



**Submission Form  
To  
The Lebanon Recovery Fund Steering Committee**

To be completed by the Recovery and Reconstruction Cell (RRC)	
Meeting No:	Date of Meeting:
Item No:	Programme/project

*(To be completed by the Participating UN Organisation  
and endorsed by Working Group Chair)*

To: Lebanon Recovery Trust Fund Steering Committee	Date of Submission: 27-3-2009
From: Ministry of Industry and UNIDO	Contact: Mr. Khaled El Mekwad – UNIDO Representative UNIDO Office in Beirut Riadh Solh Square, P.O. Box 11-8575 Beirut/Lebanon Telephone: +961 1989614 Fax: + 961 1981415 Email: KEIMekwad@unido.org
Through: Working Group  <input checked="" type="checkbox"/> Endorsement <input type="checkbox"/> Comments	Contact: Mr. Khaled El Mekwad Telephone: +961 1978699 Fax: + 961 1981415 Email: KEIMekwad@unido.org
Proposed submission, if approved would result in:  <input checked="" type="checkbox"/> Continuation of existing programme/project <input type="checkbox"/> New programme/project <input type="checkbox"/> Other (explain)	Proposed submission resulted from:  <input checked="" type="checkbox"/> National Authorities initiative within national priorities <input checked="" type="checkbox"/> UN Agency initiative within national priorities <input type="checkbox"/> Other (explain)
Programme/project title: Support for livelihoods and economic recovery in war-affected areas in Lebanon	
Amount of funds requested for proposed programme/project: USD 1.5 mln	
Estimated number of beneficiaries: direct 300 - 500 indirect 1 500	
Request against specific earmarking or unearmarked: Unearmarked	
Amount of indirect costs requested: (%) \$ 98,131	

## 1. Background

Phase II: This project proposal is taking into consideration the assessments and the early recovery needed agreed upon by the Government of Lebanon and its partners, the UNCT and non-governmental organizations. It is an integral part of the Government outline strategy presented at the Stockholm Conference in August 2006 – “*Setting the stage for long-term reconstruction: The national early recovery process*”. The main objective of this strategy is to establish the critical elements for the country to resume its progress towards sustainable growth and development. It seeks particularly to:

- (i) Provide the conditions for the return of the displaced, including temporary shelter and safety from the immediate threat of unexploded ordnances.
- (ii) Restore minimum capacity in terms of infrastructure, access to basic social services and income generating activities, pending full reconstruction.

In line with the Government request and UNIDO’s mandate, the present project is focusing on priority (ii) and will play a key role in empowering the war-affected communities through the integration of humanitarian and development assistance and the rehabilitation /revitalization of the productive capacities of the country.

Phase I: Entitled “Support for Livelihoods and Economic Recovery in War-affected Areas of Lebanon” (June 2007 – June 2009), project number FB/LEB/07/001 was approved for a total amount of USD 3 mln in June 2007.

## 2. Purpose of Proposed Programme/Project

In line with the aim of the first phase, Phase II 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. During Phase II 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 to the above-outcomes, it is expected that the project develop 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.

### Activities:

#### **Output 1:**

- 1.1 Prepare comprehensive proposals for the rehabilitation of affected enterprises: building renovation, equipment and capacity building interventions, technical specifications and adequate budgetary details.
- 1.2 Conduct participatory workshops with all stakeholders to present the proposals and select priority enterprises to be rehabilitated.
- 1.3 Prepare a work plan for the rehabilitation work.
- 1.4 Assist the Ministry of Industry to implement policy decisions leading towards effective post war rehabilitation of the agro-industrial sector.

**Output 2:**

- 2.1 Confirm planned interventions with each selected enterprise.
- 2.2 Final contract negotiations and legal and financial arrangements for the work to be conducted and the equipment to be installed.
- 2.3 Finalize engineering designs, technical specifications and procure equipments
- 2.4 Remedial works/new construction at site
- 2.5 Install and commission new machines/ production lines
- 2.6 Plan and conduct employee training for unfamiliar machinery and new product production
- 2.7 Provide assistance for the development of business plans; management and supervisory staff training
- 2.8 Provide TA to agro-enterprises, including GMP, linkage to markets, research, finance, etc.
- 2.9 Monitoring, evaluation and corrective measures

