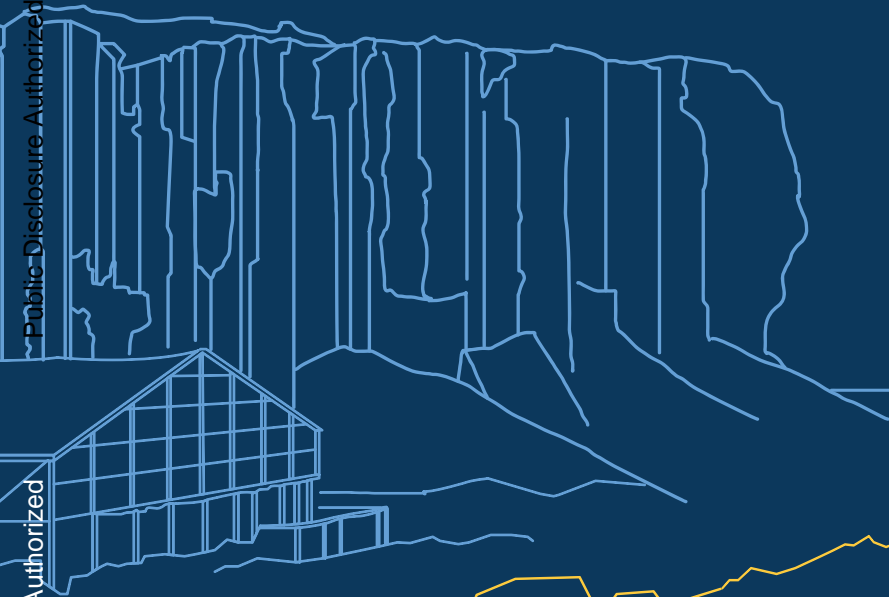




LEBANON FINANCING FACILITY

TRUST FUND ANNUAL PROGRESS REPORT

JANUARY 1 – DECEMBER 31, 2021



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LFF Donors

The LFF is supported by generous contributions from the following donors:



The LFF was established in close collaboration with the EU and the UN



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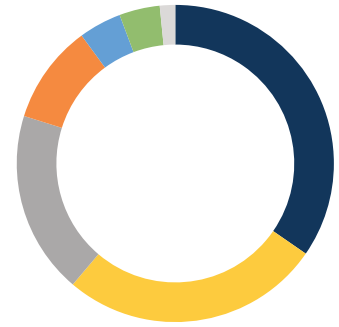
LFF 2021 AT A GLANCE

US\$73.93M Total Contributions and Pledges



Contributions by Donor

■ EU	\$20.92M	■ AFD	\$2.63M
■ Canada	\$16.05M	■ France	\$2.5M
■ Germany	\$11.27M	■ Norway	\$0.95M
■ Denmark	\$6.1M		



Allocations as per the Endorsed Work Plan



+ **\$10.61M**
Unallocated amount for LFF support to **new priorities**

\$ **\$5.49M**
Disbursement to date

8 **project grants endorsed in the Annual Work Plan**
4 Recipient-Executed (2 active, 2 pipeline)
4 Bank-Executed (4 active)

FOCUS AREAS AND OBJECTIVES



FOCUS AREA 1

Socioeconomic and Business Recovery



FOCUS AREA 2

Supporting Reform and Preparing for Reconstruction



FOCUS AREA 3

Coordination, Monitoring, Accountability, Oversight

Supporting Beirut's Immediate Social Recovery Services: To support the immediate social recovery needs of vulnerable groups following the Port of Beirut (PoB) explosion.

Environmental recovery, restoration and waste management: To support emergency environment control measures in Beirut City from impacts of the August 2020 explosion and support planning for longer-term environmental restoration efforts.

Beirut housing rehabilitation and cultural heritage and creative industries recovery: To support rehabilitation of prioritized historical housing for the most vulnerable people and to provide emergency support to creative practitioners and entities in the cultural sector in the Port of Beirut explosion areas.

Building Beirut Businesses Back Better (B5): To support the recovery of targeted micro and small enterprises (MSEs) and ensure the sustainability of eligible microfinance institutions (MFI)s.

Reconstruction with Integrity and Transparency: To begin to establish a transparent, accountable, and inclusive policy and institutional framework for Lebanon's reconstruction and recovery.

Reforming Lebanon's Port Sector: To support port sector reform in Lebanon and pave the way to rebuild a better, modern and digital Port of Beirut.

Strengthening capacity and institutional arrangements for 3RF oversight, citizen engagement, and monitoring/communications: To support the operationalization of the institutional, monitoring, and accountability arrangements related to the 3RF.

COVID 19 Vaccination Third-Party Monitoring: To conduct independent third-party monitoring of the rollout of World Bank-financed vaccines in Lebanon to ensure safe, effective and equitable vaccine deployment.



ACKNOWLEDGEMENTS

The Lebanon Financing Facility (LFF) progress report is published annually by the LFF Program Management Team (PMT) on behalf of the World Bank as the Administrator of the Trust Fund. The LFF PMT would like to thank the LFF donors – Canada, Denmark, EU, France, Germany and Norway – as well as the UN, for their commitment to the LFF’s strategic vision and for their active engagement in the operationalization of the Fund. We would also like to acknowledge the support and guidance received from the Government of Lebanon, represented by the Office of the Deputy Prime Minister since the inception of the LFF. Finally, we would like to recognize the World Bank Program Management Team, central units and sector teams for their immense efforts in advancing LFF-funded projects under particularly difficult circumstances over the past year.

ABBREVIATIONS AND ACRONYMS

3RF	Lebanon Reform, Recovery and Reconstruction Framework
AFD	Agence Française de Développement
ASA	Advisory Services and Analytics
B5	Building Beirut Businesses Back & Better
CCI	Cultural and Creative Industries
CG	Consultative Group
CSO	Civil Society Organization
CVP	Communications and Visibility Plan
ESCP	Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
EU	European Union
GAC	Grant Approval Committee
GBV	Gender-based Violence
GoL	Government of Lebanon
IDPs	Internally Displaced Persons
IFRC	International Federation of Red Cross and Red Crescent Societies
IOB	Independent Oversight Body
IOM	International Organization for Migration
LAF	Lebanese Armed Forces
LFF	Lebanon Financing Facility
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MNA	Middle East and North Africa
MFI	Microfinance Institution
MoPH	Ministry of Public Health
MOU	Memorandum of Understanding
MSE	Micro- and Small-sized Enterprises
MSME	Micro-, Small- and Medium-sized Enterprises
NGO	Non-governmental Organization
OPs	Older Persons
PC	Partnership Council
PIM	Public Investment Management
PMT	Program Management Team
PMU	Project Management Unit
PWDs	Persons with Disabilities
RDNA	Rapid Damage and Needs Assessment
RSA	Regional Safeguards Advisor
SEP	Stakeholder Engagement Plan
SWM	Solid Waste Management
TPM	Third Party Monitoring
TPMA	Third Party Monitoring Agent
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UN-HABITAT	United Nations Human Settlements Program
UNHCR	United Nations High Commissioner for Refugees
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
WB	World Bank
WHO	World Health Organization

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EXECUTIVE SUMMARY

OVERVIEW

The Lebanon Financing Facility (LFF) is a 5-year multi-donor trust fund that was established in December 2020 in the aftermath of the August 4 Port of Beirut explosion disaster and following the launch of the Reform, Recovery and Reconstruction Framework (3RF). To date, the LFF has received generous contributions from Canada, Denmark, the EU, France, Germany and Norway¹.

The LFF seeks to support the immediate socio-economic recovery of vulnerable people and businesses following the explosion in Beirut, and to build the foundation for medium-term recovery and the sustainable reconstruction of the Port of Beirut and affected neighborhoods. The LFF prioritizes three focus areas of interventions: 1) Socioeconomic and business recovery; 2) Preparing for reform and reconstruction; and 3) Strengthening coordination, monitoring, accountability and oversight of the 3RF.

In its first year, the LFF mobilized strong support for the Trust Fund, established a robust governance framework, and designed four projects and four advisory services and analytics (ASA) activities as part of the 2021 work plan, in partnership with LFF stakeholders and donors. Key achievements from 2021 include:

¹ EU and Italy have made pledges to be contributed in Calendar Year 2022.

- Seven donors contributed US\$60.42 million, of which US\$52.18 million has been received. Pledges equaling US\$13.51 million are expected to be received from the EU and Italy in calendar year 2022.
- The 2021 work plan was structured around the LFF's three focus areas and in alignment with 3RF priorities. The plan was developed and endorsed by the LFF Partnership Council (PC) in the first PC meeting held on April 29, 2021, following several rounds of discussions and technical consultations.
- Four concept notes for Recipient-executed projects and four concept notes for Bank-executed ASAs were developed; two of the Recipient-executed projects and all Bank-executed activities have been approved. It is expected that the two pipeline Recipient-executed projects will become effective during the first quarter² of 2022.

Several foundational milestones have been reached for establishing the LFF and facilitating robust fund management in a complex environment:

- The LFF's Operations Manual, which defines the Fund's governance arrangements and the project development cycle, was drafted and updated to incorporate input received from donors and has been shared with the LFF Partnership Council.
- The LFF Partnership Council met two times in 2021 to discuss the institutional arrangements and strategic direction of the LFF as a vehicle for reconstruction, recovery and reform and to endorse new projects under the Fund, with meetings attended by LFF donors, Government representatives, the UN, CSOs, and co-chaired by the World Bank Regional Director and the EU Head of Delegation.
- Over 20 technical consultations with donors were held in 2021 to assess progress, risks and challenges and to hold technical discussions on preparation of the LFF project pipeline.
- The Independent Oversight Body (IOB) – the independent mechanism for civil society representatives to provide broad oversight of 3RF implementation – was established in June 2021. The LFF has since supported the operationalization of the IOB, including the development of a governance charter and

monitoring methodology for LFF-financed projects.

- The LFF Results Framework has been drafted and updated based on technical discussions, donor feedback, and as project development progressed. The Results Framework will be further amended in 2022 to reflect unanticipated changes in the scope of projects under preparation and potential new projects and activities.
- A Communications and Visibility Plan (CVP) was prepared by the Program Management Team (PMT), presented to donors, and revised based on the feedback received. LFF Branding Guidelines were also developed together with detailed guidelines for project teams implementing LFF-financed operations. A Communications Task Force comprised of communications officers from LFF donors and from the Bank was set-up to meet on a regular basis to coordinate communications and dissemination efforts for the LFF and its projects. The task force met for the first time in January 2022 and agreed on the way forward in terms of effective implementation of the CVP.

STRUCTURE OF THE FIRST LFF ANNUAL REPORT

The content of the LFF's annual reports will evolve as additional projects are underway in 2022. This annual report – the first for the LFF – will focus on the Fund's operationalization and initial results. The first section describes the sectoral context for recovery, reconstruction and reform in Lebanon. The second section provides an overview of the development of the LFF portfolio during the first year of implementation, while the third section provides further details on the projects designed and/or approved in 2021 as well as initial results. The fourth section highlights achievements made in establishing the LFF's operational foundations. The fifth section summarizes the fund's financial flows. The final section conveys the fund's ambitions for 2022. The annexes provide an overview of the projects in the LFF portfolio, an up-to-date results framework, the LFF's Gender Approach Note, and the LFF press releases that were issued in 2021.

² References to years and quarters are for Calendar Years (January 1 – December 31).

لتسليط الضوء على دور الصندوق. وتم عرضها على المانحين، وتنقيحها بناء على ملاحظاتهم وآرائهم التقييمية. كما تم وضع المبادئ التوجيهية الخاصة بالعلامة المميزة للصندوق مع مبادئ توجيهية تفصيلية لفرق المشاريع التي تنفذ العمليات التي يمولها الصندوق. وتم تشكيل فريق عمل للتواصل والإعلام يتألف من مسؤولين إعلاميين من الجهات المانحة للصندوق ومن البنك الدولي يجتمع بصفة منتظمة لتنسيق جهود التواصل ونشر المعلومات المتعلقة بالصندوق ومشاريعه. واجتمع فريق العمل لأول مرة في كانون الثاني 2022 واتفق على المسار المستقبلي من حيث التنفيذ الفعال لخطة التواصل والإعلام وتسليط الضوء على دور الصندوق.

هيكل التقرير السنوي الأول للصندوق الائتماني المُخصَّص لبنان

سيطور محتوى التقارير السنوية للصندوق في ضوء تنفيذ مشاريع إضافية في عام 2022. ويركز هذا التقرير - وهو الأول للصندوق - على الهيكلية التنفيذية للصندوق ويستعرض نتائجه الأولية. يصف القسم الأول من التقرير السياق القطاعي للتعافي وإعادة الإعمار والإصلاح في لبنان، ويقدم القسم الثاني لمحة عامة عن تطور محفظة مشاريع الصندوق خلال السنة الأولى من التنفيذ، في حين يقدم القسم الثالث مزيداً من التفاصيل عن المشاريع التي تم تصميمها و/أو الموافقة عليها في عام 2021، فضلاً عن النتائج الأولية. ويسلط القسم الرابع الضوء على الإنجازات التي تحققت في إرساء الأسس التشغيلية للصندوق. ويلخص القسم الخامس التدفقات المالية للصندوق. ويتطرق القسم الأخير إلى طموحات الصندوق في عام 2022. وأخيراً، تقدم المرفقات عرضاً عاماً للمشاريع المدرجة في محفظة الصندوق، وإطاراً محدثاً للنتائج، ومذكرة النهج الخاصة بالنوع الاجتماعي، والبيانات الصحافية المتعلقة بالصندوق والصادرة خلال عام 2021.

وقد تم إتمام عدة مراحل أساسية لإنشاء الصندوق الائتماني المُخصَّص للبنان وتسهيل إدارته بفعالية في بيئة شديدة التعقيد:

- تمت صياغة دليل عمليات الصندوق (Operations Manual)، الذي يحدد ترتيبات نظام حوكمته ودورة إعداد المشاريع. كما جرى تحديثه لتضمين المدخلات والمساهمات الواردة من المانحين وعرضه على مجلس الشراكة التابع للصندوق؛
- اجتمع مجلس الشراكة (Partnership Council) مرتين في عام 2021 لمناقشة الترتيبات المؤسسية للصندوق وتوجهه الإستراتيجي باعتباره أداة لإعادة الإعمار والتعافي والإصلاح، وللمصادقة على مشاريع الصندوق الجديدة، وحضر هذين الاجتماعين المانحون وممثلو الحكومات ومنظمة الأمم المتحدة ومنظمات المجتمع المدني، وشارك في ترؤسهما المدير الإقليمي للبنك الدولي ورئيس وفد الاتحاد الأوروبي؛
- عقد أكثر من 20 جلسة تشاور فنية مع المانحين في عام 2021 لتقييم التقدم المحرز والمخاطر والتحديات القائمة وعقد مناقشات فنية بشأن إعداد مشاريع الصندوق الجاهزة للتنفيذ؛
- في حزيران 2021، أنشئت هيئة الرقابة المستقلة (Independent Oversight Body) - وهي آلية مستقلة لممثلي المجتمع المدني توّمر رقابة واسعة النطاق على تنفيذ إطار الإصلاح والتعافي وإعادة الإعمار. وقد ساند الصندوق - منذئذ - تفعيل دور هيئة الرقابة المستقلة، بما في ذلك وضع ميثاق للحوكمة ومنهجية لرصد المشاريع التي يمولها.
- تمت صياغة إطار نتائج الصندوق (Results Framework) وتحديثه بناء على المناقشات الفنية، والملاحظات والآراء التقييمية التي أبدتها المانحون، وكذلك بناء على التقدم المحرز في إعداد المشاريع. وسيتم إدخال مزيد من التعديلات على إطار النتائج في عام 2022 بحيث يعكس التغييرات غير المتوقعة في نطاق المشاريع قيد الإعداد والمشاريع والأنشطة الجديدة المحتملة.
- أعد فريق إدارة المشروع خطة التواصل والإعلام (Communications and Visibility Plan)

موجز تنفيذي

نظرة عامة

الصندوق الائتماني المُخصَّص للبنان هو صندوق متعدد المانحين مدته 5 سنوات أُنشئ في كانون الأول 2020 في أعقاب كارثة انفجار مرفأ بيروت في 4 آب وبعد إطلاق إطار الإصلاح والتعافي وإعادة الإعمار. وقد تلقى الصندوق حتى الآن مساهمات وهبات سخية من كندا والدانمرك والاتحاد الأوروبي وفرنسا وألمانيا والنرويج⁵.

يسعى الصندوق إلى تلبية الاحتياجات الفورية لعملية التعافي الاجتماعي والاقتصادي للفئات الأشد احتياجاً من السكان ومؤسسات الأعمال التي تضررت من انفجار مرفأ بيروت، وإرساء الأسس اللازمة لتحقيق التعافي على المدى المتوسط وإعادة إعمار مرفأ بيروت والأحياء المتضررة على نحو مستدام. يتمحور الصندوق حول ثلاثة ركائز هي: (1) التعافي الاجتماعي والاقتصادي والتنسيق والمتابعة والمساءلة والرقابة ضمن إطار الإصلاح والتعافي وإعادة الإعمار. (2) تهيئة الظروف للإصلاح وإعادة الإعمار؛ (3) تعزيز التنسيق والمتابعة والمساءلة والرقابة ضمن إطار الإصلاح والتعافي وإعادة الإعمار.

في عامه الأول، نجح الصندوق الائتماني المُخصَّص للبنان في حشد دعم قوي لصندوقه الائتماني، ووضع إطاراً متيناً للحوكمة، وصمم أربعة مشاريع وأربعة تقارير ودراسات في إطار خطة العمل لعام 2021 وذلك بالاشتراك مع الأطراف المعنية والمانحين. وتشمل الإنجازات الرئيسية التي تحققت في عام 2021 ما يلي:

- ساهم سبعة مانحين بمبلغ 60.42 مليون دولار أميركي، تم تلقي 52.18 مليون دولار منها، ومن المتوقع تلقي تعهدات تعادل قيمتها 13.51 مليون دولار أميركي من الاتحاد الأوروبي وإيطاليا بحلول أبريل/نيسان 2022؛
- تتمحور خطة عمل عام 2021 حول المحاور الثلاثة للصندوق، وتتماشى مع أولويات إطار الإصلاح والتعافي وإعادة الإعمار. وقام مجلس شراكة الصندوق بوضع الخطة وإقرارها في اجتماعه الأول الذي عُقد في 29 نيسان 2021، بعد عدة جولات من المناقشات والمشاورات الفنية؛
- إعداد التصور الأولي (Concept Note) لأربع مشاريع تتولى تنفيذها جهات مختصة وأربع تقارير ودراسات ينفذها البنك الدولي. وقد تمت الموافقة على اثنين من المشاريع وعلى جميع الأنشطة التي ينفذها البنك. ومن المتوقع أن يدخل المشروعان الجاري إعدادهما اللذان سوف تنفذهما جهات مختصة حيز التنفيذ خلال الربع الأول⁶ من عام 2022.

5 تعهد كل من الاتحاد الأوروبي وإيطاليا بتسديد مساهمتهما في السنة 2022.

6 تتعلق الإشارات للسنوات والأرباع بالسنوات التقويمية (1 يناير/كانون الثاني - 31 ديسمبر/كانون الأول).

RÉSUMÉ ANALYTIQUE

APERÇU

Le Mécanisme de financement pour le Liban (LFF) est un fonds fiduciaire multilatéral d'une durée de 5 ans qui a été créé en décembre 2020 en réponse à l'explosion qui a dévasté le port de Beyrouth le 4 août de la même année et après le lancement du Cadre de réforme, de relèvement et de reconstruction (3RF). À ce jour, le LFF a reçu de généreuses contributions du Canada, du Danemark, de l'Union européenne (UE), de la France, de l'Allemagne, de la Norvège³

Le LFF vise à soutenir le relèvement socioéconomique immédiat des personnes et des entreprises vulnérables à la suite de l'explosion à Beyrouth, et à jeter les bases d'un relèvement à moyen terme et celles de la reconstruction durable du port de Beyrouth et des quartiers touchés. Le LFF donne la priorité à trois domaines d'intervention : 1) le relèvement socioéconomique et commercial ; 2) la préparation des réformes et de la reconstruction ; et 3) le renforcement de la coordination, du suivi, de la transparence et de la supervision du cadre 3RF.

Au cours de sa première année, le LFF a mobilisé un fort soutien pour le fonds fiduciaire, établi un cadre de gouvernance solide et conçu quatre projets et quatre activités de services d'analyse et de conseil (ASA) dans le cadre du plan de travail 2021, en partenariat avec les parties prenantes et les donateurs du LFF. Les principales réalisations enregistrées en 2021 sont les suivantes :

- Sept donateurs ont contribué à hauteur de 60,42 millions de dollars, dont 52,18 millions ont été reçus. Des promesses de dons s'élevant à 13,51 millions de dollars devraient être reçues de l'UE et de l'Italie d'ici au mois d'avril 2022 ;
- Le plan de travail 2021 a été structuré autour des trois domaines d'intervention du LFF et aligné sur les priorités du cadre 3RF. Il a été élaboré et approuvé par le Conseil de partenariat du LFF lors de la première réunion dudit conseil tenue le 29 avril 2021, après plusieurs séries de discussions et de consultations techniques ;
- Quatre notes conceptuelles pour des projets exécutés par les bénéficiaires et quatre notes conceptuelles pour des ASA exécutés par la Banque ont été élaborées ; deux des projets exécutés par les bénéficiaires et toutes les activités exécutées par la Banque ont été approuvés. Les deux projets exécutés par les bénéficiaires devraient entrer en vigueur au cours du premier trimestre⁴ de 2022.

