



LIVELIHOODS SECTOR

PEOPLE IN NEED

 661,516

PEOPLE TARGETED

 65,557

REQUIREMENTS(US\$)

 2017 195.7 million
2018 196 million

PARTNERS

 49

GENDER MARKER

 2a

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SECTOR OUTCOMES

Outcome #1

 195.7 m

Local economic development and market systems are stimulated to create income-generating opportunities, reduce unemployment rates and protect vulnerable people, particularly youth and women, against risks and shocks.

Indicators

Number of new commercial linkages for existing Lebanese MSMEs (new contract, client, market accessed)

Number of target Lebanese MSMEs that report increased profitability, improved production as a result of programme activities

Total number of job created/maintained

Number of Lebanese MSMEs supported

Number of value chains valorised and/or being upgraded

Number of targeted vulnerable persons employed through public infrastructure and environmental assets improvement (30% women)

Number of targeted job seekers supported by employment service centers and/ or skills training who access employment (at least 30% women)

Number of regulations related to Decent Work amended and/or proposed approved by the Government

Number of policies, strategies and plans amended, formulated and/or proposed to the Government to improve the enabling environment to job creation.

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POPULATION BREAKDOWN

POPULATION COHORT	PEOPLE IN NEED	PEOPLE TARGETED	51% Female	49% Male
 Lebanese	300,000	38,457	19,113	19,329
 Displaced Syrians	294,117	23,873	12,414	11,459
 Palestine Refugees from Syria	5,625	966	488	478
 Palestine Refugees in Lebanon	61,774	2,261	1,142	1,119

Situation analysis and context

Livelihoods in Lebanon have been severely affected by the demographic and economic shocks brought by the Syrian conflict, which has impacted key drivers of growth such as construction, the service economy and tourism.¹ⁱ As a consequence of the cumulative impacts of the crisis, Lebanon's GDP growth fell from an average of 9 percent from 2007-2010 to less than 2 percent a year since 2011.ⁱⁱ Moreover, the crisis cost the Lebanese economy an estimated US\$13.1 billion since 2012 due to lost fiscal revenues and additional pressure on public services.²ⁱⁱⁱ Exports have decreased by one third since 2011 due to the loss of overland transport routes (which all pass through Syria, and which has worsened with the closure of the Jordan-Syria border in 2014) and because alternative options by air or sea remain expensive.^{iv} The price of importing raw materials has also risen throughout this period, driving an increase in production costs that has reduced the competitiveness of Lebanese firms.^{3v} Finally, farmers (agriculture accounts for 10 percent of Lebanon's workforce, with a high concentration of poverty in rural areas), are often unable to value their harvest in a timely manner, with income, labour and markets all adversely affected by the closure of the border.^{vi}

This downturn has exacerbated an already challenging economic situation for the poorest members of the host communities and displaced persons from Syria. Despite high levels of human development and tertiary education, between 27 and 30 percent of people in Lebanon lived beneath the national poverty line before the crisis.^{4vii} Poverty levels are highest in the North and South, and in small, dense pockets in the suburbs of large towns.^{5viii} Unemployment and high levels of informal labour were also a serious problem pre-crisis with the World Bank calculating that the Lebanese economy would need to create six times as many jobs simply to absorb the regular market entrants.⁶ The macroeconomic ramifications of the crisis were projected as severe, having pushed an additional 170,000 Lebanese into poverty and deepening poverty where it already existed.^{ix} The increase of the workforce due to the presence of displaced Syrians has increased competition for low-skilled jobs, and worsened work conditions.

Cumulatively, these factors have a disproportionate effect on young people and others who are entering the workforce with the youth unemployment rate 3-4 times higher than the total unemployment rate.^{7 x} High youth

unemployment has to be seen in conjunction with high emigration rates as lack of opportunities for youth is a prominent push factor – Lebanon ranks 122 out of 140 countries with regards to retaining talent on the Global Competitiveness Index – which in turn limits economic growth.^{xi}

Furthermore, displaced persons from Syria have tended to settle in areas that were already extremely poor. In some localities, unemployment is now nearly double the national average, placing considerable strain on host communities.^{xii} The majority of Lebanese households in these areas report a decrease in income over the past two years, which correlates with higher levels of household borrowing.^{xiii} Nearly 90 percent of people living in poor areas perceive an increase of unemployment in the past six months.^{8xiv} For the poorest Lebanese, access to employment remains extremely difficult: for example, the NPTP database shows that only 70,000 of its beneficiaries (out of over 100,000 households – amounting to 460,000 individuals in total) have access to work. Out of these, only 20 percent have access to full time employment (but remain poor) while the others rely on seasonal (22 percent) or temporary (58 percent) employment. In addition to the social programmes provided by NPTP, livelihoods support is therefore becoming crucial to help these households access income in order to lift half a million Lebanese out of poverty.⁹ Until this happens, the major consequence will be that job shortages are consistently and clearly mentioned not only as the primary need of all groups, but also as the main source of tension between communities, regardless of gender or age group.^{10xv} New livelihoods opportunities are needed to prevent the escalation of economic grievances, which are a powerful driver of conflict and instability. This is particularly true for young people given the link between underemployment, the sense of despair they report, and propensity to violence.^{xvi}

NPTP data on vulnerable Lebanese

Number of households	105,742
Number of NPTP beneficiaries in employment	69,430
Number of NPTP beneficiaries in permanent employment	14,231
Number of NPTP beneficiaries in seasonal employment	15,453
Number of NPTP beneficiaries in temporary employment	39,746

(1) According to recent estimates by the World Bank, the Syrian crisis cost Lebanon US\$2.6 billion between 2012 and 2014, of which US\$1.1 billion came from lost revenue and US\$1.5 billion from increased expenditure related to the new demand for public services.

(2) According to the *Lebanon Statement of Intent* (London conference) - The World Bank has estimated that Lebanon has incurred losses of US\$13.1bn since 2012 out of which US\$5.6bn in 2015 alone (over 11 percent of GDP).

(3) In 2011 (pre-crisis), Lebanon ranked 93 out of 139 (66.9 percent) against 101 out of 140 in 2016 (72.1 percent).

