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USAID/LEBANON LEBANON INDUSTRY VALUE CHAIN DEVELOPMENT (LIVCD) PROJECT

LIVCD QUARTERLY PROGRESS REPORT - YEAR 2, QUARTER 2
JANUARY 1ST TO MARCH 31ST, 2014 – Q2

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INTRODUCTION

PROGRAM OVERVIEW AND OBJECTIVES

The LIVCD Project aims to increase the competitiveness of eight selected value chains. Activities will expand the number of Micro, Small, and Medium Enterprises (MSMEs) that can compete in selected markets; improve linkages between those firms and other actors throughout the value chain; increase the gross value of products and services in local and export markets, and expand exports. The net effect of these activities will contribute to improved economic stability and food security for Lebanon, especially in rural areas, and decrease migration from rural to urban areas. Building on recent support to the rural sector through agricultural and other related economic development projects, LIVCD partners with local private sector companies to work in eight selected value chains that have the potential to compete in regional and international markets. It is expected that by the end of the project in September 2017, as a result of project interventions, the following results will be achieved:

- A minimum of seven fully functioning, competitive value chains.
- An increase of at least 700 businesses or micro-enterprises benefiting from horizontal and vertical linkages.
- At least 12,000 small and medium commercial growers benefiting from the dissemination of improved production and post-harvest technologies.
- At least 30 new export markets, niche markets, or distribution channels for selected value chain products.
- An annual increase of at least 10 percent in the volume and value of exported agricultural products of selected value chains for each value chain. If, for some value chains actual and potential export is limited, displacing imports with domestic production may be considered.

OVERVIEW OF QUARTERLY REPORT

This sixth quarterly report documents project activities from January 1st to March 31st, 2014.

Section One provides an overview of the implementation progress in each of the selected value chains and cross-cutting components based on the approved work plan activities for: Floriculture, Grapes, Olive Oil, Pome Fruits, Processed Foods, Rural Basket including Honey, Rural Tourism, and Stone Fruits. LIVCD also conducted several cross-cutting value chain activities, related to Capacity Building, Access to Finance, Communications, and Market Intelligence.

Section Two provides a progress overview of LIVCD project results for the Performance Indicators reported quarterly, per the approved LIVCD M&E Plan.

Section Three summarizes administrative operations including recruitment and major procurements, as well as key deliverables shared with USAID.

Section Four summarizes grants and co-investments.

HIGHLIGHTS AND MAIN RESULTS THIS QUARTER

LIVCD reached a total of 486 MSMEs this quarter, each of whom benefited from business development services including access to new technologies, training and equipment and other assets to improve productivity, and assistance to improve products in order to reach export markets. These gains were

enhanced by linkage facilitation, bringing together value chain actors with high quality products with those who have access to markets. Finally, LIVCD supported access to finance, through co-investments and grants, as well as by introducing financial services from banks and MFIs and assisting farmers and MSMEs in preparing loan applications.

Major highlights and results are noted below, with details of each intervention provided in the detailed status updates in Section I.0.

Increasing Access to Markets: This quarter, LIVCD focused on developing and disseminating marketing intelligence relevant to value chain actors to help them make investment decisions to reach new markets. For example, in the avocado, apple, and grape value chains, LIVCD identified the varieties demanded in targeted export markets and disseminated this information to producers to assist them in selecting new varieties for upgrading orchards. In the processed foods value chain, LIVCD conducted a comprehensive marketing study of the GCC market for processed foods, which the consultant developed in conjunction with members of SLFI, to ensure the information met food processors' needs. In addition, LIVCD supported a study of the domestic market for health and specialty products that value chain actors in the rural basket and honey and pome fruit value chains will use to identify opportunities to sell processed products into this channel.

LIVCD expects that the value chain actors receiving this marketing intelligence will use it to improve their products to better meet market preferences and requirements, and make new linkages to increase their sales and exports. LIVCD is tracking results in terms of increased exports and incremental sales in the domestic market, and will report them in the annual report in October 2014.

Increasing Productivity: LIVCD initiated several training programs this quarter to improve production of value chain products in avocado, cherry, pome fruit, grapes, honey, and rural tourism value chains. The objective of these training courses is to introduce new technologies and management practices to help participants reduce their costs of production or increase quality of production to better meet market demand and in many cases accomplish both goals.

A total of 480 individuals participated in training activities this quarter. LIVCD expects that the participants will apply the new technologies and management practices in their enterprises. Indeed, already six of the avocado farmers who attended the training session on grafting have applied the grafting technique on their own orchards. LIVCD will follow up and verify additional application of new technologies and management practices learned in the different training workshops in the next quarter.

The specific topics of the training programs conducted this quarter are elaborated in the respective value chain updates below.

Increasing Business Linkages: LIVCD supported a total of 73 MSMEs to make new linkages with other actors in the value chain. The majority of these successful linkages were between egg producers, whom LIVCD supported to access new laying chickens and other inputs, and local shops who sold their eggs. This linkage was essential in order for the egg producers to have a marketing outlet for their eggs and increase sales and income from the investment in chickens and other inputs.

Constraints to lending and investment reduced: LIVCD formed 30 Public Private Partnerships (PPPs) this quarter. These PPPs support co-investments in the value chains to reduce constraints to lending, and support investments to increase productivity and access to markets, with the overall

objective of creating fully functioning, competitive value chains to increase incomes for the rural population including MSMEs. New PPPs this quarter include:

- Rural Tourism development in Ehmej, with the Association for Ehmej Development;
- Honey production co-investment for hives and honey processing services, with APIS;
- Grapes co-investment in upgrading orchards with new varieties to achieve export quality (two Public Private Alliances approved and signed; each PPA comprises PPPs with a Lebanese grape exporter with existing export markets, and with large farmers to upgrade their orchards and train smaller farmers, for a total of 24 PPPs);
- Demonstration plots for apples and cherries, through Development Agreements with large producers (4 PPPs).

Additionally, LIVCD supported 122 MSMEs to apply for value chain finance. Most of these attended training sessions and workshops at which LIVCD or a financial partner- such as BLC bank - presented the available financial products that are appropriate for each value chain actor.

I.0 TABLE OF WORKPLAN ACTIVITY STATUS UPDATES – IMPLEMENTATION OF INTERVENTIONS IN THE VALUE CHAINS

The following section provides a status update of the key activities and achievements for each of the selected value chains: Grapes, Olive Oil, Pome Fruits, Stone Fruits, Processed Foods, Rural Basket, Rural Basket- Honey, Rural Tourism, and Floriculture, as well as the four cross-cutting components of Access to Finance, Institutional Capacity Building, Communications, and Market Intelligence.

GRAPES VALUE CHAIN

Axis I Determine high value target markets, varieties, market requirements, and support farmers and exporters in entering these markets

Activity 1.1 Determine appropriate target markets & Activity 1.2 Determine appropriate varieties for the selected target markets that can successfully be grown in Lebanon

LIVCD identified the main target markets and the varieties demanded in those markets and applied the relevant marketing intelligence to prepare training materials and design co-investments to increase production of grapes meeting the requirements (See Activity 1.3 “**Stimulating Investment in New Variety Grape Orchards Demanded in High Value Markets through a Public Private Alliance.**”)

Micro-Climate Assessment for Grape Varieties: LIVCD visited 10 grape production regions and identified appropriate microclimates for potential new varieties, including the North Bekaa and Middle Bekaa. These results were used to prepare co-investments described in Activity 1.3 below.

Activity 1.3 Collaborate with the private sector and create PPPs to increase availability of varieties that have demand in high value markets in the appropriate regions

Co-Investment “Stimulating Investment in New Variety Grape Orchards Demanded in High Value Markets through a Public Private Alliance”: LIVCD received USAID approval for three co-investments and Public Private Alliances and signed two agreements, one with Middle East Business Company and one with Jaber Trading Company, which are exporters with existing markets for grapes in the targeted export markets. These two PPAs extend to 27 farmers who will co-invest to establish 27 ha of grape orchards with new varieties and practices; the co-investments will enable farmers to access planting material of new varieties, as well as providing posts, wires, irrigation systems, and other equipment. An additional 135 smaller farmers will benefit from production training to improve the quality of current variety grapes and increase potential linkages with aggregators and exporters. LIVCD began implementing these two PPAs this quarter, including procurement and distribution of materials (including wires, trellises, posts, stands, and irrigation pipes) to co-investing farmers. LIVCD will sign the third grant with Medigardens in June 2014. This PPA will reach 18 co-investing farmers to establish 18 ha of new grape plantations; an additional 90 smaller farmers will benefit from production training.

Technical Supervision for Co-Investments: LIVCD will support technical supervision to farmers under the co-investment. LIVCD is finalizing the contract with a vendor. The co-investing farmers will benefit from oversight while they establish new vineyards, training in the field, and seminars on crop management. In addition to the technical supervision for co-investing grape farmers under the three PPAs (including the PPA with Medigardens), the technical supervision company will provide trainings and seminars to over 200 additional farmers to improve production techniques to meet export market quality requirements.

Introductory Seminar and Access to Finance: LIVCD held an introductory seminar to highlight potential investments in grape production including new varieties demanded in export markets, and improved orchard infrastructure to increase grape quality. The seminar also included a presentation by BLC Bank for the “Tree Loan for Farmers.” Many of the farmers co-investing with LIVCD to establish new orchards are interested in the financial products presented. LIVCD facilitated contact between three farmers and BLC bank.

Activity 1.4 Ensure compliance with good agricultural practices

See Activity 3.1 **Co-Investment “Stimulating Investment in New Variety Grape Orchards Demanded in High Value Markets through a Public Private Alliance”**

Axis 2 Improve vertical and horizontal linkages across the value chain
Activity 2.1 Develop improved vertical linkages between farmers and packers/exporters through collaboration with the private sector to upgrade skills of small and medium scale farmers
Under the three co-investments “ Stimulating Investment in New Variety Grape Orchards Demanded in High Value Markets through a Public Private Alliance ” (see Activity 3.1), LIVCD and the three exporters identified and selected 45 small and medium farmers who will co-invest to establish orchards with new varieties and then be able to sell to the exporters to access European and GCC markets. LIVCD visited and assessed farmers’ existing orchards in preparation for the co-investment.
Activity 2.2 Spur the development of improved horizontal linkages among small and medium farmers
Cooperative Development – Agricultural General Union: LIVCD identified leading cooperatives in grape production in the Bekaa, the main region of grape production. LIVCD will hold a meeting in April 2014 with the Agricultural General Union in Lebanon in the presence of representatives from 30 to 40 cooperatives in Taanayel to develop a strategy to support the member farmers of the cooperatives. Cooperative Development - Kfarmechki: LIVCD is exploring a co-investment with members of Kfarmechki cooperatives to establish orchards of new grape varieties and improve production to increase yields and improve quality of grapes for export markets. Linking Cooperatives to Lending Institutions: See Activity 3.1 “Introductory Seminar and Access to Finance.”
Activity 2.3 Encourage the adoption of improved production practices
See Activity 3.1 Technical Supervision for Co-Investments “Stimulating Investment in New Variety Grape Orchards Demanded in High Value Markets through a Public Private Alliance”
Activity 2.4 Link farmers with processors
Cooperative Assessment for Improved and New Products: <ul style="list-style-type: none"> • LIVCD assessed the Cooperative of Women of Kfardzebian to determine potential for further cooperation to improve and introduce new processed grape products, including upgrading the quality of grape molasses and grape syrup. • LIVCD assessed the Jana al Ayadi Cooperative’s potential for dried fruit production, especially raisins, including the equipment available and their capability to supply the products. New Product Development - Tasting Panels: LIVCD conducted a tasting panel for eight syrups to recommend product improvements to meet market demand. See Processed Foods Value Chain Activity 1.3.
Axis 3 Increase sales to high value markets by working with farmers and packers/exporters to extend the shelf life of grapes through improved harvest, handling, and packaging
Packaging Upgrading: In order to address the marketing strategy, LIVCD will collaborate with institutions such as Liban Pack to develop packaging that meets visual and functional requirements for targeted markets. See Communications update for more details. Cold Storage Upgrading: LIVCD is planning to host seminars and training events to adopt the best cold storage practices.

