



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 04-Apr-2023 | Report No: PIDA35553



**BASIC INFORMATION**

**A. Basic Project Data**

Country Lebanon	Project ID P180077	Project Name Lebanon Emergency Crises and Covid-19 Response Social Safety Net Project Second Additional Financing	Parent Project ID (if any) P173367
Parent Project Name LEBANON EMERGENCY CRISIS AND COVID-19 RESPONSE SOCIAL SAFETY NET PROJECT	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 04-Apr-2023	Estimated Board Date 18-May-2023
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) Lebanese Republic	Implementing Agency Prime Minister's Office

Proposed Development Objective(s) Parent

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

Components

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

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

**SUMMARY**

<b>Total Project Cost</b>	300.00
<b>Total Financing</b>	300.00
<b>of which IBRD/IDA</b>	300.00
<b>Financing Gap</b>	0.00



**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	300.00
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Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

**B. Introduction and Context**

Country Context

1. Lebanon is more than three years into an economic and financial crisis that is among the worst the world has seen<sup>1</sup>. The crisis that started in October 2019 has been further exacerbated by the dual impact of the COVID-19 outbreak, and the massive Port of Beirut (PoB) explosion in August 2020, which all together affected people’s health, livelihoods, and well-being. The Lebanese economy continues to contract, although at a somewhat slower<sup>2</sup> pace (by 21.4 percent in real GDP in 2020, 7.1 percent in 2021, and 2.6 percent in 2022). By February 2023, the currency lost more than 98 percent of its pre-crisis value. The depreciation of the parallel market exchange rate has accelerated since the beginning of 2023, breaching 100,000 LBP/US\$ amid rising tensions, bank strikes, and relatively fewer Foreign Exchange (FX) interventions by Banque du Liban (BdL). As of February 1, 2023, the Lebanese Pound (LBP) was officially devalued by 90 percent from 1,500/US\$ to 15,000/US\$. Nonetheless, multiple exchange rates continue, creating distortions in the economy and rent-seeking opportunities.

2. As a result of the multiple crises, poverty, and vulnerability have increased significantly, with severe implications for Lebanon’s human capital. Pre-crisis data from the 2018-2019 Labor Force and Household Living Standards Survey in Lebanon found that close to 26 percent of households considered themselves to be either poor or extremely poor. The 2019 Multidimensional Poverty Index (MPI)<sup>3</sup> for Lebanon reveals that 53.1 percent of the residents in Lebanon are poor, with the highest incidence among children aged 0-4 years, at 66.8 percent. This further highlights the vulnerability of households with young children and the severe implications that the current crises pose on their human capital. Across the eight governorates, *Akkar* and *Bekaa* are the poorest, while the greatest intensity of poverty among the Multidimensional Poverty Index (MPI)- poor is experienced in Beirut. The poorest households are most likely to bear the brunt of the economic contraction and rapidly

<sup>1</sup> Lebanon Economic Update, World Bank, April 2022.

<sup>2</sup> Lebanon Economic Monitor, Fall 2022: Time for An Equitable Banking Resolution, World Bank.

<sup>3</sup> The CAS together with the World Bank has issued in March 2022 the first official MPI for Lebanon using the nationally representative 2018-2019 Labor Force and Housing Living Conditions Survey. The index is derived from 20 indicators across five dimensions which are education, health, financial security/well-being, basic infrastructure, and living standards.



increasing food prices: as household budgets come under increasing strain, the poor are being forced to reduce their investments in education, skills, and health - aggravating poverty and leaving them vulnerable to future shocks.

3. The political situation in Lebanon is impeding economic reform measures. Following the May 2022 parliamentary elections, the government entered into caretaker status with limited executive responsibilities. In addition, in October 2022, the term for the President of the Republic expired, further limiting the executive power of the caretaker government. With no elected president due to political deadlock and the limited jurisdiction of the government, the parliament's role remains as an elected body with the sole responsibility of electing a President of the Republic. Therefore, until a President is elected, the parliament has limited legislative activities, with no legislative sessions since November 2022. This poses a risk for legislative needs in Lebanon, which may also impact the ratification of the Emergency Social Safety Net project - Second Additional Financing (AF2).

