

RAMANIE KUNANAYAGAM
Chairperson
The Inspection Panel

April 17, 2023
IPN REQUEST 23/01

**MEMORANDUM TO THE EXECUTIVE DIRECTORS
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Request for Inspection

**LEBANESE REPUBLIC: Greater Beirut Water Supply Project (P103063)
and its Additional Financing (P165711) and Water Supply Augmentation Project (P125184)**

Notice of Non-Registration

Summary

1. In accordance with paragraph 18 of the Resolution¹ of the Inspection Panel (the “Panel”), I hereby inform you that on March 7, 2023, the Panel received a Request for Inspection (the “Request”) from four individuals from Midane, Lebanon, about the expropriation of their land for water supply works in their area. They authorized a representative of the Arab Watch Coalition,² a regional coalition of civil societies from the Middle East and North Africa region, to support them in the Panel process.
2. The Requesters allege that their orchard, which provided substantial income to their family, was acquired without adequate compensation. They explain they are unclear whether their land was acquired under the Greater Beirut Water Supply Project (P103063) and its Additional Financing (P165711) (together referred to as the “Greater Beirut Project”) or under the Water Supply Augmentation Project (P125184) (the “Augmentation Project”) due to a lack of clarity in available documents. They explain that they appealed the valuation of their land in court, which ruled in their favor, but that this ruling was disregarded and that severe currency devaluation during the compensation process rendered their compensation inadequate and caused them substantial harm. They also explain that they were asked to pay a considerable “clearance fee” to facilitate the process and, due to expiration of the one-calendar-year clearance, were pressured to accept less compensation than what the court determined. They allege that they await adequate compensation despite losing the land more than five years ago.
3. The Panel’s due diligence concluded that the land acquisition and resettlement process subject to this Request was undertaken under the Augmentation Project, which was 100 percent disbursed at the time of receipt of the Request. In accordance with the Panel Resolution and Operating

¹ The World Bank Inspection Panel, Resolution No. IBRD 2020-0004 (the “Resolution”), September 8, 2020.

² The Arab Watch Coalition watches the operations of International Financial Institutions (IFIs) in the region to make sure that the development processes are inclusive, participatory, just, and sustainable for all.

See: <https://arabwatchcoalition.org/about-us/>

Procedures,³ this Request is thus not admissible. Therefore, I hereby notify you that I have not registered this Request.

The Projects

4. The **Greater Beirut Project** has the objective “*to increase the provision of potable water to the residents in the project area within the Greater Beirut region, including those in the low-income neighborhoods of Southern Beirut, and to strengthen the capacity of the Beirut Mount Lebanon Water Establishment in utility operations.*”⁴ It consists of three components.⁵ The Project was approved on December 16, 2010, for an International Bank for Reconstruction and Development (IBRD) Loan of US\$ 200 million. On May 24, 2018, the Project was restructured and received an additional IBRD Loan of US\$ 90 million. The closing date was extended and is now November 30, 2023. It is an Environment Category A project that triggered Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). The Project is active and had disbursed US\$ 159.62 million (79.81 percent) at the time of receipt of the Request. The Borrower is the Lebanese Republic and the Implementing Agency is the Ministry of Energy and Water (MoEW); other Responsible Agencies are the Council for Development and Reconstruction (CDR) and the Beirut Mount Lebanon Water Establishment.⁶

5. The **Augmentation Project** has the objective “*to increase the volume of water available to the Greater Beirut and Mount Lebanon area.*”⁷ This Project finances the construction of Bisri Dam and associated infrastructure and has four components.⁸ It was approved on September 30, 2014, for

³ The Resolution; The Inspection Panel at the World Bank, [Operating Procedures](#), December 2022.

⁴ Greater Beirut Water Project PAD, p. 5, para. 18.

⁵ Component 1: finances (a) bulk water supply infrastructure including (i) two water tunnel conveyors, three and 21 kilometers long, respectively; (ii) two transmission pipelines 7.6 and 2.7 kilometers long, respectively; (iii) three storage reservoirs having 35, 50, and 20 million liters capacity, respectively; (b) construction of a water treatment plant (WTP) of 250,000 cubic meters per day capacity; (c) all related equipment, and (d) support to CDR for Project management. Component 2: finances Supply Reservoirs, a Distribution Network, and Metering: (i) construction of 16 reservoirs and associated pumping stations, (ii) construction of 187 kilometers of pipeline across the project area in southern Beirut and parts of the Metn, Baabda, and Aley areas, (iii) installation of 200,000 household meters, and (iv) installation of about 30 bulk water meters at reservoirs.

