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Resilient nations.*

Fourteenth Consolidated Annual Progress Report on Activities Implemented under the Lebanon Recovery Fund

**Report of the Administrative Agent of the Lebanon Recovery Fund
for the period 1 January – 31 December 2020**

Multi-Partner Trust Fund Office
United Nations Development Programme
<http://mptf.undp.org>

31 May 2021

Lebanon Recovery Fund (LRF)

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization



International Labour Organization



United Nations Development Programme



United Nations Educational, Scientific and Cultural Organization



United Nations Population Fund



United Nations High Commissioner for Refugees



United Nations Children's Fund



United Nations Industrial Development Organization



UN WOMEN

CONTRIBUTORS



CANADA



GERMANY



INDIA



REPUBLIC of KOREA



ROMANIA



SPAIN



SWEDEN

Abbreviations and Acronyms

AA	Administrative Agent
CEDRO	Community Energy Efficiency and Renewable Energy Demonstration Project
FAO	Food and Agriculture Organization of the United Nations
GoL	Government of Lebanon
ILO	International Labour Organization
LCRP	Lebanon Crisis and Response Plan
LRF	Lebanon Recovery Fund
M&E	Monitoring and Evaluation
MPTF Office	Multi-Partner Trust Fund Office (Administrative Agent of the LRF)
NGO	Non-governmental organization
PUNO	Participation UN Organization
SAA	Standard Administrative Arrangement
TOR	Terms of Reference
UN	United Nations
UNCT	United Nations Country Team
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNICEF	United Nations Children's Fund
UNW	UN Women

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DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

Date of transfer of first instalment from the MPTF Office to the Participating Organization.

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

US Dollar Amount

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

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Executive Summary

The Lebanon Recovery Fund (LRF) was established as a flexible mechanism to channel international assistance to the Government of Lebanon (GoL) in support of national recovery and reconstruction efforts related to the aftermath of the July 2006 conflict. In 2017, the fund was re-oriented to support the implementation 2030 Agenda particularly through joint programming under the 2017-2021 UN Strategic Framework. Findings in this report are meant to provide stakeholders with information that will inform the future role of the LRF, both as part of a broader financing strategy and when modifying activities to ensure continued optimal performance.

In 2020, the LRF concluded its fourteenth year of operations. Because the majority of LRF initiatives have been successful, the United Nations in collaboration with national partners, will build on achievements with help from a fund that, since its establishment, disbursed \$57 million US dollars to 33 projects in the following sectors:

- **Socio-economic recovery projects** that target agriculture, the agro-food industry, support women's empowerment and income-generation activities, provide assistance to the dairy sector, support SMEs and encourage the establishment of public-private partnerships.
- **Energy and environmental projects**, which focus on renewable energy initiatives, and mainstreaming climate change policy and practices into Lebanon's Development Agenda.
- **Rapid delivery projects** that aim to support host communities affected by the Syria crisis and build capacities of national institutions.
- **Coordination projects** where United Nations agencies and the LRF Monitoring and Evaluation Unit provide oversight to the Lebanon Recovery Fund.

Projects implemented under the LRF form a solid, coherent and realistic set of interventions that cover the least developed parts of Lebanon and reach the most vulnerable populations. Nine Participating Organizations—the Food and Agriculture Organization of the United Nations (FAO); the International Labour Organization (ILO); the United Nations Development Programme (UNDP); the United Nations Educational, Scientific and Cultural Organization (UNESCO); the United Nations Population Fund (UNFPA); the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Industrial Development Organization (UNIDO), The United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Children's Fund (UNICEF)—have been involved in programme implementation throughout Lebanon since 2007.

As of 31 December 2020, the LRF received a total of \$60 million US dollars in contributions from Germany, India, the Government of the Republic of Korea, Spain, Sweden, Romania and Canada. During that same period the Administrative Agent transferred \$59 million US dollars to the nine Participating Organizations. Expenditure for the LRF as of 31 December 2020 was \$57.8 million US dollars, and over the course of the reporting period there was two active projects. Report and financial data pertaining to the Lebanon Recovery Fund is available on the LRF section of the [MPTF Office GATEWAY website](#).

Although the LRF was designed to serve as a flexible mechanism to channel international assistance in accordance with government priorities, a lack of multi-year programming and resource mobilization strategies resulted in a decline in contributions (\$7.3 million US dollars was received between 2013-2019). In 2016, an internal review of the LRF was carried out in close consultation with government, donor and UN partners to draw lessons from past operations, assess relevance in the context of a prolonged Syria crisis, and propose ways forward based on international best practices while taking into account national circumstances.

The Steering Committee of the Lebanon Recovery Fund (LRF), at a meeting in April 2017, decided to reshape and pivot the Fund in line with recommendations from the internal review, which recognize the value of the LRF in facilitating support for national priorities particularly through UN joint programming. During the reporting period,

the LRF with key UN agencies have been undertaken efforts to develop prioritized joint programmes in collaboration with government and donor counterparts. In parallel, discussions are ongoing with the World Bank to ensure alignment and complementarities between the LRF and World Bank financial support to Lebanon. In 2020, the LRF successfully mobilized an additional commitment of around 7 million US dollars from the government of Canada to support the development of productive sectors in Lebanon.