(4) The National Poverty Line reaches US\$3.84/person/day.

(5) In Wadi Khaled unemployment is estimated to be 58 percent.

(6) The informality rate was estimated at 50 percent by the World Bank 2010 MILES report, p.19.

(7) According to recent estimates, up to 80,000 Syrians (mainly youth) are unemployed.

(8) However, it should be underlined here that given that no labour market survey has been completed since 2009, there is no official unemployment figure to back this statement.

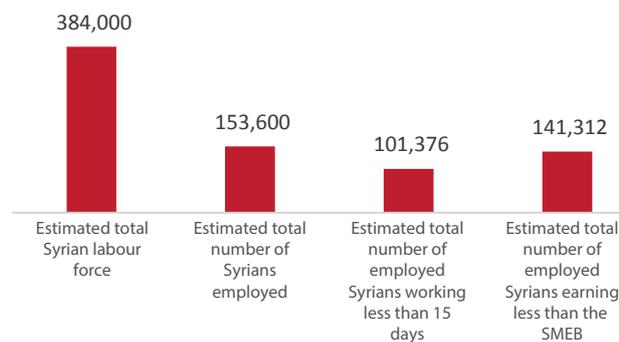
(9) Data based on the number of beneficiaries provided by the NPTP to the Inter-Sector on October 2016.

(10) According to the 2015 Food Security and Livelihoods Assessment of Lebanese host communities more than half of interviewed Lebanese households reported having incurred debt in the last 24 months. In addition, the Impact Evaluation Report of the Lebanon Host Communities Support Programmes also clearly shows that negative stories from host communities related to displaced Syrians are now clearly concentrated around livelihoods and employment, particularly for youth, which was not the case in previous years.

For displaced Syrians, the economic situation remains desperate. Overall, 70.5 percent of Syrians registered as refugees with UNHCR live beneath the national poverty line and one out of two displaced Syrians is unable to afford the survival minimum expenditure basket.^{xvii} This situation continued to worsen slightly in the last year, after a sharp deterioration between 2014 and 2015, due to the depletion of assets accompanying prolonged displacement, as well as of the effect of new regulations on residency renewals. It should be noted that the increase in direct humanitarian assistance in the form of cash transfers between 2015 and 2016 helped stabilize the situation of displaced Syrians, but has not been sufficient to improve their overall livelihoods situation.¹¹ This is confirmed by the fact that nearly all (98 percent) displaced households progressively engage in negative coping strategies.^{xviii} The situation of displaced Syrians is particularly acute in Hasbaya, Baalbek and North governorates, where four out of five are unable to meet their survival needs.^{xix}

Displaced Syrian Labour Force

(ILO estimates on registered and unregistered Syrians)



Recent estimates suggest that the Syrian labour force in Lebanon constitutes an estimated 384,000 people, of which about 36 percent are estimated to be unemployed.^{12 xx} However, two thirds of those displaced Syrians being considered employed worked less than 15 days per month, and 92 percent earn less than the survival minimum expenditure basket, suggesting high rates of underemployment. Furthermore, the labour force participation rate of Syrian females is very low at about 12 percent, lower than the female labour force participation last reported in Syria in 2011. On average, one person per displaced household is working and in charge of providing for their entire family.¹³ This is even more critical for female headed household for which 61 percent do not have a working member, further exposing them to engaging in negative coping strategies. Displaced Syrians who have found work congregate primarily in sectors that have traditionally

(11) In November 2016 the WFP voucher is back at the original US\$27 against US\$13.5 in June 2015, and 49,000 households now receiving multi-purpose cash assistance.

(12) This estimate includes Syrians registered with UNHCR as well as those not registered with UNHCR.

(13) From VASyR 2014 to the Syrian Refugee Livelihoods dashboard produced in May 2016 based on average figures of Household Visits carried out between December 2014 and February 2015, the average of one working member per Household remains constant. However, 36 percent of Household do not have any working members.

used Syrian labour, such as agriculture (28 percent) and construction (12 percent).^{14 xxi} Nonetheless, the working conditions for displaced Syrians are rapidly worsening, as they rely almost exclusively on temporary and informal work.^{15xxii} Recent analysis of Livelihoods data showed that displaced Syrians are primarily engaged in temporary work, and that the average monthly earning is only US\$ 200 for 18 days of work per household, or less than half of the minimum survival needs.^{16 xxiii}

Informality and the growing lack of legal residency for displaced Syrians have increased risks of exploitation in the workplace (lower pay, longer hours, exploitation by sponsors and more hazardous conditions),^{xxiv} and for reduced the possibility of legal recourse, which in turns creates a downward spiral impacting decent work in Lebanon.¹⁷ This is particularly the case for displaced Syrian women, who are often new to the labour market and therefore even more vulnerable to exploitation as they try to provide for their families: for example, income from work for women is typically half the one earned by men for the same number of days.^{xxv} A key illustration of this overall degradation in working conditions is the increase in child labour, which reaches over seven percent of Syrian children and has increased in parallel from two percent pre-crisis to over six percent for Lebanese children.^{xxvi} Again, female headed household are more vulnerable in this respect as they are 62 percent more likely to engage their children in work.^{xxvii}

Among Palestine Refugees in Lebanon unemployment has also risen sharply to 23 percent in 2015, while unemployment in this community^{xxviii} was comparable to the Lebanese rate of eight percent at the start of the Syrian crisis. The challenges facing young people are even higher: 74 percent of adolescents among the Palestine Refugees in Lebanon live in poverty, and five percent in extreme poverty. Unemployment among Palestine Refugees from Syria stands at a staggering 52.5 percent (rising to 68.1 percent for female members of the community). As a result, 89 percent of Palestine Refugees from Syria are in poverty and nine percent are living in extreme poverty and are unable to meet essential food requirements.^{xxix}

To make progress in job creation, support for Lebanese micro, small and medium enterprises (MSMEs) is paramount. These entities account for 177 percent of the net job creation increase between 2005 and 2010, and are a crucial source of economic opportunity.^{xxx} MSMEs employ over 50 percent of the population, in

(14) Syrian nationals in Lebanon are allowed to work in the fields of agriculture, construction, and environment, as per the Minister of Labour decision #218 of December 2015.