OLIVE OIL VALUE CHAIN
Axis 1 Create new market incentives favoring Lebanese olive oil through the use of a seal of quality and origin
Activity 1.1 Hold stakeholder consultations to create consensus on a labeling strategy and facilitate stakeholders' acquisition of established/adopted labeling scheme
Marketing Support - Quality Labeling/Certification Scheme: LIVCD continued meeting with key olive oil stakeholders and issued a Request For Proposal (RFP) in order to contract a quality control and certification firm to develop LIVCD's olive oil Seal of Quality standards and scheme, and will certify applicants that meet those standards. LIVCD hired a short-term expert in food processing that will provide consultancy services to potential applicants to the above seal and certification scheme.
Activity 1.2 Facilitate the launch of a promotional campaign in key markets overseas and domestically to increase sales of Lebanese olive oil
Linkage Facilitation – olive farmers and brand owner buyers (under Co-investment for Mechanical Harvesting to Reduce Production Costs – See Activity 3.1): Following the closeout of the pilot mechanical harvesting project implemented with six olive cooperatives in the North of Lebanon, LIVCD established a vertical business linkage between 21 farmers from the Cooperative of Der Bechtar (the grantee under the above program) and a leading Lebanese olive oil brand Al Atayab SARL/ Boulos. By decreasing the cost of production, the harvesting program increased local growers' competitiveness and allowed them to sell additional extra virgin olive oil through the Cooperative to the bottler.
Axis 2 Facilitate increased investments and improvements in quality of olive oil through improved standardization of olive milling and storage
Activity 2.1 Support improvements in processing at mills
Potential Co-investment to Upgrade Olive Mills: Under the grant Annual Program Statement (APS), LIVCD has received several expressions of interest from mill owners seeking co-investment opportunities with LIVCD to upgrade their milling and storage activities, expanding the quality of their oil for longer periods of time, thus adding value and creating greater sales opportunities for growers and bottlers. LIVCD is currently coordinating and working with three mills, Nicolas Fares and Sons,; Olea Cooperative, Jezzine Caza; and Local and International Company, in Kfarsir, South Caza, that have successfully passed the first step on the application process and are in the process of finalizing detailed proposals and budgets. Under those proposals, LIVCD is encouraging a comprehensive, full value chain approach that links mills with local Production Service Centers (PSCs) or cooperatives that work at the field level.
Activity 2.2 Facilitate identifying and supporting centers for improved olive oil storage and collection Planned for next quarter
Axis 3 Improve olive oil productivity
Activity 3.1 Facilitate support for local production service centers to improve olive tree productivity
Co-investment for Mechanical Harvesting to Reduce Production Costs: LIVCD closed out the mechanical harvesting pilot project implemented with cooperatives in the north of Lebanon. The project aimed to increase the competitiveness of olive producers through the reduction of harvesting costs by using mechanical harvesting services. In total, 232 olive growers accessed new technology, and harvested approximately 240 tons of olives resulting in saving approximately \$49,200 in harvesting costs.
Assessment of Potential Production Service Centers for co-investments: LIVCD met with several cooperatives and PSCs in order to assess their capacities, conduct needs assessments at the field level, and encourage them to apply for grant support. Several expressions of interest (EOIs) were submitted by potential PSCs requesting

assistance to implement activities aimed at improving the productivity of olive orchards in various production zones. LIVCD is assessing the requests received and is constantly looking to apply a value chain approach that involves several stakeholders within each potential project.

Activity 3.2 Link the service centers with universities or agricultural training schools to offer practical training on olive production to students

Planned for next quarter

POME FRUIT

Axis 1 Respond to growing regional market by supporting Lebanese exporters to develop contacts, linkages, trade and analytical capacity to react to export market opportunities

Activity 1.1 Create business and market linkages between farmers, exporters and food processors

Linkage Facilitation for Apple Exports: Two introductory meetings were organized between LITAT Group and Abdo Skaff an apple and grape producer, as well as with Liban Village cold storage to discuss potential export opportunities for Lebanese apples. The LITAT Group is interested in helping establish market linkages and distributing apples, pears, cherries, and grapes to Ukraine and Egypt at a later stage. The two producers presented the different apple varieties they are working with and noted possible prices. LITAT representatives took note of all constraints and opportunities and LITAT will be conducting a market survey on high value target markets to present the results to LIVCD.

Linkage Facilitation & New Product Development - Barouk and Freidis Cooperative's export to the U.K.: Since July 2013, LIVCD has been coordinating with Equitable Gourmet, an importing company based in the U.K, to link the brand with local Lebanese producers. In March 2014, LIVCD established a linkage with the Barouk Cooperative to facilitate exporting apples and apple molasses to the U.K. Equitable Gourmet has placed a trial order for 360 bottles of 250 ml each for quince molasses expected to ship next quarter. The products will be sold under the label of Marigold, the private label of a reputable company.

Linkage Facilitation - Barouk and Freidis Cooperative to cold store supplier: At this time of the year it was challenging to find apples at competitive price, since all apples are in the cold storage. LIVCD assisted the Cooperative to purchase apples by linking them to the Liban Village cold storage. During the sorting process, small and lower quality apples were sorted and sent to the Barouk and Freidis Cooperative for processing.

New Product Development: Apples were then processed and filled in 250 ml glass bottles, which were purchased from a local supplier. A challenge was also faced since the Cooperative does not have a capping machine for metal capping. LIVCD linked the Cooperative to Mechaalani who volunteered to do the capping free of charge. Equitable Gourmet provided labels after they were reviewed by LIVCD's food specialist. A sample was then sent to LARI-Fanar for chemical and biological testing to prepare for export.

Activity 1.2 Support exporters to develop strategic linkages with export market in the GCC Planned for next quarter

Activity 1.3 Develop market analyses and provide training on market analyses and market identification Planned for next quarter

Activity 1.4 Facilitate and support actors adopting, upgrading, or establishing quality and origin seals and promote the seal locally and internationally; Identify a regulation body to implement the quality and safety seal Planned for next quarter

Axis 2 Increase efficiency of sorting, packing, and cooling facilities

Activity 2.1 Encourage investment in upgrading post-harvest units

Cold Storage Upgrade Proposal: LIVCD received an EOI from Liban Village cold storage to upgrade its facility. The EOI was studied and Liban Village was asked to submit a full proposal. See Also Activity 1.1. **“Linkage Facilitation for Apple Exports”**

Axis 3 Support and promote small and medium processing operations

Activity 3.1 Develop business linkages between producers and processors Planned for next quarter

Activity 3.2 Provide technical support in packaging, branding, and labeling

New Product Development – See Activity 1.1. **Linkage Facilitation & New Product Development - Barouk and Freidis Cooperative’s export to the U.K.**

Activity 3.3 Support diversification in apple/pear processing such as fresh juice, mixed juice, fruit puree, concentrates, and molasses

“Market Study for the Lebanese Health & Specialty Sector” for Processed Apple Products: LIVCD conducted a market study for the health sector in Lebanon, including for apple chips, a potential new product. The market study assessed demand for the selected items, and where there is demand, assessed quality standards and terms of sale, including packaging, labeling, payment terms, and other factors. The study identified specific marketing channels and will work with rural apple/pear processors to meet the potential demand.

Activity 3.4 Explore opportunities to upgrade production facilities

The Barouk and Freidis Cooperative was identified as a potential small processing facility to be upgraded to process apples to juice and molasses. See Activity 1.1. **“Linkage Facilitation & New Product Development - Barouk and Freidis Cooperative’s export to the U.K.”**

Activity 3.5 Assist processing facilities to require need quality and origin certificates Planned for next quarter

Axis 4 Work with lead partners to oversee regionally specific programs on improved productivity

Activity 4.1 Increase production of Grade "A" Apples/Pears

Apple Productivity Demonstration Plot: LIVCD signed four different Development Agreements to establish apple demonstration plots to provide practical examples and training in producing new varieties and production and post-harvest techniques to increase production of Grade A apples:

- 1- Zahle, Zahle Caza: Joseph and Emile Abdo Skaff; an existing plantation of new apple varieties on trellises was adopted as demonstration plot.
- 2- Zaarour, Mtein, Al Metn Caza: Ramzi El Sheikh; an existing orchard of new apple varieties on trellises on terraces was adopted as demonstration plot.
- 3- Sannine, El Metn Caza: Sannine Cooperative for Sustainable Agriculture (SCSA); a new demonstration plot will be established on trellises planting new varieties that have high market potential in local markets.
- 4- Aoura, Jbeil Caza: Philippe Germanos; a new demonstration plot will be established on trellises planting new varieties that have high market potential in local markets.

Contact has been initiated in Donnieh, Akkar, Keserwan, and Becharreh to establish additional demonstration plots in those areas. The target date to finalize site selection for establishing all demonstration plots is the end of June 2014.

A preliminary list of potential varieties to be planted was developed in the newly established demonstration plot. All seedlings will be purchased by the related organization/farmer managing the demonstration plot. LIVCD expects to plant all demonstration plots by the end of March 2015.

Activity 4.2 Increase accessibility to quality seedlings Planned for next quarter

Activity 4.3 Train Farmers on appropriate orchard management

Apple Productivity Interactive Training: LIVCD held a technology transfer training in the apple value chain in January. LIVCD, in collaboration with four experts, prepared an interactive curriculum for the apple/pear farmers, which is ready to be scaled up in the different regions. The training sessions delivered over five days, included Training of Trainer sessions on topics including ‘Modeled delivery of varietal selection in an office setting and in field setting’, ‘Practice delivery of an interactive training session with colleagues’, as well as piloting with farmers.

Apple Productivity Training Implementation: Two training sessions on appropriate pruning on trellis techniques using the interactive training method were delivered to farmers at the Zahle demonstration plot. Farmers, mainly from central and west Bekaa, were invited to a launching event where the demonstration plot training schedule was shared with them, resulting in more than 60 farmers showing interest in attending the training. Participants were divided into two groups and were invited to the pruning sessions. Additional sessions will also be organized according to a defined training schedule.

Activity 4.4 Reduce climate impact on production quality and quantity Planned for next quarter

Activity 4.5 Reduce cost of production and create economies of scale

Co-investment for Apple Production - Sannine Cooperative for Sustainable Agriculture (SCSA): The Sannine Cooperative for Sustainable Agriculture (SCSA) signed a co-investment grant with LIVCD to benefit 150 farmers in Western Sannine Mountain, including Sannine, Zaaroor, Bakich, Baskinta, Mtein, and Tarchich. Farmers in the area are seeking opportunities to redesign their old orchards according to modern practices to enhance the quality of their apples, optimizing agricultural practices and yields, decreasing production costs by relying on natural resources, and analyzing markets. The aim of this project is to introduce new technology and suitable varieties and rootstock, in addition to decreasing the negative impact of climatic conditions that adversely impact apples.

