

COVER PAGE

Country: Lebanon

UNDAF Outcome(s)/Indicator(s):	Rights-based approach to development promoted and implemented
Expected Outcome(s)/Indicator (s):	Replicable local poverty initiative(s) linked to policy change undertaken
Expected Output(s)/Annual Targets:	Promote social and economic development in North Lebanon
Executing Entity:	Rene Mouawad Foundation
Implementing agencies	Rene Mouawad Foundation

Narrative

The main goal of the project is to promote social and economic development in North Lebanon, which is one of the most deprived regions in the country and where social and economic indicators show high levels of illiteracy, especially among women, high rates of unemployment, low incomes and limited access to services. Despite several factors that impede agricultural development, such as lack of extension services, difficulty to access credits, and high costs of production, there are few niches of production with high potential. By strengthening the integrated channel (breeding / dairy products), including downstream and upstream activities, as well as targeting breeders and small-scale industrialists involved in the processing phase, the project will improve competitiveness and quality of local productions.

Programme Period: 2008-2009

Project Title: **Strengthening the dairy production channel in North Lebanon**

Project ID: 00059954

Project Duration: 18 months
Management Arrangement: NGO Execution

Total Budget \$1,000,000

Allocated resources:

- Government _____
- Regular _____
- Other: _____

 ○ LRF \$1,000,000

 ○ Donor _____

 ○ Donor _____

• In kind contributions \$ _____

Unfunded budget: _____

Agreed by (UNDP): Ms Marta Ruedas

Date: 04. Feb. 08

Agreed by RMF: Ms. Nayla Moawad

Date: 17. Feb. 08

Agreed by CDR: Mr. Nabil El-Jisr

Date: 17 APR 2008

The block contains three circular official stamps. The first stamp is for UNDP, the second for RMF, and the third for CDR. Each stamp is accompanied by a handwritten signature and a date. The UNDP signature is 'Marta Ruedas' and the date is '04. Feb. 08'. The RMF signature is 'Nayla Moawad' and the date is '17. Feb. 08'. The CDR signature is 'Nabil El-Jisr' and the date is '17 APR 2008'.



I. SITUATION ANALYSIS

Following the 2006 summer war, in addition to destruction of infrastructure and services, agricultural workers, who were already among the poorest in the country, suffered from huge losses resulting from the interruptions in harvesting, difficulty of marketing and destruction of facilities. This has resulted in a decline in living conditions and loss of income and revenues for a significant group of the population in North Lebanon.

Agricultural production faces a lot of structural deficiencies, including lack of adequate infrastructure, lack of access to financial services, high costs of production, low yields, poor quality of agricultural produce, and lack of diversification.

The agro food processing sector is directly linked to agriculture. In a lesser extent, the sector is also dependent on the transport and the packaging sectors as well as the regulatory environment. The agricultural sector in North Lebanon is still a major sector which provides at least 70% of the population with direct or indirect incomes. The main crops are fruits, olives and these late years, the forage production has hugely increased. With an estimation production of \$1 billion dollars in 2002, the agro food sector is one of the main industrial sectors in the country. Recent statistics indicate that a significant percentage of industrial workers are employed in the agro food industry (2002), as follows:

Economic Activity	Total workers		
	Total	Male	Female
Food products & beverages	26,390	22,750	3,641
Total - industrial sector	114,108	99,904	14,204
	%	23.13	22.77
			25.63

Source: Industrial census, Ministry of Industry, website

The non-formal sector also plays a key role both in terms of production and employment. Most of the employment in the country is characterized by medium and small sector employment, where the breakdown of establishments, workforce and production per the number of employee (2002) shows that around 71% of the establishments have less than 5 employees and 94.9% of them have less than 10 employees (refer to the table below).

Economic Activity	Nb of establish	Work-force	Nb of employees	Wages & Salaries (000\$)	Output (000\$)	Value Added (000\$)
Total: 1-4 workers	16,223	43,747	20,781	159,947	806,334	347,256
Food products & beverages	3,171	8,779	3,839	33,960	146,562	55,735
Total: 5-9 workers	4738	30823	21155	98949	753192	304071
Food products & beverages	1059	6877	4569	21483	149452	57102
Total: 10-19 workers	617	8,120	6,396	29,029	332,066	134,933
Food products & beverages	143	1,858	1,366	6,219	90,279	26,327
Total: 20-34 workers	219	5565	4977	24325	326070	149660
Food products & beverages	42	1052	910	3609	58646	19687
Total: 35-49 workers	78	3,309	3,114	16,444	200,810	96,182
Food products & beverages	40	6,846	6,737	47,070	474,628	231,727
over 50 employees	141	22,544	22,221	163,725	1,534,442	674,704
Total food sector	4,455	25,412	17,421	112,341	919,567	390,578
TOTAL	22,016	114,108	78,640	492,420	3,952,910	1,706,809

Source: Industrial census, Ministry of Industry, website

According to the industrial census (2002), 18% of the industrial establishments are located in North Lebanon and 61.5% of them are located in Beirut or in Mount Lebanon.