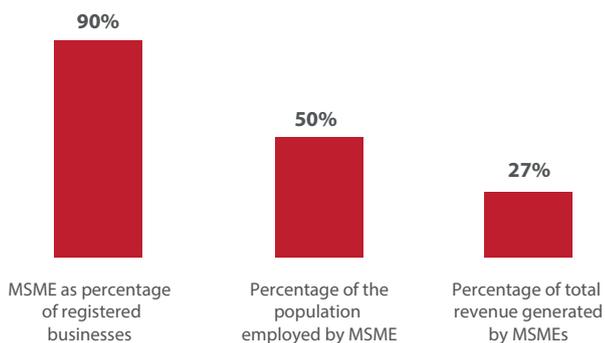
(15) This is due to the fact that Syrians work informally, with the Ministry of Labour reporting that only 2,067 Syrians had applied for work permits since the beginning of 2013. The Ministry of Labour, in its 2014 Annual Report, reported that out of 1,814 new applications by Syrians for work permits, 758 were approved. The report also indicated that 810 work permits for Syrians were renewed in 2014. According to the 2015 report, only 1,102 new work permits and 1,048 renewed work permits were granted to Syrians last year. This brings the total of Syrians formally working in Lebanon to 2,150.

(16) The Survival Minimum Expenditure Basket is estimated at US\$435 per household per month.

(17) Only 20 percent of displaced Syrian Household have legal residency for all their members according to VASyR 2016, against 58 percent in 2014.

particular with 30 percent of the employed population being self-employed.^{18 xxxi} While there is little evidence of direct harm to the sector arising from competition with informal Syrian businesses, MSMEs have suffered from the wider economic downturn underlined above.^{xxxii} In parallel, MSMEs continue to be hampered by a range of factors including access to start-up or expansion capital, inadequate labour market information or skill gaps, and limited opportunities for value addition and vertical integration.^{xxxiii xxxiv} Weak regulations and enforcement limit MSMEs productivity, as do factors such as the size of the domestic market, limited access to financial services (especially for informal and women led businesses), stringent foreign market access conditions, skills gaps in the labour force, and high rates of migration among young professionals.¹⁹ This degradation in the general enabling environment is also illustrated by the fact that Lebanon has kept on drifting from the 122nd to the 126th ranking in the World Bank doing business indicators since the beginning of the crisis.^{xxxv} As a consequence of this, the contribution to employment generation made by new firms in Lebanon is less than would be expected when compared to other regions.^{xxxvi}

MSMEs contribution to the Economy



Nonetheless, there are a number of promising trends. Lebanon ranks high in the Global Entrepreneurship Monitor with regards to social and cultural attitudes to entrepreneurship (3rd) and entrepreneurship education (6th), but falls behind in particular on physical infrastructure (61st) and government policies supporting the entrepreneurial ecosystem (53rd).^{xxxvii} Tourism is slowly starting to recover, with the number of visitors now reaching the highest levels since 2011; and analysis conducted independently by both the World Bank and UNDP, has documented the potential for MSMEs to develop further in ICT, where there have been successful start-ups, in the agro-food sector and in construction.^{xxxviii} Pharmaceutical capacities and exports have also increased significantly over the past five years.^{xxxix} Apart from construction, environment and agriculture (which

(18) MSMEs represent more than 90 percent of registered firms, employ 50 percent of the working population, but contribute only 27 percent of total revenues, well beyond their potential.

(19) Five challenges are considered cross-cutting across the MSME ecosystem in the Ministry of Economy and Trade SME strategy: (1) the growth barrier, especially for SMEs which are unable to break through the next stages of growth; (2) a lingering old economy delaying the transition to the knowledge economy; (3) a changing business environment; (4) economic uncertainty and cash stressing due to the slowing of business cycles combined with inadequate financing measures; and (5) uncoordinated institutional framework leading to limited concerted efforts.

contributes to 4.7 percent of total GDP and represents roughly 10 percent of the workforce)^{xl} are frequently cited among the most promising economic sectors in Lebanon.^{xli} The former encompasses promising industries such as waste recycling and green and renewable energies. According to the Ministry of Energy and Water, 45,000 jobs could be created in the Renewable Energy Industry up until 2020.^{xlii} An economic review of agricultural labour shows that with additional investments in agriculture and in the limiting case in which all fallow land and ten percent of abandoned land are used for cultivation, approximately 14,000 additional full time positions could be afforded for family members (mainly Lebanese) and about 4,200 full time positions could be available for non-family labourers (largely Syrian).^{xliii} This assumes that market demand for agricultural products would be addressed simultaneously.

On the supply side, a major challenge to economic growth and job creation stems from the existence of a 'skills gap' in the Lebanese marketplace.^{xliv} Despite high levels of tertiary education, Lebanese companies complain about not finding the skilled labour they need. Recent assessments show that young people are enthusiastic about career guidance and vocational training, which matches the demands of the market, in areas such as computing, handicrafts, program management, agriculture, construction, welding, hairdressing, painting and car mechanics.^{xlv}

While the overall response to the international crisis has had some positive impact on the Lebanese economy, it has not balanced the economic and investment loss linked to the impact of the Syrian crisis.^{xlvi} In this context, the Livelihoods sector has been unable to significantly mitigate the situation described above. In the past two years, Livelihoods partners have worked hard to implement the expanding range of activities of the sector strategy, notably by putting an increased focus on local economic development and support to small businesses and value chains. The sector has also strengthened their analysis of market needs and aimed at providing integrated employability support to vulnerable groups, through skills training, career guidance and internships, while providing short-term opportunities through the implementation of labour intensive projects. However, with 32,000 beneficiaries and 540 small businesses reached over two years, this has not happened to scale, primarily due to a lack of funding. Despite the increased attention given to economic opportunities and jobs at the London Conference in February, and the steps taken by the GoL in line with its Statement of Intent, notably through the amendment of the 'pledge-not-to-work' into a 'pledge to abide by Lebanese laws and regulation', as of October 2016, Livelihoods remains the most underfunded sector of the LCRP, with only 13 percent of the sector appeal secured. In particular, few long-term programmes aimed at supporting the capacity of national systems and markets to create jobs or income have started.^{xlvii}

Overall sector strategy

The overall objective of the Livelihoods strategy is to contribute to the alleviation of the socio-economic shock of the Syrian crisis on the most vulnerable groups, especially youth and women, by improving their access to income and employment. The sector aims to do so by supporting the creation and preservation of 7,900 jobs per year until 2020.

