



## LEBANON RECOVERY FUND

## PROJECT DOCUMENT COVER SHEET

<b>Participating UN Organisation:</b> UNDP	<b>Sector:</b> Agriculture
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<b>Programme/Project Title:</b> Reviving farmers' livelihoods in South Lebanon <b>Programme/Project Number:</b> N/A	<b>Programme/Project Location:</b> Nabatieh Mohafazat, South Lebanon
<b>Programme/Project Description:</b> <p>Integrated intervention to expand livelihood opportunities for vegetable farmers in South Lebanon through the establishment of a market place reducing transaction costs and access to extension services to improve post-production stages which are at the heart of sectoral vulnerability.</p> <p>This project will benefit 426,000 Lebanese residents, including over 8,000 fruit and vegetable producers, and serve as a pilot model to be replicated in other rural areas in Lebanon.</p>	<b>Total Programme/Project Cost: USD</b> <b>LRF: 700,000 USD</b> <b>Government Input:</b> <b>Ministry of Agriculture: 111,000 USD in-kind</b> <b>Municipality of Nabatieh: 600,000 USD Cash, and 83,000 USD in-kind</b> <b>Other:</b> <b>UNDP: 69,300 USD in-kind</b> <b>Total: 1,300,000 USD Cash</b> <b>263,300 USD in-kind</b>
	<b>Programme/Project Duration:</b> 18 months

**Development Goal:**

To improve farmers' livelihoods in South Lebanon through assisting small farmers in overcoming post-production constraints.

**Key Immediate Objectives:**

- Increased livelihood opportunities and income for farmers in Nabatieh Mohafazat
- To develop a multipurpose agricultural centre as a pilot for other deprived regions of the country.

**Outputs and Key Activities:**

1. A wholesale fruit and vegetable farmers' market in Nabatieh Mohafazat is established

- Preparation of technical feasibility study for the market site
- Initiation of procurement process
- Establishment of market management structure
- Monitoring and evaluation

2. Access to agricultural extension services is improved

- Establishment of information centre in the market
- Establishment of storage and refrigerating facility
- Thematic and technical trainings for farmers and cooperatives

On behalf of:

Signature

Date

Name/Title

UN Participating Organisation

Chair, LRF SC

UNDP Country Director



13/5/2013

9/5/2013

## 1. Programme/Project Justification

### Agricultural profile of Nabatieh Muhafazat

Agricultural sector in Lebanon contributes an estimated 6 % of the total GDP. The sector accounts for around 17 % of total national export. Agricultural lands are located mainly in the narrow coastal plains, of Akkar and South Lebanon, the in-land Bekaa valley, and in the terraces along the mountain sides. According to the "Poverty, Growth and Income Distribution" report published by UNDP in 2009, **households engaged in the agricultural sector exhibit the highest rates of extreme poverty in the country.**

The agricultural sector in Lebanon faces numerous challenges. It contains the highest poverty rates at the national level, it is underfinanced on public and private levels and suffering from scarcity of natural resources mainly land and water. The list of problems can continue almost endlessly, however one of the most important problems is the marketing of the agricultural fresh products. Gross markets in Lebanon are frequently congested and hardly accessible in certain areas of Lebanon.

Studies<sup>3</sup> of the agricultural sector in Nabatieh show that:

1. Agricultural Cultivated lands in Nabatieh mohafazat represent 11% of the total cultivated area of Lebanon.
2. The irrigated area in the region represents 2% of the irrigated area in Lebanon.
3. The percentage of lands under protective covers represents 1.7% of the total in Lebanon.
4. Forests and woods areas represent 18.2% of the total in Lebanon.

Therefore, irrigated cultivations are concentrated only in plains, where agricultural suitable lands are spread, in addition to some highlands, where fruit trees cultivations are spread, and where irrigation water is available as in Shebaa area, Iqlim al-Tuffah, citrus orchards and greenhouses are spread in Ansar.

Studies show that the number of farmers in Nabatieh mohafaza is over 26,000 holders and the average holding size is 8.3 dunums compared with the average holding size in Lebanon which is 12.1 dunums, and this is considered to be an average figure somehow.

Constraints facing the development of the agricultural sector in Nabatieh:

1. Fragmentation of the agricultural holdings and the small size of cadaster areas, due to inheritance.
2. The high cost of agricultural fertilizers and pesticides, which increases the cost of production.
3. Total absence of agricultural extension, which represents the key to the development of the agricultural sector.
4. Inability to introduce the mechanization in the agricultural practices, which has an effect of reducing the production cost (weakness in financial resources or difficulty of accessing to lands).

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<sup>3</sup> The Agriculture Homogenous Zone Study 2006 – Ministry of Agriculture - FAO

5. Farmers' weak financial means and lack of agricultural credits necessary for the development of the agricultural sector.
6. Lack of hydraulic projects to exploit Water Rivers, which would increase irrigated agricultural areas.
7. Lack of adequate markets for agricultural production sale and the ineffectiveness of cooperative associations dealing with marketing operations.