The trade balance in the country is negative as Lebanon imports a large part of its internal consumption of agro food products. However, before the war in July 2006, there was a noticeable increase in the exports. The ratio exports/imports increased from 0.17 to 0.36 over the last 5 years; partly as a result of improved quality of Lebanese production, as well as the technical export support programs launched by the Government, in addition to development of new channels with high potential such as the wine productions.

Although the agro-business sector is affected by structural weakness of the Lebanese agriculture sector, few niches exist such as the wine, dairy products, olive oil, and organic products. Agro food sector in North Lebanon that is negatively affected by structural problems, witnessed new constraints as a result of the July 2006. Among the main structural problems faced by SMEs of the agro food sector are difficulty to access credit and financial resources; lack of modernization; low quality; and lack of enabling regulatory environment. These lead to weak competitiveness both on the local markets and abroad. In addition to these structural problems, the war has led to physical destruction of infrastructure, destruction of factories (especially in the dairy sector where the biggest facilities were completely destroyed), losses linked to the difficulty of harvesting, and losses in additional income generated by tourism activities which contributes to family's budget.

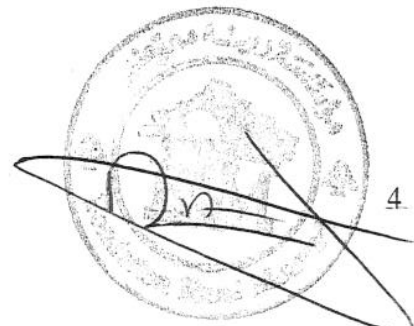
Background on the dairy sector

In 2004, milk production amounted to 243,947 tons in Lebanon; ¾ are cow milk. If the Bekaa region was traditionally a breeding region, the increase of head has made Akkar the main region for production. Between 1997 and 2004, the production in Akkar has increased by 33% as follows:

	Cows		Sheep		Goats	
	Exploitations	Nb of heads	Exploitations	Nb of heads	Exploitations	Nb of heads
Akkar	5333	15268	691	22987	594	26408
Lebanon	15451	75874	5245	378050	7166	435965
%	34.5	20.12	13.17	6.08	8.29	6.06

Source: Ministry of Agriculture, website, agricultural census in 1999

The average production per head (4250 L/year) is relatively low compared to international standards (6500-7000 L/year/head) for the same breed of cows (Holstein). This is due to a number of factors including (a) lack of support from the Ministry of Agriculture in terms of extension services, technical assistance, norms and procedures, hygiene and veterinary standards; (b) high transportation costs; (c) poor yields in terms of milk production (low producing local races, non adaptation to daily feeding rations, diseases, etc.); (d) lack of compliance with food safety standards; (e) lack of know-how of breeders in basic techniques of breeding and animal health; (f) lack of common storage facility, and the limited ability of breeders to invest in one which means that they need to sell their production in a very short delay even if the prices are very low; (g) foodstuff availability and prices; (h) lack of vaccination program; (i) weak reproduction management/ inaccessibility of artificial insemination due to factors of availability and the cost.



Around 85% of the produced cow milk is delivered directly to small cheese dairies for processing, and the majority of traditional processors accept the raw milk based on visual examination (color, odor, general aspect) without the use of any scientific tests. The milk is not controlled for any microbiological aspect or any chemical composition in order to optimize the production. As such, the actual quality of received milk does not allow mass production of cheese in any guaranteed quality of product, and will limit innovation of new products.

Official statistics (1997) indicate the presence of more than 228 small cheese processing units in Lebanon; experts indicate that the real number is around 500 small cheese processing units (of which only a third are officially registered). In North Lebanon the number of cheese processing units is estimated to 100 units, of which only a very small number treat more than 3T/day of milk through a specialist technician. These processing units confronted the similar constrains listed above, including absence of direct and formal relation with farmers; absence of milk quality monitoring; absence of cheese innovation capacities; absence of training for cheese processors and specialist technicians; poor equipment and low capacity of investment; poor capacity of negotiation with the big outlets due to the quality of the product; and problem of hygiene conditions inside the units.

