



Syrian Arab Republic

&

United Nations

**Project Title:
Al-Ghab Development Programme
SYR/010/002**

The project aims at improving the livelihood of people living in Al Ghab through the development of agriculture, agro-industry, tourism, free trade and the preservation of environmental services. The project objective, therefore, is to develop a strategy for the region within a special legislative system that helps the development process and empowered with agricultural investment good returns for the development of agro-industry and other economic sectors.

The intention of the Government, therefore, is to transform Al-Ghab to a Centre of Excellence for export-oriented agricultural and agro-processing industry through a competitive, market-based, internationally-oriented, environmentally and socially sound agricultural, rural and non-rural sector for bettering food security and overall livelihoods in the Al-Ghab region.

COVER PAGE

Country: Syrian Arab Republic

UNDAF Outcome(s)/Indicator(s):

1: A socio-economic environment that enables sustainable growth, employment equity and protection of vulnerable groups in place.

Expected CP Outcome(s)/Indicator(s):

A.2 Improving structures and climate for trade, investment and competitiveness.

Expected Output(s)/Indicator(s):

A.2.2 Liberalization policies improved and legal framework upgraded including competitiveness issues.

Implementing partner: General Commission for Management and Development of Al Ghab

Programme Period: <u>2007-2011</u>
Project Title: Al-Ghab Development Programme
Project ID: SYR/10/002
Start Date: February.2010
End Date: April.2011
Management Arrangement: <u>NEX</u>

Programme Budget:	US\$ 1,684,135
GMS Fee:	US\$ 33,333
Total Project Budget:	US\$ 1,717,468
Allocated resources:	
• Gov. Programme (C/S)	US\$ 700,000
• UNDP TRAC	US\$ 150,000
Parallel Funding:	
FAO:	US\$ 474,000
Available Resources:	US\$ 1,324,000
Unfunded Resources:	US\$ 393,468

Agreed by: H.E. Dr. Amer Husni Lutfi

Head of State Planning Commission
On behalf of the Syrian Government

Date: _____

Agreed by: Dr. Mohamed Hasan Mansour

General Commission for Management and Development of Al Ghab
On behalf of Executing Agency

Date: _____

Agreed by: Mr. Ismail Ould Cheikh Ahmed

United Nations Resident Coordinator

Date: _____



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Joint Programme Framework

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Terms of Reference of Project Bodies, Thematic Advisors and Activity Leaders

Definitions:

The Project: is the Al Ghab Development Programme that covers all pillars listed in the Project Document as well as the activities included in the Document signed between FAO and the Ministry of Agriculture on supporting the policies of agricultural production and food security.

Project scope: is the area that is governed by the General Commission for Management and Development of Al Ghab.

Chief Technical Advisor (CTA): is the International Senior Expert that is selected by the UN and will be in charge of leading the experts.

National Project Director (NPD): is the Director who will be selected by the UN to manage the project.

Project Board: is the Project Committee in charge of supervising the project activities and reporting on the achievements and challenges.

1.Foreword

The idea of establishing a Special Economic Zone (SEZ) named *Agropolis* in Al-Ghab was originally formulated in 2000-2001 by the GOS and was based on the observed paradox of a richly endowed region inhabited by a poor population.

In 2004, the GOS established the Al-Ghab Project Board PB and, in 2005, established the General Commission for Management and Development of Al-Ghab (GCMD). A series of diagnostic studies were conducted.

In 2007, the GOS approached the UN and signed an Initiation Plan with UNDP in “*Support to the Agropolis Project*”. The Plan provides “funding for technical assistance to conduct a comprehensive socio-economic, legal, community participation and environmental assessment study which will identify the road map for implementing the programme”. In the course of the implementation of the Initiation Plan, GOS and UNDP approached FAO seeking its technical contribution.

In the light of further exchanges between the GOS, UNDP and FAO it became clear that the Initiation Plan itself was to be considered as one component of a broader programme of action aimed at achieving the objectives of the GOS for Al-Ghab. In this respect, a scoping mission was conducted by UNDP/FAO/UNIDO in December 2007, the conclusions of which were presented to His Excellency, the Prime Minister of Syria, in the form of a vision for the development of the region and a roadmap for the formulation of the implementation programme. Subsequently, in June 2008, the roadmap was approved by the Syrian government and the UN, and reiterated again in April 2009 by the High Level Committee on the Al-Ghab chaired by the Minister of Agriculture. During the mission held by the Deputy Prime Minister and the UN to Al-Ghab in May 2009, the strategy and the road map for the formulation of the *Al-Ghab Development Programme* have been further detailed and agreed upon by the Syrian government. In October 2009, the High Level Committee on AL Ghab reviewed the project document and provided comments that were discussed and accommodated by a restricted team comprising the Ministry of Agriculture, the General Commission for Management and Development of Al Ghab, FAO, UNDP.

The vision emphasized a competitive, market-based, internationally-oriented, environmentally and socially sound agricultural and non-rural sector for bettering livelihoods, enhancing food security, and improving living standards in Al-Ghab region.

Based on consultations with partners at various levels a consensus was reached that the *Al-Ghab Development Programme* should consist of the following outputs :

- a. an operational strategy, the strategic objectives, the principles and the main development pillars that will orient the policy and regulatory/legal framework for *Al-Ghab*;
- b. the comprehensive policy and regulatory/legal framework that will cover all the economic, and supporting activities conducted in Al-Ghab region and set the rules and the conditions for a conducive investment environment, in line with the vision and strategic objectives;
- c. investment profiles and integrated developmental program that will guide public and private investment under the 2011 five-year plan and attract the interest of the investors in the region and donors;

- d. institutional arrangements for project implementation;
- e. communication, awareness creation, including;
- f. a meeting of donors to mobilize complementary resources for the implementation phase;
- g. an international Conference on investments that would have a special focus on *Al-Ghab* and during which investment opportunities and developmental interventions there would be presented.

The present project document describes FAO contribution to the assistance provided by the UN to the Government of Syria for the formulation of the Al-Ghab Special Economic Zone Development (henceforth named Al-Ghab Development Programme).

2. Background

2.1 Facts and Figures about Al-Ghab¹



¹ Information drawn from the diagnostic studies commissioned by the General Commission for the Management and Development of Al Ghab and completed in 2004

Geography of Al Ghab		<ul style="list-style-type: none"> • Governorate of HAMA • 5 Main urban areas: Skelbiye (20,000), Slahab (15,000), Shatha (7,000), Al Ziar (13,000), Al Madik Citadel (14,000) • Mountains: Al-Ghab region is surrounded by two series of mountains: the coastal mountains to the west with a maximum height of 1562 meters above the sea level (Nabi Matta Peak), and Al-Zawiya Mountains to the east with a maximum height of 940 meters above the sea level (Nabi Ayyoub Peak) 		
	Unit	Al Ghab	Syria	Al Ghab %
Total land²	Ha	140,799	18,517,971	0.76%
Arable land	ha (% of total land)	87,é í (62%)	í ž è ê ë (30%) ñ é	1.57%
Irrigated agriculture	ha (% of total land)	7ë.ñ í (57%)	é ž è í í	5.60%
Pasture and steppe	ha (% of total land)	é.ð í (2.3%)	ð ž è ê é	0.04%
Forests	ha (% of total land)	ë í ž (26%)	í í ð ž	6.16%
Urban areas and other	ha (% of total land)	13,í ê (9.6%)	é ž í ð í	0.36%
Water				
Springs ³	number of major	í		
Rivers ⁴	number	é		
Dams ⁵	number	ñ		
Cultural resources	Number of major historical sites	é		
Livelihood systems				
Population	number	320,000		
Population density	Pop/square km	390		
Leaving in urban areas	%	33%		
Leaving in rural areas	%	66%		
Population less than 15	%	49%		
Population 16-65	%	48%		
Population over 65	%	3%		
Household size in urban area	Average number	5-6		
Household size in rural area	Average number	5-10		
Average income per capita	US\$/day	1.5		

2.2 General Context

Syria is a lower middle-income economy (per capita income of US\$ 1,570) with a population of 19,644 million growing at about 2.3 percent per annum and a labour force growing at a faster rate of about 3 % per annum. The oil sector provides 25% of government revenues and about 40% of export receipts; the agriculture sector contributes about 20 % of GDP in 2007 and 19.1% employment.

Syria's recent economic performance has been improving. The economy expanded by an estimated 5.7 % in 2007, thus yielding an average growth of above 4 % per annum since 2003. The private sector has been leading recent growth, propelled in part by reforms in such

² Land use data are drawn from the Department of Statistics and Planning of the Ministry of Agriculture and Agrarian Reform (2005)

³ West: Deir Shmeiel, Abo Kbes, Naoor Jourin. East: Al Madik Citadel, Ein Al Taka, Klidin, Shizer

⁴ Orontes, Al-Bared

⁵ Rabye Al Shaikh (15 ml m³), Al Hzane (15 ml m³), Salhab (7 ml m³), Aphia A (27 ml m³), Aphia B (38 ml m³), Aphia C (23 ml m³), Kastoos (27 ml m³)

fields as banking, insurance, real estate, and trade. The overall investment climate is improving with the help of a new investment law and regulatory/promotional authority. Foreign direct investment has increased from 0.5 % of GDP in 2001-2 to 5.1% of GDP in 2007. The fiscal deficit narrowed to 3,1 % of GDP in 2007 to 2 % in 2008 and represented 2.7% in 2006.

In this context, Syrian economic development policies, in general, and Syrian agricultural and rural development policies, in particular, are on the brink of the need for major strategic reforms to diversify the economy and encourage investment. In the face of expected falls in Syrian oil output that will reduce export volumes and government spending, it is from the development of other sectors, namely the services and the agricultural sectors that the contribution to a steady economic growth ought to come.

The three main challenges for Syrian economy remain therefore:

1. achieving the shift from an oil-exporting economy towards a net oil importer;
2. managing the transition from a socialist planned economy towards a liberalized social market economy; and
3. reducing poverty and enhance human development.

2.3 The Relevance of Agriculture and the Rural Sector

Agriculture plays a dominant role in the Syrian economy providing 25-30% of both employment and GDP. It is second only to the oil sector as a source of export earnings and constitutes the most relevant domestic source of stimuli for industrial and commercial activities. Agricultural growth responded to the needs of a rapidly growing population, increasing the degree of self sufficiency for most food staples; ensuring per capita food availability comparable, in terms of calories, to the ones enjoyed in developed countries (3330 cal/cap/day); and developing traditional exports, such as cotton, and entering new export markets, such as wheat or fruit and vegetables.

The positive trend in agricultural production together with the per capita agricultural income comparable with other economic sectors and the improvements of infrastructures and basic services in rural areas highlight the high priority recognized to agriculture and rural welfare within Syria's economic and social development strategy. However Syria's overall agricultural productivity growth did not perform well in recent years. Yet its contribution to GDP remains high, which demonstrates that agricultural growth is not yet outperformed by other sectors. The slow growth in other sectors leaves on agriculture the burden of providing employment to the rapidly growing rural population; further, it entails sluggish development of the marketing and processing activities, which are crucial for shifting the focus of agricultural growth from quantity to quality as well as for enhancing competitiveness at international level.

2.4 Al-Ghab and the National Context

Topographically, Al-Ghab is a large basin surrounded in the East by the coastal mountains and is limited in the West by undulating hills, which are dominated by perennial cultivation. The Orontes River carries to the valley water from the surrounding mountains. As the plain lacks proper natural drainage, it was considered for centuries a natural pasture area and had the characteristics of a swamp prior to its drainage. This process started in the 1970', followed by land reclamation conversion from pastoral to agricultural land. After reclamation, the new land was distributed to farmers according to the Agrarian Reform Law. Currently, more than 90% of the land is privately owned.

Al-Ghab is a highly populated region with more than 300,000 people living in 134 villages spread out over slightly more than 140,000 hectares. Approximately 62% of this land is made up of very fertile agricultural soils, 26.2 % are forests, 9.6 % are non-arable, 2.3 % steppe and pastures. It follows that agriculture is the most important economic sector, providing almost the totality of the GDP of the region and 60% of employment (the balance being absorbed by agricultural related processing and business activities in support of agriculture).

The region has a high development potential due to the abundant natural resources (favourable rainfall and water resources, fertile soils⁶, uncontaminated air, landscape and scenery). It also takes advantage of the strategic geographic position (halfway between Aleppo and Damascus) and vicinity to the most attractive tourist and archaeological sites of Al-Mardikh, Aphia, Shizer, Horteh, Abo Kbes, Mirza, Misyaf, Al-Eleka, Kadmous, Salah Al-Deen, Sergilla, Ein Al Tine. The region is also well connected through good roads to the Damascus-Aleppo highway, to the railway Damascus-Aleppo, to the ports of Tartous and Lattakia and the airport of Lattakia. Moreover it can count on an irrigation network developed around two main canals, and 7 dams of a total capacity of 152 million cubic meters. In addition, surpluses of agricultural production are already in place that may assist the development of agro-industries creating value-added, and reactive and motivated farmers are present, which would facilitate the implementation of reforms.

2.4.1 Al-Ghab agriculture

The Al-Ghab plain is characterized by intensive irrigation, coupled with the intensive cultivation of three crops considered strategic by the Government: wheat, cotton and sugar beet. The very high population of the region coupled with the high density explains the relatively low average size of holdings (2.1 hectares) compared to 5.8 hectares per holder on average at the national level (table 1).

The population pressure on fertile lands almost doubled over the past 25 years and its negative effects are visible on the one hand with the fragmentation of holdings and on the other hand with the expansion of urbanization at the expense of the fertile agricultural lands.

The fragmentation of agricultural land is a consequence of two main interconnected factors: i) the inheritance system; and ii) the present land property rights system. As of today, land market is almost inexistent though no prohibition exists to sell or buy land.

The expansion of urbanization is mainly due to the absence of a clear land use and urbanization policy and lack of enforcement of law. Various kinds of non authorized building are therefore spreading out all over the region reducing the availability of agricultural land and raising the costs for their provision with basic infrastructure (sewage, water, electricity)⁷.

Table 1: The Farming Systems of the Central Plains and Al Ghab (2008)

⁶ The GEMIG carried out swamp water drainage under the supervision of the General Directorate for Irrigation of Orontes Basin about 50 years ago. This has resulted in a very fertile land rich in organic matter.

⁷ According to H.E. the Prime Minister, the resulting average budgetary costs would be as high as US\$ 15,000 per house.