**3. Evaluation of Proposals by the Working Group**

<i>General principles and selection criteria</i>		
(a)	Must be explicitly based on Lebanon's national priorities and needs, as noted in the public domain.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(b)	Must fall with the UN's mandate, and must address the MDG's, directly or indirectly through a human rights-based approach.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(c)	Must promote and ensure national ownership.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(d)	Must be at an acceptable level of risk, within UN parameters.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(e)	Must fall within the areas of UN's comparative advantage.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(f)	The UN must be an appropriate system to deliver the intervention.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(g)	The UN response must be properly designed for and within the Sector setting, must be effective, coherent, context-sensitive, and cost-efficient and the outcomes, sustainable.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(h)	Must avoid duplication of and significant overlap with the activities of other actors.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(i)	Must build on existing capacities, strengths and experience.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
(j)	Must promote consultation, participation and partnerships.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If one or more of the above criteria is not met, please explain:		

*Implementability*

	2009	2010
<i>Estimated commitments (\$mill)</i>	0.6	0.9
<i>Estimated disbursements (\$mill)</i>	0.5	1.0

Does the project correspond to national priorities?      Yes       No

This project is an integral part of the Lebanese Government and the UNCT priorities for restoring livelihoods and rehabilitating the productive capacities that have been destroyed during the recent war. It is taking into consideration the assessments and the early recovery needs agreed upon by the Government of Lebanon and its partners, the UNCT and non-governmental organizations. It is an integral part of the Government outline strategy presented at the Stockholm Conference in August 2006 – “Setting the stage for long-term reconstruction: The national early recovery process”.

Project approved by Line Ministry \_\_Ministry of Industry\_\_ on 25 March 2009.

#### 4. Review by Recovery and Reconstruction Cell (RRC)

*Check on Programme/Project Proposal Format Contents*

<input type="checkbox"/> Cover sheet (first page)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Logical Framework	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Programme/Project Justification	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Programme/Project Management Arrangements	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Risks and Assumptions	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Budget	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<input type="checkbox"/> Support Cost	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

*Overall review of programme submission  
Recommendations*

Based on the mid-term review of the first phase and the very tangible results achieved, it was recommended to provide for this project additional funds of USD 1.5 mln.

#### 5. Decision of the LRF Steering Committee

- Approved for a total budget of \$ 1.500.000  
 Approved with modification/condition  
 Deferred

**Reason/Comments**

See above.



21.04.2009  
Date

**6. Follow-up action taken by the Administrative Agent**

- Project consistent with provisions of the Letter of Agreement with donors (if applicable)

.....  
Bisrat Aklilu  
Executive Coordinator, MDTF Office

.....  
Date



**LEBANON RECOVERY FUND  
PROJECT DOCUMENT COVER SHEET**

<b>Participating UN Organisation:</b> UNIDO	<b>Sector:</b> Industry and Agriculture
<b>Programme/Project Manager</b> Name: Chakib Jenane Address: Vienna international Center Telephone: + 43 1 2026 3876 E-mail: c.jenane@unido.org	<b>Sector Working Group Leader</b> Name: Khaled El Mekwad Address: UNIDO Office in Beirut, Riadh Solh Square, P.O. Box 11-8575, Beirut Telephone: +961 1989614 E-mail: office.lebanon@unido.org
<b>Programme/Project Title:</b> Support for livelihoods and economic recovery in war-affected areas of Lebanon <b>Programme/Project Number:</b> FB/LEB/09/XX	<b>Programme/Project Location:</b> Southern Lebanon Southern Suburb of Beirut, and Bequaa valley
<b>Programme/Project Description:</b> Empowering war-affected communities through the integration of humanitarian and development assistance and the rehabilitation /revitalization of the productive capacities of the country. The focus is on livelihoods recovery and the rehabilitation of selected agro-processing enterprises.	<b>Total Programme/Project Cost:</b> <b>LRF:</b> USD 1,500,000 <b>Government Input:</b> USD 125,000 (in-kind) <b>Other (targeted enterprises):</b> USD 250,000 (in-kind) <b>Total:</b> USD 1.875.000
	<b>Programme/Project Duration:</b> 18 months
<b>Development Goal and Key Immediate Objectives:</b> Support economic recovery and restore livelihoods in war-affected areas of Lebanon thereby generating employment and alleviating poverty in the country. In line with this objective, the project will provide technical assistance and inputs for the rehabilitation of damaged agro-processing facilities, especially small- and medium enterprises both in rural and urban areas. A minimum of 25 to 35 agro-enterprises will be rehabilitated, directly generating an estimated 300 to 500 jobs.	
<b>Outputs and Key Activities:</b> The 18-month project is Phase II of the project: Support for Livelihoods and Economic Recovery in War-affected Areas of Lebanon (June 2007 – June 2009). In line with the aim of the first phase, Phase II 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 into the global market. During Phase II 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 to the above-outcomes, it is expected that the project will develop the required human resources for proper operation of the agro-processing equipment introduced; including training workers and technicians in new technologies/processes, and making and assembling new products.	
<b>Steering Committee Approval Date:</b> January 2009	

