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**Integrated Programme to Enhance the Competitiveness of the  
Lebanese Industry and its Integration in the Global Market  
(Including emergency assistance to development of productive activities in Southern Lebanon)**  
(XP/LEB/04/055)

Report of the Independent Joint In-depth Evaluation Mission\*



Baalbeck

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The views and opinions of the team do not necessarily reflect the views of the Government of Lebanon and of UNIDO.

**This document has not been formally edited.**





Beirut. The U.N. House



Beirut. The Etoile and the Italian Embassy. The major donor of the Programme

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The Evaluation Team with H.E. Mrs. Leila Solh, the Minister of Industry of Lebanon



Beirut. The debriefing of the Evaluation Mission chaired by the UNDP Resident Representative Mrs. Dr. Mona Hammam

## **Acknowledgment**

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Particularly, the Team wishes to thank the Team Leader of the Integrated Programme Lebanon Mr. Gerardo Pataconi, the office of the National Programme Coordinator Mr. Raja Habre and the national consultant in Food Safety Mr. Bassel Al Khatib for the continuous assistance given in providing the necessary documentation requested by the Evaluation Team and for the organization of the internal travels, the meetings and for the logistical support offered.

The professionalism and the dedication of all the staff involved in the Programme have helped considerably the Evaluation Team in the development of the mission and the preparation of this report.

A particular thank is made to Mr. David Alamos Martinez, intern in the Evaluation Group at the Headquarters in Vienna, for the help given during the preparatory phase of the mission and the support in preparing this report.

The Evaluation Team hopes that some of the proposed recommendations will lead to the further success in the management of the suggested continuation of the Programme, optimizing the utilization of the resources, with the objective to have the greatest possible impact and concrete possibilities of sustainability of the activities implemented.



Sidon. The harbour Castle

## Map of the Lebanon



Beirut. The Evaluation Team with the National Programme Coordinator Mr. Raja Habre, at the Presidency of the Council of Ministers

**Abbreviations and Acronyms used in the report**

ALI	Association of Lebanese Industrialists
AUB	American University of Beyrouth
CP	Cleaner Production
CPC	Cleaner Production Centre
COLIBAC	Lebanese Council of Accreditation
COMFAR	Computer Model for Feasibility Analysis and Reporting
EFTA	European Free Trade Association
ELCIM	Euro-Lebanese Center of Industrial Modernization
EU	European Union
FAO	Food and Agriculture Organization
FSP	Food Safety Panel
GAFTA	Greater Arab Free Trade Agreement
GDP	Gross Domestic Product
GHP	Good Hygienic Practices
GMP	Good Manufacturing Practices
HACCP	Hazard Analysis of Critical Control Points
HQs	Headquarters
IDAL	Investment Development Authority of Lebanon
IP	Integrated Programme
IRI	Industrial Research Institute
ISO	International Standards Organization
ITPO	Investment and Technology Promotion Office
LAU	Lebanese American University
LCPC	Lebanese Cleaner Production Centre
LIBNOR	Lebanese Standards Organization
MDGs	Millennium Development Goals
MOA	Ministry of Agriculture
MOE	Ministry of Environment
MOET	Ministry of Economy and Trade
MOH	Ministry of Health
MOI	Ministry of Industry
MOT	Ministry of Tourism
NGO	Non Governmental Organization
SME	Small and Medium Enterprise(s)
SOP	Standard Operating Procedures
SPX	Subcontracting and Partnership Exchange
UNIDO	United Nations Industrial Development Organization
UR	UNIDO Representative
USD	United States Dollar
USJ	Saint-Joseph University
WTO	World Trade Organization



## EXECUTIVE SUMMARY

**BACKGROUND:** The Integrated Programme for Lebanon was formally approved by the Lebanese Government in March 2001. In accordance with the general development objective of the country (the establishment of a modern industrial base, satisfying the internal demand, attracting investments and allowing the diffusion of Lebanese products in international markets), the immediate objectives of the IP are : (a) Enhancing the competitiveness of the Lebanese industry and its integration in the global market (including emergency assistance to the development of productive activities in Southern Lebanon), (b) Promoting industrial partnership and investments, (c) Enhancing quality and safety of products of Lebanese food industry and its competitiveness, (d) Strengthening institutional capacities for establishing a modern ministerial infrastructure, and (e) Strengthening the national capabilities for a better and cleaner industrial environmental management. The IP-Lebanon was planned to have three-year duration.

There is no doubt that the efforts of the IP Team have contributed to the promotion of the UNIDO “brand” in Lebanon and provided a sound basis for the continuation of the IP.

**RESOURCES:** The total budget initially foreseen amounted to US\$ 5,960,500. As at end of October 2004, the funds actually received for the implementation of the IP amounted to US\$ 1,208,910, i.e. 20.3% of the planned budget. The Donors have been UNIDO, the EU, Austria, Italy, Kuwait and the Lebanese Government. Their respective contributions are shown in the table below:

UNIDO	US \$ 283,862	23,5 %
AUSTRIA	US \$ 79,658	6,6 %
ITALY	US \$ 564,930	46,7 %
KUWAIT	US \$ 50,000	4,1 %
EU/Lebanese Govt.	US \$ 230,460	19,1 %
<b>TOTAL</b>	<b>US \$ 1,208,910</b>	<b>100,0</b>

The funds so far allocated have enabled the implementation of the current initial phase, through the components/subcomponents dealing with:

- Standardization and consumer protection,
- Food safety and quality,
- Assistance to Lebanese SMEs, supporting entrepreneurship developments with special focus on South Lebanon,
- General enhancement of the competitiveness of the Lebanese industry.

**IMPLEMENTATION:** With only 20% of the envisaged budget made available over more than three years, the IP had to focus on actions within its four components, which were considered as particularly urgent by the Lebanese authorities, like specific activities in entrepreneurship development to respond quickly to the needs of South Lebanon returned under Lebanese control in May 2000. The original Programme Document became only an indicative document with activities being adjusted to match the current priorities of the country. Along this line, the IP has become a forum of cooperation between public and private sectors, with UNIDO playing a catalytic role.

At the same time, it has addressed the critical problem of the quality of products in the food industry (« food safety ») and has achieved a number of positive results in this area. The flexible approach followed by the IP management has allowed to overcome the low level of funding, to adjust to the current priorities of the country despite successive governmental changes, to develop a strong ownership among the national stakeholders and, particularly through the food safety related activities, to generate the convergence of interest between the public and private sectors of the country.

The work of the UNIDO Representative has been very much appreciated by all national counterparts and questions on his future replacement have been frequently asked to the Evaluation Team.

**IMPACT:** The major impact was achieved by the IP in the area of food safety, with the drafting of a new law (still to be approved by the Government before being submitted to the Parliament) and a countrywide awareness campaign. Although it represents only one aspect of the more general problem

of quality assurance in industrial processes, its importance for the public and for a large part of the Lebanese industrial sector can generate a higher awareness of the food safety related aspects and an increased support for continued action in other quality-related areas.

Furthermore, the IP has sensitized the entrepreneurs in relating the industrial process to the respect of the environment, increasing at the same time the competitiveness of the production.

### **RECOMMENDATIONS ON THE INTEGRATED PROGRAMME AS A WHOLE:**

- The IP should be continued, with focus on enhancement of the capacities of SME support institutions (public and private). The current phase, in relation to the funds received, seems to have been too ambitious.
- The Steering Committee of the Integrated Programme should meet more often, at least twice in a calendar year. Its decisions should be closely followed up and the subsequent actions documented.
- Before each meeting of the Steering Committee, a more detailed progress report should be prepared by the IP Management (Team Leader and National Programme Coordinator) and circulated to the members. The degree of achievement of the objectives should be indicated for each subcomponent.
- The mobilization of financial resources should be lead by the Governmental counterparts in coordination with UNIDO and the other major stakeholders.
- Direct assistance to individual enterprises should be strictly limited to those taking part in a pilot scheme for demonstration purpose, to avoid the risk of market distortions.
- The training and upgrading of skills and capacities should not stop at the end of the training course or seminar, but be reinforced periodically through refreshing courses and professional advice.
- All the documents and reports prepared should indicate the date.
- All the equipment donated by the IP should bear a label with the logo of UNIDO.

Detailed recommendations for activities relating to the four components of the IP are included in the corresponding paragraphs of the report. They refer to:

- Establishment of capability within the Ministry of Industry to produce industrial statistics
- Streamlining the consumer protection system
- Making the Lebanese accreditation system operational
- Partnership and market access for food products
- Establishment of an Industrial Subcontracting and Partnership Exchange (SPX)
- Making Lebanese food industry fit for export, through the implementation of food safety measures.
- Upgrading the performance of SMEs (special support to industries in South Lebanon)
- Industrial environmental management

*This summary in French has been added to the report at the request of the Lebanese authorities.*

## **RESUME**

**HISTORIQUE** : Le Programme Intégré pour le Liban a été officiellement approuvé par le Gouvernement libanais en mars 2001. En ligne avec l'objectif général de développement du pays (l'établissement d'une base industrielle moderne capable de satisfaire la demande intérieure, d'attirer les investissements et de permettre la diffusion des produits libanais sur les marchés internationaux), le Programme Intégré avait pour objectifs immédiats : (a) Elever la compétitivité de l'industrie libanaise et son intégration dans le marché mondial (y compris une assistance d'urgence pour le développement d'activités productives dans le Sud-Liban) ; (b) Promouvoir le partenariat industriel et les investissements ; (c) Elever le niveau de la qualité et de la sûreté des produits de l'industrie alimentaire libanaise et la compétitivité de celle-ci ; (d) Renforcer les capacités institutionnelles pour créer une infrastructure ministérielle moderne ; et (e) Renforcer les capacités nationales pour une meilleure gestion des effets environnementaux de l'industrie. Le Programme Intégré était prévu pour une durée de trois ans.

Il ne fait pas de doute que les efforts déployés par l'équipe du Programme Intégré ont contribué à la diffusion de la "marque" ONUDI au Liban et ont fourni une base solide pour la poursuite du Programme.

**RESSOURCES** : Le budget total prévu initialement s'élevait à 5.960.500 dollars. Fin octobre 2004, les fonds reçus pour la réalisation du Programme ne totalisaient que 1.208.910 dollars, c'est-à-dire 20,3 % du budget envisagé. Les donateurs ont été l'ONUDI, l'UE, l'Autriche, l'Italie, le Koweït et le Gouvernement libanais. Leurs contributions respectives sont indiquées ci-dessous :

ONUDI	US \$ 283,862	23,5 %
AUTRICHE	US \$ 79,658	6,6 %
ITALIE	US \$ 564,930	46,7 %
KOWEIT	US \$ 50,000	4,1 %
UE/Gouv. libanais	US \$ 230,460	19,1 %
<b>TOTAL</b>	<b>US \$ 1,208,910</b>	<b>100,0</b>

Les fonds alloués ont permis la réalisation d'une première phase actuellement en cours, avec des interventions dans les composantes et sous-composantes se rapportant aux domaines suivants :

- Normalisation et protection des consommateurs ;
- Sûreté alimentaire et qualité ;
- Assistance aux PME libanaises et développement de l'entrepreneuriat, une attention spéciale étant portée sur le Sud Liban;
- Elévation générale de la compétitivité de l'industrie libanaise.

**MISE EN ŒUVRE** : N'ayant pu réunir que 20% du budget envisagé sur une période de plus de trois ans, le Programme a dû se concentrer sur des activités de ses quatre composantes qui étaient considérées comme particulièrement urgentes par les autorités libanaises, comme par exemple des interventions dans le domaine du développement entrepreneurial permettant de répondre rapidement à des besoins au Sud Liban après son retour sous la souveraineté libanaise en mai 2000. Le document de programme original est ainsi devenu un document simplement indicatif dont le contenu a été ajusté aux priorités nationales du moment. Dans ces conditions, le Programme Intégré est lui-même devenu une plate-forme de coopération entre les secteurs public et privé où l'ONUDI a joué le rôle de catalyseur.

En même temps, il s'est attaqué au problème critique de la qualité des produits de l'industrie alimentaire (« sûreté alimentaire ») où il a obtenu un certain nombre de résultats significatifs. La flexibilité dont a su faire preuve la direction du Programme Intégré a permis à celui-ci de surmonter la faiblesse du financement, de s'adapter aux priorités actuelles du pays en dépit de changements

gouvernementaux successifs, de susciter un degré élevé d'appropriation de la part des parties prenantes nationales et, notamment à travers les activités relatives à la sûreté alimentaire, de mobiliser une convergence d'intérêts de la part des secteurs public et privé du pays.

Le travail du représentant de l'ONUDI a été très apprécié par toutes les contreparties et de fréquentes questions sur son prochain remplacement ont été posées à l'équipe d'évaluation.

**IMPACT** : C'est dans le domaine de la sûreté alimentaire que le Programme Intégré a obtenu des résultats marquants, notamment avec la rédaction d'un projet de loi (qui reste à être approuvé par le Gouvernement avant d'être soumis au Parlement) et une campagne de sensibilisation à l'échelle du pays. Bien qu'il ne représente qu'un aspect du problème plus général de l'assurance qualité dans la production industrielle, l'importance de ce domaine pour le public et pour une bonne partie du secteur industriel libanais peut susciter une attention plus soutenue pour les questions liées à la sûreté des produits alimentaires et un soutien accru pour les activités relatives à la qualité en général.

Par ailleurs, le Programme Intégré a permis de sensibiliser les entrepreneurs sur les relations entre la production industrielle et la protection de l'environnement et sur les progrès de productivité que des mesures adéquates peuvent entraîner.

## **RECOMMANDATIONS SUR L'ENSEMBLE DU PROGRAMME INTEGRE**

- Le Programme Intégré devrait être poursuivi, en mettant l'accent sur le renforcement des capacités des institutions publiques et privées de soutien aux PME. Compte tenu du financement reçu, la phase actuelle paraît avoir été trop ambitieuse.
- Le Comité de Pilotage (« Steering Committee ») du Programme Intégré devrait se réunir plus souvent, au moins deux fois par an. Ses décisions devraient faire l'objet d'un suivi rigoureux et les mesures subséquentes devraient être documentées.
- Avant chaque réunion du Comité de Pilotage, un rapport d'avancement plus détaillé devrait être préparé par la direction du Programme Intégré (Chef d'équipe et Coordinateur national du Programme) et distribué à tous les membres. Les progrès réalisés dans la poursuite des objectifs devraient être indiqués pour chaque sous-composante.
- La mobilisation des ressources financières devrait être conduite par les contreparties gouvernementales en coordination avec l'ONUDI et les autres principales parties prenantes.
- L'assistance directe à des entreprises individuelles devrait être strictement limitée à celles prenant part à une opération de type pilote à but de démonstration en vue d'éviter le risque d'une distorsion du marché.
- Les opérations de formation et d'amélioration des capacités ne devraient pas s'arrêter à l'achèvement du cours ou du séminaire, mais devraient être renforcées périodiquement par des cours d'approfondissement et des conseils professionnels.
- Tous les documents et rapports produits devraient être datés.
- Tous les équipements offerts par le Programme Intégré devraient porter une étiquette avec le logo de l'ONUDI.

Des recommandations détaillées relatives aux activités des quatre composantes du Programme Intégré se trouvent dans les sections correspondantes du présent rapport. Elles concernent :

- La capacité du Ministère de l'Industrie à produire des statistiques industrielles
- Le renforcement du système de protection du consommateur
- L'opérationnalisation du système libanais d'accréditation
- Le partenariat et l'accès aux marchés des produits alimentaires
- L'établissement d'une bourse de partenariat et de sous-traitance
- Un meilleur positionnement de l'industrie alimentaire libanaise pour l'exportation par la mise en œuvre de mesures de sûreté alimentaire
- L'amélioration des performances des PME (assistance spéciale aux industries du Sud Liban)
- La gestion environnementale de l'industrie



Beirut. The debriefing of the Evaluation Mission to Donors and Stakeholders at the U.N. House on 14<sup>th</sup> December 2004



Jounieh with a view on Harissa

# 1. The independent joint in-depth evaluation

## 1.1. Purpose and objectives

The tasks of this joint in-depth evaluation mission are outlined in the Terms of Reference of the mission (Annex 1).

Accordingly, the terms of reference direct the work of the Evaluation Team in order to enable the Lebanese Government, national counterparts, UNIDO and donors:

- to assess the efficiency of the implementation: quantity, quality, cost and timeliness of UNIDO and counterparts inputs and activities,
- to assess the effects of the outputs produced and of the outcomes achieved, as compared to those planned,
- to verify the prospects existing for a development impact,
- to take decisions on eventual reorientation of the project, to gain experiences through the achievements and the shortcomings of the project design
- to provide an analytical basis and respective recommendations for the focus and, in case, the redesign of the programme,
- to learn lessons on the integrated approach for improving the synergy effects of the Programme.

The evaluation is conducted in compliance with UNIDO policy regarding the evaluation of its Integrated Programmes.

The primary purpose of the evaluation is:

- To assess the achievements of against the objectives and the expected results.
- To identify the factors which have facilitated the achievements of the projects objectives, as well as the factors that have hindered the fulfilment of the objectives.
- To determine which lessons can be learned from the existing experience, in order to improve the project activities in the further phase, with particular regard to the ability of the structures supported by the Programme to become self-sustainable.

## 1.2. Evaluation methodology and approach

The Evaluation Team has considered the objectives stated in the Programme Document and has analysed the results obtained in the implementation of the activities.

This report is based on:

- The Programme Document dated 19 October 2000, which specifies the basis for the cooperation in this project.
- All the other subsequent documents modifying or integrating the above-mentioned document.

- All the documentation, like mission reports, studies and experts reports, provided by the parties involved in the activities in Vienna and in Lebanon.
- The Programme Progress Reports and the self-assessment reports that provide the management of the programme and the evaluators, with a valuable self-appraisal of the results obtained.
- In-depth discussions in Vienna with the Team Leader of the Programme and all the staff involved in the implementation of the activities.
- In-depth discussions in Lebanon with the National Programme Coordinator, the respective responsible managers of the sub-components, the national consultants, the members of the Food Safety Panel, the counterpart Ministries and the staff of the national institutions.
- Meetings with state counterparts and high-ranking officials of the Presidency of the Council of Ministers, the Ministries of Industry, Economy and Trade, Health, Environment and Tourism.
- Visits to some industrial companies (target beneficiaries) and meetings with their managers, discussing the related problems and their experience with the programme.
- Analysis of the questionnaires prepared by the evaluation team and answered by the counterparts.

To prepare the report the evaluation team has followed the UNIDO's guidelines for preparing the independent in-depth evaluation reports.

The team has attempted in this report to give a comprehensive picture of the activities of the Programme and of the results achieved in all its components.

The issues have been analysed in a way, which should be helpful to the responsible authorities and the staff of the Programme in Vienna and in Lebanon to further improve their present and future performance for the benefit of the country.

The issues have been presented in Beirut on 14 December 2004 to all stakeholders and counterparts at a final presentation meeting and have been openly discussed. All parties have agreed on the conclusions and recommendations put forward.

The majority of the observations made to the Evaluation Team, regarding factual mistakes or misinterpretations, have been taken into account, if agreed, in the final draft.

The Evaluation Team has attempted in this report to give a comprehensive image of the activities of the Components, discussing the issues in a way, which should be helpful to the responsible authorities and to the staff of the Programme.

At the same time, the report attempts to offer to the Donors and to the Authorities concerned the possibility to have a clear, independent and objective picture of the situation, after more than three years of implementation of the activities.

The report should allow the parties concerned to take a well considerate and informed decision regarding a continuation of the programme.

The data derived from the management information system of the programme, the results of the questionnaires, the interviews and the evaluators' own observations, supported by the valuable additional contribution given by the national staff, have enabled the Evaluation Team to get valuable insights into the achievements of the programme.

### **1.3. Composition and timetable of the evaluation mission**

The persons nominated to conduct the evaluation have not been involved in the design, appraisal or implementation of the programme. The observations and findings of the evaluation team are the result of this in-depth evaluation, carried out in their own capacity. The views and opinions of the team do not necessarily reflect the views of the Government of Lebanon, of the Donors or of UNIDO.

The mission team was composed of the following members:

**Mr. Mario Marchich**, Senior Evaluation Officer, Office of the Comptroller General, Evaluation Services Group. Representative of UNIDO and Team Leader of the mission.

**Mr. Sami Assy**, Chief of Technical Affairs and Industrial Services of the Ministry of Industry. Representative of the Republic of Lebanon and nominated by the Ministry of Industry.

**Mr. Jean-Noël Aquistapace**, international consultant, former UN staff member with experience in Funds Mobilization matters, nominated by UNIDO.

To be completely independent and objective, and assure full impartiality, the evaluators have not been involved in any phase of the Programme.

This composition of the team assures uniformity, impartiality and the guarantee that different views are taken into account.

The mission assembled in Beirut on 29<sup>th</sup> November 2004 to start its work.

The places visited in Lebanon have been the regions of Beirut, Sidon, Byblos and Nabatieh, where the Programme has implemented its activities.

The timetable of the evaluation mission is contained in Annex II.

At the end of its work in Lebanon, the evaluation mission has presented in draft its preliminary findings and related recommendations at the stakeholders, the counterparts and the staff of the programme.

The presentation has been followed by interesting and fruitful discussions with the participants. The results of these discussions and the comments made by the participants have been taken, as far as possible, into account in this report.

The list of the persons interviewed in the framework of this evaluation is included in Annex III.

### **1.4. Evaluation Terminology**

There is a generally accepted international evaluation terminology. For this reason it is useful to give below some definitions of the terminology used in this evaluation report.

This terminology corresponds in large part, to the terminology used in evaluations made by other important international institutions.



Terms	Explanation of Terms
Conclusions	Conclusions and findings outline the factors of success or failure of the programme under evaluation, in order to point out strengths or weaknesses.
Recommendations	Advisory proposals (not binding or mandatory) of the Evaluation Team, aiming at enhancing the quality and the effectiveness of the programme, redesigning objectives or suggesting re-allocation of resources. Any recommendation should be linked to a conclusion and should be directed to the party responsible for taking the respective action. It has to be taken into account that the recommendations of the Evaluation Team have only consultative and advisory value.
Lesson Learned	A generalization based on the results of the evaluation that abstracts from a specific circumstance to a broader situation.
Inputs	Financial, Human, and Time resources, which are put at the disposal of the project to implement the activities and produce the outputs.
Effect	General term to indicate what is changed by the project. It shows what the outputs have produced.
Result	General term for the effects that result from the application of the project inputs. It indicates the performance of the project.
Output	The final product in terms of activities executed, applying the input resources. It shows the improved capabilities of the Counterparts, after having received the assistance.
Outcome	Effects related to the target groups assisted, showing the positive changes obtained in their performance.
Impact	The extent to which the improved performance of the counterparts and the solution of the critical issues have produced a positive effect (in quantity and quality) on the target beneficiaries. It means the changes achieved in the targeted beneficiary sector.
Criteria	Qualitatively expressed “Indicators”, when it is not possible to use quantitative data.
Objective	Is used as general term for aiming at results at different hierarchical levels (General development objective, immediate objective).
Goal (also Purpose, or Mission)	Endeavours at general and overall level.
Target	A specific objective. The mark at which is aimed.
Indicators	Initially established groups of expected results to be achieved and utilized to determine the level of results reached.
Efficiency	The relationship between the inputs utilized and the outputs produced, both in terms of quantity, quality and timeliness
Effectiveness	The extent to which the outputs of the project are used to achieve the purposes.
Cost- Effectiveness	The ratio between the cost and the result obtained.
Performance	The extent to which the project has produced valuable and sound outputs and their contribution to the final impact. Both, efficiency and effectiveness can be considered as measures for the performance of the project.
Cause and Effect of environmental Aspects	<b>Causes</b> of environmental aspects are the direct consequences at plant level (in terms of emissions: solid, liquid, gas or natural resources used), while <b>Effects</b> are their impacts on the eco-socio environment

## 2. Institutional and economic context of Lebanon

### 2.1. General situation of Lebanon

#### 2.1.1. Overview

The Lebanese Republic is located on the eastern coast of the Mediterranean Sea in the Middle East. It is bound by Syria to the north and east, Israel to the south and the Mediterranean Sea to the west. It covers an area of 10,452 sq.km. The main natural resources are water and limestone.