1 Introduction

1.1 Background

Political

Against a backdrop of continuing countrywide demonstrations that had prompted the previous government to resign in October 2019, Mr. Hassan Diab was designated Prime Minister in December 2019. In February 2020, his 20-member cabinet, in which women’s representation reached 30 percent, received Parliament’s vote of confidence.

On the 4th of August 2020, massive explosions occurred at the Port of Beirut, which authorities attributed to around 2,750 tons of ammonium nitrate that were improperly stockpiled and ignited after a fire in an adjacent storage facility. The explosions killed over 200 people and injured over 6,500, causing significant displacement, widespread destruction, and damage to property and infrastructure. Public outrage led to renewed protests, resulting in violent clashes between demonstrators and security forces that injured hundreds amid allegations of excessive use of force. On the 10th of August, Prime Minister Diab announced the resignation of his government, which ushered in a new period of political instability, institutional paralysis, and into the explosions has yet to produce results and Amidst accelerating economic decline, exacerbated by the COVID-19 pandemic and the Beirut Port explosions, Mr. Mustapha Adib was designated as the next Prime Minister on the 31st of August; however, he returned his mandate several weeks later due to disagreements between the political blocs about the configuration of his cabinet. On October 22nd, almost exactly 1 year after his resignation in the face of the popular protests, former Prime Minister Saad Hariri was designated Prime Minister for a fourth term. Despite numerous consultations between Mr. Hariri and President Michel Aoun, no agreement was reached on a new cabinet by the end of 2020. Meanwhile, the government’s caretaker mode has severely hampered both a comprehensive response to the multifaceted crises the country is facing and progress on needed reforms that are in line with the aspirations of the population.

In the aftermath of the Beirut Port explosions, France and the UN co-convoked two international conferences. The first was held on August 9th “to support Beirut and the Lebanese people.” The second was held on December 2nd, where participants urged Lebanese leaders to accelerate the formation of “a credible government, effective and able to work in the general interest of the country.”

Peace and Security

Continued tensions between Lebanon and Israel, notably along the Blue Line, marked 2020. Several incidents involving the Lebanese Armed Forces (LAF) and the Israel Defense Forces (IDF) required the intervention of United Nations Interim Force in Lebanon (UNIFIL), including positioning between the two forces and engagement with the parties to de-escalate the situation. Tensions increased particularly on July 27th and August 25th, when



a government of Lebanon. The government's investigation achieve justice for the victims.

breaches of the cessation of hostilities were reported across the Blue Line. These breaches included exchange of fire between the parties and shelling. Throughout 2020, Israeli overflights were reported almost daily, violating UNSCR 1701 (2006) and Lebanese sovereignty. Overflights cause distress to the civilian Lebanese population and highlight the continued risks to stability particularly amidst lack of progress towards a permanent ceasefire.

A Framework Agreement between Lebanon and Israel was announced on October 1st to launch discussions between the two countries on the delineation of their maritime boundary. Subsequently, four rounds of talks were held, mediated by the United States and hosted by the UN Special Coordinator for Lebanon at United Nations premises in Naqurah. The socio-economic and financial deterioration in Lebanon hampered previous endeavors to extend territorial control along the border and curb illicit smuggling. Despite efforts by the LAF to secure Lebanon's border with the Syrian Arab Republic (SAR), there were reports of continued criminal activities and illicit smuggling of critical goods—such as flour, medicine, and fuel subsidized by the Central Bank (BdL). Momentum for the future elaboration of a national integrated maritime strategy with international support was a welcome development during 2020, which would be aimed at extending the authority of the State at sea.

Counterterrorism operations by the LAF and the Internal Security Forces (ISF) were instrumental in dismantling several terrorist cells affiliated with the Islamic State in Iraq and the Levant (ISIL), in particular in the north-east of the country.

Economic

Lebanon is facing the most devastating socio-economic crisis in its recent history.

The economic and financial crisis, accelerating since end of 2019, has been compounded by the COVID-19 pandemic and the Beirut Port explosions. In March 2020, the Government of Lebanon defaulted on its foreign-denominated debt, marking the first sovereign default for the country. The economy continues to suffer from a critical foreign currency shortage. As a result, the Lebanese pound has severely depreciated, losing more than 80 percent of its value by January 2021. Inflation has been in the triple digits, reaching 133 percent (year-over-year) in November 2020, with food prices increasing by a staggering 423 percent. The banking system is severely impaired; informal capital controls have been in place since October 2019, with foreign currency withdrawals and transfers currently halted.

Real GDP is estimated to have contracted by 19 percent in 2020, following a contraction of close to 7 percent in 2019. An acute human tragedy is unfolding, with poverty expected to affect more than one-half of the population and unemployment expected to exceed 40 percent by the end of 2021. The now resigned government had issued a financial recovery plan in response to the current economic situation; however, it is faced with major pushbacks and has not been properly implemented. Government negotiations with the International Monetary Fund (IMF), on the basis of a macro-economic stabilization program and a much critical liquidity injection, have been halted given the delay in government formation.

