

Public Disclosure Authorized

REPUBLIC OF LEBANON

KAFALAT SAL

BUILDING BEIRUT BUSINESSES BACK & BETTER (B5) FUND PROJECT

(Situations in Urgent Need of Assistance or Capacity Constraints)

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PRELIMINARY STAKEHOLDER ENGAGEMENT PLAN (SEP)

BEIRUT

June 2021

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01	21/03/2021	Pre-Appraisal Version
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Abbreviations and Acronyms

ADR	Association for the Development of Rural capacities
AEP	Association d'Entraide Professionnelle
ALI	Association of Lebanese Industrialists
B5	Building Beirut Businesses Back & Better Fund
CERC	Contingency Emergency Response Component
COVID-19	Corona Virus Disease
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESS	Environmental and Social Standard
EU	European Union
FI	Financial Intermediaries
FP	Financial Plan
GBV	Gender Based Violence
GOL	Government of Lebanon
GRM	Grievance Redress Mechanism
iSME	Innovative SMEs Project
LDC	Lebanese Development Cooperative
LFF	Lebanon Financing Facility
LLWB	Lebanese League for Women in Business
LFMA	Lebanese Micro Finance Association
LUPD	Lebanese Union for Persons with Disabilities
MFIs	Microfinance Institutions
MoE	Ministry of Environment
MoI	Ministry of Industry
MoPH	Ministry of Public Health
NGO	Non-Governmental Organization
PAP	Project's Affected Populations
PIA	Project Implementation Agency
PMU	Project Management Unit
POB	Port of Beirut
QER	Quality Enhancement Review
RDNA	Rapid Damage and Needs Assessment
3RF	Reform, Recovery and Reconstruction Framework
SEP	Stakeholder Engagement Plan
SMEs	Small and Medium Enterprises
UN	United Nations
WB	World Bank
WBG	World Bank Group

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1. Introduction and Project Description

Lebanon is facing multiple crises all at once: an economic and financial crisis; the COVID-19 pandemic; and the aftermath of the Port of Beirut (POB) explosion on August 4, 2020 that severely impacted the economy. The explosion claimed the lives of at least 200 people, injured more than 6,000, left nearly 300,000 homeless and damaged at least 10,000 Medium and Small Enterprises (MSEs). According to the Rapid Damage and Needs Assessment (RDNA)¹, which was produced by the World Bank Group (WBG) in collaboration with the European Union (EU) and the United Nations (UN) immediately following the blast, the explosion caused between US\$3.8 and US\$4.6 billion in damage to physical stock and losses.

The WBG, UN, and EU, in cooperation with civil society, the Government of Lebanon (GOL) and the international community, have developed the Reform, Recovery and Reconstruction Framework (3RF). The 3RF provides a roadmap to operationalize the findings of the RDNA and other assessments and responds to the devastating explosion in the POB.

The WBG, in close cooperation with the UN and EU, and support from key donors, is establishing a pooled financing mechanism, the Lebanon Financing Facility (LFF) that will be one (but not the only) instrument to channel support to selected priorities under the 3RF. Its objective is to support the immediate socio-economic recovery of vulnerable people and businesses affected by the POB explosion and to build the foundation for medium-term recovery and the sustainable reconstruction of the POB and affected neighborhoods. The facility has been operational since End-December 2020.

The POB explosion had a severe impact on the productive sector, which is already suffering the ramifications of the multiple crises. Most of the privately-owned establishments across all sectors, within a 5 km radius of the explosion site, have been affected and service delivery will be extremely hard to restore in the short term. The RDNA found that at least 5,000 formal business facilities have been damaged and need urgent financial assistance across all sectors: tourism, commerce & industry, creative industries, utilities, health, and education. Microfinance Institutions (MFIs) reported that over 5,200 micro borrowers located in the blast area have experienced material damage to their homes and/ or businesses, with some having lost their primary breadwinner.

Access to finance has severely deteriorated and firms, specifically MSEs, affected by the explosion are struggling to finance their reconstruction and recovery needs. The multiple crises environment and the disruption in operations, caused many firms to be in desperate need of liquidity to survive and adapt and MSEs will be the least able to access it. Given the extended duration and scale of the crises, firms either have depleted their cash reserves or do not have enough reserves to repair and operate their businesses and many will need access to external financing support, or could face a real risk of insolvency.

To support the immediate recovery of viable MSEs affected by the explosion and ensure the sustainability of the microfinance sector, the World Bank is proposing the setup of a Building Beirut Businesses Back & Better (B5) Fund to be financed by the LFF in line with immediate support to the private sector.