#### Sectoral and Institutional Context

4. Lebanon lacks a comprehensive and inclusive social protection system that provides its citizens equal access and opportunity. Prior to the crises that started in 2019, the social protection system was highly regressive, driven by subsidies that benefited mostly the non-poor. Despite government spending on social protection reaching six percent of GDP in 2019<sup>4</sup>, the bulk of it – 93 percent – was on social insurance compared to only four percent on social safety nets (SSN).<sup>5</sup> Spending on SSN specifically has been consistently low and does not meet the needs of the poor and vulnerable. Only 13 percent of social assistance spending was targeted to the poor and the vulnerable in 2020, while 87 percent was generalized government spending.

5. As a response to the crises, the government launched on December 7, 2021, the Emergency Social Safety Net (ESSNP), a 3-year US\$246 million program that sought to support the government to further scale up the National Poverty Targeting Program (NPTP). The project was approved by the World Bank Group Board of Executive Directors on January 28, 2021, and ratified by law by the Lebanese Parliament on December 7, 2021<sup>6</sup>. The project's objectives are to arrest the increase in extreme poverty and to preserve the human capital of 13-18-year-old children enrolled in public schools, through the provision of cash transfers and access to social services.

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<sup>4</sup> Institut des Finance (2021) : <http://www.institutdesfinances.gov.lb/publication/social-protection-spending-in-lebanon-a-dive-into-the-state-financing-of-social-protection/>

<sup>5</sup> [Lebanon](#) Public Finance Review, World Bank, 2022.

<sup>6</sup> Parliamentary ratification of March 2021 contained changes to the Project including downsizing allocations of funds for key activities. On April 26, 2021, the World Bank received a request from the Minister of Finance for a project restructuring to reflect the changes introduced by Parliament, additional grant financing, and an extension of the effectiveness date. On May 21, 2021, the World Bank responded to the GOL confirming that specific parliamentary amendments would require a project restructuring as they entail revisions to the component design and scope, results framework, and withdrawal category allocations. In September 2021, the GOL agreed to amend the ESSN Law and submit it to Parliament for re-approval. The government's proposed amendments to Law 219 were discussed with the World Bank and agreed upon through an exchange of letters on October 25, 2021.



6. Developing an integrated social protection system is a key priority for the Government of Lebanon (GOL), as articulated in the National Social Protection Strategy (NSPS)<sup>7</sup> that is currently being finalized. The Strategy is centered around key aspects including coverage of current programs, adequacy of benefits across the lifecycle, governance and institutional capacity of relevant agencies, financing, accountability, and transparency. The ESSNP is well aligned with the Strategy, which calls, among other issues, for expanding NPTP's coverage, complementing cash transfers with social services to address multidimensional poverty, strengthening case management and referrals systems, and developing the required infrastructure for the provision of social assistance, including an information system that supports the key functions of outreach, registration, grievance redress, payment, etc. The Strategy is expected to be endorsed in mid-2023.

### **C. Proposed Development Objective(s)**

7. The Project Development Objective (PDO) will remain the same as in the original loan agreement: (a) provide cash transfers and access to social services to extreme poor and vulnerable Lebanese populations affected by the economic and COVID-19 crises in Lebanon; and (b) in case of an Eligible Crisis or Emergency, provide immediate and effective response to such emergency or crisis.

#### **Key Results**

The PDO will be monitored through the following PDO level outcome indicators:

- Number of households receiving basic cash transfers (of which female-headed households, households with persons with disabilities (PwD), households with elderly members, households with children under 18 [percentage]).
- Number of children (ages 13–18) enrolled in school year among beneficiary households.
- Percentage of boys (ages 13–18) enrolled in school year among beneficiary households.
- Number of beneficiaries of social services (of which female [percentage]).

