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ECONOMIC GROWTH ASSESSMENT

FINAL ASSESSMENT REPORT

Performance Management and Support Program for Lebanon (PMSPL II)

NOVEMBER 2018 (REVISED FEBRUARY 2019)

This publication was produced for review by the United States Agency for International Development. It was prepared by Social Impact, Inc. in collaboration with Rachel Bahn, Gabriel Bayram, and Hicham Abou Jaoude.

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Note: Limited redactions have been made to this version of the report in accordance with the principled exceptions to the presumption in favor of openness established in OMB Bulletin 12-01, "Guidance on Collection of U.S. Foreign Assistance Data."

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Performance Management and Support Program for Lebanon (PMSPL II)

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Performance Management and Support Program for Lebanon (PMSPL II) for USAID/Lebanon

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Social Impact, Inc. Corporate Office
2300 Clarendon Boulevard Suite 10300
Arlington, VA, 22201
Tel: (703) 465-1884
Fax: (703) 465-1888
info@socialimpact.com

Social Impact, Inc.
Arz Street
Librex Bldg. Bloc B – 3rd Floor
Zalka, Metn, Lebanon
Tel: +961-1-879260

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ACRONYMS AND ABBREVIATIONS

AFD	<i>Agence Française de Développement</i>
AI	Artificial Intelligence
ALI	Association of Lebanese Industrialists
AMCHAM	American Lebanese Chamber of Commerce
AUB	American University of Beirut
BdL	<i>Banque du Liban</i>
BDS	Business Development Services
BEE	Business Enabling Environment
BIAT	Business Incubation Association in Tripoli
BTA	Beirut Traders Association
CCIA	Chamber of Commerce, Industry, and Agriculture
CDCS	Country Development Cooperation Strategy
CEDRE	Conférence Economique pour le Développement, par les Réformes et avec les Entreprises
CIP	Capital Investment Programme
CLA	Collaborating, Learning, and Adapting
CSO	Civil Society Organization
DFID	Department for International Development
EBRD	European Bank for Reconstruction and Development
EdL	<i>Electricité du Liban</i>
EGA	Economic Growth Assessment
ER	Emergency Room
FAO	Food and Agriculture Organization of the United Nations
GCC	Gulf Cooperation Council
GDA	Global Development Alliance
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</i>
GOL	Government of Lebanon
HACCP	Hazard Analysis and Critical Control Points
HEP	Higher Education Project
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDAL	Investment Development Authority of Lebanon
IFC	International Finance Corporation
ILO	International Labor Organization
IM	Implementing Mechanism
IMF	International Monetary Fund
IoT	Internet of Things
IR	Intermediate Result
iSME	innovative Small and Medium Enterprise program
ISO	International Organization for Standardization
KFW	<i>Kreditanstalt für Wiederaufbau</i>
KII	Key Informant Interview
KPI	Key Performance Indicator
LAU	Lebanese American University
LCEC	Lebanese Center for Energy Conservation

LLWB	Lebanese League for Women in Business
LED	Lebanon Enterprise Development Project
LFA	Lebanese Franchise Association
LIFE	Livelihoods and Inclusive Finance Expansion Project
LII	Lebanese Investment Initiative Project
LINQ	Lebanon Investment in Quality Project
LIVCD	Lebanon Industry Value Chain Development Project
LMFA	Lebanese Micro Finance Association
LMT	Lebanese Mountain Trail
LRI	Lebanon Reforestation Initiative
LVCPEA	Lebanese Venture Capital and Private Equity Association
MEA	Middle East Airlines
MENA II	Middle East North Africa Investment Initiative in Lebanon Project
MEPI	Middle East Partnership Initiative
MFI	Microfinance institution
MICE	Meetings, incentives, conferences and exhibitions
MOA	Ministry of Agriculture
MOE	Ministry of Environment
MOET	Ministry of Economy and Trade
MOEW	Ministry of Energy and Water
MOF	Ministry of Finance
MOI	Ministry of Industry
MOT	Ministry of Tourism
MSME	Micro-, Small-, and Medium-Sized Enterprises
NEERA	National Energy Efficiency and Renewable Energy Action
NEO	National Employment Office
NGO	Non-Governmental Organization
OPIC	Overseas Private Investment Corporation
PAD	Project Appraisal Document
PEA	Political Economy Assessment
PMSPL II	Performance Management and Support Program for Lebanon Two
PPP	Public-Private Partnership
PSD	Private Sector Development Project
PV	Photovoltaic
RQ	Research Question
SI	Social Impact
SLFI	Syndicate of Lebanese Food Industries
SME	Small- and Medium-Sized Enterprises
TVET	Technical and Vocational Education and Training
USP	University Scholarship Program
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VC	Venture Capital/Venture Capitalist

ABSTRACT

This economic growth assessment (EGA) was prepared by Social Impact, Inc. for USAID/Lebanon to inform decisions on continuation, scale-up or scale-back, and exit points for ongoing efforts and to identify potential program areas and development initiatives for the next five years. Drawing mainly on data collected through key informant interviews, a desk review, and an online polling survey, the EGA examines select economic sectors through five thematic areas: trade and investment facilitation, workforce development, business-enabling environment, gender and youth empowerment and engagement, and technology transfer and business innovation. The EGA's major recommendations are for USAID to maintain its current portfolio of economic growth programming but with minor revisions and to consider developing standalone activities focused on trade and investment facilitation and workforce development. The EGA also identifies contextual factors affecting current and future programming, as well as entry points and pitfalls for the proposed activities. Finally, the EGA presents questions for further exploration under a planned political economy assessment to inform activity design and implementation.

EXECUTIVE SUMMARY

In 2018 the United States Agency for International Development (USAID)/Lebanon asked Social Impact to conduct an economic growth assessment (EGA) to analyze areas and sectors of USAID involvement, considering changing conditions and needs, complementarity with U.S. Embassy objectives, coordination with other donors, and Government of Lebanon (GoL) goals; look for potential program areas over the next five years; recommend continuation, scale-up or scale-back, and exit points for ongoing efforts; and suggest new development initiatives and potential areas of involvement.

The EGA focused on trade and investment facilitation, workforce development, business-enabling environment, gender and youth empowerment and engagement, and technology transfer and business innovation. The EGA used these themes to explore ongoing and potential interventions in select economic sectors, taking into account key objectives of the current Country Development Cooperation Strategy (CDCS) and economic growth-related project appraisal documents (PADs), including the Private Sector Development Project (PSD) and Higher Education Project (HEP) (both geared toward workforce development. The EGA examined sectors where USAID has provided support in past years as well as promising new sectors; it also identified opportunities for new program areas, including some that were identified in the CDCS mid-course stock-taking exercise. Furthermore, the EGA explored opportunities for partnerships with local stakeholders. Key intended users of the assessment are the Program Office and Economic Growth Office of the USAID Mission in Lebanon.

The EGA addressed the following key research questions (RQs) and related subquestions:¹

Past and Current USAID/Lebanon Economic Growth Activities and Challenges

RQ1. How has USAID’s current portfolio contributed to CDCS and EG PAD objectives?

- a. What types of activities (in alignment with thematic and sectoral priorities) should USAID continue to fund, scale up, scale down, or discontinue to fund?
- b. What contextual factors are affecting USAID program success and what do these factors imply for future programming?

Opportunities for Future USAID/Lebanon Economic Growth Activities

RQ2. What sectors and industries offer USAID the greatest potential to meet CDCS and EG PAD objectives (including PSD and HEP)?

- a. What sectors and industries have the greatest impact opportunities?

¹ The SOW issued by USAID indicated eight research questions within the economic growth assessment. These research questions were retained in their substance but reorganized into three research questions and supporting subquestions. To this there is one exception: The original assessment question RQ8 was not structured as a question, but the implication was that issues of gender, youth, and social stability should be applied across all preceding research questions. Accordingly, this instruction has been addressed within the methodological approach to the work rather than as a separate research question.

- b. To what extent has USAID been engaged in these sectors and industries?
- c. What sectors and industries should USAID prioritize for intervention over the next five years?²
- d. Should USAID focus on promising approaches and opportunities regardless of sector?

Intervention Recommendations for Future USAID/Lebanon Economic Growth Activities

RQ3. What types of intervention should USAID consider over the next five years?

- a. What type(s) of interventions (activities, target groups, other) should USAID consider over the next five years?
- b. Do local private partnerships or so-called global development alliances (GDAs) present a viable activity implementation method? If so, how? What private firms would make good candidates for such a partnership?
- c. What are the entry points and potential pitfalls for these recommendations?
- d. What entry points and potential pitfalls should be explored further within the scope of the planned political economy assessment (PEA)?

The EGA drew mainly on data collected through key informant interviews (KIIs). Other data sources included project documents, secondary documents, and datasets identified during a desk review. Most of the data is qualitative, though where possible the assessment team also drew on quantitative assessments and studies conducted by other donors and research firms. The KIIs covered all sectors within the assessment’s scope. Key informants were identified primarily from USAID, implementing partners, other donors, government bodies, syndicates and associations, chambers of commerce, and private firms. A consultancy firm conducted most of the KIIs with private firms, and the assessment team conducted the KIIs with the remaining stakeholders. During and following fieldwork, the assessment team systematically coded and analyzed the data to answer the assessment questions and prepared a presentation to share preliminary findings, conclusions, and recommendations with USAID.

Based on the field data collection and desk review observations, recommendations were developed to respond to all RQs, supported by detailed findings and conclusions. The EGA’s major recommendations are for USAID to maintain its current portfolio of economic growth programming with minor revisions and to consider developing standalone activities focused on trade and investment facilitation and workforce development.

Under the proposed activities, USAID should target select sectors according to its development objectives, with a focus on economic growth on one hand and on workforce development and job creation on the other.

- To facilitate trade and investment, USAID should target the following sectors: agriculture (avocado, small-ruminant dairy) and agro-processing (processed and packaged food); creative industries (film, television, advertising); clean and renewable energy (solar photovoltaic [PV], energy efficiency); technology/ICT (software development, ICT services); and tourism/hospitality (rural tourism and ecotourism). While allowing for approaches that

² RQ2.c was listed in the inception report as RQ3. a. It was decided to reorder this to RQ2.c, as it effectively represents the recommendation that builds on the findings and conclusions identified in RQ2.a and RQ2. b.

address cross-sectoral trade and investment needs, USAID should target priority sectors and points along sectoral value chains. USAID should focus on value proposition and value for money to consumers by targeting specialized, high-quality, niche products and services. USAID should also consider working with firms that align with activity objectives. The report recommends a range of targeted interventions and suggests potential partners for these interventions when appropriate.

- To promote workforce development, USAID should target the following sectors: agro-processing and agro-industry; creative industries (film, television, advertising); environment/clean and renewable energy (solar PV and solar water heater); industry/manufacturing; health care/medical (nursing); real estate/construction (energy efficiency); technology/ICT; and tourism/hospitality. The report also identifies some promising subsectors for either job creation or skills enhancement. USAID should target both priority sectors and cross-sectoral skill-sets (*e.g.*, customer service, sales/marketing, soft skills). Efforts to promote a sector or subsector's growth should also contribute to job creation. The report also recommends targeted interventions, some cross-sectoral and some sector-specific, and suggests potential partners for these interventions when appropriate.

Conversely, USAID should not pursue standalone activities to promote business-enabling environments, gender and youth empowerment and engagement, or technology transfer and business innovation. Instead, interventions (cross-sectoral or sector-specific) addressing these areas should be woven into ongoing and proposed activities targeting trade and investment facilitation and workforce development.

USAID should be prepared to adapt its activity design and implementation in response to impacts of contextual factors such as the potential resolution of the Syrian crisis and the planned injection of substantial donor funds under the CEDRE program (Conférence Economique pour le Développement, par les Réformes et avec les Entreprises). USAID has the opportunity to support and lead donor coordination efforts and data sharing for more effective economic growth programming. To facilitate program success under its forthcoming CDCS, USAID should collect and analyze data available through its implementing partners on small and medium-size enterprise sectoral trends and workforce development/job creation. USAID should also expand public relations and communications efforts around its activities to raise stakeholder awareness and amplify the impact of U.S. development assistance.

The EGA also presents questions for further exploration under the planned PEA that was initiated in late 2018 to inform activity design and implementation.

INTRODUCTION

Approximately 27 percent of the population in Lebanon was poor as of 2011/12, the date of the most recent household budget survey performed by the Central Administration of Statistics. The highest poverty rates were in the North Lebanon and Bekaa governorates, and the largest poverty count was observed in the populous Mount Lebanon governorate. Poverty rates were significantly higher for informal workers in the construction sector, who are paid weekly or daily. Employment growth has been concentrated in low-productivity activities, as those involving higher productivity have fewer opportunities. In the absence of significant structural reforms in either revenue or spending, Lebanon's public finances are projected to remain weak. Lebanon is confronting a multitude of protracted shocks, each of which can fundamentally alter the country in the short to medium term, including security spillovers and economic challenges of the war in Syria; prolonged domestic political impasses and institutional paralysis; and hosting the largest per-capita refugee population in the world, most of whom arrived over only two to three years. The sense of urgency is reinforced by a deterioration in the quality of public services, institutions, governance, and the business climate.

The United States Agency for International Development (USAID) is promoting economic opportunities for Lebanese citizens, especially in vulnerable communities – that is, those that are already poor and underserved and are trying to cope with large numbers of refugees. USAID is targeting low-income rural households in these affected areas using modest agriculture and livelihood interventions that raise incomes and mitigate tensions through small grants and finance and skills training. The USAID economic growth program emphasizes job creation, particularly by providing business development services to small- and medium-size enterprises (SMEs). It also supports younger entrepreneurs with startup enterprises through its work in the venture capital sector. Finally, because a strong and sustainable economy requires a green economy, it also supports the environment sector, with an emphasis on forestry. Cross-cutting support is also provided to improve the business-enabling environment and policy reforms, mainly through work with private sector associations.

To address income disparity, improve productivity, and strengthen the business environment, USAID's economic growth activities focus on boosting technical skills, improving business-enabling conditions, and increasing production capabilities and market access in sectors with high growth potential. By building on current and past investments and linking programs to the Middle East and North Africa Investment Initiative (MENA II), USAID helps increase business and employment opportunities, especially for youth (ages 15–29) and women in rural and urban areas; enhance the competitiveness of Lebanon's high-value productive sectors; expand access to finance for micro- and small-scale enterprises; and promote business startups. Support to these enterprises will increase sales, create jobs, and contribute to Lebanon's overall economic growth. Boosting private sector competitiveness will promote the entry and expansion of high-value sectors into international markets. Promoting partnerships between the private sector and technical and vocational education and training (TVET) institutions will advance workforce development.

ASSESSMENT BACKGROUND, OBJECTIVES, AND PURPOSE

In 2018 USAID/Lebanon asked Social Impact to undertake an economic growth assessment (EGA) of USAID areas and sectors to analyze changing conditions and needs, complementarity with U.S. Embassy objectives, coordination with other donors, and Government of Lebanon (GoL) goals. This EGA aims to assess USAID/Lebanon's current portfolio; recommend continuation, scale-up or scale-

back, and exit points for ongoing efforts; and identify program opportunities and necessary interventions for economic growth. The EGA also seeks to detect potential issues for further consideration within a political economy assessment (PEA) that will be undertaken after the conclusion of the EGA and that may more deeply explore politically relevant challenges to economic growth.

The EGA provides recommendations for USAID on all economic development initiatives being implemented under the CDCS development objective of *Inclusive economic growth enhanced* and its related results, IR 2.1: *Increased private sector competitiveness* and IR 2.2: *Increased access to finance, especially for business startups and women entrepreneurs*. The EGA also considers program coherence under the EG PADs, including PSD and HEP, for identified workforce development initiatives. The EGA makes recommendations for new or scaled-up program areas and approaches, detailing what an effective program design would include and proposing how interventions can be selected. Consideration is given to overall strategy (e.g., supporting the business-enabling environment and/or working directly with the private sector). Recommendations address project- and activity-level interventions that are most likely to strengthen economic growth.

The assessment is intended for the USAID Mission in Lebanon, specifically the Program Office and Economic Growth Office, and other stakeholders at the Mission's discretion.

ASSESSMENT QUESTIONS

The Statement of Work for this EGA contained eight assessment questions. These questions have been reorganized into three research questions and supporting subquestions to facilitate data collection and analysis. The original assessment question RQ8, addressing gender, youth, and social stability, has been incorporated into the approach to the other assessment questions.

The assessment addresses the following questions:

Past and Current USAID/Lebanon Economic Growth Activities and Challenges

- RQ1.** How has USAID's current portfolio contributed to CDCS and EG PAD objectives?
- What types of activities (in alignment with sector and thematic priorities) should USAID continue to fund, scale up, scale down, or discontinue to fund?
 - What contextual factors are affecting USAID program success and what do these factors imply for future programming?

Opportunities for Future USAID/Lebanon Economic Growth Activities

- RQ2.** What sectors and industries offer USAID the greatest potential to meet CDCS and EG PAD objectives (including PSD and HEP)?
- What sectors and industries have the greatest impact opportunities?
 - To what extent has USAID been engaged in these sectors and industries?
 - What sectors and industries should USAID prioritize for intervention over the next five years?
 - Should USAID focus on promising approaches and opportunities regardless of sector?

Intervention Recommendations for Future USAID/Lebanon Economic Growth Activities

RQ3. What types of intervention should USAID consider over the next five years?

- a. What type(s) of intervention (activities, target groups, other) should USAID consider over the next five years?
- b. Do local private partnerships or so-called global development alliances (GDAs) present a viable implementation method? If so, how? What private sector firms would make good candidates for such a partnership?
- c. What are the entry points and potential pitfalls for these recommendations?³
- d. Which entry points and potential pitfalls should be explored further within the scope of the planned PEA?

Assessment findings and recommendations are organized by theme— trade and investment facilitation, workforce development, business-enabling environment, gender and youth engagement and empowerment, and technology transfer and business innovation. The CDCS cross-cutting theme of gender and youth engagement and empowerment, an integral part of USAID’s messaging and project activities, informs the assessment of all economic sectors.

Within this thematic organization, the findings and recommendations explore diverse economic features, including products and services, job opportunities, workforce skills, market opportunities and challenges, investment opportunities, access to finance, and opportunities for or barriers to growth. The assessment focuses on sectors where USAID has been heavily involved in recent years, such as agriculture and the agri-food industry, tourism and hospitality, and the environment. It also provides recommendations and suggests potential development opportunities in other sectors such as industry and manufacturing, clean/renewable energy, and information and communications technology (ICT).

METHODOLOGY

The assessment used mixed methods, incorporating primary and secondary data collection. Primary data collection generated mostly qualitative data. Secondary data collection gathered both qualitative and quantitative data.

ASSESSMENT DESIGN AND METHODS

DATA COLLECTION

Data collection methods included document review, key informant interviews (KIIs), and an online polling survey.

³ The wording of the previous RQ7 was as follows: “What are the new entry points and potential pitfalls for USAID with respect to the above recommendations, particularly in light of the political economy assessment that was recently completed?” During a meeting held with USAID/Lebanon staff on August 23, 2018, it was confirmed that the political economy assessment would not be completed until after the completion of the EGA. Accordingly, the second clause has been converted into a subquestion that acknowledges the shift in timing of the political economy assessment.

Document Review

The document review served two purposes: to inform the development of the data collection tools to be used for primary data collection and to identify relevant secondary data that the EGA team could not collect through primary data collection but that could be used to inform findings and recommendations.

The team conducted the document review – a desk study and situation analysis – during the early phase of the assessment, before commencing fieldwork. The review helped the team identify the types of intervention most likely to stimulate and/or accelerate economic growth in Lebanon and the factors driving or constraining development in USAID/Lebanon’s CDCS program areas. The desk study and situation analysis emphasized workforce development, trade and investment, and business-enabling environments in each of the identified economic sectors.

During the data analysis and report-writing phases, the data from the document review were triangulated with primary data collected through fieldwork.

The document review began in August 2018 and concluded on October 12, 2018. Documents were from Performance Management and Support Program for Lebanon (PMSPL II); USAID/Lebanon, namely USAID documents, including program and activity reports relevant to the economic growth portfolio; other development organizations operating in Lebanon; and web-based searches of publications, studies, and quantitative data sets from the GoL, relevant ministries, and other development organizations. **Annex B** lists the documents reviewed as part of the EGA. Quantitative data providing recent, detailed information on Lebanon’s workforce and labor market, trade and investment flows, access to finance, and sector-specific information relevant to the agri-food sector and tourism and hospitality sectors were retrieved from published documents, the InfoPro databank, and *Lebanon Opportunity* research and articles. Given the scope of the assessment and the time available, large-scale quantitative data could not be obtained through primary data collection; instead, the desk review identified both qualitative and quantitative data to complement the primarily qualitative data generated by the primary data collection.