Component 3: finances project management, utility strengthening, and national studies; strengthens Borrower capacity and sets up a Project Management Unit (PMU); finances borrower capacity building and technical assistance for Project oversight; finances procurement of utility strengthening systems, and finances national studies to be conducted on key sector areas. (Greater Beirut Water Project PAD, p. 5, paras. 19-21.)

⁶ The World Bank, Project Appraisal Document on A Proposed Loan in The Amount of US\$200 Million to the Lebanese Republic for the Greater Beirut Water Supply Project (Greater Beirut Water Project PAD, October 13, 2010, p. 4.)

⁷ Augmentation Project PAD, p. ii.

⁸ Component 1: finances the construction of Bisri Dam and Associated Infrastructure: access roads and conveyor pipelines to the existing Joun reservoir; two hydropower plants, and expansion of the Ouardaniyeh WTP. Water stored at the Bisri dam will be conveyed, treated, and distributed through the tunnel, Ouardaniyeh WTP, and distribution network currently under implementation under the partially-WB financed GBWSP.

Component 2: finances priority activities complementary to the construction of Bisri dam, ensuring the long-term sustainability of water service delivery, including technical assistance and environment and social (E&S) mitigation measures including the construction of sewerage networks in the upstream catchment villages.

Component 3: finances the strengthening of PMU capacity, engagement of a Dam Safety Panel and independent E&S Panel of Experts, and supervision of the E&S Management Plan.

Component 4: finances the costs of compensation for land acquisition of 570 hectares and assistance for livelihood rehabilitation and monitoring of the Resettlement Action Plan implementation. (Augmentation Project PAD, p. 10.)

what was initially US\$ 474 million (IBRD Loan). It is an Environment Category A project and triggered Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), and Safety of Dams (OP/BP 4.37). The Borrower is the Lebanese Republic and the Responsible Agency is the CDR.⁹ Construction works of Bisri Dam were to commence in 2019. Since mid-November 2019, however, members of civil society had been present at the Bisri Dam site. The contractor halted mobilization, and both the contractor and the supervising engineer have left the site.¹⁰ Following a period of suspension, on September 5, 2020, a partial cancellation of the Project went into effect, which covered the construction of Bisri Dam, and US\$ 244 million were canceled — representing the portion pertaining to the dam — and a further US\$ 19.29 million was canceled on March 7, 2022, representing the undisbursed balance under the Project.¹¹ The closing date at the time of Project approval was June 30, 2024, which remains unchanged. Although the Project disbursement rate, after the cancellation of funds, was 100 percent (US\$ 210.71 million) at the time of the receipt of the Request, it is still an active project.

The Request

6. The Requesters allege that the expropriation of their orchard was not done as per the World Bank's Operational Policy on Involuntary Resettlement and did not follow the process described in the applicable Resettlement Action Plan (RAP). They allege that they lost access to their cultivated land in 2017, and the land was eventually expropriated in September 2019 before they received compensation, which, according to them, was below the full amount to which they are entitled. They allege that the orchard generated US\$ 100,000 in yearly income and that their livelihood has not been restored to its pre-project level as mandated in the policy and RAP.

7. The Requesters explain they were dissatisfied with the valuation of their property, conducted in March 2018, and so appealed in a court in Lebanon. They explain that, as per the RAP, they should have received 90 percent of the property's value upon appeal, but this did not happen. They note that, in November 2018, the court ruled in their favor and granted them a higher assessment for compensation for their land. However, according to the Requesters, their compensation was finalized according to the March 2018 assessment, which was smaller than the amount determined by the court. They explain that they did not have access to the escrow account, which the Panel understands was where their compensation was deposited in August 2019, and finally received payment by check in February 2020. They explain that, at that time, the crisis in Lebanon had started and the Lebanese pound (LBP) was already devalued, and capital control was in effect. They claim that their compensation suffered severe devaluation and that the compensation payment is blocked by the Lebanese bank due to the restrictions on the amount of money that can be withdrawn at any one time. The Requesters allege that a partial payment was made to them with 18 months delay after they provided documentation requested for the resettlement process. The Requesters also claim they have

⁹ The World Bank, Project Appraisal Document on a Proposed Loan in the Amount of US\$ 474 million to the Lebanese Republic for a Water Supply Augmentation Project (P125184) (Augmentation Project PAD, p. i.)

