

# **Lebanon Recovery Fund**

## **Completion Report**

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

**(LRF 2)**

**Completed as of March 2010**

## 1. Background Information

### 1.1 General project information

<p style="text-align: center;"><b>Project Title &amp; Number</b></p> <ul style="list-style-type: none"><li>• Project Title: Support for Livelihoods and Economic Recovery in War-Affected Areas of Lebanon (LAISER)</li><li>• Project Number: LRF 2</li><li>• MDTF Office Atlas Number: 65542</li></ul>	<p style="text-align: center;"><b>Country, Locality(s), Thematic Area(s)<sup>1</sup></b></p> <p>Lebanon- Southern suburbs of Beirut, Southern Lebanon, and Bekaa Valley</p>										
<p style="text-align: center;"><b>Participating Organization(s)</b></p> <p>UNIDO</p>	<p style="text-align: center;"><b>Implementing Partners</b></p> <ul style="list-style-type: none"><li>• Ministry of Industry</li><li>• Ministry of Economy and Trade</li><li>• Ministry of Agriculture</li><li>• The Presidency of the Council of Ministers</li><li>• The Association of Lebanese Industrialists</li><li>• The Syndicate of Lebanese Food Industrialists</li><li>• The private agro-industry, factory owners</li></ul>										
<p style="text-align: center;"><b>Programme/Project Cost (US\$)</b></p> <p>MDTF Fund Contribution:</p> <ul style="list-style-type: none"><li>• <i>by Agency UNDP</i></li></ul> <p>Agency Contribution</p> <ul style="list-style-type: none"><li>• <i>by Agency (if applicable)</i></li></ul> <p>Government Contribution <i>(if applicable)</i></p> <p>Other Contribution (donor) <i>(if applicable)</i></p> <p><b>TOTAL: US\$ 3,000,000</b></p>	<p style="text-align: center;"><b>Programme Duration (months)</b></p> <table><tr><td>Overall Duration</td><td>30 months</td></tr><tr><td>Start Date<sup>2</sup></td><td>September 2007</td></tr><tr><td>End Date or Revised End Date, <i>(if applicable)</i></td><td>March 2010</td></tr><tr><td>Operational Closure Date<sup>3</sup></td><td>March 2010</td></tr><tr><td>Expected Financial Closure Date</td><td>March 2010</td></tr></table>	Overall Duration	30 months	Start Date <sup>2</sup>	September 2007	End Date or Revised End Date, <i>(if applicable)</i>	March 2010	Operational Closure Date <sup>3</sup>	March 2010	Expected Financial Closure Date	March 2010
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Expected Financial Closure Date	March 2010										
<p style="text-align: center;"><b>Number of extensions received and dates</b></p> <p>First extension from August 2009 to December 2009. Second extension from December 2009 till 31<sup>st</sup> March 2010 (approved only for the procurement of equipment costing up to 50,000USD).</p>											

<sup>1</sup> Priority Area for the Peacebuilding Fund; Sector for the UNDG ITF.

<sup>2</sup> 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>).

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

### Expenditures as per February 2010

Category	Budget (USD)	Expenditure*	Utilization	Budget distribution	Expenditure distribution
Personnel	575,800	559,443	97%	21%	21%
Civil works <sup>^</sup>	500,000	500,000	100%	18%	19%
Training <sup>^</sup>	230,000	146,563	64%	8%	6%
Transport	25,000	25,000	100%	1%	1%
Supplies and commodities	30,000	28,824	96%	1%	1%
Equipment <sup>^†</sup>	1,342,938	1,290,309	96%	48%	49%
Travel	50,000	47,389	95%	2%	2%
Miscellaneous	50,000	43,369	87%	2%	2%
Sub-total	2,803,738	2,640,897	94%	100%	100%
Agency support	196,262	184,863	94%		
<b>Total (USD)</b>	<b>3,000,000</b>	<b>2,825,760</b>	<b>94%</b>		

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

<sup>^</sup> Direct deliverables to the beneficiaries

<sup>†</sup> Equipment, field purchases/MODs

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

- **Equipment:** Orders have been placed for a total of 1,290,309 USD of the budgets 1,342,938 USD equivalent to a utilization rate of 96%. The remaining funds (50,000), which were extended in relation to UNIDO's request for extension, are being used for the procurement of Food processing equipment.
- **Civil works:** Orders have been placed for a total of 500,000 USD of the budgets 500,000 USD equivalent to a utilization rate of 100%.
- **Training:** Orders have been placed for a total of 230,000 USD of the budgets 146,563 USD equivalent to a utilization rate of 64%.