All documents were reviewed for the key thematic priorities related to this EGA. Findings from the document review were summarized according to these thematic priorities and further organized according to sectoral and cross-sectoral priorities.

Thematic priorities:

- Trade and Investment Facilitation
- Workforce Development
- Business-Enabling Environment
- Gender and Youth Engagement and Empowerment
- Technology Transfer and Business Innovation

Sectoral priorities:

- Agriculture and Agri-Food Industry⁴

⁴ Includes animal husbandry and dairy, meat, and poultry production and processing.

- Tourism and Hospitality⁵
- Energy and Environment⁶
- Emerging Sectors and Industries (e.g., Real Estate/Construction, Industry/Manufacturing,⁷ Technology/ICT, Financial Services, Health Care/Medical)

Key Informant Interviews (KIIs)

The assessment drew mainly on primary data collected through KIIs from September 10 to October 12, 2018.

KIIs were semi-structured interviews conducted with key informants or stakeholders who could speak to the thematic and sectoral issues and topics mentioned in the scope of the assessment and identified in the research questions. KIIs typically lasted about an hour and were conducted by a team of no fewer than two interviewers. A prepared KII guide was used to provide structure within the KII and help ensure that the interview generated relevant data. **Annex C** contains the KII guides prepared for use within this EGA and tailored according to the informant(s) to be interviewed. The interviewers administered the guide, with one or more persons taking turns to pose the prepared questions in addition to supplemental or clarification questions that arose during the interview. Another interviewer recorded notes of the interview, using a computer (Word document or similar) when possible and a notepad and pen when electronic transcription was not possible (e.g., within the U.S. Embassy grounds). KIIs were conducted in English or in Arabic, dependent upon the preference of the informant. Following each KII conducted in Arabic, notes were translated into English to streamline the data analysis.

KIIs were conducted by the EGA team indicated under the section “Team Composition” below. All members of the team are fluent in both English and Arabic and able to administer a KII in either language, with the exception of the Team Leader (English only) who was assigned to conduct KIIs only where there was a clear prior understanding that the key informant was an English speaker.

Key informants were drawn primarily from USAID, implementing partners, other donors, government bodies, chambers of commerce, industry syndicates and associations, and private firms. Key informants were divided into 10 stakeholder groups, as illustrated in **Exhibit 1**. The rationale for including these key informants and the type of data expected to be collected through these KIIs is as follows:

- USAID/U.S. Embassy: KIIs were conducted with the USAID Program Office, Economic Growth Office, and Middle East Partnership Initiative (MEPI) teams to generate qualitative data on the current portfolio of USAID economic growth programming, their comparative performance against CDCS goals and objectives across activities, and practical considerations around future programming.

⁵ Hospitality industry includes travel, accommodations, food service, clubs, gaming, attractions, entertainment, and recreation.

⁶ Energy and Environment are defined as the grouping of all producers of energy and environmental products; these consist of cleaner technologies and products, pollution management services, oil and gas production, and resource management.

⁷ For example, light industrial equipment, furniture.

- Implementing Partners: KIIs were conducted with USAID EG implementing mechanisms (LIVCD, MENA II, LIFE, LED, LRI, USP) to generate qualitative data on the current portfolio of USAID economic growth programming, their comparative performance against CDCS goals and objectives across activities, guidance on potential key program partners, lessons learned, and opportunities for future programming.
- Government of Lebanon: KIIs were conducted with government entities (*e.g.*, ministries) to generate qualitative data on perceived opportunities and barriers for economic growth and job creation in Lebanon as well as on GoL's priorities and current or planned interventions in these areas – generally, specific to a thematic priority or sector of interest.
- Quasi-Government: KIIs were conducted with quasi-government entities (*e.g.*, Banque du Liban (BdL); Kafalat; and chambers of commerce, industry, and agriculture [CCIA]) to generate qualitative data on perceived opportunities and barriers for economic growth and job creation in Lebanon as well as on their ongoing or planned interventions within these areas.
- Donors: KIIs were conducted with donors to generate qualitative data on perceived opportunities and barriers for economic growth and job creation in Lebanon as well as on donor priorities and current or planned interventions in these areas – generally, specific to a thematic priority or sector of interest – including best practices and lessons learned.
- NGOs: KIIs were conducted with NGOs to generate qualitative data on perceived opportunities and barriers for economic growth and job creation in Lebanon, as well as on the NGOs' current or planned interventions in these areas – generally, specific to a thematic priority (specifically gender and youth engagement and empowerment) or sector of interest – including best practices and lessons learned.
- Academic/Research Bodies: KIIs were conducted with academic and research bodies to generate qualitative data on perceived opportunities and barriers for economic growth and job creation – generally, specific to a thematic priority or sector of interest.
- Microfinance Institutions (MFIs): KIIs were conducted with MFIs to generate qualitative data on perceived opportunities and barriers to access to finance, particularly by small and medium-size firms and traditionally underserved populations such as women and youth.
- Syndicates and Associations: KIIs were conducted with syndicates and associates, some of which were sector-specific, to generate qualitative data on perceived opportunities and barriers for private sector development, economic growth and job creation, as well as on the current and expected needs of their members. As their membership is principally drawn from private sector firms, speaking to syndicates and associations allowed the EGA to gather input representative of private sector firms beyond those included in the primary data collection.

- Private Sector: KIIs were conducted with private sector firms to generate qualitative data on perceived opportunities and barriers for economic growth and job creation, on their current and expected needs, and on potential private sector development activities around thematic priorities.

A total of 151 interviews were conducted during the data collection period. This figure exceeded the planned number of KIIs, as the PMSPL II team conducted 72 KIIs, compared with the 40 KIIs planned. A consulting firm, InfoPro, conducted 79 KIIs with private sector firms. The PMSPL II team conducted a small number of KIIs (7) with private firms as well as all the KIIs (65) with all other stakeholder groups (**Exhibit 1**).

Exhibit 1: Informant Interview Tally

Stakeholders	# KII Conducted			# Interviewees
	PMSPL II Team	InfoPro Team	Total	
USG	3		3	8
Implementing Partners	8		8	17
Donors	12		12	24
NGOs	7		7	11
GoL	9		9	11
Quasi-Government	3		3	6
CCIA	5		5	12
Academic / Research Bodies	2		2	2
Syndicates and Associations	14		14	20
Banks / MFIs	2		2	2
Private Sector	7	79	86	92
Total	72	79	151	205
Of which, female:				SI: 28% InfoPro: 15%

Annex D1 lists all key informants included in the data collection, in addition to the main points of contact, decision makers, and/or activity managers from each organization, supplemented with stakeholders identified during the desk review.

SI recruited a consulting firm, InfoPro, to support the desk review, execute data collection with most of the private sector firms, and provide initial analysis of private sector-specific data.

- The consulting firm built upon the desk review to inform the final methodology and field data collection tools (English language original and Arabic language translation), specifically used with informants from private firms, and prepared a corresponding assessment workplan for the field data collection. During this phase, the consulting firm initiated the requested situation analysis on the identified sectors. The aim of this segment was to provide an economic overview of the priority sectors (agriculture and agri-food, tourism and hospitality, etc.) in addition to the emerging sectors by compiling information on each sector's main economic indicators (such as growth, trade, value of investment, volume of production, regulations, and key players). To develop the sectoral situation analysis, the consulting firm relied on published studies and its own primary sources of information.

- The consulting firm conducted 79 KIIs with private sector firms working in the priority sectors mentioned above, disaggregated as outlined in the final approved methodology and with more focus on sectors where USAID has been involved. Based on its own listing of private sector firms and/or publicly available lists such as those published by the CCAs, the consulting firm submitted a list of proposed private sector firms for inclusion in the KIIs. The list of selected firms was reviewed and approved by SI as part of the methodology. KIIs were required to include a mix of small, medium, and large firms. A summary matrix with the proposed list of companies ensured reasonable sampling according to size, sector, and geographic distribution of companies across Lebanon. Informants interviewed by InfoPro are indicated within **Annex D1**. The distribution of informants interviewed by InfoPro is tabulated by sector and firm size in **Annex D2**.
- The consulting firm synthesized and analyzed the data gathered through the desk research process and the KIIs to provide Social Impact’s assessment team with a series of sectoral data analysis reports (**Annex E**). The reports highlighted the performance of the sectors under study, sectoral interventions/opportunities that might drive economic growth, in addition to factors driving or constraining development in USAID/Lebanon’s CDCS program areas. The reports addressed trade and investment facilitation, workforce development, and the business-enabling environment. Data analysis and sectoral background did not exceed 15 pages for each identified sector, and the reports highlighted all references and data sources used.

To ensure the quality of data collection conducted by the consulting firm, the PMSPL II team took several steps. First, they provided InfoPro with a draft data collection tool (KII guide) for use during the KIIs and reviewed and approved the final KII guide before its application to ensure that data collection would respond to the RQs. Second, the PMSPL II team conducted spot-checks of the KII conducted by InfoPro by having team members participate in selected KIIs led by the consulting firm. As the appropriate standards of data collection were being applied, no remedial action was taken by the PMSPL II team. Third, the consulting firm made an audio recording of all KIIs conducted (subject to the agreement of the key informants interviewed) to allow the PMSPL II team to review and validate the data collected and preliminary analysis conducted by the consulting firm. Fourth, the consulting firm provided written transcripts or notes (Word format, in English) for all KIIs conducted, regardless of whether a PMSPL II team member participated in the interview.

Online Polling Survey

An online polling survey was conducted through the MySay application to solicit quantitative information on questions identified during data collection as needing supplemental data. Specifically, the polling survey was used to solicit broad opinion-based information on Lebanese employment preferences and perceptions among the unemployed and underemployed from a wider audience than could be reached through the KIIs.

The survey was conducted through 12 unique, close-ended questions with a defined number of answers. A total of 3,000 Lebanese from across the country responded to the survey, including male and female youths and older adults. Responses were analyzed by gender and age, as MySay reports output across these identifiers. Online polling is biased in favor of younger, tech-savvy respondents

of higher socioeconomic status with access to smartphones and the internet. The results of this survey are not considered to be representative of the Lebanese population and are only illustrative (Annex F).

MySay is the leading online polling application in Lebanon, with more than 95,000 users from all Lebanese governorates and an average of 7,000 daily users (figures as of August 1, 2018).

SAMPLING

The EGA team used purposive sampling for the selection of key informants for interviews. The sample size (*i.e.*, the total number of KIIs) was designed to maximize data collection (within the data collection period) and address all the sectors and areas of interest identified within the EGA's scope.

The selection of government, donor, NGO, and non-private sector actors within the KIIs was based on their legal authority, their relevant expertise, and/or their engagement in the sector or industry of interest. Such informants were initially identified by the EGA team, guided by USAID staff input, with scope to include actors referred by other informants.

The selection of private sector firms for inclusion in the KIIs was open to all eight governorates of Lebanon to capture the widest possible range of perspectives on economic growth opportunities, barriers, and needs across the country. The sampling of firms for this EGA was based on three criteria: (1) the sector or industry in which the firm operates; (2) the firm's size (small, medium, or large); and (3) the firm's geographic location. Data were collected from 87 private sector informants.

The assessment team worked to ensure a balanced representation of stakeholders by gender as far as information and availability permitted.

TOOL TRANSLATION

All interview tools were developed in English. When needed, bilingual members of the EGA team interpreted them into Arabic for use in KIIs in which data collection was conducted in Arabic. PMSPL II's editor and translator listened to recorded interviews, translated the Arabic discussion into English, and filled out the KII transcript forms accordingly.

ETHICAL REVIEW AND INFORMED CONSENT

All interview tools included an informed consent statement that incorporated a confidentiality clause. Every effort was made to ensure that KIIs were conducted in locations that provided complete privacy or where the respondents felt fully comfortable. At the start of each interview, respondents were assured confidentiality and asked whether they consented to participate in this EGA. With the respondents' permission, the KIIs were recorded in written and (when possible/permitted) electronic formats. The data collectors explained to all respondents that participation was completely voluntary and that they could stop the interview at any time with no negative consequences to them. It was also made clear that their personal identity would be kept confidential and not indicated against the information they provided.

Data were stored on secured, password-protected computers. Identifying information was retained in interview transcripts for data analysis purposes. Responses were anonymized in the final report.

No stipends were paid to KII participants.

ANALYSIS AND REPORT

The assessment team used a structured, systematic approach to analyze the data and triangulated it across multiple methods and data sources to ensure the reliability and validity of results. The assessment team analyzed the data as follows:

Qualitative secondary data gathered through the document review were summarized and recorded in notes (Word format or similar) organized according to the thematic and/or sectoral priorities indicated above. Notes were reviewed and discussed by the EGA team during team meetings, phone calls, email communications, and/or web-based collaboration. This discussion informed preliminary findings and recommendations, which have been validated through the KIIs and/or online survey poll.

Quantitative secondary data from the online polling survey were analyzed using Excel. The results were disaggregated by gender, age, and geographic location insofar as this was possible.

The PMSPL II team coded notes from all the KIIs it conducted within a Word-based matrix, organized according to the thematic and/or sectoral priorities indicated above, to facilitate the identification of common and/or aligned responses and identify preliminary findings. The consulting firm presented its preliminary findings in summary Excel matrix disaggregated by the list of companies interviewed per sector. A summary report of findings was presented on each sector based on the total number of interviews conducted. Through meetings, phone calls, email communications, and web-based collaboration, the EGA team reviewed the KII responses to identify preliminary findings and form the basis of recommendations that respond to the RQs. Findings and recommendations based on the KIIs were triangulated with secondary data collected through the document review, as well as primary data collected through the online survey poll.

To synthesize the various strands of analysis, the assessment team prepared a detailed outline summarizing key findings and recommendations according to each RQ. The outline was further organized according to thematic priorities, with suborganization according to sectoral priorities insofar as identified.

The EGA analysis process proceeded as follows:

- Progressively summarize notes from individual interviews and the desk review.
- Manually code KII and desk review data according to themes relevant to the RQs.
- Prepare a Word-based data analysis matrix (tally sheet) identifying the themes that emerge in the KIIs and desk review to facilitate systematic and rigorous data analysis aimed at identifying key study findings (**Annex G**). Where applicable, data quantification of responses was noted.
- Prepare a detailed outline summarizing key findings based on all the data analysis for each study question and overall recommendations.

To maximize use of the EGA by the intended users, the assessment team delivered a midpoint briefing to USAID on September 21, 2018, to provide an overview of the status of the data collection

process, share initial observations, and solicit guidance and feedback from USAID to inform the remainder of the data collection fieldwork. Upon completion of the data collection, the EGA team prepared its findings and shared them with USAID in advance of the preliminary findings presentation held on October 26, 2018. During the preliminary findings presentation, the EGA team presented initial findings, preliminary conclusions, and tentative recommendations that respond to the RQs. The results of the preliminary findings presentation were used to inform the drafting of this EGA report.

ASSESSMENT DESIGN MATRIX

Key Question	Subquestion(s)	Indicator(s)	Data Source(s)	Data Collection Tool(s) ⁸			Data Analysis
				DR	KII	OPS	
<u>Past and Current USAID/Lebanon Economic Growth Activities and Challenges</u>							
RQ1. How has USAID’s current portfolio contributed to CDCS and EG PAD objectives?	<p>a. What types of activities (in alignment with thematic and sectoral priorities) should USAID continue/discontinue to fund or scale up?</p> <p><u>Thematic Priorities</u></p> <ul style="list-style-type: none"> ● Trade and Investment Facilitation ● Workforce Development ● Business-Enabling Environment ● Gender and Youth Engagement and Empowerment ● Technology Transfer and Business Innovation 	<ul style="list-style-type: none"> - Rate of economic growth (disaggregated at sector level) - Employment figures and growth rates (disaggregated at sector level; disaggregated by gender, age, skill level; employment level and change therein among activity beneficiaries) - Export volumes, growth rates (disaggregated at sector level; level and change among activity beneficiaries) - Sales volumes, growth (disaggregated at sector 	<ul style="list-style-type: none"> - Published strategies and reports - Public/government datasets - USAID activity documentation, including performance evaluation metrics - KIIs with USAID/Lebanon officers, including gender point of contact - KIIs with USAID implementing partners - KIIs with donors, government, NGOs, research institute, and other stakeholders 	X			<ul style="list-style-type: none"> - Qualitative analysis of published strategies and reports - Quantitative analysis of published datasets - Quantitative analysis of USAID implementing partner performance evaluation metrics

⁸ DR = document review; KII = key informant interview; OPS = online polling survey

	<p><u>Sector Priorities</u></p> <ul style="list-style-type: none"> ● Agriculture and Agri-Food Industry ● Tourism and Hospitality ● Environment ● Emerging Sectors and Industries (e.g., heavy industry and manufacturing, clean energy, ICT) <p>b. What contextual factors are affecting USAID program success and what do these factors imply for future programming?</p>	<p>level; level and change among activity beneficiaries)</p> <ul style="list-style-type: none"> - Investment flows, growth rates (disaggregated at sector level) - Access to finance (disaggregated at sector level; level and change among activity beneficiaries) 	<ul style="list-style-type: none"> - KIIs with private sector firms in economic sectors of interest 				<ul style="list-style-type: none"> - Qualitative analysis of KIIs
Opportunities for Future USAID/Lebanon Economic Growth Activities							
<p>RQ2. What sectors and industries offer the greatest potential for USAID to meet CDCS and EG PAD objectives (including PSD and HEP)?</p>	<p>a. What sectors and industries have the greatest impact opportunities?</p> <p><u>Thematic Priorities</u></p> <ul style="list-style-type: none"> ● Trade and Investment Facilitation ● Workforce Development 	<ul style="list-style-type: none"> - Rate of economic growth (disaggregated at sector level) - Employment figures and growth rates (disaggregated at sector level; disaggregated by gender, age, skill level) 	<ul style="list-style-type: none"> - Published strategies and reports - Public/government datasets - USAID activity documentation, including performance evaluation metrics - KIIs with USAID implementing partners 	X		X	<ul style="list-style-type: none"> - Qualitative analysis of published strategies and reports - Quantitative analysis of published datasets

	<ul style="list-style-type: none"> ● Business-Enabling Environment ● Gender and Youth Engagement and Empowerment ● Technology Transfer and Business Innovation <p><u>Additional Elements to Consider</u></p> <ul style="list-style-type: none"> ● Social Stability ● Environmental Impact ● Benefits to Rural vs. Urban Economy ● Multisectoral Improvement <p>b. To what extent has USAID been engaged in these sectors and industries?</p> <p>c. What sectors and industries should USAID prioritize for intervention over the next five years?</p> <p>d. Should USAID focus on promising approaches and opportunities regardless of sector?</p>	<ul style="list-style-type: none"> - Export volumes, growth rates (disaggregated at sector level) - Sales volumes, growth (disaggregated at sector level) - Investment flows, growth rates (disaggregated at sector level) - Access to finance (disaggregated at sector level) 	<ul style="list-style-type: none"> - KIIs with government representatives, donors, and other stakeholders working on issues relevant to economic growth - KIIs with private sector firms in economic sectors of interest 				<ul style="list-style-type: none"> - Qualitative analysis of KIIs - Quantitative analysis of online poll survey results
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Intervention Recommendations for Future USAID/Lebanon Economic Growth Activities							
RQ3. What types of intervention should USAID consider over the next five years?	a. What type(s) of intervention (activities, target groups, other) should USAID consider over the next five years?	<ul style="list-style-type: none"> - Proportion of female participants in USG-assisted programs designated to expand access to productive economic resources 	<ul style="list-style-type: none"> - Document review 	X		X	<ul style="list-style-type: none"> - Qualitative analysis of published strategies and reports
	b. Do local private partnerships or so-called global development alliances (GDAs) present a viable implementation method? If so, how? What private sector firms would make good candidates for such a partnership?	<ul style="list-style-type: none"> - Growth in (real) gross domestic product (GDP) per capita - Value of new private sector investment leveraged by USG assistance 	<ul style="list-style-type: none"> - KIIs with implementing partners, civil society organizations (CSOs), government representatives, and donors working on issues relevant to economic growth - KIIs with private sector firms working in economic sectors of interest - Online polling survey 				<ul style="list-style-type: none"> - Quantitative analysis of published datasets - Qualitative analysis of KIIs
	c. What are the entry points and potential pitfalls for these recommendations? ⁹	<ul style="list-style-type: none"> - Number of Full-Time-Equivalent (FTE) jobs created as a result of USG assistance - Number of people with higher incomes as a result of USG assistance 					<ul style="list-style-type: none"> - Quantitative analysis of online poll survey results

⁹The wording of the previous RQ7 was as follows: “What are the new entry points and potential pitfalls for USAID with respect to the above recommendations, particularly in light of the political economy assessment that was recently completed?” During a meeting held with USAID/Lebanon staff on August 23, 2018, it was confirmed that the political economy assessment would not be completed until after the completion of the EGA. Accordingly, the second clause has been converted into a sub-question that acknowledges the shift in timing of the political economy assessment.