Through the proposed intervention, SCSA will:

- Directly benefit 50 farmers through a full apple value chain approach where farmers will apply new standards and technology to enhance production, quality, and marketing of their products. They will sign a contract with SCSA to achieve GAP standards through technical supervision and implement a traceability system. As a result of the stringent technical oversight provided, these farmers will achieve Global GAP in two years.
- Another 150 apple and pear farmers will benefit from training and technical assistance provided by the service center and training at the demonstration plot.

Through this co-investment, SCSA and LIVCD will establish a Production Service Center (PSC) that will provide technical services to apple farmers at a low cost. Services include pruning on a fee basis, a demonstration plot that will function as a training facility for farmers for LIVCD’s interactive training program, and facilitation of linkages with various value chain actors such as input suppliers, service providers, market and research centers, and universities.

“Proximity Agriculture Center” (PAC) co-investment: LIVCD submitted the co-investment grant proposal to USAID. The aim is to increase production and productivity of apple orchards; in particular the objective is to increase the percentage of grade A apples, pears, and cherries in the Keserwan area. Under the co-investment, LIVCD proposes to conduct intensive training for apple and pear producers as well provide services for farmers in the area to increase their orchard profitability and develop market linkages.

PROCESSED FOODS

Axis I Provide needed market intelligence and help processors enter new markets and expand in existing ones

Activity I.1 Determine appropriate target markets and market channels

Market Studies for Processed Food (See also the Marketing Intelligence cross-cutting component update)

1-Market study on GCC countries: Last quarter, LIVCD prepared the Market Study on GCC countries to meet food processors' marketing intelligence needs. LIVCD's consultant met with food processors to share the study and solicit their feedback and then incorporated the processors' comments into the final draft. After final review, LIVCD will share the market study findings with SLFI members to provide them insights on GCC countries and develop a market entry strategy.

2- Market study on U.S. Market: Spear Consulting will conduct the U.S. market study and develop a presentation "How to Move From Ethnic Markets to Mainstream and Specialty Markets in the U.S." to present to food processors in collaboration with SLFI on May 6, 2014. The purpose of this study is to show where Lebanese processors are currently competing (mainly the ethnic market), and how to shift to the specialty food sector in the U.S. The study will identify the appropriate market channels and products that are most suitable for the Lebanese food industry. The study, the presentation, and the related activities will be used to guide processors in increasing exports of Lebanese processed foods to the U.S., mainly to the specialty food market segment.

3-Market study on Iraq Market:

LIVCD initiated a market study for processed food products in Iraq. The study aims to identify in Iraq existing trade channels and consumers/shopper trends, as well as regulatory requirements and market barriers. The purpose of the market study is to analyze consumer demand for different high added value products that Lebanese processors have the ability to competitively produce. The outcome of this study will be presented to processors than can and are interested to export to Iraq.

4-Market study for the "Ready-to-eat" segment within the processed food value chain:

LIVCD completed a market study for the ready-to-eat segment in Lebanon to understand the market size and opportunities within this segment. The study included an analysis of the dinners, dough, and pastry industry, and a retail audit analysis of the ready to eat "oriental dishes" segment.

Activity I.2 Determine appropriate products for the selected target markets that can be competitively produced in Lebanon and create market-entry strategies

Survey of food processors was completed, identifying which processors use local raw material that fit the selection criteria for LIVCD processed food activities. The results will be finalized and available next quarter.

Market Entry Strategies: Pending successful completion of the related market studies (see Activity I.1), Jeff Spear was tasked to do the U.S. market strategy, Leon Agopian was tasked to do the GCC market strategy, and Yasmin Kayali was tasked to complete the Iraq Market strategy.

Activity I.3 Support processors in developing products that meet market demand

New Product Development for Export

- Based on the results of the market studies (See Activity 1.1), on May 6th an event is scheduled with Jeff Spear and Leon Agopian to introduce processors to new products and their potential export of processed food products in different markets.
- LIVCD is in discussion with AUB to provide workshops to processors in collaboration with SLFI; pending AUB's signature of the Development Agreement.

Taste Panels: A rudimentary taste panel was created in the LIVCD office to evaluate Lebanese products in the market according to several parameters (sensory evaluation, overview on labels and packaging, and overall acceptability). LIVCD evaluated apricot jam, quince jam, apricot jam diet, brizele with thyme, olives, stuffed olives, tapenades, syrups, and molasses. Further development of the Taste Panel may be complemented with AUB's Taste Panel Lab.

Activity 1.4 Support processors in creating successful market linkages

Train processors on the requirements of new markets: Jeff Spear is assigned to train processors on U.S. Markets; Leon Agopian on Gulf markets; and Yasmin Kayali on Iraqi markets after completion of the market studies.

Link processors with brokers, importers and distributors and guide them through their communication and collaboration: LIVCD provided technical assistance to Cortas to improve communication with, and management of, distributors in order to improve performance: training was provided for this activity and similar training events will be conducted for interested processors in collaboration with SLFI.

Bank Audi E-Mall Partnership development: LIVCD is collaborating with Bank Audi to facilitate listing food processors and cooperatives on Bank Audi's E-Mall. The E-Mall is a web portal that provides consumers the ability to purchase items from the website and have them delivered world-wide. Processors will have "shops" on the portal. LIVCD has determined that several processors have a high level of interest in being involved. LIVCD has also reached an initial agreement with Bank Audi to provide SLFI members with a substantial discount on listing costs. Bank Audi also agreed to promote the portal via marketing campaigns that will be planned with LIVCD's marketing team. The Development Agreement is final, pending Bank Audi's signature.

Trade Show Support: LIVCD is supporting 11 food processors from cooperatives to participate in HORECA2014; see Communications update below.

Activity 1.5 Co-finance joint production promotion in target markets Planned for next quarter

Axis 2 Support SLFI or another institution in establishing a market intelligence unit that serves the food processing industry

Activity 2.1 Build the capacity of SLFI or other institution's management

Market Studies: LIVCD conducted several market studies that were shared with SLFI and its members; LIVCD will continue to support establishment of a market intelligence unit. See Activity 1.1 above and the Marketing Intelligence cross-cutting component update for details on the studies.

Access to Quality Testing to meet market requirements: LIVCD conducted a survey of food processors to determine their needs for laboratory testing of their products of export. This work could result in working with the Zahle Chamber of Commerce, Industry and Agriculture to upgrade its laboratory equipment.

Activity 2.2 Collaborate with the Qab Elias Vocational School

Vocational School Assessment: LIVCD's consultant in vocational training will return in May 2014 to follow up on this activity. The consultant will be tasked to determine gaps between pre-employment training and the needs of processors. In a second phase LIVCD will support upgrading the curriculum of the vocational school.

Axis 3 Help Lebanese food processors upgrade the value chain through improved efficiency and adherence to international food safety standards

Activity 3.1 Improve productivity through better utilization of resources

Training on Lean Manufacturing to increase competitiveness in the processed food sector: LIVCD experts delivered the Lean Manufacturing training course to Cortas during several sessions. The training is complete; similar training will be conducted for interested processors in collaboration with SLFI. Additionally, LIVCD is preparing a presentation on Lean Sigma for delivery to industrialists at the HORECA 2014 trade show in April.

Co-investments to support automation upgrades in manufacturing equipment - National Instruments and Mechaalany: LIVCD is still developing the co-investment with National Instruments and Mechaalany to develop a high technology solution in the pickles sector by collaborating to create a solution that will improve Mechaalany's (and therefore the entire Lebanese pickling sector's) competitiveness in global markets and increase purchasing of local produce from rural areas. Mechaalany sees a growing demand that its current production capacity cannot meet, due to several bottlenecks in the processing system. In an effort to meet this demand, the company needs to double its inspection and sorting rate, while improving quality - a result that can be achieved with mechanical/optical equipment. Currently Mechaalany is developing a V shaped conveyor belt to align cucumbers for optical inspection where E**2, a local technology start-up company supported by AUB and established by AUB professors and graduate students, will provide software. Expected completion of design and construction by Mechaalany is the end of January 2015.

Co-investments to support automation upgrades in manufacturing equipment- Pickles Processing Using Tanks

LIVCD contracted with John Demo, an international pickle expert to introduce a new technology for pickle processing. He gave two presentations, one at AUB and another one with Lebanese food processors. He also met one-on-one with interested processors to develop this technology. Interested parties included Mechaalany, Darnaco, and Wadi al Akhdar who will use tanks from Turkey under the guidance of the consultant.

Activity 3.2 Assist with facilitating processors in meeting international food safety requirements

Training and awareness sessions for food processors on food safety requirements: LIVCD is conducting a number of training sessions:

- Kaddoum Honey Packing House (guidance and training for a new hire was completed to implement international food safety systems)
- Cedrus (gap analysis regarding food safety)
- Delta foods (gap analysis regarding food safety)
- Al-Nabil (gap analysis regarding food safety)
- Maymoune (guiding on implementing food safety systems based on gap analysis completed in a previous USAID project)
- AFDC (gap analysis regarding food safety)
- Developing quality seal components with the olive oil value chain: LIVCD will provide training sessions on food safety requirements for the olive oil Seal of Quality.
- Active Cooperatives: Currently discussing potential collaboration with Lebanon Association for Food Safety (LAFS) to train and certify the active cooperatives with LAFS seal that ensures basic Good Manufacturing Practices (GMP) and safety requirements.

Extension services in the implementation of GMPs, HACCP, and ISO 22000: LIVCD selected two companies as potential contractors to provide extension services in the implementation of GMPs, HACCP, and ISO 22000.

Accesses to finance was initiated with two processors Mechaalany and Joseph Menhem to upgrade their facilities to meet international food safety standards. Progress is pending their input.

Access to Laboratory Testing - Improve access to USAID-supported laboratories in the regional chambers: In the previous quarter (Y2 Q1), LIVCD conducted a survey on available tests in the Lebanese market: The survey provides a briefing on the available Lebanese laboratories and tests. LIVCD visited the laboratories and compiled information regarding the tests available for the different value chains, testing fees, the time frame for completing analyses, and the types of accreditation offered. One of the

most pertinent results of this investigation is that most of these labs are accredited for their microbiological departments and they are currently working to gain accreditation for other tests. However, this survey revealed that many important tests relative to LIVCD value chains are not yet available in Lebanon. LIVCD is in the process of evaluating demand and supply from laboratories and processors through face to face interviews to identify needed tests by Chambers for upgrading to meet processors demand. The market assessment report is final, and LIVCD is currently working with Chambers to determine the Return on Investment (ROI) of equipment to provide additional testing.

Activity 3.3 Assist processors in meeting international food labeling requirements

Product Development (Standardized Recipe) and Labeling Support for Barouk Cooperative: LIVCD supported development of standardized recipe and nutrition facts for Barouk Cooperative, for both apple and quince molasses, apple molasses in order to support a linkage with a U.K. importer who has placed a trial order for 360 bottles (see Pome Fruit Value Chain Activity 1.1).