In this respect, the Livelihoods sector primarily contributes to stabilization. It does so by stimulating local economic development and market systems to create income generating opportunities, reducing unemployment rates and protect vulnerable people against risks and shocks by strengthening the business eco-system, investing in productive infrastructure, empowering Lebanese MSMEs, improving employability and decent work conditions. This directly contributes to the fourth strategic objective of the LCRP 2017-2020: reinforcing Lebanon's economic, social and environmental stability, especially as it will also mitigate competition for jobs as one of the main drivers of inter-community tensions.

The Livelihoods sector therefore contributes to the economic opportunities and jobs component of the Statement of Intent of the Lebanese Government to the London Conference. The Statement of Intent *"is proposing a new combination of interventions that aim to stimulate the economy by investing in several areas that will provide a solid foundation for sustained economic growth and trigger business expansion at the same time as directly providing additional job opportunities for both Lebanese and Syrians. Through these interventions, an estimated total of 300,000 to 350,000 jobs are expected to be created, 60 percent of which could be for Syrians"*.²⁰xlvi The Livelihoods strategy will particularly contribute to the creation of temporary, seasonal and full time employment opportunities through the support to municipalities and local economic development, productive infrastructure, and to micro, small and medium enterprises. This will be complemented by other job creation efforts through large infrastructure investments from concessional loan sources.

In doing so, the sector interventions will support the strategies and frameworks of key ministries, in particular the GoL's Stabilization Roadmap, the Ministry of Economy and Trade SME strategy, the Ministry of Agriculture 2015-19 Strategy and the Ministry of Labour's National Action Plan to Eliminate the Worst Forms of Child Labour. The sector will also support the Ministry of Industry as well as the Council for Development and Reconstruction. All interventions will be in line with the applicable legal frameworks on labour and employment, and with the Government policy paper on Syrian Displacement to Lebanon.

Interventions in the Livelihoods sector will remain rooted

(20) The Lebanon Statement of Intent for the London Conference held in February 2016, further specifies the intent to *"ease the access of Syrians to the job market in certain sectors where they are not in direct competition with Lebanese, such as agriculture, construction and other labour-intensive sectors."*

in the 'Making Markets Work for the Poor (M4P)' approach, which promotes the sustainability of economic gains and was the underlying basis of most activities of the sector in 2015-16. Vulnerable groups face several market constraints in their capacity as employees, employers or consumers, including lack of information, skills, or quality products and services. M4P aims to change the way market systems work so they become more effective and sustainable for the vulnerable Lebanese to improve their livelihoods, and ultimately benefit displaced Syrians as well. The M4P approach is founded on enhancing the capacity of local service providers, as well as MSMEs, to increase employment opportunities and ensure inclusive and sustainable economic development. The M4P approach also embeds the humanitarian "do-no-harm" principle in limiting interventions that might distort markets, such as interventions providing support and new opportunities to a group of beneficiaries at the expense of another already established one.²¹

The theory of change underpinning the overall Livelihoods strategy is that if the sector simultaneously provides balanced support to the supply and demand side of labour, as well as the general enabling environment for job creation, while providing shorter term economic opportunities, and working on improving decent work conditions, then livelihoods of vulnerable groups, especially youth and women, will be improved.

In terms of work on the demand side of the labour market, the Livelihoods sector will aim at supporting the private sector in creating jobs, either through value chain development approach or MSMEs support. While recognizing that sustained job creation can only be achieved by the private sector rather than by international partners, the Livelihoods strategy is built on the premise that businesses need support to boost their development and their job creation capacity, especially in the most vulnerable areas. The Livelihoods sector will strengthen its current engagement with the private sector in Lebanon to ensure the highest efficiency of its programming: the sector will therefore develop a platform to engage private sector representatives in joint dialogue and include them in the coordination structure of the sector. In addition, the sector will need to provide guidance to partners on private sector engagement. Livelihoods partners will pro-actively consult the private sector during the program design and throughout the program lifecycle.

The sector will also need to significantly strengthen its monitoring and evaluation framework in order to ensure it is tracking its impact on job creation properly. In order to do so, Livelihoods partners working on developing private sector capacity to create jobs will systematically follow up with the businesses they support in order to track the impact of their programme. This will include monitoring not only the impact on business expansion and access to markets, but also tracking how many jobs are created or maintained by these businesses,

(21) For more information on the M4P approach see: <http://beamexchange.org/en/>

by population cohorts. In addition, as many sectors and activities in the LCRP are indirectly contributing to creating jobs, the Livelihoods sector will take the lead in consolidating the job creation impact of the LCRP and its partners.

Livelihood interventions aim to directly support 2,750 Lebanese micro, small and medium enterprises, start-ups and cooperatives, which in turn will contribute to creating or maintaining 5,600 job opportunities in 2017. This will be achieved through fostering local economic development in the most vulnerable areas, where poverty and unemployment are concentrated, and where private sector actors, Lebanese MSMEs and entrepreneurs need support to develop new commercial linkages, expand productivity and ultimately create jobs. The sector will particularly aim at boosting the capacity of small businesses and entrepreneurs in vulnerable areas, which are, as underlined above, the main job creators in Lebanon, by providing support packages (including business management training, access to finance, grants and technology transfers) to the creation of new Lebanese businesses and expansion of existing ones.²² Considering the high share of micro and small enterprises that operate in survival mode, MSME support would need to ensure special services and finance windows accessible to these types of entrepreneurs and not only for those who have a strong potential even without support.^{xlix} Yet, with the support of MoET, partners will aim at identifying and selecting businesses that will be able to sustain the effect of the support provided beyond the timeframe of partners' programmes. In line with findings of the MoET SME strategy as well as recent business climate assessment, partners will support MSMEs on business planning, customer service, sales and marketing and financial management.^l

