

PROJECT INFORMATION DOCUMENT (PID) APPRAISAL STAGE

Report No.: PIDA15717

Project Name	Emergency Education System Stabilization (P152898)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Lebanon
Sector(s)	Primary education (100%)
Theme(s)	Education for all (100%)
Lending Instrument	Investment Project Financing
Project ID	P152898
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Education and Higher Education
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	16-Dec-2014
Date PID Approved/Disclosed	22-Dec-2014
Estimated Date of Appraisal Completion	11-Dec-2014
Estimated Date of First Grant Approval	30-Jan-2015
Decision	World Bank Decision Review Meeting took place on November 17, 2014. The decision to proceed with appraisal/negotiations in principle was given.

I. Project Context

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).

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 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 with an estimated 470,000 children of school currently registered by the UNHCR in Lebanon (representing around 43 percent of the total Syrian refugee population) while by contrast 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 MEHE be supported to deliver education services to the vulnerable refugee population while continuing to deliver education services to Lebanese. 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 of 74 percent, equivalent to Lebanon's. Syrian enrolment at the secondary level in Lebanon is now less than 5 percent. Despite a number of donor activities in the education sector discussed in greater detail in Annex III, the needs of the Syrian population are great, as are the strains that they are placing on public provision 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. 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.

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 capital, the country faces large inequality of opportunities and outcomes among its citizens. 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 reaches 43.9 percent. Inequality is also undermining Lebanon's poverty reduction and social and economic inclusion efforts as social/economic mobility is difficult for individuals born in 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 publicly subsidized private schools and 3.3 percent of students were in 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.

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.

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. 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.

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 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.

II. Proposed Development Objectives

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.

III. Project Description

Component Name

Support to Schools

Comments (optional)

Component Name

Learning Environment Quality

Comments (optional)

Component Name

Project Management and Support

Comments (optional)

IV. Financing (*in USD Million*)

Total Project Cost:	32.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.00
Lebanon Syrian Crisis Trust Fund			32.00
Total			32.00

V. Implementation

MEHE, through a newly established PMU, is responsible for implementing the project and its components. The RACE Executive Committee (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.

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;

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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		x

Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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