No official census has been taken since 1932, reflecting the political sensitivity in Lebanon over confessional balance (there are seventeen official religion communities). The number of permanent Lebanese residents is estimated at about 3.5 millions.

Lebanon is a parliamentary republic and its constitution dates back to 1923. The country is divided into 6 prefectures (*Mohafazats*) and each prefecture is subdivided into several districts (*Kada*).

After Arabic, French is the second official language. English is also widely used.

#### 2.1.2. Economic situation

Lebanon embarked on a massive reconstruction programme in 1992 to rebuild the country's physical and social infrastructure devastated by both the long civil war (1975-90) and the Israeli occupation of the South (1978-2000). To this end, several organisms were established, such as: (1) the Council of Development and Reconstruction (CDR), set up in 1977, in charge of accelerating the reconstruction operations and their coordination among the different ministries and specialized offices; (2) the South Council, established in 1978, in charge of rehabilitating the areas affected by the Israeli army occupation and of helping the residents of these regions to rebuild their houses; (3) the Fund for Refugees, created in 1991, providing indemnities to persons needing to rebuild their destroyed houses or to leave premises illegally occupied.

#### 2.1.3. Main sectors of activity

**A – Agriculture**: The agricultural surface is small in regard of the topography of the country. Out of 360,000 ha liable to be cultivated, only 200,000 are indeed farmed. About half of the cultivated surfaces are located on mountain slopes. Cultivated fields cover 17% of Lebanon, and 14% are in permanent crops (orchards and vineyards). Around 46% of the farms are less than 2 ha. Despite the important hydraulic resources, only 30% of the agricultural lands are irrigated. Agriculture, including forestry and fishing, employs only 7% of the work force and contributes only 12.4% of GDP. Premium produce, especially oranges and peaches, are a valuable export. The intensively farmed coastal plain produces citrus, bananas, vegetables, melons and strawberries, while the lower slopes of the mountainsides support vineyards and fruit orchards of olives, figs, peaches, cherries and plums. Apples are grown at higher elevations. The Bekaa valley produces wheat, barley, sugar beets, tobacco, grapes and fruits. However, the agricultural imports represent more than 70% of the national demand.

**B – Tourism:** Due to its geographical location, its nature, its climate and its history, Lebanon has an excellent tourist potential. Moreover, the archaeological wealth is impressive in comparison to the size of the country. The number of tourists in 2003 is estimated to have exceeded 1 million.

The service sector contributes to 16.4% of GDP, the external trade to 30%, whereas the share of the building sector is about 9.2%. Transports and communications contribute up to 2.8% of the GDP.

**C – Industry:** This sector, which accounts for 17% of GDP, is treated more in details in section 2.4 below.

## 2.2. Institutional context of the Programme

The counterpart ministries, institutions and associations involved in the “UNIDO Integrated Programme for Lebanon” (IP) are listed in the following table:

Concerned parties	Counterparts for	Remarks
Ministry of Industry (MOI)	-Whole programme in general -Industrial statistics -Food Safety Panel (FSP) -Steering committee IP and SPX -LCPC (Lebanese Cleaner Production Centre)	
Ministry of Economy and Trade (MOET)	-Making food industry fit for export -Quality and accreditation -FSP -Steering Committee IP	
Ministry of Health (MOH)	-FSP	
Ministry of environment (MOE)	-LCPC -FSP -Steering Committee IP	
Ministry of tourism (MOT)	-FSP	
Ministry of agriculture (MOA)	-FSP	
Industrial Research Institute (IRI)	-Quality and accreditation -LCPC -SPX -Steering committee IP & SPX -FSP	-Institute of public interest, established in 1953 -Lebanese institute for applied industrial scientific and research studies, material and scientific analysis and metrology -Attached to MOI
Lebanese Standards Institution (LIBNOR)	-Upgrading quality control capabilities -Steering committee IP -FSP	-Established in 1962 -Under the tutelage of MOI -Modernise and elaborate Lebanese national standards

Investment Development Authority (IDAL)	-Industrial investment and organization of Intechmarts -Steering committee SPX	-Established in 1995 -Attached to the Presidency of the Council of Ministers
Association of Lebanese Industrialists (ALI)	-Steering committee IP and SPX -LCPC	- Includes about 1000 members from Lebanese industries
Berytech “Technological Pole”	-SPX -Promotion of a progressive and competitive SME sector and industrial entrepreneurship for women -LCPC advisory committee	-Private initiative geared towards consolidating the dynamic sector of ICT within the Lebanese economy
Kafalat	-Emergency assistance to the food industry in the south of Lebanon -Agreement with LCPC	-Guarantees for loans to small and medium enterprises
Syndicate of Lebanese Food Industries	- FSP	Includes 125 members from Lebanese food industries
Syndicate of Restaurants	-FSP	Includes about 500 members from restaurants, café, night clubs, etc
Federation of Chambers of Commerce, Industry and Agriculture	-Steering Committee SPX -LCPC advisory committee	Representing 4 Chambers of Commerce (Beirut and Mount Lebanon, South, North, Bekaa).
Universities: American University of Beirut (AUB), Lebanese University, St Joseph University (USJ), National Institute for Nursing Care), Lebanese American University (LAU)	-FSP -LCPC	
Ministry of Defence- Lebanese Army	- FSP	

### **2.3. Legislation and regulations**

Legislation and regulations in force in Lebanon are based on resolutions, decrees and laws.

The resolution is an administrative or a non-administrative organizational act issued by the administrative authorities represented by ministers, mayors and heads of municipalities. It can also be issued as an administrative warrant (e.g. the warrant issued by the Minister of Industry n°2/1 dated 16/10/2000 concerning the UNIDO Integrated Programme for Lebanon). Several authorities can also issue it as an interdepartmental resolution (e.g. the Cabinet Resolution n°17 dated 29/3/2001 concerning the acceptance of a donation given by UNIDO to support the enhancement of the competitiveness of the Lebanese industry and its integration in the global market).

The decree is a legal organizational or individual act issued by the President of the Republic. Usually the President of the Republic, the Prime Minister and the concerned minister or ministers signs it (e.g. the Decree n°12381 dated 30/04/2004 establishing the national standards dealing with electrical tools).

The law is an objective and general rule approved by the Parliament. Its elaboration goes through a number of stages. For instance in the case of the IP, the «Food Safety Law » is currently being submitted to the Cabinet by the Minister of Economy and Trade for approval before being submitted to the Parliament where it will be discussed and hopefully approved.

#### **2.4. Industrial situation of the country**

Lebanon has around 22,000 industrial establishments, a large majority of which (88.6%) belonging to 8 major industrial sub sectors:

- Food and beverages (20.3%)
- Metallic products (16.1%)
- Non-metallic products (11.5%)
- Furniture and assimilated products (10.5%)
- Clothing and fur (10.3%)
- Wood products (10.2%)
- Leather and tanning (5.9%)
- Textiles (3.7%)

The industrial sector employs around 140,000 people, i.e. 20% of the total Lebanese workforce. Most of the industrial establishments are small units and over 95% of the industrial enterprises employ less than 10 workers (owners included). Less than 1% of the industrial firms have more than 100 workers.

In the last years the Lebanese exports reached:

USD 714 million in 2000 (11.4% of imports),

USD 759 million in 2001 (12%),

USD 845 million in 2002 (16.2%)

USD1,087 million in 2003 (20.8%) .

The most important countries for importing from Lebanon are:

the Arab countries (44% of all exports in 2000, 41% in 2001 and 47% in 2002)

and the European countries (20% in 2000, 19% in 2001 and 13% in 2002).

The most important industrial exports are represented by:

- Machinery and mechanical appliances (14%)
- Chemical products (12.7%)
- Prepared food stuffs (12%)
- Paper and paperboard (11.5%)
- Pearls, precious stones and metals (10%).

In order to facilitate the administrative procedures and save time for the investors, the MOI has strengthened the role of the service delivering the permits. The number of permits issued from the end of 2002 till now has reached the figure of about 1400. According to the law, any investor applying for a permit should receive it within two months after the application.

The Lebanese industrial sector has suffered from years of conflicts while simultaneously facing a dramatically changing technological and economic environment. Globalisation of the production and trade and the speedy technological development now require a capacity to formulate, implement and continuously monitor and adjust the industrial policy at the macro, sectoral and enterprise levels. Industry is to play a fundamental role in rebuilding the economy. Although the Lebanese industry has succeeded in preserving an important part of its assets and has survived over many years of crisis, it still faces many difficulties today.

## **2.5. Strategy of the Government for the industrial sector**

The approach is fourfold:

- *Sector*: priority for industries for which Lebanon has a comparative advantage;
- *Size*: micro, small and medium industries have to be developed;
- *Location*: emerging industries have to be encouraged in all regions of the country in order to achieve a balanced development;
- *Market*: specific markets for the Lebanese goods have to be targeted.

The Government has started implementing a comprehensive economic strategy and has taken a series of measures to support industrial development.

Some of these measures are listed below:

- A new modern customs law, which facilitates import and export procedures;
- A new law on foreign acquisition of property, which relaxes foreign property ownership restrictions;
- Custom duties exemptions on raw materials, equipment and spare parts intended for industrial use, in order to reduce the costs of production;
- Preferential advantages (15%) given to local industries in State procurement;
- Reduction of fees for exports;
- Reorganization of existing industrial zones, and creation of new ones;
- Tax exemptions for new plants and factories in rural and liberated areas;
- Support margins of interest rate for bank loans to industry raised from 5% to 7%;
- Exemption for ten years from income tax on industrial project development dividends;
- New legislation and incentives for industrial development;
- Strengthening of standards organizations;
- Expanding the role of the Industrial Research Institute (IRI);
- Encouraging linkages between the industry, the educational system and the training institutions;
- Participation in international aid programmes (EU, UNIDO) with the aim of enhancing the competitiveness of Lebanese industries and their integration in the global market.

In the context of a comprehensive strategy of trade liberalization, the Government signed, in December 2002, an association agreement with the European Union (Lebanon's major trading partner) under the Euro-Mediterranean Partnership Framework. Preparation for negotiations leading to joining the pan-European Area is underway. In parallel, Lebanon has applied for membership to the WTO and the first round of negotiations took place in January 2003.

In addition, Lebanon is implementing the Greater Arab Free Trade Agreement (GAFTA). As of 1/1/2005, the entire Arab world constitutes a single free trade area. The crux of the economic strategy is to make Lebanon an ideal location for economic activities in the region,

as it can be seen as a critical intersection point between the Euro-Mediterranean free trade area and the GAFTA.

Finally, Lebanon has signed a number of investment promotion agreements with several countries and benefits from investment guarantees granted by national and international organizations.

## **2.6. Background and objectives of the Integrated Programme (IP) for Lebanon**

The IP was finalized in October 2000 after almost one year of preparatory work done by a team of UNIDO staff in interaction and cooperation with Government and private sector representatives and in coordination with multilateral and bilateral agencies. The Lebanese Government through the decision n°17 dated 29 March 2001 approved it.

The same decision also decided the establishment of a Steering Committee.

The IP was planned for a period of three years.

The IP is structured in four major components: (1) Effective governance; (2) Promotion of partnerships and market access; (3) Improvement of enterprise performance and SME development; and (4) Industrial environmental management.

It aims at addressing major industrial development issues such as the availability of relevant industrial data for supporting strategic and policy decisions, quality, standards and consumer protection at enterprise and institutional levels, SME development including promotion of industry-based employment generation, fostering integration of the Lebanese industry in the regional/international production and commercial chains, reducing the impact of industrial activities on the environment while improving the cost-efficiency of industrial processes. The actions identified for the South were incorporated in the component (3).

The funds so far allocated have enabled the implementation of the current initial phase, through the components/subcomponents dealing with:

- Standardization and consumer protection,
- Food safety and quality,
- Assistance to the Lebanese SMEs, supporting entrepreneurship developments with special focus on the South Lebanon,
- General enhancement of the competitiveness of the Lebanese industry.

The total budget initially foreseen amounted to US\$ 5,960,500 (excluding support costs). As at end of October 2004, the funds actually received for the implementation of the IP amounted to US\$ 1,208,910, i.e. 20.3% of the planned budget. The total contribution offered by UNIDO from its own resources to the IP budget is US\$ 283,862, representing 23.48 % of the total allotment received so far.

The design of the IP has been based on the following scheme, which shows the various objectives ranking from the more general to the more specific ones:

### **A – General development objective of the country :**

The establishment of a modern industrial base, in order to satisfy the internal demand, attract investments and allowing the dissemination of Lebanese products in the international markets.

**B – General initial objectives of the UNIDO Integrated Programme for Lebanon**

- Enhance the competitiveness of the Lebanese industry and its integration in the global market (including emergency assistance to the development of productive activities in South Lebanon)
- Promote industrial partnership and industrial investment
- Enhance the quality and safety of products of the Lebanese food industry and its competitive capacity
- Develop industrial exports
- Strengthen the institutional capacities for the establishment of a modern ministerial infrastructure
- Strengthen national capabilities for a better industrial environmental management (cleaner production and improved competitiveness)

**C – Initial immediate Programme’s objectives** (in **bold** are indicated the subcomponents financed)

*Component 1 : Strengthen and make more efficient industrial development governance*

**Subcomponent 1.1: Establish the capability within the Ministry of Industry and the Central Statistics Authority to produce and use a system of industrial statistics (financing approved on 29/9/2004; no activities yet)**

Subcomponent 1.2: Industrial strategies and policies: modernization of the Lebanese Ministry of Industry (not financed)

**Subcomponent 1.3: Streamlining the consumer protection system (partly financed)**

**Subcomponent 1.4: Making Lebanese accreditation system operational**

Subcomponent 1.5: Establishment of a governmental information network (not financed)

*Component 2: Partnership and market access for food products (Support integration of Lebanese industries and commercial chains)*

Subcomponent 2.1:

**(1) Establishment of the industrial subcontracting and partnership exchange (SPX) to provide advisory services to industries and promote partnership agreements**

**(2) Industrial investment promotion: Enhance technology upgrading, fostering strategic alliances with foreign partners and promoting industrial investments (not financed)**

Subcomponent 2.2:

**(1) Establishment of a reliable food inspection and food safety assurance system**

**(2) Carry out benchmarking exercise in two priority subsectors (not financed)**

*Component 3: Upgrading SME performance (with special support to South Lebanon)*

**Subcomponent 3.1: Increase competitiveness through implementation of quality (TQM) and business performance in pilot enterprises**

**Subcomponent 3.2: Promote domestic and export markets and revitalization of women entrepreneurship in SME (South Lebanon)**

Subcomponent 3.3: Emergency assistance to the food industry in South Lebanon (not financed)



**Subcomponent 3.4: Support SME sector with information and value-added services**

*Component 4 : Industrial Environmental management*

**Subcomponent 4.1: Establishment of a Cleaner Production Centre**



South Lebanon: some marzipan products prepared by a pastry making enterprise that sent sixteen persons of its staff to participate in the GMP (Good Manufacturing Practices) and HACCP trainings in the food safety and quality programme organized by the Integrated Programme.

On the bottom of the box is reported the composition of the product, according to the new consumer's protection rules, which have been promoted by the activities of UNIDO through the Food Safety Panel



## 3. Evaluation of the Programme as a whole

### 3.1. Relevance of the Integrated Programme

In its “Guidelines for Evaluation of Projects and Programmes”, UNIDO is defining the relevance of a Programme as “the extent to which the programme is consistent with the problem area identified in relation to the country’s industrial development goals, the constraints and the needs of counterparts and beneficiaries and UNIDO comparative advantages in offering the experience and services required”.

The evaluation mission determines whether the IP is relevant for the country on the basis of the Programme Document, of its terms of reference, of the analysis of the results achieved and of observations made during the interviews at the Ministries, the institutions and with the final beneficiaries of the Programme.

With less than a quarter of the envisaged budget made available over more than three years, the IP had to be focused on actions within the four initially established components, which were considered as particularly needed by the Lebanese authorities and which met the priorities of some donors. For instance, it has incorporated specific actions required to respond quickly and urgently to the needs of the areas in the South of Lebanon returned under Lebanese control in May 2000 (see Subcomponent 3.2(5): *Revitalization of SMEs in South of Lebanon*).

In these conditions, the original Programme Document has become only an indicative document and the activities have been permanently adjusted to match the current priorities of the country, the IP itself tending to become a forum of cooperation between public and private sectors with UNIDO playing a catalysing role.

This flexible approach also allowed providing major inputs in the very important issue of the safety of the food products, which has become in some way the flagship of the IP Lebanon because of its far-reaching implications and the active involvement of most stakeholders.

It has been recognized by all stakeholders that a technical UN agency like UNIDO can play a critical role in Lebanon in offering a neutral platform, where the cooperation on matters of public interest can be generated among the various parties concerned despite their divergent, and sometimes conflicting interests.

Despite the limited funding (20% of the initially planned budget) and the changing priorities resulting from a number of changes of Government in Lebanon, the Integrated Programme has developed satisfactorily. Through the food safety-related operations, in particular, the ownership of the IP has been strongly established. This can be considered as a major evidence of the relevance of the activities of the IP for the country.



Interview of the Evaluation Team with  
Mr. Georges Nasraoui, President of the  
Syndicate of Lebanese Food Industries (SLFI)



Interview of the Evaluation Team with  
Mr. Dr. Zuhair Berro, President of Consumers Lebanon,  
member of the Food Safety Panel



Interview with Mr. Fadi Samaha,  
Director General of the Ministry of Industry,  
main counterpart of the Integrated Programme

The mechanisms of consultation and coordination have proven to be appropriate and, in particular, very successful for the food safety sector. However, the evaluation mission suggests that the Steering Committee of the Integrated Programme should meet more often, at least twice in a calendar year, on the basis of a detailed agenda. This should give a better opportunity to all the parties involved in the Programme to have an overview of the results achieved and should facilitate the coordination among the components in implementing the activities foreseen. At the same time, more cooperation between the food safety and the cleaner production activities should be encouraged.

The experience acquired with the activities developed, in spite of the limited financing, has confirmed the relevance of the objectives, of the results obtained and of the counterparts selected. All the counterparts have developed a strong feeling of ownership of the Programme, particularly through the food safety-related operations for the preparation of the draft law on food safety. This law is considered of paramount importance for the country, involving the health of the nationals and aiming at facilitating the access to foreign markets. This good result alone (although the law has still to be approved by the Government before being submitted to the Parliament) justifies a second phase of the Programme with a stronger focus on the enhancement of the capacities of SMEs support institutions (public and private).



Meeting with Mr. Fadie Abboud,  
President of the Association of the Lebanese Industrialists (ALI)

### **3.2. Development of the Integrated Programme**

The IP Lebanon was finalized in October 2000 after almost one year of preparatory work done by a team of UNIDO staff in interaction and cooperation with Government and private sector representatives and in coordination with multilateral and bilateral agencies. The Lebanese Government through the decision N°17 dated 29 March 2001 approved the Integrated Programme. The Programme was originally planned for three years.

The budget foreseen at the time of the formulation of the programme has not been reached due to lack of donors. The total budget initially foreseen amounted to US\$ 5,960,500. As at end of October 2004, the funds actually received for the implementation of the IP amounted to US\$ 1,208,910, i.e. 20.3% of the planned budget. The total contribution offered by UNIDO from its own resources (unutilised balances of the previous years and funds of the Regular Programme for Technical Cooperation) to the IP budget amounts to US\$ 283,862, representing 23.48 % of the total allotment received so far by the IP.

Despite the weak funding and the lack of an updated Programme Document, the method applied in the logical framework approach (inputs, activities, results, immediate objectives of the components and general objectives of the Programme) is acceptable with reference to the achievement of the outputs foreseen.

Indicators are mentioned in the Programme Document but they are not quantified. The original Programme Document of October 2000 has been integrated by the Project Document “STRENGTHENING HUMAN AND INSTITUTIONAL CAPACITY FOR UPGRADING SAFETY, QUALITY AND STANDARDS OF LEBANESE FOOD SMES, WITH PILOT APPLICATION TO TAHINA AND HALAWA MANUFACTURERS” dated June 2002 and which became the leading activity of the entire Integrated Programme.

For the second phase, the Programme will need a more realistic budget, with focus on the components and activities that have a concrete financing perspective.

The evaluation team has remarked the following general positive results:

- It is recognized by all stakeholders that UNIDO has played a critical role in Lebanon in creating a neutral platform for cooperation on matters of public interest among the various parties concerned despite their divergent and sometimes conflicting interests.
- Despite the limited funding and changing priorities, the Integrated Programme has developed satisfactorily. Through the food safety activities developed, in particular, the ownership of the IP has been strongly established.
- The activities have focused on the components / subcomponents that have received the attention of the donors and have generated the convergence of interest of the public and private sectors of the country.
- The management of the Programme and the promotion and coordination role performed by the UNIDO Representative (UR) and the National Programme Coordinator have been unanimously recognized as very positive by all national and international counterparts and by the beneficiaries of the Programme.
- The preparation of the draft law on food safety has allowed putting together for its elaboration public, academic, institutional and private institutions, which so far never happened in the country.

- The capacity building of the stakeholders has been supported through specific training.
- The IP has strongly contributed to the preparation of a public countrywide awareness campaign on food safety.
- A further positive aspect has been the sensitization of all the sectors concerning the food safety and the attempt to relate the industrial production to a more friendly related environment, increasing at the same time the local industrial competitiveness.

During all visits and interviews which the evaluation team conducted at all levels, the relevance of the Programme and its importance for the safety and standardization of food products in the country have been constantly confirmed. This may also overcome some barriers to the export of food products made in Lebanon, which has a number of opportunities all over the world due to the presence of millions of Lebanese expatriates.

### **3.3. Institutional Context of the Programme.**

The IP has been elaborated from December 1999 to September 2000 by a team of UNIDO staff covering various fields of specialization in cooperation with both the Lebanese Government and the private sector and in coordination with other multilateral and bilateral agencies. It was based on: common understanding, coordination mechanisms and prospects for funding. Moreover, it has been designed following a series of basic guiding principles: ownership by Lebanese stakeholders; coherence and integration, focus on UNIDO's competence and expertise, direct involvement of Lebanese public/private institutions, cost-sharing arrangements and coordination with other bilateral/multilateral agencies.

The IP addresses only some of the main priority weaknesses/strengths identified. It aims at making both the Government and the private sector fit for competition by strengthening local human and institutional capacities.

A National Programme Coordinator manages the IP in Lebanon.

The institutional framework of the Programme includes several counterparts. The main one is the Ministry of Industry. Some activities are addressing the needs of this Ministry, like the need for strengthening the national capabilities and the system of industrial statistics and the Ministry's capabilities in the areas of industrial policy formulation and implementation. Others are addressing the needs of other counterparts, such as:

- Investment, technology and export promotion.
- Establishing an Industrial Subcontracting and Partnership Exchange
- Enhancement of competitiveness in the industry sector
- Improvement of the quality, particularly in areas related to performance indicators, productivity, support to the implementation of international standards, accreditation etc.
- Food industry upgrading, where the deficient food safety system is not meeting the needs and requirements of the markets is one of the key problems identified.
- Food industries access to export markets, which are now requesting to implement a quality control system known as HACCP: Hazard Analysis of Critical Control Points.
- The low capacity of the institutions in charge of food inspection and those providing support services through training in food safety assurance and inspection techniques.

- The low capabilities of the relevant institutions in the areas of metrology, standardization, certification and accreditation. These needs originate from the objective to increase export and from the process of accessing the WTO.
- The weak testing and inspection capability. Due to that the exporting enterprises are seeking testing and calibration services overseas at high costs.
- Improvement of women entrepreneurship in productive sectors, considering that, in the rural areas, there is a need to engage women in productive activities in order to empower them economically and to enable them to make a reasonable contribution to the economic development, especially regarding the revitalization of SMEs working in the food industry in the South.
- The reinforcement of the capacities in industrial environmental management, that bring about a better understanding of industrial environmental problems and that show how specific environmental problems can be solved generating financial as well as environmental benefits, complying with the environmental norms.