	<p>d. What entry points and potential pitfalls should be explored further within the scope of the planned political economy assessment?</p> <p><u>Thematic Priorities</u></p> <ul style="list-style-type: none"> ● Trade and Investment Facilitation ● Workforce Development ● Business-Enabling Environment ● Gender and Youth Engagement and Empowerment ● Technology Transfer and Business Innovation <p><u>Additional Elements to Consider</u></p> <ul style="list-style-type: none"> ● Social Stability 						
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Assessment Phases

PHASE 1 – INCEPTION REPORT AND DESK REVIEW

- The assessment team prepared an inception report containing its workplan, initial RQs, member roles and responsibilities, and methodology for conducting fieldwork in Phase 2. The initial list of key stakeholders and groups from which the assessment team planned to collect data reflected the RQs and sought to incorporate new perspectives on interests impacting a particular development challenge. The assessment team ensured that its methodology and data collection design upheld a balanced representation of gender, geographic outreach, and stakeholders across Lebanon.

During this phase, the assessment team began a desk review to build an understanding of Lebanon’s political, economic, and social context and trends and of the factors driving or constraining development in USAID/Lebanon’s CDCS program areas. The review was used to inform the development, refinement, and consolidation of the national and sector-based RQs to be used during fieldwork. The review included previous USAID/Lebanon EGAs, CDCS, PMPs, USAID’s Local Systems/5Rs framework, and other strategic documents, project documents, and literature from academia and civil society organizations (CSOs). As USAID is not alone in supporting EG in Lebanon, research and project results from other donors formed part of the literature review. This research included the identification of major stakeholders (governmental, donor, NGO, etc.) relevant to economic growth programming for each of the targeted sectors. The results of the desk review have been incorporated into the assessment report in the relevant sections. The underlying reports can be found in **Annex E**.

PHASE 2 – FIELDWORK AND ANALYSES

- The assessment team conducted an in-brief workshop with relevant USAID/Lebanon staff that covered a range of topics and resulted in minor modifications to, and the finalization of, its inception report, including RQs and fieldwork design and tools. The assessment team proposed visiting research sites (informants) outside of Beirut and secured approval from USAID/Lebanon. Fieldwork was initiated once the inception report was approved by USAID. In the lead-up to its field-based KIIs, USAID assisted with contacts, though all logistical support was the assessment team’s responsibility. In its inception report, the team described its approach to analyzing its field data, including analysis types and how to triangulate information from different sources, among different interviewers, and through different methods (e.g., KII versus desk study data). The team conducted one midpoint briefing for USAID/Lebanon staff during the assessment.

PHASE 3 – REPORTING

- Upon concluding its data collection and initial analysis, the assessment team conducted a briefing of its preliminary findings, conclusions, and recommendations to relevant Mission staff. As the focus of the assessment is to inform programming discussions, assessment recommendations include new ideas for future activities presented at the briefing and submitted in the final assessment report. These ideas are considered procurement-sensitive and could initiate the design process for new projects or activities in close collaboration with the Mission Program Office and the Technical Offices. The assessment team incorporated

USAID/Lebanon's feedback from the briefing into its draft assessment report and its annexes, which have been submitted within the required deadline for submission (November 5, 2018). The final report will be due within 10 days of receiving the Mission's comments on the draft report, with a tentative final deadline for submission in January 2019. Within this draft assessment report, the assessment team presented its recommendations for future activities, including a brief description of the areas for development, intended beneficiaries, expected impact, and proposed local partners.

Social and Gender Analysis

Economic growth programs designed with gender-equitable principles can boost competitiveness and gender equity to reduce poverty more effectively. Men's and women's roles, opportunities, and access to resources and benefits from income-generating activities also have an impact on the efficiency and competitiveness of economic growth in the global market. Understanding these gender disparities and addressing them in economic growth programs will improve program outcomes.

The main principle behind having a gender-sensitive EGA is to identify commonalities and differences between male and female economic actors in five main areas: economic practices and decision making, access to economic services and control of assets, cultural norms, perceptions and beliefs defining different economic roles, and laws and legislation governing economic processes. These jointly determine the degree to which each contributes to and benefits from economic processes.

To the extent possible, the assessment team explored how ongoing USAID projects may have affected male and female beneficiaries and youth beneficiaries differently (namely in resource allocation and in quantifiable benefits such as workforce training events attended, employment positions created, income increases reported, and the amount of financial access enabled).

This research was based on disaggregated data from implementing partners and/or project performance or impact evaluation documents, as available. The questions probed into how each topic affects men and women equally or differently, and responses were disaggregated by sex for a gender-sensitive qualitative analysis. The assessment team expanded on gender-related findings and conclusions underlined in the 2018 Gender Assessment, which was recently completed by PMSPL II, and in gender toolkits developed by PMSPL II, including:

- *Discrimination*: National legislation provides women and men with equal rights to ownership, inheritance, and access to loans and banking facilities, but Lebanese women in general lack awareness of their rights, and discrimination against them is common.
- *Access to land and credit*: Women have a legal right to own land, but few have land registered in their names. Women constitute the majority of smallholder farmers, with limited access to credit due to the lack of adequate collateral and the high risk associated with administering small agricultural loans.
- *Disproportionate burden of domestic responsibilities*: The disproportionate burden of domestic responsibilities on women limits in turn their participation in training sessions and employment.

- *Few formal work opportunities and low wages/income:* Despite high female enrollment rates in the Lebanese education system, gender bias remains in choosing fields of specialization. For example, males dominate sectors such as agriculture, from larger-scale farm production through downstream activities. Female agriculture day laborers receive lower wages than men and have no social benefits. Men are paid twice the salary of women because they do more physically intensive work that is considered unsuitable for women.

Limitations to Assessment

The EGA has relied heavily on qualitative data collected from KIIs. Therefore, the data can sometimes be based on subjective knowledge and the informants' own perspectives. To address this possibility, the assessment team sought clarification from informants on how they reached the stated conclusions (*e.g.*, on what basis they identify a potential growth subsector or perceive a barrier to employment of skilled labor) and triangulated data across multiple informants per sector and per informant type as well as secondary data sources.

Although the assessment team made a concerted effort to engage with both male and female informants, the informants holding senior or managerial authority or who may be in a position to provide information to answer the assessment questions were mostly male. Indeed, only 22 percent of KII participants were female. Moreover, relatively few of these informants appear to qualify as youth (ages 15–29). Accordingly, KIIs may not adequately reflect firsthand perspectives on the needs of women and youth with respect to economic opportunities or barriers. To address this problem, the assessment team included targeted questions about the needs of women and youth within the KII tools and emphasized secondary data collection that can address such points. Finally, the assessment team supplemented primary data collection efforts with an online survey that allowed Lebanese citizens from a diverse age range and relatively equal gender participation to answer questions related to employment and professional preferences.

The assessment team expanded data collection, specifically the number of KIIs conducted, in line with the wide scope of the assessment and the need to include referrals who were not initially included within the proposed list of key informants. Nevertheless, the assessment team faced difficulty in scheduling interviews with a few identified stakeholders (fewer than 5 of the original 40 KIIs planned), who were unavailable during the window for data collection. The extension of data collection yielded information covering a wider range of economic industries and actors but also resulted in a relatively shorter time for data analysis.

The inception report mentions that at or near the conclusion of the KIIs, the EGA team may organize up to two collaborating, learning, and adapting (CLA) sessions with selected informants to triangulate information and follow up on outstanding questions raised during the KIIs. As the CLA event was neither a requirement nor a deliverable, the EGA team decided to conduct further KIIs beyond the data collection period established in the inception report to further inform findings on emerging sectors and opportunities and secured USAID's approval for an extension of the fieldwork. Upon USAID's request, a CLA event could be organized following the submission of the assessment report to present main/selected findings and conclusions.

The timing of the EGA preceded, rather than followed, the PEA as initially intended. The EGA was therefore unable to use the PEA findings and conclusions. The EGA highlighted issues for consideration within the PEA (page 90).

CRITICAL ASSUMPTIONS

Critical assumptions underlying the EGA were as follows:

- Data and information relevant to economic growth and EG-focused activities and practices from sources such as USAID, other bilateral donors, World Bank, and United Nations agencies are accessible.
- Research and data collection firms are identified and available in time for the fieldwork to start on time.
- Public and private sector informants are available for engagement and forthcoming in sharing pertinent information with the EGA team.
- The formation of the Lebanese government does not interfere with the data collection process.
- The security situation remains stable and allows the EGA team to conduct needed fieldwork.

After the completion of data collection, the EGA team confirmed that it did not face significant challenges in accessing data and information from other donors or stakeholders, that the government formation did not impact the data collection process, and that the security situation remained stable throughout the EGA data collection timeframe. The section on Limitations to Assessment (above) precisely describes challenges related to fieldwork scheduling and availability of informants.

ASSESSMENT MANAGEMENT

Deliverables, Timeline, and Dissemination Plan

As set out in the inception report, the assessment team committed to deliver the following to USAID:

- **Inception Report:** The inception report contained the final approved RQs derived from the scope of work and other relevant economic and research tools as needed. It also included clear descriptions of the team's workplan and methodology for all phases. The inception report provided a notional list of individuals/organizations it intended to interview in each CDCS program sector. Categories of interviewees included (but were not limited to) public officials, EG professionals, EG stakeholders, representatives from the private sector, and bilateral and multilateral development organizations. This deliverable was not revised during the assessment.
- **Desk Review:** The assessment team conducted a desk review of relevant documents on the economy of Lebanon, including academic literature; relevant Government of Lebanon legislation and policy documents; other USAID/Lebanon project evaluations and assessments; Mission strategic materials (including CDCS and PMP documents); USAID's Local Systems/5Rs framework; project materials (such as progress reports), and relevant analyses from other donors, partners, and NGOs. This review gave a macroeconomic overview of the sectors under study by compiling information on the main economic indicators of each sector and relevant, cross-cutting components, providing a situation analysis for each sector. The consulting firm InfoPro further examined and analyzed available project documentation (including the inception report shared by the assessment team), statistics, business and economic studies, and databases. In carrying

out this review, InfoPro also relied on some of its own sources in compiling the situation analysis for each sector. Documents reviewed by InfoPro are included in the bibliography (**Annex B**). The resulting review identified knowledge gaps and informed the design of the team’s data collection and analysis methods. The team sought out trends or gaps in its research that informed potential new or modified objectives, program areas, or approaches. Desk review reports are found in **Annex E**.

- **In-Brief Meeting:** The in-brief meeting held with relevant Mission staff discussed the team’s proposed approach, an overview of economic growth analysis, the current CDCS and its relevant program sectors, and the factors that have helped and limited the effectiveness of recent USAID/Lebanon projects and activities. A key goal of the meeting was to narrow down and reach consensus on the proposed RQs and to prioritize donors and stakeholders for inclusion in KIIs. In turn, the contractor made the appropriate modifications to its fieldwork design and tools, including the lists of individuals to be interviewed and interview questionnaires.
- **Midpoint Assessment Briefing:** The team conducted one briefing on September 21, 2018. USAID/Lebanon provided feedback on the assessment team’s findings to date and guidance for the remainder of its fieldwork.
- **Final Briefing:** After concluding its fieldwork, the team conducted a final briefing with USAID on October 26, 2018, to showcase its preliminary findings, conclusions, and recommendations through a PowerPoint presentation. USAID provided feedback on the spot.
- **Draft Assessment Report:** The team submitted a draft report to USAID/Lebanon after receiving the Mission’s comments following the final briefing. The draft report included an executive summary and the full body text. Additional materials were included as annexes. The report summarized all findings from the EGA, addressing the agreed-upon RQs and providing recommendations to inform future USAID/Lebanon programming. Recommendations include initial ideas for potential activities, which have been made available as annexes (**Annex H, Annex I**).
- **Final Assessment Report:** The team revised the draft assessment report and provided the final report incorporating all USAID/Lebanon’s comments. The final assessment report included the following sections:
 - Abstract of not more than 250 words briefly describing what was assessed in addition to the assessment questions, methods, and key findings or conclusions.
 - Executive Summary of 2–5 pages summarizing key points (purpose and background, assessment questions, methods, findings, and conclusions).
 - Introduction summarizing the assessment’s purpose, audience, and questions.
 - Background summarizing the context in which the assessment and its components took place, the problems addressed, the current operating environment, and challenges and opportunities.
 - Findings collected by the team that address each research question. Findings must be supported by the relevant collected data.
 - Conclusions providing the team’s interpretations and judgments based on the findings.
 - Recommendations based on and clearly supported by findings and conclusions, outlining priority suggestions for programming. Recommendations are relevant, practical, clear, and action-oriented.

- Annexes that include ideas that may support the design of new activities to address the development challenges identified in this EGA or in other assessments such as the gender analysis. These annexes should be treated as procurement-sensitive.

If requested, additional work on the elaboration of selected ideas into concept papers will be carried over following the completion of the assessment as a separate task with a different team composition and as needed to comply with ADS 201.3.4.3 guidance for activity and project design considerations.

TEAM COMPOSITION

The assessment team consisted of a team leader, local experts, technical support from the PMSPL II assessment team, and a data collection/analysis consultancy firm. SI's head office has supported assessment management and quality.

1) Assessment Team Leader, Ms. Rachel Bahn, was responsible for coordinating and directing the overall assessment, providing technical expertise, assisting in the desk review, and overseeing the data collection and analysis. She ensured deliverables were timely, including the preparation and submission of the inception report, the preliminary findings presentation, and the draft and final assessment reports. (53 days LOE)

2) Economic Growth Local Expert, Mr. Gabriel Bayram, contributed expert technical inputs into designing the assessment methodology, drafting the inception report, creating data collection instruments, conducting KIIs with donors and other stakeholders, participating in data analysis, and contributing to report writing. (49 days LOE)

3) Workforce Development Local Expert, Mr. Hicham Abou Jaoude, contributed expert technical inputs into creating data collection instruments; conducting KIIs with a focus on labor organizations, syndicates, and associations; and participating in related data analysis. (33 days LOE)

4) Social Impact team members, Ms. Carine Khoury, Ms. Rana Taher, Ms. Tamara Nassereddine, and Mr. Amer Haddad, participated in drafting the inception report, designing the methodology and data collection tools, organizing and conducting data collection including fieldwork and KIIs, data analysis, and report writing.

5) The consultancy firm InfoPro conducted a desk review and situation analysis for the sectors covered by the EGA, contributed to the development of and adhered to the agreed methodology for data collection and analysis, conducted 79 KIIs with private firms, and provided desk review and KII data analysis.

6) Social Impact head office staff Mr. Eric Lundgren and Mr. Zuri Linetsky participated in reviewing and editing the inception report, findings presentation, and draft report before they were submitted to USAID for comment and review. Head office staff have taken an active role to monitor deliverables and ensure quality.

The preparation of the assessment report is the ultimate responsibility of the team leader. Final editorial responsibility and quality control for the report is with Social Impact. Comments received on this report are to be addressed by the team leader and economic growth local expert, supported by the PMSPL II staff. The draft assessment report is to be reviewed by USAID/Lebanon and, at the request of USAID/Lebanon, selected stakeholders. PMSPL II certifies that there is no current or

potential conflict of interest with respect to this assessment’s performance on the part of the contracted consultancy firm and its team members. Social Impact has guaranteed that substitutions were not made for individual team members without the approval of USAID.

FINAL WORK PLAN



EGA Work Plan

PAST AND CURRENT CHALLENGES FOR USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – FINDINGS AND CONCLUSIONS

The following findings and conclusions provide the basis for all recommendations presented below. The detailed findings, conclusions, and recommendations matrix that organizes each idea by theme and sector and underpins the assessment can be found in **Annex G**.

RQ1.A FINDINGS AND CONCLUSIONS

RQ1. How has USAID's current portfolio contributed to CDCS and EG PAD objectives?

- a) **What types of activities (in accordance with thematic and sectoral priorities) should USAID/Lebanon continue/discontinue to fund or scale up?**

TRADE AND INVESTMENT FACILITATION

USAID's contribution to trade and investment facilitation under the Lebanon Enterprise Development Project (LED) is newer but less visible than other activities such as the Lebanon Industry Value Chain Development Project (LIVCD) and MENA II. MENA II is the only Lebanese venture capitalist (VC) working outside ICT (Circular 331) and the sole supporter of an angel network (early seed investment) through equity guarantees and training, mobilizing concentrated wealth for growth, and filling a gap between accelerators and VCs.

USAID SME development projects that can help across many types of business needs often are not focused or specialized, limiting their ability to lift an entire sector.¹⁰ The firm-level focus of LED has limited its ability to coordinate activities across firms and address common constraints.

SME development programs – including USAID's – are not allocating enough resources to diagnosing specific SME constraints in job creation.

Multiple stakeholders struggled to identify specific needs or propose necessary interventions that would support the growth of their sector or the economy at large. Conversely, stakeholders in selected sectors, including clean/renewable energy, film/cinema, and ICT, seemed better able to articulate tangible areas for intervention.

Several associations, syndicates, and cooperatives reportedly fail to provide value to members or customers, leaving them dependent on donor funds and/or effectively non-operational.

WORKFORCE DEVELOPMENT

USAID implementing mechanisms (IMs) integrate some aspects of workforce development into their activities, but there is no specific workforce development program. USAID activities report to PSD IR1.2 *Improved Workforce Development* but do not necessarily have specific activities focusing on workforce development. As a result, the workforce development activities are driven by project

¹⁰ LED currently assists individual firms but does not work along value chains to address common challenges across firms within the same sector, limiting the potential for improvements. Working to address a common challenge across firms within the same sector may eventually be feasible once LED has established relationships with enough firms identifying a common constraint.

results. Other USAID activities provide workforce development training for their employees and/or MFI employees.

USAID has a strong private sector network and experience that can be capitalized on. USAID has significant private sector connections and networks through its EG activities, including LIVCD, LED, MENA II, LIFE, and LRI.

Successful approaches to workforce development include the development of professional networks, access to quality education, and relevant practical experience.

Workforce development programming is most effective when linked to the private sector, particularly for fast-moving sectors and/or skills that evolve rapidly such as ICT. The private sector has highlighted a need for improving and refreshing skills among midcareer professionals through specialized training and seminars to keep up with the latest trends in fast-moving sectors such as IT and creative industries.^{11 12 13}

Workforce development programming is most effective when it incorporates practical training and works to place graduates/trainees within functioning private sector firms. Current workforce development initiatives report poor job placement levels (under 7 percent), as programs tend to focus on supply-side interventions to prepare appropriately skilled labor, but with limited connection to the private sector:¹⁴ 20,000 trained to 1,500 placed. Workforce development programs that offer direct trainings with the private sector have significantly higher placement rates, but sustainability issues remain unresolved.¹⁵

University Scholarship Programs (USP) claim strong performance in employment of graduates, particularly linked to soft-skill development (internships, leadership training, volunteering requirements), but impose a significantly higher per-beneficiary cost than vocational or skills-based training.

¹¹ Training is not only for recent graduates but also for midcareer professionals, some of whom were poorly trained due to the civil war.

¹² Specialized training is needed in visual merchandising, branding, technology, retail, and concept design. This need applies across sectors.

¹³ An option for donor programming to target workforce development might focus on the enhancement of specialized skills to improve SMEs' or BDS firms' productivity and competitiveness. Such an approach would initially/principally focus on building skills among those already employed, such as young (female) professionals working at or connected to chambers of commerce.

¹⁴ Concerns have been raised that beneficiaries are recycled through donor and NGO programs but ultimately fail to gain useful skills for employment.

¹⁵ Private sector training sectors may be willing to train and place trainees in internships. Opportunities may especially include domestic jobs that can support Lebanese Franchise Association (LFA) members internationally.