Livelihood partners will also develop value chains in priority sectors with the most potential in terms of job creation. Working on 20 local value chains and five national ones, 2,300 jobs could be created or maintained each year for a period of four years. This will require the implementation of integrated type of interventions targeting not only the core function of specific value chains (supply/demand, product quality, production technique) but also rules, regulations and support functions (skills and capacity, information, research and development). Based on the priority sectors identified by the GoL,²³ the following value chains would be the most promising in terms of job creation: agriculture and agro food (in particular dairy products and package meat),²⁴ textile, pharmaceutical, construction, tourism and hospitality, healthcare, ICT and media, fashion and jewellery, green industries/renewable energies, and

waste recycling.²⁵ Support to agriculture and agro-food, construction and waste recycling value chains will in particular result in job opportunities in sectors in which displaced Syrians are allowed to work.

The four-year time frame of the new phase of the LCRP will be particularly well suited for such job creation programmes, whose complex nature requires time to attain a substantive impact on job creation. However, given the scale of needs in terms of poverty and unemployment, providing short-term temporary opportunities is also required to alleviate the current pressures on the job market and competition for jobs. The severe infrastructure needs underlined both by the Government in the London Statement of Intent and by small businesses themselves as an obstacle to job creation provide an excellent opportunity to create temporary opportunities.

While large-scale infrastructure development would be out of the scope of the sector, Livelihoods partners will aim to generate over 1.1 million workmen days benefitting an estimated 37,000 persons, 50 percent of which should be displaced Syrians and Palestine Refugees.²⁶ This builds on the experience acquired over the past two years rehabilitating or building productive environmental and municipal assets at the local level (with over 13,000 beneficiaries engaged in 200 such projects) to scale up towards larger labour-intensive public work programmes. Such projects will be implemented in compliance with Lebanese laws and regulations. They will therefore primarily be implemented using an indirect modality, channelling investments through local third parties, such as private sector contractors and municipalities who will be responsible for project delivery and workforce management. In addition, the sector will increase engagement of its partners with the Ministry of Labour to establish a mechanism to provide guidance and follow up on these projects as per the legal framework. These will provide temporary opportunities to the most vulnerable, reduce tensions by addressing local municipal priorities²⁷ and delivering tangible benefits to local host communities, and stimulate economic activity by rehabilitating productive assets (such as roads, irrigation canals, water catchments and land reclamation). Furthermore, using local resource-based technologies, such infrastructure investments have the potential to generate considerable indirect and induced job creation.

On the supply-side of the labour market, as highlighted earlier, Lebanon is facing an important skills gap: despite high levels of tertiary education, Lebanese companies complain about not finding the skilled labour they need.^{li} This mismatch is partly caused by the insufficient responsiveness of educational programs to the needs of

(22) Part of the support package to MSMEs could include the Ministry of Foreign Affairs' 'Subsidized Temporary Employment Projects' presented as part of the Economic Opportunities and Jobs element of the Lebanon Statement of Intent at the London Conference.

(23) See Investment Law #360 from 2011 which established the Investment and Development Authority of Lebanon (IDAL) – these sectors remain IDAL's focus to date.

(24) Pro-active information sharing and coordination with Food Security partners will be maintained to ensure complementarity of interventions in agriculture.

(25) As listed and analyzed in GIZ Employment and Labour Market Analysis (ELMA), February 2016.

(26) As for support to businesses, these beneficiaries will need to be integrated in the tracking system of the sector and cross-referenced with other forms of humanitarian assistance so as to optimize complementarity and efficiency.

(27) Notably the ones identified through the Map of Risks and Resources Process conducted by MoSA and UNDP in all 251 vulnerable cadasters over the past three years.

the labour market.^{liii} To address this issue, the Livelihoods sector will undertake programs that will target 20,000 people in 2017, with 4,000 of them being placed into jobs within a year. Beneficiaries will be periodically tracked, monitored and their acquired skills adequately profiled.

The Livelihoods sector will deliver short-term, accelerated courses aiming at quickly addressing gaps of the labour market and increasing employability of the most vulnerable which are typically not able to join the formal system. This will be done in conjunction with supporting the capacity of the formal technical and vocational education and training (TVET) system and schools in collaboration with education sector partners. In particular, considering the expansion of the RACE II strategy to non-formal education an including accelerated skills training programme, Livelihoods partners will aim at complementing these efforts by addressing gaps in the market demand not covered by existing education programmes. In addition, the sector will establish a platform bringing together the different ministries, agencies and partners working on skills training to coordinate their interventions, increase linkages with private sector and market needs, and provide guidance to partners.

Lessons learnt from several years of experience in providing market-based skills trainings highlighted the need to implement, as much as possible, integrated programmes, including either internship/apprenticeship schemes under a dual system to transition to the labour market, or at least employment services in the form of career guidance and job-matching.²⁸ These programmes will prioritize targeting new entrants to the labour market, i.e. youth, but also women (including GBV survivors and heads of households), whose ability to generate income will be crucial to lift their relatives out of poverty. For displaced Syrians engaged in such programmes the programmes will prioritize skills in sectors where they are allowed to work in or that they will need upon potential post-conflict return. This will be done alongside skills leading to home-based opportunities, with a conflict-sensitive approach ensuring that competition with host communities is not exacerbated through such programmes. In any case, it is crucial that the activities of the Livelihoods sector are balanced between stimulating the demand and supply side of the labour market, i.e. that the number of beneficiaries accessing the job market is matched by the number of jobs created or maintained, either through integrated programmes or through a balance of interventions. In order to harmonize the content and modalities of skills trainings in the Livelihoods sector, standard operating procedures (SOPs) will be elaborated by a dedicated task force composed of the most experienced partners (Government, UN, NGOs and donors) in this field.

