

## PROJECT INFORMATION DOCUMENT (PID)

### APPRAISAL STAGE

Report No.: PIDA4767

<b>Project Name</b>	Lebanon Municipal Services Emergency Project (P149724)
<b>Region</b>	MIDDLE EAST AND NORTH AFRICA
<b>Country</b>	Lebanon
<b>Sector(s)</b>	Solid waste management (40%), Sanitation (20%), Water supply (10%), Rural and Inter-Urban Roads and Highways (20%), Other social services (10%)
<b>Theme(s)</b>	City-wide Infrastructure and Service Delivery (85%), Other social development (10%), Conflict prevention and post-conflict reconstruction (5%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P149724
<b>Borrower(s)</b>	Ministry of Finance
<b>Implementing Agency</b>	Council for Development & Reconstruction (CDR)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	22-Apr-2014
<b>Date PID Approved/Disclosed</b>	23-Apr-2014
<b>Estimated Date of Appraisal Completion</b>	
<b>Estimated Date of First Grant Approval</b>	08-May-2014
<b>Decision</b>	

### I. Project Context

#### Country Context

The Syrian conflict has had significant spillovers into Lebanon, causing profound negative impacts on the country's political, economic and social spheres. The crisis has exacerbated the political divide along sectarian lines in Lebanon, leading to violent incidents across the country. The arrival of a large number of refugees – an estimated 1.2 million, or over 25% of the country's population – has furthermore challenged the already delicate societal and inter-communal balance.

Overcrowding, saturation of basic public services and competition for jobs and livelihoods are among the daily challenges faced by Lebanese and Syrians alike, leading to deteriorating social relations between the two groups.

Among Syria's neighbors, Lebanon has been most severely impacted by the conflict. The country is in itself institutionally fragile and was managed by a caretaker government for 11 months during the height of the crisis. The situation has resulted in a drastic deterioration of the security environment with a number of violent incidents that has been linked to the Syrian conflict. The

country has a long history of volatility and displacement, with many Lebanese having been refugees themselves during previous conflicts. In addition, it has experienced firsthand the potentially explosive consequences of mass displacement, when violent conflict between the Lebanese Army and the Fatah al-Islam group at the Nahr al-Bared refugee camp near Tripoli displaced some 20-30,000 Palestinian refugees to neighboring communities – a lesson which now makes camps a loathed solution in the country. Lebanon thus chose not to establish camps for the Syrian displaced, and refugees are living throughout the country, putting unsustainable pressure on land and housing, public services, and the job market. It is also contributing to the deterioration of the delicate political and sectarian balance existing in society and the political sphere.

It is at the local level where Lebanese and Syrians interact, share living space and compete for jobs and access to services, and where it is often local groups and authorities that end up managing the rising social tensions. The sudden increased demand and utilization of services provided at the local level, whether run by central or municipal authorities, has put mayors and municipal councils under mounting pressure to reverse the visible decline in the level and quality of these services. The municipalities have been addressing the daily problems of keeping up with the provision of municipal services (e.g. solid waste generation has doubled in several areas with high concentration of refugees, contributing to ground water contamination, pollution of water resources and spread of water-borne disease), but has also been asked to find solutions to basic social demands such as education and health, among many. This is not a new role for municipalities, which have traditionally been at the forefront of addressing the recurrent cycle of emergencies that have plagued Lebanon. In so doing, the municipalities have been working across confessional barriers and political differences in a way practically impossible for the central government, providing practical solutions in the face of an ever growing crisis.

### **Sectoral and institutional Context**

Lebanon is a unitary state with four tiers of administration: Central, Mohafaza, Qaza, and municipality. There are six administrative regions (Mohafazat) which in turn are divided into a total of 26 Qazas. These two levels are in effect deconcentrated subdivisions under the Ministry of Interior and Municipalities and they do not hold independent authority or budget. Municipalities on the other hand are legal entities with jurisdiction to formulate and adopt the municipality's annual budget; determine the tax rate and fee to be collected as allowed by law; manage the municipal funds; plan, improve, and expand the streets, establish gardens and public places, and execute designs related to the municipality; and establish shops, parks, playground, toilets, museums, hospitals, dispensaries, shelters, public libraries, etc. Municipal elections were reintroduced in 1998, and the number of municipalities has continued to grow to the current total of 1006. Many of these municipalities have populations of a few hundred people, a feature that has hindered a sustained and progressive building of capacity, including in the adequate management of municipal finances to undertake the tasks currently entrusted to them. This fragmentation has led to the establishment of unions of municipalities, which are legal entities with financial autonomy. Unions facilitate the delivery of common services, and often transcend confessional boundaries.

The municipalities have been addressing the daily problems of solid waste collection, water supply, water contamination, sewer, drainage, traffic management, safety issues, and basic social demands such as education and health. Lebanon's local governments are suffering from a weak local revenue base and are relying on central government transfers to finance the tasks described above. Furthermore, both municipal revenues and expenditures have already witnessed a major shortfall in

2013 due to lower revenues to the Independent Municipal Fund. Even before the crisis, municipalities were facing a backlog of investment needs far exceeding their available resources.

The Bank has been engaged for quite some time in the municipal sector in Lebanon. In 2000 following the civil war, the Bank approved a US\$80 million loan for the First Municipal Infrastructure Project (FMIP), aiming at restoring selected basic municipal infrastructure and enabling municipalities to address local infrastructure maintenance and rehabilitation needs. In the aftermath of the 2006 conflict with Israel, the Bank supplemented the loan with a grant focusing on the restoration of basic services and on the development of the local economy. The FMIP was a highly successful project which contributed to restoring and rebuilding public infrastructure in affected municipalities and supported economic recovery and development in the areas that had suffered the heaviest damage. The Bank has also been supporting urban development through the on-going Cultural Heritage and Urban Development Project (CHUD), with the objectives of creating the conditions for increased local economic development and enhanced quality of life in the historic centers of five main secondary cities; and to improve the conservation and management of the country's built heritage.

