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DEUTSCHE ZUSAMMENARBEIT



# EMPLOYMENT AND LABOUR MARKET ANALYSIS LEBANON

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# LIST OF ABBREVIATIONS

ALI	Association of Lebanese Industrialists
(i)NGO	(international) Non-government Organisation
(M)SME	(Micro), small and medium sized enterprises
AC	Air condition
AI	Artificial Intelligence
ANERA	American Near East Refugee Aid
ANUGA	Allgemeine Nahrungs- und Genussmittel-Ausstellung
AUB	American University of Beirut
BDL	Banque Du Liban, Central Bank
BDS	Business Development Services
BIAT	Business Incubation Association Tripoli
BMZ	German Federal Ministry for Economic Cooperation and Development
BRD	Beyond Reform and Development
BSU	Business Support Unit
BT	Baccalaureate Technique
CAS	Central Administration of Statistics
CCIA / CCIB	Chamber of Commerce, Industry and Agriculture / The Chamber of Commerce, Industry and Agriculture Beirut
CEDRE	Conférence économique pour le développement, par les réformes et avec les entreprises
CGTL	The General Confederation of Lebanese Workers
CIP	Capital Investment Programme
ConTra	BMZ/GIZ Construction and Training Programme
CV	Curriculum Vitae
DFID	British Department for International Development
DGVTE	Directorate General for Vocational and Technical Education
DS	Dual System
EC	European Community
ECOSOC	Economic and Social Council of Lebanon
ELMA	Employment and Labour Market Analysis
ESFD	Economic and Social Fund for Development
ETF	European Training Foundation
EU	European Union
FAO	Food and Agricultural Organisation
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GEOs	Guidance and Employment Offices
GER	Gross enrolment rate

GIL	Generation of Innovation Leaders
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GNP	Gross National Product
HR	Human Resources
ICT	Information and communication technology
IDAL	Investment Development Authority of Lebanon
IECD	Institut européen de coopération et de développement
ILO	International Labour Organization
KfW	Kreditanstalt für Wiederaufbau
KILM	Key Indicator of the Labour Market
LBP	Lebanese pound
LCRP	Lebanon Crisis Response Plan
LEDA	Local Economic Development Agency
LHSP	The Lebanon Host Communities Support Programme
LT	Licence Technique
MEHE	Ministry of Education and Higher Education
MENA	Middle East and North Africa
MoA	Ministry of Agriculture
MoET	Ministry of Economy and Trade
Mol	Ministry of Industry
MoPH	Ministry of Public Health
MoSA	Ministry of Social Affairs
MW	megawatt
NEO	National Employment Office
NPTP	Emergency National Poverty Targeting Programme
NSSF	National Social Security Fund
OECD	Organization for Economic Co-operation and Development
PPP	Public-Private Partnership
PRL	Palestinian refugees from Lebanon
ProVTE	EU/GIZ Programme for the technical assistance for a more practice oriented VTE in Lebanon
PRS	Palestine refugees from Syria
Qudra	Regional programme for the resilience for Syrian refugees, IDPs and host communities in response to the Syrian and Iraqi crises
RCA	Revealed comparative advantage
RCDL	Rassemblement de Dirigeants et Chefs d'Entreprises Libanais
SCC	The Syndicate Coordination Committee
SDGs	Sustainable Development Goals
STEP	Subsidised Temporary Employment Programme
SWOT	Strengths-Weaknesses-Opportunities-Threats
TEA	Total Entrepreneurship Activity

TS	Technicien Supérieur
TSEZ	Tripoli Special Economic Zone
TVET	Technical and vocational education and training
UDP-NL	EU/BMZ/GIZ Urban Development Programme North Lebanon
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
USAID	United States Agency for International Development
USD	US Dollar
VC	Venture capital
VTE	Vocational and technical education
WASH	Water, sanitation, hygiene
WEF	World Economic Forum
WHO	World Health Organisation







# EXECUTIVE SUMMARY





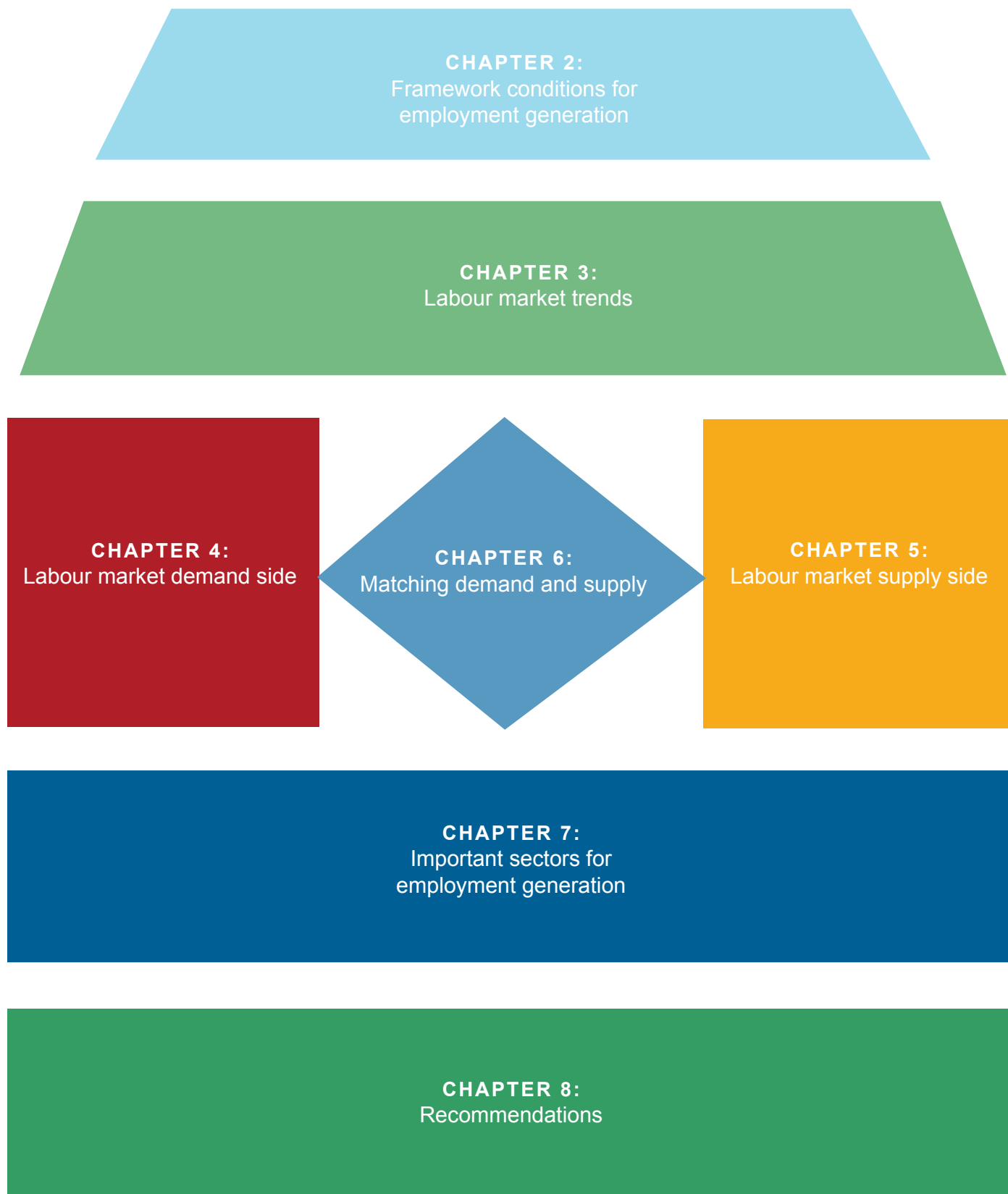


# EXECUTIVE SUMMARY

The Employment and Labour Market Analysis Lebanon (ELMA Lebanon) provides a comprehensive overview of the Lebanese Labour Market, its actors and its framework conditions. It explores current labour market trends, the impact of business and sector development on employment generation, the

qualitative development of labour force development and the matching of supply and demand in the labour market. In addition, the ELMA Lebanon profiles sectors with promising potential for job creation or income generation and provides recommendations for key stakeholders on how to improve the situation.

*Figure 1: Overview of structure of ELMA report*



# FRAMEWORK CONDITIONS FOR EMPLOYMENT GENERATION

***Dominated by services and trade, the Lebanese economy features a high dependency on imports. The unstable situation in Syria, high debt ratios, low productivity, high production costs and structural deficits that include a large informal sector account for low growth rates in the last ten years (1-3 per cent of GDP) and limit the ability of companies to create employment.***

## INFRASTRUCTURE

Low levels of public spending and several wars over the last 40 years have decimated the country's infrastructure in which basic services, including electricity, water supply, sanitation, transport, waste management and telecommunications are deficient. Nonetheless, Lebanon has in recent years renovated roads, expanded its port infrastructure and set up industrial parks. Major planned infrastructure investments include the Capital Investment Programme (CIP) that foresees investments of USD 16 billion over the next 10 years.

## DEMOGRAPHIC DEVELOPMENT

Demographically, Lebanon is unique in two ways: It has the largest diaspora population globally and also hosts the highest per capita population of refugees in the world. Both the large number of emigrants – estimated at anywhere from 8.6 million direct emigrants to 14 million descendants of emigrants<sup>1</sup> – and the large refugee population residing in the country have an impact on the labour market.

## POLITICAL SITUATION

Lebanon continues to suffer from the prolonged effects of the civil war of 1975-1990, the consequences of the 2006 war and

the armed conflict in Syria under way since March 2011. Plagued by deep political cleavages and an arduous government formation process, Lebanon continues to struggle with political instability, weak public institutions and low levels of trust between the public and private sectors.

## INVESTMENT CLIMATE AND BUSINESS ENVIRONMENT

Entrepreneurs and investors in Lebanon have grappled with a difficult business climate for years. According to the Executive Opinion Survey of the World Economic Forum (2017), government instability, corruption, a weak infrastructure, a complex bureaucracy and political instability are the key barriers to doing business. But there are also positive aspects, such as the country's service-oriented and open economy.

## ECONOMIC POLICY AND STRATEGIES

National strategies adopted in recent years include an integrated vision for the industrial sector to be realised by 2025 by the Ministry of Industry and Ministry of Economy and Trade's 'Lebanon SME Strategy – A Roadmap to 2020'.







## LABOUR MARKET TRENDS

***Lebanon has no system in place for the collection of current labour market data on an ongoing basis; the only data available is that of international organisations like the ILO. The last national survey was conducted in 2009; the ILO and the Central Administration of Statistics (CAS) are currently conducting a study on labour-market statistics scheduled to be published in late 2019.***

### EMPLOYMENT FIGURES

The UN estimates the Lebanese population at around 4.68 million (2017). According to 2017 ILO estimates, some 2.061 million people (15+ years) in Lebanon are employed<sup>2</sup>, thus the country features a low employment-to-population ratio of 44.1 per cent (ILO modelled estimates).

### UNEMPLOYMENT

The ILO estimates the total unemployment rate to be 6.6 per cent (2017, among Lebanese 15 years+)<sup>3</sup>. However, this low estimate is challenged by many institutions in Lebanon, as the numbers are based on the 2009 survey and do not account for the influx of refugees and the economic crisis. Estimates that factor in these issues range between 25 and 36 percent.<sup>4</sup>

### YOUTH UNEMPLOYMENT

Youth unemployment is three to four times higher than the total unemployment rate. The Lebanese job market is not able to create as many jobs as there are new entrants within the job market. An estimated 11,000 to 15,000 new jobs have been created annually over the last 10 years, but the number only of annual university graduates over the same period was estimated at between 23,000 and 43,000, without taking the TVET graduates into account.

### CHILD LABOUR

As a result of the Syrian crisis and the economic slow-down, the number of children engaged in child labour has risen in Lebanon. However, child labour is not exclusive to Syrian refugees. Whereas the rate among Syrian refugees is highest (6.7 per cent), this is followed by native Lebanese (6 per cent), Palestinian refugees from Syria (4.1 per cent) and Palestinian refugees from Lebanon (5 per cent). Many NGOs and donor organisations address this issue by targeting their families' livelihoods.<sup>5</sup>



# LABOUR DEMAND SIDE

***Lebanon's job-creation problem is a demand-side problem, as economic growth currently does not generate enough jobs for a growing workforce.***

## EMPLOYMENT IN MSMEs

Lebanon's private sector, driven primarily by MSMEs and entrepreneurship, plays a central role in the country's economy, contributing to 80 per cent of GDP and accounting for 85 per cent of the workforce. MSMEs face challenges in scaling up their business because many of them are family-run and lack both professional management and access to finance. Nevertheless, there are success stories in certain sectors, such as agro-food processing and tourism.

Other strengths include the existing value chain breadth, existing cluster development (i.e., the geographic concentration of firms, suppliers and producers of related products), innovation capacity and the competitiveness of certain products on international markets.

## EMPLOYMENT WITH ENTREPRENEURS

Lebanon is among the world's leading entrepreneurial economies and is recognised as a leading ground for entrepreneurs in the region. The support ecosystem for entrepreneurs is growing fast and features innovative financing mechanisms and large sums of available venture capital. Nonetheless, the fact remains that many entrepreneurs launch a business out of economic necessity as an alternative to unemployment and do not expect to employ anybody but themselves.

## EMPLOYMENT IN INTERNATIONAL TRADE

While Lebanon has an open economy in which trade accounts for about 40 per cent of GDP, it has a large trade deficit that reached USD 16 billion in 2017. Exports account for only 11.2 per cent of GDP, around half the regional average<sup>6</sup>. The World Bank concludes that a factor behind Lebanon's weak export competitiveness is the lack of quality

standards, others blame weak shipping infrastructure and a lack of trade promotion. Nevertheless, given its direct access to the Mediterranean Sea and its proximity to larger markets such as the EU, Lebanon is geographically well-positioned for export activities. Furthermore, its widespread diaspora population could be tapped as an efficient support structure for export activities and some products are already highly competitive.

## EMPLOYMENT IN THE INFORMAL SECTOR

A large share of Lebanese companies operates in the informal sector. The National Statistical Institute sees almost total informality in agriculture (over 90 per cent), followed by construction and transport (nearly 80 per cent and 70 per cent respectively) and commerce (58 per cent). Labour conditions in these companies are not regulated and often substandard<sup>7</sup>. Most informal companies are small, managed by owners with a relatively low educational background and have a low capacity to scale up. With some support and the right incentives, some of these companies might formalise: some 39 per cent see an incentive in improving their access to finance and 13.8 per cent in the ability to issue receipts and attract customers.<sup>8</sup>

## EMPLOYMENT IN THE PUBLIC SECTOR

The public sector employs about 300,000 people, the majority of whom work in the military sector,<sup>9</sup> accounting for about 15 per cent of total employment. This stands out in contrast to other countries in the Middle East in which public sector employment predominates.<sup>10</sup> Due to the existing budget constraints, it is unlikely that the public sector will contribute to substantial employment creation.

# LABOUR SUPPLY SIDE

## HIGHER EDUCATION

Lebanon has a renowned education system with mostly private universities providing a high-quality education. The country's only public university, the Lebanese University, is also the only university with affordable annual fees (up to USD 163 for Lebanese students); private universities charge up to USD 26,400 per year. Lacking sufficient information on labour-market demands, students most often opt for relatively traditional and socially well esteemed fields like medicine or law with an expected return on the high investment. This creates an overabundance of graduates in a comparatively small number of occupations.

## VOCATIONAL EDUCATION

In 2017, approximately 27.7 per cent of the students (21.97 per cent of females and 33.65 per cent of males) enrolled in secondary education opting for the vocational track.<sup>11</sup> Vocational education is seen as a last resort for students with a vulnerable background or who have dropped out of school or university. The vocational schools are considered to provide a low-quality education. However, perceptions are changing as there are job opportunities in technical jobs and the new National Strategic Framework for TVET is aiming at improving the quality of the vocational education.<sup>12</sup> The Syrian refugee crisis has led to an increased number of short, non-formal vocational-training programmes provided by NGOs and private training institutions which are, however, conducted without no or limited on-the-job training, follow-up support and quality control.

## QUALIFICATIONS WITHIN THE LABOUR FORCE

Lebanon's labour market suffers from an overabundance of university graduates in a few vocations and a lack of qualified labour at the lower end of the skills spectrum. There are significant gaps between the skills demanded by employers and those held by employees. In the case of managerial positions, the gaps include, for example, basic technological skills and the ability to work independently. For non-managerial positions, the main gaps regarding soft skills include the ability to perform in a team, foreign-language skills or problem-solving skills.<sup>13</sup>

## LABOUR MIGRATION AND LABOUR MOBILITY

Lebanon has been subject to large inflows and outflows of labour. The emigration of skilled young people has left the country with no middle management. However, the remittances sent back to Lebanon are a benefit. Labour inflows are dominated by low-skilled workers: Lebanon is a destination for refugees and foreign workers under precarious working conditions. Though officially limited to work in certain sectors, refugees introduce competition for jobs as they work for lower wages. The abundance of low-cost workers is however a benefit for businesses.

## GENDER-SPECIFIC EMPLOYMENT

Only 22.8 per cent of Lebanese women are economically active. They are more likely to be trained and employed in the fields of teaching, health and service work.<sup>14</sup> The gender-related wage gap was reported to be lowest in the services and trade sectors (6.2 per cent), as compared to transport and communication, for example, where the gap was a full 38 per cent.<sup>15</sup> Gender stereotypes are reinforced by donor-financed training programmes: A common approach by many NGOs targeting adult women from vulnerable backgrounds is to provide training that encourages them to work from home, in sectors such as food processing or embroidery. However, times are changing: Due to the economic situation, women are being forced to support their families and start their own business.

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# MATCHING DEMAND AND SUPPLY

## MATCHING DEMAND AND SUPPLY

There is a strong skills mismatch in terms of vacancies and the availability of highly qualified graduates. Three areas should be targeted: First, Lebanon needs improved data and information regarding job seekers' skills and those required by companies. Second, exchange between education institutions and companies should be fostered and coupled with the development of institutionalised forms of career advice at schools. Third, the lack of a structured, centralised and transparent platform for finding out about open positions must be tackled. Some private organisations have launched initiatives involving, for example, online portals, but the National Employment Office (NEO) – which should be the key player in this field – has not been very active in recent years. Given the World Bank's massive support for the NEO, this could soon change.

## RECRUITING STAFF

The quality of the recruiting process varies depending on the size of the company. Interviewed medium-sized companies noted a lack of capacity in recruiting procedures. Only the largest companies could report having a highly structured process with a large roster of qualified potential candidates.

## RETAINING STAFF

The limited scope of job opportunities, salary prospects and job responsibilities often result in young Lebanese professionals leaving the country after graduation or within two to three years of gaining their first job. To avoid a high turnover of their white-collar staff, company owners have introduced efforts to retain staff that include carefully selecting a compatible team, offering good salaries, providing interesting, meaningful work and career prospects while fostering a welcoming corporate culture. However, to date, this is practiced in only a few companies.

## WAGES AND COLLECTIVE BARGAINING SYSTEM

The minimum monthly wage in Lebanon is USD 450<sup>16</sup>, the average median wage of a working Lebanese is USD 616 (in 2010)<sup>17</sup> and the entry wage for a university graduate is about USD 1,000 (2018). These wages may be higher than wages in other countries in the region (e.g. Jordan), but the comparatively high cost of living in Lebanon should be factored into this calculation.

Labour relations in Lebanon have traditionally been turbulent. The government has also often exercised tight control over the social partners and employees' organisations in particular, but there are still a number

of unions with considerable political and financial clout. Lebanon is a member of the ILO and a signatory to most of its core conventions. Nevertheless, the implementation of good labour laws is hampered or delayed by slow political processes.

## SOCIAL PROTECTION POLICIES

A number of public social security schemes linked to employment are available to the local working population. This includes the National Social Security Fund, Fund for Civil Servants, Fund for the Military, Fund for Teachers and two funds for security forces. Private insurance schemes are also available, but at considerable cost to subscribers. Despite this multiplicity of programmes, around 50 per cent

of the Lebanese population remain without coverage.<sup>18</sup> This includes the poorest and most vulnerable informal workers and self-employed, who cannot afford private insurance.

## IMPORTANT SECTORS FOR EMPLOYMENT GENERATION

Some sectors, such as agro-food processing, construction, tourism and hospitality, ICT, creative industries and health care could potentially make considerable contributions to job creation. This report profiles each sector and provides information regarding their key actors, the potential for growth and job creation, the skills required by companies in the sector and a strengths-weaknesses-opportunities-threats (SWOT) analysis.

# RECOMMENDATIONS

*The recommendations are intended to support international donor organisations as well as public and private sector institutions in Lebanon that are engaged in analysing, preparing and adapting development measures designed to improve the Lebanese employment environment. Some of the key recommendations have been selected for this executive summary. The full list and detailed explanations for the key recommendations may be found in Chapter 8.*

### Recommendations: framework conditions

ACTOR	POTENTIAL APPROACH
Infrastructure	
Relevant ministries (e.g. transport, economy and trade, etc.), municipalities	Provide technical assistance for infrastructure projects (capacity-building & implementation support for CIP).
Institutional framework	
Relevant ministries and national organisations, associations, companies	Organise and finance sector-specific public-private dialogues.
Investment climate and business environment	
Public institutions like IDAL	Support policymakers and public institutions in improving the business environment.

## Recommendations: Demand side

ACTOR	POTENTIAL APPROACH
<b>Employment potential in MSME</b>	
Chambers of Commerce, training providers, international donors	Support selected value chain approaches (increasing the quality and quantity of products and companies, especially in rural areas; coordination with other donors such as USAID).
<b>Entrepreneurship promotion</b>	
Incubators, accelerators, universities, municipalities, business associations	Create incubation programmes for start-ups in selected sectors (e.g., IT, health and agri-business, especially in areas outside of Beirut and for necessity entrepreneurs), offer support within the start-up ecosystem.
<b>Export and trade promotion</b>	
Chambers of Commerce. Sectoral associations	Help strengthen the quality-assurance infrastructure in selected export-oriented sectors, especially outside Beirut and Mount Lebanon (e.g., metrology, standardisation, accreditation, testing and certification).
IDAL	Help strengthen export and investment agencies' capacities.
<b>Employment in the informal sector</b>	
Ministry of Economy and Trade	Support the implementation of the planned law giving companies incentives to formalise.
Training providers	Provide management-skills training for selected informal sectors with growth potential and support co-operatives in rural areas in areas such as business creation, capacity-building.
Microfinance Institutes, Training provider	Provide financial-readiness training and links to micro-finance programmes.





## Recommendations: Supply side

ACTOR	POTENTIAL APPROACH
<b>Higher education</b>	
Higher-education institutions, private sector employers	Establish collaborations between universities and companies for research and development purposes or idea competitions, thus enhancing exchange of experience and innovation
Higher-education institutions, private sector organisations, employers	Establish links with private sector entities, encourage job fairs, highlight success stories and promote internships as part of the university curriculum.
<b>Vocational training</b>	
MEHE, INGOs	Create or fund awareness-raising programmes regarding the benefits and potential of vocational training, targeting families and employers.
MEHE/Directorate of Vocational Education	Improve resource-allocation efficiencies in public TVET programmes by limiting the number of schools offering the same occupations to a small number of students and rather cluster schools.
MEHE/ Directorate of Vocational Education and private sector	Help establish closer links between TVET programmes and the private sector, especially large companies, so as to ensure students receive practical training and placement after graduation.
<b>Life and soft skills training</b>	
MEHE, higher-education and TVET training institutions	Include soft and life skills in training programmes and curricula.
INGOs, private sector, associations	Provide mentoring services after the conclusion of training programmes, especially for youth and women from vulnerable backgrounds.
<b>Skilled emigration</b>	
INGOs and private sector	Create programmes training company employees to take on middle-management tasks and provide incentives to stay in Lebanon
Private sector and NGOs, Associations	Create programmes creating incentives for diaspora members to return and found/co-found companies, or otherwise engage in local employment creation.
<b>Labour immigration</b>	
Donors, INGOs, NGOS	Provide funding for work programmes with a balanced participation of refugees and native Lebanese.
INGOS, Associations and Unions	Create programmes to ensure good labour conditions for foreign and refugee workers; create awareness among workers about their rights.

Cultural perception of jobs and work	
Education institutions, INGOs and MEHE	Create society-wide awareness-raising programme focusing on breadth of well-remunerated existing and future jobs. Make clear that professions beyond law, medicine and engineering are relevant to the country and society.
Gender-specific aspects	
INGOs	Create comprehensive vocational and life/soft skills training programmes and mentorship services specifically targeting women, especially those who have never received or had access to training.
Private sector and INGOs	Support measures that enable women at all stages of life and in all areas of Lebanon to participate in the labour market; this must include the provision of safe transportation, child care services and safe working environments.

### ***Recommendation: Labour-market matching***

ACTOR	POTENTIAL APPROACH
Labour-market information	
NEO (lead), private sector	Establish a regularly updated and centralised labour-market information system at a public institution (NEO or MoL). This should contain key quantitative statistics such as employment rates by age group, gender and sector, as well as unemployment rates.
Career guidance	
NEO	Create a career redirection and skills-matching system for job seekers who are unable to find a job in the profession for which they are trained, or who are returning to Lebanon after some time abroad. This should be part of NEO's service portfolio.
Job search	
NEO, private companies	Encourage companies, organisations and placement/ recruiting agencies to advertise open positions with NEO, thus creating a central platform listing all available jobs. Ask companies what incentives would be necessary to persuade them to use NEO's services and platform. A platform of this kind would make the job market more transparent. As a corollary, all job seekers should be registered in order to provide them with job-matching services.
Recruiting and retaining staff	
Chambers of commerce, ALI	Create awareness-raising programmes highlighting the benefits deriving from investment in training and open corporate cultures, and which provide information on future job opportunities (modern workplace tasks and organisation, digitalisation, decline of hierarchies, etc.)



International donor organisations (lead), chambers of commerce, ALI	Provide companies of all sizes with training on good recruiting and employee-retention practices. Provide MSMEs in particular with support in establishing basic human-resources structures and processes that meet modern workplace requirements, for example by distributing responsibilities across teams.
<b>Wages and collective bargaining</b>	
International donor organisations, ECOSOC	Provide unions with capacity-building training, with the goal of helping them recover a meaningful collective-bargaining role.
<b>Social protection</b>	
International donor organisations	Support the government in its efforts to reform the National Social Security Fund, so as to provide broader and better protection.



# FRAMEWORK CONDITIONS FOR EMPLOYMENT GENERATION







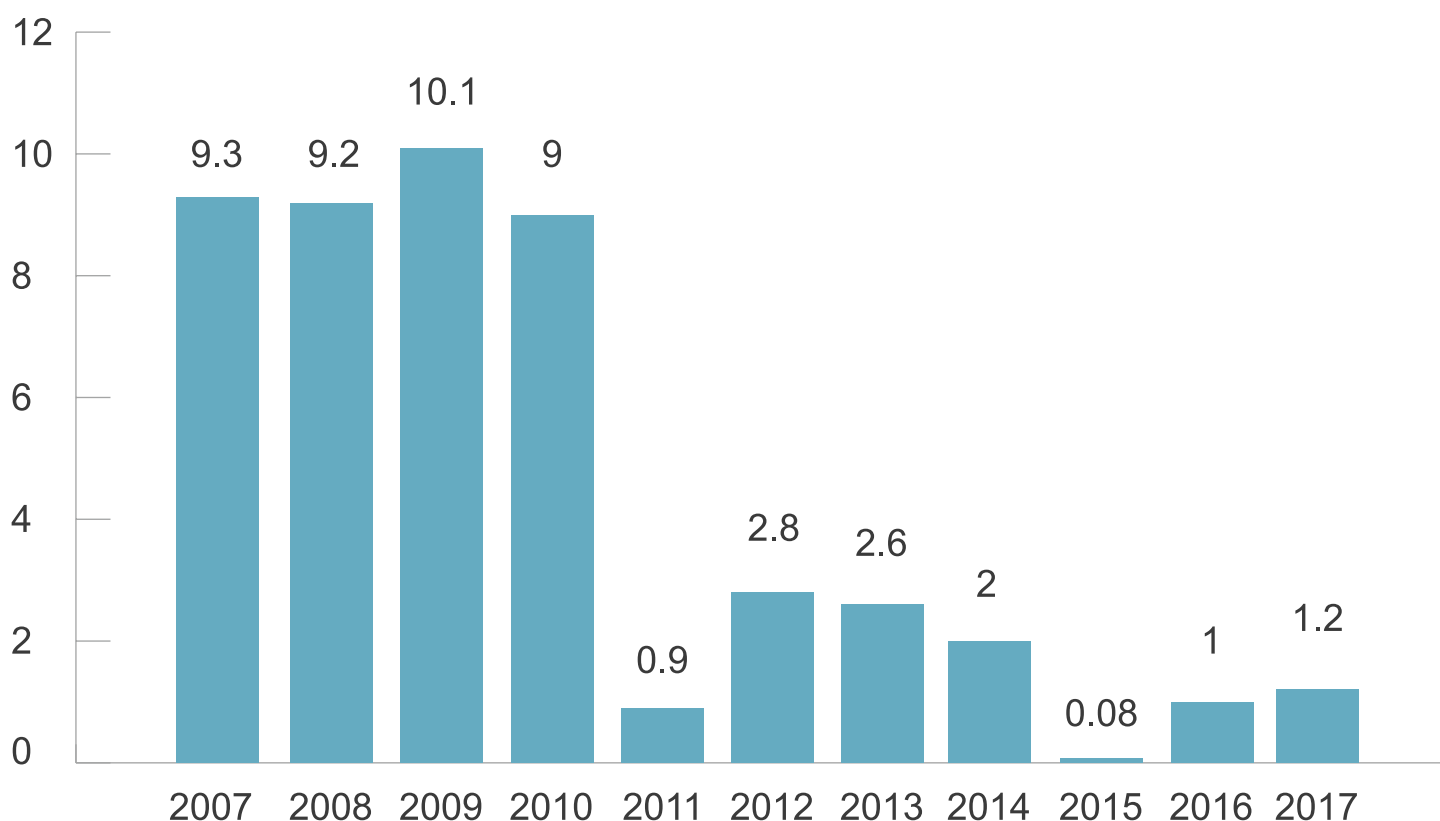
# FRAMEWORK CONDITIONS FOR EMPLOYMENT GENERATION

What are the economic and political framework conditions in Lebanon? How do they promote growth and job creation and to what extent do they hinder a flourishing economy? This chapter provides a brief overview of the framework conditions for employment generation. It will describe the challenges and opportunities in Lebanon that are associated with the economic and political situation, infrastructure conditions, the investment climate as well as the government's economic policy approach.

## ECONOMIC SITUATION

Lebanon is a small, primarily consumer market dominated by services and trade and a high dependence on imports. Over the last decade, growth has been characterised by highly volatile and uneven development to the gross domestic product (GDP) (see Figure 2). This was mainly the result of an unstable political situation, although structural problems discussed later in this chapter have also played an important role. The crisis in Syria has cut off Lebanon from export markets, slowed the country's economy, raised social tensions and put pressure on the labour market. Traditional growth drivers like finance, real estate, construction and tourism have been hit hard by the ongoing Syrian conflict.<sup>19</sup>

**Figure 2: GDP development 2008 - 2017**

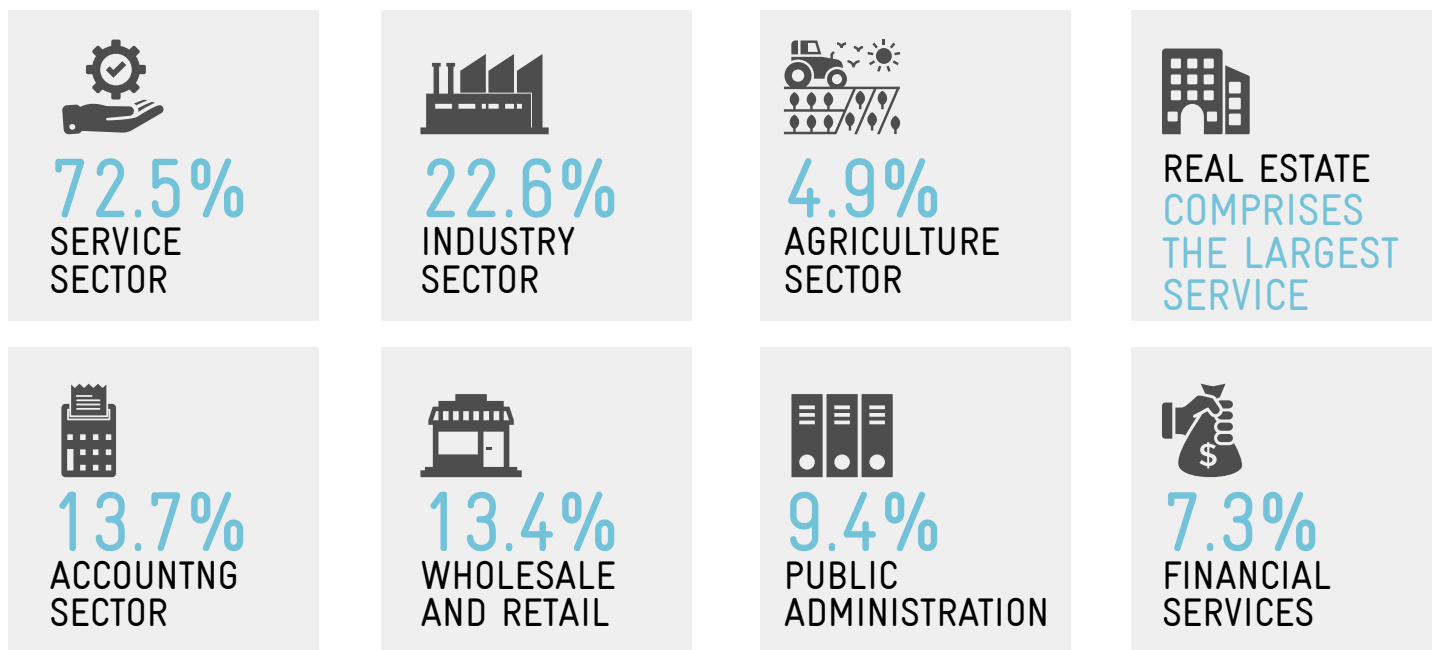


Source: IMF Datamapper, Real GDP Growth, [https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/LBN](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/LBN), accessed 07.12.2018

It must be stated that many studies have a very narrow view on the effects of the Syrian crisis and focus primarily on negative effects. From a systemic point of view, the crisis has also positive effects on the entire economic system. This includes, for example, generating a higher demand for consumer goods and local services which creates employment in selected sectors, the development of a new entrepreneurial (yet informal) niche, an influx of international short-term aid and an increase in structural investments

(e.g., the Investment in Infrastructure Conference).

Lebanon's main economic sector is the service sector (72.5 per cent of GDP; 2017), followed by industry (22.6 per cent) and agriculture (4.9 per cent). Real estate comprises the largest service sector, accounting for 13.7 per cent of GDP from 2004 to 2016, on average. This is followed by wholesale and retail (13.4 per cent of GDP), public administration (9.4 per cent) and financial services (7.3 per cent).<sup>20</sup>



## MAIN ECONOMIC PATTERN AND CONSTRAINTS FOR EMPLOYMENT GENERATION

The structural composition of the Lebanese economy has not been conducive to job creation in recent decades, even during robust growth periods.<sup>21</sup> The following section lists some of the challenges to growth and employment generation.

## MACRO-FISCAL FRAMEWORK

Lebanon features a frail macro-fiscal framework characterised by high debt ratios and persistent twin deficits of government budget balance and current account balance. Gross public debt was estimated at around 153 per cent of GDP by the end of 2017, a figure exceeded only by Japan and Greece on global comparison. Debt service for the government reaches about 10 per cent of GDP annually, consuming about half of domestic revenues. In other words, the government has very limited financial capacity to provide much support for the economy and the private sector.

Furthermore, the Lebanese economy depends heavily on capital and financial inflows to finance its current account deficit. This dependency on deposits exposes the country to significant foreign exchange and refinancing risks.<sup>22</sup> Before the 1975 war, Lebanon had a floating exchange rate regime. However, as a result of hyperinflation in the 1980s, the country began pegging its currency, the Lebanese pound (LBP), to the United States dollar (USD) at the end of 1997. The monetary stability this has brought is an important factor in Lebanon's economic attractiveness. The absence of foreign exchange controls and restrictions on

the movement of capital has created a strong and highly liquid banking system and investment sector.<sup>23</sup> At the same time, the peg has negative effects on productivity and export competitiveness (see Chapter on Employment in international trade).

## LOW PRODUCTIVITY AND HIGH PRODUCTION COSTS

Production costs are affected by cost of land, labour, capital, technology and management. All cost components, including operating costs for electricity, are considerably higher in Lebanon than in neighbouring countries. On average, a Lebanese manufacturing establishment spends about 3 per cent of its input costs on fuel for the self-generation of electricity. Many domestic producers have also not invested in modern productivity-enhancing technologies that would counter the loss of competitiveness. Lebanese products are therefore less competitive, even in the local Lebanese market. These high production costs are one of the main problems facing the industrial sector.<sup>24</sup> The International Labour Organisation (ILO) notes that 'the higher real exchange rate of the Lebanese pound has had the effect of increasing demand for imported goods, some of which compete with domestic goods, as well as the demand for domestic services such as housing, health care, education, transportation, etc. This has had the tendency to raise the costs of such services and to draw labour and capital towards producing more of such services and away from export-oriented activities like manufacturing and agriculture, where the potential for productivity gains is greatest.'<sup>25</sup>

## HIGH INEQUALITY AND RENTIER ECONOMY

Economic growth in Lebanon has been accompanied by strong income inequalities and significant regional disparities. Lebanon is a rentier economy in which the productive sectors play a minimal role and wealth is composed mainly of financial and real estate wealth. The disconnect between activity in real estate (not including construction) and widespread job creation is observed across the region. A World Bank study showed that while the real estate sector accounted for around 33 per cent of Foreign Direct Investment inflows to the Middle East and North Africa (MENA) region, it contributed to only 5 per cent of job creation.<sup>26</sup> When the inequality adjusted income index<sup>27</sup> is taken as a measure for comparison, Lebanon scores lower than Turkey, which is at a similar per capita income level, and lower than Egypt, Tunisia, and Jordan,

each of which have significantly lower per capita income levels.

The poverty rate has remained nearly unchanged for the past 25 years with extreme poverty fluctuating between 7.5 to 10 per cent over this period. Poverty levels are highest in the north and south, and in small, dense suburban pockets in large towns.<sup>28</sup> Poverty rates in the Bekaa Valley (38 per cent), North Lebanon (36 per cent) and South Lebanon (31 per cent) are well above the national average and around twice as high as in Mount Lebanon (22 per cent) and Beirut (16 per cent). These poverty levels are closely linked with labour market outcomes, higher unemployment, and a significantly higher reliance on self-employment.<sup>29</sup>

## FREE MARKET ECONOMY, BUT OLIGARCHIC STRUCTURE

Lebanon is a free market economy with a laissez-faire tradition and very limited trade restrictions. However, oligarchic structures are deeply entrenched in Lebanon and have been so for generations. Some 250 exclusive agencies protected by the 1967 commercial representation law limit the ability of small and medium sized enterprises (SMEs) to enter Lebanese markets where dominant competitors already hold an advantage. Anti-trust and competition regulations that would foster the growth of SMEs are not fully implemented.<sup>30</sup>

## HIGH RATE OF INFORMALITY

Informality plays an important role in the Lebanese economy. According to the World Bank, the informal economy accounts for 36.4 per cent of GDP.<sup>31</sup> Fifty per cent of the labour force works in the informal sector. This is mainly explained by the excessive regulatory burden for labour markets and the low quality of institutions, but also by the failure of the state to deliver basic services as well as the high number of refugees and foreign workers without residency or work permits (see chapter on Employment in the informal sector).<sup>32</sup>

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## INFRASTRUCTURE CONDITIONS

Until 1975, Lebanon had one of the most developed infrastructures in the region. But much of it was destroyed first in the civil war between 1975 and 1990 and again in the 33 days of the 2006 war.<sup>33</sup> Over 90 per cent of this infrastructure has since been rebuilt, but low public spending on infrastructure, a consequence of the country's debt burden and year-long delays in adopting budgets, mean that the current infrastructure capacity lags behind the demand.<sup>34</sup>

## OBSTACLES TO GROWTH AND EMPLOYMENT GENERATION

As a result, the quality of Lebanon's infrastructure is considered among the poorest regionally and globally. Out of 137 countries, Lebanon ranks 130th in quality of overall infrastructure with quality of electricity supply at 134th, quality of roads at 120th and quality of mobile-cellular telephone subscriptions at 104th.<sup>35</sup>

In Lebanon, there are significant deficiencies in key basic services, including electricity, water supply, sanitation, transport, waste management, telecommunications and others. The majority of households – 92 per cent – have inconsistent access to power supply.

In 2017, the peak of electricity demand surpassed 3,400 megawatt (MW) while the average capacity produced was only 2,066 MW. This results in systematic blackouts that involve extensive costs for those who use private generators. The annual household spending on private generators is

around USD 2.5 billion in the informal substitute market for electricity.<sup>36</sup> The lack of reliable electricity in Lebanon is considered to be the second biggest obstacle to private sector growth – after political instability. With more than 1.2 million vehicles and no efficient transport system, traffic congestion constitutes another obstacle to growth. The World Bank estimates that traffic congestion and high transport costs cost the economy between 5 and 10 per cent of GDP annually and are a key contributor to poverty in the country.

The country's poor infrastructure increases SMEs' costs and hampers their competitiveness in other countries in the region. The lack of infrastructure slows down both productivity and income growth, forestalls improvements to living standards for residents as well as companies' ability to create jobs.<sup>37</sup>



## CURRENT AND PLANNED INVESTMENTS

Despite the challenges, Lebanon is working to improve its infrastructure. Over the last years, the country renovated roads, expanded its port infrastructure and set up industrial parks. Major infrastructure investments are discussed in this chapter.