The overall aim of the project is to sustain and strengthen the agricultural sector and support rural development in South Lebanon, specifically Nabatieh Muhafazat. The project will contribute to expand livelihood opportunities for vegetable farmers in South Lebanon through the establishment of a market place. This will contribute to reducing transaction costs and strengthen access to extension services to improve post-production stages which are at the heart of sector's vulnerability. The project will benefit 426,000 Lebanese residents, including 8,000 fruit and vegetable producers<sup>4</sup>, and will serve as a pilot model to be replicated in other rural areas in Lebanon.

According to the 2011 Agricultural Census from the Ministry of Agriculture and FAO, there are over 26,000 farmers in the Muhafazat of Nabatieh, with a total agricultural area representing over 26,000 hectares. Crops cultivated in the region are numerous and diverse, predominantly clustered in the cereals group and olives, for which South Lebanon and the Muhafazat of Nabatieh in particular are renowned.

The distribution of main agricultural crops among the Muhafazat is as follows:

**Main crops in Nabatieh Mohafazat (Agricultural Census 2011, Ministry of Agriculture and FAO)**

Crop	Area (Dunum) 1 ha = 10 Dunums
Cereales/Cereals	42,007
Total Pulses ( legumes)	8,470
Total Forage crops	1,889.25
Total Leafy vegetables	1,683
Cultures pour salade	593.93
Tomatoes	4,385
Cucumbers	3,067
Sweet Pepper	223
Eggplant	555
Courges- squash	645

<sup>4</sup> Figures from the Agricultural Census 2011, Ministry of Agriculture and FAO

Gombos- okra	675
Melon – Melons	3,405
Watermelons	5,933
Pommes de terre - Potatoes	785.75
Onions	1,064.16
Fraise- Strawberry	1,070
Total citrus	7,282.31
Pommes- Apples	2,740.68
Fruits a pepins- Pome Fruits	3,424.51
Fruits a noyaux- Stone fruits	4,443.57
Raisins- Total grapes	3,151.84
Amandes- Total Almonds	1,597.26
Noix- Walnut	685.27
Oliviers- Olives	114,221.61
Figue- Figs	4,060.77
Grenade- pomegranate	851.10
Arbres exotiques- Exotic fruits	2,437.04

#### Constraints to improved agricultural livelihoods

While the agricultural sector has the potential to contribute to rural development and to lift families out of poverty traps and vulnerability, there remain numerous **structural constraints to growth**. Of note, one can acknowledge limited economies of scale due to the characteristic small landholding nature of the Lebanese farms whereby 75% of landholders report farms of less than 1ha. Additional constraints include limited access to credits mainly due to the absence of sufficient collaterals and feasibility information requested by the banks, as well as low budget allocation for the Ministry of Agriculture (0.5% of the total budget) reducing the scope of public investment in the sector. The sector further suffers from an inefficient management of land and water use, an emphasis on few major crops with little diversification through use of other cash crops, the absence of adequate facilities for storage, grading and packing of agricultural products, but also the absence of adequate extension services. The main challenges are poor performance of cooperatives and limited marketing of agricultural products among others.

Along with Tyre, Nabatieh represents an important geographical cluster for regional economic development. Nabatieh Muhafazat is key as it consists of four main Cazas which are the largest in South Lebanon ( Nabatieh, Hasbaya, Bint Jbail and Marjeyoun) in addition a large

number of farmers exceeding 26,000. Nonetheless, in spite of being a major commercial hub amidst fertile agricultural lands and surrounding villages, Nabatieh lacks the facilities to enhance the market linkages to local farmers thereby limiting positive economic returns. The unavailability of a public market place for vegetable production at the Muhafazat level not only has an incidence on post-harvest losses but more importantly drives local farmers to sell their production in Saida or Beirut which is later re-channeled to Nabatieh at increased prices through the involvement of mediators. This creates non-negligible price manipulation in disfavor of the local farmers which see their profit margin significantly reduced by transportation costs and having to deal with middlemen. Also, there is a lack of dedicated spaces for wholesale organic markets which is nonetheless a booming sub-sector with high-income potential.

The Ministry of Agriculture has considered post-production/harvesting as one of its strategic areas to strengthen performance of the sector. The project further seeks to assist the Ministry of Agriculture in achieving its priorities, notably outlined in **article 32 of the July 2011 Ministerial Statement** which strongly commits itself to continue developing the agricultural sector and its infrastructure as a key economic sector to generate jobs in rural areas and to ensure food safety and security.

At the producer level, direct marketing will be established through the creation of a wholesale vegetable and fruit market enabling the farmers to raise their income levels through:

- The absence of intermediaries
- Direct payment from consumer to producer
- Access to extension services and gain of new skills
- Interaction with the consumer adapting product offer to demand

For the consumers, vegetable and fruit products will be made available at cheaper price and better quality since the fresh production will be directly sold to the market rather than going through numerous channels.

Economic benefits of establishing the vegetable and fruit market at the local level will enhance positive multiplier effects linked with accrued economic activity. It will also increase **job creation** in the region as demonstrated by other countries having adopted a direct marketing method. The only facilities available in Nabatieh for the sales of fruits and vegetables are some scattered retail merchants located inside the souk.

#### Advantages of a new market place

Some fruit and vegetable markets do exist in Lebanon, notably in Beirut, Qob Elias, Tripoli, Saida and Sour. The proposed fruit and vegetable market place in Nabatieh seeks to bridge the gaps of these markets while promoting regional economic development in the Muhafazat, rather than duplicate existing established markets.