On behalf of:

Ministry of Industry

UNIDO office - Beirut

Chair, LRF SC



## 2. LOGICAL FRAMEWORK

Objectives	Measurable indicators	Means of verification	Important assumptions
<p><b>Development Objective:</b> Support economic recovery and restore livelihoods in war-affected areas of Lebanon thereby generating employment and alleviating poverty in the country</p>	<ul style="list-style-type: none"> <li>Restored economic activities and diversification of economic/income generating activities</li> <li>Increased food security in households</li> </ul>	<ul style="list-style-type: none"> <li>Government statistics</li> <li>Mid-term review report</li> <li>PSC reports</li> <li>M&amp;E reports</li> <li>Gender Assessments</li> </ul>	<p>The security situation in the country improves or remains stable allowing project activities to be implemented as scheduled</p>
<p><b>Immediate Objectives:</b> Provision of technical assistance and inputs for the rehabilitation of damaged agro-processing facilities both in rural and urban areas.</p>	<ul style="list-style-type: none"> <li>Project is implemented efficiently and in accordance with the plan and timing.</li> <li>A minimum of 25 to 35 agro-enterprises restored and operational</li> <li>Number of jobs created</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports</li> <li>Supervision reports</li> <li>M&amp;E reports</li> <li>Books of enterprises</li> <li>Training reports</li> </ul>	<p>Key-people in the institutional setup are competent and stable throughout the project period</p>
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>A comprehensive action-plan for the rehabilitation of directly affected agro-industries prepared and agreed upon by all stakeholders</li> <li>A number of SME agro- enterprises rehabilitated in South Lebanon, the Southern Suburb of Beirut and in the Bekaa Valley</li> </ul>	<ul style="list-style-type: none"> <li>Action-plan agreed upon by all stakeholders</li> <li>25 to 35 SME's rehabilitated and made operational</li> <li>Number of jobs generated</li> <li>Financial turnover of rehabilitated enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Action-plan report</li> <li>Minutes of PSC meetings</li> <li>Project M&amp;E reports</li> <li>Project technical reports</li> <li>Minutes of PSC meetings</li> <li>Books of enterprises</li> </ul>	<p>Key-people in the institutional setup are competent and stable throughout the project period</p> <p>Beneficiaries take full advantage of the capacity-building/technology inputs</p>



Activities	Inputs	Means of verification	Important assumptions																								
<p><b>Output 1:</b></p> <p>1.1 Prepare comprehensive proposals for the rehabilitation of affected enterprises: building renovation, equipment and capacity building interventions, technical specifications and adequate budgetary details.</p> <p>1.2 Conduct participatory workshops with all stakeholders to present the proposals and select priority enterprises to be rehabilitated.</p> <p>1.3 Prepare a work plan for the rehabilitation work.</p> <p>1.4 Assist the Ministry of Industry to implement policy decisions leading towards effective post war rehabilitation of the agro-industrial sector.</p> <p><b>Output 2:</b></p> <p>2.1 Confirm planned interventions with each selected enterprise.</p> <p>2.2 Final contract negotiations and legal and financial arrangements for the work to be conducted and the equipment to be installed.</p> <p>2.3 Finalize engineering designs, technical specifications and procure equipments</p> <p>2.4 Remedial works/new construction at site</p> <p>2.5 Install and commission new machines/ production lines</p> <p>2.6 Plan and conduct employee training for unfamiliar machinery and new product production</p> <p>2.7 Provide assistance for the development of business plans; management and supervisory staff training</p> <p>2.8 Provide TA to agro-enterprises, including GMP, linkage to markets, research, finance, etc.</p> <p>2.9 Monitoring, evaluation and corrective measures.</p>	<p>Through the <u>UNDG</u>:</p> <table border="1" data-bbox="341 609 836 1081"> <thead> <tr> <th>Item</th> <th>USD</th> </tr> </thead> <tbody> <tr> <td><b>1. Personnel:</b> Project staff, National and International consultants</td> <td>160.000</td> </tr> <tr> <td><b>2. Contracts:</b> Specialized engineering companies/institutions, professional services, etc.</td> <td>100.000</td> </tr> <tr> <td><b>3. Training</b></td> <td>80.000</td> </tr> <tr> <td><b>4. Transport</b></td> <td>10.000</td> </tr> <tr> <td><b>5. Supplies &amp; Commodities</b></td> <td>15.000</td> </tr> <tr> <td><b>6. Equipment</b></td> <td>1.010.000</td> </tr> <tr> <td><b>7. Travel</b></td> <td>20.000</td> </tr> <tr> <td><b>8. Miscellaneous</b></td> <td>6.869</td> </tr> <tr> <td>Project sub-total</td> <td>1.401.869</td> </tr> <tr> <td>Agency support cost, 7%</td> <td>98.131</td> </tr> <tr> <td>Project Budget Total UNDG-ITF</td> <td><b>1.500.000</b></td> </tr> </tbody> </table> <p>Through the Government and beneficiaries:</p> <p>It is envisaged that in-kind contribution will be provided in the form of the provision of buildings for the project, storage of equipment, and personnel to be released for the project activities and training.</p>	Item	USD	<b>1. Personnel:</b> Project staff, National and International consultants	160.000	<b>2. Contracts:</b> Specialized engineering companies/institutions, professional services, etc.	100.000	<b>3. Training</b>	80.000	<b>4. Transport</b>	10.000	<b>5. Supplies &amp; Commodities</b>	15.000	<b>6. Equipment</b>	1.010.000	<b>7. Travel</b>	20.000	<b>8. Miscellaneous</b>	6.869	Project sub-total	1.401.869	Agency support cost, 7%	98.131	Project Budget Total UNDG-ITF	<b>1.500.000</b>	<p>Financial reports</p>	<p>The security situation in the country improves or remains stable allowing project activities to be implemented as scheduled</p>
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### 3. PROGRAMME/PROJECT JUSTIFICATION