¹ [Beirut Rapid Damage and Needs Assessment \(RDNA\) — August 2020 \(worldbank.org\)](https://www.worldbank.org/en/publications/rapid-damage-and-needs-assessment)

The project comprises the following components:

- **Component 1** (US\$ 18.50 Million) will provide non-reimbursable grants to eligible Medium and Small Enterprises (MSEs) regardless of whether they are formal, or informal, and banked or unbanked through Microfinance Institutions (MFIs) up to US\$ 25,000.
- **Component 2** (US\$ 5.00 Million) will provide financing grants to MFIs to cover part of their operational expenses.
- **Component 3** (US\$ 1.50 Million) will finance Kafalat project management and supervision costs over the project life that includes consultancy fees, operations, and administrative costs.

The impacted zone faces the sea and the POB. It represents a big part of Beirut's waterfront. The most impacted areas are the ones of Gemmayzeh, Rmeil and Mar Mikhael. Other areas like Burj Hammoud and Beirut Central District have been impacted. Explosion impact reached many more areas where destruction was less in comparison as shown in the following figure ².

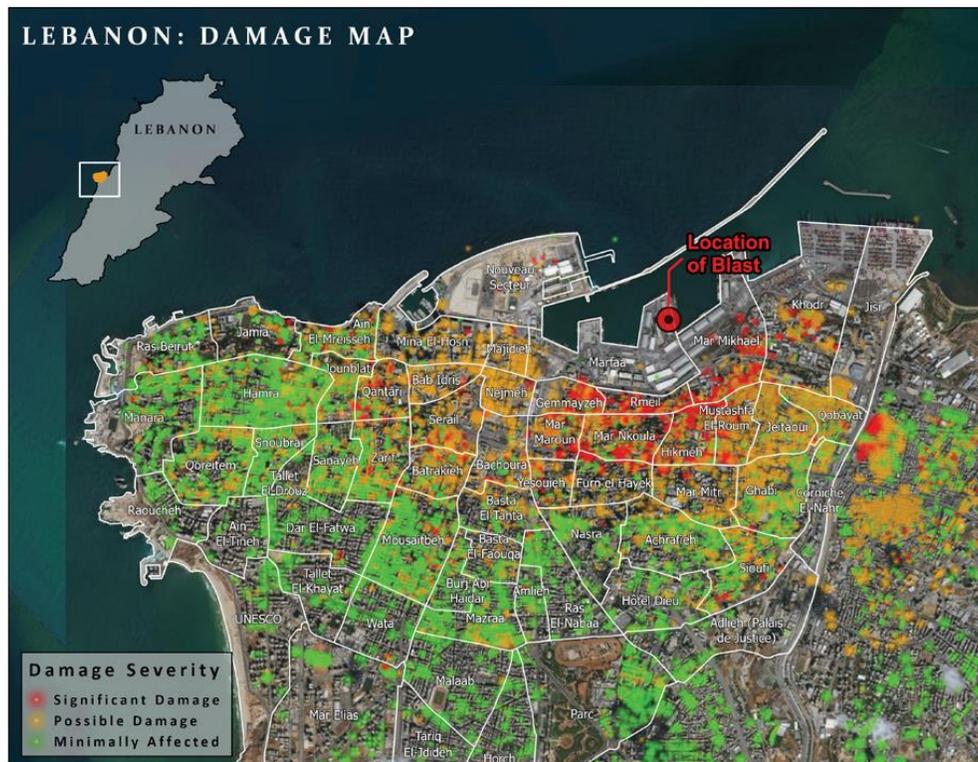


Figure 1: Beirut Port Blast Damage map showing the area of implementation of the Project

The proposed B5 Fund is being prepared under the World Bank's Environment and Social Framework (ESF). As per the Environmental and Social Standard (ESS) 10 Stakeholders Engagement and Information

² World Bank Group in cooperation with the European Union and the United Nations (2020), Beirut Rapid Damage and Needs Assessment.

Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

The overall objective of this Preliminary Stakeholders Engagement Plan (SEP) is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle. The Preliminary SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project and any activities related to the project. The involvement of the local population is essential to the success of the project in order to ensure smooth collaboration between project staff and local communities and to minimize and mitigate environmental and social risks related to the proposed project activities.

2. Brief Summary of Previous Stakeholder Engagement Activities

During the project preparation, a virtual consultation meeting was conducted by Kafalat SAL (PIA) following the national general mobility restrictions to restrict movements as a means of controlling the COVID-19 outbreak and in line with the WHO guidelines. Kafalat SAL extended the invite to 18 different stakeholders out of which 15 participated. The virtual consultation session also followed the guidelines of the World Bank's technical note on conducting consultations during times of constraints (see Annex 2 of this SEP) and took place on the 18th of February 2021 from 10:30 am until 12:10 pm. Stakeholders were invited by email, four days in advance. The email gave a summary of the project and of what was expected from the participants. Attached to the email was a survey composed of 8 questions and a power point presentation of the B5 Fund project (See Annexes 3 and 4).