As outlined by numerous local and international actors, existing market places in Lebanon according to the "old system" suffer from the following issues:

- **Hygiene and logistics:** *lack of hygiene, lack of cleanliness, markets not logistically organized*
- **Facilities:** *lack of quality and safety products, lack of packaging, lack of cooling facilities, processed products often without labeling and specifications, lack of adequate market facilities*
- **Relationship between stakeholders:** *lack of transparency in the trade, lack of price control from public authorities, lack of information on market daily prices, lack of statistics, lack of standards, lack of market inspections, absence of rules and management*
- **Food quality standards:** *agricultural products not identified, no control on pesticides residues, minimal organic certification, low quality of fruits and vegetables, categorization without approved standards, lack of training on quality management*
- **Agricultural production:** *poor bargaining power of farmers, high production cost, high incidence of diseases on products, no control on use of fertilizers and pesticides, old varieties, lack of planned productions*

The following table presents a short SWOT<sup>5</sup> (Strengths, Weaknesses, Opportunities and Threats) analysis of new/old markets, highlighting the positive characteristics of a new fruit and vegetable wholesale market.

	<b>New Market</b>	<b>Existing market</b>
<b>Strengths</b>	<ul style="list-style-type: none"> <li>▪ Availability of adequate facilities (e.g.: information centre, storage, refrigeration etc.)</li> <li>▪ Absence of conflicts for the creation of new commercial spaces</li> <li>▪ Presence of an extension centre for the Ministry of Agriculture.</li> <li>▪ Presence of a space for Organic production marketing.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Presence of a consolidated flow of goods with consolidated sellers and buyers</li> <li>▪ Site known since long</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>▪ Absence of consolidated flow of goods</li> <li>▪ Potential presence of new inexperienced dealers in the market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficulty in readapting existing facilities due to their inadequacy and obsolescence</li> <li>▪ Difficulty in finding the spaces required</li> <li>▪ Difficulty in setting up a site complying with hygiene and appropriate health conditions</li> <li>▪ Sites generally public but private-managed</li> <li>▪ Difficulty in admitting new commercial dealers/producers in the existing market system.</li> <li>▪ Bringing the site back to hygiene conditions requires its temporary closure</li> </ul>

<sup>5</sup> As concluded in "Market Assessment of the Fruits and Vegetables Markets in Lebanon", Ministry of Agriculture, 2011

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>▪ Possibility of creating a new hygienic market space with good health conditions</li> <li>▪ Good road access</li> <li>▪ Possibility of granting adequate commercial spaces to producers organizations</li> <li>▪ Operators quickly adapt themselves to the hygiene and healthy conditions</li> <li>▪ Control of the new site by a Managerial board</li> <li>▪ Possibility of creating a pilot market centre</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trade dealers having sound knowledge of the local market</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>▪ Some time required for the new operators to adapt to the new "rules" of the market</li> </ul>	<ul style="list-style-type: none"> <li>▪ High conflict between trade dealers to admit new members</li> <li>▪ Impossible to implement project activities due to strong resistance by dealers and inadequate facilities and available spaces</li> <li>▪ Trade dealers do not adapt to the new rules and standards of hygiene</li> <li>▪ Control of the market by the "trade union" rather than by a public-private consortium</li> </ul>

Besides immediate and tangible benefits for the farmers, the establishment of a new market also represents a catalyst for the ignition of economic activities in the surroundings of the market and beyond. This positive spillover effect enlarges the scope and depth of beneficiaries and impact on the community.

## 2. Programme/Project Approach

The proposed project aims at reducing farmer poverty and vulnerability in South Lebanon, focusing on Nabatieh as a pilot area. The immediate overall objective of the project is to promote rural development and alleviate poverty through overcoming agricultural constraints and assisting the small and poor farmers in reducing the production costs, increasing its quality and overcoming post-harvesting barriers.

The proposed integrated intervention will serve a double purpose:

1. The establishment of a vegetable and fruit farmers' market in Nabatieh city granting a safe and regulated place for the direct sale by the farmers and agricultural cooperatives,
2. The provision of essential extension services to improve post-production stages.

It will therefore tackle two of the main challenges faced by vegetable producers in South Lebanon: the lack of adequate infrastructure and the limited offer of responsive and affordable services.

### Responsibilities and stakeholder participation

The Ministry of Agriculture will provide in-kind contributions to this project. It will be a member of the market managerial board, in addition to equipping, operationalizing and



managing the extension service centre inside the market. This centre will be the only extension in Nabatieh kada, substituting the existing one currently located in the office of the Ministry which is not optimal for logistical reasons. The added value of establishing extension services in the market itself is the direct contact with the farmers, acting as a one-stop-shop, which will help in providing them with the solutions to their needs without any additional cost, and to work on the quality standards of the crops. The Ministry of Agriculture will also equip and manage the storage and the refrigeration unit, which comes under its direct mandate, specifically under the Refrigeration and Packaging Department. Lastly, it will also control the space of the organic farming part which will not only serve organic farmers in the Mohafazat of Nabatieh, but also bring benefits to other farmers from South Lebanon and other areas, since this kind of facility is not available anywhere else in the South.