#### 3.1 Background

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 (see Annex 1: Most affected areas by the war and project sites). An estimated number of 900,000 people were displaced – a quarter of the Lebanese population.

The Lebanese Government estimates that 31 "vital points" have been completely or partially destroyed, as have around 80 bridges and 94 roads. More than 25 fuel stations and around 900 commercial enterprises were hit. The destruction has weakened virtually all sectors of the country's economy, from small scale farming, to transportation and tourism, directly affecting the livelihoods of hundreds of thousands of Lebanese citizens. Furthermore, beyond the direct losses and immediate impact on employment and revenue generation capacity, the indirect and long-term shocks, and the monetary and fiscal implications, will resonate for years to come.

The destruction of warehouses storing agricultural inputs, and agro-processing plants in Lebanon, 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.

It is estimated that 30 to 40% of rural households rely fully or partially on agriculture for their livelihoods. Also, most rural women are involved in agriculture (subsistence crops) and agro-processing activities (dairy products and food preserves). At present, the capacity of a large number of these households to resume production is hampered due to problem of access to agricultural inputs, non-availability of spare parts, disturbed support services, etc.

The once developing domestic agro-industries is totally disrupted (either destroyed or out of order), thereby increasing dependency on costly imported food. Direct damages were made to agro-infrastructure such fruit and vegetables processing units, oil presses, dairy plants, confectionery, beverages, cold storage facilities, fishing infrastructure and transport equipment. A broad summary of damaged agro-processing plants is provided below<sup>1</sup>.

<i>Size of Industry</i>	<i>Nbre of employees</i>	<i>Nbre of damaged industries</i>	<i>% of total damaged</i>	<i>% of food establishments</i>
<i>Large</i>	> 50	17	11.9	27.2
<i>Medium</i>	10-50	89	62.6	20.8
<i>Small</i>	< 10	42	29.6	13.6

While currently Lebanon is not facing any widespread malnutrition, the food security situation continues to be a major concern. Presently, processed milk is difficult to find in some regions. This applies to other food and non-food products. This reduced food production capacity of the country, associated with unemployment and erosion of coping mechanisms, is putting vulnerable sectors of the

<sup>1</sup> Data in this table are based on the assessment of the post-war prevailing situation of the agro-food sector in Lebanon conducted by UNIDO and information from the Ministry of economy, the Syndicate of Lebanese Food Technologists and the Chambers of Commerce in Beirut, Zahl and Saida. The table includes both food and non-food industries.

population into serious difficulties, especially in the southern regions and the southern suburb of Beirut, which were severely affected by the air strikes. This compelled the Government of Lebanon to request from UNIDO the provision of technical assistance as well as investment and technology support services with particular focus on:

- Restoring the livelihood for the affected rural population.
- The rehabilitation of the agro-industrial sector, especially Micro-, Small- and Medium Enterprises (MSME's).

This project proposal is taking into consideration the assessments and the early recovery needed agreed upon by the Government of Lebanon and its partners, the UNCT and non-governmental organizations. It is an integral part of the Government outline strategy presented at the Stockholm Conference in August 2006 – “*Setting the stage for long-term reconstruction: The national early recovery process*”. The main objective of this strategy is to establish the critical elements for the country to resume its progress towards sustainable growth and development. It seeks particularly to:

- (i) Provide the conditions for the return of the displaced, including temporary shelter and safety from the immediate threat of unexploded ordnances.
- (ii) Restore minimum capacity in terms of infrastructure, access to basic social services and income generating activities, pending full reconstruction.