BUSINESS-ENABLING ENVIRONMENT (BEE)

USAID implementing mechanisms, LED, LIFE, and MENA II, have addressed BEE reform through specific activities in their current programming in accordance with IR 1.3 *Improved Business Enabling Environment*.

- **LIFE:** LIFE is working with LMFA (Lebanese Micro Finance Association) to develop a management and information system (MIS) to avoid the problem of multiple borrowers, with the aim of promoting MFI reforms, financial technology (fintech), and other BEE improvements related to the microfinance sector in Lebanon (LIFE).
- **MENA II:** To support improvement in legal infrastructure, MENA II has lobbied the government directly and co-funded with other VCs the drafting of both the Private Equity and Venture Capital (PEVC) law and the employee stock-option law, which are currently being reviewed in Parliament.

Nonetheless, BEE activities continue to be marginal activities driven by expected results as opposed to program needs. For example, the LED activity has a limited focus on BEE in its design and has to date received very little substantive engagement from beneficiaries in identifying or promoting areas for BEE reform.

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

USAID does not have a gender or youth standalone activity; rather, gender and youth considerations are integrated across all its IM activities.

USAID activities appear not to have significant impact on empowering women and youth, though in some cases their indicators focus on reaching female and/or youth beneficiaries. Activities including LED, LIFE, and LRI do not specifically emphasize gender- or youth-focused strategies within their programs.

- **LRI:** LRI tracks beneficiaries by gender. It has noted that reforestation activities have low female participation rates (18 percent to 28 percent) due to the physical demands of the work and cultural sensitivities.
- **MENA II:** MENA II did not initially include a strategy for targeting women. Women are only 12 percent of the funded investors, compared with 5 percent of all investors in the wider market. MENA II has supported one local women-focused VC fund to support women startup businesses. MENA II does not have youth-related targets for performance. Although boot camps happen to target youth, this is not a deliberate strategy. In fact, MENA II recommended further targeting 30+-year-old entrepreneurs since they have management and leadership experience.
- **USP:** Under USP activities, the overall ratio of female to male beneficiaries is approximately equal at 50 percent to 60 percent. However, there are clear differences in the ratio of females to males within selected academic majors, which are attributed to the ability of the individual beneficiary to choose her/his academic major.

It is unclear if objective performance targets, such as profitability, that disregard gender/youth inclusion are a sound reason for directing assistance to, or selecting for, the employment of older male beneficiaries. In some cases, the lack of focus on female and youth targets is justified to meet profitability objectives, commercial targets, or minimum employment qualifications.

USAID IMs could target sectors with stronger youth and women presence to promote empowerment and employment. Alternatively, USAID IMs could target sectors that are economically promising and then think of activities to ensure women and youth engagement and empowerment.

- **LED:** LED under its current design does not target SMEs or sectors (*e.g.*, ICT) that have a higher probability to hire youth.
- **LIVCD:** LIVCD has noted that there are more opportunities for women in the post-harvest and agro-processing value chains (*e.g.*, freekeh [processed green durum wheat]). These value chains were selected based on market opportunities and competitiveness to meet LIVCD's targets and not necessarily gender-empowerment goals.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

Technology transfer and business innovation have not been a focus in USAID's economic growth activities; however, successful examples appear to build on international technologies calibrated to local needs. Notably, LIVCD has supported technology transfer and business innovation (*e.g.*, mechanical harvesters and freekeh roasting equipment) through universities and private sector players. Although LIFE has supported the idea of promoting an e-wallet,¹⁶ the activity has not been able to support that for regulatory reasons.

AGRICULTURE AND AGRI-FOOD INDUSTRY

USAID is one of the large contributors to the agricultural and agri-food sector in Lebanon, with an estimated budget of at least \$50-75 million over five years. USAID's contribution to the agricultural and agri-food sector under previous programming is relatively visible and considered an important contribution by other stakeholders, such as FAO.

Under the LIVCD activity, some value chains were more beneficial for economic growth, whereas others were more beneficial for livelihood promotion or inclusive growth. The former include avocado, grapes, and processed products with added value (*e.g.*, dried fruits, pickles, ready-to-eat); the latter includes apple production.

Even though USAID plays a critical role in the agriculture and agri-food sector in investment, transfer of technology, technical assistance, and growth, its efforts could have greater impact if a more focused approach (*e.g.*, number of value chains) were taken.

Outstanding needs within the agricultural value chains supported by LIVCD vary. Post-harvest interventions are the priority needs for products such as avocado, grapes, and cherries. Orchard-level improvements are the priority need for apples.

- Due to LIVCD assistance, an additional 80,000 tons of avocado production (at least) will come into the Lebanese market in the next 3–4 years, representing a third of the current production. This production – whether fresh or transformed into processed products – will require access to markets; otherwise it risks flooding the market and reducing prices.

¹⁶ An e-wallet, also known as a digital wallet, is an electronic device or online service that allows an individual to make electronic transactions.

- Further activities to support olive oil production may not contribute significantly to either economic growth or higher incomes among vulnerable populations.

Given ongoing or planned donor investments in the agricultural sector, coordination to avoid overlap of donor activities may be important. Significant investments in the agricultural sector (*e.g.*, apples, grapes, cherries, wine, thyme) are being pursued/planned by other donors, including the EU (\$15 million), France, and the Netherlands (\$20 million). Some of these activities are elaborated in Annex J.

TOURISM AND HOSPITALITY

USAID investment and work in the rural-tourism sector has helped advance the sector as well as create economic growth opportunities in investment and workforce development. USAID's contribution to the rural tourism sector under previous programming such is considered an important contribution by other stakeholders. However, attributing the positive impact to USAID interventions is not possible considering the scale of growth in the sector and the presence of other donors and NGOs.

The rural tourism and ecotourism sectors have been highlighted as promising subsectors both for economic growth and for job creation in areas of Lebanon with fewer employment alternatives. However, there is a lack of data and information on the sector's trends and specific needs.

Neither rural tourism nor ecotourism is a current priority of the Ministry of Tourism, which has elected to focus its efforts on foreign leisure tourism and Meetings, Incentives, Conferencing, and Exhibitions (MICE) tourism. This lack of attention may leave an opportunity for donor assistance.

ENVIRONMENT/CLEAN AND RENEWABLE ENERGY

USAID's recent contribution to the environment and renewable energy sector has been primarily in reforestation under the LRI activity. The economic impact of reforestation activities under LRI is currently being evaluated and is not yet known. USAID's contribution to reforestation under previous programming is based on a labor-intensive model that offers seasonal employment, which supplements rural household incomes. This labor-intensive model of reforestation has been replicated by other donors including those working with Syrian refugees.

There may be significant spillovers from the environment sector to other economic sectors in Lebanon, notably agriculture and tourism/hospitality.

TECHNOLOGY/ICT

The technology/ICT sector is a promising sector for both economic growth and job creation. Technology and ICT have been repeatedly identified as a promising sector for export-led economic growth and workforce development.

The technology/ICT sector could have important spillover effects for other economic sectors in Lebanon. For example, selected stakeholders have indicated a need for financial technology (fintech) in the MFI sector.

USAID’s current contribution to the technology/ICT sector has been limited to MENA II investments. USAID has contributed to the technology sector under its current EG portfolio largely through equity investments funded by MENA II. LED has scope to support firms within the technology/ICT sector; however, the private sector firms surveyed were unaware of the LED project or potential to support firms in the sector.

FINANCIAL SECTOR

There are gaps in access to equity finance in size of investment, type of eligible recipients, and sectoral coverage. Under MENA II, gaps in the availability of equity financing for technological sectors have been identified, including for smaller ticket sizes. Additional funding or smaller ticket sizes may be options to fill this gap. Stakeholders have identified the need for equity investments in SMEs and start-ups. In addition, stakeholders have identified a need for sectoral funds under technically specialized management to direct equity investments to promising businesses and/or startups outside the technology sector in sectors such as agriculture and creative industries (film/television).

Equity finance provided by trusted stakeholders, including donors, can be structured to support better financial governance and attract further or matching investment.

There are gaps in knowledge around the needs of the MFI sector and borrowers. There is a lack of data on the size of the microfinance sector and poor knowledge of micro-finance market segments and consumer financial needs among MFIs. There could be an interesting opportunity to work with LIFE or in partnership with the MFI network to address this data gap.

RQ1.B FINDINGS AND CONCLUSIONS

RQ1. How has USAID’s current portfolio contributed to CDCS and EG PAD objectives?

b) What contextual factors are affecting USAID program success and what do these factors imply for future programming?

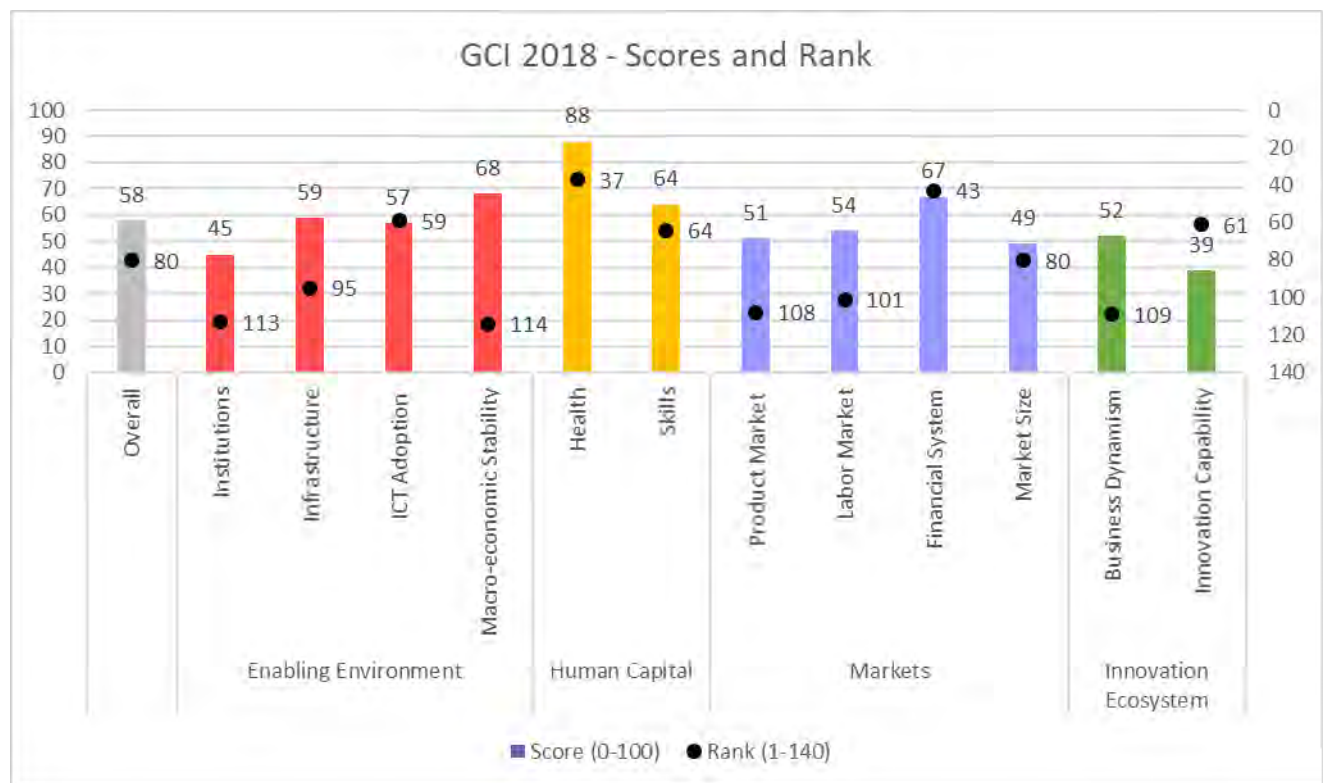
Economic growth, including trade and investment activities, have been hampered by the current BdL monetary policy and the lack of a GOL economic growth strategy. The current macroeconomic situation and unconventional monetary policies, including several recent policies/changes by the BdL, may have crowded out private sector borrowing, reducing access to finance and, by extension, trade and investment.¹⁷ Compounding the situation, the GOL does not have a unified economic growth strategy.

Lebanon’s performance on the Global Competitiveness Index (GCI) weakened slightly in 2018 and ranges significantly across pillars, with the best performance in human capital (health) and the worst performance in macroeconomic stability and institutions. In 2018, Lebanon ranked 80th

¹⁷ Expanded government borrowing and BdL swap operations have further crowded out liquidity, reducing the private sector’s ability to access finance. A change made by BdL in 2017 to the Kafalat loan guarantees has increased the cost of lending and reduced the number of loan guarantees extended. The implications of the new MFI law remain to be seen. The renewal of Circular 331 remains to be determined. Uncertainty in the financial sector – due to both changing BdL rules and the economic situation – has had a cooling effect on lending.

among 140 countries (top 57 percent of all countries ranked), down from a rank of 105th among 137 countries (top 76 percent of all countries ranked) in 2017. However, Lebanon’s performance in 2018, when assessed using the latest methodology, fell in rank by five positions and its overall score declined by 0.1 point. Individual scores are presented by pillar below (**Exhibit 2**). A look within the sub-pillars reveals that Lebanon scores particularly poorly in elements such as reliability of water supply (ranked 136th of 140 countries), debt dynamics (130th of 140), active labor policies (128th of 140), insolvency regulatory framework (128th of 140), quality of roads (127th of 140), future orientation of government (126th of 140), shareholder governance (124th of 140), and cost of starting a business (124th of 140). In contrast, Lebanon scores particularly well in elements such as electrification rate (ranked 1st [tied] of 140 countries), inflation (1st [tied] of 140), redundancy costs (20th of 140), digital skills among population (22nd of 140), ease of finding skilled employees (23rd of 140), skillset of graduates (25th of 140), critical thinking in teaching (25th of 140), domestic credit to private sector (26th of 140), and pupil-to-teacher ratio in primary education (30th of 140) (Schwab 2018).

Exhibit 2. Performance on Global Competitiveness Index, 2018



Source: Schwab 2018

Contextual factors, including the presumed conclusion to the Syrian crisis and planned infrastructure investment by the GoL with donor support, could significantly change the landscape for economic growth in Lebanon.

The presumed conclusion to the Syrian conflict may offer a significant opportunity for economic growth in Lebanon in multiple ways:

- The resumption of land-based export through reopened land border crossings.
- The emergence of a hub for investing in Syrian reconstruction, including opportunities to benefit from Lebanese (relatively) high-skilled, lower-cost labor that can offer suitable language capacities for working in Syria (Arabic and English).
- The improvement of the investment climate in Lebanon linked to a reduction in tensions across the region, with positive effects for investment.

Other donors are aligning their future economic growth programming to the CEDRE conference and CIP. If this infrastructure investment materializes, Lebanon could experience significant improvement in transport, electricity/energy, and telecommunications. Priority projects appear to include the Beirut Rafic Hariri Airport (World Bank); data-based cloud services and the extension of the national fiber-optic network; the power sector; the Beirut-Tripoli rapid bus terminal; Tripoli Special Economic Zone (15M); and Industrial Zones in Baalback, TourbulQosayal, and Moukhaless-Jleoliyeh (85M; 29,000 jobs). These investments can represent a stimulus for economic growth across real sectors. In addition, this donor alignment may leave an important gap for efforts to target the real economy (beyond infrastructure) through support to the private sector, a gap that might be (partially) filled by USAID.

There is a growing need for exchange of data and information (government-donor and donor-donor) around economic growth programming. A lack of detailed, disaggregated data limits the effectiveness of economic growth programming for government and donors. This challenge is compounded by the growing number of donors working within the economic-growth area and shifting from humanitarian to development assistance programming, as well as by the lack of an effective donor coordination mechanism within the GOL. Stakeholders expressed support for increased donor coordination efforts, including USAID engagement in this area. A mapping of donor activities within the area of economic growth as discovered through this assessment is provided in **Annex J**.

Like other donors, USAID has not been able to capitalize on the potential of diaspora as a major source of investment in the country. The Lebanese diaspora is viewed as a source of strength for the Lebanese economy. For example, diaspora remittances are cited as a major source of investment in the country. An estimated \$7.1 billion in remittances entered the country in 2017, or approximately \$1,500 per capita. However, current activities involving the Lebanese diaspora are small or ad hoc. Successful approaches by government, donors, or other stakeholders to encourage and direct diaspora engagement have not been identified, as it is not simple to connect to or capitalize on diaspora potential. Previous efforts to capitalize on the diaspora were attempted under the USAID Diaspora ID activity, but the experience was not conclusive.

Opportunities to build on, or partner with, diaspora actors may include:

- Linkages to export markets.
- Source of potentially productive investment.
- Source of technology and knowledge transfer through Lebanese-owned foreign business, including innovative ideas.

There is a need for economic growth programming across Lebanon, though the needs and appropriate interventions differ across regions and communities. Although the Lebanese economy is centralized in Beirut, significant economic activities are present outside the capital. Similarly, there are many SMEs and individuals in need of support both within Beirut and in other areas of the country. There is a perceived need to focus on geographic diversification of the Lebanese economy and avoid the reinforcement of economic centralization in Beirut and greater Beirut.

OPPORTUNITIES FOR FUTURE USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – FINDINGS AND CONCLUSIONS

RQ2. FINDINGS AND CONCLUSIONS

RQ2. What sectors/areas offer the greatest potential for USAID to meet CDCS and EG PAD objectives (including PSD and HEP/workforce development)?

- a) **What sectors/areas have the greatest impact opportunities?**
- b) **To what extent has USAID been engaged in these sectors/areas?**
- c) **What sectors should USAID prioritize for intervention over the next five years?**
- d) **Should USAID focus on promising approaches and opportunities regardless of sector?**

TRADE AND INVESTMENT FACILITATION

Sectors representing a significant opportunity for trade and investment facilitation include:

- Agriculture and Agro-Processing
- Creative Industries (film, television, advertising)
- Environment/Clean and Renewable Energy
- Technology/ICT
- Tourism/Hospitality

USAID has had significant engagement in facilitating trade and investment in the agriculture and agro-processing sector; minimal engagement in the creative industries; minimal engagement in the environment/clean and renewable energy sector (specifically clean energy); moderate engagement in the technology/ICT sector; and significant engagement in the tourism/hospitality sector (rural tourism and ecotourism).

Access to markets is a significant barrier for private sector-led trade and investment. Direct assistance in accessing markets and new clients overseas remains the top “ask” from private sector stakeholders and support organizations.¹⁸ The underlying causes of insufficient access to markets vary by sector and may require tailored approaches to address.

Lebanon has a perceived competitive advantage in its “innovative, risk-taking, entrepreneurial, global networks.”

The poor, and in some cases inaccurate, perceptions of Lebanon are inhibiting the performance of multiple sectors, and branding at the sector or country level is a common demand of stakeholders.¹⁹

¹⁸ A number of stakeholders called for direct assistance to find access to markets overseas (donors, NGOs, syndicates, associations). This applies to industry, agriculture, tourism, and ICT startups.

¹⁹ Agriculture/Agri-Food – Lebanon is perceived as having lower-quality production than other producers (*e.g.*, Lebanese vs. Italian olive oil). Tourism – A poor perception of the country, specifically as relates to the security

Private sector firms are not implementing significant and tangible investment and product development plans due to economic and political uncertainties.

Agriculture and Agri-Food Industry

Stakeholders identified the agricultural and agri-food sectors as having significant potential for economic growth, including through export channels. Agro-exports have increased from \$581 million in 2011 to \$688 million in 2016, despite disruptions linked to the Syrian conflict and the closure of land routes to important export markets in the Gulf.

Export channels to the Gulf and other parts of the MENA may be bolstered by the reopening of the Nassib border crossing between Syria and Jordan (announced mid-October 2018 (Daily Star, 2018 October 16)), which should allow for the resumption of land-based transport from Lebanon to Jordan, Iraq, and the Gulf. This, in turn, could reduce exporting costs compared with the use of sea-based shipping, which was approximately three to four times the cost of exporting overland.²⁰ The reopening of the Nassib border crossing, which had been closed since 2015, represents a significant opportunity to restore the exports of agricultural and agri-food products to the status quo prior to the Syria crisis.

Higher-value and value-added products have been identified as those with the greatest potential for growth, particularly on the export market. The strongest, most immediate export opportunities for export-led growth are for higher-value fresh produce (*e.g.*, avocado, pine nuts) and value-added processed products.^{21 22 23} In addition, dairy has been noted as a promising subsector with more than 1,000 companies operating (informally). Lebanon is also experiencing significant growth in the domestic ready-to-eat market.