#### 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 (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 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 75 to 100 agro-enterprises will be rehabilitated, directly generating 1,000 to 1,500 jobs. 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.

## **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.

Some collaboration occurred with three projects in the food sector:

- MACLE, currently in its last phase, implemented by UNIDO and funded by the Swiss Government (SECO); LAISER put several of its own clients in contact with MACLE, to receive assistance in improving packaging and labeling for their products.
- the Food Safety Project, also implemented by UNIDO, with funding from the Italian Government;
- QUALEB hosted at the Ministry of Economy and Trade and funded by the European Union.

## **2. 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 specifications. 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 Progress Steering Committee 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 to agro-enterprises, including good manufacturing practices, linkage to markets, research, finance, etc.
9. Monitoring, evaluation and corrective measures of the project activities.

## **2.3 Project outputs**

**Table 1: Project Outputs**

<b>Output</b>		
<b>Development Objective</b>	<b>Measurable Indicators</b>	<b>Assessment/Completion rate</b>
A comprehensive action-plan for the rehabilitation of directly affected agro-industries prepared and agreed upon by all stakeholders	<ul style="list-style-type: none"> <li>• Action-plan agreed upon by all stakeholders:               <ul style="list-style-type: none"> <li>▪ Ministry of Industry (chair of the committee)</li> <li>▪ Ministry of Economy and Trade</li> <li>▪ Ministry of Agriculture</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 100%, action plan fully implemented</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Presidency of the Council of Ministers</li> <li>▪ Association of Lebanese Industrialists</li> <li>▪ Syndicate of Lebanese Food Industrialists</li> <li>▪ United Nations Industrial Development Organization</li> </ul>	
A number of Small-Medium Enterprises agro-enterprises rehabilitated in the South Lebanon and Southern Suburb of Beirut	<ul style="list-style-type: none"> <li>• 75 to 100 SME's rehabilitated and made operational.</li> <li>• 1000 to 1500 jobs generated.</li> <li>• Financial turnover of rehabilitated enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• 100%</li> <li>• The project has directly supported 37 enterprises all of which have had their operations restored or enhanced.</li> <li>• The quality of the machinery and civil works will continue to generate turnover and jobs in the client's enterprises. Turnover indicator not quantified and companies were very reluctant to provide information.</li> </ul>

The selected five agro-industrial sectors are:

- (i) Food & Beverage: The agro-food industry is the most important sector of the Lebanese industry, accounting for 20% of industrial enterprises and contributing for 26% to GDP.
- (ii) Olive Oil: The production is concentrated in South Lebanon where traditional production methods in small units dominate, largely producing for the domestic market.
- (iii) Textile: The textile industry mainly consists of small companies, mostly situated in the southern suburbs of Beirut and villages in the South.
- (iv) Woodwork: The industrial activity mainly consists of furniture making and carpentry by small producers and is spread throughout the country.
- (v) Leather: The workshops are mostly situated in Southern Beirut and are under severe pressure from cheaper imports, mainly from China.
- (vi) A few war-damaged enterprises from the metalworking and other sectors were included on a case-by-case basis.

## **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 supported the restoration of the economic activities within micro, small and medium sized agro-industries; more specifically the projected support enterprises within the food and beverage, olive oil, textile, leather and wood work sectors. The enterprises are located in South Lebanon, the Bekaa Valley and in the Southern Suburb of Beirut.

In the five sectors and three regions, LAISER focused its activities on three lines of intervention: (1) provision of essential equipment; (2) assistance to rehabilitation of civil works (excluding major structural works or building shells); (3) capacity development for general and market-specific skills (See Annex 1).