The list of participants included the Lebanese League for Woman in Business (LLWB), ArcenCiel, The Ministry of Industry, the Chamber of Commerce of Beirut, the Lebanese Micro Finance Association (LMFA), Ibdaa, Vitas, Emkan, Al Majmouaa, The Lebanese Development Cooperative (LDC), Abaad, Lebanese Union for Persons with Disabilities (LUPD), Makhzoumi Foundation and Association d'Entraide Professionnelle (AEP). As for the Ministry of Environment, the Syndicate of Restaurants and the Order of Engineers and Architects of Beirut, they were invited but did not attend the virtual meeting.

Stakeholders were invited to share their thoughts, questions and concerns regarding the current project setup and the associated environmental and social risks during a 2-hours virtual session. Among the main points raised were the inclusion of vulnerable groups, the efficiency of the grants considering their amounts, avoidance of "double dipping" or even "triple dipping". The need for effective outreach and communication campaign was also a point raised in the consultations. Below is a summary of the main points raised by the stakeholders during the consultation session held on 18th February.

- The LMFA represented by its President, Dr. Youssef Khalil proposed its support to Kafalat. Dr. Khalil asked if USD 2,500 as an average per grant is enough and if it should be considered that the average per grant be raised to USD 3,000. Kafalat SAL will raise this matter in due time in the phase of finalization.
- Mr. Roger Khayat from the Chamber of Commerce of Beirut raised concerns about the average grant amount proposed saying that it would not add to the wealth of the end beneficiaries. He also said that a loan of USD 5,000 to USD 10,000 would be much more beneficial to the end beneficiaries. Mr. Khayat's comments are not applicable since the present project consists of only

grants with no loans.

- Mrs. Asma El Zein from LLWB spoke about specialized trainings for MSE's and about building skills on training. She estimates that this project will succeed if we do the right vetting for the MSE's to be supported and be sure if they were active before the blast. Also, a good monitoring is highly recommended. She also raised an important issue by considering that maintaining a full transparency on all operational levels and the right updating for all participants is crucial. Mrs El Zein comments are very important since she represents the main NGO representing women and their rights. Women represent a big part of MFI borrowers as well as an important group among the victims of the explosion.
- Mrs. Sylvanna Lakkis, President of the LUPD proposed to make incentives for owners of project to be inclusive. She proposed to give technical support on how to manage diversity. She requested that standards concerning disabled be included in the project. She said that it made a lot of sense to think of a module for the disabled. Mrs Lakkis's concerns will be integrated since it is a need in the community and also the Lebanese law requires that efforts in terms of employment and others be done as per the requirements of Law220 and its relevant decrees dated 2011.
- Mr. Dany Gedeon, Director General of the Ministry of Industry had an intervention. He said that out of the 475 factories within the 5KM radius, there are 273 factories that were damaged. The cost of repair amounts to about USD 18 million. For him the amount of USD 20 million did not represent much when it is almost what only the damage in factories will cost. For him it is not the adequate answer to the disaster caused by the Beirut Port explosion. More efforts towards the small industry are only possible if the amount of the project is raised. At the moment nothing can be done.
- Dr. Mayada Baydas, Executive General Manager of Emkan (also VP of the LMFA) said that with the current situation, the grants will go a long way in terms of positive impact on the end beneficiaries. She highlighted that clients, damages, losses and opportunity costs are measures that impact differently the affected businesses. The responsibility of the MFIs is to be able to clarify and identify the outreach in an equitable manner. Kafalat will consult with MFIs to make sure as much as possible that the potential beneficiaries receive the information and have their chance to apply.

Out of the 18 surveys sent out with the email invitation, only 2 surveys have been responded to date. The Kafalat team sent several reminders thereafter and it is assumed that most stakeholders do not have further questions following the consultation session held on 18th of February 2021. The survey questions are of a qualitative nature mostly. The Kafalat team plans to reflect any other survey findings in the relevant environmental and social instruments.

3. Stakeholder identification and analysis

3.1 Methodology

This section outlines the key stakeholders who will be informed and consulted about the project.

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- ***Openness and life-cycle approach:*** public consultations for the project(s) will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference,

coercion or intimidation.

- **Informed participation and feedback:** information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns.
- **Inclusiveness and sensitivity:** stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders are encouraged to be involved in the consultation process, to the extent the current circumstances permit. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women and people with disabilities.

For the purposes of effective and tailored engagement, stakeholders of the proposed project can be divided into the following core categories:

- **Affected Parties** – persons, groups and other entities within the Project Area of Influence that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures;
- **Other Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way; and
- **Vulnerable Groups** – persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.

3.2 Affected parties and other interested parties

The key stakeholders identified by the Project need to be informed and consulted about the project. They include individuals, groups, or communities that:

- Are affected or likely to be affected by the project (project-affected parties); and
- May have an interest in the project (other interested parties).