There is an opportunity to link the agricultural and agri-food sector to the growing hospitality industry.

Tourism and Hospitality

situation, deters international tourists. Investment/Access to Finance – Investors are hesitant to travel to Lebanon to discuss/explore investment opportunities.

²⁰ To offset the increased export cost, the GOL has offered subsidies for export under the IDAL Agri Plus program launched in January 2012 and under the Maritime Lebanese Exports Bridge (M.LEB) program launched in August 2015. Although the latter program was intended to offset the higher costs of shipping to the Gulf and Jordan via sea, the additional time and costs of maritime shipping nevertheless contributed to reduced agricultural exports.

²¹ Stakeholders' perspectives on olive oil production differ. Some believe that Lebanese olive oil is uncompetitive on international markets, with significant production constraints and consumer practices needing to be addressed. Others believe there may be a niche for production and export of higher-value, organic olive oil.

²² Export channels to the GCC and other parts of the MENA may be bolstered by the reopening of the Nassib border crossing between Syria and Jordan (announced mid-October 2018), which should allow for the resumption of land-based transport from Lebanon to Iraq and the Gulf. This, in turn, could reduce the costs of exporting compared with the use of sea-based shipping. The reopening of the Nassib border crossing represents a significant opportunity to restore the exports of agricultural and agri-food products to the status quo prior to the Syria crisis.

²³ For example, canned goods, packaged goods whether perishable or non-perishable (*e.g.*, tahini-based products, burghul, olive oil, goat by-products, wine).

Stakeholders identified the tourism/hospitality sector – and specifically rural tourism and ecotourism – as having significant potential for economic growth.

Domestic tourism has driven Lebanon’s tourism sector in recent years. According to the World Travel and Tourism Council (WTTC), this trend is likely to extend to 2027.

International tourism has recovered in recent years, but the profile of tourists to Lebanon – and their spending and demands – appears to be changing. International arrivals at Beirut airport are up from 6 million in 2012 to 8.2 million in 2017, of which 22 percent are tourist arrivals. Tourist arrivals are practically at record levels; however, reductions in tourism spending reflect a change in the tourist profile coming to Lebanon.²⁴ The origin of visitors to Lebanon is presented below (**Exhibit 3**).

Exhibit 3. Origin of Visitors to Lebanon, 2017

Region/Country of Origin	Share of Total	Year-on-Year Change (2017)
Europe	34.4%	13.3%
<i>France</i>	8.9%	
<i>Germany</i>	5.2%	
Arab Countries	30.2%	7.3%
<i>Iraq</i>	12.2%	
<i>GCC Countries</i>	6.8%	
<i>Jordan</i>	4.9%	
<i>Egypt</i>	4.4%	
Americas	17.6%	10.3%
<i>United States</i>	9.2%	
<i>Canada</i>	5.8%	
Asia	7.4%	8.9%
Africa	5.9%	5.9%
Oceania	4.4%	9.2%

Source: Byblos Bank 2018

This change in the origin of tourists (less from the Gulf and more from Europe and America) requires new strategies for the tourism/hospitality industry. For example, alternative accommodation – guesthouses, bungalows, boutique hotels, and campsites – is a rapidly expanding trend. Supply is having a hard time keeping up with the growing demand.

²⁴ Increases in tourism may positively impact the development of the fashion sector: Heavy tourist spending was registered mainly in the fashion and clothing sector, which captured 69 percent of the total, followed by 16 percent for watches and jewelry.

Efforts to promote the tourism sector include those of the Ministry of Tourism (MOT) and private stakeholders. The MOT launched the Visit Lebanon 2017 initiative in May 2017, inviting 150 foreign companies and tour operators to Lebanon to meet local industry partners and experience Lebanon firsthand. Separately, private stakeholders have attempted to market Lebanon as a destination for cultural and religious tourism.

Although the MOT acknowledges the importance of rural tourism, it focuses on Beirut and its surrounding areas through the promotion of conferences, exhibitions, coastal resorts, and restaurants. However, the MOT's Cultural Heritage and Urban Development Project has encouraged locals and expatriates to invest in their homeland: around 15 natural reserves have been developed outside of Beirut. This may stimulate both tourism activity and the related workforce.

Lebanon may offer a suitable environment for rest and care after medical procedures. The country already benefits from an established position as a travel and holiday destination for Arab tourists who may be interested in medical tourism.

Environment/Clean and Renewable Energy

Solid waste management has been noted as a major need within the Lebanese economy, raising the prospects for activities that focus on recycling as an economically productive activity. Two of three recycling businesses have experienced an increase in business activity in recent years, by 10–15 percent (sales). With the recent decentralization of waste management responsibilities, opportunities for investment may further open for waste management technologies, including recycling.

The engineering and environmental consultancy subsector has declined in recent years as much of the work is linked to government infrastructure spending (domestic or regional).

The renewable energy sector may be an opportunity for investment and growth, though regulatory hurdles remain. Lebanon is on track to meet its target for renewable energy generation – 12 percent of total capacity – by 2020. Investment needs within the renewable energy sector in Lebanon are estimated at \$2 billion over the next 3–5 years, mostly in the form of private sector investment. However, one alternative energy company reported a decline in business in recent years and complained that its performance is limited by the public control of the energy sector.

Energy efficiency improvements for the construction sector could both reduce energy requirements and stimulate the clean energy subsector. Buildings in Lebanon account for roughly 40 percent of the total national energy bill.

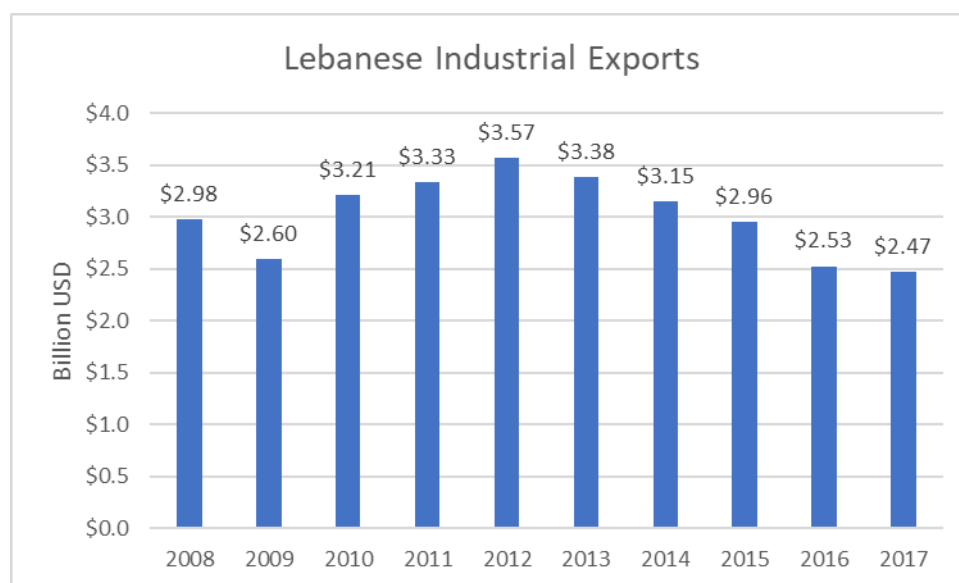
Industry/Manufacturing

Most private sector stakeholders surveyed reported a decline in manufacturing activity in recent years. Only 2 out of 15 have indicated positive trends for their company in productivity or sales.

Lebanon's manufacturing sector is domestically oriented and has suffered from a decline in exports in recent years. The majority of manufactured goods produced in Lebanon (82 percent) are sold on the domestic market, with the remainder sold through export. A decline in industrial exports to Iraq and the Gulf Cooperation Council (GCC) in recent years has been at least partially attributed

to the closure of the land border between Syria and Jordan. Industrial exports totaled \$2.47 billion in 2017, the lowest figure in approximately a decade (**Exhibit 4**).

Exhibit 4. Lebanese Industrial Exports



Source: Byblos Bank 2018

Growth opportunities in the manufacturing sector may include food and beverage, chemicals (plastic and paint), furniture, and pharmaceuticals. In fact, food and beverage and chemical products are already leading categories among Lebanon’s industrial exports (**Exhibit 5**).

Exhibit 5. Major Categories of Lebanese Industrial Exports, 2017

Category	Value (million USD)	Share of Total
Machinery & Mechanical Appliances	485.1	19.6%
Prepared Foodstuffs & Tobacco	471.4	19.1%
Chemical Products	396.7	16.0%
Base Metals	341.3	13.8%
Plastics & Rubber	156.8	6.3%
Paper & Paperboard	142.2	5.8%

Pearls, Precious or Semi-Precious Stones & Metals	141.0	5.7%
Other	338.5	13.7%

Source: Byblos Bank 2018

An opportunity for investment in the sector may be to encourage green industries and thereby create new market drivers, which can help reduce production costs in the medium term. Suggested government incentives to support green industries include exemption on export taxes and tax liabilities.

Technology/ICT

Technology and ICT sectors are growing, fueled by the export of software and services. Lebanon is emerging as a leading exporter of software development and services in the region. Approximately 85 percent of firms engaged in software development and services activities are export-oriented. The Gulf is the primary export destination for Lebanese products. However, currently the highest market value within the sector is hardware, followed by service, then software.

The greatest opportunities for further growth and investment appear to be those linked to software and application development and production, as opposed to hardware design and production. Lebanon may also be an attractive destination for the internet-based delivery of back-end business services, given the relatively high level of knowledge among Lebanese as well as their multilanguage capabilities.

Lebanon has made significant and tangible improvements and upgrades in telecommunications and internet infrastructure and costs in the past five years, and further improvements are planned that could have positive knock-on effects for the wider economy.²⁵

The growth of the technology sector will be driven by improvements in the telecommunications infrastructure, a modernization initiative by both the public and private sectors, and an increase in demand from the business sector and tech-savvy consumers.

To date, the level of digitization in sectors such as health, transport, manufacturing, and education has been limited, resulting in weak spillover effects or efficiency gains associated with digitization.

Nevertheless, the SME sector is moving toward the digitization of business operations and processes, with network security and administration highlighted as a significant gap. Cybersecurity software and administration is a dominant opportunity within the ICT sector and a growing need within the Lebanese private sector.

²⁵ “Ogero has developed a network and Internet strategy. This plan for a national fiber-optic upgrade aims for 85% of Lebanon’s population to access the Internet at speeds over 50 Mbps (ten times faster than many current connections) by end 2020. Investments of \$99 million are planned in the fiber project investment in 2018. Ogero’s fixed voice network equipment upgrade is scheduled for the end of 2018, and wireless Internet coverage for rural areas for mid-2018, with the public Wi-Fi program due to end in 2018” (Broadband Commission for Sustainable Development, ITU, & UNESCO 2018: 35–36). In addition, the World Bank is planning a significant investment in expanding broadband access to rural areas of Lebanon.

E-commerce is growing as a way of doing business in Lebanon, with 50 percent year-on-year growth in online payments since 2014 and reaching \$32 million per year.

Financial technology (fintech) has been identified as an opportunity to reduce the cost of loans and business transactions, extend access to finance, and improve transparency and governance within the financial sector. However, it is still constrained by the lack of laws and infrastructure. MFIs may substitute fintech to overcome a lack of credit officers.

Healthcare/Medical

The health care sector's potential for trade and investment is unclear due to the breadth of the sector and requires a market assessment.

The medical sector is perceived to be a strength of the Lebanese economy, though there are reports of declining quality. It is unclear if the sector is subject to quality erosion in recent decades or if it is rather falling behind advances in other MENA countries like Jordan and the Gulf states.

However, the health care sector's improvements over the past two decades and its performance despite conditions of worsening national poverty and the outbreak of the Syrian refugee crisis are perceived as signs of the sector's economic durability.

Opportunities for growth within the health care sector may include untapped potential in pharmaceuticals (e.g., medicinal cannabis, medicinal potential of other local plants and herbs), research and development and entrepreneurship in emerging health technology, wellness tourism, medical tourism, nutrition, and wellness services from yoga to life coaching.

The performance of the private sector stakeholders surveyed reveals moderate or weak economic performance. The private sector stakeholders surveyed reported a slow increase or decrease in productivity in recent years. Expansion efforts by these stakeholders vary from one company to another, with some of them planning to expand outside Lebanon.

The private sector stakeholders surveyed reported that certain challenges, such as the difficulty in accessing financing, delays in receiving payments from the government for services provided, and misinformation/false advertising, are problematic for their business.

Financial Sector

Banks and MFIs expressed significant interest to develop non-financial services or business development services (BDS);²⁶ however, the economic environment has shelved such investment for the time being.

The private sector companies surveyed, however, reported that they were investing in technology and human resources and making expansion plans.

²⁶ For example, training on the preparation of marketing plans, financial reports and statements, and business proposals, as well as technical guidance tailored to the sector/subsector of interest.

Whereas some private sector stakeholders reported that sales declined due to the overall regression in the economy, companies working in credit, audit services, and engineering reported an increase in sales.

Creative Sectors

Creative sectors have been highlighted as an opportunity for growth within the Lebanese economy. Subsectors that have been mentioned include cinema, television, advertising, media, graphic design, architecture and interior design, and fashion/accessories/jewelry design.

The creative and media industries are a significant contributor to the Lebanese economy and employment. The media industry – including television broadcasting, advertising services, audiovisual production, publishing, music production, and digital media – accounted for approximately 3.75 percent of Lebanon’s GDP in 2014. This figure was projected to grow by 1.8 percent between 2014 and 2018. Their contribution to the GDP was higher in Lebanon than in any other MENA country as of 2013. Digital advertising, a standout within the sector, grew by 51.2 percent between 2009 and 2015.

The film/television subsector represents a strong opportunity for growth and employment as it is expanding and competing in international markets. Indeed, the sector has been referenced repeatedly as a source of future economic growth, fueled by exports and increased international exposure. Quality Arabic-language film and television programming is lacking and in high demand internationally.²⁷ These sectors are rooted in the Lebanese people’s cultural openness, talent, and competitiveness and the country’s political economy, which still represents a comparative advantage over other countries within the MENA region. The film/television industry benefits from the country’s diverse natural and manmade landscapes, including urban areas, rural areas, coastal/beach areas, and mountainous areas, as well as ancient architectural sites. The Syrian crisis had both positive and negative impacts on the television sector in particular.²⁸

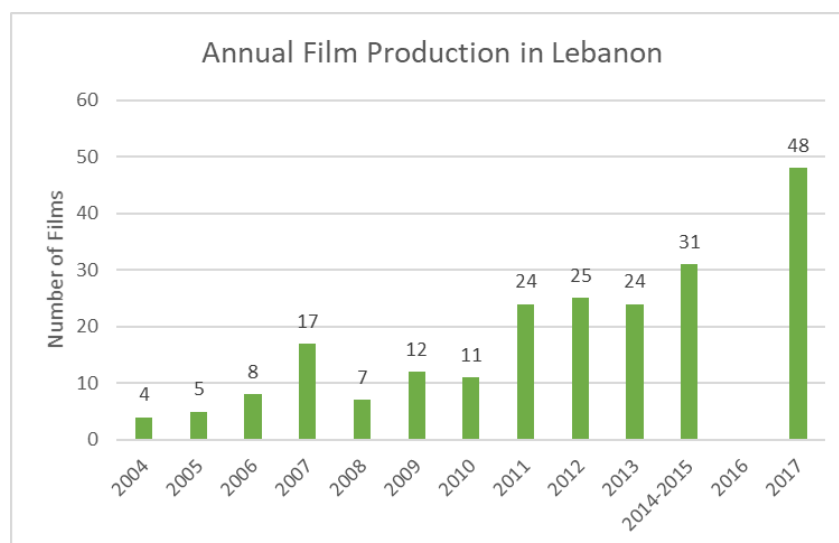
The Lebanese film industry has expanded production substantially over the past 15 years and offers potential for further growth.²⁹ The number of feature-length films and documentaries has risen steadily since 2004 to reach 48 units (**Exhibit 6**) and an investment value of \$16.3 million in 2017. The latter represents a 29 percent growth since 2010. Lebanon was home to an estimated 97 companies involved in audiovisual production and post-production in 2015, of which 27 were specialized in film.

²⁷ For example, there is high demand but low supply of Lebanese-dialect television production/series.

²⁸ For example, some Syrian productions relocated to Lebanon, stimulating co-production of television series and improving the quality of television series. More widely, the Syrian conflict stimulated interest in productions that could touch on the Syrian/refugee crisis.

²⁹ The film industry has grown from one feature film in 2004 to 25 in 2017. Lebanese films have been successful on the international festival/awards circuit, with at least one feature film present every year in all the international festivals. Approximately 60 percent of production is exported/sold to foreign markets (mostly GCC). Lebanon has a growing number of co-production agreements with other countries (*e.g.*, Belgium, Brazil), and is sought out as a valuable partner. There is an active representational body for the film sector called Fondation Liban Cinema. Funding sources are increasingly available but are still insufficient to meet demand in the sector. The perceived advantages for film production in Lebanon versus Europe include significantly cheaper production costs (by 30 percent by one estimate), greater flexibility in licensing, and more flexible labor standards.

Exhibit 6. Annual Production of Feature-Length Films in Lebanon



Source: IDAL 2017a and IDAL 2015a, citing Fondation Liban Cinema

Lebanese television channels and productions are competitive in both the local and regional markets. Lebanon’s less restrictive environment for television broadcasting makes it an attractive location to broadcast to the region and the wider Arab-speaking diaspora. For example, Lebanon’s Rotana/LBC is one of the top 10 media groups in the region.

Growth within the film/television sector could have important positive spillover effects for the wider economy. Depending on the subject matter, film/television production could positively contribute to brand-building for, and tourism to, Lebanon. More broadly, investment in the film industry has potential for economic spillover within the domestic economy, including hospitality. The average global film industry multiplier effect is 2.34.³⁰

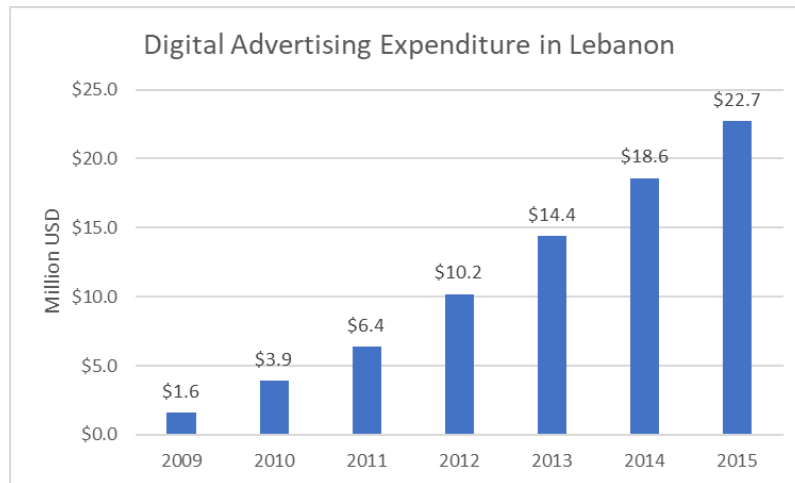
The film/television sector may be an attractive target for donor assistance given its extent and self-coordination. This sector benefits from a complete value chain within Lebanon (**Annex K**), as well as a strong representational body.

Digital media appears to be another bright spot for growth within Lebanon’s creative sectors. Digital media provides products that combine ICT with media content, such as animation and visual effects; digital games; digital publications; interactive design; and text, audio, and video content that are transmitted by internet or mobile. Digital media has benefited from the relatively young, internet-connected population in Lebanon and the MENA, the high and rising levels of mobile and internet penetration, and the expansion of advertising opportunities linked to the growth of e-commerce platforms. Demand for Arabic-language content is unsatisfied, as only a small share of digital content is available in Arabic and a majority of users indicate a preference for Arabic-language

³⁰ A multiplier effect is an increase in national income arising from an increase in spending or aggregate demand, which exceeds the initial change in spending. In this case, \$1 spent within the film industry generates a total increase of \$2.34 for the wider economy.