In line with the Government request's and UNIDO's mandate, the present project is focusing on priority (ii) and will play a key role in empowering the war-affected communities through the integration of humanitarian and development assistance and the rehabilitation /revitalization of the productive capacities of the country.

### **3.2 Reasons for UNIDO technical assistance**

Following the war in 2006, the Government of Lebanon sought the assistance of the UN system in helping in the reconstruction of destroyed infrastructure, economic recovery and resettlement of displaced persons. UNIDO, in line with its mandate focusing on promoting sustainable industrial development, has responded positively to this requested and is working actively within the UNCT. It co-chairs the Sectoral Working Group (SWG) on Industry and contributes to the SWG on agriculture and the inter-sectoral thematic on economic recovery.

UNIDO has extensive experience in the country through its Integrated Programme “*Enhancing the competitiveness of the Lebanese industry and its integration in the global market*”. It has also worldwide experience in post-crises projects implementation, for instance, in Iraq, Sudan, Afghanistan, Indonesia, etc. In these projects, the organization has consistently shown that it can provide effective means and realistic prospects for the rehabilitation of destroyed agro-industrial infrastructure, employment creation, improvement of household income levels, and poverty reduction.

UNIDO participated in the Stockholm Conference for Lebanon's early recovery. In line with the priorities highlighted in this conference, UNIDO financed a preparatory assistance under the Project XP/LEB/06/004 – Assessment of the current situation for the preparation of the recovery programme in Lebanon.

### 3.3 Project approach

Based on UNIDO's appreciation of the Needs Assessment and consultations undertaken with the national counterparts (both public and private sectors) and development partners, the immediate problems associated with the restoration of livelihoods and the rehabilitation of the productive capacities both in rural and urban areas were addressed in the first Phase of the project – ending June 2009. These were capacity building type services as well as technological know-how and investment support programmes.

Following the success of the first phase a new Phase II – financed by the Lebanon Recovery Fund – will be launched, which aim at expanding the number of agro-industries that are rehabilitated.

For the rehabilitation to be effective, the project will adopt a concerted approach that draws on domestic resources, international assistance and private sector resources. Domestic resources will be utilized through the Ministry of Industry which will offer support and guidance on Lebanon's manufacturing environment and rural development issues, with particular help on policy interpretation, marketing statistics and the clarification of relevant legislation. The companies themselves, part of the private sector, will provide the skilled labour force and use generated cash flows to invest in new products, develop the market and respond to its needs, etc.

Within this context, the project strategy will entail the following integrated interventions:

- At the Government level: Provide technical and advisory services necessary for the technical assessment of agro-industrial damage. In cooperation with the Line Ministry and the private sector, the project will complete the Government of Lebanon and UNCT Joint Needs Assessment by conducting an in-depth analysis of the damages to the physical infrastructure related to the agro-industrial sector, (including, support services and supply side for tools and agro-machinery). This initial phase will provide detailed quantitative data of the existing situation, the rehabilitation needs, the absorptive capacity, and the required interventions in as detailed, quantitative and sequential process as feasible.
- At the enterprise level: Based on the findings of the UNIDO assessment of the Post-war prevailing situation of the agro-industrial sector in the country<sup>2</sup>, specific activities will be developed in view of providing assistance for the rehabilitation of: (i) damaged food-processing units vital for the food supply; and (ii) damaged agro-industrial units essential to contribute basic inputs to the whole communities in general (metal, wood, textile and others). In order to foster the sustained growth of targeted units, the link to the markets will be the major feature of the project interventions. It is worth noting that the private sector determination to succeed in a market economy can be considered the real driving force behind the project, which should be viewed as a springboard to foster and release the targeted private sector's entrepreneurial skills.

In all planned interventions, the project strategy will address the key problem of communities and enterprises empowerment. This will be sought through the target groups' high-level participation in all stages of the project - from participatory planning through participatory decision-making and implementation and finally to participatory monitoring and evaluation. Indeed, while technology transfer and skills training are essential components of the project, these can only be effective and sustainable in the context of an approach which directly addresses community/enterprises priorities and facilitates the beneficiaries' active and continuous participation – not just contribution.

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<sup>2</sup> Report dated November 2006 and prepared under the Project: US/LEB/04/159

Furthermore, the project strategy will seek to promote gender equality through the association of women in all aspects of the project programme.

Also, each intervention will be constantly reviewed and monitored in line with the country's political, economic and social development and refined, if and when necessary, to address the most updated needs for the reconstruction and economic recovery of Lebanon.