There are four main ports in Lebanon; the largest are Beirut and Tripoli. With a total area of 1.2 million m<sup>2</sup> including four basins, 16 quays and a new container terminal capable of handling 1.7 million twenty-foot equivalent per year, the port of Beirut is one of the largest in the eastern Mediterranean. As Lebanon's second largest port, Tripoli is currently undergoing a major expansion that will help make it a leading container terminal for regional shipping.<sup>38</sup>

Some 131 industrial zones have been established in Lebanon in recent years. Nearly half of them are located in Beirut and Mount Lebanon, about one-quarter in North Lebanon, and the remainder are split between the Bekaa Valley, South Lebanon and Nabatiyeh. Lebanon has also established special economic zones which operate under the Office of the Prime Minister. The first of these, Beirut's Logistics Free Zone, is operated by the port of Beirut. Open to foreign ownership (potentially up to 100 per cent), it offers customs exemptions. In 2016, the Ministry of Industry, in partnership with the United Nations Industrial Development Organization (UNIDO), launched an initiative to establish industrial parks in three locations in the Bekaa Valley: El Qaa, Baalbek and Terbol. These industrial zones focus on the manufacturing

industry (i.e., furniture, agro-food processing and recycling)<sup>39</sup>

The largest project is currently the Tripoli Special Economic Zone (TSEZ) that started in 2008, when the TSEZ law was approved. The zone will be established on a 50-hectare site adjacent to the port of Tripoli; infrastructure works are supposed to be finalised in 2020. The TSEZ is planned as a logistic free zone that will also feature an industrial park in order to attract foreign and domestic investments in manufacturing and related activities.

Lebanon plans several large infrastructure investments in the future. One such plan is the Capital Investment Programme (CIP) that foresees investments of USD 16 billion over 10 years. It includes over 280 infrastructural projects in the areas of energy, transport, water, wastewater, solid waste treatment, telecommunications, special economic zones, and culture and tourism. Geographically, the CIP covers the whole of Lebanon, with some projects designated as national and others as local.<sup>40</sup>

In April 2018, 50 countries and international organisations took part in the international conference in support of Lebanon development and reforms (Conférence économique pour le développement, par les réformes et avec les entreprises, CEDRE). The objective of the conference was to support economic development in Lebanon as part of a comprehensive reform plan involving infrastructure investments. The Lebanese government is expecting an important milestone for Lebanon's development and economic revival based on the agreed-upon financing for infrastructure.<sup>41</sup>

## DEMOGRAPHIC DEVELOPMENT

There is no accurate data on demographic development for Lebanon. This is due in part to concerns regarding both political and sectarian cleavages. Fears of inflamed tensions have meant that no official population census has been conducted since 1932.<sup>42</sup> At the same time, the massive and unmonitored influx of Syrian refugees in recent years is a challenge for the country's statistical office. As a result, private institutions and international organisations collect and publish estimates of demographic data in reports which partly lack rigorous methodology or representative sample sizes. In terms of demographic data, Lebanon is unique in two ways that influence the labour market in both the short and long term.

### LEBANON HAS THE LARGEST GLOBAL DIASPORA RATE PER CAPITA POPULATION GLOBALLY.

The large size of Lebanese diaspora population is in part a factor of the country's historical and cultural position as a gateway between Europe and the Middle East. In addition, the country has witnessed several periods of displacement, particularly during the civil war of 1975-1990, which have resulted in more Lebanese living outside of Lebanon than in the country. Estimates range from 8.6 million direct emigrants to up to 14 million descendants of emigrants.<sup>43</sup>

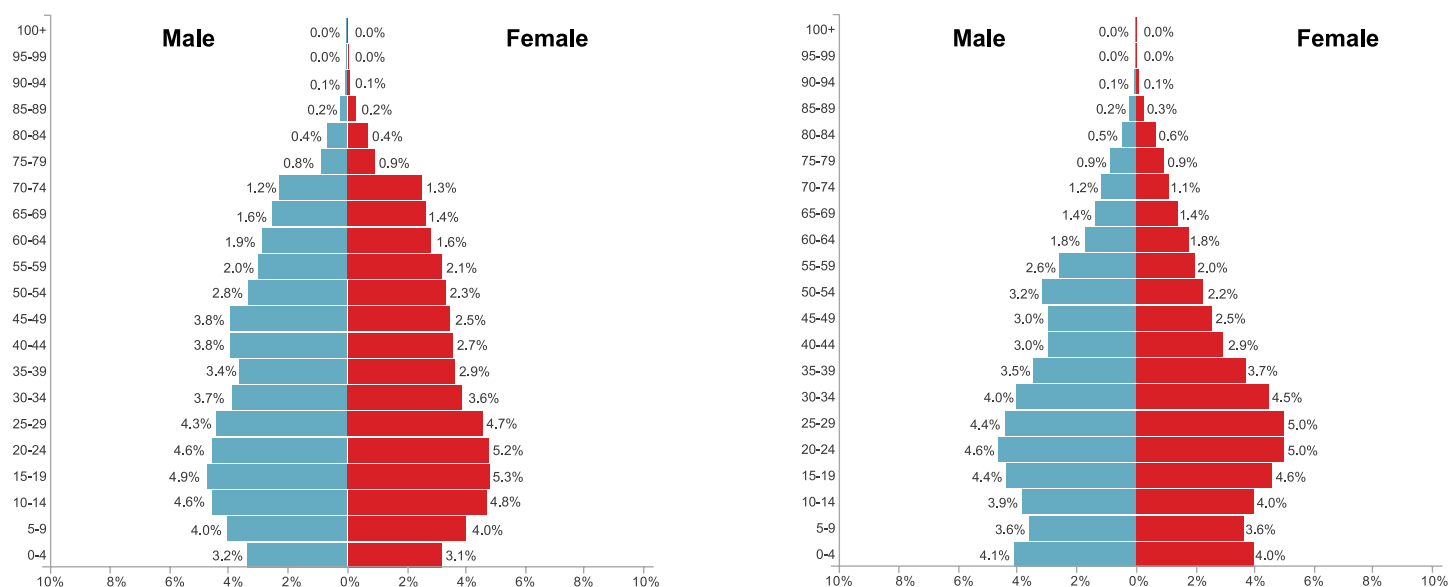
This emigration has effects on the labour market by, on the one hand, relieving pressure regarding employment creation and, on the other hand, creating a 'brain drain' that affects companies seeking skilled personnel (see chapter on Labour migration and labour mobility).

### LEBANON HOSTS THE HIGHEST PER CAPITA POPULATION OF REFUGEES IN THE WORLD.

This has an impact on the labour market, even if the duration of the effect cannot be estimated. The World Bank and national officials estimate the total refugee population reached some 1.5 million by 2017. This included non-registered Syrians and in addition to the 174,400 Palestinian refugees. Today, one person out of three in Lebanon is a displaced Syrian.<sup>44</sup>

According to the UN Department of Economic and Social Affairs (UN DESA), the total population of Lebanon was estimated to have grown by 40.23 per cent from 2010 to 2017.<sup>45</sup> As a consequence of this influx of refugees, the country's population pyramid changed both in absolute and in relative terms. The population pyramid is expanding slightly for those aged between 20 and 39 and constricting for those aged 0 and 19 (see Figure 3).

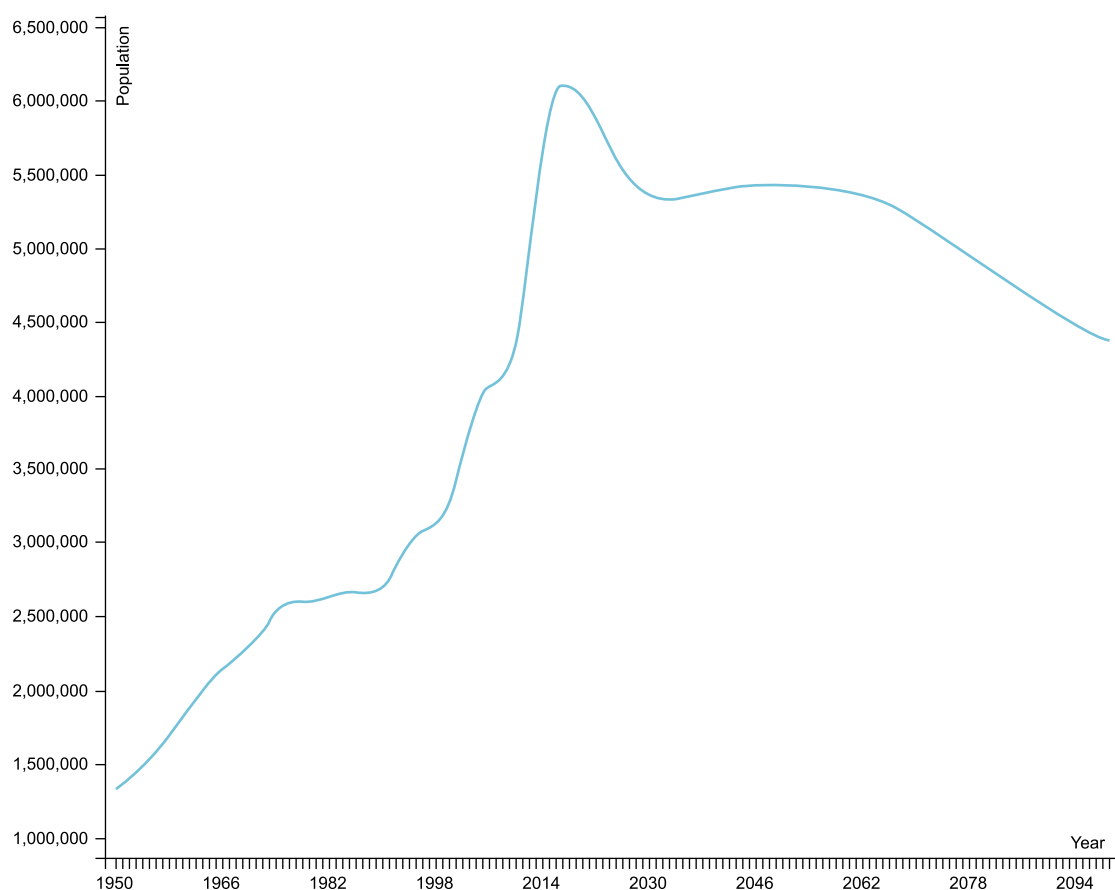
**Figure 3: Population pyramid 2010 (left) and 2017 (right)**



Source: UN DESA, World Population Prospects 2017

Depending on what happens politically and economically in Syria and Lebanon, the demographic changes observed in recent years may be not longstanding. UN DESA assumes that 40 per cent of Syrian refugees will return in 2020-2025, 30 per cent in 2025-2030 and 10 per cent in 2030-35 (see Figure 4). With the remaining 20 per cent, the pyramid will – presuming this scenario becomes a reality – again change in the medium term.

**Figure 4: Estimated population development**



Source: UN DESA, World Population Prospects 2017

# POLITICAL SITUATION

Lebanon's complex political situation has strong effects on the institutional capacity to address economic reform needs and support private sector development. Unrest and security issues have destabilised Lebanon's political institutions. Lebanon continues to suffer from the prolonged effects of the civil war of 1975-1990, the consequences of the 2006 war and the armed conflict in Syria under way since March 2011. Political processes have been very slow in recent years. Parliamentary elections scheduled for mid-2013 were delayed until May 2018 due to a political deadlock over redesigning the electoral law. It then took until late January 2019 to form a government as a result of disputes between the parties about the distribution of ministries and other fundamental questions. Another challenge is the large influx of Syrian refugees, which has exacerbated political divisions along religious lines. The social structure of Lebanon and the underlying tensions between confessional groups and political loyalties remain a major issue in decision-making and policy implementation at the national level.<sup>46</sup>

All these factors combined result in political instability, weak public institutions, a lack of dialogue and trust between public institutions and the private sector and deters the private sector and investors from taking long-term investment risks.

The World Bank states that 'sectarian interests are prioritised over the equitable and adequate provision of services, transparency, and accountability - confession-driven staffing of public institutions at the expense of merit-based criteria impedes the state's ability to deliver quality public services.'<sup>47</sup>

The Global Competitiveness Index lists Lebanon's institutional setting as one of the major obstacles for doing business in Lebanon.<sup>48</sup> Lebanon is listed at the bottom end of most of indicators measuring the performance of state government and institutions (e.g., efficiency of government spending, transparency of government policymaking or public trust in politicians, see Table 1).

**Table 1: Global Competitiveness Index, Institutions**

Index Component	Rank/137	Value	Trend
<b>1st pillar: Institutions</b>	<b>124</b>	<b>3.2</b>	
1.01 Property rights	77	4.2	
1.02 Intellectual property protection	120	3.2	
1.03 Diversion of public funds	98	2.9	
1.04 Public Trust in politicians	128	1.7	
1.05 Irregular payments and bribes	121	2.8	
1.06 Judicial independence	105	3.1	
1.07 Favoritism in decisions of government officials	126	2.0	
1.08 Efficiency of government spending	130	1.8	
1.09 Burden of government regulation	109	2.9	
1.10 Efficiency of legal framework in setting disputes	105	3.0	
1.11 Efficiency of legal framework in challenging regulations	120	2.5	
1.12 Transparency of government policymaking	124	3.1	
1.13 Business costs of terrorism	131	3.1	
1.14 Business costs of crime and violence	109	3.7	
1.15 Organized crime	109	4.0	
1.16 Reliability of police services	109	3.5	
1.17 Ethical behavior of firms	104	3.4	
1.18 Strength of auditing and reporting standards	79	4.4	
1.19 Efficacy of corporate boards	111	4.3	
1.20 Protection of minority after shareholders' interests	97	3.7	
1.21 Strength of investor protection 0-10 (best)	116	4.0	

Source: World Economic Forum (2018): The Global Competitiveness Index 0217-2018.

# INVESTMENT CLIMATE AND BUSINESS ENVIRONMENT

Due to all the factors mentioned heretofore, the situation for businesses and the investment climate have been difficult for years and many observers warn that they are deteriorating. A comparison of international benchmarking data underscores this assessment (see Table 5). From 2013 to 2018, Lebanon has fallen in all rankings.

**Table 2: Scorecard for international benchmarking reports**

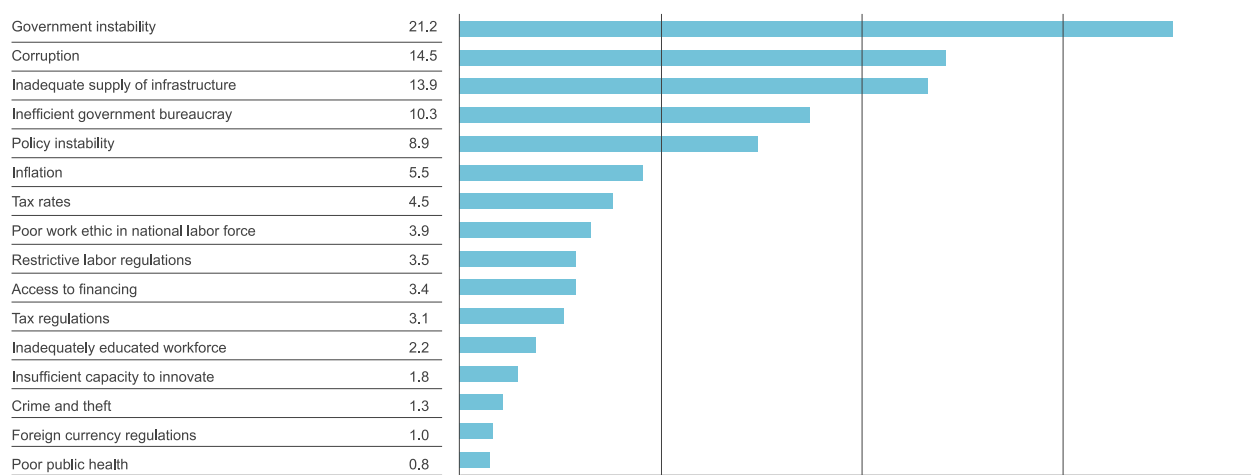
BENCHMARK REPORT	2013 RANK	2014 RANK	2015 RANK	2016 RANK	2017 RANK	2018 RANK	LATEST CHANGE
GLOBAL COMPETITIVENESS REPORT (World Economic Forum)	91/144	103/148	113/144	101/140	101/138	105/137	-4
EASE OF DOING BUSINESS (World Bank)	115/185	111/189	104/189	123/189	126/190	133/190	-7
GLOBAL INNOVATION INDEX (Cornell et. al)	75/142	77/143	74/141	70/128	81/127	90/126	-9

Sources: World Economic Forum (2017) *The Global Competitiveness Report 2017-2018*; World Bank (2017) *The Ease of Doing Business Ranking*; Cornell University, INSEAD, and WIPO (2018): *The Global Innovation Index 2018: Energizing the World with Innovation*.

Aside from having made modest improvements in terms of starting a business and getting credit, Lebanon has not made progress in any other Doing Business indicator since 2006. Lebanon performs poorly in eight out of 10 different dimensions in the Doing Business study.

According to the Executive Opinion Survey of the World Economic Forum (2017, see Figure 5), the most problematic factor for doing business are therefore government instability, corruption, infrastructure, bureaucracy and political instability.

**Figure 5: Most problematic factors for doing business in Lebanon**



Source: World Economic Forum (2017): *The Executive Opinion Survey 2016: Views of the Business Community on the Global Risks of Highest Concern for Doing Business*.

These major constraints are confirmed by Lebanon's business associations and chambers, each of which stress different areas. The Association of Lebanese Industrials (ALI) mentions as general obstacles high production costs, access to finance, missing R&D support and, in particular, the lack of efficient export promotion. The Chamber of Commerce, Industry and Agriculture Beirut (CCIB) identifies as key obstacles the shortage and high costs of electricity, the high cost of production, lack of judicial reform, high public debt and a lack of financing. Regarding Foreign Direct Investment (FDI), the state-owned Investment Development Authority (IDAL) identifies security, bureaucracy and corruption as main bottlenecks.

But there are also positive aspects regarding the country's framework conditions. Many international institutions (e.g., World Bank, OECD) have noted the country's service orientation and its open economy as assets. According to the Global Competitiveness Index, the strongest points of the formal Lebanese economy are its business sophistication (i.e., local supplier quantity, value chain process sophistication and competitive advantages), technological readiness and ability to create innovation. At least the medium sized and large Lebanese companies have adapted to difficult situations and are resilient. Disadvantages in the framework conditions are compensated by creativity, entrepreneurial spirit and marketing capacity.

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## ECONOMIC POLICY AND STRATEGIES

Despite the country's socio-economic and political difficulties, initiatives are being taken to develop solutions for overcoming economic, employment and labour market-related problems. Indeed, several national strategies have been developed in the last years.

In terms of a long-term economic and industrial strategy, the government commissioned the consulting firm McKinsey to develop a wide-ranging, long-term plan to diversify and modernise the productive sectors of Lebanon's economy. The report, 'Lebanon's Economic Identity and the Procedures to Achieve It', was published in January 2019.<sup>49</sup>

In 2018, Lebanon adopted a large CIP designed to address the challenges of the Syrian crisis, develop Lebanon's infrastructure and public services, stimulate economic growth and create jobs. The plan was presented to the donor community at the CEDRE conference in Paris in April 2018 and is one of the largest investment plans seen in recent decades. However, many non-governmental organisations (NGOs) have expressed concern that the employment it creates is 'likely to be precarious, low-skilled and temporary, whereas Lebanon needs to enhance productive sectors that can generate sustainable and decent jobs'.<sup>50</sup>

With support from the United Nations Industrial Development Organization (UNIDO), Lebanon's Ministry of Industry formulated an integrated vision for the country's industrial sector to be realised by 2025. This strategic document aims to guide and support industrial sector development while also defining the industry's role in achieving inclusive and sustainable development.<sup>51</sup>

Currently, the most comprehensive private sector development strategy is 'The Lebanon SME Strategy – A Roadmap to 2020' that has been adopted since 2014. Lebanon's National SME Strategy is driven by an ambitious strategic vision of 'SMEs as key economic engines for growth and job creation'. To achieve this vision, the strategy defines a mission for all stakeholders that calls for 'fostering the creation of vibrant and globally competitive SMEs that contribute to employment opportunities and a high value-added economy'. From a support perspective, multiple initiatives assist the implementation of the programme. The Status of SME Strategy implementation is periodically monitored. A list of initiatives that are an integral part of the strategy can be found in the chapter on actors on the demand side of the labour market.<sup>52</sup>

To date, Lebanon has not developed a national plan for implementing the United Nations' Agenda 2030 and Sustainable Development goals (SDG). As a consequence, the private sector strategies are not aligned with the goals of labour-relevant SDG 8 'Decent work and economic growth' and SDG 9 'Industry, innovation and infrastructure'. Nevertheless, in 2016, a national committee titled 'SDGs in Lebanon: Analysing Gaps and Reporting Progress' was established by the government with the support of the Council for Development and Reconstruction and United Nations Development Program (UNDP) to lead the implementation of the 2030 Agenda.

# SUMMARY OF CHALLENGES AND OPPORTUNITIES

The challenges and opportunities in the framework conditions of Lebanon are summarised in the table below.

**Table 3: Framework conditions – challenges and opportunities for employment generation**

CHALLENGES	OPPORTUNITIES
<b>Economic situation</b>	
<ul style="list-style-type: none"><li>• Low GDP growth rate of 1-3 per cent since 2011</li><li>• Small, primarily consumer market</li><li>• High import dependency</li><li>• High inequality and regional disparities</li><li>• Unrest and continuous political crisis keep private sector and foreign investors from taking investment risks</li><li>• Oligarchic structures and reduced competition in selected sectors</li><li>• Unstable macro-fiscal situation with high public debt rates</li><li>• Low productivity, high production costs</li><li>• High inequality and rentier economy</li></ul>	<ul style="list-style-type: none"><li>• Free market economy and strong laissez-faire tradition with minimal restriction and safeguards, except for a few industries</li><li>• Robust banking system</li></ul>
<b>Infrastructure</b>	
<ul style="list-style-type: none"><li>• Poor infrastructure quality (130th out of 137 countries, Global Competitiveness Report)</li><li>• Systematic blackouts result in costs and traffic congestion; high transport costs affect SME competitiveness</li><li>• Very high public debt limits government intervention capacity</li></ul>	<ul style="list-style-type: none"><li>• International sea ports</li><li>• Industrial parks and special economic zone projects</li><li>• Capital Investment Programme (CIP) and Investment in Infrastructure Conference (CEDRE), approx. USD 16 billion over 10 years</li></ul>
<b>Demographic development</b>	
<ul style="list-style-type: none"><li>• Abrupt increase in labour force due to high influx of refugees</li><li>• Brain drain through skilled emigration</li></ul>	<ul style="list-style-type: none"><li>• Relatively young workforce</li><li>• Financial support from the diaspora for families</li></ul>



CHALLENGES	OPPORTUNITIES
<b>Political situation</b> <ul style="list-style-type: none"> <li>• General political instability</li> <li>• Political divisions along religious lines and serious political differences over the Syria question</li> <li>• Lebanon ranks among the bottom in most indicators measuring the performance of state government and institutions (e.g., efficiency of government spending, transparency of government policymaking or public trust in politicians)</li> <li>• Weak public institutions/implementation of legislation</li> <li>• Missing dialogue and trust between institutions and private sector</li> </ul>	<ul style="list-style-type: none"> <li>• High international support due to Syrian crisis</li> </ul>
<b>Investment climate and business environment</b> <ul style="list-style-type: none"> <li>• Poor performance in international benchmarking (Lebanon ranks 105th of 137 countries in terms of overall competitiveness)</li> </ul>	<ul style="list-style-type: none"> <li>• Some progress in terms of 'starting a business and getting credit' indicator; Lebanon scores best in indicators measuring business sophistication, technological readiness and innovation</li> <li>• Lebanon's private sector is adapted to difficult situations and has a high economic resilience</li> <li>• Disadvantages of framework conditions are compensated for by innovation, creativity and marketing capacity</li> </ul>
<b>Economic policy and strategies</b> <ul style="list-style-type: none"> <li>• Lack of a coherent national development strategy as framework</li> </ul>	<ul style="list-style-type: none"> <li>• McKinsey study to diversify the Lebanese economy</li> <li>• Existing national strategies (SME, Technical and vocational education and training (TVET), CIP, industrial development strategy etc.)</li> </ul>



# LABOUR MARKET TRENDS







# LABOUR MARKET TRENDS

What are the most important characteristics of the Lebanese labour market?

How has it changed over the last few years? This chapter provides an overview of some key indicators and some recent trends within the Lebanese labour market. It additionally gives an overview of overall employment and youth unemployment figures, female labour-market participation rates, and child-labour statistics.

It is important to keep in mind that the statistics on employment and labour-market trends in Lebanon are outdated and contradictory. Thus, one needs to be careful when interpreting the data. The most recent official labour-market survey was published in 2009.<sup>53</sup> The International Labour Organisation (ILO), on its ILOSTAT portal in the Key Indicators of the Labour Market (KILM) section, models estimated data based on the 2009 figures.<sup>54</sup> One must be aware that this data is extrapolated and may not reflect actual numbers due to the unusually high increase in the number of refugees since 2009 and the slow-down of the country's economy.

## EMPLOYMENT FIGURES

The UN estimates the Lebanese population at around 4.68 million people (2017), and the ILO estimates the total number of people employed at about 2.061 million people (15 years+, 2017).<sup>55</sup> This is a low employment-to-population ratio of 44.1 per cent (ILO modelled estimates).

In addition to the native Lebanese labour force, there are between 1 million and 2 million Syrian refugees, 174,400 Palestinian refugees, about 22,000 refugees from other states (mainly Iraq), and about 300,000 foreign workers. More information about the situation and the impact of migrant workers and refugees will be provided in the chapter on Labour migration and labour mobility.

Figure 6 shows the shares of different types of work: 62 per cent of Lebanese are employed, 10 per cent are employers, 23 per cent are self-employed and 4 per cent contribute to family businesses.<sup>56</sup>

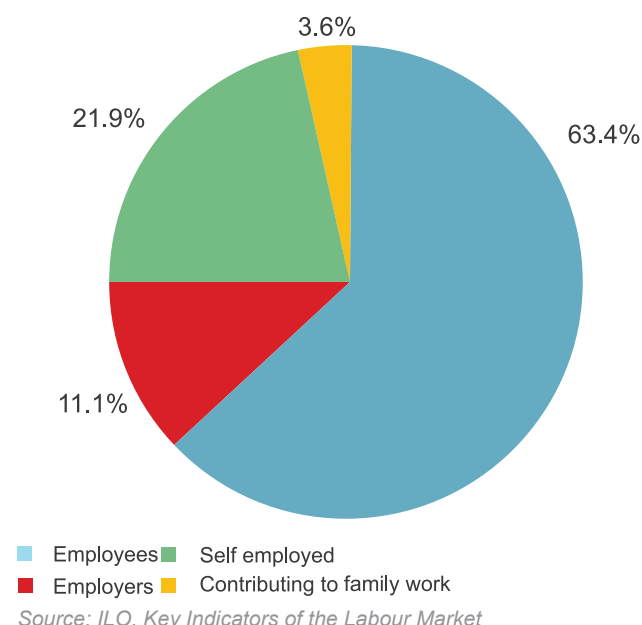
Although the available statistical data varies, the private sector accounts for roughly 85 per cent of the labour force in Lebanon.<sup>57</sup> Accounting for 76.49 per cent of total employment, the service sector is the most important employer, followed by industry (20.27 per cent) and agriculture (3.24 per cent).<sup>58</sup>

## UNEMPLOYMENT

Based on its models, the ILO estimates the total unemployment rate to be 6.6 per cent (2017, among Lebanese 15 years old and above). This translates into an absolute figure of 147,000 unemployed people. The rate is lower among men, at 5.4 per cent, compared to 10.4 per cent among women.<sup>59</sup>

However, this rather low estimated total unemployment percentage is contested by many institutions in Lebanon, as the numbers are based on a 2009 survey and do not account for the influx of refugees and the economic crisis. As an example, one interview partner noted that three different ministers respectively cited unemployment rates of 25 per cent, 30 per cent and 35 per cent on the same day,

Figure 6: Status of employment of Lebanese (2007)



though without having real data to back up their statements. According to a survey conducted in collaboration with the Lebanese Army, an estimated 660,000 people are unemployed, which would total 36 per cent of the population (counting only Lebanese nationals, and not making a clear distinction between the unemployed and the economically inactive).<sup>60</sup>

The underlying problem is that there are no current employment statistics. A study on labour-market statistics conducted in 2018/2019 by the ILO and the Central Administration of Statistics (CAS) will provide comprehensive insights into the labour market – but this study will soon be outdated again. As long as there is no system to collect labour-market data regularly, it will be very hard for labour-market actors to direct their policies, planning and activities to the real needs of companies, entrepreneurs and job seekers.

# YOUTH EMPLOYMENT

The development of unemployment rates in Lebanon as illustrated in Figure 7 shows that this is not a problem that emerged suddenly in the wake of the recent crises. As in many other countries, it is a structural problem that has existed for a long time.<sup>61</sup> The figure below also shows that the youth unemployment rate is 3 to 4 times higher than the total unemployment rate, and that the unemployment rate among men is slightly lower than the total unemployment rate.

**Figure 7: Unemployment rates for Lebanon, 1991-2015 (total, youth, disaggregated by sex)**



Source: ILO (2015): *Key Indicators of the Labour Market (KILM) 2015*, tables 9a and 10a.

The Lebanese job market is not able to create as many jobs as there are new entrants within the job market. An estimated 11,000 to 15,000 new jobs have been created annually over the last 10 years, but the number of annual university graduates over the same period was estimated at between 23,000 and 43,000.<sup>62</sup> In addition, job creation has been concentrated in low-productivity activities that demand low-skill labour,<sup>63</sup> and has been more limited in higher-productivity sectors such as communications, financial services and manufacturing.<sup>64</sup> The annual gap of 8,000 to 31,000 missing jobs is hard to fill, especially in the current low-growth economic environment.

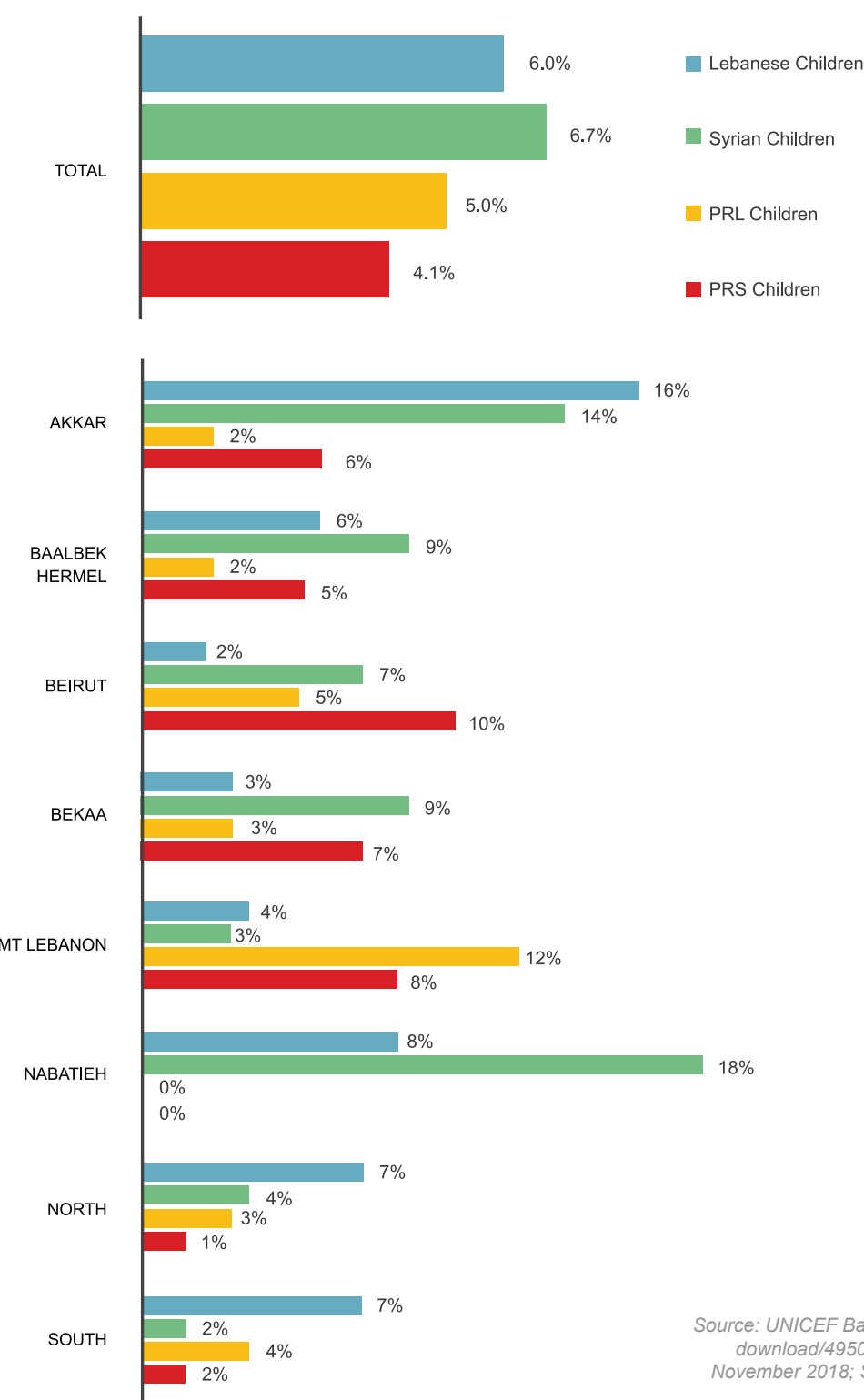
Unemployment rates are higher among higher-educated youth: 21.8 per cent of upper-secondary graduates and 36.1 per cent of university graduates are looking for work.<sup>65</sup> Several interview partners explained why unemployment rates are so high among university graduates, citing mismatches in job profiles and labour demand, as well as students' high expectations with regard to wages and responsibility. Many graduates thus leave the country; it is estimated that up to 44 per cent of Lebanon's tertiary-educated population has migrated abroad.<sup>66</sup>

# CHILD LABOUR

As a result of the Syrian crisis, the number of children engaged in child labour has risen in Lebanon. The main factor driving child labour is financial constraints: The economic situation drives families into poverty and forces them to rely on their children's contribution to the household's income. On farms and in family businesses, child labour is not considered unusual, as children have been supporting their parents for centuries in these settings.<sup>67</sup>

Nor is child labour only a phenomenon among Syrian refugees. As Figure 8 shows, children who are native Lebanese, Palestinian refugees from Syria (PRS) or Palestinian refugees from Lebanon (PRL) all work long hours for low wages, often doing hazardous and hard work, depriving them of education.

**Figure 8: Percentage of children and youth aged 5-17 engaged in child labour during last week before being interviewed across population groups**



Source: UNICEF Baseline study, <https://data2.unhcr.org/en/documents/download/49509> Interagency Coordination, In focus – child labour, November 2018; Survey based on sample size of 23,580 households (detailed methodology in baseline study)



In the current situation in Lebanon, it seems impossible to eradicate child labour. Indeed, the United Nations Children's Fund (UNICEF) has observed a change in the perception of child labour; while it was the aim to end child labour in Lebanon for many years, it is now 'accepted' that children have to contribute to their families' income. Companies even believe they are doing families a favour when employing their children. As it does not seem possible to end child

labour, children are taught to be more resilient while working (and oftentimes also living) in the streets and under difficult circumstances. UNICEF is doing awareness-raising work with employers; for example, in Saida, where children are working in coffee shops, pressing employers to reduce children's' working hours, allow them to take breaks and prevent them from engaging in dangerous work.

## SUMMARY OF CHALLENGES AND OPPORTUNITIES

It is difficult to describe current labour trends in Lebanon accurately, as there so few reliable data points. Yet, some challenges such as the high unemployment rates within certain population groups are obvious, and agreed upon by all stakeholders.

**Table 4: Labour trends – challenges and opportunities for generating employment**

CHALLENGES	OPPORTUNITIES
<b>Employment</b>	
<ul style="list-style-type: none"> <li>Low employment-to-population ration of 44.1 per cent</li> </ul>	<ul style="list-style-type: none"> <li>33 per cent of working population are entrepreneurs or freelancers</li> </ul>
<b>Infrastructure</b>	
<ul style="list-style-type: none"> <li>No current labour-market data</li> <li>Most likely, high unemployment rates of 20+ per cent</li> <li>No system to collect data on employment situation</li> </ul>	<ul style="list-style-type: none"> <li>Low official unemployment rate of 6.6 per cent</li> </ul>
<b>Demographic development</b>	
<ul style="list-style-type: none"> <li>High rates of youth unemployment: 21.8 per cent among upper secondary graduates, 36.1 per cent among university graduates</li> <li>Too little job creation to provide jobs to all graduates; number of new jobs lower in high-productivity jobs than in low-productivity jobs</li> <li>Mismatch of qualifications, expectations and job offerings</li> <li>High emigration rates among skilled Lebanese graduates and young professionals: 44 per cent of university graduates have left.</li> </ul>	<ul style="list-style-type: none"> <li>High number of well-qualified young people with a high rate of university degrees</li> </ul>
<b>Child labour</b>	
<ul style="list-style-type: none"> <li>Increasing rates of child labour due to families' financial situation</li> <li>Increased acceptance of fact that child labour cannot be ended in the current environment, and of child labour per se</li> </ul>	<ul style="list-style-type: none"> <li>Donor programmes are seeking to improve working conditions, strengthen resilience and provide access to education</li> </ul>



# THE LABOUR DEMAND SIDE: THE IMPACT OF BUSINESS AND SECTOR DEVELOPMENT ON EMPLOYMENT GENERATION







# THE LABOUR DEMAND SIDE: THE IMPACT OF BUSINESS AND SECTOR DEVELOPMENT ON EMPLOYMENT GENERATION

What contextual factors support the growth of companies in Lebanon so that they can create jobs? What framework conditions help companies thrive and foster the creation of new companies that provide employment? What keeps companies from creating jobs?

This chapter provides an overview of the demand side of the labour market in Lebanon. It examines the characteristics of the country's private sector, economic growth and the job potential of its MSME sector. This chapter also explores support for export activities, the extent to which new companies are being created, and the role of the informal sector in job creation.

## ACTORS

Lebanon features a large number of actors who intervene on the labour demand side through policy and strategy development or business development and support services. Nevertheless, affordable business development services remain underdeveloped, according to many interview partners (see the following chapters). The following table provides a selection of the most important public and private actors:

### *Ministries and public institutions*

INSTITUTION	ROLE/TASKS
Ministry of Economy and Trade (MoET)	Tasked with administering economic affairs, the ministry is responsible for formulating, coordinating and implementing policies relevant to trade, economic and supply issues
Ministry of Industry (MoI)	<p>The ministry is responsible for the planning and implementation of Lebanon's industrial development policy. The MoI plays a role in labour demand by providing support for SMEs and larger businesses involved in industrial production. It does so by facilitating registration processes and mitigating costs, particularly for those industries involved in export. The MoI seeks to battle dumping policies and improve access to external markets by working towards trade agreements and participating international fairs. To increase the competitiveness of products in local and foreign markets, the ministry is also involved in best-practices training for industrialists and providing certification through partner organisations QUALEB, IRI and LIBOR.</p> <p>The MoI is also the main institution involved in organising existing (private) industrial zones and establishing public industrial zones in order to incentivise new industries and increase employment opportunities in rural areas.</p>

Economic and Social fund for development (ESFD)	<p>The ESFD project is part of the EURO-Med partnership established between the European Commission and the Republic of Lebanon in November 2000. The ESFD reached out to the poor through systematic and sustainable partnerships with competent intermediaries (e.g., banks, municipalities, NGOs). The job-creation component aims at creating employment opportunities by providing financial and non-financial services to SMEs. Loans are provided to improve access to finance for productive and sustainable activities with significant impact on poverty alleviation. Business development services are provided to ensure the viability and sustainability of submitted projects.</p>
Investment Development Authority of Lebanon (IDAL)	<p>IDAL is the national investment promotion agency that was established in 1994 with the aim of promoting Lebanon as a key investment destination, and with attracting, facilitating and retaining investments in the country. IDAL is also entrusted with the active promotion and marketing of Lebanese exports, including agricultural and agro-industrial products. IDAL has the authority to grant special incentives, exemptions and facilities to large projects.</p>
Business Support Unit	<p>In 2018, the Investment Development Authority in Lebanon launched a new Business Support Unit (BSU) to be located within its premises. The BSU will provide start-ups with market information and free legal and tax/ accounting advice, as well as licensing support, to help them establish and grow their companies in Lebanon.</p>
Kalafat	<p>Kafalat is a Lebanese financial company with a public concern that assists SMEs with accessing commercial bank funding. Kafalat helps SMEs by providing loan guarantees based on business plans or feasibility studies that demonstrate the proposed business activity's viability. Kafalat targets SMEs and innovative start-ups that belong to one of the following economic sectors: industry, agriculture, tourism, traditional crafts, and high-tech.</p>
Economic and Social Council of Lebanon (ECOSOC)	<p>The council comprises 71 members representing all sectors, associations, syndicates, vocational and expatriate institutions. Its task is to prompt dialogue, co-operation and coordination among various economic, social and vocational sectors.</p>



## Private sector organisations and NGOs

INSTITUTION	ROLE/TASKS
Chamber of Commerce, Industry and Agriculture (CCIA)	<p>The four Chambers of Commerce, Industry and Agriculture (CCIA) in Lebanon (Beirut and Mount Lebanon, North Lebanon, South Lebanon and Bekaa Valley) are independent legal entities working for the public benefit to promote the development of business enterprises. Most of their members are classified as SMEs. The CCIA's strategy aims at stimulating all sectors of economic activity and enabling them to contribute to the development of a strong and competitive national economy. They serve Lebanon's economy and private enterprises through a diverse range of services and activities, including the provision of business information and training.</p>
Association of Lebanese Industrialists (ALI)	<p>The Association of Lebanese Industrialists, established in 1942, is the main national association of manufacturing companies operating in Lebanon. It deals with both economic and social issues concerning business and advocates a policy of balanced industrial development for all Lebanese regions. The association seeks to create and maintain an environment which is favourable to industrial investment, job creation, growth and development.</p>
South BIC	<p>SouthBIC is a standalone business development centre located in Saïda, with two outreach locations in Nabatiyeh and Tyre. SouthBIC offers intensive incubation services to both start-ups and existing MSMEs. It offers physical incubation for companies located in SouthBic and provides remote incubation to those not able to be located within SouthBIC.</p>
Alfanar	<p>Alfanar ('beacon' in Arabic) is the first venture philanthropy organisation in the Arab world that provides funding, management support, mentorship and training to social enterprises across all sectors with a focus on education, job creation and women's economic empowerment. Alfanar also supports ecosystem players and the wider social entrepreneurship sector by providing tailored advisory services around social entrepreneurship as well as its ASSET programme (Alfanar Sustainable Social Enterprise Training). Any revenue generated from these activities is used to subsidise grants to social enterprises.</p>

Berytech	Berytech is an ecosystem for entrepreneurs that provides a conducive environment for the creation and development of start-ups and fosters innovation, technology and entrepreneurship.
Business Incubation Association Tripoli (BIAT)	BIAT, an EU-funded project, is a not-for-profit organisation that was created in collaboration with MoET. Its Incubator and Business Development Centre provides entrepreneurs assistance with financial, technical, marketing, accounting, training, and networking services in Tripoli and Akkar.
Bootcamp	Bootcamp, a partnership between the Central Bank, AM Bank, and AltCity, was a two-phase, idea-stage start-up training programme that helped aspiring entrepreneurs go from idea to first customer and/or investor in the shortest time possible. Between 2015 and 2018, Bootcamp graduated around 270 start-up teams of students and professionals aged between 15 and 50 that collectively mobilised over USD 2.7 million in seed funding, resulting in a combined valuation of more than USD 10 million (only taking into account start-ups that had an external valuation event).
Flat6Lab Beirut	Flat6Labs Beirut is a start-up seed programme and an early-stage fund designed to accelerate Lebanese start-ups' growth and create a pipeline of possible investees to the rapidly growing Lebanese venture capital industry. Through its expansive network, Flat6Labs Beirut also provides Lebanese entrepreneurs with the scaling opportunities to access wider markets regionally and internationally.
Institut européen de coopération et de développement (IECD)	Active in Lebanon since 1989, IECD and its local partners lead several vocational training and professional integration projects for young people, support for small businesses and provide access to education across Lebanon.