## **2.5 Constraints**

- Since its inception, the project, has however, faced a number of stop-go situations due to the country's fragile political situation and the numerous armed clashes that have taken place during the project period. This was overcome by continuous adaptation of the managerial strategies in order to ensure progress and the Project Management Unit has continuously taken steps to keep the project abreast with the implementation plan. The numerous stop-go situations led to an extension of the project implementation phase by 6 months.
- The speed of assistance is essential, the sooner enterprises are back in production, and the more effective the assistance will be. For LAISER project, it took almost one year to receive the first batch of equipment in order to allow enterprises to resume production.
- In very few isolated cases, the project evaluation mission had some doubts whether the equipment was being fully utilized. The underlying reasons, as far as they could be investigated, seem to always be owner-related and not due to wrong selection of equipment.
- The workshops of civil works beneficiaries visited by the evaluation mission were fully utilized. All owners stated that the support was appropriate, of good quality, and that the execution had been on schedule. In one case of on-going



construction, the evaluators had serious doubts whether production in this unit would resume in the near future – despite strong statements by the owner to the contrary.

## **2.6 Monitoring of Project Implementation**

Four entities were involved in the project's implementation: the UNIDO headquarters, the UNIDO Regional Office in Lebanon, the 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.

Follow-up and monitoring of the project's implementation is 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 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).

In consultation with the Ministry of Industry, the project will set up a Project Management Unit (PMU) which will be responsible for the day-to-day implementation and coordination of activities. The organizational and operational structure of the PMU will be designed to ensure that the project management team has the autonomy and the capacity to effectively conduct its day-to-day operations and/or to make any amendments necessary to the project's action/activity plans, so as to ensure that consistent progress is made during the project implementation phase.

Selection of beneficiaries' enterprises has been made on the basis of a dual system involving at a first level a general assessment of each enterprise by the Project Management Unit (PMU). This assessment was based on a comprehensive questionnaire combined with visits to each enterprise by staff from the PU, questionnaire is found in Annex 2. On the basis of this assessment a scoring and ranking system was developed, based on the following criteria: legality (i.e formal registration), employment generation potential, production and market capacity, and export potential, the table describes the ranking system used.

**Table 2: Scoring system**

Criteria	Description	Score (minimum score out of 1-10 per item)
1	The enterprise is formally registered	3
2	The enterprise has employment generation prospects	6
3	The enterprise has re-started, or shows proof of funds/activities for re-starting	5
4	The enterprise may become a model to others	6
5	Prospects for added product value and/or export opportunities enhanced	5
6	Environmental impact measures are part of the rehabilitation	4
7	Enterprise will train its staff in operations, safety and environment	6
8	Willingness and ability to formally register	5
<b>Total minimum score</b>		<b>40</b>

Experts – local and international - were engaged to identify equipment for enterprises, in close dialogue with the owners, within the different sectors, i.e. the woodwork, food & beverage, olive oil, leather and textile sectors.

#### 2.6.1 Procurement of Equipment:

Procurement of goods and services was done through UNIDO’s bidding processes for local and international tendering and procurement. The majority of equipment is being procured through international bidding, which has been handled by UNIDO headquarters; where three pieces of locally purchased equipment were delivered and installed.

**Table 3: Sub-Work plan for the procurement of Equipment for Phase I**

Activities	Description
1 Identification of the enterprises Needs	Needs were discussed with the Project Management and further refined in consultation with experts who visited the enterprises to discuss the owner’s proposals in technical terms as well as in relation to their business development plans, and for the purposes of developing proper technical specifications as required. The needs and selection of enterprises to be assisted in phase I were done in collaboration with the MoI.
2 Confirmation with Industrialists on the equipment to procure	Meetings were held with industrialists individually as well as on a sector-basis to confirm which equipment to procure prior to launching the tenders.
3 Bidding	For both local and international procurement relevant local suppliers were invited to participate in the tenders. Local procurement has been done for some equipment for the Food sector in Lebanon.
4 Identification of the suppliers	Technical and Financial Evaluation for each bid is in the process.
5 Equipment Distribution	Equipment installation is to be planned as part of the tender procedures.

## 2.6.2 Civil Works

Rebuilding livelihoods after a war involves among many other things reconstruction of one's former income base, in the case of the LAISER project the enterprises that the beneficiaries depend on.

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

The provision of building repair work was based on close collaboration with the concerned enterprises, so that they identified their needs for assistance. These needs were discussed with the Project Management and further refined in consultation with experts who visited the enterprises to discuss the owner's proposals in technical terms as well as in relation to their business development plans, and for the purposes of developing proper technical specifications and drawings as required. Building rehabilitation for phase I have been accomplished for 18 Enterprise.