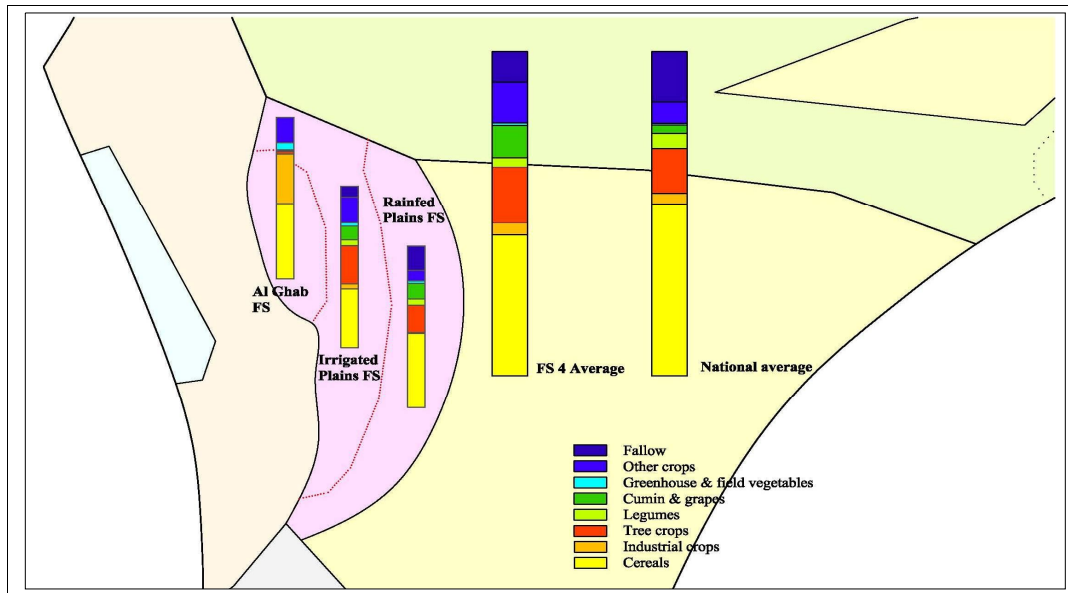
	Syria Area	% of National	Al Ghab & central plains	% of National	Central plain	% of national	Al-Ghab	% of national
Area (ha)	18,517,971	%é è è	5,110,254	27.60%	4,969,455	%26.84	140,799	%è " ì ì
Rural Population (No.)	9,133,000	%é è è	1,874,511	20.52%	1,578,795	17.29%	295,716	%3.24
 Holders (No.)	938,748	%é è è	162,187	%é ì " è ò	120,904	%é è " ò ò	41,283	%ì " ì è
		Avg. Holding (ha)		Avg. Holding (ha)		Avg. Holding (ha)		Avg. Holding (ha)
cultivable (ha)	6,023,792	%6.42	828,925	%5.11	433,823	%3.59	395,102	%9.57
cultivated (ha)	5,666,327	%6.04	800747	%4.94	713,583	%5.90	87,164	%2.11

a) land under crops (ha)	4,610,659	81.37%	694,651	86.75%	612,971	85.90%	81,680	93.71%
rainfed (ha)	3,254,174	57.43%	497,523	62.13%	489,798	68.64%	7,725	8.86%
irrigated (ha)	1,356,485	23.94%	197,128	24.62%	123,173	17.26%	73,955	84.85%
b) fallow (ha)	1,055,668	18.63%	106,096	13.25%	100,612	14.10%	5,484	%6.29
Main crops								
Rf. Barley	1,350,463	%23.83	180,751	22.57%	180,346	25.27%	405	0.46%
Ir. Wheat	730,334	12.89%	90,332	11.28%	44,061	6.17%	146,271	53.08%
Rf. Wheat	755,657	13.34%	59,978	7.49%	56,514	7.92%	3,464	3.97%
Rf. Olives	553,159	9.76%	115,822	14.46%	113,817	15.95%	2,005	2.30%
Rf. Cumin	60,645	1.07%	6,583	0.82%	6,483	0.91%	100	0.11%
Total	3,450,258	60.89%	453,466	56.63%	401,221	56.23%	52,245	59.94%

Source: constructed based on MAAR statistics for 2002

The agricultural system of Al-Ghab is the result of a huge Government investment in draining the swamps since 1960 and by the construction of large public canals and dams that form its main irrigation water source. Most of Al-Ghab was the target of the *Agrarian Reform Law*. A special feature is the high share of strategic crops in the overall cropping pattern: wheat, cotton and sugar beet jointly cover 86% of cultivated land in the system. In terms of relevance at the national level, its importance is relatively high in case of sugar beet, of which 32% of the total cultivated area in the country is located in Al Ghab, producing 35% (532,000 tons) of the total national harvest (see table below)

Figure 1: Share of cultivated land by crop groups in the *Farming Systems of the Central Rainfed and Irrigated Plains and Al Ghab*:



Source: *Farming Systems of the Syrian Arab Republic*, H. Wattenbach (NAPC/FAO, 2008).

Another concern of the Government is the efficiency of water management in the region, which is reported to have declined since the establishment of the irrigation and drainage system in the Al-Ghab region (from 1958 to 1968), by about 40% of its original capacity due to poor maintenance and to increased competition from non agricultural users (urban areas and industry). To compensate for the reduced supply from the original irrigation scheme (fed by two dams: Mharde and Al Sen), seven new dams were built in the '90s but this did not prove sufficient given the high amount of water lost due mainly to seepage. Moreover, farmers have started to install individual wells (15,000 according to some estimates) drawing water also from drainage canals, which on the one hand resulted in the increase of production costs and on the other hand in the deterioration of soils as the drainage water has a high content of salt and chemicals (pesticides, herbicides, fertilizers).

Finally, the existing cropping patterns based on monoculture are responsible for the gradual loss of organic matter in the soils that is reflected in a downward trend of yields.

In a nutshell, the main problems faced by the agricultural sector can be summarized as follows:

- Population pressure on limited fertile lands;
- Urban encroachment
- Fragmentation of land;
- Disconnection between agricultural production and market needs;
- Lack of appropriate water use policy and soil deterioration;
- Limited diversification of production
- Poor research and extension services
- Effects of climate change

2.4.2 Development challenges for Al-Ghab

Addressing the agricultural problems mentioned in the previous chapters is a prerequisite to enhance the development of Al-Ghab, preserving food security and improving living standards in the region. Any development model for the region will hardly succeed if agriculture is not placed at the centre as the engine of growth. However for a reformed agricultural sector to trigger the overall development of the region, it is of crucial importance to also address the development of related sectors that can help the modernization process of agriculture and which at present are poorly developed. These sectors include in particular tourism and agro-industry which suffer of relatively low public investments and appropriate strategies and policies. This project takes this stance and proposes that the shift of the region from a relatively underdeveloped stage to a centre of excellence as the resource endowment would permit can be achieved only through the holistic approach proposed in the following chapters.

3. Rationale and scope of the project

As pointed out in the Programme Memorandum, the objective of the Government is to “develop a strategy for Al-Ghab region within a special legislative system that helps the development of the region empowered with agricultural investment good returns for the development of agro-industry and other economic sectors”, carrying the overarching objective of *improving the livelihood of the Al-Ghab population through the development of agriculture, agro-industry, tourism, free trade and the preservation of environmental services*⁸.” To this end, a Special Economic Zone (SEZ)⁹ will be established.

It is understood that the geographical extension and boundaries of the area that will benefit from the special regulations will encompass all the area under the jurisdiction of the General Commission on Al-Ghab, which includes the Al-Ghab plain and the surrounding mountainous areas within Hama Governorate. In this regard, this project will not touch the private ownership of the lands and farmers’ rights, in the contrary; the aim of the project is to improve the life standards of habitants through supporting them in the development of their own resources.

The expectation of the GOS is that by establishing a Special Economic Zone in Al-Ghab region and strengthening selected agri-food marketing chains from agricultural producer to consumer (domestic and foreign), also the economic and social development of Al-Ghab will be enhanced. In particular, the programme would:

1. help develop new activities in the farming sector of the Al-Ghab region, by linking agriculture to markets;
2. promote the installation in the region of new private investors (including foreign investors) in the agro-processing, marketing and related industries;
3. provide new job opportunities in the industry and commerce as well as in the supporting industries (e.g. services, logistics, etc.), and other sectors like tourism;

⁸ Memorandum of Agropolis project in Al-Ghab region (GOS) and scoping Mission Report (UN, December 2007).

⁹ SEZ’s are generally defined as areas in countries that possess special economic regulations that are different from other areas in the same country. Moreover, these regulations tend to contain measures that are conducive to foreign direct investment. Conducting business in a SEZ usually means that a company will receive tax incentives and the opportunity to pay lower tariffs.

In addition, the GOS is preparing for possible reforms in the so-called strategic crops produced in the valley (sugar beets, cotton and wheat), which are currently fully controlled by the State, and diversify the agricultural production with particular attention to “natural”, organic and “green” products.

It aims also at developing the image of the Al-Ghab region and associate it with high quality products, with a focus on environmental protection and conservation and on the development of tourism (archaeological and historical sites; forests and mountains; nearby coastal areas; etc.).

It addresses the uncontrolled development of settlements on agricultural land through a regulated development of new urban areas.

Last but not least, the initiative would also serve as a pilot development model to prepare for future reforms in promoting a more market-oriented, environmentally and socially sustainable agriculture.

The above mentioned features of the Al-Ghab initiative suggest that the Development Programme of Al-Ghab is aiming at substantive initiatives both in terms of institutional strengthening, investments and policies for the development of the whole Al-Ghab region.

The rationale behind this conclusion is that if the targeted beneficiaries of the programme are the people of Al-Ghab (as stated in the Programme Memorandum), the establishment of SEZ - is certainly useful but would not be sufficient in a free market context to foster the welfare of the population of Al-Ghab. Some possible reasons are illustrated below:

1. the very concept of a free economic zone is that investors are free to buy raw materials, semi-processed products and technologies in the most profitable markets (either domestic or foreign). It follows that if the Al-Ghab is not able to develop a market-oriented competitive agriculture next to the SEZ, it is very likely either that the investors will not be interested to establish in the area or will rely on supplies from other regions of the country or from international markets. This implies that specific policies and actions should also be introduced in the region, which would develop a more competitive agriculture in the region;
2. for agro-industrial firms installed in the SEZ, it is expected that trade barriers, tariff and non-tariff, import and export, would be removed. However, given the existing high incentives to produce strategic crops (stability and reliability of prices, procurement and supplies of inputs, etc.), farmers may continue to grow strategic crops at the expense of other crops that would have comparative advantages in the international markets and agro-industries could face shortages of raw agricultural products to be processed, which in turn would discourage entrepreneurs to invest in the region;
3. regarding the expected positive impacts of the establishment of agro-industry on employment in the region, it is worth stressing that the region is certainly characterized by an excess of labour force but the issue is that available labour force should suit the needs of the agro-industry, if not the desired beneficial impacts on job creation may not be captured entirely by the region.

Another issue related to the development of agro-industries in the region regards the sub-sectors identified by the GOS as possible opportunities for diversification. These include medicinal and aromatic plants; slaughterhouses and meat processing; milk and cheese processing; and oilseeds crushing and refining. From the little evidence existing on the real potential of these sub-sectors, the following observations can be made that deserve to be further analysed:

1. the first is based on the impression that these sub-sectors have been identified on the basis of production potential but not looking at processing and market potential;
2. the second relates to the quasi absence of enterprises in the above mentioned sectors, which would suggest that some conditions are still missing to make these sectors attractive for the investors. In this respect it would be worth understanding what are the conditions missing. Is it just a matter of fiscal incentives or other factors like transaction costs, etc. should also be considered?
3. the third regards the extent to which in a free market context the above mentioned sub-sectors could really substitute for the strategic crops in order to reach scale of production suitable for agro-industries;
4. the fourth addresses the crucial issue of the appropriate scale of the agro-industries, which will have important implications for the incentive policies.

Finally, the GOS is pursuing a “clean”, environmentally-friendly, “organic” agriculture and agro-industry that would respect internationally recognized standards for health, consumer information, recycling/treatment of by-products, waste (agricultural or packaging), etc. This corresponds to a number of challenging issues. Some have already been mentioned (effluents, treatment of solid waste, energy and water conservation). The national experts informed that little if any piece of agricultural land in Al-Ghab is not badly affected by large use over the years of herbicides and pesticides that would prevent any kind of accreditation as “organic” to be expected before a number of years. This issue would mean that any agro-processing firm that would install on the SEZ should benefit from a rather long-term moratorium in their obligation to develop productions based on organic farming. In addition, reforming production patterns and technology in agriculture is also likely to take time.

The above considerations suggest that the agri-business component of the proposed project would remain one among others in a comprehensive program for the sustainable development of the region, and that the special legal and policy framework should be applied to the whole region to create a conducive environment for economic actors. In particular the legal and policy framework would include an incentive policy to attract investors, support to farmers, clear norms and regulations to ensure environmentally-friendly economic activities and high quality products, capacity building and institutional changes needed to ensure better coordination among the existing or new bodies in charge of the development of the region and the management of the SEZ.

Such policies would have to address i) the subsidy system in place (credit, inputs, prices) and other direct State interventions; ii) the role and practices of several State institutions from their current focus on indicative planning production based programs to facilitating institutions helping agricultural producers and adjacent industries in their efforts to adjust to market forces; iii) the refocusing of the role of selected State institutions toward the enforcement of fair market competition rules, safe products and hygienic practices in food related services (health protection, environment protection), and the alleviation of various barriers to access to food products by the Syrian population; iv) the strengthening of education, training and research including the dissemination of best practices (hygiene,

environmentally-friendly), etc.; v) the promotion in foreign countries as well as on domestic markets of the new image of the Al-Ghab valley based on “natural”, organic, “green”, environmentally-friendly certified products for selected market segments; vi) policy options in mitigating production and price risks as a result of the emergence of new competitive environment.

In this respect, the GOS agreed that a more holistic approach would be more suitable for the development of Al-Ghab and a consensus was reached for the following vision for Al-Ghab development¹⁰: “*a competitive, market-based, internationally-oriented, environmentally and socially sound agricultural, rural and non-rural sector for bettering food security and overall livelihoods in the Al-Ghab region.* In addition, the intention of the Government is to transform Al-Ghab in a Centre of Excellence for export-oriented agricultural and agro-processing industry.

The initiative aims also at defining a pilot development model for the GOS to promote a more market-oriented, environmentally and socially sustainable and integrated agriculture that can subsequently be replicated in other regions and at the national level.

As a result of the investigations conducted by the GOS and the UN missions, the following strategy for the formulation of the Development of Al-Ghab region has been agreed upon and this Programme will be called Al Ghab Development Programme. The Development Programme will revolve around five pillars including Agriculture, Agro-industry, Tourism, Environment & Natural Resources and housing. For each pillar, detailed strategies and policies will be developed that will guide the identification of the most appropriate investment and technical assistance programmes. The detailed activities envisaged are provided in the following sections. In addition, specific studies will be conducted that will complement the ones conducted by the Al-Ghab Commission. The final outputs of the formulation of the Al-Ghab Development Programme will be:

- The Strategy for Al Ghab development
- The Policy and Legal framework for Al Ghab development
- The investment and technical assistance programme (including capacity building) for Al Ghab development
- A communication strategy
- A commercial brand for Al-Ghab
- A donors' meeting
- An international conference of investors

¹⁰ scoping Mission Report (UN, December 2007)

3.1 Stakeholders and Target Beneficiaries

Target beneficiaries of the project are ultimately the people, Governmental and Non-Governmental institutions and the private sector of Al-Ghab. Stakeholders are the Syrian public and private sectors, the GOS institutions, investors, farmers, and civil society in general. Particular attention of the programme is paid to ensure that the benefits of the programme will be captured by the most vulnerable groups of the valley and specific actions targeting these groups are devised in the programme.

3.2 Project Justification

As addressed above the GOS could not perform alone its endeavour of *improving the livelihood of the Al-Ghab population through the development of agriculture, agro-industry, tourism and the preservation of environmental services*. Al-Ghab is an area with a great, although constrained, potential, while inhabited by a poor population. Therefore, unlocking its constraints and building a conducive productive and entrepreneurial environment, while capacitating its population and building its institutions offers the opportunity of high return in terms of poverty alleviation and food security at regional and national level and the overall sustainable development of the region.

The formulation of the Al-Ghab Development Programme is consistent and in line with the market-oriented policy reforms the Government is committed to launch. This initiative provides the opportunity to contribute to and even foster a virtuous cycle whereby policy reforms favour the development and the improvement of the livelihood of the population of Al-Ghab, while the development of Al-Ghab triggers the development and reform process in this region and other regions of the country.

Syrian economy carries the heavy burden of direct and indirect agricultural subsidies that affect the budget deficit, GDP and constitute an opportunity cost for the wellbeing of the Syrian people. The exploration of relatively new frontiers for Syria in agricultural economic policy in high potential areas like Al-Ghab represent also an opportunity to address the market distortions in the agricultural sector and other sectors of the economy and to minimize their impact on the budget deficit and the overall welfare of the country, while operating in favour of poverty alleviation, and food security and sustainable holistic socio-economic development of the region.

3.3 UN Comparative Advantages and the Role of other UN Agencies

Over the past years, UNDP Syria has been very successful in building strong partnership with the Syrian Government and other partners such as business sector, international community and civil society organizations. UNDP has been expanding to cover interventions in various areas including poverty reduction, good governance, environment and disaster management and HIV/AIDS. Within these thematic areas, UNDP has successfully implemented programmes related to supporting the socio-economic development process that has touched nearly most of the economic and service sectors, including tourism, industry, transport, telecommunications, agriculture, finance, information. In addition, it has been providing support in the area of capacity development for national authorities and business associations on planning, management, leadership and business. It is worth mentioning that at the global level, UNDP is entrusted the responsibility of following-up with governments on the achievements of the MDG by 2015.

Moreover, UNDP has been very active in working on the supporting the socio-economic development process at the policy and institutional levels to boost the business and investment environment and at the same time to ensure social safety and balance in order to achieve inclusive growth.. At the policy level, UNDP supported the creation of legal and regulatory frameworks that should be adopted by government in order to facilitate trade and enhance a conducive business and investment climates. At the institutional level, UNDP supported the strengthening of the capacities of government institutions and establishment of new directorates that can meet the needs of the economic development process.