3 L'Union européenne et l'Italie se sont engagées à verser des contributions au cours de l'année 2022.

4 Les références aux années et aux trimestres concernent les années civiles (du 1er janvier au 31 décembre).

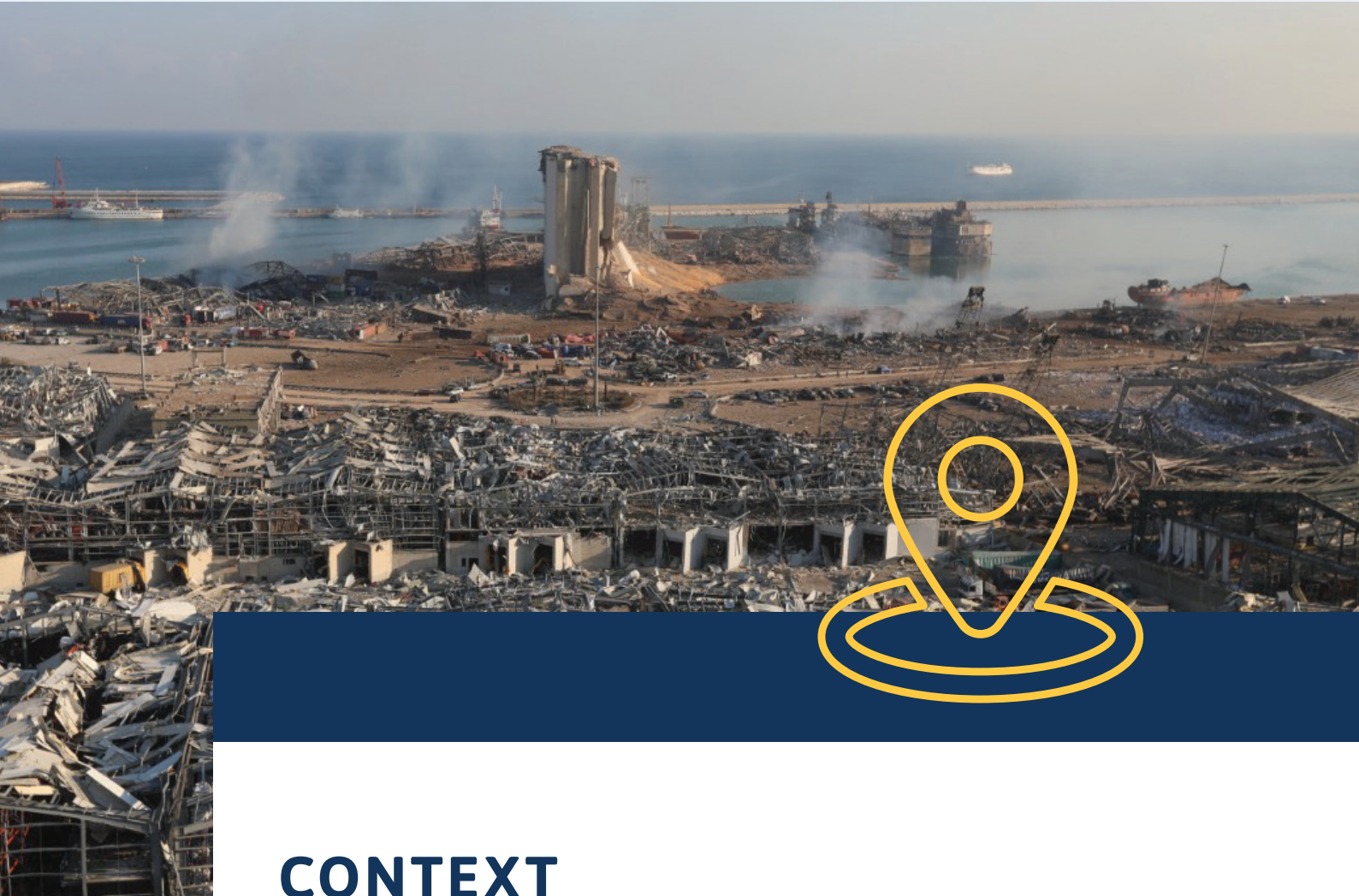
Plusieurs étapes fondamentales ont été franchies pour la mise en place du LFF et pour faciliter une gestion rigoureuse du fonds dans un environnement complexe :

- Le manuel opérationnel du LFF, qui définit les dispositions de gouvernance du fonds et le cycle de développement des projets, a été rédigé et mis à jour pour intégrer les contributions des donateurs et a été partagé avec le Conseil de partenariat du LFF ;
- Le Conseil de partenariat du LFF s'est réuni deux fois en 2021 pour discuter des dispositions institutionnelles et de l'orientation stratégique du LFF en tant que vecteur de reconstruction, de relèvement et de réforme, ainsi que pour approuver de nouveaux projets dans le cadre du fonds. Ces réunions ont connu la participation des donateurs du LFF, des représentants du gouvernement, des Nations Unies (UN), des organisations de la société civile, et étaient coprésidées par le directeur régional de la Banque mondiale et le chef de la Délégation de l'UE ;
- Plus de 20 consultations techniques avec les donateurs ont été organisées en 2021 pour évaluer les progrès, les risques et les défis, et pour évoquer les aspects techniques de la préparation de la réserve de projets du LFF ;
- L'Organe de contrôle indépendant (IOB) – le mécanisme indépendant permettant aux représentants de la société civile d'assurer un contrôle étendu de la mise en œuvre du cadre 3RF – a été créé en juin 2021. Depuis, le LFF a soutenu l'opérationnalisation de l'IOB, notamment l'élaboration d'une charte de gouvernance et d'une méthodologie de suivi pour les projets financés par le LFF ;
- Le cadre de résultats du LFF a été rédigé et mis à jour sur la base de discussions techniques, des réactions des donateurs et au fur et à mesure du développement des projets. Le cadre de résultats sera à nouveau modifié en 2022 afin de prendre en compte la révision de la portée des projets en cours de préparation et les nouveaux projets et activités potentiels.

Un plan de communication et de visibilité (CVP) a été élaboré par l'équipe de gestion de projet, présenté aux donateurs et révisé en fonction des commentaires reçus. Des directives relatives à l'image de marque du LFF ont également été élaborées, ainsi que des directives détaillées à l'intention des équipes de projet chargées de la mise en œuvre des opérations financées par le LFF. Un groupe de travail sur la communication, composé de responsables de la communication des donateurs du LFF et de la Banque, a été mis en place et a pour but de se réunir régulièrement afin de coordonner les efforts de communication et de diffusion en faveur du LFF et de ses projets. Le groupe de travail s'est réuni pour la première fois en janvier 2022 et a convenu de la marche à suivre pour une mise en œuvre efficace du CVP.

STRUCTURE DU PREMIER RAPPORT ANNUEL DU LFF

Le contenu des rapports annuels du LFF évoluera au fur et à mesure que de nouveaux projets seront mis en œuvre en 2022. Ce rapport annuel – le premier pour le LFF – sera axé sur l'opérationnalisation du fonds et ses premiers résultats. La première section décrit le contexte sectoriel du relèvement, de la reconstruction et des réformes au Liban. La deuxième section donne un aperçu de l'évolution du portefeuille du LFF au cours de la première année de mise en œuvre, tandis que la troisième section fournit des détails supplémentaires sur les projets conçus et/ou approuvés en 2021, ainsi que sur les premiers résultats. La quatrième section met en évidence les résultats obtenus dans l'établissement des bases opérationnelles du LFF. La cinquième section résume les flux financiers du fonds. La dernière section présente les ambitions du fonds pour 2022. Les annexes donnent un aperçu des projets du portefeuille du LFF et contiennent un cadre de résultats actualisé, la note sur l'approche du LFF en matière de genre et les communiqués de presse publiés en 2021.



CONTEXT

The Port of Beirut explosion on August 4, 2020 devastated the city, killed over 200 people, wounded thousands, and displaced around 300,000. Most privately-owned establishments across all sectors within a 5 km radius of the explosion were affected and restoring service delivery in the short term required a rapid response. It was estimated that without immediate support to businesses, one in five employees would lose their jobs.⁷

In the immediate aftermath of the blast, the World Bank Group in cooperation with the United Nations (UN), European Union (EU) and other stakeholders launched a Rapid Damage and Needs Assessment (RDNA)

to inform an expedited economic and social recovery plan to address Lebanon's immediate and short-term needs. The explosion caused between US\$3.8 and US\$4.6 billion in damage to physical stock, and losses – including changes in economic flows as a result of the decline in the output of the economic sectors – estimated to be in the range of US\$2.9 and US\$3.5 billion. The public sector reconstruction and recovery needs for Calendar Year (CY) 2020-2021 were estimated in the range of US\$1.8 and US\$2.2 billion.

According to the Rapid Damage and Needs Assessment (RDNA), the explosion had severe impacts on Lebanon's productive

⁷ The World Bank conducted a rapid firm-level survey in November 2020, which was a follow-up to the 2019/2020 enterprise survey that was carried out between May 2019 and April 2020. Business owners and top managers of 532 formal firms were interviewed as part of the standard enterprise survey. The same firms were contacted by phone for the follow-up survey between November and December 2020.

sector. The blast caused substantial physical damage and loss of stock and inventory to approximately 10,000 privately owned businesses located within a 5 km radius of the explosion site. It significantly affected firms' productivity and revenue generation and led to substantial layoffs and bankruptcies. According to a World Bank rapid firm-level survey conducted during November and December 2020, around 17% of firms were confirmed or assumed to be permanently closed; 79% of firms experienced reduced sales (on average, a 69% decline); and 61% of firms had decreased the number of permanent workers by 43% on average. Furthermore, the survey revealed that almost half of all surveyed firms (46%)—both in Beirut and elsewhere—have been affected by the explosion either directly or indirectly. The affected businesses across a number of sectors, specifically micro-, small- and medium-sized enterprises (MSMEs), are struggling to finance their reconstruction and recovery needs, and find it extremely difficult to resume service delivery, unless they receive urgent financial assistance. The explosion also exposed the fragility of the financial sector (banking, insurance, and microfinance). Access to finance has severely deteriorated over the past two years due to the economic and financial crisis. With very limited policy responses by Lebanese authorities to support the recovery of the financial sector, firms affected by the explosion, specifically MSMEs, are still struggling to finance their reconstruction and recovery needs.

The PoB explosion also compounded Lebanon's existing economic and social challenges and disproportionately affected Beirut's vulnerable populations. The blast occurred against a backdrop of rising national poverty rates, hyperinflation, and the loss of jobs and livelihoods.⁸ The situation of Beirut's population therefore remains precarious and the need for support to recovery and reconstruction efforts urgent. Housing was one of the most impacted sectors. Approximately 87,552 housings were damaged, with 16 percent destroyed, 29 percent partially damaged, and 55 percent minimally damaged. Of all asset classes, low-income housing units sustained the most damage, with 64 percent of these units (22,000 low-income residential units) having sustained some form of

damage. The area affected by the explosions was home to a diverse population of around 750,000 residents in 2018. Within that population, renter households make up about 55 percent, occupying units in both single-family and multi-family buildings. Much of the historic housing has been damaged, often those housing the lowest-income households, and the ability for self-recovery is furthered hampered due to the compounding effects of the economic collapse at the end of 2019 and COVID-19 from early 2020. Low-income populations are subject to tenure insecurity, high housing and services costs and informal real-estate practices, while the damage to the housing stock caused by the explosion renders these populations even more vulnerable to longer-term displacement. The level of mobilization from civil society after the explosions was remarkable, with civil society mobilizing at an unprecedented scale to protect the population and begin repairs wherever possible. The Government also issued decisions to prevent predatory practices and demolitions of these historic buildings.

The explosion also caused immense damage to the tangible and intangible cultural heritage of Beirut, impacting some of the most historically and culturally vibrant significant neighborhoods in the city. This has resulted in great cultural, archaeological and socio-economic damage and losses in a city that is a historical and cultural hub for the region. The areas affected by the explosion contained 381 religious assets, 25 national monuments, 16 theaters and cinemas, 8 museums, 25 libraries and archives, at least 755 heritage buildings including archaeological areas and historic housing. The most-affected area was also the vibrant epicenter of the city with a unique urban fabric embedded with historical buildings hosting the production of Cultural and Creative Industries (CCI), with impacts on associated livelihoods, and the risk of permanent exodus from the sector of those affected. Each CCI business provided on average five full-time jobs, mostly to youth. Overall, the estimate of damage to the cultural sector ranges from US\$1.0 - US\$1.2 billion, with losses from US\$400.0 - US\$490.0 million.

Additionally, the environment of the city was significantly damaged, as the explosion generated large quantities of various waste streams.

⁸ Findings from the Ministry of Social Affairs Rapid needs assessment for people impacted by the Beirut explosion, August 2020.

Environmental challenges due to the explosion include: (i) the storage and management (including treatment) of chemicals, hazardous material, health care waste and other special wastes; (ii) inadequacy of the solid waste management (SWM) system of the city of Beirut and Mount Lebanon and the need for a long-term and integrated approach for SWM for Beirut city; and (iii) lack of facilities for safe management of large quantities of demolition waste, hazardous waste (including asbestos), scrapping/disposal of damaged vehicles, electronic waste, etc. The explosion also highlighted the significant weaknesses in the overall environmental management of the city of Beirut, including inadequate monitoring and enforcement system of environmental regulations, limited strategic planning and weak government capacity to ensure inclusive representation and participation (by gender, age, etc.) across stakeholders' groups, including civil society and the private sector, in responding to environmental priorities.

This crisis also served to further illustrate the evident governance shortcomings of the current institutional set-up, as well as the risks emanating from the no-reform scenario. Lebanon suffers from severe governance and trust deficits. The governance system is characterized by weak public financial management and public procurement, outdated and ineffective institutional arrangements for control and audit, lack of an independent judiciary capable of upholding the rule of law, and ineffective (or non-existent) delivery of public services. Protests, which started in October 2019 and continued during the COVID-19 pandemic, reflect a growing consensus that systemic and widespread corruption has drained the state's treasury, impaired the effectiveness of its institutions, and blocked reforms. As a result of the systemic corruption underlying Lebanon's governance system, the public has little trust in the ability of public institutions to respond to Lebanon's multifaceted crises. The explosion at the Beirut Port further contributed to the view among Lebanese citizens that the political system (and political class) is not willing or capable of reform or effective solutions. Following the explosion, civil society organizations raised concerns that pervasive political capture and gaps in

transparency and integrity will undermine the recovery and reconstruction efforts.

The Port of Beirut explosion came on the heels of an ongoing economic and financial crisis and the COVID-19 pandemic. Lebanon is in the midst of three mega-crises: in addition to the aftermath of the explosion, Lebanon is experiencing one of the worst financial and economic crises in recorded human history alongside the COVID-19 pandemic.⁹ The impacts of these crises are reversing hard-won development gains and have led to a surge in poverty rates, with over half of the population under the poverty line. Additionally, recent years have seen repeated periods of political deadlock and prolonged negotiations over the form of a new government due to the fragile and dysfunctional political system and inability of the state to regulate political conflict and exercise sovereign authority. This challenging context calls for an adaptation of the international community's engagement model with the Government of Lebanon in light of weak administrative capacity, concerns over elite capture and the visible disconnect between the country's political elite and its people. This requires a stronger focus on engaging through policy dialogue, new modalities of working with civil society and non-state actors, scaling up partnerships, and complementing on-going lending with the strategic use of grant resources.

In response, the European Union (EU), the United Nations (UN), and the World Bank championed a Reform, Recovery and Reconstruction Framework (3RF) as a platform for international support and increased engagement with civil society organizations (CSOs). Launched in December 2020, the 3RF provides a costed and prioritized plan of key actions over 18 months across various sectors to support the recovery and reconstruction of Beirut. The 3RF also lays out an engagement model emphasizing direct support to affected communities through people-centered recovery, while identifying a set of priority reforms as prerequisites for reconstruction. It also established a platform for stakeholder dialogue and an associated financing mechanism in the form of the LFF Multi-Donor Trust Fund to channel donor grant resources to support immediate recovery efforts.

⁹ World Bank, "Lebanon Economic Monitor, Spring 2021: Lebanon Sinking (to the Top 3)", May 31, 2021; and World Bank, "Lebanon's Crisis: Great Denial in the Deliberate Depression," Press Release, January 25, 2022.

Reform, Recovery and Reconstruction Framework (3RF). The 3RF aims to assist Lebanon in achieving three central goals in response to the Beirut port explosion: (i) *people-centered recovery* that returns sustainable livelihoods to the affected population; improves social justice for all, including women, the poor, and other vulnerable groups; and ensures participatory decision making; (ii) *reconstruction of critical assets, services, and infrastructure* that provides equal access for all to quality basic services and enables sustainable economic recovery; and (iii) *reform* that helps restore people’s trust, improve governance, and harness conditions for reconstruction based on an inclusive approach.

To promote a different way of working, the 3RF is designed as a collaborative process that is based on the participation of the government, civil society, the private sector as well as development partners. Integral to the 3RF is an innovative institutional architecture that includes the following bodies:

- i. A *Consultative Group (CG)* to serve as a platform for overarching strategic guidance and direction on implementation and for high-level policy dialogue on 3RF priorities.
- ii. A *Partnership Council (PC)* as the governing body for the Lebanon Financing Facility (LFF).
- iii. An *Independent Oversight Body (IOB)* to serve as an independent mechanism for representatives from civil society and other institutions to provide broad oversight on 3RF implementation and hold 3RF stakeholders.
- iv. A *Dedicated Secretariat* to support the institutional arrangements and help facilitate 3RF implementation, including through communication, progress monitoring and supporting citizen engagement.

The Lebanon Financing Facility (LFF) was established in December 2020 in response to an urgent need to create a common platform that can finance the immediate socio-economic recovery of Beirut, catalyze much needed reform efforts and prepare the ground for medium-term reconstruction and recovery. The scope and magnitude of the support needed is both significant and time sensitive. However, forthcoming reconstruction and development assistance from donors is contingent on the government’s commitment to governance and structural economic reforms. Given the failures of successive governments to deliver on their reform commitments, the country has not been able to access financing from the international community at scale to address its pressing public infrastructure reconstruction needs. The LFF is helping to bridge this gap by mobilizing and pooling critical grant resources to kickstart the recovery process and establish the foundation for reconstruction and reform.

The LFF serves to pool grant resources and strengthen the coherence and coordination of financing in support of the immediate socioeconomic recovery of vulnerable people and businesses impact by the Port of Beirut explosion. The LFF, administered by the World Bank, provides support to selected priorities of the Reform, Recovery and Reconstruction (3RF) framework. The LFF three core focus areas are:

- Focus Area 1: Socioeconomic and business recovery
- Focus Area 2: Preparing for reform and reconstruction
- Focus Area 3: Coordination, monitoring, accountability and oversight

The LFF has a 5-year horizon recognizing the time it may take to fully implement priorities identified in the 3RF, and the LFF’s potential role in supporting Lebanon’s medium-term recovery and reconstruction beyond the 3RF’s 18 months’ time-period, subject to government progress on fundamental reforms and donor support.



THE LFF PORTFOLIO



Based on the level of donor funding available in 2021 and considering the urgent needs of the Lebanese people, the 2021 LFF work plan prioritized: (i) socioeconomic and business recovery activities under Focus Area 1 to respond to the immediate needs of the most vulnerable; (ii) initial engagement on Focus Area 2 focused on governance and accountability and port sector reform; and (iii) support to help operationalize the 3RF institutional arrangements under Focus Area 3.

The work plan was endorsed during the Partnership Council meeting on April 29, 2021. The work plan was updated in November 2021 to incorporate a new activity supporting Third Party Monitoring of the COVID-19 vaccine roll-out. This report highlights progress made in preparing the initial portfolio.

As part of the 2021 LFF Work Plan, seven grants for projects and ASAs (four Recipient executed and three Bank executed) were endorsed by the Partnership Council. One additional Bank executed grant for COVID-19 Vaccination Third Party Monitoring was presented to the Partnership Council and added to the revised work plan in November 2021. Of these, six have been approved:

- Building Beirut Businesses Back & Better (B5) Fund
- Support for Social Recovery Needs of Vulnerable Groups in Beirut
- Implementing 3RF Governance Pillar (“Reconstruction with Integrity and Transparency”)
- Port of Beirut Reform and Reconstruction
- Strengthening 3RF Oversight, Engagement and Monitoring
- COVID-19 Vaccination Third Party Monitoring¹⁰

Preparation of the remaining pipeline projects¹¹ is ongoing, reflecting the challenges and complexities of the operating environment. Active and pipeline projects and ASAs under each of the LFF’s three focus areas are outlined in Table 1.

