

Lebanon Recovery Fund

Completion Report

**SUPPORT FOR LIVELIHOODS AND ECONOMIC
RECOVERY IN WAR-AFFECTED AREAS OF LEBANON**

(LRF 20)

Completed as of March 2011

I. Background Information

1.1 General project information

<p style="text-align: center;">Project Title & Number</p> <ul style="list-style-type: none"> Project Title: Support for Livelihoods and Economic Recovery in War-Affected Areas of Lebanon (LAISER) Project Number: LRF 20 MDTF Office Atlas Number: 70664 	<p style="text-align: center;">Country, Locality(s), Thematic Area(s)¹</p> <p>Lebanon, Southern suburbs of Beirut, Southern Lebanon, and Bekaa Valley</p>										
<p style="text-align: center;">Participating Organization(s)</p> <p>UNIDO</p>	<p style="text-align: center;">Implementing Partners</p> <ul style="list-style-type: none"> Ministry of Industry Ministry of Economy and Trade Ministry of Agriculture The Presidency of the Council of Ministers The Association of Lebanese Industrialists The Syndicate of Lebanese Food Industrialists The private agro-industry, factory owners 										
<p style="text-align: center;">Programme/Project Cost (US\$)</p> <p>MDTF Fund Contribution:</p> <ul style="list-style-type: none"> by Agency UNDP <p>Agency Contribution</p> <ul style="list-style-type: none"> by Agency (if applicable) <p>Government Contribution (if applicable)</p> <p>Other Contribution (donor) (if applicable)</p> <p>TOTAL: US\$ 1,500,000</p>	<p style="text-align: center;">Programme Duration (months)</p> <table border="0"> <tr> <td>Overall Duration</td> <td style="text-align: right;">23 months</td> </tr> <tr> <td>Start Date²</td> <td style="text-align: right;">April 2009</td> </tr> <tr> <td>End Date or Revised End Date, (if applicable)</td> <td style="text-align: right;">March 2011</td> </tr> <tr> <td>Operational Closure Date³</td> <td style="text-align: right;">March 2011</td> </tr> <tr> <td>Expected Financial Closure Date</td> <td style="text-align: right;">March 2012</td> </tr> </table>	Overall Duration	23 months	Start Date ²	April 2009	End Date or Revised End Date, (if applicable)	March 2011	Operational Closure Date ³	March 2011	Expected Financial Closure Date	March 2012
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<p style="text-align: center;">Number of extensions received and dates</p> <p>One extension from October 2010 till March 2011.</p>											

¹ Priority Area for the Peacebuilding Fund; Sector for the UNDG ITF.

² The start date is the date of the first transfer of the funds from the MDTF Office as Administrative Agent. Transfer date is available on the [MDTF Office GATEWAY](http://mdtf.undp.org) (<http://mdtf.undp.org>).

³ All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office.

Phase II

Expenditures as per March 2011

Category	Budget (USD)	Expenditure*	Utilization	Budget distribution	Expenditure distribution
Personnel	160,000	158,980	99%	11%	12%
Civil works^	100,000	100,000	100%	7%	7%
Training^	80,000	79,999	100%	6%	6%
Transport	10,000	9,713	97%	1%	1%
Supplies and commodities	15,000	14,570	97%	1%	1%
Equipment^†	1,010,000	981,033	97%	72%	72%
Travel	20,000	19,942	100%	1%	1%
Miscellaneous	6,869	6,692	97%	0%	0%
Sub-total	1,401,869	1,370,930	98%	100%	100%
Agency support	98,131	95,965	98%		
Total (USD)	1,500,000	1,466,895	98%		

* Combines actual and projected expenditures for goods and works on order

^ Direct deliverables to the beneficiaries

† Equipment, field purchases/MODs

The achievements relate to the project document in the following ways:

- Equipment: Procurement for a total of 981,033 USD of the budgets 1,010,000 USD equivalent to a utilization rate of 97%.
- Civil works: Orders have been placed for a total of 100,000 USD of the budgets 100,000 USD equivalent to a utilization rate of 100%.
- Training programmes: Orders have been placed for a total of 79,999 USD of the budgets 80,000 USD equivalent to a utilization rate of 100%.