## 2.7 Development Impact

- Restored economic activities and diversification of economic/income generating activities: Support in the form of equipment, building restoration and capacity building has been rendered to 37 enterprises in addition to the Ministry of Industry, that had its buildings renovated (54 office equipment and furniture has been delivered).

Capacity building has been carried out in the form of training courses and study tours to relevant fairs and trade shows. The trainers for the different courses have been both local and international and as shown in the activity overview below capacity building has taken place both inside and outside Lebanon. The activities have included:

- (i) COMFAR, the Computer Model for Feasibility Analysis and Reporting software for participants from various government institutions and business associations;
- (ii) Business Counseling for participants from government institutions and business associations;
- (iii) General Business Management & Marketing for entrepreneurs;
- (iv) Specific Business Management tailored to entrepreneurs in the five different sectors supported by the project;
- (v) Good Manufacturing Practices (GMP) for entrepreneurs from the food and beverage and olive oil sectors;
- (vi) Hazard Analysis and Critical Control Points (HACCP) for entrepreneurs in the olive oil and food & beverage sectors;
- (vii) ISO 22000 for entrepreneurs in the olive oil and food & beverage sectors;

- (viii) Study tours; to Jordan for olive oil producers, Egypt for wood work entrepreneurs, France for entrepreneurs from the food and beverage sector and to Syria for textile entrepreneurs.
  - (ix) On-Site Training on Food Safety Management System for the food and Beverage and olive oil sectors.
  - (x) On-Site Training on the Occupational Health and Safety Management System for the Woodwork, Textile and Leather.
- Number of jobs created: Many of the refurbished enterprises covering the wood, leather, textile, food and olive sector sectors have been shown to generate new employment opportunities in their respective areas. According to a survey conducted in September 2009 among 48 enterprises employment in the surveyed enterprises increased from 133 just after the end of hostilities in 2006 to 655 at the time of the survey<sup>4</sup>;
  - Social economic stability was promoted through the project's activities, i.e. (1) renovation of local businesses, (2) the use of local contractors and (3), group-organization of capacity building activities in the cazas and elsewhere, i.e. Beirut;
  - Increased sales and turnover among most of the associated enterprises; turnover indicator not quantified and companies were very reluctant to provide information.

## 2.8 Cross-sectoral Impact<sup>5</sup>

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.

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<sup>4</sup> Independent External Evaluation (January 2010), LAISER Lebanese Agro-Industry Support and Economic Recovery, "Support for Livelihoods and Economic Recovery".

<sup>5</sup> Poverty, gender and environment are internationally agreed cross-sectoral issues.

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

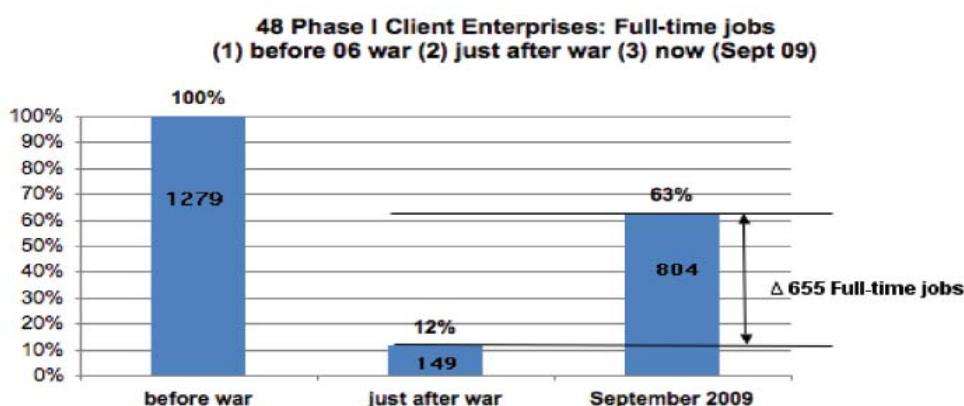
- The quality of the machinery and civil works will continue to generate turnover and jobs in the clients' enterprises.
- The impact in terms of jobs generated is already substantial and can be expected to grow further in future.

Before the war the 48 enterprises employed more than 1000 full-time employees and approximately the same number of part-time employees. Due to war damages, the number of full-time employees dropped by 920 and 994 part-time employees lost their jobs. Since then, the numbers have significantly increased, though more in full-time than in part-time jobs. If the latter are converted into full-time jobs, the total number stands at 804, a figure corresponding to a net gain of 655 full-time jobs.