Axis 4 Increase participation of farmers, small firms, and cooperatives in the processed foods value chain

Activity 4.1 Increase procurement of local produce

Linkage Facilitation – Food Processors and Farmers: LIVCD identified opportunities with processors (Second House Products, Aoun Foods, and Wadi al Akhdar) who were interested in purchasing Lebanese raw materials from farmers. LIVCD is currently identifying potential farmers and collecting samples of these raw materials to evaluate in terms of quality and safety before sharing it with processors.

1. Linking Wadi al Akhdar with Willani to replace refined imported olive oil with Local Lebanese olive oil: LIVCD collected olive oil samples from three different Lebanese olive oil bottlers and sent them to University of California - Davis for sensory evaluation and chemical testing. The results showed that only Willani has extra virgin olive oil. Results were shared with Wadi al Akhdar who also conducted the same tests in a different laboratory in Germany and verified UC Davis's results. LIVCD facilitated several meetings between Willani and Wadi Al Akhdar to create a linkage through a transaction. In March, Wadi's al Akhdar's technical team stated interest in working with Willani and the final step is a contract to purchase oil from Willani.

2. Linking Wadi al Akhdar with Afif Bou Chedid to replace imported honey with local honey: LIVCD also previously tested honey samples, which showed that Afif Bou Chedid met the required specifications (free of pesticides and antibiotics, not adulterated). The results were shared with Wadi al Akhdar who will be preparing a volume forecast and jar selection. This effort will result in expanding production of local honey that is being met in collaboration with APIS under a co-investment (please refer to the Honey Value Chain update Activity 1.2)

3. Linking Second House Products & Aoun Foods with Lebanese farmers to replace imported Burghul, Anis and Freekeh with Local raw materials: LIVCD is currently identifying potential farmers and collecting samples of raw material to evaluate in terms of quality and safety before sharing it with processors and potential buyers. LIVCD identified freekeh farmers and is linking them to a buyer. The farmers agreed to plant five dunums of wheat, and LIVCD will follow up with technical supervision to manage the production of wheat and the processing of freekeh.

New Product Development: LIVCD assisted in developing new products using local produce, including working with the following companies: Jana al Ayadi to develop dried cherries from cherries produced in Deir el Ahmar; Bahaa Kadamany to develop grape syrup from locally produced grapes; Mechaalany to produce apple vinegar; and with local farmers to procure cucumbers for pickling.

Activity 4.2 Support the development of joint ventures between cooperatives and micro-processors on one side and brand owners on the other

Linkage Facilitation – Food Processors and Farmers: LIVCD linked Maghdouche Cooperative to supply Maymoune with orange blossom.

Axis 5 Promote new investments in the processed food value chain in rural areas with appropriate partners to upgrade the value chain
Activity 5.1 Identify underutilized donor-funded equipment and cooperatives or other entities that can benefit from the equipment and maximize their utilization
<p>Survey of Cooperatives in Lebanon (Bekaa, South and North). LIVCD conducted the survey to identify underutilized resources and each cooperative's status.</p> <p><u>South Cooperative Assessment:</u> Identified 27 cooperatives; the report is final.</p> <p><u>North Coop Assessment:</u> Identified 56 cooperatives; the survey is still on going.</p> <p><u>Bekaa Coop Assessment:</u> Bekaa cooperatives; the report is final except for cooperatives located in areas with security concerns.</p> <p>Facilitating Linkages: LIVCD linked two cooperatives in the south, The Cooperative Association for Olive Cultivation and the Agricultural Cooperative for Thyme and Medicinal Herbs to use their underutilized equipment.</p>
Activity 5.2 Use PPPs to co-invest in rural areas requiring processing equipment to supply partners with demanded products
In discussions with processors, some indicated interest in co-investing in rural areas if they can get the right quality and price for raw material. These include: Cortas, Wadi Akhdar, and Aoun Foods.

RURAL BASKET: HONEY
Axis I Sustain and increase production of honey flowing into the branded channels through improved linkages between commercial branded honey processors/exporters and small beekeepers
Activity 1.1 Facilitate technical assistance and training to beekeepers through extension service providers and value chain actors including cooperatives
<p>Beekeeper Training Program: Dr. Chadi Hosri, a honey expert is finalizing the development of a honey manual to train a total of 2,500 new and existing beekeepers from different regions in Lebanon including Mount Lebanon, Byblos, Keserwan, Jezzine, Bekaa, and South regions. The Training of Trainers (TOT) training program will start in May and run through December 2014. The curriculum on honey includes five main topics: 1) Managing beehives and products; 2) Increasing production; 3) Raising queen bees; 4) Identifying and combatting diseases; and 5) New strategies to increase beekeepers' revenues. Training will begin in the first week of May. There will be six trainers from Jezzine Cooperative, six from APIS, and three from Caritas.</p>
Activity 1.2 Expand the number of hives in production by small and medium beekeepers
<p>Co-investment to increase number of hives in production with the Development Cooperative of Jezzine: A total of 41 beekeeper members from the Cooperative each received 10 beehives through a co-investment; the beekeepers invested in three beehives and LIVCD co-invested in seven beehives. The beehives included high quality bees to produce high quality honey to target significant market demand. As part of the co-investment with LIVCD, 10 new members joined the Cooperative. This co-investment between the Development Cooperative of Jezzine and LIVCD aims at providing income-generating opportunities for small and medium scale beekeepers in rural areas of Jezzine.</p> <p>Co-investment to Strengthen the Development Cooperative of Jezzine - improve honey processing services: The co-investment with the Cooperative included a candy processing machine to produce high quality feed for bees. The Cooperative's co-investment into this equipment will enable them to offer better services to members at a</p>

lower cost, and the members can achieve better quality production, lower costs, resulting in increasing their profits and income.

Co-investment with Apiculture for Protection and Improvement of Society (APIS) - increase number of hives in production:

On February 11th, LIVCD signed a co-investment agreement with the Apiculture for Protection and Improvement of Society (APIS) to provide 100 small and medium beekeepers, located in the rural areas of Mount Lebanon, Keserwan, and Byblos, with beehives, technical training, and access to markets, in order to increase production and sales of honey. Each beekeeper will be investing in three beehives each and LIVCD will co-invest in seven beehives. On March 5th an official signing ceremony took place with USAID participants.

Co-investment with Apiculture for Protection and Improvement of Society (APIS) - to improve honey production and processing services: LIVCD co-invested with APIS to install a new extraction line and honey mixing equipment that will make honey production easier, and the beekeepers will benefit from decreased production costs and quantity increases. In addition, LIVCD and APIS will co-invest in printing “Barid El Nahhal”, a magazine publication distributed to 2,000 beekeepers, which educates readers on good beekeeping practices, raises issues related to the sector, builds awareness, and encourages interested individuals to start beekeeping. 130 beekeepers attended the event and learned about the possibility of taking part in training and benefiting from the services offered through this co-investment.

Potential Co-investment to Increase Number of Hives in Production in Bekaa and South Regions with Caritas: The co-investment would provide 10 beehives to 150 beekeepers living in selected rural areas of Bekaa and the South regions allowing increased production and improving their revenues. The proposal includes five new beekeepers and 10 female beekeepers. The grant is pending CO approval in Cairo.

Axis 2 Strengthen key actors in the domestic branded honey market segment

Activity 2.1 Facilitate market linkages for beekeepers and commercial honey brands

Linkage Facilitation – Commercial brands (Jabal el Sheikh and Kaddoum) with beekeepers: The honey value chain assessment showed that the main actors in the honey value chain are large beekeepers who have developed their own brands and have succeeded in reaching local and international markets. These large beekeepers have the potential to upgrade the entire value chain, engaging and benefiting other actors. The two main brands in this category are Jabal el Sheikh produced by Jibal Loubnan and Kaddoum produced by Kaddoum Company. Despite the fact that Jabal el Sheikh and Kaddoum are beekeepers themselves, they rely heavily on purchasing honey from smaller beekeepers to acquire significant quantities for export. These large beekeepers market their brands locally through distributors and in international markets through importers. Jabal el Sheikh factory has 800 beehives that produce about eight tons annually, while the majority of the honey is purchased from smaller beekeepers.

Activity 2.2 Strengthen commercial brands in the local market

Promotional Event Trade Fair – Horeca: LIVCD is assisting two honey cooperatives, the Development Cooperative of Jezzine, and Matn el Alaa Honey Cooperative to prepare for participation in the Horeca exhibition, to exhibit their products and make introductions for potential linkages to factory processors. See the Communications cross-cutting component update.

Activity 2.3 Capacity building and marketing support for commercial brands in the local market

Upgrade branding, labeling and packaging for Matn el Alaa: Marketing Support: LIVCD introduced Matn el Alaa Cooperative to Liban Pack, an innovative packaging center, and supported creation of a new label that will improve its brand equity and create differentiation. As a result, a new label was created and the Cooperative will begin printing the second week of April.

Promotional Event – Media Coverage for honey products: Following the first episode of the TV program ‘Al Hiwar al Iqtissadi’ (The Economic Dialogue), presented by Mrs. Ghada Ballout, on The Arab Woman Channel (AWC), and broadcast on Arab satellite channels. LIVCD is co-sponsoring and participating in a second episode to be held on May 20th. The show will be attended by stakeholders and LIVCD beneficiaries and future beneficiaries including beekeepers, cooperatives, experts, and food specialists. The episode will be 80 minutes long featuring Hussein Kadamani, Manager of Jabal el Sheikh, a key stakeholder in the value chain as well as LIVCD staff.

Activities 2.4 Facilitate market linkages for beekeepers and cooperatives

Linkage Facilitation - (with co-investment Strengthen the Development Cooperative of Jezzine): 10 new beekeepers were linked with the Cooperative and received beehives and will benefit from the cooperative services at a low cost.

Apiculture for Protection and Improvement of Society APIS: 10 new members including four women were introduced to APIS and will benefit from the Cooperative's extension services and usage of the extraction line. In order to enhance honey productivity and improve living conditions of beekeepers in the area.

Activities 2.5 Capacity building for cooperatives and informal farmer groups with commercial brands

Co-Investment to Strengthen Management Capacity of Development Cooperative of Jezzine: LIVCD developed a capacity building plan for the Development Cooperative of Jezzine; this will focus on business and financial management, emphasizing effective marketing and sales. LIVCD is following up with the financial management of the Cooperative; the Cooperative management shared all the required documents such as its balance sheet, a sign of transparency, and discussed the sales per item per customer in addition to purchases by item and supplier, members joint accounts (supplier and customer at the same time), profit and loss by item, waste report, free samples and gifts report, chicken feed production cost, aging report, broiler production costs, expenses versus income report, and the cooperative's overhead rate.

Activity 2.6 Facilitate sources of investment finance, including foundations and microfinance providers to put together "beekeeper finance packages" that can be used to spur investment particularly in underserved areas Planned for next quarter

Activity 2.7 Support implementing a quality and safety seal: ISO 22000

Quality Management for honey brands – Kaddoum: Kaddoum began the implementation of ISO 22000, though currently implementation is on hold until a new food safety expert is hired.

Axis 3 Supporting Lebanese honey exports

Activity 3.1 Facilitate developing needed testing capacity for export market tests in Lebanese honey laboratories

Laboratory Market Study Assessment: LIVCD conducted a study of all quality testing labs in Lebanon. Based on the results, a new strategy will be developed and implemented to upgrade the labs to meet the needs of honey producers, including testing for antibiotics which will be required in the domestic honey market in 2015. Future Steps: As soon as the market study is approved, LIVCD will develop a plan to improve access to testing necessary for honey exporters to reach export markets.