As for the general enabling and policy environment related to job creation, the sector remains committed

to ensuring that it creates decent work opportunities.²⁹ Recent findings on the work conditions of displaced Syrians and the increase of child labour are testament of increasingly exploitative conditions in an already largely informal economy.^{liv} In addition to mainstreaming decent work aspects in its interventions, this will require working in close collaboration with the Ministry of Labour and its national and regional employment offices (NEO). The Ministry, as the key administrative authority in the field of labour, responsible for employment conditions, labour relations, and for shaping employment policy, will be supported in developing and implementing labour policies within its mandate. This will notably require support to labour inspection capacity and systems so as to ensure enforcement of labour regulations.

As the sector continues growing and starts to implement increasingly larger programmes, it will also gradually aim at addressing other challenges of the wider enabling environment underlined above. Policy advice will be provided to various ministries to tackle legal and factual barriers to private sector development and increase coordination and collaboration between government, private sector and donors. While legislative reforms would take time to materialize, there are many technical issues that the sector can contribute to addressing. For example, the sector will notably support the SME Strategy of the Ministry of Economy and Trade by establishing an SME observatory tasked to regularly conduct statistical and impact analysis on SMEs and support entities and maintain a comprehensive database to ensure continuous and effective monitoring of support to SMEs. Similarly, the National Employment Office (NEO) should be supported in its analysis and control of labour data. The next phase of the LCRP will also place a specific focus on supporting the development of Industrial Zones that will provide industrial businesses with reliable service conditions and tackle industrial land access and zoning and the high geographical concentration of economic activities. To help sustain efforts on the labour supply side, the sector will support education partners and other relevant sectors in improving Technical and Vocational Education in Lebanon, to modernize curricula and build bridges with the private sector. The increased opportunity for multi-stakeholder dialogue on economic opportunities and jobs, and notably the formation of the Sector Steering Committee will also help build stronger ties between the sector and various ministries involved in Livelihoods at national level, and with the chamber of industry, commerce and agriculture, local economic development agencies as well as with the private sector to engage in constructive policy discussion on the current regulatory environment and the development of a national Livelihoods plan.

(28) See the report of the Livelihoods Sector Lessons Learnt Workshop on Market Based Skills Training, June 2016.

(29) Decent work has been defined by the International Labour Organization and endorsed by the international community as 'productive work in conditions of freedom, equity, security and human dignity'.

2.1 Sector Outcomes and Outputs

The overall aim of the Livelihoods sector is to provide a critical contribution to Lebanon's stability by expanding economic opportunities benefiting local economies and the most vulnerable communities and individuals. This is reflected by the fact that all activities of the sector are regrouped under one outcome, which is to stimulate local economic development and market systems to create income generating opportunities, reduce unemployment rates and protect vulnerable people, particularly youth and women, against risks and shocks.

The impact of sector interventions will therefore be measured according to three indicators: new commercial linkages for existing MSMEs; increased profitability and improved production in targeted SMEs; and jobs created and maintained. Under this outcome, the work of the sector will be structured under six outputs, all adapted from the 2016 response strategy.

Output 1 - Capacity of the MSMEs sector to create jobs is improved – target is to create or maintain 5,600 jobs in 2017. This output remains unchanged compared to the LCRP 2016. It will be measured according to the number of jobs created and maintained in supported Lebanese MSMEs, and include a range of activities, such as entrepreneurial training, supporting access to financial services, provision of start-up or support grants in-kind or cash, and technology transfer. The support will target four types of Lebanese structures: micro-entrepreneurs, start ups, SMEs and cooperatives.

Output 2 - Competitive integrated value chains are strengthened and upgraded – a target of 9,000 jobs will be created/maintained and improved within four years. This output will be measured by the number of integrated value chain interventions completed at local and national level. Interventions will start by assessing the sectors and value chains to identify gaps or constraints in them. Such assessments include mapping and analysing needs in relation to both vertical and horizontal linkages, and identifying other possible weaknesses and opportunities in the targeted value chains, as well as regional or national level constraints. Value chain interventions will include working both on improving the supply (quality, standards, production technique) and demand (access to new markets, linkages with traders) of the value chain as well as its support function (certification, export support services, skills training curricula, creation/support to cooperatives...) support may include targeted interventions such as upgrading and strengthening the weakest links to improve the overall competitiveness of the value chain and creating new linkages or strengthening existing ones. Particular emphasis will be placed on building institutional capacity at various levels.

Output 3 - Job creation is fostered in vulnerable areas through labour-intensive investment in productive public infrastructure and environmental assets - all cadastres identified as vulnerable are targeted with

an aim of providing 37,000 temporary opportunities next year. This output relates to fostering temporary job creation in vulnerable areas through public works. It will be measured through the number of vulnerable persons and localities benefitting from infrastructure improvement and the amount invested in such localities. As explained above, this will include small- to medium-scale infrastructure upgrades in municipalities and villages (road rehabilitation, cleaning services), in the agricultural sectors (irrigation canals, agricultural roads, rainwater harvesting), and environmental work and disaster risk reduction (forestation, reforestation, cleaning of drainage, canals and rivers for flood prevention, construction of structures such as contour walls, checking of dams, and plantation of green areas in order to reduce flood risks). In addition, the private sector is an important beneficiary of these activities as the need for improved infrastructure is an overarching challenge to business development.

Output 4 - Workforce employability is improved - target of 20 percent of a 20,000 caseload placed into jobs per year. This will support individuals' access to employment, and remains identical to last year's work. Activities include skills training, access to employment services, job matching, and apprenticeship, internship and traineeship schemes.

Output 5 - Decent Work conditions are improved. This output will be addressed by working with the Ministry of Labour both at the policy and enforcement levels, with a particular focus on eliminating the worst forms of child labour, implementing a Decent Work Country Programme developed in 2016, and increasing labour inspection capacity. In addition, the Livelihoods sector will work with enterprises to improve decent work conditions at this level.

Output 6 -Policies, strategies and plans supporting job creation, MSMEs and livelihoods are established. This output will bolster policy and strategy level development and institutional level support by the sector in order to improve the enabling environment to job creation. As such, the Ministry of Economy and Trade will be supported in the implementation of the MSME strategy and the development of industrial zones, paving the way for longer term development. This also includes conducting the necessary assessments and studies to address key data gaps in the sector while promoting harmonization of efforts. However, the sector will also make sure that it uses and builds the capacity of national systems such as the Central Administration of Statistics to avoid fragmentation of assessments and enable national systems to conduct regular major surveys such as labour force surveys.