Through its partnership with business sector including the Chambers of Commerce & Industry, UNDP has supported building the capacity of the business service providers, entrepreneurs and business associations to provide needs-based and affordable support services and to represent efficiently and effectively the private sector at the policy level performing the advocacy and lobbying roles expected.

Within the Environment area, UNDP made important contributions to the formulation of national environmental plans, climate change and renewable energy. This has been achieved through successful partnership with GEF and UNEP. Hence, UNDP contribution in this project is vital building on the high level of government confidence, and its wide partnership

Furthermore, FAO has assisted the Government of Syria in the establishment of the National Agricultural Policy Center, a recognized centre of excellence at the country level for agricultural policy analysis and advice. Within this context it provided support to the country in shaping agricultural policy reforms in line with the Government commitment to gradually move to a social market economic system and in the production of agricultural statistics and studies on various thematic areas spanning from trade agreements to the development of non agricultural rural activities to improve livelihoods in the rural areas, including in AL Ghab region.

FAO is also assisting the GOS through a regional programme aimed at strengthening the capability of Government agencies, NGOs and farming communities of the six countries to plan, organize and implement programs at local level, which will support community-based Integrated Pest Management to reduce pesticide use, protect farming communities, their environment and consumers, and to expand local and export markets for high value crops in line with the EU standards and rules for international trade.

Moreover, FAO is currently implementing a project aimed at establishing a proper institutional framework for a coordinated and integrated development of organic farming in Syria, that will include legal aspects, capacity building and institutional build-up.

Under the framework of UNIDO's Integrated Programme (IP) in Syria, technical assistance is provided to the Ministry of Industry to upgrade and improve the competitiveness and productivity of the industrial sector, with focus on the textile sector, in the context of the Uruguay Round and the Euro-Mediterranean Association Agreements.

The UNIDO assistance has been focused on the formulation of a national programme for industrial modernization/upgrading and development and schemes for financing enterprise modernization/upgrading plans and sub-sector strategy for the development of the textile sector. The National capacity building in the field of industrial modernization and upgrading is being carried out through strengthening the human resource capabilities of the Ministry of Industry, including establishment of the Upgrading and Modernization Unit (UMU) and

strengthening of the Investment Office, strengthening professional capabilities of national consultants, consulting companies and support institutions and strengthening/establishment of Technology Centres.

Technical assistance has also been provided for the Modernization/upgrading of about 40 selected SMEs in the textile sector including ISO certification of enterprises and promotion of investment and technology partnerships, preparation of diagnostic studies and modernization/upgrading plans, implementation of modernization/upgrading plans, promotion of investment and technology partnerships, ISO 9000 certification of enterprises

4. Project Framework

The expected results of the formulation phase of Al-Ghab Development Programme as well as project sustainability and risk assumptions are detailed in the following sections.

4.1 Outcome of the formulation project

The GOS and development partners commit to implement the Al-Ghab Development Programme resulting from the recommendations of this project and in view of bettering food security and overall livelihoods in the Al-Ghab region. This will be reached through an agricultural, rural and non-rural sector which is *competitive, market-based, internationally-oriented, and environmentally and socially sound.*

Particular attention will be paid to the empowerment of vulnerable groups, e.g., smallholders, rural women and youths, and their active integration in economic development, income generation and social life.

4.2 Outputs of the formulation project

4.2.1 Intermediate outputs

- i) Specific sector studies, assessments and enquiries to integrate the comprehensive diagnosis conducted by the Government for the Al-Ghab region;
- ii) Proposal for a detailed technical assistance programme and investment profiles for each sector

4.2.2 Final Outputs

The following outputs will be delivered at the end of the 14 months.

- iii) A Strategy for the development of Al-Ghab
- iv) A policy and regulatory framework (legal framework) for Al-Ghab
- v) A technical assistance programme for Al-Ghab development
- vi) Investment profiles of both public and private interest
- vii) Proposed institutional arrangements for the full implementation of Al-Ghab and a Conference on investments for the promotion of foreign and domestic investments in the region.
- viii) A commercial brand for Al-Ghab

- ix) A communication strategy

Intermediate outputs

They will consist of a series of mapping and assessment studies that will be conducted building on and complementing the studies conducted by the General Commission on Al-Ghab. These will include the following activities:

- a) Agricultural sector review
- b) Agro-industry sector review
- c) Tourism (cultural heritage) sector review
- d) Environment (natural resources' management), energy and climate change study
- e) Housing

All the above reviews will be completed by specific sectoral strategies and policy/regulatory frameworks in line with the declared vision for the region. They will also include detailed proposals for technical assistance projects and investment profiles.

In addition to sectoral studies, a number of cross-cutting issues will also be addressed and analysed: These include:

- f) Household survey and socioeconomic study
- g) Business review (support services, business environment)
- h) Institutional and human development needs assessment (including capacity building, study tours, etc)
- i) Assessment of rural services needs (infrastructures, information technology and communication)
- j) Value chain and market studies

A detailed description of the activities and justification for the above outputs is provided in Annex 1. Other specific studies could also be added if deemed necessary in the course of the formulation phase.

Final outputs

A Development Strategy for the Al-Ghab region with a time horizon of 10 years is produced in consultation with a wide range of stakeholders and defines the region's priorities and targets for the work of all the partners in its delivery (public, private, no-profit and community organizations). Key principles, priorities and plans identified by the strategy are the reference framework for the specific actions and investments that partners will undertake to implement the strategy.

The strategy and its objectives and targets will be achieved by all relevant partners in compliance with a programme framework that includes the following components:

- A policy and legal framework aimed at creating an enabling and attractive investment environment. The policy will focus on all investors, from small- and medium-sized firms to multinational enterprises but will also include safety nets measures and programmes to address the possible adverse impacts of the Programme on the most vulnerable populations;
- a public investment programme profile aimed at both boosting the sustainable development of the region and at creating a conducive environment for private investments both foreign and domestic;

- a technical assistance programme aimed at reinforcing or creating the capacities of the main actors of the region to better face the challenges of the new opportunities offered by the Development Programme;
- the institutional arrangements for the implementation and management of the Al-Ghab Development Programme, including the roles and responsibilities of the concerned partners;
- a communication and advocacy Strategy for Al-Ghab development strategy and an Information and Communication unit for Al-Ghab aimed *inter alia* at promoting the Al Ghab image.

The formulation phase of Al-Ghab Development Programme will also include the organization a donor meeting in view of seeking financial support for the implementation of the programme. In addition, an International Conference on Investments will be organized to illustrate the development potential and opportunities for the business sector in Al Ghab.

4.3 Sustainability (end-of-project situation)

It is expected that by the end of the Formulation Project the GOS be in the condition (technical and financial) to implement, with the support of the UN and Donor community an integrated investment programme for the development of Al-Ghab. The GOS will be endowed with the institutional framework and human resources capacity to implement the programme. It will possess the relevant background studies and analyses for a start-up of the programme consistent with the opportunities and constraints of the region.

The sustainability of the Formulation Project will strongly depend on whether Al-Ghab Development Programme will be formulated and implemented based on an actual participatory approach that would involve GOS, UN Agencies, Donors' community, private sector, civil society and stakeholders in general, and if adequate funds for programme implementation will be mobilised. To this end (standing the sound commitment of the GOS), an information/fund mobilization campaign is expected to be undertaken.

Similarly, the Al-Ghab Development Programme will devote special efforts to institution/capacity building activities to capacitate the institutions and the human resources of the GOS to play their role, while designing an extensive training programme to benefit all the concerned stakeholders, the delivery of which will contribute to the creation of a conducive environment at both central and local, and public and private levels..

4.4 Risks and Assumptions

Below are illustrated the risks that might jeopardise project outcome and related actions to mitigate them. They are presented in order of relevance.

Stakeholders Awareness and Concurrence

The idea itself of devising a programme for the Al-Ghab development implies that the concurrence, participation and empowerment of all the stakeholders involved, at private and public level, are ensured at all stages of the programme development. The exclusion of important stakeholders or possible misinterpretations regarding the objectives of the

programme may put at risk the overall achievements of the programme. In this respect the project will include a detailed mapping and SWOT analysis of stakeholders in the region.

The project will also set up a campaign of advocacy that shall lead to an information and communication strategy managed by an information and communication unit that will ensure the emergence of conducive lobbying system. Stakeholders' representatives shall participate in the decision making process as well as monitoring and evaluation of the programme

Time constraints

The Government of Syria is eager to start programme activities for the development of the Al-Ghab region and, consequently, implement the project as soon as possible. This attitude is favourable to the success of the projects and would avoid unnecessary delay in project approval. On the other hand, UN partners and donors will also ensure that the respective contributions are provided in compliance with the agreed time schedule. This would help to meet the expectation of integrating AL Ghab Development Programme in the 11th Syrian Five-year Plan.

The above forces the project to deliver quality output in slightly more than one year. Assuming that international and national experts are available at short notice, work plan is shaped along a schedule of parallel/sequenced activities' that envisage frequent backstopping and tripartite reviews to timely monitor implementation and adapt to evolving circumstances.

Reliable/comparable data

Regional development programme formulation requires quality extensive data of reference. With quality data it is meant updated, reliable, comparable data, disaggregated as appropriate up to the household and land parcel level. Available secondary data (e.g., 2004 census and the yearly statistics of the Statistic Bureau) should be made available but this may not be sufficient to provide detailed information on the specific situation of the region. This project will therefore conduct ad hoc surveys and data collection as required for the analytical work subsumed in the identification of the most appropriate assistance programmes and investments plans.

5.Strategy and Methodology

Based on consultations with partners, at various levels, held in the last two years and on the Aide-memoire approved by the partners, an agreement was reached that the expected support of UN to the formulation and implementation of Al-Ghab Development Programme should consist of:

- a. an operational strategy, including the strategic objectives, the principles and the main development pillars that will orient the policy and regulatory/legal framework for Al Ghab Development Programme;
- b. the comprehensive policy and regulatory/legal framework that will cover all the pertinent economic, and supporting activities conducted in Al-Ghab region and set the rules and the conditions for a conducive investment and development environment, in line with the vision and strategic objectives;
- c. investment profiles and technical assistance programme that will guide public and private investment under the 11th five-year plan and attract the interest of the investors in the region and donors;
- d. donors' conference to seek their support in this top priority undertaking of the Government of Syria;

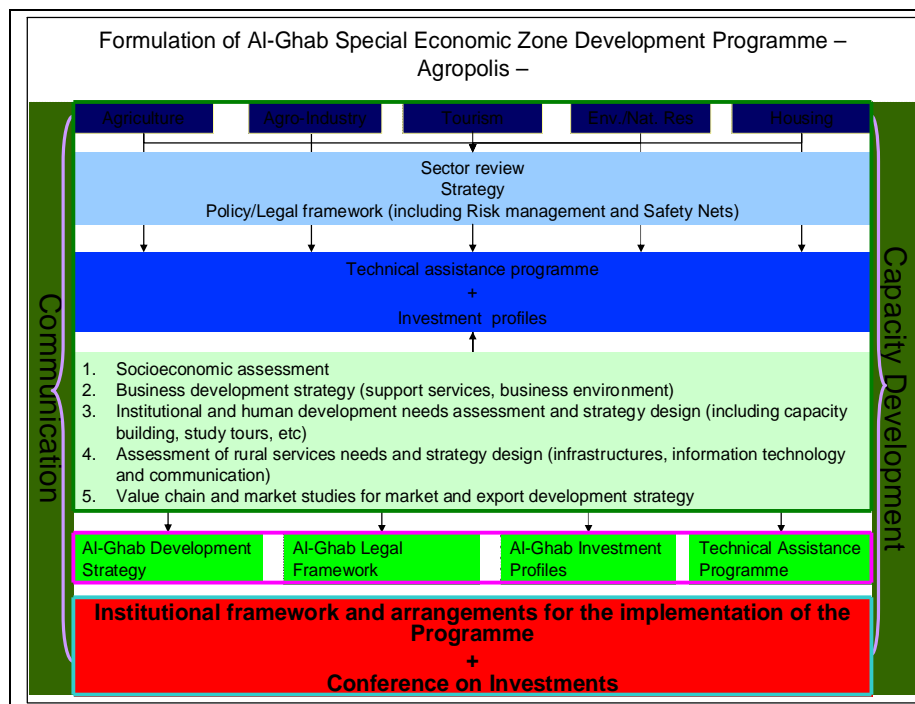
- e. an international investment conference that would have a special focus on Al Ghab region and during which investment opportunities and developmental interventions there would be presented.

UN assistance is also requested in the following areas: (i) the development of the capacity building component of the Programme, (ii) the design of the industrial parks, (iii) the preparation of a programme and call for tenders for the development of basic infrastructures in the region for which an envelope of roughly 100 millions US\$ is envisaged, (iv) the design of a microfinance system, (v) the design of a programme for the improvement of infrastructure and water management in the agricultural sector for which the preparation of a loan of approximately 60 million US\$ will also be designed by UN, (vi) and the design of the Agency in charge of the implementation of the Programme.

5.1 Five thrusts for Al-Ghab development

The **Figure 2** below illustrates the features of the strategy through which it is expected that the GOS will formulate the Al-Ghab Development Programme.

Fig. 2 Strategy for the formulation of the Al Ghab Programme



The approach proposed for the Al Ghab Development Programme revolves around 5 strategic thrusts:

- a. Agriculture with particular attention to increase efficiency and reduce distortions, diversify production with the introduction of new crops, including organic agriculture, and the development of livestock (e.g., buffalo) and fish farming. A special focus will be placed on water management and land market;

- b. agro-industry (including large-scale and micro, small and medium enterprises): special focus will be put on food safety and quality standards and related infrastructure, market development (including infrastructure) and contract farming arrangements to ensure supplies of raw materials to processors;
- c. tourism with a focus on the agricultural and environmental tourism development, awareness creation on tourism culture, development of recreational sites, agrotourism, bird-watching, ecotourism, cultural tourism, and historical sites;
- d. environment and natural resources preservation and mitigation/adaptation to climate change through, among other things, the establishment of protected areas, the introduction of CO2 saving practices in the various sectors of the economy, risk management measures, the development of renewable energies, etc.;
- e. Housing to address the increasing demand for lodging and the challenges that an unregulated urban development poses for agricultural land.

The final outputs of the formulation phase will be informed by a series of products consisting of evidence-gathering and analysis (sector reviews and enquiries), the formulation of a sector strategy, the development of a sector policy and regulatory framework, the preparation of investments plans/profiles as well as of technical assistance programmes. In addition, at least five detailed assessments on critical cross-cutting issues will be carried out in support of programme formulation. These include socioeconomic and environmental assessments and studies, business review (support services, business environment), assessment of institutional and human development needs (including capacity building, study tours, etc), assessment of rural services needs, and value chain and market studies as they constitute a *conditio sine qua non* for the success of the formulation and implementation of the programme. In this respect particular attention will be paid on ensuring that all decisions made within the context of the programme formulation are consensual and participatory. Importantly, it is stressed that land ownership and farmers' rights will in no circumstances be affected.

The legal framework will be grounded on the comprehensive strategy and policy framework for the Al Ghab Development Programme. It will be comprehensive and cover the entire Al-Ghab region and all sectors (i.e., agriculture, agro-processing, tourism, environment and support businesses, and housing). In addition, the legal framework and the proposed Al Ghab Development Programme will be mutually reinforcing and conducive to the achievement of the programme's vision.

The legal framework will also be based on criteria that take into account impacts on socio-economic aspects and provide for clear rules, regulations and incentive systems in relation to land tenure, organic farming and certification, clean and energy-saving technologies at all levels; internationally accepted and competitive food safety and quality standards; system for rewards on social and environmental performance of businesses (environmental and social audits, labelling of hotels, etc), contractual relationships and their court enforcement, including through arbitration, (contract law), and creation of an "Al-Ghab brand".

