Project will finance only the School Fund Support budget line which includes these two funds.

**Figure 1: Breakdown of increase in marginal cost per student in the first shift (US\$)**



<sup>20</sup> All values converted at US\$1=1507.5 Lebanese Pounds.

## **Component 2: Learning Environment Quality**

### **Sub-component 2.1: School rehabilitation (US\$5.2 million)**

4. This component will improve the quality of the public school learning environment by financing the rehabilitation of school buildings that are in the greatest need of repair. Activities will include improving structural security, access to water and sanitation with consideration of girls and boys' needs, as well as the physical appearance of the school. While this project will only be able to cover a small portion of the total need, successful implementation is expected to pave the way for other donors to finance additional works either as an expansion to this project or through alternative financing mechanisms.

5. Rehabilitation is a priority of MEHE and responds to an urgent need. Statistics provided by the D-RASATI survey (2011) and recently updated under the Second Education Development Project (EDP II) show that among the 1,275 existing public schools, 75 percent need repairs. Of these, 25 percent need major repairs and among these, 40 specific schools are considered to have dangerous structures.

**Table 2: School Physical Conditions**

Region	Best	Better	Worse	Worst	Total
Beirut	19	23	12	11	65
Beqaa	68	44	60	56	228
Mount Lebanon	49	93	56	77	275
Nabatieh	35	40	29	25	129
North Lebanon	110	80	119	117	426
South Lebanon	37	50	38	27	152
Total	318	330	314	313	1275
percent of total	24.52	25.44	24.21	24.13	98.30

6. Based upon the rehabilitation unit costs and existing surface areas presented in Table 3 below, the cost of works was calculated for all 399 eligible schools. As a result, the total needed budget to repair all these schools is US\$121 million. With the proposed amount of subcomponent financing, the project can finance the full rehabilitation of the first 10 schools of the priority list.

7. Project preparation included the preparation of a database which accounts for many of the school facilities characteristics in order to prepare criteria and indicators for the selection of priorities. These show that out of the 1,275 schools during school year 2014-15:

- Some 708 schools do not belong to MEHE and rent is paid for 540 of them;
- 306 (20 percent) of school buildings were not originally designed as schools;
- Almost 95 percent of the public schools have Syrian students during the 1st shift;
- 89 schools have second shifts for Syrians;
- 652 schools are located in vulnerable areas as per the Education Working Group standards.

## Implementation of Rehabilitation Activities

8. Priorities and selection criteria for rehabilitation were established in order to choose the schools with the most urgent rehabilitation needs. These criteria were applied to all public schools in two stages:

(i) The selection started with the screening of the 1,275 public schools and eliminated:

- Schools with facilities in good condition;
- Schools that already received a full rehabilitation during the past three years;
- Schools already programmed for rehabilitation through other means;
- Schools where none of the buildings were designed for use as a school (rather religious premises or housing facilities); and
- Schools where all buildings are rented.

(ii) A set of priority indicators were then used to prioritize the remaining schools:

- Schools with dangerous structure(s);
- Schools with the worst physical conditions;
- Overcrowded schools (priority to schools with the lowest ratio M2/student);
- Schools owned by MEHE;
- Schools with the highest proportion of Syrian students in the first shift;
- Schools with double shifts; and
- Schools located in vulnerable areas.

The result is a list of 399 priority schools for rehabilitation.

## Cost estimate and budget for rehabilitation

9. The rehabilitation unit costs were first established on the basis of new construction cost (replacement cost) with a percentage attributed to each physical condition.

**Table 3: Rehabilitation Unit Costs (US\$/M2)**

Ref	Designation		Replacement cost	Best 10.00	Better 25.00%	Worse 50.00%	Worst 65.00%	Unsuitable 100.00%
01	Building Unit Cost / M2 (gross area)		600.00	60.00	150.00	300.00	390.00	600.00
02	Site development (+ 10%)	10%	60.00	6.00	15.00	30.00	39.00	60.00
	Subtotal civil works		660	66	165	330	429	660
03	Design and site supervision	11%		7.26	18.15	36.30	47.19	72.60
04	School furniture			2.50	6.25	12.50	16.25	25.00
	Subtotal			9.76	24.4	48.8	63.44	97.6
	Grand total			75.76	189.4	378.8	492.44	757.6

## **Timeline for Rehabilitation**

10. Even with emergency procedures, the rehabilitation and re-equipping of existing schools will take about 12 months before they can be delivered. This includes:

- A preparation phase of six months with the recruitment of consulting firms, site survey, design and preparing tender documents;
- An implementation phase of 6 months with the recruitment of contractors, civil works and site supervision.

### ***Sub-component 2.2: Supplemental School Financing (US\$5.7 million)***

11. This component will provide small emergency funds to a majority of public primary schools in the country to fulfill frontline school needs with a focus on helping schools improve the learning environment and foster social cohesion between different student communities through extra-curricular activities. The funds would be used for purchasing items for classrooms and/or extracurricular activities that would enhance student and teacher motivation, foster pride about public schools and promote attendance and retention as well as minor physical improvements. Allocations will be based on brief School Improvement Plan proposals submitted by the school to MEHE regional offices and funds will be transferred from the Project Designated Account into the school's bank account. Spot checks by MEHE and the publication of activities in the school walls will be used for social accountability. Financial accountability will follow existing procedures for transfers of funds to schools. Under the current design based on RACE, awards will range from a minimum of US\$1,000 for schools with less than 50 students, to US\$4,000 or more for larger schools. The resulting award per student would favor the smaller schools to help foster equity. Some adjustments to these values may be made to accommodate classroom library projects.

12. There is an international evidence base to support the use of school grants as a mechanism to improve education quality. One example is Mexico's *Programa de Escuelas de Calidad* (PEC) Grant Program has led to decreased dropout rates according to work by Murnane, Willet and Cárdenas (2006). After three years of participation in the program PEC, schools had dropout rates that were 7% lower than the non-PEC rate. An analysis of a similar grants program in Mexico shows significant impacts on learning (Gertler, Patrinos, and Rodriguez-Oreggia 2012). As a part of increased school autonomy, school grants can be linked to broader gains from school-based management (Bruns, Filmer and Patrinos 2011).