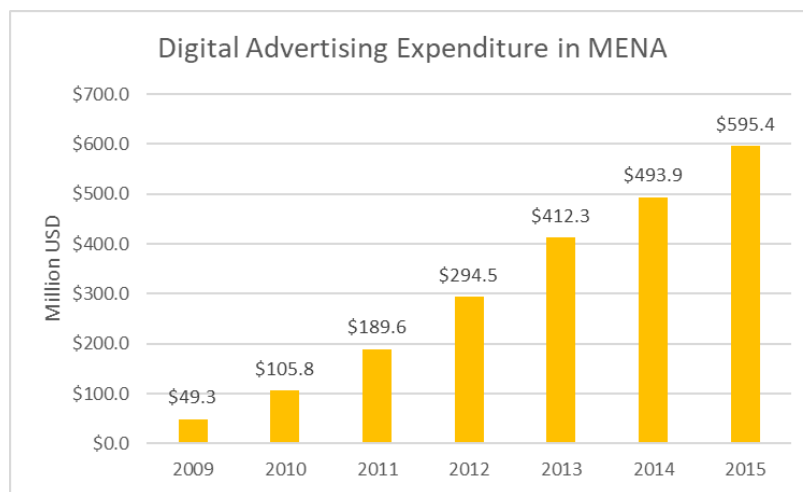
content. Digital gaming is also rising rapidly, with the largest markets in the region found in UAE, Saudi Arabia, and Egypt. Expenditures in digital advertising in both Lebanon and the MENA, which reflect the sector’s growth and trajectory, are presented below (**Exhibit 7, Exhibit 8**).

Exhibit 7. Digital Advertising Expenditure in Lebanon



Source: IDAL 2015b, citing Fondation Liban Cinema

Exhibit 8. Digital Advertising Expenditure in MENA



Source: IDAL 2015b, citing Arab Media Outlook 2011-2015

Lebanon remains an advertising industry leader in the MENA region. Total advertising spending in Lebanon is the highest in the region (\$463 million in 2014). As of 2014, some 150 advertising companies were operating from Lebanon and offering their services to the MENA region, including account management, creative development, production, media planning and buying, public relations, and related research.

The advertising sector is transforming in the MENA region, offering opportunities for advertising through mobile and online platforms. Although marketing still relies heavily on traditional channels,

including television and print (newspapers), online advertising is rising quickly. Television advertising in Lebanon amounted to \$57.2 million in 2013, accounting for 38 percent of total advertising spending. Digital advertising has witnessed steady growth, rising from \$1.6 million in 2009 to \$14.4 million in 2013 and an estimated \$22.7 million in 2015.

Lebanon’s production and post-production industries have benefited from the advertising sector’s strong performance. Production services include television, commercials, documentaries, feature films, music videos, radio commercials, and photography. Post-production services include editing, film/tape transfer, film processing, subtitling, closed captioning, and computer-produced graphics, animation, and special effects. The trend in post-production is toward smaller facilities focused on digital media and film, including specialization in 3D animation and special effects. Lebanon exports production and post-production services to MENA countries in particular, mainly to Saudi Arabia, UAE, and Egypt.

Lebanon remains home to one of the most dynamic publishing sectors in the region, thanks to its open political environment and educated population, though the recent growth trend in this sector is relatively weak. Some 200 publishing houses continue to operate from Lebanon, and the country publishes nearly half of all print newspapers and magazines in the region. The publishing sector has declined generally, driving a trend toward more specialized magazines (*e.g.*, focused on celebrity news, fashion, finance, sports, and technology) and other publications (*e.g.*, brochures, technical manuals, educational publications).

Other creative sectors – including fashion and jewelry – were also referenced as areas of potential by other donors but require further study to determine their growth potential. The potential of the fashion/jewelry subsector is unclear and requires a rapid market assessment.³¹

Real Estate/Construction

Recent performance in the real estate/construction sector has been weak to moderate. The real estate/construction sector accounts for 14 percent of the GDP and is the largest single contributor to the economy. The real estate sector’s performance witnessed mild improvement in the beginning of 2017 but was hampered by new tax reforms and political shocks in the last quarter of the year. Demand for new construction expanded for productive or commercial buildings in 2017, in some cases by double-digit figures (**Exhibit 9**), but the decline in demand for residential buildings more than offset these increases. Sales in the sector have declined in recent years due to a worsening economic situation. However, the private sector firms surveyed report that they are planning to expand their operations if the economic situation improves. Such plans may need to be revised because of reduced liquidity, specifically from the cancellation of housing loan incentives from the BdL.

³¹ Lebanon has several institutions active in the fashion and jewelry sector, some of which might be interesting partners to USAID.

Exhibit 9. Increase in Surface Area of Construction Permits across Building Categories

Category	Change in Surface Area (2017 vs. 2016)
New Residential Buildings	-12.0%
General Purpose Buildings (administrative, social/cultural agencies)	51.0%
General Service Buildings (hospitals, schools)	39.5%
New Commercial Buildings and Offices	18.0%
Hotel- and Tourism-Related Buildings	10.3%
Industrial- and Agriculture-Related Buildings	3.5%

Source: Byblos Bank 2018

Foreign and diaspora investors are a major driver of the real estate/construction sector: Around 50 percent of total Arab foreign direct investment to Lebanon is targeted toward large property developments. The Lebanese diaspora accounts for more than 40 percent of the demand of real estate. Nevertheless, the sector generally does not offer online sales or overseas sales.

Construction companies and consumers are realizing the benefits of green buildings, but these have a high perceived cost. More accurate accounting of the actual costs associated with the construction and operation of green buildings, and an estimation of cost savings over a life of a building in addition to its resale value (value retention over time), could stimulate demand and investment.

Although access to finance is not cited as a major obstacle at the company level, the recent cancellation of housing loan incentives offered by the BDL has dampened demand for construction services.

WORKFORCE DEVELOPMENT

Promising sectors for job creation – i.e., those that could generate additional jobs provided the sector experiences continued growth – include:

- Agro-processing
- Tourism / Hospitality
- Industry / Manufacturing
- Environment / Clean and Renewable Energy
- Creative Industries

Promising sectors for workforce development – i.e., those that face a skills mismatch between private sector needs and available labor supply – include:

- Agro-processing
- Industry / Manufacturing

- Environment / Clean and Renewable Energy
- Technology / ICT
- Health Care / Medical
- Creative Industries

Previous USAID engagement in these sectors on workforce development has varied. USAID has had unclear levels of engagement in promoting job creation across sectors under the relatively new LED activity. It has, however, had significant engagement in promoting workforce development – specifically the preparation of university graduates – across several sectors under the USP activity.

The lack of up-to-date information on the Lebanese labor market makes identifying priority sectors for job creation and workforce development difficult. There is a lack of up-to-date information on the Lebanese labor market. The private sector’s demand for skilled labor is not well defined in terms of how many, what kind, and wage scale, which inhibits supply mechanisms. The numbers of skilled workers demanded may range from very few in painting and finishing to hundreds in health care and thousands in industrial machinery and equipment repair and maintenance.

It is unclear if the unemployment problem in Lebanon results primarily from insufficient job creation or from skills mismatch. The Lebanese economy is not generating enough jobs to employ those entering the job market. Simultaneously, vacancies remain unfilled due to skills mismatches, though this figure appears to be lower than the total amount of job seekers on the market. In addition, stakeholder perspectives vary on whether the employment gap lies primarily on the supply side (unqualified employees) or the demand side (insufficient job creation by the private sector).

Opportunities for service job creation through outsourcing may be strongest among sectors and subsectors that can offer reasonably high skill levels at lower costs than other markets, notably in Europe and the United States.³²

Because of trust issues, private sector companies rely on their own networks to recruit employees. To employers, candidates’ trustworthiness is as important as their education and practical experience. The majority of companies recruit staff through word-of-mouth referrals, direct application by job seekers (cold calls), or by publishing vacancy notices on websites and/or in newspapers. There is a limited role played by labor intermediation services.

The lack of soft skills is reported to be as significant a problem as the lack of technical skills in the labor force. This lack is reported across several sectors.

Agriculture and Agri-Food Industry

Stakeholders generally identified the agriculture and agri-food sector as a potential source of job creation.

However, there are currently limited opportunities for job creation for Lebanese in agricultural production. Job creation in the agriculture sector for Lebanese is contingent on stronger linkages with the agro-processing sector.

³² There are opportunities for back-office support from Lebanon for overseas.

Agricultural value-added activities and the agro-processing sector are considered a more promising area for employment among the Lebanese labor force, especially women.^{33 34} Dairy and pickles may be subsectors for support in workforce development. The dairy subsector has a higher level of female participation than other subsectors within agriculture.

Skilled labor in the agri-food subsector is in high demand, but Lebanon’s agri-food technical school suffers from low enrollment.

Opportunities for female employment in the agro-processing sector include quality control/quality assurance, sales and marketing, and sorting and packaging.

Tourism and Hospitality

Employment within the tourism sector is directly linked to economic growth and to the political situation in the country (especially as relates to foreign tourism). Data for 2002-2016 reveal that the tourism workforce has tracked closely with broader trends in the Lebanese economy. Greater political stability in Lebanon and the region has spurred a limited recovery of the Lebanese tourism sector.

The changing profile of tourists coming to Lebanon (see “Trade and Investment Facilitation” section above) may provide opportunities for job creation in rural tourism or ecotourism, including cultural heritage.

The mobility of skilled Lebanese working in the tourism/hospitality sector between Lebanon and the GCC may limit the availability of skilled labor in the local market during periods of higher demand. Skilled employees with education or experience in the sector tend to emigrate, lured by higher wages.

Although the tourism sector has potential for job creation, a market assessment is required to determine its need for workforce development (skills enhancement). Lebanon’s tourism and hospitality sector accounted for 131,500 direct jobs in 2017 (6.4 percent of total national employment). This figure is forecast to grow to 160,000 by 2023. Despite the growth in the tourism/hospitality sector, hotels are reducing staff. Stakeholders surveyed reported their preference to recruit staff with hospitality degrees and good managerial skills. Hotels surveyed cited difficulty in finding skilled employees. However, this difficulty was confirmed by neither the Hotel Syndicate nor the Ministry of Tourism.

According to a UNDP study, the further development of the tourism and hospitality sector requires a high level of technical capability and professionalism and therefore needs a more developed and relevant technical and vocational education and training (TVET) system (ETF 2015).

The tourism/hospitality sector may present an opportunity for both female and youth employment.

Environment/Clean and Renewable Energy

³³ Agricultural production is not widely considered to be a source of employment growth for the Lebanese labor force.

³⁴ Women are more present within the agro-processing industry than in agricultural production.

Efforts to preserve the environment and rehabilitate degraded areas could foster job creation.

Opportunities for job creation in the environmental sector include recycling, recyclable materials production, solid waste management, quarry restoration and rehabilitation, and forest management (after reforestation). These opportunities may be for Lebanese or non-Lebanese.

- If Lebanon were to properly enforce the Code of Environment (Law 444) and related decrees, it would generate green job creation in the private sector—for example, green auditors and environmental impact assessors (UNDP 2013; MOE).
- A 2009 ILO-UNDP assessment estimated the current number of green jobs in waste management in Lebanon at 3,400. These jobs are found mainly in solid waste management (waste collection, sorting, composting, recycling, and sanitary landfilling), hazardous waste management (medical waste treatment), and wastewater treatment (sewerage and operation of secondary wastewater plants). If set plans for developing the waste management sector in Lebanon were implemented, the number of green jobs would increase by 2020 by between 1,900 and 2,500. However, most of these jobs are for unskilled labor.

Employment for solid waste management is not filled primarily by the Lebanese workforce under the current conditions, but this could change if higher-technology waste management practices were adopted. The decentralization of waste management responsibilities to municipalities and unions of municipalities may offer an opportunity for job creation, albeit low-skill jobs for poor Lebanese and non-Lebanese.

The clean/renewable energy sector appears promising for job creation.

- The installation, maintenance, and digitization of monitoring and control systems for solar water heating are identified as a current opportunity for job creation. The scope for job creation within solar energy may expand if/when reforms of Electricité du Liban (EdL) allow for the continuous operation of the grid and, as a result, the continuous reselling by solar energy producers.
- Hydroelectricity generation presents an opportunity for job creation, with a possibility for manufacturing the turbines locally to customize them to the location.
- Investment in R&D and technology transfer in the renewable energy sector could generate permanent jobs related to the manufacture of these technologies. The ratio of investment to job creation in the renewable energy sector is \$1 million investment for four to five permanent jobs. Accordingly, the projected investments of \$2 billion in renewable energy within the coming five years would create 9,000 jobs.

In the environment and clean/renewable energy sector, the private sector requires skilled employees with practical or professional experience. This combination is perceived to be lacking in the Lebanese market. Companies surveyed in this regard indicated that the demand is primarily for skilled workers.³⁵ Exceptionally, private companies surveyed in the recycling subsector indicated a need for unskilled workers. Private companies surveyed reported that skilled positions in the

³⁵ Surveyed firms indicated the following needed positions/skills: engineering (civil engineer, hydraulic engineer, process engineer, electromechanical engineer, Scada engineer, irrigation engineer, agricultural engineer, structural engineer, ICT and renewable energy engineer, electrical engineer, mechanical engineer, telecom engineer, environmental engineer); technical jobs (environmental experts, water experts, geologists, hydrogeologists, chemists); electricians and electrical engineers; laborers - truck drivers, sorting workers.

environment and clean/renewable energy sector generally require a university degree. Stakeholders surveyed strongly prefer candidates with professional experience and/or practical training to complement theoretical training. This may be hard to find in Lebanon, especially at more senior levels. Most private companies surveyed provide training to their employees, usually in-house but sometimes through third parties.

The offshore oil and gas sector has not been strongly highlighted as an opportunity for job creation. Job creation may be limited to support services such as undersea welding, but it is unclear if hiring will be done locally or under international contracts. These jobs will not materialize for another five to seven years. The current law stipulates that 80 percent of employees in the oil and gas sector should be drawn from the Lebanese labor force, with the exception of jobs that cannot be found within the Lebanese labor market; enforcement of this law remains an open question. Moreover, several universities in Lebanon are offering academic programs around petroleum engineering but may have already saturated the market beyond the projected needs.

Industry/Manufacturing

There is an opportunity for workforce development in the industrial/manufacturing sector. For example, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) estimated the potential for job creation around the repair and maintenance of industrial equipment/machinery at 6,000. A UNIDO study reported that each \$1 million of investment in the industrial sector produces 20 direct jobs in the sector and 44 jobs in related sectors. According to one stakeholder, the industrial sector is the most productive sector for jobs created per dollar; however, comparative figures were not provided to support this claim.

Despite the demand for skilled employees, the industrial/manufacturing sector is not finding qualified people. There are unfilled jobs in the Lebanese industrial/manufacturing sector. A 2013 UNDP study projected the number of unfilled jobs in the sector at 10,000–15,000 (UNDP 2013). These vacancies are due to the lack of skilled labor that matches industrial demand. Skilled trade or technical work (blue collar) is generally perceived as low status in Lebanon. Private sector companies surveyed report that there are generally few Lebanese with the needed skills, whether due to refusal to do the job or to improper education/training. The Ministry of Industry (MoI) estimates labor informality at over 50 percent in the manufacturing sector. Informality is linked to a lack of decent work conditions, which reduces the sector's appeal to qualified labor.

SMEs in the manufacturing sector reportedly suffer from the absence of qualified middle management.

Most vacancies in the industrial/manufacturing sector are for skilled positions that are generally trained under TVETs. Demand for skilled labor is high in the industrial sector, and the number of unfilled jobs is also high across subsectors. Technical skills are largely missing in the labor market in the manufacturing sector, because technical education suffers from an image problem.

TVETs are producing both too few and insufficiently qualified graduates to meet private sector demand. The industrial sector lacks high-quality TVET and work/study programs.

Private sector companies surveyed reported a demand for both technical skills and administrative skills. The needed skills vary by subsector, with some overlap between them.³⁶ However, few private sector companies surveyed reported having vacancies at the current time.

Most private sector companies surveyed indicated a willingness to hire women and men, although a number also indicated that women were only/more appropriate for administrative or managerial work but not for their operations.

Most private sector companies surveyed indicated a willingness to hire youth, although some find youth less competitive due to a lack of experience. Several stakeholders (4 out of 15) indicated that they categorically do not hire first-time employees. The lack of practical experience and the unwillingness to hire first-time job seekers is similarly reported in other studies (MercyCorps 2015).

Technology/ICT

Job growth in the technology sector appears robust, with the strongest potential in software development, network administration, and IT sales and marketing. Lebanon's ICT sector currently employs up to 7,000–8,000 individuals. Employment could rise to 20,000 in the next five years. Private companies surveyed reported an increase in hiring in the past three years and an intention to expand their workforce in the future.

Opportunities for employment growth appear to be strongest in software and applications, with little perceived opportunity in hardware or manufacturing. Demand for skilled jobs in the sector includes programming, software engineering, and mobile app development. Demand for Arabic language translations for digital and tech-related products is growing fast, and no country has yet emerged as the go-to resource.

Lebanon appears to be a competitive choice for outsourcing, not only of services but also of R&D centers, drawing on its relatively inexpensive ICT labor base. Wages in the sector are low for new entrants (\$800–1,000 per month) but high for experienced workers (above \$2,500 per month). The average wage for a software engineer in Lebanon is 60 percent of the comparable wage in Dubai and 50 percent of the comparable wage in Europe.

Lebanon is producing graduates in technology/ICT fields. Approximately 3,000–4,000 low-skilled graduates (up to *Technicien Supérieur* TS degree) enter the Lebanese technology/ICT market each year (MWK). Approximately 1,000 skilled graduates (with a BS or MS degree) enter the Lebanese technology/ICT market each year. An alternative estimate is that more than 2,000 university graduates related to ICT activities join the sector every year. There are two employment tracks for technology/ICT graduates: formal, direct employment with a company and freelance.

³⁶ Metals industry: blacksmithing, CNC (computer numerical control) operator, saw operators. Chemicals industry: pharmacists, business personnel, quality assurance, chemists, engineers, marketing/sales personnel, administrative skills, paint mixing professionals. Garments industry: tailors, assistants, packaging personnel, ironing workers, sewers. Paper industry: financial managers, engineers, marketers, lawyers, electricians, technicians, IT support, product development. Undefined industry: metallurgy technicians, electrical and mechanical technicians. Plastics industry: electrical engineers, production engineers, mechanical engineering, carpentry, painting, account managers, industrial electricians, mechanics, drivers and salesmen. Soap industry: manual laborers, transportation staff, personnel experienced in chemistry, electricity, and mechanical fields.

The technology sector lacks sufficiently skilled and appropriately experienced workers. Private companies surveyed reported that they needed mobile and web development skills and sales and marketing skills. The latter are a priority for many of the stakeholders surveyed. The companies surveyed have reported that they do not find candidates who offer practical experience and soft skills. Accordingly, all of those surveyed offer in-house training to new hires.

Health Care/Medical

The supply of health professionals in the working market is unregulated and subject to the principles of Lebanon’s free market, resulting in a high number of specialist physicians per capita, a high number of pharmacists, and a low number of nurses.

Lebanese doctors are recognized as among the best at the international level: skillful, qualified, and responsive to patients.

Lebanon faces a shortage of emergency room (ER) specialists, requiring capacity building for those already employed and efforts to recruit and prepare new employees. The sector requires 750 specialist physicians to staff ERs, in addition to 750 support staff and nurses to work in the ERs. One healthcare stakeholder said it had developed a proposal to work with a university to deliver this type of training and is shopping for a donor to support the proposal.

There is a clear demand for well-trained nurses in Lebanon and some need for improvement in training and educational programs for nurses. Lebanon needs an additional 7,000–10,000³⁷ nurses at the BS degree level and not just at the technical degree level from a community college (TVET). Approximately 800 nurses enter the Lebanese market each year, most of whom hold a TS degree. On-the-job experience (six months to one year) is required for new-entry nurses to reach acceptable performance levels. Nursing schools lack experienced teaching staff. The nursing sector needs better marketing to improve the perception of nursing as a professional job to attract enough entrants.

Labor mobility and high emigration rates present challenges for retaining skilled nurses. Many Lebanese nurses are attracted to higher incentives/pay offered overseas and emigrate as a result.

Impediments to recruiting and retaining primary health care personnel include the suboptimal supply of human resources for health, financial constraints, and poor management. These challenges are aggravated in rural areas (Alameddine *et al.*, 2016). A study of health care providers working in the primary health care sector across Lebanon found low levels of job satisfaction and an elevated likelihood to quit within the next one to three years (40 percent). The top three reasons behind this were poor salary, better job opportunities outside the country, and lack of professional development. Higher likelihood to quit was associated with high levels of burnout, low education level, and low tenure (Alameddine *et al.* 2012). Human resources for health are an important need in the growing fields of mental health and geriatric care (Alameddine *et al.* 2016). A shortage of female primary health care personnel jeopardizes equitable access in a sociocultural context in which many females prefer providers of the same gender (Alameddine *et al.*, 2016).