¹⁰ The COVID-19 Vaccination Third Party Monitoring activity was presented to donors and added to the LFF work plan in November 2021, however it has not been officially endorsed by the Partnership Council. This is expected to happen at the next PC meeting. COVID-19 Vaccination Third Party Monitoring activities will begin in January 2022, and the first payment from the LFF is expected in April 2022.

¹¹ Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery; and Beirut Critical Environment Recovery, Restoration and Waste Management Program.



Across the proposed interventions, the LFF work plan supports the 3RF cross-cutting priorities of gender, inclusion and transparency. All projects consider gender-differentiated needs, women's participation and equal access to benefits, and the work plan includes targeted support for survivors of sexual and gender-based violence and for women-led businesses. The work plan also targets vulnerable groups (including women, youth, people with disabilities, people with mental health challenges, old persons, migrants and refugees). Finally, all projects aim to promote transparency, citizen and community engagement and improved monitoring with dedicated support to strengthen public and social accountability and create new channels for citizen feedback and involvement.

A Gender Approach Note for the LFF was developed by World Bank gender specialists in March 2021 (see Annex 3). This note defines the processes in place to support the approach to considering gender-differentiated needs, women's participation and equal access to benefits throughout LFF-financed activities. This aims to ensure that the LFF proactively identifies, addresses and monitors gender gaps and that projects selected for implementation consider gender equality actions and metrics in a meaningful way.

To operationalize this approach, the LFF Program Management Team draws on the experience and expertise of the World Bank Lebanon Gender Lead, who also functions as the LFF Gender Coordinator. To strengthen project design to maximize benefits for women, project teams engage the LFF Gender Coordinator early on during the design stage to discuss gender gaps the project aims to tackle, as well as potential measures to address and monitor these gaps. During implementation, each project will incorporate a Gender Specialist as part of the team to provide technical (topic expertise) and operational (reporting, monitoring, communications) support, as well as to ensure coordination, engagement and outreach with relevant stakeholders.

TABLE 1.
ACTIVE AND PIPELINE PROJECTS AS ENDORSED IN THE 2021 WORK PLAN

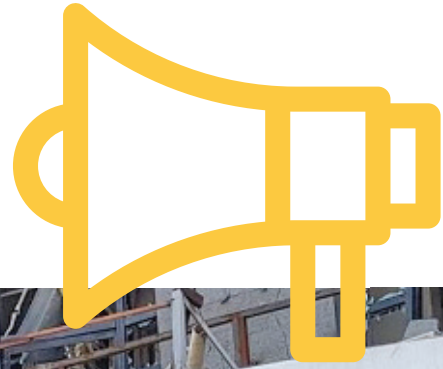
Project	Implementation Modality	Status	Allocation proposed in Work Plan (\$US million)	Grant Allocated (US\$ million)	Amount disbursed (US\$ million) as of 12/31/21
Focus Area 1: Socioeconomic and business recovery			53.00	30.00	5.00
Support or Social Recovery Needs of Vulnerable Groups in Beirut	Recipient Executed	Approved*	5.00	5.00	0.00
Beirut Critical Environment Recovery, Restoration and Waste Management Program	Recipient Executed	Pipeline	10.00	--	--
Beirut Housing Rehabilitation and Cultural Heritage and Creative Industries Recovery	Recipient and Bank Executed**	Pipeline	13.00	--	--
Building Beirut Businesses Back & Better (B5) Fund	Recipient Executed	Active	25.00	25.00	5.00
Focus Area 2: Preparing for reform and reconstruction			0.75	0.75	0.00
Reconstruction with Integrity and Transparency	Bank Executed	Active	0.50	0.50	0.00037
Port of Beirut Reform and Reconstruction	Bank Executed	Active	0.25	0.25	0.00
Focus Area 3: Coordination, monitoring, accountability and oversight			1.85	1.85	0.09
Strengthening 3RF Oversight, Engagement and Monitoring	Bank Executed	Active	0.85	0.85	0.09
COVID-19 Vaccination Third-Party Monitoring	Bank Executed	Active	1.00	1.00	0.00
TOTAL***			55.6	32.6	5.09

* Expected to become effective in March 2022.

** Recipient Executed: US\$12.75 million and Bank Executed: US\$0.25 million.

***These amounts only reflect the grant commitments and disbursements for active LFF-funded projects. This excludes information on grants for project preparation and supervision as well as program management and administration, which is reflected in the Financial Highlights section below.

LFF ACTIVITIES AND HIGHLIGHTS





FOCUS AREA 1

SOCIOECONOMIC AND BUSINESS RECOVERY

(Recipient-Executed)

Building Beirut Businesses Back & Better (B5) Fund – US\$25 million

The B5 Fund aims to support the recovery of targeted MSEs and ensure the sustainability of eligible MFIs through the provision of grants to MSEs and MFIs. It will provide grants to approximately 4,300 MSEs, of which 30% will be women-owned or led, to cover expenses related to working capital, technical services, equipment and repairs. The B5 Fund will also provide grant support to cover the operational expenses of up to 5 eligible MFIs. The project is being implemented by Kafalat.

The project was approved by the World Bank on July 28, 2021, declared effective on October 8, 2021, and officially launched on November 11, 2021 under the patronage of Lebanon's Prime Minister and in the presence of representatives from government, donors, private sector and civil society.

Since the launch of the project, Kafalat has accomplished the following:

- Began receiving, processing and disbursing grants;
- Established a Project Management Unit (PMU) and completed hiring;
- Developed the project landing page on Kafalat's website that provides all project details;
- Competitively selected a firm (Microfinanza Rating) to conduct an assessment of the capacity of participating MFIs to: (i) disburse grants to MSEs; and (ii) receive self-sustainability grants. The assessment is expected to be completed by March 2022;
- Competitively selected a firm (Born Interactive) to develop and implement a communications campaign, website, web-based application and dashboard for the project, which is expected to be completed in March 2022;
- Competitively selected a Money Transfer Operator to disburse cash grants to MSEs assessed by MFIs; and
- Signed MOUs with the Lebanese Armed Forces (LAF) and Mercycorps to confirm the damaged status of MSEs and crosscheck whether they have received assistance for similar expenses.

As of January 14, 2022¹², Kafalat has received 99 applications from MSEs, of which 33 (33%) are women-owned or led. On average, MSEs reported US\$75,587 in terms of recovery needs, half of which are for repairs and technical services. To date, Kafalat has approved 31 grants (35% of which are for women owned or led MSEs). Average grant per MSE is US\$12,750. Total grants approved amounted to US\$395,250.

Four out of the eight MFIs that expressed interest in participating in the B5 Project were selected, based on a third-party assessment: Al Majmouaa, Vitas, AEP, and Ibdaa. MFIs have identified around 2000 eligible MSEs. It is expected that as soon as MFIs sign the subsidiary agreement with Kafalat, MFIs will start processing grant applications gradually.

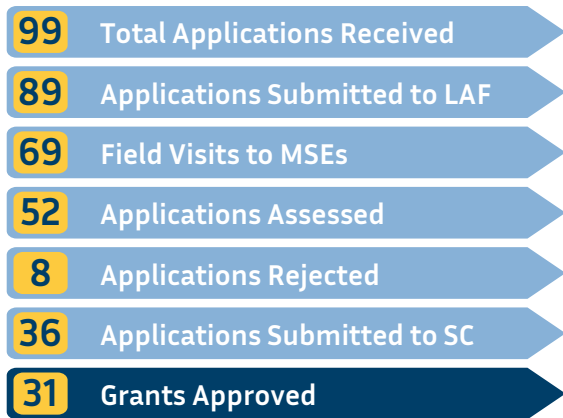
Support for Social Recovery Needs of Vulnerable Groups in Beirut (GBV, psychosocial support, care for the elderly) – US\$5 million from the LFF (in addition to US\$2.8 million from the State and Peacebuilding Fund)

The Support for Social Recovery Needs of Vulnerable Groups Project aims to support the immediate social recovery needs of vulnerable groups following the Port of Beirut explosion. This will be done by supporting non-government stakeholders that are engaged and have a track record in social recovery services by improving their capacity to participate in the broader social recovery and reconstruction processes.

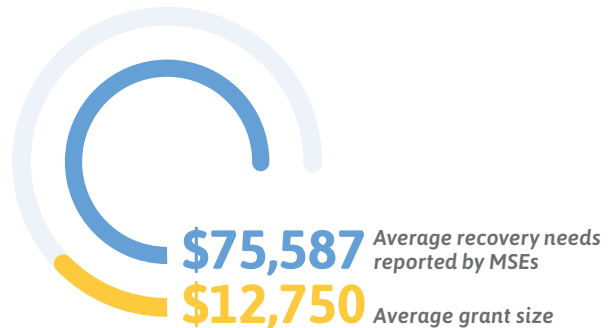
Activities will focus on piloting an effective, inclusive and sustainable model for non-government support for social services for vulnerable groups affected by the explosion. Specifically, this will entail piloting a mechanism for providing grant financing directly to a select number of NGOs to provide social services to vulnerable groups affected by the crises in the immediate to short term. Vulnerable groups specifically supported by the project include women, men and children survivors and at risk of gender-based violence (GBV), people with mental health challenges, persons with disabilities and older persons (OPs), as well as migrants

¹² Although this report covers progress in 2021, this is the closest date to 12/31/21 for which results were available at the time of drafting.

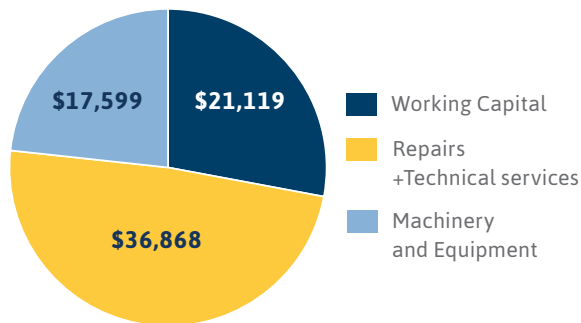
**FIGURE 1.
B5 GRANTS TO MSEs**



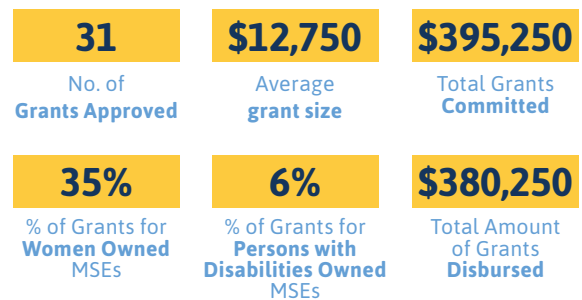
**FIGURE 2.
AVERAGE MSE RECOVERY NEEDS
VERSUS AVERAGE GRANT SIZE**



**FIGURE 3.
AVERAGE MSE RECOVERY
NEED BY TYPE**



**FIGURE 4.
MSE GRANTS APPROVED,
COMMITTEE, AND DISBURSED**



and refugees working as domestic workers in Beirut. The project will be implemented by the International Rescue Committee.

The project was approved by the World Bank on December 23, 2021 and is expected to become effective in March 2022. All parties are well positioned to initiate implementation immediately upon effectiveness.

Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery – US\$13 million

The Beirut Housing Rehabilitation and Cultural and Creative Industries (CCI) Recovery Project will support rehabilitation of prioritized historic housing for the most vulnerable people and provide emergency support to creative practitioners and entities in areas affected by

the Port of Beirut explosion. The project will be implemented by UN-Habitat.

The first component focuses on supporting the return of displaced households to targeted buildings through the rehabilitation of residential heritage buildings and technical assistance for rental support. The project will prioritize rehabilitation of select vacant structurally damaged residential units in the historical neighborhoods located within five kilometers of the epicenter of the Port of Beirut August 4, 2020 explosion, and that were inhabited by lower income and vulnerable households.. A focus will be on a subset of vacant residential buildings that were inhabited by lower-income and vulnerable households with low tenure security who may have been temporarily displaced. The second component will provide technical assistance and grants to affected cultural entities and practitioners operating in targeted CCI for

the development of cultural productions in neighborhoods affected by the explosion. A Grant Approval Committee (GAC) comprised of representatives of government and local cultural entities will be set up and chaired by UNESCO.

A series of extensive consultations on the design of the project components and on implementation arrangements were undertaken between February and September 2021. Consensus on the scope, components, and prioritization criteria was reached among the different stakeholders, including the Deputy Prime Minister, key ministerial entities (i.e. Ministry of Economy and Trade, Ministry of Tourism, Ministry of Environment, Ministry of Culture, Ministry of Interior and Municipalities, Ministry of Social Affairs), Governor of Beirut, Municipality of Beirut, Order of Engineers and Architects (OEA), Civil Society, NGOs, Academia, Development Partners (Denmark, EU, France, Canada, Germany, Italy, Norway), and the United Nations (UN). Main outcomes included a shared vision for the recovery of the city of Beirut, strong linkages between the project and the urban recovery strategy through a plan to scale up the project, the institutional framework for the city recovery, the setting up of a Planning and Coordinating Unit and a “One Stop Shop” to coordinate, communicate, and facilitate financing for the city’s medium to long-term recovery strategy. The criticality of the project was highlighted by concerned counterparts during the various meetings.

Prior to completing Appraisal, the World Bank ESF team revised the Environmental and Social Review Summary (ESRS), and UN-Habitat amended the Environmental and Social Commitment Plan (ESCP), Stakeholder Engagement Plan (SEP) and Environmental and Social Management Framework (ESMF) to address the comments provided by the WB MNA Regional Safeguards Advisor (RSA) and all the documents have been disclosed¹³.

Project approval is expected to take place in February 2022. An Implementing Entity will be identified to complement Component 2 through a subsidiary agreement.

Environmental Recovery and Waste Management – US\$10 million

The Environmental Recovery and Waste Management project will support emergency environment control measures in Beirut to address the impacts of the August 2020 explosion, as well as support planning for longer-term environmental restoration efforts. Activities will include the rehabilitation and operationalization of damaged solid waste management infrastructure, the management of debris, asbestos-contaminated materials and hazardous waste generated due to the explosion, and priority policy and institutional actions for greening Beirut’s Reconstruction Agenda. The project will be implemented by UNDP.

The World Bank project team has been in continuous contact with the Interim Committee of the Port of Beirut to identify priority activities that can be supported by the project, in coordination with other ongoing activities to avoid overlap with other funding sources. Based on discussions with the Government of Lebanon and relevant stakeholders during the project team’s mission in November 2021, the proposed project component relating to managing and disposing of debris in the Port of Beirut was dropped. In lieu of this, the team has proposed to support solid waste management infrastructure (Karantina sorting facility and Coral composting facility) damaged during the explosion. As a result of this change, the project is being redesigned (including preparation of safeguard instruments) and project Appraisal is planned for February 2022 followed by management approval in March 2022.

Given the latest changes to the project components, delivery of the project in the first quarter of 2022 is contingent upon: (i) shortlisting of sites by the Government of Lebanon for the disposal of asbestos contaminated debris; (ii) agreement of the revised project design by relevant stakeholders; and (iii) finalization of safeguard instruments.

13 The cleared ESCP, SEP, and ESMF were disclosed in December 2021 on the UN-Habitat website at the below link: Beirut Housing Rehabilitation and Cultural Heritage and Creative Industries Recovery. The above instruments have also been disclosed on the World Bank external website. <https://unhabitat.org/project/beirut-housing-rehabilitation-and-cultural-heritage-and-creative-industries-recovery>



FOCUS AREA 2

SUPPORTING REFORM AND PREPARING FOR RECONSTRUCTION

(Bank-Executed)

Reconstruction with Integrity and Transparency – Proposed Governance Activities (Phase 1) – US\$0.5 million

The first phase of proposed governance activities aims to establish a transparent, accountable, and inclusive policy and institutional framework for Lebanon's reconstruction and recovery. Project activities will focus on designing and implementing policy reforms and institutional strengthening in the strategic priority areas for governance identified by the 3RF: public financial management and public procurement, anticorruption, and justice reform.

Components include strengthening Lebanon's existing and new oversight institutions (Court of Accounts, Central Inspection, Policy Procurement Authority, and the new Anti-Corruption Commission), building an effective public investment management (PIM) system, and institutionalizing a new public procurement framework. Activities under each component have been closely coordinated with related activities supported by UN and EU 3RF initiatives. The Bank received a letter from the Minister of Finance on December 9, 2021, nominating the Institute of Finance as the focal entity to support the implementation of the PIM and the public procurement component.

With regards to the PIM, the Bank team has identified a consultancy firm with strong public sector knowledge to work on PIM activities. Contract signature is expected in March 2022 and work will commence immediately after. The Terms of Reference for the Forensic Audit have been completed and agreed with the Court of Accounts to select a consultancy firm to develop manuals, guides, train the trainer programs, and deliver training to the Court of Accounts on forensic audit. In parallel, coordination is being maintained through regular meetings with the EU and with Expertise France on forensic audit support.

With regard to public procurement, the PPA is mandated to provide tools for implementing the law. The most critical secondary legislation is the standardization of the procurement documents.

Activities are expected to begin in March 2022 with the aim of delivering initial activities during the third quarter of 2022.

Reforming Lebanon's Port Sector (Phase 1) – US\$0.25 million

This activity aims to support port sector reform in Lebanon and pave the way to rebuild a better, modern and digital Port of Beirut. Activities will support the development of a reform roadmap and a collaborative platform for stakeholder engagement on the reconstruction of the Port of Beirut. The latter would include the development of an online module for citizen engagement on the Port of Beirut, which would be integrated in the wider 3RF citizen engagement platform and provide publicly available information and reports on the Port of Beirut as well as collect feedback from stakeholders and communities.

A draft Port sector law is currently being prepared and will be presented by the Minister of Transport on February 11, 2022. A new vision and masterplan will be launched at the same time and finalized by June 2022. Two webinars were undertaken thus far on: (i) the governance of the port in February 2021; and (ii) on port digitalization in October 2021. Consultations with donor communities are ongoing, while wider Port sector stakeholders and civil society will be consulted upon for the preparation of the vision and masterplan.



**FOCUS
AREA 3**

**COORDINATION,
MONITORING,
ACCOUNTABILITY,
OVERSIGHT**

(Bank-Executed)



Strengthening capacity and institutional arrangements for 3RF oversight, citizen engagement and monitoring/communications – US\$0.85 million

These activities will support the operationalization of the institutional, monitoring, and accountability arrangements related to the 3RF. These activities will also help to operationalize key cross-cutting principles of the 3RF related to citizen engagement, transparency, and accountability and to strengthen communication and access to information. The main beneficiaries of these activities are the Lebanese public at large as well as the members of the Independent Oversight Board (IOB).

The first component focuses on operationalizing the IOB¹⁴. The first call of expression of interest for representatives from civil society to join the IOB was issued in April 2021. In June 2021, the World Bank announced the first 3 representatives (out of 6 members in total) of the Lebanese civil society who have been appointed members of the IOB. The IOB is now operational and performing its functions as stipulated in the Terms of Reference.

The IOB issues periodic reports and press statements. Between June 2021 and December 2021, the IOB issued five press statements. It is also engaged in monitoring LFF-financed projects, beginning with the B5 project. The World Bank helped the IOB to draft a governance charter and a monitoring methodology for all LFF-financed projects in support of the principles of accountability, transparency, fairness, inclusivity, and effectiveness. In January 2022, the World Bank issued a second round of call of expression of interest in order to recruit the 3 remaining vacant positions for civil society representatives in the IOB.

The second component supports the development of a responsive citizen engagement mechanism to advance transparency and accountability across 3RF priority programs. Activities include: (i) supporting the design and functionality of an interactive 3RF-dedicated website, which will include real-time information on the prioritization, design, and implementation of 3RF activities; and (ii) establishing and operationalizing an online citizen engagement module to serve as a channel for citizens to engage and provide feedback on 3RF activities and reforms. The citizen engagement

¹⁴ The Independent Oversight Board (IOB) serves as an independent mechanism for representatives from civil society to provide broad oversight on 3RF implementation.



module is expected to be hosted on the Central Inspection-managed IMPACT Platform. A Partnership Arrangement between the World Bank and Central Inspection has been drafted. This arrangement was transmitted to the Prime Minister in December 2022 for his endorsement and is expected to be signed in March 2022.