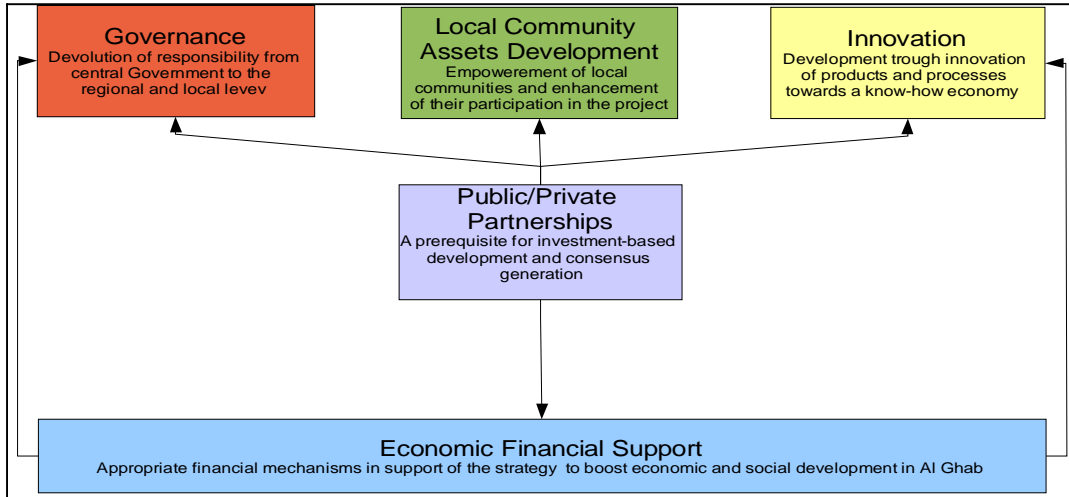
Regarding the establishment of agro-industrial areas, the selection of the sites will be based on a rigorous impact assessment to minimize any possible adverse economic, social and environmental effects.

5.2 Elements for the policy framework

The policy framework will focus on only policies, programmes and instruments that are directly related to Al-Ghab regional development. It will not include overall broad economic and social policies, i.e., macroeconomic policies, income support, family policies, social services that apply to the country level although compatibility with the above policies will be assessed and though the above policies can certainly benefit the regional development.

It will be articulated around the three key areas illustrated in **Figure 2** below for which economic and financial incentives will be designed.

Fig. 3 Key elements of the policy and regulatory framework



a. Governance

Achieving effective and enabling governance models based on true partnerships among governments, the private sector, communities, voluntary organizations, educational and other institutions. This entails greater devolution to the regional and local level whereby the state would play the role of enabler, convenor, facilitator and partner, as well as new modes of accountability at various institutional levels and for the various partners.

b. People and local communities' assets development

Enhance the social and environmental conditions of communities based on the development of local assets. This includes actions oriented to:

- support community development through the work of community-based organizations that provide social and other services to address community and individual needs and that are also involved in a wide variety of economic activities .
- a broader and holistic capacity building of communities in their economic, social and environmental dimensions. These actions are typically multi-sectoral, encourage partnerships and collaborative working arrangements across economic sectors and among government, community, private, voluntary, educational and other partners, and require new forms of multi-level governance. They involve all segments of the society and the community in identifying and working on solutions. They are long term actions in nature.

In this respect, a number of policies and measures can be devised, including, economic and social programme instruments, financial and other support for voluntary, community organizations and for community capacity building, specific asset building initiatives, through governance measures, such as the devolution of responsibilities and authority aimed at developing community empowerment.

c. Innovation for a knowledge-based economic development

Development of a knowledge-based economy through the creation of new products and services as well as through new ways to designing, producing and marketing products and services. Know-how, know-who and know-what are the basic principles for actions, which entail also reliance on knowledge existing at the community level.

Given the increasing world-wide demand for and pressure on natural resources, existing technologies are not, in the longer term, adequate to safeguard sustainable development of Al Ghab. The Development Programme should put forward actions to attract more private and public investment for the development and demonstration of innovative and environment-friendly technologies. The actions aim to improve the innovation process and to take inventions out of laboratories and onto the market. Possible measures in this direction include the strengthening of research capacity as well as specific lines of budget dedicated to environmental technologies.

d. Public-private partnerships: the example of environment-friendly technologies

Public/private partnerships can be established for specific research topics and by interested stakeholders both national and international to either develop a new technology or solve specific issues. Examples of partnerships are the technology platforms.

Establishment of a mechanism to validate objectively the performance of these products would increase purchasers' confidence in new environmental technologies. The mechanism would be based on protocols and practices of technology assessment which would meet national and international standards. Examples of such systems in other countries could be referred to.

Setting performance targets that are long-term and visionary as well as perceived as being viable and realistic by many different stakeholders (e.g. consumers, producers and policymakers) is one way to encourage industry to develop and take up environmental technologies. These targets need to be based on best environmental performance, while being realistic from an economic viewpoint. Examples are ecolables; product life-cycle performance from the extraction of natural resources, through their design, manufacture, assembly, marketing, distribution, sale and use to their eventual disposal as waste; etc.

Commercialising and using innovative technologies requires a broad mix of financial instruments. These range from classical loans through guarantee mechanisms to venture capital. Well targeted economic incentives can be useful in helping to promote the take-up of innovative technologies. These have been successfully used in other countries for promoting energy efficiency investments in households and for investing in renewable energy. They can take many different forms, for example, tradable permits and tax incentives. In order to ensure that such subsidies, when granted to enterprises, do not unduly distort competition in the internal market, clear guidelines should be prepared.

Promoting the take-up of innovative technologies is not only about technology and markets – raising awareness about opportunities, as well as developing the know-how to implement new solutions, are also necessary ingredients to progress. Partnerships between public and private

organizations (universities, professional organizations, research institutes) should be developed to address the training needs of economic actors.

They are aimed at attracting foreign investments and benefiting from experience and skills existing in other countries. Networking initiatives both at public and private level will be promoted to ensure exchange of experience and transfer of technologies.

e. Economic and financial support

A variety of economic instruments exist to fostering rural and regional development. These include *inter alia* targeted subsidies to agriculture and other sector and industries prominent in the region; supporting job creation activities; offering various kinds of assistance from the development of business and enterprise; facilitating access to capital and promoting investments in the region. The range of possible economic and fiscal incentives will be assessed to find out the most appropriate options for Al-Ghab development.

6. Project Partners

The cross-sectoral nature of this project entails that it be formulated by an interdisciplinary team of experts and agencies that, in addition to the Government of Syria, includes the civil society, the local communities and the private sector, as well as various UN Organizations, some of which (UNDP; FAO; UNIDO; IFAD; ITC) have already declared their interest in the initiative. In addition, the donor community has also been sensitized and some donors expressed their interest in principle to fund the formulation of the project. The detailed mapping of the stakeholders involved will be made at the inception of the project activities.

7. Roles, Responsibilities and Contributions of the Partners

A description of the roles and responsibilities of the partners is provided in the following paragraphs.

7.1 Government of Syria

Prior obligations and prerequisites

The GOS shall ensure that the available documents of relevance be translated in English. It shall also arrange that proper premises and furniture be available for project team to work. Project shall also have access to all relevant data.

Financial and/or contributions in kind

The GOS nominates a senior National Project Coordinator (NPC) “full time”, and designates the members to the Project Steering Committee, through the Project Board, in consultation with the UN.

The Government of Syria participates in the choice of national experts to be recruited through a transparent selection process based on clear criteria for strong technical background and qualifications. It also provides office, technical equipment and shares the cost of project expendable equipment and operating expenses.

Specific roles of relevant Government bodies

The relevant Government bodies and ministries involved in programme formulation are those represented in the High-Level Committee. This includes:

Deputy-Prime Minister's Office:

- DPM office will be represented at the Project Board;
- Economic Team at the DPM's office will provide the relevant technical assistance and support, as necessary.

Project Board:

Will be chaired by the Deputy Minister of Agriculture and consists of Deputy Minister's Office, Directors from the Ministry of Agriculture and SPC, General Commission for Management and Development of Al-Ghab, and relevant Directors from different Ministries concerned.

The task of the Project Board will be to:

- Liaises with CTA and NPD who will be selected by the UN;
- Provides technical support to experts of the General Commission for Management and Development of Al-Ghab
- Endorses regular progress reports and sends them to the Minister of Agriculture who will report to the Economic Committee.

General Commission for Management and Development of Al-Ghab:

- It is the National Executing Agency for the formulation phase of the project;
- Works in close collaboration with the CTA and NPD in coordinating and managing the project;
- Provides its expertise to contribute to relevant technical work;
- General Director is a member of the Project Board .

State Planning Commission: On behalf of the Syrian Government SPC will:

- Support the preparation of the comprehensive policy and legal framework for the Al-Ghab Development Programme.
- Organise the Investment Conference;
- Coordinate the organisation of the Donors Conference aimed at mobilising financial resources for the implementation of the technical assistance programme for Al-Ghab development.
- Integrates the Al-Ghab Development Programme formulation and implementation into the 11th Five Year Plan insuring its consistency with the existing national M&E system;
- Represented in the Project Board.

Such work will be carried out in close coordination and consultation with the Project Management and UN experts, at all levels.

Specialised Ministries:

Relevant specialised ministries will be represented in the Project Board and responsible for the carrying out project activities in their respective areas, on the Government side, in collaboration with relevant thematic advisors. In particular:

Ministry of Agriculture and Agrarian Reform, from the Government side:

- In-charge of the agriculture pillar;
- Leads the agricultural production needed for the agro industry in coordination with the Ministry of Industry;
- Contributes with specific activities to the pillars on environment tourism, irrigation and housing;
- Such work will be carried out in close coordination and consultation with the UN experts (thematic advisors).

Ministry of Industry, on the Government side, will:

- Lead the pillar on agro-processing, with the Ministry of Agriculture;
- Collaborate with other line ministries, as needed;

Such work will be carried out in close coordination and consultation with the Project Management and UN experts (thematic advisors).

Ministry of Tourism, on the Government side, will:

- Lead the pillar on tourism;
- Collaborate with other line ministries, as needed;

Such work will be carried out in close coordination and consultation with the Project Management and UN experts (thematic advisors).

Ministry of Environment, on the Government side, will be:

- Leading the pillar on environment;
- Collaborating with other line ministries, as needed;

Such work will be carried out in close coordination and consultation with the Project Management and UN experts (thematic advisors).

Ministry of Housing, on the Government side, will be:

- Leading the pillar on housing in collaboration with the relevant entities;
- Leading the activities related to drinkable water and providing needed water resources for the new establishments and houses.

Such work will be carried out in close coordination and consultation with the Project Management and UN experts (thematic advisors).

Ministry of Economy and Trade, on the Government side, will:

- Provide direct support and contribute to the preparation of policy and legal framework, issues related to the business sector, investment, value chain analysis, quality assurance, food security and SMEs;
- Collaborates with other line ministries, as needed;

Such work will be carried out in close coordination and consultation with the Project Management and UN experts (thematic advisors).

Roles of other Ministries will be decided by the Project Board.

Hama Governorate:

- Represented to the project Steering Committee;
- Ensures logistical and technical support to the formulation team, as necessary;
- Facilitates access to information for the formulation team, as needed;

7.2 UN Agencies

Given the scope and the interdisciplinary nature of the project, the implementation will be ensured through the collaboration of several UN agencies on the basis of specific and recognised comparative advantages in the country. UNRC in Syria will be in charge of coordinating with relevant UN Agencies to ensure the implementation of the programme activities and will be encouraging other UN Agencies to contribute to the Programme.

Regarding in particular FAO and UNDP, their contribution will be within the framework of this project, but they use the modality of parallel financing with the General Commission for the Management and Development of Al Ghab as an implementing agency for both. The same modality may prevail with other UN Agencies interested to join.

An indicative distribution of roles and responsibilities of UN bodies/ agencies, involved at this stage, is provided in the workplan in table 1. In particular:

- FAO takes the lead of the pillar on agriculture and the co-lead of the pillar on agro-industry with UNIDO. It also contributes with specific activities to the pillars on environment and tourism;
- UNDP leads the pillars on tourism, environment, business, and housing;
- UNIDO co-leads the pillar on agro-industry
- other UN agencies' contributions are expected to be provided at a later stage of the project

UNDP contribution shall be based and build upon the Initiation Plan already signed with the GOS in “Support to the Agropolis Project”, in August 2007.

7.3 Other Donors:

SPC will be in charge of coordinating with donors for the mobilisation of resources in order to fill in the financial gap and any fund that will be needed during the life of the project.

8. Management and Operational Support Arrangements

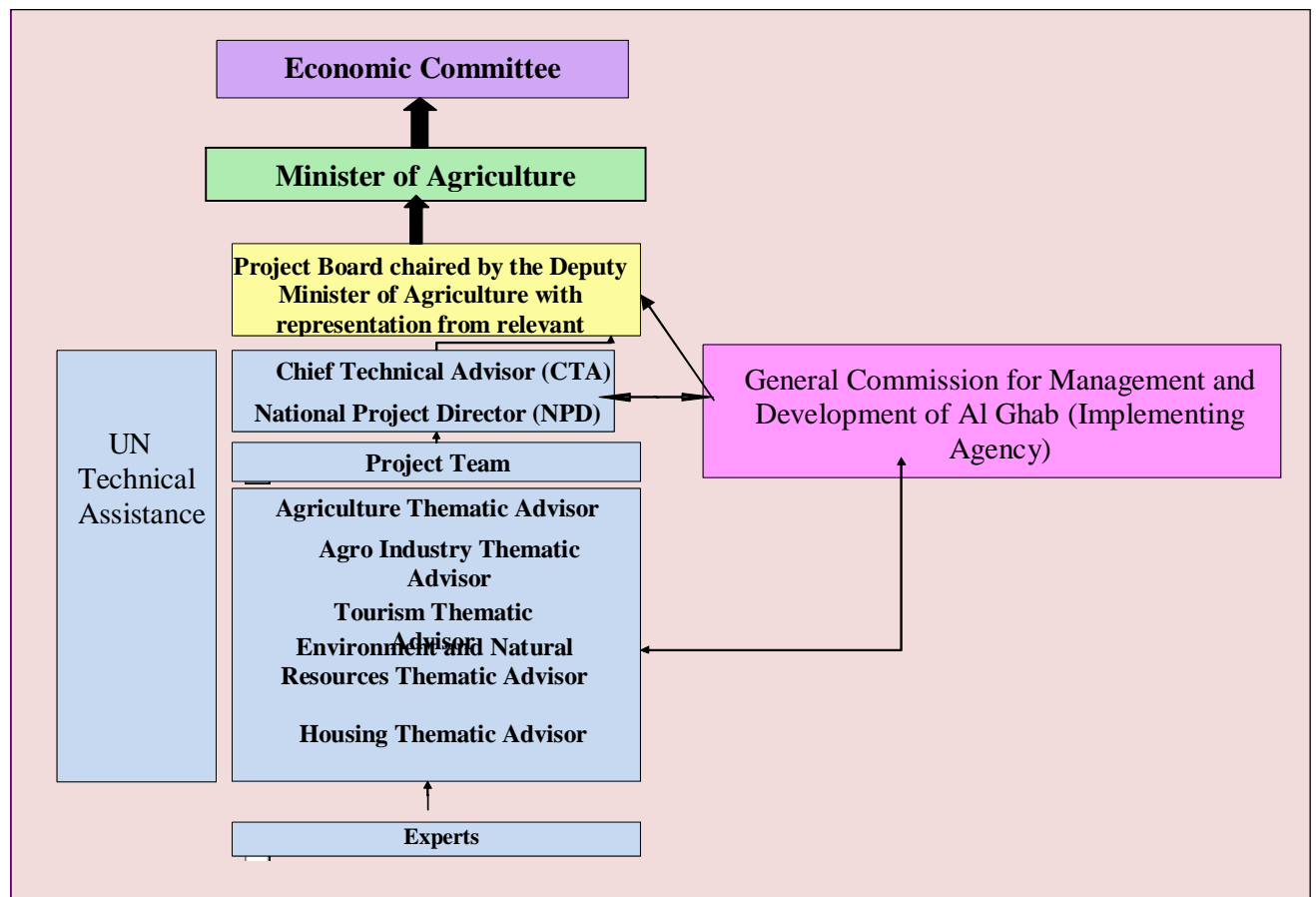
8.1 Institutional Framework and Coordination

The present institutional framework established by the GOS to address Al-Ghab development involves a large number of ministries and central and decentralised institutions and organizations.

Two main bodies will be in charge of the development of Al-Ghab: the Al Ghab Project Board chaired by the Deputy Minister of Agriculture is tasked with providing the strategic orientations for the implementation of Development Programme in Al Ghab to the Minister of Agriculture for discussion and endorsement from the Economic Committee.

The General Commission for Management and Development of Al-Ghab (GCMD) is the implementing partner in the project within its mandates and it reports to the Project Board.