The institutions participating in the Programme are:

- Ministry of Economy and Trade (MOET)
- Ministry of Health (MOH)
- Ministry of Environment (MOE)
- Ministry of Tourism (MOT)
- Ministry of Agriculture (MOA)
- Ministry of Defence - Lebanese Army (as member of food safety panel)
- Industrial Research Institute (IRI)
- Lebanese Standards Institution (LIBNOR)
- Investment Development Authority (IDAL) (Attached to the Presidency of the Council of Ministers)
- Association of Lebanese Industrialists (ALI)
- Universities: American University of Beirut (AUB), National Lebanese University, Saint-Joseph University (USJ), Lebanese American University (LAU), National Institute for Nursing Care
- Federation of Chambers of Commerce, Industry and Agriculture
- Syndicate of Lebanese Food Industries
- Syndicate of Restaurants
- Kafalat (Guarantees for Loans to Small and Medium Enterprises)
- Berytech "technological pole" (Saint-Joseph University)

It has to be acknowledged that UNIDO, through the Integrated Programme, is considered by all these institutions as a catalysing organism to support the Lebanese infrastructure in establishing a strong industrial base to satisfy the internal demand, promote investments and allow the penetration of the Lebanese products into the international markets.

### **3.4. Funds Mobilization**

Funds mobilization has been a weak point in the implementation of the IP. As written above, only 20,3% of the planned budget of US\$ 5,960,500 was mobilized over a period of more than three years.

The following table shows the distribution of the funds in USD as at end September 2004 among the components:

I.P. LEBANON: FINANCIAL STATUS BY COMPONENTS AND SUBCOMPONENTS								
Status 19 November 2004								
Component	Project number	Donor	Project manager	Total Budget (Planned) USD	Total Allotment USD	Total Expenditure as of 11/2004 USD	% Budget & Financed	% Financed & Expenditure
<b>Non-component item</b>								
General management Subcomponent 99	XP/LEB/04058	UNIDO - Regular Prog. of TC	G.Patacconi		40,640	38,392		94%
	US/LEB/03/076	Government contribution	G.Patacconi		540	540		100%
	XP/LEB/00/016	UNIDO - Regular Prog. of TC	G.Patacconi		12,939	12,939		100%
	XP/LEB/02/031	UNIDO - Regular Prog. of TC	G.Patacconi		15,876	15,874		99.99%
Subtotal					<b>69,995</b>	<b>67,745</b>		96.79%
<b>Component 1: Strengthen the Governance of industrial development</b>								
Subcomponent 1.1	XP/SF/LEB/...	UNIDO/Government	Mr. Yamada Industrial Statistics	300,000	Not yet released (approved 29.09.04)			
Subcomponent 1.3 & 1.4	US/LEB/00/145	Kuwait (Unspent Funds Balance)	G.Patacconi		50,000	50,237		100.47%
Subcomponent 1.4	UB/LEB/00/047	UNIDO - Unutilised Balance	G.Patacconi		78,203	78,203		100%
	XP/LEB/00/037	UNIDO - Regular Prog. of TC	G.Patacconi		32,861	32,861		100%
Subtotal				<b>817,000</b>	<b>161,065</b>	<b>161,301</b>	19.71%	100.15%
<b>Component 2: Partnership and market access</b>								
Subcomponent 2.1	SF/LEB/00/001	Government contribution/EU Comm.	P.J.Gilabert		118,707	93,036		78.37%
Subcomponent 2.3	US/LEB/02/12A	Italy	K.Schebesta		70,925	71,308		100.54%
	UB/LEB/00/046	UNIDO - Unutilised Balance	A.Ouauouch		55,240	55,240		100%
	US/LEB/04/12A	Italy	K.Schebesta		9,041	8,013		88.63%
Subtotal				<b>1,018,000</b>	<b>253,913</b>	<b>227,598</b>	24.94%	89.64%
<b>Component 3: upgrading performance of Lebanese industry (including support to South Lebanon)</b>								
Subcomponent 3.1	US/LEB/04/128	Italy	G.Patacconi		142,932	136,555		95.54%
	US/LEB/02/128	Italy	G.Patacconi		76,532	76,826		100.38%
Subcomponent 3.2 (5)	UB/LEB/00/045	UNIDO - Unutilised Balance	T.Ulusay		29,029	29,029		100%
	US/LEB/00/151	Italy	T.Ulusay		265,500	264,989		99.81%
Subcomponent 3.4	UB/LEB/00/044	UNIDO - Unutilised Balance	J.F.Pruim		19,074	19,074		100%
Subtotal				<b>2,523,500</b>	<b>533,067</b>	<b>526,473</b>	21.12%	98.76%
<b>Component 4: Industrial Environmental Management</b>								
Subcomponent 4.1	EU/LEB/04/001	Government contribution/EU Comm.	E.Clarence-Smith		74,692	67,909		90.92%
	US/LEB/04/197	Austria	E.Clarence-Smith		56,573	35,628		62.98%
	EU/LEB/02/001	Government contribution/EU Comm.	E.Clarence-Smith		36,519	36,519		100%
	US/LEB/01/197	Austria	E.Clarence-Smith		23,085	23,044		99.82%
Subtotal				<b>1,602,000</b>	<b>190,870</b>	<b>163,101</b>	11.91%	85.45%
<b>TOTAL IP</b>				<b>5,960,500</b>	<b>1,208,910</b>	<b>1,146,218</b>	<b>20.28%</b>	<b>94.81%</b>



The Donors to the Lebanon Programme have been UNIDO, the EU, Austria, Italy, Kuwait and the Lebanese Government. Their respective contributions are shown in the table below:

UNIDO	US \$ 283,862	23,5 %
AUSTRIA	US \$ 79,658	6,6 %
ITALY	US \$ 564,930	46,7 %
KUWAIT	US \$ 50,000	4,1 %
EU/Lebanese Govt.	US \$ 230,460	19,1 %
<b>TOTAL</b>	<b>US \$ 1,208,910</b>	<b>100,0</b>

It should be noted that some additional contributions in kind and in cash from the Government of Lebanon (Ministry of Industry and Ministry of the Environment) were used to cover some administrative and hospitality costs.

UNIDO provided 23.5% of the funds from its programmable resources, not only for costs related to the general management of the IP but also directly for the implementation of three (out of four) components of the Programme. It recently approved the co-financing, with the Lebanese Government, of the development of an institutional capacity for annual surveys of the manufacturing sector (Component 1) with an envisaged contribution of US\$ 150,000. These funds should be released as soon as the Lebanese Government has formally expressed its commitment to contribute for a same amount.

The largest contributor has been Italy with 46.7% of the allocated funds. It financed most of the activities aiming at revitalizing small and medium industries in South Lebanon (Component 3) and its important contribution for the strengthening of the human and institutional capacity for upgrading safety, quality and standards of Lebanese SME (through a pilot application to tahina and halawa manufacturers) gave a major impetus to the activities relating to food safety (Component 2). A new contribution has been recently approved (a first instalment of US\$ 200,000) to provide assistance to the Lebanese meat- and milk-processing sectors in their efforts to gain increased market access. At the same time, it has been agreed to include Lebanon in a major Italy-financed regional project relating to the promotion of SME export consortia.

The European Union provided almost 20% of the funds through two different mechanisms. It supported the establishment of an industrial subcontracting and partnership exchange (SPX) in Lebanon (Component 2) through a contribution channelled to the Lebanese counterpart, the Industrial Research Institute (IRI), and contributed, through the Programme LIFE, to the establishment of the Lebanese Cleaner Production Centre (Component 4) also located in the premises of the IRI. Further funding for this component is expected.

Austria contributed 6.6% of the funds allocated to the IP for the support of the Lebanese Cleaner Production Centre (Component 4) that is linked to an Austrian reference institution based in Styria (Stenum GmbH).

Further financial support from Austria for this component is being considered.

At the request of UNIDO, the Government of Kuwait accepted to release the balance of its funds deposited at the Industrial Development Fund for the IP Lebanon. This contribution, representing 4.1% of the funds allocated to the IP, was used for the implementation of Component 1.

At the present stage, further funding for the continuation of the IP is secured (from Italy, UNIDO and the Lebanese Government) or expected (from the EU and Austria).

In addition, Switzerland has expressed its interest to support activities related to metrology, testing and conformity in the context of the future trade agreement between EFTA countries and Lebanon.

However, in order to become more attractive for potential donors, the IP should be streamlined and focussed on a set of specific and more inter-related objectives with a priority given to the strengthening of support institutions. This work could be monitored by the Steering Committee. At the same time, the Lebanese Government should assume a more active role in the funds mobilization efforts, in close coordination with UNIDO and with an enhanced support from the other stakeholders.

### **3.5. Management, implementation and coordination of the IP**

The management of the IP has benefited from the presence of a UNIDO Representative (UR) in the country since its inception (and until July 2004) and of a National Programme Coordinator nominated in early 2001. These two factors have played a crucial role in the close monitoring of the field activities and in the establishment of permanent contacts with national stakeholders and with representatives of donors in Lebanon. They have also helped to overcome the difficulties stemming from successive governmental changes.

At HQs level, the coordination of the IP team has been satisfactorily implemented in spite of some changes, which occurred in the composition of the team as a result of internal restructuring. Some administrative measures taken in the course of the IP, such as the temporary transfer of the team-leadership to the UR and successive modifications in the financial allotment regime, did not create serious disruptions in the implementation.

The Steering Committee that was established in March 2001 met only four times during the whole period, the last time on 31 January 2003.

This is surely not enough to provide the needed continuing guidance and to ensure an efficient follow up of the Committee's decisions and recommendations. In view of the continuation of the IP, the Evaluation Team recommends that the Steering Committee meet at least twice in a calendar year and that a follow-up mechanism be established and documented. For instance, at its last meeting in January 2003, the Committee decided that the IP would be reviewed in its entirety during the next meeting, which should have been held in June 2003. As no meeting was actually convened, during the last two years, the recommended review never took place and this could have a detrimental effect for the future. After almost four years of implementation, and in the light of the acquired experience, the IP should be revisited and its objectives subsequently streamlined in order to be better adjusted to the present situation.

Implementation was smoothly and efficiently conducted for those subcomponents that received sufficient funding from the start and was self-contained, such as subcomponent 2.3 (Establishment of a reliable food inspection and food safety assurance system) and subcomponent 3.2 (Promoting domestic and export markets and revitalization of women entrepreneurship in SME in South Lebanon). For those subcomponents which involved the establishment of a specific institutional set-up, such as 2.1 (SPX-L) and 4.1 (LCPC), implementation was less easy as it implied additional efforts to solve problems of a managerial nature in the context of a funding scheme limited in size and time.

The experience shows that such projects demand a closer coordination mechanism and, at the same time, adequate resources on the longer term to ensure a proper networking at the national and international levels.

Other subcomponents, for which only initial funding was available, did not generate significant results. The implementation was generally limited to short assessment missions of international experts (1.3: Streamlining consumer protection system; 1.4: Making Lebanese accreditation system operational; 3.4: Support to the SME sector with information and value-added services), or to the organization of training seminars for a group of pilot entrepreneurs (3.1: Increased competitiveness through implementation of quality and business performance in pilot enterprises).

In some cases, and this is one of the advantages of an integrated programme when it is closely coordinated, it was possible to redirect the provided inputs to a more active and better funded subcomponent or to use the outputs to adjust the general orientation of the Programme. Such corrective actions cannot always be implemented and, in general, initial activities, which have little or no prospect of receiving further funding, should not be launched.



Beirut. Mr. Hanna Faddoul, Managing Director, and Mr. Dany Elias, Quality Manager of the enterprise for cosmetics and toiletries Joseph B. Amatoury, which participated in the training programme on Entrepreneurship Development in Total Quality Management organized by the I.P.

### **3.6. Integration and synergy among the components of the IP**

There has been a good synergy between the subcomponents 2.3, 3.2 and 4.1 due to the fact that they targeted the same industrial subsector (food processing) and could rely on the active presence of a specialized national expert knowledgeable in this area. However, there is no evidence of synergy among other subcomponents.

Due to the limited financial resources and to their relative concentration on two subcomponents (2.3 and 3.2), there has been no real integration among the components of the IP. One should rather speak of a kind of “focalisation” on the area of food safety, which has become the flagship of the IP in Lebanon due to its large visibility and its large impact in the public opinion.

### **3.7. Efficiency of implementation**

In terms of efficiency (i.e. the relationship between the inputs utilized and the outputs produced, in terms of quantity, quality and timeliness), it appears that two subcomponents have been efficiently implemented: 2.3 (Establishment of a reliable food inspection and food safety assurance system) and 3.2 (Promoting domestic and export markets and revitalization of women entrepreneurship in SME in South Lebanon). In both cases, the available resources have been adequately and economically used to achieve the planned results on time. On the other hand, efficiency has been low for the subcomponents 4.1 (LCPC), due to administrative delays and managerial problems, and 2.1 (SPX-L), because of a lack of achievements.

### **3.8. Effectiveness of the components**

As effectiveness is defined as “the extent to which the outputs of the project are used to achieve the purposes”, there is no doubt that the subcomponent 2.3 has been particularly effective: the draft law on food safety prepared by the Food Safety Panel has been delivered to the Governmental authorities who are now responsible for its processing to the Parliament. Other related activities, such as those aiming at sensitising the food industry to the importance of introducing HACCP in food processing factories, have largely contributed to the public awareness.

Subcomponent 3.2 has also been effective, in the sense that most of the outputs produced are conducive to the targeted goals. Entrepreneurship development, especially in problems-ridden areas, is however a never-ending effort, and the positive results achieved would need to be comforted through a relevant and continued technical follow-up.

It is not possible to assess the effectiveness of the other subcomponents, either because it is too early for the started activities to have produced relevant outputs or because the lack of adequate resources make it unlikely for them to produce any output at all.

### **3.9. Impact of the activities**

As stressed before, a major impact has been achieved by the activities relating to the food safety area (subcomponent 2.3) where the assistance of UNIDO was particularly timely and relevant and where the technical inputs (international and national expertise) were fully adequate.

It should be noted that these activities have contributed to enhance the image of UNIDO in Lebanon and its particular relevance for the country's development.

### **3.10. Sustainability**

Sustainability should be achieved for the subcomponent 2.3 as soon as the law on food safety will have been passed by the Parliament and the appropriate regulations issued by the Government. In addition, the existence of the Food Safety Panel and especially of its Scientific Committee provides the assurance that a nucleus of competent expertise will be available to advise the authorities and the industrial sector on further actions needed in this area.

The sustainability of the outputs achieved in the subcomponent 3.2 depends to a large extent on the provision of a technical follow-up consisting of periodical visits to the beneficiaries and on the availability of adapted counselling services to other interested entrepreneurs. Such services could be provided by regional support institutions like the relevant Chambers of Commerce and Industry.

Concerning the Lebanese Cleaner Production Centre (subcomponent 4.1), it is too early to assess its sustainability as it actually started its operations a year ago. Funding should be assured for at least three additional years before it can have the perspectives to become self-sustainable.



The evaluation Team visiting the company Sonaco, Food Products Al-Rabih, with the General Manager, Mr. George Karam.  
The company participated in the seminar on HACCP for food quality.



## 4. Evaluation by Components and Subcomponents

### 4.1. COMPONENT 1 – EFFICIENT INDUSTRIAL GOVERNANCE

Activities have been implemented in the following subcomponents, which have received funding:

- 1.1. Implementation of a standardized system of industrial statistics
- 1.3. Streamlining the consumer protection system
- 1.4. Making the Lebanese accreditation system operational

#### **4.1.1. Subcomponent 1.1: Implementation of a standardized system of industrial statistics**

This subcomponent benefited of some UNIDO seed money at the beginning of the IP to initiate the analysis of the needs but, due to a change in the governmental priorities, the implementation was postponed. In addition, no donor was identified.

Co-funding by UNIDO and the Lebanese Government is currently earmarked during the last quarter of 2004 and a relevant project document has been finalized and submitted to the Ministry of Industry. Activities are planned to start early 2005 after the funds have been released. The Association of Lebanese Industrialists (ALI), that is closer to the private sector, will substitute the Central Authority for Statistics (CAS), which was foreseen in the original programme document.

##### **4.1.1.1. Objectives, outputs foreseen and indicators**

The outputs expected to be produced were:

1. Establishment of a System of Industrial Statistics. Updated industrial registry; industrial census; indices of industrial sales and production; standard analyses of the data produced through the system of industrial statistics. Longitudinal (plant level) analysis based on the data produced in the 1994, 1998 and 1999 censuses. Support for the analyses of statistical data involved in the Industrial Policy and benchmarking Sub-Components.
2. Capacity building so that counterparts can continue the System of Industrial Statistics after the completion of the activities of the Sub-Component.

The activities expected for the output 1 were:

1. Registry updating.
2. Census operations including publicity and users' workshop(s).
3. Index of industrial sales and production operations
4. Standard analyses of data produced through the industrial census
5. Longitudinal (plant level) analysis of data from 1994, 1998 and 1999 censuses.
6. Statistical support for Industrial Policy and Benchmarking Sub-components provided
7. Publicity designed to encourage potential public and private industrial statistics users to use the outputs available from the System of Industrial Statistics

For the output 2:

1. In depth review of methods and procedures used in the 1998 Census
2. Workshop on registry updating and registry updating.
3. Workshop census operations
4. Workshop on prompt indicators and the index of industrial production.
5. Workshop on standard census data analysis.
6. Workshop on longitudinal analysis (plant level analysis).
7. Ongoing assistance in mastering the procedures and tools developed during the implementation of the Sub-Component through learning by doing, the provision of written documentation and *ad hoc* training sessions or workshops.

There are no precise indicators, in Lebanon, regarding industrial activities.

- The two recent industrial censuses (1994 and 1998), have been done by local consulting firms, which is not conducive to the regular registry updating and the production of industrial statistics, particularly this arrangement is not conducive to the production of a quarterly index of industrial production.
- Outsourcing of industrial statistics operations is less conducive than would be in-house operations in facilitating the use of these data and is less effective in allowing the operations to be responsive to the needs of users, particularly within MoI and CAS, as well as perhaps other users of industrial statistics users.

#### **4.1.2. Subcomponent 1.3 : Streamlining the consumer protection system**

Counterparts: Ministry of Economy and Trade (Consumer Protection Department), Ministry of Industry, LIBNOR, IRI, Ministry of Health, Ministry of Agriculture, consumers and industrialists associations.

##### **4.1.2.1. Objectives to be achieved, critical problems and indicators**

The immediate objective of this subcomponent was to make the consumer protection system more efficient to safeguard consumers with regard to health, safety and against frauds.

The critical problems to be addressed were (and still are) :

- Risks (health and safety) for the Lebanese population;
- Non-conformity to international standards and guidelines
- Duplication/overlapping of function among entities responsible for consumer protection
- Divergence of testing results of the different laboratories involved
- Independence of the laboratories vis à vis the risk of external pressure
- Absence of legal instruments to legitimate the action of the control applied
- No system established to enable consumers to voice their rights and to handle complaints
- Entrepreneurs and traders are not consumer-oriented and need to be given incentives and support to improve the quality and safety of their products
- Limited funds and need to avoid duplications with the EU large-scale quality programme for Lebanon

- Laboratories at IRI have been in the process of relocation for over 2 years, therefore, any accreditation assistance was postponed, as it could not take place prior the relocation to the new premises

The target beneficiaries were:

- Consumers in Lebanon and abroad;
- Enterprises that would benefit from a streamlined quality control system;
- Laboratories that will become more efficient;
- Inspection systems upgraded through training of inspectors.

#### **4.1.2.2. Activities developed**

Two outputs were expected from this subcomponent for which a budget of USD\$ 273,000 had been initially envisaged:

- Output 1: The whole consumers protection system fully assessed
- Output 2: System for handling consumers' complaints established

As only a limited amount of seed-money was made available for this subcomponent (less than 20% of the envisaged budget), activities have essentially been related to the first output and consisted in two missions of an international expert. In his report dated May 2001 ("Proposal for Improving Standardization Activities in Lebanon"), the expert reviewed the relationships between LIBNOR, IRI, the Consumer Protection Department and other relevant ministries, institutions and associations, focusing on the Lebanese Standardization Law and on the role and function of LIBNOR. The expert proposed an action plan to streamline the whole system with a view to enable a quick process for the development, the adaptation and the adoption of international and regional standards as Lebanese standards, giving particular attention to the future accession of Lebanon to WTO. A number of detailed recommendations addressed to all the parties concerned were included in this report.

In a consolidated report dated May 2002, the international expert elaborated on the feedback he had received during his second mission and on his contribution to the drafting of the new Standardization Law. A draft proposal for LIBNOR's activities, organizational chart and staff requirements was attached to this second report.

There has been no activity relating directly to the second output.

#### **4.1.2.3. Findings**

Since 2002, the IP has developed no activity under this subcomponent. Most activities relating to this area of consumers protection have been developed in the framework of subcomponent 2.3 (Food safety).

From the information received from the Director of LIBNOR during the evaluation mission, it appears that this institution is still facing the same problems as at the time of the assessment missions. In terms of legislation and regulations, the situation has not significantly improved as no updating of the Standardization Law of 1962 could be achieved so far.





Beirut. The Lebanese Standards Institution – LIBNOR



Beirut. The Industrial Research Institute (IRI)



Beirut. Meeting with Mr. Addessalam Ould Ahmed,  
FAO Representative in Lebanon



View of Beirut from the FAO premises

The subcomponent has given support to LIBNOR for the translation of the standards into English. It should be noted that the Standardization Law has not yet been passed and that the capacities of LIBNOR are still very weak.

In Lebanon, since 1998, more than 1000 standards have been established, but only 150 are mandatory standards by decree for the sectors of food, light electrical appliances and construction products. There is no protection for the consumers.

The SMEs should communicate to LIBNOR what is needed as standards and in which sectors. To establish the standards, LIBNOR has 40 technical committees with the support of several institutions, since LIBNOR has no technical staff.

A further obstacle is represented by the difficulty to get the data because Chambers, associations and institutions do not have updated databases.

If the lack of resources may be a major reason for the lack of concrete results, other factors may also have played an important role, such as the governmental changes, the complex relationships between the actors involved and a too general methodological approach. At any rate, the case of this subcomponent is a good illustration of the risk of aiming at solving complex problems without having secured an adequate amount of resources.

#### **4.1.3. Subcomponent 1.4 : Making Lebanese accreditation system operational**

Counterparts: Ministry of Economy and Trade; Ministry of Health; Ministry of Agriculture; IRI; consumer/enterprises associations; Lebanese accreditation body (when established).

##### **4.1.3.1.Objectives to be achieved, critical problems and indicators**

The immediate objective of this subcomponent was to make the Lebanese accreditation system operational and to foster mutual recognition with foreign countries. It aimed at addressing the following critical problems: standards, tests and certificates.

This represents technical barriers to trade for Lebanese products and the access to international markets for Lebanese products is limited by the lack of international recognition of Lebanese tests and certificates. The establishment of an accreditation system is related to the access of Lebanon to WTO.

Target beneficiaries:

- The public and private institutions providing certification services (quality systems and product), testing laboratories and inspection bodies;
- The organizations and enterprises using testing and certification services to gain international recognition;
- The whole country because of the impact on increased export capability.

##### **4.1.3.2.Activities developed**

Two outputs were foreseen:

- Output 1: Accreditation body operational and structure according to international standards/guides
- Output 2: Lebanese Accreditation Council assessed

A prerequisite for the implementation of this subcomponent was the existence of a Lebanese accreditation system. An important step towards this goal has been achieved with the Law N° 572 establishing the Lebanese Council of Accreditation (COLIBAC), which was passed on 11 February 2004. However, the Council itself has not yet been established due to some discussions at Government level on the personnel needed by this authority.

Some preliminary assistance was provided by UNIDO in June 2001 through the mission of an international expert who assessed the capacity of the laboratories of IRI in view of their possible accreditation. The expert drafted the Standard Operating Procedures (SOP) for the laboratory to be accredited and set up a management system and a business plan including cost structure/budget and human resources needed according to international standards. Details on this mission can be found in the expert's report dated July 2001 ("Preparatory Assistance to the Industrial Research Institute in Laboratory Management"). Finally, the accreditation of the laboratory of IRI has been done in 2004 by DAP, a German group.

#### **4.1.3.3. Findings**

As the preconditions for the envisaged operations could not be fulfilled, the intervention of UNIDO in this area was extremely limited. It is hoped that the assistance being currently considered with the financial support of Switzerland in connection with the future agreement between Lebanon and the EFTA countries will be developed under more favourable circumstances.

It has to be remembered that standards, tests and certificates are used as technical barriers to trade for the Lebanese products.

The access to international markets for Lebanese products is limited by the lack of international recognition of Lebanese tests and certificates.

The accreditation system is related to the possibility of access of Lebanon to WTO

## **4.2. COMPONENT 2 – PROMOTION OF PARTNERSHIPS AND MARKET ACCESS**

Two subcomponents have received funding:

- 2.1: Establishment of an Industrial Subcontracting and Partnership Exchange (SPX)
- 2.3: Establishment of a reliable food inspection and food safety system

### **4.2.1. Subcomponent 2.1: Establishment of an Industrial Subcontracting and Partnership Exchange**

Counterpart: Industrial Research Institute (IRI)

#### **4.2.1.1. Objectives to be achieved, critical problems and indicators**

The objectives of this sub-component were divided into two parts:

- The establishment of an Industrial and Subcontracting Exchange (SPX), to provide advisory services industries, particularly SMEs, and promote partnership agreements between local subcontractors and foreign main suppliers
- Industrial Investment Promotion, enhancing technology upgrading, fostering strategic alliances with foreign partners and promoting industrial investments.

This part of the sub-component has not been financed.



Mr. Adel S. Ayass, General Manager of Meico (Modern Electronic Industries), company included in the SPX roster and which participated in the fair Midest 2003



Mr. Rafic Azrak, Chief Executive Officer of the company Folda



Beirut. Some products of one of the companies in the roster of the Subcontracting Exchange, which participated in France at the fair Midest 2003

The critical problems to be addressed were:

- Lack of mechanisms for promoting Lebanese industries as suppliers/sub-contractors
- Low capacity utilization of equipment
- Weak cooperation/integration among enterprises
- Limited local content and value added possibilities
- Unknown availability of local products
- Deficiencies in access to capital, markets, know-how
- Low level of quality and standards
- Lack of knowledge of technologies and partnership opportunities, especially at sectoral level.
- Poor dialogue between public and private sector
- Small size of the country
- Lebanon is more a trading country than industrial

The success indicators established in the original programme document of October 2000, in order to measure the results achieved are:

- Establishment of an Industrial Sub-contracting & Partnership Exchange (SPX) in Beirut with the assessment of 100 industrial enterprises, applying the UNIDO methodology.
- Training and Awareness Seminars
- Match-making interventions between Demand and Supply for subcontracting opportunities

The target beneficiary is the whole industrial Lebanese sector.

#### **4.2.1.2. Activities developed**

The sub-component aimed at producing four outputs, through the following activities:

##### Output 1

A survey conducted on the subcontracting capacities and capabilities of the local industry in the following industrial sectors: metal-working industries; mechanical, electrical and electronic industries; plastic and rubber industries, as well as textile industries and industrial services. The aim of this survey is to identify a list of industrial enterprises to be covered by the SPX.

Activities:

1. Survey done with visits and interviews to plants
2. Selection and assessment of enterprises. Presently there are 204 enterprises in the roster of the SPX.

##### Output 2

UNIDO Methodology and instruments for running SPX applied and adapted (including subcontracting nomenclatures, standard forms for registration and evaluation of enterprises, operational manuals, promotional tools).

Activities:

1. Adaptation of UNIDO designed guides, forms and brochures
2. Dissemination of Methodology through training, Awareness Seminars

### Output 3

An Industrial Subcontracting Exchange (SPX) established and operational in Beirut.

Activities:

1. Setting up a Data bank (with companies roster)
2. Match-making information process among companies
3. Business plan for managing/ operating the SPX
4. Promotion of SPX through Information Seminars/ Conferences and dissemination of information
5. SPX staff training (on-the-job training and study tours)

### Output 4

Computerized database established using UNIDO standard software (Outsourcing)).

Activities:

1. Software installed and training of staff
2. Insert the companies data in the database
3. Evaluation of possible links with other networks (SPX, UNIDO Exchange,.)

The SPX-L was established in June 2001.

It is hosted at IRI and it is financed 50% directly by IRI for its functioning (staff and premises) and 50% through the funds granted to IRI by the EU for equipment missions and participation to exhibitions.

Three persons (of the staff of IRI, working only part time for the SPX-L) are responsible for the activities of the SPX-L.

So far, in its three and half years of activity, the SPX-L has registered and screened 204 companies in its roster, belonging to the following main industrial sectors: metalworking 47%, plastic 15%, textiles 13%, packaging 8%, electronics and electrical 2%. All the enterprises are registered utilizing the UNIDO software "Outsourcing".

Few companies (5 or 6) out of the 204 are main buyers/contractors, while all the others are subcontractors.

The SPX does not have its own library to cover any technical subjects, if requested to do so.

The SPX-Lebanon has a Steering Committee, which should provide advice on the development of the envisaged services. This Committee met only once and it is composed of:

- The Euro-Lebanese Centre of Industrial Modernization (ELCIM),
- The Association of Lebanese Industrialists (ALI),
- The Ministry of Industry,
- The Investment Development Authority in Lebanon (IDAL),
- The Federation of Chambers of Commerce,
- IRI
- UNIDO.

#### 4.2.1.3. Findings

In three and half years of activity, the SPX-L has received 68 requests in total, but only 12 of them have been requests for subcontracting involving matchmaking only among Lebanese companies in the sectors of metalworking (4), plastic (4) and textiles (4). One main buyer for textiles is based abroad but he is Lebanese.

The other requests have been for services.

The management of the SPX-L estimates at around 40,000 USD the total value of the subcontracting arrangements concluded.

Unfortunately, due to the limited availability of staff, no punctual follow up is done to ascertain the developments of the actions/matchmaking initiated.

The matchmaking represents 20% of the activity of the SPX-Lebanon. No partnership has been so far concluded, although 7 requests have been received from the Lebanese entrepreneurs. The SPX-L has organized in 2003 the participation of 5 Lebanese companies at Midest (subcontracting fair) in France. The participants had to cover their costs of transportation and hotels. The participation to the fair, the stand and the relevant administrative costs were covered by the SPX through the funds given to the IRI by the EU.

Actually, the SPX-L has no synergy with other Exchanges of the UNIDO network or with the ITPO network.

Also with the other components of the Integrated Programme there is no synergy at all.

The SPX is considering opening its activity also in the field of assembling services.

ALI (the Association of the Lebanese Industrialists) has expressed to the Evaluation Team certain perplexities of the private industrial sector about the SPX-L being located in a public sector organization.

Two interesting proposals to try to revitalize the SPX-L have been put forward to the Evaluation Team by IRI and ALI, which are both members of the Steering Committee of the SPX-L.

- IRI has proposed to organize and host in its premises in 2005 a two days meeting for the SPXs of the Mediterranean area to analyze the supply chain, the role and the advantages of an Exchange. It is considered that Lebanon has some comparative advantages for subcontracting in sectors like haute couture and jewellery, which presently are not among the sectors enrolled in the SPX-L.
- ALI, which has over 1000 members, has offered to the Evaluation Team to host in its premises in 2005 a subcontracting exhibition, inviting with the support of UNIDO, around 30 European potential partners and the other SPXs operating in Europe. The participants will have to cover the costs of their transportation and of their stay in Beirut.

The SPX has been operating very independently and the guidance received from its Steering Committee, which met only once, has been very limited.

The Evaluation Team visited two entrepreneurs who participated at the MIDEEST in 2003. Both were very satisfied with the initiative, but in spite of several contacts made during the event, nothing has developed. They would have desired to repeat the experience and they would have been ready to also pay something for their participation to the exhibition stand.

It seems that their enterprise details have not been transferred to a central network.

No follow up has been done by the SPX. The entrepreneurs are of the opinion that insufficient matchmaking has been done at international level.

A directory (either in paper or electronically) by sectors of the enterprises participating to the SPX has not been prepared, although suggested by several Lebanese participants and international consultants.

It has been stated to the mission that there is no cooperation among the Lebanese enterprises, because they are individualist and trusting only their own means of production, which affects their competitiveness.

Apparently the enterprises in the roster of the SPX are visited and the data updated every six months, but no written notes or filing cards were shown to the evaluation mission.

Only continuous contacts and visits to the enterprises can give to a SPX the knowledge of their clients and the possibility to answer quickly and properly to any request. At the same time, it will prove the usefulness of a SPX.

The fact that Lebanon is more a trading than an industrial country is an additional factor for the slow development of the subcontracting exchange.

#### **4.2.2. Subcomponent 2.3 : Establishment of a reliable food inspection and food safety assurance system**

##### **4.2.2.1. Objectives to be achieved, critical problems and indicators**

In the original programme document, this subcomponent was entitled: “Making food industry fit for export: HACCP”. Its aim was to increase the competitiveness of the food industrial sector with export potential (value-added and safe food products) by focusing on food safety, food inspection, food laboratories and supporting institutions in charge of food inspection and food safety. Critical problems to be addressed were a weak organization of food inspection and regulations (the inspectors have to be better prepared), a weak capacity of the institutions providing support in food safety, and the fact that GMPs (Good Manufacturing Practices), GHPs (Good Hygienic Practices) and HACCP (Hazard Analysis Critical Control Point) were not applied in most plants.

Due to the evolution of this subcomponent in the course of the implementation of the initial activities and of the Italy-financed project entitled “Strengthening human and institutional capacity for upgrading safety, quality and standards of Lebanese SMEs, with pilot application to Tahina and Halawa manufacturers”, the original success indicators have lost their relevance.





Sidon. Mr. Karim Bissat Sales Manager of Mounir Bissat Factories with the national expert for food safety Mr. Bassel Al Khatib



Sidon. Factory producing Halawa and participating in the HACCP training organized by the IP



Sidon. Factory producing Halawa and participating in the HACCP (Hazardous Analysis Critical Control Points) training organized by the IP in the framework of the Food Safety and Quality Programme



#### 4.2.2.2. Activities developed

Originally, six outputs were foreseen:

- 1. The national coordination framework for food safety well organized;
- 2. The food control regulations compiled, updated and simplified;
- 3. The institutions in charge of food inspection and food safety assurance strengthened;
- 4. The capacity of the actual food laboratories strengthened;
- 5. A critical mass of high-qualified national expertise created within the support institutions in food safety assurance through training;
- 6. GMPs (Good Manufacturing Practices) and HACCP (Hazard Analysis of Critical Control Points) applied by at least 20 food-processing plants at the completion of the programme.

These outputs have been partly achieved through the activities described below.

The activities started in mid-2001 with an in-depth assessment of the food safety system conducted by an international expert supported by a national consultant. The results were discussed at a two-day workshop on 14 and 15 June 2001 and led to the constitution of an advisory body called "Food Safety Panel" (FSP). This panel, convened by UNIDO, started immediately collecting relevant information on the whole food safety issue and was, at the beginning of 2003, requested by the Ministry of Economy and Trade to draft the new food safety law. The draft law was discussed and reviewed by an international consultant during two missions to Beirut in September and December 2003.

The FSP is composed of 23 members as follows: 18 focal points in various public and private institutions (including several Ministries) and 5 university professors building up a Scientific Committee. The FSP has worked for three and half years covering the 19 food sectors existing in Lebanon. It has met in average every week but, unfortunately, has not kept records of its meetings. It has however produced two annual progress reports (dated respectively December 2002 and December 2003). The national consultant in food safety, recruited by UNIDO for this component, has acted as the coordinator and secretary of the FSP.

The activities of the FSP have developed as follows:

1. Assessment of the situation concerning food safety in the country and preparation of the guidelines for the law on food safety (at the specific request of the Ministry of Economy and Trade).
2. Capacity building for the stakeholders, organizing with the staff of the Programme the awareness sensitization and training of the stakeholders (relevant personnel in the Ministries and related institutions), through 20 workshops/seminars attended by over 1,500 persons.
3. Preparation of the public awareness campaign, which culminated in the National Food Safety Day, held on 26 January 2004.
4. Finally, under the guidance of its Scientific Committee, the FSP has undertaken a field activity to assess specifically the tahine and halawa sector, which represents a very important segment in the nutrition habits of the Lebanese population, not only in the country but also among all the expatriate nationals in the world and, as a consequence, plays an important role in the export markets. To conduct this assessment, the FSP visited 17 companies of the sector in the period June-December 2003, advising them also on the technical problems they were facing in the production. The selected enterprises represented one third of the tahine and halawa production in Lebanon,

which is estimated to be at around 50 factories, including also the non registered ones. The selection was made on the basis of their size and of their geographical distribution in the country in order to cover all the areas and their production capacity with reference to their export possibilities.

At the same time, a survey on the consumption of these goods in Lebanon was conducted on a sample of 500 persons.

The visits to the 17 selected factories were made by the members of the Panel, assisted by one microbiologist and three students preparing their master degree, giving them in this way, the opportunity to have a valuable on site training at the same time.

At the end of the assessment each company has received a technical report assessing their situation on the technical, hygienically and safety situation.

Additionally, based on these visits, a HACCP (Hazard Analysis of Critical Control Points) manual started being prepared as practical guidance and is currently in print.



Beirut. The Evaluation Team at the Public School of Nursing Care with Mrs. Dr. Hanadi Berry Zeineddine, Director of the School and Mrs. Raghida Hassari, Course Director and member of FSP

#### **4.2.2.3. Findings**

This subcomponent is the part of the IP, which has attracted most of the public attention. It addresses an area that concerns the general public (consumers), a large part of the productive sector, major governmental departments in their regulatory and inspection functions and important professional, academic and technical institutions. Within the IP, it has intensively interacted with other components/subcomponents, enhancing the synergy effect of their activities.

At the third meeting of the IP Steering Committee (28 May 2002), it was decided that the food safety issue should be considered a priority area.

The Lebanese private sector has fully understood the need for this work on food safety, particularly in the light of the commercial globalization and of the interest of the expatriate Lebanese for the traditional food.



Sidon (South Lebanon) The delights of a confectionery shop that requested 16 persons of its staff to participate in the training-seminars promoted by the subcomponent “establishment of a reliable food inspection and food safety assurance system”

in HACCP ( Hazard Analysis of Critical Control Points) and GMP (Good Manufacturing Practices) both in the framework of the Food Safety Quality Programme



The work of the Food Safety Panel has been mainly done on a voluntary basis, which further shows the widely shared feeling that this law is necessary for the country, both at private and public level. The members of the Scientific Committee have only received a partial compensation for the work done at the level of the factories.

The public and private sectors have expressed their satisfaction with the action of UNIDO, which nominated a qualified staff of the Programme as Coordinator of the FSP and of its Scientific Committee. All the parties involved in this exercise demonstrate a strong feeling of ownership for a constructive action based on an immediate need of the country.

As explained above, a word of caution should be expressed: the work, although very successful at the technical level, has not been brought to its conclusion because the draft project of law is still at the Ministry of Economy and Trade for final discussion before being sent to the Parliament.

It has been brought to the attention of the Evaluation Team during its field mission that some modifications (eight points) to the law had been suggested by the EU delegation, in line with the European food regulations, and had been included in the draft law after having been discussed with the Panel.

Based on all these successful activities in food safety, UNIDO received from the Ministry of Economy and Trade a number of requests to formulate and implement projects in the quality chain (tahine and halawa good manufacturing practices), laboratory accreditation, traceability and export consortia. Further funding from Italy has also been approved through the project “Assistance to the Lebanese meat- and milk-processing sectors in their efforts to gain increase market access”.

#### **4.3. COMPONENT 3 - UPGRADING PERFORMANCE OF THE LEBANESE INDUSTRY (INCLUDING SPECIAL SUPPORT TO SOUTH LEBANON)**

This component has received funding for the following three subcomponents:

- 3.1: Increase competitiveness through implementation of quality and business performance in pilot enterprises
- 3.2: Promotion of domestic and export markets and revitalization of women entrepreneurship in SMEs in South Lebanon
- 3.4: Support of the SME sector with information and value-added services

##### **4.3.1. Subcomponent 3.1: Increase competitiveness through implementation of quality and business performance in pilot enterprises**

Counterparts: Association of Lebanese Industrialists (ALI) and Ministry of Industry; National Experts Action Team (NEAT) comprising local experts from public and private sector and local consultancy companies

##### **4.3.1.1. Objectives to be achieved, critical problems and indicators**

In the original Programme Document, the subcomponent was entitled ‘Shop-floor upgrading – and total quality management: Higher quality and lower costs’ and had the following immediate objective: to upgrade quality and support services institutions to assist Lebanese

Industries to increase their competitiveness through the implementation of a programme for improving quality and business performance of a group of pilot enterprises.

The following critical problems had been identified:

- The industrial sector is weak to face growing competition in the domestic and export markets due to poor performance (productivity, quality, costs...);
- Economy of scale does not facilitate access and performance in domestic and international markets;
- Access to consultancy, auditing and support services that deal with quality and business performance;
- Weak management and technology level;
- Supply chain not well developed;
- Certification on ISO 9000 is over-emphasised versus improvements in business and quality performance;
- Quality control systems not widely implemented and no integration /harmonisation of improvement in terms of competitiveness, quality, safety, waste minimisation and energy saving.

A single output was foreseen:

Local capacity built on industrial upgrading/restructuring for assisting enterprises in the implementation of improvement programmes focusing on quality, management, business performance, cost effectiveness.

With the following success indicators:

- Group of local experts established and able to provide services to enterprises and methodology, training material and procedures elaborated;
- Improvement plan elaborated and implemented in 10 pilot enterprises (demonstration cases)

#### **4.3.1.2. Activities developed**

The objective has been tackled through the following activities:

A survey on a sample of 100 enterprises to identify key problem areas related to quality, management, business performance and cost effectiveness was conducted by INFOPRO (at no cost for the IP). The manager of this company expressed some disappointment to the Evaluation Team as no follow-up was taken over by the IP management after the survey was published (May 2004).

In 2003, a group of three Lebanese consultants (including the National Programme Coordinator) attended the “training for trainers” seminar organized in Bahrein on the UNIDO methodology for continuous improvement and on the software “Pharos” (Business performance management and monitoring of industrial enterprises) and “Produce Plus” (Strategic productivity improvement). Back to Beirut, they organized a workshop for members of the Association of Lebanese Industrialists together with the EU sponsored Industrial Modernization Programme.

In June 2004, under the name of “UNIDO Continuous Improvement Programme”, a two-week training course on the utilization of the two above-mentioned software (Pharos and Produce Plus) for business performance management and monitoring the production management in relation to previously defined targets, was organized with the participation of 12 enterprises. This training course was conducted with the help of three international consultants who are still monitoring the follow-up in the enterprises with the assistance of a national coordinator.

In the field of quality management standards for building the quality chain (legislation, laboratories, accreditation, institutional upgrading, etc.), the IP has organized in May 2004, in cooperation with the EU Delegation and the Ministry of Economy and Trade, a seminar attended by 87 participants.

#### **4.3.1.3. Findings**

Activities under this subcomponent have actually started at the later stage of the current phase of the IP.

The UNIDO Continuous Improvement Programme has not yet produced convincing results and should be closely reviewed in order to adjust its methodological tools and improve its approach. Some companies participating in the training course have found this course a little bit too advanced because they do not have the data required as inputs for the operation of the software. They feel that it would have been more useful to receive a preliminary training on how to extract the needed data from their company. Some of them have also expressed the need to receive the assistance of an experienced professional coaching to help them in applying the techniques learned during the course.

The important involvement of the EU in the building-up of the quality chain in Lebanon gives UNIDO the opportunity to work in close cooperation with this institution and to propose its services. The seminar organized jointly in May 2004 is a positive step in this direction.

#### **4.3.2. Subcomponent 3.2: Promotion of domestic and export markets and revitalization of women entrepreneurship in SMEs in South Lebanon**

Counterparts: Federation of Chambers of Commerce, Industry and Agriculture in Sidon and South Lebanon, Association of Businessmen in South Lebanon, Institute of Family and Entrepreneurial Business (IFEB).

##### **4.3.2.1. Objectives to be achieved, critical problems and indicators**

This subcomponent has been adjusted to respond to the specific request of the Lebanese Government in view of meeting urgent needs of the population of South-Lebanon after the return of this region under Lebanese control in 2000. It aimed at producing some outputs of the subcomponent 3.2 of the original programme document (“Promotion of progressive and competitive SME sector and industrial entrepreneurship for women”), more particularly the output 3.2.2 (Industrial entrepreneurship development for women) and the output 3.2.5 (Revitalization of small and medium industries in South-Lebanon), and of the subcomponent 3.3 (“Emergency assistance to the food industry in South-Lebanon”). It has been financed by Italy under the project US/LEB/00/151 (Revitalization of Small and Medium Industries in South-Lebanon).



Nabatieh (South Lebanon)  
The Evaluation Team meets  
the staff of the Agricultural  
Products Manufacturing  
Al-Kussaybe



Women cooperative  
participating in the  
entrepreneurship development  
training organized in  
cooperation with LAU  
(Lebanese American  
University)  
of Byblos





The following critical problems were to be addressed:

- Problems of competing in domestic and international markets;
- Women entrepreneurs' potential in the industrial sector not fully tapped;
- Immigration from rural areas due to poverty and lack of business opportunities;
- Limited availability of support services in food technology/ packaging/safety/quality;
- Lack of appropriate food processing technologies and packaging;
- Weak technical capabilities in both the support institutions and private enterprises;
- Heavy post harvest losses and weak quality and quantity of raw materials;
- Several jobless Lebanese who came back to South Lebanon when Israel pulled out



The energy problem is affecting several small enterprises in South Lebanon

#### **4.3.2.2. Activities developed**

The activities of this subcomponent started at the end of 2000 and were completed at the end of June 2004. Four main outputs were foreseen:

- 1) Entrepreneurship development training, including monitoring, coaching and counseling to a core group of entrepreneurs;
- 2) Assistance to cooperatives (in the framework of the entrepreneur development training);
- 3) Training in COMFAR for banks, chambers, universities and local NGOs;
- 4) Subsectoral approach: dairy technical assessment, and training in HACCP and GMP.

The following activities were implemented:

- 300 persons (of whom around 100 women) trained in acquiring the necessary skills to make a business work, putting the acquired skills into practice.

- The focus was on selected sectors, like food processing and dairy production, laboratory tests, hygiene. Thanks to the training and the assistance received, production and sales have increased and operational costs reduced.
- Computer training was provided to enable SMEs to modernize their business practices
- Direct advice and coaching were provided to the enterprises involved.
- Linkages were established between SMEs, Universities, Chambers, local NGOs and credit guarantee facilities.
- Some enterprises from the South were sponsored to participate in manufacturing exhibitions in Beirut, by courtesy of ALL.
- As pilot activity in implementing the assistance and diversifying the product range, two women-owned cooperatives for food processing have improved and increased their production through the provision by UNIDO of small equipment for a total of around 24,000 USD, of which USD 11,425 for the cooperative KAPMC, composed of 13 women and which was visited by the Evaluation Team.
- 20 Representatives of banks, universities, chambers, national institutions and NGOs, participated in December 2002 in a one-week training seminar on COMFAR held by a staff member of UNIDO HQs at the UN House in Beirut.

The “Entrepreneurship Development Training”, aimed at the enterprises located in South Lebanon, was developed in two phases:

1) The first, in the period mid-2001 to mid-2002, through a subcontract with the LAU (Lebanese American University), in Sidon, Hasbaya, Marjayoun and Bint-Jbeil.

Four series of training programmes were held over a period of one and a half year, targeting entrepreneurs with secondary level education. Each programme consisted of five 3-day modules: accounting, entrepreneurship spirit, finance (credit), general management and marketing. In total, 180 participants, of whom 63 women attended the courses.

To assess the impact of the training, a follow up with the entrepreneurs was conducted six months and one year after the end of the programme. The final valuation made by the LAU is considered at 99% positive.

2) The second phase was developed in 2003 with the cooperation of Berytech, a business incubator affiliated to the University Saint-Joseph (USJ), with the aim to promote the SMEs, providing professional practical training (not academic) to small entrepreneurs and accompanying them in the start of their professional activities. The training covered the regions of Nabatieh and Tyre.

The programme conducted by Berytech was developed over four weeks for a total of 90 hours and consisted of four modules: entrepreneurship, accounting, marketing and elaboration of a business plan.

There were 120 participants, of whom 25% were women. The participants had been selected with the assistance of the Chamber and the municipalities. Some initial difficulties have been experienced due to the different basic background of the participants. The sector selected was the artisan agro-processing sector.



Sample of a certificate of attendance delivered at the end of a seminar for SMEs, organized by UNIDO in South Lebanon with the consultancy of Berytech



Sidon. The Chamber of Commerce



Byblos. The Lebanese handicraft at the old Bazar

### **4.3.2.3. Findings**

This training in South-Lebanon has been highly appreciated and has contributed to the positive image of the Integrated Programme.

It should be stressed that this subcomponent has achieved synergy and integration of activities among various components and subcomponents, such as quality and safety of food processing and cleaner production.

Moreover, it has to be noted that this subcomponent has sought the collaboration of national expertise rather than international consultants. This has demonstrated that valuable local expertise is available and that national consultants (in addition to the knowledge of the language) can have a better approach for understanding the needs and the practices of the local business environment.

### **4.3.3. Subcomponent 3.4: Support of the SME sector with information and value-added services**

Counterparts: Federation of Chambers of Commerce, Industry and Agriculture, Association of Lebanese Industrialists, Syndicates of IT, Food, Textile and Leather industries, Association of Women Entrepreneurs, etc.

#### **4.3.3.1. Objectives to be achieved, critical problems and indicators**

The purpose of this subcomponent was to make an analysis of the needs prior to establishing an information support network for the SMEs as a joint venture among all stakeholders.

At the time when the Programme was designed, business information services were provided on an ad hoc basis and there was a lack of national information sources and support services for the SMEs in Lebanon.

In Lebanon there is a lack of integrated solutions to solve the SMEs needs and the available national information sources and support services are under-utilized.

#### **4.3.3.2. Activities developed**

This subcomponent benefited of some UNIDO seed money to initiate the analysis of the needs, but no donor was identified. The activities started in September 2000 and finished in July 2001. The proposal for the information support network never materialized due to a change in the Government's priorities. The remaining funds of this subcomponent were utilized to establish the UNIDO website in Lebanon through a contract of USD 11,650 with a Lebanese information technology company.

#### **4.3.3.3. Findings**

In the meantime, the Ministry of Industry has established its own website. The Evaluation Team noted that despite all ongoing activities with the Ministry of Industry, UNIDO is not indicated at all in its website among the international organizations linked to the activities of the Ministry.



The Evaluation Team at the University Saint Joseph with Prof. Ragi Abou-Chacra, Dean of Faculty of Sciences and Prof. Toufic J. Rizk, Head of the Analytical Laboratory and member of the Food Safety Panel



The Evaluation Team during the meeting at the University Saint Joseph



View of Beirut from the meeting room at the St. Joseph University



Beirut. Meeting at Berytech with Mr. Maroun Chammas, President and Mr. Nicolas Rouhana, Director the I.T. Network

#### **4.4. COMPONENT 4 : INDUSTRIAL ENVIRONMENTAL MANAGEMENT**

The overall critical problem that aimed to be addressed within this environmental component is that Lebanon's industrial development is currently not environmentally sustainable because there are few if any controls on the waste and pollution caused by industrial establishments, the vast majority of which are SMEs scattered within cities and about the countryside. Within this overall problem, the component is addressing the following specific problems:

- In spite of some awareness of the financial and environmental benefits of cleaner production, there is no systematic application of cleaner production among SMEs;
- There is no institution in Lebanon offering comprehensive cleaner production services to SMEs;
- There is no treatment of liquid industrial effluents, which are discharged into surface and coastal waters; and
- There is no established air quality ambient monitoring network in the industrial "hot spot" of Lebanon (Chekka region). As a result the local authorities and communities in the Chekka region continue to think that the region is severely polluted.

This component foresaw three subcomponents:

1. Establishment of the Lebanese Cleaner Production Centre
2. Preparation of a Master Plan for Relocation of tanneries and establishment of an Environmentally Sound Industrial Estate for Leather Tanners
3. Design an air quality-monitoring network for the major industrial region (Chekka).

Out of the three subcomponents initially envisaged, only the first subcomponent was funded.

##### **4.4.1. Subcomponent 4.1 Establishment of the Lebanese Cleaner Production Centre**

Counterpart: IRI (Industrial Research Institute)

###### **4.4.1.1.Objectives to be achieved, critical problems and indicators**

###### **Cleaner Production:**

According to the internationally accepted terminology and the concept promoted by the Agencies of United Nations, "Cleaner Production" is the continuous application of an integrated preventive environmental strategy regarding raw material choices, processes, products and services to enhance the economic competitiveness of the enterprises and, at the same time, increase eco-efficiency and reduce the risks for the human beings and the environment.

Cleaner Production requires changed attitudes, increased awareness, responsible environmental management and analysis of the most suitable technological options.

In contrast to a narrow "end-of pipe strategy" at plants level, this strategy aims at the following objectives:

Regarding the choice of raw materials: reducing the potential toxicity of processes and of products through the whole life cycle of the products

Regarding the production process: reducing and saving raw materials and energy, to eliminate toxic raw materials, to decrease the level of toxicity and the amount of the emissions and wastes at the end of the industrial processes.

Regarding the products: to reduce the negative impacts along the entire life cycle of the product, from the design to the disposal.

Regarding the services: to incorporate environmental concerns and awareness in the delivering of services. For instance reducing the quantity of water used for an industrial process.

The experience obtained so far has shown that the application of cleaner production can significantly improve the environmental performance of the production processes. Many of these improvements can be obtained at enterprises level with minimal or little investments, or just taking some appropriate corrective measures in the production process.

In line with the above criteria, the immediate objective of the component was:

“Build awareness and strengthening national capabilities to bring industrial development in Lebanon in compliance with the environmental norms”.

The critical problems to be addressed in Lebanese context were:

- No pollution control of liquid, gaseous and solid wastes generated by the industries
- Lack of quality data that shows the actual impact of industrial effluents and emissions on human health and the environment
- Lack of experience in establishing environmentally sound industrial estates
- Absence of documented demonstrations with Lebanese industries of the financial and environmental impacts of implementing cleaner production techniques and technologies
- Absence of a national focal point capable of advising SMEs on cleaner production
- No implementation of environmental regulations/standards for the industries
- Lack of information on clean technology and its positive impact on productivity and the environment

The success indicators established in the original programme document of October 2000, in order to measure the results achieved are:

- The CPC established and its Business Plan prepared and approved
- Sector specific CP projects conducted in four subsectors at 20 plants
- in-plant assessments leading to reduction in the pollution load and better economic performance of the companies
- 6 national consultants, trained to carry out integrated CP assessments
- Feasibility study for the establishment of a National Cleaner Production Sector

The majority of the Lebanon’s industries are SMEs, 88 per cent of them have less than 10 workers and 95 percent have less than 50 workers. They do not use materials and energy inputs very efficiently. Not only does this make them less competitive but it also means that they are having larger impacts on the environment (and on health and safety of the workers), than necessary because of their higher discharge of waste and pollution into the environment.



Visit at Dove Processing Sal, demonstration company selected by the LCPC for the food canning sector



The poster for the diffusion of the information regarding the Lebanese Cleaner Production Centre (LCPC)



Mr Dr. Ali Yaacoub,  
Director of the Lebanese Cleaner Production Centre



The Laboratory of Dove Processing Sal,  
Mr. Fadi Abi Nader, operations manager



Consequently, there is the need for the Lebanese industry to adopt cleaner, safer and energy-efficient production methods.

#### **4.4.1.2. Activities developed**

The Lebanese Government, through funds allocated by the EU (LIFE Programme) and Austria, has financed the Lebanese Cleaner Production Centre (LCPC). The Ministry of Environment has provided a contribution in kind of around euro 47,000 to cover some administrative costs.

Also the Ministry of Industry through IRI participates with a small contribution to the budget to cover some hospitality costs.

The Centre is hosted by IRI.

It is foreseen that the Centre will be supported for five years and afterwards has to become self-sustainable.

For the time being, the Centre is established for an initial duration of 2 years with contributions from Austria and the EU.

Officially the LCPC started in November 2002, but due to some initial delays, managerial problems (the first director resigned after few months) the implementation of the activities started concretely with the recruitment of the new Director in December 2003.

The Centre has only two staff members, but it utilizes the services of 13 national voluntary assistants (graduates preparing their master's degree) for the visits to check the follow up of the implementation of the advices given in the factories selected.

Only one output (the establishment of the Centre) was expected to be produced through the following activities:

1. Creation of the Centre (preparation of the offices, creation of the Advisory Committee, selection of the Director and of other personnel, installation of the equipment, basic training, preparation of the business plan and management of the activities)
2. Awareness-Raising Activities
3. Training activities
4. In-plant Demonstrations
5. Technical Assistance Activities
6. Investment Promotion Activities
7. Technical Information Dissemination

An Executive Board composed of 8 members (IRI, ALI, MOI, MOE, EU, Austria, UNIDO, LCPC Director) and chaired by the Ministry of Environment directs the activities of the LCPC.

So far the Board has met only three times.

An Advisory Technical Committee, composed of the 8 members of the Board and representatives of the Central Bank, the University Saint-Joseph and the Chamber of Commerce, follows the activities of the LCPC and meets every six months.

The purpose of the Centre is to offer consultancy to Lebanese SMEs to optimise the production processes facilitating the application of cleaner industrial processes and thus reducing adverse environmental impact.



Nabatieh (South Lebanon). Visit at the dairy factory Milky's (cheese production), demonstration company selected for the Cleaner Production Programme, with the national expert in Food Safety, Mr. Bassel Al Khatib, and the owner of the enterprise Mr. Youssef Assi



Nabatieh (South Lebanon). The mozzarella cheese produced by the factory Milky's



Beirut. Production of Halawa at Dove Processing Sal. Laboratory for quality testing Demonstration company assisted by the LCPC

The Centre is also assisting SMEs in preparing files for asking special loans at convenient conditions with the loan guarantee of Kafalat, when technical modifications, requesting new equipment, are proposed to optimise the production processes.

For the demonstration projects in the dairy and food canning sectors, 29 companies have applied and 8 have been selected (four for each sector).

The Executive Board of the Centre, considering the size of the companies, their export orientation and whether they are environmental friendly, made the selection.

During the evaluation exercise in the month of December 2004, four additional enterprises for demonstration projects in the cardboard/paper sector have been selected.

#### **4.4.1.3. Findings**

The technical assistance given by the CPC to the companies selected for the demonstration process is free of charge.

However, in order to commit the enterprises to complete the demonstration exercise, a bank guarantee of 1000 USD is requested. At the end of the assistance (around 9 months), the guarantee is given back to the company. This is a very innovative and interesting way to ensure the commitment of the enterprise until the completion of the process. In fact, if the enterprise stops its participation, the bank guarantee is not returned.

The following are the main success indicators:

- An introductory workshop was held to kick-off the first series of demonstration projects. Forty companies (out of the 46 invited) of the dairy and food-canning sector participated.
- A seminar was organized for the industrial stakeholders. Around 20 persons of research institutes, universities and industries were trained in cleaner production methodology.
- A workshop for staff of the Ministry of Environment was held to introduce tools and methodology of cleaner production.

The technical assistance process for the selected demonstration companies is composed of the following nine steps over a period of nine-months/one year:

- an initial common seminar
- a site visit per company
- five days workshop per company
- a site visit to see the first application of the measures suggested
- 2/3 days workshop
- another site visit
- another 2/3 days workshop for the involved staff of the company
- a final site visit
- a dissemination seminar

The LCPC is technically assisted in organizing the training and awareness seminars by an institution with high international reputation in the field of cleaner production and environmental awareness, Stenum Graz (Austria), which is contracted by UNIDO. Stenum is accompanying the cleaner production team in all the visits to the factories.

In case of technical questions for solving the problems of some enterprises the Centre utilises for free the services of technicians of the various Ministries involved.

The activities of the LCPC are well reflected in the slogan of the Centre:  
“We are constructing the bridge between Environment and Industry”.

#### **4.4.1.4. Survey of the Evaluation Mission on the demonstration companies of the LCPC**

The Evaluation Team distributed a questionnaire to the 8 demonstration companies. Seven companies answered. A copy of the questionnaire is in Annex V.

The following conclusions can be drawn by the answers received to the questionnaires:

##### Question 1-2. How did you know and when the existence of the Centre?

70% of the enterprises answered, through the promotion made by the Centre.  
30% through media or colleagues.  
70% of the companies knew the Center in 2004. The others learned its existence in 2003.

##### Question 3. Which services have you received from the Centre?

70% in-plant technical assessments  
15% information on possible financing sources  
All the companies received free of costs training of personnel

##### Question 4. How many times did you meet the Centre’s consultant?

The meetings go from a minimum of 3 up to 10, but in one single company.  
The average is 5 meetings.

##### Question 5 and 6. After the visit, were the technical reports received in appropriate time?

All the companies answered yes and found very useful the services received.

##### Question 7. How do you rate the technical knowledge of the consultant?

All answered very well, but in some interviews resulted that the technical experience was limited in relation to the production process sector of the enterprise.

##### Question 8. Will you utilize further the services of the Centre?

All answered yes.

##### Question 9. Which improvements did you make or intend to realize, after the advice received by the Centre?

All the companies responded positively and said they had already realized some improvements after the advice received from the Centre, mainly regarding saving water and energy and production improvements.

75% answered that they are planning new investments after the advice of the Centre.

The above indicates that the Centre has to continue its efforts in awareness rising.

Question 10. What did you like best of the services of the Centre?

The services offered have been generally appreciated, particularly: the professional and useful advices given to reduce energy and water consumption.

All expressed interest for the advice received from the Centre for realizing investments in cleaner production measures.

Question 11. What did you not like in the services of the Centre?

Only one company answered expressing disappointment that the Centre does not provide also financial support.

Question 12. Has the Centre made follow up regarding the proposals made for operational changes or investments?

All answered yes, except one.

Question 13. Do you know other institutions in the country, which offer assistance and similar services?

All answered no.

Question 14. Suggestions for the future of the Centre.

- More information seminars on the concept of cleaner production.
- More support and information for ISO 14001.
- More information on new technologies for improvement of the production.

Question 15. In case you have applied some recommendations proposed by the Centre, which are the benefits obtained?

71% energy savings

42% production improvements

15% water savings

15% environmental improvements

15% received the license from the Ministry of Industry

## 5. GENERAL CONCLUSIONS ON THE PROGRAMME

With less than a quarter of the envisaged budget made available over more than three years, the IP had to be focused on actions within the four components, which were considered as particularly urgent by the Lebanese authorities and/or met the priorities of identified donors. For instance, it has incorporated specific actions required to respond quickly and urgently to the needs of the areas in the South of Lebanon returned under Lebanese control in May 2000 (see Subcomponent 3.2(5): *Revitalization of SMEs in South of Lebanon*). In these conditions, the original Programme Document has become only an indicative document and the activities have been permanently adjusted to match the current priorities of the country, the IP itself tending to become a forum of cooperation between public and private sectors with UNIDO playing a catalysing role. This flexible approach also allowed providing major inputs in the very important issue of the safety of the food products, which has become in some way the flagship of the IP Lebanon because of its far-reaching implications and the active involvement of most stakeholders.

It is recognized by all stakeholders that a technical UN agency like UNIDO can play a critical role in Lebanon in offering a neutral platform where cooperation on matters of public interest can be generated among the various parties concerned despite their divergent, and sometimes conflicting interests.

It should be noted that the efforts of the UNIDO IP team have contributed to promote the “UNIDO Brand” all over Lebanon. In particular, the work made in the field of food safety has been instrumental for the diffusion of the UNIDO name and popularity in Lebanon. The impact and the ownership of the IP have been maximized by the efforts made by the UNIDO IP Team to involve the public and private sectors in the joint implementation of the activities. With regard to the second phase, this joint involvement should also apply in the formulation of the further activities of the Programme.

The following are the main conclusions to be outlined:

- Despite the limited funding (20% of the initially planned) and the changing priorities resulting from a number of changes of Government, the Integrated Programme has developed satisfactorily. Through the food safety-related operations, in particular, the ownership of the IP has been strongly established.
- The necessity to focus on the most urgent needs has lead the Integrated Programme to give attention to critical problems and adjust its actions accordingly, showing in this way that a major advantage of the IP is to allow the country itself to decide on which industrial sector the assistance is mainly needed, avoiding to spend time and resources on activities which, although desirable, are not necessarily urgent. The activities have thus focused on the components / subcomponents that have received the attention of the donors and have generated the convergence of interest of the public and private sectors of the country.
- The management of the Programme and the promotion and coordination role performed by the UNIDO Representative (UR) and the National Programme Coordinator have been unanimously recognized as very positive by the national and international counterparts and by the beneficiaries of the Programme.

The retirement of the UR from the organization is regretted and all the parties concerned wish the nomination of his replacement as soon as possible.

Several activities have been implemented thanks to the good cooperation established by the UR with the counterparts, while other activities have been programmed but are not yet finalized as far as the execution is concerned.

- The synergies among the components are very scarce and, when existing, are limited to the food sector, although it has to be observed that also in this case, there is a lack of coordination in the development of the activities (e.g. Market Access and Cleaner Production)
- Some immediate objectives of the Programme have been reached, particularly concerning:

- The preparation of the draft law on food safety, putting together for its elaboration public, academic, institutional and private institutions;

**(However, it should be noted that the former Government submitted this draft project of law to the Council of Ministers just before it resigned. Upon the Government's resignation in October 2004, the draft law was returned to the Ministry of Economy and Trade for resubmission to the new Government for final discussion before being sent to the Parliament).**

**The stakeholders (ministries, associations and the NGO "Consumers Lebanon") of the IP are lobbying for its approval.)**

- The capacity building of the stakeholders through specific training;
- The preparation of a public country-wide awareness campaign on food safety;
- The IP has further shown that practical and technical cooperation between an international organization and the NGOs is possible and not only with limitation to the elaboration of studies. The cooperation in the food safety panel for the elaboration of the standards and regulations for the preparation of the draft law on food safety is a very good example.

- A further positive aspect has been the sensitization of all the sectors concerning the food safety and the attempt to relate the industrial production to a more friendly related environment, increasing at the same time the local industrial competitiveness.

- The subcomponent "Making food industry fit for export: HACCP", Market Access, is the part of the IP which has attracted most of the public attention. It addresses an area that concerns the general public (consumers), a large part of the productive sector, major governmental departments in their regulatory and inspection functions and important professional, academic and technical institutions. Within the IP, it is the component that has intensively interacted with other components/subcomponents, enhancing the synergy effect of their activities. As a consequence, at the third meeting of the IP Steering Committee (28 May 2002), it was decided that the food safety issue should be considered a priority area.



Some of the food products prepared by a company assisted under the HACCP for food safety and quality

## 6. RECOMMENDATIONS

### 6.1. General Recommendations on the management of the Programme and its possible continuation

- The Integrated Programme should be continued, with a stronger focus on the enhancement of the capacities of SMEs support institutions (public and private). In view of the financing received the initial phase seems to have been too ambitious.
- Considering that only 20,3% of the initially planned budget was mobilized and that the total contribution offered by UNIDO from its own resources represents 23.48 % of the total allotment, the funds mobilisation with the donors should be promoted more intensively.
- For the second phase, the donors and the Lebanese Government should be actively involved in the funds mobilization, programming the activities according to the availability of the funds. The mobilization should be lead by the Governmental counterpart(s) with the support of and in coordination with UNIDO and the other major stakeholders.
- As far as possible, the second phase should be prepared in coordination with the other agencies of the UN system active in Lebanon. Presently this cooperation exists with the FAO relating to the food safety. For a more extensive cooperation a greater account should be taken of the Millennium Development Goals, established by the General Assembly and which aim till 2015 at decreasing by 50% the proportion of the world population who is living in poverty.
- The counterpart Ministry should devote an adequate number of qualified staff to work on this Programme in order to develop its ownership, ensure the sustainability and make sure that the results obtained through the UNIDO's efforts will subsist.
- A training programme for the strengthening or rehabilitating the capacities of the inspectors of the various Ministries involved in the control of the food processing activities should be consider in conjunction with the counterparts institutions.
- The food sector has a considerable impact on the national economy, being a large part of the productive sector. Therefore, it should continue to be the leading activity of the programme. Particularly in consideration of the possibilities of export and world market access for the Lebanese food products, due to the presence of million of Lebanese expatriate all over the world. The focus should be on the market requirements.
- As already indicated in other evaluations of Integrated Programmes, to assure the impartiality and an harmonious cooperation, it is important that the Team Leader continues to be the UR, as soon as a new UR has been designated. A Team Leader, who is not directly involved in the implementation of a specific component, can ensure a better coordination at operational level and avoid potential conflicts of interest in the development of the activities and in the allocation of the funds. It has to be outlined that this recommendation has no



reference to the present Team Leader, who took over the guidance of the Programme after the retirement of the UNIDO Representative in mid 2004, and who is leading the Programme very satisfactorily.

- The Steering Committee of the Integrated Programme should meet more often, at least twice in a calendar year. Its decisions should be closely followed up and the subsequent actions well documented.
- Before each meeting of the Steering Committee, a detailed progress report should be prepared by the IP Management (Team Leader and National Programme Coordinator) and circulated to the members. In the report, the degree of achievement of the stated objectives should be indicated for each subcomponent.
- In view of the extension of this complex and long term Integrated Programme, the National Programme Coordinator should be made familiar with the internal mechanism of UNIDO and with the different backstopping officers of the components/subcomponents. To this end, an appropriate briefing/induction period of at least two weeks, at UNIDO HQs in Vienna, should be organized.
- The staff of UNIDO responsible at the HQs for the execution of the respective component and subcomponent should meet at least 3-4 times per year. This would ensure that information on the development of the activities, are timely shared and would enhance coordination and synergy among the components. The Deputy Team Leader, in case of absence of the Team Leader, could chair these meetings.
- Direct assistance to individual enterprises should be strictly limited to those taking part in a pilot scheme for demonstration purpose to avoid the risk of market distortions.
- The training and/or the upgrading of skills and capacities should not stop at the end of the training course or seminar, but be reinforced periodically through refreshing courses, visits and professional advice.
- All the documents and reports prepared should indicate the date.
- All the equipment donated by the Programme should bear a label with the logo of UNIDO.
- The synergies between food safety and cleaner production should be strengthened, since they can be complementary. Some entrepreneurs in some cases do not make distinctions between the two actions. In some cases joint visits of the consultants of the two components to the factories involved could be very useful for the entrepreneurs to understand the differences and the complementarities between the two programmes.

## **6.2. Recommendations by Components**

### **6.2.1. Component 1**

#### **A) Subcomponent 1.1 : Implementation of a standardized system of industrial statistics**

##### **To the GOVERNMENT and UNIDO HQs**

- ✓ The financial arrangement between the Government and UNIDO should be soon finalized in order to start the activities earliest.
- ✓ The counterpart ministry should devote an adequate number of qualified staff to work on this programme in order to develop its ownership and ensure the sustainability of the results achieved.

#### **B) Subcomponent 1.3 : Streamlining the consumer protection system**

##### **To UNIDO HQs**

- ✓ Technical assistance activities should not be resumed as long as the new Standardization Law modernizing LIBNOR has not been passed with the related regulations.
- ✓ The strategy relating to this subcomponent should be reviewed in order to adjust the planned activities to the current situation and to focus them on strengthening the capacity of LIBNOR.
- ✓ A review of the recommendations made by the international consultant should be made in order to ascertain whether they have been taken into account by the decision-makers and thus have contributed to the efforts intending to improve the system.

##### **To the MINISTRY OF INDUSTRY and LIBNOR**

- ✓ The MOI, in cooperation with the industrial associations, the syndicates and the Chambers of Commerce, should make an investigation among the SMEs, to ascertain what is needed as standards, and in which sectors, in order to access foreign markets. LIBNOR accordingly should prepare the standards and organize, with the support of UNIDO, the training of the enterprises.

#### **C) Subcomponent 1.4 : Making Lebanese accreditation system operational**

##### **To UNIDO HQs**

- ✓ Technical assistance activities should only be launched when the preconditions set down in the original programme document have been met and when the funding of the activities designed to achieve the desired outputs is assured.
- ✓ Future assistance by UNIDO should be based on an updated and possibly redesigned programme, which would take all the aspects of the current situation (especially the involvement of other international actors in this area) fully into account.

- ✓ The quality line project (metrology, standardization, accreditation) should be designed in a way to involve heavily the Ministry of Industry and the private sector. The intermediary role of UNIDO is very important.
- ✓ In the EFTA programme on quality, UNIDO is suggested as counterpart in two components: Accreditation and Laboratory testing, the purpose being to improve the operations and the quality of the products. The request for the support of traceability should be included in the Swiss-financed project for accreditation.
- ✓ The laboratories of the Universities should be accredited and utilized by the enterprises to certify the products.

### **6.2.2. Component 2**

#### **A) Subcomponent 2.1: Establishment of an Industrial Subcontracting and Partnership Exchange (SPX)**

##### **To UNIDO HQs**

- ✓ The Evaluation Team has received two interesting proposals from IRI and from ALI regarding their interest in hosting in 2005 an event for developing the activities of the Subcontracting Exchange:
  - By IRI, a two days meeting of the SPXs of the Mediterranean area to analyse the supply chain, the role and the advantages of an Exchange.
  - By ALI, a subcontracting exhibition, inviting with the support of UNIDO, around 30 European potential partners and the other SPXs operating in Europe.

Since both proposals are found valuable, it is suggested to the project manager of the subcomponent at the HQs in Vienna to consider both proposals and discuss it further with the Team Leader and the responsible persons of IRI and ALI.

- ✓ From the discussions had with the counterparts, few times it has been suggested to the Evaluation Team to investigate the opportunity to develop subcontracting possibilities in the sector of haute couture and of jewellery, which seems promising activities in Lebanon for subcontracting. It is recommended to the project manager to follow up on this proposal.
- ✓ The contacts with the other Exchanges of the UNIDO network in the world should be tighter. At the same time the HQs should assure that the network of subcontractors established through the software of UNIDO is working and can help the matchmaking among potential suppliers.
- ✓ The contacts of the SPX with the ITPO network (Exchange) have to be absolutely strengthened and the nomination of some Lebanese delegates in the ITPOs offices, to present and promote the opportunities offered by the Lebanese SMEs, has to be investigated.

##### **To the SPX-Lebanon**

- ✓ Enhance more the activities of partnership and of chain services (assembly of spare parts).

- ✓ Give more dynamism to the activities of the SPX-L. The person responsible for the Subcontracting Exchange dedicates only a small percentage of his time to the activities, because he is busy with the other activities of his job as staff member at IRI. In case it is not possible to spare more time to the Exchange activities, the location of the SPX-L should be reconsidered. Only 12 matchmakings in more than three years, out of 68 requests, for a total value of around 40,000 USD cannot be considered as very satisfactory. It is found by several participants that presently the potential for subcontracting in Lebanon is very convenient in consideration of the low work costs.
- ✓ Appropriate budget for the participation at subcontracting fairs should be foreseen. Some entrepreneurs have expressed to the Evaluation Team their interest in contributing financially for their participation in these events. The participation at MIDEST in 2003, although without concrete results, has offered to these entrepreneurs the opportunity to see the possibility of cooperation. Matchmaking at international level has to be sought more intensively. Contacts with other SPXs and networking with UNIDO EXCHANGE should be strengthened. If no collaboration and response are received, it should be immediately reported to the Team Leader for undertaking the appropriate action.
- ✓ The contacts with the Chambers of Commerce have to be strengthened. It is in this connection that the Evaluation Team recommends that the director of the SPX-L should dedicate more time to the development of the contacts and of the activities.

### **B) Subcomponent 2.3: Making food industry fit for export: HACCP**

#### **To the management of the Programme in Beirut and the project manager in Vienna**

- ✓ To lobby for the approval of the draft law on Food Safety. The activities of the Programme for the preparation of this law have allowed the Programme to be known in the whole country and active and fruitful cooperation between the private and the public sectors to be developed.
- ✓ To continue the training for the application of HACCP and the awareness campaign among all food producers in the country. The same has to be done also for the national institutions that will have the authority to control and enforce the law. The food safety area is a priority also for its implications related to the export.
- ✓ The training activities should cover all the country and should be done for more than one day. The hotel schools should be included among the beneficiaries.
- ✓ The producers of food products should be sensitized that respecting the HACCP rules will help them in getting commercial permits.
- ✓ The HACCP manual should be as soon as possible translated into Arabic.
- ✓ The diffusion of GMPs and HACCP should be integrated in similar regional projects, cutting considerably the costs.
- ✓ The FSP and the management of the Programme should get involved also in the meat- and dairy-processing sector, taking into account that there are in Lebanon only two official slaughterhouses. It has been reported to the Evaluation Team that the transport of the meat is made with private cars and in some limit cases even with taxis!!!
- ✓ All food sectors in the country should be upgraded to meet the standards of GMP and HACCP.
- ✓ It is strongly recommended that in case of further meetings of the Food Safety Panel, the minutes of the meetings be taken. If some member cannot attend the meeting he/she will have no information on the developments.

- ✓ The activities of the FSP have been unanimously appreciated and should not be stopped. There is also the interest of the private sector that is willing to financially contribute to its continuation. The intermediary role of UNIDO is very important.
- ✓ The synergies between food safety and cleaner production should be streamlined since they can be complementary. Some entrepreneurs in some cases do not make distinctions between the two actions. In some cases joint visits to the factories involved could be useful for the entrepreneurs to understand the differences between the two programmes.
- ✓ A training programme for the strengthening or rehabilitating the capacities of the inspectors of the various Ministries involved in the control of the food processing activities should be studied in conjunction with the counterparts institutions, which feel this necessity.
- ✓ Some companies have expressed to the Evaluation Team their interest in having at the factory one or two days training on HACCP. They are ready to participate in the costs. They consider that the employees will be willing to pay more attention if somebody external to the factory gives the instructions. It is highly recommended to the Management of the Programme to carefully investigate this possibility.

### **6.2.3. Component 3**

#### **A) Subcomponent 3.1: Increase competitiveness through TQM and business performance in pilot enterprises**

##### **To UNIDO HQs and the Management of the IP**

- ✓ The entrepreneurial training has to continue to face the growing competition of the markets with better performance in productivity and quality.
- ✓ The supply chain has to be promoted among the entrepreneurs and it has to be better developed.
- ✓ For the time being, improvements in business capacity and quality performance should have priority on the ISO certification.
- ✓ The Quality Control system has to be widely promoted among the entrepreneurs and it has to be understood that is part of well-developed business skills.
- ✓ In entrepreneurial training programmes, besides the awareness of the importance of quality and safety, it should be given relevance also to the importance of the cleaner production methods in order to explain the importance to minimize waste and save energy.
- ✓ The training on software for business performance should first teach the participants on how to extract the data from their companies to insert them as input in the software model and then learn how to utilize the model for the managing and the monitoring of the production.
- ✓ When designing a training operation for entrepreneurial beneficiaries, more care should be taken to ascertain that the trainees have the capacity and the possibility to introduce the recommended changes and innovations in their enterprise and perceive the advantage of doing so. If not, as shown with the training course held in the framework of the Continuous Improvement project, the training may generate more frustrations than incentives towards modernization. In addition, the needs for individual coaching after the course should not be underestimated and should be met with the help of experienced professionals.

## **B) Subcomponent 3.2: Promote domestic and export markets and revitalization of women entrepreneurship in SMEs in South-Lebanon**

### **To UNIDO HQs and the management of the IP**

- ✓ Based on the successful experience achieved in South-Lebanon, consideration should be given to the possibility of replicating the programme in other regions of the country depending on the availability of funds.
- ✓ More attention should be given to the post-training follow-up and provision for individual coaching of the trainees after the delivery of the training package should be included in the budget.
- ✓ Training in industrial entrepreneurship development should be organized in all the country to cover also sectors as dairy and citrus fruits processing. In Lebanon at present there is no single factory to process citrus fruits.
- ✓ Pieces of equipment donated by the Integrated Programme should bear a visible label with the logo of UNIDO.

## **C) Subcomponent 3.4 : Support the SME sector with information and value-added services**

### **To the Ministry of Industry**

- ✓ The website of the Ministry has to be adjusted to correct the oversight of not having included UNIDO among the international organizations linked to the activities of the Ministry.

## **6.2.4. Component 4: Industrial Environmental Management**

### **To the LCPC and UNIDO HQs**

- ✓ The Centre is working well after a difficult initial phase due to some managerial problems. The demonstration activities in the selected companies in the targeted sectors (food canning and dairy) should continue and it is very important that another group of four companies has just been chosen for the paper and cardboard sector.
- ✓ The idea to ask the demonstration companies to give a bank guarantee of 1,000 USD for assuring their commitment till the end of the process is very good and should be continued and, if possible, adopted by the other Cleaner Production Centres of the UNIDO network. It is recommended to the project manager at the HQs to request to the Director of the Centre a full report on how are requested and kept these guarantees.
- ✓ The cycle of 9 steps, including visits and workshops, is perhaps too long and does not allow that the international counterpart institution is taking active part in all the process. This should be discussed with Stenum and the HQs in Vienna, in order to ascertain whether the method is appropriate, not too long and gives to the international counterpart the possibility to follow accurately all the process of assistance to the company.
- ✓ The international counterpart institution should send, for the technical visits to the factories involved, personnel with specific experience in the sectors assisted, e.g. agro food

canning, dairy production, paper, etc. They also should be informed about the present regulations concerning the cleaner production in Lebanon. So far, Stenum was more involved in the awareness raising seminars and in the training than in direct enterprise assessment.

✓ Since the size of the enterprises assisted is medium or small, the support for the presentation of the files for getting financing to introduce the changes proposed by the LCPC, should continue.

✓ Some services should be given charging some fees, especially because it is foreseen that in five years the Centre will become self-sustainable.

✓ Considering that the Centre's activities are programmed over five years and that the first two years have been completed, it is recommended to extend further the Centre. This recommendation is strongly supported by all the national counterpart institutions. The activities of the Centre are very much needed by the Lebanese industrial sector.

✓ It is recommended that the Centre sensitise the governmental institutions about the risks for the environment, as they are responsible for promoting and preparing the appropriate legislation.

✓ The direct assistance offered with international support to the individual enterprises should be strictly limited to those taking part in a pilot scheme for demonstration purpose to avoid the risk of market distortions. Therefore, it is preferable that the factories pay the assistance and the assessment given.

Furthermore, often what is given for free is not properly appreciated.



The Evaluation Team during the visit at the enterprise Sonaco (food products Al Rabih), with the General Manager Mr. George Karam.

The company participated at the food quality training in GMP and HACCP

## 7. LESSONS LEARNED

*(Lessons learned are generalizations, positive or negative, based on evaluation experiences with projects and programs. The lessons are derived from this evaluation and abstract from specific circumstances to broader situations.*

*Frequently the lessons highlight strengths or weaknesses in formulation, design and implementation that can affect performance and results. Therefore, the lessons can be retained for improving the quality and effectiveness of the assistance in future projects.*

*In this sense the Evaluation Group of UNIDO makes all the possible efforts to divulgate inside the organization all the lessons learned from an evaluation.*

*However, it has to be considered that the lessons learned in the evaluation of a Programme are not always applicable to other countries or other programmes, which can have a different situation under the political, socio-economic and industrial point of view.)*

The following lessons refer to the design, implementation and evaluation of the Programme.

### **Regarding formulation**

- ✓ To maximize the impact of an Integrated Programme it is very important that the institutional public and private sectors work together, not only in the implementation of the activities, but also in their formulation.
- ✓ Integration or cooperation with similar regional projects, when possible, should be carried out to avoid duplication of costs, particularly if the same language is utilized. What has been done in other neighbouring countries could be usefully replicated cutting down some costs.
- ✓ To be effective and successful the focus of an Integrated Programme should be on the most effective way to support and promote the needs of the market requirements of the country assisted, with the participation of the representatives of the private sector.
- ✓ In the formulation phase the priorities have always to be elaborated jointly with the ministerial counterparts. Unfortunately, if a government change occurs all the priorities have to be re-discussed.

### **Regarding Funds Mobilization**

- ✓ The programming and formulation of the Integrated Programme should be done on the basis of a realistic funds mobilization to avoid that later the lack of financing creates disappointment feelings among the national counterparts, in view of the fact that their expectations cannot be realized. The recipient country should be deeply involved in the funds mobilization exercise from the beginning.

### **Regarding implementation**

- ✓ When a programme is developing in a country where an official language of United Nations like French, is widely spoken in the state institutions besides English, it is very important that the staff members responsible for the programme be able to speak both languages.



- ✓ In case of industrial partnerships and Subcontracting Exchanges, the networking with foreign countries is of paramount importance for its development, especially in the case of small countries.
- ✓ Written minutes of meetings should always be taken. It will help in keeping a proper and correct memory of the decisions taken, avoiding that only a couple of years later the reasons for certain actions are no longer exactly recalled. Also the following actions should be documented.
- ✓ In case of the selection of companies for demonstration of certain support activities, directed to the improvement of their industrial processes and competitiveness, it is a very good idea, in order to engage the companies to actively participate in the process till the end of the demonstration, to request a bank guarantee which will be given back at the end of the exercise. Should the demonstration company not continue in the cooperation, the guarantee will be kept by the programme as coverage for the costs incurred. In this way the company is more obliged and interested in participating in the demonstration exercise.
- ✓ When training is organized, it is important to divide the participants in homogenous groups, in order to have an audience that has the same level of background and knowledge.
- ✓ When changes in the Government occur, it is important that the management of the Programme seeks as soon as possible an appointment with the ministerial counterparts, to avoid that when some Donors visit the new Ministries, they do not know anything about the existence of the Programme.
- ✓ Integrated Programme implies integration among all the parties involved to contribute to the development of the country assisted. To reach this stage it is necessary that all parties cooperate, knowing what the others are doing. Therefore, periodical common meetings under the direction of the Team Leader are needed. Otherwise the programme will be the development of single stand-alone projects put together under the common name of Integrated Programme, but substantially without real synergy and integration.
- ✓ At the beginning of the activities of the Programme it is necessary that the National Director has a two week briefing at the Headquarters to receive an appropriate training on the management of the integrated Programmes and on the financial and administrative procedures of the Organization.

### **Regarding the evaluation of the Programme**

- ✓ The evaluation missions of an Integrated Programme should be tripartite with participants nominated by UNIDO, the recipient country and the donors. As more than one donor normally finances the I.Ps, it is up to the executing agency to find the way that the donors nominate a person who represents them all in the evaluation exercise, to assure that the views of the stakeholders are reflected. The presence of donors during the visits of the evaluation mission valorises its work and allows the donors to see in-depth and directly the results obtained.
- ✓ In the budget of an Integrated Programme should always be foreseen a mid term joint in-depth evaluation.
- ✓ In the in-depth evaluations of I.Ps has to be carefully taken into account the time needed for preparing the mission, the visits in the country, the preparation of the preliminary conclusions and recommendations for the final debriefing in the field and the drafting of the final report. Sometimes only two weeks in the country are not sufficient.

## TERMS OF REFERENCE

### 1. THE INTEGRATED PROGRAMME (IP) to enhance the competitiveness of the Lebanese industry and its integration in the global market

This programme has been elaborated to respond in an integrated and coherent manner to the **needs of the Lebanese industry and of its public and private support institutions**. It takes into account the country's industrial development objectives as well as the development and strategic goals of the private sector: Establishment of a modern and strong industrial base, which satisfies internal demand, attracts investments and allows the penetration of Lebanese products into international markets.

The **Programme focuses only on those specific activities where UNIDO competence and value added can be maximized and would have a catalytic or multiplier effect**. Furthermore, the Programme has been designed to be complementary to other development assistance projects and initiatives. In particular, it shall be harmonized with two forthcoming projects funded by the European Union: the Industrial Modernization Programme and the upgrading of LIBNOR/Quality Project that are of particular relevance to this programme.

The IP has been elaborated from December 1999 to September 2000 by a team of UNIDO staff covering various fields of specialization in **interaction and cooperation with both the Lebanese Government and the private sector and in coordination with other multilateral and bilateral agencies**. It is based on: common understanding; selectivity; careful preparation; effective coordination mechanisms and realistic prospects for funding. Moreover, it has been designed following a series of basic guiding principles: Ownership by Lebanese stakeholders; Coherence and Integration within the programme; Focus on UNIDO's competence, expertise and experience; Realistic expectations; Direct involvement of Lebanese public/private institutions; Cost-sharing arrangements; and Coordination/Synergies with other bilateral/multilateral agencies. The IP has also incorporated specific actions in the field of IT and those required to quickly and urgently respond to the needs of the areas in the South of Lebanon returned under Lebanese control in May 2000.

The draft programme was approved by Lebanese authorities and by the private sector in late October 2000.

The IP is structured in four **major components: (1) Effective governance; (2) Promotion of partnerships and market access; (3) Improvement of enterprise performance and SMEs development; and (4) Industrial Environmental Management**. It would address major industrial development issues such as availability of industrial data for supporting strategic and policy decisions, quality, standards and consumer protection at enterprise and institutional levels, SME development including promotion of industry-based employment generation activities, fostering integration of the Lebanese industry in the regional/international production and commercial chains and actions to reduce the impact of industrial activities on the environment while improving the cost-efficiency of industrial processes. The actions identify for the South are incorporated in the component 3 *Improvement of enterprise performance and SMEs development*.

The **key features** of the IP are:

It addresses only some of the main priority weaknesses/strengths identified; it aims at making both the Government and the private sector fit for competition; it would strengthen local human and institutional capacity; Local expertise will be widely employed; and it will be managed in Lebanon by a National Technical Coordinator. Moreover, it shall establish coordination mechanisms with other programmes; a group of enterprises would benefit directly; acquired know-how (formal training) would be implemented in the group of pilot-enterprises as practical on-the job demonstration. Finally, emphasis will be placed on Shop-Floor interventions (implementation of performance improvements).

The **overall strategy** of the IP is to build local capacity and to transfer the know-how and promote the use of policy, technical and management tools and methodologies needed to achieve higher competitiveness levels. Through practical demonstrations in selected pilot-enterprises (at the shop floor level) the IP shall be able to show the positive impact on the performance of enterprises and governmental institutions so as to set examples for the whole sector. As part of the overall strategy, possibilities will be sought to create synergies with the ongoing activities of other UN Agencies or bilateral donors.

The first component: **Effective Governance** aims at improving the effectiveness of the system for managing the development of the Lebanese economy. It includes: Implementation of a standardized *System for industrial statistics*; Capacity building for *industrial policy* and for enhancing the *private/public sectors dialogue/interaction*; Streamlining of the *Consumer Protection System*; making the *Accreditation System* operational, and establishment of a *Governance Information Network*. Both public and private sector have recognized industrial statistics as a top priority project and a fully-fledged project document is already available and can be implemented immediately when funds would be made available.

The second component, **Promotion of Partnerships and Market Access** would upgrade the present institutional and enterprises capabilities to promote partnerships among Lebanese industries/services and with foreign partners. It would also facilitate the access of Lebanese products to export markets. Four major sub-components have been included: Establishment of an *Industrial Sub-contracting and Partnership Exchange (SPX)*, Organization of sector-specific *IntechMarts*<sup>1</sup>; Making Food Industry fit for export: *HACCP*<sup>2</sup>; *Sectoral Benchmarking*. For the establishment of a SPX a project document is available and the agreement for its implementation is at a final stage of negotiation.

The third component **Improvement of Enterprise performance and SMEs Development** would address two main issues: (i) practical demonstration that Lebanese enterprises can become more profitable and competitive by reducing costs and increasing their overall quality; and (ii) promotion of a progressive and competitive SME sector and industrial entrepreneurship for women to enhance the industrial culture and increase the value added of small enterprises in rural areas. The sub-components identified are: *Shop-floor upgrading*, *Building capacity in modern business practices*, *industrial entrepreneurship development for women and creation of sustainable livelihood in rural areas through industrial processing*, *Establishment of an Information Support Network for the SMEs*.

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<sup>1</sup> And Investment Promotion activities.

<sup>2</sup> Hazard Analysis of Critical Control Points.

Moreover, in order to foster and upgrade the productive sector in **South Lebanon**, this component includes: Emergency assistance to the food industry in South Lebanon (together with Sub-Component 2.3 HACCP) and Revitalization of small and medium industries in South Lebanon.

The fourth component **Industrial Environmental Management** aims at building awareness and strengthening national capabilities to bring about industrial development in Lebanon that is in compliance with environmental norms and practices. It shall lay the basis for a long-term industrial development that is environmentally sustainable and cost effective. Three elements are included in the component: *Establishment of the Lebanon Cleaner Production Centre; Preparation of a Master Plan for an Environmentally Sound Industrial Estate for Leather Tanneries; and design and installation of an air quality monitoring network for the Chekka industrial region. In the process of implementation the most suitable institutional arrangements will be studied and decided.*

The overall cost of the 3 years Integrated Programme was estimated at **US\$ 6,735,365** (including the Agency execution costs) of which **US\$ 1,637,370 (24.3 per cent) specifically for the activities for the development of productive activities in the South.** The funds for the implementation of the IP should be secured through cost-sharing arrangements and a combination of multilateral and bilateral sources. The funds rising should be a joint activity of the Government, the private sector and UNIDO. For the Programme in South Lebanon, the financing and implementation of the UNIDO IP should be linked to donors' conferences and other country- and sector-wide fund raising activities.

**The current planning figure (without the Agency execution costs) is US\$ 5,960,500.**

The status of funding and expenditures as of May 2004 is the following:

	<b>Component</b>	<b>Current Planning Figure</b>	<b>Total Allotment</b>	<b>Total Expenditure</b>
1.0.00	Effective governance	\$817,000	\$161,065	\$161,333
2.0.00	Promotion of partnerships and market access	\$1,018,000	\$393,412	\$254,257
3.0.00	Improvement of enterprise performance and SMEs development (including assistance to the South)	\$2,523,500	\$393,569	\$374,281
4.0.00	Industrial environmental management	\$1,602,000	\$190,599	\$110,169
99.0.00	General Management	\$0	\$29,355	\$29,353
	<b>Total</b>	<b>\$5,960,500</b>	<b>\$1,167,999</b>	<b>\$929,393</b>

## 2. THE IN-DEPTH EVALUATION

In-depth programme evaluation is an activity during or at the end of the programme cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, effectiveness, achievements (outputs, outcomes and impact) and sustainability of the programme. The evaluation assesses the achievements of the programme against its objectives, as set in the Programme document, including re-examination of the relevance of the objectives and of the Programme design. The evaluation exercise will also identify factors that have facilitated or impeded the achievement of the objectives.

## **Purpose**

The purpose of the integrated programme (IP) in-depth evaluation is to enable the Government, UNIDO and donors:

- to assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities,
- to assess the effects of outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact,
- to provide an analytical basis and recommendations for the focus and (re)design for the continuation of the programme,
- to learn lessons on the integrated approach and for improving the synergy effects of UNIDO's integrated programmes.

The evaluation is conducted in compliance with UNIDO policy regarding the evaluation of its Integrated Programmes.

## **Method**

1. The evaluation will be conducted at two levels: evaluation of programme components and evaluation of the programme as a whole. The programme-wide evaluation will be based on the evaluation findings of the components and will address issues such as integration, synergy, management and overall impact, if any.
2. The component level evaluation will identify outputs, outcomes and prospects for developmental impact that can be attributed to the individual components and assess to what extent component results have contributed alone and collectively to the programme-wide objective.
3. The evaluation will be carried out through analyses of various sources of information including desk analysis, self-evaluation reports or progress reports, interviews with counterparts, beneficiaries, partner agencies, donor representatives and respective managers. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

### **3. Programme-wide Evaluation**

The programme-wide evaluation will address: **Relevance, Ownership and Participation**

The extent to which:

- The IP was jointly identified and formulated with the central coordinating authority, as well as with the involvement of programme counterparts and their target beneficiary groups,
- A participatory programme identification process was instrumental in selecting problem areas, as well as during the selection of counterparts requiring technical cooperation support,
- Industry representatives, where appropriate, were involved in the formulation of the programme,
- The central national authority has been in a position to effectively lead in the coordination of the programme during its preparation, implementation and monitoring.
- There is continuing agreement among the stakeholders that the objectives are still valid; the programme supports the country industrial strategy. What adjustments, if any, are required?