In view of not duplicating rehabilitation/development efforts, complementarities will be sought from the various programmes of the government and other agencies to be implemented in the country. Cooperation will be sought with FAO in selected interventions of the project targeting rural livelihood recovery (dairy and food processing), and those related to entrepreneurship development and mentoring of business associations (ILO).

### **3.4 Targeted beneficiaries and project sites**

The programme is expected to benefit the agro-based industries (micro-, small-, and medium enterprises) which would gain from the training and technology upgrading aspects of the programme. An expected number of 25 to 35 enterprises will be targeted – generating an estimated 300 to 500 jobs. Particular attention will be given to micro- and small-scale agro-enterprises.

The project will target the main war-affected areas situated in Southern Lebanon and Southern Suburb of Beirut (see map provided in Annex 1).

### **3.5 Expected outcomes**

The 18-month project will assist the Government of Lebanon in the process of rehabilitating selected agro-industrial enterprises, enabling them to resume production and integrate the global market. Each company will benefit from a business and marketing plan drawn up to meet its particular circumstances and enhancing its competitiveness. 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 to the above-outcomes, it is expected that the project develop the required human resources for proper operation of the agro-processing equipment introduced; training workers and technicians in new technologies/processes, making and assembling new products.

### **3.6 Contribution towards the attainment of the MDGs**

The project will have a direct contribution to the attainment of the MDG's in the country. The Goals that will be focused on are:

- Goal 1 *"Eradicate extreme poverty and hunger" through its activities promoting income-generating activities and employment*".
- Goal 3 *"Promote gender equality and empower women" through the association of women in all project activities and decision-making*".

The project will also indirectly contribute to other Goals (2, 4, 5 and 7) through its capacity

building/training interventions, improvement of the food security situation/nutrition and health issues, and promotion of environmentally friendly processing technologies.

### **3.7 Timeline of the activities**

The project will be implemented over a period of 18 months. An indicative work plan for the project in chart form is appended in Annex 2. This work plan will be revised at the start of the project based on planned participatory workshops to be conducted with stakeholders.

## **4. MANAGEMENT ARRANGEMENTS**

### **4.1 Implementation modalities**

The project will be implemented in line with existing institutional framework with the Ministry of Industry as the main national counterpart. UNIDO will have the overall responsibility for the appropriate use of the donor funds. In accordance with its administrative rules and regulations, the agency will take responsibility for decisions regarding staff recruitment, contractual agreements, technical assistance, backstopping and project supervision, procurement, monitoring and reporting.

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 activities. The PMU will be based within UNIDO premises in Beirut. 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.

A Chief Technical Adviser (CTA) will be recruited by UNIDO to head the PMU. He/She will be responsible for the technical aspects of the project and the coordination of its activities in line with the counterparts' priorities and ensuring proper cooperation with other on-going programme. He/She will be assisted by a National Project coordinator (NPC) and Field Project Assistants (FPA), also to be recruited by the project. The NPC and FPAs will assist the CTA in the daily field operations supervision, ensuring that all contract obligations are met in the different project sites, follow-up on each project component progress and make the necessary contacts and efforts to ensure implementation meets the project's target.

UNIDO technical staff will be responsible for assessing the needs, including plants re-engineering, appropriate agro-based industries to be developed, training needs, etc. These assessments will include detailed technical specifications to be used for tendering and procurement. Both local and international sources will be considered, taking into account specification, quality and price. Also, when necessity arises, sub-contracting will be sought for specific interventions following UNIDO's administrative rules and procedures regarding the acquisition of services.

In partnership with relevant governmental authorities, UNIDO technical staff will overlook distribution of the supplied spare part and technologies, examine the operational efficiencies of rehabilitated plants and make further recommendations for corrective measure as required.

Also, given the nature and complexity of such programme in managing activities that involve a number of different stakeholders (government ministries, local government bodies, entrepreneurs, rural communities and others) and the need to expand cooperation amongst them – a Project Steering Committee (PSC) will be constituted. The main functions and responsibilities of the PSC will be to:



- Advise the project on strategic directions/decisions and support activities to be provided.
- Set criteria for and agree on the selection of the enterprises to be rehabilitated.
- Ensure the effective cooperation between all key stakeholders.
- Advise on the effectiveness of the ongoing activities, including any adjustments that need to be made to the annual work plan.

Members of the PSC will be constituted from the main stakeholders, including representatives from the Ministry of industry, the Ministry of Agriculture and Fisheries, the private sector represented by the Food Association, the Association of Lebanese Industrialists (ALI), the Chambers of Commerce, the Civil society represented by the Consumers association and the leaders of the rural communities.