2.2 Identification of sector needs and targets at the individual/HH, institutional and geographical level;

The Livelihoods sector aims to facilitate access to employment and income for vulnerable groups. The population in need for the sector is therefore all of those falling under the poverty line of US\$3.84 per person per day, and particularly the ones living in extreme poverty (US\$2.40 per person per day). The sector assumes that at least one member in each poor household is in need of livelihood assistance to raise the household over the poverty line. Activities related to job creation are expected to result in increased employment opportunities for vulnerable individuals close to accessing the labour market. For individuals dependent on direct humanitarian assistance, the sector aims to provide support through labour-intensive programmes, as well as empowerment activities such as a combination of market-based skills and life skills support. They will be identified and prioritized using existing vulnerability criteria (which will notably help prioritize female headed households, households with persons with disabilities, and other severely vulnerable groups such as survivors of gender based violence, but also families at risk/engaging in child labour), together with national systems such as the NPTP database, as well as through local information provided by protection, child protection and SGBV partners, SDCs, municipalities, and local associations. In order to maximize its impact on stabilization and protection, the sector will prioritize youth (to keep them engaged in their communities and prevent marginalization) and women (who are marginalized and as such, more affected by poverty and unemployment, and for whom additional income is crucial, notably to counteract child labour). In order to assist the largest number of vulnerable persons, those people benefiting from income generating activities or temporary works will not be prioritized for cash assistance (e.g. Multi-purpose cash assistance provided by the Basic Assistance sector).

Livelihoods interventions are targeted using an area-based approach. The sector will use available data on poverty and deprivation as a basis for area targeting, and then analyse the situation in this area to identify which institution/private sector, entity/value chain to target. The national employment regional offices will also play a critical role in matching vulnerable individuals with opportunities generated by these programmes, and will be supported through the sixth output of the sector.

The mapping of the 251 most vulnerable cadastres provides a good basis from which to identify areas where displaced populations are concentrated alongside vulnerable Lebanese. Both the poverty dimension and the host/displaced ratio are relevant for livelihood interventions. Taking into account the specificities of rural and urban poverty in Lebanon, partners will need to focus both on acute rural poverty that might have been exacerbated by a sudden increase of population, and on poor urban areas where the proportion of displaced might not be as significant, but the total concentration of poor is most likely to lead to instability. In addition, the sector will incorporate results from ongoing assessments highlighting the areas where unemployment is a priority need or listed as a priority source of tension. Furthermore, the sector will work with child protection partners to identify areas with higher prevalence of child labour, which should then be prioritized by Livelihoods programming.

It should be highlighted here that the Livelihoods sector is suffering from severe data limitations that hamper its targeting. While overall national estimates of key figures like poverty and unemployment are available, this is not the case for local level data, which requires partners to go through local assessments to inform programming. Other data gaps for the sector include detailed market assessments to identify intervention types, labour market assessments, information on skills training providers and finally, analysis on the needs, capacity and gaps of MSMEs. Several important studies are underway and will help the sector refine its targeting.

Total sector needs and targets 2017

Population Cohort	Total Population in Need	Targeted Population	No. of Female	No. of Male	No. of Children (0-17)	No. of Adolescent (10-17)	No. of Youth (18-24)
Lebanese	300,000	38,457	19,113	19,329	-	-	12,691
Displaced Syrians	294,117	23,873	12,414	11,459	-	-	7,878
Palestine Refugees from Syria	5,625	966	488	478	-	-	319
Palestine Refugees in Lebanon	61,774	2,261	1,142	1,119	-	-	746
GRAND TOTAL	661,516	65,557	33,157	32,386	0	0	21,634

Type of Institutions	Total	Targeted
Municipalities	Over 1,000	244
Hospitals		
Schools		
Water Establishments		
Social Development Centers		
Central Ministries	6 Ministries (MoSA, MoET, MoL, MoInd, MoAg, MEHE)	
Micro, Small and Medium Enterprises		2,750

Mainstreaming of conflict sensitivity, gender, youth, people with specific needs (PwSN) and environment

Conflict Sensitivity

Livelihoods primarily contributes to social stability by alleviating competition for jobs as a source of tension between groups. However, every Livelihoods intervention needs to be carefully crafted to be conflict sensitive. Livelihoods programmes will particularly aim at filling gaps in the labour market, with an eye to avoid fuelling competition and tension between groups. This will require partners to undertake careful situation and market analysis before developing programmes, and to ensure that selection criteria are fair and transparent, and strive towards balancing skills training and job creation programmes so as to avoid raising expectations of trainees.

Gender, Youth, People with Specific Needs

The Livelihoods sector's support to protection issues is manifested by its fifth output on improving decent work conditions. In addition to this and to the specific attention to vulnerable groups to improve their meaningful access to livelihoods support, the sector will need to strengthen its protection safeguard, notably by developing a harmonized complaint and feedback mechanism. Youth and women remain specific priority target groups for the sector across all activities, taking into consideration their particular vulnerability and their higher unemployment rates. While the sector has successfully ensured that youth and women are the primary groups benefitting from skills training, further emphasis is needed to increase their access to income/employment, notably through specific business start-up and development schemes, and apprenticeship/traineeship programmes. The sector will therefore carefully review the type of job-creation investments it promotes so as to ensure that they benefit both youth and women. For women, a particular focus will be made on providing targeted support to female headed households and GBV survivors. This will mean emphasizing activities compatible with child care, either through providing child friendly spaces in livelihoods centres, working on home based income generation and developing mobile outreach of beneficiaries.

For persons with disabilities, the sector will adopt a twin-track approach. First, partners will identify key economic sectors in which people with disabilities could work based on previous market assessments and lessons learned. Specialized Livelihoods programmes tailored to their needs will be developed and expanded to ensure meaningful access to the labour market (notably through specialized trainings, equipment and devices to allow their full integration in the workforce). Such programmes currently exist but are very limited and will need to be scaled up by involving specialized agencies in the work of the sector. In parallel, the specific needs of persons with disabilities will be integrated into the work of partners promoting decent work. Finally, households with a person with special needs will be prioritized in targeting, reflecting their higher dependency ratio and care-taking duties, through the existing vulnerability assessments.