Milk production represents one third of the dairy products consumption. Annual consumption of milk is estimation to 189/liters per capita which is a quite high level similar as other countries. The current estimated consumption of dairy products is estimated as follows:

processed cheeses	22%
non affinated cheeses	21%
Butter	20%
milk powder and concentrated milk	16%
affinated cheeses	11%
Labneh	4%
fermented milk	2%
milk	2%
Ice cream	1%

The total milk market in Lebanon amounted to 117.6 million liters in 2005, including packed liquid milk (White: 7.3 million liters, Flavored: 3.3 million liters), powder milk (75.2 million liters), and loose milk (31.8 million liters). At 2.4 liters per capita, packed liquid milk consumption in Lebanon is very small compared to powder milk which is 16.7 liters per capita. Powder milk is dominates the milk market.

2. STRATEGY

The main goal of the project is to promote social and economic development in North Lebanon, which is one of the most deprived regions in the country and where social and economic indicators show high levels of illiteracy, especially among women, high rates of unemployment, low incomes and limited access to services.

The immediate objectives of the project include:

- strengthen the recovery process through the creation of a technical committee consisting of various partners (UNDP, LARI, coops, milk collect centers directors, etc) in charge of the technical monitoring
- restore rural households' income through a recovery program aiming at overcoming agriculture losses
- revitalize the breeding sector by enhancing linkages between stakeholders



- enhance small scale dairy units by increasing their capacity of production and improving the quality of their production in a safe and healthy environment

The expected benefits from the project include:

- Adoption of good practices by farmers and industrialists
- Increase in quality of raw materials and final products
- Increase in capacity of processing
- International standards and hygiene requirements are met by SMEs
- Upgrade and modernization of semi-industrial units
- Higher capacity to meet local and foreign demands for traditional products

Through strengthening the integrated channel (breeding / dairy products), including downstream and upstream activities, as well as targeting breeders and small-scale industrialists involved in the processing phase, the project will improve competitiveness and quality of local productions.

Through a tailor made training and capacity building program, the project tackles the various bottlenecks affecting both agriculture and agro food processing sectors related to dairy products. The intervention's main contribution will be an increase in quality of raw material and final products as well as an increase in capacity for those products for which there is a growing demand.

The mechanisms rely on existing facilities such as the milk collection centers in the region, as well as existing services such as the virtual central market which links producers to traders.

Key activities of the project include the following:

- specific training program addressing breeders, and small-scale industrialists' needs
- Conduct training on norms of housing in dairy farming, cows feeding, cows management and manipulation, cows reproduction, milk quality and mastitis problems targeting breeders
- Conduct training on hygiene principles, production management, line of production per item, packaging, quality control, marketing
- Provision of technical assistance
- dissemination of information
- construction, rehabilitation and upgrade of processing units Rehabilitate, upgrade and construct 4 dairy units
- local development program involving municipalities, coops and local associations

The project activities will benefit from the two milk collection centers that were established by IFAD in North Lebanon, which will ensure the proper storage of milk before its processing. The project will also be supported by the initiatives implemented at the national level for SME development, including technical assistance in terms of standards and norms, access to credits (Kafalat program), and initiatives aimed at the creation of business incubators to promote start-ups and new businesses.

This project will be implemented in North Lebanon by UNDP and RMF. The activities of the project were designed to meet several needs, including improving quality of produce, increasing capacity of processing, and upgrading SMEs in dairy production. Planned activities target all phases of the process from the production to the marketing of final products in order to improve quality and disseminate good practices at all stages.



The direct beneficiaries from the project include:

- Breeders trained: 500 who will benefit from extension services and on-site technical assistance as well as new opportunities of sales for their produce. This will lead to a reduction in their production costs, a higher quality of milk, higher yields and thus a higher purchase price of milk at farm. They should and thus generating more income.
- Breeders using equipment or upgraded facilities: 1200
- Small-scale industrialists trained: 30
- Workers in the dairy industry: 250
- Cooperatives of breeders (Akkar) trained: 7
- Municipalities' members trained: 60

The four first categories of beneficiaries benefit from an increase in income generated by their participation in the project's activities through the reduction of their cost of production, a higher capacity of production, a better quality of their produce and the implementation of the marketing strategy. The fifth category will benefit from a capacity building initiative.

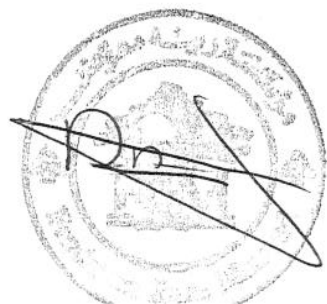
Indirect beneficiaries include family of the direct beneficiaries who will benefit from the additional income and the basic services they could access (9,500). At the local level, there would be a spillover effect that will benefit to the entire local communities since additional income will be spent locally. The public at large will benefit from higher hygiene standards of both raw material and by-products.