The programme will enhance trust, inter-organizational co-ordination and cooperation through the use of stakeholders' workshops and PSC meetings. It will also seek to build on existing co-ordination initiatives aimed at strengthening economic recovery in the region. This framework will support the involvement of all relevant stakeholders and will help to ensure national ownership and sustainability of the project.

#### **4.2 Monitoring and evaluation**

The project will be subject to monitoring, review, reporting and evaluation processes in line with the prevailing UNIDO policies and procedures. In particular,

- The CTA will prepare regular fourth-month progress reports on project activities detailing progress achieved in terms of the scheduled programme of work, the problems and constraints emerging over the period, and recommendations for correcting them. In addition, a detailed work plan will be prepared identifying activities to be implemented for the following six-month period. Each report will be sent to the donor, with copies being sent to the national counterparts for their information, review, and recommendations for any appropriate action that needs to be taken.
- As part of the standard monitoring activities of the organization, UNIDO technical staff and project consultants will make field visits to the project sites and prepare technical reports detailing the project's progress, achievements/findings, and lessons learned. These field reports will be made available, upon request, to the donor as well as to other collaborating projects and partners.
- During the last two months of the project, the CTA shall prepare and submit to the counterparts and to the donor an end of project report for review and approval. This 'terminal' report will assess, in a concise manner, the extent to which the project's scheduled activities have been carried-out, the outputs produced, and the progress made towards achieving the immediate, medium, and the expected longer term development objectives of the project. It will also make recommendations for any future follow-up actions that may help to support the sustainability of the project.
- In addition, the beneficiaries themselves will be involved in the monitoring of the project.

Meetings of the PSC will also be held once every four months. PSC meetings will involve the participation of the Government and UNIDO representatives. A self-evaluation report, showing the progress of the programme for that four months period will be prepared and distributed two weeks ahead of each meeting.

Also, the project shall be subject to an independent end-of-project evaluation after its completion. The PSC meetings will analyze the results of the project and may recommend any complementary measures required to improve project performance and the achievement of the project's expected objectives.

Monitoring of project activities will include data collection and analysis, gathering of baseline

information, and the preparation of 'programme of work' and budget expenditures assessments. Special attention would be given to the participation of the beneficiaries in the monitoring and evaluation process. Monitoring modalities will be agreed upon by the PMU and experts who will be dispatched during the first month of the project. These measures will be key management tools so as to ensure the effective and efficient implementation of the project.

## **5. ANALYSIS OF RISKS AND ASSUMPTIONS**

### **5.1 Sustainability**

This project is designed to support the economic recovery of war-affected areas of Lebanon. A major focus is on the empowerment of the private agro-industrial sector and rural communities in these areas. Their determination to rehabilitate their enterprises, restore their livelihoods and succeed in a market economy can be considered the real driving force behind the project and the sustainability of its planned activities.

The project adopts a holistic and participatory approach at all stages, involving all stakeholders at various levels, from planning, to implementation and monitoring of activities. Therefore, the project will be part and parcel of their current and planned activities, including, selection of technologies, design of products, marketing issues, etc., thereby improving the project sustainability.

As part of the implementation, a number of capacity building and strengthening activities will be undertaken (human resources and infrastructure). These will ensure the continuation of the project activities after its completion.

The alignment of the project with country strategies and action plans regarding post-war plans ensures the commitment of the Government and other stakeholders to supporting and sustaining the planned activities.

### **5.2 Risks**

The greatest risk would be that the political and security situation in the country deteriorate, thereby impacting negatively the project implementation. However, the Government and the international community are taking all deemed steps to help consolidate the peace process and promote economic development in the country.

Apart from the political and security situation, no other critical factors are foreseen to negatively impact the project since the project was developed in close consultation with the authorities and development partners. Furthermore, representatives of beneficiaries will be involved in all decision-making processes at each stage of the implementation. These measures will minimize project risk and help to enhance ownership, trust, and sustainability.

## **6. PRIOR OBLIGATIONS AND PRE-REQUISITE**

Before the start of the project, the national counterparts will be expected to provide a contribution including the necessary building for the project office and storage. They are also expected to make necessary budgetary provisions for: (i) selected national staff to participate in the project's activities and in-service or other training programs; and (ii) ensuring the maintenance of the equipment to be provided by the project.

## **7. LEGAL CONTEXT**

The proposed project will be implemented in line with the Standard Basic Co-operation Agreement concluded between UNIDO and the Government of Lebanon.