It is important to note that these figures; reaching 63% of the pre-war level, equivalent to creating 655 new jobs since the war, represent a snapshot as of September 2009. These figures do not include phase II clients but are very much on the low side because the equipment for phase I clients has been in operation for less than one year only. Furthermore, companies that are included received civil works support in phase I but will obtain 'equipment only' in phase I.

The conclusion is evident and straightforward: LAISER support has already produced a significant number of jobs and it can safely be assumed that this figure will further rise substantially, once all phase II clients become operational.

**Figure 1 : Full-time jobs created**



- 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.

## 2.10 Beneficiaries

The project supported restoration of the economic activities to 37 withing micro, small and medium sized Agro-Industrial enterprises; more specifically the project supported enterprises within the food beverage, olive oil, textile, leather and wood work sector.

**Table 4: Total number of assisted enterprises**

Phase I			
Sector	Equipment	Civil Work	Total
Wood	11	4	15
Textile	11	4	15
Leather	5	2	7
Food	5	3	8
Olive Oil	7	2	9
Others	-	3	3
<b>Total</b>	<b>39</b>	<b>18</b>	<b>57</b>

As shown in the table above, 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 stakeholders 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.

The only serious complaints were that the budget was too limited. However, with a view to relevance, the early decision of the PSC to maximize the number of beneficiary enterprises and to focus on MSMEs was certainly appropriate.

Equally important is the fact that LAISER selected its clients in full transparency and impartially kindly clarify (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:** The chosen approach with a first step of more theory-oriented exposure to new management and production techniques, followed by practical on-site training for the different sectors, was appropriate and effective.

The majority of trainees who attended the training workshops were satisfied with the training contents and have already applied changes to their way of operating or are in the process of doing so. In a number of cases, the training courses played a catalytic role for profound reorganizations of production processes and company management.

A small minority voiced some criticism in that the training courses were too theoretical and not directly applicable for their situation. However, such statements should be seen in the light of the wide differences between trainees in terms of knowledge, sophistication of production, and education. It will remain a challenging task to develop one-size training programs that fits all clients.

### 3. Conclusions and Recommendations

#### 3.1 Lessons learned

- In post-conflict situations, the speed of assistance delivery is essential: the sooner enterprises are back in production, the more effective the assistance will be and the shorter the period of economic stagnation. Less market share is lost and retention of the workforce is improved.
- In addition to the direct impact on enterprise and jobs, the indirect impact on the local community is important, as it demonstrates to the broader public that life indeed does go on.
- In this context, the core challenge for planners is on how to speed up negotiations and reduce bureaucratic hurdles (which took almost one year in the case of LAISER), in order to allow a fast start of implementation. Continued and high-level support from UNIDO (and the Donors) is essential to minimize bureaucratic friction and interference.
- Distributing equipment for free is justified and recommended in genuine post-conflict situations when damages are serious and needs imminent. Due to this 'freebie' element, it is important, as the example of LAISER has shown that a project is strongly supported by decision makers in its efforts to be fully transparent and resist undue pressures.
- In a project like LAISER, with equipment supply as core element, the quality of the technical expertise and the quality of the equipment are crucial for the image of the project and the sustainability of its impact.
- Care should be given to moving consciously and timely from genuine post-conflict support to medium-term development support. The aspect of capital mobilization by the beneficiaries themselves should be given due attention when moving to the next phase of the project.

#### 3.2 Recommendations

At the project planning stage envisage two phases: (1) Immediate disaster aftermath inputs and later (2) Development phase.

- For aftermath recovery and reconstruction phase: fast upstart is essential:
  - Start immediately and small if necessary;
  - Show results quickly;
  - Continuously evaluate and adapt methodologies and strategies as the project progresses;
  - Minimize bureaucratic hurdles
  - Be flexible in approach and forms of support.