¹⁰ The World Bank, Lebanon-Water Supply Augmentation Project (P125184), Implementation Status & Results Report No. 17, September 2021.

¹¹ The World Bank, Lebanon-Water Supply Augmentation Project (P125184), Implementation Status & Results Report No. 18, April 2022.

yet to receive the payment for the difference between what has been paid and the amount they should receive per the court.

8. The Requesters claim that in August 2019, they were asked to pay a “clearance fee”¹² in the amount of LBP 97,346,000 (US\$ 64,254)¹³ to the Ministry of Finance in order to receive the full compensation amount.¹⁴ The Requesters note that this clearance fee was based on the value of land as determined by the appeal court in November 2018, and that the compensation determined in the RAP does not consider this fee. According to the Requesters, they paid this fee in anticipation of receiving the higher compensation amount.

9. The Requesters shared with the Panel their correspondence with the World Bank Grievance Redress Service (GRS) from September 2021 to October 2022. In this correspondence the Requesters raised their grievances and contested some of the conclusions of the GRS. Specifically, the Requesters claimed that the amount paid does not restore their livelihoods, and that they cannot even access this compensation. The Requesters add that, contrary to what the GRS determined, they were not paid compensation prior to the expropriation of their land.

The Panel’s Observations and Determination

10. In accordance with its Operating Procedures,¹⁵ after receiving the Request and speaking with the Requesters on March 22, 2023 to understand better the issues raised in the Request, the Panel posted a Notice of Receipt on its website on March 23, 2023.

11. The Panel conducted its due diligence and verified that the Request is not frivolous, absurd, or anonymous. The Panel confirmed that Management had prior knowledge of the issues raised in the Request. The Panel determined that the subject matter of the Request does not concern issues of procurement and that it has not previously made a recommendation in relation to the issues raised in this Request.¹⁶

12. As to a plausible link between the harm alleged in the Request and a Bank-financed project, the Requesters are unclear under which project their land was acquired, as noted above. During its due diligence, the Panel reviewed project documents from both projects to understand their scope and related resettlement processes. The Panel notes that each of the two projects have project-specific Environmental and Social Impact Assessments and RAPs. The Panel carefully reviewed both RAPs, mapped the areas referenced in them, and observed that only the RAP for the Augmentation Project includes Midane, where the Requesters’ orchard was located. The Panel also observed that there is no geographic overlap of areas referenced in each of the RAPs. Bank Management confirmed to the Panel

¹² The Panel understands that this clearance fee is a government requirement for any land transfer, and which certifies that the person does not owe the government any taxes. According to the Requesters, the clearance document is valid for one year after its issuance.

¹³ the rate at the time being US\$1 = LBP 1,515

¹⁴ According to the Requesters, a “clearance” fee had to be paid according to a law instituted in 2019. Project-affected people (PAPs) who received compensation in 2018 did not have to pay this clearance fee. The law applies to land that property owners have held for less than 10 years.

¹⁵ The Inspection Panel at the World Bank, [Operating Procedures](#), December 2022.

¹⁶ The Inspection Panel received earlier Requests for Inspection in relation to these Projects in 2010, 2018 and 2019 (see case numbers 71, 127 and 134), which were submitted by other Requesters and raised different concerns.

in writing that the Greater Beirut Project does not involve any land acquisition in or near Midane, but that Midane falls in the project area of the Augmentation Project.

13. Management provided the Panel with information about the Requesters' compensation process and explained that the Bank continues to follow up and monitor compensation of project-affected people under the Augmentation Project. In relation to the GRS case involving the Requesters, Management informed the Panel that the Bank was following up with the Government at the level of the Country Director to expedite the Requesters' pending tax clearance for collecting the compensation.