Humanitarian

The situation in Lebanon continues to be precarious, with extensive humanitarian needs. Socio-economic and political drivers are affecting the stability of the country. The large-scale presence of refugees and vulnerable host communities are stretching local resources and capacity as well as heightening inter-communal tensions. The combination of the current debt crisis, the COVID-19 pandemic, the Beirut Port explosions and the lack of political action have contributed to a looming humanitarian crisis in Lebanon.

The Beirut Port explosions occurred as Lebanon had been in the midst of a multi-faceted and multi-layered crisis since October 2019. While the Government of Lebanon bore the primary responsibility of responding to the Beirut Port explosions, the impact and consequences of the incident were beyond the capacity of the government.

The economic, financial, and other crises continue to negatively impact the population. According to the United Nations Economic and Social Commission for West Asia, the poverty rate in Lebanon rose dramatically from 28

percent in 2019 to 55 percent in 2020¹. Furthermore, the average cost of the food Survival Minimum Expenditure Basket (SMEB) registered an increase of 183 percent nationally between October 2019 and December 2020.² Key risks exist, with the potential of leading to a market collapse and further eroding the population's purchasing power. Businesses have closed, and incomes have seriously shrunk due to recurrent lockdown measures to curb the spread of COVID-19. As much as two-thirds of Lebanese households had a reduction in income since the onset of the pandemic.

Since 2011, Lebanon has hosted the largest per capita number of refugees worldwide, including an estimated 1.5 million Syrian refugees³ and 27,000 Palestine refugees from Syria, in addition to an estimated 180,000 Palestine refugees already in living in the country⁴. The 2020 Vulnerability Assessment of Syrian Refugees finds mounting levels of poverty among Syrian refugees. Approximately 89 percent of Syrian refugee families in Lebanon are now living below the extreme poverty line, an increase from 55 percent in mid-2019, with the majority of them residing in dense urban settings in poor conditions. The rising competition over resources for survival has been fueling tensions between Lebanese and Syrian individuals and communities during the past years.

Food insecurity is also on the rise in Lebanon. Half of the Syrian refugee population is now food insecure⁵, an increase of 20 percent from 2019, while 33 percent of refugees of other nationalities and 20 percent of Lebanese are food insecure⁶.

Additionally, the majority of Palestine refugees in the country live below the poverty line, with their situation made worse by the deepening economic crisis and the restrictive measures triggered by the COVID-19 pandemic. Furthermore, the impact of the pandemic and the economic crisis and the Beirut Port explosions increased the vulnerability of migrants in Lebanon due to the particular susceptibilities of this group under the kafala (sponsorship) system and which increased needs for structural reform and humanitarian assistance.

1.2 The 2018 Consolidated Annual Progress Report

The *fourteenth Consolidated Annual Progress Report on Activities Implemented under the Lebanon Recovery Fund* covers the period from 1 January to 31 December 2020 and reports on the progress, achievements and challenges of the two projects operational during this period. The annual report is consolidated using information from individual progress reports and financial statements submitted to the MPTF Office by Participating Organizations.⁷

¹ United Nations Economic and Social Commission for Western Asia. (2020). *Poverty in Lebanon: Solidarity is vital to address the impact of multiple overlapping shocks*. <https://digitallibrary.un.org/record/3895004?ln=en>

² World Food Program. (2021, January). *VAM update on food price and market trends (December 2020)*. <https://reliefweb.int/report/lebanon/lebanon-vam-update-food-price-and-market-trends-december-2020>

³ As of November 2020, the Government of Lebanon (GoL) estimates that the country hosts 1.5 million Syrians who have fled the conflict in Syria, including 879,598 registered as refugees with UNHCR - https://data2.unhcr.org/en/situations/syria/location/71#_ga=2.40303274.989084136.1603809143-1953895612.1581579111

⁴ This is based on Lebanese-Palestinian Dialogue Committee (LPDC) data. UNRWA uses the figure of 257,000 Palestine refugees in Lebanon, based on an estimate of those eligible to UNRWA services currently in Lebanon which includes registered refugees and registered people like families of refugee women who are not themselves refugees i.e do not meet UNRWA refugee definition.

⁵ [VASyR 2020.pdf \(reliefweb.int\)](#)

⁶ [WFP-0000124175.pdf \(reliefweb.int\)](#)

⁷ This report is neither an evaluation of the LRF nor the MPTF Office's assessment of the performance of Participating Organizations. The report provides the LRF Steering Committee with a comprehensive overview of achievements and challenges associated with projects funded through the LRF, thereby enabling the body to make strategic decisions and take corrective measures, as required.

2 Governance

2.1 The LRF Steering Committee

The overall management of the Lebanon Recovery Fund is led and coordinated by the Steering Committee. The LRF Steering Committee provides strategic/technical guidance and oversight and takes final decisions on fund allocation. The Steering Committee is chaired by the Minister of Economy and Trade and composed of representatives from the Ministry of Finance, the Prime Minister’s Office, donors, and the UN Resident Coordinator.

2.2 The Project Approval Group

The Project Approval Group (PAG) reviews project proposals, provides technical advice to the steering committee. The PAG is co-chaired by the Office of the Prime Minister and the UN Resident Coordinator’s Office and is comprised of senior technical representatives from the Ministry of Finance and Ministry of Economy and Trade.