- Development Phase:
  - Continuity of the assistance; where necessary add minor equipment and/or remedial work to already-provided machines and remedial works etc;
  - 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;
  
- Remedial Work:
  - For Construction work use contractors from the locality; this helps promote local job creation and income and helps build community coherence and relationships;

Three years after the war, any possible follow-up phase or project should move from a short-term post-conflict to a medium-term development approach. Core elements of this shift should be:

- Concentration on fewer sectors, by selecting one or more with the highest potential in terms of employment generation, export prospects, etc. This would allow increasing coverage, depth and sector impact. Of course, the budget would have to be commensurate and the number of client enterprises should also be increased as far as feasible
  
- In addition to the technical assessment at company level, a wider analysis of business and market structure and potential should be conducted. The results of this analysis could lead to (i) value-chain approach in general (ii) comprehensive training strategy and program, which is geared to the most pertinent needs and deficits of MSMEs in a given market. Preferably, training would then be organized by (sub-) sector, whereby it is assumed that enterprises face similar problems.
  
- In future capacity building programs the curriculum should be designed on the basis of a thorough assessment of training needs.
  
- Conditions should be set in terms of investments by the clients themselves and in terms of mandatory participation in training, preparation of business plans, etc. In other words, equipment or civil works assistance would be the 'golden carrot', which is delivered only after the advance milestones have been completed. Also, cost-sharing mechanisms should be introduced for capacity development

activities. Evidently, this will require high quality training that is oriented to the most pressing needs of the enterprises.

- Activity lines between projects should be clearly delineated and collaboration mechanisms made compulsory and explicit in the project design.

## Annex 1: Project Work plan

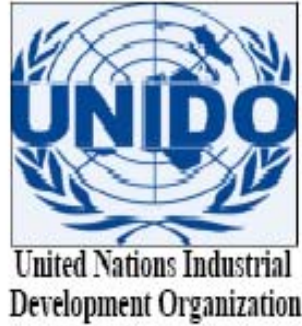
<b>Output 1: A comprehensive action-plan for the rehabilitation of directly affected agro-industries prepared and agreed upon by all stakeholders.</b>			
<b>Activities</b>	<b>Description</b>	<b>Status</b>	<b>Reflections/Comments</b>
1.1 Assist the Ministry of Industry to implement policy decisions leading towards effective post-war rehabilitation of the agro-industrial sector	<ul style="list-style-type: none"> <li>▪ Capacity building within the Ministry and provision of necessary equipment for project follow-up.</li> <li>▪ Recommend selection of factories on employment generation, gender, prevention of pollution etc.</li> <li>▪ Monitoring of commitment by owners, problems faced, initial performance, capacity levels reached, actual employment generated and recommend policies on any other assistance where needed.</li> </ul>	Done	<ul style="list-style-type: none"> <li>▪ The Ministry has received required office equipment (PC's, printers, scanners, photocopy machine, noise level meters, active desks etc.).</li> <li>▪ Technical assessments of enterprises done.</li> <li>▪ Environmental assessment questionnaire applied.</li> </ul>
1.2 Establish a PSC involving the main counterparts to oversee the project activities and provide advice to the Project Management Unit.	<p>Project Steering Committee to:</p> <ul style="list-style-type: none"> <li>▪ Advice the project on strategic directions/decisions and support activities to be provided.</li> <li>▪ Ensure the effective cooperation between all key stake-holders.</li> <li>▪ Advice on the effectiveness of the ongoing activities.</li> </ul>	Done	<p>Members of the PSC are:</p> <ul style="list-style-type: none"> <li>▪ Ministry of Industry (chair of the committee)</li> <li>▪ Ministry of Economy and Trade</li> <li>▪ Ministry of Agriculture</li> <li>▪ Presidency of the Council of Ministers</li> <li>▪ Association of Lebanese Industrialists</li> <li>▪ Syndicate of Lebanese Food Industrialists</li> <li>▪ United Nations Industrial Development Organization</li> </ul>
1.3 Finalize the technical and environmental	<p><b>135</b> industrial enterprises out of the total directly damaged were identified as agro-industries. These units <b>have been</b> assessed against the</p>	Done	