14. The Panel's due diligence confirmed that the alleged harm relates to the Augmentation Project. However, at the time of receipt of the Request this Project was 100 percent disbursed. As per its Operating Procedures,¹⁷ the Panel confirms as a basis for registration that for projects approved by the Board before September 8, 2020, the loan has not been closed or 95 percent or more disbursed. Since the Augmentation Project was approved on September 30, 2014, and was 100 percent disbursed at the time of receipt of the Request, it is not admissible. Hence, the Panel is not registering this Request for Inspection.

15. The Panel notes that as part of the Panel's toolkit review process, the time limit for Requesters to submit Requests for Inspection to the Panel was extended. Per the 2020 Panel Resolution, the Panel can admit Requests relating to projects approved on or after September 8, 2020, up to 15 months from the date the related loan has been closed. Since the Augmentation Project was approved prior to September 8, 2020, this time limit extension is not applicable to this project.

Yours sincerely,



Ramanie Kunanayagam
Chairperson

Attachments

Mr. David Malpass, President
International Bank for Reconstruction and Development

Requesters

Arab Watch Coalition

¹⁷ The Inspection Panel at the World Bank, [Operating Procedures](#), December 2022, para. 30d.



COMPLAINT (REQUEST FOR INSPECTION) FORM

To:

The Executive Secretary, The Inspection Panel, The World Bank, MSN: MC 10-1007
1818 H St., NW, Washington, DC 20433, USA. Fax: +1(202)-522-0916. Email: ipanel@worldbank.org

Section 1: Complaint

1. What harm do you believe the World Bank-financed project caused or is likely to cause to you or your community? Please describe in as much detail as possible.

Hello,

My sister, my brother and I were the owners of an orchard in the village of Midane in Lebanon. It was spread on plots #870 and #871 of 19,510 m² and 68,802 m² respectively and the awwali river flows through it (see attached plan).

Our father was the beneficial owner of the orchard and it earned him a \$100,000 yearly income.

The plots of land were within the boundaries of the « lebanon greater water supply project », as a result we were expropriated from our land.

The process didn't go as planned in the RAP (Resettlement action plan de la WB – OP4.12).

By september 2019 the lebanese state was the official owner of the land although no payment was received from the CDR (World Bank representative) at this date and even though the valuation had been known since march and october 2018.

To this day we haven't received what is due !

In january and february 2020, we received 576,410,070 LBP (Plot #870) and 2,518,455,690 LBP (Plot #871) by check, this was after the collapse of the lebanese economy and of the lebanese pound. As a result it was blocked by the bank upon receipt due to regulations.

The second part still hasn't been paid and is still held by the CDR. This part is the difference between the amount ruled during the appeal in November 2018 and what has been paid so far.

	Ruled (LBP)	Paid (LBP)	Due (LBP)
Plot #870	907,350,000	576,410,070 ¹	330,939,930 (\$218,442 ²)
Plot #871	3,288,370,000	2,518,455,690 ¹	769,914,310 (\$508,195 ²)

1 The amount paid in bank is blocked and can only be withdrawn 5,000,000 LBP per month at a physical counter and the rate to convert back in dollar is \$1 = 82,000 LBP (as of 03/05/2023, there has been a lot of variation since the collapse)

2 The rate used here is \$1 = 1515 LBP which was the rate before the collapse

As of today, the facts are that the land that was taken from us has had no compensations neither income wise or capital wise as the only compensation we received is not usable and the CDR still owes us \$726,637 to this day.

We informed the CDR of the situation and of prejudice incurred by their handling of the case to no avail. We also contacted Ms Hamdan (Consultation and Research Institute, CRI) with the same result.

Regarding the payment delay, we filed a lawsuit in June 2020 in order to receive the legal interests on the amount due for late payment. We still have no answer from the court.

In September 2021 we contacted the GRS for help but we never managed to have a proper understanding of our situation from them. They consider that :

- The bank cannot provide a solution for the Lebanese pound devaluation and for all the RAP violations which caused a lot of complications (although chronology in the RAP is clear and payment represents a value and not an amount of money)
- The case should be closed as this should be addressed by the Lebanese state and not the bank but the very reason we were seeking help was because the state and its justice weren't efficient (April 2022)
- They can finally keep the case alive but asking for the impossible task of getting a clearance for a land that doesn't belong to us anymore. Please note that we did pay a clearance when the land was ours back in 2019 to be able to be paid and that we nevertheless asked for this new clearance but never received any answer from the administration which is on strike anyway since the last crisis... The GRS is aware of this situation.