Kafalat has identified 18 stakeholders to date. They are categorized into the following three main groups: MFI's, Non-Governmental Organization (NGOs) and Syndicates. It is to be noted that as the Kafalat identifies additional stakeholders throughout project implementation, this SEP, which is a living document, will accordingly be updated and the Kafalat will ensure that they are consulted upon in an inclusive manner as per the core principles of ESS10.

Table 1. List of project-affected parties and other interested parties

Component	Project-affected parties	Other interested parties
1-GRANTS TO MICRO AND SMALL ENTERPRISES THROUGH MFIs OR KAFALAT	<ul style="list-style-type: none"> - Lebanese League for Women in Business (LLWB) - Syndicate of Restaurants - Chamber of Commerce of Beirut 	<ul style="list-style-type: none"> - Ministry of Industry - Ministry of Environment - Order of Engineers and Architects of Beirut
2- GRANTS TO MFIs	<ul style="list-style-type: none"> - Lebanese Micro Finance Association (LMFA) - Ibdaa Microfinance - Vitas Microfinance - Emkan Financial Institution - Al Majmouaa Microfinance Institution - Lebanese Development Cooperative (LDC) Microfinancing - Makhzoumi Foundation - Association d'Entraide Professionnelle (AEP) - Association for the development of rural capacities (ADR) 	<ul style="list-style-type: none"> - Arcenciel (NGO, people with disabilities) - Abaad (NGO representing vulnerable groups / women)

3.3 Disadvantaged / vulnerable individuals or groups

It is important to understand whether the project has impacts on the disadvantaged vulnerable individuals or groups, who often do not have a voice to express their concerns and to ensure that the stakeholder engagement with these individuals or groups is adapted to take into account their sensitivities, concerns and culture and to ensure a full understanding of the project activities and benefits.

Considering the specific scope of B5 Fund Project, which addresses mainly the MSEs and the MFIs, vulnerable/disadvantaged groups at this stage can be identified to be mainly women, low-income population, elderly (owning businesses), persons with disabilities, youth, informal MSEs, refugees and NGOs representing vulnerable groups such as, Abaad, Arab Watch Coalition and Lebanese Union for Persons with Disabilities (LUPD). Especially for component 1, which aims at supporting eligible MSEs, it is important to involve the identified vulnerable groups in capacity building and grant procedures (as much as possible). The project shall follow a fair and non-discriminatory procedure for the selection of grantees.

The project will also reach out to and consult with NGOs representing vulnerable groups affected by the project. As mentioned above, vulnerable groups represented by NGOs such as the Lebanese Union for persons with disabilities (LUPD) and the Arab Watch Coalition were consulted upon during the stakeholder consultation conducted on 18 February 2021. Their feedback on the importance of ensuring project inclusivity which was found to be valuable was documented and will be taken into consideration for successful implementation of the project.

3.4 Summary of project stakeholder needs

Table 2 List of the project stakeholders' needs

Community	Stakeholder group	Language needs	Preferred notification means	Specific needs (daytime meetings, accessibility)
Beirut	People with disabilities	Arabic/English	By email and phone and website	Accessibility for people with disabilities
Beirut	Women business owners	Arabic/English	By email, phone and website	No specific preference
Beirut	MFI's	Arabic/English	By emails, phone and website	No specific preference
Beirut	Chamber of commerce of Beirut	Arabic/English	By email and phone	Meeting to be conducted preferably during office hours
Beirut	Syndicates	Arabic /English	By email and phone	No specific preference
Beirut	Ministries	Arabic	By phone and email	Meetings to be conducted preferably in Arabic during office hours
Beirut	Informal MSEs	Arabic	By phone and email	Meetings to be conducted in Arabic

4. Stakeholder Engagement Program

4.1 Purpose and timing of stakeholder engagement program

The main goal of the Stakeholders consultations is to improve the design of the project by adding some concrete propositions that are relevant to the project and that help ameliorate the outcome for the MSE's that are eligible to obtaining a grant under the B5 Fund. The propositions will be taken into account and further consultations will help improve the successful implementation of the project.

The urgency with which the Project has been developed (Situations in Urgent Need of Assistance or Capacity Constraints) and the lockdown announced on January 18th 2021 with the GOL restricting gatherings, have limited the Project's ability to develop a complete SEP. This preliminary SEP was developed and disclosed prior to Project appraisal, as the starting point of an iterative process to develop a more comprehensive stakeholder engagement strategy and plan. As the SEP is a living document, it will be updated periodically and as necessary agreed with Bank.

Kafalat SAL is planning to hold consultation meetings similar to the one held on the 18th of February 2021,

throughout the Project on an annual basis and with a possibility of adding relevant stakeholders according to the needs of the project. Additional identified stakeholders will accordingly be reflected in an updated SEP.

A precautionary approach will be taken to the consultation process to prevent infection and/or contagion, given the highly infectious nature of COVID-19. The following are some considerations for selecting channels of communication, in light of the current COVID-19 situation:

- Avoid public gatherings (taking into account national restrictions or advisories), including public hearings, workshops and community meetings and conduct meetings through online channels;
- Diversify means of communication and rely more on social media, website and emails.