The Municipality of Nabatieh will provide both cash and in kind contributions. Furthermore it will be responsible for the whole operational management of the market. This will also include monitoring cost-recovery strategies (farmers' fees) and **ensuring that shortages will be met through the municipal treasury; guaranteeing a financial sustainability for the proposed market.** Further in-kind contribution will encompass the availability of the engineering studies, in addition to establishing and maintaining the market information centre.

Stakeholders, in particular farmers, will be engaged throughout the project cycle as both beneficiaries and clients. Representatives will actively participate in the market managerial board.

UNDP will capitalize on its comparative advantage and established experience in supporting and developing national capacities to provide technical training and advisory services to the market managerial board, in addition to overseeing procurement and the market's autonomy according to its standards and regulations, built on best practices. Project activities are detailed as below.

#### **A farmers' market in Nabatieh city is established (Output 1)**

- Preparation of technical feasibility study for the market site

The Municipality of Nabatieh and the Ministry of Agriculture have conducted a preliminary needs assessment of the site. The vegetable and fruit market requires the following elements: a cement wholesale building, a cement administrative building, a corridor tent, a hangar, asphaltting for car and truck paths, a fence, a herbs garden and accessible footpaths, in addition to the extension services.

A comprehensive study is required prior to proceeding with the contracting process. Engineers will develop the architectural, structural, electronic and mechanical executive maps before the preparation of the BOQ of quantities and price.

- Initiation of procurement process

Contractors will be invited to bid according to the specifications set out in the tender. This process will be fair and competitive guaranteeing best value for money, according to UNDP rules and regulations.

- Establishment of market management structure

The Municipality of Nabatieh will be responsible for the overall management and maintenance of the market upon project completion, moreover, the Municipality will cover all the market operation costs.

The project also seeks to establish transparent mechanisms promoting inclusion and accountability. Hence, a "market managerial board" will be created and will include the Municipality of Nabatieh, the Ministry of Agriculture, farmer representatives and others as necessary based on a series of consultations at the local level with stakeholders. Based upon UNDP's expertise on developing national capacities to fulfill development aspirations and goals, the UN programme will provide technical assistance enabling the managerial board members to be operational, autonomous and sustainable beyond the project life cycle.

- Monitoring and evaluation

Continuous monitoring and evaluation will occur during the project, with the UNDP project team directly based in Tyre near the project site, with easy access to Nabatieh. All field visits will be regular and thoroughly documented. A post-implementation evaluation survey will be conducted to ensure the project objectives vis-à-vis usage.

### **Access to agricultural extension services is improved (Output 2)**

- Establishment of information centre in the market

In order to promote the Nabatieh market place as a one-stop information centre where farmers can go to sell their products in addition to finding a wide range of accessible extension services<sup>6</sup>, a small information area will be created. This space will require furnishing, and will contain information products such as thematic brochures, leaflets and contact books of agricultural professional services, for the farmers to freely consult. As exposed earlier, the Ministry of Agriculture will be responsible for running this centre.

- Establishment of storage and refrigerating facility

Equipment towards establishing a storage and cooling room in the market will also be purchased. Storage limits waste and is thus paramount, particularly for farmers coming from remote locations. Access to refrigeration is not widespread in rural areas of Lebanon but is nonetheless important to extend the life of fragile products such as vegetables and to increase their selling value. This will be an in-kind contribution from the Ministry of Agriculture.

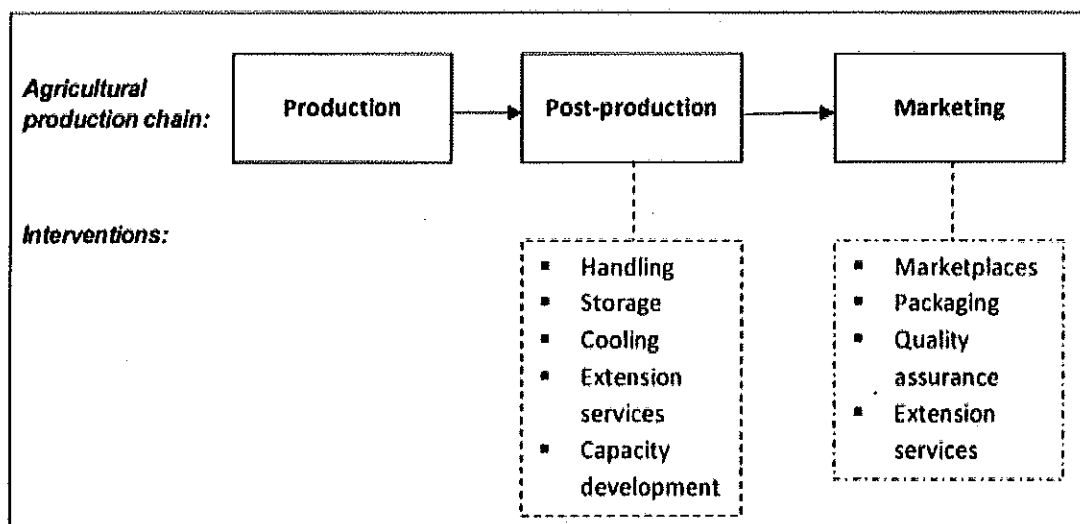
- Thematic and technical trainings for farmers and cooperatives

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<sup>6</sup> The extension service centre informs farmers about good agricultural practices such as how to improve the quality of crops, the control of pest and diseases, packaging, etc.