List of Acronyms

Project Steering Committee	PSC
Technical Assistance	TA
Small and Medium Enterprises	SME
Ministry of Industry	MoI
Presidency of the Council of Ministers	PCM
Ministry of Economy and Trade	MoET
Ministry of Agriculture	MoA
Lebanon Recovery Fund	LRF
Association of Lebanese Industrialists	ALI
Syndicate of Lebanese Food Industrialists	SLFI
Chief Technical Advisor.	CTA
Lebanese Agro-Industrial Support and Economic Recovery	LAISER

1.2 Attachments to be Provided

- Financial statement
- Project Deliverables (Final Reports)
- Publications
- Media coverage if any
- Evaluation report

1.3 Background and Issues Addressed in the Project

The recent war in Lebanon 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 including: Southern suburb of Beirut, Southern Lebanon, Southern coast of Lebanon, Akkar in North, Western Bekaa, Hermel and Baalbeck in East Bekaa. An estimated number of 900 000 people were displaced – a quarter of the Lebanese population.

The project will assist the Government of Lebanon in the process of rehabilitating selected agro-industrial enterprises (including food, beverage, textile, furniture making, etc.), enabling them to resume production and integrate the global market. It is expected that a minimum of 25 to 35 agro-enterprises will be rehabilitated, directly generating 300 to 500 jobs. Apart from the benefits of an increase in direct employment, the rehabilitation of the targeted agro-enterprises will have 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. In parallel, it is expected that the project develops the required human resources for proper operation of the agro-processing equipment introduced; training workers and technicians in new technologies/processes, and making and assembling new products.

1.4 Name of the Responsible Officer

Ms. Nada Barakat, National Project Coordinator

1.5 Project Partners and roles

The project partners are the following:

- The Ministry of Industry
- The Ministry of Economy and Trade
- The Ministry of Agriculture
- The Presidency of the Council of Ministers; Lebanon Recovery Fund
- The Association of Lebanese Industrialists
- The Syndicate of Lebanese Food Industrialists
- The agro-industry private sector

The role of the project partners is to:

- (i) Advise the project on strategic directions/decisions and support activities to be provided;
- (ii) Ensure the effective cooperation between all key stakeholders;
- (iii) Advise on the effectiveness of the ongoing activities, including any adjustments that need to be made to the annual work plan;
- (iv) Decide upon the project's work plan activities;
- (v) Confirm on the purposed selection criteria for enterprises to be rehabilitated or assisted in terms of equipment and training.

II. Project Implementation Details

2.1 Project Objectives

Development Objective:

Support Economic Recovery and restore industrial units in war-affected areas of Lebanon thereby generating employment and alleviating poverty in the country.

2.2 Project Activities

Activities/Output 1:

1. Finalize the technical and environmental assessment of the agro-industrial sector in war-affected areas, including sectoral support services.
2. Assess the needs to strengthen institutional support: skill development needs that are necessary to provide effective services for the rehabilitation work.
3. Prepare comprehensive proposals for the rehabilitation of affected enterprises: interventions, plants layout, technical specification and adequate budgetary details.
4. Conduct participatory workshops with all stakeholders to present the proposals and select priority enterprises to be rehabilitated.
5. Establish a project steering committee (PSC) involving the main counterparts to oversee the project activities and advise.
6. Provide required training for nationals to supervise and advise on the rehabilitation work.
7. Prepare a work plan for the rehabilitation work.
8. Assist the Ministry of Industry to implement policy decisions leading towards effective post war rehabilitation of the agro-industrial sector

Activities/Output 2:

1. Confirm planned interventions with each selected enterprises
2. Final contract negotiations and legal and financial arrangements for the work to be conducted and the equipment to be installed.
3. Finalize engineering designs, technical specifications and procure equipments/spare parts
4. Remedial works/new upgrading construction at site

5. Repair unserviceable equipments and install and commission new machines/ production lines
6. Plan and conduct employee training for unfamiliar machinery and new product production
7. Provide assistance for the development of business plan; management and supervisory staff training
8. Provide technical assistance (TA) to agro-enterprises, including Good manufacturing practices (GMP), linkage to markets, research, finance, etc.
9. Monitoring, evaluation and corrective measures of the project activities.