The project targets the most disadvantaged and marginalized groups. Farmers and breeders belong to the poorest fringes of the population. Social and economic indicators show that Akkar is one of the poorest regions in Lebanon. The war has increased poverty and precariousness since economic activities were stopped or slowed generating huge losses especially in agriculture. These populations who had no savings now face dire financial difficulties and cannot afford basic services. Moreover, foreign assistance immediately after the war focused on South Lebanon which was the region the most severely affected and thus in North Lebanon, the local economy did not benefit from the first recovery programs.

The three categories of beneficiaries will participate in the implementation phase as their participation will be one of the key factors of success as far as training sessions and technical assistance are concerned. SMEs owners are directly involved in the *mise à niveau* process of their facilities, the technologies they use and the marketing strategies they might need to implement. One of the project components consists in enhancing the role of local stakeholders in the development process of their region, with a focus on governance.

There will be no distinction between men and women in this program. Technicians and engineers on the field will ensure that women can participate in proper conditions in all activities planned within the projects.





3. PROJECT RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country/ Regional/ Global Programme Results and Resource Framework:				
Outcome indicators as stated in the Country/ Regional/ Global Programme Results and Resources Framework, including baseline and targets.				
Applicable MYFF Service Line: Poverty reduction and Achieving the MDGs				
Partnership Strategy: the project supports will be implemented in coordination with civil society organizations and cooperatives, and will leverage support from other sources such as Kafalat				
Project title and ID (ATLAS Award ID): Strengthening the dairy production channel in North Lebanon				
Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible parties	Inputs
Strengthen the recovery process through the creation of a technical committee consisting of various partners (UNDP, LARI, coops, milk collect centers directors, etc) in charge of the technical monitoring				
1.1 Formation of a technical committee with enhanced capacities in local development	2008	- Establishment of the technical committee	RMF/UNDP	National Staff Subcontracts Training Equipment Travel Miscellaneous
1.2 Identification and training of stakeholders	2008/2009	- Implementation of a training program addressing specific needs of 7 cooperatives and associations and 60 municipalities members - Provision of technical assistance to 500 breeders - Monitoring of the program - Evaluation and recommendations		
Restore rural households' income through a recovery program aiming at overcoming agriculture losses				
2.1 Increase in milk quality and in quantity produced (higher yields)	2008/2009	- Implementation of 52 intensive one-day session (cows housing, feeding, veterinary care, etc) - Technical assistance - Provision of storage facilities	RMF/UNDP	
Revitalize the breeding sector by enhancing linkages between stakeholders				
3.1 Development of linkages with regional activities and projects especially milk collect centers located	2008/2009	- Organization of meetings with the various stakeholders - Visits on sites for breeders (milk	RMF/UNDP	

in the North, dairy units upgraded			collect centers, coops specialized in forage production, lab and dairy units)	
Enhance small scale dairy units by increasing their capacity in a safe and healthy environment				
4.1 Upgrade and <i>mise-à-niveau</i> of dairy units and Increase in processing capacity	2009		<ul style="list-style-type: none"> - Rehabilitation, construction, update and equipment of dairy units - Implementation of 112 intensive one-day sessions - Technical assistance 	RMF/UNDP
4.2 Diversification of dairy products and reintroduction of traditional cheeses	2009		<ul style="list-style-type: none"> - Research & Development to develop new products - Collect of old recipes, design of HACCP processes for these old cheeses and processing 	RMF/UNDP



5. MANAGEMENT ARRANGEMENTS

The project will be executed by the RMF which is designated as the NGO Executing Agency for this project (see NGO guidelines attached). RMF will be responsible for managing the project and will provide overall support to enable it to achieve its intended outputs and results. RMF will thus be accountable to UNDP for all resources allocated by the latter, whether their source is UNDP or cost sharing. This accountability calls for very concrete capacities in the administrative, technical and financial spheres.

RMF shall retain overall responsibility for the execution of the project and shall be responsible for and bound by any contracts signed by the UNDP Resident Representative, on behalf of the Executing Agency and upon its request, for the procurement of goods and services and /or recruitment of personnel for the programme.