### **D. Project Description**

8. The proposed Emergency Social Safety Net Project – Second Additional Financing (ESSNP AF2) will introduce the following key changes to the project: (a) increase the number of beneficiaries of Component 1; (b) change the existing components as follows: (i) Component 1 to expand the coverage of extremely poor and vulnerable households; (ii) Component 2 to amend the soft conditionality and expand coverage of poor students; (iii) Component 3, no change<sup>8</sup>; and (iv) Component 4 to allocate funds from Component 3; (c) update the Results

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<sup>7</sup> The strategy development started in 2019, led by the Lebanese government, through an inter-ministerial committee that brings together the Ministries of Social Affairs, Labor, Public Health, Education, Economy and Trade, Justice, and Finance, in addition to the National Social Security Fund, the National Employment Office, and a host of civil society organizations, syndicates and unions, development partners and international organizations, independent local and international experts and all UN agencies.

<sup>8</sup> With the ratification of ESSN Law by the Parliament on December 7, 2021, sub-components in the original design such as designing and piloting an integrated package of social services, to be delivered by local SDCs, based on an assessment of the needs and capacity were removed. However, with the ESSN AF2 these removed sub-components were restored.



Framework to reflect the expanded coverage in Component 1; and (d) extend the loan closing date from December 31, 2024, to December 31, 2026.

9. The ESSNP AF2 will include five components: (a) provision of cash transfers for basic income support to extreme poor and vulnerable Lebanese households; (b) provision of top-up cash transfers for students from extreme poor Lebanese households at risk of dropping out of school; (c) provision of social services to vulnerable households; (d) enhanced social safety nets program delivery; and (e) Contingent Emergency Response Component (CERC).

### **Component 1: Provision of cash transfers for basic income support**

10. Component 1 will facilitate the provision of cash transfers to 160,000 beneficiary households. This includes all ESSNP beneficiary households (beneficiaries from the parent project), who will receive transfers for 24 months through the ESSNP and the ESSNP AF2. Each month, beneficiary households will receive a lump sum of US\$25 in addition to US\$20 per household member (up to six members). Benefits will be paid in United States dollars (up to US\$170)<sup>9</sup>. The objective of this component remains to arrest the increase in poverty during the ongoing crises in Lebanon by continuing cash assistance to ESSNP beneficiaries, who are both socially vulnerable and extreme poor (150,000 households) while expanding coverage (10,000 households) to include extremely vulnerable households.

11. Most households that will benefit from this component are already experiencing the adverse effects of climate change. As such, the aid in the form of cash transfers will increase the resilience of beneficiaries against reduced incomes and opportunities for livelihoods as well as increased prices of food and water. The target number of beneficiaries- 160,000 households- will receive cash transfers for two years, or 24 months in total financed by the ESSNP and ESSNP AF2 project. The proposed financing breakdown between the ESSNP and ESSNP AF2 will allow the Government to continue transfers to existing beneficiaries through the parent project.

### **Component 2: Provision of cash transfers for students at risk**

12. The objective of Component 2 is to preserve the human capital of poor Lebanese households by supporting the retention of students who are at risk of dropping out of school due to socio-economic reasons, which may also have been aggravated by school closures due to the COVID-19. As the impacts of climate change exacerbate existing inequalities and increase the risk of school dropout due to economic insecurity, providing cash transfers to vulnerable students can help mitigate the effect of these challenges on their education.

13. This component aims to provide a top-up education cash transfer to approximately 92,000 students between the ages of 13 and 18 years currently enrolled in public schools in General Education (GE) or Technical and Vocational Education and Training (TVET) among the eligible poor and vulnerable Lebanese households. It is worth noting that there is no cap on the number of children that will benefit from assistance under this component per household. Cash transfers have consistently been found to have beneficial effects on school

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<sup>9</sup> The average benefit size per household is approximately US\$120.



participation, particularly improving enrollment rates and decreasing dropouts, with an average of six percent improvement in school enrollment and a three percent improvement in student attendance in developing country settings.

14. The registration and the academic performance of eligible children will be monitored and reported on by the Ministry of Education and Higher Education (MEHE) to PCM-CMU and the Minister of Social Affairs (MOSA). MEHE and MOSA will develop action plans for children who are found to be missing attendance at school frequently or lagging academically. Such plans will present interventions for psychosocial and academic support (this cooperation will be elaborated on later based on discussions between MEHE and MOSA). Monthly attendance will be monitored by MEHE using the School Information Management System (SIMS) for general education and TVET's student management system.

