



Lebanon Recovery Fund
ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT
REPORTING PERIOD: JANUARY 2010 –DECEMBER 2011

<p>Submitted by: Nada Barakat, National Project Coordinator, UNIDO Email: n.barakat@unido.org Tel (office): +961 1 978698 ext. 1607</p>	<p>Country and Thematic Area² Lebanon Agro-industrial sector</p>
<p>Programme No: LRF-20 MDTF Office Atlas No: 70664 Programme Title: Support for Livelihoods and Economic Recovery in War-Affected Areas of Lebanon</p>	<p>Participating Organization(s):</p> <ul style="list-style-type: none">• UNIDO• Ministry of Industry• Ministry of Economy and Trade• Ministry of Agriculture• Presidency of the Council of Ministers• Association of Lebanese Industrialists• Syndicate of Lebanese Food Industrialists• Private agro-industry, factory owners
<p>Implementing Partners:</p> <ul style="list-style-type: none">• Ministry of Industry	<p>Programme Budget (from the Fund): \$1,500,000</p>
<p>Programme Duration (in months): 12months Start date: January 2010 End date: December 2011 Budget Revisions/Extensions:</p> <ul style="list-style-type: none">• Phase II extended till 31st March 2011.	

¹ The term “programme” is used for programmes, joint programmes and projects.

² E.g. Priority Area for the Peacebuilding Fund; Thematic Window for the Millennium Development Goals Fund (MDG-F); etc.

I. Purpose

The recent war in Lebanon (2006) has led to tremendous destruction of the country, including livelihoods and basic infrastructure (bridges, airports, ports, water and sewage treatment plants, electrical facilities, etc.), housing sector, manufacturing industry, fisheries, tourism, environment, etc. Most areas of the country were affected, and an estimated 900,000 people were displaced – a quarter of the Lebanese population.

The destruction of warehouses storing agricultural inputs, and agro-processing plants, together with the significant damages to power supply and communication infrastructure have negatively affected not only the agro-industrial sector, but a large segment of the society. This includes employees that have been deported or expelled, the farmers and the fishermen as suppliers and their families.

The once developing domestic agro-industries was totally disrupted (either destroyed or out of order), thereby increasing dependency on costly imported food. Direct damages were made to agro-infrastructure such as fruit and vegetables processing units, oil presses and dairy plants, confectionery, beverages and cold storage facilities, fishing infrastructure and transport equipment.

In Phase II, LAISER project continued assisting the Government of Lebanon in the process of rehabilitating selected agro-industrial enterprises (including food, textile, furniture making, etc.), enabling them to resume production and integrate the global market. In phase II, 41 agro-enterprises were directly rehabilitated generating a multiplier effect in creating more jobs in food and non-food production as well as improving the quality of life of the rural population, increasing food supply, and contributing to poverty reduction.

Development Objective:

LAISER's development objective is to support economic recovery and restore industrial units in war affected areas of Lebanon thereby generating employment and alleviating poverty in the country.

Immediate Objectives:

1. Strategic support to the Ministry of Industry to monitor and implement the programme for the rehabilitation of the agro-industrial sector.
2. Provision of technical assistance and inputs for the rehabilitation of damaged agro-processing facilities both in rural and urban areas.

II. Resources

Financial Resources:

- The project is solely financed through the Lebanon Recovery Fund: \$1,500,000
- In April 2009 the project was expanded with Phase II of \$1,500,000 from the LRF, bringing the total funding to its present total of \$4,500,000. The expansion also extended the project period with 23 months till the end of March 2011.

Human Resources:

- National Staff:
 - 1 National Project Coordinator
 - 1 Administrative Assistant and Field Officer
 - 1 Driver
- International Staff:
 - 1 Chief Technical Advisor (on split missions)

III. Implementation and Monitoring Arrangements

UNIDO will have the overall responsibility for the appropriate use of the donor funds. In accordance with its administrative rules and regulations, the agency will take responsibility for decisions regarding staff recruitment, contractual agreements, technical assistance, backstopping and project supervision, procurement, monitoring and reporting.

Four entities are involved in the project's implementation: UNIDO headquarters, the UNIDO Regional Office in Lebanon, Ministry of Industry, and the recipient enterprises. A system of close collaboration has been built between the entities with frequent exchange of information about the project's aims and objectives, i.e. outcomes of enterprise assessments, the recommended equipment to be purchased, building renovation works to be done and capacity building to be organized.

Selection of which enterprises to support has involved a dual system. First, a general assessment of each enterprise was made by the Project Management Unit (PMU). This assessment was based on a comprehensive questionnaire combined with visits to each enterprise by staff from the PMU. On the basis of this assessment a scoring and ranking system was developed.

Second, experts – local and international - were engaged to identify equipment for enterprises within the different sectors, i.e. the woodwork, food & beverage, olive oil, leather and textile sectors.

Third, local experts were engaged to assess building rehabilitation works for the enterprises, and to provide required drawings and specifications.

Follow-up and monitoring of the project's implementation is done by the UNIDO Regional Office in Lebanon in close collaboration with Ministry of Industry and the Lebanon Recovery Fund under the Presidency of the Council of Ministers (PCM). Monitoring is done through site visits, telephone conferences, meetings, and reporting to the projects' Programme Steering Committee (3-4 times per year), Ministry of Industry (weekly), Lebanon Recovery Fund/PCM (monthly and bi-annually), and UNIDO's headquarters (continuously).