Thematic and technical trainings for farmers and cooperatives of the region will be organized by the Ministry of Agriculture to enhance linkages. These will be arranged with a variety of partners based upon their area of expertise. Topics to be identified could include marketing, handling and transportation, food quality, water management, credit schemes, cash crops, organic market, linkages with agro-food processing industry and export avenues amongst others.

The proposed project further corresponds to the following production conceptual framework:



### **3. Management Capacity**

#### **3.1 Municipality of Nabatiyeh**

The Municipality management capacity is quite impressive. They possess the methodology, the system and the means for a sound management irrespective of the subject. The offices are very well equipped and the staff is complete. Several pioneering organizational activities have been achieved such as the archive. It was organized by an outsourced archiving expert. Soft copies and microfilms of all the archived documents were prepared and will be stored in the Central Bank in Beirut. Every tax payer has a separate soft and hard copy file by name and by property. Each property history is archived and traced back to the beginning of the state of Lebanon and sometimes earlier. The rules, regulations and procedures are available to tax payers through a screen with a user friendly interface and in hard copies. There is one window for receiving the applications and one window to deliver the finished documents. There is minimal interaction between the administrative employees and the tax payers.

More specifically, the Municipality has a sound technical capacity. They have an engineering department with two civil engineers, one architect and one electro-mechanical engineer. They are comfortable in dealing with technical issues and the ability to ask the right questions and to reach right answers in house.

They are opened to outsource the necessary expertise to accomplish certain tasks such as the archive and this study among many others. They are ready to outsource the necessary expertise to train in the management of the gross market if and when necessary.

The municipality is enthusiastic about the project. They are considering many innovative ideas to include in the market. Market statistics in terms of crops, quantities, prices and quantities dumped are planned to be collected and made available to the public. To dedicate a show room for processed food made by farmers and it will serve as conference room at the same time. Future relevant training seminars and events are strongly considered to be part of the services offered in the market.

The municipality has the system and the means to manage the market successfully, and the Municipality confirmed their willingness to dedicate the necessary staff and time to manage the market, and to cover all the operation costs. The compensation to staff is an in-kind contribution of the municipality.

#### **4.2 UNDP**

UNDP presence in South Lebanon dates from 2000 and since then, UNDP has built strong links at the institutional level with the Ministry of Agriculture in addition to communities in the ground.

With the project team directly based in Tyre, UNDP has the capacity to conduct regular field visits to Nabatieh and ensure the thorough follow up of the project implementation.

UNDP will capitalize on its comparative advantage and established experience in supporting and developing national capacities to provide technical training and advisory services to the market managerial board, in addition to overseeing procurement and the market's autonomy according to its standards and regulations, built on best practices.

UNDP has long successful experience working in partnership with the Municipalities on similar initiatives in other regions in Lebanon. One example is the UNDP project in cooperation with the Municipality of Gaza in West Bekaa which successfully established a market benefiting around 50 shops and the local population. The Municipality rents the place and uses the benefits to fund other Municipal projects. The market started as a once a week event and it is currently functioning 5 days a week.

#### 4.3 Ministry of Agriculture

The Ministry of Agriculture will be contributing to this project in kind. Its capacity to manage the provision of services is explained as follows:

- Extension centre for farmers: The MoA is currently managing a minimum of one extension centre per Qaza. In the case of Nabatiyah, the currently existing centre will be transferred to the market in order to ensure the direct contact with the farmers.
- Equip and manage the storage and Refrigeration unit: This service comes under its direct mandate, specifically under the Refrigeration and Packaging Department at the MoA
- Control the space for organic crops: This will be the first initiative of this kind in Lebanon. It also falls in the mandate of the MoA since it is responsible organic farming with its High Committee working on organic crops rules and regulations.

#### 4. Management Arrangements

The project will be implemented by the UNDP in partnership with the Ministry of Agriculture and the Municipality of Nabatieh through a Direct Implementation Modality (DIM). The management structure will include staff from ART Gold South, including the contracting of national consultants and short-term experts as required to achieve the outlined project results.

The project is under the guidance of the Project Board which is responsible for the overall guidance and supervision of the project implementation. Chaired by the UNDP Resident Representative, the Project Board will include representatives from the Ministry of Agriculture, the Municipality of Nabatieh and vegetable producers. The UNDP Social and Local Development Portfolio will act as Project Assurance while the ART Gold Area Manager for South Lebanon will represent the project team. The Project Board is expected to meet regularly to review project progress and other agenda items on a quarterly basis, with at least two meetings annually.

The UNDP will provide supervision and management in addition to financial and operational support services to the project. Costs incurred by UNDP for providing the above described support services will be partly recovered from the project budget, namely General Management Support (GMS) and Implementation Support Services (ISS).