### **Component 3: Social services**

15. Component 3 will contribute toward (a) strengthening the capacity of MOSA and the Social Development Centers (SDCs), and (b) increasing access to quality social services for poor and vulnerable households. The scope of Component 3 in the parent project included: (a) rapid needs assessments of priority social services among vulnerable households; and (b) capacity development of MOSA and its SDCs to (i) define and develop the package of (basic and specialized) social services to be provided to beneficiary groups; (ii) procure, manage, and monitor service provision based on minimum service standards; and (iii) finance the provision of social services through SDCs and contracted service providers.

### **Component 4: Enhanced social safety nets program delivery**

16. Component 4 aims to help ensure an efficient and effective implementation of the ESSN project and lay the foundations for sustainable SSN delivery. It will include (i) further development of DAEM into a full-fledged Social Protection Information System (DAEM SPIS), a fully digitized Government-to-Person (G2P) payment system for cash transfer; (ii) development of a comprehensive communication and outreach strategy; (iii) monitoring and evaluation, Third-Party Monitoring Agent (TPMA), and external audit; and (iv) project management and implementation support. By developing a complete payment module, the Government will be able to deliver cash to all beneficiaries registered on the DAEM SPIS.

#### *Subcomponent 4.1: Further development of a National Social Registry into DAEM SPIS*

17. This subcomponent will support the development of the DAEM SPIS. The work initiated under the parent project for the DAEM Social Registry includes several key components that laid the ground for the development of a full SPIS – DAEM SPIS. The ESSNP AF2 will keep building on DAEM Social Registry to enhance additional features of (i) Intake and Registration; (ii) Validation and Eligibility Assessment; (iii) Payment Administration; (iv) ESSN back-office; (v) Reporting and Data Analytics; (vi) Public Dashboards; (vii) User Interfaces; (viii) Build new modules such as Central Grievance Mechanism module including Citizen Engagement; (ix) Training portal; (x)



Case management; (xi) Social services; and (xii) Generic social assistance module. The development of all 12 modules would require twelve months of software development and a six-month maintenance period.

*Subcomponent 4.2: Communications and Outreach*

18. This subcomponent will support the implementation of effective Communication and Outreach activities through the development of a holistic strategy with clear goals and objectives while introducing systems and processes to ensure a smooth workflow. The subcomponent will also look at closing gaps and addressing present and future communication issues that may hinder the proper promotion of the project and its components. It will also focus on developing impactful and comprehensive content to be disseminated across all available channels by contracting specialized firms. Communications and outreach activities will be evaluated and monitored regularly to ensure effectiveness and impact by identifying a set of Key Performance Indicators (KPIs) related to messaging, channels, and reach, among others.

*Subcomponent 4.3: M&E, verification system, and third-party monitoring (TPM)/ external technical audit*

19. This subcomponent will finance the design and implementation of a robust M&E system to ensure the efficiency and effectiveness of the project. This will cover a Grievance Mechanism (GM) that will also be included in the reporting and will be in alignment with the requirements of the Social Impact Assessment (SIA) and Stakeholder Engagement Plan (SEP), post-distribution monitoring (PDM), and an impact evaluation to be embedded in the design of the project.

20. The subcomponent will also finance a Third-Party Monitoring Agent (TPMA) to review and validation of the entire delivery process. It will be conducted by contracting an independent and competitively hired firm. The scope of activities will include a monthly assessment of the accuracy and integrity of the verification process on the ground (reported every quarter), the process of data entry and eligibility determination using Proxy Means Test (PMT) conformity of the categorical targeting criteria, and the payments process. The review and validation will be conducted for project activities over the entire duration of the project. Findings from the TPMA in relation to the integrity of project activities will inform the project of any necessary corrective or sanctioning measures that may need to be applied. Reports of the TPMA will be publicly disclosed to ensure complete transparency in the implementation of the program.