Figure 4: Project Institutional Setting



The institutional setting of the programme formulation phase will be integrated in the above framework and ensure that the appropriate mix of autonomy and accountability is in place, and maintain coordinated participation of UN and GOS. The Project Board meets every month in the first 5 months and every two months afterwards. In this regard a Project Board will be established with the main task of:

- Providing guidance and strategic supervision on project objectives, orientations and results;
- Ensuring that the formulation of the Al-Ghab Development Programme is fully in line with the GOS and other partners' objectives and guidance;
- Sending project progress reports to the Minister of Agriculture and review progress in accordance with the plan of operation and recommend required modifications in project activities;
- Ensuring smooth implementation of project activities, including the review and approval of work-plans and budgets.

More details are provided in Annex 2.1.

The Chief Technical Advisor (CTA) is in charge of supervising and monitoring the technical, operational and administrative activities of the Project, and of ensuring appropriate implementation of all the components, while also participating directly in project activities. He/she works in close collaboration with the National Project Director (NPD) assigned by the UN, who will contribute to field activities, execution and monitoring. The CTA reports to UNDP/FAO as per the agreed modalities. S/he organizes the meetings of the PB and calls for regular meetings of the thematic advisors. The thematic advisors meet at least every 3 months. Details of mandates and tasks of CTA and NPD are provided in Annex 2.4 and 2.5 of the project document.

Functional relationships of the CTA and NDP are with:

- Project Board through the reporting mechanism (progress reports, workplans, monitoring and budget reports, etc.);
- Thematic Advisor for each of the Programme Pillars (coordination, management, overall programme consistency and integration, etc), and
- General Commission for Management and Development of Al-Ghab, through joint preparation of workplans and the management arrangements.

The Project Team consists of thematic advisors tasked with the coordination of the specific thematic areas or pillars identified and a team of experts tasked with the conduct of specific activities under the responsibility of the relevant thematic advisers. The thematic advisers contribute to the conduct of the activities and are responsible for the quality of the outputs delivered as well as for the coordination with the other thematic advisors under the general supervision of the Project Coordinator. Details of tasks for the thematic advisors are provided in Annex 2.6 of the project document. Functional relationships are with:

- Project Coordinator and National Project Director (progress reporting, work planning and monitoring, etc);
- Project Board, through relevant technical interacts;

- Experts from the General Commission for Management and Development of Al-Ghab, through close technical-level collaboration.

Specific Management Arrangement: UNDP:

This project will be implemented using the National Execution modality (NEX). Through NEX operational arrangement, the UNDP country office along with cooperating government ministry assumes responsibility, and accountability, for the management and implementation of the project.

The project will operate in accordance with UNDP regulations, including those of procurement and accounting.

FAO:

The institutional framework for the implementation of the Agreement signed between FAO and the Ministry of Agriculture entitled “Formulation of an Operational Agriculture and Food Security Strategy and Policy for Al Ghab” is fully integrated with the institutional set-up established by the government for Al Ghab Development Programme.

8.2 Oversight, Monitoring, Management Information and Reporting

Oversight and Reviews

The first activity of the project coordinator is the finalisation of the full-fledged project document for the formulation of the Al-Ghab Development Programme. The project will include a detailed work plan for project implementation, based on the criteria indicated in the project document and on any new findings relevant to the successful implementation of the project.

The project document is approved by the partners, the Project Board is nominated and the Project Coordinator and the National Project Director are appointed within the time frame and responsibilities stated and with the following immediate tasks: (i) recruit the project team; (ii) sensitize possible donors for financial contributions to the formulation phase; (iii) start procurement of equipment and logistics; (iv) launch the activities.

Thereafter the PB shall meet in one month and every month to examine progress and provide guidance to the project.

A Final Tripartite Review of the Project (GOS, UN and Donor) shall be fielded two months before the end of the Project for an in depth review of project accomplishments.

Monitoring and Knowledge Sharing

Monitoring Project activities and follow-up on its progress will be based on regular progress reports and scheduled meetings of the Project Board and shared as appropriate also in line with the guidelines for UN joint programmes.

Technical Reports are prepared by project experts, consultants or subcontractors, under the UN authority of issue, for formal transmittal to GOS.

Subject to the reporting requirements set out in the expert's terms of reference, or subsequently agreed with the concerned UN agencies, the CTA is responsible for preparing the Four Monthly Project Progress Report. Consultants undertaking continuative missions longer than four months are due to prepare a technical progress report every four months. The purpose of the technical progress reports is to provide information for use by the technical UN agencies responsible for backstopping a particular expert. The report should assess the progress made in relation to the expert's work plan for the reporting period, and enable the expert's contribution towards the project's objectives to be monitored.

Toward the end of the Project, the CTA drafts the Project Terminal Report. The report should assess in a concise manner the extent to which the Project scheduled activities have been carried out, the outputs produced, the immediate objectives achieved and used towards the realization of the related development objective. It will also present recommendations for future follow-up activities arising from the project. The report will be sent to UN one month before the end of the project for technical clearance, finalization and submission to the recipient and donor Governments.

All Project reports, with no exception, once cleared, will be made available in a timely manner both in English and Arabic to the Recipient and Donor Governments.

Communication and Visibility

Communication and information sharing within project parties is managed as per UN Joint Programme guidelines.

Communication to third parties and project visibility is dealt with within the Advocacy and Communication component of the project.

Reporting Schedule

The inception mission report is regarded as the first report of the project and includes a detailed work plan for project implementation, submitted to the Project Board review and approval.

The project's inception report should be submitted by the CTA to the UN and copied to the national management not later than two weeks after the inception mission.

The initial meeting of the Project Board and the subsequent meetings are reported through minutes of meetings.

Four Monthly Progress Reports shall be prepared by the CTA for clearance and subsequent submission to both the Recipient and Donor Governments.

A quarterly project implementation report (QPIR) is prepared by budget holder every three months. The BH may require the project team to prepare the first draft. S/he then submits it to the Chief of the regional operations branch (if applicable) and to the project task force.

Inter-agency reporting shall be regulated as per joint programme guidelines.

Legal Framework:

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the S.A.R. and the United Nations Development Programme, signed by the parties on 12 March 1981. The host-country implementing unit shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that document.

The following types of revisions may be made to this project document with the signature of the UN Resident Coordinator only, provided he is assured that the other signatories of the project document have no objections to the proposed changes:

- Revisions in, or additions of, any of the annexes of the project document.
- Revisions which do not involve significant changes in immediate objectives, outputs or activities of the project, but are necessitated by rearrangement of inputs already agreed to, or by cost increases due to inflation; and
- Mandatory annual revisions, which re-phase the delivery of agreed project inputs or expert or other costs due to inflation or take into account expenditure flexibility.

9. Budget and time duration

The formulation of the Al-Ghab Development Programme will have a duration of **14 months** and a cost of roughly US\$ **1. 717 414**. The detailed budget and tentative work plan are provided below.

Donor:	Amount:
FAO	\$474,000
UNDP	\$100,000
SPC	\$700,000
<u>Total:</u>	<u>\$1,324,000</u>

Total Budget:	\$1,717,414
Fund Available	\$1,324,000
Unavailable fund:	\$393,414

N.	Activity	Preparatory phase				Month 1			Month 2			Month 3			Month 4			Month 5			Month 6			Month 7			Month 8			Month 9			Month 10			Month 11			Month 12			Month 13			Month 14			Month 15			Source
		May-09	Jun-09	Jul-09	Aug-09	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4						
1	Finalization of the complete draft of the project document and submission for comments																																																	FAO-UNDP-GOS	
2	Identification of project team experts																																																	FAO-UNDP-UNIDO-GOS	
3	Approval of the project document																																																	GOS	
4	Recruitment of the project team																																																	UNDP-FAO	
5	Establishment of the project Steering Committee																																																	UNDP-FAO-GOS	
6	Start procurement of equipment and logistics																																																	GOS	
7	Donors' fund raising																																																	UNDP-FAO-GOS	
8	Launching workshop + Steering Committee 1st meeting																																																	UNDP-FAO-GOS	
9	Surveys																																																	FAO-UNIDO-UNDP	
10	Agricultural sector review																																																FAO		
11	Agro-industry review																																																	UNIDO-FAO	
12	Tourism review																																																	UNDP-FAO	
13	Environmental and natural resources review																																																	UNDP-FAO	
14	Business review																																																	UNDP	
15	Rural services review																																																	UNDP	
16	Institutional and human resources needs assessment																																																	UNDP	
17	Value chains and market studies																																																	FAO-UNIDO	
18	Al-Ghab development strategy																																																FAO-UNDP-UNIDO-GOS		
19	Policy and legal framework for Al-Ghab																																																	FAO-UNDP-UNIDO-GOS	
20	Investment profiles and assistance programme for the following 5 years																																																	FAO-UNDP-UNIDO-GOS	
21	Institutional arrangements for the implementation phase																																																	FAO-UNDP-UNIDO-GOS	
22	Conference on Investments																																																	FAO-UNDP-UNIDO-GOS	

Legend:

Training

Output

SCPb: Steering Committee

ANNEX 1

DESCRIPTION OF PROJECT ACTIVITIES AND RESULTS

1. Agricultural sector

A Comprehensive Assessment of the agricultural sector and food security situation in the Al-Ghab region will be carried out providing vital information and data on the agricultural sector and food security situation for policy development, production and productivity enhancement, support services in agriculture, institutional reforms, capacity building, and investment in the sector.

A Framework of strategic orientations to achieving sustainable agricultural development, food security and nutrition will be established, in order to enable the government mobilise resources for the development of the agriculture sector and to meet the objectives of the vision for Al-Ghab.

The review will start with a core group of officers and national experts receiving formal training and training on the job, and in charge of conducting comprehensive sector assessment, analysing the findings and preparing an Agriculture and Food Security Strategy and Implementation Plan for Al-Ghab.

In particular this step will consist of the following activities: (i) identify areas and sub-sectors for generation of data and information compilation in regard to agriculture and food security, policy development, investment, foreign exchange earnings, income and employment in the sector and institutional strengthening and capacity building; (ii) determine the nature and scope of work involved and prepare programme of training; (iii) identify officers to be trained and assess their levels of knowledge and skills in data generation, analysis, and monitoring; (iv) organise and carry out training workshops to upgrade the skills of the Core staff of the Ministry of Agriculture, and of other relevant Ministries and selected national consultants; (v) training on the job will be provided by the international team in relation to the specific studies, surveys and analyses conducted by the national consultants.

The second step of the review will consist of detailed assessment surveys of the selected sub-sectors of the agriculture sector, paying particular attention to: (i) Relevance of the sub-sector in the region and possibly at national level; (ii) Current and prospective expected performance in terms of production, productivity, employment and income; (ii) Potential of the sub-sector and areas of concentration to support objectives of poverty reduction and sustainable food security and nutrition, employment, particularly youths, and women, increased foreign exchange earnings, investment, sustainable use of natural resources; (iii) The nature and scope of constraints of the key sub-sectors to support the above objectives; (iv) Challenges in each sub-sector to be addressed and areas of greatest comparative advantages; (v) Investment strategy recommendations and proposals.

The team will consist of a Thematic advisor (international expert) responsible for the coordination of the team, methodological guidance, training and liaison with the other Thematic advisors; 1 national coordinator; 8-10 sub-sector specialists.

<u>Analytical approaches that may be considered</u>	<u>Agricultural Sector Study: TORs</u>
<ul style="list-style-type: none"> ➤ Focus groups ➤ Farm Surveys (regional) ➤ SWOT analysis ➤ Problem tree analysis ➤ Price policy analysis 	<ul style="list-style-type: none"> ➤ Identification, selection and recruitment of national and international consultants ➤ Participation of the team in the opening workshop to be held in Damascus ➤ Preparation by the international consultant (team leader) of a methodological toolkit to conduct the study. ➤ Presentation of the methodology at a one week workshop to be held by the agricultural team. ➤ Preparation by the team of a detailed action plan ➤ Implementation of the study, including the conduct of a farming system survey ➤ Drafting of the report including the situation analysis, prospects, proposed strategy for agriculture development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase. ➤ Presentation of the report at the Conference on Investments

2. Agro-industry sector

A Comprehensive Assessment of the agro-industry sector in the Al-Ghab region will be carried out providing information and data on the agro-industry sector for policy development, production and productivity enhancement, support services, institutional reforms, capacity building, and investment in the sector.

A Framework of strategic orientations to achieving sustainable agro-industry development, food security and safety will be established, in order to enable the government mobilise resources for the development of the sector and to meet the objectives of the vision for Al-Ghab.

The review will start with a core group of officers and national experts receiving formal training and training on the job, and in charge of conducting comprehensive sector assessment, analysing the findings and preparing an Agro-industry and Food Security Strategy and Implementation Plan for Al-Ghab.

For the establishment of agro-industries in the Al-Ghab region, the availability of raw materials, infrastructure facilities (water, electricity, roads etc.) and the market for the processed agro products are some of the key factors which need to be examined at the initial stage. However, the sustainable development of the agro-industries sector will depend on many other factors which need to be studied prior to make decisions for the establishment of new agro-industries. Therefore, in parallel and close coordination with other studies that will be carried out to analyze the other main pillars of the programme (agricultural, tourism and environment) a study will be conducted which will involve a detailed assessment of the agro-industry sector to identify its strengths, weaknesses, opportunities, and threats. It will be based on sound theoretical foundations and participatory methodologies including surveys (both at national and international level), focus groups, etc..., which will be developed and agreed upon in the context of a workshop to be held at the start of the project implementation.

The assessment will cover:

- the structure of the sector including international, national large scale and national small and micro enterprises will be analysed in the country and the Region;
- the factor conditions (infrastructure, labour, knowledge/research), actors (inputs suppliers, farmers, traders, processors, service providers, exporters), and their links to determine the performance of the supply chains;
- the role of relevant institutions, including the private sector, in supplying agricultural inputs, production, and marketing to determine their effectiveness and responsiveness to industry needs;
- application of food quality and safety standards, GMP,GHP, HACCP;
- existing food industry regulatory mechanisms and certification mechanisms;
- education and training in agro processing technology;
- the availability of supporting services to the agro-industries sector such as fiancé, transport and marketing services;
- the role of relevant institutions, including the private sector, in supplying agricultural inputs, production, and marketing to determine their effectiveness and responsiveness to industry needs;

- the availability and efficiency of related and supporting services for agribusiness (finance, transport, marketing services, quality standards, and certification);
- the market demand and potential for different commodities to compete in the domestic and international markets, based on the concept of competitive advantage. Close attention will be paid to identifying market failures that need to be addressed through public investment, private sector participation, and public-private partnerships. This aspect will focus on marketing, market information, and processing. Based on the findings, emphasizing marketing and value addition of agricultural products. The project will not be limited to specific sub-sectors, though the study will identify the crops with highest domestic market demand and export potential. The study also will identify areas where the capacity of the public and private sector needs strengthening to support services for agribusiness development.
- a special analysis will be conducted of the role of the SEZ as a means to achieve the development objectives. A SWOT analysis will be used to assess its feasibility and provide recommendations and guidelines for its successful implementation.

The study will benefit from the study on the investment climate conducted in the context of the business environment review, which will highlight the opportunities for transfer of technologies which in turn contribute to increased product quality and diversification, factor productivity, employment and higher competitiveness. They also generate spill-over effects in the whole economy through increased demand of services and support activities. In brief, they are expected to boost the overall economic growth of the country. It will also review the investment policy at the country level to highlight strengths, weaknesses, opportunities and threats with respect to the investment attraction of the country.

The study will be designed to provide maximum benefit to small-scale agro-industries and will focus on how to improve the performance of the entire value chain. Therefore, recommendations on how to facilitate the establishment of links among farmers and their organized groups, research departments and certification agencies, processors, traders, exporters, entrepreneurs, and other decision makers will be put forward.

The study will be conducted by a team of 8 experts including 4 international specialists and 4 national specialists over a period of 6 months.

<u>Industrial Sector: study areas</u>	<u>Industrial Sector Study: TORs</u>
<ul style="list-style-type: none"> ➤ Typology of agro-industry ➤ Factors: land, labour, capital, natural resources (water) ➤ Production and product standards ➤ Infrastructures and services ➤ Actors and supply chain bottlenecks (e.g., raw products supply) ➤ Research, science and technology ➤ Policy environment (including rules and regulations on food safety, biotechnology, etc..) 	<ul style="list-style-type: none"> ➤ Identification, selection and recruitment of national and international consultants ➤ Participation of the team in the opening workshop to be held in Damascus ➤ Preparation by the international consultant (team leader) of a methodological toolkit to conduct the study. ➤ Presentation of the methodology at a one week workshop to be held by the agro-industry sector. ➤ Preparation by the team of a detailed action plan ➤ Drafting of the report including the situation analysis, prospects, proposed strategy for agro-industry development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase. ➤ Presentation of the report at the Conference on Investments
<p style="text-align: center;"><u>Analytical approaches that may be considered</u></p> <ul style="list-style-type: none"> ➤ Focus groups ➤ Surveys (national, international) ➤ SWOT analysis ➤ Conference on Investments 	

3. Tourism sector

A Comprehensive Assessment of the tourism sector in the Al-Ghab region will be carried out providing vital information and data on the sector for conducive policy development and investments in the sector, including support services development, institutional reforms, and capacity building.