Activity 3.2 Market Intelligence: Analyze export market opportunities in the identified target markets and study consumer demands for different high added-value products that processors have the ability to competitively produce

"Market Study for the Lebanese Health & Specialty Sector" for Rural Basket products: LIVCD conducted a market study for the health sector in Lebanon, including for honey. The market study assessed demand for the selected items, and where demand was found, assessed quality standards and terms of sale, including packaging, labeling, payment terms, and other factors. The study identified specific marketing channels and will link these to rural processors. LIVCD will continue updating the assessment, particularly the specific sales leads for various products. This will enable LIVCD to facilitate linkages between cooperatives and small producers, as well as demonstrate the value of this type of marketing intelligence to cooperatives and small producers.

Activity 3.3 Upgrade product specifications

Upgrade branding, labeling and packaging for Jibal Loubnan (with Joint Product Promotion co-investment with Jibal Loubnan See Activity 3.4): As part of the agreement between LIVCD and Liban Pack to develop labels, branding, and packing services for several products, LIVCD improved nine Jibal Loubnan labels to meet U.S. market requirements. Jibal Loubnan was able to export its first shipment to the U.S. market – see Activity 3.4.

<p>Matn el Alaa branding, labeling and packaging: LIVCD in collaboration with Liban Pack is working on a label for Matn el A'laa's label. This label containing all required information, and a striking package suitable for consumers, was a necessity for local and export market.</p>
<p>Activity 3.4 Marketing support in export market</p>
<p>Promotional Support – Joint Product Promotion co-investment with Jibal Loubnan: LIVCD co-invested with Jibal Loubnan to promote exports to the U.S., UAE and Jordan. Jibal Loubnan will purchase most of the honey for this opportunity from beekeepers in Rachaya, Chouf, Hasbayam Bekaa, Donnineh, Keserwan, and Byblos. The product will be used as promotional samples for distributors in U.S. and in the UAE, thus opening market opportunities for larger quantities in the long term and positioning Lebanese honey as a high value product. Jibal Loubnan anticipates exporting 20 tons of honey, 15 tons to the US and five tons to UAE. This would double honey exports from Lebanon in one year. Additional exports to Jordan are scheduled for April and May 2014.</p> <p>Promotional Event: On January 28th, LIVCD held an event to celebrate the signing of the Joint Product Promotion co-investment, and touring the facility. LIVCD, and Jabal el Sheikh signed a co-investment agreement at the Jabal el Sheikh factory in Aley. Future TV was present to cover the signing ceremony and edited a short story which was broadcasted on Akhbar el Sabah.</p>
<p>Activity 3.5 Facilitate market linkages with importers</p>
<p>Potential export promotion program for Kaddoum Company: Work In Progress</p>

<p>RURAL BASKET VALUE CHAIN</p>
<p>Axis I Increase sales and distribution at local and export markets</p>
<p>Activity 1.1 Provide support for improved branding, packing, differentiation of products, and certification See Activity 1.3.</p>
<p>Activity 1.2 Support initiatives that link producers to end users (farmers markets, door to door sales, web based shops, fairs, and exhibitions)</p> <p>Please refer to Communications section on Horeca 2014 event preparations.</p>
<p>Activity 1.3 Facilitate market linkages between producers, traders, and processors</p>
<p>Linking Thyme and Sumac Cooperatives in the South with U.K. importer: LIVCD is working on packaging and nutrition facts for thyme and sumac from cooperatives in the south, in order to facilitate exporting trial orders to the U.K. market through the Equitable Gourmet brand, which showed interest to have thyme and sumac in small (50-100g) jars. Research is still ongoing to identify local suppliers of suitable jars.</p> <p>Biomass – Coop Jezzine Linkage opportunity: Biomass submitted a proposal to the Development Cooperative of Jezzine Cooperative to work with three different farmers on organic egg production. Biomass offered to buy the organic eggs at fixed prices for a period of five years on the condition that Biomass will be providing chicken and feed for the producers. The Cooperative is still studying the Biomass proposal.</p>
<p>Activity 1.4 Conduct regional and national market study and strategy to identify and target niche markets and assist beneficiaries to continue performing market analysis</p>

“Market Study for the Lebanese Health & Specialty Sector” for Rural Basket products: LIVCD conducted a market study for the health sector in Lebanon, including rural basket items. The market study assessed demand for the selected items, and where there is demand, assessed quality standards and terms of sale, including packaging, labeling, payment terms, and other factors. The study identified specific marketing channels and will be shared with rural processors. Products assessed include: fresh juice, honey, zaatar, pine nuts, free range or baladi eggs, capers, molasses, jams, infused water (rose and orange blossom), maktous, apple chips, olive oil, and other trendy items. See also the Marketing Intelligence cross-cutting component update.

Activity 1.5 Develop/adopt a seal of quality and origin including developing related standards for specific items in the basket and promote the seal locally and internationally Planned for next quarter

Activity 1.6 Develop new processed products based on different basket items in conjunction with LIVCD’s processed food value chain

Axis 2 Provide institutional and technical training for identified actors

Activity 2.1 Identify technical training needs for upgrading production for the different basket items selected

Activity 2.2 Identify institutional training needs

Axis 3 Develop a sustainable mechanism to ensure easy access to finance and needed inputs

Activity 3.1 Facilitate access to finance for investment needed to develop downstream and upstream activities

Co-investment to Strengthen the Development Cooperative of Jezzine: Under this co-investment, 10 farmers each co-invested in 125 chickens and LIVCD also co-invested in 125. This will increase farmers’ income and they will benefit from ongoing training and assistance on improved production. In addition, under this co-investment the Development Cooperative of Jezzine received a feed mill that produces high quality feed and a container to store the feed to reduce the cost of production and storage. Cooperative producers will improve the quality of their baladi eggs sold at the Cooperative’s store under the B.Balady brand in Jezzine and other supermarkets in Lebanon.

Co-investment thyme distribution grant of 65,200 thyme seedlings to 326 beneficiaries in Chadra: Through this grant LIVCD was able to reach 326 beneficiaries in Aydamoun, Chadra, Kobayat, Rammah, Sindyaneh, Dibbebiyeh, Minjiz, Kfarnoun, and Ouwaynat. Each family received 200 seedlings that they will plant in their gardens in order to start producing thyme to sell in order to increase their income. LIVCD is also working on potential linkages between beekeepers to produce thyme fed bees creating a new variety of honey that has high market demand.

Adonis Valley potential co-investment with LIVCD (in development): The objectives of the co-investment under development are to 1) Support Adonis Valley in upgrading its equipment to increase the quality and quantity of specific products that have high market demand domestically and internationally; 2) Enhance production for farmers and cooperatives to increase the quality and quantity of raw material supplied to Adonis Valley through introducing GMP, post-harvest handling, and technical training; 3) Support Adonis Valley directly, and farmers and cooperatives indirectly, through linkages to domestic and export markets.

Activity 3.2 Develop accounting templates and feasibility studies for small producers to be able to use for loan submission and accounting registration
Planned for next quarter

Activity 3.3 Develop a system for collective purchase of services and inputs Planned for next quarter

Axis 4 Identify committed producers, collectors, and distributors to initiate an integrated approach leading to defining the basket items and building the value chain based on local specialty and market potential

Adonis Valley: Adonis Valley is a producer, collector and distributor for rural basket items and was identified as a possible partner with LIVCD. Adonis Valley submitted an EOI and was also asked to submit a proposal. The proposal is currently being reviewed (See **Activity 3.1 Adonis Valley potential co-investment with LIVCD**)

RURAL TOURISM

Axis 1 Support stakeholders in the rural tourism value chain to design a national strategy and action plan and advocate for its implementation (increase demand); Implement some key elements of the action plan

Activity 1.1 Develop and implement a rural tourism national strategy and action plan draft and empower stakeholders to advocate for its implementation

National Road Map Development for Rural Tourism: LIVCD subcontracted Hospitality Services and Beyond Beirut to develop a national road map for rural tourism. The scope of work includes organizing two national workshops, 10 regional and thematic focus groups, stakeholders consultation through interviews and public consultation, as well as drafting a national road map, including policy recommendations, implementation recommendations to LIVCD, and a marketing strategy.

Activity 1.2 Implement a national marketing campaign

Trade Fair for Rural Tourism - Travel Lebanon at the Garden Show: LIVCD contracted Hospitality Services and Beyond Beirut to support the organization of a five day national fair promoting rural tourism within the annual Garden Show event in May 2014.

Marketing Support – Lebanon Traveler: LIVCD is planning to develop an interactive website for the Lebanon Traveler Magazine and will support printing additional issues of the magazine.

Axis 2 Create synergies within the rural tourism value chain

Activity 2.1 Create synergies and encourage collective action at the local level, through the development and implementation of local strategies and actions plans

Local Tourism Development Strategies: LIVCD provided support to municipalities and local communities in several localities, including Hadath El-Jebbeh, Rashaya al Fokhar, Hammana, Rashaya al-Wadi, and Baskinta.

Co-investment in Tourism Product Development: Ski-touring, cross-country skiing, and winter activity development in Kfardebain: Auberge Beity Association proposed to diversify winter sport activities by introducing cross-country skiing in Kfardebiane. There are no certified cross-country skiing trails and monitors in Lebanon. The project worked in close cooperation with the Municipality of Kfardebiane and the Lebanese Ski Federation and designed snow shoeing trails with certified monitors. However, due to the weather conditions and low levels of snow covering the area the actives are on hold until next season.

Co-investment in Tourism Product Development – LMT with EDA in Ehmej: Ehmej Development Association (EDA) proposed to capitalize on previous efforts undertaken by EDA and the Municipality to develop winter activities. LIVCD linked Ehmej to the Lebanon Mountain Trail and developed hiking trails with trained monitors who are residents of Ehmej, thus increasing their incomes.

Potential collaborations:

- Baskinta Beytouna Organization (BBO) and Jabal Moussa Association to design potential interventions to facilitate stakeholders' development of a project that would increase the competitiveness of rural tourism destinations and generate income in rural areas.
- AFDC - Association for Forest Development and Conservation in Qornayel branch that includes 30 members of which 16 are women is active in issues related to reforestation, forest protection against excessive construction and fires, ecotourism, and food processing activities. Fourteen villages from the regions actively promote awareness and responsibility within schools. AFDC aims to have a fully equipped center for ecotourism.
- AUB and Food Heritage Foundation for the development of food trails and hospitality services with small scale producers. 1)The supply side: creating tourism activities and packages based on food trails, including the creation of on-farm or "on-cooperative" hospitality services "tables d'hôtes"; 2) increasing quality of products offered and created to meet quality and safety standards, through training, workshops, and on-the-job coaching; and 3) on the demand side, initiate a marketing campaign for tourism products. Considered regions are the Chouf and West Bekaa.
- LIVCD is considering a potential co-investment in Deir Al-Ahmar, Barqa, and Yammoune region to develop common activities and investment aimed at increasing the competitiveness of the local rural tourism network. LIVCD organized three separate meetings and visited the region to discuss potential with WADA women's cooperative (Deir Al-Ahmar), Akoury Organic Farm (Chlifa), and Yammoune Cultural Club, and a meeting with Juniper Kingdom Association is planned. LIVCD held a stakeholder's focus group to investigate the possibility of creating a PPP that might include co-investments in camping sites, open air event venues, and development of a local flora museum, creation of biking and hiking trails, as well as capacity building and marketing components.
- LIVCD is finalizing an event with Union of Jezzine Cooperatives to plan for the Jezzine summer season and will pursue this activity in the next quarter.
- LIVCD is working with the Ministry of Tourism to develop tourism packages in rural areas in order to increase tourism competitiveness, reaching the maximum number of diaspora or other foreigners through marketing and promotional campaigns. The effort will be promoted in the Travel Lebanon website developed by Hospitality Services. The packages will be developed next quarter.