*Subcomponent 4.4: Project management and implementation support*

21. Overall, project management and implementation will be the responsibility of the PCM-CMU cooperation with the MOSA. The PCM-CMU currently plays two functions: (a) day-to-day operations in the implementation of ESSNP; and (b) management of the fiduciary aspects of the project (procurement, financial management (FM), fiduciary, and safeguards), which is carried out by the Fiduciary Operations Team (FOT) in the PCM-CMU. During the project implementation period, the PCM-CMU will continue to play its role in the implementation and coordination of the project, including managing DAEM data systems, the fiduciary operations, communication and outreach activities, environmental and social aspects, M&E, TPMA, and other project monitoring activities. During this period, implementation functions such as management of the fiduciary aspects of the project will be strengthened in MOSA.





**Component 5: Contingent Emergency Response Component (CERC)**

22. In recognition of Lebanon’s current significant vulnerability to shocks, a CERC with no funds is included in accordance with the World Bank policy on Investment Project Financing for a contingent emergency response to an eligible crisis or emergency, as needed. This component will allow the GOL to request the World Bank for rapid reallocation of the project funds to respond promptly and effectively to an eligible emergency or crisis that is a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact. If the World Bank agrees with the determination of the disaster and associated response needs, this component will draw resources from the categories financing Components 1, 2, 3, and 4 and/or allow the Government of Lebanon to request the World Bank to recategorize and reallocate financing from other project components to cover emergency response and recovery costs.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

**Anticipated Environmental Impacts and Risks**

23. The environmental risk is rated as low. Similar to the parent project, the environmental risk is assessed to be low since the project components are expected to have limited to no impact on the environment. The project will not carry out any civil works or activities that will generate any adverse risks or impacts on the environment.

**Anticipated Social Impact and Risks**

24. The social risk is rated as substantial. The ESSNP AF2 does not include new additional activities, as the proposed amount will be used to supplement existing financing under the project components. Under the parent project, the project implementing agency, PCM-CMU, prepared, cleared, and disclosed the following Environmental and Social (E&S) instruments: 1) the Environmental and Social Commitment Plan (ESCP); 2) the Social Impact Assessment (SIA); 3) the Stakeholder Engagement Plan (SEP); and 4) the Labour Management Procedures (LMP). All the instruments were updated under the first restructuring and redisclosed. Recently in January 2023, the PCM-CMU conducted virtual consultations with all identified stakeholders, and all feedback was incorporated into updated SIA and SEP instruments in line with the ESCP for the ESSNP AF2. Under the ESSNP AF2, the PCM-CMU will again update all instruments, including the SIA, LMP, and SEP, to reflect feedback from consultations conducted with beneficiaries or other interested parties or vulnerable groups. The ESCP will also



be updated, noting that it will supersede previous versions of the ESCP for the project and will be applied to the original parent project, the ESSNP AF1 and the ESSNP AF2. All updated instruments will be cleared and disclosed by the Appraisal stage.

## **E. Implementation**

### Institutional and Implementation Arrangements

25. Institutional and implementation arrangements for the proposed ESSNP AF2 will follow those of the parent Project. The PMU-CMU will manage the Project, similar to the parent Project. Specifically, the PCM-CMU is responsible for maintaining and administrating the PMT formula, issuing payment lists, as well as the fiduciary and related activities of the Project. In addition, the PCM-CMU is responsible for the implementation and monitoring of the environmental and social instruments, including the SEP, Environmental and Social Commitment Plan (ESCP), SIA, and Labor Management Procedures (LMP), all of which were cleared and disclosed under the parent Project. The implementation of the cash-based assistance is contracted out to the World Food Program (WFP). Moving forward, social workers at MOSA are anticipated to be involved in the household verification exercise and be supported by WFP. A handholding process will be initiated to move the verification visits to MOSA's social workers in the long run.

26. The TPMA was recruited to verify the eligibility of the beneficiaries and the implementation process under the Project and to confirm that payments have been made to the intended beneficiaries. The TPMA will collect monthly data and report on results to the PCM-CMU on a quarterly basis. In addition, PDM is currently undertaken by WFP at the end of each payment cycle with a sample of beneficiaries. The monitoring results will be included in narrative progress reports, which will be submitted to the World Bank.

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**APPROVAL**

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