1.3 Project outputs

Output		
Development Objective	Measurable Indicator	Assessment/Completion rate
A comprehensive action-plan for the rehabilitation of directly affected agro-industries prepared and agreed upon by all stakeholders	Action-plan agreed upon by all stakeholders namely: <ul style="list-style-type: none"> ▪ Ministry of Industry (chair of the committee) ▪ Ministry of Economy and Trade ▪ Ministry of Agriculture ▪ Presidency of the Council of Ministers ▪ Association of Lebanese Industrialists ▪ Syndicate of Lebanese Food Industrialists • United Nations Industrial Development Organization 	<ul style="list-style-type: none"> • 100%, action plan fully implemented.
A number of small and medium enterprises (SME) agro-enterprises rehabilitated in South Lebanon and Southern Suburb of Beirut	<ul style="list-style-type: none"> • 25 to 35 SME's rehabilitated and made operational • 300 to 500 jobs generated. • Financial turnover of rehabilitated enterprises 	<ul style="list-style-type: none"> • 100% • The project has directly supported 41 enterprises all of which have had their operations restored or enhanced. • The quality of the machinery and civil works will continue to generate turnover and

		<p>jobs in the client's enterprises. Turnover indicator not quantified and companies were very reluctant to provide information.</p>
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2.4 Immediate objectives, Desired Outcomes and Extent of Achievements

Immediate objectives:

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

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, olive oil, textile, leather, wood work sectors and printing sector. The enterprises are located in South Lebanon, the Bekaa Valley and in the Southern Suburb of Beirut.

2.5 Constraints

Problems encountered during the implementation:

The delay in delivering the specialized equipment was due to some custom clearances complications faced by UNIDO. This was overcome by the assistance of the Ministry of Industry (MoI) where the majority was cleared under its name.

Lack of commitment from a number of beneficiaries for participating in some of the planned capacity building activities. In this regard, conditions should be set in terms of investments by the clients themselves and in terms of mandatory participation in training. In other words, as an incentive, equipment or civil works assistance would be only delivered after the advance milestones have been completed.

A delay in accomplishing civil works at la Martine Confectionary occurred since the owner had an old building legislation. Conditions will be set in the following bids in order to avoid such complications.

2.6 Monitoring of Project Implementation

With regard to its implementation, the project is on target as shown in the overall expenditures, where 98% of the funds have been spent.

Follow-up and monitoring of the project's implementation was done by the UNIDO Regional Office in Lebanon in close collaboration with the Ministry of Industry and the Lebanon Recovery Fund under the Presidency of the Council of Ministers (PCM).

Monitoring was done through site visits, telephone conferences, meetings, and reporting to the projects' Program Steering Committee (3-4 times per year), Ministry of Industry (weekly), Lebanon Recovery Fund/PCM (quarterly), and UNIDO's headquarters (continuously).

The Project was steered and managed by two main bodies, the PSC and the PMU. PSC is the overall decision-making body and provides strategic advice to the project to ensure effective cooperation between key stakeholders and provide sound advice on ongoing activities, including adjustments to work plan. It consists of representatives from MoI, MoET, MoA, Presidency of the council of ministers, LRF, ALI and the SLFI.

PMU is responsible for implementation and coordination of activities and is chaired by a chief technical advisor (CTA).

As well as, the main monitoring tools are the regular project progress report, which provide detailed information on physical and financial progress achieved.

No reviews were done since the project was implemented efficiently and in accordance with the plan and timing.

2.7 Development Impact

- 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.
- Number of jobs created: Many of the refurbished enterprises have been shown to generate new employment opportunities in their respective areas. The employment generation survey will be done within the forthcoming plan.
- Development of knowledge and success stories where similar project is presently being implemented adopting a similar form of intervention. In Fallujah, Iraq, UNIDO together with the Ministry of Industry implement the TARGET project modeled on the Lebanese project. TARGET provides assistance to revitalize 80 small enterprises in Fallujah town and also seeks to provide 750 members of households with job opportunities.

2.8 Cross-sectoral Impact⁴

The selection of factories was based on employment generation prospects, gender equality and prevention of pollution.

Potential enterprises underwent an environmental assessment and beneficiaries willing to commit to the environmentally production techniques were selected accordingly. Capacity development has been an important element of the project, since UNIDO conducted a range of training courses on workplace health and safety (OHS) with linkage to the environmental aspects to be implemented at their premises.

The intervention behind the LAISER project was to rehabilitate war-affected enterprises, thus to restore and create jobs and to improve livelihoods and ultimately contribute to reduce poverty in rural and urban areas. This was achieved by providing direct assistance to war-damaged enterprises as well as by supporting the MoI in monitoring and implementing the project.

During the capacity building activities women were encouraged to participate specifically for the food, leather and textile sectors since their presence was limited for the furniture, metal and printing sectors.

2.9 Sustainability

- The quality of the machinery and civil works will continue to generate turnover and jobs in the clients' enterprises.
- The impact in terms of jobs generated is already substantial and can be expected to grow further in future.
- Next to the quantitative impact, it is also important that project has enabled the affected enterprises to stay in their locality and continue to provide local jobs, hope and perspectives for the local communities.
- The project's interventions played a catalytic role in inducing production and management related changes beyond the utilisation of new machinery.
- Finally, the success of project has been rewarded by a Phase III, funded by the Government of Italy.

2.10 Beneficiaries

The project supported restoration of the economic activities to 41 within micro, small and medium sized Agro-Industrial enterprises; more specifically the project support enterprises within the food beverage, olive oil, textile, leather, wood work and printing sector in the south of Lebanon, Southern Suburbs of Beirut and Bekaa Valley. The target is 25-35 to be restored.

⁴ Poverty, gender and environment are internationally agreed cross-sectoral issues.

Total Number of assisted Enterprises

Sector	Equipment	Civil Work	Total
Wood	15	1	16
Textile	6	0	6
Leather	7	0	7
Food	11	1	12
Others	2	0	2
Total	41	2	43

As shown in the tables above a total of 41 enterprises have received support. The support rendered has been in three forms: The provision of equipment and/ or civil works, i.e. building renovation and capacity building.

Promotion of the project in its two phases led to a wider scope of assistance than planned for-reaching more than 491 beneficiaries and 387 companies including government institutions, business associations, and enterprises not included in the original lists from MOI and university students who have received support through various forms of capacity building activities.

2.11 Feedback from recipients/stakeholders

Relevance and ownership from recipients and stackholders has been very high. LAISER is praised in the country as the only project that has concretely assisted war-damaged enterprises and produced tangible impact on industry.

Such positives statements were often linked to complaints about the general unavailability of any other type of support.

LAISER is also fully supported and owned by the LRF, the Ministries and the involved Industry Associations. Their representatives have actively participated in PSC meetings and contributed substantially in discussions on project strategy.

Equally important is the fact that LAISER selected its clients in full transparency and impartially (despite the substantial external pressures it was exposed to initially). The project was widely praised for these achievements by all stakeholders. The project was also successful in identifying and utilising good international and national technical experts for the different sectors and trainings.

Equipment

The vast majority of owners are very satisfied, the machines are fully utilized, technically sound and of excellent quality. No operating problems or breakdowns have been reported. The quality of the external technical expertise has certainly been a decisive factor in this respect.

Civil Works

The workshops of civil works beneficiaries are fully utilized. All owners stated that the support was appropriate, of good quality, and that the execution had been on schedule.

Capacity development

Trainings were designed on the basis of training needs. Accordingly assessment of the training needs was done and capacity building has been carried out in the form of training courses and study tours to relevant fairs and trade shows. The activities have included:

- On-Site implementation of Food safety Management Systems.
- Furniture Sector Technology Training.
- EIMA STUDY TOUR: International Agricultural Machinery Exhibition.

Overall, more than 80% of the participants found that the learning objectives were appropriate, well organized, and clearly stated that the exercises taken helped accomplishing all the objectives. Participants confirmed that the content of the course was accurate, adequate and sequenced properly. Participants affirmed that the course helped them in developing their skills, and gaining more confidence in using the standard.

III. Conclusions and Recommendations

3.1 Lessons learned

- Close collaboration with relevant authorities and business associations is essential in reconstruction and recovery work;
- Involvement of the beneficiaries in selection of forms and types of assistance, i.e equipment, remedial work and capacity building;
- Provision of professional equipment and remedial work essential; machines should be delivered on turn-key basis; i.e equipment delivered on-site, installed and commissioned by the supplier including provision of adequate instruction in its proper operation and maintainance;
- Speed of the assistance and provision of inputs.

3.2 Recommendations

- Continuously evaluate and adapt methodologies and strategies as the project progresses;
- Continuous follow-up with the beneficiaries, i.e broaden discussions and inputs related to e.g. SME restarting, management, production, marketing, niche production etc.
- If funds permit/additional funds are made available; expand the project, i.e involve more beneficiaries-e.g. SME's-include other geographical areas etc.
- A possible follow-up project should be planned with a medium-term development perspective in mind.

- For Construction work use contractors from the locality; this helps promote local job creation and income and helps build community coherence and relationships.