#### 5. Market sustainability<sup>7</sup>

Market sustainability is directly correlated with the financial analysis and the management capacity. However, the most decisive factor is the opinion of farmers towards the project. The social dimension will be under constant consideration throughout the lifespan of the project. It is well known that the excessive number of intermediaries between farmers and final consumers are distorting the supply/demand market forces by pushing down the prices that farmers are getting for their produce and the relatively high prices offered to final consumers. In

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<sup>7</sup> As concluded by Salah Zoghaib, agricultural engineer and rural development consultant hired by the Municipality of Nabatieh, 2012

order to mitigate this problem, the municipality dedicated the gross market for the farmers to sell directly to final consumers. Farmers in this case will have a higher price for their products and consumers will buy for less. **The market will be accessible to farmers and cooperatives sustainably free of charge. The municipality will keep watching closely the activities of these farmers and ensure that all operation costs are paid from the municipality's budget.**

On the other hand, a focus group meeting was held in the regional office of the Ministry of Agriculture in Nabatieh with some farmers and they agreed on the importance of the gross market in Nabatieh because:

- It is another point of sale added to the available ones in the region of South Lebanon.
- It will help in decongesting Saida and Sour markets.
- It will decrease the transportation costs.

Farmers are currently paying L.P 2000 per box to transport it to distant markets such Saida and Sour markets. They will pay more to reach Beirut market that they seldom use. In the case of Nabatieh market as a potential new destination, the transportation cost will not exceed L.P 1000 per box representing a 50 percent saving on the transportation cost. The average number of boxes transported per farmer in the focus groups was something between 1000 and 25000 boxes per year.

Some retail sellers, ironically, go to Saida and Sour markets to buy Nabatieh crops and transport them back to Nabatiyeh to sell them in their shops. When they have access to crops in Nabatiyeh retail sellers can make great savings in transportation allowing them to offer lower selling prices.

The market is expected to lure a wide regional radius (map is annexed) comprising the Qazas of Marjehyoun, Bint Jbeil, Wazzani, Hasbayya and extensive bulky and fast consuming crops such potatoes, onions, garlic and grapes, among others coming from Bekaa and even North Lebanon. The existing whole sale stores in Nabatiyeh are receiving produce from the previously mentioned areas.

## **6. Environmental Impact**

The environmental impact is considerable. The savings in transportation cost per year is around US\$2,400,000, most of it is carburant (mostly diesel) consumption. This figure is the approximately the current market price for 2,400,000 liters of diesel fuel. The CO2 generation omitted is around 6,432 MT. The negative impact of the market itself on the environment is minimal since the waste produced is mostly organic waste.

## **7. Analysis of risks and assumptions**

While the volatile regional and national situation represents a certain political and security risk to the project, this is not expected to have a disproportional impact. No other critical

risks are foreseen to negatively affect the project since it has been developed in full partnership with the Ministry of Agriculture and the local partners such as the Municipality of Nabatieh and farmers.

UNDP thrives to continue its intervention in South Lebanon based upon its established support of participatory approaches whereby stakeholder engagement and involvement guarantee the ownership, trust and long-term sustainability of the project.

#### **8. Conclusion:**

The Nabatieh market is a promising project, with a total cost of US\$1,563,300, constructed in 18 months. The management capacity of the Municipality of Nabatiyeh is clearly enough based on the achievements done in other services provided. They have a relevant technical department able to follow up the management of the construction process itself and to manage the market through outsourcing necessary expertise if needed.

The farmers are highly enthusiastic about the market because it will add a new and closer point of sale to their production. The cost of transportation savings are around 50 percent. The market will attract crops from almost all Lebanon, other markets will benefit from decongestion.

The CO2 generation will decrease by 50 percent as a consequence in saving in the transportation cost. **The market is socially and environmentally feasible and it is highly recommended to be executed.**

**Appendix B**  
**Logical Framework**

	<b>Target</b>	<b>Measurable Indicators</b>	<b>Means of Verification</b>	<b>Important Assumptions</b>
<b>Immediate Objective</b>	Assist small farmers in overcoming post-production constraints			
<b>Output 1</b>	A wholesale vegetable and fruit farmers' market in Nabatieh city is established			
	<ul style="list-style-type: none"> <li>▪ The farmers' market is established</li> <li>▪ The market is operational</li> </ul>	<ul style="list-style-type: none"> <li>▪ Physical presence of the market</li> <li>▪ Number of sellers benefiting from the creation of the market</li> <li>▪ Number of female sellers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Field visits</li> <li>▪ Feedback forms from users</li> <li>▪ Registration lists of sellers</li> </ul>	Weather conditions optimal
<b>Activities</b>		<b>Inputs/Mean</b>	<b>Costs</b>	
<b>Preparation of technical feasibility study for the market site</b>		<ul style="list-style-type: none"> <li>▪ Architectural executive maps</li> <li>▪ Structural executive maps</li> <li>▪ Mechanical executive maps</li> <li>▪ Feasibility study for the storage, refrigeration, and information centre</li> <li>▪ Permit application</li> </ul>	In-kind contribution <b>USD 50,000 (Municipality of Nabatieh)</b>	
<b>Initiation of procurement process and operationalization of market</b>		<ul style="list-style-type: none"> <li>▪ Preparation of tender</li> <li>▪ Selection of contractor</li> </ul>	<b>USD 530,250 Programme</b>  <b>USD553,747.66</b>	