4.2 Proposed strategy for information disclosure

This section describes what information will be disclosed, in what formats and the types of methods that will be used to communicate this information to each of the stakeholder groups.

Table 3: Proposed strategy for information disclosure

Project stage	List of information to be disclosed*	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Percentage reached	Responsibilities
Project life cycle (During Project Preparation, before Project effectiveness and during project implementation)	ESMS with Framework Approach	By email and Website	During preparation (Before disclosure) and throughout implementation when updated	All stakeholders that were invited to the consultations (when there is an update they will be informed)	100%	Kafalat SAL
	Specifics about the interaction between Kafalat SAL and the MFI's and information on the Grant	Virtual meeting due to COVID-19 restrictions	As needed	MFI's	100 %	Kafalat SAL

Project stage	List of information to be disclosed*	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Percentage reached	Responsibilities
	SEP	Virtual meeting due to COVID-19 restrictions	During preparation (Before disclosure) and throughout implementation when updated	All Identified Stakeholders (when there is an update they will be informed)	100 %	Kafalat SAL
	LMP	By virtual meetings are at office location as COVID-19 mobility restrictions allow	Before project effectiveness and potentially with the consultation of the ESMF	All project actors	100%	Kafalat SAL
	Following up on the demands of the stakeholders and their implementation	By virtual meeting	When there is a need and per the findings of the GRM	All previous stakeholders and any new ones identified as relevant	100%	Kafalat SAL

**All information will be disclosed on Kafalat website*

4.3 Proposed strategy for consultation

Kafalat SAL will use the following methods for future consultations:

- Interviews with stakeholders and relevant organizations using COVID-19 social distancing measures as needed and following the WHO guidelines and World Bank's technical note for conducting consultations during times of constraints
- Surveys, polls, and questionnaires
- Other traditional mechanisms for consultation and decision making.

- Consultations will be conducted as per the timeline indicated in Table 3 and whenever needed.

4.4 Proposed strategy to incorporate the view of vulnerable groups

The project foresees to carry out targeted stakeholder engagement with vulnerable groups to understand concerns/needs in terms of accessing information and other challenges they are faced with. The details of strategies that will be adopted to effectively engage and communicate to vulnerable group will be considered during project implementation.

As stated above, considering the specific scope of B5 Fund Project, vulnerable/disadvantaged groups at this stage can be identified to be mainly women, low-income population, persons with disabilities. In order to ensure those groups are adequately involved in the project, specific engagement methods will be applied. Since the mentioned groups are cross-cutting throughout all different stakeholder groups the envisioned methods are being applied throughout consultations with any of the listed stakeholders. Those methods include:

- Women-only consultation sessions (for women as part of MFIs, MSEs as well as relevant government structures such as Ministries or NGOs),
- Diversification of outreach methods beyond digital media, such as through the radio or poster campaigns to reach low-income population (only in the case when they were previous clients to the participating MFIs)
- Collaboration with organizations and outreach through Education centers and universities. For the involvement of recent graduates and collaboration with organizations supporting young jobseekers

4.5 Timelines

The timeline for implementation of all phases of the project is 3 years. During the implementation stages, consultative meetings will be held with stakeholders and vulnerable groups covering all activities associated with the project lifecycle. Deadlines for comments will be two weeks after the proposed consultation meetings as per Table 3.

The SEP will remain in the public domain for the entire period of project development and will be updated on a regular basis as the project progresses through its various phases, in order to ensure timely identification of any new stakeholders and interested parties and their involvement in the process of collaboration with the project including any feedback received from them that support successful project implementation. The methods of engagement will also be revised periodically and as needed to maintain their effectiveness and relevance to the project's evolving environment.

4.6 Review of Comments

As explained in more details above, communication and feedback from stakeholders will be taken into consideration at each stage of this project. The stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism. The PMU plans to have several meetings with 1) the MFIs 2) the target grantees post implementation to receive reviews and comments. Due to COVID-19 and the government restrictions on gatherings, and based on the targeted stakeholder group, different

means of communication will be considered to report to communicate with them as outlined in Table 2.

4.7 Future Phases of Project

All stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism. The Kafalat will prepare semi-annual reports regarding environmental and social impacts, grievances and project achievement and will present these to stakeholders.

5. Resources and Responsibilities for implementing stakeholder engagement activities

5.1 Resources, Management functions and responsibilities

Kafalat SAL, in particular the PMU Team Leader and the Environmental & Social Safeguard specialist (that will be hired for the purpose of the project) will be in charge of the stakeholders' engagement activities as outlined in this SEP in coordination and collaboration with the participating MFIs. The E&S specialist to be hired will establish the process in due time.

The Grievance Redress mechanism will be managed by Project PMU E&S specialist who will also ensure it is adequately functioning.