2.3 The Administrative Agent

The UNDP MPTF Office is the Administrative Agent (AA) for the LRF. Its responsibilities as AA include the receipt, administration and management of contributions from donors, the disbursement of funds to Participating Organizations (in accordance with guidance from the Steering Committee), and the consolidation of narrative and financial reports produced by each of the Participating Organizations, as well as provision of these reports to the Steering Committee for submission to donors.

3 Project Approval and Implementation Updates

In this section a summary of activities and results from the projects implemented by LRF Participating Organizations are presented. Included in the summary are the main project achievements outlined in annual progress reports submitted to the MPTF Office. For 2020, project results are organized under the following sector:

- **Coordination projects** that involve UN coordination offices and the LRF Monitoring and Evaluation Unit.
- **Socio-economic recovery projects** that involve six UN organizations joining efforts in one flagship joint programme in support of productive sectors targeting agriculture and the agro-food industry.

Table 1.1: Ongoing projects (1 January – 31 December 2020) in US Dollars

Sector/Project No. and Project Title	Participating Organization	Total Approved Amount	Net Funded Amount	Start Date	Completion date
00073340 LRF-25 M & E Team for the LRF	UNDP	746,304	746,304	17 Dec 2009	31 Dec 2020
00122996 LRF-33 Productive Sectors Development Programme (PSDP)	FAO, UNIDO, UNDP, UN Women, UNICEF, ILO	7,410,611	2,862,866	20 Jul 2020	31 Jul 2023
Total for Lebanon Recovery Fund ongoing projects		8,156,915	3,609,170		

3.1 Coordination Projects

3.1.1 Monitoring and Evaluation Team for the LRF—FUND SECRETARIAT

The Monitoring and Evaluation (M&E) unit for the LRF strengthened existing monitoring mechanisms by improving the timeliness, cost efficiency and reliability of LRF project activities. The M&E unit was established to support project managers in achieving their deadlines and in evaluating revisions made by other LRF projects (e.g. no-cost time extensions, budget re-evaluations or changes in scope). The M&E unit also serves as the fund secretariat and provides overall technical and advisory support to the steering committee.

Table 3.3.1.1: M&E Project Summary

Project Number, Title and Participating Organization	LRF 25: Monitoring and Evaluation Team for the LRF - UNDP
Total Allocation	US\$ 746,304
Project Duration	December 2009 – December 2020
Key Objective	To generate and enhance the framework whereby projects improve efficiency and prevent unnecessary expenditures and project delays that may arise.

Results

In 2020, the LRF secretariat has been working with key government stakeholders and UN agencies to identify priorities for support through the LRF. The LRF secretariat has also maintained close coordination with the World Bank to explore and ensure alignment and complementarities between the UN-LRF and the WB financial support in country.

During the reporting period, the LRF secretariat has worked with participating UN agencies to successfully finalize a contribution agreement for 7.4 million US dollar joint programme to support productive sectors development. With the generous contribution of the Government of Canada, this support was initiated in 2020 through a flagship joint programme “Productive Sectors Development Programme” (PSDP). The PSDP sits within the United Nations Strategic Framework’s (UNSF) Outcome 3.1, which stipulates that the Government of Lebanon shall be assisted in “strengthening Lebanon productive sectors of the economy to promote inclusive growth and local development especially in most disadvantaged areas”. It is jointly implemented by UNIDO, FAO, UNDP, ILO, UN WOMEN, and UNICEF and aims to support gender-responsive job creation and economic opportunities in the agriculture and agro-food sectors, prioritizing women and female youth in disadvantaged areas.

Challenges

The current aid landscape has changed since 2006 with the bulk of support under the framework of the humanitarian response (LCRP) now channelled bilaterally to international and national (non-governmental) partners. This, along with the absence of a multi-year programming framework and resource mobilization strategy, has made it difficult for the LRF to secure new contributions that will provide stakeholders with the resources they need to maintain current gains and/or develop new, and much needed initiatives that will benefit Lebanese and Syrian refugee communities.

3.2 Socio-economic recovery Projects

3.2.1 LRF-33 Productive Sectors Development Programme (PSDP)

The PSDP aims to support gender-responsive job creation and economic opportunities in the agriculture and agro-food sectors, prioritizing women and female youth in disadvantaged areas. It includes interventions on three levels: the macro (national policy), meso (institutional), and micro (direct beneficiary support) levels. These building blocks aim to tackle a range of challenges to maximize the impact of the programme on focus sectors and communities, support gender-responsive job creation especially for women and female youth and promote inclusive and long-term economic growth. The PSDP was designed to include interlinked activities on these three levels and present a flagship example for joint service delivery and for promoting the “Delivering as One” approach between the implementing UN agencies. The identified intermediate outcomes on each of those levels is outlined below:

- Macro - Improved enabling policy environment for Women Economic Empowerment and participation in productive sectors.
- Meso - Improved access to markets for women and men-led Micro, Small, and Medium Enterprises (MSMEs) in productive sectors.

- Micro - Improved capacity of women and men farmers, women and men-led cooperatives, and women-led micro, small and medium enterprises (MSMEs) in productive sectors to create and sustain gender-equitable job opportunities and adopt environmentally sustainable practices.