		<ul style="list-style-type: none"> <li>▪ Equipping the market</li> <li>▪ Car</li> </ul>	<b>Cash</b> <b>USD 15,000</b>  <b>In-kind</b> <b>Municipality of Nabatieh</b>	
<b>Monitoring and evaluation</b>		<ul style="list-style-type: none"> <li>▪ Financial monitoring</li> <li>▪ Cost-recovery for project management</li> <li>▪ Recruitment of independent civil engineer</li> <li>▪ Field visits</li> <li>▪ Miscellaneous</li> </ul>	<b>USD 69,300 In-kind UNDP</b>  <b>USD 79,950 Programme</b>  <b>USD 18,000 Municipality of Nabatieh</b>  <b>USD 36,000 in-kind Ministry of Agriculture</b>	
<b>Output 2</b>	<b>Access to agricultural extension services is improved</b>			
	<ul style="list-style-type: none"> <li>▪ Farmers can access extension services</li> <li>▪ At least 4 thematic and technical trainings conducted</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of advisory services provided to farmers</li> <li>▪ Number of farmers accessing extension services</li> <li>▪ Number of farmers benefiting from thematic and technical trainings</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Field visits</li> <li>▪ Feedback forms</li> <li>▪ Participants lists</li> </ul>	<p>The farmers' market is already established</p> <p>Farmers are interested in extension services</p>
<b>Activities</b>		<b>Inputs/Mean</b>	<b>Costs</b>	

<b>Establishment of Office and Conference Room</b>		Purchase of office equipment	<b>USD 5,000 Programme</b>	
<b>Establishment of Information centre in the market</b>		Production of awareness raising material  Compilation of address book for agricultural services	<b>USD 10,000 Programme</b>	
<b>Establishment of storage and refrigerating facility</b>		▪ Purchase of equipment and material	<b>USD 50,000 In-kind contribution (Ministry of Agriculture)</b>	
<b>Thematic and technical trainings for farmers and cooperatives</b>		▪ Recruitment of consultants	<b>USD 10,000 In-kind contribution (Ministry of Agriculture)</b>  <b>USD 12,000 Programme</b>	
<b>Establishment of the Extension center</b>		▪ Purchase of equipment and furniture  ▪ Supply of extension means (Brochures, pamphlets...)  ▪ Recruitment of extension agents	<b>USD 15,000 In-kind contribution (Ministry of Agriculture)</b>	
<b>Indirect support costs</b>		▪ Miscellaneous  ▪ F & A	<b>USD 82,800 Programme</b>  <b>USD 46,252.34 Municipality of Nabatieh</b>	

Appendix C

Programme/Project Budget

The budget would utilize the Standard Format agreed by UNDG Financial Policies Working Group.

CATEGORY	ITEM	Programme COST (USD)	UNDP (USD)	Municipality of Nabatieh	Ministry of Agricultural	TOTAL COSTS (USD) Per 18 Months	Requested amount (USD)	Percentage Requested
1. Staff and Other Personnel Costs	Staff (Project Manager – cost shared)	49,950 (2,775*18)	49,950 in-kind (2,775*18)					
	Consultant – (Engineer)	30,000 (2,500*12)		18,000 in-kind (1,000*18)				
	Consultant – (Agriculture)				36,000 in-kind (2*1,000*18)	203,250	79,950	39%
	Admin & Fin		19,350 in-kind (1,075*18)					
	<b>Total:</b>	<b>79,950</b>						
2. Contractual Services	Professional Services – Company (Administrative building, wholesale building, retail building, sales area cover, pavement and paths, garden, fence, security	480,000		383,775 cash		913,775	480,000	53%

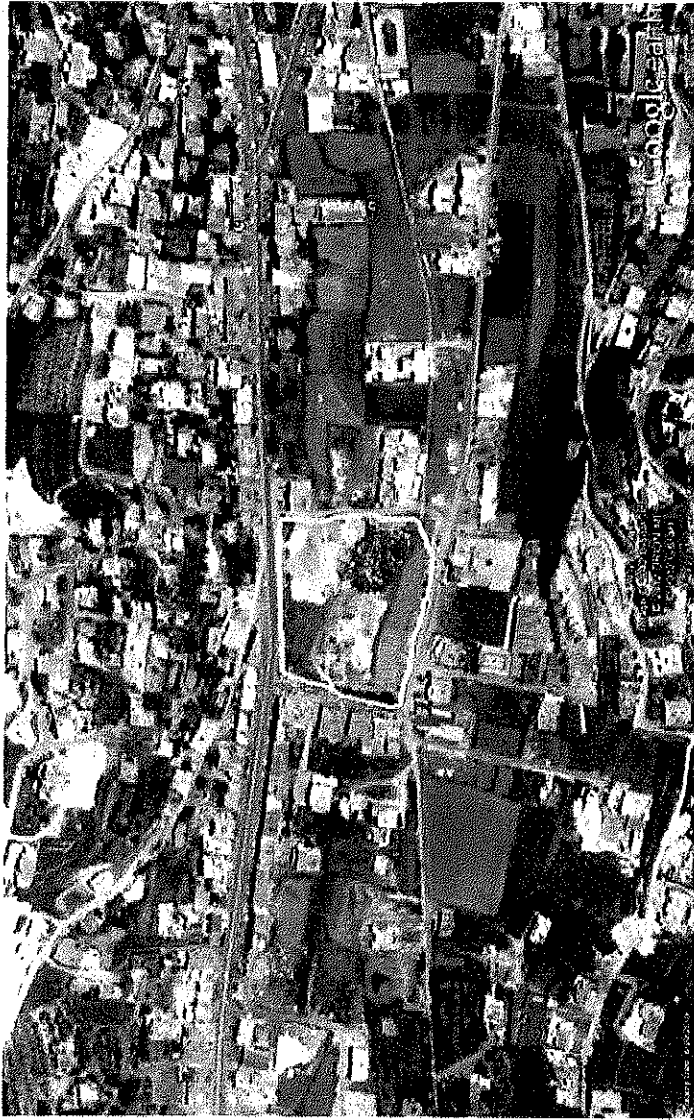
	houses, streets)				50,000 in-kind	10,000 In-kind	22,000	12,000	55%	
	Professional Services – Company (Detailed feasibility/engineering study)									
<b>3. Contractual Services</b>	Training of farmers on extension services		12,000							
	Technical training and capacity development for the market managerial board									
<b>4. Vehicles</b>	Car				15,000 In-kind		15,000	-	0%	
<b>5. Supplies and commodities</b>	e.g. furniture, transporters, boxes..									
	Extension Center		10,000							
	Information Center									
	Office and Conference room		5,000							
	Storage and Refrigeration Unit		Total: 15,000							
						15,000 In-kind	80,000	15,000	19%	