## **II. Proposed Development Objectives**

The project development objective is to address urgent community priorities in select municipal services, targeting areas most affected by the influx of Syrian refugees.

## **III. Project Description**

### **Component Name**

Emergency Response

### **Comments (optional)**

This component will finance the provision of high priority municipal services and initiatives that promote social interaction in all the eleven participating unions of municipalities. Allocation of resources will be based on the number of registered Syrian refugees considered as a proxy of the additional stress on local communities. Subprojects will be small in scale, and will, depending on the expressed needs of communities and municipalities, include small works, equipment and services. The component will also finance activities that the communities and municipalities find conducive to reduce some of the social tensions stemming from cohabitation. It is thus expected that the activities will be inclusive, but with a particular focus on women, children and the youth.

### **Component Name**

Rehabilitation of Critical Infrastructure

### **Comments (optional)**

This component will finance more complex works to rehabilitate and/or provide critical infrastructure in the areas of solid waste management, roads improvement, water and sanitation, and community infrastructure. Anticipated types of infrastructure include waste sorting and composting plants, small scale waste water treatments plant and rehabilitation road works exceeding the union allocations under component 1. Due to their larger scale and costs, and given the existing financing envelope, the initial number of unions benefiting from this component may be limited and priority will be given to those projects that can generate benefits to the highest number of beneficiaries in several unions.

### **Component Name**

Project Implementation Support

### **Comments (optional)**

This component will finance the management of the Project and any support needed for the implementation of the decentralized, consultative approach. The component will cover the costs of the project management unit housed in CDR. Municipalities and their unions will be in charge of undertaking the consultations with their constituencies, using already established participatory mechanisms and platforms where they exist. The process will be facilitated by teams of social and technical experts, who will help communities translate the identified challenges into concrete proposals for infrastructure and social activities. Finally, the component may also fund other activities deemed conducive to the promotion of decentralized decision-making, such as knowledge-sharing events.

### **IV. Financing (in USD Million)**

Total Project Cost:	10.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			0.00
Special Financing			10.00
Total			10.00

### **V. Implementation**

The communities will be consulted to establish the Project priorities and interventions through a process coordinated by the unions of municipalities, through their member mayors and local councils. Based on this process, the unions will be in charge of identifying the key local stresses and the related solutions that will be financed through the Project. Unions of municipalities will assemble community representatives (such as community leaders, and representatives of CSOs and the private sector, including representatives of vulnerable groups such as women and the youth) presenting them with the available financing envelope, and discussing the various options available for financing. The involved stakeholders will decide on the priority interventions to be financed related to emergency services, social activities and medium-sized infrastructure projects. The unions and municipalities will thus take on a number of key roles, among others the identification of priority service delivery interventions for the first six months of the Project; the organization and facilitation of the consultations with stakeholders; working with NGOs to implement the community activities under component 1; and the monitoring of the allocative decisions as well as implementation and physical progress.

To ensure prompt and efficient implementation, the Project's institutional set-up and institutional arrangements will follow the systems and procedures that have already been established under the CHUD project, which have proven to be time-tested and effective in working with municipal stakeholders. The Council of Development and Reconstruction (CDR), through its dedicated central unit as well as its municipal-based technical cells, has developed a solid experience and knowledge in providing sustained assistance to the municipalities on both technical and participatory aspects of project implementation, as well as on Bank-related fiduciary and safeguard aspects. The Project will thus use CHUD's project management unit and its existing staff for project implementation and coordination. A financial officer from CDR's Finance Department will process all the Project's financial transactions and prepare all financial reports required by the Bank and other potential co-

financiers of the Project.

CDR will support the unions and communities translate the identified priorities into technical and financially sound interventions through a team of engineers and social scientists who will participate in the community consultation meetings in order to (i) provide technical evidence of the current state of infrastructure, costs involved, etc. and (ii) support the consultation process with the communities, particularly regarding the selection and content of the social programs. The technical experts will consult with relevant line ministries for coherence with sector policies and then assess and prioritize the proposed projects based on their potential number of beneficiaries, readiness, geographical coverage, and existing and programmed investments in the sector and location. CDR will also be responsible for organizing the Project's mid-term review with the participation of key stakeholders. Given the volatility of the displacement and security situation in Lebanon, the mid-term review would provide the stakeholders an opportunity to review results to date but also to assess updated information related to changes in the displacement pattern with a view to adjust targeting or allocations where necessary.

Detailed description of implementation arrangements will be given in the Project Operations Manual, which will be prepared in consultation with unions of municipalities and updated as required by CDR, and approved by the Bank. The manual is expected to be completed within sixty days of Project Effectiveness. Key project stakeholders, including the unions of municipalities, will be presented and trained on implementation arrangements no later than ninety days after project effectiveness.

## **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**

### **World Bank**

Contact: Chantal Reliquet  
 Title: Sr Urban Spec.  
 Tel: 473-6385  
 Email: creliquet@worldbank.org

### **Borrower/Client/Recipient**

Name: Ministry of Finance  
Contact: Alain Bifani  
Title: Director General  
Tel: 961-1-642-722  
Email: alainb@finance.gov.lb

**Implementing Agencies**

Name: Council for Development & Reconstruction (CDR)  
Contact: Wafa Charafeddine  
Title: Head of Funding Division  
Tel: 961-1-981-380  
Email: wafac@cdr.gov.lb

**VIII. For more information contact:**

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>