Table 3.3.2.1: PSDP programme Summary

Project Number, Title and Participating Organization	LRF-33 Productive Sectors Development Programme (PSDP)
Total Allocation	US\$ 2,862,866
Project Duration	July 2020 – July 2023
Key Objective	To support gender-responsive job creation and economic opportunities in the agriculture and agrofood sectors

Results

Following the crisis in Lebanon, internal assessments were conducted by PUNOs to evaluate whether the project outcomes and outputs still apply taking into consideration the COVID-19 pandemic, August blast, and economic crisis. The main challenges facing the productive sectors were related to the depreciation of the currency and thus the increase in import cost simultaneously with the difficult access to financing. The temporary lockdown and further reductions in consumer demand due to COVID-19 have deprived businesses of much-needed income and further exacerbated adverse financial conditions. Business closures and employees' layoffs are being reported across all sectors, with women being disproportionately affected. Particularly in the agrofood sector, yields are likely to decrease as farmers are moving towards low input agriculture and choosing substitution for cheaper alternatives or decreasing quantities of inputs used, raising food security concerns in the country. Thus, the assessments concluded that PSDP's outcomes are a priority in Lebanon to reduce the negative repercussions of the ongoing crisis and respond to the agrofood sector's needs.

The PSDP is currently finalizing the inception phase and plans to kick-off implementation in the second quarter of 2021. Originally, the inception phase was planned for a period of six months. However due to the restrictions imposed by the series of lockdowns and the August blast, the phase was delayed by at least two months. At the time of this report writing, the inception plans were being drafted while considering the new impact of the COVID 19 and the financial/economic crisis on the most vulnerable Lebanese.

Challenges

The inception phase that was initially planned for 6 months, incurred a 3-months delay, and will be finalized by the end of April 2021 instead of the end of January due to the challenges mentioned above. Also, the series of lockdown restrictions and the Beirut port blast that put all PUNOs in emergency mode to provide urgent assistance to affected population which has also delayed the inception phase.

During the inception phase, special considerations were also placed to analyze and address crosscutting mandates in export promotion amongst different government entities/ministries. A comprehensive plan of collaboration between all government entities was proposed to streamline end-user experience.

4 Financial Performance

2020 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **Lebanon Recovery Fund** using the pass-through funding modality as of 31 December **2020**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/LRF00>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2020**, 7 contributors deposited US\$ **60,013,644** in contributions and US\$ **2,931,149** was earned in interest.

The cumulative source of funds was US\$ **62,944,793** (see respectively, Tables 2 and 3).

Of this amount, US\$ **57,824,541** has been net funded to 9 Participating Organizations, of which US\$ **55,097,253** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **600,136**. Table 1 provides an overview of the overall sources, uses, and balance of the **Lebanon Recovery Fund** as of 31 December 2020.

Table 1. Financial Overview, as of 31 December 2020 (in US Dollars)

	Annual 2019	Annual 2020	Cumulative
Sources of Funds			
Contributions from donors	-	6,795,489	60,013,644
Fund Earned Interest and Investment Income	15,531	14,519	1,602,770
Interest Income received from Participating Organizations	-	-	1,328,379
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	15,531	6,810,007	62,944,793
Use of Funds			
Transfers to Participating Organizations	-	2,862,866	59,747,157
Refunds received from Participating Organizations	-	-	(1,922,616)
Net Funded Amount	-	2,862,866	57,824,541
Administrative Agent Fees	-	67,955	600,136
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	16	25	613
Other Expenditures	-	-	-
Total: Uses of Funds	16	2,930,846	58,425,290
Change in Fund cash balance with Administrative Agent	15,515	3,879,161	4,519,502
Opening Fund balance (1 January)	624,826	640,342	-
Closing Fund balance (31 December)	640,342	4,519,502	4,519,502
Net Funded Amount (Includes Direct Cost)	-	2,862,866	57,824,541
Participating Organizations' Expenditure (Includes Direct Cost)	145,354	283,641	55,097,253
Balance of Funds with Participating Organizations			2,727,289

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2020.

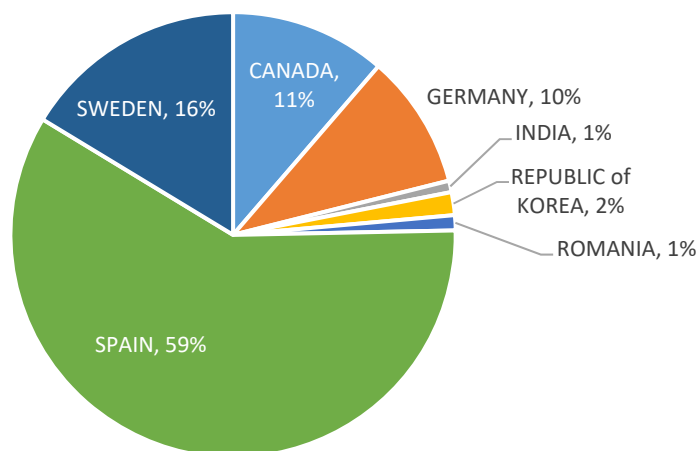
The **Lebanon Recovery Fund** is currently being financed by 7 contributors, as listed in the table below.