The budget for the SEP is included in Component 3 of the Project. At the present time, the contact emails are kafalat@kafalat.com.lb and khalil@kafalat.com.lb. The main contact person is Christian Khalil Attie, Senior Credit Analyst and Head of New Products. The contact person is subject to change.

6. Grievance Mechanism

A formal process is required to manage grievances and minimize social risks. The implementation of this procedure will result in the reduction of social risks, generate systemic change to reduce the volume of grievances and enhance the quality of the relationship between the Project and its stakeholders.

The specific objectives of the grievance procedure are as follows:

- a. To provide a process by which grievances from communities, groups, individuals, local authorities, NGOs and other local stakeholders can be processed efficiently, and constructively. The goal is to resolve grievances amicably and if possible, minimize the use of the legal system.
- b. To offer individuals and groups with a way to express their grievances and problems in a rational and transparent manner and demonstrate the important role of stakeholders in program design and implementation. The GRM will also allow anonymous grievances to be raised and addressed.
- c. To institutionalize a reporting system to try to take corrective action if possible.
- d. To establish a transparent relationship based on mutual respect with the communities and other local stakeholders.
- e. To establish Project responsibility regarding grievances and establish a course of action to manage the grievances in a timely manner.
- f. To establish referral pathways in the event of complaints associated with sexual exploitation and abuse and sexual harassment (SEA/SH) where reporting will be handled with a survivor centered approach and following the best international practices and principles of the World Bank's Good

Practice Note which is available at this [link](#).

- g. To allow complainant that is not satisfied with the resolution of his/her grievance to escalate it to the General Manager of the PIA.
- h. To allow MFIs and participating MSEs to submit their grievances. This includes when contesting MFIs' decision to provide a grant, which can be escalated to the relevant responsible persons at Kafalat as relevant. All grievances will be logged in a GM log accordingly and will be followed up on to ensure they are resolved and closed in a timely manner.

An effective GRM is in place at Kafalat SAL. It plays an important role in enhancing public trust and can be valued as a means to strengthen the performance and to improve Kafalat SAL reputation, administrative and systemic issues related to its projects and programs implemented. The existence of the grievance mechanism will be communicated to all stakeholder groups during consultations and through other means including emails to individual stakeholders, and the Kafalat SAL website on the following link: [KAFALAT | Guarantees for Loans to Small and Medium Enterprises in Lebanon](#).

Accessible grievance arrangements shall be made publicly available to receive and facilitate resolution of concerns and grievances related to SEA/SH risks. The existing project GRM shall include referral pathways in the event of any SEA/SH-related complaint using a survivor-centered approach with focus on confidentiality and anonymity.

Kafalat SAL shall maintain, throughout the Project implementation, and publicize the availability of a grievance mechanism, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank. The complainants should be given the possibility to remain anonymous if they do not wish to reveal their identity.

Below is the summary of the current GRM at Kafalat SAL:

Enquiries or complaints can be raised through different channels:

1. By telephone on the following number Tel: 01-340 992
2. By email on client.support@kafalat.com.lb
3. By using an online form provided on the Website: <http://www.kafalat.com.lb> under "Submit a Complaint"

The aim is to resolve or respond to the enquiries within the same call where no follow up is required. Where follow up is required and for written enquiries, the endeavor is to reply within 5 business days from the 1st call. Where more time is required or for complex enquiries, the enquirer will be kept updated on the progress. All complaints/concerns and feedback will be documented in a grievance log. Kafalat SAL will ensure that the Grievance Redress Mechanism (GRM) is culturally appropriate and accessible for PAPs.

Kafalat already established on its website a Complaint Log for its customers, however, this log frame will be adapted to the specific needs of the project. A dedicated officer will be named to collect and reply back within a period of 2 working days.

7. Monitoring and Reporting

7.1 Involvement of stakeholders in monitoring activities

Not applicable.

7.2 Reporting back to stakeholder groups

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and grievance mechanism.

List of Annexes

- Annex 1: Contact No. of identified Stakeholders
- Annex 2: Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings
- Annex 3: Survey sent to the identified stakeholders before the virtual consultation

Annex 1: Contact No. of identified Stakeholders

Potential stakeholder	Contact person(s)	Job title	Contact details
Lebanese League for Women in Business (LLWB)	Asmahan Zein	President	asma.zein@cryptalebanon.com
	Khoulood Hanna	Administrative assistant	khoulood.hanna@llwb.org
	Nisreen Deeb		nisreen.deeb@llwb.org ys@tiqany.net
Arc en ciel	Robin Richa	General director	robin.richa@arcenciel.org
	Nadim Abdo	Head of youth program	nadim.abdo@arcenciel.org
Ministry of industry	Dani Gedeon	General director	generaldirector@industry.gov.lb
Chamber of commerce of Beirut	Mohammad Choucair	President	president@ccib.org.lb
	Irene Habib Ballouz	Deputy director of the federation of chambers of commerce, industry and agriculture in Lebanon	fccial@cci-fed.org.lb
Association for the development of rural capacities (ADR)	Dr. Youssef El Khalil	President	bdltrn@bdl.gov.lb
Lebanese Micro Finance Association (LMFA)	Dr. Youssef El Khalil	President	bdltrn@bdl.gov.lb
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Annex 2: Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings

With the outbreak and spread of COVID-19, people have been advised, or may be mandated by national or local law, to exercise social distancing, and specifically to avoid public gatherings to prevent and reduce the risk of the virus transmission. Countries have taken various restrictive measures, some imposing strict restrictions on public gatherings, meetings and people's movement, and others advising against public group events. At the same time, the general public has become increasingly aware and concerned about the risks of transmission, particularly through social interactions at large gatherings.

These restrictions have implications for World Bank-supported operations. In particular, they will affect Bank requirements for public consultation and stakeholder engagement in projects, both under implementation and preparation. WHO has issued technical guidance in dealing with COVID-19, including: (i) **Risk Communication and Community Engagement (RCCE) Action Plan Guidance Preparedness and Response**; (ii) Risk Communication and Community engagement (RCCE) readiness and response; (iii) COVID-19 risk communication package for healthcare facilities; (iv) Getting your workplace ready for COVID-19; and (v) a guide to preventing and addressing social stigma associated with COVID-19. All these documents are available on the WHO website through the following link:

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance>.

This Note offers suggestions to World Bank task teams for advising counterpart agencies on managing public consultation and stakeholder engagement in their projects, with the recognition that the situation is developing rapidly and careful regard needs to be given to national requirements and any updated guidance issued by WHO. It is important that the alternative ways of managing consultation and stakeholder engagement discussed with clients are in accordance with the local applicable laws and policies, especially those related to media and communication. The suggestions set out below are subject to confirmation that they are in accordance with existing laws and regulations applying to the project. **Investment projects under implementation.** All projects under implementation are likely to have public consultation and stakeholder engagement activities planned and committed as part of project design. These activities may be described in different project documents, and will involve a variety of stakeholders. Commonly planned avenues of such engagement are public hearings, community meetings, focus group discussions, field surveys and individual interviews. With growing concern about the risk of virus spread, there is an urgent need to adjust the approach and methodology for continuing stakeholder consultation and engagement. Taking into account the importance of confirming compliance with national law requirements, below are some suggestions for task teams' consideration while advising their clients: Task teams will need to review their project, jointly with the PMUs, and should:

- Identify and review planned activities under the project requiring stakeholder engagement and public consultations.
- Assess the level of proposed direct engagement with stakeholders, including location and size of proposed gatherings, frequency of engagement, categories of stakeholders (international, national, local) etc.
- Assess the level of risks of the virus transmission for these engagements, and how restrictions that are in effect in the country / project area would affect these engagements.
- Identify project activities for which consultation/engagement is critical and cannot be postponed without having significant impact on project timelines. For example, selection of resettlement options by affected people during project implementation. Reflecting the specific activity, consider

viable means of achieving the necessary input from stakeholders (see further below).

- Assess the level of ICT penetration among key stakeholder groups, to identify the type of communication channels that can be effectively used in the project context.

Based on the above, task teams should discuss and agree with PMUs the specific channels of communication that should be used while conducting stakeholder consultation and engagement activities. The following are some considerations while selecting channels of communication, in light of the current COVID-19 situation:

- Avoid public gatherings (taking into account national restrictions), including public hearings, workshops and community meetings;
- If smaller meetings are permitted, conduct consultations in small-group sessions, such as focus group meetings. If not permitted, make all reasonable efforts to conduct meetings through online channels, including WebEx, zoom and skype;
- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;
- Where direct engagement with project affected people or beneficiaries is necessary, such as would be the case for Resettlement Action Plans or Indigenous Peoples Plans preparation and implementation, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone lines with knowledgeable operators;
- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders;
- An appropriate approach to conducting stakeholder engagement can be developed in most contexts and situations. However, in situations where none of the above means of communication are considered adequate for required consultations with stakeholders, the team should discuss with the PMU whether the project activity can be rescheduled to a later time, when meaningful stakeholder engagement is possible. Where it is not possible to postpone the activity (such as in the case of ongoing resettlement) or where the postponement is likely to be for more than a few weeks, the task team should consult with the OESRC to obtain advice and guidance.

