TFL GRANT NUMBER TF017200

Trust Fund for Lebanon
Grant Agreement

(Emergency National Poverty Targeting Program Project)

between

LEBANESE REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

(acting as Administrator of the Trust Fund for Lebanon)

Dated AUGUST 18, 2014
TFL GRANT NUMBER TF017200

TRUST FUND FOR LEBANON

GRANT AGREEMENT

AGREEMENT dated AUGUST 18, 2014 entered into between:
LEBANESE REPUBLIC ("Recipient"), and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Trust Fund for Lebanon.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Ministry of Social Affairs (MOSA).

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million two hundred thousand United States Dollars ($8,200,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Recipient's Representative; Addresses

4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

4.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Riad El-Solh Square
Beirut
Lebanese Republic

Facsimile: 961 1 642 762

4.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)

AGREED at Beirut, Lebanon, as of the day and year first above written.
LEBANESE REPUBLIC

By

Minister of Finance
Authorized Representative

Name: Gibran Khalil

Title: Finance Minister

INTERNATIONAL DEVELOPMENT
ASSOCIATION
acting as administrator of the Trust Fund for Lebanon

By

Authorized Representative

Name: Haneen Sayed

Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to expand the coverage and enhance the social assistance package of the National Poverty Targeting Program to Lebanese affected by the Syrian crisis and all Lebanese households under the Extreme Poverty Line.

The Project consists of the following parts:

Part I: Administration of the National Poverty Targeting Program (NPTP)

Provision of technical assistance for carrying out a program of activities aimed at ensuring the efficient administration and implementation of the NPTP; such activities to include, *inter alia*:

(a) supporting the NPTP management team in the MOSA and the PCM;

(b) recertification of applicants including refining the NPTP application forms and proxy-mean testing questionnaire;

(c) upgrading the NPTP management information system;

(d) refining the grievance and redress mechanism for improved efficiency and transparency;

(e) monitoring and evaluation of the NPTP implementation, including evaluating the business processes of the NPTP, and implementation of short quantitative and qualitative surveys;

(f) carrying out an outreach campaign to enroll new Beneficiaries particularly in the poorer and remote areas;

(g) providing training to Beneficiaries in the use of Food Vouchers, and providing technical assistance to the NPTP Project Unit in managing, assessing and monitoring the implementation of the e-card Food Voucher program;

(h) provision and maintenance of the e-cards for the Food Vouchers;

(i) capacity building and training for NPTP staff and social workers in the implementation of the NPTP;

(j) provision and maintenance of information technology and other equipment for the NPTP; and
(k) provision of Allowances for the NPTP social workers to enable them to carry out their tasks and enhance their productivity.

Part II: Social Assistance

Supporting an e-card Food Voucher program for the provision of basic food needs to Lebanese affected by the Syrian crisis and Lebanese households under the Extreme Poverty Line.

Part III: Fiduciary Operations Team

Strengthening the capacity of the Fiduciary Operations Team to carry out the Project’s fiduciary responsibilities, through the recruitment of procurement staff, a financial management specialist and an internal auditor.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. NPTP Project Unit and NPTP Central Management Unit

The Recipient shall maintain throughout the Project implementation period, with composition, mandate and resources satisfactory to the World Bank, the NPTP Project Unit in the MOSA, and the NPTP Central Management Unit in the PCM, to be responsible for Project implementation.

B. Fiduciary Operations Team

The Recipient shall maintain throughout the Project implementation period, with composition, mandate and resources satisfactory to the World Bank, the Fiduciary Operations Team, within the PCM, to be responsible for the fiduciary aspects of the Project.

C. Project Operations Manual

(a) No later than one month after the Project’s Effective Date, the Recipient shall prepare and adopt the Project Operations Manual, in form and substance acceptable to the World Bank, which shall include, inter alia:

(i) Project implementation arrangements;

(ii) financial management, procurement, and disbursement procedures;

(iii) monitoring and evaluation arrangements for the Project;

(iv) the detailed operating procedures of the Food-Voucher program, eligibility criteria of the Beneficiaries, conditions for using the Food Vouchers, and financial management, audits, monitoring and evaluation procedures of the Food Voucher program, and

(v) the detailed procedures of provision of Allowances; eligibility criteria for receiving Allowances; the amount of Allowances allowed; and the intended purposes of the Allowances.

(b) The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual and shall not amend or waive any of its provisions without the World Bank’s prior written agreement.
(c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Operations Manual and this Agreement, the provisions of this Agreement shall govern.