The table below includes commitments made up to 31 December 2020 through signed Standard Administrative Agreements, and deposits made through 2020. It does not include commitments that were made to the fund beyond 2020.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2020 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2019 Deposits	Current Year Jan-Dec-2020 Deposits	Total Deposits
CANADA, Government of	6,795,489	-	6,795,489	6,795,489
GERMANY, Government of	5,860,660	5,860,660	-	5,860,660
INDIA, Government of	500,000	500,000	-	500,000
REPUBLIC of KOREA, Government of	1,000,000	1,000,000	-	1,000,000
ROMANIA, Government of	659,531	659,531	-	659,531
SPAIN, Government of	35,400,500	35,400,500	-	35,400,500
SWEDEN, Government of	9,797,465	9,797,465	-	9,797,465
Grand Total	60,013,644	53,218,156	6,795,489	60,013,644

Figure 1: Deposits by contributor, cumulative as of 31 December 2020



3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent (Fund earned interest), and 2) on the balance of funds held by the Participating Organizations (Agency earned interest) where their Financial Regulations and Rules allow return of interest to the AA.

As of 31 December **2020**, Fund earned interest amounts to US\$ **1,602,770**.

Interest received from Participating Organizations amounts to US\$ **1,328,379**, bringing the cumulative interest received to US\$ **2,931,149**.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2020 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2019	Current Year Jan-Dec-2020	Total
Administrative Agent			
Fund Earned Interest and Investment Income	1,588,251	14,519	1,602,770
Total: Fund Earned Interest	1,588,251	14,519	1,602,770
Participating Organization			
FAO	85,140		85,140
ILO	41,076		41,076
UNDP	940,803		940,803
UNESCO	65,076		65,076
UNFPA	45,905		45,905
UNIDO	150,379		150,379
Total: Agency earned interest	1,328,379		1,328,379
Grand Total	2,916,630	14,519	2,931,149

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2020, the AA has transferred US\$ 59,747,157 to 9 Participating Organizations (see list below).

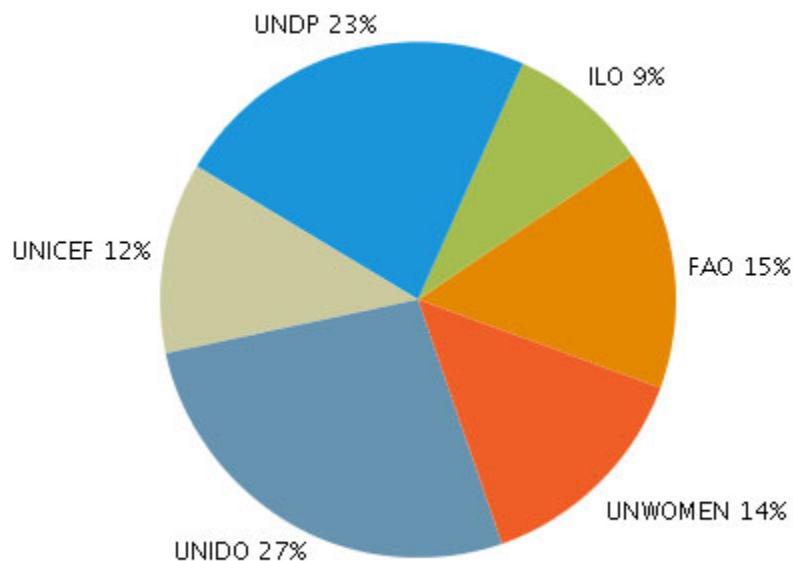
4.1 TRANSFER BY PARTICIPATING ORGANIZATION

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2020 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2019			Current Year Jan-Dec-2020			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
FAO	9,933,397	(377,645)	9,555,752	428,610		428,610	10,362,007	(377,645)	9,984,362
ILO	2,683,108	(45,443)	2,637,665	250,000		250,000	2,933,108	(45,443)	2,887,665
UNDP	36,690,702	(555,132)	36,135,570	664,304		664,304	37,355,006	(555,132)	36,799,874
UNESCO	1,587,226	(803,109)	784,117				1,587,226	(803,109)	784,117
UNFPA	994,858	(386)	994,472				994,858	(386)	994,472
UNHCR	495,000		495,000				495,000		495,000
UNICEF				350,000		350,000	350,000		350,000
UNIDO	4,500,000	(140,900)	4,359,100	769,952		769,952	5,269,952	(140,900)	5,129,052
UNWOMEN				400,000		400,000	400,000		400,000
Grand Total	56,884,291	(1,922,616)	54,961,675	2,862,866		2,862,866	59,747,157	(1,922,616)	57,824,541

Figure 2: Transfers amount by Participating Organization for the period of 1 January to 31 December 2020



5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2020** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2020** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/LRF00>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2020**, US\$ **2,862,866** was net funded to Participating Organizations, and US\$ **283,641** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **57,824,541** and cumulative expenditures reported by the Participating Organizations amount to US\$ **55,097,253**. This equates to an overall Fund expenditure delivery rate of **95** percent.