Investment projects under preparation. Where projects are under preparation and stakeholder engagement is about to commence or is ongoing, such as in the project E&S planning process, stakeholder consultation and engagement activities should not be deferred, but rather designed to be fit for purpose to ensure effective and meaningful consultations to meet project and stakeholder needs. Some suggestions for advising clients on stakeholder engagement in such situations are given below. These suggestions are subject to the coronavirus situation in country, and restrictions put in place by governments. The task team and the PMU should:

- Review the country COVID-19 spread situation in the project area, and the restrictions put in place by the government to contain virus spread;
- Review the draft Stakeholder Engagement Plan (SEP, if it exists) or other agreed stakeholder engagement arrangements, particularly the approach, methods and forms of engagement proposed, and assess the associated potential risks of virus transmission in conducting various engagement activities;
- Be sure that all task team and PIU members articulate and express their understandings on social behavior and good hygiene practices, and that any stakeholder engagement events be preceded with the procedure of articulating such hygienic practices.
- Avoid public gatherings (taking into account national restrictions), including public hearings, workshops and community meetings, and minimize direct interaction between project agencies and beneficiaries / affected people;
- If smaller meetings are permitted, conduct consultations in small-group sessions, such as focus group meetings. If not permitted, make all reasonable efforts to conduct meetings through online channels, including WebEx, zoom and skype meetings;
- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, public announcements and mail) when stakeholders do not have access to online channels or do not use them frequently. Such channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;
- Employ online communication tools to design virtual workshops in situations where large meetings and workshops are essential, given the preparatory stage of the project. WebEx, Skype, and in low ICT capacity situations, audio meetings, can be effective tools to design virtual workshops. The format of such workshops could include the following steps:
 - o *Virtual registration of participants*: Participants can register online through a dedicated platform.
 - o *Distribution of workshop materials to participants, including agenda, project documents, presentations, questionnaires and discussion topics*: These can be distributed online to participants.
 - o *Review of distributed information materials*: Participants are given a scheduled duration for this, prior to scheduling a discussion on the information provided.
 - o *Discussion, feedback collection and sharing*:
 - ✓ Participants can be organized and assigned to different topic groups, teams or virtual “tables” provided they agree to this.
 - ✓ Group, team and table discussions can be organized through social media means, such as WebEx, skype or zoom, or through written feedback in the form of an

electronic questionnaire or feedback forms that can be emailed back.

- o *Conclusion and summary:* The chair of the workshop will summarize the virtual workshop discussion, formulate conclusions and share electronically with all participants.
- In situations where online interaction is challenging, information can be disseminated through digital platform (where available) like Facebook, Twitter, WhatsApp groups, Project web links/ websites, and traditional means of communications (TV, newspaper, radio, phone calls and mails with clear description of mechanisms for providing feedback via mail and / or dedicated telephone lines. All channels of communication need to clearly specify how stakeholders can provide their feedback and suggestions.
- *Engagement with direct stakeholders for household surveys:* There may be planning activities that require direct stakeholder engagement, particularly in the field. One example is resettlement planning where surveys need to be conducted to ascertain socioeconomic status of affected people, take inventory of their affected assets, and facilitate discussions related to relocation and livelihood planning. Such survey activities require active participation of local stakeholders, particularly the potentially adversely affected communities. However, there may be situations involving indigenous communities, or other communities that may not have access to the digital platforms or means of communication, teams should develop specially tailored stakeholder engagement approaches that will be appropriate in the specific setting. The teams should reach out to the regional PMs for ENB and Social Development or to the ESSA for the respective region, in case they need additional support to develop such tailored approaches.
- In situations where it is determined that meaningful consultations that are critical to the conduct of a specific project activity cannot be conducted in spite of all reasonable efforts on the part of the client supported by the Bank, the task team should discuss with the client whether the proposed project activities can be postponed by a few weeks in view of the virus spread risks. This would depend on the COVID-19 situation in the country, and the government policy requirements to contain the virus spread. Where it is not possible to postpone the activity (such as in the case of ongoing resettlement) or where the postponement is likely to be for more than a few weeks, the task team should consult with the OESRC to obtain advice and guidance.

Annex 3: Survey sent to the identified stakeholders before the virtual consultation

Your participation in this study is completely voluntary. There is no foreseeable liability associated with this survey. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions.

It will take approximately [Approximate Time] minutes to complete the questionnaire which has 10 questions.

Description	Contact details
Agency: Person answering the Survey Position E-mail:	

In your opinion, does this project answer the needs of the MSME's (Micro, Small and Medium Enterprises)?
<input type="checkbox"/> Strongly disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Not relevant <input type="checkbox"/> Agree <input type="checkbox"/> Strongly agree
How would you rate it on a scale from 1 to 5?
<input type="checkbox"/> Excellent <input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor
What can be done in order to amplify the positive impact of the project?
What in your opinion are the limitations of this project?

Do you have any comments or questions on the attached power point presentation (B5 Deck)?
What groups do you identify as vulnerable in the subject region?
What do you propose in order to reach out to woman owned businesses in an efficient manner?
What, in your opinion, is the negative impact, if any, on the concerned community, of this project?
Do you have any preferred means of communication on project updates, being online channels or traditional channels?