Activity 2.2 Support synergies and collective action between national level leading stakeholders, including: Dhiafee Network, LMT, Beyond Beirut, tour operators, and NGOs Planned for next quarter

Axis 3 Support upgrading local actors and increase the quality and quantity of products and services

Activity 3.1 Provide business and ancillary services support to increase the quality and quantity of products and introduce new products to businesses integrated or willing to integrate rural tourism networks

Improve Hospitality Services – Standards, training and business network: LIVCD subcontracted ANERA to implement support to hospitality services activities through: 1) Developing standards for rural hospitality services in Lebanon, 2) undertaking a gap analysis between the current situation and the developed standards; 3) developing a standards handbook; 4) organizing training for local businesses; and 5) setting up an institutionalized rural hospitality business network.

Handicrafts Training Program – Qana Cooperative, Srifa Atelier Cooperative and Wadi Al Farah Cooperative: This quarter, LIVCD worked with two groups of women to improve the production of handicrafts, with the objective of improving the design of the handicrafts to better meet the preferences of consumers. LIVCD experts worked with six women at each cooperative to introduce new skills and types of products to make their offerings more appealing to buyers. These handicrafts producers have few marketing outlets for their products, which is a constraint to increasing their sales and incomes. Therefore, in addition to helping the women improve their products to better meet market demand, LIVCD is supporting them to prepare for participation in the Garden Show in Beirut in May 2014. This event will enable them to showcase their products and make contacts with potential buyers, which LIVCD will support to facilitate into successful commercial linkages. LIVCD support will include training in trade show participation and development of promotional materials such as brochures to help the exhibitors reach out to potential buyers.

Activity 3.2 Provide institutional capacity building training, coaching, and technical assistance training to businesses integrated or willing to integrate rural tourism network Planned for next quarter

STONE FRUITS: AVOCADOS

Axis 1 Increase exports to select markets

Activity 1.1 Facilitate access to market intelligence and analysis for value chain actors through private sector organizations Planned for next quarter

Activity 1.2 Develop business and market linkages between growers and exporters Planned for next quarter

Activity 1.3 Develop market linkages between exporters and importers Planned for next quarter

Activity 1.4 Facilitate support for developing promotional materials for Lebanese avocados Planned for next quarter

Axis 2 Increase quantity and improve quality of avocado production

Activity 2.1 Provide potential co-investors with advice on suitability, marketability, and profitability of planned avocado investments

Potential co-investment in orchards and technical assistance with Hariri Foundation: LIVCD received a proposal for avocados submitted by the Hariri Foundation, for upgrading existing orchards and encouraging the establishment of new orchards in South and North Lebanon. Through the proposal, the Hariri Foundation offers avocado farmers continuous technical assistance, and the availability of verified, disease free avocado plants at affordable prices.

Potential co-investment in orchards with growers: LIVCD received an EOI from investors in new avocado orchards in Gebrayel, Akkar, and in Chouit, Metn. LIVCD started preparing the feasibility study for these potential investors. In addition, LIVCD received an EOI from Dr. Abdel Hamid Hashisho, in Wadi Baakoudeen, South Lebanon, who plans on planting 10 dunums of land with avocado trees. The land is currently being prepared, and Dr. Hashisho requests LIVCD's assistance to install the irrigation system, choose the best varieties to plant that will adapt to the type of soil, and other good agriculture practices. LIVCD will evaluate this co-investment project, with a feasibility study including budget and costing, to assess the potential of collaboration for technical assistance, packaging, and marketing.

Activity 2.2 Training on improved production practices for better productivity

LIVCD Avocado Production Training: LIVCD assessed producers' needs in Bisri, Chouf and Chouit, Mount Lebanon, and started organizing technical training on grafting for all the region's farmers in January and plans on providing additional technical assistance focused on orchard management. LIVCD's avocado expert, Mohammad Hijazi, is drafting a training manual with a technical and scientific curriculum addressing production levels of avocados including orchard establishment, technical practices, seedling selection, harvesting, and post-harvest practices, focusing on technical practices to increase productivity and cultivating new emerging varieties.

Activity 2.3 Organize fragmented producers into production clusters and link them to aggregators

LIVCD is identifying beneficiaries in several regions to provide technical assistance. LIVCD has divided the farmers into six groups.

Axis 3 Increase avocado processing

Activity 3.1 Establish market for avocado oil with support from the private sector, universities, or subcontractors

Planned for next quarter, based on potential collaboration with the AUB Faculty of Agriculture and Food Sciences.

STONE FRUITS: CHERRIES

Axis 1 Increase exports

Activity 1.2 Conduct stakeholder meetings Planned for next quarter

Axis 2 Increase efficiency of sorting, packing, cooling, and processing facilities

Activity 2.1 Facilitate support for upgrading post-harvest facilities in sorting, packing and cooling

Proposal to Upgrade Post-Harvest Facilities: LIVCD received a proposal for cherries from the Association of Jabal Moussa Reserve, targeting seven villages between Kesrwan and Jbeil. The proposal was reviewed by LIVCD and will be sent to USAID next quarter. The project includes cherry producers and women in rural areas.

Axis 3 Increase the quantity and quality of cherry production in Lebanon

Activity 3.1 Establish demonstration orchards in major cherry production areas (Dinnieh, Akkar, Tannourine, Akoura, Chouf, and Western Bekaa)

Cherry Productivity Demonstration Plot LIVCD has signed a Development Agreement with Mr. Ibrahim el Homsy to establish a Demonstration Plot for improved cherry production in Qaa el Rim- Bekaa. The plot will demonstrate best agriculture practices to farmers through study tours, including harvesting and post-harvesting that will be a model for other farmers to follow and replicate.

“Proximity Agriculture Center” (PAC) grant: LIVCD has submitted the co-investment grant proposal to USAID. The aim is to increase production and productivity; in particular the objective is to increase the percentage of grade A apples, pears, and cherries in Keserwan, Under the co-investment, LIVCD proposes to conduct intensive training to apple and pear producers and provide services for farmers in the area to increase orchard profitability and facilitate linkages between farmers and service providers.

Activity 3.2 Introduce new tree varieties into the established demonstration plots based on market demand through selected partners who will manage the demonstration plots beyond the life of the Project

Activity 3.3 Organize farmer study tours to demonstration plots to see the establishment and structure of the orchards

Activity3.4 Develop training curriculum and conduct training on irrigation and fertigation techniques, appropriate pruning for existing and newly introduced varieties, and appropriate harvesting techniques

LIVCD Cherry Production Training curriculum: LIVCD expert Ghassan Feghali prepared the curriculum for the training which will be conducted next quarter.

LIVCD Cherry Production Training for cherry producers: LIVCD supported cherry producers in Hammana, Jdita, Qaa el Rim, and Baskinta.

FLORICULTURE	
Axis 1	Develop marketing strategy and expand upon market linkages in export markets, as well as linkages between producers and retailers in the domestic market to help producers capture higher prices
Activity 1.1	Gather market intelligence and analysis of key target markets for exports
	LIVCD finalized the report prepared by the expert in floriculture marketing and production that included actionable market intelligence and advice and support to LIVCD and partners on the floriculture sector in GCC countries- in particular Abu Dhabi, Dubai, Qatar, and KSA, and Lebanon. The size of the sector is relatively small, Qatar: 5 million Euros, UAE: 0.75 million Euros, given the high level of competition. In addition, the targeted number of beneficiaries in Lebanon is also relatively small. Next quarter, based on decisions taken regarding this value chain, LIVCD will develop a marketing plan targeting the project's objectives, to identify windows of opportunity and develop local and export sales strategies that include plants with high sales potential, price levels, and potential market channels and buyers in each target.
Activity 1.2	Share export market analysis findings with producers and exporters and build their capacity in reaching these markets Pending LIVCD decision on Floriculture value chain
Activity 1.3	Facilitate increased presence of Lebanese exporters at international floriculture trade events Pending LIVCD decision on Floriculture value chain
Activity 1.4	Build linkages between producers and exporters Pending LIVCD decision on Floriculture value chain
Activity 1.5	Support promotional campaigns in export markets Pending LIVCD decision on Floriculture value chain
Activity 1.6	Facilitate upgrading cold storage facilities at the Beirut airport Pending LIVCD decision on Floriculture value chain
Activity 1.7	Improve linkages between producers and market channels in the domestic market to help producers capture higher prices Pending LIVCD decision on Floriculture value chain
Axis 2	Improve quantity and quality of flowers produced by small and medium-scale floriculturists
Activity 2.1	Identify and enroll farmers, business, and ancillary service providers Pending LIVCD decision on Floriculture value chain
Activity 2.2	Improvements at the nursery level Pending LIVCD decision on Floriculture value chain
Activity 2.3	Improvements at the production and post-harvest level Pending LIVCD decision on Floriculture value chain
Activity 2.4	Support Identifying and commercializing viable indigenous flower species Pending LIVCD decision on Floriculture value chain

IMPLEMENTATION OF WORK PLAN ACTIVITIES IN CROSS CUTTING COMPONENTS

ACCESS TO FINANCE
Activity 1: Facilitate finance for value chain actors and maximize co-investment in PPPs; leverage appropriate business linkages and ancillary services
122 MSMEs have been informed about the assistance LIVCD is providing to receive access to financial services through trainings, workshops, and individual meetings. LIVCD completed three feasibility studies with financial analysis, and they are ready to be implemented. LIVCD assisted 12 MSMEs in their loan application process.
Activity 2: Support Lebanon Investment in Microfinance USAID-funded project in developing new financial products and service if needed
Collaboration initiated and is on-going on several activities mainly related to trainings and workshops. LIVCD explored the establishment of a DCA guarantee fund for financial institutions, however with the existence of Kafalat guaranteeing up to 90% of the loan at a subsidized interest rate, the establishment of a DCA guarantee fund would not be competitive in Lebanon.
Activity 3: Develop and manage small grants component
See Table of Co-Investments and Grants below
Activity 4: Strengthen relationships between finance providers and value chain actors through training and technical assistance, and train loan officers and other MFI staff on agriculture and agribusiness initiatives
<ul style="list-style-type: none"> • LIVCD met with financial institutions such as Kafalat, Banque du Liban, BLC Bank, Byblos Bank, BLF, Bank Audi, BLOM Bank, Emkan, Vitas and others to introduce the project and to discuss the possibility of future cooperation. • Regular meetings are being held with financial institutions to keep updated on the financing sources available. • One development agreement was signed with BLC Bank; joint activities are planned and will be implemented. • Finalizing a honey manual to train farmers on maintaining accurate records of all transactions and calculating revenues and expenses; template developed. • Seven conferences and presentations in cooperation with financial institutions were held to explain to potential beneficiaries the sources of financing available, the required documentation, and the terms and conditions of loans. • 15 loan officers participated and benefited from technical production training organised by LIVCD.