Other relevant players with private sector programmes include international donors such as the United States Agency for International Development (USAID), UNIDO and the British Department for International Development (DFID).

# POTENTIAL FOR GROWTH AND JOB CREATION

Lebanon's job-creation problem is mainly a demand-side problem, as economic growth currently does not generate enough jobs for a growing workforce.

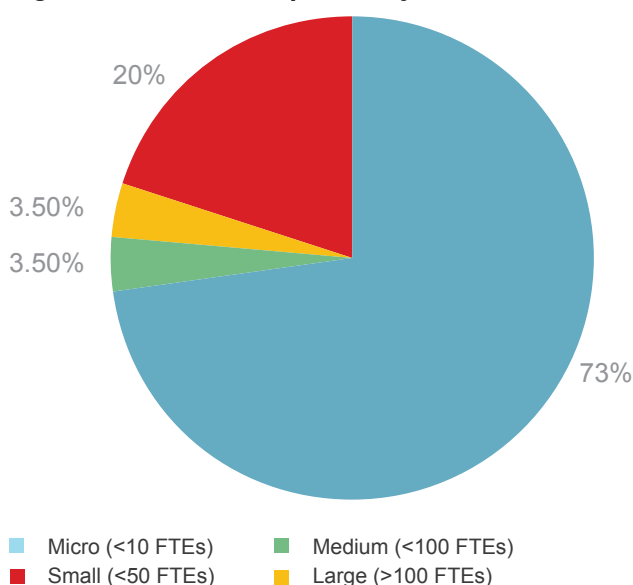
The private sector is therefore the key to comprehensive employment generation and creating sustainable and decent job opportunities. In addition to examining support for the informal sector, this chapter analyses concrete potentials for growth and job creation in MSMEs, entrepreneurship and export promotion.

## EMPLOYMENT IN MSMEs

Lebanon's private sector, driven primarily by MSMEs and entrepreneurship. As shown in Figure 9, large corporates make up only 3.5 per cent of all Lebanese companies, while MSMEs account for 96.5 per cent of the remaining companies.

Micro-enterprises comprise 73 per cent of all companies, small companies only 20 per cent and medium-sized companies a mere 3.5 per cent.<sup>68</sup>

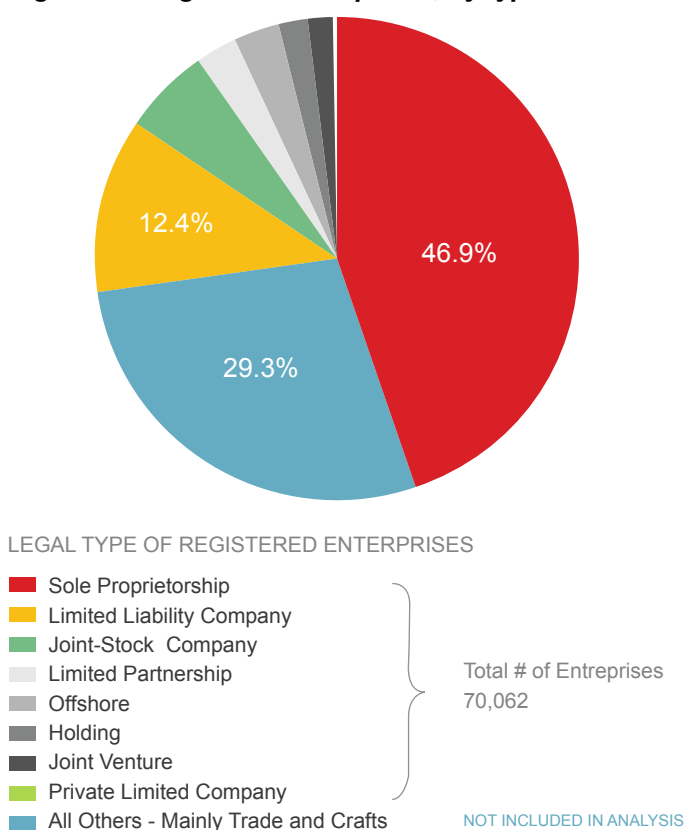
**Figure 9: Private enterprises, by size**



Source: Ministry of Economy and Trade (2018): MSME in Lebanon. Status, Strategy and Outcome; FTEs: Full-time equivalents

A strong feature of Lebanese MSMEs is a family-centred approach to owning and managing businesses. Many MSMEs keep their capital base closed and remain small and family-run instead of large family-owned corporations.<sup>69</sup> In Lebanon, nearly half of the registered companies have a sole proprietorship. Only 12.4 per cent of registered companies are limited liability companies as shown in Figure 10.

**Figure 10: Registered enterprises, by type**

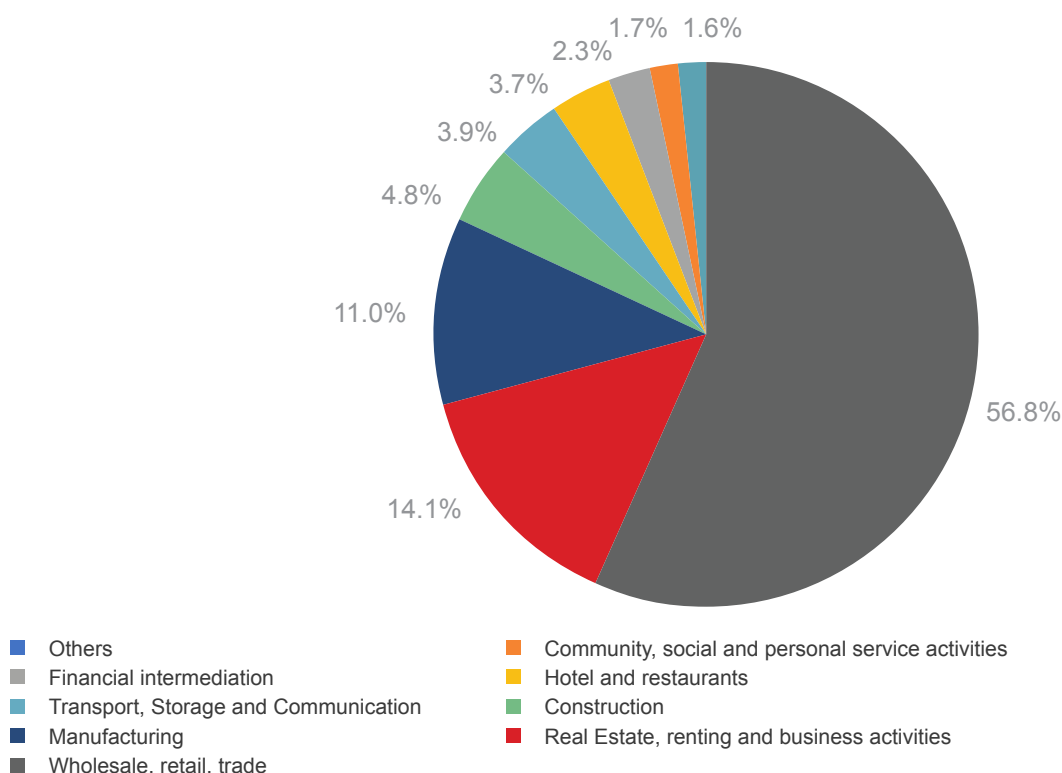


Source: Ministry of Economy and Trade (2014): Lebanon SME Strategy. A Roadmap to 2020.

A close look at the Lebanese economy shows that the service sector, in particular, banking, finance, construction, trade and tourism, plays a key role in terms of turnover. The relative weight of the banking sector is exceptional in comparison to other MENA countries.

Nevertheless, small and medium sized business are not active in sectors like banking: Some 56.8 per cent of Lebanese MSMEs are active in the wholesale, retail trade and repair sector, and most of these businesses are micro-enterprises. The second-largest activity by turnover for MSMEs is real estate as shown in Figure 11.

**Figure 11: Total SME turnover, by activity, as a percentage**



Source: Ministry of Economy and Trade (2014): *Lebanon SME Strategy. A Roadmap to 2020*.

## CHALLENGES

Lebanon's private sector faces several challenges, particularly given the difficult framework conditions described in Chapter 2.

Lebanese companies are generally small and face specific challenges in scaling up their growth and developing higher added value products.<sup>70</sup> The closed, family-centred approach to owning and managing businesses that is commonly found in Lebanon can be contra-productive to growth. This approach has deep socio-cultural roots and often results in many small businesses operating without corporate governance and professional management structures.<sup>71</sup> SMEs in Lebanon rarely rely on external management support.

Several policy advisory and strategy papers by global institutions such as the World Bank, ILO, and OECD cite MSME financing in particular as an obstacle to growth. Despite the country's well-developed banking system, there are few financing measures and schemes.<sup>72</sup> This 'missing middle' in financing, combined with the fact that many MSMEs lack financial readiness, means they are often subject to financial stress. According to the SME Strategy, 'there is a clear mismatch in target, type and quantity of capital supply and demand for MSME'. While

commercial banks dominate MSMEs' funding landscape, MSME loans account for only 16 per cent of banks' loan portfolios. The SME strategy identifies 'a limited financial transparency coupled with weak credit coverage and creditor rights' as the key financing constraints and calls for improvements in 'SME management skills and high collateral requirements'.

Overcoming at least some of these challenges entails establishing an efficient business support structure for SMEs. However, Lebanon faces a structural deficit regarding meso-level actors. Although Lebanon does feature some highly specialised private consultancies with the capacity to deliver such services, there is a lack of affordable public-private support offers for smaller companies in particular.<sup>73</sup>

The wholesale and real estate sectors, both of which play a key role in the economy, have low potential in terms of scaling-up and employment generation. In order to create more jobs, Lebanon's private sector needs to diversify, increase its volume of higher value-added products, and focus on scalable sectors and business models.

## OPPORTUNITIES GROWTH SECTORS

Among MSMEs manufacturing, construction and tourism are considered potential drivers for additional job creation (for agro-food processing, tourism and construction, see Chapter 7). The manufacturing sector is concentrated on industries such as food and beverages, which make up 31 per cent of the total manufacturing value (current prices), electrical machinery and apparatus (29 per cent), and non-metallic mineral products (13 per cent). The scale of industry is small. Over 75 per cent of manufacturing enterprises employ less than 19 workers, and only 3 per cent employ more than 100 workers.<sup>74</sup>

According to UNIDO, there is potential for high value-added production in the manufacturing sub-sectors of agro-food,

pharmaceuticals, printing, jewellery, furniture production, plastics, packaging as well as in knowledge-based industries and ICT.<sup>75</sup>

Sharing this view, ALI identifies agro-food – with an 11 per cent growth in production and export over the last five years – as Lebanon's fastest-growing sector with strong prospects for continued growth. According to the Chamber of Industry, Commerce and Agriculture Beirut (CCIB), the industry services, agro-food processing, fashion design and software industry are the most productive and promising sectors in terms of creating employment opportunities. Both ALI and the CCIB point out that investments in productive sectors will create more employment than investment in other sectors. CCIB estimates that an investment of USD 20,000 per job is needed in industry, tourism or agro-food, whereas the USD 50 billion investment in bank and insurances created a staff of only 26,000 which equals about USD 2 million per job.






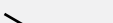

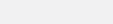
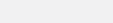
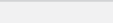
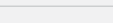




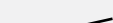
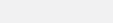
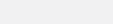
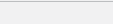
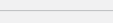
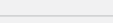


## BUSINESS SOPHISTICATION

The Global Competitiveness Index indicator of 'business sophistication' underscores the relative strength of Lebanon's private sector despite the country's weak macro-economic framework. Figure 12 shows for example, local supplier quantity (particularly in agro-foods), although the quality of suppliers shows a need for improvement.

Other strengths include the existing value chain breadth, existing cluster development (i.e., the geographic concentration of firms, suppliers and producers of related products), innovation capacity, the extent of marketing (i.e., how successfully companies distinguish their products and services) and the competitive advantages of Lebanese companies in international markets (see the chapter on Employment in international trade).

**Figure 12: Indicator Business Sophistication, Global Competitiveness Index**

No.	Index component	Rank/137	Value	Trend
 <b>11th pillar: Business sophistication</b>		<b>52</b>	<b>4.2</b>	
11.01	Local supplier quantity	27	4.9	
11.02	Local supplier quality	62	4.4	
11.03	State of cluster development	61	3.8	
11.04	Nature of competitive advantage	42	4.1	
11.05	Value chain breadth	43	4.2	
11.06	Control of international distribution	42	4.1	
11.07	Production process sophistication	55	4.0	
11.08	Extent of marketing	31	4.9	
11.09	Willingness to delegate authority	99	3.9	
 <b>12th pillar: Innovation</b>		<b>58</b>	<b>3.4</b>	
12.01	Capacity for innovation	41	4.5	
12.02	Quality of scientific research institutions	81	3.6	
12.03	Company spending on R&D	75	3.2	
12.04	University-industry collaboration in R&D	48	3.6	
12.05	Gov't procurement of advanced technology products	114	2.8	
12.06	Availability of scientists and engineers	15	5.0	
12.07	PCT patents applications/million pop.	59	2.4	

Source: World Economic Forum (2018): The Global Competitiveness Index 2017–2018

## VALUE CHAIN DEVELOPMENT

According to several private sector actors and donors, value chain development is important to understand growth and employment generation. Value chain development aims to improve the competitiveness and value of local as well as for-export SME products and services by increasing the quality and quantity of products and companies involved in the production chain. The vision 2025 of the Ministry of Industry supported by UNIDO focusses on value chains, by improving the 'imbalance between small scale, low value-added industries and large-scale enterprises.' Strengthening value chains is also one of the major approaches of USAID in Lebanon.

For North Lebanon, the World Bank has identified agriculture and recycling as industries with potential for increasing permanent employment. With the introduction of a comprehensive regional programme for recycling, the analysis concluded that 5,000 jobs could be created by 2025 (base value: 500). The same is projected for the agri-business sector, where a value chain approach could potentially create 10,000 to 20,000 permanent jobs in North Lebanon.<sup>76</sup>

## CLUSTER DEVELOPMENT

A strategic emphasis on cluster development in Lebanon would help tackle the country's weak support structure for business. Clusters that offer marketing and business support to companies and institutions in their field are of particular interest. Although Lebanon has a few clusters (e.g., Beirut Creative Cluster, Lebanon SoftShore Cluster), and UNIDO and the EU support cluster development (e.g., wood processing in North Lebanon),<sup>77</sup> much of this is a recent phenomenon. The greatest potential for cluster development lies in the agro-food, information and communication technology (ICT), creative industries, medical tourism and tourism sectors. Mc Kinsey identified the cluster approach as having the potential to trigger enhanced competitiveness and innovation. Anchored in two physical clusters in industrial

zones that are combined virtual knowledge clusters, the proposed flagship project 'Smart Lebanon' includes the sub-sectors technology and digital, business services and outsourcing, creative industries, financial services and education.<sup>78</sup>

## COMPETITIVENESS

To improve competitiveness, establishing cost-efficient production and a quality infrastructure system (e.g., food quality standards) are two areas in need of attention. In Lebanon, much more can be done to communicate the means of resource efficiency and cleaner production knowledge, thereby reducing resource waste and improving competitiveness. Manufacturing companies can reduce their costs by adopting energy-efficient production processes and taking part in renewable energy initiatives. In turn, such activities create new jobs in green economy sectors. Resource efficiency is therefore one pillar in the Ministry of Industry's Vision 2025.<sup>79</sup>

Improving the country's quality infrastructure system by establishing institutions for standardisation and accreditation or testing and certification procedures is another area to emphasise. A quality infrastructure system plays a key role in boosting trade within a sector by strengthening consumer protection and international trust in a country's products and services.

## DEVELOPMENT OF INDUSTRIAL ZONES

Several initiatives and support programmes are planned to boost investments in labour-intensive sectors such as manufacturing (e.g., Alkaa, Baalbek, Terbol industrial parks and the Tripoli Special Economic Zone (see chapter on Infrastructure conditions) Other opportunities for growth and employment creation can be realised by boosting trade activities e.g. through reducing technical barriers to trade, improving access to finance for SME and improving SME management capacities.



# EMPLOYMENT WITH ENTREPRENEURS

Lebanon is among the world's leading entrepreneurial economies and is recognised as forming ground of entrepreneurs in the region. According to the Global Entrepreneurship Monitor (GEM) 2017, in terms of entrepreneurial activity, Lebanon ranked first both among eight MENA countries and 17 countries in Asia/Oceania. In addition, the GEM 2017 showed three-quarters of adults in Lebanon self-reporting as having the capability to start and run a new business – the highest level of the 54 participating countries. Nearly one in four adults in Lebanon stated in the survey that they were either planning to start or run a new business in 2017. While men in Lebanon continue to be more likely than women to start or run a new business, the country shows by far the highest level of female-driven start-ups among the eight GEM-participating countries in the MENA region, which is almost twice that of the next highest level. More than half of those starting or running a new business in Lebanon in 2017 were under 35 years of age.



In comparison to 2015, the levels of early-stage entrepreneurship in Lebanon have generally increased for lower household income levels and decreased for higher household income levels. However, Lebanon also had the second-highest share of total early-stage entrepreneurial activity described as motivated by necessity (38 per cent), behind Egypt (43 per cent). Nevertheless, 61.4 per cent of total early-stage entrepreneurial activity is opportunity-driven.

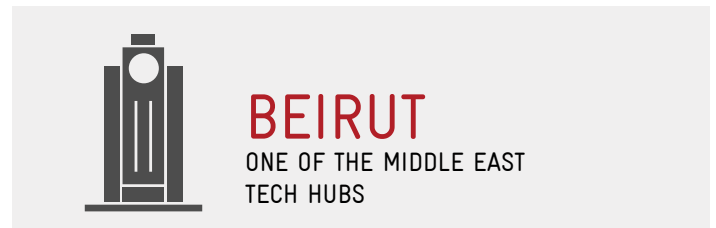
## CHALLENGES

A negative aspect regarding employment creation potential is that more than half of Lebanon's early-stage entrepreneurs expect to employ only themselves in five years' time and less than 5 per cent expect to employ six people or more. Thus, in terms of job-creation expectations, Lebanon ranks 50th out of 54 countries. One of the reasons is that 60 per cent of early-stage entrepreneurs in Lebanon were in the wholesale/retail sector, a sector with low job-creation potential. On the other hand, more than 50 per cent declared to be offering new goods or services or services that have only few competitors.<sup>80</sup>

One of the major constraints to entrepreneurship development is the lack of efficient government support. In the 2017 GEM national expert survey, Lebanon ranked 53rd out of 54 countries in terms of 'government policy support and relevance', 'government entrepreneurship programmes' and 'physical infrastructure'. The only framework condition that improved significantly relative previous surveys is 'entrepreneurship education'.

## OPPORTUNITIES

Experts surveyed as part of the GEM cite Lebanon's 'open and supportive culture' the country's major positive factor. The Lebanese start-up ecosystem has undergone rapid development in recent years and Beirut is fast becoming one of the Middle East's tech hubs. In August 2014, the Banque du Liban (BDL) introduced the Circular 331 support programme. Its main objective is to encourage banks to invest in start-ups, incubators and accelerators with a 75 per cent investment guarantee. The 400-million-dollar programme has delivered a boost to the Lebanese start-up scene and led to a rise in the number of start-ups, accelerators and venture capital firms. In 2017, according to Arabnet's Business Intelligence Investment Report, 58 tech start-ups were established with a total funding value of USD 53 million, which is more than six times the number of companies observed in 2013, when 11 start-ups received a total of USD 7 million.<sup>81</sup>



In order to support so-called necessity entrepreneurs, that is, entrepreneurs who start a business out of economic need, many ministries and donors launched support programmes in 2017 and 2018. These include the 14 KfW-financed 'GIL Centres' (Generation of Innovation Leaders) that are run by UNICEF across Lebanon, providing support to entrepreneurs with vulnerable backgrounds who are starting a business. Another programme within the framework of the Ministry of Social Affairs (MoSA)'s National Property Targeting Program (NPTP) supports 600 families in North Lebanon and the Bekaa Valley to start micro-businesses with skills training and technical support as well as a small grant of USD 3,000-7,000.

The Business Innovation Centre Berytech notes that thus far, funds and programmes have focused primarily on end beneficiaries (entrepreneurs). Berytech recommend a stronger focus on ecosystem players and support for the exchange of knowledge between Lebanese and, for example, German providers of support. Berytech also recommends that 'early-stage smart grants' (grants plus support programme / incubator / accelerator) be introduced and cites the positive experience of the iSMEs grant programme, which ended in 2018.

USAID sees considerable potential in increasing support for business angels as a means of channelling private investments into start-ups. It therefore promotes expanding angel investor networks, including those that focus on women and diaspora communities in particular.

# EMPLOYMENT IN INTERNATIONAL TRADE

While Lebanon has an open economy in which trade accounts for about 40 per cent of GDP, it has a large trade deficit that reached USD 16 billion in 2017. Exports account for only 11.2 per cent of GDP, around half the regional average.<sup>82</sup>

Lebanon's industrial exports are diversified both structurally and geographically. In 2017, the following products were exported:

- Machinery and mechanical appliances, totalling USD 485.1 million (19.6 per cent of aggregate industrial exports)
- Prepared foodstuffs and tobacco, USD 471.4 million (19.1 per cent)
- Chemical products, USD 396.7 million (16 per cent)
- Base metals, USD 341.3 million (13.8 per cent)
- Plastics and rubber, USD 156.8 million (6.3 per cent)
- Paper and paperboard, USD 142.2 million (5.8 per cent)
- Pearls and precious or semi-precious stones and metals, USD 141 million USD (5.7 per cent)

Arab countries are the main trading partner for Lebanese exports (56 per cent of Lebanese industrial exports in 2017), followed by Europe (14.1 per cent), Asia (12.2 per cent), Africa (11 per cent), the Americas (5 per cent) and markets in Oceania (0.6 per cent). Saudi Arabia was the main country of destination for Lebanese industrial exports (10.2 per cent), followed by the UAE (10 per cent), Iraq (8.8 per cent), Syria (8.4 per cent), Turkey (4.8 per cent) and Qatar (3.7 per cent).<sup>83</sup>

## CHALLENGES

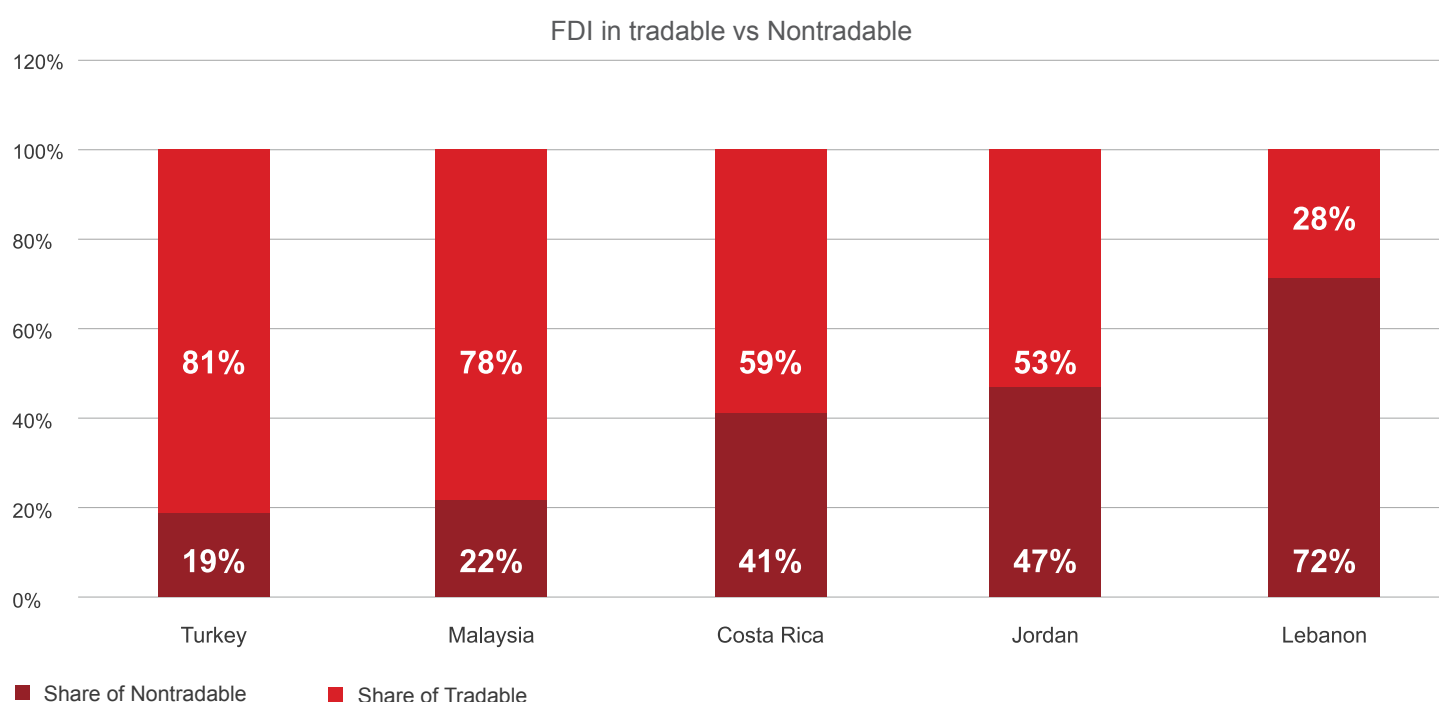
The region's political instability is a constraint for export development. The disruption of traditional land routes through Syria as a result of the war has diminished export volumes via Syria to other Arab countries.

Economic research institutes broadly agree that Lebanese exports lie far below their potential. Export readiness is one factor that accounts for this. The World Bank concludes that 'a salient factor behind Lebanon's weak export competitiveness in Europe is the lack of quality standards.

The majority of Lebanese firms do not have the capacity or means to meet the quality standards that would be required to enter into the EU and other high-value markets'.<sup>84</sup> According to the World Bank Enterprise Survey 2013/14, only 13 per cent of Lebanon companies seem to have an internationally recognised quality certification.<sup>85</sup>

The World Bank also cites the high share of FDI arriving in non-tradable activities as an obstacle to export development as shown in Figure 13. Most investment is in markets and not in the development of competitive (global) value chains, that is, so-called 'efficiency-seeking' investments.<sup>86</sup> Export-oriented Lebanese companies' low level of competitiveness is associated primarily with the lack of national as well as international investment.

**Figure 13: Shares of tradable vs. non-tradable activities of FDI flows**



Source: World Bank (2017): Jobs for North Lebanon.



According to the Association of Lebanese Industrialists, one key obstacle to achieving a higher export share is the lack of efficient export promotion. The Lebanese state does not offer any financial support for companies to participate in trade fairs by providing, for example, a national pavilion at the world's leading Allgemeine Nahrungs- und Genussmittel-Ausstellung (ANUGA) food trade fair in Cologne, Germany or by engaging in product branding for the country.

Interviewed companies also cited problems with customs corruption and shipping infrastructure and rates. World Bank representatives advocate in this context for an improved framework for facilitating trade.

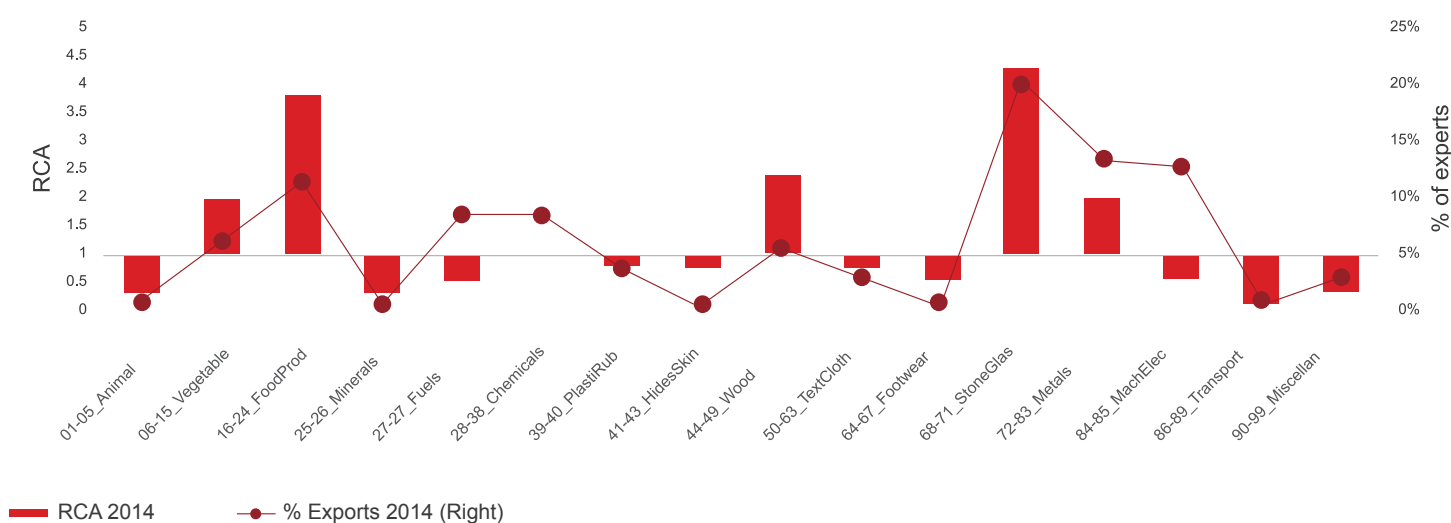
Many experts consider the country's monetary stability to be a key factor in Lebanon's economic attractiveness. However, the dollar peg can influence the price competitiveness of exports, particularly when targeting non-dollar countries.<sup>87</sup>

## OPPORTUNITIES

Given its direct access to the Mediterranean Sea and its proximity to larger markets such as the EU, Turkey and Egypt, Lebanon is geographically well-positioned for the export of its products. Furthermore, its widespread diaspora population could be tapped as an efficient support structure for export activities.

In Lebanon, sectors with a revealed comparative advantage (RCA) show a particularly strong potential for export growth. The RCA is an index used in international economics for calculating the relative advantage or disadvantage of a certain country in a certain class of goods or services as evidenced by trade flows. The RCA index indicates the sectors in which Lebanon's share of exports exceeds the global export share of the same sector. These are the areas in which Lebanon has a comparative advantage. Sectors in Lebanon with the strongest RCA include food processing, stone/glass and wood processing as shown in Figure 14.<sup>88</sup>

**Figure 14: Lebanon's export share and comparative advantage**



Source: World Bank (2017): *Jobs for North Lebanon*, calculation based on UN Comtrade statistics

According to the ALIs, Lebanon exports 337 'highly competitive' products. ALI sees Lebanon's main export potential in the ICT sector, in pharmaceuticals and agro-food processing, including wine, chocolate and olive oil in particular. ALI identifies exports as the primary driver behind job creation in Lebanon.

International trade could be a key vehicle for raising productivity and creating export-oriented, high-value jobs in Lebanon. In several MENA countries, firms that export 10 per cent or more of their output provide the majority of jobs in the respective country. This is true for Lebanon, where such firms account for 58 per cent per cent of jobs.<sup>89</sup> Facilitating export readiness and export promotion programmes could therefore help generate further employment.





## EMPLOYMENT IN THE INFORMAL SECTOR

According to the World Bank, companies with less than four employees dominate the informal sector and represent over 91 per cent of all firms in Lebanon. The majority of informal companies are managed by Lebanese (about 87 per cent), followed by Syrians (8 per cent) and Palestinians (4 per cent).<sup>90</sup> The National Statistical Institute CAS sees almost total informality in agriculture (over 90 per cent), followed by construction and transport (nearly 80 per cent and 70 per cent respectively) and commerce (58 per cent). Private services and manufacturing show below-average rates of informality (22 per cent and 38 per cent respectively). Finance and insurance are entirely within the formal sector.<sup>91</sup>

Informal employment is high, even within registered companies. Individuals interviewed for this report state that companies either do not register all employees, do not pay minimum wage or do not provide health coverage. Because labour laws are not properly enforced through frequent and thorough inspections, they are not strictly followed. The informal sector has expanded in recent years as many Syrians have entered the labour market informally.<sup>92</sup>

### CHALLENGES

Most informal companies are small and managed by owners with a relatively low educational background. These entrepreneurs are generally not equipped with considerable management or technical capacities.

The scaling-up potential of these informal companies is

low due to owners' lack of managerial skills and their lack of access to the formal banking sector and growth capital. Given their general lack of access to proper documentation and licences, these entrepreneurs also do not have access to foreign markets or public tendering processes.

The World Bank concludes that unemployment, informality and poverty are strongly correlated in Lebanon.<sup>93</sup> Most informal businesses are not willing to formalise as they do not see a benefit. Indeed, the barriers associated with time investments, higher fees and taxes were cited in the 2014 Lebanese Enterprise survey on the informal sector.

### OPPORTUNITIES

For informal entrepreneurs, the main benefits of formalisation are seen in improving their access to finance (39 per cent of firms cited this as an incentive), the ability to issue receipts and attract customers (13.8 per cent) and better access to raw materials and government services (12.8 per cent). Smaller firms cite access to finance as the main motivation to formalise, whereas larger firms cite the opportunity to expand their client base. Both cases imply the capacity to create employment by enabling informal firms to scale-up. Efforts designed to support companies in formalising include legislation currently in preparation that will incentivise micro and small businesses to formalise. In addition, there is a growing trend to form co-operatives that would formalise, for example, small food processing companies' capacity to offer social benefits through mutual funds.

The World Bank notes that programmes targeting formalisation would have greater impact if they were to be combined with interventions designed to improve access to finance, reduce taxes and simplify tax procedures for small firms.<sup>94</sup>

# EMPLOYMENT IN THE PUBLIC SECTOR

The public sector employs about 300,000 people, the majority of whom work in the military sector.<sup>95</sup>

The distribution is as follows: 120,000 in the military/security

sector, 40,000 in the education sector, 25,000 in ministries and public administration, 15,000 in public institutions and municipalities and 70,000 as retirees.

The Lebanese public sector accounts for only about 15 per cent of total employment.<sup>96</sup> This stands out in contrast to other countries in the Middle East in which public sector employment predominates.<sup>97</sup> Due to the existing budget constraints, it is unlikely that the public sector will contribute to substantial employment creation.

## SUMMARY OF CHALLENGES AND OPPORTUNITIES

*Table 5: Challenges and opportunities on the demand side of the labour market*

CHALLENGES	OPPORTUNITIES
<b>Private sector and SMEs</b>	
<ul style="list-style-type: none"> <li>56.8 per cent of Lebanese SMEs are active in the wholesale, retail trade and repair sectors, most of them are micro-enterprises. The second largest sector is real estate. Both sectors have low scaling-up and job-creation potential</li> <li>Lack of corporate governance and professional management structures (family-centred SMEs)</li> <li>The gap in SME financing is an obstacle to growth, as are limited financial transparency, weak credit coverage and creditor rights; improvements needed in SME management skills and high collateral requirements</li> <li>Lack of affordable public-private support offers for smaller companies in particular</li> </ul>	<ul style="list-style-type: none"> <li>SMEs and entrepreneurship are the drivers of Lebanon's private sector</li> <li>The fastest-growing sector in Lebanon is agro-food with an 11 per cent growth in production and export in the past five years</li> <li>In the SME category, manufacturing, construction and tourism are considered potential drivers for additional job creation</li> <li>Promising approaches for the industrial SME sector include enhancing food safety standards, value chain development, cluster development, developing industrial zones and a gradual shift to higher added value production.</li> </ul>
<b>Entrepreneurship</b>	
<ul style="list-style-type: none"> <li>High rate of necessity entrepreneurs</li> <li>More than half of Lebanon's early-stage entrepreneurs expected to employ only themselves in five years' time, less than 5 per cent expect to employ six people or more</li> </ul>	<ul style="list-style-type: none"> <li>Lebanon among the world's leading entrepreneurial economies and known as an entrepreneur hub in the region</li> <li>High entrepreneurial spirit</li> <li>The Lebanese start-up ecosystem is developing fast, and Beirut is becoming a tech hub in the Middle East</li> <li>In 2017, 58 tech start-ups were established with a total funding value of USD 53 million</li> <li>USAID sees considerable potential in supporting business angels to channel private investments to start-ups</li> </ul>

## Export and trade

- Disruption of traditional land export routes due to the Syrian crisis led to a decline in export volumes via Syria to other Arab countries
- A large trade deficit in which exports account for only 11.2 per cent of GDP, around half the regional average
- Most Lebanese firms do not have the capacity or means to meet the quality standards that would be required to enter into the EU and other high-value markets (lack international certification in particular)
- Weak national supply chains
- Main obstacle to leveraging a trade-related comparative advantage in Lebanon is the high share of FDI coming in non-tradable activities
- Dollar peg can affect price competitiveness
- Lebanon is geographically well positioned, with access to the Mediterranean and proximity to larger markets (EU, Turkey and Egypt)
- Has an open economy with a trade rate that accounts for about 40 per cent of GDP
- Large infrastructure investments in sea ports and special economic zones (e.g., in Tripoli) can attract new investment in exporting companies
- Lebanon exports 337 'highly competitive' products; sectors with the strongest revealed competitive advantage are vegetables, food processing and wood processing

## Informal sector

- High rate of informality
- The scaling-up potential of informal companies is very low, most companies have no access to growth financing
- Most informal businesses are not willing to formalise as they do not see a benefit
- Informal entrepreneurs see the main benefits of formalisation in improving access to finance (39 per cent of firms), the ability to issue receipts and attract customers (13.8 per cent) and better access to raw materials and government services (12.8 per cent)
- Government plans a law with formalisation incentives

## Public sector

- The public sector plays a minor role in Lebanese job creation. An estimated 300,000 people are employed in the public sector, the majority in the military sector
- Due to the existing budget constraints it is unlikely that the public sector will contribute substantially to employment creation
- On average, 90 per cent of newly created jobs are in the private sector









# THE LABOUR SUPPLY SIDE: THE QUALITATIVE DIMENSION OF LABOUR FORCE DEVELOPMENT







# THE LABOUR SUPPLY SIDE: THE QUALITATIVE DIMENSION OF LABOUR FORCE DEVELOPMENT

*What qualifications are available within Lebanon's workforce? How are workers trained, and how well are they prepared to enter the job market? How does migration influence the quality of the workforce? How do Lebanese perceive certain jobs and participation by women in the labour market?*

*This chapter gives an overview of the actors involved in education and training, the higher-education system, the vocational-training system, the level of qualification and skills within the workforce, labour-migration patterns, the cultural perception of specific jobs and types of work, and the perception of women's participation in the labour market.*

## ACTORS

There is a multitude of actors working on the supply side of the labour market. The key actors are the ministries responsible for labour, education and vocational training, as well as a variety of donor organisations that support the Lebanese government in improving this sector. In addition, numerous NGOs provide short-term training and support for entrepreneurs, and both vocational-training centres and academic institutions provide skills training.

### MINISTRIES AND PUBLIC INSTITUTIONS

In the field of labour supply in Lebanon, the following public actors were identified.

INSTITUTION	ROLE/TASKS
Ministry of Labour (MoL)	The <b>Ministry of Labour</b> (MoL) is the key actor on the policy level. It governs the labour market, regulates labour relations and enforces labour law. It also has political and budgetary ties to the <b>National Employment Office</b> (NEO; for more details see chapter on actors in matching demand and supply), the <b>National Centre for Technical Training</b> and the <b>National Social Security Fund</b> (NSSF; for more details see Chapter on social protection policies). <sup>98</sup>
Higher Council for TVET	The <b>Higher Council for TVET</b> is a body made of representatives of MEHE, MoL, NEO, ALIs and the General Confederation of Lebanese Workers (CGTL). It was revived in October 2018 to implement the new TVET strategy. The Council will be tasked with revising the list of TVET-supported professions to make them relevant to current labour demand, developing new curricula, training staff on understanding what constitutes high-quality TVET and providing scholarships to TVET students. This Council includes representatives from the private sector, which may help make vocational training more relevant for companies.