### **3.1. Programme Management**

- The efficiency and effectiveness of the central national management and overall field coordination mechanisms of the Programme. Are the national capacities adequate to coordinate and monitor the results of the IP?
- The efficiency and effectiveness of the UNIDO Headquarter based management (including coordination and monitoring).
- How has the UNIDO seed money been allocated and managed? To what extent were the IP teams and its stakeholders in a position to participate and influence the process?
- Have some external factors (rules and regulations, procedures, administrative mechanisms, local situation, etc.) impeded the discharge of management responsibilities?

### **3.2. Funds Mobilization**

- The role and ability of the central national management and willingness of counterparts, to contribute (in kind and/or cash) to IP implementation and in their taking an active part in funds mobilization.
- Has the Government made any efforts to channel other donor resources to the implementation of this Programme?
- The adequacy and effectiveness of funds mobilization efforts. Problems in mobilizing funding for some components in particular.
- Problems encountered in balancing UNIDO IP policy and programme objectives with donor priorities. The effect of incorporating donor and national priorities into the IP, which effect had on the maintenance of an integrated approach.
- Which are the lessons learned for successful funds mobilization.

### **3.3. Integration of Components and Coordination**

The extent to which:

- The IP has a clear thematically focused development objective and goals which will contribute to goals established by the country, the attainment of which can be determined by a set of verifiable indicators,
- The IP components are designed to contribute to the general Programme development objective,
- The IP addresses sustainable development and the 3 E's- economic, environmental and social (employment) goals,
- The design and implementation of the Programme has promoted coordination and synergy of (at least some) components. If so, amongst which components has there been coordination of activities,
- The IP has promoted the improvement of national inter-institutional cooperation arrangements, including public-private sector cooperation and partnerships,
- The IP approach is able to promote coordination with other development cooperation programmes, both bilateral and multilateral.

### **3.4. Synergy Effects Derived from Integration and Coordination**

- What are the realized benefits of coordination amongst Components and with other programmes in the country (*such as cost saving in implementing UNIDO services; increased effectiveness resulting from providing different services to the same target group; increased effectiveness resulting from interventions aiming at strengthening linkages within*

*a system; improved effectiveness due to services provided simultaneously at the level of policies, support institutions and enterprises)?*

- What other benefits realized from packaging UNIDO support in the form of IP can be identified? It is the scope of the IP a positive factor for increasing the leverage of the Programme, including Government policy measures?
- If applicable, thanks to the I.P, the increased opportunity for cooperation among Ministries, industrial support institutions and other stakeholders in the public and private sector, which effect had for the country?
- Are the transaction costs of the IP (management and coordination of many stakeholders, complexity in funds mobilization, etc.) commensurate to the benefits of integration?

### **3.5. Impact at the Programme-wide Level (Contribution to Industrial Objectives of the Country)**

- How the results achieved reflect themselves in a discernible progress in economic, environmental and/or social areas?
- Has the IP contributed or is it likely it will contribute to the achievement of the Millennium Development Goals? If so, in which areas?
- How the result indicators that have been developed in the IP, if any, facilitate the assessment of progress towards national and international development targets?

## **4. Evaluation at the level of the components**

The evaluation of each component will address the following issues:

### **4.1. Ownership and relevance:**

The extent to which:

- The component was formulated with full and active participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders,
- The counterpart(s) has/have been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and are actively supporting the implementation of the component,
- A means-end relationship has been established between the component objective(s) and the higher-level programme-wide objective,
- The outputs as formulated in the IP document are still necessary and sufficient to achieve the component objectives. Have some outputs been amended? Should some outputs be further amended or discontinued?
- The coordination envisaged with other components within the IP or with any other development cooperation programmes in the country

### **4.2. Efficiency of Implementation**

The extent to which:

- UNIDO and Government/counterpart inputs have been provided and whether they were adequate to meet the requirements,
- The quality of UNIDO services (expertise, training, equipment, methodologies, etc.) were as planned and met the expectations,
- They led to the production of the planned outputs.

### **4.3. Effectiveness of the Component**

- Quality of the outputs produced and how the target beneficiaries are using them,
- The outcomes that have been or are likely to be realized through utilization of outputs.

### **4.4. Impact**

- What developmental changes (economic, environmental, social) at the target beneficiary level (industry) have occurred or are likely to occur?

## **5. Composition of the Evaluation Team**

The evaluation team will be composed of:

- Senior Evaluation Officer of UNIDO (team leader),
- International expert with background in Evaluation (evaluation consultant),
- National Government nominee, well acquainted with industry-relevant institutional framework of the country,

The members of the evaluation team should not have been involved in the designing, appraisal or implementation of the programme.

All members of the evaluation team will be contracted by UNIDO, within the budget of the Evaluation Group.

The local office of the IP will provide the technical and logistical support to the Evaluation Team.

Donor representatives from the bilateral embassies will be consulted and, in case, be offered to participate during the evaluation of the components they have funded.

Although the members of the evaluation team should feel free to discuss with the authorities concerned all matters relevant to their assignment, they are not authorized to make any commitment on behalf of UNIDO or a donor.

The Evaluation Team in the field will make a final meeting presenting the draft preliminary conclusions and recommendations, to the participants and stakeholders.

### **5.1. Work Plan of the evaluation**

The independent in-depth evaluation will be preceded by self-evaluation in the course of which Self-evaluation Reports (SER) on each component will be prepared by the IP team members and made available to the evaluation team. The work of the evaluation team will consist of the following steps:

- studying documentation (sent by UNIDO, including SER),
- interviews of the IP Team Leader and selected team members at UNIDO.
- meeting with Programme management in the field to fine-tune the programme of visits,
- field review meeting (with UNIDO IP staff in the field) to provide briefing about the evaluation exercise and key issues to be addressed,
- meetings with Programme-level counterparts and partners (including relevant ministries, central authorities, UNDP, key donors),



- meetings (including visits of selected project sites) with relevant counterparts, target beneficiaries and donors, if appropriate,
- review by the evaluation team of component-level findings, conclusions and recommendations for inputs for the Programme-level evaluation,
- debriefing by the evaluation team in the field,
- presentation of the preliminary conclusions and recommendations to the responsible officers at UNIDO HQs,
- drafting of report (at home base),
- finalization of the report.

As the report is the product of a team acting in its personal capacities, it is up to the team to make use of the comments made by the parties involved and to reflect them in the final report. However, the evaluation team is responsible for reflecting, provided it is accepted, any factual correction brought to their attention prior to the finalization of the report.

Starting date of the field mission and the dates for the presentation of evaluation results to UNIDO as well as the deadline for completion of the final report will be determined in agreement with the Programme management. Detailed plan for the Programme management in agreement with the Evaluation Team will prepare meetings in the field and visits of project sites.

29 September 2004

Annex II

**List of Persons, Institutions and Companies met and contacted**

<b>DONORS and U.N. Organizations</b>		
<b>Embassy of Austria</b>	H.E. Dr. Georg Mautner-Markhof	Ambassador
	Mr. Manfred E. Moritsch	Counsellor and Consul
	Mr. Sayed I. Karam	Commercial Section
<b>Embassy of Switzerland</b>	H.E. Dr. Thomas Litscher	Ambassador
<b>Embassy of Italy</b>	Ms. Valentina Muiesan	Head Commercial and Cooperation Office
	Mr. Antonio Righetti	Embassy Advisor
<b>Embassy of Kuwait</b>	Mr. Tarek Al-Hamad	Adviser to the Ambassador
<b>European Union (EU) Délégation de la Commission Européenne</b>	Mr. Thomas Moullier	Chargé de Programmes
<b>UNDP (United Nations Development Programme)</b>	Ms. Dr. Mona Hammam	UN Resident Coordinator
<b>FAO (Food and Agriculture Organization of the United Nations)</b>	Mr. Adressalam Ould Ahmed Mrs. Solange Matta Saadé	FAO Representative in Lebanon Assistant FAO Representative
<b>MINISTERIES, INSTITUTIONS and ASSOCIATIONS</b>		
<b>Presidency of the Council of Ministers</b>	Mr. Yehia A. El Sankari	Prime Minister's Economic Advisor
	Mr. Ghassan Tannous	Consultant attached to the Office of the President of the Council from the UNDP Office
<b>Ministry of Industry</b>	H.E. Mrs. Leila Solh	Minister of Industry
	Mr. Fadi Samaha	Director General
	Mrs. Rana Rizkallah	Head of Dept. Statistics and Industrial Information
	Mrs. Thea Maroun	Dept. of Information Technology
<b>Ministry of Economy &amp; Trade</b>	Mr. Ali Berro	Director Quality Programme
<b>Ministry of Tourism</b>	Mr. Amin Zebian	Chief of Control Service of Tourist Establishments

<b>Ministry of Health</b>	Mr. Dr. Farid Karam	Head of Sanitary Engineering Dept.
<b>Ministry of Environment</b>	Mr. Dr. Berj A. Hatjian Mr. Farouk Merhebi	Director General Deputy Team Leader
<b>Association of Lebanese Industrialists (ALI)</b>	Mr. Fadi E. Abboud	President
<b>IRI (Industrial Research Institute)</b>	Mr. Bassam Frenn  Mr. Antoine Faycal  Mr. Imad Hage Chehade  Mr. Robert Haddad	Director General  Director SPX-L (Subcontracting and Partnership Exchange Lebanon)  Division Head of Standards, Metrology & Certification  Assistant Unit Head of Quality Management
<b>Institut de Normes Libanaises (LIBNOR)</b>	Mr. Antoine G. Semaan	Director General
<b>IDAL</b> (Investment Development Authority of Lebanon)	Mr. Jihad D. Zarkout	Head of Post Investment Department
<b>Public School of Nursing Care</b>	Mrs. Dr. Hanadi Berry Zeineddine Mrs. Raghida Hassari	Director of the School Course Director, Member of Food Safety Panel
<b>American University of Beirut</b>	Mr. Prof. Nuhad Dagher Mr. Prof. Raja I. Tannous	Dean Faculty of Agr. & Food Sciences Professor of Food Technology
<b>University Saint-Joseph</b>	Mr. Prof. Ragi Abou-Chacra  Mr. Prof. Toufic J. Rizk	Doyen Faculty of Sciences  Head of Analytical Laboratory, Member of the FSP and of the Scientific Committee
<b>Berytech (Pôle Technologique)</b>	Mr. Maroun N. Chammas Mr. Nicolas Rouhana	President Director General Director Network I.T.
<b>Lebanese American University (Byblos)</b>	Ms. Dr. Josiane Fahed-Sreih	Assistant Professor of Management School of Business Byblos Director, Institute of Family and Entrepreneurial Business
<b>Banque du Liban</b>	Mr. Mohamed Naffi	Senior Director Head of the Training and Development Dept.

<b>Lebanese Army</b>	Lieutenant-Colonel Khalil Helou	Officer Chief Medicine Militaire Mount Liban, Food Supply expert and member of the FSP
<b>Lebanese Cleaner Production Centre (LCCP)</b>	Mr. Dr. Ali Yaacoub	Director
<b>Kafalat s.a.l. Guarantees for Loans to Small and Medium Enterprises</b>	Mr. Dr. Khater Abi Habib	Chairman General Manager
<b>Syndicate of Lebanese Food Industries (SLFI)</b>	Mr. Georges Nasraoui	President
<b>INFOPRO</b>	Mr. Ramzi El Hafez	General Manager
<b>INFOPRO Research (Market Research Company)</b>	Mr. Imad Bashour	General Manager
<b>Syndicate of Restaurants, Café, Patisserie and Night Clubs</b>	Mr. Paul Ariss	President
<b>Chamber of Commerce, Industry &amp; Agriculture of Beirut &amp; Mount Lebanon</b>	Mr. Nabil Fahed	Member of Board of Directors of the Chamber Member of the FSP
<b>Chamber of Commerce, Industry &amp; Agriculture in Sidon and South Lebanon</b>	Mr. Mohammed Zaatari Mr. Radwan Sabe-Ayon	President General Director
<b>Consumers' Lebanon NGO</b>	Mr. Abed Berro	Member, Head Quality Dept.
<b>NATIONAL EXPERTS and CONSULTANTS</b>		
<b>Mr. Prof. Raja I. Tannous</b>	American University of Beirut	Prof. of Food Technology Chairman of the Food Safety Panel (FSP) Member of the Scientific Committee of the Panel
<b>Mr. Prof. Hussein Deeb</b>	Lebanese University	Prof. of Food Technology Member of the FSP and of the Scientific Committee
<b>Mr. Prof. Toufic J. Rizk</b>	University Saint-Joseph	Head of Analytical Laboratory, Member of the FSP and of the Scientific Committee

<b>Ms. Prof. May S. Jurdi</b>	American University of Beirut	Professor of Environmental Health, Chairman of Public Health Dept. Member of the FSP and of the Scientific Committee
<b>Ms. Raghida Hossari</b>	Head Food and Health Inspectors Programme (PSNC)	Member of the FSP and of the Scientific Committee
<b>Mr. Bassel Al Khatib</b>	UNIDO Consultant	Food Safety National Consultant, Coordinator of the Food Safety Panel
<b>Mr. Dr. Zuhair Berro</b>	President of Consumers' Lebanon (NGO)	Member of the FSP
<b>COMPANIES and Persons trained by the Programme</b>		
<b>Mounir Bissat Factories</b> (Tahina, Halawa, Loukoum, Sesame, Foodstuff)	Mr. Karim Bissat	Sales Manager
<b>MEFOSA</b> (Mena Food Safety Consultants)	Mr. Atef Wafic Idriss	Member Lebanese Associations for Food Scientists. Former President of Lebanese Food Industries
<b>SONACO s.a.r.l.</b> Food products Al-Rabih	Mr. Georges Nasraoui, P.D.G. Mr. George Karam	President Director General Co-Owner General Manager
<b>Dove Processing Sal</b> (Obegi Consumer Products Group)	Mr. Fady Abi Nader	Operations Manager
Al-Kussaybe Agricultural Products Manufacturing Cooperative (KAPMC) <b>Nabatieh</b>	Mrs. Jamila Ali Mahdi Mrs. Raja'a Mehdi Mrs. Amal Mehdi Mrs. Sobhieh Haydar Mrs. Zeinab Sayegh	Cooperative President Secretary of Management Committee Member Member Member
<b>FOLDA</b>	Mr. Rafic Azrak Mr. Gabriel Khoury	Chief Executive Officer Production Director
<b>MEICO (Modern Electronic Industries Co)</b>	Mr. Adel S. Ayass	General Manager
<b>Joseph B. Amatoury sarl</b> Cosmetics & Toiletries	Mr. Hanna Faddoul Mr. Dany Elias	Managing Director Quality Manager
<b>Milky's Dairy</b>	Mr. Youssef Assi	Owner and Manager

<b>Cortas</b> (food canning)	Mr. George Abboud Mr. Fadi Sandkly	Treasurer Accounting Dept. Logistic Manager
<b>Staff of the Office and of the Integrated Programme in Beirut</b>		
<b>Mr. Raja Habre</b>	National Coordinator of the Integrated Programme	
<b>Mr. Bassel Al Khatib</b>	Food Safety National Consultant	
<b>Mrs. Jacqueline Abla Moukarzel</b>	Secretary of the UR Office, Financial Clerk	
<b>Mrs. Nathalie Abi Habib</b>	Assistant to UR	
<b>Mr. Walid Rafeh</b>	Driver	

## IP Evaluation Team Schedule of Meetings

Institution	Name & Title	Remarks	Time, Date and Location of Meeting
<b>DAY 1</b>			
UNDP	Ms. Mona Hammam, UN Resident Coordinator- UNDP Resident Representative	UNIDO Officer-in- Charge  <b>Confirmed</b>	<b>9:00 a.m. Monday 29 Nov. @UNDP</b>
Embassy of Switzerland	H.E. Mr. Thomas Litscher, Ambassador	LCPC <b>Confirmed; Ambassador attending</b>	<b>10:00 a.m. Monday 29 Nov. @UNIDO</b>
Embassy of Austria	H.E. Mr. Georg Mautner-Markhof, Ambassador	SPX-L <b>Confirmed; Ambassador attending</b>	<b>10:00 a.m. Monday 29 Nov. @UNIDO</b>
Delegation of the European Commission in Lebanon	Mr. Thomas Moullier, Economic Development/Private Sector, Small and Medium-sized Enterprises	MoET-UNIDO-EU seminar on Quality; SPX-L; and Food Safety	<b>10:00 a.m. Monday 29 Nov. @UNIDO</b>  <b>Did not attend</b>
Embassy of Italy	Valentina Muiesan, Economic and Commercial Secretary attending	Revitalization of Small and Medium Industries in South Lebanon (RSMISL); and Food Safety <b>Confirmed</b>	<b>10:00 a.m. Monday 29 Nov. @UNIDO</b>
Embassy of Kuwait	Mr. Tarek Al- Hamad, Adviser to the Ambassador	Donor  <b>Confirmed</b>	
Syndicate of Lebanese Food Industries (SLFI)	Mr. George Nasrawi – President	Member of Food Safety Panel (FSP)  <b>Confirmed</b>	<b>11:30 a.m. Monday 29 Nov. @UNIDO</b>
Syndicate of Restaurants, Café, Patisserie and Night Clubs	Mr. Paul Ariss - President	Member of FSP  <b>Confirmed</b>	<b>12:15 p.m. Monday 29 Nov. @UNIDO</b>

FSP Scientific Committee:	<p>a. Professor Raja Tannous – Professor of Food Technology, AUB</p> <p>b. Professor Hussein Deeb – Professor of Food Technology, LU</p> <p>c. Professor Toufic Rizk – Head of Analytical laboratory, USJ</p> <p>d. Professor May Jurdee – Chairman of Public Health Department, AUB</p> <p>e. Mrs. Raghida Hossari – Head, Food and Health Inspectors Programme, PSNC</p> <p>f. Mr. Bassel Al Khatib – UNIDO Food Safety National Consultant</p>	<p>a. Chairman of the Food Safety Panel</p> <p>b. Member</p> <p>c. Member</p> <p>d. Member</p> <p>e. Member</p> <p>f. Coordinator of the Food Safety Panel</p> <p><b>Confirmed</b></p>	<p><b>1:30 p.m. Monday 29 Nov. @UNIDO</b></p>
Consumers' Lebanon NGO	Dr. Zuhair Berro – President	Member of FSP <b>Confirmed</b>	<b>3:00 p.m. Monday 29 Nov. @UNIDO</b>
UNIDO IP Team	<p>a. Mr. Raja Habre</p> <p>b. Mr. Bassel Al-Khatib</p>	<p>a. IP National Coordinator</p> <p>b. Food Safety National Consultant</p> <p><b>Confirmed</b></p>	<b>4:00 p.m. Monday 29 Nov. @UNIDO</b>
<b>DAY 2</b>			
SLFI	Mr. Atef Idriss – Former President	Member of FSP <b>Confirmed</b>	<b>9:00 a.m. Tuesday 30 Nov. @Lion's Buldg.</b>
Ministry of Economy and Trade (MoET)	Dr. Ali Berro – Head of Quality Programme	Member of Food Safety Panel (FSP) <b>Confirmed</b>	<b>10:30 a.m. Tuesday 30 Nov. @MoET</b>
<b>DAY 3</b>			
Industrial Research Institute (IRI)	Mr. Bassam Frenn – Director General	Quality and Laboratory Management <b>Confirmed</b>	<b>11:00 a.m. Wednesday 1 Dec. @IRI</b>
SPX-L	Mr. Antoine Faysal	SPX-L <b>Confirmed</b>	<b>11:00 a.m. Wednesday 1 Dec. @IRI</b>
Ministry of Industry (MoI)	Mr. Fadi Samaha, Director General	Overall Integrated Programme and Industrial Statistics	<b>1:00 p.m. Wednesday 1 Dec. @MoI</b>



School of Business, Lebanese American University (LAU)	Dr. Josiane Fahed-Sreih, Assistant Professor of Management-Director, Institute of Family and Entrepreneurial Business	RSMISL	<b>4:30 p.m. Wednesday 1 Dec. @UNIDO</b>
<b>DAY 4</b>			
Lebanese Standards Institution (LIBNOR)	Mr. Antoine Semaan, Director General	Standardization Activities and Translation of LIBNOR standards in English <b>Confirmed</b>	<b>9:00 Thursday 2 Dec. @ Sin El Fil</b>
Presidency of the Council of Ministers (PCM)	Mr. Yehya Sankari Prime Minister's Economic Advisor	Enterprise Development Unit (EDU/ITPO Bahrain) <b>Confirmed</b>	<b>11:00 a.m. Thursday 2 Dec. @PCM-Grand Serail</b>
Association of Lebanese Industrialists (ALI)	Mr. Fadi Abboud, President	Pharos & Produce Plus <b>Confirmed</b>	<b>12:00 Thursday 2 Dec. @ALI</b>
LCPC	Dr. Ali Yacoub	LCPC & Field visit to Wadi al Akhdar Factory <b>Confirmed</b>	<b>2:00 p.m. Thursday 2 Dec. @ IRI &amp; 3:15 @ Wadi al Akhdar, Dora District</b>
<b>DAY 5</b>			
Banque du Liban (BDL)	Mr. Mohamed Naffi, Senior Director Head of the Training and Development Dept.	COMFAR Training – (RSMISL) <b>Confirmed</b>	<b>9:00 a.m. Friday 3 Dec. @BDL-ARESCO Center</b>
School of Business, Lebanese American University (LAU)	Dr. Josiane Fahed-Sreih, Assistant Professor of Management-Director, Institute of Family and Entrepreneurial Business	RSMISL <b>Follow-up meeting Confirmed</b>	<b>11:00 Friday 3 Dec. @LAU Jbeil</b> <b>Must leave Beirut at 10:00</b>
Saint Joseph University	Dean Raji Abou Chakra – Dean of the Faculty of Sciences	<b>Confirmed</b>	<b>3:00 p.m Friday 3 Dec. @Mar Roukoz</b>

Berytech Pôle Technologique	a. Mr. Maroun Chammas – Chairman Managing-Director b. Dr Nicolas Rouhana Deputy General Manager	(EDU/ITPO Bahrain) and (RSMISL/Entrepreneurship Development Training)  <b>Confirmed</b>	<b>4:00 p.m. Friday 3 Dec. @Mar Roukoz</b>
<b>Day 6</b>			
Al-Kussaybe Agricultural Products Manufacturing Cooperative (KAPMC)	Mrs. Jamila Ali Mahdi, Coop President	(RSMISL)  <b>Confirmed</b>	<b>10:00 a.m. Saturday 4 Dec. in Nabatieh</b>  (leave Beirut @8:45 a.m.)
Entrepreneurship Development (ED) Training	Group of ED Trainees	(RSMISL) <b>Confirmed</b>	<b>11:00 a.m. Saturday 4 Dec. in Nabatieh</b>
<b>DAY 8</b>			
Public School of Nursing Care	Mrs. Hanadi Berri, Principal	Member of FSP <b>Confirmed</b>	<b>10:00 a.m. Monday 6 Dec.</b>
Food and Agriculture Organization (FAO)	Dr. Abdessalam Ould Ahmed, FAO Representative in Lebanon	FAO represented on FSP <b>Confirmed</b>	<b>11:00 a.m. Monday 6 Dec. @FAO</b>
Ministry of Health (MoH)	Dr. Farid Karam, Head of Sanitary Engineering Department	Member of FSP <b>Confirmed</b>	<b>12:30 Monday 6 Dec. @ MoH</b>
Delegation of the European Commission in Lebanon	Mr. Thomas Moullier, Economic Development/Private Sector, Small and Medium-sized Enterprises	MoET-UNIDO-EU seminar on Quality; SPX-L; and Food Safety  <b>Confirmed</b>	<b>2:00 Monday 6 Dec. @EU</b>
Investment Development Authority of Lebanon (IDAL)	Mr. Jihad Zarkout, Head of Post-Investment Service Dept.	Investment Promotion Unit (IPU) and (EDU/ITPO Bahrain) <b>Confirmed</b>	<b>4:00 Monday 6 Dec. @IDAL</b>
<b>DAY 9</b>			
KAFALAT s.a.l.	Dr. Khater Abi Habib, Chairman – General Manager	Loan Guarantee Scheme	<b>9:30 a.m. Tuesday 7 Dec.</b>
Lebanese Army	Lieutenant-Colonel Khalil Hilo, Food and Nutrition Committee	Member of FSP  <b>Confirmed</b>	<b>11:00 a.m. Tuesday 7 Dec. @UNIDO</b>