CAPACITY BUILDING
Axis I: Institutional Capacity Building and training for NGOs, businesses and other associations in the value chain
<ul style="list-style-type: none"> • Under the Institutional Capacity Building component LIVCD aims to benefit 150 NGOs and cooperatives. LIVCD's Capacity Building component is designed to enhance the ability of organizations that are linked to LIVCD's value chains to make meaningful contributions to value chain upgrading strategies. Developing capacity focuses on their ability to be relevant, efficient, effective, and sustainable value chain contributors. To upgrade the institutional capacity, LIVCD's menu of common training inputs focuses on three key areas: Project design, Project implementation, and Project management and reporting. For this purpose, LIVCD developed reference booklets that were pilot-

tested during the previous quarter, and based on participant feedback, the reference manuals were revised and translated into Arabic for easier usage by trained organizations.

- LIVCD has published an RFP inviting companies specialized in Capacity Building Training to participate in a competitive procurement process, requiring interested companies to submit a proposal. The objectives are to:
 - Deliver the LIVCD capacity building approach and curriculum to identified NGOs;
 - Provide monitoring and evaluation of organization's capacity building;
 - Support LIVCD in the feedback and advancement of capacity building tools as necessary

Axis2: Value Chain specific technology transfer trainings

These are discussed in the Value Chain updates.

Gender

- LIVCD shared the draft **gender assessment** with Social Impact for feedback. Comments were sent back to the consultant to review the assessment to be finalized and submitted to USAID during the next quarter.
 - During this quarter, LIVCD conducted two internal gender and youth trainings.

New Staff Orientation: Having a number of staff who joined LIVCD team after the initial gender training, all new staff attended a gender training to introduce them to gender and youth inclusion to identify and address barriers to access, carry out value chain specific appraisals, and develop and implement youth and gender mainstreaming activities

COMMUNICATIONS

Activity 1.1 Ensure good visibility of LIVCD through institutional communications

Project Events:

Women's Day Event - LIVCD Honors Women for their Efforts to Improve Economic Status of Women in Rural Area: To celebrate International Women's day, LIVCD gathered 40 women who are active in several sectors in rural areas across Lebanon, who shared their experiences during a roundtable discussion and discussed ways to strengthen the economy in rural areas of Lebanon. During the event, the BLC Bank and Al Majmoua Association gave an overview of the financial services available for women to invest in their businesses. The 40 women received certificates of appreciation in recognition of their efforts and engagement in providing economic opportunities for their households. Future TV prepared a report including testimonies from the attendees. Al Balad and Lebanon Opportunities published press releases of the event.

Signing ceremony for two co-investments related to the honey value chain, with APIS and with Jabal el Sheikh. Articles were published in Le Commerce du Levant, Lebanon Opportunities, Al Balad, and The Daily Star. A short video was prepared by Roni Ziade on LIVCD's efforts in increasing the exports of honey.

Preparation for Horeca - This quarter, LIVCD finalized preparations for the Horeca food industry trade show held in Beirut in April 2014. LIVCD is supporting the participation of 20 cooperatives from rural areas of Lebanon producing a range of products, including: processed food (10 cooperatives), handicrafts (four cooperatives), olive oil (four cooperatives), and the rural basket -honey and free range eggs (two cooperatives). LIVCD provided training to the cooperatives in preparation for showing their products, and designed a brochure which includes a project brief, a short story and contact numbers of the 20 participating cooperatives. It is expected that the cooperatives will make introductions to potential buyers at Horeca, which will turn to successful linkages. LIVCD will also co-sponsor the National Extra Virgin Olive Oil contest, the only

olive oil tasting contest in Lebanon and one of Horeca's main events.

LIVCD Website - LIVCD has submitted a request for a project website to USAID, which will allow disseminating information such as announcements for events, exchanging documents and information on specific topics related to the value chains between the project stakeholders in different regions across Lebanon, sharing best practices, and communicating opportunities to potential partners. The request is pending USAID clearance.

Facebook Page - In February, LIVCD launched a Facebook page that publicize stories and images from the field, testimonies, events, and articles relevant to the project's scope of work. The page is linked to the project partners' online outlets, and reaches out to over 1,000 Facebook users.

Activity 1.2 Support the promotion and sales of LIVCD products and specific value chains.

LIVCD is improving communications tools for local actors:

- Ehmej's hiking trails brochures for new winter hiking trails, and nine new summer trails.
- A calendar of events for Jezzine's summer season from May to December with over 50 offers, events, and attractions.

Improving Packaging and Labeling:

LIVCD published an RFP for packaging and labelling which will allow Lebanese small and medium enterprises to develop packaging and products adapted to both domestic and export markets, which was awarded to Libanpack. LIVCD and Libanpack started assisting several cooperatives such as the Der Bechtar Olive Oil Cooperative and Metn el Aala Honey Cooperative who wish to upgrade their visual identity including a logo and label, and develop promotional tools.

MARKETING INTELLIGENCE

Axis One: Marketing Intelligence Support for Value Chain Activities in LIVCD targeted value chains

Market studies/strategies: LIVCD continued to make marketing information available to stakeholders in the targeted value chains, to support them in identifying and pursuing market opportunities. Market studies/strategies supported included the following (note that these are also discussed in the relevant Value Chain Updates above):

Rural Basket for Health Sector: LIVCD completed the main study for rural basket products (juice, eggs, apple chips, jam, molasses, and sour citrus peels). The study assessed demand for the selected 'rural basket' items, both organic and non-organic, and identified quality standards and terms of sale, including packaging, labeling, and payment terms. The purpose of the market study was to assess the possibility of linking specialized retail outlets with rural producers, and ultimately improve sales of cooperatives and small producers that produce local food that fall within the "health and specialty" segment.

LIVCD will continue updating the assessment, particularly the specific sales leads for various products. This will enable LIVCD to facilitate linkages between cooperatives and small producers, as well as demonstrate the value of this type of marketing intelligence to cooperatives and small producers.

Marketing Assessment for Cooperatives in Southern Lebanon: The marketing assessment looked at the capabilities and constraints faced by six cooperatives that produce mouneh (preserves) and handicrafts. They are: (Cooperative "Al Imad" for processing of Agriculture products in Hariss, Kfarsir Cooperative, the Cooperative Association for

Production and Food Processing in Ain Ebel, the Agricultural Cooperative Association in Deir Qanoun Ras el Ayn, the Cooperative Association for Agricultural Processing in Aramta, and the Handicraft Cooperative Association in Bent Jbeil.) The assessment focused on marketing, including target markets in Lebanon, constraints in marketing, and recommendations for improving the marketing of cooperative products.

GCC market overview and export opportunities for Processed Food: LIVCD completed the main study for processed food products in the GCC countries. The study identified in the GCC countries existing trade channels and consumers/shopper trends as well as regulatory requirements and market barriers. The purpose of the market study was to study consumer demand for different high added value products that Lebanese processors have the ability to competitively produce. The outcome of this study will be presented to processors that are able, and interested to, export to the GCC. Following the presentation the consultant will work on developing a sector strategy with key stakeholders to recognize the importance of the industry and help identify the barriers and practical solutions to improving competitiveness and sustainability in the sector.

Floriculture Value chain market assessment: LIVCD completed a study for the floriculture value chain to provide actionable market intelligence, advice and support to the LIVCD project and partners on the floricultural sector- including flower cuts - in GCC countries (Abu Dhabi, Dubai, Qatar and KSA) and Lebanon. The study was supplemented by a final recommendation from the consultant based on the collected information in terms of market entry and pricing strategies.

Market study for the “Ready-to-eat” segment within the processed food value chain: LIVCD completed a market study for the ready-to-eat segment in Lebanon to understand the market size and opportunities within this segment. The study included an analysis of the dinners, dough and pastry industry and a retail audit analysis of the ready to eat “oriental dishes” segment.

U.S. market study and presentation on: “How to move from Ethnic Markets to Mainstream and Specialty Markets in the U.S.”: LIVCD is working with a U.S. expert to complete a study for processed food products in the U.S. The purpose of this study- that will be followed by a presentation to the processors- is to show where Lebanese processors are currently competing, mainly the ethnic market, and how to shift to the specialty food sector in the U.S. while identifying the appropriate market channels and products that are most suitable for the Lebanese food industry. The study, the presentation, and the related activities will be used to guide processors in increasing exports of Lebanese processed foods to the U.S., mainly to the specialty food market segment.

Iraq Market Study for Processed Food: LIVCD initiated a market study for processed food products in Iraq. The study aims at identifying in Iraq existing trade channels and consumers/shopper trends as well as regulatory requirements and market barriers. The purpose of the market study is to study consumer demand for different high added value products that Lebanese processors have the ability to competitively produce. The outcome of this study will be presented to processors that are capable- and are interested- to export to Iraq. The study will cover Erbil and other Kurdish areas as well as the Arab part of Iraq.

Brazil Market study for Olive oil and Processed Food: LIVCD is considering initiating a market study in Brazil to assess the export opportunities for olive oil and other highly demanded selected processed food items. The study purpose is to help olive oil producers benefit from the increasing demand for high quality olive oil in Brazil as well as other processed food products. Brazil is country with the highest Lebanese diaspora and the market study aims at understanding their needs and assessing the market size for potential exports of Lebanese high value added products.

Marketing Intelligence Assessment – Processed Foods Value Chain: In addition to the specific studies for value chain products and partners noted above, LIVCD also completed the Marketing Intelligence Assessment for the Processed Food value chain this quarter, and determined next steps to develop a sustainable marketing intelligence system. The Assessment focused on priority categories of marketing intelligence that food processors use to understand the target market: (1) Demand in target market, (2) Competition in target market, (3) Product requirements in target market, (4) Regulatory requirements in domestic and target markets, (5) Market structure in target markets; and understanding the types of marketing intelligence and sources that Lebanese food processors currently use, how they use them, and the gaps in availability of marketing intelligence. The constraints related to marketing intelligence for target markets identified were:

- Distributors are the main source of marketing intelligence for food processors, but do not provide sufficient information to allow food processors to make informed decisions about investing (e.g. in product development or meeting technical requirements) to enter or strengthen their competitive position in target markets.
- There are no publicly supported, up to date, marketing intelligence sources tailored to Lebanese food processors, or any significant cooperation among actors to obtain marketing intelligence. Tasdier, a free source of marketing intelligence supported by USAID under the QCC project, was last updated in 2012, and none of the food processors interviewed use it despite indicating that they need access to this type of information.
- Processors have weak in-house marketing intelligence capabilities, and perceive that market research firms and consultants are too expensive for the service provided.

LIVCD also identified on-line marketing intelligence sources that provide information about domestic and target export markets, including both those currently used by value chain actors and those that are not yet used, but that could fill the gaps in availability of marketing intelligence identified above and are included in the Marketing Intelligence System.

MONITORING AND EVALUATION

LIVCD performance indicators and the Performance Monitoring Plan (M&E Plan): Following submission of the LIVCD M&E Plan on September 9, 2013, LIVCD received comments and guidance from PMPL and USAID. LIVCD revised the M&E Plan accordingly and developed the annual and life of project targets for each performance indicator. LIVCD submitted the final version of the M&E Plan, including targets for each indicator, to USAID on December 31, 2013 and received final approval of the plan on January 13, 2014. In parallel, the M&E team developed and tested data collection and management forms per the M&E Plan, and provided training to the LIVCD field staff who began data collection for ongoing activities.