E. Annual Work Plan & Budget

(a) The Recipient shall prepare, in accordance with terms of references acceptable to the World Bank, and furnish to the World Bank no later than December 15 of each calendar year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, together with a budget for such activities, a timetable for their implementation and the source and uses of funds therefor.

(b) The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the World Bank ("Annual Work Plan & Budget").

(c) Only such activities as shall have been included in the Annual Work Plan & Budget shall be eligible for inclusion in the Project and for financing out of the proceeds of the Grant.

F. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines") in the case of goods and non-consulting services, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants’ services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the World Bank's procurement procedures and using the World Bank's standard bidding documents, acceptable to the World Bank; (b) Shopping; (c) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; and (d) Direct Contracting.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of NGOs or UN Agencies in accordance with the procedures which have been found acceptable to the World Bank; (g) Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. **Withdrawal of Grant Proceeds**
A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Training, Operating costs, non-consulting services, and consultants’ services under the Project.</td>
<td>4,440,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Food Vouchers under Part II and Allowances under Part I (k) of the Project</td>
<td>3,760,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>8,200,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $400,000 equivalent may be made for payments made prior to this date but on or after January 1, 2014, for Eligible Expenditures under Category (1).
2. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments for Eligible Expenditures under the Categories (1) and (2) if said Eligible Expenditures have been financed under the Social Promotion and Protection Project financed by the International Bank for Construction and Development.

3. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

Section V. Other Undertakings

No later than six months after the Project’s Effective Date, the Recipient shall recruit an internal auditor and an external auditor with terms of reference satisfactory to the World Bank.
APPENDIX

1. "Allowances" means a monetary incentive granted to NPTP’s social workers under the Project, in the form of transportation allowance or other allowances permitted under the Project Operations Manual, to enable the social workers to perform their tasks and increase their productivity, as further elaborated in the Project Operations Manual.

2. “Annual Work Plan and Budget” means the annual work program, including a budget prepared by the Recipient and approved by the World Bank in accordance with Section I.E of Schedule 2 to this Agreement.


4. “Beneficiary” means an individual or a household meeting the eligibility criteria as set out in the Project Operations Manual to receive a Food Voucher; and the term “Beneficiaries” means the plural thereof.


6. “Extreme Poverty Line” means an average daily consumption of $3.84 or less per person in the Recipient’s country in 2013.

7. “Fiduciary Operations Team” or “FOT” means the unit within the PCM established pursuant to the Recipient’s Decree No. 34, dated September 2008 approving ESPISP II.

8. “Food Voucher” means a payment in an amount acceptable to the Recipient and the World Bank, in the form of an e-card to be provided by the Recipient to a Beneficiary to address his or her basic food needs in accordance with the requirements under this Agreement and the Project Operations Manual; and the term “Food Vouchers” means the plural thereof.

9. “Ministry of Social Affairs” or “MOSA” means the Recipient’s ministry responsible for social affairs or any successor thereto.

10. “NGOs” means non-governmental organizations.
11. “National Poverty Targeting Program” or “NPTP” means the poverty-targeted social assistance program for the poorest and most vulnerable Lebanese families, established by the Recipient in 2011.

12. “NPTP Central Management Unit” means the unit within the PCM established pursuant to the Recipient’s Council of Ministers Resolution No. 38, dated June 18, 2009 approving the World Bank Financed Second Emergency Social Protection Implementation Support Project (ESPISP II).

13. “NPTP Project Unit” means the unit within MOSA established pursuant to the Recipient’s Council of Ministers Resolution No. 38, dated June 18, 2009.

14. “Operating Costs” means the incremental operating expenses approved by the World Bank under each Annual Work Plan & Budget, on account of the Project, including office supplies, bank charges, staff salaries, domestic travel and supervision costs, per diem, accommodation, purchase of materials for approved training; services of office machines and equipment, communication costs, operation and maintenance costs for vehicles and consumables; but in all cases excluding salaries of the Recipient’s civil servants.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 7, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. “Project Operations Manual” means the manual describing the implementation, financial management, procurement, disbursement and monitoring and evaluation arrangements for the Project, and referred to in Section I.C. of Schedule 2 to this Agreement.


20. “Training” means the reasonable cost of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, international and domestic travel, accommodation and per diem of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Project.
21. "UN Agencies" and "United Nations Agencies" each means agencies of the United Nations including WFP, as hereinafter defined.

22. "World Food Programme" or "WFP" means the UN Agency established in 1961 for the purpose of fighting hunger worldwide.