Ministry of Education and Higher Education (MEHE)	<p>The <b>Ministry of Education and Higher Education</b> (MEHE) is the main authority governing the education system. The <b>Directorate General of Vocational and Technical Education</b> (DGVTE) supervises the vocational training and education system, has strong ties with private VTE providers that must seek accreditation, and is responsible for creating curricula and training programmes for public vocational-training centres. The DGVTE has successfully implemented the GIZ Dual System, Meister, Small and Medium Enterprise (DSME) development programme, which is still ongoing even after GIZ's withdrawal in 2014.<sup>99</sup> The DGVTE manages the public provision of TVET in 158 public training institutes and supervises the performance of 251 private educational institutes and training providers.<sup>100</sup></p>
Ministry of Social Affairs (MoSA)	<p>The Ministry of Social Affairs (MoSA) plays a leading role in improving the livelihood of local communities. Since the Syrian crisis, donors and the Lebanon Host Communities Support Programme (LHSP) have partnered with MoSA to implement coordinated and durable responses, aimed at increasing the stability and economic welfare of host communities. The MoSA also acts on the labour supply side, providing short-term vocational training in partnership with local NGOs and providers.<sup>101</sup></p>
Ministry of Industry (MoI)	<p>According to the Ministry of Industry's (MoI) strategic plan (2016-2020), the body aims to improve awareness and the technical capacity of local labour supply to match the needs of local industries. This will be done by improving linkages and coordination between the private sector and educational institutions, including higher-education and vocational-training entities. The MoI has also signed a memorandum of understanding with MEHE and the Association of Lebanese Industrialists with the goal of modifying and improving curricula, training and education programmes to match local industrial needs. Direct interventions include the creation of incentives for internships (for students) in industries, and the LIRA programme, which has the following objectives:</p> <ol style="list-style-type: none"> <li>1. Encourage university-industry co-operation towards building a knowledge-based economy.</li> <li>2. Match university activities/research with industry needs/problems (towards increasing productivity).</li> <li>3. Seek industrial sponsorship for proposed university projects (encouraging researchers).</li> <li>4. Offer a national platform for potential new products and services (supporting university-based research labs).</li> <li>5. Help engineering and science students in developing their research and project output into industrial-quality prototypes at minimum cost (reducing brain drain).</li> <li>6. Provide industrial training, especially on new technologies and mould manufacturing, to fresh graduates and engineers (creating job opportunities).</li> </ol>



## DONOR AND UN ORGANISATIONS

Following the Syrian refugee crisis, many donor organisations have reactivated or intensified their activities in Lebanon. They are acting to influence the labour market, with some focusing on the demand side and others on the supply and intermediation side, by providing strategic and technical advice as well as funding. Donors are providing support to host communities and to the Syrian displaced. Some examples of donor organisations and their key projects are listed below:

INSTITUTION	ROLE/TASKS
International Labour Organisation (ILO)	The ILO conducts a variety of national and regional programmes to support employability, vocational training and decent work. A joint ILO/UNICEF project called Towards Improved Formal and Non-Formal Technical Vocational & Education Training in Lebanon works to improve the availability and quality of labour-market information at the community and national levels, and additionally developed and initiated competency-based training programmes relevant to labour-market demand (2017-2019). <sup>102</sup> Another project called Improved Access to Employment Opportunities for Lebanese Host Communities and Syrian refugees in Lebanon aims at upgrading the agricultural technical-education system in Lebanon, with the goal of improving access to employment opportunities and livelihoods in rural areas (2017-2018). <sup>103</sup>
United Nation Development Programme (UNDP)	UNDP is responsible for implementing the Lebanon Host Communities Support Programme (LHSP), which is the response by a donor coalition to the impact of the Syrian crisis in Lebanon (Lebanon Stabilization and Recovery Programme). Since 2013, working jointly with the Ministry of Social Affairs (MoSA), the LHSP has implemented a comprehensive, co-ordinated and durable response to the impact of the Syrian crisis with the aim of increasing stability, expanding host communities' capacities, addressing tensions, preventing conflict, and ensuring peaceful coexistence through improving livelihoods and service provision. <sup>104</sup>
United Nations High Commissioner for Refugees (UNHCR)	UNHCR is responsible for registering refugees and providing humanitarian support in areas such as nutrition, health, shelter and water, sanitation and hygiene (WASH). It also coordinates donor activities in these sectors.
United Nations Industrial Development Organisation (UNIDO)	UNIDO is active in the field of vocational training in North Lebanon. It helped rehabilitate the Vocational Training Centre on Carpentry at the Zgharta Official Technical Institute with the support of the Japanese government in 2017, and launched a job creation programme in 2018 which will design new training modules for construction-related skills training and the delivery of marketable vocational-skills training to vulnerable individuals. <sup>106</sup>
World Bank	The World Bank is financing a USD 400 million programme called the Creating Economic Opportunities in Support of the Lebanon National Jobs Programme (2019-2023). The project is expected to create 52,000 permanent jobs and 12,000 short-term employment opportunities. The funding includes USD 70 million in grants and USD 330 million in soft loans. The project will be implemented in partnership with the Ministry of Economy and Trade. <sup>107</sup>

United Nation Children's Fund (UNICEF)	UNICEF (together with ILO) has supported the development of the new National Strategic Framework for Technical Vocational Education and Training 2018–2022 strategy. The UN Organisation is also involved in the implementation of training programmes such as the GIL Centres for young entrepreneurs.
German Federal Ministry for Economic Cooperation and Development (BMZ)	Since 2012, the German Federal Ministry for Economic Cooperation and Development (BMZ) has provided EUR 825 million to support Lebanon. <sup>108</sup> Among the programmes supported or co-financed by the German government have been projects implemented by GIZ and KfW, as well as iNGOs (e.g. LEADERS programme).
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	GIZ is a German implementing agency focused on technical co-operation. Commissioned by BMZ and EU, GIZ implements several projects in Lebanon that contain capacity-building and skills-training components. These include the Qudra Programme, which rehabilitates school infrastructure and conducts short-term vocational-training programmes (among other tasks); ProVTE, which seeks to improve the formal vocational-training system; UDP-NL, which provides support for entrepreneurs, MSMEs and vulnerable youth and women with regard to income creation, infrastructure development and improvements in social stability; and ConTra, which rehabilitates and builds small-scale infrastructure, and provides short-term trainings in the construction sector.
Kreditanstalt für Wiederaufbau (KfW)	Working on behalf of the German government, KfW focuses on financial co-operation and contributes to the provision of nationwide education and job-market-oriented vocational courses for young people in Lebanon. <sup>109</sup> One of four TVET programmes financed by KfW is UNICEF's GIL Centres, which provide digital and entrepreneurial education to vulnerable youth. A second is the Employment Intensive Infrastructure Programme, which finances labour-intensive investments into infrastructure and has a training component for Syrian refugees in the construction sector.
Department for International Development (DFID)	DFID has run a widely cited three-year programme called INTAJ (2016-2018) designed to promote employment and job creation. The programme (implemented by Mercy Corps) created close links between short vocational-training courses and placement services, which led to comparatively high placement rates. The current DFID programme to support companies and livelihoods is called the Subsidised Temporary Employment Programme (STEPS).
European Union (EU)	The European Union finances and co-finances a number of projects implemented by development agencies such as GIZ (International Services) or ILO. For example, the EU Trust Fund enables the children of Syrian refugees in Jordan, Lebanon and Turkey to go to school and have access to safe spaces for non-formal education, protection and psycho-social care. Syrian students whose studies were disrupted by the war have received scholarships to attend Jordanian, Lebanese and Turkish universities. Through vocational training and job fairs, Syrian refugees and host communities are improving their chances on the employment market. <sup>110</sup>

## PRIVATE SECTOR ASSOCIATIONS AND NGOS

The following private sector actors were identified as working within the labour-supply field in Lebanon.

Most of the **large INGOs** working in the field of short-term non-formal vocational training, soft and life skills, and employability are active in Lebanon. For example, a consortium made up of the Danish Refugee Council, Oxfam, ACTED, Care International and Save the Children is implementing the LEADERS programme, aiming to create job opportunities and local economic-development initiatives within Jordan and Lebanon. The programme links job seekers with job opportunities through traineeships, internships and job placements, among its many other interventions.<sup>111</sup> Another example is the American NGO Anera, which provides numeracy and literacy training along with short-term vocational training, including placement. The Digital Opportunity Trust (DOT) specialises in digital literacy, whereas INJAZ is mainly active in entrepreneurship training.

The **Institut européen de coopération et de développement** (IECD) is a strong actor in the Lebanese VTE sphere. By offering accredited short-term courses and organising job-matching activities, it acts both within the areas of labour supply and labour matching. IECD also offers formal TVET services, such as its BT in electrical engineering and IT, and additionally runs guidance and employment offices (GEOs) at technical schools.<sup>112</sup>

The **Chambers of Commerce, Industry** and such as the one in Zahle, have experience in delivering training, including vocational training. The chamber in Beirut and Mount Lebanon provides short training programmes for middle managers focusing on issues such as sales or leadership and including courses such as business English.<sup>113</sup>

The **National Centre for Technical Training** is responsible for TVET for school dropouts in Tripoli, Akkar and Beirut.

These programmes entail training from NGOs such as the Safadi Foundation and the Makhzoumi Foundation. The National Centre for Technical Training is also responsible for certifying private training centres.<sup>114</sup>

As a development agency affiliated with the chambers of commerce, the **Local Economic Development Agency** (LEDA) provides a platform for co-operation in North Lebanon that has good connections with local authorities in both North Lebanon and Akkar. The entity provides assessments of the labour market, short-term non-formal vocational training services, and support for entrepreneurs.

Numerous local NGOs have training centres that provide non-formal vocational training, literacy and numeracy training, life and soft skills training, and/or entrepreneurship training. Their portfolios usually encompass a variety of sectors such as agro-food, wood processing, car maintenance, mobile-phone repair, hairdressing and hospitality. Well-known examples of such organisations include the Lebanese Organisation of Studies and Training (LOST), the Makhzoumi Foundation, Mouvement Social, the René Moawad Foundation and The Safadi Foundation.

Due to their frustration with the lack of suitable skills and driven by the idea of giving back to society, **some companies have also started vocational training centres** that they use to train their own staff and to train participants in donor-financed programmes. Their training programmes are regarded as being very practically focused and relevant, and generally have high placement rates. Examples include Zmerly (based in Tripoli, in the renewable-energy sector), Memo (based in Beirut, in the construction sector), Festo Authorized and Certified Training Centre (located in Bsarma – El Koura, mechatronics) and the El Yama Group (Saida, in the printing business).

Additionally, some **job-matching providers** also offer short training programmes, particularly in the field of employability. Examples include the American University of Beirut (AUB) Career and Placement Centre, which provides interview-skills training, or the HireLebanese internet portal, which offers CV advice for a small fee.

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## HIGHER EDUCATION

Lebanon has a renowned education system with mostly private universities providing a high-quality education. The country's residents also tend to be bilingual or trilingual. For Lebanese students, it is normal to be fluent in at least two languages (Arabic and French and/or English).

This is also acknowledged in international rankings: In the Global Competitiveness Report it ranked 18th worldwide for the quality of its higher-education system.<sup>115</sup>

The gross enrolment ratio (GER)<sup>116</sup> in tertiary education has decreased since 2011, when it reached its peak of 49.7 per cent (see Table 6 below). This can be partially attributed to the increase in the refugee population in the relevant age group, a large portion of whom were not able to access higher education, as well as the deteriorating economic conditions that have led youths to pursue earlier entry into the labour market. For the years with available data, the GER has consistently been higher for females than for males.

**Table 6: Gross enrolment ratio, 2011-2017, all population**

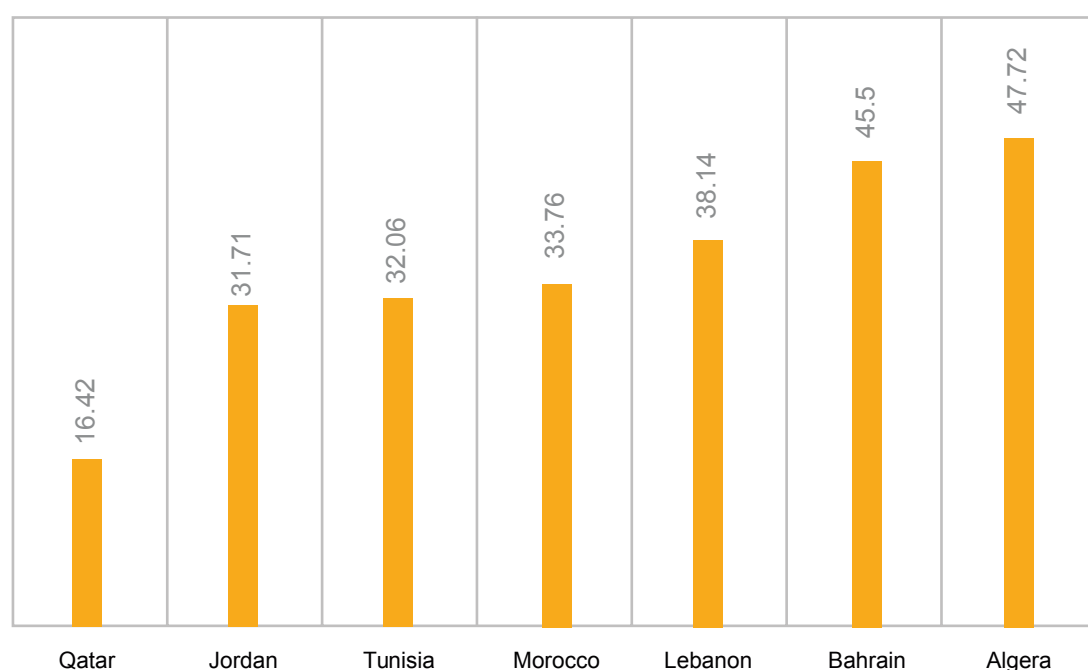
Tertiary Education	2011	2012	2013	2014	2015	2016	2017
Total	49.74	45.61	46.02	42.86	38.55	38.2	38.14
Female	49.8	47.18	47.86	45.85	...	...	...
Male	49.67	43.88	44.01	39.62	...	...	...

Source: UNESCO, Institute of Statistics

This GER is considered to be relatively low compared with European countries such as Italy (68.85%), France (64.44 per cent) and Germany (68.33 per cent), and even compared to other middle-income countries. For example,

Iran boasts a GER of 68.85 per cent, while Turkey's is 103.75 per cent.<sup>117</sup> Lebanon's GER performance is also middling compared to Arab countries.

**Figure 15: Gross enrolment ratio (per cent) in 2017 for selected Arab countries**



Source: UNESCO Institute of Statistics<sup>118</sup>

Higher education in Lebanon is dominated by private education providers, with 47 private institutions, and one public institution, the Lebanese University. For the 2016/2017 academic year, approximately 62 per cent of the country's total 200,807 students were enrolled in private higher-education institutions. Almost 57 per cent of these students were female.<sup>119</sup>

Most of the private universities were established in the late 1990s, when there was a rapid expansion of the education system after the end of the civil war. This rapid expansion is seen to have adversely impacted the country's higher-education system. Given this perception, the Directorate General for Higher Education was established in 2002 in order to license schools and validate degrees and disciplines based on periodic audits. This was a response to rising concerns that many of the new universities were operating primarily as businesses rather than as institutions focused on providing a high-quality education and graduating employable students.

In addition, a new law governing higher education was passed in 2014, updating the previous law from 1960. However, the Lebanese University enjoys a clear condition of autonomy, with its own law and governance systems. The public Lebanese University is open to all nationals and foreigners who have legal residency. Fees are minimal for Lebanese students, ranging between USD 130 and USD 163 per annum for undergraduate degrees. This subsidised fee also applies to Palestinian and Syrian students. Fees for international students are higher (between USD 630 and USD 663 per annum).

Participation rates for both Palestinians and Syrians remain low. In 2016, only 1,466 Syrian students were registered at the Lebanese University (comprising less than 2 per cent of the student population). This is attributed to several factors including legal residency requirements, competitive admission requirements and a lack of support in learning competencies.<sup>120</sup>



Admission at the Lebanese University, especially for highly desired specialties including engineering, business administration, medicine, ICT and media, is very competitive. In addition, while the Lebanese University does have branch campuses all over the country, most of the faculties for these disciplines are concentrated in the centre (Beirut and Mount Lebanon). This leads many prospective students to apply to the many commercial universities.<sup>121</sup>

Private tuition can range between USD 5,000 and USD 26,400 per year, depending on the university and the choice of specialisation. Thanks to the number of students enrolled in private education, household spending on education far exceeds government spending.<sup>122</sup> It stands to reason that individual households have to carefully consider the

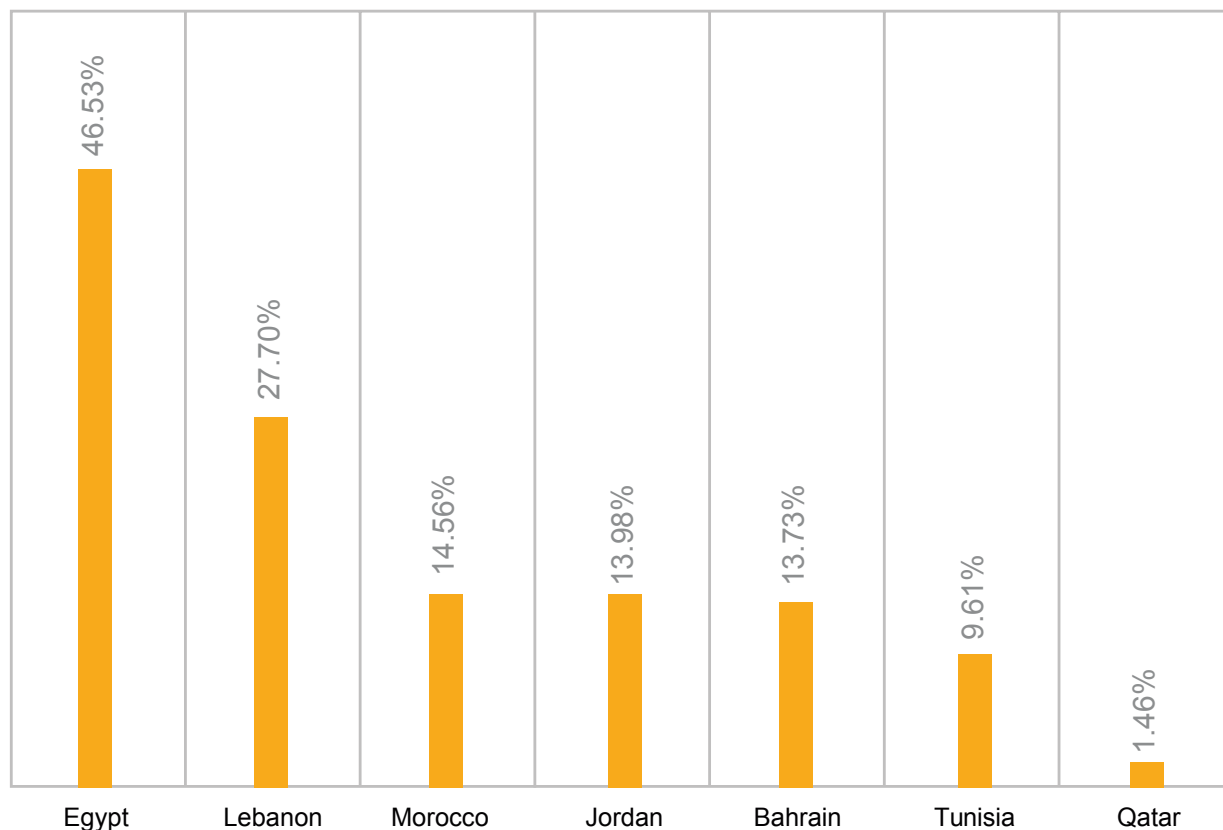
possibilities of a return on the investment entailed in enrolling their youth in private education. Lacking sufficient information on labour-market demands, households most often opt for relatively traditional and socially approved disciplines, especially for males. This creates an overabundance of graduates in a comparatively small number of skills areas.

Higher education in Lebanon remains poorly connected with its surrounding environment due to the lack of any comprehensive policy linking education with the needs of the market. Many students graduate with degrees that are not in demand, inflating youth-unemployment rates. Institutions and policies need to be well informed of labour-market expectations in order to adopt necessary curricula and respond to new employment patterns.

## VOCATIONAL EDUCATION

In 2017, approximately 27.7 per cent of the students (21.97 per cent of females and 33.65 per cent of males) enrolled in secondary education opted for the vocational track.<sup>123</sup> While this is considered to be a low rate compared with OECD countries such as Germany (46.27 per cent), Italy (55.61 per cent), France (40.64 per cent) and Turkey (47.5 per cent), it ranks among the highest in the Arab region.

**Figure 16: Enrolment in TVET as percentage of total enrolment in secondary education, 2017, selected Arab countries**



Source: UNESCO UIS, <http://uis.unesco.org/>

For the 2016/2017 academic year, a total of 85,224 students (57 per cent public and 43 per cent private) were enrolled in vocational or technical education. The majority of these students were enrolled in private or public vocational or technical institutes in the areas of Mount Lebanon and the North (25.44 per cent and 24.7 per cent respectively). Only 1.82 per cent of these students, all of whom were registered in private schools, were enrolled in Beirut. The largest share of TVET students (57.64%) were enrolled in programmes leading to the Baccalaureate Technique (BT) certificate, followed by 19.44 per cent enrolled in programmes aiming at the Technicien Supérieur (TS) certificate. Only 1.58 per cent were enrolled in the Dual System, and less 0.02 per cent were in the Meister programme<sup>124,125</sup>

A majority of the students enrolled in vocational education were males (57 per cent) while 43 per cent were female. This is regarded as being due to the high concentration of traditionally male-oriented specialisations; indeed, 23 programmes showed no enrolment by females at all in the 2016/2017 academic year, while only one specialisation, in the area of social work, showed an entirely female student enrolment. The highest concentration of students among males and females alike was found in specialisations considered to be white collar, including accounting, interior design, and information and communication technology. According to interviews with the Directorate General for Vocational and Technical Education (DGVTE), this is problematic, as these graduates have to compete in the labour market with more qualified higher-education alumni. On the other hand, graduates in industrial specialties such as plumbing, mechanics, construction and air-conditioning (AC) repair often find jobs more easily, and are remunerated more highly when they engage in self-employment. However, only one-quarter of students all of whom are male register within these fields.

While there have been some attempts to encourage Syrian enrolment in public institutions, these have been restricted to short-term training courses. However, enrolment rates remain low even here; according to an interview with MEHE, around 1,700 Syrians are enrolled in the public TVET system, making up 3.5 per cent of the total student population. As Syrians are legally limited to work within just three sectors in Lebanon – agriculture, construction and environmental services – the value of enrolling in TVET courses is quite limited.

A number of other public entities manage and provide VTE, including the MEHE, the Ministry of Agriculture, the Ministry of Social Affairs, the Ministry of Labour, the National Centre for Vocational Training and the National Employment Office. In addition, private and non-governmental organisations provide a variety of training courses. The number of NGO initiatives offering short-term non-formal training has increased considerably as a response to the Syrian crisis. However, there have been limited tracer studies assessing the impact of these programmes on employability and retention.

A National Strategic Framework for TVET was launched in 2018, with the goal of identifying and addressing internal and external challenges faced by the sector, and of providing solutions to them.<sup>126</sup>

Internally, the TVET sector lacks institutional coordination mechanisms that could help to define priorities, harmonise practices and assist actors in learning from common shared experiences. Public TVET institutions have a shortage of qualified and competent teachers, staff and supervisors, and there are considerable inefficiencies in the way budgets are allocated. The 158 existing public institutions often run classes with very few students paying exorbitant fees, led by contracted and often unqualified instructors. According to the DGVTE, the operational budget for material costs for all these public institutions in 2018 was USD 600,000. Considering the course requirements for equipment and materials needed to engage in practical training, trainees' ability to acquire practical competences is extremely limited.

There has also been limited involvement from the private sector in the assessment, formulation of occupational and qualification standards and provision of on-the-job training. Such programmes would help refresh outdated curricula and ensure that training is relevant to actual labour-market needs. The share of formal TVET programmes that dedicate a substantial share of time to on-the-job training, as in the Dual System, remains sparse. In addition, and with few exceptions, career guidance in the public schools is quite limited. Currently this is available in only five out of the 158 public schools.

A recent trend is the increase in non-formal vocational training. The Syrian refugee crisis and the difficult economic environment have in combination led to the creation of an increased number of basic, short, non-formal vocational-training programmes. Donors and NGOs – indeed, too many in the view of several interview partners – offer training programmes lasting a maximum of three to six months to youth and women, often without conducting pre-tests, follow-up support or tracer studies. Such programmes are often designed to train large numbers of beneficiaries, without considering the quality of the training or comprehensive support measures. The results are often very limited, with a small percentage of participants finding job placements. In interviews, organizers of such programmes reported that they believe between 10-15 percent of graduates find and retain jobs. This adds to the growing levels of frustration within the target groups. As one of the interview partners noted: 'There are just too many trainings and no jobs; youth are tired of participating in all these trainings without having a perspective for the future.' Or in the words of another person: 'All do the same thing at the same time with the same beneficiaries.'<sup>127</sup> It should be noted that some of the NGOs providing non-formal training have partnered with private sector companies to develop practical training curricula.

# LIFE AND SOFT SKILLS TRAINING

Many NGOs offer life and soft skills training in order to improve competencies identified by employers as necessary for new entrants into the labour market. These trainings include CV writing and interview techniques as well as English-language and basic computer skills.

As current trends appear to indicate that most graduates do not end up working in a job related to their degree,<sup>128</sup> career guidance centres in private universities are concentrating on improving competencies such as problem-solving, analytical and communication skills. However, their efforts will remain limited in the absence of accurate and up-to-date information regarding labour-market trends.

Digital skills are considered to be an important asset enabling workers to reach out to international markets and as an option for freelance work, particularly for vulnerable or low-skilled youth. According to Digital Opportunity Trust (DOT) Lebanon, an NGO experienced in providing such training, the main problem for the vulnerable is access to training rather than the level of education: 'If they have access, they can do it, even with a very poor educational background', said one DOT Lebanon interview partner. This statement was corroborated by other interview partners such as the founder of the software company Neumann, who said, 'For software programming, you don't need university education – it's outdated anyway – but self-skills, literacy and numeracy, and motivation'. DOT staffers indicated that some of their Syrian refugee beneficiaries entered hardly knowing what a computer was, and at the end of the programme were able to create logos, websites, apps, etc., and even found customers for their freelance work.<sup>129</sup>

## QUALIFICATIONS WITHIN THE LABOUR FORCE

There are significant gaps between the skills demanded by employers and those held by employees. In the case of managerial positions, the main gaps are related computer skills and basic technological skills, the ability to work independently, and proficiency in a foreign language. For non-managerial positions, the main gaps include the ability to perform in a team, foreign-language skills, professional communication skills, and problem-solving skills.<sup>130</sup>

More broadly speaking, Lebanon's labour market suffers from an overabundance of workers at the upper end (with 200,807 individuals enrolled in academic studies, 2016/2017) and a lack of qualified labour at the lower end of the skills spectrum (85,224 enrolled in vocational or technical education 2016/2017). The latest national labour-market data indicates that 30 per cent of working people have no or only a basic education, while 43 per cent of employed people hold secondary or university degrees.<sup>131</sup> With regard to skilled working persons in particular, 43 per cent of working women hold university degrees,<sup>132</sup> while just

20 per cent of working men hold university degrees. The mismatch between the orientation and output of education and training institutions and the demands of the labour market aggravates the country's already poorly functioning labour-market dynamics.

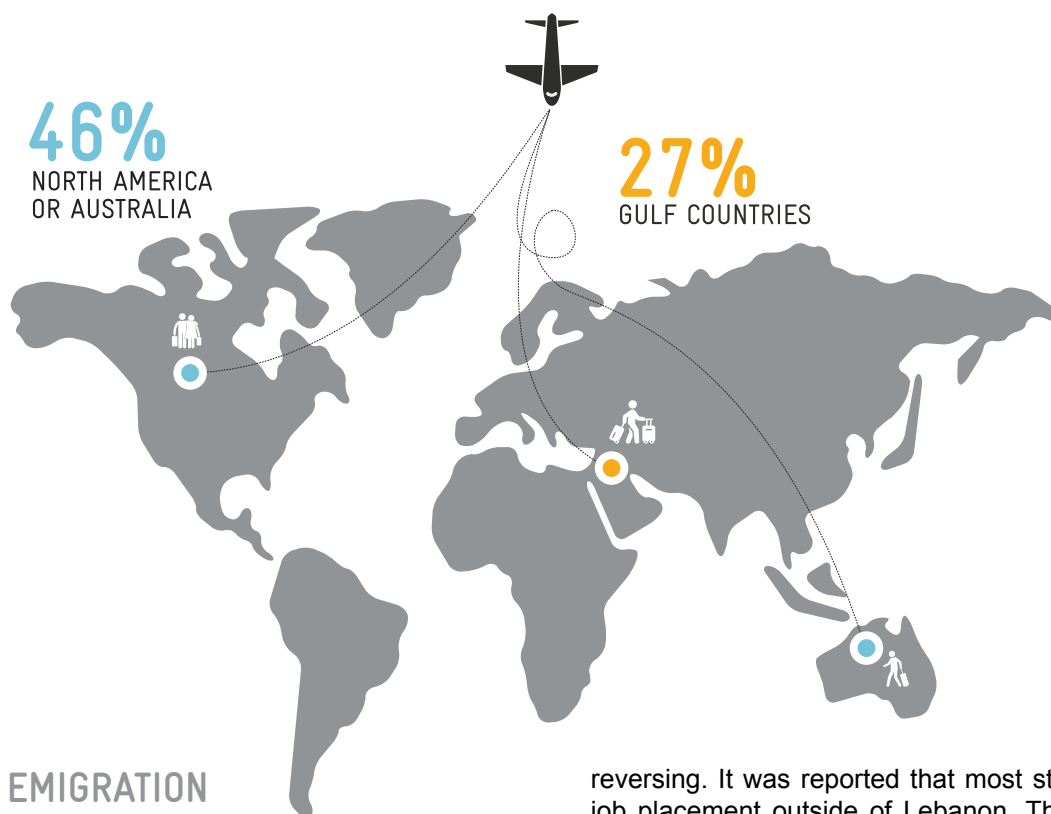
According to a World Bank survey, 41 per cent of wage earners perform jobs that fall outside the scope of their education and skills. Indeed, the survey found that education in its current form is an impediment to employment.<sup>133</sup>

At the same time, medium-level technical expertise (e.g., skilled workers, technical assistants) is scarce at all levels and in numerous occupations within the Lebanese labour market. The negative value attributed to occupations that require vocational education or training are the major obstacles preventing Lebanese people from learning and practising these professions. In reality, the income levels associated with these jobs are currently higher than for most of the jobs sought by university degree holders.

There are also other dimensions of quality regarding the skills of young Lebanese that could be improved. A study by the Beyond Reform and Development (BRD)<sup>134</sup> think tank finds that 'there is an overall consensus between employers and students that more practical and on-the-job training is needed to increase job preparedness among graduates at various levels of educational attainment'. To react to this need, some training providers have started to add short internships and apprenticeships to their vocational-training programmes.<sup>135</sup> A few universities have research and development departments that collaborate with companies. Such co-operation is usually the outcome of company-sponsored competitions with prize money. In our interviews, companies expressed a desire for more interaction with universities, both in terms of offering students short-term internships of three to four months<sup>136</sup> and in collaborating on research projects. Such efforts would benefit companies and students alike by allowing companies to get to know the students and students the opportunity to gain valuable work experience.

## LABOUR MIGRATION AND LABOUR MOBILITY

Lebanon has historically experienced both influxes and exoduses of labour due to political, social and economic factors. As described in the chapter on labour market trends on labour-market trends, the country is currently home to 1 to 2 million Syrian refugees; about 174,400 Palestinian refugees<sup>137</sup>, and about 22,000 refugees from other countries. In addition, the Ministry of Labour had issued 209,674 labour permits as of 2015 for foreign workers employed as domestic helpers or in the hospitality, construction or agriculture sectors. The actual number of foreign workers is supposed to be much higher, as many live in Lebanon with unregistered status. On the other hand, between 10,000 and 15,000 highly skilled Lebanese leave their country every year (see overview below).<sup>138</sup>



## SKILLED EMIGRATION

Lebanon has a huge diaspora all over the world. In the period 2013–2015, an estimated 885,000 Lebanese lived abroad.<sup>139</sup> The General Directorate of Emigrants states that there are 10 million Lebanese living abroad if one considers people of Lebanese descent.<sup>140</sup>

The emigration of Lebanese is quite specific, as it is an emigration of highly skilled young people. Almost 50 per cent of emigrants have completed secondary education or higher, and 37.8 per cent have completed tertiary education. Most are between 15 and 34 years of age (76 per cent of the 15,000 to 20,000 who leave each year).<sup>141</sup> In a survey conducted in 2009 with alumni from four private universities, 67 per cent of male alumni and 45 per cent of female alumni were working abroad.<sup>142</sup> According to our interviews with a career guidance centre, this trend does not seem to be

reversing. It was reported that most students would prefer job placement outside of Lebanon. This is due to several factors, including the high youth-unemployment rate, low salary scales and the belief that working outside Lebanon will improve a person's career path.

Interview partners confirmed that the return rate is low, and that this brain drain has led to a serious lack of experienced middle managers. Companies interviewed for this study indicated that they used to receive 100 applications per offer for a job requiring experience, while they typically only get 10 today. This makes it more difficult to find suitable team members. Most Lebanese go to the Gulf countries (27 per cent), or to North America or Australia (46 per cent). The highest rate of emigration is found among graduates in the fields of electricity, gas and water supply (85 per cent) or transportation and communication (57 per cent), and in the medical sector.<sup>143</sup>





The upside of the large diaspora is the remittances sent back to Lebanon each year. These funds accounted for 14.1 per cent of GDP in 2016, totalling USD 7.3 billion.<sup>144</sup> They play an important role in securing family income and represent a safety net for many families.

Members of the large diaspora have the potential to return, as many remain very attached to their country of origin, but usually do this only during the summer. One interview partner noted that the costs of living in Lebanon, especially in Beirut and Mount Lebanon, have risen so much that one source of income is not enough to lead a decent life. This mismatch between costs and income has been expanding over the last decade. Thus, for people working in the Arab states, Europe or the United States, there are few incentives to return, to open companies or to invest in Lebanon. It also seems to be difficult to find adequate jobs for very specialised employees, as the Lebanese job market is in general small.

There are some prominent examples of returnees who have founded companies; these include artificial intelligence (AI) company Neumann, whose founder spent some years working in France, and the Memo construction company, which was founded after its owner's return from Saudi Arabia. The experience and the capital these individuals gained abroad made it possible for them to start quickly growing medium-sized companies. Several interview partners noted that entrepreneurs of this type should be provided with incentives such as seed funding to return to Lebanon and start companies.

## FOREIGN MIGRANT WORKERS

Lebanon has been a destination for foreign workers since the early 1970s. In 2015, the Ministry of Labour issued 209,674 labour permits for foreign workers. However, the actual number is estimated as being considerably higher, as only a comparatively small share is registered. Most of these foreign workers are employed in construction, agriculture or domestic work (mostly women, in the last case), often

informally and with very precarious working conditions. Lebanese employers tend to prefer foreign workers for unskilled work, as they ask for lower wages, are not insured, are easier to lay off and work longer hours.<sup>145</sup>

In one interview, an ILO staffer noted that one of this organisation's biggest concern the unregulated and unmonitored status of the labour market for the country's 250,000 domestic workers. It has been very challenging to convince employers to enforce minimum working-condition standards, which would be a step up from the conditions under which many domestic workers are employed today. One minimal step would be to strengthen regulation of the employment agency, which continues today to permit unlicensed recruiters. The MoL is currently trying to link domestic workers' work-permit numbers with employers' identities; this would enable the ministry to follow up in cases such as complaints about the recruitment agency. Such a procedure would enhance accountability.

## REFUGEES AND ASYLUM SEEKERS

Since 2010, the size of Lebanon's labour force has increased rapidly through the influx of Syrian refugees. The war in Syria has led to the exodus of around 5.6 million nationals of that country. Most have gone to neighbouring countries such as Turkey, Jordan and Lebanon. About 952,000 Syrian refugees are registered in Lebanon, although the actual number is estimated at around 1.5 million (including 40,000 Palestinians from Syria).<sup>146</sup>

Close to 70 per cent of working-age Syrian men are in the labour force (that is, employed or looking for work), while just 10 per cent of working-age women are economically active.<sup>147</sup> Refugees are limited to work in certain sectors (agriculture, construction and cleaning) primarily those that are not popular with native Lebanese or which have a tradition of employing Syrians in Lebanon. Before the Syrian crisis, an estimated 300,000 to 500,000 Syrians were living in Lebanon either seasonally or permanently as businessmen, agricultural workers or tourists.<sup>148</sup>



The presence of the large number of refugees coming within a short period of time has supposedly had an impact on the labour market more broadly, because refugees typically ask for wages that are about half the amount earned by native.<sup>149</sup> Moreover, many Syrians in fact work in sectors other than those they are officially allowed to be in (like services).<sup>150</sup> This has had a positive impact for companies and employers, for example in the agricultural sector, as their labour costs have dropped and they no longer have any problem finding low-skilled or semi-skilled labour. However, this has undermined labour-market opportunities for Lebanese youth in particular, as they are more likely to compete with Syrian refugees in sectors such as the informal services or hospitality, and for entry-level work (low/semi-skilled) more generally.

A recent analysis on the impact of the Syrian refugees in Lebanon shows that areas that have experienced a large influx of refugees, which coincide with the economically lagging regions of North Lebanon and the Bekaa Valley, have witnessed a sharp increase in unemployment rates among young Lebanese men, from 10 per cent in 2010 to 36 per cent in 2015.<sup>151</sup> In addition to the Syrians, there are about 174,400 registered

Palestinian refugees within a community that has been living in Lebanon for the last 70 years.<sup>152</sup> These individuals too are limited to work within certain professions, and experience poor working conditions, a lack of social protection and low wages. Palestinian refugees benefit from a separate system run by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which has proved to be effective and efficient in linking education, skills development and employment. UNRWA is currently under pressure because its previous main donor, the U.S. government, elected to cut off funding in 2019, following deep cuts in 2018. However, the group has managed to backfill most of the lost funding through contributions from other donors, and by November 2018 was lacking only USD 21 million.<sup>153</sup>

At the end of 2016, there were additional 21,761 registered refugees and asylum seekers in Lebanon from countries other than Syria. Refugees from Iraq represented the largest share (86 per cent of the survey sample of UNHCR's vulnerability assessment). About 42 per cent of this population works or is looking for employment, obviously all within the informal sector due to the lack of work permits.<sup>154</sup>

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## CULTURAL PERCEPTION OF EMPLOYMENT AND JOBS

When discussing the labour market with Lebanese stakeholders, it soon becomes clear that tradition, perception and culture play an important role when it comes to choosing certain professions or working in certain types of jobs. The job market is quite segregated along the lines of ethnicity, class and gender, a fact that will be elaborated upon in the following sub-chapters

## STATUS OF SPECIFIC JOBS

Lebanese generally have a negative attitude towards manual labour, and prefer white-collar jobs. Liberal professions such as law, medicine and engineering are the most attractive professions due to their social value and status. Several interview partners made comments such as, 'A Lebanese girl would rather marry an unemployed lawyer than a well-paid electrician', or 'It is very hard to convince a Lebanese mother to let her son go into vocational training'. The number of people wishing to work in these 'attractive' professions, however, exceeds labour-market demand. As schools offer very limited career-guidance services (see chapter on Matching demand and supply), students receive no advice on finding alternative solutions, and there is little popular awareness-raising regarding the fact that the labour-market

demand for doctors, lawyers and other such professions in Lebanon is very limited.

Even in sectors such as construction or hospitality, Lebanese do not want to do the 'dirty' jobs such as concrete carpentry or cleaning; rather, they prefer work as a foreman or chef. The manual work on construction sites is often done by foreign workers from Syria, and in the hospitality sector by workers from Bangladesh. Even at this level, the choice of profession is not driven by market opportunities; for example, some professions such as plumbing are in high demand, but there are hardly any Lebanese plumbers.

## CULTURAL STIGMA OF TVET

In parallel to low social status accorded to manual labour, vocational and technical education has traditionally been stigmatised in Middle Eastern societies, particularly for women. Lebanese parents do not believe that TVET qualifications add value to the course of professional and personal development. Vocational education is seen as a last resort for students who drop out of school or university, or who have no other opportunities because they are from vulnerable backgrounds.

As a result of the poor reputation of vocational training, many manufacturing and technical companies complain of a lack of skilled labour. This lack is exacerbated by the fact that graduates from technical schools who have earned their recognised 'job ticket', the Baccalaureate Technique certificate, often elect to continue their studies to pursue a higher qualification such as the TS or Licence Technique.<sup>155</sup>

## CHANGE IN PERCEPTION

Despite the poor reputation associated with manual labour and vocational training, these perceptions have started to change in the face of the economic crisis and the rising youth-unemployment rates.

In an interview, a Ministry of Labour representative indicated that the perception of manual labour might be still poor in wealthy areas and in Beirut, but that this perception was changing in North Lebanon as people sought ways to earn a decent living. Other interview partners confirmed that skilled technical graduates find jobs, and some can open their own businesses after acquiring sufficient years of work experience. Companies reported that the wages paid to technical staff were similar or even higher than the salaries given to engineers, but that it was much more difficult to find technical employees.

Stakeholders working in both in vocational training and in companies agreed that more effort is needed to change the culture so as to make technical jobs more attractive. They suggested that early career guidance should be provided at schools; similarly, they proposed the launch of a campaign promoting the value of manual labour. They also agreed that training programmes need to be improved and made more relevant, and that working conditions need to be improved.