A Framework of strategic orientations to achieving sustainable tourism development, food will be established, in order to enable the government mobilise resources for the development of the tourism sector and to meet the objectives of the vision for Al-Ghab.

The review will start with a core group of officers and national experts receiving formal training and training on the job, and in charge of conducting comprehensive sector assessment, analysing the findings and preparing a Sustainable Tourism Strategy and Implementation Plan for Al-Ghab.

Tourism development in the Al Ghab will capitalise on natural beauty, rugged terrain (which is suitable for a range of outdoor sports), historical sites and accessibility of the area for weekend and short-break tourism. A largely domestic market is expected, although with some international tourism, possibly as an offshoot from tourist visits to Hama or as a mid-way stop en route to Aleppo. Small-scale village tourism based on the 'agritourism' model and/or with an environmental focus is expected and hence residential accommodation can be located in villages and rural areas.

There is virtually no tourism development in the area and hence the assessment will seek to identify the principal constraints and opportunities. It will focus on potential tourism destinations and activities and identify potential publicly-funded actions in the development and promotion of these sites and activities and, indeed, in supporting tourism development more generally. Infrastructure constraints on the development of the area for tourism will also be identified, with a focus on road access, utilities, urban street and pavement quality, car parking and street lighting in areas which are expected to attract tourists.

In cooperation with the proposed cross-cutting business development review, specific business environment constraints on the development of tourism will be investigated. This will focus on licensing requirements, building and food safety regulations, and access to finance for the hotel and catering industry. On the basis of this, proposals will be made to improving the business environment for tourism, as part of a set of actions for improving the business environment in general.

The requirements of a promotional strategy for the area will be assessed, in terms of printed and internet material, advertisements in the domestic press, and participation in local and international tourism fairs. The feasibility of 'branded' signposts will also be investigated, aimed at drawing travellers transiting the area into the Al Ghab and so encouraging overnight stays and increasing the tourist spend in the area.

The need for incentives for tourism will be reviewed and their possible cost and impact modelled. This may include a grants programme for tourist accommodation development, drawing on international experience and best practice in 'growing' agritourism and green tourism.

In line with the above, the assessment will address:

- tourism policy at the national level and its contribution to, and the constraints that it imposes on the development of tourism in the Al Ghab and the needed solutions;
- Identify the type of tourism products in the region and the value added and targeted markets (internal tourism, short stay tourism and long stay), determine the likely market for adventure and sports tourism and the potential attraction of the historical sites;
- public investments needed to support tourism development, including road and utility development and other facilitating;
- identification of measures at historical sites required for enhancing attractiveness, tourist services and protection of the sites;
- business environment constraints on tourism development and actions needed to relieve these constraints; and
- Potential for private sector investment in tourism development and areas where incentives are required in order to encourage investment.
- economic assessment of tourism and recreational value of selected sites in the region

The team will be made up by two international consultants including a tourism sector expert and an expert in economic evaluation of externalities and public goods (WTP, TCM, hedonic pricing), a national expert in agro-tourism and eco-tourism, a national consultant expert in statistical modeling and a team of 30 surveyors to conduct the structured survey for the economic evaluation of tourism demand. The expected duration of the study is 4-5 months.

The outcomes expected from studying the Tourism sector are to:

- Focus on the importance of tourism sector in completing the programme and its contribution In the GDP.
- Identify the factors attracting tourism in the region and the appropriate types of tourism and the required measures to develop the touristic and historical areas especially Afamia.
- Identify the locations suitable for attracting investment and prepare a plan for the region that will determine the investment types and space needed to investment projects based on the planning indicators followed in the Ministry of Tourism.
- Identify the incentives required to attract investment.
- Study the targeted level of tourism development according to the selected touristic products, added value, targeted markets and promotional activities required.

Tourism: study areas

- Typology of tourism in the area
- Tourism attractions
- Economy of tourism in the region (enterprises, labour, capital, others)
- Tourism infrastructures and services
- Policy environment (including rules and regulations etc..)

Analytical approaches that may be considered

- Economic assessment of tourism demand in the region
- Focus groups
- SWOT analysis

Tourism Study: TORs

- Identification, selection and recruitment of national and international consultants
- Participation of the team in the opening workshop to be held in Damascus
- Preparation by the international consultant (team leader) of a methodological approach and toolkit to conduct the study.
- Presentation of the methodology at a one week training workshop to be held by the agro-industry sector.
- Preparation by the team of a detailed action plan to conduct the review
- Drafting of the report including the situation analysis, prospects, proposed strategy for agro and eco-tourism development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase.
- Presentation of the report at the Conference on Investments

4. Environment and natural resources

A Comprehensive Assessment of the environmental sector and natural resources situation in the Al-Ghab region will be carried out providing vital information to orient suitable policies and investment measures to encourage development and better management of scarce resources (soils and water, but also energy), including through support services, institutional reforms, and capacity building.

The objective of the support is to promote a vibrant local economy, but the rapid development of the Al Ghab and, in particular, the expected growth of agro-industry raise obvious environmental concerns. In addition, there are potential trade-offs between industrial and enterprise development in the area and the growth of a tourist industry, both in terms of affecting the beauty of the area, but also through pollution. Further, there are existing environmental threats, principally through the run-off of fertiliser and pesticides.

At a more global level, Syria is a vulnerable country to climate change, which is expected to impact particularly on the already constrained supply of agricultural products. It is expected that yield volatility will increase as will the probability of occurrence of extreme weather events such as droughts and floods (Cline, 2007). Overall, there are indications of decreasing growth rates yields for cereal in the Arab countries (World Bank, FAO and IFAD, 2009) and average reduction of cereal production is one of the possible medium to long term consequences.

On the other hand, demand is estimated to increase faster than supply due to increased population, urbanization and income. As a result, prices of staple food may register an upward trend in the medium to long term while price instability will increase with the market volatility. The implications of these changes on food security and income of the population need to be assessed in order to identify the most appropriate policy options to counter the possible adverse impacts.

A Framework of strategic orientations to achieving sustainable development and management of environment and natural resources will be established, in order to enable the government mobilise resources and to meet the objectives of the vision for Al-Ghab.

The review will start with a training workshop addressed to the team of experts in charge of conducting the comprehensive sector assessment, analysing the findings and preparing an Environment and NR Strategy and Implementation Plan for Al-Ghab.

In particular, the team will address, in close collaboration with the team on agriculture, the degree of soil degradation from the prolonged cultivation of the strategic crops as a result of salinization, and of pesticide and fertiliser run-off. Pollution of surface waters in the Al Ghab will be determined and the effects on wildlife and biodiversity assessed. Mitigation measures will be designed accordingly.

The potential environmental threats from agro-industrial development will be assessed as a basis for designing mitigation measures in the Special Economic Zones (SEZ) and more widely. These findings will be incorporated in investment proposals for, and economic analysis of, the SEZ themselves and reflected in the design of, and user charges for, the SEZ.

Threats to the historical, landscape and biodiversity (including flora, fauna, wet areas of particular interest) in the Al Ghab and the surrounding and approach areas from water pollution, industrial development and tourism will be assessed as a basis for determining mitigating measures and mutually reinforcing sustainable development models. These are likely to include investments aimed at preventing soil erosion at the historical sites, re-routing vehicle access, construction of public toilets, and establishing litter collection and disposal arrangements.

On the other hand, the pillar will conduct in close collaboration with the agricultural team an assessment of the technical, socio-economic and policy implications of climate change effects on agriculture and devise adaptation measures and policies able to cope with the above mentioned threats on supply and in general on food security.

Within the above background, a two-pronged approach is suggested to address environmental and natural resources in Al-Ghab: environmental and biodiversity protection, and climate change adaptation and mitigation.

Regarding environmental protection, possible areas of intervention will include the identification of environmental hot spots and the establishment of protected areas, as well as the development of natural and cultural trails aimed at both the development of income generation activities and biodiversity conservation.

In response to the challenges of climate change, adaptation and mitigation technologies will be introduced and disseminated, which will save energy consumption, reduce the agricultural contribution to CO₂ production and minimize the risks of weather hazards.

These activities will be conducted in synergy with GEF initiatives in the country and the collaboration of agencies like ICARDA will be sought.

In line with the above, the assessment will address:

- the principal environment threats under current agricultural production patterns and enterprise development in the area and in the context of planning agricultural, agro-industrial, enterprise and tourism development;
- the suitability of national and local environmental protection policies and programmes and policy changes needed for enhanced environmental protection in the context of proposed development programmes in the Al Ghab;
- environmental threats from increased tourism in the area as whole and, in particular, from forecast visitor numbers at historical sites; and
- changes in biodiversity and wildlife and environmental protection policies and measures to address these areas.
- climate change impacts on economic activities and particularly agriculture and biodiversity
- Special attention should be paid to the issue of sewage treatment and the way to solve it
- mapping of environmental hot spots with GIS

- sensitization of local communities and establishment of community based organizations
- development of incentive schemes and implementation of demonstrative energy saving and CO2 reduction production technologies in selected communities for up scaling during the implementation phase
- Investment measures to develop the region and especially the impact of climate change on agriculture and biodiversity and the expected drop in the production of seeds, increase in food prices, fluctuation of prices according to the market change and the impact on the food security and the best policies to overcome the challenges facing sustainable development.

The team will be made up by one international consultant expert in natural resources management and one international consultant expert in climate change. It will also include a national consultant in natural resources management and environment and a research assistant. The expected duration of the study is 5 months.

<u>Environment and NR: study areas</u>	<u>Environment Study: TORs</u>
<ul style="list-style-type: none"> ➤ Mapping of vulnerable environmental areas and identification of valuable biodiversity sites for protection and development ➤ Assessment of levels of soil and water pollution/degradation and CO2 account of economic activities, including agriculture. Current and future threats. ➤ Assessment of economic, social and health impacts ➤ Assessment of effects of climate change in the region and possible impacts ➤ Identification of technical and policy options to adapt to or mitigate the climate change expected impacts ➤ Community based organization establishment 	<ul style="list-style-type: none"> ➤ Identification, selection and recruitment of national and international consultants ➤ Participation of the team in the opening workshop to be held in Damascus ➤ Preparation by the international consultant (team leader) of a methodological approach and toolkit to conduct the study. ➤ Presentation of the methodology at a one week training workshop to be held by the agro-industry sector. ➤ Preparation by the team of a detailed action plan for the conduct of the review ➤ Drafting of the report including the situation analysis, prospects, proposed strategy for agro and eco-tourism development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase. ➤ Presentation of the report at the Conference on Investments
<p><u>Analytical approaches that may be considered</u></p> <ul style="list-style-type: none"> ➤ Economic assessment of tourism demand in the region ➤ Focus groups ➤ SWOT analysis 	

5. **Housing sector:**

Providing houses is one of the main priorities for the inhabitants of Al-Ghab region. The project will study the current situation in the Al-Ghab region and consider the possibility of building housing compounds that match the increase in the population of the region and its specialty with regards to the prevalence of agricultural lands on which building is prohibited. This component could have positive impacts as follows:

- Matching the increasing population in Al-Ghab region by building housing compounds.
- Preventing migration to cities because of the existing problem of housing
- Providing houses to the labor coming to the region to work in the economical activities that will be launched and developed during the implementation phase of the project.

The following will be examined during the project:

- Adequate sites available building expansion and the availability of housing infrastructures such as roads, water, and electricity,
- The way of housing expansion taking into consideration the nature of the agricultural region and its touristic and economical future after the integrated implementation of the development program,
- The size of housing compounds needed in the region,
- Housing prerequisites in terms of providing socially and financially convenient houses.
- Make use of Law 15 issued in 2009 as the region has a potential in the real estate development.
- Two experts will be assigned to develop the proper plan for this study during the project life and implementing it in line with other components.

6. Socio-economic assessment

The “*Al-Ghab Development Programme*”, which is being formulated, will likely bring about significant changes in the economic structure of the region, the policy and legal frameworks, associated incentives and business environment, availability and quality of services and infrastructure, the natural environment, etc.

In the medium to long run, the programme will aim at increasing the income levels and living standards of the local population in the Al-Ghab. To this end, the socio-economic aspects of the region need to be analysed in detail including a comprehensive profiling of the various target groups with special focus on incomes/ livelihoods and other key socio-economic indicators.

The study of the socio-economic situation in the region should inform programme formulation in order to: (i) stimulate broad-based development activities in the region while increasing the impact of such interventions on the target beneficiaries; (ii) target resources and support interventions to specific situations and beneficiary typologies; (iii) contribute to the design of more people-centred interventions that are socially and culturally acceptable, economically viable and environmentally sound.

The proposed study will provide the baseline for subsequent *ex-ante* analysis and assessment of possible socio-economic impacts of measures proposed to be put in place by the Development Programme.

The study will focus on:

- assessing the prevailing socio-economic conditions in the area, including in-depth gender-sensitive analysis of livelihoods, demographics, incomes, consumption patterns, sales, employment, economic diversification, education, health, food security, access to public services and infrastructure, community and institutional structure (formal, informal) and so on.
- building a profile of the economic structure of Al-Ghab and quantifying, describing and examining key indicators to assess the development of the all relevant sectors within agriculture, agroprocessing, tourism, fisheries, forestry, etc., and an in-depth study of employment level and economic diversification.
- examining the socio-economic measures already in place for the households, including identification and definition of support measures, and make proposals for improving these measures.
- creating a deep understanding of where the disadvantaged groups are, their constraints and how these affect livelihoods, the extend and nature of vulnerability and coping strategies.
- understanding the role and dynamics of rural institutions and governance structures in providing an enabling environment for the improving livelihoods and sustainable economic growth and development.
- Evaluate the rural women’s situation and recommend programmes and grants contributing to their active empowerment and integration and enabling them to achieve the value added within the future economic activities.
- developing criteria and indicators for socio-economic assessment and impacts.

The study will be carried out under the technical supervision of the Socio-Economist, under the overall responsibility of the Project Coordinator and in close collaboration with the rest of the programme formulation team.

Coordination of the data collection activities among the teams carrying out the other studies envisaged during the programme formulation phase is essential in order to exploit to the maximum any synergies and avoid duplication of effort, as well as to ensure that all the necessary information is gathered and available.

A brief summary of the main activities to be carried out is provided below.

Main activities will include:

- defining data requirements, reviewing the available information and identifying *information gaps*;
- putting together *a survey team* and training of *enumerators*;
- preparing a *survey plan* including drafting and piloting of the questionnaire, selecting the sampling technique and size;
- carrying out household-level *data collection* in the survey area;
- *data* entering, consistency checks, processing, *generation* of various socio-economic indicators;
- *data analysis* using descriptive statistics, interpreting analyses, statistical analyses;
- interpretation of the *results and finding*, implications for potential interventions in the area of policy and investment planning;
- *report* writing.

The study will also generate maps and quantitative on the socio-economic structure of the region and the livelihood systems, including food security and nutrition, with a detailed analysis of past trends and future development path. The need to strengthen or establish ad hoc GIS support for spatial analysis of the socio-economic dimensions of the region will be explored during the formulation mission and if this activity is deemed necessary, a specific budget and timeline will be estimated¹¹. Indicators will be developed that will be used to analyse ex-ante and ex-post impact of changes, such as public investments and policy changes, and to monitor impacts of the programme. To the extent possible comparisons will be made with other regions. The main outcomes will be a baseline information system for the region and a detailed knowledge of the main dimensions of the socio-economic system of the region. The list of the socio-economic areas that will be investigated is provided in the table below and the specific TORs will be developed during the formulation mission. The purpose of the socio-economic analysis is to investigate local institutions (both formal and informal) through which the people of the region bring their needs to the attention of the decision-makers. It will also focus on the livelihood strategies to cope with changing environment and existing opportunities and constraints as well as with risks (natural hazards, fluctuation of prices, unreliable input supplies, etc.). The socio-economic study will also be the basis for the identification of local development plans.