Given all these circumstances, we decided to contact you as the solution proposed by the GRS doesn't meet our need, doesn't recognise our prejudice and require an impossible task from us without explaining the solution they foresee for us.

To give more details, in March 2018, our land was estimated by the ad-hoc committee and we were asked to do some task which we did and gave the necessary documents for the payment in June 2018. We also appealed the court decision within the delay of the RAP however the CDR did not pay 90 % of the amount due before the appeal as stated in the RAP...

In November 2018 even though the appeal granted us a better estimation of the plots, we did not manage to get paid by the CDR as they argued the World Bank wasn't providing the funds.

August 2019 : The CDR contacts us to pay what we are owed. It sends us a list of documents to prepare among which a clearance that we must pay to the Lebanese Ministry of Finance, this also had to be done before the payment for our parcels. The amount of the clearance is based on the appeal estimate and the clearance amount is 97,346,000 LBP (\$64,254 the rate being \$1 = 1515 LBP)

We paid the clearance, the procedure is done, the land is now owned by the state as of September 16th 2019 but we are still have not received any payment for what we are owed. December 5th, the CDR summoned us to explain that they had made a mistake and that the amount wasn't right. They plan to pay us based on the first ruling and forget about the appeal. They pressured us to accept this offer as the clearance is already paid and is only valid for a year... Given those circumstances we have no other choice than to sign with reservation.

The payment is finally made by check in LBP in February 2020 but the LBP was already devaluated and the capital control was effective.

Regarding the payment of the first estimate we were paid with an 18 months delay which was very detrimental to us given the situation in Lebanon. Our funds were devaluated and blocked whereas the RAP was advertising that money should be available as soon as the land was transferred and it is actually the case for all the land owners paid on time.

Regarding the appeal, we still have not received any payment since november 2018, that is 5 years ! As stated before, there is an outstanding amount of 1,100,854,240 LBP (\$726,637 rate \$1 = 1515 LBP in november 2018) to be paid which is the difference between the amount paid and the amount stated by the appeal.

The GRS explained lately that the clearance procedure should be done again to receive the remaining amount. The payment would be made in LBP which would mean a full devaluation of what we are owed... The initial \$720,000 would now be \$10,000 provided we would actually be able to use LBP.

To sum up, we were the owners of a land which was estimated to be worth \$2,500,000, more if the RAP was actually applied, and which provided a \$100,000 yearly income and now we are in a situation where we are completely spoiled...

Our parent are now in a dire situation, they have lost everything. My father was earning \$100,000 yearly and now has \$120 monthly (his retirement money in France).

As a result we strongly ask for your intervention and your help to find an urgent solution to this situation. The RAP which guaranteed that our social level would be preserved should be applied as it is not the case at the moment...

Therefore we are asking for the urgent payment of the remaining unpaid amount in dollars or euros which are liquid and not blocked at the bank. Should this be paid in LBP the amount paid should reflect the new rate, meaning the original amount in dollar converted in LBP not the other way around. Moreover we need that money to be available for transfer to France and not blocked again.

Additionally, we need a way to retrieve the money from the first payment which is blocked at the bank at the moment.

Finally, the prejudice and the total loss of means since 2018 need to be accounted for

Note : To have a clear view of the chronology and how everything unfolded we are attaching the document « numbers and dates », please refer to it if needed.

2. What is the name of the World Bank project? (If known)

THE LEBANON GREATER WATER SUPPLY PROJECT

3. Where is the World Bank project located? (Please include country name)

LIBAN

4. Do you live in the project area?

Oui au moment du projet

5. Have you previously reported your concerns to World Bank management? If yes, please provide the details about those communications and explain why you are not satisfied with the Bank's action in response.

Oui.

J'ai parlé au CDR qui représente la banque mondiale au Liban.

J'ai parlé au bureau de Kamal Hamdane (consultation and research institute - CRI) qui a assuré les suivis des actions de la banque mondiale sur ce projet et qui nous a rencontré à Saida en juin 2018.