## GENDER-SPECIFIC EMPLOYMENT

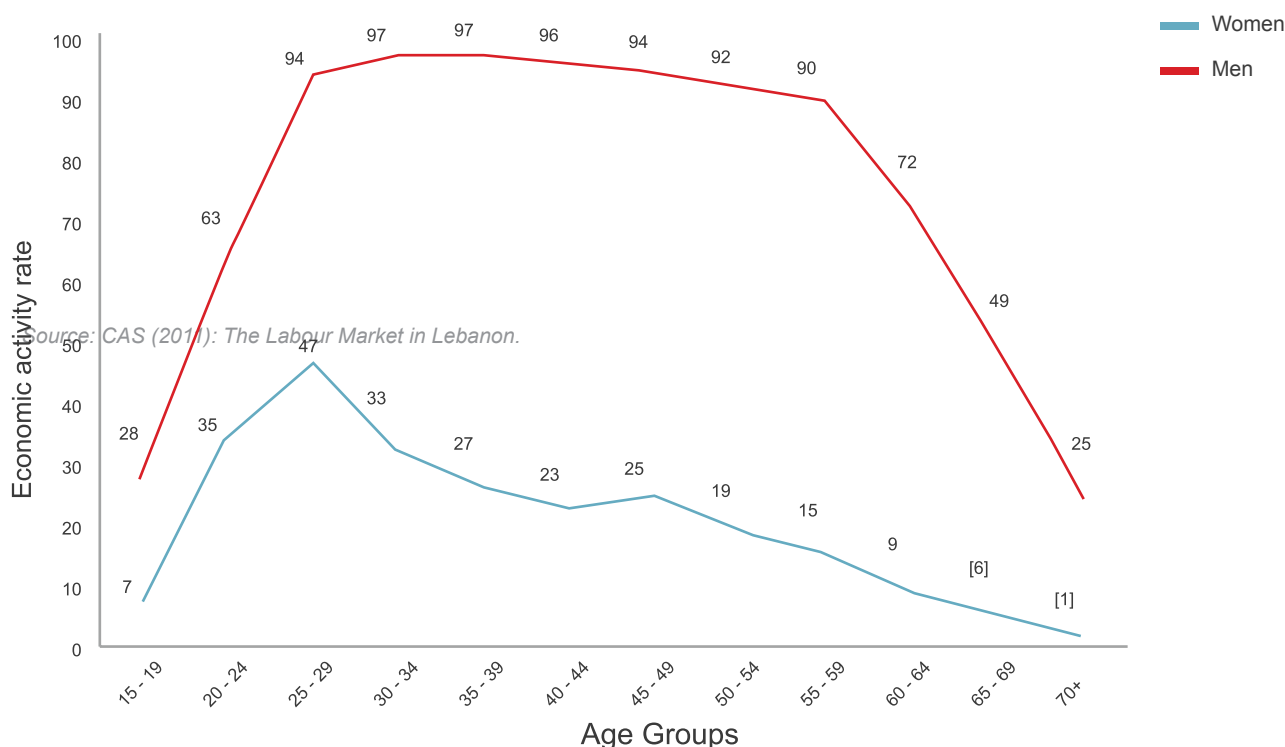
In general, the Lebanese labour market is male dominated. Men are economically more active than women (respectively accounting for 71 per cent and 23 per cent of the potential workforce).<sup>156</sup> Women's professional activity rates tend to

peak around the age of 25 and steadily decrease thereafter, while men's activity rates remain steady at around 90 per cent until the age of 60 as shown in Figure 17.<sup>157</sup>

Lebanese women work in selected vocations and sectors. Both cultural and structural issues have played a part in maintaining gendered occupational segregation. Women are more likely to be trained in and end up working in the fields of teaching, health and service work.<sup>158</sup> This segregation also exists within sectors, as employers tend to be reluctant to hire women for managerial positions. Compared to their male counterparts, women are perceived as a higher employment risk, as their primary role is still considered to be homemaker and mother.<sup>159</sup>

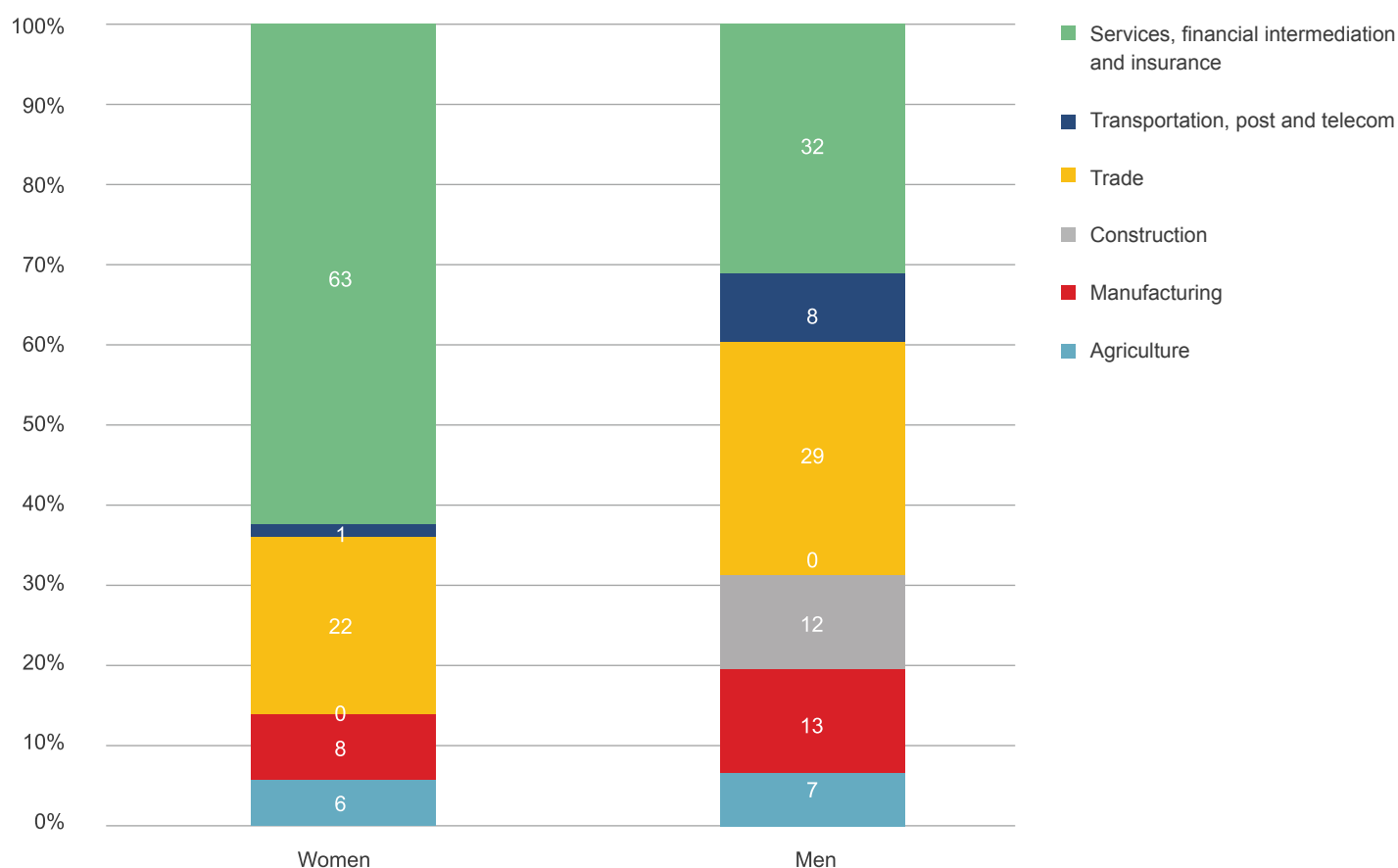
Figure 18 shows the major economic sectors in terms of male and female employment. The most balanced distribution of jobs between the two sexes exists in agriculture. However, agriculture attracts a relatively small share of people. Seasonal labour from Syria has traditionally played a strong role in this sector, and its potential for employing more Lebanese citizens would seem to be limited. Trade is the next most gender-balanced sector. In manufacturing, there are still substantial opportunities for employing women. While the transportation and construction sectors are completely male dominated, women mainly work in office-related sectors.

**Figure 17: Economic activity rates by age groups and sex.**





**Figure 18: Employment in major sectors by sex, 2009**



Source: CAS (2011): *The Labour Market in Lebanon*.

The gender-related wage gap was also reported to be lowest in the services and trade sectors (6.2 per cent), as compared to transport and communication, for example, where the gap was a full 38 per cent.<sup>160</sup> In the agricultural sector, the wage gap was seen to be quite significant, with an average wage of USD 324 per month for women and USD 429 per month for men.

Given the higher average qualification profile of female labour-market entrants, production-oriented services should not be out of reach. However, as elsewhere, boosting female workforce participation rates may require the existence of facilities that provide for child care or after-school activities.

Women still remain highly underrepresented in management; indeed, only 10.7 per cent of women occupy upper-level positions. The share of female entrepreneurs as compared to male entrepreneurs also remains low. Most working women (79 per cent) are employees, and only 15 per cent are business owners or self-employed. Among working men, 55 per cent are employees and 42 per cent are business owners or self-employed.<sup>161</sup> In Lebanon, the difference between the total early entrepreneurial activity (TEA)<sup>162</sup> of men and women is nine percentage points: While the male TEA is 28.8 per cent of the male working population, the female TEA is at 19.8 per cent of the female working population.<sup>163</sup>

Current training programmes designed by NGOs tend to reinforce gender stereotypes. A common approach by many NGOs targeting adult women from vulnerable backgrounds is to provide training that encourages them to work from home, in sectors such as food processing or embroidery. This practice is linked to tradition, and also reflects issues of personal security (i.e., with the goal of avoiding harassment in the streets). Several interview partners criticised this approach, because such programmes isolate women instead of empowering them. One expert said: 'Women need to be part of the society and go out, not stay at home, in particular women who have experienced traumatic events. They need transportation, and psycho-social support.'<sup>164</sup> Such issues should be considered by teams designing support programmes.

However, interview partners also pointed out that times are changing: Due to the economic situation, women are being forced to support their families and start home businesses in areas such as food production or handicrafts. The Global Entrepreneurship Monitor shows that 47.5 per cent of female entrepreneurs are driven by necessity, not opportunity.<sup>165</sup> Moreover, there is a new generation of girls and women who are choosing to establish opportunity-driven businesses and fight for their right to be independent and accepted. These women often are supported through programmes run by NGOs like the Tripoli Entrepreneurs Club or Berytech.



# SUMMARY OF CHALLENGES AND OPPORTUNITIES

The summary of challenges and opportunities shows that there are numerous opportunities within the Lebanese education and training sector, which in turn could inspire a variety of future interventions.

**Table 7: Supply side – challenges and opportunities for employment generation**

CHALLENGES	OPPORTUNITIES
<b>Higher education</b>	
<ul style="list-style-type: none"> <li>• High cost of private education and limited access to public education exacerbates inequalities</li> <li>• Not guided by private sector labour-market demands</li> <li>• Few practical experience opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• High rankings in some education areas like maths and science education</li> <li>• Well-established education system, with some private universities in particular providing very good educations</li> <li>• High rates of enrolment among women</li> <li>• A reform process that concentrates on quality assurance for higher education institutions (private)</li> </ul>
<b>Vocational training</b>	
<ul style="list-style-type: none"> <li>• Internal quality issues in TVET system</li> <li>• Negative perception of TVET training</li> <li>• Inefficient spending and limited operational budget for public institutions</li> <li>• Limited involvement of the private sector</li> <li>• Limited coordination between TVET providers</li> <li>• Limited opportunities for on-the-job training</li> <li>• High number of short, non-formal training courses with low placement rates financed by donor money</li> </ul>	<ul style="list-style-type: none"> <li>• International and donor support</li> <li>• Strategic framework has been adopted</li> <li>• Potential revival of the Higher Council for TVET</li> <li>• Some private sector actors recognise the benefit of collaboration with training institutions</li> <li>• Income opportunities for self-employed graduates are relatively high in some sectors</li> </ul>
<b>Qualifications within labour force</b>	
<ul style="list-style-type: none"> <li>• Limited soft and life skills</li> <li>• Limited digital skills</li> <li>• Low CV writing skills</li> <li>• Oversupply of university graduates in medicine, law and engineering</li> <li>• Low supply of graduates from technical schools who are willing to work in manual-labour jobs</li> <li>• Lack of practical expertise after university or technical school graduation</li> </ul>	<ul style="list-style-type: none"> <li>• Many training providers, as well as donor interest and support</li> <li>• University graduates are Lebanon's top export product, and Lebanon's education system has a strong reputation in the region</li> <li>• Students are typically bi/trilingual</li> </ul>

## Labour emigration

- Migration among the highly skilled leads to a lack of skilled, experienced staff for middle-management positions
- Large diaspora, with the potential to return home with increased skills and financial means
- High remittance levels

## Labour immigration

- Increase in size of labour force has increased competition for jobs (esp. low-skilled, entry level)
- Enough un/semi-skilled workers in sectors such as agriculture, construction and cleaning
- Low wages and poor labour conditions for foreign and refugee workers
- Low-cost workforce available for businesses, households and farmers

## Cultural perception of work & jobs

- Cultural stigma associated with manual labour leads to a lack of Lebanese labour in all manual professions
- Changes in perceptions taking place due to necessity to find work
- Cultural stigma associated with TVET leads to a lack of skilled labour in technical professions
- Vacancies with good salaries can be used as examples for awareness campaign

## Gender-specific aspects

- Overall low rates of labour-market participation among women, and low or no participation in some professions such as transport or construction
- Changes in perception of labour-market participation for women underway due to economic necessity and growing female activism
- Underrepresentation of women in managerial positions, low number of female entrepreneurs
- Lower wages for women
- Donor programmes tend to reinforce stereotypes



# MATCHING DEMAND FOR AND SUPPLY OF LABOUR









# MATCHING DEMAND FOR AND SUPPLY OF LABOUR

How are demand and supply in the Lebanese labour market matched? How are job seekers guided into suitable jobs and vacancies? How do companies recruit and maintain their staff? How is collective bargaining conducted with regard to labour conditions and wages? As discussed in Chapter 5, the Lebanese labour market is characterised by a mismatch between skills and open positions. This discrepancy derives from the lack of current labour market information, insufficient career guidance, and the prevalence of recruiting and retaining practices that are somewhat outdated. This chapter describes the current state of challenges and opportunities in terms of aligning labour demand with its supply in Lebanon.

## ACTORS

The following actors influence the alignment of labour demand and supply in Lebanon.

### *Ministries and public institutions*

ACRONYM	ROLE/TASKS
National Employment Office (NEO)	<p>The National Employment Office (NEO) is a public institution headquartered in Beirut under the responsibility of the Ministry of Labour with two other offices in Tripoli and Saida. Its objectives include conducting research that underlies the formulation of employment policies for Lebanon, improving the employability and skills of new entrants to the labour force through accelerated vocational training, finding job opportunities for job seekers through the employment office and building the capacities of people with disabilities.</p> <p>NEO is by law the only institution which is permitted to offer placement services. However, this law is not enforced and many private labour agencies, portals and recruitment offices are engaged in matching companies and job seekers. Intermediaries interviewed for this study active in job-matching had never heard of this law. NEO itself would like to change this law and establish a quality control mechanism (i.e., certification system) for private service providers in this field.</p> <p>NEO has been plagued by limited human and financial resources for many years and is regarded as a rather weak institution. Indeed, many companies and job seekers in Lebanon are not aware of its existence.</p> <p>In 2019, the World Bank started a USD 400 million programme targeting improved economic opportunities titled 'Creating Economic Opportunities in Support of the Lebanon National Jobs Program-for-Results Project'.</p> <p>A pillar of the project is to improve the capacity for needs-appropriate services provided to job seekers. This involves improving NEO's profiling capacities. For example, young, urban non-poor men with an education will require a different package of benefits than will young, rural women without an education. Whereas interview training may prove relevant for both, the former may also benefit from CV writing support and the latter from literacy support. Capacity-building and job-matching services provided through private entities (e.g., NGOs) and overseen by NEO constitute another pillar of the project. The impact of these measures remains uncertain, but promising outcomes are anticipated.</p>
Central Agency of Statistics (CAS)	<p>The Central Agency of Statistics (CAS), which provides data on its website, is currently conducting a comprehensive assessment of the Lebanese labour market in collaboration with the ILO. Other actors such as the World Bank, UNDP, UNHCR or the European Training Foundation have conducted labour market assessments in specific regions (e.g., North Lebanon and Arsenal) or for specific sectors.</p>

Donors such as the ILO and World Bank work on improving labour conditions and the employability and placement of Lebanese and refugees (see chapter on actors on the supply sides).

### **Private sector associations, NGOs unions**

ACRONYM	ROLE/TASKS
General Confederation of Lebanese Workers (CGTL)	The <b>General Confederation of Lebanese Workers/ Confédération Générale des Travailleurs Libanais</b> (CGTL) includes 50 major trade unions which are made up of 450-500 smaller syndicates. The CGTL represents public and private sector employees who work for a variety of employers including banks, social security services, electricity and water utilities, taxi firms, airports and airlines. It is a partner in all tripartite associations and has government representatives on its board. During the civil war, the CGTL managed to remain unified. However, the number of member unions has since increased and the CGTL has suffered fragmentation.
Syndicate Coordination Committee (SCC)	The 150,000-member <b>Syndicate Coordination Committee</b> (SCC) represents public and private school educators as well as government administration staff. The key points of dialogue – health plans, retirement/ pension plans and wages – are discussed among the six SCC committees and government institutions (mainly ministries). Engagement with other social partners takes place occasionally, but not in a formalised framework, as the SCC is not involved, for example, in a tripartite dialogue.
Lebanese Businessmen Association (RCDL)	At the employers' end, the <b>Lebanese Businessmen Association/ Rassemblement de Dirigeants et Chefs d'Entreprises Libanais</b> (RCDL) was established in 1986 and aims to provide Lebanese business men and women a role in shaping the future of the country's economy and in promoting economic liberalism. According to its representatives, the RCDL constitutes the only multi-sector employer organisation at the CEO level and is fully private. The RCDL frequently contributes concepts and other information relevant to wages and fiscal policymaking.

Some **training providers** are also active in matching their participants with job opportunities. One NGO with ample experience in matching is the Lebanese Organization of Studies and Training (LOST). However, the training and consulting institute LEAD, which offers more sector-specific training in health care, also features placement as part of its training and has high retention rates.

As part of their quality assurance accreditation process, most **private universities have begun developing internal structures that support graduate transitions**, thereby enhancing the employability of their students. These include setting up academic and career counselling centres, creating linkages with the private sector, establishing internship programmes and organising job fairs.

**Private online job portals** like HireLebanese, HuntingLebanese, Bayet or the global online network

LinkedIn offer their services to job seekers and companies. Most of the portals have a limited number of open jobs, only HireLebanese offers a couple of hundred jobs at the same time. The NGO Mubadarat wa Kararat has developed an app called Local Job Market which lists job vacancies. The job postings come mainly from within Lebanon, but there are also plenty of jobs posted for the region or abroad. The portal Daleel Madani is specialised in listing jobs at NGOs and humanitarian organisations.

There are two types of **private job agencies**, both of which work internationally. One is active in headhunting senior executive and skilled professionals for highly paid jobs. The other matches foreign domestic workers with families looking for household help. Interview partners mentioned about 800 job agencies, though the number is hard to confirm as there is no central registry.

# MATCHING DEMAND AND SUPPLY

***As explained before in the chapter on the qualification of the labour force, there is a strong skills mismatch in terms of vacancies and the availability of highly qualified graduates. There are three areas in need of targeting: improved labour market information, career guidance and a transparent system in listing vacancies.***

## LABOUR MARKET INFORMATION

There is no recent, comprehensive data and information on the Lebanese labour market. Lebanon has no established labour market information system and no official labour market needs analyses have been carried out for several years. Most of the surveys and analyses that do exist are performed with the financial support of donors, particularly the ILO. These analyses cover only parts of the country or certain sectors and are tailored to the needs of the donor organisation, not to Lebanese policymakers. CAS is currently implementing a labour force survey in coordination with the ILO scheduled for publication in 2019. As there is no current data, there are also no five-year labour market projections or indications of what trends will influence job opportunities in this period. This makes it impossible to do proper career guidance for students at schools and universities.

There are no structured and consolidated mechanisms to gather information about the skills needed by companies and the skills supplied by job seekers. In short, there is no labour market information system. Nevertheless, Lebanon needs a comprehensive national system of permanent data collection for all jobs and sectors in order to develop effective policy recommendations and activities for the labour market. Several stakeholders consider this task best placed with NEO and the Ministry of Labour.

There is also no exchange between the providers of private matching services and NEO. Cultivating interaction between the two would permit a more accurate assessment of the current situation and allow everyone to better understand the trends under way and help formulate strategies that are informed by the experience of service providers, job seekers and companies alike.

## CAREER GUIDANCE

There are several complaints among interviewees about the oversupply of doctors and lawyers and the absence of formalised career guidance for students at the secondary school level. There is no institutionalised form of advice at public schools and very little at private ones that provides an overview of all professions, different levels of jobs (e.g., technical or administrative) and educational institutions. Parents are also not well informed about career options. Some observers have advocated partnering with UNICEF on career guidance, but the MEHE feels this task should be carried out by the ministry.

In general, it is difficult for the education sector to assess and measure its relevance to labour market needs as there is little exchange with companies. Thus, many graduates enter the labour market with little awareness of what employers are looking for.

Universities provide career and placement services, but once students have chosen their course of study, it is difficult

to re-direct them into other fields or types of careers. Given the high price of tertiary education, there is an additional strong disincentive to change the chosen path of study.

The MEHE reported that they offered guidance and employment offices (GEOs) in five of the public technical schools, but they found it difficult to get job offerings from companies as many of them were family businesses which did not open recruiting to external applicants. The ministry also mentioned that they could intensify their outreach activities as a means of increasing the number of job offers. Students interested in working in the NGO sector or in humanitarian organisations have found their own form of career guidance: After graduation, they volunteer to acquire practical experience, relevant contacts and an understanding of whether the work involved is suitable for them.

Sound career guidance would also help reduce the high rate of unemployment among those with some work experience (e.g., in manual labour) or those who have returned from abroad. If these individuals receive good career advice, including a detailed profiling of their skills, talents and ambitions in addition to some training, they could be re-directed to open positions (e.g., technical jobs). This would also demonstrate to employers that past experience is often relevant to the open position.

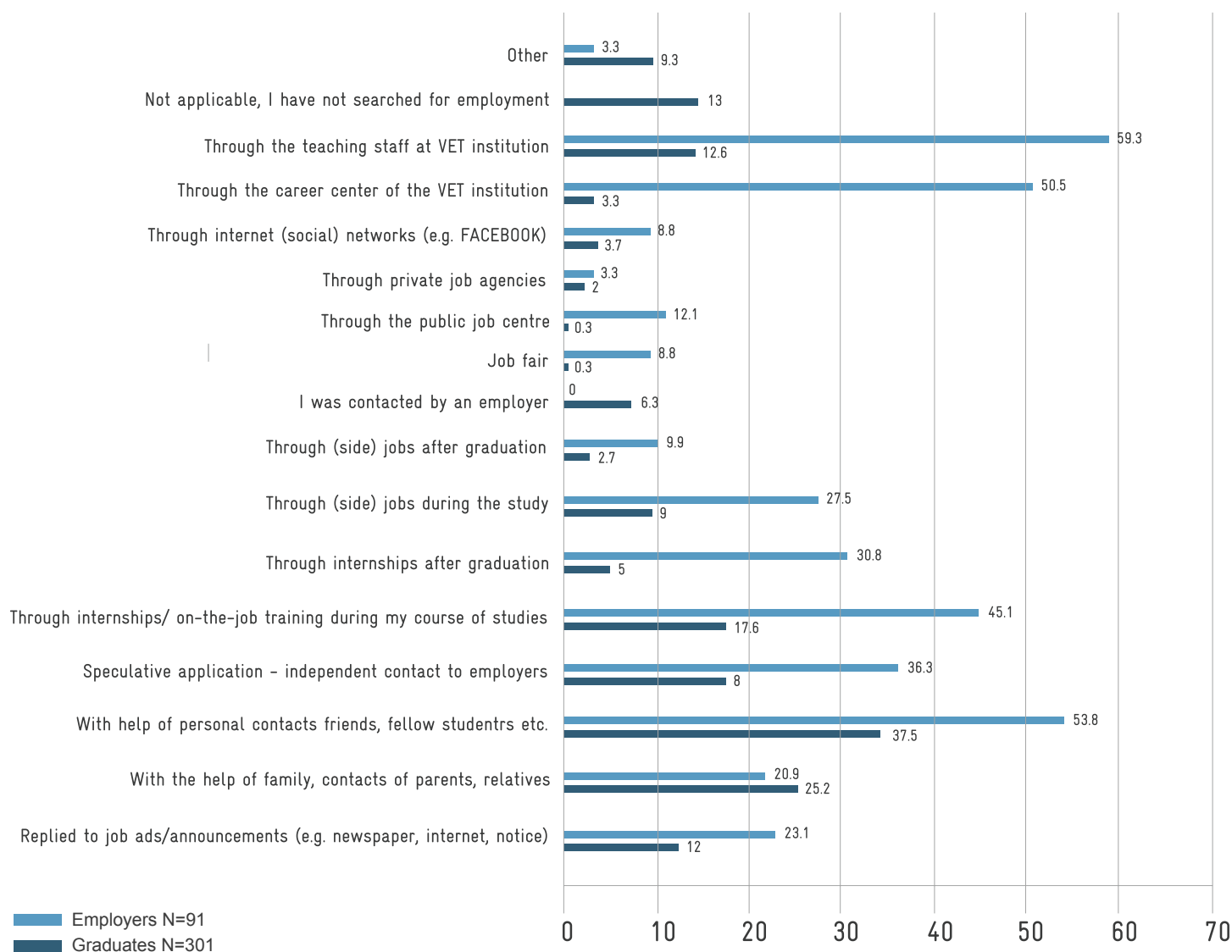
## JOB SEARCH

A paradox of the Lebanese job market is that there are jobs, but nobody knows where they are, as there is little transparency in the market of vacancies. If workers are not subject to full transparency of all available jobs, they cannot apply for the job that suits their skills. At the same time, without a centralised full registry of all job seekers, companies cannot effectively locate the workers they need with the right skills. This situation leads to considerable frustration on both sides of the market and results in a mismatch of skills and job profiles.

The search for new jobs is usually done through personal contacts and face-to-face inquiries: CAS for example reported that 36 per cent of all job seekers attempt to find jobs through acquaintances, friends, or relatives, while 32 per cent present themselves directly at the offices of potential employers. Some 30 per cent of job seekers use the internet or scan job advertisements in newspapers. Only 2 per cent made use of public or private employment agencies.<sup>166</sup>

A 2015 GIZ tracer study examining how vocational training graduates look for jobs revealed the same pattern: According to the graduates surveyed, the main channels for finding their first job were personal connections with friends (37.5 per cent) and relatives (25.2 per cent). Interestingly, companies looking for employees report that their most common hiring strategies involve references by teachers from VET providers and direct contacts with VET career centres, as show in Figure 19.<sup>167</sup>

**Figure 19: Recruitment methods vs. job search techniques**



Source: GIZ/ILO/ETF (2015): *Employment Impact and Education Quality of the Dual System in Lebanon. Findings from a tracer study as part of the GIZ DESME Programme*

Job searches in Lebanon do not benefit from an accepted and widely used mechanism to facilitate the matching of profiles of job seekers with vacancies. As noted in the chapter on actors in matching demand and supply, there are several actors offering such services, but they cover only a fraction of the job market. Interview partners stated that many companies and people were not aware of NEO and its free-of-charge services.

The informal nature of the job search disadvantages job seekers with a low-income background. Even with a university or technical school degree, these individuals generally do not have the personal contacts to find a job in which they can apply their skills and fulfil their potential.

This also affects labour mobility among people with a low-income background. Graduates from reputable universities such as the American University of Beirut can rely on the university's career centre for help in finding employment in Arab countries, and students with a middle class or higher background often have family ties abroad, which makes it

easier to find a job and get a visa for work in other countries. Lacking this form of social capital, applicants from vulnerable backgrounds are limited in the geographic reach of their search.

The informality of the job search also means that people have little experience in applying for jobs. Because jobs are located often via word-of-mouth through family or friend connections, people tend to discuss their connections and not their skills and qualifications during an interview.

Some new internet portals such as BOT (<http://letsbot.io>; co-financed by the KfW) which match freelancers from vulnerable backgrounds in the IT and data sector with potential clients. The portal is run by the iNGO DOT Lebanon which provides training in digital literacy. After the training, qualified students are listed on BOT. DOT Lebanon also markets the portal and acts as a project manager in more complex projects and ensures the quality of the work done by the freelancers. The number of freelancers on the portal is still low, but it is a promising approach to bring greater transparency to the job market.



# RECRUITING STAFF

The quality of the recruiting process varies depending on the size of the company. Interviewed medium-sized companies noted a lack of capacity in recruiting procedures. However, large companies with their own human resources department also noted a lack of structuration in their recruiting processes. Only the largest companies could report having a highly structured process with a large roster of qualified potential candidates.

The number of applications companies receive reflects the situation on the job market. For an entry-level engineering position appropriate for a university graduate, companies in Beirut receive 100 to 120 applications. For low- to semi-skilled positions, they might have 10 candidates to choose from. And on the level of senior experts and skilled staff it is hard to find candidates, especially in regions outside Beirut or Mount Lebanon. Companies report that due to the lack of potential candidates, companies will often win over a candidate from a competing company when trying to fill a middle-management position.

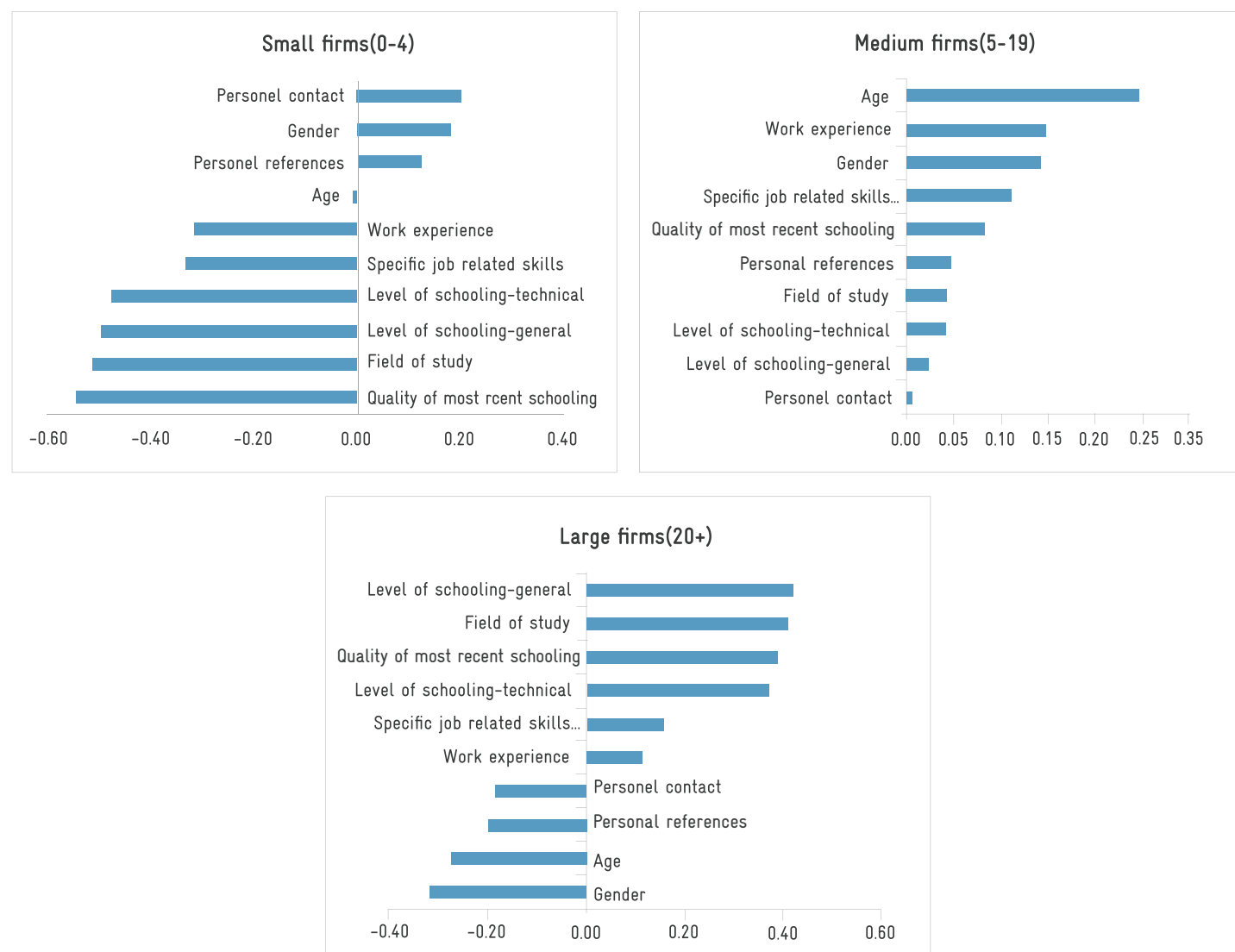
The channels used to find and recruit staff depends very much on the level and type of job. For manual workers in construction or manufacturing as well as student helpers

in cafés, companies often ask existing staff or foremen to spread the word and look for suitable staff in their personal networks. To acquire fresh graduates, companies liaise with university recruitment offices and nurture close relationships with people in university IT departments. For more experienced staff, companies post vacancies on professional online networks like LinkedIn or hire recruitment agencies. Nevertheless, word-of-mouth remains an important means of identifying candidates for high-level white-collar positions. An ILO study found that companies are reluctant to leverage other more formalised routes such as NEO's service because they felt that the applicants sent through that system were often less qualified.<sup>168</sup>

A World Bank survey found that small firms recruit primarily people they know directly or indirectly as shown in Figure 20. In addition, small firms attach greater importance to gender and age than they do skills. Whereas gender and age still play a major role in medium-sized companies, work experience and job-related skills are also considered important, and personal references are not as prominent. Large companies, which usually have an HR manager or department, look at a candidate's educational attainment, field of study, quality of education. These companies do not engage in discriminating practices that would emphasise personal ties, gender and age as relevant factors.



**Figure 20: Factors taken into consideration by firms when recruiting for a position**



Source: World Bank (2012): *Good Jobs Needed*.

## RETAINING STAFF

The limited scope of job opportunities, salary prospects and job responsibilities often result in young Lebanese professionals leaving the country after graduation or within two to three years of gaining their first job.

To avoid a high turnover of their white-collar staff, company owners have pursued various means of retaining their staff that include carefully selecting a compatible team and providing good salaries, interesting and meaningful work and career prospects while fostering a welcoming corporate culture.

### THE RIGHT TEAM

Companies report that they spend a lot of time in recruiting the right candidates as they feel only very good fits to their team will stay in the company for more than two years.

While skills are important in this process, potential and the willingness to learn are decisive. Companies express that only a few universities provide solidly trained talents and that they therefore have to train graduates, particularly in fast-moving fields such as IT. The faster these individuals

learn, the sooner they can engage in productive work for the company. This is crucial given the risk that they leave after three years of employment.

Soft factors on the personal level also play a big role. For example, Younes Café looks for team members who share the company's ethics and spirit. By focusing on these factors, these companies have created teams that like to work with each other and have good personal relationships. In some companies, the team is the most important factor for people who decide to stay with the company (e.g., T-Marbouta kitchen team).

## GOOD WAGES, INTERESTING WORK

In general, wages in Lebanon are comparatively low. Companies report that university graduates earn about USD 800 – USD 1,000 per month, which is not enough to maintain a proper living, particularly in Beirut or Mount Lebanon. All the companies interviewed said that they would pay “good” (i.e., above average) wages in order to retain employees. After two years of employment, exceptional staff get pay increases on the order of 200 to 300 per cent and are promoted to a senior position in order to ensure they stay with the company. In addition, responsible companies register all staff at the National Social Security Fund (NSSF) or pay for their private insurance and other benefits.

On regional and global comparison, wages in Lebanon are low. All companies therefore stress that graduates and professional staff need interesting, demanding work that has a positive impact on the business and society in order to make them feel they are relevant and that they are an integral part of the company. For start-ups and social businesses which have this spirit built into their operations, it is easier to retain staff. Employees in these companies also do not expect higher wages as they feel their work is important and they derive satisfaction from ‘saving the world’. However, companies note that many graduates’ expectations regarding income and responsibility are too high, particularly given their qualification and skills. Expectation management at universities may be one approach to address this.

## CAREER PATH

In many Lebanese companies, there are no clear career paths and company owners rarely demonstrate an awareness of the need to show their teams how to grow with and within the company. This is not only relevant for white-collar jobs but also for staff in fields such as the construction industry. Successful companies with low turnover rates such as Younes Café or Memo have clear trajectories for engaged people who wish to stay with the company. At Memo, it is possible to go from an unskilled position to a skilled position or even a lower management position (e.g., foreman) in four to five years. Younes Café provides young talent with various opportunities. For example, the current operations manager started 11 years ago as a waitress at the age of 18.

## CORPORATE CULTURE

Modern corporate culture is not a common feature of Lebanese companies. Family businesses in particular are often managed by owners who are in their seventies, who favour strict hierarchies and do not involve staff when making decisions.

There are, however, examples of companies that have created a corporate culture based on mutual trust and in which staff participate in the decisions of the company. Companies like code&dot state that their staff feel at home in the office and as if they were owners in the company. At Younes Café, the owner listens and follows the advice of his staff who are involved in ensuring the success of the coffee shops.

# WAGES AND COLLECTIVE BARGAINING SYSTEM

Wage data for Lebanon is particularly scarce. A World Bank survey of 2010 indicates that working Lebanese’ average median monthly earnings (defined as wages from employment and revenues from the businesses of the self-employed) was at about USD 616. Those employed in the formal private sector and the self-employed were found to have above-average earnings, and those in the informal economy had less-than-average earnings (Table 8).<sup>169</sup> The evidence from this survey suggests that earnings were positively correlated to educational attainment, even in the informal economy.<sup>170</sup>

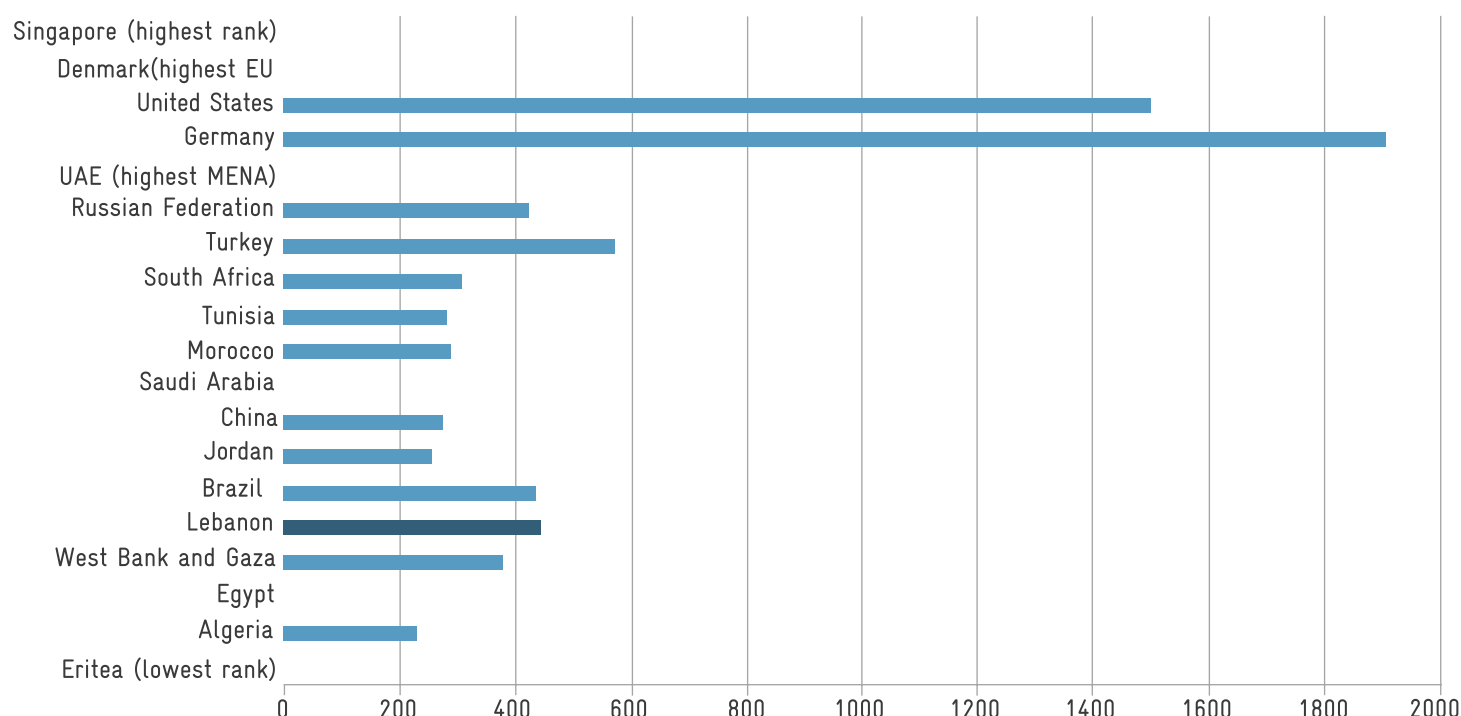
**Table 8: Estimated median monthly earnings by employment status in Lebanon’s private sector, 2010 (USD)**

EMPLOYMENTS STATUS	NO FORMAL EDUCATION	PRIMARY EDUCATION	SECONDARY EDUCATION	TERTIARY EDUCATION	TOTAL
Formal employees	533	633	667	800	667
Informal employees	333	400	433	533	442
Self-employed	600	667	800	867	667
Weighted	516	595	671	768	616

In 2018, an interview partner stated that salaries for entry-level technical skilled workers are about the same as that of university graduates (approx. USD 1,000). The interview partner also noted that a higher-level foreman salary can equal that of an engineer.

The current level of monthly minimum wages (last changed in 2012) is USD 450 and may be higher than in other countries in the region such as Jordan, Morocco or Tunisia as shown in Figure 21. However, the comparatively high cost of living in Lebanon needs to be factored into this calculation.

**Figure 21: Minimum wage (USD per month) for a full-time worker**



Range: 0-3,721.60. Median: 233.97.

Source: World Bank, Doing Business Index, <http://www.doingbusiness.org/data/exploretopics/labour-market-regulation> [retr. 2015-Nov].

## BARGAINING SYSTEM AND LABOUR CONDITIONS

Labour relations have not been smooth in Lebanon's history. The strong political and economic power acquired by merchant families following independence has had a one-sided impact upon these relations. Throughout the 1960s and 1970s, Lebanon was subject to several strikes that addressed working conditions, wages and labour rights, for agricultural and industry labourers alike.

In Lebanon, collective bargaining that results in minimum wage adjustments is often followed immediately by price increases in goods and wage increases for members of parliament. The government has also often exercised tight control over the social partners, and employees' organisations in particular.

However, Lebanon is a member of the ILO and has signed most of its core conventions. The ILO Regional Office for the Arab States is located in Beirut and the ILO engages with the government on creating decent work opportunities and promoting labour rights throughout the country although the implementation of the ILO convention is not always followed through.

The ILO is in continuous consultation with the Ministry of Labour in order to improve labour administration, labour inspection systems, as well as job placement services. It also pays attention to the situation of foreign migrant workers in Lebanon, Palestinian and Syrian refugees and child labour issues. Progress on these issues, as for other policy fields, is hampered or delayed by political gridlock in the government.