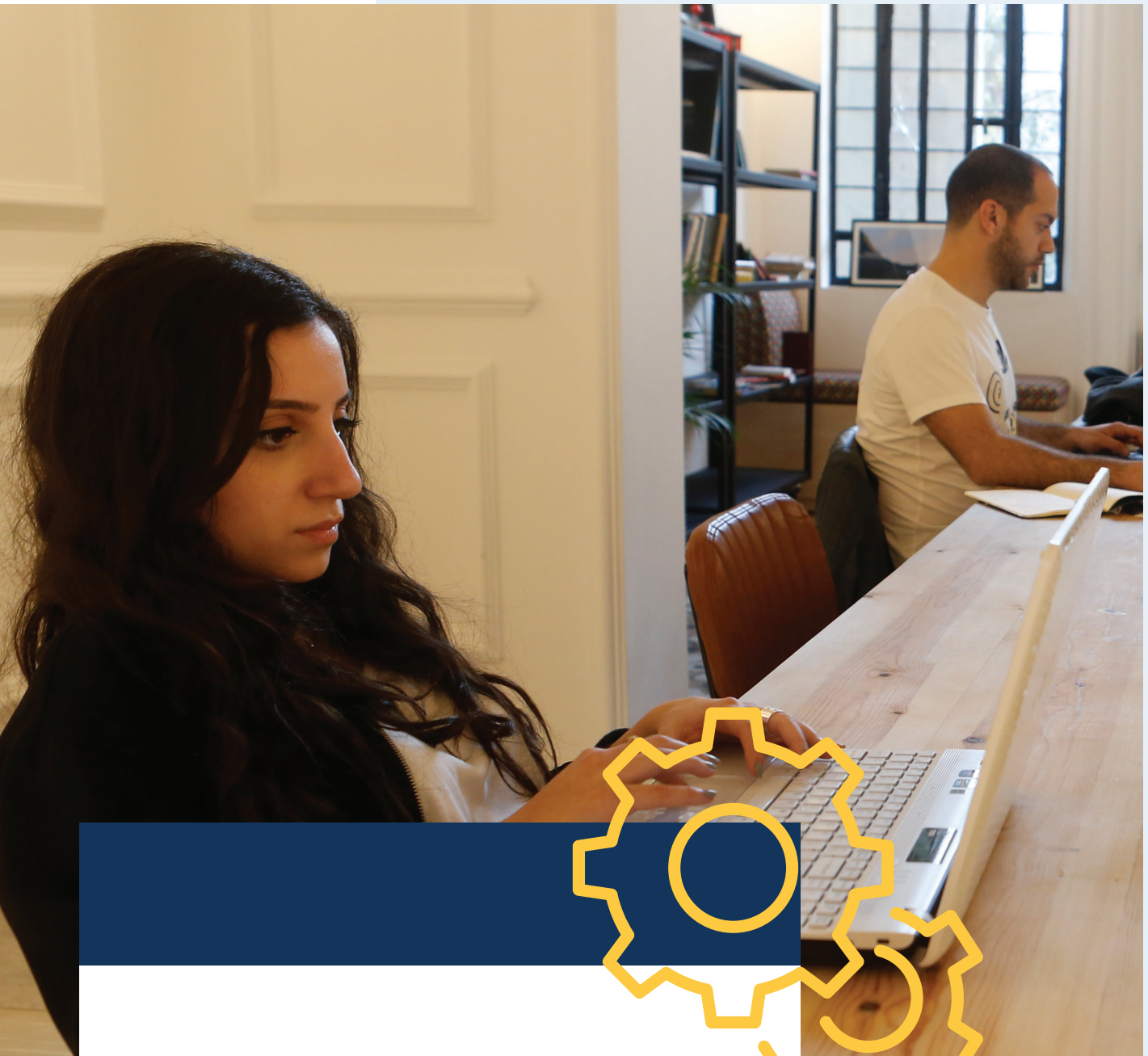
The website is in its final stages of development and is expected to be operational and online during the first quarter of 2022. The World Bank started designing the interface and the outline of the online citizen engagement module with the support of technical experts. The first version of this module will be operational by May 2022.

COVID-19 Vaccination Third-Party Monitoring – US\$1 million

This financing has been allocated for independent third-party monitoring of the rollout of World Bank-financed vaccines in Lebanon through an ongoing operation, namely the Lebanon Health Resilience Project, to ensure safe, effective and equitable vaccine deployment. The Third-Party Monitoring Agent (TPMA) aims to verify the compliance of the vaccine rollout with the National Deployment and Vaccination Plan, international standards, and World Bank requirements, with respect to

supply chain management and administration of COVID-19 vaccines at: (i) key points in the supply chain; and (ii) vaccination sites from the technical, environmental, and social safeguards perspectives. The International Federation of Red Cross and Red Crescent Societies (IFRC) was selected as the TPMA to undertake this task. The scope of IFRC's TPM is limited to vaccines financed by the WB.

Monitoring activities started on February 14, 2021 (outside of LFF funding), one day following the arrival of the first shipment of Pfizer vaccines to Lebanon and are still ongoing. The findings of the monitoring are shared through reports with the World Bank, the Joint Monitoring Committee (composed of UNICEF, WHO, UNRWA, UNHCR, and IOM), the Ministry of Public Health (MoPH), the National Vaccination Committee and the Vaccine Executive Committee. A summary of findings is also shared with the general public using a bi-weekly infographic. Additionally, any observation of deviation from standards requiring immediate attention is shared with the MoPH in real-time through short incident reports in real-time for corrective action. All reports have been received on a timely basis and have been shared with the relevant stakeholders.



OPERATIONALIZING THE LFF

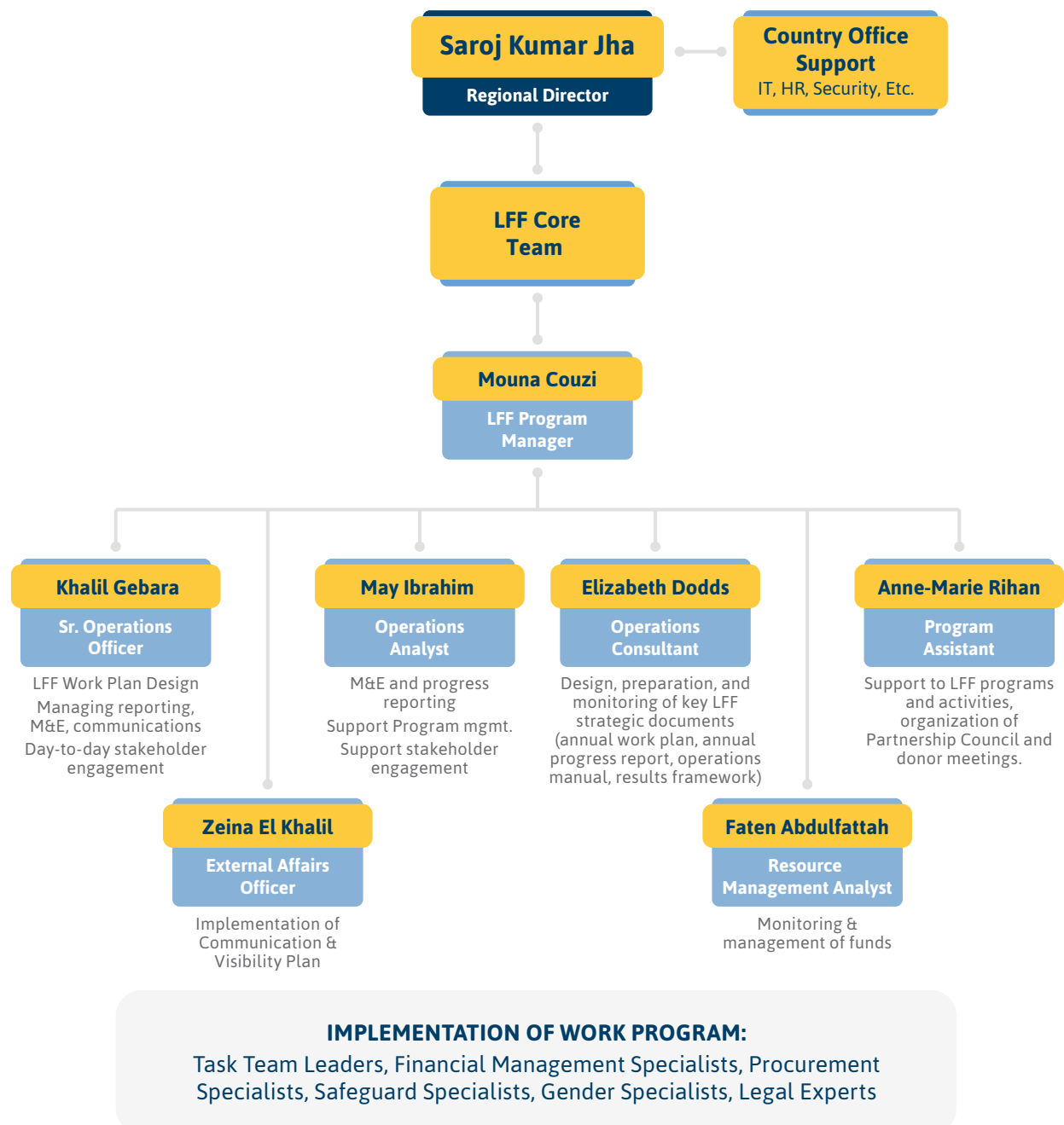
During its first year of operation, the LFF established and operationalized the fund's governance framework, developed an Operations Manual, prepared an annual work program, strengthened arrangements for results management and communications, and enhanced dialogue and collaboration between the Bank, donors, CSOs, implementing agencies and government.

ESTABLISHMENT OF THE LFF PROGRAM MANAGEMENT TEAM

Trust fund operations and management are supported by a Program Management Team (PMT) based in the World Bank office in Beirut. Functions of the PMT are detailed in the Operations Manual. During 2021, the World

Bank rapidly filled the formal LFF PMT positions, appointing a dedicated Beirut-based Program Manager as well as recruiting a Senior Operations Officer. The LFF Senior Operations Officer also provides cross-support as a core part of the 3RF Secretariat to ensure linkages and alignment of LFF-financed operations with 3RF priorities. The PMT is also supported by a strong team consisting of an Operations Analyst, Communications Officer, Resource Management Analyst, Program Assistant as well as dedicated consultants.

FIGURE 5.
LFF PMT STAFFING



OPERATIONS MANUAL

To operationalize the LFF, the Program Management Team (PMT) developed an Operations Manual as a guiding document for trust fund management. The manual's development was based on extensive consultation with donors and was presented to the Partnership Council in July 2021. It sets out the Fund's objectives, priorities, governance arrangements, implementation modalities, allocation methodologies, the requirements for and the process of applying for financing, and the management of funds.

The manual is designed to serve as a point of reference for LFF stakeholders and as a guide for the LFF PMT and World Bank project teams. The manual fits into the wider legal framework of the World Bank's policies and procedures for processing trust funds and will be updated as needed.

DONOR AND STAKEHOLDER ENGAGEMENT

As founding donors, Canada, Denmark, France (AFD and the French Ministry of Economy, Finance, and Recovery), EU and Germany were instrumental in setting up and operationalizing the LFF. Norway signed the administrative agreement with the World Bank in October 2021, and it is expected that Italy will sign the administrative agreement in calendar year 2022.

The LFF Partnership Council met two times in 2021 (April 29 and July 29), following and in alignment with 3RF CG meetings. These meetings were supplemented by more than 20 technical consultations with donors held throughout the year, particularly to inform the design of the annual work plan in April 2021 and subsequent stages of project development.

In its first year of operation, the 3RF's Consultative Group (CG) has proven to be a valuable forum for information sharing and consultation with current and prospective donors as well as CSOs and government. The 3RF CG functions as a platform for overarching strategic guidance and direction on implementation and for high-level policy dialogue on 3RF priorities. The CG met three

times in 2021. The third CG meeting was held in the Grand Serail, hosted by the Prime Minister on November 16, 2021. CG members discussed the progress achieved and next steps while focusing on the following sectors and activities: anti-corruption, the B5 Fund, social protection, and housing. The CG called for donors to contribute to the 3RF through the LFF or bilateral programs that contribute to 3RF commitments.

The Government of Lebanon (GoL), represented by the Deputy Prime Minister, played a key role in providing overall guidance and advice on the establishment of the LFF as well as on the design of projects and advisory services, while ensuring an inter-linkage between the Bank and concerned line ministries and public entities to maintain consistent coordination for the efficient development of operations and activities under the LFF. In view of the emergency context and the magnitude of the damage caused by the Port of Beirut explosion, the GoL provided the authorizing environment for the LFF to conduct and implement operations through non-state actors such as the UN and international organizations that are active in Lebanon, in compliance with the country's legal framework.

MONITORING AND REPORTING

Results Framework. The LFF PMT developed a draft Results Framework (RF) through a consultative process with members of the LFF Partnership Council, Bank project teams, as well as gender specialists, with gender disaggregation integrated into the indicators and targets. The RF was revised based on the feedback received and as project development progressed, as well as to include the new activity "COVID-19 Vaccination Third Party Monitoring" (US\$1M). The RF remains an interim framework based on the initial pipeline currently under development and should be finalized in early 2022. Given the multi-year timeframe of the LFF, the results framework will be revisited annually based on developments in the country.

Umbrella-level LFF Third Party Monitoring. Given the particularly weak governance in Lebanon, the World Bank plans to engage a suitably qualified and experienced independent Third-

Party Monitoring Agent (TPMA) as an additional layer to ensure that WB funds executed by projects developed under the LFF are utilized for the purposes specified in the legal agreements. The TPMA will perform monitoring services in procurement, ESF, and financial management, as well as verify that the physical implementation of projects is in accordance with signed contracts, the Environmental and Social Commitment Plan (ESCP), and the cleared and disclosed environment and social (E&S) instruments of each project. Therefore, the TPMA will report on the status of project implementation, and compliance with applicable Bank's rules and procedures to ascertain whether the projects are reaching their intended results.

In 2021, the PMT prepared terms of reference for a TPMA in collaboration with LFF project teams and made revisions based on comments received from the Bank's Corporate Procurement unit. The TPMA will be selected on a competitive basis and the selection process is expected to be completed by the end of the first quarter of 2022, subject to the availability of LFF funds. The cost estimate is US\$500,000 per year for a total of US\$2 million over the period of the LFF Trust Fund (i.e., until December 31, 2025).

Independent Oversight Body (IOB). As part of the overarching architecture of the 3RF, the Independent Oversight Board (IOB) is intended to serve as an independent mechanism for civil society representatives to provide broad oversight on 3RF implementation and hold 3RF stakeholders – including government, development partners, and implementing agencies – accountable for overall progress. The IOB was set up in June 2021 and comprised of representatives from Kulluna Irada, Maharat, and the Lebanese Transparency Association. Three additional new members are expected to join the IOB in February 2022. The IOB has been tasked with independently verifying and monitoring the implementation of the LFF's activities to ensure transparency, fairness, and accountability in the program's resource allocation.

As detailed above, the LFF is supporting the operationalization of the IOB, which has provided feedback on 3RF implementation as well as recommendations on LFF-funded operations (e.g., following the launch of the B5 Fund).

COMMUNICATIONS

The LFF PMT delivered a **Communications and Visibility Plan (CVP)** to the Partnership Council in June 2021. Following extensive consultations with donors and based on the feedback received, the CVP was further revised and presented again in October 2021.

A **logo for the LFF** was developed and presented to LFF donors on November 16, 2021. In addition, the **LFF Branding Guidelines** were also developed together with detailed guidelines for Bank project teams implementing LFF-financed operations.

A **Communications Task Force** comprised of communications officers from LFF donors and the Bank has been set-up and held its first meeting on January 11, 2022. The meeting provided an opportunity to brief participants on the CVP and the LFF logo and branding guidelines as well as provide a quick update on progress under the LFF. The Task Force will meet on a regular basis to coordinate communications and dissemination efforts for the LFF and its projects.

As part of the Lebanon Reform, Recovery and Reconstruction (3RF) website currently under development, a dedicated **LFF page** will be developed and is expected to be launched during the first quarter of 2022. The LFF page will offer information about the trust fund's objectives, activities, governance, development partners, and key outputs, including knowledge products, project documents, and media materials.



FINANCIAL HIGHLIGHTS

The LFF was established administratively in December 2020 and donor contributions from Canada, Denmark, the EU, France, AFD, Germany and Norway totaled US\$60.42 million in 2021, of which US\$52.18 has been paid in (see Table 2).

In addition, a pledge of US\$1.89 million from Italy is expected to be contributed in calendar year 2022, and a pledge of US\$11.62 million from the EU is expected to be contributed in April 2022. Unpaid contributions of US\$8.2 million from Canada and AFD should be received by the Fund by April 30, 2022.

The tables below present an overview of the statement of contributions, receipts, disbursements, commitments and fund balance as of January 17, 2022.¹⁵

¹⁵ While this report covers progress during the 2021 Calendar Year, data on Trust Fund financing was most recently extracted on this date (1/17/2022), which closely approximates figures as of 12/31/21.

The LFF has earned US\$0.02 million in investment income¹⁶, which is considered as part of the Fund's contributions and used for programming and fund management of the LFF. The administration fee of the LFF amounted to US\$1.25 million in 2021. Total fund resources (contributions and investment income, minus the administration fee) thus equaled US\$59.19 million (see Table 3).

In 2021, funds committed and allocated totaled US\$56.53 million (see Table 4). This included a total of US\$52.75 million for recipient executed

projects (two approved, and two pipeline), US\$2.85 million for Bank executed activities, US\$360,000 for project preparation and supervision, and US\$570,000 for program management and administration.

In total, the LFF disbursed US\$5.49 million. This included US\$5 million for the B5 Fund, US\$90,000 for Bank executed activities, US\$160,000 for project preparation and supervision, and US\$240,000 for program management and administration (including for activities related

TABLE 2. FUNDS CONTRIBUTED AND RECEIVED FROM DONORS

Donors	Contributions (US\$ million)	Paid in (US\$ million)
Canada	16.05	10.44
Denmark	6.1	6.1
EU	20.92	20.92
France (Ministry of Economy, Finance, and Recovery)	2.5	2.5
AFD	2.63	--
Germany	11.27	11.27
Norway	0.95	0.95
TOTAL	60.42	52.18

TABLE 3. TRUST FUND RESOURCES

Trust Fund Resources	US\$ million
Total Contributions of which:	60.42
<i>Paid in</i>	52.18
<i>To be paid</i>	8.24
Investment Income	0.02
Administration Fee	(-)1.25
TOTAL Fund Resources	59.19

¹⁶ Investment income consists of the modified cash basis trust funds' allocated share of the following: interest income earned by the Pool, realized gains/losses from the sale of securities, and unrealized gains/losses resulting from recording the assets held by the Pool at fair value.

to establishing the PMT, creating the fund's operational foundations and developing the work plan). Low disbursements reflect the early stage of implementation of active grants and remaining pipeline projects to be approved.

When considering total fund resources (US\$59.19 million, which includes contributions not yet

paid), the unallocated funds¹⁷ were US\$2.66 million, which reflects resources which (once paid in) can be used for new programming. This amount excludes the pledges from EU and Italy totaling US\$13.48 million that are expected to be contributed during calendar year 2022.

TABLE 4.
FUNDS ALLOCATED AND DISBURSED BY GRANT

Grants	Grant Amount (US\$ million)	Disbursed (US\$ million)
Recipient executed grants	30.00	5.00
<i>B5 Fund</i>	25.00	5.00
<i>Support for Social Recovery Needs of Vulnerable Groups</i>	5.00	0.00
Pipeline allocations (Recipient executed)*	22.75	0.00
<i>Beirut Housing Rehabilitation and Cultural and Creative Industry Recovery</i>	12.75	0.00
<i>Beirut Critical Environment Recovery, Restoration and Waste Management</i>	10.00	0.00
Bank executed grants	2.85	0.09
<i>Beirut Housing Rehabilitation and Cultural and Creative Industry Recovery</i>	0.25	0.00
<i>3RF Governance Implementation – Reconstruction with Integrity and Transparency</i>	0.50	0.00
<i>Port of Beirut Reform and Reconstruction</i>	0.25	0.00
<i>Supporting 3RF Implementation</i>	0.85	0.087
<i>COVID-19 Vaccination Third-Party Monitoring</i>	1.00	0.00
Project preparation and supervision grants (for RE projects)	0.36	0.16
<i>B5 Fund</i>	0.11	0.085
<i>Support for Social Recovery Needs of Vulnerable Groups</i>	0.075	0.00
<i>Beirut Housing Rehabilitation and Cultural and Creative Industry Recovery</i>	0.075	0.075
<i>Beirut Critical Environment Recovery, Restoration and Waste Management</i>	0.10	0.00
Program Management and Administration	0.57	0.24
TOTAL	56.53	5.49

* It is expected that pipeline projects will be approved during the first quarter of 2022.

¹⁷ This equals total fund resources (total contributions plus investment income minus the administration fee, equal to US\$59.19 million) minus funds committed/allocated (US\$56.53 million).



LOOKING FORWARD

The LFF enters its second year of implementation with solid operational progress, including the design and early implementation of key Recipient-executed and Bank-executed projects, in line with the agreed work plan, and with high fiduciary standards through the application of the World Bank's fiduciary framework for financial management, procurement, and environmental and social safeguards. A key priority for the year ahead will be to finalize the design of pipeline Recipient-Executed projects and scale up implementation, with a strong emphasis on monitoring results. Another key priority will be strengthening cooperation and engagement with CSOs, private sector and other stakeholders, as well as utilizing the citizens' engagement module to open and expand the space for citizens to express their concerns, needs, aspirations, and celebrate successes.

Lebanon's financing needs remain immense, particularly given the country's unsustainable debt dynamics, limited fiscal space, and socio-economic and governance challenges. The Fall 2021 issue of the World Bank's Lebanon Economic Monitor stated that the key pillars of Lebanon's post-civil war political economy are disintegrating. This disintegration is "being manifested by a collapse of basic public services, persistent and debilitating internal political discord, and mass brain drain". Given these

challenges, the LFF remains an essential model of joint advocacy, shared approaches to stakeholder engagement and avoiding aid fragmentation among Lebanon's development partners, who are working jointly to address these challenges and help the people of Lebanon. As projects endorsed under the 2021 work plan progress, focus will be given to positioning the LFF as a vehicle to mobilize greater grant financing for critical reform, recovery and reconstruction priorities. The LFF will seek to leverage additional donor financing to scale up current projects, finance new priority interventions, as well as address emerging needs.