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2020 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2019	Current Year Jan-Dec-2020	Cumulative	
FAO	11,712,849	9,984,362	9,555,752	114	9,555,866	95.71
ILO	3,347,685	2,887,665	2,637,665		2,637,665	91.34
UNDP	38,384,698	36,799,874	35,987,506	194,758	36,182,264	98.32
UNESCO	789,396	784,117	784,117		784,117	100.00
UNFPA	994,858	994,472	994,472		994,472	100.00
UNHCR	495,000	495,000	495,000		495,000	100.00
UNICEF	516,893	350,000				0
UNIDO	6,339,334	5,129,052	4,359,100	46,917	4,406,017	85.90
UNWOMEN	930,319	400,000		41,851	41,851	10.46
Grand Total	63,511,031	57,824,541	54,813,612	283,641	55,097,253	95.28

5.2 EXPENDITURE BY PROJECT

Table 5.2 displays the net funded amounts, expenditures reported and the financial delivery rates by Participating Organization.

Table 5.2 Expenditure by Project within Country, as of 31 December 2020 (in US Dollars)

Country / Project No.and Project Title		Participating Organization	Approved Amount	Net Funded Amount	Expenditure	Delivery Rate %
Lebanon						
00065541	LRF-1 CEDRO (Phase I)	UNDP	2,732,240	2,732,240	2,732,240	100.00
00065542	LRF-2 Support for livelihoods	UNIDO	3,000,000	2,860,643	2,860,643	100.00
00065543	LRF-3 Early recov assist. for	FAO	1,370,670	1,363,074	1,363,074	100.00
00065544	LRF-4 Early recov assist. to w	FAO	1,900,000	1,892,411	1,892,411	100.00
00065545	LRF-5 Local Soc-Eco Recovery	ILO	1,183,108	1,153,121	1,153,121	100.00
00065546	LRF-6 HR for digital doc. worl	UNESCO	767,226	761,947	761,947	100.00
00065547	LRF-7 Enhance Performance of t	UNDP	270,000	263,497	263,497	100.00
00065548	LRF-8 Increased Integration of	UNDP	1,400,000	1,400,000	1,400,000	100.00
00065549	LRF-9 Flood/Water Mgt for Live	UNDP	2,843,880	2,843,880	2,843,880	100.00
00065550	LRF-10 CEDRO (Phase II)	UNDP	3,500,000	3,497,419	3,497,419	100.00
00065551	LRF-11 Strengthening the Dairy	UNDP	1,000,000	999,556	999,556	100.00
00065552	LRF-12 Women Empowerment	UNFPA	994,858	994,472	994,472	100.00
00065553	LRF-13 Soc-ec Rehab and Rec. o	UNDP	996,919	996,919	996,919	100.00
00065554	LRF-14 Forest Fires Management	FAO	2,600,000	2,325,977	2,325,977	100.00
00065555	LRF-15 Enhancing ICT in Educat	UNESCO	22,170	22,170	22,170	100.00
00065556	LRF-16 CEDRO (Phase III)	UNDP	3,772,827	3,768,779	3,768,779	100.00
00065557	LRF-17 Flood Risks Prev. and M	UNDP	3,800,000	3,467,735	3,467,735	100.00
00065558	LRF-18 Recovery Coordination S	UNDP	1,128,012	1,109,271	1,109,271	100.00
00070663	LRF-19 ART GOLD Lebanon	UNDP	2,391,450	2,389,642	2,389,642	100.00
00070664	LRF-20 Support to Livelihoods	UNIDO	1,500,000	1,498,457	1,498,457	100.00
00070696	LRF-21 Recovery and Rehabilita	FAO	2,513,960	2,412,209	2,412,209	100.00
00070875	LRF-22 Local Socio Econ (Phase	ILO	1,500,000	1,484,544	1,484,544	100.00
00071177	LRF-23 Hydro Agricultural Devt	UNDP	2,000,000	1,904,897	1,904,897	100.00
00072096	LRF-24 Early Recovery of Nahr	UNDP	2,500,000	2,486,651	2,486,651	100.00
00073340	LRF-25 M&E Team for the LRF	UNDP	746,304	746,304	739,504	99.09
00083004	LRF-26 Recovery and Rehabilita	FAO	1,562,727	1,562,081	1,562,081	100.00
00085932	LRF-27 National Action Program	UNDP	500,000	500,000	500,000	100.00
00086602	LRF-28 Reviving farmers' livel	UNDP	700,000	700,000	700,000	100.00
00090567	LRF-29:Selected rapid delivery	UNDP	5,802,053	5,728,379	5,728,379	100.00
00092321	LRF-30 International Awareness	UNDP	121,017	114,402	114,402	100.00
00100930	LRF-31 Supporting Lebanon in M	UNHCR	495,000	495,000	495,000	100.00
00105974	LRF-32 Access to sustainable e	UNDP	486,000	486,000	486,000	100.00
00122996	LRF-33 Productive Sectors Deve	FAO	1,765,491	428,610	114	0.03
00122996	LRF-33 Productive Sectors Deve	ILO	664,577	250,000		0

00122996	LRF-33 Productive Sectors Deve	UNDP	1,693,996	664,304	53,494	8.05
00122996	LRF-33 Productive Sectors Deve	UNICEF	516,893	350,000		0
00122996	LRF-33 Productive Sectors Deve	UNIDO	1,839,334	769,952	46,917	6.09
00122996	LRF-33 Productive Sectors Deve	UNWOMEN	930,319	400,000	41,851	10.46
Lebanon Total			63,511,031	57,824,541	55,097,253	95.28
Grand Total			63,511,031	57,824,541	55,097,253	95.28