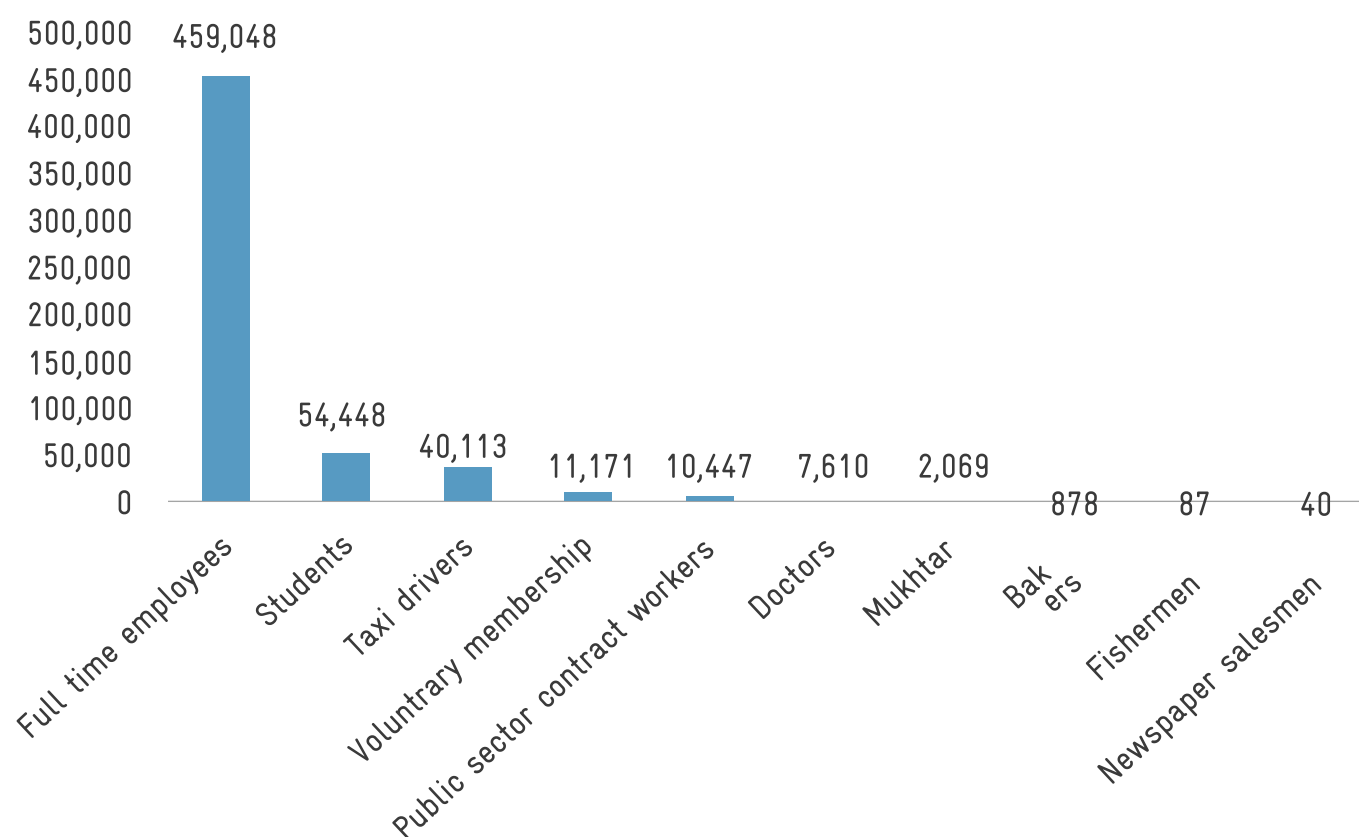
# SOCIAL PROTECTION POLICIES

A number of public social security schemes linked to employment are available to the local working population. This includes the National Social Security Fund (NSSF), Fund for Civil Servants, Fund for the Military, Fund for Teachers and two funds for security forces. Private insurance schemes are also available, but at considerable cost to subscribers. Despite this multiplicity of programmes, around 50 per cent of the Lebanese population remain without coverage<sup>171</sup>. This includes the poorest and most vulnerable informal workers and self-employed who cannot afford private insurance.

The NSSF provides coverage to 47.8 per cent of all insured, while remaining public sector workers are covered by army and security insurance schemes (30.8 per cent of all insured). Of the remaining insured, some 16 per cent have private insurance<sup>172</sup>.

Falling under the mandate of the Ministry of Labour, the NSSF, established in 1963, is the largest social insurance institution in Lebanon, providing social security mainly to private sector full-time workers. The NSSF is governed by the Lebanese social security code, legislating mandatory coverage for all employees in the private sector. While the spirit of the law planned for an eventual coverage of all citizens in further implementation stages, several categories of workers, including agricultural workers, fishermen and domestic workers were excluded, in addition to people and workers who do not have set wages. A possible loophole for this issue is article 72 of the code which allows the NSSF's board of directors to determine a lump sum subscription for these categories. The NSSF may offer membership to non-employees, including business owners, the self-employed and retirees, through voluntary enrolment qualifying them only for health benefits in return for a subscription fee. Ultimately, most beneficiaries of the NSSF are full-time employees (approximately 74 per cent in 2014, latest available data from NSSF shown in Figure 22).

**Figure 22: NSSF subscribers, in numbers, 2014**



Source: National Social Security Fund, insured and beneficiaries' statistics. <https://www.cnss.gov.lb/index.php/statistics/cnssinsram>

The NSSF is a contributory fund, financed through contributions from the employer (21.5 per cent of salary) and employee (2 per cent of salary) and the government. While all employers are required by law to register their employees in the NSSF, there are estimates that over 40 per cent of

employees in the private sector are not registered with the NSSF.<sup>173</sup> Cited reasons for this include the high cost of employer contributions and the lack of strong enforcement mechanisms to ensure that employees are registered.<sup>174</sup>

**The benefits provided by the NSSF include:**

<b>FAMILY ALLOWANCE:</b>	Includes a spousal allowance of USD 40 and USD 22 for each child, up to a maximum of five children. The family allowance is attached to the father's salary. Women can qualify only as widows or sole providers.
<b>HEALTH BENEFITS:</b>	This covers employees and their dependence for maternity and illness for 90 per cent of all hospitalisation costs and 80 per cent of medication and examination expenses.
<b>END-OF-SERVICE INDEMNITY:</b>	Retirees received an end-of-service indemnity amounting to one month's salary for each year of work. In addition, health coverage is lost upon retirement.

Unemployment, disability insurance and pensions are not provided by the NSSF. Although the NSSF law calls for work-related accident benefits, this part of the law was never implemented and the only available benefit is the coverage – provided for by the labour law – of immediate treatment of such accidents by the employer.<sup>175</sup>

Of greatest concern to most workers is the lack of a proper pension scheme. The end-of-service indemnity is not considered sufficient to cover expenses in old age, and often turns retirees into dependents on younger working family members. Health coverage for retirees by the NSSF was instituted as recently as 2017, where retirees can pay 11 per cent of their end-of-service indemnity in exchange for NSSF insurance. However, this only applies to those who

worked full-time for more than 20 years and for those retiring after February 2017.

The insurance provided to public sector employees (i.e., civil servants, military, teachers and security personnel) provide considerably more coverage, including a higher end-of-service indemnity and, in some cases, a lifetime pension. This is considered one of the main reasons why public sector employment is considered desirable among job seekers. It should be noted that for a variety of reasons, including delayed government payments, the NSSF is riddled with debt and requires considerable reform in order to improve its services. At the beginning of 2018, the Lebanese government owed the NSSF USD 1.5 million, according to Labour Minister Mohammad Kabbara.<sup>176</sup>

Registered foreign employees and their employers have to pay contributions to NSSF, but unless their countries of origin offer equal treatment to Lebanese workers, foreigners are excluded from benefiting from its coverage. Palestinians have partial access to NSSF benefits, limited to end-of-service indemnity (calculated at 8.5 per cent of their wage). However, both Syrian and Palestinian informal workers are

left without any insurance coverage, despite often working in high-risk jobs.

Employers of foreign domestic workers are required to register their employees in basic health insurance in order to obtain their work permit.



# SUMMARY OF CHALLENGES AND OPPORTUNITIES

*The challenges and opportunities of the previous chapters are summarised below.*

**Table 9: Matching – challenges and opportunities for employment generation**

CHALLENGES	OPPORTUNITIES
<b>Labour market information</b>	
<ul style="list-style-type: none"> <li>• Lack of current data; last labour market survey done in 2009</li> <li>• No structured system of ongoing collection of labour market data; only one-off studies financed by donors</li> <li>• Limited dialogue between public sector, training providers, placement service and companies</li> <li>• No exchange between NEO and providers of private matching services for standards or data</li> </ul>	<ul style="list-style-type: none"> <li>• Current labour market survey supported by ILO</li> </ul>
<b>Career guidance</b>	
<ul style="list-style-type: none"> <li>• No early career guidance at public schools, little at private</li> <li>• No career guidance for the unemployed to re-direct them to other professions</li> </ul>	<ul style="list-style-type: none"> <li>• Career guidance available at universities</li> <li>• Volunteering helps graduates enter the NGO job market</li> </ul>
<b>Job search</b>	
<ul style="list-style-type: none"> <li>• No transparency in the job market, no full overview of open jobs and job seekers</li> <li>• No widely accepted mechanism or actor to match jobs and job seekers; NEO has not been a powerful actor for many years</li> <li>• Job search mainly done through personal contacts which disadvantages job seekers from vulnerable backgrounds and limits labour mobility</li> <li>• People are not used to applying for jobs in a formal process</li> </ul>	<ul style="list-style-type: none"> <li>• World Bank programme to support NEO</li> <li>• Job fairs, private internet portals, recruitment agencies and career centres support job seekers</li> <li>• Some new platforms for freelancers (e.g., BOT) to link them to job opportunities</li> </ul>
<b>Recruiting staff</b>	
<ul style="list-style-type: none"> <li>• Recruitment channels of small companies mainly informal and practices rather discriminating</li> <li>• Quality of recruiting process may be improved in companies of all sizes</li> </ul>	<ul style="list-style-type: none"> <li>• Large companies have structured recruiting processes and objective criteria to rate candidates</li> <li>• Some pilot projects to improve relationship of academia and companies like competitions, mutual R&amp;D or longer internships</li> </ul>
<b>Retaining staff</b>	
<ul style="list-style-type: none"> <li>• Wages relatively low, especially when considering high cost of living in Beirut and Mount Lebanon</li> <li>• Implementation of ILO core conventions is not followed through</li> <li>• Minimum wage is comparatively low and has not been raised since 2012 Weak labour movement; no really active unions</li> </ul>	<ul style="list-style-type: none"> <li>• Lebanon has ratified most ILO core conventions</li> <li>• Existing unions with a strong history; some still strong financially or politically</li> </ul>



Wages and labour conditions	
<ul style="list-style-type: none"><li>• Wages relatively low, especially when considering high cost of living in Beirut and Mount Lebanon</li><li>• Implementation of ILO core conventions is not followed through</li></ul>	<ul style="list-style-type: none"><li>• Lebanon has ratified most ILO core conventions</li><li>• Existing unions with a strong history; some still strong financially or politically</li></ul>
Social protection	
<ul style="list-style-type: none"><li>• The NSSF has a rather low overall penetration in the population</li><li>• NSSF does not grant pensions, unemployment and disability insurance</li><li>• NSSF is not open to most foreign workers</li><li>• NSS is plagued by huge debts and other structural problems</li></ul>	<ul style="list-style-type: none"><li>• There is a national social security fund, NSSF, with family allowance, health coverage and end-of-service indemnity</li></ul>





# IMPORTANT SECTORS FOR EMPLOYMENT GENERATION



# IMPORTANT SECTORS FOR EMPLOYMENT GENERATION















































This chapter examines the following key sectors of the Lebanese economy: agro-food processing, construction, tourism and hospitality, ICT, creative industries and health care. In addition to describing each, we identify their respective growth opportunities and the skills needed to find employment in each sector.

The selection of the sectors is in line with the findings of the McKinsey country strategy. As shown in Figure 23, five sectors with high potential have been identified: tourism, the knowledge economy, financial services, industry and agriculture.

The knowledge economy has the largest job-creation potential, followed by tourism and the industrial sector. The construction sector is considered as a potential job multiplier based on the opportunities of the Capital Investment Programme and in anticipation of an eventual end to the Syrian crisis. The agriculture sector has the lowest job creation potential of the top five sectors, but the transformation to high-value crops could double the agricultural share of GDP by 2035, compared to 2018.

Agro-food processing has the highest rank of 13 industrial sub-sectors that are considered to have growth potential. Other sub-sectors that are classified as highly competitive include pharma, prefab buildings, furniture and jewellery. According to McKinsey, Lebanon is a regional leader in the creative industries, one of the identified niche sectors, and has the potential to become a creative hub<sup>177</sup>.

**Figure 23: Sectors with highest direct economic potential in 2025**

SECTOR		POTENTIAL ADDITIONAL GDP USD BN	POTENTIAL JOB CREATION K JOBS	INDUCED JOB MULTIPLIER	LEBANON'S COMPARATIVE ADVANTAGE
High comparative advantage, marco potential and BoP impact	Tourism	 1.6	 40	 2.1	
	Knowledge Economy	 2.2	 48	 1.5	
	Financial services	 1.8	 12	 1.4	
High BoP potential and regional balance	Industry	 0.7	 23	 2.7	
	Agriculture	 0.5	 1	 1.2	
Niche plays with BoP impact	Diaspora	N/A	N/A	N/A	
	Education	 0.7	 18	 1.3	
	Healthcare	 0.5	 19	 1.3	
	Oil & Gas	0	0	 1.7	
Negative to low BoP impact	Real Estate & Construction	 1.6	 10	 2.3	
	Retail & Commerce	 1.6	 -7	 1.2	
	Transport & Logistics	 0.4	 3	 1.5	
	Power & Water	 0.2	 1	 2.2	

Source: McKinsey (2019): Lebanon Economic Vision.

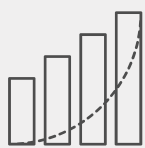
 Neutral

 Negative

 Positive

# AGRO-FOOD

## KEY INDICATORS



**2.66%**  
CONTRIBUTION  
TO GDP (2015)  
(IDAL)



**1,414**  
TOTAL  
COMPANIES  
(2017)



**20,607**  
TOTAL  
EMPLOYEES  
(2010)

## KEY ACTORS

The sector is regulated by several state entities including the Ministry of Industry, which is responsible for ensuring quality standards are met and promoting better production practices. LIBNOR, the public Lebanese Standards institution linked to the Ministry of Industry is charged with issuing national standards. The Ministry of Agriculture (MoA) plays a role in enhancing the linkages between agricultural and agro-food activities. In terms of enhancing export, the Ministry of Economy and Trade plays a role in developing partnerships with the European Commission, and the Investment Development Authority (IDAL) which assists in the support and promotion of agricultural products.

Research institutions include the Lebanese Agricultural Research Institute and the Industrial Research Institute, which is attached to the Ministry of Agriculture.

Associations involved in the advocacy and promotion of products include the Syndicate of Lebanese Food Industries, the Association of Lebanese Industrialists and the Syndicate of Agrifood traders in Lebanon, as well as the chambers of commerce.

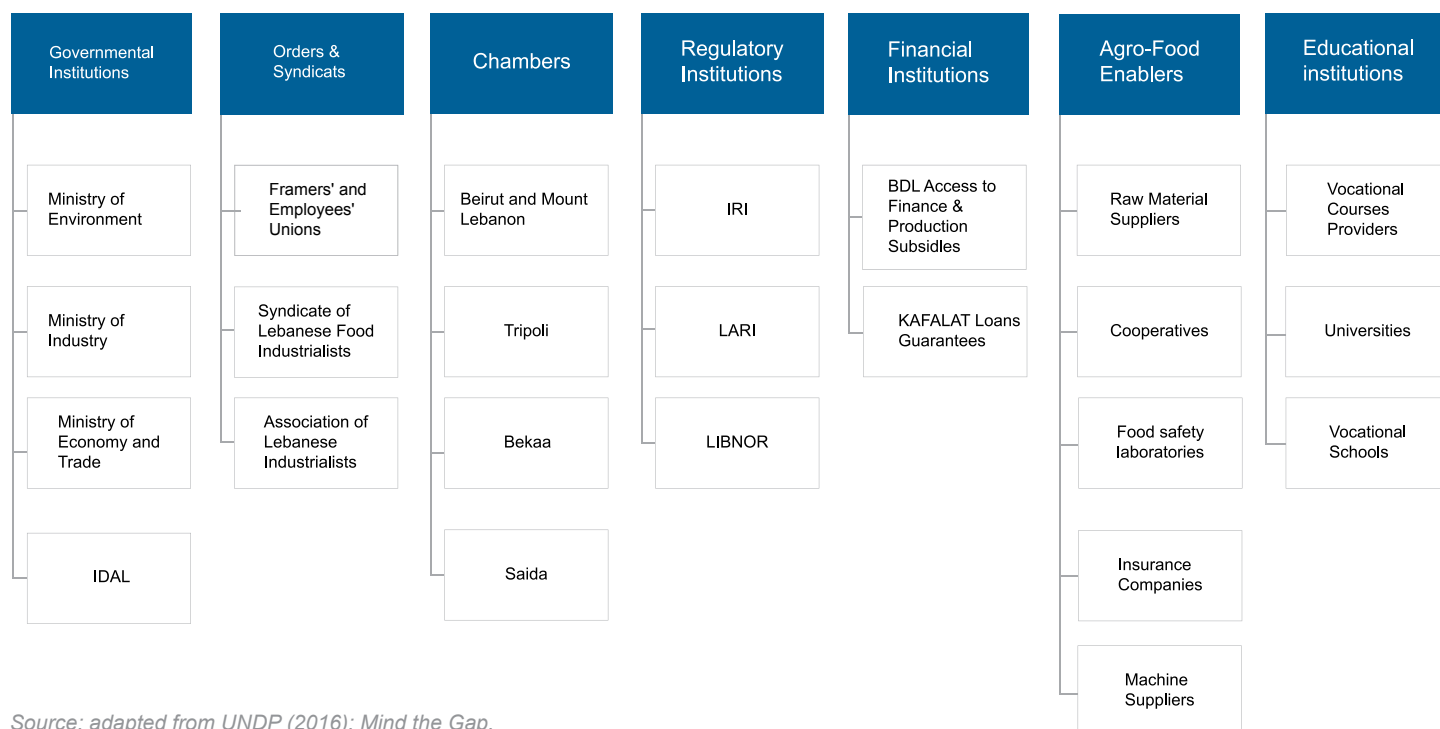
Support for business development is provided through several organisations including Agropole, which supports small enterprises and start-ups, and the Agritech incubator, which provides technical and financial assistance to start-ups.

Financial institutions support to SMEs in the agro-food sector is provided through Kafalat, which guarantees loans for up to USD 400,000 through commercial banks. The Economic and Social Fund for Development (ESFD) also supports loans up to USD 50,000 for SMEs, including those in the agro-food sector, through risk-sharing with banks. Because the sector is considered a development priority, several international organisations have been involved in sector research, technical support and development. This includes the Food and Agricultural Organisation (FAO), the United Nations Development Fund, the United Nations Industrial Organization and USAID, which is running a five-year programme (LIVCD) to improve the competitiveness of Lebanese products.

Other enablers include raw material suppliers such as farmers, co-operatives, independent food safety laboratories, machine suppliers, providers of extension services and educational institutions that provide the sector with the necessary human capital.



**Figure 24: Key stakeholders in the agro-food industry**



Source: adapted from UNDP (2016): *Mind the Gap*.

## GROWTH POTENTIAL & JOB CREATION

The agro-food sector constitutes an important component of the Lebanese economy. While accounting for 2.66 of the GDP, it generates 35 per cent of the manufacturing output, with an estimated size of USD 2.33 billion.<sup>178</sup> Between 2009 and 2013, the sector grew at a compound annual growth rate of 10.87 per cent, showing continuous and steady development.

The largest share of industrial establishments is owned by agro-food enterprises, with 1,414 or 22 per cent of companies involved in agro-industrial activities.<sup>179</sup> However, these enterprises are characterised by an imbalanced structure with large competitive investments on the one hand, and family and/or co-operative-based small production units on the other. The majority of food industry and processing units are modest, employing six workers on average.<sup>180</sup> The latest survey conducted by the Ministry of Industry found only 10 firms having more than 100 workers and only seven with more than 250 workers. Overall, the sector employs 20,607 workers.<sup>181</sup>

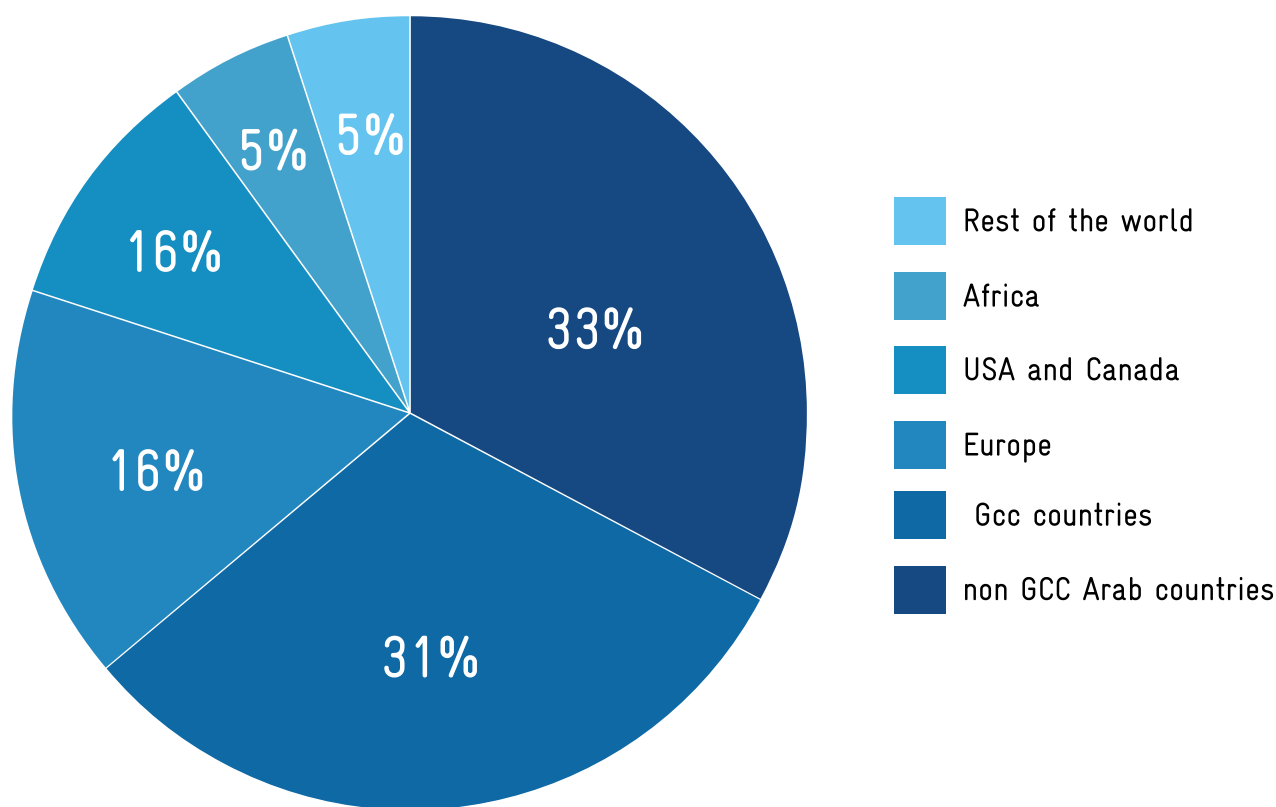
Both the agricultural and agro-food sectors have attracted donor and development support, and especially within the context of the Syrian crisis. The sector has high value chain potential and can create employment opportunities for rural populations, as well as women and Syrian refugees in particular.

Agro-food production relies heavily on imported raw materials as well as on the country's small agricultural sector. Lebanon imports 80 per cent of its food demand, as the agricultural sector does not produce enough to meet its

needs.<sup>182</sup> In interviews with food producers and distributors, many stated that they have had to rely on imported raw materials due to insufficient supply both in quantity and quality. There have been some linking initiatives: Gardenia Spices, for example, has provided capacity-building training programmes and instituted a quality control mechanism with independent farmers in the Bekaa Valley in order to source vegetables for Gardenia's pickling products. With proper support along the value chain, the sector offers possibilities for growth and expansion, both for the local and international markets. As one study shows, only 55 per cent of possible productive areas are exploited.<sup>183</sup>

IDAL has recognised agro-food production in the context of growing demand for Lebanese products as one of the main sectors for investment and export potential. In 2017, it has accounted for 16.9 per cent of total exports and 21 per cent of industrial exports.<sup>184</sup> Most of these exports are destined to Arab countries (non-GCC 33 per cent, GCC 31 per cent, see Figure 25). While the Syrian crisis has had a negative impact on the Lebanese economy and its export potential due to the land border closure, exports to Syria nonetheless rose at a compound annual growth rate of 2 per cent between 2014 and 2017 as a result of the decrease in Syrian production. IDAL has identified in particular olive oil, wine, dairy products and dried fruits and nuts as products with a comparative advantage. In addition, international demand for Mediterranean and Lebanese cuisine in particular, mainly among the diaspora, could potentially influence a diversification of products to include pickles, hummus, and frozen meals (mezze).

**Figure 25: Export destinations for agro-industrial products, in per cent, 2017**



Source: IDAL (2018): *Agrofood Industry 2018 Factbook*.

However, there are key challenges to increasing exports. They include instituting quality standards that affect the entire value chain and begins with agricultural practices;<sup>185</sup> land route closures that have increased the price of exports; high production costs and the lack of opportunities for creating economies of scale with high competition from the region;<sup>186</sup> the weak marketing structure of products with respect to design packaging, branding and adaptation to international tastes; a lack of or outdated trade agreements

with numerous countries; and access to financing. Several of the actors within the agro-food ecosystem are attempting to tackle these challenges. IDAL's Agri-Plus programme has been providing financial incentives for companies to improve quality and packaging standards. To cut export costs, it has also launched the MLEB programme that covers part of the cost of exports by sea. However, between 2015 and 2019, only nine companies were able to benefit from the programme.<sup>187</sup>

## SKILLS

While several universities in Lebanon offer agriculture and food industry programmes, most companies have reported considerable gaps in skills that pose a significant threat to the growth of the sector. Most tertiary education graduates have high wage expectations and most of the companies in the sector, especially considering their size, cannot afford to match their expectations.

Food production training is offered in vocational education. However, interest among young students in agricultural education for such training is weak. These schools require extensive support in order to comply with the new requirements and challenges of the agriculture, including considerable investment in operating costs. MEHE's Agro-Food Technical Institute in Qab Elias had 50 students registered in 2016, less than 20 per cent of its potential<sup>188</sup>. A survey of MSMEs in the agro-food sector<sup>189</sup> identifies recruitment and retention of qualified staff as a problem

among 40 per cent of companies. With the exception of engineering or lab technicians, recruitment is often carried out on an informal basis and most workers are trained on the job.<sup>190</sup> For managerial and support staff, more than half the companies report deficits in marketing and marketing research. Around 40 per cent of employers also report concerns regarding written communication abilities. For workers at the professional level, such as food scientists and engineers, companies cite weak written and oral communication skills that limit their ability to leverage research and development as a concern. Most of the gaps are found among semi-skilled workers. These include writing and communication skills (90 per cent), workers struggling with new technologies (60 per cent), conducting and maintaining quality control (60 per cent), effective monitoring and evaluation (50 per cent), and employing techniques of cost control (50 per cent).

**Table 10: Strength-Weakness-Opportunities-Threat (SWOT) analysis, agro-food sector in Lebanon**

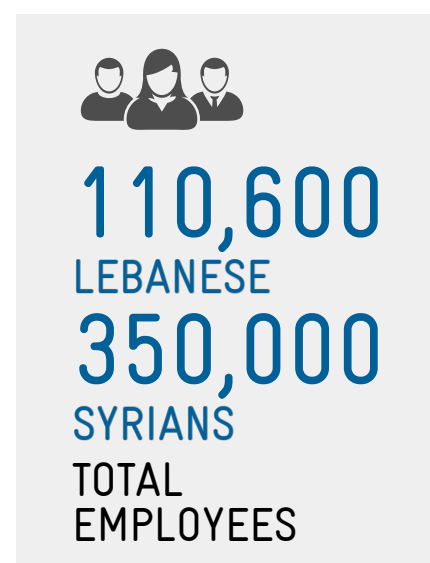
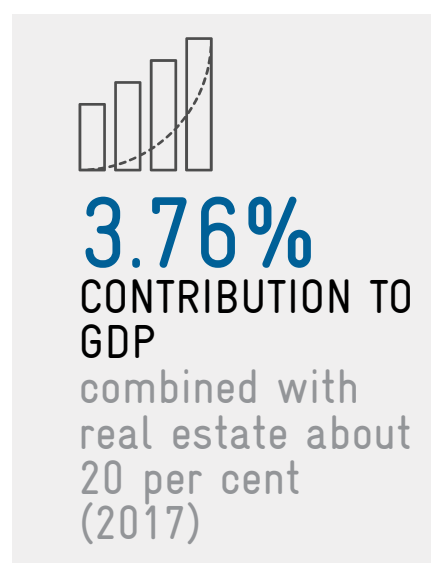
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strong country brand awareness</li> <li>• High profitability in some niche products</li> <li>• Ability to export catering services</li> <li>• Ability to diversify to a large array of international cuisines</li> <li>• Ability to export high value-added products</li> <li>• Existence of support programmes for R&amp;D (export promotion, quality programmes, credit guarantee schemes)</li> </ul>	<ul style="list-style-type: none"> <li>• High cost of production</li> <li>• Lack of accreditation and certification, poor performance of local laboratories and discrepancies with safety and traceability standards</li> <li>• Lack of technical and management skills</li> <li>• Lack of adequate information about foreign markets</li> <li>• Lack of external trade strategy (strategic protection, promotion, market intelligence)</li> <li>• Minimal R&amp;D in product development</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Lebanese food products are considered to be of high quality</li> <li>• Favourable regional and international trend</li> <li>• High potential for growth with diversification of products</li> <li>• Government support: agro-food in MoA strategy and Mol vision</li> <li>• Continuous interest from international donors to support the sector</li> <li>• Existing co-operatives</li> <li>• Open sector that allows employment of rural populations, Syrian refugees and women</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of sufficient linkages to the agricultural sector for material sourcing</li> <li>• Poor inadequate transport infrastructure</li> <li>• Disruption of exports through the Syrian border</li> <li>• Insufficient number of labs and control centres</li> <li>• Limited efficiency of supporting institutions (co-operatives, syndicates, chambers)</li> <li>• Negative social perception of VTE</li> <li>• Competition from neighbouring Arab countries that benefit from lower production costs, direct subsidies and larger economies of scale</li> </ul>

Source: adapted from GIZ, 2017.



# CONSTRUCTION

## KEY INDICATORS



## KEY ACTORS

At the regulatory level, the sector is governed by ministries such as the Ministry of Public Works and the Ministry of Environment which provide national level governance for the industry as well as technical support services. Regulatory institutions like the Lebanese standards institution LIBNOR implement rules and regulations. There are also independent regulatory bodies that seek to apply international standards, such as the International Federation for Consulting Engineers.

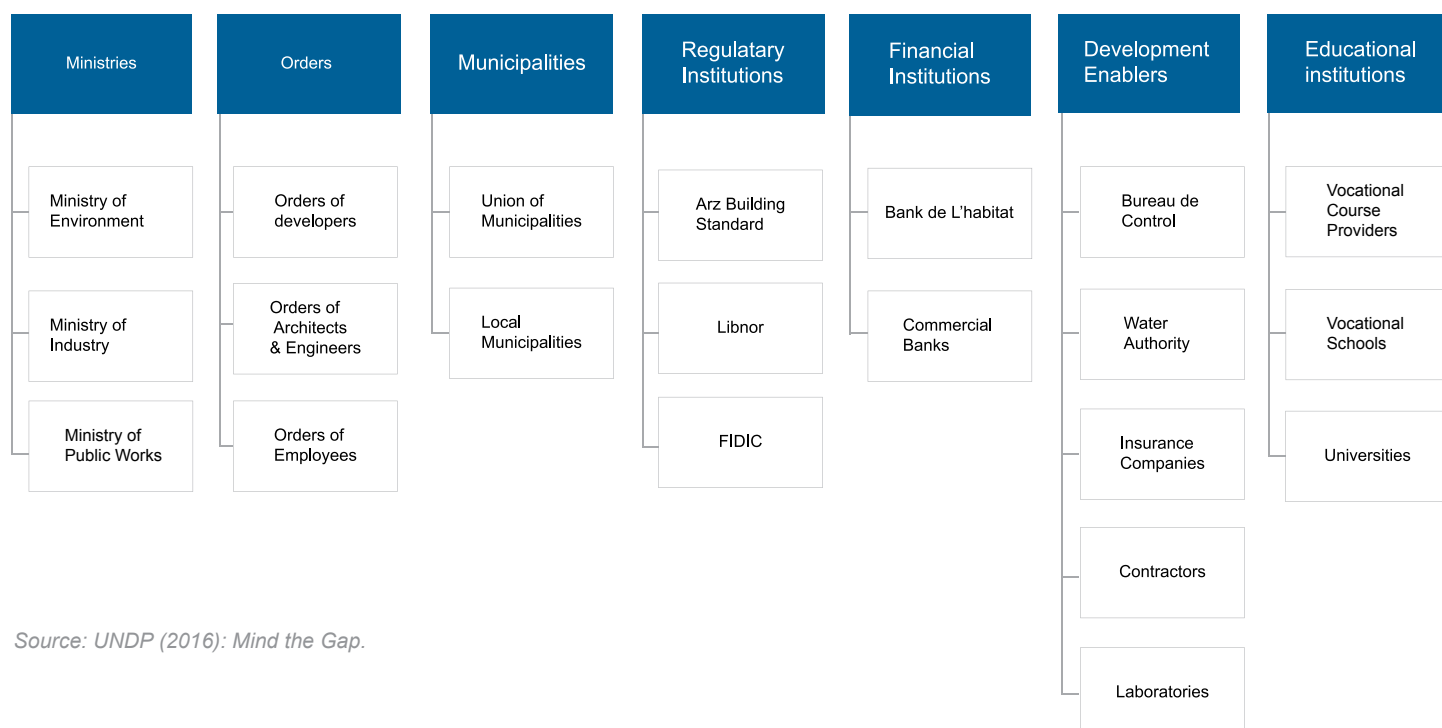
Municipal governments are responsible for issuing construction permits and providing oversight at the local level.

The Order of Architects and Engineers issues general guidance, administers a code of conduct, provides engineer work permits, and lobbies for amendments to construction-related laws.

Banks which provide residential housing loans and financial support to MSMEs are essential to the sector.

Other actors in the construction sector include Electricity of Lebanon, Bureau de Control (for large construction projects), the National Water Authority, insurance companies, and educational institutions (universities, vocational schools, and vocational courses providers) that provide the construction sectors with the needed human capital. The diagram below highlights the key stakeholders in this sector.<sup>191</sup>

**Figure 26: Key stakeholders in the residential construction industry**



Source: UNDP (2016): Mind the Gap.



## GROWTH POTENTIAL AND JOB CREATION

The real estate sector and construction are cornerstones of the Lebanese economy, with a combined GDP contribution of about 20 per cent (2017). The construction sector alone employed roughly 460,600 people, 110,600 Lebanese and 350,000 Syrians.<sup>192</sup> It affects many other sub-sectors like engineering, interior decoration, property management and furniture and electronic equipment retail. Yet, the building boom of the last decade has cooled down drastically. Property sales have declined by 20.6 per cent in the first eight months of 2018 after a 14.5 per cent increase in 2017.<sup>193</sup> The Beirut chamber of commerce estimates that there are 50,000 unsold apartments in the city. This decline in sales did not only affect large flats and houses, but also smaller projects, as the Central Bank discontinued its subsidisation of loans in 2018 due to a lack of funding. The year 2018 marked the third year of decline in construction activities. After a drop in construction permits by 4.1 per cent in 2017, the decrease was at -23.8 per cent for the first eight months of 2018.<sup>194</sup> Office building construction has also been in decline: In Beirut, the number of projects dropped from 37 in 2015 to 28 in 2018.<sup>195</sup>

Yet, there is hope for growth in the construction industry. Through Capital Investment Programme and Investment in Infrastructure Conference, approx. USD 16 billion will be invested in Lebanon; a large share of this money will be used to modernise the country's infrastructure. This will not only help municipalities build urgently needed infrastructure

like sewage and roads, but it is expected to secure 900,000 jobs – presumably many of them in the construction of infrastructure.<sup>196</sup> Other donor organisations like UN Habitat support, for example, are providing financial support for the renovation of the market in Saida or the rehabilitation of deprived urban areas in North Lebanon (GIZ's UDP-NL). The new PPP law will enable the building of physical infrastructure within the private sector which might leverage more capital, especially in innovative sectors like renewable energy.

There is much discussion regarding Lebanese construction companies' role in the reconstruction of Syria. While some interview partners are certain they will play a role given the experience in rebuilding destroyed infrastructure, others believe this will be done by large international companies with more convening power than Lebanese companies. Nonetheless, all interview partners agree that Lebanon and North Lebanon in particular will play a role, especially since the latter might become a hub for international companies involved in reconstruction.

In the medium term, the real estate and construction market is predicted to pick up again as there is a sustained need of affordable housing due to the growing number of people living in Lebanon. This will keep retail prices high even as sales have slowed down and thus attract investors and developers to start new projects.<sup>197</sup>

## SKILLS

Syrians have traditionally worked in the construction sector in Lebanon due to the fact that the sector is not very popular among the Lebanese. A baseline survey done in North Lebanon, Akkar and the Bekaa Valley found that 55 per

cent of unskilled and 30 per cent of skilled workers were Syrians. Their share has increased drastically: by 2012, the number of both unskilled and skilled was at 70 per cent. As for professional workers (engineers and architects), most are Lebanese (95 per cent in 2010 and 93 per cent in 2012) (see Table 11).<sup>198</sup>

**Table 11: Proportion of Lebanese and Syrian workers per job category in North Lebanon, 2010**

YEAR	PROFESSIONAL WORKERS		SKILLED WORKERS		UNSKILLED WORKERS	
	Lebanese	Syrians	Lebanese	Syrians	Lebanese	Syrians
2010	95	5	70	30	45	55
2012	93	7	30	70	30	70

Source: ILO (2017): *Labour Market Information Review and Analysis. In-focus on North Lebanon*.

As Syrians accept work for lower wages, wages of skilled and unskilled workers have decreased nationally; at the same time, the predictability and duration of employment is also continually on the decline.<sup>199</sup>

Within the construction industry, the fewest difficulties are encountered with management and support staff. A survey by UNDP identified the main concern among these employees to be effective communication, particularly in English (41 per cent of companies), a lack of specific industry-specific knowledge about siting, waste management (54 per cent of companies) and efficient business practices (38 per cent).<sup>200</sup>

The same survey also identified issues of inadequate training for professionals such as engineers and surveyors. Difficulties identified here lie in the areas of waste management (67 per cent), awareness of environmental impact (62 per cent), use of scientific methods (58 per cent), knowledge of green building practices (57 per cent), communication skills (55 per cent), and applied mathematics (55 per cent). More than half the construction companies in Lebanon struggle to find professionals with aptitude in these areas.<sup>201</sup>

In general, construction companies complain about a lack of semi-skilled workers, particularly among those that also work outside construction, such as electricians or plumbers. Few Lebanese select to work in these trades and prefer to continue with a university education after graduating from a technical school. Thus, construction companies like Memo or Zmerly have started their own vocational training centres where they train workers in specialised trades. The UNDP survey also revealed that there is a troubling lack of general workplace competencies, with companies reporting problems

in terms of employees being able to solve problems (81 per cent), check and record their work (80 per cent), and select, use and maintain tools (78 per cent).<sup>202</sup>

As one of the fields in which Syrian refugees are allowed to work, construction appears to be a sector well-suited for positive impact of donor support programme and minimal negative backlash among the Lebanese public. Measures such as cash-for-work programmes, however, should target equal participation among refugees and citizens of host communities.

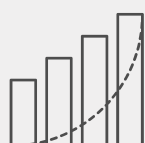
**Table 12: SWOT analysis, construction sector in Lebanon**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Considerable practical expertise through building boom of the past decade</li> <li>High competency in architectural and interior design</li> <li>Inflow of funds from Lebanese diaspora for housing</li> <li>Existing housing loan scheme by the Central Bank (currently frozen)</li> </ul>	<ul style="list-style-type: none"> <li>Continued decline in real estate sales and huge drop in construction permits</li> <li>Health and safety issues for workers</li> <li>Not a lot of experience in green buildings or energy efficiency as well as smart buildings</li> <li>Shortage of skilled workers in some professions (plumbing, welding)</li> <li>High dependence on foreign workers for manual labour due to poor image of the construction sector among Lebanese</li> <li>Lack of soft and business skills among skilled and semi-skilled workers</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Planned infrastructure projects financed by CEDRE</li> <li>Donor programmes in infrastructure and reconstruction</li> <li>High need for affordable housing due to growing population</li> <li>Potential for Lebanese companies to participate in the rebuilding of Syria; Lebanon might become a hub for specialised trades and engineering in the reconstruction of Syria</li> <li>A large workforce of un- and semi-skilled Syrians who are willing to work for low wages</li> </ul>	<ul style="list-style-type: none"> <li>Unstable financing situation due to frozen housing loan and renewable energy schemes</li> <li>High number of unsold apartments limits the financial capacities of project developers and is a threat to the banks which have financed the projects</li> <li>High competition between Lebanese and foreign works might lead to social unrest</li> <li>Weak regulatory framework and lengthy judicial procedures</li> </ul>

Source: Adapted from GIZ (2016) Sector Selection

## CREATIVE INDUSTRIES

### KEY INDICATORS



**5%**  
CONTRIBUTION  
TO GDP<sup>203</sup>



**400**  
TOTAL ACTIVE  
COMPANIES<sup>204</sup>



**4.5%**  
TOTAL  
EMPLOYEES

# KEY ACTORS

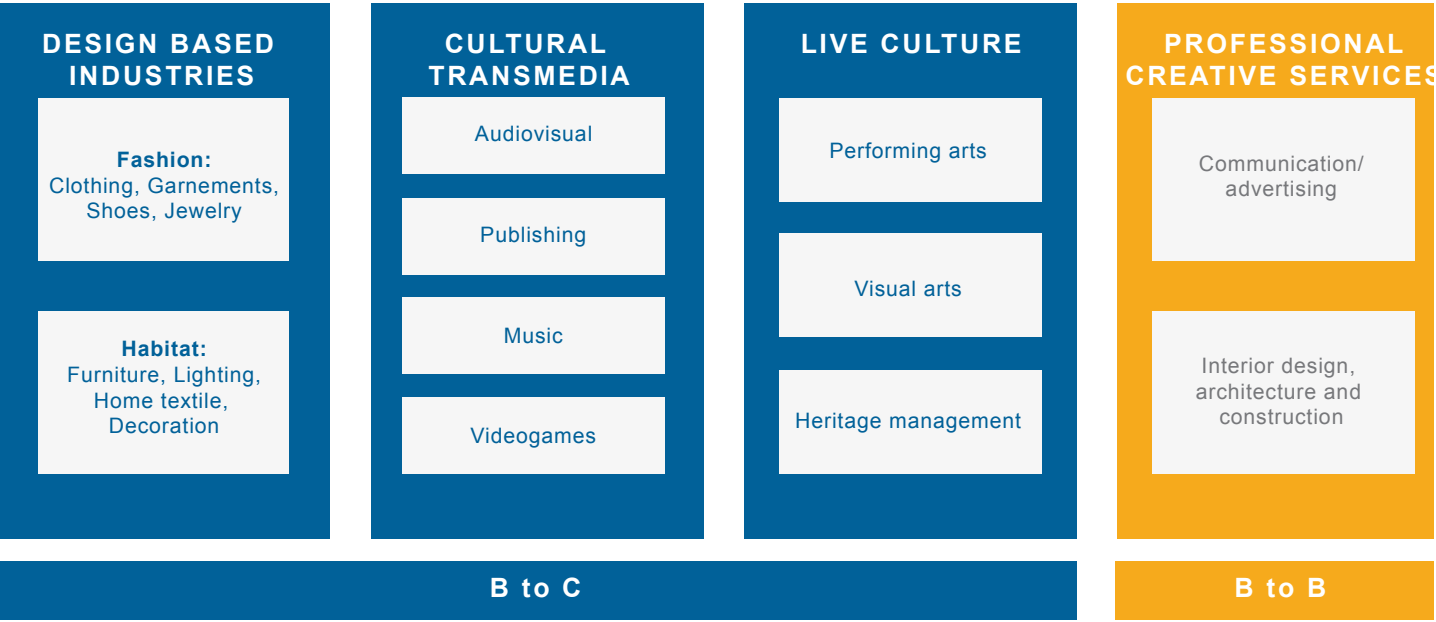
In European countries, cultural institutions work within a framework shaped by government strategies. In Lebanon, by contrast, the government provides little in the way of cultural funding. The Lebanese cultural scene depends mostly on independent individuals and smaller associations for funding. The main drivers of culture with regard to external relations are independent organisations, events and cultural managers funded by private or foreign donors.<sup>205</sup> The Ministry of Culture is the responsible institution for culture. Other ministries involved include the Ministry of Social Affairs, which is particularly involved in the craft sector.