Environment

The Livelihoods sector will continue to support environmental protection through the implementation of labour-intensive interventions aiming at preserving and maintaining vulnerable assets to foster job creation.

Inter-sector linkages

Protection: Deteriorating working conditions and increasing informality are major concerns, and require collaboration between the Livelihoods and Protection sectors. In 2016, the Livelihoods sector established strong linkages with the child protection task force to work jointly on addressing the issue of child labour. In 2017-2020, this will mean raising the awareness of Livelihoods partners to prevent any risk of child labour in their own programmes (through trainings on minimum child protection standards) and sharing best practices and lessons learned on child labour sensitive programming. This will also be achieved by engaging jointly in the Child Labour Task Force lead by the Ministry of Labour Child Labour Unit.

The sector is also piloting a newly established referral mechanism, strengthening its linkages with Protection, Child Protection and GBV partners, in order to ensure that women identified as particularly at-risk or households with children engaged in child labour can benefit from livelihoods support. In order to facilitate

these inter-sectoral referrals, information will be shared on the selection criteria used to identify beneficiaries and prioritize the most deprived geographical areas. Lastly, Protection partners who deliver life-skills trainings will inform the Livelihoods sector if such trainings have a market element.

Food Security: The sector will maintain close ties with the Food Security sector as the programming for both is increasingly converging around agricultural livelihoods. Complementary approaches exist between the sectors regarding the food value chain and there is a common understanding that partners appeal under the sector which represents the objective of the activity they plan to implement under LCRP 2017-2020. Although food and agricultural activities are centred in the Food Security sector, employment and economic development initiatives in the agriculture sector are also part of the Livelihood sector. In parallel, coordination will be strengthened to ensure that information on agriculture livelihoods activities and agricultural value chains is adequately and proactively shared and reported in both sectors. In particular, the sector will ensure that the Ministry of Agriculture is informed of any agricultural activity.

Basic Assistance: Information related to livelihoods collected by the Basic Assistance sector on households' vulnerability will help Livelihood targeting. The basic assistance work to strengthen the NPTP will also benefit the Livelihoods sector.

Social Stability: The sector is working closely with the Social Stability sector, notably through joint field working groups. The cooperation in 2017-2020 will continue to focus on the issue of at-risk youth, to ensure that youth community engagement initiatives and Livelihoods programmes are complementary, and use social stability data and analysis to ensure that partners do not fuel job competition in places where tensions are already prevalent. Similarly, Livelihoods programmes in highly vulnerable urban areas will need to be implemented in close cooperation to alleviate the multiple sources of pressure in these areas.

Education: The sector strategy maintains a strong focus on developing tailored Technical Vocational education and/or training. Education programmes that overlap with the Livelihoods sector are twofold: formal technical vocational programmes that are planned, implemented and reported only through the MEHE. In addition, the competency-based technical vocational training and informal apprenticeships in non-formal settings that will be also regulated by MEHE and supported by the Livelihoods sector.

Shelter, Energy and Water: The new area of work of the sector on infrastructure upgrading will be closely coordinated with the Shelter, Energy and Water sectors through proactive information sharing on planned interventions. Livelihoods partners will contribute to rehabilitation work identified by the planning process

of shelter partners and shelter partners will inform the Livelihoods sector of urban areas where livelihoods has been raised as a crucial need. Livelihoods partners will also make sure that such projects do not overlap with plans from the Energy and Water sectors related to infrastructure improvements by proactively sharing information at field level. In all sectors, efforts will be made to track the impact of investments in infrastructure rehabilitation and construction on job creation.

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Sector Logframe

Outcome 1: Local economic development and market systems are stimulated to create income-generating opportunities, reduce unemployment rates and protect vulnerable people, particularly youth and women, against risks and shocks.

Indicator 1	Description	Means of Verification	Unit	Frequency
Number of new commercial linkages for existing Lebanese MSMEs (new contract, client, or market accessed)	Supported Lebanese MSMEs, cooperatives that report accessing a new contract, client, or market 6 months after receiving support	Project reports from partners based on follow-up monitoring to supported Lebanese MSMEs, Activity Info	Number	Bi-yearly

Lebanese Businesses

Baseline:	Target 2017	Target 2018	Target 2020
0	2750	5500	11000

Indicator 2	Description	Means of Verification	Unit	Frequency
Number of targeted Lebanese MSMEs that report increased profitability, improved production as a result of programme activities	Supported Lebanese MSMEs, cooperatives who report increasing profits, improving production as a result of support	Project reports from partners based on follow-up monitoring to supported Lebanese MSMEs, Activity Info	Number	Bi-yearly

Lebanese Businesses

Baseline:	Target 2017	Target 2018	Target 2020
0	2750	5500	11000

Indicator 3	Description	Means of Verification	Unit	Frequency
Total number of jobs created/maintained	New jobs created in supported Lebanese MSMEs: Businesses which have hired new employees since the support was provided Jobs maintained in supported Lebanese MSMEs: For micro-businesses, it is assumed any support provided helps maintain the jobs in the business, therefore jobs maintained equals the number of employees in supported micro-businesses, as well as self-employed individuals (for micro-finance support). For SMEs this should be asked as part of the follow-up underlined above	Project reports from partners based on individual follow-up (by phone or through visits) with all supported businesses 3-6 months after the support (grant, training) to the business ended	Number	Quarterly

 Lebanese				 Displaced Syrians				 Palestine Refugees from Syria (PRS)				 Palestine Refugees in Lebanon (PRL)			
Baseline:	Target 2017	Target 2018	Target 2020	Baseline:	Target 2017	Target 2018	Target 2020	Baseline:	Target 2017	Target 2018	Target 2020	Baseline:	Target 2017	Target 2018	Target 2020
238	5632	11264	22528	150	1931	3862	7724	0	102	204	408	0	243	486	972