The American University of Beirut (AUB)	Dean Nuhad Dagher, Dean of the Faculty of Agricultural and Food Sciences	<b>Confirmed</b>	<b>12:00 Tuesday 7 Dec. @ AUB</b>
Federation of Lebanese Chambers of Commerce, Industry and Agriculture (FLCCIA)	Dr. Nabil Fahed	Member of FSP <b>Confirmed</b>	<b>1:00 p.m. Tuesday 7 Dec. 2004</b>
UNIDO Office	Ms. Nathalie Abi Habib Ms. Jacqueline Abla Moukarzel	<b>Confirmed</b>	<b>1:30 Tuesday 7 Dec. 2004</b>
InfoPro	Mr. Ramzi El Hafez	TBT Survey <b>Confirmed</b>	<b>3:00 p.m. Tuesday 7 Dec 2004 @ InfoPro Gallery Boutros Buldg. 1<sup>st</sup> floor, Sanayeh</b>
<b>DAY 10</b>			
Chamber of Commerce Industry and Agriculture In Saida and South Lebanon (CCIAS)	a. Mr. Mohammad Zaatari, President b. Mr. Radwan Sabe-Ayon, General Director	(RSMISL/Dairy Project) <b>Confirmed</b>	<b>10:00 a.m. Wednesday 8 Dec. @CCIAS</b>
SPX-L	Mr. Antoine Faysal	SPX-L Visits to 2 factories	<b>12:00 Wednesday 8 Dec.</b>
<b>DAY 11</b>			
The Ain Ebel Agricultural Products Manufacturing Cooperative (APMC)	Mrs. Marie Maroun, Coop President	(RSMISL) Cancelled by Mrs. Maroun on Wed. 8 Dec. at 10:08 a.m. (Coop closed in winter)	<b>10:30 a.m Thursday 9 Dec. @ Ain Ebel (leave Beirut @8:30 a.m.)</b>
<b>Day 12</b>			
Ministry of Tourism (MoT)	Mr. Amine Zoubiane, Head of Tourism Police	Member of FSP <b>Confirmed</b>	<b>9:00 Friday 10 Dec. @ MoT</b>
J.B.Amatoury s.a.r.l	Mr. Hanna Faddoul, Owner	Pharos & Produce Plus <b>Confirmed</b>	<b>11:00 p.m. Friday 10 Dec. @Sin El Fil</b>

SONACO s.a.r.l.	Mr. George Karam – Partner and Manager	- Food Safety/Tahina and Halawa Project - HACCP Training (June 2001) - GMP & HACCP Training (Spring 2003) <b>Confirmed</b>	<b>1:00 p.m. Friday 10 Dec. Amchit, jbeil</b>
<b>Day 13</b>			
Bsat Halaweh and Tahineh Factory (in the South)	Mr. Mounir Bsat, Owner	- Food Safety/Tahina and Halawa Project - HACCP Training (June 2001) - GMP & HACCP Training (Spring 2003) <b>Confirmed</b>	<b>9:30 a.m. Saturday 11 Dec. @Saida</b>
Milky's	Mr. Youssef Assi, Owner	- HACCP Training (June 2001) - GMP & HACCP Training (Spring 2003) - Assessment & Training specifically for South Dairy Sector (Spring 2004)	<b>11:30 a.m. Saturday 11 Dec. Ansar, Nabatieh</b>
<b>DAY 15</b>			
Ministry of Environment	Dr. Berj Hatjian, Director General	LCPC	<b>8:00 a.m. Monday 13 Dec. 2004</b>
Cortas Canning & Refrigeration Company s.a.l.	Mr. Raja Cortas, Owner	LCPC & Pharos & Produce Plus <b>Confirmed</b>	<b>9:30 a.m. Monday 13 Dec. 2004</b>
Embassy of Italy	Ms. Valentina Muiesan, Economic and Commercial Secretary	South Project and Food Safety <b>Confirmed</b>	<b>2:30 p.m. Monday 13 Dec. 2004 @Italian Embassy, Nijmeh Square, Downtown</b>
<b>DAY 16</b>			
Joint meeting for presentation to stakeholders and counterparts of the IP of the preliminary findings of the Evaluation Mission <b>Confirmed</b>			<b>11:00 a.m. Tuesday, 14 December 2004 @ UN House, 6<sup>th</sup> floor Conference Room.</b>
Ministry of Industry	H.E. Ms. Leila Solh, Minister of Industry	Presentation of findings	<b>p.m. Tuesday, 14 December 2004</b>

## Annex IV

I.P. LEBANON: FINANCIAL STATUS BY COMPONENTS AND SUBCOMPONENTS								
Status 19 November 2004								
Component	Project number	Donor	Project manager	Total Budget (Planned) USD	Total Allotment USD	Total Expenditure as of 11/2004 USD	% Budget & Financed	% Financed & Expenditure
<b>Non-component item</b>								
General management Subcomponent 99	XP/LEB/04058	UNIDO - Regular Prog. of TC	G.Patacconi		40,640	38,392		94%
	US/LEB/03/076	Government contribution	G.Patacconi		540	540		100%
	XP/LEB/00/016	UNIDO - Regular Prog. of TC	G.Patacconi		12,939	12,939		100%
	XP/LEB/02/031	UNIDO - Regular Prog. of TC	G.Patacconi		15,876	15,874		99.99%
Subtotal					<b>69,995</b>	<b>67,745</b>		96.79%
<b>Component 1: Strengthen the Governance of industrial development</b>								
Subcomponent 1.1	XP/SF/LEB/...	UNIDO/Government	Mr. Yamada Industrial Statist ics	300,000	Not yet released (approved 29.09.04)			
Subcomponent 1.3 & 1.4	US/LEB/00/145	Kuwait (Unspent Funds Balance)	G.Patacconi		50,000	50,237		100.47%
Subcomponent 1.4	UB/LEB/00/047	UNIDO - Unutilized Balance	G.Patacconi		78,203	78,203		100%
	XP/LEB/00/037	UNIDO - Regular Prog. of TC	G.Patacconi		32,861	32,861		100%
Subtotal				<b>817,000</b>	<b>161,065</b>	<b>161,301</b>	19.71%	100.15%
<b>Component 2: Partnership and market access</b>								
Subcomponent 2.1	SF/LEB/00/001	Government contribution/EU Comm.	P.J.Gilabert		118,707	93,036		78.37%
Subcomponent 2.3	US/LEB/02/12A	Italy	K.Schebesta		70,925	71,308		100.54%
	UB/LEB/00/046	UNIDO - Unutilized Balance	A.Ouaouich		55,240	55,240		100%
	US/LEB/04/12A	Italy	K.Schebesta		9,041	8,013		88.63%
Subtotal				<b>1,018,000</b>	<b>253,913</b>	<b>227,598</b>	24.94%	89.64%
<b>Component 3: upgrading performance of Lebanese industry (including support to South Lebanon)</b>								
Subcomponent 3.1	US/LEB/04/128	Italy	G.Patacconi		142,932	136,555		95.54%
	US/LEB/02/128	Italy	G.Patacconi		76,532	76,826		100.38%
Subcomponent 3.2 (5)	UB/LEB/00/045	UNIDO - Unutilized Balance	T.Ulusay		29,029	29,029		100%
	US/LEB/00/151	Italy	T.Ulusay		265,500	264,989		99.81%
Subcomponent 3.4	UB/LEB/00/044	UNIDO - Unutilized Balance	J.F.Pruim		19,074	19,074		100%
Subtotal				<b>2,523,500</b>	<b>533,067</b>	<b>526,473</b>	21.12%	98.76%
<b>Component 4: Industrial Environmental Management</b>								
Subcomponent 4.1	EU/LEB/04/001	Government contribution/EU Comm.	E.Clarence-Smith		74,692	67,909		90.92%
	US/LEB/04/197	Austria	E.Clarence-Smith		56,573	35,628		62.98%
	EU/LEB/02/001	Government contribution/EU Comm.	E.Clarence-Smith		36,519	36,519		100%
	US/LEB/01/197	Austria	E.Clarence-Smith		23,085	23,044		99.82%
Subtotal				<b>1,602,000</b>	<b>190,870</b>	<b>163,101</b>	11.91%	85.45%
<b>TOTAL IP</b>				<b>5,960,500</b>	<b>1,208,910</b>	<b>1,146,218</b>	<b>20.28%</b>	<b>94.81%</b>

**Annex V**

**Questionnaire for Clients of Cleaner Production Centre Lebanon**

**Name of company:** .....

**Year of establishment:**.....

**Type of activity:**.....

**Number of employees:**.....

1. How did you first learn about the CPC and its services?

Approached by Centre  Through Media (Press etc)  Colleagues / Friends, Other Firms

2. When did you first learn about the Centre? Month..... Year.....

3. Which services did you receive and, if so, did you paid?

Training of your Staff

Quick Assessments

Plant assessment

Assistance on funding sources

Cost \$:.....

4. How many times did you meet the adviser of the Centre? .....

5. Did you receive the Reports on the Assessments in due time?  Yes  No

6. How did you rate the usefulness of the services received?

Very useful

Satisfactory, useful or normal

Not very useful

Useless

7. How do you rate the professional knowledge of the adviser?

Very good

Satisfactory

Not very good

Poor

8. Do you plan to use the Centre's services again in the future?

Yes  No

9. What improvement steps did you take or do you plan, as a consequence of the advice received by the Centre? (Energy Savings, Environmental improvements, Production Improvements, etc.)

	Action taken (Amount \$ & year)	Planned (Amount \$ & year)
Nothing		
Operational improvements		
Investments		

10. What did you like concerning the services of the Centre?

11. What did you not like concerning the services of the Centre?

12. Did the CP Centre do any follow up regarding implementation of the proposals made for changes in operations or investments?  Yes  No

13. Are there other institutions offering Cleaner Production services at similar conditions in the country?  No  Yes Name:.....

14. Do you have any suggestions for the future of the Centre in your country?

15. In case you have applied the recommendations proposed by the Centre, which specific benefits you have obtained or you plan to obtain in your enterprise?

**Follow-up form for the control of the implementation of the Recommendations proposed**

**Project No.:** *XP/LEB/04/055*

**Project Title:** *Integrated Programme to Enhance the Competitiveness of the Lebanese Industry and its Integration in the Global Market (Including emergency assistance to development of productive activities in Southern Lebanon)*

**Team Leader:** *Mr. Gerardo Pataconi*

**Evaluation Report:** *prepared in January 2005*

	<i>Sum up of recommendation</i>	<i>Related chapter in the report</i>	<i>Responsibility for implementation</i>	<i>Suggested Timing or deadline for implementation</i>	<i>Action taken, if any, by responsible parties at expiration of suggested deadlines</i>
<b>General Recommendations:</b>					
1	In case of a second phase, the donors and the Lebanese Government should be actively involved in the funds mobilization, programming the activities according to the availability of the funds. Mobilization should be lead by the Governmental counterpart(s) in cooperation with UNIDO and major stakeholders.	3	UNIDO HQ	Second Phase	
2	The second phase should be prepared in coordination with the other agencies of the UN system active in Lebanon. Presently cooperation exists with the FAO relating to the food safety. This cooperation should take into account the Millennium Development Goals.	3 and 4	UNIDO HQ	Second Phase	
3	The Integrated Programme should continue, enhancing the capacities of SMEs support institutions (public and private). This initial phase, related to the financing received, has been too ambitious.	3 and 4	UNIDO HQ	Second Phase	
4	A training programme for strengthening or rehabilitating the capacities of inspectors of the various Ministries involved in the control of food processing activities should be studied with counterparts institutions.	4	IP management Beirut	Second Phase	

5	The food sector has considerable impact on the national economy, being a large part of the productive sector. It should continue to be the leading activity of the programme. Particularly in consideration of the possibilities of export and world market access for the Lebanese food products.	4	<b>UNIDO HQ and IP management Beirut</b>	<b>Immediately</b>	
6	The Steering Committee of the Integrated Programme should meet more often, at least twice in a calendar year. Its decisions should be closely followed up on the basis of written minutes and the subsequent actions well documented.	3 and 4	<b>IP management Beirut</b>	<b>Immediately</b>	
7	Before each meeting of the Steering Committee, a detailed progress report should be prepared by the IP Management and circulated for the members. In the report, the degree of achievement of the objectives should be indicated for each subcomponent.	3 and 4	<b>IP management Beirut</b>	<b>Immediately</b>	
8	In case of an extension of the Integrated Programme, the National Programme Director should be familiar with the procedures of UNIDO and with the various backstopping officers. At least two weeks of briefing/induction on the administrative and financial procedures have to be organized at the HQ in Vienna.	2	<b>UNIDO HQ</b>	<b>Second Phase</b>	
9	The staff of UNIDO, responsible for the execution of the respective component, should meet at the HQs at least 3-4 times per year. The Deputy Team Leader, in case of absence of the Team Leader, could chair these meetings.	3	<b>UNIDO HQ</b>	<b>Immediately</b>	
10	All the documents and reports prepared should indicate the date.	5	<b>IP management Beirut</b>	<b>Immediately</b>	
11	The synergies between food safety and cleaner production should be streamlined, since they are complementary. Joint visits of consultants of the two components to the factories involved could be very useful for the entrepreneurs to understand the differences and the complementarities between the two programmes.	4 and 6	<b>IP management Beirut</b>	<b>Immediately</b>	
<b>Recommendations by Components:</b>					
<b>Subcomponent 1.1</b>					
12	The financial arrangement between the Government and UNIDO should be soon finalized in order to start the activities earliest.	4	<b>Lebanese Govt and UNIDO HQ</b>	<b>As soon as possible</b>	
13	The counterpart ministry should devote an adequate number of qualified staff to work on this programme in order to develop its ownership and ensure the sustainability of the results achieved.	4	<b>Lebanese Govt and UNIDO HQ</b>	<b>As soon as possible</b>	



	<b>Subcomponent 1.3</b>				
14	Technical assistance activities should not be resumed as long as the new Standardization Law modernizing LIBNOR has not been passed.	4	<b>UNIDO HQ</b>	<b>As soon as possible</b>	
15	The strategy of this subcomponent should adjust the planned activities to the current situation strengthening the capacity of LIBNOR.	4	<b>UNIDO HQ</b>	<b>As soon as possible</b>	
16	The recommendations made by the international consultant should be reviewed to ascertain whether have been taken into account by the decision-makers and thus have contributed to improve the system.	4	<b>UNIDO HQ</b>	<b>Immediately</b>	
17	The MOI, in cooperation with industrial associations, syndicates and Chambers of Commerce, should investigate among the SMEs, to ascertain what is needed as standards, and in which sectors, in order to access foreign markets. LIBNOR accordingly should prepare the standards and organize the training of the enterprises.	4	<b>MoI and LIBNOR</b>	<b>Immediately</b>	
	<b>Subcomponent 1.4</b>				
18	Technical assistance activities should only be launched when the preconditions set down in the original programme document have been met and when the funding of the activities designed to achieve the desired outputs is assured.	4	<b>UNIDO HQ</b>	<b>Second Phase</b>	
19	Future assistance should be based on an updated and redesigned programme, which takes all aspects of the current situation (especially the involvement of other international actors in this area) into account.	4	<b>UNIDO HQ</b>	<b>Second Phase</b>	
20	The quality line project (metrology, standardization, accreditation) should be designed in a way to involve heavily the Ministry of Industry and the private sector.	4	<b>UNIDO HQ</b>	<b>Second Phase</b>	
21	In the EFTA programme on quality, UNIDO is suggested as counterpart in two components: Accreditation and Laboratory testing, the purpose being to improve the operations and the quality of the products. The request for the support of traceability should be included in the Swiss-financed project for accreditation.	4	<b>UNIDO HQ</b>	<b>Second Phase</b>	
22	The laboratories of the Universities should be accredited and utilized by the enterprises to certify the products.	4	<b>UNIDO HQs, IP management Beirut</b>	<b>As soon as possible</b>	

	<b>Subcomponent 2.1</b>				
23	The Evaluation Team has received two interesting proposals from IRI and from ALI regarding their interest in hosting in 2005 an event for developing the activities of the Subcontracting Exchange. It is suggested to the project manager of the subcomponent at the Hqs to consider both proposals and discuss it further with the Team Leader and the responsible persons of IRI and ALI.	4 and 5	<b>UNIDO HQs</b>	<b>As soon as possible</b>	
24	It is recommended to investigate the opportunity to develop subcontracting possibilities in the sector of haute couture and of jewellery, which seems promising activities in Lebanon for subcontracting. The project manager should follow up on this proposal	4	<b>UNIDO HQs and SPX Leb.</b>	<b>As soon as possible</b>	
25	The contacts with the other Exchanges of the UNIDO network in the world should be tighter. The HQs should assure that the network of subcontractors established through the software of UNIDO is working.	4	<b>UNIDO HQs and SPX Leb</b>	<b>As soon as possible</b>	
26	The contacts of the SPX with the ITPO network (Exchange) have to be strengthened and the nomination of some Lebanese delegates in the ITPOs offices, to present and promote the opportunities offered by the Lebanese SMEs, has to be investigated.	4	<b>UNIDO HQs, SPX Leb. and IRI</b>	<b>As soon as possible</b>	
27	Enhance more the activities of partnership and of chain services (assembly of spare parts)	4	<b>SPX Leb</b>	<b>As soon as possible</b>	
28	Give more dynamism to the activities of the SPX-L. The person responsible for the Subcontracting Exchange dedicates only a small percentage of his time to these activities	4	<b>SPX Leb</b>	<b>As soon as possible</b>	
29	Appropriate budget for the participation at subcontracting fairs should be foreseen. Some entrepreneurs have expressed to the Evaluation Team their interest in contributing financially for their participation in these events.	4	<b>SPX Leb.</b>	<b>As soon as possible</b>	
30	Contacts with other SPXs and networking with UNIDO EXCHANGE should be strengthened.	4	<b>SPX Leb.</b>	<b>As soon as possible</b>	
31	The contacts with the Chambers of Commerce have to be strengthened.	4	<b>SPX Leb.</b>	<b>As soon as possible</b>	

<b>Subcomponent 2.3</b>					
32	To lobby for the approval of the draft law on Food Safety. The activities of the Programme for the preparation of this law have allowed the Programme to be known in the whole country increasing cooperation between private and public sectors.	4	IP management Beirut, Project Manager Vienna	Immediately	
33	Continue training for application of HACCP and awareness campaign among all food producers in Lebanon. The same has to be done for the national institutions having the authority to control and enforce the law	4	IP management Beirut	As soon as possible	
34	Training activities should cover all country and be for more than one day. Hotel schools should be included among the beneficiaries.	4	IP management Beirut	As soon as possible	
35	The producers of food products should be sensitised that respecting the HACCP rules will help them in getting commercial permits.	4	IP management Beirut	As soon as possible	
36	HACCP manual should be as soon as possible translated into Arabic.	4	IP management	Immediately	
37	The FSP and the management of the Programme should get involved also in the meat- and dairy-processing sector, taking into account that there are in Lebanon only two official slaughterhouses.	4	IP management Beirut	As soon as possible	
38	All food sectors in the country should be upgraded to meet the standards of GMP and HACCP.	4	IP management Beirut	As soon as possible	
39	It is strongly recommended that in case of further meetings of the Food Safety Panel, the minutes of the meetings be taken.	4	IP management Beirut	Immediately	
40	The synergies between food safety and cleaner production should be streamlined since they can be complementary. In some cases joint visits to the factories involved could be useful for the entrepreneurs to understand the differences between the two programmes.	4	IP management Beirut, CPC	Immediately	
41	A training programme for the strengthening or rehabilitating the capacities of the inspectors of the various Ministries involved in the control of the food processing activities should be studied in conjunction with the counterparts institutions.	4	IP management Beirut	Immediately	
42	Some companies have expressed interest in having at the factory one or two days HACCP training. They are ready to participate in the costs	4	IP management Beirut	As soon as possible	

	<b>Subcomponent 3.1</b>				
43	Entrepreneurial training has to continue to face growing competition of the markets with better performance in productivity and quality.	4	Team Leader and Project Manager	As soon as possible	
44	Improvements in business capacity and quality performance should have priority on the ISO certification.	4	Team Leader and Project Manager	As soon as possible	
45	Quality Control system has to be widely promoted among entrepreneurs and it has to be understood that is part of well-developed business skills.	4	Project Manager	As soon as possible	
46	In entrepreneurial training programmes, besides the awareness of the importance of quality and safety, it should be given relevance also to the importance of the cleaner production methods in order to explain the importance to minimize waste and save energy.	4	Project Manager and CPC Director	As soon as possible	
47	Training on software for business performance should first teach the participants on how to extract the data from their companies to insert them as input in the software model and then learn how to utilize the model for the managing and the monitoring of the production.	4	UNIDO HQs, IP management Leb.	As soon as possible	
48	When designing a training operation for entrepreneurial beneficiaries, more care should be taken to ascertain that the trainees have the capacity and the possibility to introduce the recommended changes and innovations in their enterprise and perceive the advantage of doing so.	4	UNIDO HQs	As soon as possible	
	<b>Subcomponent 3.2</b>				
49	Based on the successful experience achieved in South-Lebanon, consideration should be given to the possibility of replicating the programme in other regions of the country depending on the availability of funds.	4	UNIDO HQs	As soon as possible	
50	Training in industrial entrepreneurship development should be organized in all the country to cover also sectors as dairy and citrus fruits processing.	4	UNIDO HQs	Second Phase	
51	Pieces of equipment donated by the Integrated Programme should bear a visible label with the logo of UNIDO.	4	IP management Leb.	Second Phase	
	<b>Subcomponent 3.4</b>				
52	The website of the Ministry has to be adjusted to correct the oversight of not having included UNIDO among the international organizations linked to the activities of the Ministry.	4	MoI	Immediately	

	<b>Subcomponent 4.1</b>				
53	The demonstration activities in the selected companies in the targeted sectors (food canning and dairy) should continue and it is very important that another group of four companies has just been chosen for the paper and cardboard sector.	<b>4 and 6</b>	<b>CPC</b>	<b>As soon as possible</b>	
54	It is recommended to the project manager at the HQs to request to the Director of the Centre a full report on how are requested and kept these guarantees.	<b>4</b>	<b>UNIDO Project Manager</b>	<b>Immediately</b>	
55	The cycle of 9 steps, including visits and workshops, is perhaps too long and does not allow that the international counterpart institution is taking active part in all the process. This should be discussed with Stenum and the HQs in Vienna, in order to ascertain whether the method is appropriate, not too long and gives to the international counterpart the possibility to follow accurately all the process of assistance to the company.	<b>4</b>	<b>UNIDO Project Manager and CPC Director</b>	<b>Immediately</b>	
56	The international counterpart institution should send, for the technical visits to the factories involved, personnel with specific experience in the sectors assisted, e.g. agro food canning, dairy production, paper, etc. They also should be informed about the present regulations concerning the cleaner production in Lebanon.	<b>4</b>	<b>UNIDO Project Manager and CPC Director</b>	<b>Immediately</b>	
57	Some services should be given charging some fees, especially because it is foreseen that in five years the Centre will become self-sustainable.	<b>4</b>	<b>UNIDO Project Manager and CPC Director</b>	<b>Immediately</b>	
58	Considering that the Centre's activities are programmed over five years and that the first two years have been completed, it is recommended to extend further the Centre. This recommendation is strongly supported by all the national counterpart institutions.	<b>4</b>	<b>UNIDO Project Manager and Donor</b>	<b>As soon as possible</b>	
59	It is recommended that the Centre sensitise the governmental institutions about the risks for the environment, as they are responsible for promoting and preparing the appropriate legislation.	<b>4</b>	<b>CPC Director</b>	<b>Immediately</b>	
60	The direct assistance offered with international support to the individual enterprises should be strictly limited to those taking part in a pilot scheme for demonstration purpose to avoid the risk of market distortions. Therefore, it is preferable that the factories pay the assistance and the assessment given.	<b>4</b>	<b>UNIDO Project Manager and CPC Director</b>	<b>As soon as possible</b>	