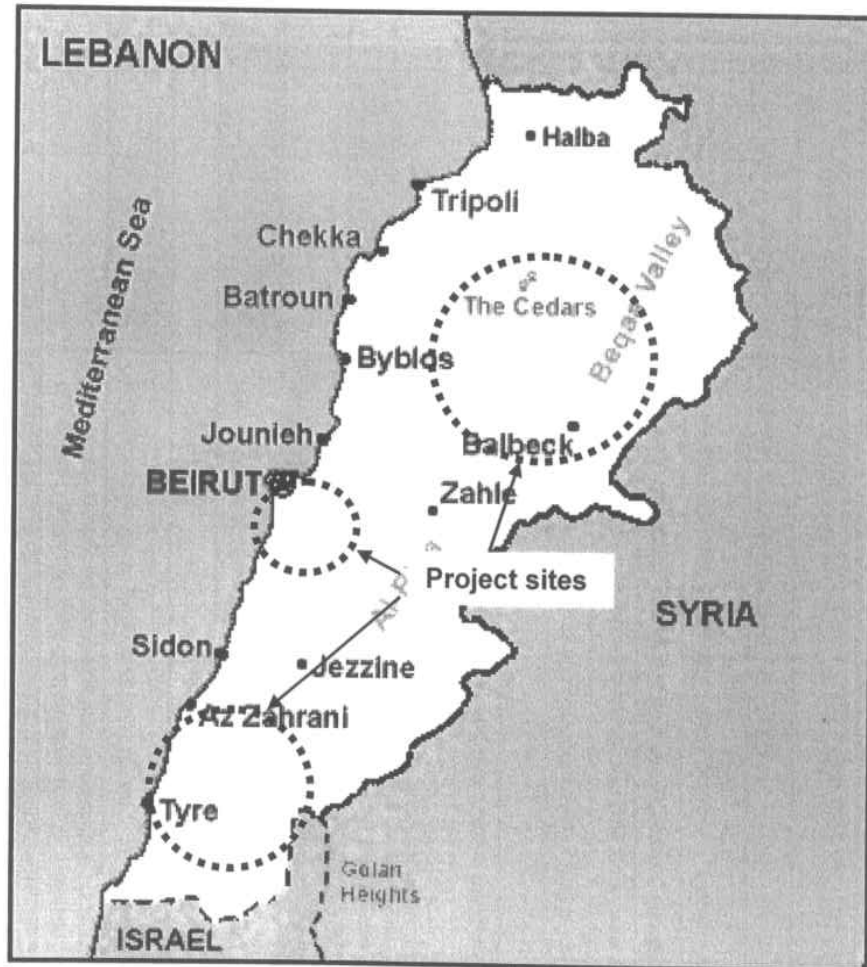


## 8. THE PROGRAMME/PROJECT BUDGET

The project budget is summarized in the table below:

Category	Item	Unit cost	No. of units	Total USD	Total cost USD
<b>1. Personnel</b>	National Project Personnel	800	17,5	14.000	<b>193.000</b>
	International expertise	20.000	6	120.000	
	National expertise	3.000	5	15.000	
	UNIDO HQ technical expertise	11.000	4	44.000	
<b>2. Contracts</b>	Civil engineering/rehabilitation work			75.000	<b>100.000</b>
	Evaluation			25.000	
<b>3. Training</b>	Participatory workshops			30.000	<b>80.000</b>
	In-service training			30.000	
	Study tour for private sector partnership development and marketing of products			20.000	
<b>4. Transport</b>					<b>10.000</b>
<b>5. Supplies + commodities</b>					<b>15.000</b>
<b>6. Equipment</b>	Food processing equipment			400.000	<b>977.000</b>
	Metal/wood/mechanics workshops			250.000	
	Textile/garment making equipment			312.000	
	Other (IT etc.)			15.000	
<b>7. Travel</b>					<b>20.000</b>
<b>8. Miscellaneous</b>					<b>6.869</b>
<b>Project sub-total</b>					<b>1.401.869</b>
Agency support cost, 7%					98.131
<b>Project Budget Total UNDG-ITF</b>					<b>1.500.000</b>

Annex 1: Most affected areas by the war and project sites



## Annex 2: Project indicative work plan

Output/Activity	Year 1					Year 2	
	1	2	3	4	1	2	
	<b>1. A comprehensive action-plan for the rehabilitation of directly affected agro-industries prepared and agreed upon by all stakeholders</b>						
1.1							
1.2							
1.3							
1.4							
<b>2. A number of SME agro-processing enterprises rehabilitated in the South Lebanon and Southern Suburb of Beirut – 25 - 35 enterprises targeted generating 300-500 jobs.</b>							
2.1							
2.2							
2.3							
2.4							
2.5							
2.6							
2.7							
2.8							
2.9							