The Ministry of Tourism participates in the organisation of festivals. Furthermore, some municipalities also contribute to the promotion of artistic events.

# GROWTH POTENTIAL AND JOB CREATION

Lebanon is a regional hub with regard to design, advertising, architecture, fashion and publishing. There is no common worldwide definition of the specific sub-sectors that contribute to the creative industries. Figure 27 shows the main sub-sectors for Lebanon.

Figure 27: Creative industry sub-sectors



Source: European Union (2014): Mapping of Clusters in Cultural and Creative Industries in the Southern Mediterranean.

According to the World Bank, Lebanon’s creative industries have greater growth potential than any comparable sector elsewhere in the Middle East.<sup>206</sup> Medculture, the EU technical-assistance unit for culture promotion describes the potential as follows: ‘The strength of the creative industries in Lebanon is rooted in multifaceted cultural influences, deep-rooted private initiative and the country’s privileged geographical location. Beirut, for instance, has been

regaining and consolidating its role as a regional hub in design, advertising, architecture, fashion, gastronomy and publishing □ even if the related value chains are often not completely covered and if some important linkages (such as collaborative work and initiatives, investments, etc.) are still weak.’<sup>207</sup> The European Union has identified 14 creative clusters in Lebanon, along with their associated employment patterns, export activities and creative comparative advantage (see Table 13).

Table 13: Main creative clusters identified in Lebanon

CLUSTER	#COMPANIES	#JOBS	TURNOVER	EXPORTS	COMP. ADVANTAGE
Audio-visual and multimedia in beirut	50 entreprises	400 (+100 free-lancers/year)	USD7-10 million/year	Around 70%	Tradition of creative profiles and higher-education institutions
Contemporary art in Beirut	Dense network of artists and galleries (25+)	n.a.	n.a.	Strong export capacity	Beirut and Lebanese artists’ fame; strong creative networks

Copper craft in Tripoli/Qalamoun	Around 15 manufacturing workshops	Around 50-100	n.a.	only indirect exports	Strong artistic heritage; open to new design ideas
Cutlery in Jezzine	13 manufacturing enterprises	Around 50-100	USD 150-200,000/year	no direct exports	unique design and cultural heritage, although design upgrade is needed
Furniture in Mkalles/Beirut	Aprox. 50	Aprox. 1,750	USD 15-20 Million / Year	Aprox. 20%	Limited: mostly copies of classic styles
Furniture in Tripoli	Around 2,000	Approx. 25,000 persons (Syndicate of Wood and Furniture Industry in the North), 5,000-8,000 active (ALI)	Around USD 300 Million / Year	Aprox. 20%	Heritage value of the manual work of craftspeople, notably in the woodcarving specialty
«Haute couture» in Beirut / Bourj Hammoud	Around 90-100	Around 2,000	Around USD 50 million / year	Around 80%	Products blending both European and Middle Eastern styles; Lebanese designers/ stylists touch
High-end habitat design in Beirut	More than 80 design studios	Around 500 -700 direct jobs	Around USD 200-250 million / year	Around 70%	Multicultural vision and know-how; professionals with strong creative talents
Home textiles in El-Fekha / Aarsal	Around 20 workshops	More than 100 jobs	Limited because of the low demand at present	No direct exports	Handmade products, closely linked to the local cultural heritage identity
Jewellery in Bourj Hammoud / Beirut	More than 400	More than 5,000	Around USD 180 million	Around 80%	Long history and reputation of Armenian jewellery and the Bourj Hammoud cluster; highly skilled craftspeople; high quality products
Leather in Bourj Hammoud	Around 100 entities	More than 1,000	Around USD 30 million / year	Around 5–10%	Extensive know-how, skills and reputation; flexibility in terms of design and production
Marble and granite in Wata Mousseitbeh / Beirut	Around 20 enterprises	Around 1,000	At least 50 million / year	More than 50%	Long reputation (national and regional reference)
Publishing in Beirut	Around 200 publishing houses	Around 25,000	Around USD 450 million / year	90%	Diversity of products in different languages, availability of creative authors high-quality printing
Traditional clothing in Saida	Around 15 enterprises	Around 150 direct jobs in production	Aroud USD 9 million / year	Around 20%	Know-how for embroidery (elder women)

Source: European Union (2014): Mapping of Clusters in Cultural and Creative Industries in the Southern Mediterranean.



## SKILLS

The process of developing skills as well as TVET within the sector often derives from sustainable private initiatives. There are little curricula relating to the creative professions at public schools.

On the other hand, good but expensive training is available at private schools and universities (music, theatre, film, design, etc.).<sup>208</sup> For crafts and arts, technical know-how is handed down from one generation to the next, but there are significant deficits with regard to marketing and business skills among the traditional crafts people.<sup>209</sup>

**Table 14: SWOT analysis, culture and creative industries in Lebanon<sup>210</sup>**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Millennium-old artistic tradition as a melting pot of different cultures</li> <li>• Lively cultural scene, especially in Beirut</li> <li>• Lebanese artists are gaining international attention (e.g., electronic music, fashion)</li> <li>• Generally, very good average level of education (high proportion of educated citizens)</li> <li>• 1-2 leading festivals for every artistic and cultural sector (partly internationalised)</li> <li>• Music, theatre and film the main sectors in the creative industries</li> <li>• Small but visible designer scene</li> </ul>	<ul style="list-style-type: none"> <li>• Only 0.5 per cent of space in Beirut is accessible to the public (compared to about 7 per cent in Europe) - few places where different social and ethnic groups can meet</li> <li>• Only a few venues for artists, with the quantity trending further downward</li> <li>• Centralised cultural offer, with few cinemas and theatres outside Beirut</li> <li>• Limited (paying) audience ('same circle'); high number of people who cannot afford cultural offers and limited interest among the 'nouveau riche generation'</li> <li>• No official government strategy for culture in place; UNESCO Cultural Convention not signed</li> <li>• Lack of organised networks and coordination between stakeholders in the sector</li> <li>• General lack of financing options (&lt; 1 per cent of national budget; PayPal, crowdfunding are not options for raising funds internationally)</li> <li>• Few offers of BDS services for creative professionals</li> <li>• Hardly any curricula for creative professions at public schools (but good offers at expensive private schools)</li> <li>• Social and cultural acceptance often only after international recognition</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Capital investment programme includes several projects for cinemas, theatres, art museums and cultural heritage</li> </ul>	<ul style="list-style-type: none"> <li>• Culture is not promoted by public sector, but is politically instrumentalised (religious and ethnic)</li> <li>• Exclusively donor-financed NGO landscape with regard to promoting cultural production by refugees and disadvantaged population groups; lack of planning horizon for projects due to short-term donor financing</li> </ul>

# HEALTH

## KEY INDICATORS



7%

HEALTHCARE  
EXPENDITURE AS  
PER CENT OF GDP



USD 4  
BILLION

MARKET VOLUME

## KEY ACTORS

The Ministry of Public Health (MoPH) is responsible for health-related topics (policy, regulations) and the Ministry of Education and Higher Education is responsible for the formal vocational education of nurses and other medical professionals.

The mission of the Syndicate of Hospitals is to ensure the provision of high-quality services for all individuals, and to promote Lebanon as a referral centre for tertiary healthcare in the Middle East. The syndicate represents and serves private hospitals and works in partnership with stakeholders that are committed to improving and protecting healthcare. In addition, there is a large number of private sector actors like private hospitals or training institutes for health professionals.

## GROWTH POTENTIAL AND JOB CREATION

Lebanon's healthcare market has been growing steadily in recent years, in part (but not only) because of the country's growing and ageing population. The potential for growth and new jobs exist in both the public and private healthcare sectors.

According to the World Economic Forum's Global Competitiveness Report 2018, Lebanon ranked 32nd worldwide with regard to the performance of its health system, despite the large influx of Syrian refugees and a number of reform needs.

In May 2018, the Healthcare Access and Quality index concluded that the country's diverse health system provides 'compared to other countries, good value for money.'<sup>212</sup> Lebanon has one of the highest doctor-to-population ratios in the MENA region (32 doctors per 10,000 individuals). The country has a total of 130 hospitals.<sup>213</sup> However, the system relies on private healthcare. In 2016, only 13.9 per cent of hospital beds or short stays were in public hospitals, while 86.1 per cent were in private hospitals.<sup>214</sup>

The public healthcare sector has shown an ongoing need for improvement. Lebanese public hospitals are under-equipped and suffer from numerous deficiencies in terms of maintenance and care quality. They are mainly used by low-income households, and especially by Syrian

refugees. The increasing number of Syrian refugees has overstretched the public healthcare system, leading to an increase in public expenditures in this area.

The Syrian refugee crisis has also led to the creation of new government programmes, primarily supported by international donors. Since 2014, the European Union has provided more than EUR 165 million in funding for health projects in Lebanon, becoming the most significant donor in the health sector. More than 200 primary health care centres (overseen by the Public Health Ministry), social development centres (overseen by the Social Affairs Ministry) and public hospitals have received new equipment, free medicine and vaccines for children. Health staffers have also received training.<sup>215</sup>

There are also opportunities in niches of the health sector. Blominvest Bank has concluded that 'Lebanon should take advantage of its medical tourism and its status as the best-performing country in healthcare in the Middle East to boost its revenues and contributions to GDP.'<sup>216</sup> Other potentially lucrative fields in the health sector and the related health-tech field include wellness tourism, medical tourism, nutrition and wellness services, and IT and mobile applications.<sup>217</sup>

## SKILLS

Lebanon's key advantage is its strong skills base. Nevertheless, the Lebanese healthcare sector still has a significant shortage of physicians and nurses, as the population has increased at a much faster rate than the supply of medical staffers.<sup>218</sup>

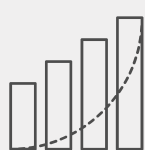
In recent years, the demand for private training courses has risen considerably. Hospitals in Lebanon follow the rules and regulations of the Ministry of Public Health and are not allowed to hire healthcare practitioners without official certification and work permits. In practice, most hospitals look for applicants that have an official vocational certificate and additional short-term vocational certificates, since the latter focus on specific areas not covered by official institutes. The fact that many hospitals have become specialised medical centres and the emergence of private clinics or diagnostic centres as well as the rapid growth in aesthetic medicine have resulted in a "talent war" over highly specialised skilled labour. This has been exacerbated by the brain drain of Lebanon's medical and administrative staff heading to the Gulf states.<sup>219</sup>

**Table 15: SWOT analysis, culture and creative industries in Lebanon**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Lebanon has one of the MENA region's highest ratios of doctors to total population (32 doctors per 10,000 residents)</li> <li>Good ranking in international benchmarks ('Compared to other countries, good value for money')</li> <li>Well-developed private healthcare sector</li> </ul>	<ul style="list-style-type: none"> <li>Public hospitals are mainly used by low-income households, especially Syrian refugees</li> <li>Lebanon's healthcare sector has a significant shortage of physicians and nurses, as the population has increased at a much faster rate than the supply of medical professionals</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Several donor-run support programmes support the public healthcare system</li> <li>Wellness tourism, medical tourism, nutrition and wellness services, IT and mobile applications, and health-tech entrepreneurship all hold economic potential</li> </ul>	<ul style="list-style-type: none"> <li>Influx of refugees has overstretched health system</li> <li>Public budget constraints</li> </ul>

## INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

### KEY INDICATORS



**2.2%**  
CONTRIBUTION  
TO GDP (2017)



**800**  
TOTAL ACTIVE  
COMPANIES



**10,000**  
TOTAL  
EMPLOYEES

### KEY ACTORS

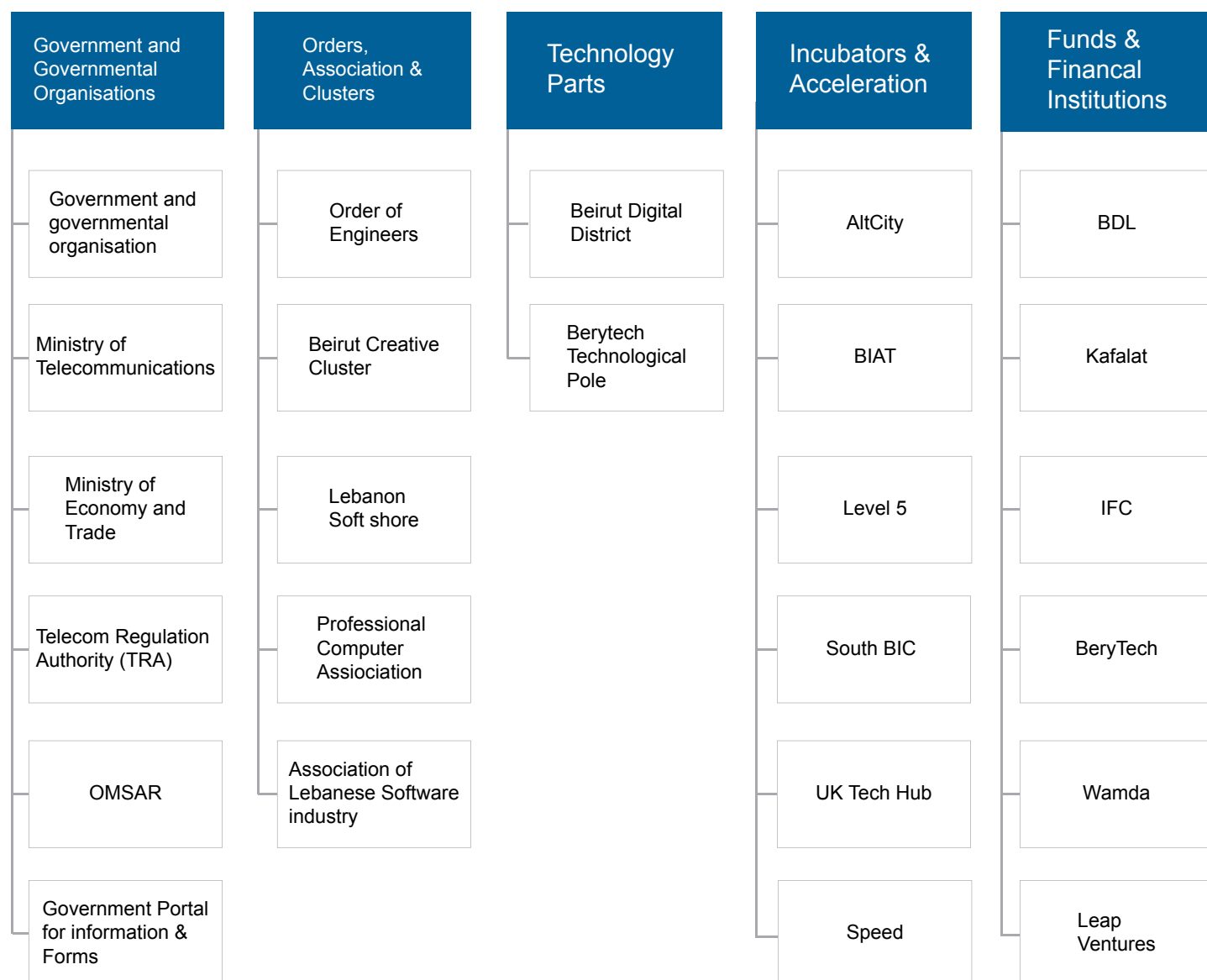
Regulatory and policy-support responsibility for the ICT sector is distributed across several ministries and governmental organisations, including the Telecom Regulation Authority and the Office of the Minister of State for Administrative Reform.

On a civil society level, a number of associations such as the Professional Computer Association (PCA) and the Order of Engineers lobby for desired regulation and engage in collective action. Some of these actors are rather weak; for this reason, the Professional Computer Association wants to create a single association that includes all ICT actors, uniting them under one umbrella so as to have more power when speaking to the government.

Access to finance is a key enabler for growth within the sector. Seed funding is provided by donors or business-plan competitions run by entities such as INJAZ or Berytech. Growing companies can receive support from entities such as the Kafalat loan-guarantee programme or private investment funds such as Leap Ventures or Wamda.

Accelerators and incubators such as Berytech, UK Lebanon Tech Hub, Speed and others provide hosting, coaching, linkages to investors, access to markets, and business-management training for newly established ICT companies. They promote the required culture and provide a hub for the creation of events, networks and communities.<sup>220</sup>

**Figure 28: Ecosystem actors in the ICT sector**



Source: UNDP (2016), *Mind the Gap*.

## GROWTH POTENTIAL AND JOB CREATION

The fast-growing Lebanese ICT sector reached a market size of USD 436.2 million in 2016. In that year, hardware accounted for 60 per cent of the market, ICT services for 31 per cent and software for 9 per cent. The market grew at a compound annual growth rate (CAGR) of 7 per cent during the 2014 – 2016 period, and was predicted to continue growing after that period at an even higher annual rate of 9.7 per cent.<sup>221</sup> In 2017, the sector contributed 2.2.2 per cent of Lebanon's GDP,<sup>222</sup> and employed about 10,000 people in 800 companies in 2016.<sup>223</sup>

About 95.3 per cent of Lebanon's software development and ICT services companies are located in Beirut or Mount Lebanon, with only 4.1 per cent in North Lebanon and 0.6 per cent in South Lebanon. However, as internet access has continuously improved, such companies could theoretically be located anywhere in the country, a fact that presents a huge opportunity for remote regions. As an example, AI company Neumann ([www.neumann.ai](http://www.neumann.ai)) has its headquarters at 2,000 metres above sea level in the remote Cedars region of North Lebanon.

The sector's growth is supported by a growing ecosystem of incubators, coworking space providers, business-plan competitions and mentor networks, as well a growing venture-capital scene. This development has been fuelled by Intermediate Circular 331, issued by the Central Bank in August 2014, which allowed Lebanese banks to invest up to USD 600 million collectively in local technology-oriented start-ups. Up to 75 per cent of the value of these investments was guaranteed by the Central Bank.<sup>224</sup> iSME has been another very effective programme for early-stage start-ups. However, as of the time of writing, these programmes had been ended (iSME) or halted (Circular 331) due to funding issues. The market is currently looking for new financial mechanisms such as hybrid funds or scholarships for founders to keep the sector's entrepreneurial momentum going. In an interview, IDAL staffers also mentioned that software-development activities in particular have grown steadily in Lebanon over the past few years, following stronger enforcement of intellectual-property rights, a corresponding reduction in software piracy, and upgrades to the country's ICT infrastructure.<sup>225</sup> The sector has benefited from investment in broadband internet; the fixed broadband penetration rate reached 25.6 per cent in 2016,<sup>226</sup> while the mobile



broadband penetration rate was 82 per cent in 2017.<sup>227</sup>

The domestic market for hardware and software might be relatively small, but it is not yet saturated. Demand for computers, notebooks and hybrids has continued to rise steadily across industries, and the quantity of e-services offered by governments, businesses and telecom companies continues to increase.<sup>228</sup> An interviewee from PCA argued that the government should adopt more e-governance solutions, as that would provide additional work for the Lebanese IT industry.

Moreover, Lebanese ICT companies are very open to external markets, actively seeking international contracts and clients. Fully 85 per cent of the sector's software and development companies are export-oriented, earning the majority of their revenues outside Lebanon. A total of 56.7 per cent export to the Gulf region, 44 per cent to the MENA region and 34.7 per cent to Europe. Representatives of the companies reported that they could do even a larger share of their business externally if they had better linkages with potential customers outside Lebanon, along with financial support for their international marketing. Some interview partners also cited the huge potential in the prospect of rebuilding the Syrian IT infrastructure, and the need to update the neighbouring country's IT systems.

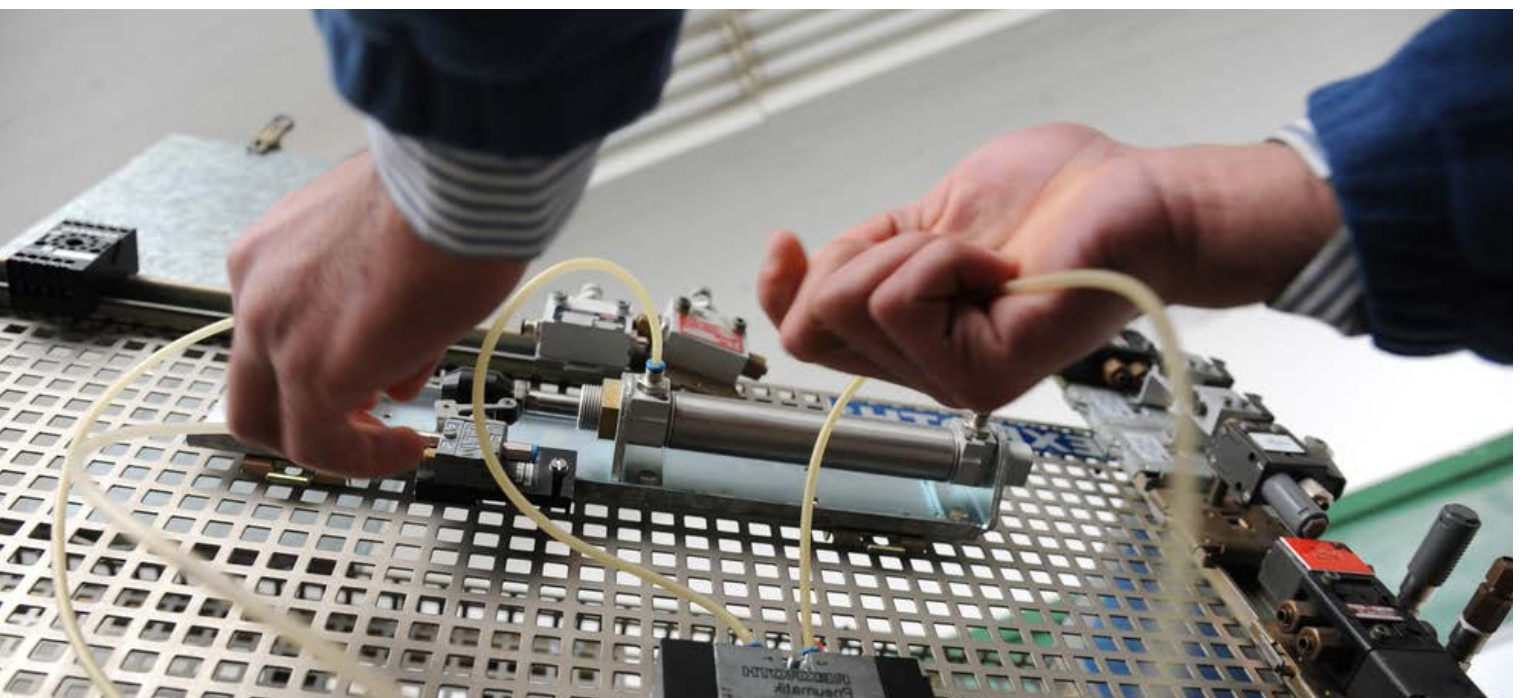
There is a multitude of support programmes targeting the ICT sector. Interviewees from comparatively mature companies complained that donors 'waste' money on companies that are not serious, and which do not plan to create many jobs. They proposed that the international donor community create strict criteria for the selection of beneficiaries, with an eye towards ensuring long-term success. Such criteria could include the age of the company, formal registration status or the number of customers. In addition, interview partners indicated that it could be helpful to support ecosystem players, for example by facilitating knowledge exchange between German and Lebanese service providers, creating mentorship programmes for incubator managers.

## SKILLS

A recent survey conducted by UNDP revealed that Lebanon's ICT sector tends to perform strongly with regard to its managerial and support staff. While there are some difficulties in this area, no single problem was encountered by more than a third of the companies, something that indicates a strong match of labour supply and demand in this area.<sup>229</sup>

One area of relative weakness is the availability of experienced mentors such as serial entrepreneurs to help with the creation of new businesses, or even act as co-founders. As there are not yet many serial entrepreneurs in Lebanon, it might be necessary to tap into the diaspora or draw on the assistance of experienced people from outside the country. A larger number of obstacles are evident with regard to the recruitment of skilled software engineers, website developers, programmers and other technical experts. Interview partners at companies indicated that their sector was evolving so fast that academic institutions are unable to keep up. Companies thus say they are prepared to train fresh graduates, who in return earn rather little in the beginning. Moreover, there are a number of initiatives such as SE Factory that offer advanced IT training for university graduates. It is harder for companies to find specialised senior staff, for example in the fields of digital marketing, AI or international business development, especially outside Beirut and Mount Lebanon. This may in part be due to the brain drain of high-skill individuals, as well as the relatively early developmental stage of Lebanon's IT industry.

Company representatives also reported some dissatisfaction with regard to skilled workers, with 51 per cent indicating that their staffers needed to show more initiative, 46 per cent identifying dependability as an issue, and 43 per cent stating that there was a need for greater commitment to life-long learning. ICT company representatives also said that their staff could benefit from general training in management practices to improve their personal allocation of resources (63 per cent), the prioritisation of key tasks (62 per cent) and their project management skills (60 per cent).<sup>230</sup>



**Table 16: SWOT analysis, ICT sector in Lebanon**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• IT-literate, cosmopolitan and multilingual workforce with good education</li> <li>• Lebanon well-positioned for regional hub status</li> <li>• High and growing penetration of (esp. mobile) broadband internet</li> <li>• High percentage of companies is already active in exports</li> <li>• Growing support ecosystem for ICT start-ups</li> <li>• Growing financial support for ICT start-ups and growing companies through public programmes and VC firms</li> <li>• New regulation on intellectual property</li> <li>• Reduction of software piracy</li> </ul>	<ul style="list-style-type: none"> <li>• High telecommunications costs and lack of fixed high-speed internet connections in some regions</li> <li>• Small size of domestic market</li> <li>• Support ecosystem mainly located in Beirut and Mount Lebanon</li> <li>• Not yet many serial entrepreneurs able to act as co-founders and mentors</li> <li>• Few hybrid funds</li> <li>• Companies have to train graduates and new labour-market entrants, as technical skills are lacking</li> <li>• Lack of soft skills among skilled workers</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• ICT is necessary in all sectors, and will play an important role in rebuilding Syria</li> <li>• Still a large, unsaturated domestic market for ICT hardware, along with a growing domestic market for software development and ICT services</li> <li>• Political will to develop an ICT strategy</li> <li>• ICT companies can be based anywhere in Lebanon, including in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>• Financial support is drying up, as Circular 331 investment has been slowed by BdL, iSME has ended and Kafalat is frozen (end of 2018)</li> <li>• High HR costs, with rising wages needed to keep skilled employees in Lebanon</li> <li>• Money is wasted on start-ups deemed 'not serious', which are not aiming to create impact and jobs</li> <li>• International competition on export markets, for example from Indian software programmers</li> <li>• Significant brain drain</li> </ul>

Source: Author and GIZ (2016) Sector selection

## TOURISM AND HOSPITALITY

### KEY INDICATORS



### KEY ACTORS

As the official tourism body for Lebanon, the Ministry of Tourism is entrusted with the following tasks: promoting tourism; regulating, coordinating, and monitoring tourism professions and private companies; promoting and executing tourism investment projects; developing archaeological and historical

sites and museums for tourism purposes.

The Association of Travel and Tourist Agents In Lebanon, founded in 1949 under the auspices of the Minister of National Economy and Social Affairs, is the national body representing the travel and tourism industry.

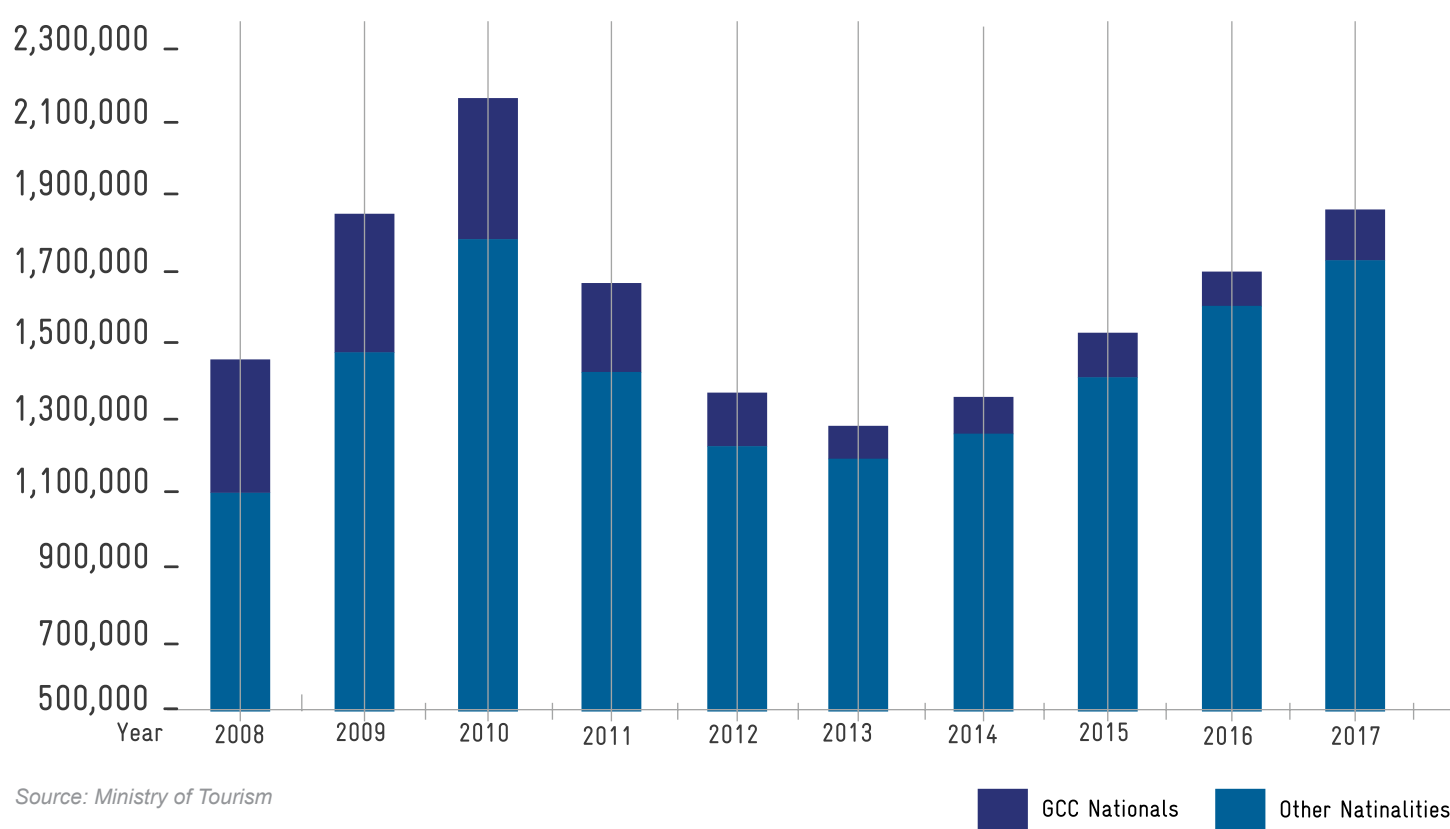
The Lebanese Hotel Association today represents about 417 hotels in Lebanon.

## GROWTH POTENTIAL AND JOB CREATION

Lebanon is a country with important historic and religious sites, a beautiful landscape and a large diaspora that returns to Lebanon every summer. Thus, the tourism industry plays an important role in the economy.

Statistics regarding the contribution of the tourism sector to GDP vary, ranging from 19 per cent (2016; World Travel & Tourism Council/ Bankmed Research) to 25 per cent (2017; World Bank). In any case, the contribution is far above the world average of 14 per cent, and above that of any other country in the Middle East.<sup>232</sup> These statistics mainly reflect international and domestic travel. There are no statistics available for the complete tourism and hospitality sector, which would also include restaurants, catering and other related services related to domestic consumption.

**Figure 29: Tourist arrivals**



Despite its annual fluctuations, the tourism and hospitality sector remains a general strong source of job generation, accounting for 24 per cent of total employment in Lebanon.<sup>234</sup> However, several providers of restaurant services noted that the domestic market has stagnated in recent years, with several restaurants having closed since 2016. Training providers state that the hospitality sector is demanding fewer workers than in years past: 'Hospitality isn't like it was two years ago, when it was booming all year round', said one interviewee.<sup>235</sup>

The tourism sector faces the following challenges:

**Touristic infrastructure:** There is a lack of hotels in many attractive areas, for instance along the Lebanon Mountain Trail and in rural areas such as Dannieh. Furthermore, public transportation services are limited, with many tour opera-

Europeans accounted for 34.4 per cent of total visits in 2017, with Arab tourists accounting for another 30.2 per cent. Visitors from the Americas accounted for 17.6 per cent of total tourists, followed by visitors from Asia (7.4 per cent), Africa (5.9 per cent), and Oceania (4.4 per cent).<sup>233</sup>

The sector is heavily influenced by Lebanon's political situation. The peak number of annual visitors was reached in 2010, before the Syrian crisis, with visits then reaching a historic low in 2013. Since 2014, the number of tourists has again risen persistently (see Figure 29). The improvement in Lebanese political conditions, as well as the growing number of visitors from Gulf countries (although still limited), has had positive effects within the sector. The sector is expected to grow further once the Syrian crisis comes to an end.

tors only offering trips to the main touristic sites.<sup>236</sup>

**Marketing:** Lebanon has an unclear branding strategy. The McKinsey & Company consulting firm has criticised the country's 'unfocused efforts in targeting source markets'.<sup>237</sup> Furthermore, Lebanon has no mobile application for tourism destinations, which makes it more difficult to find attractions outside Beirut or hotspots such as Baalbek.<sup>238</sup>

Other constraints relate to environmental concerns, the protection and maintenance of touristic sites, and insufficient hygiene and quality standards. Regarding the potential of medical tourism, McKinsey has noted that hospitals' lack of specialisation within specific medical services has prevented the country from attracting medical tourists.<sup>239</sup>

Several initiatives have been launched to boost the tourism and hospitality sector further. In May 2017, the Ministry of Tourism launched the Visit Lebanon 2017 initiative. This programme is designed to promote Lebanon as a tourism destination to foreign companies and operators in the tourism sector. The initiative has targeted 150 tour operators, event organisers, and incentive houses from countries in Asia, Europe, the Middle East, North Africa, North America and

South America. Several matchmaking events have been planned with the goal of bringing together foreign tourism providers with local players.<sup>240</sup>

The capital investment programme (CIP) contains 11 investment projects in the cultural heritage and tourism sector with a total price tag of USD 264 million as shown in Table 17. The planned implementation period is 2018 - 2025.

**Table 17: Planned investment projects in cultural heritage/ tourism sector**

REF.	PROJECT	ESTIMATED COST (USD)
CH1	National and Public Libraries	15
CH2	Cinema Industry	7
CH3	Theater	7
CH4	Music Industry	15
CH5	Scientific and Educational Centers	18
CH6	Arts Museum	7
CH7	Arts in General	10
CH8	Museum Deposits (Warehouses)	36
CH9	Historic cities	50
CH10	Heritage, Archaeological Sites, and Surroundings	70
CH11	Museums	30

Source: World Bank (2018): *Strategic Assessment, A Capital Investment Plan for Lebanon*.

The World Bank CIP assessment notes that ‘experience to date in Lebanon has shown that supporting knowledge and leveraging heritage assets in cities improved local economic development and job creation, especially in secondary and tertiary cities in lagging regions. It also enhances the liveability for local communities in an inclusive manner and attracts significant private sector investment.’<sup>241</sup>

McKinsey’s strategic long-term aspiration for Lebanon envisions ‘a revived Riviera destination offering a unique com-

bination of unrivalled entertainment, immersive culture and breathtaking sea views with regional niche offerings in business and specialised medical tourism’. The 2035 perspective argues that the country should be:

- A globally renowned destination for city breaks, with world-class gaming and entertainment offerings
- A unique destination for regional and global exhibitions and conferences
- A centre of excellence for specialised medical services
- A sustainable and environmentally friendly tourism destination.<sup>242</sup>



## SKILLS

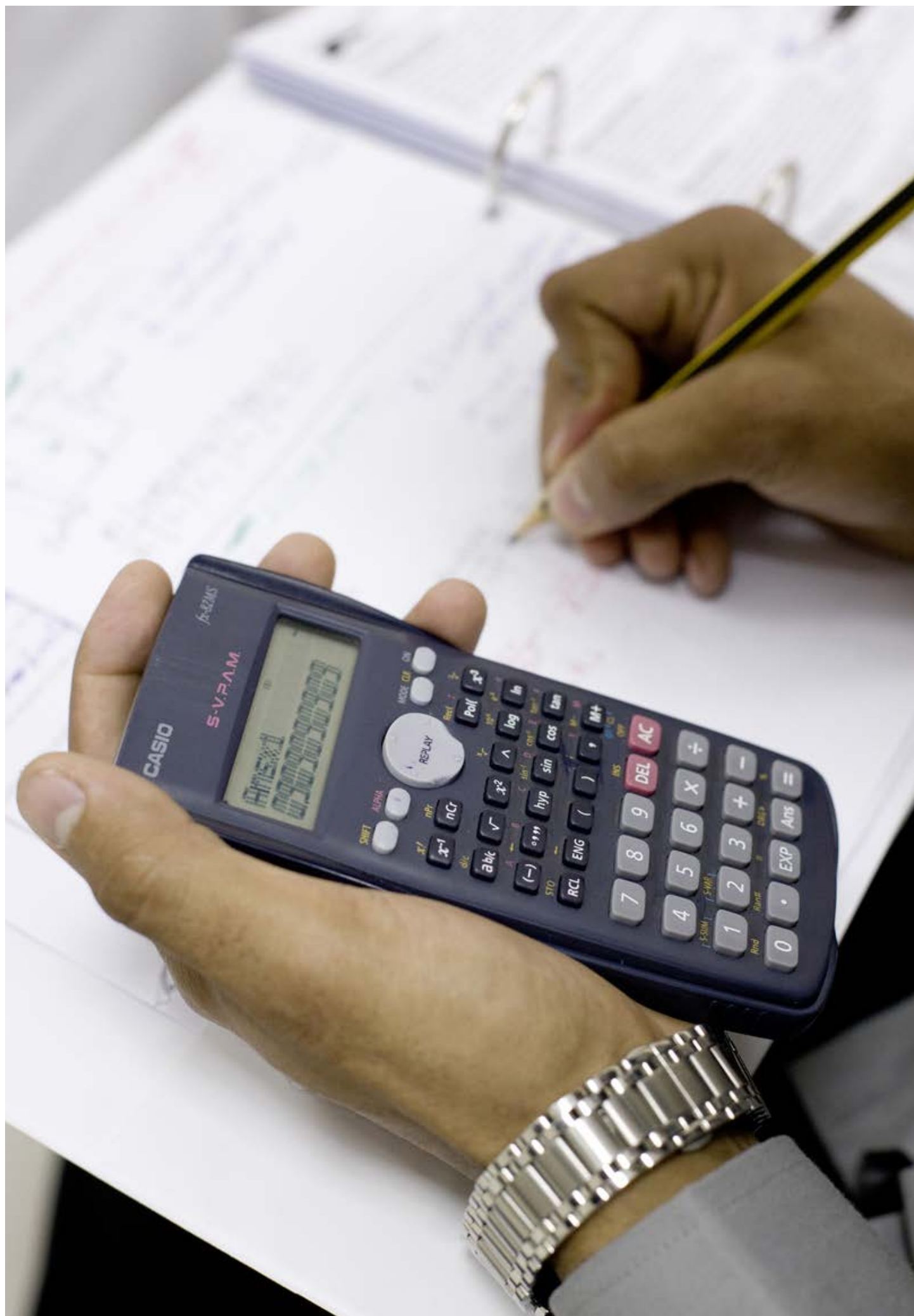
Regarding the issue of skills, the GIZ sectoral study 'Technical Assistance for a More Practice Oriented VTE in Lebanon' concludes that the sector has a large pool of skilled and multilingual labour force who receive education and training in more than 45 hospitality schools, technical institutes, universities, more than in any other Arab country. There is still a shortage of qualified personnel because of the high emigration rates towards the Gulf where salaries offered are higher, and because some education and training programmes do

not meet the standards required by the market.<sup>243</sup>

In addition to the skilled workers in management and middle-management positions, the hospitality sector attracts a large number of low-skilled and semi-skilled workers, especially in the areas of cleaning and kitchen support. According to restaurant owners interviewed for this study, it is rare to find Lebanese working in low-skill kitchen jobs; these are mainly done by Syrians and Palestinians.<sup>244</sup>

**Table 18: SWOT analysis, tourism and hospitality sector in Lebanon**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Important historic and religious sites and beautiful landscapes</li> <li>• Year-round tourism possible</li> <li>• Niche for medical and wellness tourism</li> <li>• Multilingual workforce</li> </ul>	<ul style="list-style-type: none"> <li>• High operating costs</li> <li>• Lack of hotels in many attractive areas</li> <li>• Limited public transport</li> <li>• Unclear branding strategy and 'unfocused efforts in targeting source markets'</li> <li>• No mobile application for tourism destinations</li> <li>• Insufficient hygiene and quality standards</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Visit Lebanon 2017 initiative</li> <li>• 11 investment projects ongoing in the cultural heritage and tourism sector, with total funding of USD 264 million</li> <li>• Lebanese cuisine is experiencing a worldwide boom and can be used as an ambassador of the country</li> </ul>	<ul style="list-style-type: none"> <li>• Sector is heavily influenced by broader political situation within Lebanon</li> <li>• Environmental concerns</li> <li>• Insufficient protection and maintenance of tourism sites</li> <li>• Migration of skilled workers to Gulf states</li> </ul>





# RECOMMENDATIONS









# RECOMMENDATIONS

The recommendations in this chapter are based on the job-creation constraints and opportunities identified in each part of this ELMA study. Thus, they take into account framework conditions, labour demand, labour supply, and the need to match labour demand and supply. There are no sector-specific recommendations.