	assessment of war-affected agro-industries, including sectoral support services	equipment and associated training needs. This would facilitate the selection of 75-100 units that will be assisted under the project in Bekaa, Southern Lebanon and in the Southern Suburbs of Beirut.		
1.4	Assess the needs to strengthen institutional support: Skill development needs to provide effective services for the rehabilitation work	The Ministry's team of experts will improve its competency on the different activities and technical aspects of the project. In addition, the team will upgrade its technical capacity through various training programs.	Done	
1.5	Prepare comprehensive proposals for the rehabilitation of affected enterprises: Interventions, plans layouts, technical specifications and adequate budgetary details	This is the main outcome of the technical assessment which will lead to having all factories operational	Equipment: Done Civil works: Done	Detailed data on the rehabilitation have included: <ul style="list-style-type: none"> <li>▪ Technical specifications of equipment and potential suppliers were finalized.</li> <li>▪ Building renovation needs, i.e. bill of quantities and drawings done.</li> </ul>
1.6	Conduct participatory workshops with	Meetings to explain all details pertaining to the technical assessment Finalize the selection of enterprises to benefit	Done	Meetings were held with industrialists individually as well as on a sector-basis to confirm which equipment to procure

	all stakeholders to present the proposals and select priority enterprises to be rehabilitated	from the project activities		and what building renovation works to undertake prior to launching the tenders.
1.7	Prepare a work plan for the rehabilitation work	A detailed work plan for the rehabilitation work, i.e. the provision of skills training and equipment and building renovation and the implementation of the project to be presented and agreed upon by the PSC	Done	A detailed work plan was developed.
1.8	Provide required training for nationals to supervise and advise on the rehabilitation work	Train the project team (and other nationals) to enhance their capabilities in project management, supervision etc. (inside and outside Lebanon)	Done	A comprehensive training program was developed and implemented.
2.1	Confirm planned interventions with each selected enterprise	Meetings to explain the proposed procurement of equipment and building renovation work to be done	Done	Meetings were held with industrialists individually as well as on a sector-basis to confirm which equipment to procure and what building renovation works to undertake prior to launching the tenders.
2.2	Final contract negotiations and legal and financial arrangements for the work to be conducted and the	Evaluation of bids, confirmation of specifications, quantities and prices	Done	Contract negotiations were held with all suppliers, international and national to review specifications, prices, payment schedules and delivery details.

	equipment to be installed			
2.3	Finalize engineering designs, technical specifications and procure equipment/spare parts	To follow on from the technical assessments	Done	Engineering drawings and technical specifications has been discussed with owners and staff of the enterprises to receive support.
2.4	Remedial works/new upgrading construction at site	This is the main outcome of the technical building assessment which will lead to having functional buildings for all selected enterprises	Done	Construction/remedial work have been finalized at 18 enterprises.
2.5	Repair unserviceable equipments and install and commission new machines/production lines	This is the main outcome of the tender process for equipment procurement, which will lead to all selected enterprises becoming operational	Done	Equipment in the form of specialized machinery for each sector plus power generators delivered and installed at 37 enterprises.
2.6	Plan and conduct employee training for new unfamiliar equipment	This is the training of staff in the selected enterprises in the operation and maintenance of new equipment	Done	The delivery contracts included training obligations by the suppliers for instructing employees of the recipient enterprises in the safe and correct operation and maintenance of the new equipment

2.7 Provide assistance for the development of business plans; management and supervisory staff training	The setting up of training relevant to running, management and marketing for small scale enterprises	Management training: done	A range of business management courses and study tours have been arranged for industrialists and other partner ministries and organizations.
2.8 Provide TA to agro-enterprises, including GMP, linkage to markets, research, finance etc.	Identification of consultants who may provide the required training and inputs	Done	Specific courses have been held and are planned for implementation in connection with these subjects
2.9 Monitoring, evaluation and corrective measures		Done	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).



الجمهورية اللبنانية  
وزارة الصناعة



# LAISER Project

Lebanese Agro- Industry Support and Economic  
Recovery Project

Technical Assessment Questionnaire



A.5 **Permit**

Does the factory have a permit? Yes / No

If yes,

Allocation authority: \_\_\_\_\_

Permit number: \_\_\_\_\_

Issued on: \_\_\_\_\_

Is the factory member of any association?