IV. Results

The project support restoration of the economic activities within micro, small and medium sized agro-industries; more specifically the project support enterprises within the food and beverage, textile, leather, printing and metal work, and wood work sectors. The enterprises are located in South Lebanon, the Bekaa Valley and in the Southern Suburb of Beirut. The achievements made in relation to the performance indicators are as follows:

Table 1: Results

Performance indicator*	Results
➤ Restored economic activities and diversification of economic/income generating activities	➤ The project has directly supported 41 enterprises all of which have had their operations restored or enhanced. The target for Phase II is 25-30 enterprises to be restored.
➤ Increased food security in MSMEs.	➤ Increased food security has been ensured for the owners and employees of the assisted enterprises through the provision of food processing equipment. The capacity building activities on basic food hygiene have played a catalytic role in the adoption of good manufacturing and hygiene practices in the Enterprise, including understanding of technical concepts related to relevant standards for the implementation of Food Security Management Systems.
➤ Project is implemented efficiently and in accordance with the plan and timing	➤ Implementation of Phase II was on time and schedule. This Phase will be declared operationally completed end of March 2011 and the unutilized funds will be returned to the LRF as soon as all financial transaction is finalized.
➤ Number of jobs created	Many of the refurbished enterprises have been shown to generate new employment opportunities in their respective areas. According to a survey conducted in September 2009 among 48 enterprises 655 new jobs have been created after the end of hostilities in 2006 to 655 at the time of the survey ³ .
➤ Replication	Development of knowledge and success stories where similar project is presently being implemented in Iraq adopting a similar form of intervention.
➤ Sustainability	The success of project has been rewarded by a Phase III, funded by the Government of Italy.

³ Independent External Evaluation (December 2009), LAISER Lebanese Agro-Industry Support and Economic Recovery, "Support for Livelihoods and Economic Recovery."

Overall the project is on time and achieving its objectives; equally, in its implementation, it has followed the designed model for its execution, i.e. made a work plan and in other ways involved the beneficiaries and other stakeholders in planning of the activities and selection of inputs etc.

V. Future Work Plan

- To plan and implement activities of the project phase III entitled” Community Empowerment and Livelihoods Enhancement Project”.

VI. Abbreviations and Acronyms

- List the main abbreviations and acronyms that are used in the report.

LRF	Lebanon Recovery Fund
MOI	Ministry of Industry and Minerals
PSC	Programme Steering Committee
SME	Small and medium sized enterprises
UNIDO	United Nations Industrial Development Organization
FSMS	Food Safety Management Systems

Annex 1: Briefing on the capacity building activities conducted for phase II

Capacity building has been carried out in the form of training courses and study tour to EIMA exhibition in Italy.

a) On-Site implementation of Food safety Management Systems:

Introduction and familiarization of ISO standards for food enterprises, from phase I and phase II, was mostly theoretical with on-site demonstrations. It was carried out in order to incorporate the establishments' conditions within the concept of the standards.

The second stage consisted of an on-site implementation module that focused on each individual enterprise rather than on groups. The implementation of relevant standards and systems was followed, step-wise, in accordance with the specified field and monitored by UNIDO office expert.



Training of trainers Workshop at Riviera Hotel,
Corniche el Manara

18 Beneficiaries were supported. They were chosen from the food firms included within the support scheme of LAISER phase I & II. The selection was done following an evaluation and commitment form distributed and ratified by their end, confirming their willingness to implement food safety Management Systems and to invest in applying FSMS.

Results of the on-site implementation were enclosed in 18 reports enlightening the situation of each with recommendations for technical upgrades to comply with FSMS.

b) Furniture Sector Technology Training:

The second stage of capacity building for the woodwork sector consisted of a 15-day long jointly prepared application courses with the Chamber of Commerce and Industry in Saida and South Lebanon - SouthBIC - that focuses on the wood materials and components; production management; machines and tools; maintenance; and design and drafting.

The training was divided into five main sections a)- General presentation; Wood materials, associated materials, Components; b) Production quality and Management;

Facilities Planning; c) Tooling: manual and power tools.; d) Maintenance management; e) Design and Drafting.

The former was composed of theoretical information and on-site demonstration of the five sections.

c) EIMA STUDY TOUR: International Agricultural Machinery Exhibition:

The UNIDO- LAISER project organized and held a study tour in Italy for participants from both Public and private sectors in Lebanon.

The study tour provided a practical insight into the prospects and opportunities intended for future Coordination and collaboration with key Italian resources.

EIMA international is one of the most important exhibitions of farm machines and it became the main observatory of the agriculture mechanization, from tractors and combine harvesters to equipment for seeding and tilling the land and on to machinery for spraying and irrigation; It is one of the most important international events in the trade fair panorama for the sector and has always drawn the participation of the world's leading manufacturers. On a biannual basis, the fair provides visitors with a complete showcase of the finest mechanical technologies available for agriculture, livestock raising, forestry, the agro-industry, bio-energy and components.

The tour focused on an observation of the agriculture mechanizations, on the B2B meetings held at the International Agricultural Machinery Exhibition, in addition to other field visits and business meetings held outside the exhibition.



Lebanese Participants attend the EIMA exhibition.

Annex 2: Equipment in the form of specialized machineries and generators distributed to 41 beneficiaries

Delivery of 121 equipment started in June 2010 and completed in March 2011.

	Sector	Number of Equipment to be delivered	Number of Beneficiaries
1	Food International Bid	28	10
2	Textile International Bid	26	6
3	Leather International Bid	20	7
4	Generators International Bid	17	16
5	Woodwork International Bid	27	15
6	Metal Work International Bid	3	2
	Total	121	56



Automatic Bunding Machine at Alfa Interfood Factory, Bekaa Valley, as part of the (LAISER) project.



Panel Saw at Est. AL Porsh Company, South of Lebanon, as part of the (LAISER) project.