The recommendations are intended to support international donor organisations as well as public- and private sector institutions in Lebanon that are engaged in analysing, preparing and adapting development measures designed to improve the Lebanese employment environment.

The recommendations contain a variety of approaches targeting the following levels:

- Macro: Interventions that address and support public stakeholders (especially ministries and governmental institutions)
- Meso: Interventions that address and support stakeholders in public-private and private institutions that in turn function as intermediaries between companies and or the population on the one hand, and governmental institutions on the other (e.g., chambers of commerce, business and sectoral associations, regional-development agencies, training institutes, universities and other ecosystem stakeholders)
- Micro: Interventions that address and support companies, entrepreneurs, graduates and the general population (especially with regard to identified training needs and job-creation potential)

All approaches are furthermore categorised as having either direct or indirect impact on employment creation. A direct impact means that the measures themselves create employment (e.g., infrastructure investments, matching and integration in companies). Most of the proposed approaches are indirect measures that facilitate the creation of jobs by improving framework conditions, enhancing skills or improving the competitiveness of the private sector.

One additional category is the time scale over which the strategies are expected to have an impact:

- Short term: One to two years to create potential employment effects
- Medium term: Three to five years to create potential employment effect
- Long term: More than five years to create potential employment effects

Many of the structural challenges associated with framework conditions require long-term approaches, while development projects supported by international donors normally have a duration of only two to four years. For this reason, the focus of the recommendations offered here lies on short and medium-term approaches.

Each recommendation sub-chapter contains a long-list of recommendations and some approaches to be presented in detail. The prioritized recommendations were selected based on the following five main criteria:

- Short-term impact: The potential for concrete results in a relatively short period of time following the recommendation's implementation.
- Ease of implementation: The ease of implementing the actions entailed by the recommendation, based on actor availability, time and resource availability, co-operation among the different actors involved, etc.
- Actors involved: The efficiency and expected contribution of the actors involved in the implementation, as well as likelihood that they will be able to work with one another productively.
- Relevance to the current situation: The relevance of the recommendation given Lebanon's present socio-economic circumstances.
- Sustainability: The ease of sustaining the efforts associated with the recommendation over the longer term, and the ability to maintain momentum in future years.

## RECOMMENDATIONS: FRAMEWORK CONDITIONS

The currently complex political situation in Lebanon limits the options available to international development projects with regard to supporting the country in improving framework conditions. Nevertheless, there are a number of opportunities for international development projects to strengthening the capacity of implementing departments and agencies, strengthening co-operation between public institutions and the private sector, and especially by supporting the implementation of planned infrastructure projects. The long list of recommendations is mentioned below, the prioritized recommendations are elaborated below the table.

ACTOR	POTENTIAL APPROACH	INTERVENTION LEVEL	IMPACT ON EMPLOYMENT	TIME PERSPECTIVE
Infrastructure				
Relevant ministries (e.g. transport, economy and trade, etc.), municipalities	Provide technical assistance for infrastructure projects (capacity-building & implementation support for CIP).	Macro/micro	Direct/indirect	Short/medium term
	Promote collaboration with other donors doing large infrastructure projects (linking private sector programmes with infrastructure projects).	All levels	Indirect	Medium term
Relevant ministries (e.g. transport, economy and trade etc.), municipalities	Finance and feasibility, environmental & social studies for large infrastructure projects under CEDAR/CIP.	Macro/meso	Indirect	Medium term
Institutional framework				
	Organise and finance sector-specific public-private dialogues.	Macro/meso	Indirect	Medium term
Relevant ministries (e.g. transport, economy and trade, etc.)	Provide training, advice and general capacity-building services to ministries and state agencies.	Macro	Indirect	Long term
Investment climate and business environment				
Public institutions like IDAL	Support policymakers and public institutions in improving the business environment.	Macro	Indirect	Long term
Economic policy and strategies				
Relevant ministries (e.g. economy and trade, education and higher education)	Support ministries in implementing existing strategies (SME, TVET, future sectoral strategies).	Macro	Indirect	Medium term

## INFRASTRUCTURE

One of the most promising opportunities in the coming years is the Capital Investment Programme, in conjunction with agreements made during the CEDAR conference. Over the next 10 years, these entail financing of up to a total of USD 16 billion, spread across 280 infrastructure projects. Even if the extent to which all planned projects will be financed and implemented remains unclear, there will be a significant need for support beyond simple project financing. Interna-

tional development projects can finance and support the conduct of feasibility, environmental and social studies for large infrastructure projects. Specifically, support could be provided for analysis studying issues such as employment impact, decent work conditions and inclusive approaches (e.g., inclusion of low-skilled workers and marginalised populations, and the creation of opportunities for women and youth). In such a case, it would be vital to collaborate closely with public institutions and other donor organisations. A further potential approach could be to align infrastructure

projects with existing or future support and skills-development programmes operated by the private sector. For example, the McKinsey strategy proposes that industry parks and special economic zones (physical clusters) be combined with virtual clusters.<sup>245</sup> While the CIP supports investments in physical infrastructure, international development projects could provide complementary support to creative, technology and outsourcing companies both inside and outside of existing or planned industrial zones or knowledge parks.

The implementation of large investment projects requires specific skills on the national, regional and local levels (e.g. urban planning, impact measurement, monitoring, links to employment programmes etc.). International development projects could provide particular support to stakeholders in public institutions, helping to strengthen their capacities through the provision of training and advisory services.

The following steps are recommended:

- Selected investment projects should be identified based on employment potential.
- Potential linkages between infrastructure projects and private sector skills development programmes should be analysed.
- Support needs and skills gaps should be identified (assessment of capacity-development needs).
- Coordination committees should be established, with the inclusion of public sector institutes and donor organisations (e.g., investment development working group).

## SECTOR-SPECIFIC PUBLIC-PRIVATE DIALOGUE

Many of the publications consulted during this study, along with many statements from interview partners, indicated that co-operation between the public and private sectors is currently weak. There are numerous reasons for this; deep-rooted political factors certainly make a contribution, but structural deficits are also evident, as co-operation structures have not been defined or developed in the past. Furthermore, the private sector shows a general mistrust towards public institutions. As a result, the private sector has started to build parallel support structures (e.g., in the TVET field) that are often not coordinated with national strategies or public offers.

Improved coordination between the private sector, civil society and public institutions could contribute to the development of support programmes that are better oriented towards private sector needs and could – over the medium and long term – contribute to employment creation. International development organisations could play a role as independent mediators, helping to cultivate trust between the partners.

A multi-stakeholder workshop for this ELMA study in January 2019 identified a number of potential actors in this process, including the NEO, the Economic and Social Council (ECOSOC), the Higher Council for Privatisation, the cham-

bers of commerce, and various business associations. In the past, ECOSOC has been successful in effectively creating space for general dialogue between state institutions and key civil society actors.

Lebanon shows significant gaps in support structures, especially at the sectoral level. One potential approach in remedying this could be the creation of sectoral committees tasked with coordinating and liaising with relevant public sector institutes and local authorities such as municipalities. The creation of such structures could be focused within sectors with significant employment potential, such as agro-food processing, health, construction, tourism and hospitality, ICT, and the creative industries.

We recommend the following steps be taken:

- Existing coordination mechanisms in selected sectors with significant employment potential should be analysed.
- Relevant stakeholders should be identified, and sectoral needs that could be addressed using public-private coordination mechanisms should be specified.
- Round tables and regular meetings should be held, featuring presentations of good practices from other countries.

## INVESTMENT CLIMATE AND BUSINESS ENVIRONMENT

Improving Lebanon's general investment climate and the business environment is a comprehensive and long-term task that needs to be tackled on all levels. The country's poor performance in international benchmark surveys is linked to a broad range of issues, including a lack of good governance, difficult-to-navigate bureaucracy, insufficient labour regulations, a lack of judicial reform, high levels of public debt and many more such factors (see Chapter 2).

During the ELMA stakeholder workshop, decentralisation and support for regionalisation were identified as potential approaches to which international development projects could contribute over the medium term. A shift to a focus outside the major cities could contribute to improving regional and local business environments, while encouraging more equitable development in rural areas. The following approaches were identified as promising:

- Facilitating the decentralisation of decision-making on the issues of regional economic development and employment creation.
- Empowering municipalities to take an active role in the development of employment opportunities in their regions.
- Providing technical support to municipalities, helping them to better understand the job market and assisting them in the development of local development and employment strategies.
- Supporting regional and local sectoral committees (public sector, private sector, civil society) as they identify and address development obstacles at the regional and local level.

# RECOMMENDATIONS: DEMAND SIDE

The demand side offers the greatest potential for additional job creation. Lebanon's job-creation problem is mainly a demand-side problem, as economic growth alone does not currently create enough jobs to support the growing workforce. The private sector is therefore the key to comprehensive employment generation, and to the creation of sustainable and decent job opportunities. Even there are currently few public or public-private business-development actors (meso structure), there are a number of stakeholders at the national, regional and local levels with which international development projects could partner. The long list of recommendations is mentioned below, the prioritized recommendations are elaborated below the table.

ACTOR	POTENTIAL APPROACH	INTERVENTION LEVEL	IMPACT ON	TIME PERSPECTIVE
Employment potential in MSME				
Chambers of commerce, training providers, USAID	Support selected value chain approaches (increasing the quality and quantity of products and companies, especially in rural areas; coordination with other donors such as USAID).	Meso/micro	Indirect	Medium term
Chambers of commerce, business associations, universities, consulting companies	Support cluster development in productive sectors (cluster strategies, cluster management, cluster services, international linkages).	Medium term	Indirect	Medium term
International donor organisations	Strengthen the capacities of public and private business-development actors, in part through management-skills training programmes (detailed actor analysis necessary).	Meso	Indirect	Medium/long term
Ministry of Environment, Ministry of Economy and Trade, municipalities	Create support programmes in the areas of resource efficiency, cleaner production, recycling and waste management (green economy approaches).	Meso/micro	Indirect	Medium term
Entrepreneurship promotion				
Incubators, accelerators, universities, municipalities, business associations	Create incubation programmes for start-ups in selected sectors (e.g., IT, health and agri-business, especially in areas outside of Beirut), offer support within the start-up ecosystem.	Meso/micro	Direct	Medium term
Training providers, banks, financial institutes	Offer financial-readiness support for growing companies, and links to international financing sources.	Micro	Indirect	Long term
Training providers	Support the development of management skills for necessity entrepreneurs.	Micro	Indirect	Medium term



Export and trade promotion				
Chambers of Commerce. Sectoral associations	Help strengthen the quality-assurance infrastructure in selected export-oriented sectors, especially outside Beirut and Mount Lebanon (e.g., metrology, standardisation, accreditation, testing and certification).	Meso/micro	Indirect	Medium term
IDAL	Help strengthen export and investment agencies' capacities (e.g., IDAL).	Macro/meso	Indirect	Medium term
IDAL, Chambers of Commerce, Associations of	Promote participation in international trade fairs and the creation of Lebanese product branding.	Meso/micro	Indirect	Short term
Lebanese Industrialists				
Customs authority, Ministry of Economy and Trade	Provide advice on improving the transparency and efficiency of customs procedures, thus reducing technical barriers to trade.	Macro/meso	Indirect	Medium term
Employment in the informal sector				
	Support the implementation of the planned law giving companies incentives to formalise.	Macro/ meso	Indirect	Medium term
Training providers	Provide management-skills training for selected informal sectors with growth potential.	Macro/meso	Indirect	Medium term
	Support co-operatives in rural areas in areas such as business creation, capacity-building.	Micro	Indirect	Short/medium term
Microfinance Institutes, Training provider	Provide financial-readiness training and links to micro-finance programmes.	Meso/Micro	Indirect	Medium term

Drawing from the comprehensive list of potential approaches, we present the following points based on priorities discussed in the ELMA stakeholder workshop.

## VALUE CHAIN APPROACHES

Value chain development is an economic-development concept that helps to develop the system around a certain product or service. A value chain is defined by a particular product and its markets, with the community of value chain operators including all enterprises that add value to the product on its way from raw material to the final consumer. Value chain development aims at strengthening the functioning of markets, improving access to jobs and influencing the distributive outcome of market processes.<sup>246</sup> The value chains of the agro-food processing sector were described by most stakeholders interviewed as being a promising target for further MSME-development and job-creation efforts. Participants in the stakeholder workshop indicated that many such support measures are already

in place (e.g., the CCIB food lab), but that there is a lack of coordination between the actors, a lack of incentives to comply with national-level quality standards and a lack of analytical research on value chain actors.

We thus propose the following potential measures:

- Analyse existing support and coordination programmes provided by other donors. (e.g., USAID).
- Conduct a comprehensive value chain analysis, studying companies and actors along the value chain (e.g., via the GIZ Tool Value Links).
- Map existing sub-sectors and create priorities for potential areas of intervention.
- Provide support to selected value chain approaches (e.g.,

increasing the quality and quantity of products and companies, especially in rural areas.

- Combine other activities with export-promotion measures (see below).
- Provide support for the enforcement of national laws, quality-control regulations and product testing in accordance with international (EU) standards.
- Help develop an awareness campaign, targeting companies and public institutes, promoting the importance and added value of quality-control systems.
- Support the transformation and transition of agricultural cultivation towards higher-value crops (see McKinsey strategy proposal).

## START-UP SUPPORT PROGRAMMES

While Beirut already has a growing start-up ecosystem, there is considerable potential for the creation of start-up support programmes in areas outside of the city. We propose the following potential measures:

- Provide training, mentoring and financial support to start-ups in selected sectors outside of Beirut (e.g., IT, health, agri-business).

## EXPORT PROMOTION

The experts interviewed for this report were unanimous in identifying export growth as one of the main sources for future job creation. Currently, 58 per cent of jobs in Lebanon are provided by firms that export 10 per cent or more of their output. Future growth in both the agricultural and industrial sectors will need to be export-driven. This requires efforts to ensure that SMEs are ready to engage in exporting, as well as measures enhancing export-promotion activities currently conducted by public and private institutions or other stakeholders.

Export-readiness approaches entail helping companies to fulfil the product and quality standards needed to enter export markets (a product-side approach; see also paragraph

McKinsey has identified the presence of further value chain development potential in the construction industry; for example, an end to the Syrian crisis would represent considerable opportunity for the industrial-construction sector. Considerable potential lies in the centralised production of construction parts using automated and optimised industrial technologies, which would in turn allow for integration across the construction value chain. The development of a special industrial-construction zone could spark the creation of medium- and high-skill jobs across Lebanon and Syria.<sup>247</sup> However, further analysis is needed to define potential development interventions associated with these approaches.

- Help companies in other regions and municipalities access services currently existing in Beirut (e.g., incubators, venture-capital funds).
- Provide support to regional and local start-up ecosystems in selected areas (e.g., by helping municipalities, start-ups, corporations and start-up support providers to connect with one another).
- Promote the creation of an umbrella organisation that can coordinate actors across the start-up ecosystem, and which can provide advice to incubators and other actors.

on value chains above). In its review of the country's export-promotion efforts, McKinsey concluded that the 'export promotion ecosystem is fragmented, with no clear roles and responsibilities.'<sup>248</sup>

We propose the following potential measures:

- Provide capacity-building measures for selected institutions and stakeholders (e.g., IDAL, Ministry of Economy, Central Bank/Kafalat, chambers of commerce, sectoral business associations).
- Help facilitate the coordination of export-promotion activities.
- Identify sector-specific export-market potentials, for instance by performing gap analyses (studying the gap between export-market requirements and SMEs' export readiness).
- Help companies modernise their branding and marketing concepts, for example through participation in international fairs.
- Provide advice on best export-promotion practices.

## INFORMAL SECTOR

Accounting for 50 per cent of the labour force, the informal sector plays an important role. The large size of the informal sector is partially due to excessive regulatory burdens within the labour market and the low quality of institutions, but also to the state's failure to deliver basic services, and the high number of refugees and foreign workers who lack residency or work permits. Most informal businesses engage in small-scale retail trade, personal services or vehicle-repair services. Scaling-up opportunities are limited due to business-model constraints and these entities' limited access to finance.

We offer the following recommendations with regard to enhancing employment creation in the informal sector:

- Support the implementation of the planned law providing companies with incentives to formalise (macro level).
- Improve regulation of the country's micro-finance sector

(needs to be done by the Central Bank), and work to place micro-finance institutions on a more stable financial footing (macro/meso levels).

- Provide financial-readiness training to informal companies, offer procedural support for companies wishing to formalise, and help companies gain access to micro-finance programmes (micro level).
- Provide management-skills training for companies pursuing selected business models in sectors with growth potential (based on an analysis of business models and including support programmes specifically targeting women in gender-relevant businesses).
- Provide co-operatives in rural areas with assistance in starting companies and help them build capacities more generally.

The World Bank has proposed holistic support programmes that combine interventions aimed at improving access to finance, reducing taxes and simplifying tax procedures for small firms.

## RECOMMENDATIONS: SUPPLY SIDE

Measures aimed at improving supply-side labour-market conditions, such as education and training programmes, should focus on helping workers take advantage of the job opportunities that are actually available. This is a challenge in Lebanon, where there is limited and incomplete information about labour-market trends, and where educational and training institutions function as insular entities. Participation in education and training programmes may also be hampered by cultural perceptions of what is considered appropriate work for different groups. All concerned stakeholders, whether in the public, private or civil society sector, must coordinate their efforts in order to address these challenges. The long list of recommendations is mentioned below, the prioritized recommendations are elaborated below the table.

ACTOR	POTENTIAL APPROACH	INTERVENTION LEVEL	IMPACT ON EMPLOYMENT	TIME PERSPECTIVE
Higher education				
Higher-education institutions, grant providers	Higher-education institutions, grant providers	Micro	Indirect	Medium term
Higher-education institutions, private sector employers	Support cluster development in productive sectors (cluster strategies, cluster management, cluster services, international linkages).	Micro/meso	Indirect	Medium term
Higher-education institutions, private sector organisation employers	Establish links with private sector entities, encourage job fairs, highlight success stories and promote internships as part of the university curriculum.	Micro	Direct	Short term
Private sector, INGOs	Establish or support networks providing mentoring and leadership training, with particular focus on helping women graduates achieve managerial positions.	Meso	Indirect	Medium term

Vocational training				
MEHE, private sector and unions	Support the work of the Higher Council for TVET with capacity building and exchange of best practices.	Macro	Indirect	Long term
MEHE, INGOs	Create or fund awareness-raising programmes regarding the benefits and potential of vocational training, targeting families and employers.	Meso	Indirect	Medium/long term
MEHE/Directorate of Vocational Education	Improve resource-allocation efficiencies in public TVET programmes by closing down schools/classes with few students, and reallocating resources to the purchase of practice materials.	Meso	Indirect	Medium/long term
MEHE and private sector	Help establish closer links between TVET programmes and the private sector, especially large companies, so as to ensure students receive practical training and placement after graduation.	Meso	Direct	Medium term
MEHE, INGOs and donors	Fund, hire and train career and academic counsellors within schools and other institutions to ensure that graduates are matched with open jobs or given the support needed to start their own businesses.	Micro/meso	Indirect	Medium term
INGOS and MEHE	Integrate soft skills and life skills training into TVET courses.	Meso	Indirect	Medium/long term
INGOS and private sector	Provide support in training 'master trainers' within companies, to ensure that vocational trainees receive the right guidance, leadership and training content during apprentices or internships.	Micro/meso	Indirect	Medium/long term
INGOs, NGOs, private sector	Work with private sector to ensure that short, non-formal training programmes provided by (i)NGOs are guided by labour-market demand, thus ensuring relevance and facilitating trainee placement.	Micro/meso	Direct	Medium/long term
Donors, INGOs, NGOS	Include funding for tracer studies in donor programmes, enabling beneficiaries' medium/long-term success to be tracked.	Meso	Indirect	Medium/long term
INGOs	Support the implementation of the measures mentioned in the TVET strategy.	Micro/meso/ macro	Direct/indirect	Short/medium long term
Life and soft skills training				
MEHE, higher-education and TVET training institutions	Include soft and life skills in training programmes and curricula.	Meso/micro	Indirect	Medium term



INGOs, private sector, associations	Provide mentoring services after the conclusion of training programmes, especially for youth and women from vulnerable backgrounds.	Meso/micro	Indirect	Medium term
INGOs	Include digital skills in programmes for youth from vulnerable backgrounds.	Micro	Indirect	Medium term
Skilled emigration				
INGOs and private sector	Create programmes training company employees to take on middle-management tasks and provide incentives to stay in Lebanon	Micro	Indirect	Long term
Private sector and NGOs, Associations	Create programmes creating incentives for diaspora members to return and found/co-found companies, or otherwise engage in local employment creation.	Meso/meso	Indirect	Long term
INGOs	Set up mechanism to channel remittances into productive investment as well as consumption.	Meso/macro	Indirect	Long term
Labour immigration				
INGOs, Vocational Training Centres	Train refugees and place them in the sectors in which they are allowed to work (only comprehensive programmes).	Micro	Direct	Short/medium term
Donors, INGOs, NGOs	Provide funding for work programmes with a balanced participation of refugees and native Lebanese.	Micro	Direct	Short term
INGOs, Associations and Unions	Create programmes to ensure good labour conditions for foreign and refugee workers; create awareness among workers about their rights.	Micro/meso/macro	Indirect	Medium/long term
Cultural perception of jobs and work				
Education institutions, INGOs and MEHE	Create society-wide awareness-raising programme focusing on breadth of well-remunerated existing and future jobs. Make clear that professions beyond law, medicine and engineering are relevant to the country and society.	Micro/macro	Indirect	Long term
Private sector, NEO	Work to increase labour-market transparency, so that available positions in areas such as technical professions are more visible (see job search).	Meso	Indirect	Medium term
MEHE, education institutions and NGOs	Promote idea of lifelong learning and career change.	Micro/macro	Indirect	Long term
Gender-specific aspects				
INGOs	Create comprehensive vocational and life/soft skills training programmes and mentorship services specifically targeting women, especially those who have never received or had access to training.	Micro	Direct	Short/medium term

Educational institutions, INGOs and private sector	Provide career guidance that encourages non-traditional career paths for women.	Micro	Direct	Short term
Private sector and INGOs	Support measures that enable women at all stages of life and in all areas of Lebanon to participate in the labour market; this must include the provision of safe transportation, child care services and safe working environments.	Meso	Indirect	Medium/long term
INGOs, Associations and Unions	Advocate for greater participation of women at the managerial level, both within certain professions and within public services and political organisations.	Macro	Indirect	Long term

## HIGHER EDUCATION

In order to properly link higher-education outcomes to labour-market opportunities, a career-guidance strategy should be implemented based on robust labour-market information. To this end, we recommend the following specific interventions:

- A career-guidance strategy should be developed based on input from the private sector. While this process can be led by the Ministry of Labour, it will require the establishment of reliable private sector input channels. International organisations could provide technical support in the development of this strategy, as well as capacity-building support for the different parties involved (including educational institutions) during implementation. The government, mainly MEHE, should formalise the strategy and ensure that it is communicated to all relevant stakeholders.
- Policies and practices must ensure that career-guidance services take the best interests and needs both of students and the national economy into consideration. Furnished with information and advice from the private sector, the NEO could be expanded into a youth job centre that works directly with schools and universities, building upon the entity's current youth-employment programme. Universities and training institutions could hold regular job conferences and fairs that help new labour-market entrants make considered career choices. MEHE could ensure that these measures are enforced in all educational institutions.
- Universities should introduce quotas when accepting students, especially in highly saturated disciplines. This could be enforced through government directives and the creation of nationwide standards by MEHE. In the process, students could also be re-directed to careers with greater demand for labour and provided with incentives to continue in these areas with targeted grants and scholarships. This could be implemented under the joint guidance of NEO and the private sector, based on the career-guidance strategy and working through NEO's Youth Job Centre.

Both the quality and the public perception of vocational education and training need to be addressed in order to increase demand for such services, and to ensure that graduates will be competent actors in the labour market. This will require

efforts from actors in the public, private and civil society sectors. In this regard, participants in the ELMA workshop made the following recommendations:

- The efficiency of the public TVET system should be enhanced by ensuring that funds are allocated to necessary tasks, including the provision of training materials, and by minimising expenditure in costly areas that achieve limited results. This would require the DGVTE to review the current organisation and structure of TVET, and to consolidate the number of TVET institutions. ELMA workshop participants also recommended reducing the number of TVET schools from 158 to 50, to better reflect the actual number of students. The DGVTE could additionally establish regulations ensuring that classes have a minimum of 15 students. International organisations could provide technical support in achieving this strategy.
- Awareness campaigns regarding the importance and potential of TVET should be implemented. These should be targeted campaigns. Messages directed at employers, should underscore the importance of decent salaries and working conditions to make technical jobs more attractive; those directed at families and their children should highlight the importance and potential of technical education as compared to higher education, whether for employment in Lebanon or abroad. Specific success stories could be selected and highlighted. This could be implemented by the DGVTE, with financial and technical support from international organisations.
- TVET institutions and providers should provide academic and career counselling. While the work of the TVET Council, a tripartite institution, could ensure that career-counselling programmes are furnished with proper strategies and robust information, the creation of a nationwide TVET job centre could also support this endeavour.
- The private sector should take a more active role in the development of TVET curricula and programmes. To facilitate this, sectoral and technical skills committees should be created; these could support TVET-promotion efforts by providing advice, defining needs and raising awareness. ECOSOC could serve as the lead actor in this process, providing a platform for collaboration between the private, public and civil society sectors. The private sector should also be directly involved in developing a TVET certification system based on actual labour-market needs.

## LIFE SKILLS AND SOFT SKILLS

Employers have identified a lack of life and soft skills as an important labour-market issue. For this reason, we recommend that both types of training should be incorporated into TVET curricula. International organisations could provide insights regarding these skills and best practices when teaching them. The DGVTE should ensure that curriculum of this kind becomes compulsory in all TVET programmes.

## RECOMMENDATIONS: LABOUR-MARKET MATCHING

The recommendations for matching demand and supply within the labour market primarily focus on gathering labour-market information, making the market more transparent, distributing this information to students and their parents, and supporting companies in improving their human-resources practices. In addition, labour rights and wages could be enhanced by strengthening the intermediary actors, and by expanding societal awareness regarding these rights. The long list of recommendations is mentioned below, the prioritized recommendations are elaborated below the table.

ACTOR	POTENTIAL APPROACH		IMPACT ON	TIME
Labour-market information				
NEO (lead), private sector	Establish a regularly updated and centralised labour-market information system at a public institution (NEO or MoL). This should contain key quantitative statistics such as employment rates by age group, gender and sector, as well as unemployment rates.	Macro	Indirect	Medium term
NEO (lead), ECOSOC	Create a roundtable process to discuss qualitative aspects of the labour market. Participants should include public and private sector representatives, HR service providers, TVET centres and NGOs. Key goals would be to develop qualitative data and initiate collaboration.	Meso	Indirect	Medium term
Career guidance				
NEO	Create a career redirection and skills-matching system for job seekers who are unable to find a job in the profession for which they are trained, or who are returning to Lebanon after some time abroad. This should be part of NEO's service portfolio.	Meso	Direct	Short term
NGOs, international donor organisations	Provide support for volunteer job placements. Currently, the market for volunteer jobs lacks transparency. This would help students, new graduates and others gain relevant work experience.	Micro	Direct for volunteering; indirect for jobs	Short term

Job search				
NEO, private companies	Encourage companies, organisations and placement/ recruiting agencies to advertise open positions with NEO, thus creating a central platform listing all available jobs. Ask companies what incentives would be necessary to persuade them to use NEO's services and platform. A platform of this kind would make the job market more transparent.	Meso/macro	Indirect	Short term
NGOs, private sector, international donor organisations	Support initiatives (internet portals, fairs or markets) that linking freelancers with potential clients. Such services are already available in the ICT sector; similar programmes could be carried out in other sectors such as the creative industries, handicrafts, etc.	Meso	Indirect	Short term
Recruiting and retaining staff				
Chambers of commerce, ALI	Create awareness-raising programmes highlighting the benefits deriving from investment in training and open corporate cultures, and which provide information on future job opportunities (modern workplace tasks and organisation, digitalisation, decline of hierarchies, etc.)	Micro/macro	Indirect	Long term
International donor organisations (lead), chambers of commerce, ALI	Provide companies of all sizes with training on good recruiting and employee-retention practices. Provide MSMEs in particular with support in establishing basic human-resources structures and processes that meet modern workplace requirements, for example by distributing responsibilities across teams.	Micro	Indirect	Medium term
Wages and collective bargaining				
International donor organisations, ECOSOC	Provide unions with capacity-building training, with the goal of helping them recover a meaningful collective-bargaining role.	Meso	Indirect	Long term
International donor organisations, ILO, NGOs	Collaborate with unions on other labour-market topics. This could include awareness-raising campaigns focusing on the importance of good labour conditions.	Meso	Indirect	Long term
Social protection				
International donor organisations	Support the government in its efforts to reform the National Social Security Fund, so as to provide broader and better protection.	Macro	Indirect	Long term



## ESTABLISH A LABOUR-MARKET INFORMATION SYSTEM

As current labour-market data is not actively tracked on an ongoing basis, it is difficult to ensure that labour-market policies and activities accurately reflect current needs. Many interview partners cited this dearth of good information as an underlying factor in the inefficacy of labour-market interventions and the mismatch between skills and labour-market needs.

Thus, Lebanon needs a public, centralised system that collects and publishes up-to-date labour-market data. Key indicators should include the size of the economically active population; employment rates by sector, gender and age groups; and unemployment rates. The actors best suited to this task are the National Employment Office and the Ministry of Labour, as they are in charge of work permits, labour-market policies, and efforts to match labour demand and supply more generally.

## ESTABLISH A CENTRAL PORTAL FOR JOB ADVERTISEMENTS AND SEARCHES

Lebanon has no primary platform through which companies look for employees and job seekers look for vacancies. Most recruiting is still informal, and the job market is therefore very non-transparent.

Lebanon thus needs a functional central platform through which all such vacancies are registered. The platform should contain jobs of all kinds, ranging from entry level to senior management positions. The National Employment Office would be the logical organisation to host this platform, but all companies, organisations and placement/recruiting agencies should contribute to it. The NEO currently has an online database, but it does not operate properly.

The new platform should be available online and as an app, but the content should be also accessible in the NEO offices, enabling some guidance from the organisation's staff. The NEO could also help employers find the right employees using the database of registered job seekers. In addition to helping match applicants with jobs, this would also help gather critical labour-market data, particularly regarding the characteristics of open jobs and job seekers.

International donor organisations could provide funding and technical support for the development of the portal and app, and ensure that the processes needed to deploy the platform effectively are implemented.

This system should provide job seekers and employers with incentives to register. Every job-seeker should receive job search and placement support. Employers would also need to participate in the survey and provide specific information on their current employee. To provide employers with an incentive to participate, they could be provided with training on human-resources management best practices (see below) or given preferred treatment with regard to labour permits or other ministry services. Alternately, the provision of such information could be made legally obligatory, as is the case in some other countries.

International experts could provide Lebanese institutions with support in designing and establishing such a system. International donor organisations could help fund the experts' participation, while also covering operating costs for a limited time.

## TRAIN COMPANIES IN RECRUITING, RETENTION PRACTICES AND LABOUR LAW

Even the best labour-market improvement measures will be unsustainable unless companies and other employers change their recruiting and employee-retention practices.

Therefore, companies of all sizes should be trained in good recruiting and staff-retention practices. This would show employers how to search for good employees, and how to create an inspiring and desirable work environment. In addition, MSMEs in particular should be shown how to establish basic human-resources management structures and up to date processes. Companies need to understand the long-term value of these practices, and see the benefits associated with investing in staff retention.

The Association of Lebanese Industrialists, the various chambers of commerce, and sector-specific syndicates and associations would all be natural partners for this kind of training. International HR experts could also train trainers currently working within existing Lebanese training institutions, helping to put these topics on the agendas of business-services providers.

International donor organisations could create or fund awareness-raising campaigns focusing on human-resources management best practices and trends or could even develop the training content. However, the training programmes themselves should be conducted by local organisations, with some financial contribution by the companies benefiting.







# APPENDIX









# APPENDIX

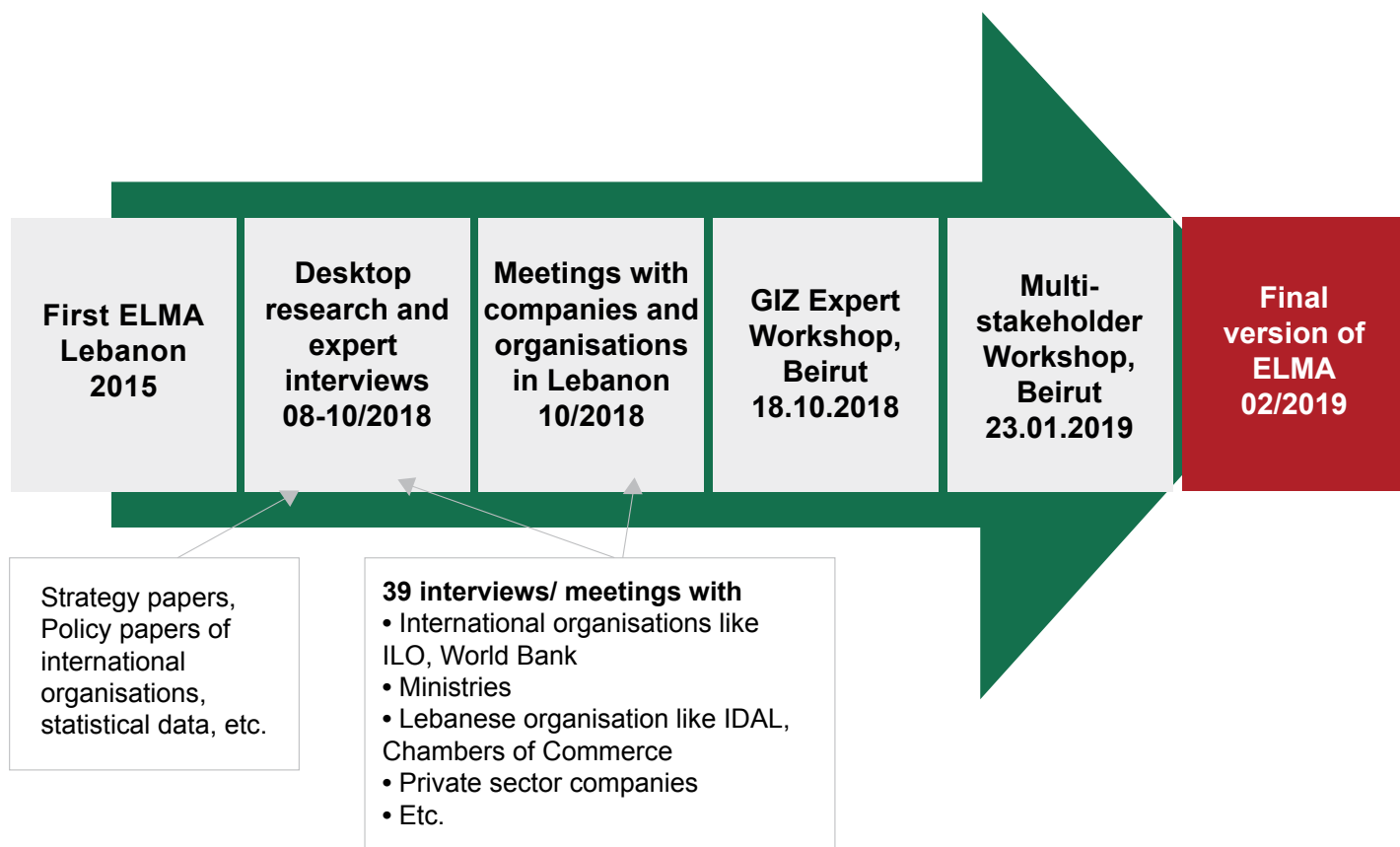
## APPENDIX 1: METHODOLOGY

Employment and Labour Market Analysis (ELMA) is a methodological tool developed by GIZ. It provides a comprehensive analysis of the constraints and potential for employment creation and serves as a basis for recommendations for international development interventions. So far, GIZ has published about 13 ELMAs in different countries.

For this ELMA Lebanon, the following research methods were used (see Figure 30 below for an overview):

- **Review of ELMA 2016:** GIZ published an ELMA Lebanon in early 2016. Due to recent developments and a number of new / upcoming projects, GIZ felt that the 2016 ELMA needed a revision. Thus, the process began with a close review of the ELMA and discussion with the first ELMA's authors.
- **Desktop research:** As there are numerous studies of the Lebanese labour market and related topics, the authors reviewed existing reports, strategies, policy papers as well as statistical data to get a good understanding of the landscape and current state of discourse. The bibliography in Annex 2 provides an overview of sources for the ELMA.
- **Expert interviews via phone and meetings in person:** The authors conducted 39 interviews with experts from ministries, Lebanese and international organisations, governmental and non-governmental organisations, development banks, companies and private sector associations to get first-hand information on the current situation of the Lebanese economy, its framework conditions, as well as education, employment and the labour market. An overview of these resource persons is found in Annex 3.
- **GIZ Expert workshop:** The authors presented their first results in a workshop to the employment, TVET, livelihood and private sector experts of GIZ and KfW Lebanon in October 2018. The aim was to discuss the findings and make sure the study is relevant to the work of people working in this field.
- **Multi-stakeholder workshop:** Prior to the study's finalisation, GIZ invited 70 experts and practitioners in the field of labour market policies, employment activities, human resources management and donor support to elaborate the recommendations of the ELMA and discuss next steps in their implementation.

*Figure 30: Overview of research methodologies employed in ELMA Lebanon 2019*



# APPENDIX 2: BIBLIOGRAPHY

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## APPENDIX 3: RESOURCE PERSONS

We thank all our interview partners for their openness and the valuable insights that they shared with us between September and November 2018.

NAME OF ORGANISATION OR COMPANY	NAME	POSITION
American University of Beirut	Melina Harb	Director Career and Placement Services
Association of Lebanese Industrialists	Talal Hijazi	General Manager
Berytech	Ramy Boujawdeh	Deputy General Manager
Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon	Roger Khayat	Economic Advisor
Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon	Lana El Tabch	Executive Economist
Code& Dot	Ahmad Al Kassas	Co-founder
Consultant for Unions	Ghassan Sleibly	Consultant
Damj Design and Craft	Ahmad Khouja	Owner
Deutsch Center	Thomas Wegener	Owner
Economic and Social Fund for Development	Haitham Omar	Managing Director
EYG Foundation	Nour Dia Yaman	Head of Foundation
Gardenia foods	Nicolas Abou Fayssal	CEO
GIZ International Service, ProVTE	Janet Gohlke-Rouhayem	Key Expert practice oriented VTE
GIZ International Service, ProVTE	Nada Mouzannar-Melki	Expert in Lebanese VTE system
GIZ, Construction & Training Programme (ConTra)	Jens Kambeck	Head of Programme
GIZ, QUDRA - Resilience for Syrian refugees, IDPs and host communities in response to the Syrian and Iraqi crises	Afsana Rezaie	Advisor, Skills Development
GIZ, QUDRA - Resilience for Syrian refugees, IDPs and host communities in response to the Syrian and Iraqi crises	Haikal el Abed	Team Leader
GIZ, Local Development Programme for Deprived Urban Areas in North Lebanon (UDP-NL)	Doris Darwish	Advisor, Income & Employment Generation
GIZ, Local Development Programme for Deprived Urban Areas in North Lebanon (UDP-NL)	Toufic Nakhoul	Technical Advisor
HireLebanese	Rabih Mogharbel	Founder
ILO	Lama Oueijan	Senior Specialist/ Employers Activities
ILO	Zeina Mezher	National Project Coordinator, Work in Freedom and Migration

ILO	Tariq Haq	Senior Employment Policy Specialist,
ILO	Simon Hills	Chief Technical Advisor
Investment Development Authority of Lebanon	Abbas Ramadan	Business Analyst
KfW	Nadine Weber	Local Economic Development
KfW	Klaus Kirchmann	Senior Consultant
LEAD Healthcare Consultancy	Ahma Mustafa	Managing Director
LIFE Lebanese International Finance Executives	Zeina Mhanna	Director Project Management
LOST Lebanese Organisation of Studies and Training	Rami Lakkis	Founder and General Manager
Makhzoumi Foundation	Anass Charara	Project manager
Memo SARL	Mazen Shbaro	Co-Founder
Ministry of Economy and Trade	Johnny M. Matta	Senior Enterprise Policy Officer
Ministry of Education and Higher Education, DG	Salam Younes	Director General
Ministry of Industry	Youssef Bteich	Information Officer
Ministry of Labour	Georges Ayda	Director General
Ministry of Social Affairs	Judge Abdallah Ahmad	Director General
DNY Group	Tarek Dajani	Chairman
Moubadarat wa Kararat Association	Dal Hitti	Founding President
National Employment Office	Jean Abi Fadel	Director General
Halwany Consumer Products SAL	Cynthia Bakhos	Human Resource Manager
Professional Computer Association	Camille Moukarzel	President
The World Bank	Haneen Sayed	Program Leader for Human Development
The World Bank	Angela Elzir Assy	Labour and Social Protection Specialist
T-Marbouta	Abdul Rahman Zahzah	Co-founder
UNDP	Tom Thorogood	Chief Technical Advisor
UNICEF	Jackline Atwi	Child Protection Officer
USAID	William M. Butterfield	Director, Economic Growth Office
Younes Café	Amin Younes	Managing Partner
	Balsam Madi	Architect



## APPENDIX 4: ENDNOTES

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