J'ai contacté le GRS le 20 septembre 2021 sous la référence FY22 – GRS - 1149

6. If known, please list the World Bank's operational procedures you believe have not been followed.

The procedure items haven't been processed in the order described in the RAP and some of them even didn't adhere to the RAP :

- After the comity decision regarding the price estimate 90 % of the amount must be paid to the land owner before the appeal.

In our case the comity decided in march 2018 that :

2,600,360,000 LBP (1 716 409 \$) should be paid for plot 871

712,250,000 LBP (470 132 \$) for plot 870

Please note that at that time \$1 = 1515 LBP.

The appeal started in june 2018 and we haven't received any money at that date.

Also note that these amounts are less than what the RAP states as the loss of livelyhood (100,000 \$/year) and the cost of the equipment haven't been factored in.

- Following the appeal ruling, the compensation amount is final.

In our case, this decision was made in november 2018. The payment occured in february 2020 so a year and a half after the decision and the amount paid was the one from the first decision, so they didn't take the « final » into consideration. To this day the difference between those 2 amounts has not been paid !

For the record the second decision prices were 3,288,370,000 LBP for plot 871 ad 907,350,000 LBP for plot 870.

- The payment is done on an escrow account that the land owner can cash out immediately.

In our case, we didn't have access to the escrow and we received the payment by check and after the beginning of the crisis in Lebanon which resulted in our money being blocked and devaluated. We do not have access to it even now.

- The expropriation is done only after the payment never before.

In our case it was on september 16th 2019 before the payment.

- The RAP guarantees that no loss of income or of living standard should happen and the right to be helped by the world bank should these conditions be not met. The payment delay and the lack of payment had huge consequences on us. This orchard was something they were planning to rely on for leaving a peaceful retirement. Now they've lost the income from it and they were not properly compensated. The prejudice is huge and we ask for the RAP to be applied so that they can live decently taking advantage of what they earned

- The procedure is free. In our case we had to pay the clearance (64 000\$), attorney fees (35,000,000 LBP), stamps for the CDR (12,429,230 LBP)...

7. Do you expect any form of retaliation or threats for filing this complaint to the Inspection Panel?

Je ne suis pas à l'abri et je ne suis pas sereine.

Section 2: Contact Information

8. Are you complainants or a representative of complainants?

Complainants: Representing a complainant or community:

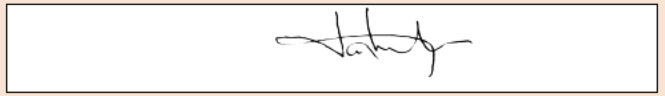
9. Would you like your name and contact details to be kept confidential? (The Inspection Panel will not disclose your identities to anyone without your prior consent.) Yes No

10. Complainants' Names (Minimum two names and signatures are required):

Complainant 1	Complainant 2
<p>Name</p> <p>Myriam Nahouli Saquet</p> <p>Address</p> <p>[Redacted]</p> <p>Phone</p> <p>[Redacted]</p> <p>Email</p> <p>[Redacted]</p>	<p>Name</p> <p>Nadim Nahouli</p> <p>Address</p> <p>[Redacted]</p> <p>Phone</p> <p>[Redacted]</p> <p>Email</p> <p>[Redacted]</p>
Complainant 3	Complainant 4
<p>Name</p> <p>Yara Nahouli</p> <p>Address</p> <p>[Redacted]</p> <p>Phone</p> <p>[Redacted]</p>	<p>Name</p> <p>Mohamad Nahouli</p> <p>Address</p> <p>Please contact me at my lawyer :</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>Phone</p> <p>[Redacted]</p>

11. We, the undersigned, request the Inspection Panel to investigate the issues described above.

Signatures (More signatures can be sent as an attachment document):



NOTES:

- Please attach supporting documents, if available.
- If you have any difficulty in completing the form, please contact the Inspection Panel at ipanel@worldbank.org or by phone: +1-202-458-5200.

The Requesters shared the following documents with the Inspection Panel as part of their Request for Inspection. These may be made available upon request to the Panel:

1. Synthèse précise des données (Summary of the data)
2. Plan du terrain avec la rivière (Map of the land including the river)
3. Pouvoir (Authorization for Representation)
4. Summary and detailed records of communications with the GRS