6. Equipment	Equipment for the market e.g. small trucks, bobcat, ceKITlic, truck with winch, rapid, transporters – machine, electric generators etc	30,250	169,972.66	200,222.66	30,250	15%
7. Travel						
8. Indirect Support Cost		37,005.61	7,000	44,005.61	37,005.61	84%
9. Agency Management Support	General Management Support 7%	45,794.39 ✓	39,252.34	85,046.73	45,794.39	54%
Total		700,000 ✓	683,000	1,563,300	700,000	45%

Total Prog. Cost 654,205.61  
 7%  
 45,794.39  
700,000.00

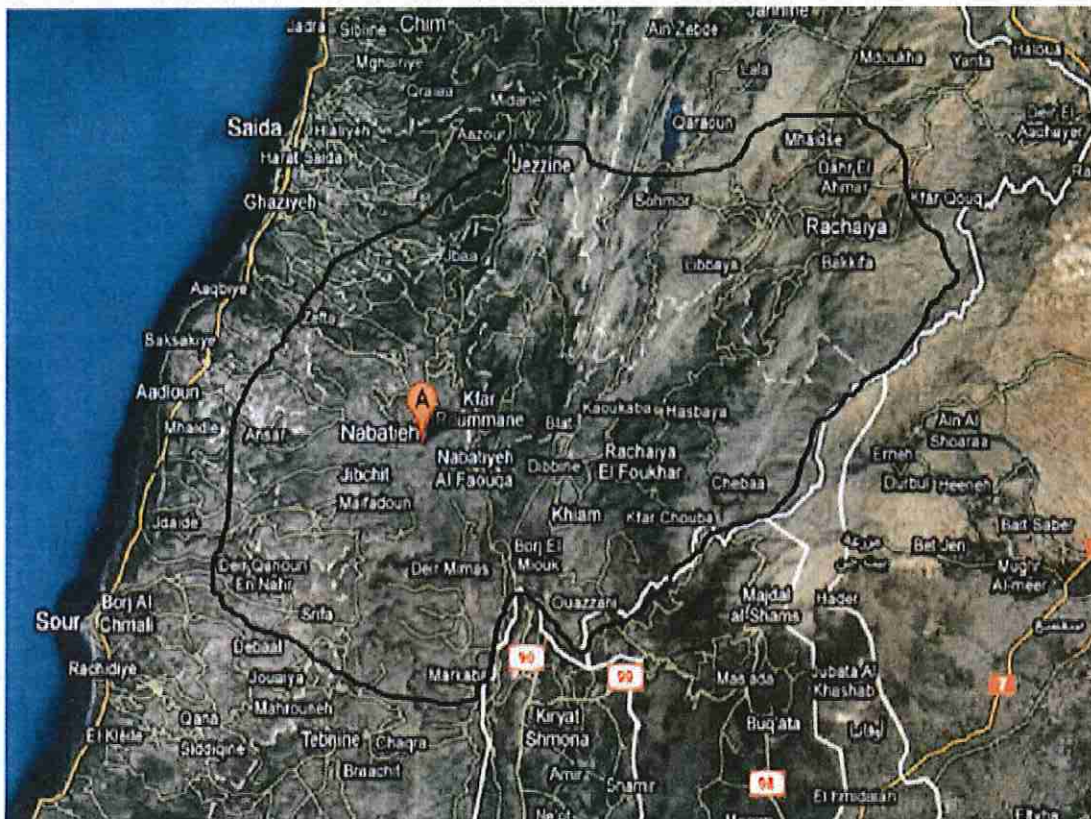
Correct ✓

**Gross Market Location in Nabatieh**



The gross market land is contoured with the yellow line. The adjacent highway is the Nabatieh - Zebdine Highway and the land is situated on the Western end of Nabatieh city.

### Perimeter of Nabatiyeh Gross Market



[Annex III: LRF Visibility Guidelines](#)