Additionally, the M&E team contributed to developing a number of grants and co-investments this quarter. For each grant, the M&E Team develops a grant-specific monitoring and evaluation plan including indicators to monitor progress towards achieving the grant objectives and contributions to LIVCD objectives. The M&E Team also contributes to the grant selection criteria by ensuring that the activity is in line with LIVCD objectives and the overall Project scope of work.

This quarter, efforts focused on establishing life of project and interim (annual) performance targets; customizing tools for data collection and management; collecting baseline data; and customizing the TAMIS database for work plan management and M&E data.

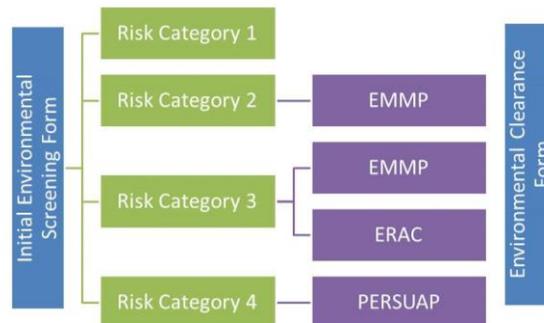
ENVIRONMENTAL COMPLIANCE AND MANAGEMENT

1. Environmental Compliance Assessment and Monitoring

The LIVCD Environmental Compliance Specialist (ECS), conducted several environmental compliance reviews for ongoing and previous activities. At this moment, all the previous and current activities have been reviewed and amended with a field visit. The corresponding documents are stored in TAMIS.

2. Development of Environmental Compliance System on TAMIS

LIVCD began developing the Environmental Compliance system on TAMIS to facilitate the tracking and documentation of forms. Each grant or co-investment includes an environmental section with an Initial Environmental Screening Form (IESF), an Environmental Monitoring and Mitigation Plan (EMMP), an Environmental Review and Assessment Checklist (ERAC), a link to PERSUAP, and a clearance form. The procedures for Environmental Compliance and the associated forms are illustrated in Figure 1.



3. Creation of Environmental Opportunities

In order to upgrade the environment of the project, the ECS created an environmental opportunities manual. The first step will be identifying sustainable environmental practices through the different value chains. Each successful and replicable environmental practice will serve as a reference and a guideline for future comparable activities. These practices will be promoted through trainings, booklets, and equipment. There will also be technical assistance for environmental management related to environmental sustainability, safety, and conservation under LIVCD value chain activities. This work will be carried through the entire project lifespan.

4. Awaiting approval of PERSUAP

December 11, 2013, LIVCD submitted the Pesticide Evaluation Review and Safe Use Action Plan (PERSUAP) to USAID for approval. As soon as USAID officially approves it, LIVCD will initiate planned plant protection activities and trainings. There will also be technical training for the team and the field officers on the major aspects and usage of this guideline.

2.0 PERFORMANCE INDICATOR RESULTS

The table below provides a progress overview of the major indicators for the project. Click on the icon to open the full document.

No.	Indicator Title (with Disaggregation)	Disaggregation	Target Unit	Reporting Frequency	Baseline	Target Y2	Q1	Actual Y1	Target Y2	Q1	Q2	Q3	Q4	Actual Y2	Target Y3	Target Y4	Target Y5	Targets	LOP Achieved
USAID/Lebanon Development Objective 2: Enhance Economic opportunity for the poorest segments of Lebanese society, particularly in areas outside Beirut																			
CDCS Goal: Insert when approved																			
LIVCD Objective: Develop fully functioning, competitive value chains to increase incomes of the rural population including MSMEs																			
1	DO 2	Number of MSMEs, including farmers, and other organizations receiving business development services from USG assisted sources (custom) based on PFF 4.5.2-37 (S)	MSMEs, including Farmers/producers	Quarterly	0	35	648	648	2,550	533	486			1,019	4,463	4,463	1,275	12,750	1,667
		MSME Size	Micro (1-5)		0	640	640	383	525	420				954	669	669	191.25	1,912.50	
		MSME Size	Small (6-50)		0	N/A	7	7	1,913	8	55			63	3,347	3,347	956	9,563	
		MSME Size	Medium (51-100)		0	N/A	1	1	255	0	7			5	446	446	128	1,275	
2	DO 2	Value of exports of targeted agricultural/commodities as a result of USG assistance PFF 4.5.2-38	Value and Volume	Annually	TBD	N/A	N/A	N/A	10%	N/A	N/A				11%	12%	13%	46%	
3	DO 2	Value of incremental sales (collected at farm-level for small holders and firm-level for MSMEs) attributed to PFF implementation	Value and Volume	Annually	TBD	N/A	N/A	N/A	10%	N/A	N/A				11%	12%	13%	46%	
4	DO 2	Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment) "F" (GNDR-2 (S))	Women proportion	Quarterly	0	10%	39%	39%	10%	27%	28%				10%	10%	10%	10%	
		Value Chain			0	N/A	254	254		145	158								
		Geographic location			0	N/A	254	254		145	158								
		Age Group			0	N/A	N/A	N/A											
5	DO 2	Number of jobs impacted by LIVCD implementation (custom) based of PFF 4.5.2 (S)	Jobs - FTEs	Quarterly	0	N/A	N/A	N/A	500	35	5				875	875	250	2,500	
		Geographic location			0	N/A	N/A	N/A											
		North - Rural			0	N/A	N/A	N/A	100	25					175	175	50	500	
		South - Rural			0	N/A	N/A	N/A	100	0					175	175	50	500	
		Beqaa - Rural			0	N/A	N/A	N/A	100	0	0				175	175	50	500	
		MT Lebanon - Rural			0	N/A	N/A	N/A	100	3					175	175	50	500	
		Nabatieh - Rural			0	N/A	N/A	N/A	100	0					175	175	50	500	
		Beirut - Urban			0	N/A	N/A	N/A	0	0					0	0	0	0	
CDCS IR 2.2: Enhanced competitiveness that expand Micro, Small, and medium-sized enterprises																			
LIVCD Sub-IR 1: Increased access to markets in target value chains																			
6		Number of export markets, or distribution channels for selected products accessed as a result of USG assistance LIVCD Custom Indicator	new export markets new distribution channels	Annually	0	N/A	N/A	N/A	13	11	N/A			11	22	22	6	63	
LIVCD Sub-IR 2: Increased business linkages in target value chains																			
7		Number of MSMEs, including farmers, benefiting from <u>new</u> horizontal & vertical linkages LIVCD Custom Indicator	MSMEs, including Farmers/producers	Quarterly	0	N/A	N/A	N/A	390	54	73			127	683	683	195	1,950	
		MSME Size	Micro (1-5)		0	N/A	N/A	N/A	59	45	72				102	102	29	293	
		MSME Size	Small (6-50)		0	N/A	N/A	N/A	293	9	1				512	512	148	1,463	
		MSME Size	Medium (51-100)		0	N/A	N/A	N/A	39						68	68	20	195	

No.	Reference	Indicator Title (with Disaggregation)	Disaggregation	Target Unit	Reporting Frequency	Baseline	Target Y1	Q4	Actual Y1	Target Y2	Q1	Q2	Q3	Q4	Actual Y2	Target Y3	Target Y4	Target Y5	Proposed LOP Targets	LOP Achieved
LIVCD Sub-IR 3: Increased productivity in target value chains																				
8	DO2 R.2.2	Gross margin per hectare, animal or cage of selected product PF 4.5.16,17,18		US Dollar / hectare	Annually	TBD	N/A	N/A	N/A	10%	N/A	N/A				11%	12%	13%	46%	
9	DO2 R.2.2	Number of farmers and others who have applied improved technologies or management practices as a result of USG assistance PF 4.5.2.5		Farmers		0	N/A	N/A	N/A	1,650	232	6			238	2,888	2,888	825	8,250	
		Duration	New				N/A	N/A	N/A	680	232	6				1,155	1,155	330	3,300	
		Duration	Continuing				N/A	N/A	N/A	990	0	0				1,733	1,733	495	4,950	
10	DO2 R.2.2	Number of private enterprises, producers organizations, water users associations, women's groups, trade and business associations and community-based organizations (CBOs) that applied improved technologies or management practices as a result of USG assistance PF 4.5.2.4b		Private enterprises Producers organizations women's groups trade & business assoc. and CBOs		0	25	2	2	80	10	0			10	140	140	40	400	
		Type of organization								80						140	140	40	400	
		Private enterprises				0	1	1	16	1						28	28	8	80	
		Producers organization				0	1	1	16	8						28	28	8	80	
		Water users assoc.				0	0	0	0	0						0	0	0	0	
		Women's groups				0	0	0	12	0						21	21	6	60	
		Trade & Business assoc.				0	0	0	14	1						28	28	8	80	
		CBOs				0	0	0	20	0						35	35	10	100	
11	DO2 R.2.2	Number of individuals who have received USG-supported short term agricultural sector productivity or food security training PF 4.5.2.7		Individuals	Quarterly	0	N/A	317	317	2,370	212	480			692	4,148	4,148	1,185	11,850	925 (Cumulative LOP)
		Type of individual																		
		Producers				0	N/A	317	317	1,659	208	299				2,903	2,903	830	8,295.21	
		People in government				0	N/A	0	0	0	0	11				-	-	-	-	
		People in private sector firms				0	N/A	0	0	284	4	85				498	498	142	1,422	
		People in civil society				0	N/A	0	0	427	0	85				747	747	213	2,133	
USAID/LEB - CDCS IR 2.3: Increased access to finance for micro-, small-, and medium-sized enterprises																				
LIVCD Sub-IR 4: Constraints to lending and investment reduced in target value chain																				
12	DO2 R.2.3	Number of public-private partnerships formed as a result of P4F assistance PF 4.5.2-12 (5)		Public-private partnerships	Quarterly	0	10	7	7	100	10	30			45	175	175	50	500	
		Partnership Focus (Primary focus)				0	7	7	7	100	10	30				175	175	50	540	
		Agricultural production				0	4	4	4	70	0	20				120	120	30	30	
		Agricultural post-harvest transformation				0	1	1	1	10	0					18	18	5	5	
		Nutrition				0	0	0	0	0	0					0	0	0	0	
		Other				0	2	2	2	15	1	1				28	28	8	8	
		Multi-focus				0	0	0	0	5	0					0	0	0	0	
13	DO2 R.2.3	Value of new private sector investment in the agriculture sector or food chain leveraged by P4F implementation PF 4.5.2-28		Value of new private sector investment	Quarterly	0				USD 900,000	\$ 190,748.00	\$ 506,012.00				USD 1,575,000	USD 1,575,000	USD 450,000	USD 4,500,000	
14	DO2 R.2.3	Number of MSMEs, including farmers, assisted by USG to apply for value chain finance		MSMEs, including farmers	Quarterly	0	N/A	N/A	N/A	150	10	122			132	263	263	75	750	
		MSME Size	Micro (1-5)			0	N/A	N/A	N/A	23		109				39	39	11	111	
		MSME Size	Small (6-50)			0	N/A	N/A	N/A	113	10	13				197	197	56	563	
		MSME Size	Medium (51-100)			0	N/A	N/A	N/A	15						26	26	8	75	

4.0 STAFF AND ORGANIZATION

New Staff Members: Two new staff members joined the LIVCD team this quarter.