³⁷ This figure has been cross-checked: In hospitals the international ratio for nurses is 1.4 to each bed. Lebanon has 10,000 beds, implying the need for 14,000 nurses. However, only 7,000 nurses are currently working in the sector.

Private sector firms surveyed reported a shortage of technical workers and nurses and a lack of expertise in the sector. Jobs needed include nurses, plastic surgeons, and administrative/IT personnel. Private sector firms surveyed report that they provide both in-house and external training to employees.

Private sector firms surveyed reported no problems in hiring women but said that social restrictions may limit their availability for work (e.g., inability to work night shifts). This comment on the availability for work at night was however not confirmed by the concerned syndicates.

Private sector firms surveyed reported concerns about illegal competition and unqualified practitioners.

Financial Sector

Private companies surveyed generally reported that they had expanded their workforce and planned further expansion into the future. More private-sector companies surveyed reported that they had expanded their workforce during last few years than had reduced their workforce. Most private companies surveyed plan to increase their workforce in the future.

Private companies surveyed reported a range of jobs needed³⁸ and skills needed, although vacancies are not problematic for companies as they are easily filled.³⁹ Half of the private companies surveyed reported having vacant positions. Private companies reported no difficulties in filling in vacant positions.

Private companies reported a readiness to hire both Lebanese and non-Lebanese.

Private companies reported a readiness to hire women.

Private companies surveyed within the financial sector reported a readiness to hire youth and first-time employees for junior positions. All private companies surveyed provide training for employees.

Creative Sectors

The creative and media industries are a small but significant contributor to Lebanese employment. In these industries, an estimated 400 companies employed approximately 4.5 percent of the Lebanese labor force as of 2013. The film subsector alone employed approximately 1,000 individuals directly in 2014. Spillover effects may be substantial as the global multiplier for the film industry is estimated at 2—that is, for every job directly created by the film industry, another job is created indirectly within the value chain or as a result of spending by those employed in the industry.

Although the creative sector is reported by many stakeholders to be a source of growth for the Lebanese economy with sound prospects for job creation, this situation may vary by specific job or skill. For example, some stakeholders reported an oversupply of graphic designers in the Lebanese

³⁸ Finance and economic experts; Management experts; Loan officers; IT specialists; Transport and planning engineers; Auditors.

³⁹ Communication and interpersonal skills; Customer management; Financial analyst; Accounting skills; Leadership skills; Computer skills.

economy. Approximately 700 graduates with degrees in the media field (broadly, not specific to graphic design) enter the market each year.

The film/television/advertising sector builds on key comparative advantages of the Lebanese labor force, including relatively high levels of skill at a relatively low cost. The film/television/advertising industry draws heavily on creative skills, which are a perceived Lebanese strength. Lebanon offers film production crews that can speak English, French, and Arabic. Wages for the creative and media workforce are 50–60 percent lower than in GCC countries. In television production, Lebanese labor offers comparable quality at lower prices than in the UAE and higher quality at higher – but still acceptable – rates than Egypt and Syria. Lebanon’s workforce around film is approximately 30 percent cheaper than in Europe in total production costs. This represents an opportunity for Lebanon as an outsourcing hub for the film industry. However, the United States does not represent a similar opportunity.

An individual or freelance model of employment is more common in the film/cinema subsector than fixed, permanent employment with a single company.

There is an increasing number of universities graduating students in film/television/advertising, particularly around digital media. At least 10 universities reportedly offer academic programs in film/cinema and digital advertising and media. Currently, most of the students graduating find opportunities abroad, particularly with regional television networks.

However, the lack of specific needed skills suggests a need for improvements to film/television/advertising curricula.

- Scriptwriting skills are weak in Lebanon and a major bottleneck for the development of the film/television sector. This skills gap applies to both new graduates and current workers in the sector. International companies come to Lebanon and deliver paid scriptwriting workshops to fill this gap.
- Many individuals working in the film/television/advertising sector are self-trained in digital media, with varying degrees of quality because digital media is relatively new and international standards are only just being defined.
- Post-production skills in compositing and 3D animation are relatively weak because there is a lack of trained people willing to do this type of work.

The above-mentioned universities are possible partners for support to this sector and may support this sector by helping improve the quality of the related workforce, including by filling perceived gaps such as scriptwriting, marketing, editing, preparing trailers, and digital skills.

The film/television/advertising sector does not have a syndicate for media producers, although this is needed.

Real Estate/Construction

Real estate and construction have the highest projected new employment opportunities. Positions vary from unskilled laborer and helper jobs to highly technical work requiring extensive training, education, and skills.

However, the private sector firms surveyed are generally not hiring and not willing to hire if the weak economic situation persists. Several stakeholders reported a decrease in employment. Needed jobs vary between private sector companies, from civil engineering to skilled jobs and accounting.

Opportunities for the employment of Lebanese in the construction sector are generally at the level of more skilled positions such as construction management. In the construction sector, Lebanese labor is uncompetitive due to a relatively high cost and low skillset.

The introduction of better technology and techniques in building construction could improve Lebanese participation in the construction sector. Green construction initiatives such as those promoted by BdL would require new skills for design engineers and architects (*e.g.*, LEED) and may lead to the creation of new jobs (*e.g.*, energy auditors, green assessors, green consultants, green construction coordinators, and suppliers of green materials and systems). Energy efficiency improvements within the building code would generate significant potential for employment, including high-quality jobs if regulations for minimum energy efficiency were adopted and enforced.

A 2016 UNDP study revealed that the construction sector encounters weaknesses among engineers and skilled professionals.

Youth employees are generally not preferred, though some stakeholders do value them for their energy.

BUSINESS-ENABLING ENVIRONMENT

Across sectors, the BEE impedes rather than fosters economic growth. Lebanon ranked lower than 70 percent of all countries on the World Bank Doing Business Indicators 2018 and lower than 77 percent of all countries in the World Economic Forum's 2017–2018 Global Competitiveness Index. The weak BEE and investment climate have contributed to weak inflows of greenfield foreign direct investment. Some BEE issues, such as access to finance, are common across sectors; others vary by sector (*e.g.*, specific legal gaps, import prohibitions, etc.). Outstanding BEE needs exist at multiple levels – adoption of laws and implementing regulations, as well as deeper institutional reform and development of capacity to enforce (new) laws.

Donor assistance may be needed to promote continued BEE reform. The GOL has made rapid progress in the past 18–24 months in pursuing regulatory reform, specifically to meet donor requirements under CEDRE/CIP.⁴⁰ The atmosphere of positive movement on policy reform on BEE includes infrastructure, access to finance, and commercial law. This may represent an important – and unique – opportunity for reforms to the business-enabling environment and investment promotion. However, it is unclear if the reform momentum will continue without pressure from the international community, including donors.

⁴⁰ In addition, the GOL has advanced policies to support the oil and gas sector in 2017: The Council of Ministers approved decrees for the exploration of offshore oil and gas resources in January 2017. Parliament endorsed the Petroleum Tax Law in September 2017. The GOL concluded its first round of licensing for offshore oil and gas exploration and production in October 2017.

There are generally two approaches for donors to address BEE gaps: a standalone activity targeting BEE or the incorporation of BEE within wider activities. Donor support for policy reform could take shape either through a direct intervention or through an advocacy approach (e.g., with associations, private sector, or other donors). USAID/Lebanon has indicated a strong preference for the latter and not to work directly with the public sector to advance BEE and legal reforms (USAID/Lebanon).

USAID has indirectly targeted BEE reform in its current activities, including through LIFE, LED, and MENA II. The LED activity support for policy reform is tangential to the activity, and this aspect of the activity has fallen by the wayside.

The engagement of multiple donors in the EG space may allow for opportunities to coordinate donor efforts around BEE improvements. Donors involved in supporting BEE reform include the World Bank, International Finance Corporation (IFC), and Department for International Development (DFID).

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

Areas that represent significant opportunities for women are:

- Trade and investment (startup ecosystem, angel funds, access to finance, film/television/advertising).
- Workforce development (agro-processing, rural tourism, ecotourism, hospitality, nursing).

USAID has significantly engaged in empowering women in the startup ecosystem and finance/investment and in the agri-food sector. USAID has been minimally engaged in empowering women in the tourism/hospitality sector and film/television/advertising subsector.

Areas that represent significant opportunities for youth are:

- Trade and investment (startup ecosystem, film/television/advertising, technology/ICT).
- Workforce development (rural tourism, ecotourism, hospitality, technology/ICT, film, TV and advertising).

USAID has significantly engaged in empowering youth in the startup ecosystem. USAID has been minimally engaged in empowering youth in the tourism/hospitality sector, technology/ICT sector, and film/television/advertising subsector.

Donor projects do not necessarily focus on subsectors that target women or youth; their activities focus solely on reaching female and/or youth beneficiaries. In some cases, the lack of focus on female and youth targets is justified to meet profitability objectives or commercial targets or minimum employment qualifications. It is unclear if these targets are a sound reason for directing assistance to, or selecting for, the employment of older, male beneficiaries.

- **EBRD:** EBRD may offer a “women in business” line of credit in Lebanon. Talks are happening with BLC Bank.
- **EU:** An EU project disseminates gender-related information.

- **FAO:** FAO will launch a project targeting women's cooperatives producing mouneh (artisanal pantry food) for the local market. FAO will support the development of business plans, technical assistance, and grant funding. The project will start in early 2019.
- **IFC:** To improve secured lending, the IFC has worked to allow for the use of movable assets as collateral. This improvement would have a positive effect on women's empowerment (women-owned enterprises) and SMEs.
- **LLWB:** The Lebanese League for Women in Business (LLWB) launched an initiative to get women to hold 30 percent of board seats by 2025, and a number of companies have signed on. The International Labor Organization (ILO) has piloted a tool and conducted an initial gender assessment of HR policies in three companies. An implementation plan was developed. Next, companies will develop Key Performance Indicators (KPIs) to be endorsed by their board and monitored yearly. Seventeen facilitators will be trained by LLWB to support other companies and extend the model.
- **World Bank-IBRD:** The World Bank also has a program to address the needs of women and youth in regions outside of Beirut and Mount Lebanon. It is linked to the support of the special economic zones (to be established). The World Bank is trying to get private developer-operators involved, as it wants more private sector involvement to compete with the government.
- **World Bank-IBRD:** The World Bank is considering establishing an entrepreneurship fund under the Ministry of Economy and Trade (MOET), which would be similar to the grant component of the innovative Small and Medium Enterprise (iSME) program of Kafalat. This fund will support early-stage business plan development and entrepreneurship skills. MOET will oversee the fund, but private sector partners will implement it. This program will focus on women and youth.

The inequitable distribution of household assets, resources, and decision making resulting from Lebanon's 15 distinct, sectarian personal status laws creates a ripple effect for women who need these resources to fully leverage political and economic opportunities. Where laws are more supportive of gender equality, they are not consistently understood or enforced (USAID/Lebanon 2018 Gender Assessment).

The absence of a supportive legal environment – including the lack of sexual harassment policies/laws, poorly defined or poorly enforced labor law protections, and inequitable social security provisions and GOL pension system – hinders women's participation in the workforce. For example, eligibility requirements that reportedly allow an unmarried, unemployed daughter (but not an unmarried, employed daughter) to collect on the GOL pension of her father after his death, constrain or disincentivize women's entrance into the formal economy (USAID/Lebanon 2018 Gender Assessment).

Findings from the 2018 Gender Assessment supported by the EGA's KIs suggest that there are constraints/gaps in the BEE:

- The legal enabling environment contributes to burdensome lending requirements and consequently complicated lending requirements for females.
- Programs targeting women do not necessarily respond to market needs and national economic strategies.
- Financial literacy training and management skills for women entrepreneurs or loan recipients are not responsive to needs that cut across startups and running businesses.

- Personal status and property laws disproportionately affect women’s access to the resources needed to obtain loans.
- Although both male and female community members reported similar barriers in access to, and ambitions for, the use of loans, women face additional deterrents due to stereotypes regarding their ability to manage loans.
- Although men typically control the distribution of finances to manage household activities, more equitable decision making is occurring in some households, depending on who earns income. Women were more frequently referenced as relying on their families for income.
- Traditional views on gender division of labor both within the workforce and at the household level continue.
- Traditional (cultural) gender roles are replicated in vocational training: women study hairdressing, whereas men study mechanics or maintenance.
- Women’s formal labor force participation is low in Lebanon given the education levels. To address this, Lebanon needs a revision of its labor law and social security system. Women move to the informal sector due to gaps in social security coverage, maternity leave, and flexible working hours. These gaps have been identified through focus groups, even if they are not yet reflected in formal data.
- Flexible work schedules may be important to maintain women within the workforce, but not all employers will offer that – especially for unproven employees.
- The social burden of raising a family remains a major barrier to women's participation in the labor force in Lebanon.

Approximately 20 percent of working-age women are active in the labor force in Lebanon, compared with 70 percent of working-age men. Household duties are the principal factor keeping women from the labor force, as opposed to education/studies for men.

The main challenges for women to enter and remain in the labor market are twofold: home responsibilities, including child and elderly care and housework, and societal factors, including attitudes of family and marital status (Elzir Assy and Sayed, 2018).

A recent qualitative study conducted by the World Bank in Lebanon found that women faced additional challenges in joining and remaining in the labor force. Women report a higher number of factors informing the decision to choose a given job than do men: Both women and men cite salary, working hours, and benefits as crucial factors, whereas women additionally cite proximity to home, stability of employment, family approval, flexibility, and long-term employment prospects (Elzir Assy and Sayed, 2018).

Current laws and regulations in Lebanon are discriminatory against women, acting as a disincentive to economic participation. Examples of gaps in the law pertain to mandated childcare support by government or employers; parental or paternity leave; flexible or part-time work schedules; equal remuneration for equal work; prohibitions on asking about family status during interviews; protection from discrimination in selection criteria and job advertisements; protection from sexual harassment at work; protection against discriminatory practices in access to loans and other financial services (Elzir Assy and Sayed 2018). Annex 1 of the Lebanese Labor Law prohibits women from working in certain tasks and sectors, including energy, fertilizer, and metal industries (Elzir Assy and Sayed 2018). Although maternity leave in Lebanon recently increased to 70 calendar days (10 weeks), this remains below the ILO recommendation of at least 18 weeks. Women are not guaranteed to return to the same or an equivalent position following maternity leave, which can affect their career development (Elzir Assy and Sayed 2018).

Self-employed women face gender-based barriers to starting and expanding their businesses, due to limited access to finance and the concentration of their businesses in low-productivity activities (Elzir Assy and Sayed 2018).

The GOL endorsed a National Youth Policy in 2012 that targets all aspects of youth-related problems, including those related to workforce development and job creation. However, this policy has not yet materialized into programs and projects. In 2013, the Lebanese Parliament adopted recommendations concerning job creation for the benefit of youth (ETF 2015) though the effects of these recommendations remain unclear.

Agriculture and Agri-Food Industry

No sector-specific findings or conclusions were identified.

Tourism and Hospitality

No sector-specific findings or conclusions were identified.

Environment/Clean and Renewable Energy

Private sector stakeholders surveyed claim no bias or lack of equality in recruiting men and women, but several indicated that women were preferred for administrative or indoor work whereas men were preferred for field work.

Private sector stakeholders surveyed indicate that they prefer youth for their energy, particularly to undertake field work, but youth are less competitive due to a lack of professional experience.

Industry/Manufacturing

Private firms surveyed in this sector prefer to hire women for administrative or office jobs and men for field work or jobs requiring physical strength (even driving). Exceptionally, the garment industry reports a stronger preference for female employees in most roles (both stakeholders).

Private firms surveyed in this sector prefer to hire youth for jobs requiring physical strength.

Technology/ICT

No sector-specific findings or conclusions were identified.

Health Care/Medical

Private firms surveyed in the sector consider females more suitable as nurses and may prefer females for selected roles (e.g., plastic surgery department, customer relations, administrative roles).

Social norms are an impediment for female employees, with family roles (i.e., maternity) cited as an obstacle to employment.

Youth may be preferred due to their perceived energy but may not be selected for employment in the sector as they lack practical experience and require training.

Financial Sector

All private companies surveyed in the sector reported having equal hiring opportunities for men and women.

One private company indicated a preference to hire men in certain positions. Four companies indicated a preference to hire women in certain positions such as reception, customer service, and sales.

Most private companies surveyed indicated a preference to hire youth in entry-level positions, as loan officers, or in positions located outdoors or requiring energy and hard work.

Creative Sectors

The creative sector is more relaxed and open, with little or no perceived gender bias.

The issue of youth engagement in the creative sector faces the same problems as employment generally: Larger and family-owned firms are run by older individuals who refuse to cede control to the younger generation and retain traditional thinking and models.

Real Estate/Construction Sector

Despite claiming that they had no preference for hiring men over women, the private companies surveyed in this sector almost uniformly indicated that they recruited females for administrative or office-based positions and men for manual and site work.

Youth may be preferred for their energy (especially for physical work), but their lack of experience sometimes works against them in recruitment.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

There is opportunity for sector-level R&D in Lebanon, provided the right partners are chosen. Lebanon systematically underinvests in R&D. As a result, the private sector is ill prepared to innovate. However, Lebanon could position itself as an R&D hub that offers a lower cost than Europe. This hub could be based on diaspora investors who are willing to support startups and innovative industries, expanding from a limited base of diaspora investors working in the financial sector in New York.

The private sector companies surveyed that are investing in R&D are those that also reported growth in sales.

Agriculture and Agri-Food Industry

Younger farmers are typically more open to new techniques and technologies.

Among the private companies surveyed, product development was found to come from larger firms. Sometimes, the actual production of these products is outsourced to smaller companies.

Private sector companies surveyed identified the following technology needs: irrigation, new production techniques and equipment, and animal health technologies.

Tourism and Hospitality

There are no findings or conclusions specific to the tourism and hospitality sector under technology transfer and business innovation. Cross-sector findings and conclusions apply.

Environment/Clean and Renewable Energy

Private companies surveyed recognize the need for continuous innovation and improvements in technology in the sector. They indicate greater willingness to work with international firms than domestic firms to foster innovation.

While the clean/renewable-energy sector does not have a syndicate to support technology and innovation, local engineering bodies may be potential partners to share information on technology and innovation within the sector.

Industry/Manufacturing

Private firms surveyed report a general willingness to partner with international firms but less willingness to partner with domestic firms and to facilitate technology transfer and business innovation.

Private firms surveyed report that exhibitions are important to facilitate technology transfer and business innovation within the garments and plastics subsectors. However, these exhibitions are not always or regularly held in Lebanon.

Technology/ICT

Private companies surveyed report that technology is moving quickly, and products and services are rapidly becoming obsolete. The expectation was 10 years; experience indicates 3 years. They indicated that they would like to adopt the following technologies into their products and services: digital transformation, e-commerce/online sales, 3D, and VR.

Private companies surveyed are moving quickly to establish themselves online, as e-commerce is perceived as a trend that cannot be ignored.

Health Care/Medical

Private companies surveyed report that constant updates on the latest technologies were required in the health care field. They said they were interested in collaborating with international firms, less so with domestic firms, to facilitate technology transfer and innovation. In addition, multiple stakeholders called for direct government support for investment in technologies in the sector.

Financial Sector

Most private companies surveyed report that they continuously seek new technology and software. All of them indicated that they were willing to partner with other firms, local and international, to facilitate innovation.

New technologies like fintech (mobile technology) may not only benefit the firm but also stimulate economic growth.

Creative Sectors

International co-production agreements exist between Lebanon and France, Belgium, and Brazil, providing a good opportunity for Lebanese companies to partner with international organizations. These countries see Lebanon as a valuable and important market due to its dynamic scenery, relatively low production costs, regulatory flexibility or ease of doing business, and access to funding opportunities. Therefore, many times producers in these countries seek Lebanon out as a partner, not vice-versa.

Real Estate/Construction

Nearly all private companies surveyed indicate they are willing to partner with international firms, slightly fewer with domestic firms.

Private companies surveyed seek to invest in new technologies, and technology transfer is pursued through various channels. These channels include collaboration with international firms, participation in trade shows/sending employees overseas, internet searches, and/or reliance on the sector syndicate.

INTERVENTIONS FOR FUTURE USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – FINDINGS AND CONCLUSIONS

RQ3.A & B FINDINGS AND CONCLUSIONS

RQ3. What types of intervention should USAID consider over the next five years?

- a) What types of intervention (activities, target groups, other) should USAID consider over the next five years?
- b) Do local private partnerships or so-called global development alliances (GDAs) present a viable implementation method? If so, how? What private sector firms would make ideal candidates for such a partnership?

TRADE AND INVESTMENT FACILITATION

Improvements to the Lebanese “brand” could have significant effects on trade and investment, including for the export of Lebanese goods and services (e.g., tourism/hospitality). The Lebanese “brand” continues to suffer from outdated and misguided perceptions and spillover from regional conflicts.

There is a need for ideation⁴¹ in the startup ecosystem, rooted in addressing local market gaps. There are several opportunities to improve productivity in the private sector across a variety of sectors. These opportunities can be addressed through the startup ecosystem but have not been due to poor ideation. In turn, poor ideation may stem from the lack of private sector involvement.

A range of interventions were proposed to foster creativity and dynamism in the Lebanese economy, including through innovative startups:

- Support incubation and acceleration platforms.
- Streamline support to 1) ensure higher approval rates for startup funding, lower barriers to processing and issuing funding, and increased risk-taking and turnover of funding and 2) fill the investment gap for smaller tickets (\$15,000-\$50,000).
- Focus activities around “revitalization hubs” and in peri-urban areas.

Agriculture and Agri-Food Industry

Trade and investment opportunities appear greatest for high-quality, value-added agro-processed products.

In the agro-processing sector, support is needed to address:

- **Quality improvements:** Poor quality control and lack of standards are a primary bottleneck to value chain upgrades, including market access across multiple products, such as fresh and

⁴¹ Ideation is a term used in the startup community to refer to the process of forming, expressing, and relating ideas or concepts.

processed foods.⁴² The quality of Lebanese agri-food production requires improvement, but current export incentives and government enforcement are insufficient to drive improvements. Low quality may also harm the Lebanese brand generally.

- **Post-harvest practices:** Poor post-harvest infrastructure represents a severe bottleneck to value chain upgrades across multiple sectors.
- **Standards and certifications.**
- **Food safety:** Areas for improvement are pesticide application and food handling and safety standards (including HACCP or ISO).

Consolidation across the production of agro-processed foods would provide the necessary production volumes to access markets, help agro-processors maximize their production capacity, and help reduce production costs. Low barriers to domestic market entry (*e.g.*, lack of registration, health/safety inspection, labeling and traceability) contribute to intensive competition, poor standards and quality, and harm to the reputation across all producers in the agricultural/agri-food sector, particularly for mass-produced foods. Production volumes are too low and too inconsistent to access valuable export markets.⁴³ ⁴⁴ Agro-processors under-utilize their full production capacity due to inconsistent volumes, quality, and prices of agricultural production (supply of raw materials) and insufficient access to markets.

A solution to poor quality control and lack of standards could be to consolidate products across producers. Donors could address this problem by formalizing and improving quality among informal or low-quality producers. Consolidation could take the form of purchase from smaller suppliers by exporters, which would undertake more sophisticated activities associated with higher transaction costs: For example, exporters could focus on branding, labeling, and marketing while supporting improvements in quality and consistency at the level of the smaller producer or processor.

There is a need to improve the level of technology in the agriculture/agri-food sector, including the adoption of new agricultural technologies. This adoption could help retain or attract youth to the sector. Lebanese agro-processors operate equipment that exceeds the needed scale of production, often because they source equipment from overseas that is suited to larger markets (smaller production output sizes are not available).

The agricultural/agri-food sector requires affordable investment capital as well as mechanisms to reduce the risk associated with investments.

Local supermarkets represent an opportunity for agricultural producers to benefit from incremental improvements in product quality and new product development. An alternative to directing production to export would be to take an incremental approach to target the supermarket segment within the Lebanese market. This would help to improve both quality and quantity, without having to meet the higher-level standards and expectations of export markets.

⁴² Lebanon reportedly lacks an accredited quality control laboratory to certify Lebanese food products and make them exportable to the EU or United States.

⁴³ Stakeholders cited examples such as avocado, olive oil, jams/condiments, and herbs and spices.

⁴⁴ IDAL and BdL appear to offer an array of incentives to promote (agri-food) exports.

The agriculture sector would benefit from more effective cooperatives, but cooperatives are seen as particularly ineffective and dysfunctional, having insufficient support/oversight from the Ministry of Agriculture (MOA).

Lebanon is experiencing significant growth in the domestic ready-to-eat market.

Donor activities to support the agricultural and agri-food sector might include the following:

- Strengthen the availability of and access to market information and technology trends.
- Provide agri-food sector employees with access to knowledge on the latest technologies and practices.
- Strengthen and broaden the reach of food safety and food security training.
- Accelerate training on, and the adoption of, agricultural technologies and technology-driven production systems to help attract a younger generation to the farming sector.
- Improve access to affordable investment capital to expand local value-added production.
- Conduct awareness-raising activities and provide incentive packages to attract investments in the farming and agro-processing sectors.
- Strengthen linkages between the agriculture and agro-processing sectors and the growing hospitality industry.
- A combination of investment with technical assistance, as well as partnership between donors and private sector actors.

Tourism and Hospitality

Opportunities for tourism/hospitality development might build on geographic or economic clusters, such as:

- Rural tourism.
- Cultural tourism around archaeological or religious sites.
- Food and beverage tourism.
- Medical tourism.

The rural tourism and ecotourism subsector represents a significant opportunity for investment, given its recent growth; economic potential, including linkages to agriculture and environment; and potential to empower women and youth.

Though MOT recognizes this potential, it is not targeting its limited resources toward rural tourism and ecotourism, leaving a space for others to support the subsector. The MOT is concentrating efforts on expanding points of origin for foreign leisure tourists and expanding business tourism (MICE Meetings, incentives, conferences and exhibitions). In light of this, donor efforts may best be directed to avoid duplication and focus on other subsectors of promise.

An option for programming to promote medical tourism would be to increase marketing efforts outside Lebanon to attract medical and wellness tourists.

Environment/Clean and Renewable Energy

Recycling businesses highlight the lack of garbage sorting as an impediment to their business.

Important players and potential partners in the sector include local research institutions specialized in energy.

Industry/Manufacturing

The gap in management expertise – whether internal or external – means that many industrial/manufacturing firms do not have strategic views over their business or apply strategic thinking to their business decisions. Many Lebanese micro-, small, and medium-size enterprises (MSMEs) lack a layer of middle management and do not engage external experts or other professional service providers. Business owners tend to have limited insight into their company's performance and do not use internal data and analysis to inform decision making.

A few stakeholders indicated that copying/fraud were impacting the manufacturing sector (garments, soap).

Access to finance is cited as a constraint to export and operation expansion in the industrial/manufacturing sector.

The Lebanese Franchise Association⁴⁵ (LFA) previously benefited from an EU-funded project to gather and analyze information from across its members and determine performance and trends. This project ran in 2015 at a cost of nearly \$100,000.

Donor activities to support the manufacturing sector might include:

- Improve the Lebanese industry's competitiveness and cost efficiency to enable it to compete in domestic and export markets.
- Create a more secure business environment to encourage long-term investments in productive activity.
- Move from cost-based to knowledge- and value-based sectors of industry.
- Improve the environmental performance of industry.

Technology/ICT

There is a need for the startup ecosystem to focus on addressing the private sector's local needs, rather than targeting consumer needs or replicating international business models without adaptation.

Public-private partnerships may accelerate Lebanese companies' growth in technology innovation, software design, and other knowledge- and technology-based ICT activities.

Recently established, cross-sectoral, and specialized private sector associations and syndicates (*e.g.*, Chief Information Officers Association, Syndicate of Computer Scientists) may be promising partners for USAID if it pursues more specialized or technical interventions in the ICT sector.

To foster investment in the technology/ICT sector, donor programming could develop strong technical and professional networks with the diaspora population to develop supply chain linkages with foreign markets to deliver ICT services and attract investments to establish ICT service centers in Lebanon.

⁴⁵ LFA's members come from a broad range of sectors, including agribusiness, food and beverage, restaurants, hotels and resorts, industrial manufacturers, standards and compliance, clothing retailers, insurance, and consultancy. LFA's partners include major banks, airlines, and chambers of commerce.

Heavy involvement of freelance labor in this sector makes pricing competitive but also makes it difficult to protect Lebanon's ICT reputation with quality control and assurance at a sector level.

Health Care/Medical

Donor support for the health care/medical sector might focus on rebuilding the sector's competitiveness and expanding service delivery for foreign customers/clients.

Financial Sector

There is a lack of information on access-to-finance needs and availability among poorer or rural markets.

Opportunities for USAID engagement in the financial sector closely track potential activities in the technology/ICT sector, as there is a close relationship between the two. Interventions could straddle the two sectors accordingly (e.g., fintech).

Opportunities exist to better educate and protect investors and encourage more knowledgeable investment decision making.

Private financial institutions may be willing to partner with USAID on large-scale financial inclusion activities. These institutions, including online payment providers, could be interested in transforming rural cash-based businesses and would invest in making them customers.

Alternatively, partners may be drawn from sector associations or other organizations.

Creative Sectors

There may be an opportunity to support the development of a film/television incubator/accelerator to seed projects, encourage new subject matter, and link them with further grant or equity funding opportunities. A lack of financing remains a challenge. Stakeholders reported that the film/television industry is open to equity financing models, which are common overseas (in the United States, for example). International and domestic grant opportunities are available to finance film production but may not cover the full cost of production.

There may be further opportunity to develop nascent partnerships with U.S.- or Europe-based film and production companies. These partnerships may build on existing incentives to support investment in Lebanon's film industry.

The film/television sector benefits from a complete value chain within Lebanon, as well as a strong representational body (Annex K).

Significant opportunities exist for the growth of the film/television/advertising sector. Given the limited scope of the EGA in this sector, these opportunities could be validated through a more robust market assessment.

Real Estate/Construction

Options to promote green construction could include identifying incentives for the industry to adopt green construction standards and identifying priority areas to help ease and accelerate

market entrants into both the green construction market and the development of cost-effective and efficient small and medium-size residential units.

Improving and implementing building-efficiency standards require significant program financial, legal, and human resources. Such efforts would be best suited as a standalone activity or a major component of an activity.

WORKFORCE DEVELOPMENT

The lack of unemployment figures makes it difficult to identify targeted solutions for workforce development. Significant technical, political, and financial constraints hamper the national government's ability to collect and analyze labor market data and trends, including on unemployment.⁴⁶ The National Employment Office (NEO) cannot perform its responsibilities due to a lack of funding and personnel. Continuous and systematic research on workforce development statistics is needed in the Lebanese economy, as several previous labor market assessments conducted by an array of INGOs and donors have not translated into clear identification of, and strategies for, Lebanese employment for implementers and donors. The absence of a labor market strategy hinders workforce development in Lebanon.

The Lebanese labor law is outdated and needs to be amended/updated. For example, provisions related to maternity leave, flexible working hours, and social security provisions that discriminate against women should be eliminated or revised.

The absence of a complete social protection scheme does not encourage formal employment in the private sector. Social protections for employees (retirement, health care coverage, unemployment insurance) are generally weak, especially for the private sector. Actors in many sectors express concern over the unfair competition from foreign labor in the Lebanese labor market.

Decree No. 8691 could foster the recruitment of first-time employees if private firms were made aware of it and if it were enforced. Decree No. 8691 supports the recruitment of first-time employees, but many private sector stakeholders are unaware of its existence. The effect of the decree on medium-term employment outcomes is still under study: World Bank and NEO are preparing a pilot project that would place first-time employees and track the medium-term success of their placement under Decree No. 8691; the pilot project may launch in 2019.

Mismatches between the education system and the private sector have crowded the labor market with university graduates and yet leave a number of positions for skilled employment vacant. The lack of practical, real-world experience among young jobseekers was highlighted as a major constraint to recruitment and productivity.^{47 48}

⁴⁶ The National Employment Office is understaffed and has limited access to funds to do its work properly. As a result, there is a lack of data on the labor market and a lack of matching qualified employees to vacancies.

⁴⁷ Lebanon has 64 universities, some of which are considered "diploma mills" that issue a certificate without going to class.

⁴⁸ There is a need for skilled labor that has practical experience within a professional environment, possibly obtained through specialized internships with good firms. Even after an individual obtains a formal degree or employment, there is a need for upgrading his or her skills to ensure their competitiveness with the progress in the private sector.

There is a clear need to recognize the value of, and to raise, the social status of technical skilled professions. According to the online survey's results, the primary consideration for preferring a job over another is wage or salary; the second consideration is social status value and social norms.

There is a need to focus more on TVET and to modernize the vocational education system.

Significant, recent donor efforts are underway to revamp an outdated and underdeveloped TVET system through curriculum and infrastructure renewal and rehabilitation.^{49 50} However, little support is being given to private TVET schools. Vocational training programs suffer from a terrible reputation, whether general (the perception that vocational work is low status) or specific (the quality of specific vocational training programs is poor due to infrastructure, lack of qualified instructors, out-of-date curriculum, etc.).

Private TVET schools have better training infrastructure and equipment than public ones. An example is Foyer de la Providence in Saida, which offers training related to construction, carpentry, and electromechanics.

Generally, private training providers are not specialized and do not have clearly defined training services. They rely on freelancers and adapt their offers to demand, delivering “any sort of training.” They do not have formal partnerships with other organizations, making it difficult for them to assess market demand and target their offerings accordingly.

Most soft-skills training providers offer trainees neither internship nor job placement. Those that do work to place trainees lack a formal process, relying instead on informal personal networks.

The majority of training providers do not hold certifications from international bodies or governmental entities. As a result, companies do not value or trust the certificates, diplomas, etc., awarded by most vocational training providers.

The specific content of skills training courses is less important than the characteristics of the training providers and the strength of their connections to the job market.

Many Lebanese complain that a lack of “wasta” (connections or social capital) keeps them out of the job market.

Strong soft skills among jobseekers are as important to employers as hard skills. Many employers (especially larger employers who require only minimally trained staff whom they will then train themselves) report that they face high absentee and high turnover rates among their staff, many of whom are insufficiently motivated to complete initial recruitment and training procedures.

Private TVET schools more frequently have networks extending into the private sector than do public ones, giving their trainees more opportunities to join professional networks and secure a job.

⁴⁹ There appear to be many donor and NGO programs targeting workforce development – World Bank/NEO, DFID, EU/GIZ. Donor coordination in this area would be particularly important to avoid effort duplication and repeated targeting of the same beneficiaries.

⁵⁰ The agricultural TVET schools are receiving a dedicated assistance project including rehabilitation and curriculum revisions through FAO.

Nevertheless, private TVET schools' networks are generally lacking, and when they do exist, they tend to be informal.

Lebanon faces a challenge in retaining qualified employees, who have strong incentives to move overseas for better-paid positions.

Agriculture and Agri-Food Industry

Efforts to modernize the agriculture sector through the introduction of technology may be more appealing to youth.

FAO is currently reviewing/revising the agricultural TVET schools' curriculum and undertaking physical infrastructure improvements. This work is funded by the Netherlands.

Efforts to support the agri-food industry's workforce, as requested by one stakeholder, could include the following:

- Identify unfilled jobs – by scope, type, and wage.
- Support the development of the technical school targeting the sector, managed by SLFI.
- Advertise/promote job placement opportunities for students.
- Organize and/or finance the R&D system.
- Support access to export markets for the agricultural and agri-food sector in order to stimulate demand for qualified labor;
- Support/develop the informal dairy sector to integrate it into the formal system (including a grace period of tax exemption following formalization) to stimulate demand for qualified labor.

Tourism and Hospitality

According to a UNDP study, the further development of the tourism and hospitality sector requires a high level of technical capability and professionalism and therefore needs a more developed and more relevant TVET system.

One stakeholder has called for the creation of an academy (like those in Switzerland, France, Italy, etc.) to develop the skills of workers, employers, and investors in the sector.

Environment/Clean and Renewable Energy

Opportunities exist in the solar water heater and solar photovoltaic (PV) subsector to employ people through short-term courses. There is a need for skilled labor to support the installation, maintenance, digitization, and control of solar water heater and solar PV technologies. Digitization refers to the monitoring and control of systems, Internet of Things (IoT) and artificial intelligence (AI) applications (currently imported from abroad), and applications for smartphones. This does not include manufacturing.

Industry/Manufacturing

ILO is currently undertaking a curriculum development program within the TVET schools, including those preparing workers for the industry/manufacturing sector. It remains unclear, however, if this curriculum revision adequately addresses the needs of the industrial/manufacturing sector.

Minimal health and safety standards exist but are not applied in practice, which may contribute to a lack of interest by qualified Lebanese in employment in the industry/manufacturing sector.

One stakeholder has suggested the following interventions that could lead to job creation in the industrial/manufacturing sector:

- Identify unfilled jobs – by scope, type and wages.
- Review vocational-training courses and curricula to ensure that they match the unfilled jobs.
- Cooperate with TVET educational institutions to adopt these curricula within their training programs.
- Promote and market these jobs to attract and drive unemployed people and youth—for example, through a media campaign.
- Job placement of qualified graduates/individuals in vacant positions.
- Capacity building of the stakeholder in lobbying and advocacy to combat dumping (equal to \$2 billion), reducing fees of export, formalities.
- Help the stakeholder to find export windows in developed markets such as the United States and EU.
- Capacity building for industrial companies to work on excellence and high quality instead of cost.

Technology/ICT

Partnership opportunities may exist with local IT associations to support workforce development in the technology/ICT sector.

Several years ago, AMCHAM proposed a project for a Lebanese cluster linking software IT companies and individuals to the international market and demand, which it believed could generate thousands of jobs. But the project was eventually shelved due to the political conflict. The idea remains to be pursued, but with private management for public interest and independence from the government.

Health Care/Medical

Workforce capacity building in the nursing sector could focus on both increasing the number of qualified graduates and making incremental improvements to the quality of training. According to one stakeholder, possible interventions that could lead to job creation and/or attract Lebanese into the nursing sector include the following:

- Build the stakeholder’s capacity to brand and market the sector and lobby for the recognition of the sector as an order.
- Establish a simulation lab in cooperation with the stakeholder to improve the quality of nurse training.
- Promote the transition of experienced nurses to become nursing teachers.
- Promote the establishment of nursing schools in remote/rural areas to attract and retain additional nurses.
- Explore strategies to protect and retain nursing graduates and nurses in Lebanon (e.g., upgrading jobs, increasing wages).

Workforce capacity building targeted to the primary health care sector could be structured to address staff retention and recruitment. Health care providers working in the primary health care sector report partial job satisfaction and low satisfaction with pay, training, and job prospects. Overall job satisfaction is associated with gender, age, career plans, salary, exposure to violence, and level of burnout (Alameddine et al. 2017). Strategies aiming at improving staff retention in the primary health care sector could focus on young or new recruits and on enhancing the providers' role satisfaction and sense of job security (Alameddine et al. 2012). Targeted recruitment strategies for the primary health care sector could focus on recruitment and retention strategies addressing rural settings and gender equity (Alameddine et al. 2016).

One stakeholder has proposed a targeted training program to support the development of ER specialist staff, which are in demand in Lebanon. The proposed program would build on a course offered by a local university at a cost of approximately \$1,000 per trainee and aim to train the 1,500–2,000 staff needed in the sector. The proposed program would support capacity building by targeting the following:

- Doctors and nurses already working in ERs.
- Doctors who are not specialized/not working in emergency medicine but who might transfer to work in ER units in hospitals.
- Nursing graduates with a BS or TS who might be directly recruited to hospitals in exchange for higher wages.

Financial Sector

There are no findings or conclusions specific to the financial sector under workforce development.

Creative Sector

Improving skills in digital media and scriptwriting is important to the sector's continued growth. There are currently at least 10 universities in Lebanon (including five of the top-ranked universities with programs in film/cinema and television production) that could be partners in a program that improves the curriculum. In addition, short-term, fee-based courses in scriptwriting have been held by international companies in Beirut and seem to be in high demand. Universities and the private sector could implement a series of short courses to improve skills in film/cinema.

Real Estate/Construction

An option to support the real estate/construction workforce would be to develop stronger enforcement mechanisms to regulate the current informal labor market in the construction industry.

An option to promote the green construction framework would be to develop laws, regulations, and enforcement mechanisms concerning occupational safety and health that not only deliver an eco-friendly building but also ensure a sustainable and safe environment for its occupants.

BUSINESS-ENABLING ENVIRONMENT

Several challenges confront the BEE, including a lack of supporting infrastructure and a problematic macro-fiscal environment.

- