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FROM THE AMERICAN PEOPLE



*Proposed Strategy Presented by the
Volunteers for Economic Growth Alliance
(VEGA/LAGO) to USAID/Lebanon*

STRATEGIC OBJECTIVE:

**STRENGTHENING DEMOCRACY
THROUGH ECONOMIC OPPORTUNITY**

PART 2: CONSULTANT FINAL REPORTS

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Annex A: Tourism Industry Consultant Report

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I. INTRODUCTION

Sustainable tourism development meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. It is envisaged as leading to management of all resources in such a way that economic, social, and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems.

(World Tourism Organization)

Tourism has the unique ability to have a both a positive and negative impact on a particular destination. Sustainable tourism development works as a tool to maximize the positive impacts of tourism by adopting sustainable practices that minimize possible harm to the destination. Sustainable tourism in Lebanon can strengthen democracy and governance through economic freedom and opportunities. Proper sustainable tourism development and planning can:

- Bring the economic benefits into all regions of a destination, including rural communities
 - Represent the driving force in generating local jobs and incomes
 - Empower local citizens—including youth and women—to be entrepreneurs in their communities
 - Encourage the creation of sustainable tourism businesses by individuals in the community
 - Create viable economies in rural communities from tourism activities and initiatives
- Improve living standards for the entire community
 - Introduce environmentally and culturally sensitive infrastructure and services that benefit visiting tourists as well as the communities themselves
 - Generate revenue from tourism-related taxes
- Sustainable tourism is a catalyst that can encourage the development of other sectors
 - Economic: including agriculture, manufacturing, and handicraft production
 - Support services: including ICT and other communication companies, as well as legal services, marketing, and others
 - Infrastructure: Wastewater, solid waste management, and transportation systems
- Encourage open communication and transparent partnerships among communities, individuals, businesses, organizations, and governments
 - Create open, inviting, and secure communities that will support an environment less likely to breed extremist solutions to problems
 - Establish cooperative partnerships and organizations among stakeholders, the private sector and public sector, and the civil society on all levels; local, regional, national, and international
 - Encourage different parties to cooperate in order to work toward a unifying goal: economic growth through tourism
- Provide the rationale for the importance of conservation for an area's resources as well as generate income to help pay for their preservation. This includes natural resources,

archaeological and historical resources, and cultural traditions such as arts, music, and crafts.

II. PROPOSED PILLARS OF A TOURISM STRATEGY

The proposed Strategic Objective for tourism in Lebanon is “Using Sustainable Tourism Development to Strengthen Democracy through Economic Freedom.” This strategy encompasses three pillars, described in detail below.

PILLAR 1: USING SUSTAINABLE TOURISM TO REINFORCE THE MIDDLE CLASS FOUNDATIONS OF DEMOCRACY

Tourism development that is managed in a sustainable manner can generate employment for the entire community—including youth, women, and ethnic minority groups—thereby building a stronger, more cohesive populace that will work together to protect and revitalize their communities.

- The breadth of the tourism value chain creates an environment where employment is not only generated in tourism enterprises such as hotels and restaurants, but one in which the benefits spread to supply sectors as well, including fisheries, farmers, handicrafts, and other products needed for tourism to thrive.
- Revival of local businesses will help reduce the migration of the youth in search for employment opportunities to larger urban areas and will encourage them to stay and start businesses that will benefit their own communities.
- Sustainable tourism can help revive rural areas by generating employment and facilitating the growth of local and regional businesses associations.

PILLAR 2: USING SUSTAINABLE TOURISM TO STRENGTHEN DEMOCRATIC INSTITUTIONS

The development of a sustainable tourism plan requires awareness, training and cooperation throughout the public and private sectors as the national, regional, and local levels.

- Tourism provides a mechanism to create nonpartisan organizations that specifically focus on tourism related projects and issues. It requires bringing different stakeholders together to discuss plans and policies for tourism development
- Tourism is not as politicized as other areas, thus is more able to foster cooperation, trust, and understanding in a society that may be divided into confessional or other partisan groupings.
- Sustainable tourism also calls for the involvement of the entire community and seeks cooperation throughout the entire tourism value chain. The Town hall meetings and awareness workshops promoted by sustainable tourism will help empower individuals in the community, especially the youth and women, to have a direct say in the plans being created for their communities.
- For tourism to be sustainable, transparency is needed. Tourism is therefore a catalyst to encourage more transparency between municipal leaders, the private sector, and the national public sector. The potential for the economic growth through tourism is the motivating force for them to cooperate and promote transparency.
- Active membership in international tourism organizations will assist the tourism industry’s creditability within the international community as well as bringing the industry the benefits of cooperating with such organizations.

- Closer work with the World Tourism Organization, partnerships with international universities, seeking international certification for sustainable tourism, as well as involvement from the Diaspora will all assist Lebanon's plight at becoming open and democratic.

PILLAR 3: USING SUSTAINABLE TOURISM TO EMPOWER CITIZENS

Lebanon is rich in historical, cultural, and spiritual resources. However, one cannot ignore Lebanon's turbulent recent past and current political and economic challenges. Tourism represents an opportunity to work at finding innovative solutions to create a vibrant, free, and democratic society that will support and promote economic growth. Bringing a wide range of international tourists to Lebanon will help to achieve:

- Openness of people to each other, interaction between people of different cultures, and understanding and appreciation of each other's differences and similarities
- Communities will tend to be more hospitable and open with foreign tourists and less closed and fixed with their attitudes and ideas if economic benefits generated from tourism benefit all levels of the community
- As sustainable tourism encourages and values the preservation of cultural traditions, it instills pride in a community's heritage, which curbs potential resentment between hosts and tourists
- A climate of openness and understanding in communities, the creation of linkages and friendships between people visiting from other countries, and the creation of job opportunities fosters an environment that alleviates pressures for joining extremist or terrorist groups.

III. ANALYSIS OF TOURISM IN LEBANON

Currently Lebanon's tourism is heavily concentrated in Beirut, coastal cities, and mountain resorts. However, there is tremendous potential in the rural areas of Lebanon for developing sustainable tourism. The public and private tourism sector has begun to develop tourism in the rural areas; building on the existing tourism potential in a sustainable manner will help strengthen rural communities and to create a viable tourism infrastructure that will not threaten the cultural integrity or natural environment of the areas while providing increased economic opportunities.

There are a number of external and internal constraints facing Lebanon's tourism industry. External factors range from security concerns in the region to stiff competition from nearby countries. Internal issues range from poor solid waste and wastewater management to little cooperation between the public and private sectors. For tourism to thrive in Lebanon, three primary activities should take place:

1. The creation of sustainable tourism infrastructure
2. Development of the tourism product in Lebanon
3. The marketing and promotion of the tourism product internally and externally

Through the series of interviews research, rapid assessments, and site visits conducted in Lebanon over a one month period, the following broad issues were identified:

1. Very minimal funding and planning has been allocated for the promotion of Lebanon as a destination and the promotion of the tourism infrastructure that already exists.
2. Lebanon currently has enough tourism infrastructure; the focus now should be on promoting the destination to fill the hotels, B&Bs, etc. that already exist.
3. In the rural areas, the tourism industry can be strengthened by using innovative ideas to create infrastructure that has a low impact on the environment.
4. The tourism product development that has been created already should be supported and promoted.
5. There is much work to do on conserving the environment that can be a draw to tourists, however, while that is being undertaken, the industry should work with what it has.
6. In addition to environmental conservation, solid waste and wastewater management and urban planning are issues that need to be addressed, as they not only affect the tourism sector, but the country as a whole.

The assumption in this report is that the macro-level issues—including environmental concerns, solid waste and wastewater management, urban planning, and security—will be pursued through the appropriate public and private organizations and programs. The following recommendations are directed at the tourism sector and do not specifically address those macro issues. However, the adoption of sustainable tourism practices will help place tourism as a driving force for the adoption of policies to address the above-mentioned issues.

Below is a SWOT analysis table that details the strengths, weaknesses, opportunities, and threats facing the tourism sector in Lebanon. The next sections of this report will provide a breakdown of these constraints and suggestions on how they might be alleviated by a series of small tourism projects that build on activities that are currently being implemented.

Strengths	Opportunity
<ol style="list-style-type: none"> 1. A good amount of tourism infrastructure in place 2. Historically a tourism gem 3. Strong awareness of ideology of sustainable tourism 4. Strong private sector 5. Many natural, cultural, and spiritual sites and activities 6. Good amount of resource mapping and product development done, tourism content high and laying out of tourism areas good 7. Moderately liberal society, and much hospitality toward guests 8. Diverse natural resource in comparison to other destinations in the region 	<ol style="list-style-type: none"> 1. Potential to become the model destination in the Middle East region that uses sustainable tourism for economic growth and enhancement of democracy and governance 2. Tourism can help bridge mistrust between the different communities and bring them together to work on a topic that is only moderately politicized 3. Offer event management consulting to help bring venues up to industry standards 4. Build real foundation for area's tourism development and economic situation 5. Build on projects already started to strengthen tourism industry

Weaknesses	Threats
<ol style="list-style-type: none"> 1. Country is seen as a potentially risky destination 2. Poor marketing and promotions strategy 3. No certification, regulation, or official guidelines for sustainable tourism practices 4. Weak relationship between public and private sector Little support, communication, collaboration or trust between the sectors 5. Overdeveloped coastlines could cause environmental concerns in the future 6. Weak non-tourism infrastructure and services that impact tourism (i.e. transportation, waste management, IT, water management, etc.) 7. Lack of funding dedicated to tourism development 8. No National Tourism Strategy 9. Weak market analysis and demand market research 10. No strong umbrella organization bringing private, public, and civil sectors together to discuss tourism 11. Laws governing tourism outdated 	<ol style="list-style-type: none"> 1. Regional and internal instability could further increase security concerns 2. Mass tourism could easily be adopted in search of quick money, thereby sacrificing the environment and the culture and potentially leading to tension between hosts and tourists 3. Bias or unbalanced funding and assistance between the different confessional and geographical communities could add to tension and further alienate communities from each other 4. Too much support from western aid agencies could create tension with Lebanon's neighbors, or internally within Lebanon

IV. TOURISM SECTOR PRIMARY CONSTRAINTS

LACK OF A NATIONAL TOURISM STRATEGY

A national tourism strategy needs to be developed for Lebanon. Encouraging all tourism stakeholders to work together to create the country's strategy, and including the public and private sectors, tourism institutions and organizations, academics, and civil society will encourage the creation of a tourism strategy that is vibrant, viable, and that benefits all stakeholders involved in the tourism value chain.

LACK OF MARKETING AND PROMOTION FOR TOURISM PRODUCTS

Little to no funding has been allocated for the actual marketing and promotion of the country as a tourism destination or for the clusters of tourism products that have been created. A national marketing and promotions campaign should be developed jointly by all tourism stakeholders.

WEAK NICHE MARKET UNDERSTANDING AND INFORMATION

Not enough research or statistics are available that identify specific target niche markets within the broad ranged traditional markets identified. Little research has been done to look at potentially new niche markets for Lebanon's tourism products.

NO CERTIFICATIONS AND GUIDELINES FOR SUSTAINABLE TOURISM

No official national or international certification is being used by interpretive tourism professionals (tour guides) or accommodations providers. Several local guides claim to be "eco" guides; however, there are no national or international standards or certifications to support that claim. There is also no certification that identifies accommodations that have adopted environmentally and socially friendly practices.

EDUCATIONAL INSTITUTIONS AND INTERNATIONAL AND NATIONAL PARTNERSHIPS ARE NOT FULLY UTILIZED

There are a number of tourism educational institutions that could prove to be invaluable in shaping a sustainable tourism strategy for the country. Forming partnerships with each other and with international universities, as well as working closely with the World Tourism Organization's educational branch, could greatly enhance educational institutions' role in working towards a successful tourism strategy for Lebanon.

WEAK RELATIONSHIP BETWEEN PUBLIC AND PRIVATE SECTORS IN TOURISM

There is little collaboration, cooperation, or trust between the private and public sector tourism actors. Further there is some but not enough cooperation within each sector. Some outreach and awareness to civil society has been made. The strengthening and development of the institutional tourism potential will create a more cohesive and successful tourism plan and will give voice to the lobby to review and update laws that affect the forward movement of the industry.

V. GENERAL STRATEGY APPROACH TO ADDRESS CONSTRAINTS

Tourism relies heavily on marketing and product development, therefore a vibrant tourism industry needs a strong and innovative marketing campaign to raise awareness and to drive tourists to newly revived rural areas in Lebanon. Because of the wealth of tourism attractions, Lebanon has many projects and programs already in place which are currently in motion. Building on already-created projects, as well as developing other innovative projects in areas that have yet to benefit from tourism—such as many of the country's rural areas—will provide Lebanon with a pioneering, competitive and inventive tourism industry. General strategy approaches include:

- Continue to build and tailor current tourism projects
- Support awareness of sustainable tourism and use it as a development tool
- Concentrate on marketing and promotion of existing and pilot tourism projects
- Take advantage the many studies already done on tourism in Lebanon
- Support small sustainable businesses

Specific recommendations, which will be discussed in the next section, include:

- Support efforts to create a National Tourism Strategy
- Support a national marketing and promotions campaign, especially focused on rural areas
- Undertake an assessment of Lebanon's niche markets
- Cluster Destinations within thematic circuits
- Establish training and certification programs, and support non-partisan tourism-specific associations or organizations that provide training, accreditation, and lobbying
- Strengthen educational institutions and partnerships
- Apply SAVE principles: Scientific, Academic, Volunteer, and Education

VI. SPECIFIC STRATEGY RECOMMENDATIONS TO ADDRESS CONSTRAINTS

1. SUPPORT THE CREATION OF A NATIONAL TOURISM STRATEGY

Lebanon is in need of a National Tourism Strategy that is current, innovative, creative, and implementable to help position it as a successful regional and international competitor in the

tourism industry. The strategy, to be successful, should be developed by the public, private, and academic sectors with input from civil society. The strategy should provide a long-term vision and mission for the development of Lebanon's tourism industry. It should be developed by all stakeholders and also adopted by the government. The involvement of the academic community is the key to creating a strategy that embodies the principals of sustainable tourism and is developed so as to benefit all stakeholders involved, not solely the interests of financially and politically influential stakeholders. The strengthening of current tourism associations such as the various syndicates in Lebanon will help facilitate cooperation and lobbying activities in regard to tourism-related laws and regulations.

One of the primary problems affecting the Lebanese tourism industry is a lack of communication within and between the private and public sectors. Most tourism initiatives and almost all marketing initiatives in recent years have been funded by the private sector. However, in order to help stakeholders to become more organized in solving problems to enhance the tourism sector, an environment needs to be created in which the stakeholders have a strong lobbying power. This report proposes to restructure a current tourism association or to create a new tourism association that will bring all stakeholders together. The concept is designed to create an environment where personal financial gain does not threaten community aspirations for the viable development of tourism aimed at benefiting all levels of the community.

As the private sector has been the driving force in efforts to date and have the strongest lobbying power they should hold a significant decision making role. Additionally, a number of representatives from the public sector should be involved to ensure that plans fit within the national and municipal laws and regulations. These representatives would also be the voice to the government and ministries regarding many laws and regulations that affect tourism and that are outdated or unproductive. For this effort, scholars could work in a consulting capacity to explain the importance of sustainable tourism to providing benefits to a destination's communities and environment while maintaining cultural integrity. Scholars also understand the dangers that mass tourism can pose and the tension that it can create between host and tourist, and are able to represent alternative viewpoints to those of the government and private sector entities.

2. SUPPORT A NATIONAL MARKETING AND PROMOTIONS CAMPAIGN

Lebanon has great potential to offer diverse experiences and attractions that are appealing to a broad spectrum of tourists. As Lebanon tries to move past views of civil war and instability and reclaim its position as the tourism gem of the Middle East, an innovative national marketing campaign will be needed to redirect the focus from its turbulent past to its rich cultural tapestry and its stunning natural beauty.

The key to creating an effective marketing and promotions campaign is to have the full support of the public sector including the Ministries of Tourism, Culture, and Environment. An effective campaign that is cost-effective and successful will need the collaboration of the private sector and the integration of their ideas, the private sector is currently the driving force behind the industry today.

Hire a Tourism Marketing Firm

To effectively implement the ideas and recommendations of Lebanon's tourism stakeholders an outside contracted marketing firm should be hired to perform the activities to promote and market the destination. The first advantage to hiring an outside firm is that its interests will not be biased toward one stakeholder or another; its job will be to integrate ideas and recommendations and then to execute a successful marketing and promotions campaign. The other advantage to hiring a marketing firm that specializes in tourism is that it will have a keen understanding of its audience, acknowledging that the tourism product is uniquely different than those of other industries.

Adopt an Innovative and Multifaceted Marketing and Promotions Plan

A non-traditional, multifaceted approach to marketing and promotions will help Lebanon to:

- Increase the number of international tourists
- Encourage the Lebanese diaspora to return, invest, and discover Lebanon
- Increase internal tourism by encouraging Lebanese to discover other parts of the country, especially the rural villages.
- Bring more awareness to tourism potential in rural villages
- Help shift Lebanon's image of war, conflict, and insecurity to one focused on the beauty of its natural splendors, its rich cultural traditions, and the hospitality of its people.

Sustainable tourism can not only be used as a development tool, but as a marketing tool as well. As Lebanon tries to move past views of civil war and instability it can use the positive connotations that come with sustainable tourism in its marketing campaigns to shift focus from the past to the rich fabric of the country's cultural and natural resources. For example, Nicaragua, a Central American country looking to move past its brutal civil war, has espoused sustainable tourism as not only a mechanism to provide economic viability and stability for its people but as an integral part of its marketing outreach vision. Following the example of its neighbor Costa Rica, who made itself known as the premier ecotourism destination, Nicaragua is now marketing itself as the next ecotourism and sustainable tourism destination. This approach shifts people's views of Nicaragua's tempestuous past to the spectacular nature and biodiversity of the country.

A marketing strategy could also be focused on "cluster themes" that attract people interested in particular types of tourism. Lebanon's unique topography, history, and culture give it a diverse spread of specialty travel such as skiing and snowboarding, spelunking, and spiritual tours. Each of these niche specialties can be directly marketed to comparative niche groups. The Discover Lebanon program that has been created is a promising start for this concept. The specialty tour operators in the program focus on off the beaten path adventures. Adding other tourism stakeholders to the program and then marketing the group as one brand will draw attention to the types of travel they are trying to promote.

An example of cluster themes can be found in Jamaica, where a group of tourism stakeholders, including restaurants, tour operators, attractions, and hotels promoted an offer of a unique experience, as opposed to the "all-inclusive" pre-packaged options for which Jamaica is almost exclusively known. This group began marketing itself as "Unique Jamaica," and it showcased the real authentic experiences one could have by staying with or visiting the stakeholders in this group. The focus became on the experience, the taste, the feel, and the music of Jamaica. This

same technique could be used for “Discover Lebanon,” promoting catchy slogans highlighting the authentic and unique experiences these stakeholders offer, including adventure sports, natural treks, cultural heritage tours, and Lebanese cuisine. Other such clusters could be marketed in the same manner by directing the focus toward what is unique to each cluster.

Use Innovative Multimedia Technology

The use of digital multimedia in the marketing and promotion is the latest trend in tourism marketing campaigns. Multimedia relies on visual imagery to showcase a destination and the experiences it offers visitors. For close to the same cost as a full print color destination guide, tourism board and organizations are using flash animation, photography, virtual tours, digital video, and interactive DVDs. Multimedia has a wealth of advantages, first among which is that a potential tourists is actually able to see what they will experience in a destination.

Visual imagery is best form of promoting a destination; reading content about a destination requires a potential visitor to paint his own picture by interpreting someone else’s descriptive words. Multimedia is direct visual stimulation as potential visitors are viewing a sample of what they will see and experience. The use of multimedia is also more environmentally friendly as it depends tremendously less on the amount of paper than is used for print collateral. Pictures and video are also the best methods to change preconceived notions of insecurity and violence as a potential visitor is able to see the destination as it currently looks, as opposed to how it might have looked during a period of conflict.

3. UNDERTAKE ASSESSMENT OF LEBANON’S NICHE MARKETS

The differentiation and specific targeting of tourists based on their specific demographic and characteristics—developing a specific tourist profile—is an effective and cost effective way to directly reach out to the potential visitors for Lebanon. Niche marketing is increasingly utilized by tourism destinations to identify potential target groups and create customized tourism experiences specifically for a particular market. The profile of each group is based on the interests and needs of each niche market and can be used to target tourists, promote existing attractions, and identify and develop new attractions.

Research markets to identify more specific and new niche markets

Lebanese tour operators, guides, hotels, and the Ministry of Tourism have identified that Lebanon’s largest tourism market comes from the Middle East. Currently, Lebanon’s second largest market is the European one; however, before the war this market was much larger than the Arab market. For the year 2005 the Ministry of Tourism identified that the largest number of foreign arrivals were visitors from Saudi Arabia, who numbered 58,122 in total number of nights and averaged 2.30 nights per person. In the list of the top ten countries for visitors, two are European countries—France and England—and the rest are Middle Eastern countries.

Although there are statistics in numbers of arrivals and overnight stays, those statistics differ depending on the source. There is also a lack of knowledge of what the specific characteristics of the visitors from these markets are. Many tourism stakeholders can say that Arab tourists are most likely looking to come to stay at luxury hotels and come for entertainment, yet no quantitative surveys have been done to verify this. Further, this generalization is carried for all “Arab” visitors, and the market’s psychographic preferences aren’t well-delineated. Additionally,

more research should be undertaken regarding the increased tourism potential of the Lebanese Diaspora.

Surveys could be administered through a partnership with Middle East airlines and other carriers landing in Lebanon, as well as through accommodations varying from bed and breakfasts to four and five star hotels. The surveys would not only gather demographic information (country of origin, age, and average income) but psychographics (interest and preference in different activities, preference on types of accommodations, experiences most sought after). Such surveys would give a better view of the more specific niche markets that could exist, and will aid the industry in being more cost effective and precise in its marketing. Additionally, research on non-traditional markets (for example, Russia and Eastern European countries) could highlight a new market that is interested in the tourism activities that Lebanon offers. Partnerships with the tourism departments of Lebanese universities would create a cost-effective way to conduct the research, as Masters students could create and administer the research as part of a practicum or internship.

Undertake Pilot Marketing Campaigns in Niche Markets

Another method of researching potential niche markets is to do a few pilot marketing campaigns in suspected key niches that may not have been aggressively targeted so as to gauge response. For example, working on the assumption that there could be a key niche market in Egypt for youth interested in winter sports that would stay in youth hostels or similar accommodations, a pilot two-week or four-week marketing campaign could be undertaken to gauge interest. The pilot campaign could consist of key commercial spots on TV, radio, and advertisements in youth oriented magazines and feature winter sports. The number of inquiries generated would help to identify if this niche market should be more aggressively marketed. Similar pilot campaigns could be done in other potential niche markets, the number of interested travelers' inquiries generated from the campaign will help define which niche markets might be worthy investments.

4. CLUSTER DESTINATIONS WITHIN THEMATIC CIRCUITS

Lebanon's small size can actually be a hindrance to meaningful tourism development. Visitors are able to easily see most of Lebanon's main attractions with day trips from Beirut or the coastlines, leaving little in terms of economic impact in the rural, non-coastal (or non-ski resort) communities. The challenge is to successfully promote tourism in rural areas so as to generate meaningful economic growth in those communities. Strengthening clusters of villages and regions and then linking them through thematic circuits can help drive tourism into rural areas.

Lebanon theoretically functions on a "hub and spoke" approach to tourism. Due to Lebanon's small size, visitors primarily stay in the main "hub" of Beirut with day trips to other regions or "spokes." The goal should be to strengthen regional rural hub villages and their respective regional spokes so as to prompt tourists to want to stay overnight in a regional hub while enjoying regional activities and other villages around that area. The next step would be to market the hub villages and the spoke attractions and villages as a cluster. The third task would be to encourage the linkage of these clusters within broader thematic circuits and then brand and market the circuits. Essentially by branding and marketing the clusters and then branding and marketing the circuits; each cluster will receive maximum promotion and exposure in different marketing mediums. Activities to strengthen rural hub and spoke villages would include:

- Supporting tourism infrastructure and tourism services in the hub rural villages. The hub village of a region should be one in which there is at least a modicum of tourism infrastructure, or which has the most potential in the area for tourism infrastructure, including accommodations and restaurants. These hubs should prompt tourists to stay overnight in the rural areas and then go out to explore other activities and nearby villages during the day.
- Supporting tourism services, activities, and sites and in spoke villages and sites.
- Encourage overnight stays by highlighting the service providers and the activities as part of the unique experience of the region. For example, a hotel with particular character traditional to the region could be specifically highlighted, or a restaurant serving food indigenous to the region could be marketed specifically.
- Creating themes of activities or during non-traditional times that encourage overnight stays, such as historical sightseeing at sunset or trekking through the Cedars at sunrise.
- The use of music and cultural events and festivals in the evening—such as a traditional music festival at the Souk el Khan in the south—would also encourage tourists to stay overnight in the smaller villages away from the traditional tourists areas.
- Focusing on family themes with activities geared towards children will also increase the desire to stay overnight and take the time with the family to explore diverse activities. Family-friendly activities and events are especially effective at drawing internal Lebanese tourists away from Beirut and to toward the rural regions to relax with the family. These activities could also draw the Lebanese diaspora with their families, many of whom may have been born outside of the country, to discover their heritage and roots.

To encourage the exploration of different regions in hopes to spread the advantages of economic growth from tourism to as many rural areas as possible, activities should be promoted that connect the different clusters within larger thematic circuits. This will add a second dimension to the promotion and marketing of these areas. First the cluster regions would be branded as a cluster, and then they would then be promoted and clustered throughout a thematic circuit.

5. ESTABLISH TRAINING AND CERTIFICATION

Currently, there are limited professional tourism training opportunities for businesses and entrepreneurs working in the tourism sector (tour operators, tour guides, hotel and restaurant managers, etc.) There are a number of local guides who are being considered to be “eco” guides; however, there are no formal training or certification systems for these guides. The absence of this official certification decreases the legitimacy of these operations in the eyes of tourists and within the international tourism community. The adoption of certification and training will position Lebanon’s guides as professionals in sustainable tourism and “eco” experiences. The adoption of certification and training would:

- Provide professionals already working in the field of tourism the opportunity to enhance their knowledge about the tourism industry, current trends, and improve their service skills. This would be provided through professional training programs and through already established academic programs.
- World-class professional training opportunities will give entrepreneurs and businesses in the tourism sector the ability to build capacity and identify opportunities for enhancement and diversification of Lebanon’s tourism product and services.

- Official training and certification for guides and interpretive professionals will develop their skills and knowledge, hence enhancing the tourists experience in the area. Official training and certification will also legitimize Lebanon's "eco" guides in the international tourism community.
- The use of internationally-acknowledged certification and training programs will help bring Lebanon back to the world-class destination it once was.

Official Training and Certification for Interpretation Professionals and Accommodations

An important step towards the enhancement of the tourist experience of visitors is to train guides through an internationally recognized tour guide training and certification program. One such program is Green Globe Certification. GREEN GLOBE 21 is the worldwide benchmarking and certification program that facilitates sustainable travel and tourism for consumers, companies and communities. It is based on Agenda 21 and on the principles for sustainable development endorsed by 182 governments at the United Nations Rio de Janeiro Earth Summit in 1992.

Another possibility for training is found in the Tourism Destination Management Certificate Program offered through The George Washington University International Institute of Tourism Studies (IITS) is an excellent opportunity for the development of tourism professionals. The program offers general courses focusing on tourism assessment & development, tourism marketing, cultural heritage tourism, community tourism, ecotourism, tourism guide techniques, etc.

Another possible program is the RARE Nature Guide Training Program. This program provides comprehensive training to new guides and those with existing experience. Lebanese local businesses or individuals could contact RARE and secure training for potential guides in the region. The program would bring bilingual/trilingual students from international universities into the country through partnerships with universities. The program's field experience curriculum appeals to a wide range of students from diverse backgrounds. The program would enhance the skills of the student and guide and bring long term educational tourists to Lebanon, while improving the overall tourism product.

Support National Certification and Guidelines Created by the Public and Private Sector

The creation of a certification system for accommodations and tourism companies that would rate them on their sustainability initiatives and programs would also support the tourism industry in Lebanon. The scale certification system could be indicated by "Cedars," for example—one cedar for an accommodation that is beginning to implement sustainable practices up to five cedars for accommodations that meet all the sustainable indicators required.

In Costa Rica, for example, the Certification of Sustainable Tourism (CST) was developed by the sustainability programs of the Costa Rica Tourism Board and Costa Rica National Accreditation Commission. The CST program seeks to categorize and certify tourism companies and accommodations on levels of sustainability. Tourism companies and accommodations are rated on a scale of 0-5 for their sustainability efforts indicated by "leaves." This has been an effective method of qualifying businesses based on their sustainability practices.

6. STRENGTHEN EDUCATIONAL INSTITUTIONS AND PARTNERSHIPS

Lebanon has a variety of educational institutions, including multiple universities, museums, and cultural institutions. Six universities in Beirut have departments in tourism and hospitality. These institutions can play an important role in education and building broad scale awareness on the importance of the natural and cultural resources in the country and on opportunities of sustainable tourism development. Currently, there is no cooperation or formal partnership mechanism among educational institutions, and they do not contribute to policies on tourism development for the country.

Educational institutions can contribute to the enhancement of sustainable management of the natural and cultural resources in Lebanon and the surrounding areas. They can also increase capacity by providing education and awareness on sustainable development and the proper management of cultural and natural resources. Finally, educational institutions can be leaders in research and volunteer activities related to preservation and sustainable development. Recommended actions related to educational institutions include the following:

- Encourage university departments to create scholarly partnerships in order to work and consult on sustainable tourism principals and indicators.
- Encourage the integral involvement of university scholars in the creation of Lebanon's National Tourism Strategy.
- Encourage the use of Masters students to perform market analysis research as part of their practicum experience; these students could undertake market research to better understand Lebanon's niche markets, conduct research to identify new potential market segments, and create and administer surveys to further understand the markets.
- Lebanese universities could partner with international institutions, such as The George Washington University's Department of Tourism and Hospitality to conduct pilot tourism development projects. Such partnerships and projects could be funded through donor money and through public-private partnerships.
- Create a tourism-specific internship position at USAID/Lebanon that would be dedicated to reading all the reports and studies administered and funded by the multitude of donors and organizations in detail and compiling activities and recommendations pulled from all the studies. This intern could also be the liaison between the different organizations and donors working on tourism projects so as to ensure that funding is dispersed to implementable, innovative activities.

7. APPLY SAVE PRINCIPLES: SCIENTIFIC, ACADEMIC, VOLUNTEER, AND EDUCATION

An emerging trend in tourism is "voluntourism," which utilizes tourists who seek to incorporate volunteer work into their travel experience. The goal of voluntourism programs is to allow people to participate in an experience that reaches across social, economic and political borders to help people, while also having an enjoyable experience in a new place. Such tourists are interested in directly interacting in local communities in much more remote areas of a destination, and they offer assistance and expertise on a community volunteer project.

The SAVE travel market is an acronym developed by The George Washington University's tourism study abroad consulting team in Honduras (2003) and encompasses all of the existing

“voluntourism” components: Scientific, Academic, Volunteer and Educational. The George Washington University’s International Institute of Tourism Studies already has a large and varied database of potential SAVE volunteers.

For example, below is a brief description of the components of the SAVE market provided by The George Washington University’s consulting team in Panama in 2005:

Scientific: Individuals or groups travel to conduct specific research or observation within such fields as biology, archaeology, anthropology, etc. Organizations that currently deploy volunteers for this type of work include Earth Watch Institute, Global Vision International, Greenforce Conservation, and World Heritage Center Sites. These expeditions hire local workers, live in the communities, eat local food, utilize local transportation, and buy local goods leading to positive economic impacts on surrounding communities.

Academic: Individuals or groups travel with the intention of participating in experiential learning leading to credit toward a formal degree program. Fields of study include anthropology, archaeology, languages, conservation biology, etc. and some are formal study abroad programs. The focus is on the importance of incorporating field studies in academic disciplines with experiential learning opportunities.

Volunteer: Individuals or groups travel to participate in specific activities that will contribute to the betterment of society. Organizations such as the International Volunteer Program Association, VolunTours, and the Tourism Development Corps deploy volunteer travelers who wish to incorporate volunteer service into their travel experiences.

Educational: Individuals or groups travel to obtain knowledge or experience for personal gratification rather than academic credit within a wide range of human activities. Organizations such as Smithsonian Journeys, Natural Habitat Adventures, and The Nature Conservancy Educational have travel components that allow voluntourists to experience various value-added firsthand learning within a wide range of special interest activities. One example might be a culinary trip where the visitor learns how to prepare local food in a traditional manner.

Lebanon is a potential destination for SAVE travelers. The SAVE market is in a sense the ‘tourists before the tourists.’ Attracting a market of working tourists can help build the tourism infrastructure for more traditional tourists in areas that may not have a completely developed tourism product.

VII. CONCLUSION

The critical point for successful tourism development is that it is well planned. Unorganized and unplanned tourism that is not operated in a sustainable manner can cause serious problems in an area, including:

- Overdevelopment, which can lead to the degradation of the environment and unattractive urban planning. Overdevelopment can lead to too many large resorts from which little money trickles down to the community.

- Economic loss to the community when goods are purchased from outside sources, such as importing produce or goods instead of using local farmers and producers.
- Increased pollution: adding tourists to a region further puts pressure on the water and solid waste management systems.
- Increased traffic congestion: improper transportation planning to manage the influx of tourists will increase traffic congestion in areas and lead to more pollution.
- Overly-controlled tourism sites and attractions can lead to resentment by the host community to its tourists (for example, privatizing all of the beaches in the area and not allowing locals access to their own beaches).

However, promisingly, the international development community is increasingly recognizing the benefits of using sustainable tourism in development. Destinations around the world, especially those that have allowed mass tourism to negatively impact their regions, are beginning to understand the need for sustainable tourism policies to improve their communities. Lebanon has the unique opportunity to espouse sustainable tourism now and start reviving its tourism industry in a manner that will revitalize and improve its rural areas.

Both the public and private sectors in Lebanon are significantly ahead of many other countries in that many individuals have a sound understanding of the benefits and the need for Lebanon to build a policy that encompasses the principles of sustainable tourism. There is keen awareness that unbalanced development could increase tension among different groups in the country. However, Lebanon has the opportunity to once again be the tourism gem it once was in the region. It also now has the opportunity to become a model beyond the Middle East for creating a tourism industry that prides itself on the natural and cultural assets that comprise the fabric of the country.

Annex B: ICT Industry Consultant Report

Prepared by Dr. Herbert Koudry

ACKNOWLEDGEMENT

The vision and efforts of Dr. Raymond Khoury, Director, Technical Cooperation Unit, Office of the Minister of State for Administrative Reform, towards the development of a national e-Strategy for the growth and strengthening of the Lebanese IT infrastructure, operational and developmental framework, is gratefully acknowledged.

EXECUTIVE SUMMARY

An indicative review and analysis of the Lebanese ICT infrastructure was conducted within the framework and objectives of the USAID bilateral assistance program in Lebanon. Specifically, study strategy, methodology, and orientation were focused on the steps necessary to upgrade the Lebanese ICT environment so as to accomplish the following goals:

- Build capacity of local municipalities to plan, manage and utilize resources at a significantly increased level with concomitant transparency. Identification and specification of those ICT activities leading to achievement of this goal are the primary focus of this study, with the objective of improving governance and democratic procedures.
- Development and expansion of rural area economic opportunity through sustainable, cost-effective ICT activities that improve infrastructure and income generation, leading to greater democratization through increased community economic well-being.
- Promote efficient, effective environmental management through sustainable, community-based approaches, including the use of ICT tools to optimize accomplishment of this goal.

The indicative analysis and review of the GOL ICT infrastructure conducted supports the conclusion that a basic infrastructure foundation has been developed and is in place. However, significant gaps and omissions preclude the achievement of an integrated nationwide infrastructure that satisfies governmental and commercial requirements and delivers an ICT framework optimizing support for all facets of Lebanon's economic development and democratization platform. Although this finding applies to all levels of the governmental, commercial, and industrial sectors, it is particularly applicable at the municipal level in terms of community development. IT infrastructure components reviewed include:

- Policy
- Legal/Regulatory Framework
- Communication/Networking/Connectivity
- Education
- Community Development

FINDINGS/CONCLUSIONS

The indicative review of the GOL IT infrastructure conducted supports the conclusions that, although the IT community is fully on a par with the industrialized nations in terms of capability and awareness, significant gaps in the national and regional IT framework exist. Remedial

action is required to correct this condition so as to move Lebanese IT on a path toward achieving compatibility with international standards. A key element in achieving this compatibility lies in development and implementation of a national strategy for IT development that is:

- Comprehensive in scope and addresses each IT framework component, e.g. education, e-government, etc.
- Provides for the establishment of a national coordinating entity to manage, monitor, and report—to the highest level—on the progress of this effort.
- Includes a compilation of priority and non-priority projects that fill in the gaps in the existing IT framework to achieve an integrated IT structure that supports a dynamic evolution of GOL IT into an international standard of functionality.

RECOMMENDATIONS

On November 10, 2005 the GOL Minister of State for Administrative Development, Jean Oghassabian, representing the Prime Minister, Fouad Siniora, launched a National e-Strategy Implementation Plan, including a schedule of national priority projects.

This effort, supported by UNDP, represents a comprehensive program to move Lebanese IT to a level compatible with international standards. It is recommended that USAID review this program, and its constituent projects, with a view towards:

- Integrating ongoing projects with the national effort
- Applying additional resources to those areas which are:
 - Compatible with both USAID policy and mission objectives and the National Plan.
 - Focused on current USAID target areas such as community development.

DELIVERABLE

An in-depth, comprehensive review of ongoing and planned USAID ICT projects, and a detailed project plan and proposal for an ICT intervention, or cluster of interventions, that meshes fully with the GOL e-strategy and provides optimum support for USAID's primary objective of achieving democratization.

METHODOLOGY

Primary methodological tools included:

- Observation
- Interviews
- Documentation review

The SDLC (System Development Life Cycle) standard, as applicable to Requirements Analysis, together with a proprietary methodology, the Logical Analysis Plan (LAP), were employed on an empirical basis to collect, analyze, synthesize and report findings, conclusions and recommendations.

I. INTRODUCTION

An indicative review and analysis of the GOL IT infrastructure was conducted within the framework and objectives of the USAID bilateral assistance program in Lebanon. Specifically, study strategy, methodology, and orientation were focused on the steps necessary to upgrade the Lebanese IT environment to accomplish the following goals:

- Build capacity of local municipalities to plan, manage and utilize resources at a significantly increased level with concomitant transparency. Achievement of this goal would support improved governance and democratic procedures.
- Develop and expand rural area economic opportunity through activities that improve infrastructure and income generation.
- Promote efficient, effective environmental management through sustainable, community-based approaches.

Accomplishment and implementation of the IT review and analysis is predicated on the USAID strategic objective platform:

- Support for agricultural development and corollary economic growth
- Strengthening of good governance and democracy.
- Promotion of sustainable, cost-effective environmental management
- Humanitarian-focused activities

Linkages

Additional to, and within the context of USAID goals and objectives, the IT survey included an analysis and specification of the interaction and linkages with:

- Multilateral agencies
- Other bilateral organizations
- Other USAID programs
- NGO, PVO and related organizations
- GOL programs

IT Survey Coverage

The focus and emphasis of the survey was on identifying and specifying the IT infrastructure actions and activities necessary to improve and upgrade the municipality computing environment. The range of policy, regulatory, network, hardware, soft and middleware as well as applications development aspects of IT were included. The following USAID specified ICT activities were addressed in the survey in an indicative context due to study time constraints:

- Development and implementation of ICT services to promote agribusiness and tourism
- Rural area connectivity with concomitant education and training
- Upgrading and expanding graduate and undergraduate programs through industry and commercial sector participation
- ICT start-up incubators
- Strategic bridges between U.S. and Lebanese ICT firms
- Promotion of Lebanon as the focal point for ICT within the region
- Support and assistance for ICT-related policy, legal and regulatory improvements.

The indicative analysis and review of the GOL IT infrastructure conducted supports the conclusion that although a basic infrastructure foundation has been developed and is in place,

significant gaps and omissions preclude the achievement of an integrated nationwide infrastructure linking governmental and commercial requirements to deliver an IT framework optimizing support for all facets of Lebanon's economic development platform. Although this finding applies to all levels of the governmental, commercial and industrial sectors, it is particularly applicable at the municipal level in terms of community development.

IT infrastructure components reviewed include:

- Policy
- Legal/Regulatory Framework
- Communication/Networking/Connectivity
- Education
- Community Development

Review, analysis, findings, and recommendations applicable to each of the above components and the GOL IT infrastructure from a holistic perspective follow.

II. REVIEW & ANALYSIS

POLICY

Conversations with selected governmental and private sector IT professionals, review of documentation, and topical input from IT conference attendance support the conclusion that GOL IT policy formulation, establishment, and implementation is on a level in accord with accepted global standards, and is providing support for the successful implementation of a national e-strategy. Additionally, as discussed in further detail in the "Legal/Regulatory Framework" section, there is significant progress in the development of legislation in support of enabling IT.

Conversely, although supportive and well targeted, the GOL IT policy framework contains significant gaps, some critical, which need to be addressed. For context and clarification, IT policy will be addressed on two levels:

- National IT Impact
- Municipal/community development impact

National Impact

Specifically, the privatization and liberalization of the telecommunications sector is an urgent requirement if the potential for growth of IT in Lebanon is to be realized. That IT policy is generally supportive of achieving this goal is demonstrated through the passing of legislation (Law 431) and the establishment of an ICT regulatory agency. Requirements include the easing of restrictions, reengineering of licensing procedures to achieve a simpler, more effective process, and the establishment of competitive broadband rates. Reduction in bandwidth costs would provide benefits radiating throughout all sectors of Lebanon's IT environment, including the stimulation of export sector growth through providing cost-effective access to client servers. This result, in and of itself, would significantly increase offshore programming revenue and expand the existing client base.

The successful development and implementation of a national e-strategy requires policy support for the establishment of an organizational entity with the capacity and organizational positioning to effectively monitor, coordinate and report on IT program and project planning, scheduling and execution. As a focal point for IT strategy and implementation, the establishment of such an entity would send a clear message of government support for a coherent, inclusive and effective policy. Further clarification and definition of the national IT framework can be achieved through policy support for the development of a data bank containing a prioritized specification of national objectives, including benchmarks and milestones, as well as ongoing and planned projects.

Concomitant with policy support for IT infrastructure institutionalization, support for budgetary increases would result in a significant impact on the sustainable growth of the sector. Additionally, reduction of taxes on IT equipment would support increased PC market penetration. The establishment of standards, e.g. CMM, would have a significant impact on expanding and upgrading the off-shore programming sector.

Finally, policy focus on implementing IPR laws on content and ICT solutions including: trademarks, domain name registration, copyrights, patents, and geographic indicators, would effectively improve the confidence level in the sector.

Municipal/Community Development Impact

The policy requirement exists to provide, at the rural level, the building blocks for using IT as a tool. Satisfaction of this requirement is predicated on three key elements:

- Provision of access to affordable IT services through multi-purpose Community Access Centers (CAC's)
- Relevant Arabic content
- A methodology for assessing local needs

These key elements would interact in a mutually supportive context to increase the depth and scope of community participation in IT. Specifically, awareness of IT as a valuable tool would be achieved by linking the computer to local needs, accomplished through determining requirements through assessments (feasibility studies). This activity would be initiated in parallel with a review and modification of CAC's to reflect local ownership and the capacity to absorb and effectively train participants, with emphasis on relating applications and services specific to the requirements of the local communities.

Corollary to these initiatives, policy support would support the development of Arabic content, critical to prepare citizens of rural areas, current as well as future generations, to become active, knowledge-based members of the global IT community.

Additionally, policy initiatives could support the introduction of IT to local traditional industry to increase capacity, productivity, and marketability, including locating and linking potential customers to rural industries through e-commerce.

In summary, policy support for these initiatives would result in an increased level of IT literacy at the rural level and, with greater access to CAC's, significantly more productive utilization of this valuable tool with a positive impact on community development.

Linkages

Multilateral Agencies, NGO's, and consulting firms are involved in various facets of the IT policy issues defined.

Legal/Regulatory Framework

Currently a significant, pressing regulatory IT requirement in Lebanon is availability of affordable bandwidth. This issue is equally applicable to all aspects of the Lebanese IT community. Legal and regulatory vehicles for addressing this issue include the new Telecom Law 431 and the Telecommunications Regulation Agency (TRA). Key to resolving the critical issue of affordable bandwidth is political will. With the launching of the National e-Strategy for Lebanon, the momentum should be present for a rationalization of this issue.

Regulatory requirements are outstanding for numerous sectors, including:

- Healthcare
- Banking
- Education
- Assistive Technology
- IT standards

Institutionalization of the proposed National ICT Coordinating Entity, as described in the e-Strategy Implementation Plan for Lebanon, is critical to the successful outcome of this effort. This entity would play a central role in coordinating, monitoring and managing implementation of the Plan, including:

- Coordinate, monitor and report on the spectrum of projects throughout the various sectors
- Coordinate and distribute donor funds for ICT project implementation
- Monitor and coordinate multi-donor projects and geographically distributed projects
- Monitor project execution
- Report on project status

In support of e-Government, applicable legislation supporting the linkage of government agencies through Ogero's GovNet infrastructure should be passed.

Development of a legal and regulatory IT framework is ongoing. Sponsors of projects focusing on this requirement include:

- The EU (Ministry of Economy and Trade)
- The ICT parliamentary Committee

The National e-Strategy Plan for Lebanon is supported by UNDP

Communications/Networking/Connectivity

A key element in the plan to optimize the communications network is the creation of an internet hub in Lebanon. Installation of such a hub would have the effect of:

- Improving access
- Lowering costs
- Generating related sub-services (hosting, security, etc.)
- Providing regional services

Completing and enabling a backbone network for Lebanon with connectivity for the governmental, private, academic and general population sectors is imperative and is more a political than technical issue. It is anticipated that execution of the National e-Strategy plan will provide the needed impetus to close this gap.

Additionally, as previously discussed, multi-purpose Community Access Centers (CACs) are required for the purpose of bringing low-cost connectivity to rural and other areas on a similar economic level. Support to SMEs in remote areas could also be provided by CACs, further contributing to community development.

E-Government

The underlying requirement for an e-government framework and infrastructure fall into the following general categories:

- Information dissemination and user-friendly interactive processes, e.g. online processing of tax returns, driver's licenses, etc.
- E-sharing of information on an intra-governmental basis, as well as inter-governmental information exchange.
- E-application identification and development, e.g. an online procurement system.

Critical to the successful implementation of an e-government strategy is application of the principal of process re-engineering *prior* to the development of program systems. Specifically, all GOL processes identified as e-government candidates should be subjected to a thorough, comprehensive re-engineering study for the purpose of improving and optimizing the efficiency of these processes before IT support is introduced. Conversely, converting an existing manual system to a computer-based system without re-engineering can result in minor if any gains in performance, accuracy and person-hour savings.

LAN's should be installed in all government agencies to support:

- Intra-agency communication, e.g. e-mail
- Shared applications, e.g. personnel/payroll systems.

Again, re-engineering is critical to successful application development.

Concomitant with modernization and upgrading of the governmental IT infrastructure, the issue of sustainable maintenance and continuing development needs to be addressed. Specifically, the following organizational, management, operational and training components of an IT organization need to be in place:

- Personnel management systems that includes IT specialties needed to maintain an effective, state of the art IT system framework, with pay scales responsive to this requirement.

- An IT organizational hierarchy that supports a dynamic entity with the capacity respond to state of the art developments, retain a competitive posture, and be positioned for sustainable viability.
- Budgetary allocations in proportion to the value, in terms of increased revenue, efficiency, accuracy and timeliness in the operation of government.

The ongoing IT skills training program needs to further strengthened and institutionalized through:

- Establishment of a government-wide IT Training Institute with an adjunct faculty drawn from local universities, the IT community, and international sources.
- A sufficient training budget for each agency (ministry) to schedule training on an ongoing, periodic basis.

Finally, a Standards Institute needs to be established to support integration and an increased role for Lebanese IT as an integral part of the global IT community. CMM is an example of a significant standards requirement facing the export community.

Private Sector

Private sector IT needs in Lebanon differ with the nature and scope of the enterprise. These requirements will be individually addressed. A key element supporting the generation and growth of IT enterprises is the Technological Park, an entity, usually located adjacent or near the science and technology campus of a large university, and comprised of an IT incubator, established IT companies, resource and networking support, e.g. Berytech at St. Joseph University in Beirut. Expansion of existing incubators and development of additional centers, will provide a dynamic platform for the growth of IT in Lebanon, in the long term benefiting large and small enterprises equally.

IT requirements for the private sector fall into two non-mutually exclusive categories:

- Large enterprises, e.g. banks
- SMEs

Large Enterprises:

The entrepreneurial dynamic of the Lebanese business culture has resulted in a significant level of IT utilization within commercial and industrial enterprises. In addition to the need to accelerate this trend through raising awareness of the potential for increased efficiency, productivity and cost savings through IT, there should be a focus on expanding the utilization of computers by the major players in the Lebanese economy, with emphasis on the banking, tourism, and media industries.

- **Banking:** With a view towards achieving and maintaining an international standard of competitiveness, the banking industry needs to transition to a full customer service mode, including online banking services. Relevant ICT enabling legislation is anticipated, with the SEBIL project supportive of this effort.
- **Tourism:** The Ministry of Tourism's recently implemented tourism portal provides an excellent base for serious promotion of Lebanon as a premiere tourist attraction. Portal enhancements would include:
 - One stop online services, including airline, hotel, and tour reservations

- E-commerce services for local products
- Interactive guides
- Media: As a regional leader in this sector, maintenance of this position should be achieved through re-directing, and providing online access in Arabic to: new digital content such as news, documentaries of public interest, and TV shows.

SMEs:

The SME center at the Ministry of Economy and Trade could become the focal point for the development of programs and computer applications targeting the spectrum of small enterprises under the SME umbrella, including but not limited to traditional cottage industries and agrobusiness. An online site providing access to business startup advice should be a component of this program.

Linkages

The Ministry of Tourism is addressing further tourism portal development. The Ministry of Economy and Trade is focusing on increasing utilization of IT in large and small scale enterprises.

Education

An Integral component (and perhaps the keystone) in achieving a knowledge-based society and economy for Lebanon, is IT education. To optimize effectiveness, an integrated approach to the development and enhancement of IT skills for all segments of the population should be employed. Specifically, the spectrum of accessibility to required knowledge should range from instruction in basic internet skills at the rural level to state of the art developments in middleware and network engineering for IT specialists.

Increased budgets and capacity enhancements to benefit IT are required at the following levels:

- Initiate multi-purpose Community Access Centers (CAC's) with low-cost connectivity, with accompanying:
 - Relevant, localized content.
 - Appropriate training programs
 - Training personnel

In summary, a holistic, coordinated approach to developing computer literacy on the rural level should be budgeted and implemented on a sustainable level. This includes:

- Enhancement of the public school IT environment, including:
 - Equipping public schools with computer laboratories
 - Providing a comprehensive level of connectivity
 - Enhancing the level and scope of IT training for teachers, including remedial training for current teaching staff and the inclusion of relevant IT courses in teacher training curricula.
- Vocational schools constitute a significant component of the IT education environment, which, through enhancement of content and curricula could impact even more significantly on dissemination of IT knowledge and capability.

- Providing affordable access to IT through improving the availability of PCs for the home, e.g. low payments on monthly installments. (The PC4All project is supportive of this effort and should be enhanced.)
- As an informal medium for providing access and limited dissemination of IT literacy, such as internet cafes, merits support.
- A basic Arabic IT skills portal oriented towards self-teaching, but not excluding content targeting other sectors, would support the dissemination of IT literacy.
- On the university level, curricula should be modified and designed and/or modified to reflect the results of interaction and cooperation between the private sector and academia. Specifically, market requirements as well as technological developments must accurately and in a timely manner be reflected in course content.
 - Formalization, into joint planning activity, of this effort would increase its effectiveness significantly.
 - Technology Parks/Incubators should be included in this loop.
 - The potential and feasibility of online course content and degree programs should be studied. Such programs could offer significant benefits to areas lacking access to universities.
 - Graduate and undergraduate curricula should be expanded to offer, in addition to a “computer science” track, a “systems management” track focusing on the management and systems aspects of IT rather than purely technical aspects, e.g. languages, operating systems, and networking.
- The IT education effort should reflect a coordinated, monitored approach, including:
 - Targets
 - Milestones
 - Indicators

Linkages

Related or ongoing project sponsors include CERD, Ministry of Education, and UNESCO.

Community Development

The IT infrastructure components previously discussed provide context and indirect but significant impact on community development, in several instances exerting a direct influence. Current projects specific to community development include:

- A donor project to increase internet access in rural areas through provision of PCs and internet connectivity to approximately fifty sites.
- A second donor project to re-engineer existing municipal governance processes, and design, develop and implement IT systems to improve the functionality of these processes. Applications developed or planned include:
 - Municipal accounting, both for municipalities governed by decree and by the General Accounting Law. Revenue, expenditure tracking and budget preparation are supported.
 - A citizen complaint and document tracking system for municipalities. This system supports accurate and timely transaction management, e.g. tracking of applications, complaints and other documents.

- A personnel management/payroll system to manage human resources and computerize the payroll function in an interactive manner.
- E-municipality websites supporting, in addition to the Document Tracking System, information on publications, a council member directory, and similar information.

IT support for communication and dissemination of regional information as well as supporting connectivity is provided by a project which has developed “virtual villages” enabling rural communities throughout Lebanon to:

- Communicate with family members, friends and others throughout Lebanon and abroad
- Promote regional and village-specific tourism, sports and related activities
- Promote, enable, and facilitate regional and village specific e-commerce
- Access a village and region-specific databank containing commercial and industrial information.

Offshore programming conducted in rural areas has the potential to significantly impact community development. In addition to economic benefits, a rural IT capacity exerts a “spillover” effect that can result in community-specific applications, databanks and other IT products being developed and disseminated. A current major barrier to the expansion of this sector is the high cost of bandwidth. To optimize economic feasibility, programs should be sent to client servers, a process under current conditions prohibitively expensive.

III. FINDINGS/CONCLUSIONS

The indicative review of the GOL IT infrastructure conducted supports the conclusions that, although the IT community is fully on a par with the industrialized nations in terms of capability and awareness, significant gaps in the national and regional IT framework exist and remedial action is required to correct this condition and move Lebanese IT on a path to achieving compatibility with international standards.

A key element in achieving this compatibility lies in:

- Development and implementation of a national strategy for IT development that is:
 - Comprehensive in scope, and addresses each IT framework component, e.g. education, e-government, etc.
 - Provides for the establishment of a national coordinating entity to manage, monitor and report, to the highest level, on the progress of this effort.
 - Includes a compilation of priority and non-priority projects that fill in the gaps in the existing IT framework to achieve an interleaved, integrated IT structure that supports a dynamic evolution of GOL IT into an international standard of functionality.

Donor support, bilateral, multilateral agencies, NGO, PVO and others can optimize their contribution to the successful upgrading of Lebanese IT to international standards through their support for the approach described. The broad base and scope of such a national strategy mandates a careful review and analysis to determine both the level and type of intervention that would optimize results and cost-effectiveness.

IV. RECOMMENDATIONS

On November 10, 2005 the GOL Minister of State for Administrative Development, Jean Oghassabian, representing the Prime Minister, Fouad Siniora, launched a National e-Strategy Implementation Plan, including a schedule of national priority projects.

This effort, supported by UNDP, represents a comprehensive program to move Lebanese IT to a level compatible with international standards. It is recommended that USAID review this program and constituent projects with a view towards:

- Integrating ongoing projects with the national effort
- Applying additional resources to those areas which are:
 - Compatible with both USAID policy and mission objectives and the National Plan.
 - Focused on current USAID target areas such as Community Development.

DELIVERABLE

An in-depth, comprehensive review of on-going and planned USAID IT projects, and a detailed project plan and proposal for an IT intervention, or cluster of interventions, that meshes fully with the GOL e-Strategy and provides optimum support for USAID's primary objective of achieving democratization.

METHODOLOGY

It is critical to the success of the proposed intervention that a careful review of proposed and ongoing projects, both priority and non-priority, in the USAID IT target area, community development, be undertaken and new project or enhancement of existing project requirements be determined on this basis.

ASSUMPTIONS

Establishment of an IT coordinating organization is critical to the successful implementation of the national e-Strategy plan. It is assumed that this entity will be independent, and devoid of governmental or non-governmental ownership or influence.

RISK ANALYSIS

The application of IT resource on an ad hoc basis, without careful planning and rationalization in terms of the GOL overarching national objective, incurs the risk of a sub-optimal return characterized by redundancy, duplication and overlap.

V. ANNEX

CONTACT LIST

Contact	Organization
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Annex C: Agribusiness Industry Consultant Report 1

Prepared by Mr. Harlan Bentzinger

I. INTRODUCTION

MICRO & MACRO ECONOMIC ENVIRONMENT

Lebanon is a small country with many microclimates. It has flat plains, beaches where it never freezes, and rough mountainous terrain with snow on some tops. These combine to make both a good and bad environment for agribusiness. The good is that there is the possibility of growing a variety of crops. The bad is that since each micro-area is small, not much of one crop can be produced. This limits the amount that will be spent on research, market development, and other activities.

To determine the best and most valuable crops to grow in Lebanon, size of the present market and future growth needs should be determined. For example, if tourism expands, more food will be needed to feed tourists. Much is known about water needs for the nation and water needs for irrigated crops. This information should be combined to determine what foods to grow that will give Lebanon the most value.

GEOGRAPHICAL POSITION

Lebanon is bordered on the west by the Mediterranean Sea, on the north and east by Syria and on the south by Israel. Lebanon is close to a number of Middle Eastern countries with climates that do not give them Lebanon's ability to grow much food. Lebanon also has long standing relations with many Western European countries. But is not as close as others with similar climates, and does not benefit from the same preferential treatment of agricultural goods. Thus, these conditions suggest that at the present, the most likely consumers of excess food are the nearby Middle Eastern countries.

POLICY AND REGULATORY ENVIRONMENT

Cooperatives visited are organized under Lebanon law. Since they are legal entities they have the right to buy and sell products, borrow and loan money. However, not all cooperatives utilize these rights. Instead, the cooperatives were primarily started to receive grants for machinery and equipment that can convert products of a farm into a different form and, if a surplus to the farmer's personal needs, sold by the farmer.

Lebanese cooperative laws appear to be quite different from cooperative laws in the United States. In the United States, cooperatives are a form of doing business. In Lebanon, cooperatives seem to have a different purpose. The cooperatives are formed primarily as non-profit organizations. Since they are non-profit, earnings have to be put back in the organization or used for purposes such as extension services. It may be advisable to organize farmer associations under different laws so the organization can function as a business.

The number of members in a cooperative appears small relative to the number of people served. They are started and managed by a few, but others are welcome to use facilities by payment of a fee. This is a function of the Lebanese law on cooperatives. The members receive special prices, but the charges for services to members are not substantially lower than for non-members.

Most of the agricultural products presently produced do not meet the requirements of international trade. There is some action to improve quality so international trade requirements can be met, but this will take several years. In effect, this cuts Lebanon out of Western Europe and North American markets for many of its products in the near future.

CREDIT AVAILABILITY

It is possible for a farmer to get a government interest subsidized loan. However, the agricultural community is not using this opportunity to a great extent. A business plan is required for such loans, and since many farmers do not know how to formulate business plans, others are hired for the purpose. The loan is obtained, but since the farmer was not really responsible for the plan preparation, it is not regularly used to determine whether the initial plan is followed, or if changes in planning or operation are needed.

BUSINESS SKILLS

Few members of the cooperatives understand the need to prepare business plans for expansion or change in their present activities. They would like to have more or better equipment. But, there are no plans to show how this equipment would increase profits enough to justify its purchase. At the cooperatives visited, the major source of money for equipment and buildings was USAID. Money was given with no repayment requirement. The farmers all want to receive higher prices for their products. But, there are no plans for marketing that have the goal of increasing, or even maintaining prices received by farmers.

For example, the proposed developments in banana and tomato production require a substantial initial investment. To receive financing for such projects, business skills are a must. When production of any product is begun or increased, markets must be found and serviced or the price of the product will drop. Price drops will destroy gains from production cost savings. Additionally, when international markets are served, large quantities are involved. Demand quantities will often exceed the amounts supplied by one producer. This means that there must be ways to combine the output of different producers. To do this, organization is needed. The organization must be capable of treating all producers fairly, accurately and honestly. The organization must show continuity for international customers want dependable suppliers who will consistently supply product of a known quality.

PHYSICAL INFRASTRUCTURE

Roads are the primary means of transportation, and in general, those roads are adequate. Some are not intended for high speeds, but most are all weather roads and can be used by large trucks. Telephones, internet, electricity, water and waste collection and treatment are available. However, their quality can vary substantially.

INFLUENCE/STRENGTH OF BUSINESS COMMUNITY

None of the cooperatives visited appeared to use their numbers to significantly influence local or national governments. This may be because none of the cooperatives have a membership that is over 30% of the farm community. There is no "umbrella" national organization of the cooperatives, nor are there any farm organizations that represent a major portion of farmers.

Most of the experimental and extension work (disseminating information to farmers) is done by NGOs. This means there is no central agency or groups that will disseminate all information to all parts of Lebanon. There is some exchange of production knowledge and production improvements within cooperatives, but little or none between cooperatives and NGOs. The NGOs and others that do experimental and extension work are financed by sale of their products, fees charged, and grants.

THE POTENTIAL FOR GROWTH

Most of the arable land available is used. Therefore, growth must come from higher yields from land and better usage of water resources. Experimental work done on several crops show this is possible. However, this growth will do the agricultural sector little good unless existing methods of marketing are changed. Marketing is currently lacking in most of the cooperatives visited. High yields per unit of land and water are capital-intensive and require proper management. Thus, there must be access to capital and knowledge of how to maximize the use of capital. If capital and knowledge are not generally available, growth will either not occur or will be taken over by a limited few with access to capital and knowledge.

RECOMMENDATIONS

Provide a means for transmitting existing agricultural knowledge to all parts of agricultural Lebanon.

- Involve and use Lebanese universities in disseminating experimental information.
- Insure that all members of agricultural sector are aware of capital sources and how to get capital and what is needed to get capital from others.
- Provide training that will show farmers how to market and why to market, not just sell a little surplus.
- Provide the kind of training that will train farmers to be managers, entrepreneurial managers and leaders. Provide training in business practices so farmers will understand the need and value of combining the output of a number of farmers for marketing purposes.
- Provide training so farmers will understand the value of combinations (organizations) of farmers and how to manage organizations so the value of the organization is greater than the value of each individual.
- Prepare a national water plan so capital sources have assurance that water will be available to capital-intensive agriculture.

II. DISCUSSION OF RECOMMENDATIONS

DISSEMINATION OF KNOWLEDGE

Much research in agriculture becomes public knowledge quickly. There may be limited knowledge of the production or composition of a product, but the results of its use are typically public information. While the information is available, understanding this information may require specialized knowledge and adaptation to local conditions. Universities that are equipped to do experimental work and have a staff that can review and readily determine the local value can best do this.

After information is available it needs to be distributed. Universities have a background and reputation for unbiased study. They are also in the business of training people who will in turn train others. Universities distribute information by a variety of techniques, including class study, seminars, demonstration areas and distribution of printed material. There are at least three universities in Lebanon with agricultural studies programs. These could be the basis for a national extension service. The farmers would benefit from the exchange of knowledge and the universities would gain have direct contact with farmers, which would give the universities direction for their research activities.

CAPITAL INFORMATION NEEDED

Modern agriculture is capital-intensive. High costs of land, machinery and specialized growing facilities require large amounts of capital. The amounts are often more than can be supplied by one individual. Therefore, capital is needed from other sources. Sources open to agricultural enterprises in Lebanon at this time include individuals, banks, and possibly some NGOs. Sources beyond one individual require that those involved agree upon conditions, such as amount of credit, when credit will be available, etc. There must be a way of enforcing the agreement for both parties.

Additionally, farmers need as much information as possible on available capital. They need to be able to evaluate the value of different capital sources and determine that which best fits their needs. Farmers should be able to access basic information on capital availability from organizations such as cooperatives, farm associations, and extension services.

WATER POLICY

Agricultural crops need properly-managed water resources. There have been studies undertaken on the needs of the various sectors of Lebanon and the water needs of crops. This information should be put together and agreement reached on how water will be distributed in Lebanon, and how water resources will be managed. After such an agreement is reached, agriculture should determine what crops will produce the most revenue per unit volume of water. Agriculture can reduce its needs for water by the use of modern irrigation systems, such as drip. But, again these systems require capital, and capital will not come if there is no assurance of continuity.

TRAINING

Modern agriculture is a business. It produces products that must be sold for a profit. Individuals who farm solely for the purpose of producing for their families plus a small amount of extra production that can be sold are not well suited to modern agriculture. What is necessary for commercial farmers is an understanding of planning production to meet market conditions, utilization of capital, and adapting to change. It appears that many operations that have equipment at this time received the equipment by grants from USAID or other donors. The initial business plans for the purchase of the equipment were not prepared by the farmers. Thus, several opportunities were lost, including an opportunity to train farmers how to make business plans and an opportunity to show how business plans can provide a target for operations. Future proposals for machinery or equipment should involve farmers at the beginning.

There are a number of areas in which managers and leaders can be made more effective through training that focuses on techniques needed to manage a modern business. Some of the topics that should be presented follow:

Marketing: Training could be focused on why marketing products as a group, not as individuals will improve prices (profits) for each member of the group; why marketing is more than selling; how to prepare products for consumer purchase and use; how to add value to products; how to recover value added costs via higher prices and profits. Additionally, training could focus on effect of customer needs on value of products; different ways to add value; the need for standards; and use of brands.

Loss of individual farmer's product identity: Training here could focus on how an individual farmer's product can lose identity and become part of a larger market offering focused on overall quantity and quality of product delivered. This should include an explanation of the need and how "pool" accounting works, as well as the value of pool accounting to improve members' products. This session should also include how to prepare and enforce product standards. Ideally, the explanation of pool accounting would come later, but it must be explained so there is understanding of how each will receive compensation according to the value of product delivered to an organization. Unless this is understood, there may be little if any future interest.

How to start a cooperative: Training should include why legal status is needed; requirements of Lebanese cooperative law; review of present Lebanese law to determination of what section of Lebanese law to use; determination on whether or not old cooperatives meet present requirements; steps needed to start a cooperative and knowledge needed by potential members; compensation for initial founders; and the need for and preparation of by-laws.

Membership: Training would include eligibility for membership; membership defined (rights, duties, etc.); approval of membership applications; need and value of membership; contracting for delivery of products or use of services and payment terms; and effective communication with members.

Board of directors and committees: These trainings would encompass why boards and committees are needed; how they are elected or appointed; desirable characteristics for board members; and the duties, responsibilities, authority of board and committee members.

Meetings: These sessions could include purpose of meetings, purpose of motions at meetings; order of business at meetings; and developing effective meeting agendas.

Capital: Trainings would focus on different sources of capital, including borrowing and raising capital from members; rights and responsibilities of cooperative to contributors of capital; and the need for audits, both internal and external.

Reading and understanding of financial statements: Trainings could include a short problem or example of how to keep financial records; how often should they be submitted to board of directors and members; and the value of financial records of to individual farmers.

Budgeting and business plans: Topics would cover why budgeting is needed; who should prepare and monitor budgets; responsibility of board of directors to require and review business plans; and value of budgeting and business plans to individual farmers.

Organizing and guiding an organization toward a common goal: Training here could include mission, vision, values planning; motivating and monitoring staff; and monitoring workplans geared toward long-term fulfillment of the mission of the organization.

Use of farm organizations to provide services other than marketing: Training here would focus on how an organization can bring about needed and helpful legislation, as well as use of organizations for purposes other than marketing, including purchase of materials and equipment, electric service, telephone service, water and waste disposal services and credit services.

Annex D: Agribusiness Industry Consultant Report 2

Prepared by Mr. Charles Abdallah

I. INTRODUCTION: AGRICULTURAL SECTOR STATUS QUO

In spite of the contribution of the agricultural sector to GDP, not much has been done since Lebanon's Independence to develop a national agriculture strategy. Many agriculture related studies undertaken by international donors (EU, FAO, the French government, USAID) are not utilized, and international donors are reluctant to define the national priorities in agricultural development.

This has resulted in a steady decline of agriculture's share of the GDP of Lebanon. In 1973, agriculture's share of the GDP was 9.4%, and by 2001 (the most recent year for which national accounts are available) agriculture contributed to only 6% of GDP.¹ The proportion of the labor force employed in agriculture has fallen similarly, from 18.9% percent in 1970 to 6.7% percent in 2001.² These shares of agriculture in the GDP and employment are far closer to those of developed market economies than they are to those of less-developed or transitional economies. However, due to the economic crisis in Lebanon many people are re-entering the agricultural sector after having worked in service or industrial sectors or after having been displaced during the war. Thus, the economic crisis triggered a move towards the revival of the agriculture sector in Lebanon.

Lack of funds and fragmentation of efforts are the major challenges the Lebanese people face with regards to agribusiness. The small credits they can obtain either from banks (with interests subsidized by the government through a public-private institution, *Kafalat*) or from NGOs allow them to purchase small equipment and growing material. In addition, there is not enough financial resources available for market research or promotional activities unless the individual growers are organized into larger collective structures and do not sell their produce through middlemen or exporters who take the uncontrolled part of the added value.

Some of the individual growers, however, recently started benefiting from the expansion of the wine industry, which exports 70-80% of its production to Europe. Grape growers are signing supplier contracts, and vine saplings are delivered directly by the wine producers to the growers. This first initial step, when contractual agreements are signed, creates the stability and long-term planning element which ensures investments in the agricultural sector.

In the 1990's, the development of large retailers such as Carrefour, Monoprix, Spinney's and Metro in Lebanon meant new prospects (avoiding middlemen) for the most competitive agricultural producers. However even with this development, competition is fierce, prices are often fixed and low, and payment conditions are not always advantageous. Other trends include the growth of the number of high quality food processing facilities which employ locals and thus are able to maintain the quality of the final product while keeping costs low.

¹ « Schéma Directeur d'Aménagement du Territoire Libanais » (SDATL), *Rapport Préliminaire, Phase 1*, CDR 2003 ; Ministry of Economy of Lebanon, *National Accounts 1997-2002*.

² « L'entrée des jeunes libanais dans la vie active et l'émigration », *Université Saint-Joseph*, 2002.

II. EVOLUTION OF TRADITIONAL MARKETS

The Arab countries (Saudi Arabia, Kuwait, and others) were the traditional importers of the Lebanese agricultural produce. The Lebanese agricultural producers based quality standards on those developed there. However, despite considerable advantages, Lebanon is losing its historic markets for a number of reasons:

- The number of foreign residents in the Arab countries is growing fast and now they represent, in a country like the UAE, more than 80% of the population. These are the professionals from India, Europe and other parts of the world. Because of the overwhelming expatriate community, Lebanese products have 1) no particular value within the e-pat community, 2) the buying criteria is different and 3) expats are loyal to their own traditional products.
- Furthermore, international produce is professionally marketed by renowned companies that also own local subsidiaries and deal directly with big local distributors (Carrefour, Spinney's). By comparison, Lebanese exporters are small local companies/wholesalers or even individual growers. Often contracts are not signed, thus a Lebanese exporter has no means to control price and quantity.
- The Investment Development Authority in Lebanon (IDAL) in 2002 started a program, "Export Plus," to support Lebanese agricultural exports. Under the project, the transportation expenses were partially covered for. However, due to the lack of market research and coordination among exporters, huge volumes of Lebanese agricultural produce were sent to the same Arab cities which provoked price reduction for fruits and vegetables. This, in turn, cancelled all the benefits of the subsidies.
- Such countries as Saudi Arabia and the UAE started their own vegetable production. Saudi Arabia is currently growing potatoes and the UAE tomatoes and cucumbers.
- Despite insufficient marketing efforts, Lebanese agricultural produce is very appreciated in the area. Lebanese potatoes go for twice the price of the local produce of other Arab countries. It is currently the most profitable exported produce even though the "Spunta" variety of potatoes is not in demand in Europe. The same applies for the Lebanese apples, the "Star King" and the "Golden." These varieties are still in high demand in the Arab countries where the grade I quality standard is in between Lebanese grade II products (small) and European and American grade I products. Meanwhile, grade II products constitute up to 75% of the total production of fruit in Lebanon (though the image of Lebanese fruits in the Gulf area starts to be the one of the grade II/small size fruits, which is damaging for the Lebanese agricultural sector). These small scale fruits are in demand within the Asian diaspora of the Gulf area and within the low income populations of Lebanon. Grade I products can be sold internally for market prices (given their scarcity) and do not need to be exported.

III. STRUCTURAL AND SYSTEMIC PROBLEMS

There are a number of structural and systemic issues that pose a challenge to agribusiness in Lebanon, including:

- High costs of the inputs (land, labor, manure, pesticides, energy).

- Insufficient knowledge of quality standards of the export countries and frequently no potential to meet them.
- Lack of sales and marketing knowledge and skills.
- Lack of protection of arable lands and urbanization of agricultural land.
- Lack of land use policy/zoning and the high cost of arable land.
- Weak investments into the agricultural sector due to the lack of national agricultural strategy.
- No security for farmers since land leasing is concluded orally and for short periods of time - from one to two years- which does not encourage sufficient long term investments.
- The banking system is reluctant to invest in the sector because of its weaknesses and due to the insufficient support to the sector from the government.
- Weakness of the producers vs. their value chain partners: upstream (inputs) and downstream (traders).
- Embryonic state of organization of the wholesale markets and export clusters, which puts the producers at the traders' mercy.
- Agricultural labor and managerial staff lack the knowledge of modern approaches and techniques and are not trained in their application.

IV. NGO IN THE AGRICULTURAL SECTOR

In the absence of a consistent agricultural macro-policy, NGOs are bridging the gap left by the central authorities and a private sector that withdrew from the agricultural sector for lack of perceived growth potential. The private sector cannot afford to face the risk of failure, thus, it is not unusual that it withdraws from an industrial sector that is not paid enough attention by the central government. NGOs invest into the sector because they believe in Lebanese agribusiness potential and care about the rural population's welfare. The following are the current projects carried out by the NGOs in Lebanon:

- Grouping individual growers or farmers in production associations;
- Training growers and farmers to improve skills and efficiency, cut costs, increase competitiveness and avoid dependency on input suppliers;
- Providing micro-credits for individual pieces of equipments and grants for major collective equipments such as cold rooms for storage;
- Providing grants for rural and agricultural infrastructure and work supervision;
- Introducing new varieties more in demand on local and international markets (notably new varieties of apples, a major agricultural produce of the Lebanese mountains);
- Introducing healthy/organic product (however, it is a small niche market since the demand is limited);
- Introducing new processing technologies that make the final agro-food product marketable both internally and overseas. In Lebanon yellowish and unfiltered olive oil is highly appreciated, in other countries greenish and perfectly filtered is in demand. This new type of olive oil was found to also be marketable internally;
- Financing processing facilities such as sorting, cleaning and packaging units;
- Conducting market surveys;
- Marketing the agricultural and the agro-food produce on behalf of the growers;

- Facilitating partnerships among producers, agro-food manufacturers and distributors.

NGOs successes in Lebanon are very encouraging. The USAID strategy should therefore ensure continuity with these efforts.

V. RECOMMENDATIONS

- Support NGOs working on the various elements of the value chain of the agro-food industry by providing assistance to specialized NGOs attending to a functional need of a group of USAID-supported NGOs. For example, an NGO specialized in bringing local exporters and foreign importers together should be disseminating its findings among the NGOs dealing with individual growers or production cooperatives.
- Support market research for the countries with “natural”/historic markets. These countries can be divided in two categories: Arab countries and countries with a large Lebanese community. Identify varieties and products available in Lebanon and in demand in these countries. Focus on existing products vs. new varieties. It is important to focus the market research on the Arab countries where there is a historic demand for Lebanese traditional produce.
- Support the introduction of new varieties that are in demand in export countries. Support the introduction long-term - up to 7 years loans- to growers. Link any support to a membership in an association working with a USAID-supported NGO or to the signing of a long-term contract with an agro-food industrialist (eg: loans to grape growers after a contract with a wine producer is signed).
- Support marketing campaigns, participation in exhibitions, promotional trips, and other export oriented activities.
- Support umbrella NGOs that are able to attract the largest number of agricultural players. Work with existing cooperatives and help them grow into better regulated structures. Create new cooperatives when needed. Search for economies of scale.
- Introduce common logistical support for the growers of the same agricultural variety nationwide. Transportation costs could be dramatically reduced if a specialized refrigerated boat were hired collectively or by an umbrella NGO to ship the produce from Lebanon to the Gulf countries through the Suez Canal vs. individual containers on trucks crossing four borders before reaching the destination.
- Support establishing export-oriented partnerships with the entities in export countries.
- Support the expansion of processing units of successful NGOs.
- Support the purchase of long-term storage equipment. This would allow gain counter-seasons markets and avoid high volatility of prices.
- Train individual growers and farmers in modern agro techniques and agro management.

Annex E: Municipal Governance Consultant Report 1: Macro-Level Issue Identification and Decentralization Prepared by Dr. Alan Patterson

INTRODUCTION AND BACKGROUND

This report results from short-term participation as a volunteer under the VEGA/LAGO contract work to develop a new strategy for USAID/Lebanon for the period beginning 2007. The study team was composed of half volunteers and half paid VEGA staff/consultants. One of the major foci for the research was municipal government, both regarding its potential as a major development and decentralization actor, as well as its potential to assist in implementing other areas of AID concern (tourism, information technology/communications and agriculture).

As one of two municipal specialists, I looked at varying aspects of municipal government operation and the overall role of the municipality in the national context. Unfortunately, due to time limitations (late start to the project, a conflicting prior commitment, and limited time for setting up interviews), I was able to effectively engage in research for less than the optimal amount of time. Relevant written material was limited, and this limitation was exacerbated by a lack of Arabic language capability. Additional useful insight was gained from interviews carried out by other members of the team, particularly Mr. Jose Martinez, the other municipal specialist. Needs and concerns identified by varied participants in a series of *caza* meetings held throughout the country were also useful.

Much of the analysis and recommendations that follow are therefore based on a very small data set. That limited data is balanced by some 35 years of experience working with municipal, state, and national governments in the US and in Latin America. Although more time in-country would have undoubtedly led to acquisition of additional and more robust information, I am confident that the information below, while thin, is essentially accurate and provides a starting point for the Lebanon AID Mission to begin to make decisions about its future efforts and investments.

GENERAL CONCLUSIONS

Conclusions reached were little different from the general image of the Lebanese municipality held by most within Lebanon. Municipalities do not have much power, are seriously lacking in financial and human resources, and operate under and outmoded law that simultaneously allows/requires too much of them and that provides for extensive and invasive control by the central government. For the municipality to become a vibrant and significant player in decentralization, national development, and democratic progress, there will need to be major changes in the basic law, electoral and finance law, citizen expectations and overall government operation. This is unlikely to occur soon.

Clearly, an external aid agency should not expect to be able to bring about such change, neither directly nor quickly. Nonetheless, the municipality is critical in any efforts at decentralization and efforts to provide additional balance in overall government operation. It therefore offers both

a major opportunity and a challenge for AID to modify or reorient its program. Future efforts can be as small scale or as extensive as the Mission chooses and has funds to invest. Although the overall strategy development effort, of which this report is one part, is geared to 2007 and beyond, should the Mission decide that additional work in the municipal field is justified, it would be advisable to begin organizing for that effort during the present strategy term and build on the limited national interest in municipal matters that still remains. Establishment of a new, municipal oriented, Lebanese institution, separate from the central government and any existing organization, is strongly recommended.

3. DETAILED ANALYSIS

LEGAL

The basic Municipal Law (Decree of 1977) tasks the municipality with providing and operating a wide range of services in the field of physical infrastructure (such as water and sewage systems, roads, public parks and recreation, and slaughterhouses) and education, health and social services. So extensive are the obligations that they could easily be considered the basic list of requirements for a national government, lacking only national defense and diplomatic responsibilities. Occupying as much space in the Basic Law as the responsibilities are the specifics of control by the national government, exercised at the national, *mohafaza* and *caza* level by the Ministry of Interior and Municipalities (MoIM).

There is no differentiation between size and economic capabilities of municipalities and their obligations. And the standard for municipal existence requires only the most minimal of resources – some 500 residents and the ability to generate revenues of at least \$10 (in US \$ equivalence). This minimal requirement leads many small and isolated areas to petition for municipal recognition. Currently, there are over 900 municipalities in the country.

DATA AVAILABILITY (CONCERNING MUNICIPALITIES) FOR RESEARCH AND ANALYSIS

Data on municipalities is isolated and limited. For the purpose of this research it was essentially non-existent. Some useful overview research, primarily relating to history, legal standards and central government control, does exist (Antounh, 1995; Atallah, 1998; Rodrigues, 1995). Beyond this literature, knowledge and opinions of persons associated with municipalities was crucial. For effective analysis, however, more extensive and detailed data is required.

For example, it would have been useful to know more about the condition and operation of smaller, more rural municipalities (the primary focus of the Mission's concern and interest). Accordingly, various respondents were asked if they could provide data for "typical" municipalities of 1,000, 5,000 and 10,000 inhabitants, such as annual budget, number/job/qualifications of staff, and the types of services provided. None could, although approximations or ranges of data were also acceptable and requested.

This information could be learned by submitting questionnaires to, or visiting, some representative municipalities or municipal federations. Likewise, it would also be possible to "create" the information by talking extensively with people who could provide it through some sort of Delphi (or similar) approach (that would involve, for example, staff of the MoIM or the field staff of the SUNY municipal efforts). The unavailability of this information is symptomatic

of data non-availability in general in Lebanon, where the last official census was some 75 years ago. As to the number of municipalities that fall within the area of AID interest – smaller, rural, under 20,000 population – only a broad estimate was provided, perhaps some 40% of the country's population.

Generally, the smaller municipalities are believed to have only minimally trained/qualified staff and to provide a very minimum of services, the most common being trash collection and disposal of some sort. This is supported by El-Zein's study of small municipalities in the Nabatieh region.

THE MUNICIPALITY, NATIONAL DEVELOPMENT, AND POLITICS

Lebanon is a state that is in the process of consolidation. Independent only since the mid '40s, it is still confronted by a series of factors that make it difficult to become an effective nation: its long history as a colony/protectorate and relatively short period of independence; disparate and often conflicting populations (primarily different religions, sects and family/clan associations); civil war; and foreign occupation. Politics and government are generally based on shifting alliances with an eye to obtaining benefits for one's own people or group. Corruption is widely considered to exist at all levels (although it is believed to be less prevalent at the local level, where elections are also believed to be cleaner).

The "national good" is not a general objective. "Rational" planning and government are difficult under these conditions. Given the geopolitical importance of Lebanon to the United States, the European Community, and Arab states, much foreign assistance, in addition to monies from multilateral banks, is available and is competed for at both the national level and the municipal level (by larger municipalities and some municipal "unions"). Donors tend to "cherry pick" the projects most likely to be successful. The result is a general state of dependency at both levels of government and continued abandonment of weaker, less effective municipalities.

In spite of major efforts by European donors to assist in administrative reform and improvements in efficiency, these efforts have not prospered, doomed by a perceived lack of interest within the government or the body politic. Efforts to improve municipal operations have also been less than fully effective. Control by the central government has intensified, with the ministry devoted primarily to that level of government (the Ministry of Municipalities and Rural Affairs) being folded into the Ministry of Interior.

Ten years ago, the Ministry for Administrative Reform, OMRAN, requested from the Brazilian Institute for Municipal Administration an assessment of municipal government. The overall analysis made then remains the same today. Of the suggestions made for improvement, only one has been carried out (to improve the efficiency and openness of municipal record keeping, processes and transactions, being carried out now by AID/SUNY). Various donors have looked to municipal level government as a means of helping in Lebanese development. However, apparently very little coordination or sharing of experience or knowledge has occurred. Although this is rather counterproductive, it is not unique to Lebanon and occurs regularly in other developing countries. (It might be added that sharing is infrequent within developed country governments as well).

INTERGOVERNMENTAL RELATIONS AND CONTROL

In addition to a wide range of controls over municipal operations and decisions, the MoIM also manages a large portion of municipal finances, collecting taxes and fees for them and distributing them back to the municipalities when convenient. Funds are often held back to pay for services within the municipalities if they are deemed to be a “municipal” service, such as trash handling or operation of a sewage treatment plant. This occurs even when the municipality has not requested the service or been responsible for its initial provision or construction. There is no evidence or sense that at the national level there is any significant desire to give up any of the exercised powers.

Citizen Participation

At the municipal level, widespread citizen participation is essentially non-existent. (AID-sponsored work in community development is noteworthy, but it is not part of municipal government.) There has occurred one major exception—the small scale pilot project UN Environment Program funded Coastal Resources Management Program, which specifically focused on small municipalities and built citizen-municipal involvement into its planning efforts. A significant conclusion of the project was that it was possible to have meaningful municipal and citizen involvement, but that it was essential for citizens to see that their efforts would have a direct and significant impact. This was achieved by having available funds for the participating municipalities to invest after the planning was over.

Politics at the Municipal Level

Although national politics tends to dominate at the local level, there are some factors that are uniquely local. When the first municipal elections for a number of years occurred in 1998, there was widespread interest and hope in the “baladiye” movement (this is similar to 2004 when some municipal elections in the south were held for the first time). Still, voting tended to follow national party affiliation. Useful-appearing studies of municipal elections and mayoral attitudes were commissioned at the Lebanon Center for Policy Studies (available in Arabic). However, there has been no follow-up of these studies.

It is believed that in the period between '98 and '04 that in some municipalities, voter orientation has moved somewhat toward more local matters, with less voting strictly on the basis on national party identification. Some municipalities are believed to have grown in their ability to deal with local problems. Unfortunately, many have not, to the point that they effectively cease to exist. Up to 40% of municipalities no longer functionally exist because they no longer have the required number of elected representatives to function. Too many have resigned due to frustration, quarrels or dissatisfaction with the mayor (for a variety of reasons). Currently, the mayor's (and representatives') term of office is six years, and the basic law does not provide sufficient flexibility to deal with the above problems. When a municipality ceases to function or exist, its responsibilities are taken over by the MoIM.

POTENTIAL FOR MUNICIPAL ACCOMPLISHMENT AND IMPROVEMENT WITHOUT SYSTEMIC CHANGE

At present, only the larger municipalities and some of the municipal unions (which have active skilled leadership and/or effective well-trained staff) are able to benefit. They are able to develop projects, present their needs to donors and effectively lobby the donors. The number of

municipalities and unions that can do this is limited. Even for the active and effective municipalities and unions, success is a facade, as it merely continues and reinforces the dependency on donors and does nothing to improve the lot of the poor or ineffective municipalities.

If change is unlikely to come from the top, the only reasonable alternative is that it comes from the bottom—from the municipalities themselves. However the municipalities that would most benefit from change are unable to initiate it themselves. Efforts at change must be geared to all municipalities, large and effective, as well as the small, poor, and ineffective. Otherwise it is unlikely that they would be particularly supportive, and they are the ones able to operate within the national political system and thus able to influence (negatively) any efforts that do not benefit them as well.

USAID/LEBANON EFFORTS WITH REGARD TO MUNICIPALITIES AND MUNICIPAL REFORM

In general, USAID efforts so far have been positive. The largest and most comprehensive effort comes through the SUNY efforts. Although receiving praise for the efforts, it must be recognized that SUNY operates within the current, and limited, municipal framework. Improvements in funding, operations, efficiency and transparency are indeed important, for their own sake, as well as for setting a national example. When the basic institution is limited in what it does and can accomplish, however, as is the case with so many individual municipalities, these improvements are limited in overall impact.

A principal argument for strong municipal government is that it is the level of government closest to the people, and thus in a position to be able to best understand and respond to existing needs. In many countries it is believed that this will not occur without specific efforts to institute effective citizen participation. Although AID's efforts in this regard are yet to occur with the SUNY project, in its community development work with NGO's, AID is widely and positively recognized for having introduced this concept to Lebanon. Additionally, democracy is believed to thrive best at the level closest to the citizens. Without municipalities being able to produce sufficient results, however, they will do little to strengthen the bonds between citizens and local government, nor support the strengthening of democracy in general.

RELATIONSHIP BETWEEN MUNICIPALITIES AND MUNICIPAL UNIONS

Almost half of the country's *cazas* have at least one municipal union (also called a federation) that includes some or all of the municipalities within the jurisdiction. This relationship is critical for several reasons. On the positive side, it offers the possibility of more skilled staff that might be available to assist at the local level, and has greater financial strength to carry out projects that might be beyond any one municipality and do so with economies of scale.

On the negative side, existence of unions can take away the incentive for any one individual municipality to exercise its obligations and rights. Additionally, it loses revenue, since it must dedicate a portion of its funds to the union. Furthermore, dependence on unions has significant implications for democratic practice and strengthening. Municipal mayors are elected indirectly from among the representatives. The union leader is elected from among the mayors of the participating municipalities, insulating this person from the public. The entire question of union-municipal relationships requires serious analysis.

4. CONCLUSIONS

Any improvement in governmental operations in Lebanon and the strengthening of democracy will be difficult and slow. With limited interest on the part of most actors at the national level for change, the major alternative is to contribute to positive change at the non-national level, either through municipalities or municipal unions. Given the limited resources, stringent central control and excessive and unachievable obligations of most municipalities, this will not be simple. To thoroughly empower municipalities to carry out their responsibilities would require major legal and governmental change.

In spite of a general country wide belief that some form of decentralization is good and needed, such sweeping change is beyond AID's power, and presumably beyond its immediate goal or expectation. Given this weakness, it is hard to imagine that any municipality other than the larger ones will be able to provide any significant help in other areas of AID concern -- tourism, IT and agricultural development.

Any shift in Mission focus that deals with decentralization and democracy, however, cannot ignore the municipality. It (and the municipal union as a quasi regional-government) is the only alternative for true decentralization. Truly strengthening the municipality and bringing about major change cannot be done directly, however. There are too many entrenched forces at the national level that would oppose it, either directly or indirectly. Moreover, there is simply not the knowledge available at this moment to know how best to strengthen, how to prescribe for change. The only alternative for AID is to be indirect, to support a series of activities that over time can better-position the municipality to assume a stronger role. The proposed mechanism for this is to establish and fund a new, independent, primarily Lebanese organization dedicated to municipal support. The organization might be called something like the "Institute for Municipal Research, Development and Democracy.

V. RECOMMENDATIONS

The Institute for Municipal Research, Development and Democracy (called hereafter simply the Institute) should be administratively agile, yet capable of serving many roles and functions. Its governance needs to be simple, yet be broadly representative. Although meant to serve -- in part -- as a vehicle for AID to invest in municipal improvement, it cannot be a direct agent of AID. It needs to be structured so that it is flexible enough to operate at a small or vastly increased scale, working in just a few or many areas according to Mission interest, funding capability, and overall feasibility within the overall national picture.

Launching a new organization takes time, but initially it requires limited funds. For these reasons, it makes sense to begin implementation in a low key way as soon as a decision is made to create the Institute and to capitalize on remaining interest in municipal government. In other words, USAID should establish it and start its operation during the current project cycle rather than wait until the 2007 cycle begins.

A new organization is called for because at present there is no independent organization devoted exclusively to municipal concerns. The small NGO founded by the former mayor of Tripoli is

tied to its founder and to his political history. The Lebanon Center for Policy Studies (LCPS) is involved in a great many other areas than the municipality, and works in several different countries. SUNY is a US institution, is closely allied with AID and at present is engaged in a more technocratic relation to municipalities than is considered in this report. Current national government bodies have limited interest in and responsibilities to the municipality other than controlling it. Only a new organization can generate interest and support from all the necessary actors that determine the fate of the municipality. To bolster the independence of the Institute, and to give it an additional appearance of non threatening respectability, the Institute should be associated, at least initially, with a university, but not be a part of that university.

NECESSARY ATTRIBUTES

The Institute need not be much different from any ordinary NGO. It should have a small governing body, essentially its officers, but a relatively large body of advisors in order to be widely representative. It needs to be able to do all things a research and development organization does – generate and receive funds, enter into binding agreements, hire staff, purchase and own property and other goods, contract for services of all kinds, etc.

The Institute should be expandable and scalable. Its potential range of activities should be broad, but it should not necessarily attempt to engage in all of them at any one time, particularly in its beginning stage. Rather it should begin life at a small scale, either in terms of the scope or magnitude of its activities. This will allow the organization to start slowly, establish itself and its credibility, building its capability and influence over time. Its only limiting factor should be that it work exclusively with subjects of projects that relate, either directly or indirectly, to the municipality.

Among the activities that might be engaged in are:

- a repository for information about Lebanese municipalities;
- basic research on municipalities;
- pilot projects;
- applied research and policy analysis;
- public information and education;
- advocacy on behalf of municipalities; and
- technical assistance and training.

Potential areas of work, presented below, are in a rough order of complexity/assertiveness/potential for controversy. It is recommended that in the beginning, the Institute engage in only a few of them. Without a thorough understanding of the current realities of the municipality, it is unrealistic to think about taking an immediate and major active role in strengthening and promoting it. Suggestions below as to the type of work necessary/possible are meant only as suggestions. An exact determination of an Institute work plan should await additional extensive consultation with interested and knowledgeable persons in Lebanon.

ESTABLISHMENT AND LOCATION

The Institute should be located in Beirut. The choice of initial loose university association is open to further analysis. The AUB has a political science and public administration program with faculty experience with municipalities. Perhaps the LAU does as well. Association with

either would further build the Mission's support of the US oriented universities. Association with a university offers the additional benefit of being able to use services of students as research assistants.

POTENTIAL AREAS OF WORK

1. Collection of Existing Data, Information, Projects

The Institute should serve as a repository for information about municipal government in Lebanon – existing studies, a data base of projects involving municipalities and their products, proposals for future work.

Basic Research

Detailed information is necessary for understanding the true current state of finances, staffing, actual services provided (and overall effectiveness) for municipalities in general, and the smaller ones in particular. Existing information should be updated (e.g. LCPS studies on the municipality). Regional economic base assessment is needed in order to put municipal capabilities and prospects in perspective. Although the smaller and rural municipality would be a primary focus, knowledge about conditions for larger municipalities is important for comparative purpose and for future analyses. This research, like almost all of the potential activities of the Institute, could either be carried out by the Institute's own staff, or contracted to existing organizations or individuals.

2. Pilot Projects

One very useful way of learning about municipal government is through working with different municipalities in joint efforts. Particularly recommendable in this area are joint municipal-citizen planning efforts, which can be either of the long-term variety, or those oriented more towards immediate action. In the latter category is a planning approach and process known as comparative (environmental) risk assessment (CERA). Developed in the United States, it has been applied by USAID in various countries. Designed to develop consensus among interested citizens and stake holders in the planning area, it involves a tripartite participation of citizens, knowledgeable individuals and potential implementers/resource holders. It is particularly useful when available data is limited. Although created to look specifically at environmental matters (and based on an expanded version of public health comparative risk analyses), its approach is sufficiently flexible and open ended that it can accommodate other (development) concerns. As much of the Lebanese municipal responsibilities fall within the environmental area, it is particularly appropriate.

Application of this approach in several different parts of the country, at the municipal, joint municipal (an entire municipal union or simply several contiguous municipalities) or regional level would provide significant understanding about effective planning. If the pilot projects are chosen with care, and resource availability is ensured to enable actual funding of chosen priorities, democratic processes will also be supported and the abstract concept of democracy replaced by one of belief in effective and workable democracy.

CERA is geared to short term accomplishments (although it recognizes the longer term as well). By focusing on what is capable of being accomplished now, it does not pretend to be

comprehensive or long term, although it does establish priorities for activities and projects to be accomplished in the future as resources are available. Nonetheless, different sorts of planning, emphasizing the longer term would also be considered. Citizen involvement can also be useful in such efforts, although of a different nature. These more comprehensive planning efforts are more appropriate than CERA at larger geographic scale, and would provide a useful comparison and counterbalance, particularly if they were carried out in an area that included the CREA planning area.

Certainly other types of pilot efforts can and should be considered over time as research and experience points to them.

3. Applied Research and Policy Analysis

The intent of these activities would be to build on the data obtained through basic research and submit it to a more thorough analysis for potential future arrangements or changes necessary to improve municipal government. Some of the topics that might be considered include:

- Appropriate size for municipalities (looking at questions of both geographic scale and population);
- Necessary financial base for municipalities to function adequately for different levels and types of municipal services;
- Appropriate activity distribution between municipalities and municipal unions;
- Legal considerations – different classes of municipalities, different municipal obligations, staff requirements and standards;
- Political considerations – election of mayors and their length of term, terms for representatives, replacement procedures for mayors or representatives who leave office mid-term, the question of where a citizen votes – current residence or place of birth – and how to better involve citizens in municipal life;
- Types of activities and services that are uniquely appropriate for municipalities;
- Mechanisms for distributing/sharing responsibilities between the central and municipal levels of government;
- Different financial mechanisms and funding alternatives for the vast unmet need of operation and maintenance (O&M) of different environmental services at the local level (water, sewage, trash).

4. Public Information and Education

At present there is little positive to say about the municipal system. This function would best be applied initially as a communication mechanism as the Institute undertakes various activities and studies, in other words mostly as public relations. The communication function would expand to include information about progress made and to solicit greater input and participation by the public in the operations of the Institute as its work matured. When and if the Institute enters into an advocacy role, communications would become much more important.

5. Advocacy on Behalf of the Municipality

Advocacy could take two principal forms: providing general information to the public at large and to decision makers about municipal needs and proposed solutions; and sponsoring the establishment of a formal municipal support organization, such as a Lebanese Federation of

Municipalities. Overt lobbying for changes benefiting municipalities would be the responsibility of such an organization, with the Institute serving more for technical support.

6. Technical Assistance and Training

This utility of this function needs future consideration. At present, training (of municipal employees) is provided by SUNY and the MoIM. Until it is demonstrated that alternative types of training are needed and that neither of those two training organizations are appropriate, the Institute should not consider training. Similarly, until it is determined that municipalities need specific types of TA that are not available elsewhere, this function should not be considered.

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Annex F: Municipal Governance Consultant Report 2: Results and Discussion of Municipal Focus Group Meetings Prepared by Mr. José Martínez

I. INTRODUCTION

The stated task was to assess the needs of the municipalities represented at the eight (8) Caza meetings we held from Monday, November 14 through Sunday, November 20, 2005. Prior to these meetings it was made clear that the immediate cash needs of the municipalities would be of the greatest concern to the municipality representatives in attendance – especially the need for additional funds for infrastructure projects. The municipal representatives did that indeed indicate that infrastructure funding was their greatest need.

As addressing such an issue was outside the purview of this report, the goal became to discern through their very specific and clear statement of infrastructure funding needs what were their real needs— or to put it another way, what were their lost opportunities.

The following constitutes the broader municipal and community needs that were noted as concerns by community and municipal leaders across the eight (8) cazas.

II. ANALYSIS OF THE CURRENT STATUS OF MUNICIPALITIES' FUNCTIONS

LACK OF A COMMUNITY SPIRIT AND COLLECTIVE VISION

At the Tripoli Caza meeting focusing on the underdeveloped area of Bab El Tabbaneh, the community leaders present said that the necessary cooperation among Tripoli civic leaders is absent — that there is a lack of community spirit and citizen engagement in civic issues. They further expressed their frustration in the control that the Central government has over the municipality. These community leaders were concerned that the Central government performs public functions, such as infrastructure projects, without the involvement and knowledge of local community officials and leaders.

However, the Tripoli civic leaders have developed comprehensive economic development plans — without the full participation and knowledge of the municipality's constituents, especially the economically disadvantaged. The community leaders, including business people and municipal officials, believe that by developing centrally located shopping districts and tourist attractions on the seashore, the economic conditions of the economically disadvantaged will improve. This fails to take into account the need for skills development, training and education for the economically disadvantaged residents of the municipality. This type of training in conjunction with the development of a central business district and tourist attractions would increase local incomes in a sustainable and equitable manner.

The community leaders' complaint that they are not consulted regarding the Central government's plans for economic development in the caza and their own failure to engage their constituents in planning highlights has a negative impact on continued economic growth at the municipal and caza level and by extension at a national level as well.

CITIZENSHIP

At another Caza meeting, a participant stated that Lebanese must take responsibility for their own destiny at all levels of civic society and government. All Lebanese citizens must be responsible for their current actions, as these actions will affect their prospect for the future. The participant believed, the Lebanese citizenry has become complacent with their country's public and economic future – with the expectation that the international donor community will continue to provide support ad infinitum.

However, incompetence and mismanagement, if not corruption, at the central and municipal governments were not recognized as a top priority in reforming the Lebanese government at all levels. The belief remains that the international donor community will continue to provide financial assistance. It is all the more unfortunate that this assistance is often wasted or misused through incompetence or corruption.

INSTITUTIONAL – CENTRAL VS. LOCAL GOVERNMENT

Centralization of governmental functions at the national level is a problem for Lebanese municipalities. It is commonly said that Lebanon has de-concentration as opposed to de-centralization, and this is a governmental structural problem. This means that legally municipalities have the responsibility to govern and provide services to their communities, but they are not funded at the level necessary to provide municipal services as stipulated by the current national law on municipalities. Currently all taxes collected at the local level communities – both by the municipalities and the national government - are deposited into the Independent Municipal Fund (IMF). The IMF is administered by the Central government, and funds paid into it are supposed to be quickly re-distributed back to the municipalities. However, the Central government often fails to reimburse these taxes in a timely fashion so that the municipalities can adequately serve their constituents.

The Central government keeps most of the municipalities' share of the Independent Municipal Fund resources and conducts capital infrastructure projects throughout all of Lebanon — most often without the knowledge or participation of local municipal officials. Undoubtedly, projects that may not be the highest priority of municipalities are built by the Central government, thereby reducing the authority from local elected and appointed officials to provide for their constituents.

With respect to the Central government-built infrastructure systems, municipalities do not have oversight authority over connections from private property to public infrastructure systems (i.e., water and wastewater), as this is a Ministry responsibility. The Ministry fails to adequately oversee this function, and the municipalities do not have the authority to perform it. The result is confusion, long delays in achieving such connections or not being able to connect at all.

APPOINTED MUNICIPAL STAFF SKILLS

Lebanese municipalities lack funds to hire competent municipal staff. This results in poor quality work output. Because municipalities are not responsible for major infrastructure projects, they do not need technical staff for such functions, nor do they have the available funds to hire such experts due to the Central government keeping a disproportionate amount of local taxes through

the IMF. Additionally, there is no municipal management program at any Lebanese university. As a direct result, municipal administrators often do not have the proper skill sets needed to successfully manage the functions of city government.

MUNICIPAL PLANNING

As the Central government continues to develop the plans it believes are needed in the cazas, municipalities need to develop their own action plans utilizing their own staff or by consultants under municipal control. Municipalities should develop their own:

- infrastructure systems plans;
- urban development and redevelopment plans - including comprehensive and land use plans with zoning;
- economic plans to maximize the potential of its people and natural resources;
- tourism development plans;
- plans to assist their agricultural industry;
- skills training plans and programs;
- human/social services plans;
- recreation and amusement plans;
- health system plans, and other planning activities.

However, due to the lack of financial and human resources Most municipalities are unable to develop these plans independent of the Central government.

Due to the actual or perceived corruption at the municipal level, care must be taken to prevent the misuse of municipal planning programs and misappropriation of municipal funds to benefit a select sector of the local population at the expense of the overall community. Such plans must be preceded by the acceptance of transparent community-based planning (strategic planning) in municipal initiatives.

Until very recently, municipalities lacked the computer hardware and software to perform their management, budgeting and planning functions. Many municipalities have received assistance from USAID/SUNY for budgeting and governance technical training. The Central government should take on this training program under its auspices to ensure sustainability and increase local capacity. Whether the Lebanese Central government will be able and willing to carry on this training function after the USAID/SUNY contract is terminated, as it should, is questionable.

MUNICIPAL LOBBIES

Some of the participants at the November 2005 caza meetings recognize the need for Lebanese municipalities to organize and create a municipal lobby to influence the Central government. They want the Central government to cease being only a controlling agent and instead become a serving agent for municipalities throughout the country.

The only currently available vehicle for municipalities to address their concerns is the Central government-funded Union of Municipalities. However, the Union can only function as a venue for the discussion of municipalities' needs, and what they can demand from their Central government. In order to create an independent organization, the first step is to ensure that all municipalities become members of the one Union of Municipalities allowed per Caza, and

secondly, to encourage all municipalities to actively participate in the function of these Unions. Before all municipalities can be a single voice, they must be well-informed and they must become aware of the common needs of the municipalities nationwide.

CENTRAL GOVERNMENT PUBLIC INFORMATION

Municipalities and their civil society are demanding information from the Central government — information that will benefit the rural Lebanese constituency and that is “truthful”, fact-based, and not politically motivated. Civil society wants to hear what the Central government can offer to improve the quality of life for rural Lebanese. Conversely, it wants to be heard by the Central government regarding needed interventions and strategies for their local communities. Finally, there is a demonstrated interest in hearing what lessons have been learned in other parts of the country to attempt to emulate these successes. This requires the Central government to develop mechanisms for information exchange between itself and its constituents on all subjects of government and civil society.

There is a significant need for information exchange from the Central government down to the municipality level and between individual municipalities on all topics discussed in the Caza meetings including:

- municipal governance;
- environment;
- agriculture;
- economic development (including tourism);
- IT (in both the public and private sectors);
- social services; and
- assistance to displaced populations.

Municipal Management and Operations Information/Education

Misinformation or lack of information on the roles of municipal governments in Lebanon is an issue that leads to increased difficulties in successful municipal management. This may be the result of the absence of a regular source of truthful and quality information on the topic of municipal governance and management from the Central government. The belief exists that the lack of information from the Central government is intentional so that the municipalities will not be able to function as is stipulated by the municipal law. Others believe that the intended role of the Central government is not to assist local governments but instead to control them. The issues was also raised that Lebanon has a good municipal law, but that the Central government chooses not to implement it.

Elected and appointed officials and other municipal staff do not have the required information and education to perform their respective tasks. One explanation for this situation is the lack of a municipal management or municipal planning program at any Lebanese university. Furthermore, there is no single source of valuable management and planning information for municipalities anywhere in Lebanon. While many cities are receiving some information on municipal management functions from USAID via SUNY-Albany, the logical source of this information is the Central government, and not an international donor.

Environment

With respect to the environment, the general public is generally uninformed about environmental dangers and the negative impact on the health and well-being of local populations from pollution. There is an identified need for this information. The Central government should fill the role of providing this information in a frequent and reliable manner as the municipalities do not have the necessary resources to do so.

Economic Development

Rural Lebanese are requesting economic development studies to determine what types of industries could be attracted to rural areas to create employment. With respect to economic development, many Lebanese are unaware of the archaeological, historic, ethnic, religious as well as natural treasures that are excellent attractions for both Lebanese and international tourists. Several Caza meeting participants, community leaders themselves, were unaware of available micro-credit and SME loan programs. Some Lebanese NGOs function as private enterprises though they are tax exempt entities. These NGOs appear to function primarily to guarantee a living-wage for their personnel by continuing to secure donor grants in perpetuity. This has been encouraged by a dependency culture encouraged by the ready availability of donor funds.

Agriculture

With respect to the agriculture industry, there appears to be a severe lack of farmer and rancher education on the entire cycle of crop production and animal breeding. There is a lack of impetus to develop agricultural extension programs to increase in-country knowledge, instead the tendency is to believe this type of basic information and training can/should become from the donor community.

Information Technology (IT)

It appears as if many rural Lebanese are aware that this sector, and in particular, the Internet, is the most promising mechanism to link the Central government and local governments as well as all sectors of civic society. It remains to be seen how widely and rapidly the availability of the Internet reaches throughout rural Lebanon. Broadband connectivity will be extremely advantageous to the rural Lebanese interest for connectivity and information.

IDENTIFIED PRIORITIES AND THEIR RESPECTIVE IMPORTANCE

Lack of national responsibility

There is a significant lack of responsibility on the part of key rural Lebanese leaders, the Central government's leadership in the Ministries that pertain to the rural countryside and municipalities, NGOs, and general civic society overall. The Lebanese citizenry has become complacent regarding their country's public and economic future. The priority from the perspective of the international donor community should be one of weaning the Lebanese community from the international dole by requiring responsibility, accountability, and in-kind participation in all of its grants and loan programs. This weaning should be gradual, as it will be a hard lesson learned by the entire Lebanese community.

Lack of Municipal Transparency in All Municipal Planning and Operations

The institutionalization of transparency in all municipal operations is imperative to engender trust from the constituency for its elected officials. Technical training of municipal staff as is offered by USAID through SUNY-Albany, while very worthwhile, is only one of the two major elements needed in municipal governance. Municipalities must be made aware of the value of transparency in all municipal functions. This element has not yet been a component in any USAID-funded governance program to my knowledge.

Lack of Entrepreneurial Training

The spirit of entrepreneurship is being lost in rural Lebanon. To counter this Entrepreneurial Centers could be created in rural Lebanon to train potential entrepreneurs in the basic skills of entrepreneurship. This service should focus on truly potentially capable individuals (not the businesses) that can start and grow a business with the capacity of employing rural populations in challenging opportunities that would stimulate additional growth, as opposed to menial, low skilled jobs that tend to stagnate local economic development.

CAUSES OF PERFORMANCE PROBLEMS

Dependence on the donor community and the loss of Lebanon's young professionals to emigration constitutes a major lost opportunity for continued and more rapid development in Lebanon. Those left behind are less capable of breaking the chains of poor Central government policies. Rural areas especially become more susceptible to municipal mismanagement by poorly trained or corrupt administrators. The lack of domestic opportunities will continue to limit the ability of Lebanon to develop and prosper.

III. RECOMMENDATIONS

Enable municipalities to function as true municipalities through the following steps:

- Implement and enforce the municipal laws currently on the books. Make all laws pertaining to municipalities clear and disseminate them widely.
- Amend national municipal law as deemed necessary by the municipalities themselves, and not the Ministry of the Interior and Municipalities.
- Develop a municipal information center to provide essential information and training for municipal elected and appointed officials. A Lebanese university seems the logical choice to locate such a center at this time. Universities are, to a limited degree, involved with communities. The level of involvement should be increased, and this proposed center is a potential source of involvement. The selected university could conduct municipal-related seminars throughout the country, and these seminars could be used as educational tools for elected municipal officials and appointed officials.
- Enforce penalties for municipality malfeasance in all aspects of municipal conduct including the continuation of environmentally insensitive practices.
- Conduct education sessions at the Unions of Municipalities across the country to ensure that all elected and appointed officials are fully aware of their responsibilities and authorities. Include 'best practices' of municipalities from other countries, including the United States.
- Institute a municipal government public information mechanism from the Central government to the municipalities and the general public.

- Pass through the legally mandated Independent Municipal Fund amounts to the municipalities on a quarterly basis instead of the current two years in arrears situation. Inform the municipalities of the funds to be received so that they can better develop their municipal budgets.
- With the increased pass-through funding from the Independent Municipal Fund, pay all municipal employees a living-wage, one that will attract the interest of young scholars to the profession.
- Institute municipal management programs at all public and private universities in Lebanon. We were informed that there is no such program, though due to our short stay, we were unable to verify this.
- Continue and expand the current USAID/SUNY municipal assistance program, but do so from the Central government using funding from Lebanese tax funds at the earliest opportunity.
- Mandate the membership of all municipalities in their respective Union/Federation of Municipalities.
- Institute and practice community-based strategic planning in all Union of Municipality decision-making by amending the national law. This will guarantee complete transparent planning at this level. Mandate a civic society committee oversight structure to guarantee the recommended transparency.
- Institute community-based strategic planning in all municipal planning functions by amending the national law. This initiative will guarantee complete transparent planning and operational planning at the municipal level. Mandate a civil society committee oversight structure to guarantee the recommended transparency.
- Institute relationships with organizations like OMRAN to assist municipalities to develop transparent decision-making processes.
- Institute community-based strategic planning in all Central government Ministries that have oversight functions over municipal activities by amending the national laws. This initiative will guarantee complete transparent planning and operational planning at the Ministry level. Mandate a civic society and locally elected officials committee oversight structure to guarantee the recommended transparency. Mandate a sunset action at annual evaluations of these Ministries if they are found to be irresponsible in the performance of their mandated functions.
- Entrepreneurship training for the potential entrepreneur, while not a municipal function, is essential to create the economic vitality to attract displaced populations to their villages and municipalities of origin. Success in achieving this will increase municipal revenues that will enable municipalities to increase the delivery of services to the rural population. Only through repopulation will rural Lebanon become a viable community.