The LFF is committed to working with all concerned stakeholders to build back a better Lebanon, guided by the principles of transparency, accountability, and inclusion, through an integrated approach to strengthening the resilience of infrastructure, social services, livelihoods, and the environment. Enhanced oversight and monitoring mechanisms on the use of LFF funds will be ensured through third party monitoring as well as civil society-led monitoring (through the IOB members). To support these efforts, the LFF will scale-up communication efforts in order to enhance visibility and showcase the Fund's achievements and results for contributing donors, CSOs, private sector, Government of Lebanon, and the public at large.

ANNEX 1.

PORTFOLIO OVERVIEW

Building Beirut Businesses Back & Better (B5) Fund

PROJECT CODE	P176013
STATUS	Active
TYPE OF GRANT	Recipient-Executed
OBJECTIVE	To support the recovery of targeted MSEs and ensure the sustainability of eligible MFIs.
BRIEF DESCRIPTION	To support the immediate recovery of viable MSEs affected by the explosion and sustain the microfinance sector operations, the World Bank established the Building Beirut Businesses Back & Better (B5) Fund financed by the LFF as immediate support to the private sector. The B5 Fund provides grants to MSEs to cover immediate recovery needs and grants to MFIs. The fund will also provide technical assistance to damaged Women Owned or Led (WOL) businesses, as well as businesses led by persons with disabilities, to help them build back better. The fund will specifically target WOL businesses affected by the crisis.
TIMEFRAME	2021 – 2024 (Approved: July 28, 2021; Expected Closing: July 31, 2024)
CONTEXT	The Beirut port explosion had a severe impact on the productive sector. Most 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. Losses exceed damages due to the disruption of business activity and associated losses of revenue. The Rapid Damage and Needs Assessment (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. 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. Estimated needs for business recovery range between US\$335 and US\$415 million, with US\$225 and US\$275 million in the immediate term ¹⁸ . According to a survey undertaken by Acted, respondents estimate that 50% to 60% of firms will not be able to resume activities without external financial assistance. Similarly, according to a UN Women/Stand for Women assessment, half of female-led businesses, which according to preliminary data constitute one fifth of total affected businesses, will not be able to reopen without some form of assistance. ¹⁹ The loss of women-led businesses also leads to a loss of employment opportunities for women. In an assessment carried out among women-owned business damaged by the explosion, 70 percent of employees were women. ²⁰

¹⁸ According to RDNA estimates.

¹⁹ UN Women, CARE, UN ESCWA, ABAAD, UNFPA, *Rapid Gender Analysis of the August 2020 Beirut Port Explosion: An Intersectional Examination* (October 2020).

²⁰ Ibid.

	<p>The explosion further exacerbated stress on the microfinance sector, which was already operating in a multiple crises environment. The sector has been key in facilitating access to finance for micro entrepreneurs and small businesses since the 1990's and enjoys several top-performing institutions. By mid-2019, the nine members²¹ of the Lebanese Microfinance Association (LMFA) had an aggregated portfolio exceeding US\$220 million and 135,000 loans, over half of which went to female entrepreneurs. The sector is concentrated, with one institution reaching out to approximately 50 percent of the market, and four institutions totaling over 90 percent of the market. Similar to the Lebanese economy, the sector has been shrinking, with portfolio losing at least 25 percent of its value and loans falling below the 100,000 mark. Prior to the explosion, the sector was already under severe strain, and for the past year, it has not generated sufficient revenues to cover all costs. On the one hand, demand for new loans has been declining, initially driven down by the economic slowdown, then by the series of lockdowns the pandemic response has imposed. According to the Consultative Group to Assist the Poor (CGAP) survey, 90 percent of micro entrepreneurs saw their sales drop, and 40 percent of microfinance clients are no longer able to meet their basic needs as their revenues dwindled while their purchasing power dropped significantly. As a result, they have been servicing their debts with delay.</p> <p>Given the context, MFIs have limited collection power and non-performing loans have soared from a historically low 2 percent to over 20 percent in late 2020. On the other hand, some of the large MFIs have currency mismatches in their assets and liabilities. Those MFIs lend either in USD or in LBP, with a portfolio mix varying between 10 percent and 90 percent in USD depending on the institution. They have fueled their growth primarily through debt, often from foreign lenders, leaving them with an aggregate outstanding external debt of US\$75 million. Clients are, however, reimbursing their loans at the pegged rate, generating significant foreign exchange losses. The US dollar deposits they hold at local commercial banks are subject to informal capital control and might be subject to further losses, depending on the outcome of the overall banking crisis. The combination of lower activity, poorer portfolio quality, and foreign exchange losses is posing serious solvency risks to the entire sector, which is threatening access to finance to micro entrepreneurs and small businesses, and the significant portion of the low-income active population that the sector caters.</p>
COMPONENTS	<p>Component 1: Grants to Micro and Small Enterprises (US\$18.5 million)</p> <p>Component 2: Grants to Microfinance Institutions (US\$5 million)</p> <p>Component 3: Project Management and Gender Support (US\$1.5 million)</p>
FINANCING	LFF: US\$25 million
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	<p>Jobs and Economic Opportunities</p> <p>Priority area: Restore business activities and preserve jobs (People-centered Recovery Track)</p>
CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ The design of the B5 Fund promotes inclusion, through targeting vulnerable groups, such as micro and small businesses including those that operate in the informal sector, as well as women and people with disabilities. ■ It is expected that at least 30 percent of grant beneficiaries will be women-led or -owned. In addition, the B5 Fund will aim to address barriers faced by women and complement financing support with non-financial, technical advisory support, also targeting MFIs. Technical support will also be accessible to people with disabilities.
INTENDED BENEFICIARIES	4,300 businesses and/or entrepreneurs will benefit from the project financing, of which 30 percent will be Women Owned or Led businesses. A maximum of 5 eligible MFIs will benefit from the grant support up to their respective market shares.
IMPLEMENTATION ARRANGEMENTS	Kafalat will be both the recipient and project implementing agency. Kafalat is responsible for establishing a PMU and maintaining it throughout project implementation.

21 Members of the association include ADR, AEP, Al Majmoua, CLD, EDF, Emkan, IbdAA, Makhzoumi Foundation, and Vitas.

Support for Social Recovery Needs of Vulnerable Groups in Beirut

PROJECT CODE	P176622
STATUS	Approved (expected to become effective in March 2022)
TYPE OF GRANT	Recipient-Executed
OBJECTIVE	To support the immediate social recovery ²² needs of vulnerable groups ²³ following the Port of Beirut explosion
BRIEF DESCRIPTION	The project will finance NGOs to provide social services to vulnerable groups affected by the crises including: (i) survivors of GBV; (ii) those suffering from deteriorated psycho-social wellbeing; (iii) and persons with disabilities and OPs facing limitations related to their disabled or elderly status. Given the cross-cutting nature of their vulnerability, refugees and migrant domestic workers will be targeted across these beneficiary groups. The project will support non-government stakeholders that are engaged and have a track record in social recovery services by improving their capacity to participate in the broader social recovery and reconstruction processes. While project activities strive to meet immediate emergency needs in Beirut and include capacity building activities, there is still an overarching need for a broader public sector reform agenda to address the extensive needs of vulnerable groups, which is beyond the scope of the current project.
TIMEFRAME	2022 – 2023 (Approved: December 23, 2021; Expected Closing: October 31, 2024)
CONTEXT	<p>The August 4, 2020 Port of Beirut (POB) explosion compounded Lebanon’s existing economic and social challenges and disproportionately affected Beirut’s vulnerable populations. The event occurred against a backdrop of rising national poverty rates, hyperinflation, the loss of jobs and livelihoods, and high exclusion. Since the explosion, the efforts of more than 130 NGOs²⁴ have been crucial for recovery and rehabilitation efforts. However, the lack of coordination between ongoing efforts and the ad hoc/temporary nature of most interventions have been noted as important obstacles to be overcome, including by the Ministry of Social Affairs, since they challenge the effectiveness, inclusivity and sustainability of the broader recovery and rehabilitation process. The situation of Beirut’s population therefore remains precarious and the need for support to recovery and reconstruction efforts urgent.</p> <p>This project responds to the 3RF’s third strategic pillar on social protection, inclusion, and culture. It does so by targeting the most vulnerable populations in Beirut who continue to be impacted by the complex corollaries of the POB explosion. Consultations with local civil society organizations (CSOs), non-governmental organizations (NGOs) and UN agencies between August 2020 and January 2021 revealed that heightened vulnerabilities are still being recorded amongst three vulnerable groups affected by the blast in Beirut: (i) survivors of Sexual and Gender-Based Violence (SGBV); (ii) those suffering from deteriorated psycho-social well-being; (iii) and/or those facing limitations related to being a Person with Disabilities (PWDs) or older persons (OPs). In addition, the proposed activities are also complementary to the recently approved Lebanon Emergency Crisis and COVID-19 Response Social Safety Nets Project (ESSN).</p>
COMPONENTS	<p>Component 1: Support for social services for vulnerable groups affected by the explosion (US\$7.3 million)</p> <p>Component 2: Capacity Building and Project Management (US\$0.49 million)</p>
FINANCING	<p>Total: US\$7.8 million</p> <p>LFF: US\$5 million</p> <p>State and Peacebuilding Fund: US\$2.8 million</p>

22 “Immediate social recovery” refers to meeting the short-term needs directly associated with the reasons for vulnerability of groups, who, due to pre-existing exclusion, stigma and service delivery gaps have been less resilient to shocks and more prone to harm following them. The project therefore conceives of “immediate social recovery” as a necessary emergency intervention that precedes later reform efforts, which in turn will address the systemic social drivers of vulnerability.

23 For the purposes of this project, vulnerable groups include women, men and children survivors and at risk of GBV, people with mental health disorder challenges, persons with disabilities and older persons. These groups may also include migrants and refugees working as domestic workers in Beirut, and who cut across the previously described groups.

24 Findings from the Ministry of Social Affairs Rapid needs assessment for people impacted by the Beirut explosion, August 2020.

ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	Pillar: Social Protection, Inclusion and Culture Priority area: Social Cohesion, Inclusion, and Gender
3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> Its target beneficiaries are considered the most vulnerable among the Lebanese population, including women, children/youth, PWD, OPs, domestic and migrant workers and refugees working as domestic workers. The delivery of services will be done through NGOs and community-based organizations (CBOs) ensuring citizen and community engagement, a citizen/community feedback mechanism and a monitoring strategy to promote transparency and accountability.
INTENDED BENEFICIARIES	Vulnerable groups specifically supported by the project include women, men and children survivors and at risk of gender-based violence (GBV), people with mental health challenges, persons with disabilities and older persons (Ops), as well as migrants and refugees working as domestic workers in Beirut.
IMPLEMENTATION ARRANGEMENTS	International Rescue Committee (IRC) Lebanon. As the Implementing Agency, IRC will form a PMU to implement activities through sub-grants to local NGOs, as well as take on the role of fiduciary supervision of the sub-contracted NGOs, developing reporting standards for partnering NGOs, and carrying out independent audits.

Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery

PROJECT CODE	P176577
STATUS	Pipeline
TYPE OF GRANT	Recipient-Executed
OBJECTIVE	To support the rehabilitation of prioritized historical housing for the most vulnerable people, and to provide emergency support to creative practitioners and entities in areas affected by the Port of Beirut explosion.
BRIEF DESCRIPTION	The project responds to critical needs on the ground in terms of emergency reconstruction of severely damaged residential buildings and CCI support, while establishing the basis for medium term reconstruction and resilient recovery for the city. The project is structured as follows: 1A) the rehabilitation of severely damaged residential heritage buildings; 1B) the provision of technical assistance for rental support; 2) support to cultural entities and practitioners through the provision of grants for cultural production; and 3) project management. The project will support the medium-term recovery and reconstruction planning of the areas of Beirut affected by the blast through LFF-funded technical assistance to local and national government institutions to strengthen their planning, coordination, and citizen outreach capacity, and provide a platform for in-depth consultations with government, civil society, and donors.
TIMEFRAME	2022 – 2024 (Expected approval: February 17, 2022; Expected Closing: December 15, 2024)
	Housing was the sector the most impacted by the explosion of the Port of Beirut. Approximately 87,552 housings were damaged, with 16 percent destroyed, 29 percent partially damaged, and 55 percent minimally damaged. Of all asset classes, low-income housing units sustained the most damage, with 64 percent of these units (22,000 low-income residential units) having sustained some form of damage. The area affected by the explosion was home to a diverse population of around 750,000 residents in 2018. Within that population, renter households make up about 55 percent, occupying units in both single-family and multi-family buildings. Much of the historic housing has been damaged, often those housing the lowest-income households, and the ability for self-recovery is furthered hampered due to the compounding effects of the economic collapse at the end of 2019 and COVID-19 from early 2020. These conditions have severely compromised the socio-economic conditions for blast victims to develop or utilize favorable economic opportunities to recover. Low-income populations are subject to tenure insecurity, high housing and services costs and informal real-estate practices, while the damage to the housing stock caused by the explosions renders these populations even more vulnerable to longer term displacement. The neighborhoods affected by the explosion are among the most culturally vibrant and hosting a high number of historic buildings, which are important to preserve, as they are among the few cornerstones of Lebanese identity surviving decisions to prevent predatory practices and demolitions of these historic buildings, and civil society mobilizing at an unprecedented scale to protect, stabilize them, and begin repairs wherever possible.

CONTEXT	<p>The explosion has also caused immense damage to the tangible and intangible cultural heritage of Beirut, impacting some of the most historically and culturally vibrant significant neighborhoods in the city. This has resulted in great cultural, archaeological and socio-economic damage and losses in a city that is a historical and cultural hub for the region. The areas affected by the explosion contained 381 religious assets, 25 national monuments, 16 theaters and cinemas, 8 museums, 25 libraries and archives, at least 755 heritage buildings including archaeological areas and historic housing. The most-affected area was also the vibrant epicenter of the city with a unique urban fabric embedded with historical buildings hosting the production of Cultural and Creative Industries (CCI), with impacts on associated livelihoods, and the risk of permanent exodus from the sector of those affected. Each CCI business provided on average five full-time jobs, mostly to youth. Overall, the estimate of damage to the cultural sector ranges from US\$1.0 - US\$1.2 billion, with losses from US\$400.0 - US\$490.0 million.</p> <p>In addition to damages, a wide part of CCI is at risk of closing, with programming on hold and commitment taken ahead of the blast for activities supposed to cover the running and human resources costs until the end of the year, and thus the sector is facing a complete paralysis and potential exodus in the absence of urgent assistance, thus compromising a key aspect of the city's economic recovery.²⁵</p>
COMPONENTS	<p>Component 1: Housing Recovery (US\$8.28 million)</p> <p>Component 2: Emergency Support for CCI Recovery (US\$1.95 million)</p> <p>Component 3: Project Management and Monitoring and Evaluation (US\$2.52 million)</p>
FINANCING	LFF: US\$12.75 million (Recipient Executed); US\$0.25 million (Bank Executed)
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	Pillars: Improving Services and Infrastructure; and Social Protection, Inclusion and Culture
3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ Gender equality: This project will factor in gender considerations as a cross-cutting sectoral approach throughout all analysis, prioritization, and sequencing of recovery and reconstruction activities. It is expected that at least 25 percent of female headed households will benefit from housing rehabilitation under component 1, and 50 percent of direct beneficiaries under component 2 will be women. ■ Targeting the most vulnerable populations: The project will carefully select housing and CCI structures that are operated by and inhabited by populations that are most at risk. Special attention will be paid throughout the project in the outreach to cultural practitioners who are persons with disabilities, elderly, LGBTIQ+, refugees, displaced people, and migrants. ■ Citizen and community engagement: The Bank project team, together with UN-Habitat and partners, has been consulting with CSOs and NGOs in Beirut to ensure their participation in the design and implementation of the project at all stages.
INTENDED BENEFICIARIES	<p>The direct beneficiaries under Component 1 will be approximately 560 people benefitting from resilient rehabilitated residential units, and for Component 2, approximately 1,300 cultural actors. The project is expected to rehabilitate around 30 buildings of cultural heritage value. Technical assistance will be offered to the tenants and wider community to support sustainable rental solutions. Other beneficiaries would include professionals working in engineering, architecture, construction sectors, cultural artisans, equipment suppliers, construction and engineering firms, and other service providers. Indirect beneficiaries are the inhabitants of the restored neighborhoods that may benefit from the enhanced historic built environment. Regarding Component 2, direct beneficiaries are self-employed cultural practitioners, workers within cultural entities and additional cultural workers involved in the roll out of cultural productions financed with the grants. Indirect beneficiaries are members of the local community that will benefit from the roll out of cultural productions and the overall economic value added by increased tourist potential.</p>
IMPLEMENTATION ARRANGEMENTS	<p>The project will be implemented by UN-Habitat through direct implementation as well as project cooperation agreements between UN-Habitat and UN/local partners. An Implementing Entity will be identified to complement Component 2 through a subsidiary agreement. A Technical Advisory Committee will provide strategic level advice on project implementation to support integration and synergies amount the activities of the components.</p>

²⁵ Overall, it is estimated that more than 70% of cultural practitioners' income is less than US\$500 since the beginning of the economic crisis (2019), while it was between US\$1500-US\$3000 prior to that. These elements were gathered at the Digital Forum – Beirut Urban Declaration (March 2021), organized by the Order of Engineers and Architects of Beirut.

Beirut Critical Environment Recovery, Restoration and Waste Management Program

PROJECT CODE	P176635
STATUS	Pipeline
TYPE OF GRANT	Recipient-Executed
OBJECTIVE	To support emergency environment control measures in Beirut City from the impacts of the August 2020 explosion and support planning for longer-term environmental restoration efforts.
BRIEF DESCRIPTION	<p>The environmental interventions proposed by the project are urgent measures aimed at controlling the most urgent public health and environmental impacts that resulted from Port of Beirut (PoB) explosion. The Proposed interventions are based on the needs identified under the Rapid Damage Need Assessment (RDNA) and 'Construction and Demolition Waste Management Plan' prepared by the European Union (EU) and 'Demolition Waste Assessment' carried out by United Nations Development Program (UNDP). Selected activities will be prioritized by impact, maximizing public health and environmental risk reductions, considering the limited means available for the project. The selection of project interventions will also be informed by the on-going waste categories assessment of the Recygroup (supported by the French Government) and other ongoing research, and will closely consider and be designed in parallel with environmental restoration activities that could be financed and implemented by and through donors active in Lebanon.</p> <p>Given the limited budget, the project aims to safely control and contain waste materials and chemicals. To maximize impacts, making best use of the limited funds, the selected interventions are closely aligned with other (international) initiatives to secure the risks in the Port area. The Project will also create a vehicle and mechanisms that may be used for possible future emergency cleanup operations.</p>
TIMEFRAME	2022 – 2024 (Expected Approval: April 29, 2022; Expected Closing: March 31, 2025)
CONTEXT	<p>The August 4, 2020 explosion at the Port of Beirut (PoB), has caused significant damage to the environment of the city and generated large quantities of various waste streams. The Rapid Damage Need Assessment (RDNA) identified several environmental challenges due to the explosion including: (i) the storage and management (including treatment) of chemicals, hazardous material, health care waste and other special wastes; (ii) inadequacy of the solid waste management (SWM) system of the city of Beirut and Mount Lebanon and the need for a long-term and integrated approach for SWM for Beirut city; and (iii) lack of facilities for safe management of large quantities of demolition waste, hazardous waste (including asbestos), scrapping/disposal of damaged vehicles, electronic waste, etc. Other major environmental challenges caused by the explosion include: (i) impact on the surrounding marine ecosystem; (ii) loss of the green cover/vegetation in the city of Beirut; and (iii) potential increase of Suspended Particulate Matter (SPM) that could contain asbestos particles.</p> <p>The explosion has also highlighted the significant weaknesses in the overall environmental management of the city of Beirut, including inadequate monitoring and enforcement system of environmental regulations, limited strategic planning and weak government capacity to ensure inclusive representation and participation (by gender, age, etc.) across stakeholders' groups, including civil society and the private sector, in responding to environmental priorities.</p>
COMPONENTS	<p>Component 1: Rehabilitation and operationalization of damaged solid waste management infrastructure and management of debris, asbestos-contaminated materials and hazardous waste generated due to the PoB explosion (US\$8 million)</p> <p>Component 2: Priority actions contributing to policy and institutional work for greening Beirut's Reconstruction Agenda (US\$0.5 million)</p> <p>Component 3: Management and technical assistance (US\$1.50 million)</p>
FINANCING	LFF: US\$10 million
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	<p>Pillar: Improving Services and Infrastructure</p> <p>Priority areas: Environment under 3RF Port Sector and "Urban Services Pillar" strategic priority</p>

3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ The proposed recycling of debris and other waste streams provide opportunities to address gender gaps in the sector (e.g. more limited access for women to economic opportunities in the waste sector, lower involvement of women compared to men in decision-making, etc.)²⁶. Needed assessments will cover female and male representation as well of women/men-led groups and associations and activities performed to ensure economic opportunities under various activities to be equally accessible. ■ The activities will also strengthen the needed environmental reform through a participatory strategy for greening the reconstruction agenda and an action plan for adopting the waste management hierarchy, starting from segregation at source, reducing and recycling, and ensuring a sustainable and inclusive system of waste management in collaboration with Central/ Local Governments as well as participation of NGOs and the private sector. ■ The operation will ensure the establishment of a collaborative platform to promote citizen's engagement, inclusive representation and participation, and the design of actions addressing specific needs and interests of women and men in the reconstruction agenda. The collaborative platform planned under the Environment Program will focus on environmental priorities and will identify appropriate communication and outreach tools, noting that this will be closely coordinated with the overarching communication and outreach activities of the LFF.
INTENDED BENEFICIARIES	The investment activities will directly benefit about 350,000 people in Beirut affected by the explosion (as per the Rapid Damage Need Assessment of Beirut Explosion). In addition, the policy and institutional support interventions will indirectly benefit the entire population of Beirut.
IMPLEMENTATION ARRANGEMENTS	United Nations Development Program(UNDP) will serve as the intermediary implementing agency, which will support the delivery of financing to non-state stakeholders (NGOs and/or private sector)

Implementing 3RF Governance Pillar

PROJECT CODE	P178520
STATUS	Active
TYPE OF GRANT	Bank-Executed
OBJECTIVE	To begin to establish a transparent, accountable, and inclusive policy and institutional framework for Lebanon's reconstruction and recovery
BRIEF DESCRIPTION	The activities will initiate the implementation of reforms in the Lebanon 3RF Governance Pillar jointly developed with the UN and EU in response to the August 2020 Lebanon Port Blast. The activities will be implemented in a phased approach supported by available funding from the Lebanon Financing Facility. The activities in phase 1 of this Pillar will encompass building capacity and providing technical assistance to support: Public Investment Management, the operation of key accountability institutions such as the Court of Accounts and Central Inspection, the creation of a new Anticorruption Commission and laying the foundation for the creation of new public procurement bodies, Procurement Policy Authority and Procurement Review Body.
TIMEFRAME	2022 – 2023 (Approval: January 20, 2022; Expected Closing: January 1, 2024)

²⁶ This is in line with the Lebanon's prioritization of the waste sector (along with the energy and water sectors) to undertake gender mainstreaming. According to UNDP (2021), the waste sector in Lebanon offers great opportunities to address gender gaps in the sector and has a high potential impact, while the current status and capacity of the sector to seize such opportunities are still limited.

CONTEXT	<p>Lebanon suffers from severe governance and trust deficits. The governance system is characterized by weak public financial management and public procurement, outdated and ineffective institutional arrangements for control and audit, lack of an independent judiciary capable of upholding the rule of law, and ineffective (or non-existent) delivery of public services. Protests, started in October 2019 and continued during the COVID-19 pandemic, reflect a growing consensus that systemic and widespread corruption has drained the state’s treasury, impaired the effectiveness of its institutions, and blocked reforms. Following the explosion at the Beirut Port, civil society organization raised concerns that pervasive political capture and gaps in transparency and integrity will undermine the recovery and reconstruction efforts. As a result of the systemic corruption underlying Lebanon’s governance system, the public has little trust in the ability of public institutions to respond to Lebanon’s multifaceted crises. The economic crisis, followed by the COVID-19 pandemic, the August 4 Port explosion have fed a view among Lebanese citizens that the political system (and political class) are not willing or capable of reform or effective solutions.</p> <p>There is a weak legislative foundation and institutional capacity for transparency and accountability initiatives. Key governance sectors are governed by outdated and ill-suited legislation. This applies to Lebanon’s public financial management (PFM), public procurement, and existing accountability institutions such as the Central Inspection (CI) and Court of Accounts (CoA). When new legislation is adopted, it often lacks the implementing decrees and regulations necessary to make new laws effective. This is the case of the recently adopted Anti-Corruption Law and the new Illicit Enrichment/Asset Declarations Law. At the same time the adoption of the Anti-Corruption Law, along with the adoption of previous transparency and integrity laws, such as Access to Information Law (2017), and Whistleblower Protection Law (2018) as well as the Cabinet’s endorsement of National Anti-Corruption Strategy in 2020 provide constructive steps for combating Lebanon’s corruption. The ongoing debates on draft Public Procurement and Judicial Independence Laws also provide openings to re-establish integrity and transparency and begin to rebuild public trust.</p>
COMPONENTS	<p>Component 1: Establish Accountability to Build Trust (US\$0.275 million)</p> <p>Component 2: Building an Effective Public Investment Management (PIM) System (US\$0.75 million)</p> <p>Component 3: Institutionalizing a new Public Procurement Framework (US\$0.15 million)</p>
FINANCING	LFF: US\$0.50 million
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	<p>Pillar: Improving Governance and Accountability</p> <p>Priority areas: Public financial management and public procurement; anticorruption; and justice reform.</p>
3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ Transparency and accountability: Component 1 activities specifically focus on strengthening existing and new accountability institutions by ensuring that they have improved tools and enhanced capacity to monitor reconstruction and recovery activities and hold implementing bodies accountable. Component 2 activities will help create a framework to ensure that future Lebanese Governments make best use of public investments through an open and accountable investment management system. The same is true for the public procurement activities under Component 3 which will help to ensure that Government purchases are done through a transparent process, with a complaint handling institution that can hold government officials responsible for their procurement decisions and actions. ■ Gender: While the proposed activities do not directly promote gender equality, all activities will be designed to ensure that they are gender neutral. Where possible, capacity building activities will ensure equal gender representation. For example, training on forensic audit will be provided to all eligible CoA judges which currently enjoys balanced gender staffing with women in a number of senior positions.
INTENDED BENEFICIARIES	In addition to the Lebanese citizens affected by the port explosion and ongoing socio-economic crises, direct beneficiaries of the grant activities include key government accountability institutions (e.g., Court of Accounts and Central Inspection), as well as policymaking and implementing governmental bodies (e.g., Central Tender Board, Institute of Finance and OMSAR Anticorruption Task Forces).
IMPLEMENTATION ARRANGEMENTS	The World Bank team consists of experienced specialists from the Governance Global Practice’s Financial Management, Procurement and Public Sector teams, drawing from expertise based in Beirut, Washington, DC and globally.

Port of Beirut Reform and Reconstruction

PROJECT CODE	P176271
STATUS	Active
TYPE OF GRANT	Bank-Executed
OBJECTIVE	To support port sector reforms in Lebanon to pave the way to rebuild a better Port of Beirut.
BRIEF DESCRIPTION	As part of the global effort to build back better the Port of Beirut, the activity will support the coordination of a group of experts from the donor community to develop an action plan for the way forward for the Port. A paper will be prepared on good practices in port and border agency management to guide the definition and introduction of the most appropriate governance model for the port sector in Lebanon. It will be disseminated in a webinar and used for engaging with the incoming government.
TIMEFRAME	2022 – 2023 (Approval: January 16, 2021; Expected Closing: June 30, 2023)
CONTEXT	<p>The explosion of August 4, 2020 in the Port of Beirut clearly illustrates the evident governance shortcomings of the current institutional set-up, as well as the risks emanating from the no-reform scenario. Lebanon adheres to a port management model that arguably reflects the complex political-economic realities, and which runs counter to recognized good practices. The current port sector model, with its opaque governance and lack of accountability, was one of the underlying factors that contributed to the tragedy, and ignoring it could exacerbate existing vulnerabilities, generate further crises, and delay meaningful change. Another contributing factor was the lack of operational coordination between the port management and trade compliance agencies, intensified by their outdated procedures and limited use of automation.</p> <p>There is therefore a need for a robust governance structure at various levels, with a clear delineation between policy setting, regulation, port management, and commercial operations. This would need to be anchored in structures endowed with enough capacity to enforce transparency and efficiency and thus maximize economic benefit for the Lebanese people. The establishment of an optimal institutional framework for the port sector would build confidence in a critical segment of the national economic fabric and provide a beacon to other sectors, thereby supporting Lebanon in overcoming its current economic crisis.</p> <p>Building on the Rapid Damage and Needs Assessment (RDNA) and the Reform, Recovery, and Reconstruction Framework (3RF), the World Bank has set up a unified platform for communication, coordination and exchange of expertise and international best practice among the diplomatic and donor community to plan and coordinate the support to Lebanon's port sector. Groups of Experts (GoE) were created, and included focus on the national strategy for ports, institutional reforms, and Customs protocols and port digitalization.</p>
COMPONENTS	<p>Component 1: Development of a Reform Roadmap</p> <p>Component 2: Collaborative platform for stakeholder engagement</p>
FINANCING	<p>LFF: US\$0.25 million</p> <p>Global Infrastructure Facility Trust Fund (managed by the WB): US\$0.60 million</p>
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	<p>Pillar: Improving Services and Infrastructure</p> <p>Priority area: Port</p>
3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	Reforming the Lebanese port sector aims at establishing a sound and transparent framework. This entails the adoption of the laws and regulations required to enable ports to: (i) deliver the most cost-effective services; (ii) support national economic development; and (iii) create the enabling environment to attract more private sector investment. This approach will meet the demands and aspirations of all stakeholders with a direct interest in the efficient functioning of ports, including Customs and trade facilitation and the Lebanese population overall. To restore trust, the framework comprises the establishment of a new independent Port Authority focusing on good governance and safe port operations, while creating added value for the Lebanese community.

	<p>The proposed activities will contribute to building this new framework based on the following 3 principles that are paramount to promote a different way of working and promote transparency and accountability in the sector:</p> <ol style="list-style-type: none"> 1. <i>Clear delineation of mandates:</i> with separation of commercial and technical regulatory functions in a Port Authority, and separation of responsibilities for port technical and economic regulation. 2. <i>Governance:</i> Port tariff setting transparency (informed by cost accounting principles); Port Manager (or GM, MD) professional criterion spelled out; Port Board qualifications, responsibilities and accountabilities spelled out. 3. <i>Transparency:</i> Transparency in identification and nomination of Port Boards, their terms and replacements; nominations from both public sector and private sector associations; annual independent audit of port accounts and annual port sector report made publicly available, giving transparency to port operational activities and plans, with publication of key performance indicators.
INTENDED BENEFICIARIES	Youth; women; refugees, IDPs and returnees
IMPLEMENTATION ARRANGEMENTS	The grant activities will be implemented by a World Bank team led by the Transport Global Practice and comprising the Urban Development, Digital Development and Macroeconomics, Trade and Investment Global Practices. The team will be strengthened by international and local consultants. NGOs/CSOs will be recruited to undertake the activities of Component 2 under the supervision of the Bank team. Activities will be complemented by expertise provided with the support of other donors.

Strengthening 3RF Oversight, Engagement and Monitoring

PROJECT CODE	P177084
STATUS	Active
TYPE OF GRANT	Bank-Executed
OBJECTIVE	To support the establishment and functioning of the 3RF institutional arrangements, and provide dedicated support to strengthening citizen engagement, monitoring and communications across the 3RF.
BRIEF DESCRIPTION	<p>This project will support three components to help operationalize the 3RF institutional arrangements and strengthen citizen engagement, monitoring and communications across the 3RF.</p> <p>Component 1: Supporting 3RF Secretariat and establishment of Independent Oversight Body (IOB). This component will support the functioning of the 3RF Secretariat and help establish and launch the Independent Oversight Board (IOB).</p> <p>Component 2: Establishing and Operationalizing a Citizen Engagement Initiative for the 3RF. This component will provide support for developing a responsive citizen engagement mechanism to advance transparency and accountability across 3RF priority programs. This will provide citizens with opportunities to engage and provide feedback on 3RF activities, and decision- and policy makers with real time information on prioritization, design and implementation of 3RF activities. Citizen feedback will also constitute an important source of input for the IOB to execute its oversight role. The 3RF's citizen engagement initiative will be comprised of three elements which will be supported under this component: (i) Digital Citizen's Portal (or module), (ii) Feedback/Grievance Mechanism, (iii) Community-Based Monitoring.</p> <p>Component 3: Supporting 3RF Strategic Monitoring and Communications. This component will support the 3RF Secretariat's functions related to progress monitoring and reporting and strategic communications. An important element will be to supplement traditional approaches to monitoring and progress reporting (e.g., based on quantitative results indicators and narrative progress reporting by project teams) with the collection of citizen/beneficiary perspectives.</p>

TIMEFRAME	2021 – 2022 (Approval: August 20, 2021; Expected Closing: December 30, 2022)
CONTEXT	<p>In the aftermath of the Port of Beirut explosion, the World Bank Group, the European Union (EU) and the United Nations (UN) developed a reform, recovery, and reconstruction framework (3RF) to define short- and medium-term needs and priorities. To promote a different way of working, the 3RF is designed as a collaborative process that is based on the participation of the government, civil society, the private sector as well as development partners.</p> <p>This grant is directly supporting the operationalization of the institutional, monitoring and accountability arrangements proposed under the 3RF. As such, it will also help operationalize key cross-cutting principles of the 3RF related to citizen engagement, transparency and accountability and two-way communications. A three-pronged approach that links progress monitoring with citizen engagement and communications is essential to provide the foundation for successful recovery. Accountability and transparency arrangements will be critical and will need to be adequately resourced, particularly given the high levels of public concern about the management of the reconstruction process.</p>
COMPONENTS	<p>Component 1: Supporting the 3RF Secretariat and establishment of the IOB (US\$0.3 million)</p> <p>Component 2: Establishing and Operationalizing a Citizen Engagement Initiative for the 3RF (US\$0.35 million)</p> <p>Component 3: Supporting 3RF Strategic Monitoring and Communications (US\$0.2 million)</p>
FINANCING	LFF: US\$0.85 million
ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA	This grant directly supports the operationalization of the institutional, monitoring and accountability arrangements proposed under the 3RF (see 3RF section 5, pp. 60-64). It will also help operationalize key cross-cutting principles of the 3RF related to e.g., citizen engagement, transparency and accountability and two-way communications.
3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ Promoting gender equality: To ensure that women have equal opportunities and say in Beirut’s recovery and rehabilitation, activities financed by this grant will adopt a gender sensitive approach by: (i) collaborating with NGOs/CSOs with high levels of female representation and encouraging the deployment of female citizen monitors and facilitators for survey design and/or focus group discussions; (ii) encouraging equal levels of female and male representation on the IOB; (iii) ensuring that the program level feedback/grievance mechanism has referral pathways for gender-based violence complaints, including links with related activities promoted by the ABAAD NGO and ISF hotline, and alignment with the feedback/grievance management approach of the proposed LFF project on social recovery (which, among others, aims to support shelters for survivors of Gender Based Violence in Beirut); and (iv) collection, analysis and reporting of gender disaggregated data through the feedback/grievance mechanism and citizen surveys. ■ Targeting the most vulnerable populations: This grant will help to promote differentiated and inclusive approaches for information sharing and engagement with vulnerable groups, including women, persons with disabilities, refugees, gender and sexual minorities, etc. To the extent possible, online data will be shared in open and user-friendly formats in Arabic and English. Uptake channels for the 3RF’s feedback/grievance mechanism will be tailored to ensure that they are accessible for various groups, and data tracked on feedback received and resolved will be disaggregated by the nature of the issue as well as age, disability, etc. ■ Promoting strong focus on citizen and community engagement: The main objective of the grant is to support a range of citizen engagement approaches that will rely not only on consultations with beneficiaries and the general public on specific project interventions, but also on more collaborative approaches such as community monitoring whereby citizens adopt a more “hands-on” approach to oversee and report on the progress of project implementation. Public feedback will be compiled on regular basis (via the Secretariat) and with support of the grant, and program level beneficiary/grievance mechanisms and citizen surveys, which will be shared by the 3RF Secretariat and analyzed/scrutinized by the Consultative Group and the IOB as part of their oversight roles. ■ Promoting transparency and accountability: By supporting the 3RF Secretariat and the IOB, the grant will directly promote the integration and mainstreaming of transparency and accountability in recovery planning, programming, and implementation. By supporting the IOB and community monitoring, the grant will also support social accountability and the role of civil society and harness the benefits of technology and innovation in enhancing transparency and openness. IOB reporting and monitoring will provide CSOs/NGOs with a platform to express their views on 3RF implementation and hold implementing bodies accountable for agreed outputs and results. The dialogue and potential collaboration with Central Inspection on the 3RF Citizen Engagement Mechanism and the hosting of a CE interface on the IMPACT platform, will also indirectly contribute to strengthening the role of formal oversight institutions.

INTENDED BENEFICIARIES	Beneficiaries of grant activities will be the Lebanese public with a focus on people affected by the Beirut port-explosion. Grant activities will also aim to support and inform members of the 3RF institutional arrangements, notably members of the Independent Oversight Body.
IMPLEMENTATION ARRANGEMENTS	This grant is managed by a small cross-sectoral World Bank team (FCV, GOV, SSI) working closely with the 3RF Secretariat and EU and UN counterparts from the 3RF technical team. The 3RF Secretariat will coordinate as needed with government/public administration counterparts including Central Inspection and Court of Accounts as well as with parliament, judiciary and municipal officials. Coordination will focus on implementation of 3RF program overall, and seeking counterpart contributions on citizen engagement, monitoring and communications task.

COVID-19 Vaccination Third Party Monitoring

PROJECT CODE	P163476
STATUS	Active
TYPE OF GRANT	Bank-Executed
OBJECTIVE	To conduct independent third-party monitoring of the rollout of World Bank-financed vaccines in Lebanon to ensure safe, effective and equitable vaccine deployment.
BRIEF DESCRIPTION	<p>The project aims to verify the compliance of the vaccine rollout with the National Deployment and Vaccination Plan, international standards, and World Bank requirements, with respect to supply chain management and administration of COVID-19 vaccines at: (i) key points in the supply chain; and (ii) vaccination sites from the technical, environmental, and social safeguards perspectives.</p> <p>Through a team of 18 field monitors, IFRC monitors the arrival of vaccine shipment to the airport and central storage, as well as a sample of fixed and mobile vaccination sites in the national network on a weekly basis. During monitoring visits, field monitors conduct interviews with a sample of vaccine recipients and health care providers and collect data on vaccine stock on a sampling basis. IFRC also monitors social media platforms.</p> <p>Monitoring activities started on February 14, 2021, one day following the arrival of the first shipment of Pfizer vaccines to Lebanon and are ongoing. The findings of the monitoring are shared through reports with the WB, the Joint Monitoring Committee (composed of UNICEF, WHO, UNRWA, UNHCR, and IOM and chaired by the WB), the Ministry of Public Health (MoPH), the National Vaccination Committee and the Vaccine Executive Committee. A summary of findings is also shared with the general public using a bi-weekly infographic. Additionally, any observation of deviation from standards requiring immediate attention is shared with the MoPH in real-time through short incident reports for corrective action. Monthly score cards for each vaccination site are also prepared and shared with the MoPH.</p>
TIMEFRAME	2022 (TPM activities will cover monitoring until the end of July 2022 using LFF funding)
CONTEXT	The ongoing economic and financial crisis has severely affected the capacity of the health sector to meet the health needs of the country, and the COVID-19 pandemic has further exacerbated the strains on the health sector. Lebanon experienced an unprecedented surge in COVID-19 with a record-breaking number of confirmed cases during the first week of January 2021 (around 5,500 daily cases). This surge, coupled with a high level of infections among health workers (2,308 cases), overwhelmed hospitals already operating at full capacity. To curb this surge in cases and fatalities, the GOL imposed in January 2021 a nationwide lockdown which was gradually lifted until today. A second peak of transmission, driven by the Covid-19 Delta variant, was observed in August 2021 (peak at 1,628 for a 7-day average of cases), but the intensity in transmission lowered and stabilized to 500 - 600 daily cases (7- day average) in September 2021 with a 31 percent occupancy rate of COVID-19 Intensive Care Unit (ICU) beds and 20 percent of COVID-19 regular beds.

In preparation for the introduction of COVID-19 vaccines, the Government of Lebanon (GOL) with the support of the World Bank (WB) and other partners conducted a COVID-19 vaccine readiness assessment. The GOL established a National COVID-19 Vaccine Committee and seven Technical Working Groups to prepare the National Deployment and Vaccination Plan for COVID-19 Vaccines (NDVP). The NDVP was developed by the GOL with the technical support of development partners and was launched on the 27th of January 2021. Per the NDVP, Lebanon seeks to vaccinate 80 percent of the total population by the end of 2022. The NDVP covers the vaccination of both citizens and non-citizens, regardless of their status as long as they are residing on the Lebanese territory. In line with the WHO Strategic Advisory Group of Experts on Immunization (SAGE) Allocation Framework, Lebanon's NDVP prioritizes high risk populations through a multi-phase roll-out plan. As of January 2022, per the national plan, all individuals 12 years of age and older are eligible to receive a COVID-19 vaccine.

The GOL signed a Committed Purchase Agreement with the COVAX Facility to procure 2.73 million doses of COVID-19 vaccines for 1.36 million individuals (with a two-dose regimen), or 20 percent of the total population residing in the country (both citizens and non-citizens). The GOL has also signed a contract with Pfizer to secure 3.25 million doses for 1.62 million individuals (2 doses for 24 percent of the total population) in addition to 600,000 doses as a donation for refugees for a total of 3.85 million doses (also a two-dose regimen). The Pfizer-BioNTech vaccine doses have been procured through the WB Lebanon Health Resilience Project (LHRP). The Pfizer vaccine was the first COVID-19 vaccine to arrive in Lebanon on February 13, 2021. Additional doses of Pfizer, Astrazeneca, Sputnik, Sinopharm, Moderna and Janssen vaccines were delivered to the country through direct procurement by the GoL, by the private sector through the GoL, and as donations.

Lebanon is currently recording another surge in COVID-19 cases. As of February 4, 2022, the local incidence rate for the past 14 days is 1,954 per 100,000 and the average positivity rate over the last 14 days reached 23.6 percent²⁷. As of February 7, 2022, regular and ICU bed occupancies have reached during the last week an average of 53 percent and 72 percent.²⁸ According to WHO's situational matrix guideline, Lebanon is currently at Level 4 of community transmission. However, the health infrastructure today is not prepared to contain another transmission surge such as the one observed in January 2021. The vaccination campaign is ongoing and according to the MoPH, 48% of the eligible population (12 years of age and older) have received at least one COVID-19 vaccine dose, and 40% have received two doses.

In addition to political and governance risks as well as the macro-economic risks, there are associated risks in the delivery of COVID 19 vaccination. This unprecedented vaccination effort stretches capacities of the MoPH for vaccine delivery and monitoring deployment and inherently entails risks, including those of elite capture, fraud and corruption, given that the demand outstripped the supply. Interventions to improve the traceability of COVID-19 vaccines throughout the supply chain and down to the vaccine recipient level will be a mitigation measure for the project to support. The key institutional risk remains the MoPH's capacity to carry out the proposed activities and is heightened by the complexity of vaccine acquisition and deployment, especially in the absence of adequate funding to purchase vaccines for the entire eligible population and delays in shipment deliveries due to the global supply constraints. Moreover, the complexity of vaccine deployment is further exacerbated by the large presence of refugees in the country and the potential risk of ensuring equitable distribution of vaccines.

Considering the above plans as well as the risks, the WB proposed to verify GOL's compliance through a Third-Party Monitoring (TPM) of all the stages of the COVID-19 vaccination, including but not limited to storage, stock and temperature maintenance across the supply chain, service delivery at vaccination sites, and vaccine recipients' and health providers' perspectives and feedback.

COMPONENTS

Component 1: TPM contract value (US\$0.87 million)

Component 2: WB TPM supervision (US\$0.11 million)

FINANCING

LFF: US\$1 million

ALIGNMENT WITH 3RF PILLAR AND PRIORITY AREA

Pillar: Improving Governance and Accountability

27 MoPH COVID-19 Surveillance in Lebanon Daily Report – February 4, 2022

28 WHO COVID-19 DAILY BRIEF, February 6, 2022

3RF CROSS-CUTTING PRIORITIES: GENDER, INCLUSION AND TRANSPARENCY	<ul style="list-style-type: none"> ■ The main goal of TPM is to increase transparency and public trust in the COVID-19 vaccination rollout in Lebanon. This is done through regular monitoring of key steps in the vaccination cycle from arrival of vaccines to deployment, in addition to monitoring of social media platforms. This is also done through sharing of key findings with the public and collecting feedback from vaccine recipients and service providers (through dedicated questionnaires used by field monitors). ■ The COVID-19 vaccination plan aims to be inclusive and non-discriminatory as the NDVP clearly states that all persons residing in Lebanon will have access to COVID-19 vaccination regardless of nationality, sex, religion, etc. One of the objectives of TPM is to verify that this commitment is applied in practice through the verification of the vaccine rollout across vaccination sites. It is also worth noting that TPM covers vaccination sites in all areas in Lebanon, including underserved and remote areas, to ensure proper levels of inclusion.
INTENDED BENEFICIARIES	<p>All beneficiaries of the COVID-19 vaccination plan, including youth; women; people with disabilities; refugees, IDPs and returnees</p>
IMPLEMENTATION ARRANGEMENTS	<p>The project is implemented as a Bank-Executed Trust Fund (BETF). The International Federation of Red Cross and Red Crescent Societies (IFRC) is the TPM agent undertaking this task. The scope of IFRC's TPM is limited to vaccines financed by the WB.</p> <p>In addition to contracting IFRC as the Third-Party Monitoring Agency, the WB will also be responsible for the overall supervision of the project's implementation. The WB will ensure quality control of IFRC deliverables and will act as a link between IFRC and relevant stakeholders (including the Ministry of Public Health, the National Vaccination Committee, the Vaccine Executive Committee and others) to ensure sharing of findings and implementation of corrective measures as needed.</p>

ANNEX 2.

RESULTS FRAMEWORK

Status of current draft: As the development of LFF-funded projects has progressed, several indicators and targets have been adjusted or amended to better reflect what is realistically achievable in the current context and to align with project-level results frameworks (notably for the recipient-executed social recovery, environment and housing/culture projects). The Results Framework will be finalized following the approval of the environment and housing/culture projects.

	Unit of Measure	Baseline	End Target	Status
Development Objective: The Lebanon Financing Facility (LFF) seeks to support the immediate socio-economic recovery of vulnerable people and businesses following the explosion in Beirut on August 4, 2020, and to build the foundation for medium-term recovery and the sustainable reconstruction of the Port of Beirut and affected neighborhoods.				
Indicator(s)				
Cumulative number of direct beneficiaries of LFF projects	Number	0	TBC	N/A
Citizen perception of recovery and reconstruction progress [exact indicator to be developed]	Percentage	TBC	TBC	N/A

	Unit of Measure	Baseline	End Target	Status
FOCUS AREA 1: SOCIOECONOMIC AND BUSINESS RECOVERY				
1.1 Supporting Beirut's Immediate Social Recovery Services				
Development Objective 1.1: To support the immediate social recovery needs of vulnerable groups following the port of Beirut explosion.				
Outcome A: Increased access to services for GBV survivors, people with mental health challenges, older persons and persons with disabilities			<i>Target end date: 2023</i>	
Indicator(s)				
A1: Number of direct project beneficiaries (disaggregated by GBV, mental health and persons with disabilities and older persons programs, and by gender)	Number	0	8,430	0
Intermediate Indicator(s)				
A2: Total NGOs receiving sub-grants from the project	Number	0	19	0

	Unit of Measure	Baseline	End Target	Status
Outcome B: Increased quality of services for GBV survivors, people with mental health challenges, older persons and persons with disabilities			<i>Target end date: 2023</i>	
Indicator(s)				
B1: Percentage of cases following project improved mechanisms and/or protocols (disaggregated by GBV, mental health, persons with disabilities and older persons programs, and by gender)	Percentage	0	85	0
Intermediate Indicator(s)				
B2: Number of NGO/care workers benefitting from project-provided training (disaggregated by gender)	Number	0	885	0
B3: Public Sensitization Awareness campaign modules on GBV, mental health and disability and old age supported by the project	Number	0	20	0
1.2 Environmental Recovery, Restoration and Waste Management				
Development Objective 1.2: To support emergency environment control measures in Beirut City from impacts of the August 2020 explosion and support planning for longer term environmental restoration efforts				
Outcome C: Rehabilitation of damaged solid waste management infrastructure and management of asbestos-contaminated debris generated due to the PoB explosion			<i>Target end date: 2024</i>	
Indicator(s)				
C1: Amount of demolition waste at identified storage sites safely managed with control measures (site securing, containment measures, disposal or treatment)	Total tons	0	150,000	0
C2: Amount of municipal solid waste generated in Beirut safely managed and disposed of	Total tons/day	0	650	0
Intermediate Indicator(s)				
C3: Solid waste management infrastructure damaged due to the explosion is rehabilitated and operationalized	Yes/No	No	Yes	No
C4: Segregation, collection and transportation measures initiated in Beirut city for integrated solid waste management and sustainability of rehabilitated infrastructure	Yes/No	No	Yes	No
Outcome D: Policy and institutional support for greening Beirut's Reconstruction Agenda			<i>Target end date: 2024</i>	
Indicator(s)				
D1: People affected by the explosion benefitting from improved urban living conditions Of which number are women	Number	0	350,000	0
	Number	0	175,000	0

	Unit of Measure	Baseline	End Target	Status
Intermediate Indicator(s)				
D2: Collaborative platform for stakeholders' engagement in the environmental agenda of Beirut established and operational	Yes/No	No	Yes	No
1.3 Beirut Housing Rehabilitation and Cultural Heritage and Creative Industries Recovery				
Development Objective 1.3: To: (i) support the rehabilitation of cultural heritage residential buildings and the access to sustainable rental solutions for vulnerable households directly affected by the Port of Beirut explosion; and (ii) support the recovery of the cultural production in Beirut.				
Outcome E: To pilot the rehabilitation of a select number of severely damaged residential heritage buildings			<i>Target end date: 2025</i>	
Indicator(s)				
E1: People benefiting from resilient rehabilitated residential units	Number	0	560	0
Of which are members of female-headed household	Percentage	0	25	0
Owners benefiting from resilient, rehabilitated residential units	Number	0	210	0
Tenants benefiting from resilient, rehabilitated residential units	Number	0	350	0
Beneficiaries reporting satisfaction with project activities	Percentage	0	75	0
Intermediate Indicator(s)				
E2: Residential units rehabilitated according to resilience standards	Number	0	160	0
Of which are female-headed household	Percentage	0	25	0
E3: Rental contracts signed for rehabilitated units	Number	0	100	0
Of which, are signed with renters previously living in the target area	Percentage	0	75	0
Of which, are signed with newcomers	Percentage	0	25	0
E4: People benefitting from trainings or knowledge sharing activities related to technical rental support	Number	0	100	0
Of which, are female	Percentage	0	50	0
E5: DGA, PCH and municipal staff trained on providing support to vulnerable households	Number	0	8	0
Of which, are female	Percentage	0	25	0
E6: Person-days of temporary employment created under the project	Number	0	200,000	0

	Unit of Measure	Baseline	End Target	Status
Outcome F: To provide emergency support to creative entities and practitioners			Target end date: 2025	
Indicator(s)				
F1: Direct beneficiaries of cultural production work	Number	0	1,300	0
Of which are female	Percentage	0	50	0
Of which are youth	Percentage	0	40	0
Cultural entities supported in cultural production work	Number	0	65	0
Cultural practitioners supported in cultural production work	Number	0	85	0
Beneficiaries reporting satisfaction with project activities	Percentage	0	75	0
Intermediate Indicator(s)				
F2: Grants disbursed to cultural actors	Number	0	150	0
F3: Grants achieving objective	Percentage	0	95	0
F4: Indirect beneficiaries from cultural productions (disaggregated by gender)	Number	0	10,000	0
1.4 Building Beirut Businesses Back Better (B5)				
Development Objective 1.4: Support the recovery of targeted micro and small enterprises (MSEs) and sustain the operations of eligible MFIs.				
Outcome G: Support the recovery of MSEs			Target end date: 2024	
Indicator(s)				
G1: Share of Micro and Small beneficiary enterprises that are operational for at least 12 months after receiving the grants	Percentage	0	80	0
Of which are women owned or led	Percentage	0	30	0
Intermediate Indicator(s)				
G2: Number of Micro and Small enterprises receiving grants	Number	0	4,300	31
Of which are women owned or led	Percentage	0	30	11
G3: Amounts of funds disbursed to Micro and Small Enterprises	Amount (USD)	0	17,800,000	380,250
G4: Number of jobs maintained within 12 months of receiving the grants	Number	0	4,472	0
G5: Share of Micro and Small women owned or led enterprises receiving business support training	Percentage	0	100	0
G6: Beneficiary Engagement: Share of women owned or led beneficiary firms who reported being satisfied with technical support offered	Percentage	0	75	0

	Unit of Measure	Baseline	End Target	Status
Outcome H: Sustain the operations of MFIs				Target end date: 2024
Indicator(s)				
H1: Number of Microfinance Institutions operational for at least 24 months after receiving support	Number	0	3	0
Intermediate Indicator(s)				
H2: Number of MFIs receiving financing	Number	0	3	0
H3: Amount disbursed to Microfinance Institutions	Amount (USD)	0	4,900,000	0
H4: Employment Capacity of Microfinance Institutions maintained	Percentage	0	80	0
H5: Number of Microfinance Institutions receiving gender sensitive training	Number	0	3	0

	Unit of Measure	Baseline	End Target	Status
FOCUS AREA 2: PREPARING FOR REFORM AND RECONSTRUCTION				
2.1 Reconstruction with Integrity and Transparency – Proposed Governance Activities (Phase 1)				
Development Objective 2.1: To begin to establish a transparent, accountable, and inclusive policy and institutional framework for Lebanon’s reconstruction and recovery.				
Outcome I: Improved capacity to conduct audits in compliance with international standards and good practices				Target end date: 2022 (Phase 1); 2023 (Phase 2)
Indicator(s)				
I1: Forensic Training Workshop Delivered	Number of participants	0	25	0
I2: Plan for centralized asset and interest declaration system prepared	Yes/No	No	Yes	No
Outcome J: Initial basis established for improved PIM practices and implementation of the public procurement reform to manage scarce resources efficiently and effectively for reconstruction and recovery				Target end date: 2022 (Phase 1); 2023 (Phase 2)
Indicator(s)				
J1: PIM Action Plan formulated and approved by key stakeholders	Yes/No	No	Yes	No
J2: Internal Manuals, Staffing TORs, Organizational Circulars developed for Public Procurement Agency and for Procurement Review Body	Yes/No	No	Yes	No

	Unit of Measure	Baseline	End Target	Status
2.2 Reforming Lebanon's Port Sector				
Development Objective 2.2: To support port sector reform in Lebanon to pave the way to rebuild a better, modern and digital Port of Beirut.				
Outcome K: Detailed port reform road map delivered and consulted upon			Target end date: 2022	
Indicator(s)				
K1: Detailed port reform road map delivered and consulted upon	Yes/No	No	Yes	No
K2: Collaborative platform for stakeholders' engagement on the port sector established and operational	Yes/No	No	Yes	Yes

	Unit of Measure	Baseline	End Target	Status
FOCUS AREA 3: COORDINATION, MONITORING, ACCOUNTABILITY AND OVERSIGHT				
3.1 Coordination, Monitoring, Accountability and Oversight				
Development Objective 3.1: To support the establishment and functioning of the 3RF institutional arrangements with dedicated support to strengthening citizen engagement, monitoring and communications across the 3RF.				
Outcome L: The 3RF institutional arrangements for transparent, inclusive, and accountable program implementation have been established and are functioning.			Target end date: 2023	
Indicator(s)				
L1: The Independent Oversight Body has been established and is functional (i.e. IOB issues policy and technical recommendations to the 3RF Consultative Group and/or Secretariat)	Yes/No	No	Yes	Yes
Outcome M: An inclusive and responsive citizen engagement approach for the 3RF has been established and is operational.			Target end date: 2023	
Indicator(s)				
M1: 3RF beneficiaries reporting satisfaction with citizen engagement processes and transparency of information-sharing (disaggregated by gender and age)	Percentage	0	70	0
Intermediate Indicator(s)				
M2: Program level feedback addressed and responded to within a publicly stipulated timeframe (disaggregated by gender and age)	Percentage	0	90	0

	Unit of Measure	Baseline	End Target	Status
3.2 COVID-19 Vaccination Third-Party Monitoring				
Development Objective 3.2: To conduct independent third-party monitoring of the rollout of World Bank-financed COVID-19 vaccines in Lebanon to ensure safe, effective and equitable vaccine deployment.				
Outcome N: Vaccine supplies are managed according to established standards at vaccination sites				
Intermediate Indicator(s)				
N1: Percentage of sites visited where vaccines are stored correctly	Percentage	0	>75%	0
N2: Percentage of sites visited where safety boxes are used for safe disposal of syringes and needles	Percentage	0	>75%	0
Outcome O: Vaccines are administered as per international and NDVP standards				
Intermediate indicator(s)				
O1: Percentage of sites visited where correct injection technique was used	Percentage	0	>75%	0
O2: Percentage of interviewed vaccine recipients who are satisfied with the vaccination process	Percentage	0	>75%	0
O3: Percentage of interviewed vaccine recipients who are aware of complaint mechanisms	Percentage	0	>75%	0
O4: Percentage of sites visited where no interruption in the national electronic registration system occurred for more than 30 minutes	Percentage	0	>75%	0

	Unit of Measure	Baseline	End Target	Status
TRUST FUND PERFORMANCE AND MANAGEMENT				
Development Objective 4: To support effective trust fund management				
Outcome P: The LFF is managed and implemented effectively.				
Indicator(s)				
P1: Amount of grant contributions raised per year	US\$ million	0	US\$75-100	US\$60.42 (US\$73.93 if including pledges)

	Unit of Measure	Baseline	End Target	Status
P2: Disbursement ratio of active RE projects	Percentage	0	10-15	16.67 ²⁹
P3: Timeliness of disbursements for RE projects	Average number of months between project effectiveness to initial disbursement	N/A	3-4 months	4 months ³⁰
P4: Portfolio quality	Percentage of active LFF RE projects rated moderately satisfactory or higher	0	75	0
P5: Partnership Council meeting frequency	Number of meetings with agenda circulated in advance and minutes circulated promptly	N/A	4 meetings per year	2021: 2 meetings
P6: Communications and Visibility Plan (CVP) implemented effectively	Percentage of CVP indicator targets met (see Annex 2 of CVP)	0	70	0
P7: Share of RE projects that are gender-tagged ³¹	Percentage	0	100	100

²⁹ This is based on a disbursement of 5 million out of 30 million total allocated to the two active RE projects.

³⁰ As the B5 Fund is the only RE project that has disbursed funding, this result is based on the time between the B5 Fund's effectiveness in August 2021 and its initial disbursement in December 2021.

³¹ For a project to be considered gender tagged, it needs to (i) clearly identify gender gaps in the area of project influence based on evidence; (ii) incorporate into the project design actions that directly aim to close the identified gaps, accompanied by adequate resources; (iii) include indicator(s) with specified targets, to allow the measuring of progress towards the closing of the gap. This Theory of Change needs to be clearly articulated, and will be assessed by the WBG MENA Gender Team.

ANNEX 3.

GENDER APPROACH NOTE

Gender in the Lebanon Financing Facility (LFF)

Gender Approach Note | March 2021

The Lebanon Financing Facility (LFF) aims to support the immediate socio-economic recovery of vulnerable people and businesses following the explosion in Beirut on April 4, 2020, and to build the foundation for sustainable reconstruction of the Port of Beirut and affected neighborhoods. Specific objectives aim to support a people-centered socio-economic recovery (including support for survivors of sexual and gender based violence), business recovery (with a focus on MSMEs and MFIs), reforms for recovery and reconstruction (governance-focused) and preparing for reconstruction (infrastructure-focused). Projects under the LFF will promote immediate and short-term recovery for affected populations, while also facilitating the adoption and implementation of critical reforms and the medium-term reconstruction. As mentioned in the LFF concept note, gender-differentiated needs, women's participation and equal access to benefits will be considered throughout LFF-supported activities. This Note further defines the processes in place to support this approach.

The LFF is committed to **proactively identify, address and monitor gender gaps**, ensuring that projects selected for implementation consider **gender equality actions and metrics in a meaningful way**. To operationalize this approach, specific resources are deployed at **selection, design and implementation** stages. The figure below lays out the project level process, as well as the resource structure within the LFF Secretariat to support this.

At the project **selection** stage, the LFF Secretariat will consider the project proposals' approach to gender using the criteria set out for World Bank lending operations – the Gender Tag (see annex). Proposals should already include a reference to the specific gender gaps or issues in the sector, and an initial idea of potential actions in the projects to contribute to the closing of these gaps (or issues) and how progress could be measured. Analysis should be based on available data and evidence.³² To support the assessment of the integration of gender into the project proposals, the LFF team will draw on the experience and expertise of the WB Lebanon Gender Lead, who will also function as the LFF Gender Coordinator.

During project **design and preparation**, each project will need to go through the following steps:

- **Step 1:** the LFF Secretariat connects the LFF Gender Coordinator with the project task team leader as early on in the design as possible to discuss and -as needed- strengthen the project design with a view to maximize its benefits for women. This early engagement is instrumental to ensure a project adequately identifies and addresses relevant gender gaps.
- **Step 2:** based on the sector and focus of the proposed project, the LFF Gender Coordinator will identify a WBG Gender Specialist to be part of the team based on experience and expertise and to provide inputs to all needed documents (Concept Note, Project Appraisal Document, technical assessment if needed, etc.). This person will be a team member of the MENA Gender Team or the MGF team, who has experience on working with teams to provide guidance using the gender tag criteria. As part of these inputs, the Gender Specialist – together with the team – will lay the foundation for what will be required during implementation, clearly identifying gender gaps the project aims to tackle based on available (and potentially new) analytical work, the specific plan of action and measures that will

³² Suggested resources for teams to draw on include the forthcoming Lebanon Country Gender Assessment (World Bank, UN Women & NCLW 2021); the **Gender Data Portal**, as well as the broader World Development Indicators (WDI) **database**; the Women, Business and the Law **economy level data**.

ensure the technical (and process-related) support is in place to continuously address, support and monitor these **gender gaps**. The Gender Specialist, with the support from the LFF Secretariat and the LFF Gender Coordinator, will also ensure coordination, engagement and outreach with relevant stakeholders such as government entities (ministries, agencies, etc.), UN organization (including UN Women), INGO and NGOs, private sector entities, etc. This will facilitate early discussion and ownership by the implementing agencies of the suggested measures to be taken.

Based on what has been identified as the gender approach in the design of the project, for the **implementation** stage, each project will factor in (and budget for) the **adequate technical gender expertise** needed to fulfill the activities included in the design of the project. The LFF Gender Coordinator will provide guidance and training as needed, but depending on the project and activity focus, the project document will have identified some initial areas of gender expertise that may be required during implementation – either with relevant expertise within the Intermediary Implementing Agency or PIU itself, or through consultancies focused on specific areas of work.

In addition – and in close coordination with the project teams and the LFF Gender Coordinator, the Secretariat will also count on a team member for **LFF Gender Implementation Support**. This person is expected to work part time and will be responsible for the following activities:

- **Operating manual (OM)**. The OM for each project funded by the LFF would need to ensure that special attention is given to activities that will contribute to closing the identified gender gaps at the design stage, and that there is a specific focus on women amongst the direct beneficiaries.³³ It will also outline the process to ensure adequate engagement and outreach to women and women’s organizations, and to monitor the specific indicators.
- **Coordination and complementarities** will need to be ensured to build and leverage **synergies** in the relevant areas of work, by working across ministries and agencies, as needed, but also with relevant stakeholders (e.g. development partners, UN agencies, relevant CSOs), including to facilitate private sector engagement. The LFF Gender Coordinator will support the coordination so that LFF funded projects leverage existing partnerships and activities under the MGF, such as the National Commission for Lebanese Women, and business associations.
- **Monitoring & reporting**, through developing a results framework that includes a focus on outputs and outcomes disaggregated by sex and age, and track progress made towards closing gender gaps, by introducing relevant indicators and targets. The projects’ ability to effectively monitor and report on results will be assessed by the gender lead involved during design and preparation of the project, with follow up based on need through trainings, development of baselines, etc.
- **Communications** needs to be ensured so that related work of the projects funded by the LFF adequately targets women and men, as well as identify and publish results that have had a specific impact on women.

Context: The Broader Context of the WBG Commitment to Gender Equality

THE WBG’S FOCUS ON GENDER IN MASHREQ. Women in Lebanon **want to work** however only around **a fourth** of women participate in the workforce. While the share of women in Lebanon’s labor force exceeds the MENA average of 22 percent, it is still much lower than the share of men in Lebanon (26 vs 76 percent, respectively). Unemployment rates are **twice as high** for women (10 percent) compared to men (5 percent). Only 17 percent of women are self-employed compared to 43 percent of men, and only four percent of companies in Lebanon has a woman as top manager. A combination of barriers contributes to the **low levels of labor force participation** and entrepreneurship. Constraints around access to safe transportation, affordable and quality childcare, and finance or collateral as well as concerns around harassment in the

³³ While overall actions will be defined in the PAD, the OM will have to reflect any activities that are relevant for an OM. For example if there are criteria for selection of sub projects to ensure female owned firms benefit, that would have to be an explicit part of the OM, as a means to support implementation and create accountability.

workplace and norms surrounding gender roles at home keep women out of or hold them back in the workplace and from starting their own business. Lebanese women also cite flexible hours, work security and long-term career prospects as important factors they consider when deciding to work.

To respond to these challenges, the **Government of Lebanon** aims to increase the Female Labor Force Participation Rate by **5 percentage points** in the next 5 years and developed a Women's Economic Empowerment Action Plan that identifies the way to achieve this. The **Mashreq Gender Facility** is supporting the implementation of the Action Plan based on a government-led detailed country work plans that adopts a "dual-track approach", balancing national-level strategic interventions with selective activity-level pilots. The building blocks for change are created by focusing on building the evidence base on issues such as the care economy; instituting coordination mechanisms for increased collaboration on women's economic empowerment; initiating legal reforms; increasing awareness of the importance of gender equality at the workplace; providing support and building capacity of women-owned and led entrepreneurs; and developing capacity among relevant public and private sector stakeholders. Communications and outreach activities aim to address cultural barriers and promote rights to incentivize behavioral change.

The **Mashreq Gender Facility** (MGF) was set up to provide technical assistance to the Mashreq countries Iraq, Jordan and Lebanon to enhance women's economic opportunities as a catalyst towards more inclusive, sustainable, and peaceful societies, where economic growth benefits all. Through collaboration with private sector, civil society and development partners, the Facility supports country level priorities and strategic regional activities that: (a) Strengthen the enabling environment for women's economic participation, and (b) Improve women's access to economic opportunities.

The MGF provides a unique opportunity to do things differently: whole-of-government approach in close collaboration with private sector to enable a coordinated, more holistic identification and response to key constraints for women's economic opportunities. The MGF facilitates multi-stakeholder engagements, strengthens the evidence-base on what works, and introduces innovative approaches to tackle persistent challenges. To leverage WBG lending instruments as entry points for strategic, targeted support on gender across sectors, **the MGF team provides technical assistance and advice to all WBG project teams and associated government clients to identify how they can contribute to closing gender gaps in their respective sectors or influence of work.** This activity is heavily subsidized by WB budget and project preparation budgets. For most of the projects, the MGF team provides this support at the design phase and continuous TA is planned under project implementation to leverage results of ongoing, relevant MGF activities.

MENA REGIONAL GENDER ACTION PLAN. The Regional Gender Action Plan (RGAP, FY18-23) commits the WBG to continue to strive towards gender equality in MENA. Anchored in the WBG Gender Strategy and the MNA Regional Strategy, the RGAP provides a clear mandate to support client countries in the MNA region advance their agendas and make **meaningful progress** towards increased gender equality and women's empowerment, **leveraging the private sector** to advance women's economic empowerment and focusing on **results**.

In November 2020, a Mid-Term Review (MTR) of the MENA Regional Gender Action Plan, took stock of the progress made on gender equality and women's empowerment in the MENA region. It confirms the relevance of the pillars, and points to additional, linked, areas that merit attention going forward, aligned with the enlarged regional strategy and priorities, such as addressing the persistent gender gaps in human capital accumulation and use; women's ability to harness the digital economy; and gender based violence and sexual harassment. The MTR also identifies areas and processes to step up the commitment to results on the ground. In this context, and aligned with preliminary findings of the independent learning evaluation of the overall WBG Gender Strategy, the MENA region is putting a stronger focus on the country-led approach and on gender actions and impact during project implementation.

WBG GENDER STRATEGY. The World Bank Group's **Gender Strategy (FY16-23): Gender Equality, Poverty Reduction and Inclusive Growth** focuses on multipronged actions to achieve real-world results, by identifying and implementing operations that narrow opportunity and outcome gaps between men and women and address the wide range of constraints women face. The strategy sets out to help countries go the last mile in addressing challenges such as maternal mortality while taking aim at emerging challenges such as ageing populations, climate change, slowing economic growth, and the global jobs crisis. The strategy identifies four key areas where countries can focus investments to ensure equal economic participation:

THE GENDER TAG. The Gender Tag system was launched in FY17 to strengthen links between country-level and/or sector gender equality objectives and WBG operations and to identify those operations that explicitly **contribute to narrowing gaps** between males and females in the four pillars of the WBG Gender Strategy. The gender tag identifies those projects that have a **clear results chain**, linking analysis, actions, and M&E. While the IDA18 target is at least **55%** of operations to fulfill the tag criteria, the Mashreq region is committed to **100%** of operations to be gender tagged. In FY17, 60% of operations in the Mashreq were gender tagged, in FY18 70%, and since FY19 all projects (100%) have been tagged. The Regional Gender Team engages with teams upstream starting in the design phase, pre-Concept Note, to ensure that analysis and baseline studies cover aspects that may be gender-differentiated and that potential actions to address identified gender gaps are discussed with the government during project preparation.

WBG teams can find the latest guidance on the Gender Tag in **this link**. These internal resources include online tools for identifying good practices per sector, country and gender gap area.

ANNEX 4.

LFF PRESS RELEASES

Lebanon Financing Facility Approves \$55 million Recovery Program Targeting Vulnerable Households and Small Businesses to Respond to the Port of Beirut Explosion

Beirut, April 30, 2021 – The World Bank convened yesterday the first meeting of the Partnership Council for the Lebanon Financing Facility (LFF) to discuss the priorities, proposed funding allocations and priority projects for the LFF's first year of operation and endorsed a work plan with a total allocation of approximately US\$55 million. The meeting gathered representatives from the Government of Lebanon, the LFF donor members: Canada, Denmark, the European Union, France and Germany, civil society organizations representing the 3RF Consultative Group: Lebanon Humanitarian and Development Forum (LHDF); KAFA, Green Mind, and the UN.

Donor members of the Partnership Council reconfirmed their commitment to stand by the people of Lebanon and help them weather the compounded crises they are faced with. The Partnership Council's endorsement of the LFF annual workplan is an important milestone, yet it is not sufficient given the deliberate human and economic crisis in Lebanon. Only a credible and reform-minded government can help address the longstanding challenges and structural problems facing Lebanon and restore citizens trust and confidence.

Thanks to the financial support of Canada, Croatia, Denmark, the European Union, France and Germany, the Partnership Council meeting kick-starts the implementation of much needed priority projects that will provide the Lebanese people with immediate socio-economic relief and allow micro-, small- and medium-sized enterprises (MSMEs) to embark on the path of sustainable recovery in line with the LFF's phased approach and based on the projected level of donor funding available in 2021. While the international community is working together to address the socio-economic recovery needs of the people of Lebanon, more donors are invited to come forward in support of the 3RF priorities under the umbrella of the LFF.

The approved LFF work plan includes four key recovery projects: 1) Supporting Immediate Social Recovery Needs of vulnerable groups affected by the explosion with a focus on gender-based violence, psychosocial support and care for the disabled and the elderly; 2) Environmental Recovery, Restoration and Waste Management to remove critical hazardous waste inside and outside the Port of Beirut; 3) Beirut Housing Rehabilitation and Cultural Heritage and Creative Industries Recovery – to support the rehabilitation of cultural heritage residential buildings and access to sustainable housing solutions for vulnerable households directly affected by the explosion, and revitalize cultural production in Beirut; and 4) Building Beirut Businesses Back Better (B5) to support the recovery of targeted MSMEs and sustain the operations of eligible microfinance institutions (MFIs). The work plan also comprises governance activities that lay the groundwork for reconstruction with integrity and transparency and prepare a roadmap for Lebanon's port sector reform. Finally, the work plan also comprises activities to operationalize the 3RF through the establishment of an Independent Oversight Board led by the civil society, citizen engagement initiatives that prioritize participation and inclusiveness, and support to 3RF monitoring and communications activities.

In line with the guiding principles of the 3RF, projects approved under the LFF will adopt innovative and flexible implementation modalities through the provision of direct support to capable non-government organizations and civil society organizations as well as to private sector intermediaries to reach affected MSMEs.

The Partnership Council meeting comes one month after the first meeting of the 3RF Consultative Group last March. Both foster a new and innovative partnership model that brings all key actors together

in a participatory and inclusive manner. Civil Society representatives play a key role in the process by bringing the voice of the people to the table, putting forward suggestions to address the underlying challenges and monitoring the implementation of the 3RF.

About the Lebanon Financing Facility (LFF):

Established in December 2020 in the aftermath of the August 4 Port of Beirut explosion disaster and following the launch of the Reform, Recovery and Reconstruction Framework (3RF), the LFF is a 5 year multi-donor trust fund that will pool grant resources and strengthen the coherence and coordination of financing in support of the immediate socio-economic recovery of vulnerable people and businesses impacted by the explosion. Subject to the commitment of all Lebanese stakeholders to critical reforms, the LFF will also build the foundation for medium-term recovery and the sustainable reconstruction of the Port of Beirut and affected neighborhoods. The LFF prioritizes three focus areas of interventions: 1) Socioeconomic and business recovery; 2) Preparing for reform and reconstruction; and 3) Strengthening coordination, monitoring, accountability and oversight of the 3RF. The LFF will benefit from the World Bank's high fiduciary standards, through the application of its fiduciary framework for financial management, procurement, and environmental and social safeguards. The LFF will also ensure that programs promote gender equality and community engagement and target women, youth and vulnerable populations.

CSOs named to Independent Oversight Board of the Reform, Recovery and Reconstruction Framework

Beirut, June 3, 2021 - Three civil society representatives have been appointed to the Independent Oversight Board of the Reform, Recovery and Reconstruction Framework (3RF): **Diana Menhem**, Managing Director of **Kulluna Irada**; **Julien Courson**, Executive Director of the **Lebanese Transparency Association – No Corruption**; and **Roula Mikael**, Founder and Executive Director of the **Maharat Foundation**.

The IOB serves as an independent mechanism to provide oversight on implementation and financing of the 3RF and to hold stakeholders – including government, development partners, and implementing organizations – accountable for overall progress.

The inclusion of civil society in the governance and implementation of reform, recovery and reconstruction is a core principle of the 3RF. Civil society is also represented in the 3RF **Consultative Group (CG)**, the platform for strategic guidance and policy dialogue on 3RF priorities and implementation, as well as the **Partnership Council** governing the Lebanon Financing Facility (LFF).

Members of the IOB were selected based on an open, transparent process, taking into account the expertise, capacity and non-partisanship status of both the representatives and the nominating CSOs following a **Call for Expression of Interest** launched on April 28, 2021. IOB members will rotate on a yearly basis with rotation of half of its members to ensure overlap between one Board and another. A call for expression of interest will be issued in the second half of 2021 to fill the remaining 3 seats in the IOB and invite future members.

Background on the nominated CSOs of the selected IOB members:

Kulluna Irada is an advocacy group committed to political reform in Lebanon. It is engaged in defining the foundations of a modern, sustainable and just state, and in coalescing local and international actors around this vision to create momentum for change. It pairs extensive policy expertise (e.g. on issues of economic and financial reforms, transparency and accountability, judicial reforms, electricity sector and the oil & gas sector), with civil society engagement and advocacy tools. Kulluna Irada is represented by Managing Director Diana Menhem.

The Lebanese Transparency Association – No Corruption (LTA) advocates for reform by focusing on systemic improvement and by building coalitions with other anti-corruption stakeholders, including the government, parliamentarians, the private sector, media institutions, the international community and

civil society organizations. It is the Lebanese chapter of Transparency International (TI). LTA is represented by Executive Director Julien Courson.

Maharat Foundation is a women-led Beirut based organization acting as a catalyst, defending and advancing the development of democratic societies governed by the values of freedom of expression, access to information and respect for human rights. Maharat Foundation operates Maharat News, an independent, online, multimedia platform, providing evidence-based information on issues of accountability. Maharat's mission is to defend, catalyse, and advance democratic values of freedom of expression, access to information, and respect for human rights. Maharat Foundation is represented by Founder and Executive Director, Roula Mikael.

The **Reform, Recovery and Reconstruction Framework** (3RF) was **launched** by the European Union (EU), the United Nations (UN) and the World Bank Group (WBG) in December 2020. It provides a costed, prioritized plan of key actions across sectors following the tragic explosion of August 4, 2020.

US\$25 million Grant to Build Beirut Businesses Back and Better

Beirut, August 5, 2021 – A US\$25 million grant will support the recovery of targeted micro and small enterprises (MSEs) directly affected by the Port of Beirut blast and sustain the operations of eligible microfinance institutions (MFIs). The Building Beirut Businesses Back and Better (B5) Fund will also help preserve private sector jobs and reduce business closure and layoffs.

The B5 Fund, which was signed today, had been previously endorsed on April 29, 2021 by the Partnership Council of the Lebanon Financing Facility (LFF), a multi-donor trust fund established in December 2020 following the launch of the Reform, Recovery and Reconstruction Framework (3RF) to pool grant resources and strengthen the coherence and coordination of financing in support of the immediate socio-economic recovery of vulnerable people and businesses impacted by the Port of Beirut explosion.

The Port of Beirut explosion, which came on the heels of an ongoing economic and financial crisis and the COVID-19 pandemic, had a severe impact on the productive sector in Lebanon.

The blast caused substantial physical damage and loss of stock and inventory to approximately 10,000 privately owned businesses located within a 5 km radius of the explosion site. It significantly affected firms' productivity and revenue generation and led to substantial layoffs and bankruptcies.

According to a World Bank rapid firm-level survey conducted during November and December 2020, around 17% of firms were confirmed or assumed to be permanently closed; 79% of firms experienced reduced sales (on average, a 69% decline); and 61% of firms had decreased the number of permanent workers by 43% on average.

Furthermore, the survey revealed that almost half of all surveyed firms (46%)—both in Beirut and elsewhere—have been affected by the explosion either directly or indirectly. The affected businesses across a number of sectors, specifically MSMEs, are struggling to finance their reconstruction and recovery needs, and find it extremely difficult to resume service delivery, unless they receive urgent financial assistance.

The explosion also exposed the fragility of the financial sector (banking, insurance, and microfinance). Access to finance has severely deteriorated. With very limited policy responses by Lebanese authorities to support the recovery of the financial sector, firms affected by the explosion, specifically MSMEs, are struggling to finance their reconstruction and recovery needs.

"The B5 is the urgent first step to extending lifeline support to businesses and ensuring their sustainability considering the multiple crises affecting the country," said **Saroj Kumar Jha, World Bank Mashreq Regional Director**. *"Thanks to the financial support of Canada, Denmark, the European Union, France and Germany, the B5 today kick-starts the implementation of much needed priority projects planned under the LFF that will provide the Lebanese people with immediate socio-economic relief, help micro, small- and medium-*

sized enterprises to recover and prepare for reform and reconstruction to put Lebanon on a sustainable recovery path.”

The B5 Fund will provide grants to approximately 4,300 MSEs to cover expenses related to working capital, technical services, equipment, and repairs. Around 30% of the selected MSEs will be women-owned or led that will benefit from financial and technical assistance to help them build back better. Efforts will also be made to identify and support entrepreneurs and businesses who directly or indirectly suffer from a disability as a result from the blast.

The B5 Fund will also support the operational expenses of up to 5 MFIs serving micro and small businesses, low-income populations, and the informal sector at large to help them stand by the communities they serve during the time of multiple crises and stabilize their activities until broader growth can resume.

The B5 Fund is designed to disburse in a transparent and timely manner, directly through specialized and tested institutions. The Fund will be implemented by Kafalat SAL, that currently manages the World Bank-funded Supporting Innovation in Small and Medium Enterprises (iSME) Project. Under the B5 Fund, Kafalat will be responsible for the overall implementation, management, selection of intermediaries, monitoring and evaluation, with functions, staffing and responsibilities satisfactory to the World Bank and LFF donors.

The B5 Fund will adopt a zoning approach whereby eligible beneficiaries will be prioritized based on their proximity to the explosion site. The Fund adopts a simple design that permits the deployment of grants in a timely and cost-efficient manner to businesses, particularly vulnerable ones. Disbursement to grantees will be conditional on the completion of a screening done by MFIs and Kafalat to confirm their damage status based on initial assessments conducted by the Lebanese Armed Forces directly following the blast, ensuring that the same expense is not financed more than once from different sources.

A Third-Party Monitoring Agent (TPMA) will be hired at the LFF level to independently verify and confirm that the criteria, selection process, assessment and use of funds are in compliance with the Project Operations Manual. Furthermore, the LFF Independent Oversight Body will also monitor fund activities.

The B5 Fund is scalable and agile by design. Based on its successful implementation, additional funds from the LFF could expand its scope to benefit more Lebanese MSEs and MFIs.

Generous pledges and contributions to date from the governments of Canada, Denmark, France and Germany and from the EU totaling US\$62.68 million will allow the Lebanon Financing Facility to channel international support to Lebanon to address its multiple crises. While the international community is working together to address the socio-economic recovery needs of the people of Lebanon, more donors are invited to come forward in support of the 3RF priorities under the umbrella of the LFF.

About the Lebanon Financing Facility (LFF):

Established in December 2020 in the aftermath of the August 4 Port of Beirut explosion disaster and following the launch of the Reform, Recovery and Reconstruction Framework (3RF), the LFF is a 5-year multi-donor trust fund that will pool grant resources and strengthen the coherence and coordination of financing in support of the immediate socio-economic recovery of vulnerable people and businesses impacted by the explosion.

To date, the LFF has received contributions and pledges from the governments of Canada, Denmark, France and Germany and from the EU. Subject to the commitment of all Lebanese stakeholders to critical reforms, the LFF will build the foundation for medium-term recovery and the sustainable reconstruction of the Port of Beirut and affected neighborhoods. The LFF prioritizes three focus areas of interventions: 1) Socioeconomic and business recovery; 2) Preparing for reform and reconstruction; and 3) Strengthening coordination, monitoring, accountability and oversight of the 3RF.

The LFF will benefit from the World Bank’s high fiduciary standards, through the application of its fiduciary framework for financial management, procurement, and environmental and social safeguards. The LFF will also ensure that programs promote gender equality and community engagement that target women, youth and vulnerable populations.