\_\_\_\_\_  
\_\_\_\_\_

A.6 **Loans** Yes / No

If no, identify:

\_\_\_\_\_

A.7 **Any other information not included above**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PART B – ASSETS**

**B.1 Buildings – present condition**

S=Satisfactory, U=Unsatisfactory

	Situation before 12 July 2006	Current situation	Cost of renovation or development	Notes
Access				
Factory				
Stores				
Office				

**B.2 Final products, sizes of unit package and full capacity per 8 hours and present capacity % if operating**

Name	Unit of measurement	Quantity	Capacity/ 8 hours before July 12		Capacity/ 8 Hours		Notes
			Current production Capacity	Maximum Capacity	Current production Capacity	Maximum Capacity	

**B.3 Machinery details, capacity per 8 hours, USD cost of repairs or replacement if damaged**

Name & Description	Model	Price of Purchase	Date of Purchase	Current capacity/8 Hours	Status*	Cost of repairing/ Replacing	Notes

\*Status whether in operation without damage, or repaired /replaced after damage, or need repair or replacement

**B.4 Equipment for services, capacities, and USD cost of repairs or replacement if damaged (electrical power, drinking water, industrial water, sewage treatment, waste treatment, etc)**

Name & Description	Price of Purchase	Date of Purchase	Capacity	Status*	Cost of repairing/ Replacing	Notes

\*Status whether in operation without damage, or repaired /replaced after damage, or need repair or replacement

**B.5 Quality control equipment, model, and USD cost of repairs or replacement if damaged**

Name & Description	Cost of Purchase	Date of Purchase	Capacity/8 Hours	Status*	Cost of repairing/ Replacing	Notes

\*Status whether in operation without damage, or repaired /replaced after damage, or need repair or replacement

**B.6 Upgrading factory status if needed and USD costs (opinion of owner)**

Does the Factory management have any plan of development in the following ares:

B6.1 Machinery/Equipment	USD costs

B6.2 Requirement for interior GMP improvement

B6.3 Eligibility for international quality or food safety certificate ( please mention if the factory has been already certified)

\*ISO/ Food safety regulation/ CE marking...

B6.4 Ability and willingness to develop export market access (need for a market access study)

B6.5 Problems encountered	Before July 12 2006		After July 12 2006		Notes
	Yes	No	Yes	No	
1-Insufficient demand					
2-Shortage of raw material					
3-High taxes					
4-Insufficient production capacity					
5-Shortage of qualified employees					
6-Lack of equipment					
7-Transport problems					
8-Economic environment					
9-High cost of production					
10-Financial problems/foreign currency					
11-Illegal imports					
12-Inadequate supply of electricity					
13-Inadequate supply of water					
14-Domestic supply is insufficient					
15-Foreign demand is insufficient					
16-Low selling prices					
17-Insufficient credits					
18-Lack of storage capacity					
19-Lack of information on foreign market					
20-Competition among Lebanese exporters					
21-Competition with Far East exporters					
22-Competition among other exporters					
23-Unclear or restrictive economic laws					

B6.6 Others

\* Staff productivity/ Cost of productivity / Marketing.....

**B.7 Environmental aspects**

Waste	Type of waste	Quantity	How are they disposed
Liquid			
Gas			
Solid			

## **PART C – OPERATING DATA**

### **C.1- Total workforce of factory**

What is the total workforce of the factory before the damage from the war and how many working now if re-started already?

Category	Number before damage		Number after damage		Possible number after development		Notes
	Male	Female	Male	Female	Male	Female	
1-Working proprietors and partners							
2-Permanent employees							
2.1- Administrative and managerial							
2.2- Engineers							
2.3- Technicians qualified							
2.4-Operatives skilled							
2.5-Operatives non skilled							
3-Outworkers							
4-Seasonal workers							
Total							

Describe any qualifications of persons. Also, if trained, where did they get training? Please explain type of training received



**C.2 – Training required for workforces**

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\*If training required, number of persons, designation, qualifications, suitability etc

**C.3 – Raw materials**

Raw materials used	Status	Cost (USD)

**C.4. Packaging materials**

Packaging materials used	Status	Cost (USD)

**C.5 – Distribution of final products -- Marketing ability, plan & strategy for the final products**

Name of the Product	The exporting Country	Local Distribution	% percentage of exportation

Details of local and national and export market

**C.6 – Business plan available / any need for feasibility study?**

Mention if available,

If not, is it required to be prepared?

**C.7 – Other assistance**

Any assistance already obtained or presently being obtained or applied to obtain. Give details such as name of institution, type and value of assistance, present status

**C.8- Any other information owner wishes to provide**

Questionnaire completed by – names: \_\_\_\_\_ date \_\_\_\_\_

Work Team: \_\_\_\_\_

Date: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Work Position (Title) in the factory: \_\_\_\_\_