13. The benefits of the school grants approach in Lebanon are expected to be: (i) enhanced education quality through improvement of school environment and increased provision of extracurricular activities which are not being offered due to lack of funding. Funds would be used to finance school / classroom improvements, inputs for extracurricular activities, and the purchase of related goods and services; and (ii) reinforced school performance and accountability by empowering school managers through funding of school extracurricular activities tailored to the expressed needs of students; and (iii) improved school management by linking supplemental school financing with parent and student participation in the planning of school activities.

14. In addition, the timeliness of supplementary school financing helps improve teacher morale. By giving the school significant control over the management of funds, the school can improve operational efficiency in the acquisition of school inputs, goods, and services. This is important for extracurricular activities, which often need quick turnaround times for purchases, as in the case of transportation to cultural and artistic events, the purchase of snacks for those events, and the purchase of trophies, diplomas and prizes at school-sponsored sport events.

15. While related, the support provided under Component 1 will be used for different categories of expenses, particularly operating costs, while the funds provided under this component would supplement school financing of school materials and additional goods and services not included in the school budget. It is therefore not possible to combine the two types of support. This separate support mechanism is considered important as classroom amenities and extracurricular activities can make a big difference in children's motivation, and can have a positive impact in their learning outcomes. In addition, these supplemental funds can complement teacher training in pedagogical and school management practices by ensuring a supply of additional materials that would enhance the learning environment of the classroom.

16. The Supplemental School Financing component would require a very brief proposal with a list of school priorities for events and related goods and services. The preparation of the proposal could contribute to improvements in school management inasmuch as it would require school directors and teachers to consult with students and parents for their input on priority activities. The success of the program on supplemental school financing hinges on the willingness of principals and teachers to take this consultation seriously, as it relates directly to the issue of teacher and student motivation and pride in their school.

17. Supplemental funds will be allocated to a school on the basis of type and quality of the activities requested in the proposal. Each school would present its priority list that will be evaluated by the MEHE regional office. The main consideration for assigning funds to an activity in a school proposal would be the relevance of the activity to student and teacher motivation, to the benefit of the activity to student enjoyment of the school environment, or to activities that would help develop ownership and pride in the school.

18. Activities proposed by a school will be judged individually to increase the probability of funding for all schools. MEHE regional offices would work with the school planning committee in making adjustments to proposals to ensure compliance with the intent of the Supplemental School Financing component. Parents will not be asked to contribute financially to the activities/purchases made through this funding program.

19. The Supplemental School Financing component would fund the following:

- a. **Classroom improvements**, including classroom appearance, items for students including supplemental reading materials/classroom libraries, and amenities that would improve the classroom environment. For example, if a classroom has books on Lebanese crafts or on biology, these supplemental funds can be used to buy crafts objects for the classroom or to pay for models of animals or organisms that would improve the level of understanding beyond what can be learned from books alone.

b. **Extracurricular activities** that would enhance student motivation, improve school spirit, and make the school more attractive to a child. These activities may include sports, the arts, and cultural activities that would not require additional contributions from parents, and that would not be included in the normal operational school budget. Examples of goods and services that could be purchased with supplemental funds could include:

- Sports uniforms or equipment, trophies for tournaments, and any equipment related to sport activities that are considered to have a wide popularity among both girls and boys.
- Costumes, musical instruments, the construction of sets, and other expenses associated with art performances by students.
- Performances by artists at the school.
- Transportation, snacks, tickets to events, and associated expenses for field trips listed in the school’s proposal.

20. Schools may submit one proposal per year. Funding would be proportional to the size of the school, up to 300 students. Total amounts granted for schools of less than 300 students will be based on per student allocations that have a sliding scale that favors small schools in order to foster equity, as smaller schools tend to be in poorer and rural areas. A sample of the approximate amounts to be allocated under this component is shown in Table 4, which shows the relationship between school size, per student allocations, and total amount per school, for different school sizes. Total funding to be distributed during the three years of the program will be approximately US\$5.7 million.

### Component Costs

21. Table 4 shows the approximate distribution of grant funds by school size. Actual grants may be larger, up to US\$10,000, depending on the size of the school and the specific proposal.

**Table 4: Supplemental School Financing. Grant funds by school size and estimated total funding per year**

<b>Supplemental School Financing. Grant funds by school size and estimated total funding per year</b>					
<b>School size (number of students in the school)</b>	<b>Total Number of Students</b>	<b>Number of Schools</b>	<b>Amount funded per student per year (US\$)</b>	<b>Total funding (US\$)</b>	<b>Amount funded per school (US\$)</b>
Less than 50	968	27	28	27,000	1,000
50 to 100	9,916	130	26	260,000	2,000
101 to 150	22,147	176	20	440,000	2,500
151 to 200	23,617	134	17	402,000	3,000
201 to 250	22,347	100	16	350,000	3,500
251 to 300	22,358	81	14	324,000	4,000
301 +	123,334	256	8	1,024,000	4,000
<b>Total</b>	<b>224,687</b>	<b>904</b>	<b>13</b>	<b>2,827,000</b>	<b>3,127</b>



22. Excluding secondary schools, and schools with only 3rd cycle and secondary students, there are approximately 225,000 students enrolled in 904 schools serving the first-shift. The majority of these students are in the first and second cycles, but a significant percentage of the total are enrolled in kindergarten and in the 3rd cycle.

**Table 5: Simulation of different participation rates per year and total funding amount for three years (in US\$)**

<b>Simulation of different participation rates per year and total funding amount for three years (in US\$)</b>				
	1st year	2nd year	3rd year	Total cost
Participation rates	0.35	0.70	0.90	
Yearly Grant Transfers	1,019,450	2,008,900	2,634,300	5,662,650

### **Component Impacts**

23. The impact and challenges of the supplemental school financing payments will be closely monitored during project implementation. Information on perceived benefits and operational difficulties will be collected from a limited number of schools each semester, including detailed interviews with limited numbers of teachers, students, schools directors and parents from schools benefitting from support under this subcomponent. These will be combined with notes from regional offices and the PIU for each reporting period to improve implementation of this subcomponent and document component impacts at the school level.

#### ***Sub-component 2.3: National Textbook Program for Public Primary Schools (US\$5.1 million)***

24. This subcomponent seeks to provide the full set of required textbooks and workbooks to all students enrolled in first and second-shift public schools for the school years 2015-16 and 2016-17 in grades one through nine. Textbooks were distributed for the school year 2013-14, expanding earlier textbook distribution initiatives by MEHE in school year 2012-13. DfID spent US\$2.52 million to provide textbooks to approximately 80 percent of all students in grades 1-9.<sup>21</sup> The Project would spend approximately US\$3.6 million to replace these textbooks and workbooks, and provide new ones as necessary for the two academic years covered.

25. The project will use existing MEHE book purchasing procedures since this financing is for two years only. The process of book purchases starts at the beginning of the school year when children are registered in schools. Schools determine the number of students per grade and check how many and what textbooks are required, ensuring that purchase orders are based on actual numbers of students enrolled. The School Finance Committee at the school level exerts control over the quantity of textbooks procured by approving the Purchase Order. This committee is chaired by the School Director and includes representatives of the teachers and administrative staff. All curriculum textbooks must be purchased from approved local bookstores, which are pre-selected by ECRD following a bidding procedure.

<sup>21</sup> Crown Agents Third Party Interim Monitoring Report for DfID Lebanon Public School Support Initiative June 2014

26. Schools pay the bookshops for the books they order and request reimbursement from MEHE using claim forms. The legal basis for the free distribution of textbooks to children in public schools is Law no. 211 of 30 March 2012, and was implemented for the first time in the academic year 2012-2013.

***Sub-component 2.4: DOPS Strengthening (US\$600,000)***

27. DOPS strengthening is a priority for MEHE, and the Project will finance essential inputs to enable this unit to provide high quality services to schools, teachers and students. DOPS has three different types of counsellors: pedagogic, health and psycho-social/child protection. The DOPS sub-component will include support to continuing professional development for DOPS staff and the provision of resources and equipment for DOPS staff to efficiently and effectively carry out visits to schools, report and recommend support activities and provide for teacher centered workshops. The estimated cost of DOPS strengthening is US\$600,000.

28. This component will include support for: (i) transportation costs for DOPS counsellors to conduct school field visits; (ii) running costs and supplies for the 16 regional DOPS centers, including meeting room furniture, computers, photo copiers, office supplies, flip charts for the education gatherings, white boards, meeting supplies; (iii) trainers to train the newly recruited counsellors as well as related transportation costs; and (iv) additional child protection counsellors, if funds become available.

29. Pedagogic counsellors have three academic roles: (i) conducting visits to schools/classes to gather information about the quality of teaching and learning activities; (ii) sharing their findings in formal gatherings and regional centers; and (iii) providing feedback on mid-term exams written by individual teachers. There are currently 250 pedagogic counsellors, and MEHE is in the process of recruiting an additional 250.

30. DOPS provides a health counsellor in each school (both full and part time counsellors exist). The health counsellors are teachers who are trained to follow the school health program. They look at water availability, quality of school snacks, toilet functionality, etc. They meet with school doctors to discuss health issues in the school, such as lice and scabies prevalence and treatments, vaccination awareness, and discuss referrals of specific children to seek medical attention when necessary.

31. DOPS also has 65 psycho-social counsellors in some, but not all, schools. They are currently in the process of recruiting additional teachers to become psycho-social counsellors. This component would support DOPS to deal with the additional needs of extremely vulnerable Syrians, as well as vulnerable Lebanese, and an anecdotal rise in social tensions and bullying and harassment in and around schools.

***Component 3: Project Management and Support (US\$1.9 million)***

32. MEHE is the project implementing agency that will oversee the implementation of all RACE and EESS project activities. This modality ensures that this project will strengthen government leadership of the response and contribute to sustainability. Project oversight will be through the RACE Executive Committee (REC), and day-to-day coordination of project activities will be undertaken by the RACE PMU to be created within MEHE. The PMU will

coordinate with various department heads in the central and regional offices. It is essential that day-to-day coordination, communication and interaction with MEHE central and regional staff be clearly defined, along with relationship with donors and other MEHE entities such as ESDS. Detailed modalities and arrangements for financial and procurement operational processes, transactions, and decisions will be developed by the PMU and will be outlined in the Financial and Procurement sections of the Project Operations Manual. Further details on project implementation arrangements can be found in Annex . The cost estimate for project management is US\$1.9 million, and will cover key staff positions as well as operating costs for the PMU staff who will be competitively hired.

## **Annex III: Implementation Arrangements**

### **LEBANON Emergency Education System Stabilization Project**

#### **Institutional and Implementation Arrangements**

1. MEHE, through its newly established PMU, is responsible for implementing the project and its components. The REC will provide overall policy direction and advice. It is chaired by the Minister of MEHE and composed of the DG of General Education, the President of the ECRD, the Director of the ESDS, the head of DOPS, and donor and UN agency representatives. The REC may call upon key experts and technical specialists from MEHE technical departments, other units, the ESDS, donors, and implementing partners to support information sharing and to allow for more effective policy advice by the REC. More particularly, the REC is responsible for:

- Overseeing implementation and acting as the central coordinating body for project activities;
- Setting the overall policy guidelines and direction of the project;
- Ensuring coordination among the various departments involved in education reform implementation;
- Coordinating with other development partners to ensure consistency across all sector development inputs;
- Approving annual work plans and budgets;
- Approving quarterly progress reports before submission to the World Bank and other donors;
- Establishing specialized committees for specific activity reviews and evaluations;
- Reviewing and assessing agreed performance indicators and arranging for regular independent evaluations of the education reform outcomes and impacts; and
- Reviewing internal audit reports and providing mechanisms to follow up on implementation of recommendations.

#### **Project Administration Mechanisms**

2. The PMU will be responsible for:

- Preparing an implementation plan for the project activities;
- Coordinating the implementation of the activities;
- Ensuring the effective and integrated implementation of programs, resources, and outputs from all donors and external interveners in the implementation of RACE;
- Coordinating the implementation and effective utilization of the EMIS, SIS, and all ICT applications in the implementation of RACE;
- Monitoring and evaluating project performance indicators and measuring their outcomes;
- Collaborating with various MEHE departments and entities, including ESDS, in carrying out tasks assigned under the project;

- Liaising among the various project stakeholders and ensuring that all donor partner funds supporting RACE are coordinated;
- Preparing annual work plans and budgets for approval by the REC and submission to the World Bank and contributing donors;
- Preparing quarterly progress reports for discussion and approval by the REC and for to the World Bank and contributing donors;
- Coordinating implementation support missions;
- Preparing and updating procurement plans, disbursement plans and implementation schedules;
- Undertaking the project financial management responsibilities including management of flow of funds through the project Designated Account (DA) and other disbursement methods, budgeting and reporting, accounting and records maintenance, ensuring adequate internal controls in compliance with the project operation manual, facilitating project external audit, and coordinating with the newly introduced internal audit function;
- Procuring all goods, works and services financed by the Grant;

## **Financial Management, Disbursements and Procurement**

### *Financial Management*

3. **Organization & Staffing arrangements:** MEHE has completed the implementation of one World Bank financed Project (EDP) and is currently implementing a second Project (EDP II). Implementation is carried out through an Education Sector Development Secretariat (ESDS) that has adequate knowledge of World Bank financial management requirements and disbursement arrangements. However, due to the emergency nature of this Project, and the fully occupied team within ESDS with current projects financed by the World Bank and other development partners, it is essential to have a separate dedicated PMU for this emergency Project that will be fully focused on implementation. Further, it should be noted that MEHE lacks the necessary human resources and capacity to undertake the implementation of this Project, similar to other line ministries in the country which also suffer from staffing deficits.

4. The Financial Officer needs to be appointed as soon as possible to ensure proper follow up of FM implementation, and must be on board by project effectiveness, in order to handle the various tasks involved in the retroactive financing if used. The Bank will provide the FO with the necessary guidance and supervision to acquaint them with the Bank's reporting requirements and guidelines. Their main duties will include, but will not be limited to, the management of the DA, honoring the entity requests for issuing payments, consolidating the Project accounts, and issuing quarterly IFRs to reflect the Project's overall financial position.

5. **Accounting & reporting arrangements:** For the purpose of the project's FM implementation, MEHE will ensure that an adequate accounting system is in place (Excel spreadsheet if needed) that is able to process the project's transactions, to produce quarterly project consolidated interim unaudited financial reports (IFRs), and annual project financial statements in compliance with the cash basis of accounting (IPSAS) and in alignment with World Bank reporting requirements. The quarterly consolidated IFRs will be submitted by the PMU to the WB within 45 days after the end of the concerned quarter.

6. The format and content of IFRs were agreed upon and will be included in the POM. Training will be provided to the FO in the preparation of IFRs. The IFRs are comprised of:

- a) *Statement of Cash Receipts and Payments by category* for the year then ending and cumulatively from inception date up until the fiscal year's end, including funds received from third parties.
- b) *Accounting policies and explanatory notes including a footnote* disclosure on schedules:
  - i. Statement of Designated Account reconciling period-opening and end balances;
  - ii. Statement of project commitments, showing contract amounts committed, paid, and unpaid under each signed contract under the Project;
  - iii. Fixed assets listing report indicating all relevant information (such as description, location, quantity, serial number, etc.) which need to be updated and including any discrepancies between the regular physical inspection and the accounting records.
  - iv. Listing of payments done for the "School Fund Support" under component One, by description.
  - v. Listing of the Supplemental School Financing payments by school, and by description of activity

7. **Project Financial Statements (PFS):** The PFSs, prepared in accordance with IPSAS, should contain the same information as the quarterly IFRs but should cover an annual period. The audited PFS would be submitted to the Bank no later than six months after the end of each fiscal year (see External Audit Arrangements below).

8. **External Audit arrangements:** The Project PFS components will be audited by an independent private external auditor acceptable to the Bank. The audit report and PFSs, along with management letter, will be submitted to Bank no later than six months after the end of each fiscal year. In addition, the project management letter will contain the external auditor assessment of the internal controls, accounting system, and compliance with financial covenants in the grant Agreement.

9. The audit will be comprehensive and will cover all aspects of the Project, including compliance with the POM, review of effectiveness of the internal controls system, and compliance with the Grant Agreement. The audit will be carried out in accordance with International Standards on Auditing (IFAC/INTOSAI). The PMU of MEHE will be responsible for selecting and entering into a contract with an independent and qualified external audit firm acceptable to the Bank that will undertake annual audits of the PFSs. In addition, the PMU will be responsible for appointing the external auditor early in the project life, within six months of project effectiveness.

10. The audit will also include verifications for a subset of selected schools benefitting from Component 1 and Component 2.2, verifying: (i) the list of students; (ii) use of payments made;

and (iii) school eligibility, on a biannual basis. Following these school spot checks for a subset of schools, a report will be issued to the World Bank.

11. **Flow of Funds Arrangement:** The FM Chapter as part of the POM will be prepared by MEHE within three months of project effectiveness. These procedures will determine the project flow of funds and documents, the project FM arrangements and FM implementation mechanism for the Project as a whole.

12. In requesting disbursements into the DA for expenditures incurred, the Project will make use of a Statement of Expenditure (SOE) record. Disbursements for expenditures exceeding the following limits will be submitted with full documentation (i.e. invoices, receipts): (a) civil works against contracts valued at US\$1,000,000 or more, (b) goods against contracts valued at US\$500,000 or more, (c) consulting service firms against contracts valued at US\$200,000 or more and, (d) individual consultants for contracts valued at US\$100,000 or more.

*Disbursements*

13. The funds will be transferred from the Bank to the Project in accordance with the provisions of the Grant Agreement. A Designated account (DA) for the project’s grant funds will be opened at the Banque du Liban (BDL) in US\$ under a Ministry of Finance Treasury Account. The funds will then be transferred to the Grants and Donations account at BDL following the internal procedures adopted by the MOF for grants. The PMU will use this DA to pay for eligible expenditures related to project’s components activities.

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, non-consulting services, consultants’ services, Training and Workshops, Incremental Operating Costs; School Funds, Parent Council Funds and Supplemental School Financing	32,000,000	100%
<b>TOTAL AMOUNT</b>	32,000,000	

14. Under Component One, and specifically for the School Support Funds, which consists mainly of the support provided by MEHE to the “School fund” in the form of US\$100/student/year (or another amount that can be determined by MEHE depending on updated actual needs, as well as the number of students), the project can support MEHE in these recurrent costs which will be transferred from the DA to each of the selected schools “School fund” account. In addition, the project will support the “Parent Council Fund” account of the selected schools in an amount of US\$60/student/year. This “Parent Council Fund” account at the

schools level is typically financed by parents or can be assumed by the Government or other agencies and is used to finance other school costs, including instructional supplies. Currently MEHE does not have the necessary financing to support the “Parent Council Fund”, and there is deficiency in this account at the school level as many parents are not settling their dues. The project’s support of US\$60/student to this “Parent Council Fund” would be reflected in the opening of a sub-line under the “School Fund Support” in MEHE budget (see details below)

15. The “School Fund Support” budget line of MEHE is composed of the following sub-lines:

- School funds
- Teaching extra-curricular courses
- Free text books
- Other sub-lines (that can be created based on availability of funds, )

16. MEHE can add new sub-lines and can re-allocate among those sub-lines within the same budget line. These changes entail an adjustment to the overall MEHE budget and require the Minister’s and Council of Ministers’ approval. Thus, an equivalent of the amount provided by the project on a yearly basis to the “School Fund” can be re-allocated to other budget sub-lines within “School Fund Support,” based on the identified needs of MEHE thus benefiting other activities within this budget line. Re-allocation is not possible among budget lines in the overall MEHE budget, as this is only permissible for sub-lines within the same budget line according to existing Lebanese regulations.

17. With regards to the flow of funds under this component, the World Bank will disburse based on withdrawal applications submitted by the PMU of MEHE and corresponding supporting documents. The funds transferred from the World Bank to the Grants and Donations Treasury account at BDL and then to the project Designated Account (DA) will be used to support this budget line. Based on the approved list of schools and enrolled students to be supported, the approved amount will be transferred to each of the schools from the project DA. Payments to schools from the DA can be made in the form of checks or bank transfers. Supporting documents and proof of transfers to selected schools and as per agreed determined amounts will provide evidence of these payments and will be made available to the World Bank and external auditors for verification.

18. Retroactive financing of up to 20 percent of the Grant Agreement may be made for payments made prior to grant signing (starting February 1, 2015), for eligible expenditures related to goods, consultants’ services, training, and operating and recurrent costs. While not expected, retroactive financing for payments related to Component One that were processed starting February 1, 2015, is possible if the intended purpose of this reimbursement relates to an adjustment increase of the actual allowance provided, i.e., if MEHE wishes to provide more than US\$100/student/year for last year. In this case, this would entail a Minister’s decision as a retroactive adjustment for selected schools. No re-allocation within other sub-lines can be allowed in that perspective as described earlier as these payments were actually done. Payments are due in October 2014 (first tranche) and April 2015 (second tranche), relating to the academic year 2014-2015. Accordingly, if these two tranches were not yet paid at the time of grant



signing, these related payments (amount to be determined per school as agreed in the project) can be covered under retroactive financing as they are still not paid by MEHE from its own budget.

19. **Authorized Signatories:** Authorized signatories will be nominated by MEHE to sign Withdrawal Applications (WAs). Names and corresponding specimens of their signatures will be submitted to the Bank prior to the receipt of the first WA (advance to DA). Each WA will be approved and signed by the authorized signatories.

#### *Procurement*

20. **Components.** The project (US\$32 million) shall finance recurrent costs and commissioning consulting services, civil works and purchase of goods, and comprises three components as follows:

- a) Component 1 financing: (i) US\$13.5 million in recurrent costs of student enrollment entailing no procurement processing;
- b) Component 2 allocates: (i) US\$5.2 million for school rehabilitation of school buildings in need of repair, entailing selection of consulting firms, works contractors and purchase of equipment, (ii) US\$ 5.7 million to provide most public primary schools small grants ranging between US\$1,000 to US\$10,000 that will be provided on the basis of school improvement plans proposed by the school to MEHE. The program may also include classroom libraries, (iii) US\$5.1 million for funding public school purchases of textbooks and workbooks and (iv) US\$0.6 million for DOPS strengthening financing, furniture, equipment, transportation and running costs as well of training and other similar activities.
- c) Component 3, related to project management, provides US\$1.9 million entailing selection of individual consultants, consulting firms (audit), purchase of office supplies, equipment and operating costs.

#### *Procurement Capacity Assessment*

21. **Implementing agency.** MEHE will be implementing the project and abides by the Public Accounting Law No. 14969 dated December 30, 1963, supplemented by several decrees, which constitutes the legal foundation of Lebanon's organizational and institutional framework for procurement. For internationally financed projects, ministries can operate using donor's guidelines. Currently, MEHE is managing the EDP II project in a satisfactory manner. Therefore, only an update of the assessment was needed to confirm its capacity.

22. **Past experience** of the implementing agency in internationally funded projects: MEHE has implemented EDPI and EDPII (financed by IBRD) and has extensive experience in implementing other internationally funded projects (European Union (EU), IBRD, *Agence Française de Développement* (AFD), etc.). The procurement processing and contract management was rated Satisfactory throughout implementation. For both implemented projects using a PMU, the ministry team has shown diligent record keeping, quality of evaluation, staffing. EDP I and II projects comprised selection of consultants, purchase of goods and execution of works. However, implementation of EDP I experienced lack of decision making and a high turnover of ministers, which in turn resulted in delays in procurement processing and

slow disbursements. Similarly, EDPII suffered from delays in loan effectiveness. Nonetheless, procurement function capacity was not a challenge in these projects.

23. **Record keeping; Assets Inventory:** The ministry, in implementing projects, has proven experience in record keeping and the accounting system contains an inventory field.

24. **Current ministry staffing:** Two committees process procurement; a supply Committee and an acceptance committee. The position of Procurement Officer is not institutionalized and is handled through the department of finance/accounting.

25. **Procurement methods thresholds:** By Public Accounting Law, MEHE operates under the ceiling of L.L.100 million (US\$67,000 equivalent). Above this threshold, the procurement must be processed centrally at the Central Tender Board, which submits the recommendation to award back to the concerned ministry. The Budget Law 715 of 2005 allows the implementing agencies to follow the donors' guidelines, when needed. EDP I and II implementation followed Bank guidelines.

26. **Audit:** The ministry does not observe internal auditing, but is subject to ex-ante and ex-post reviews conducted by the Court of Accounts. Under EDP II, a consultant for internal audit and external audits are appointed.

27. **Applied taxes:** The following taxation are observed: (i) Stamp Duties of: (a) three per thousand (3‰) of the contract price for contract registration at the Ministry of Finance (MOF), and (b) three per thousand (3‰) on each payment; (ii) Value Added Taxes (VAT) of ten percent (10%) applied on consultants and contractors who are registered and eligible for VAT; and (iii) Income Taxes at a flat rate of seven and a half percent (7.5%) for non-registered consultants and variable for registered consultants (Taxpayer Identification Number-TIN), depending on their job classification at MoF. Exemption of consultants from Income Taxes may be observed if they are registered in countries that have entered into agreements with Lebanon prohibiting double taxation. Contracts financed by international donor proceeds are exempted from VAT (Law No 379 dated December 14, 2001).

#### *Overall Procurement Risk Assessment*

28. **The procurement risk rating is Substantial.** The identified risks are related to: (i) coordination challenges with various departments in the central and regional offices; (ii) decision centralized at minister level with likelihood of delays; (iii) weak or insufficient experience of civil servants in international procurement; (iv) procurement planning not enforced; (v) weak private sector interest in procurement contracts; (vi) deficiencies in procurement evaluation process; (vii) resolution of complaints not institutionalized; (viii) contract management weakness; and (ix) lack of strong public oversight.

29. Once adopted, the following mitigation measures identified in each area are expected to reduce the overall fiduciary risk during implementation: (i) OM to clearly determine time expected to make procurement related decisions; (ii) OM to define the validation of decisions at the level of school, regional and central offices; (iii) appointment of an experienced PMU; (iv) ensuring appropriate support (staff, training, tools) to prepare the project procurement plan to link it to project objectives; (v) procurement packaging to attract competition; (vi) developing a

standard template for evaluation report for project and ensure compliance; (vii) improve mechanisms to address complaints; (viii) develop and implement quality assurance arrangements for contract execution; and (ix) selection of an external auditor.

*Proposed Procurement Arrangements*

30. **Project guidelines.** The following shall be applied to the project: (i) “Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 revised in January 2011, (ii) World Bank “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 revised July 2014, and (iii) World Bank “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011 and revised July 2014.

31. **Methods of Procurement and prior review threshold:**

- a) For the procurement of Goods, Works and Non-Consulting Services, the following methods shall be used: (i) international competitive bidding (ICB); (ii) national competitive bidding (NCB) for which shall be used either ICB -or a translated version- or develop Standard Bidding Documents acceptable to the Bank as mentioned in clauses 3.3 and 3.4 of the procurement guidelines, (iii) Shopping; (iv) Framework agreements; and (v) Direct contract.
- b) For the selection of consultants, the following methods shall be used: (i) Quality-and-Cost-Based-Selection (QCBS), (ii) Selection under a Fixed Budget (FBS); (iii) Least-Cost-Selection (LCS), (iv) Selection based on Consultants’ Qualifications (CQS); (v) Single Source Selection (SSS); and (vi) Selection of Individual Consultants.
- c) Based on the satisfactory assessment, the project shall be subject to **moderate risk prior review threshold**, making the project mostly subject to post review.
- d) Table 1 recapitulates the project thresholds

**Table 1: Initial Methods and Prior Review thresholds for Procurement Substantial risk project**

LEBANON Substantial Risk project-  THRESHOLDS (US\$)	Procurement categories and methods								
	Consulting firms		Individual Consultants	Goods			Works		
	QCBS	Others		ICB	NCB	Shopping	ICB	NCB	Shopping
Procurement Method Thresholds	No threshold	<0.3 million	No threshold	No threshold	<1 million	<0.2 million	No threshold	<10 million	<0.3 million
Prior review thresholds	>0.5 million	NA	>0.2 million	>1 million	NA	NA	>10 million	NA	NA

32. **Proposed project Staff.** Staffing for the project will be outsourced and will be supported by the ministry staff in order to build internal capacity. The procurement shall involve the engagement of Procurement and Financial officers, supported by a field engineer and quantity surveyor.

33. **Project Operations Manual (POM).** A program manual shall be developed to respond to this emergency operation.

**Procurement plan.** An initial procurement plan dated January 22, 2015 was developed by the Government. It defines the prior review and procurement methods thresholds. It will be updated and reviewed by the Bank at least twice a year or as seen necessary. **Table 2** and **Table 3** below recapitulate the main activities:

**Table 2: Consultancy for major Assignments with Selection Methods and Time Schedule**

Proc. System Ref. #	Comp	Sub-Comp	Location/ Description of Assignment	Estimated Cost (US\$)	Selection Method	Bank Rev.	TOR Start Date	RFP Submission Date	Contract Start Date	Execution in months	Completion Date (original)
FC001	C2	2.1	Rehabilitation of Schools - CW (based on a calculation of US\$4.5M x 5%)	225,000	QCBS	PO	3-Jan-15	27-Mar-15	3-May-15	17	2-Oct-16
FC004	C3	3.1	Independent External Project Audit (1 contract till end grace period + 2 Months)	20,000	LCS	PR	2-Dec-14	24-Mar-15	28-May-15	40	29-Sep-18

**Table 3: Procurement of major Goods and Works with Procurement Methods and Time Schedule**

Proc. System Ref. #	Comp	Sub-Comp	Location/ Description of Assignment	Estimated Cost (US\$)	Selection Method	Bank Rev.	Bid. Doc/Specs prep. Start Date	Bid Opening Date	Start Date	Execution in months	Completion Date (original)
PW001	C2	2.1	Rehabilitation of Schools - CW (based on a calculation of US\$4.5M x 65%)	2,925,000	NCB	PR	6-May-15	1-Aug-15	29-Sep-15	12	28-Sep-16
PG002	C2	2.1	Rehabilitation of Schools - Equipment and furniture (based on a calculation of US\$4.5M x 30%)	1,350,000	ICB	PR	20-Sep-15	2-Dec-15	30-Jan-16	7.9	26-Sep-16

34. **Frequency of Supervision.** The frequency of supervision missions and post procurement reviews is foreseen respectively twice and once yearly. In post procurement review, a sample of ten percent (10%) of contracts eligible for post review shall be covered.

### Environmental and Social (including safeguards)

35. It is not expected that the project will have any significant negative environmental impacts. Nonetheless, an Environmental Management Plan (i.e., EMP) has been prepared and disclosed with the objective of ensuring that the project activities are consistent with the Bank environmental and social safeguards policies and procedures as well as meet the national and local environmental legislation.

36. The EMP includes the environmental impacts of the typical activities to be carried out by the project and the corresponding mitigation measures. These mitigation measures will be adopted as a means of addressing any potential negative environmental impacts that may be generated by the project activities. The monitoring and supervision activities are also outlined in the EMP. In addition, the EMP includes the Terms of Reference (TOR) for the supervision engineers in order to ensure that the requirements set forth in the EMP are embedded in their task descriptions. The EMP has an annex which lists the technical specifications that will be included

in the bidding documents/contracts for the contractors selected to carry out the various activities financed by the project.

37. No social safeguards are triggered for this project.

## Monitoring & Evaluation

38. An M&E specialist in the PMU, working closely with MEHE central and school-based teams will be responsible for preparing progress reports. Brief, standardized quarterly reports will be produced by each department based on progress made in the implementation of the work program. These will be compiled by the M&E Specialist in the PMU and submitted to the Bank and the RACE Executive Committee. This M&E Specialist position is one of the key implementation positions to be financed by this Project.

### *Role of Partners (if applicable)*

39. This project document has benefited from cooperation and information sharing from a number of agencies, first and foremost MEHE and CERD, but also United Nations Children's Fund (UNICEF), UNHCR, United States Agency for International Development (USAID), EU and others. Open access to data was provided to the WB, which greatly facilitated the analysis and development of the Project. The Project itself was developed in close coordination with DfID. Please see the below financing chart, which is subject to continual changes.

Funding Table Lebanon Education Sector estimate as of December 2014, not including in-kind				
Agency	Timeframe	Funding type	Amount	Core support areas
UNICEF	2014/2015	multiple sources	US\$56.22 million	Formal education (first and second shift) School rehabilitation, non-formal education, accelerated learning programs, support to informal settlements, computers, other
UNHCR	2014/14	multiple sources	US\$43.5 million	Formal education (primary), School rehabilitation, MEHE capacity building, Non-formal education
UNESCO	2017/17	KSA, Finland	US\$1.9 million	Skills policy, secondary education, non formal
UNRWA	2014/15	EU	€6 million	Emergency education and shelter, support to Palestinian refugees
EU		Grant	€1 million	British Council - Enabling access to education for Syrian refugee school-age children in Lebanon
			€0.9 million	AMEL – Empowerment of Syrian Refugee and Host Community Youths in Lebanon
			€0.7 million	AVSI - Peaceful and comprehensive Education in seven districts of Lebanon
DfID	2015	Grant	£3 million	Textbooks for all children
USAID	2010 - 2015	Grant	US\$74.5 million	School rehab, standard setting ICT, equipment, leadership SIP (specific to emergency and RACE c\$5m – renovation and equipment)
USAID	2014 - 2018	Grant	US\$45 million	RACE linked learning quality and achievement
WB EDP2	2010 -	IBRD loan	US\$40 million	Systems, quality
European Union	2012 – 2015	Grant	€ 1,192,792	Support to Education Reform: Citizenship education
European Union	2013 – 2016	Grant	€ 3,499,630.00	Dropout prevention
European Union	2013 – 2015	Grant	€ 3,290,000	EMIS

## **Annex IV: Implementation Support Plan**

### **LEBANON Emergency Education System Stabilization Project**

#### ***Implementation responsibility***

1. Rapid project implementation is essential when responding to an emergency situation. While the limits to technical and implementation capacity in the education sector have been identified, they remain a challenge to overcome. These limitations have prompted the decision to establish a new PMU for all activities under the RACE strategy, rather than relying on existing implementation structures which are already overwhelmed. The risk facing project implementation is that the establishment of a fully staffed PMU will take some time and it may be difficult to attract the experienced and capable staff needed to implement this emergency project effectively and in a timely manner.

2. To mitigate this risk, the project will allocate approximately US\$635,000 per year for project management - an amount derived from prior World Bank experience in the country and the sector. This amount will finance six key positions in the RACE PMU; other positions will be financed by other donors to the RACE program.

3. The PMU is currently in the process of being set up at MEHE. It will be fully staffed with a Project Manager, an M&E specialist, Procurement and FM Officers, Engineers and Surveyors and various legal and administrative staff. The draft PMU organogram shows the structure of the PMU and how it is expected to interact with other entities in the existing MEHE structure. TORs for the PMU staff are currently being drafted are expected to be ready before the project becomes effective. A list of the responsibilities to be undertaken by the PMU is provided in Annex III.

4. Project implementation will also be guided by the Race Executive Committee (REC) which will provide overall policy direction and advice. The REC is chaired by the Minister of MEHE and composed of the DG of General Education, the President of ECRD, the Director of the ESDS, the head of DOPS among others. The REC may call upon key experts and technical specialists from MEHE technical departments, other units, the ESDS, donors, and implementing partners to support information sharing and to allow for more effective policy advice by the REC. A list of other REC responsibilities in supporting project implementation is provided in Annex III.

#### ***WB implementation support and role of the CMU***

5. A diversified World Bank task team is available to support project implementation and is composed of education and operations specialists, procurement, FM and environmental specialists, and legal and administrative staff. Expert consultants will be hired, as needed, for specific technical areas as detailed below and to be determined / modified as project implementation progresses and as other project actors become involved (e.g. UN Agencies, other donors). Bank fiduciary staff (namely procurement and FM specialists) are based in the CMU in Lebanon and will provide capacity building and implementation support on an as-needed basis,

with strong involvement at the project outset. They will maintain close communication with MEHE and the PMU in ensuring that short-term work plans are developed and carried out and they will work to expedite decision-making by identifying upcoming implementation issues for consideration.

6. Fiduciary risks to implementation stem from both procurement and financial management arrangements and the current overall fiduciary risk rating is “Substantial”. Procurement risk factors relate to: the need for coordination between central and regional offices; delays resulting from centralized ministerial decision-making; limited experience of international procurement practice; weak enforcement of procurement planning arrangements; uncertain private sector interests in the procurement contracts with related concerns over competitiveness of bidding; deficiencies in procurement evaluation; inadequate complaints handling mechanisms; weaknesses in contract management and lack of public oversight.

7. Specific mitigation measures for procurement include: a Project Operations Manual will be developed, detailing the service standards for procurement decisions as well as defining the decision-making processes at the school, region and central offices. Limited procurement capacity in the implementing agency will be addressed through the staffing of the PMU with staff experienced in procurement. Support in terms of training, technical assistance and staff resources, will be provided to ensure the development of a procurement plan that is closely aligned with project objectives. Procurement packages will be structured to encourage private sector competition and a standard template for bid evaluation will also be prepared. Complaint handling mechanisms will be strengthened, and quality assurance mechanisms for contract execution put in place.

8. Financial Management risks stem from: the lack of staff trained in FM; lack of the accounting software needed to produce timely IFRs and undertake asset management; inadequate financial policies and procedures to manage school sub-grants; and, expected difficulties and delays in the preparation of audit reports.

9. Specific mitigation measures for FM include: timely recruitment of an experienced and capable Financial Officer to the PMU is a priority. MEHE will ensure that an adequate accounting system is in place to process project transactions, to produce consolidated project interim unaudited financial reports (IFRs) and annual project financial statements on a cash basis in accordance with World Bank reporting requirements. The FM section of the Project Operations Manual detailing the flow of project funds, project financial management arrangements and the overall FM implementation mechanism, will be prepared by the MEHE within three months of project effectiveness. Finally, the project PFS components will be audited by an independent private external auditor acceptable to the Bank.

10. The Table 1 below estimates the support needed for the project over time.

**Table 1: Implementation Support Table**

<i>Timing</i>	<i>Focus</i>	<i>Skills Needed</i>	<i>Resource Estimate (US\$)</i>	<i>Partner Role</i>
<i>First twelve months</i>	<i>Capacity building and operational readiness</i>  <i>Implementation support, technical and operational support for individual components</i>	<i>Fiduciary (procurement, FM, safeguards) and implementation planning and start-up</i>  <i>Technical and operational support for addressing early implementation bottlenecks</i>	<i>150,000</i>	<i>Joint supervision, technical support and data sharing</i>
<i>12-48 months</i>	<i>Technical and operational support for individual components</i>	<i>Architect, textbook specialist, as needed</i>	<i>170,000</i>	<i>Joint supervision, technical support and data sharing</i>

**Table 1: Skills Mix and estimated time requirements for Bank implementation support team:**

<i>Skills Needed</i>	<i>Number of Staff Weeks per year</i>	<i>Number of Trips per year</i>
<i>Team Leadership – technical and operational</i>	<i>14</i>	<i>2-3</i>
<i>Operations expertise</i>	<i>10</i>	<i>2-3</i>
<i>FM expertise</i>	<i>2</i>	<i>Locally based</i>
<i>Procurement expertise</i>	<i>4</i>	<i>Locally based</i>
<i>Environmental expertise</i>	<i>1</i>	<i>[2 total, not annual]</i>
<i>Legal Counsel</i>	<i>1</i>	<i>As/if needed</i>
<i>Architect (Consultant)</i>	<i>4</i>	<i>1</i>
<i>Textbook Specialist (Consultant)</i>	<i>3</i>	<i>1</i>
<i>School Finance Specialist (Consultant)</i>	<i>4</i>	<i>1</i>

***Monitoring project performance***

11. The completion of a POM is an immediate priority. The POM will include a project implementation plan / timeline and will be used to monitor project progress. The WB team will assist the PMU in preparing a high quality POM so that implementation procedures are clear; this will also limit the negative impact that PMU staff turnover could cause. A project launch workshop is envisaged and will cover training PMU staff on reporting requirements and FM and procurement procedures and guidelines.



12. The WB team will conduct implementation support missions of between 5 to 10 days each a minimum of 2-3 times per year, and more often if needed and funding permits. Implementation support missions will review project performance against the agreed upon project results framework and any agreed actions made at other times during project implementation, particularly those made during support missions and those made by the REC. The PMU will prepare quarterly implementation progress reports for submission to the Bank team, summarizing project progress, achievements and implementation bottlenecks or issues impeding project advancement. The Bank team will provide the PMU with good practice examples of such reports from other successful projects.

***Roles of development Partners***

<i>Name</i>	<i>Institution/Country</i>	<i>Role</i>
<i>DFID</i>	<i>UK</i>	<i>Joint missions and technical cooperation Joint policy dialogue Data sharing Operational coordination</i>
<i>UN Agencies, USAID, EU</i>	<i>Offices based in Lebanon</i>	<i>Technical cooperation Joint policy dialogue Data sharing Operational coordination</i>

***Interacting with project beneficiaries***

13. As part of semi-annual joint supervision missions, site visits will be planned to (i) schools benefitting from project activities (rehabilitation, school libraries, etc.) and other entities benefitting from the project, such as DOPS. A stakeholders’ workshop will also be planned as part of the mid-term review scheduled to take place about 18 months after project implementation begins.

# Map