The UNDP NGO Execution modality will prevail, with the support of the UNDP country office. In addition to regular technical backstopping and monitoring activities regularly provided, the UNDP Country Office shall provide the Executing Agency with support services for the execution of the programme. This will ensure that technical and substantive expertise is available to the Programme for coordination, recruitment, procurement and contracting. Costs incurred by UNDP Country Office for providing the above described support services will be partly recovered from the Programme budget. If needed, and in full consultation with the Government, Cooperating Agencies might be requested to implement specific activities; in such case, a formal letter of agreement between the concerned agency and the implementing agency or official counterpart will be elaborated.

The joint UNDP-CDR project for Balanced Regional Development in Akkar will coordinate activities with RMF. The UNDP project in Akkar, launched in 2002, targets local development planning, strengthening of municipalities and cooperatives and NGOs, and youth mobilization. In addition, UNDP has recently initiated a local development programme (ART GOLD) in the country (including North Lebanon), for local development planning, local economic development strengthening, and decentralized cooperation.

5. RISKS AND ASSUMPTIONS

Key assumptions with regard to external factors that are outside programme/project control but nevertheless necessary to the achievement of programme/project outputs and purpose should be stated in the log frame.

Main risks

- Political instability both at international and local level
- Economic stability, no inflation crisis

6. MONITORING AND EVALUATION

This project will be subject to joint Tripartite Review by representatives of the Government, implementing agencies, UNDP and other donors at least once every 12 months. The Project Manager will prepare annual progress reports and workplans and other reports as required by UNDP rules and regulations. The project shall be subject to independent evaluation according to UNDP's standard evaluation procedures, if required. The organization, terms of reference and timing of such evaluation will be decided after consultation between the Government and UNDP.



7. LEGAL CONTEXT

This project document shall be the instrument referred to as "Project Documents or other instruments" in Article 1 of the Standard Basic Assistance Agreement between the Government of Lebanon and the United Nations Development Programme, signed by the parties on 10 February 1986. The host-country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government cooperating agency described in that Agreement.

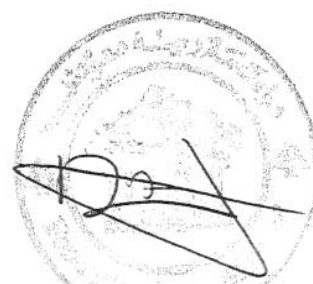
The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objection to the proposed changes:

1. Revisions in, or addition of, any of the annexes of the project document;
2. Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
3. Mandatory annual revisions, which rephrase the delivery of, agreed project inputs or reflect increased expert or other costs due to inflation, or take into account cooperating agency expenditure flexibility.



WORK PLAN - RECOVERY PROGRAM IN BREEDING AND DAIRY SECTORS (NORTH LEBANON)

ACTIVITIES	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1.1.1 Implementation of a training program addressing specific needs of coops, associations and municipalities																			
2.1.1 Establishment of the technical committee																			
2.1.2 Provision of technical assistance																			
2.1.3 Monitoring of the program																			
2.1.4 Evaluation and recommendations																			
3.1.1 Implementation of 52 intensive one-day session (cows housing, feeding, veterinary care, etc)																			
3.1.2 Technical assistance-																			
3.1.3 Provision of storage facilities																			
4.1.1 Organization of meetings with the various stakeholders																			
4.1.2 Visits on sites for breeders (milk collect centers, coops specialized in forage production, lab and dairy units)																			
5.1.1 Rehabilitation, construction, update and equipment of dairy units																			
5.1.2 Implementation of 112 intensive one-day sessions																			
5.1.3 Technical assistance																			
5.2.2 R & D to develop new products																			
5.2.3 Collect of old recipes, design of HACCP processes for these old cheeses and processing																			



BUDGET

CATEGORY	ITEM	UNIT COST		NUMBER OF UNITS	TOTAL COSTS (US\$)
1. Personnel					
	project director	2,320.00	month/person	18 month/person	41,760
	accountant	987.00	month/person	18 month/person	17,766
	secretary	370.50	month/person	18 month/person	6,669
	Production manager	1,451.00	month/person	12 month/person	17,412
	Animal Production manager	1,235.00	month/person	12 month/person	14,820
	Technician for maintenance	864.50	month/person	12 month/person	10,374
2. Training	training - farm level	250	day	52 days	13,000
	training - processing units	150	day	112 days	16,800
	technical committee meetings				4,800
3. Transport	In country travel				9,579
4. Equipment	Upgrade dairy unit in Medjlaja	700,000			700,000
	Upgrade 3 dairy units	25,000			75,000
	Stationery	1,800			1,800
5. Travel					0
6. Miscellaneous	reporting cost and audit				4,800
7. Agency Management Support					65,420
TOTAL					1,000,000