5.3 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditure incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditure are reported in the new eight categories. See table below.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 5.3 Expenditure by UNDG Budget Category, as of 31 December 2020 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2019	Current Year Jan-Dec-2020	Total	
Supplies, Commodities, Equipment and Transport (Old)	11,393,403	-	11,393,403	22.13
Personnel (Old)	8,459,983	-	8,459,983	16.43
Training of Counterparts (Old)	586,973	-	586,973	1.14
Contracts (Old)	10,105,671	-	10,105,671	19.63
Other direct costs (Old)	3,540,481	-	3,540,481	6.88
Staff & Personnel Cost (New)	527,831	57,690	585,522	1.14
Suppl, Comm, Materials (New)	1,438,348	-	1,438,348	2.79
Equip, Veh, Furn, Depn (New)	3,012,598	3,600	3,016,198	5.86
Contractual Services (New)	9,397,404	170,138	9,567,542	18.58
Travel (New)	359,966	-	359,966	0.70
Transfers and Grants (New)	855,532	8,646	864,177	1.68
General Operating (New)	1,561,957	1,581	1,563,538	3.04
Programme Costs Total	51,240,147	241,655	51,481,802	100.00
¹ Indirect Support Costs Total	3,573,464	41,986	3,615,451	7.02
Total	54,813,612	283,641	55,097,253	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2020, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period US\$ **67,955** was deducted in AA-fees. Cumulatively, as of 31 December 2020, US\$ **600,136** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **41,986** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **3,615,451** as of 31 December 2020.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.

5 Conclusion

This *fourteenth Consolidated Annual Report on Activities under the Lebanon Recovery Fund* provides details of ongoing projects in Lebanon along with new initiatives implemented in 2020. In the current reporting period, there was two active projects. A total of 33 projects have been funded since the inception of the Lebanon Recovery Fund with a net funded amount of \$59.7 million US dollars transferred to nine Participating Organizations.

Thirty projects were operationally and financially closed as of 31 December 2020. LRF-funded projects have been largely successful in achieving objectives as significant cross-sectoral gains were reported in many communities, which prompted the scaling-up of several initiatives across the country. One noteworthy characteristic regarding all LRF projects is the growing collaboration between Participating Organizations and implementing partners—a network that includes national authorities, local foundations and NGOs. All projects have been closely developed with government counterparts and the majority relied on support from ministries, foundations, NGOs and community-based groups for implementation of activities, along with much-needed technical expertise in the development and execution of project activities.

In 2020 and with the generous support from the government of Canada, the LRF initiated the first UN joint programme within its operations and one of the largest UN joint programme in Lebanon. Complementing the bilateral work of the UN organizations, joint programming within the LRF help leverage comparative advantages to strengthen investments for collective outcomes and to address programming and financing gaps jointly identified with government, donors and partners. This support is a great example of strengthening UN coherence focusing on common development priorities under the UNSF, reducing current fragmentation and promoting alignment and synergies within the UN system in Lebanon.

The United Nations hopes to build on the achievements of the LRF in 2021 and beyond. **Initiatives under the fund form a solid, coherent and realistic set of interventions that cover some of the most affected regions of Lebanon and they have been successful in reaching some of the country's most vulnerable populations.**

Recommendations from an internal review of the LRF (carried out in 2016 and launched in 2017) suggested **the fund be framed as a specialized mechanism that focuses on specific thematic issues not covered by other funding instruments.** The emphasis, in the case of Lebanon today, should be on providing urgent development support for the country and for vulnerable and at-risk populations, bolstering security, and addressing mid-term recovery and development priorities that compliment long-term development and infrastructure plans.

The LRF has a role to play in financing critical gaps identified through the UNSF. Funds channeled through the fund can be used to promote coherence by focusing investments on common priorities and promoting alignment between partners, while also focusing on: specific thematic issues or approaches not covered by other funding instruments; strengthening national systems through a national implementation window; providing technical and implementation support, and rolling out innovative and sustainable pilot initiatives, joint programmes and/or 'crowd-funding' approaches.

The LRF has been identified by the UNCT as a key instrument for multi-year financing for prioritized joint programming initiatives and critical funding and programming gaps. This is also in line with the UNDS reforms, and commitments provided by Member States to increase core, pooled and thematic funds, and commitments by the UN development system to strengthen joint activities.

Following the recent launch of the Lebanon Reform, Recovery & Reconstruction Framework (3RF) and the ongoing prioritization of the UN work in country, the LRF will play a pivotal role in supporting key priorities and needs identified.

Because the situation in Lebanon continues to adversely affect citizens and Syrian refugees alike, the MPTF Office hopes the *fourteenth Consolidated Progress Report on Activities under the Lebanon Recovery Fund* will inspire donors and stakeholders to closely assess the LRF and find ways to secure the future of the fund. **Additional resources are vital for advancing the overall objectives of the LRF, which focus primarily on supporting recovery and development efforts in Lebanon**, and meeting the needs of Lebanese, and other vulnerable communities.