As a first tentative estimate and in order to reduce to the extent possible the length of this activity, it is envisaged that 26 resource persons with an interdisciplinary profile will be involved in the implementation of this activity including 20 enumerators, 5 national experts

¹¹ The mapping system used by FAO may be taken as an example: <http://www.fao.org/countryprofiles/inventory.asp?lang=en> , as well as the recent methodology used in Morocco.

and 3 international experts. Its duration will vary from four to six months depending on smooth processing of administration.

<u>Socio-economic study: indicative study areas</u>	<u>Socio-economic Study: Actions</u>
<ul style="list-style-type: none"> ➤ Spatial analysis ➤ Demography ➤ Household income ➤ Education, health ➤ Labour and employment (demand, supply) ➤ Economic structure and perspectives ➤ Infrastructure ➤ Services (electricity, telephones, water, etc.) ➤ Local institutions including formal and informal (cultural values, marriage, kinship and religion, etc.) 	<ul style="list-style-type: none"> ➤ Nominate a coordinator of the team ➤ One week training of the team on the methodologies adopted and for the preparation of a plan of action ➤ Conduct the studies ➤ Validation of the study, which will also contain indications of policy implications and intervention areas and recommendations for programming. ➤ Presentation at the Conference on Investments
<p data-bbox="427 678 799 730"><u>Analytical approaches that may be considered</u></p> <ul style="list-style-type: none"> ➤ Livelihood Systems Approach ➤ Structures and semi-structured surveys ➤ Trend analysis ➤ SWOT analysis ➤ PRA 	

7. Business sector review

The business development environment in the Al Ghab will be reviewed with the objective of identifying and defining beneficial changes that can be made within the context of the expected policy flexibility. The intention would be to create a business environment which supports dynamic change in agriculture and the rural non-farm economy and which is capable of being installed locally.

Given that the business environment applies to all productive and services sectors in the Al Ghab, this would be a cross-cutting exercise with the overarching objective of making it easier to do business in the Al Ghab. As such, analyses would be made against established business indicators to determine which are the most constraining in the area and hence to identify priority actions.

A focus of this analysis would be on access to finance in order to define ways of allowing farms and other enterprises to borrow in a liberalised environment. A key feature would to improve access to finance for enterprises in the non-farm rural economy, particularly micro and small enterprises which, on the basis of international experience, have the strongest chance of creating employment. This will be particularly important given the underdevelopment of the non-farm rural economy in the Al Ghab.

Incentives and support to enterprise will also reviewed in this context. Regional development is often promoted by financial incentives and waiver of bureaucracy. Amended regulations are likely to be a feature of improvements to the business environment but, in addition, financial incentives may need to be introduced, enhanced and retargeted.

A review of the informal economy will compliment the above analyses which are likely to target the formal economy. There is anecdotal evidence of a strong informal economy and, while this brings benefits in terms of income and employment, it also means that tax revenues are lost and that it is outside the regulatory environment. Given that a lighter regulatory regime and a better business environment is likely to encourage formalisation, the assessment will identify those subsectors where informality prevails and identify ways of making the informal sector formal.

The objective of the review would be to assess the environment, services and incentives for private sector development in the Al Ghab and to identify areas where actions are required to support private sector development there. The focus would be on the rural non-farm economy, although some of the findings are likely also to apply to agriculture.

In meeting this objective, the review would address:

- structure and trends in the local economy, including sectors which have shown growth in recent years;
- access to finance by enterprises and individual entrepreneurs, particularly loan terms, the size of portfolios for lending to enterprises and loan products;
- business support services through advisory and incubation provision and, if present, one-stop-shops. This would address the location of services, facilities and support they offer, and trends in the number and type of clients;
- incentives to enterprise formation and growth at the governorate or lower levels of the administration, including grants, tax holidays, access to public-owned land, temporary waiver of fees and charges, and any other measures;
- business environment, with emphasis on local variations in business environment indicators, as a basis for identifying where local actions were required in improving the business environment. Utility provision and reliability would also be addressed;
- industry representation, in terms of the mandate and membership of representational organisations and the fora for consultation with the governorate, municipalities and other parts of the local administration;

- informal economy, with estimates of its contribution to the local economy and sectors which informality is most prevalent; and
- vocational education and training provision locally, including the location and type of training providers and the training offered.

This study will be performed by a team of two experts (1 national and 1 international) with the support of one assistance researcher. The time estimated to complete this study is 2 months.

Business review: indicative study areas

- Regulatory/market assessment
- The operating environment (political and market conditions, currency, state role in the economy, foreign investments, international agreements, others)
- Investment environment (approval, acquisition, permits, business associations, establishing a company, others)
- Incentives (overview, industry-specific, export, others.)
- Licensing (protection of intellectual property, others)
- Competition and price policies (overview, monopolies and market dominance, mergers, freedom to sell, price controls, others)
- Exchanging and remitting funds (overview, repatriation of capital, profit remittances, loan inflows and repayment, restrictions on trade-related payments, others)
- Corporate taxes (overview, corporate tax rates, taxable income, depreciation, schedule for paying taxes, capital taxes, treatment of capital gains, taxes on dividends, taxes on interests, taxes on royalties and fees, double-tax treaties, intercompany charges, turnover-sales-excise taxes, others)
- Personal taxes (overview, residence, determination of taxable income, capital taxes, personal tax rates, others)
- Capital sources (overview, short term, medium to long, others)
- Human resources (overview, labour law, industrial labour, wages and fringe benefits, working hours, part-time and temporary help, employment of foreigners, others)
- Foreign trade (overview, tariffs and import taxes, import restrictions, taxes on exports, free ports, zones, export restrictions, export insurance and credit, others)
- E-commerce (forms of e-commerce, growth of e-commerce, foreign investment, intellectual property, others)
- Consumer protection (contract law and dispute resolution, basis of taxation, classification of e-commerce transactions, compliance and enforcement issues, others)

Analytical approaches that may be considered

- Desk review
- Focus groups
- Survey questionnaires
- Expert meetings
- Meetings with individual and key informants

Business study: Actions

- Nominate a coordinator of the team
- One week training of the team on the methodologies adopted and for the preparation of a plan of action
- Conduct the study
- Validation of the study, which will also contain indications of policy implications and intervention areas and recommendations for programming.
- Presentation at the Conference on Investments

8. Institutional and human development needs assessment (including capacity building, study tours, etc)

The cross-cutting review of institutional development needs would target the parts of the local administration working on economic planning and management in the Al Ghab but would, as required, also address other elements of the administration. On the basis of the analysis, it would seek to identify structural, procedural and capacity needs. These would be at the levels of policy and legislation (with specific reference to mandate of the organizations concerned and their functions), the organization itself (processes, procedures, and systems), and individuals (knowledge and skills of staff). The objective would be to permit creation of institutional capacities and capabilities suitable for the expected new context for economic development in the Al Ghab, both in the public and private sector, including civil society.

The review would address both the governorate and municipalities and would assess mandate and responsibilities, with a view to assessing the suitability of the separation of responsibilities between the national, governorate and municipal levels. Establishing a dynamic environment in the Al Ghab is likely to require increased local flexibility of action and, hence, it will be important to establish whether the current separation and assignment of tasks in economic planning and management allows this.

Institutional review within the local administration itself will address capability within the line tasks, but also in respect of project planning and management. The emphasis will be on structures, systems and procedures for rapid and transparent response by a public administration that seeks to support actions in the Al Ghab. As such, the local administration would become part of an improved business environment. Elements to be examined at this level include project cycle management, information and communications technology, human resources management, organizational structure, and business processes (such as project planning, but also in regards to procurement and logistical functions).

As well as improving systems and structures, building institutional capacity through training and professional development is likely to be required. The review will thus also assess training provision for both the public and private sectors. This will be carried out within the objective of building a skilled workforce in the public and private sectors.

The review would seek to determine the local administration's roles and responsibilities in economic planning and management and identify where improvements in systems and capacities are required. As such it would address both the governorate and municipalities in the Al Ghab.

Similar review will be conducted for the private sector and the civil society to highlight constraints, potential and possible incentive mechanism to strengthen their participation in planning and decision-making

The areas of the focus of the review would be:

- major stakeholders and relative importance/influence capacity in the region; their organizations and participation in decision making. This assessment will be conducted in close collaboration with the team in charge of the socio-economic study.
- responsibilities and mandate for economic planning and mandate, in respect of the separation of responsibilities between the central, governorate and municipal level and, at the municipal level, arrangements for inter-municipal cooperation;
- institutional arrangements including human resources management (recruitment, retention, development, and evaluation), performance monitoring and measurement of the organization's departments and units, ICT support, and a broad range of internal business processes;

- project management arrangements, covering procedures and formats for project preparation, submission and approval, procurement procedures, and arrangements for financial management;
- data availability and collection, specifically in terms of the extent of disaggregation for local level planning and capacity to conduct *ad hoc* and special surveys; and
- professional education and development available for public servants locally, in terms of the type of institutions and the subject matter and duration of training.

This study will be performed by a team of two experts (1 national and 1 international) with the support of one assistance researcher. The time estimated to complete this study is 3 months.

<u>Institutional assessment: indicative study areas</u>	<u>Analytical approaches that may be considered</u>
<ul style="list-style-type: none"> ➤ stakeholders assessment ➤ roles and responsibilities of public administration for planning and decision-making (central and decentralised level) ➤ institutional arrangements both within the public administration and between public and private sector ➤ project management arrangements ➤ data availability and collection ➤ professional education of both public and private sector 	<ul style="list-style-type: none"> ➤ Desk review ➤ Stakeholders SWOT ➤ Focus groups interviews ➤ Direct interviews with concerned and representative stakeholders ➤ Survey questionnaires for data collection as needed <p style="text-align: center;">Institutions: TORs</p> <ul style="list-style-type: none"> ➤ Identification, selection and recruitment of national and international consultants ➤ Participation of the team in the opening workshop to be held in Damascus ➤ Preparation by the international consultant (team leader) of a methodological approach and toolkit to conduct the study. ➤ Preparation by the team of an action plan for the conduct of the assessment ➤ Drafting of the report including the situation analysis, prospects, proposed strategy institutional development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase ➤ Presentation of the report at the Conference on Investments

9. Assessment of rural services needs (infrastructures, information technology and communication)

Rural services represent part of the non-farm rural economy, but also a supportive element for productive activities in the Al Ghab. The service sector is, in addition, itself a source of income and employment and hence would provide a compliment to agriculture and agro-industry in creating wealth in the area. In addition, service industries often involve low-cost, low-barrier-to-entry enterprises and hence would form part of micro and small enterprise development in the Al Ghab.

The review will embrace both public and private provision of services. Thus service industries, in both agriculture and the non-farm rural economy, are likely to be private. These include ancillary industries and the private banks. There is, in addition, a range of publicly-owned and operated services, including agricultural markets, postal services and the public banks. Telecoms and internet provision is also likely to include a mix of public and private provision.

The intention would be to identify the requirement for a services sector and public service provision capable of supporting dynamic change in the Al Ghab. This may involve supporting private sector development in the services sector, as well as improving the delivery of public goods. It may also involve privatisation of some functions currently in the public sector.

An assessment will be made of local services and their capacity to support economic development in both agriculture and the non-farm economy in the Al Ghab. This will be conducted in close coordination with the agriculture, agro-industry, and tourism pillars and address:

- detailed agricultural wholesaling and input supply, covering the number of agricultural wholesalers and merchants (including machinery suppliers), the volume and type of products they buy or supply and, in the case of wholesalers, the area of coverage and the constraints;
- agricultural markets including the timing and duration of market days, types of products and traders, trading and selling arrangements and charges, and estimated volumes and turnover.
- banking and postal services; in terms of the number and location of banks and post offices and the services offered;
- services industries, in the form of local provision of car, agricultural machinery and domestic appliances repair and maintenance services, food and consumer goods retailing, and other small-scale services.
- health and education services; and
- rural ICT services in the form of telephone, fax and internet provision.

This study will be performed by a team of two experts (1 national and 1 international) with the support of one assistant researcher. The time estimated to complete this study is 2 months.

10. Value chain, market studies and socio-economic impacts

Following the commitment of the Government of Syria to proceed to the diversification of production of the entire region towards higher return and innovative crops, including organic production, the value chain and market studies will be conducted on up to 10 selected crops including both strategic and alternative crops with export and domestic development opportunities. Particular attention will be paid to the identification of strengths and weaknesses of each value chain from the perspective of in-house management capacity (management & personnel, production capacity and financial capacity), national institutional and policy environment (transparency of rules and regulations, access to information and finance, etc.), consumption markets both at the national and international level, overall capacity development needs. A special emphasis will be placed on the beneficiaries of the value chains studied (small holders versus large farms) and the distribution of returns of the chain among the involved actors. The value chain and market studies will be completed by a thorough analysis of policy implications and recommendations to enhance the development and competitiveness of the values chains as a means to increasing food security in the region and in the country. These studies will rely on direct and indirect information collected and generated by the studies on agriculture and agro-industry, existing statistical information at the country or international level, as well as on direct information generated by ad hoc surveys, expert meetings, focus groups organized in the context of these studies.

The strategy for the study will include the conduct of a rapid assessment of the market chain for the targeted agricultural products and other key crops/products providing a basis for diversification and identify the most important products/groups of products with potential for value-addition.

From the demand perspective it will:

- Analyze and describe the main actors in the market chain, their role and power structure
- Study the structure of the market for targeted products, at national level and in the intervention areas, the available production and consumption and respective trends (volumes, prices and quality expectations).
- Analyze the distribution channels and its main actors and present a depiction of the value added in the chain.
- Provide an analysis of the system of importing products into the country including channel of import, volumes imported, import costs, final consumer price, major importers and consumers (namely in the tourism sector), tax and tariffs and quality standards.

From the processing and transportation perspective

- Analyze the transportation chain, its regulation and licensing;
- Analyze the cold chain in the intervention areas and in the main destination markets, including the tourism market.

From the transaction perspective

- Analyze business practices in the intervention area and their main destination markets;
- Assess the product standards and quality assurance needed by the buyers;

- Identify alternatives to the targeted products. Present and future opportunity in marketing local products;
- Assess opportunities for transformation/preservation in the intervention area and the existing possibilities of setting up a profitable business activity with these local products.

The studies will be conducted by a team of 3 experts per commodity chain, including one international consultant and two national consultants. The team will be working in parallel over a period of 6-8 months.

<u>Study Areas</u>	<u>Value chain: TORs</u>
<ul style="list-style-type: none"> ➤ Comparative advantages ➤ Competitiveness of the value chain the product belongs to—that is, systemic competitiveness. ➤ Production efficiency ➤ Quality of linkages and support systems plays a critical role in creating competitiveness. ➤ Entry into higher value markets (also global markets) requires an understanding of the requirements and dynamic forces within the value chain. ➤ Changes in global food systems towards chain-oriented production are dictated by the consumer: market pull, no longer production push! 	<ul style="list-style-type: none"> ➤ Identification, selection and recruitment of national and international consultants ➤ Participation of the team in the opening workshop to be held in Damascus ➤ Preparation by the international consultant (team leader) of a methodological toolkit to conduct the study. ➤ Presentation of the methodology at a one week workshop to be held by the agro-industry sector including: <ul style="list-style-type: none"> • selection of sector and value chains • value chain mapping • consultations with lead firms and other chain participants • participatory value chain analysis • stakeholder validation and planning workshops. ➤ Preparation by the team of a detailed action plan ➤ Implementation of the study, including the conduct of a farming system survey ➤ Drafting of the report ➤ Presentation of the report at the Conference on Investments
<p><u>Analytical approaches that may be considered</u></p>	
<ul style="list-style-type: none"> ➤ Policy Analysis Matrix ➤ Focus groups ➤ Surveys (national, international) ➤ SWOT analysis ➤ charts, scoring, checklists, questionnaires, ➤ participants' observation and use of appropriately skilled local community members as researchers. 	

ANNEX 2

TERMS OF REFERENCE OF PROJECT'S BODIES

2.1 Project Board

Project Board will be chaired by the Deputy Minister of Agriculture and consists of Directors from the Ministry of Agriculture and SPC, Deputy Minister's Office, General Commission for Management and Development of Al-Ghab, and relevant Directors from different Ministries concerned.

The task of the Project Board will be to:

- provide guidance and strategic supervision on project objectives, orientations and results;
- ensure that all inputs required for the orderly implementation of the project are timely provided by the parties concerned;
- approve project progress reports and review progress in accordance with the plan of operation and recommend required modifications in project activities and review;
- assist in identifying proper professional capacity for Project execution;
- bring to the attention of FAO, UNDP and other UN partners any issue that may require timely and ad-hoc action for proper implementation by the project ; and
- review and approve the Project's work plan and budget for the subsequent reporting period.
- Liaises with CTA and NPD who will be selected by the UN;
- Endorses regular progress reports and send them to the Minister of Agriculture who will report to the Economic Committee.

General Commission for Management and Development of Al-Ghab

- Is the National Executing Agency for the formulation phase of the Programme;
- works in close collaboration with the CTA and NPD in coordinating and managing the project;
- provides its expertise to contribute to relevant technical work;
- General Director is a member of the Project Steering Committee.

2.3 Thematic Advisors Meeting

Thematic advisors meet regularly, with the frequency of four months, chaired by the project coordinator. Depending on the needs, team leaders of specific studies may also be invited to participate. The meetings will be held to:

- review progress and technical reports and documentation;
- ensure adequate liaison and coordination between thematic advisors;
- provide advice on orientations with respect to substantive activities;
- advice on actions needed in order to ensure adequate tuning of project planning and implementation modalities and emerging needs for assistance.
- provide guidance on the communication and advocacy campaign.

2.4 Final Tripartite Review

A tripartite committee will be established comprising the chair of the PB, the UN representatives and the donor country/ies providing financial contribution to the formulation phase. The Tripartite committee will meet two times, at the beginning of the activities or at the moment the donors' decision to provide financial contribution, and at the end of the formulation phase to:

- assess the Project's implementation and performance;
- evaluate Project outcomes;
- identify problems encountered and action taken;
- review and evaluate Government participation;
- make recommendations for follow-up to the Project.

2.5 Terms of reference of the members of the project team

Project Coordinator (International Expert)

Under the general supervision of the UN agencies, and in close coordination with the National Project Director and other relevant national institutions, the Chief Technical Advisor (CTA) will:

- supervise and monitor the technical, operational and administrative activities of the project and ensure appropriate implementation of all component;
- supervise the planning for activities provided by the project, and keep up-to-date the overall program of work;
- work in close liaison with the National Project Coordinator and Al Ghab Technical Committee and related directors in the line ministries, the private sector and the civil society;
- assist in enhancing the availability of, and access to, relevant quantitative and textual information;
- coordinate and supervise the activities of the international and national consultants with a special focus on the studies and activities that may be of use by the various pillars and areas of investigation.
- participate in institutional support activities ensuring consistency of advice and assisting in monitoring progress towards the formulation of the Al-Ghab Development Programme;
- coordinate and supervise communication and advocacy activities.
- prepare for and participate in Workshops and other fora to be conducted during the project;
- prepare inception report, periodic progress report, project technical reports, field documents and terminal report at the end of the project indicating approaches, findings and recommendations for clearance by the Steering Committee;
- perform any other technical and managerial duties as required
- coordinate and contribute to the drafting of the final strategy for the Al Ghab Development Programme
- lead the monitoring of the project;
- organize and prepare contributions for the Investment Conference and the Donors' Meeting

Functionally the CTA relates to:

- the PB as a resource person for the preparation and presentation of progress reports
- the General Commission on Al Ghab for technical expertise and data
- the team of experts for general guidance and coordination

Qualifications

Economist and/or planning expert and policy specialist with an advanced degree in economics (agricultural, natural resources, development economics); at least 15 years of professional experience in the areas of economic policy and planning, and proven managerial experience in similar projects. Fluency in English is essential. Knowledge of Arabic and of the socio-economic, cultural and economic conditions in Syria and/or other countries of the Region is desirable.

Duty station: HQs of the Al-Ghab Development Project

Duration: 14 month

2.6 National Project Director

Under the direct supervision of the UN agencies and in close collaboration with the CTA , PB and the General Commission on AL Ghab, other relevant partners, the National Consultant Project Director will:

- maintain close liaison with the CTA and the Institutional Support Consultant in ensuring consistency between Project and Al-Ghab Development Programme, in particular in selecting the studies to be conducted, identifying training needs, and the implementation of the communication and advocacy activity;
- contribute to monitor synergistic implementation of Project vis-à-vis Al Ghab Development Programme and other development initiatives undertaken in the region;
- contribute to the preparation of the work plans and progress reports and participate as a resource person in the meetings of the Steering Committee;
- provide inputs for the preparation of the international consultants' TORs, with specific reference to Syrian institutional setting as well as to information and emerging issues of the AL Ghab development pillars.
- support the organization of the Project's activities to guarantee efficient delivery and contribute to the monitoring of progress toward sustainability;
- facilitate international consultants' interaction with Syrian public and private organizations, including their access to information and data;
- facilitate Project liaison with national agricultural policy making authorities and other stakeholders in order to ensure effective implementation of all project activities and adequate responsiveness of project applied policy work to the actual needs of the region as well as promoting awareness and information on results and implications of such work
- Contribute to the drafting of the final strategy in her/his areas of competence
- Assist the team leader in the monitoring of activities and achievements;
- Organize and prepare contributions for the Investment Conference and any other event (workshops, meetings, fairs, etc.)

Functionally the NPD relates to:

- the Project Coordinator as co-leader for the implementation of the project;
- the PB as reporting resource on the progress
- the General Commission of AL Ghab to make available technical expertise and information

Qualifications

Agricultural or development economist with at least 10 years experience in areas of food and agricultural policy analysis, planning and training. Experience in complex projects formulation and management. Fluency in English beside Arabic. Knowledge of the socio-economic, cultural and economic conditions of Syria-Al Ghab

Duty station: HQs of the Al-Ghab Development Project

Duration: 14 months

2.7 Thematic Advisors in charge of the Five Pillars (International Experts)

Under the overall supervision and technical guidance of FAO, UNDP and UNIDO and immediate technical supervision of the Project Coordinator, and in close collaboration with representatives of Government, especially with team members and with other sponsoring agencies, the consultant will perform the following tasks:

- Participate, with the UN backstopping officer, the Project coordinator and the international experts, in the drafting of the detailed Terms of Reference for the Working Groups and experts;
- Assist in the identification and recruitment of national consultants as necessary and in the assignment of responsibilities;
- With the national co-ordinator and UN backstopping staff, prepare a detailed Work plan during the inception mission, for the entire exercise.
- Decide on the nature of activities to be carried out in consultation with the international and national team and give overall direction to the collection of data and information and analysis of the data collected to feed in to the sector assessment
- Ensure continuous interchange between team members on cross-cutting issues in order to guarantee consistency in analyses and recommendations;
- Overall team coordination; discussion and agreement with each team member on individual work and travel plan and reporting requirement (provisionally, each team member will prepare an annex or working paper to the main mission report and may be requested to draft particular sections of the main report pertaining to his/her subject matter)
- Advise on and deliver training activities as needed
- Liaison with the Govt, the other international agencies and the international donor community;
- Cooperation with Govt in organizing workshops
- Conceptual guidance of the team in respect of sector policies and investment strategies
- Coordination of different technical contributions
- Briefing at the thematic advisors meetings and with the Project Board if requested
- Prepare the chapters on the economy of the sector
- Following the Final Workshop, prepare a final report which will present the revised sector review, sector strategy for Al-Ghab, policy framework, assistance programme and investment profiles.
- Presentation of the reports at the Conference on Investments

They also:

- coordinate the specific thematic areas or pillars identified;
- contribute to the conduct of the activities;
- ensure the quality of the outputs delivered and coordination with other thematic advisors, under the general supervision of the Project Coordinator.

Functionally, they relate to:

- Project Coordinator and National Project Director (progress reporting, work planning and monitoring, etc);
- Al-Ghab Technical Committee, through relevant technical experts ;
- interact with the experts from the General Commission for Management and Development of Al-Ghab, through close technical-level collaboration.

Duration of the assignment

The consultants will conduct 3 missions to Syria, which will coincide with the Inception Mission (two weeks), the Mid-Term Review Seminar (two weeks), and the finalization of the Development strategy for Al-Ghab, the Policy and Regulatory framework (Legal framework) and the Investment Profiles (two weeks). Four weeks are made available at home for the preparation of specific chapters of the review and the drafting of the final sector review report including the strategy, the policy framework and the investment profiles. Should the situation require additional missions to the country, part of the total weeks allocated for home work will be used up to a maximum of four weeks in two missions.

Qualifications and Experience

The team leader will have a strong economic background in the respective areas. S/he will have at least fifteen years experience in the Mediterranean region in the formulation of rural development programs and projects for international financing, a proven record of team leadership and high level dialogue with governments and international agencies, and a long and extensive experience in sector policy analysis and investment project identification. S/he would have successfully led large multi-disciplinary teams on similar studies and have demonstrated a capacity to integrate the findings and recommendations of specialists from various disciplines into a coherent set of proposals.

Duty station: HQs of the Project in Syria and Home

Duration:

the duration of the agricultural review is estimated to have a duration of 5 months. The contribution of the expert will be of 2 months distributed as follows, 6 weeks spent in Syria and four weeks at home.

2.8 National Advisors of the Five Pillars

Under the guidance and technical supervision of the thematic advisor and in close cooperation with the other teams, the National advisor will:

- Assist the Thematic advisor in identifying national consultants and members of the Working Groups and directly oversee their work;
- Advise the Thematic advisor in preparing a detailed work plan for the project during the inception mission, including putting in place a reporting and monitoring mechanism.
- Prepare detailed TORs for the experts of the team
- Assist in establishing appropriate contacts for team members: oversee the work of national support staff, including temporary secretarial assistance and translators;
- Organize a Working Monitoring Seminar after two months of activity of the Working Groups;
- Set up all arrangements for the Project's programme of workshops, including the identification of participants, issue of invitations and the oversight of any related data collection, discussion papers and studies: he/she would act as rapporteur for all workshops and be responsible for editing any publications based on these;
- Facilitate access to national data and materials regarding all project personnel;
- Prepare three-monthly project activity progress reports to be made available to Project coordinator;
- Review the draft technical documents and papers prepared by the Team and summarise the main issues for the consideration of the Thematic advisor;
- Contribute to the preparation of the macroeconomic study as well as other specific studies relevant to her/his areas of competency and participate in the drafting of final report.
- Organize and prepare contributions for all the events (workshops, conferences, meetings, etc.)

Qualifications and Experience

The consultant will be an individual or a consultancy firm with at least 10 years experience in planning and policy development and a significant knowledge of Al-Ghab.

Duty station: HQs of the Project

Duration: 3 working months over the 5 months duration of the activity

2.9 International expert in Business environment

Under the guidance and technical supervision of the Project Coordinator, the general supervision of UN relevant agencies, and in close cooperation with the other teams, the international expert will be in charge of:

- assessing possible overlaps with the other studies conducted and agree with the project coordinator, the thematic advisors and team leaders of the other studies on the scPBope and the coverage of her/his specific areas of investigation
- preparing a succinct but comprehensive country profile which will allow to understand the overall economic, social and political environment of the region. The macro socio-economic study of the region will include macroeconomy, demography, access to services, education, income, labour, infrastructure etc. It will be a desk work to the extent possible with some targeted interviews if needed. The study will be coordinated by an international consultant who will develop a methodology, provide training, supervise the team, draft the final report in collaboration with the other members of the team. A special focus will be given to the implications for Al-Ghab.

The following issues will be addressed:

- Political context (Constitution, institutions and administration, International relations and defence)
- Economy (Economic structure, Economic policy, Economic performance, Economic sectors, Agriculture, Mining and semi-processing, Oil and gas, Manufacturing, Construction, Financial services, Other services)
- External sector (Trade in goods, Invisibles and the current account, Capital flows and foreign debt, Foreign reserves and the exchange rate)
- Banking System (Bank regulators, Domestic banks, Foreign banks, Investment banks and brokerages, Development and postal banks, Offshore banks)
- Other financial institutions (Insurance companies, Funds, Asset-management firms)
- Venture-capital and private-equity firms, Factoring firms, Financial leasing companies, Others)
- Monetary system (Interest rates, Monetary policy, Fiscal policy)
- Currency (Currency behaviour, Currency outlook)
- Foreign-exchange regulations (Incoming direct investment)
- Portfolio investment, Restrictions on trade-related payments, Loan inflows and repayments, Non-residents borrowing locally, Repatriation of capital
- Remittance of dividends and profits, Remittance of royalties and fees
- Hold accounts, Netting)
- Taxation and investment incentives (Corporate tax rates, Taxable income defined)
- Tax traps, Incentives)
- Cash management (Payment clearing systems, Receivables management)
- Payables management, Cash pooling)
- Securities markets (Trading, clearing and settlement, Listing procedures, Underwritten offerings, Rights offerings, Private placements, GDRs/ADRs, Alternative markets)
- Short-term investment instruments (Time deposits, Certificates of deposit, Treasury bills, Repurchase agreements, Commercial paper, Banker's acceptances)
- Short-term financing (Bank loans, Discounting of trade bills, Commercial paper, Banker's acceptances, Factoring, Supplier credit, Intercompany borrowing)

- Medium and long-term financing (Bank loans, Financial leasing, Corporate bond issues, Private placement of notes, Structured finance, Infrastructure financing)
- Trade financing and insurance (Export insurance programmes, Private export-financing techniques, Import credit, Countertrade, Forfaiting)
- Finally s/he will provide a clear situation analysis of the competitiveness of the country

Qualifications and experience

Business economist or law expert with at least 10 years experience in assessing business opportunities in developing countries and a good knowledge of Syrian environment.

Duty Station: Damascus or HQs of the Project

Duration of the assignment: 2 months, including 2 missions of two weeks each in Syria and 1 month at home

2.10 International specialist in Value Chain Analysis and Market Studies

Under the guidance and technical supervision of the Project Coordinator and in close cooperation with the other teams, the international expert will:

- contribute to identifying national consultants and members of the team on value chain analysis and directly oversee their work;
- preparation by the international consultant (team leader) of a methodological toolkit to conduct the study.
- participation of the team in the opening workshop to be held in Damascus
- presentation of the methodology at a one week workshop to be held by the agro-industry sector, including:
 - selection of sector and value chains
 - value chain mapping
 - consultations with lead firms and other chain participants
 - participatory value chain analysis
 - stakeholder validation and planning workshops.
- preparation by the team of a detailed action plan
- implementation of the study, including the conduct of a farming system survey
- drafting of the report in close collaboration with the members of the team

The study on value chains will be preceded by a detailed assessment of marketing opportunities and constraints in the Al-Ghab region. The study will be conducted by the international consultant in close collaboration with national experts and with the team working on the business environment. The study will be based on specific surveys and will assess marketing structures, marketing costs (including the cost of bureaucracy), market bottlenecks all along the value chain, contractual arrangements between suppliers, wholesalers, processors and supply industries (packaging, etc.), retailers, norms and standards certification and constraints with export markets. The study will cover the major categories of products, including strategic crops, livestock, fish farming, fruits and vegetables, alternative and organic crops. Finally it will assess entrepreneurs' propensity towards investing in new value chains in the region and outside.

The final result of the value chain and marketing studies will be:

Policy recommendations, technical assistance needs and investment indications will be the final result of the marketing and value chain s

- policy recommendations for a more enabling environment for investments
- technical assistance programme to upgrade capacities as identified by capacity needs assessment
- investment proposals to be presented at the Conference on Investments

Qualifications and Experience

The consultant will be an individual or a consultancy firm with at least 10 years experience in value chain analysis and market studies and extensive knowledge of the potential markets for Syrian products produced in Al-Ghab.

Duty station: Damascus or HQs of the Project

Duration of the assignment: 4 working months over a period of 6 months, of which 8 weeks spent in Syria and the balance at home for preparatory work

2.11 International Expert on Institutions and Rural Services

Under the guidance and technical supervision of the Project Coordinator, the general supervision of UN relevant agencies, and in close cooperation with the other teams, the international expert will be in charge of:

- Identification, selection and recruitment of national expertise as necessary
- Participation of the team in the opening workshop to be held in Damascus
- Preparation of a methodological approach and toolkit to conduct the study.
- Preparation of an action plan for the conduct of the assessment to be agreed on by the Project Coordinator
- Drafting of the report including the situation analysis, prospects, proposed strategy institutional development in the region, proposed policy framework, technical programme assistance and investment profiles for the implementation phase
- Presentation of the report at the Conference on Investments

Qualifications and Experience

The consultant will be an individual or a consultancy firm with at least 10 years experience in institutional analysis and extensive knowledge of Syria.

Duty station: Damascus or HQs of the Project

Duration of the assignment: 3 working months over a period of 4 months, of which 4 weeks spent in Syria and the balance at home for preparatory work

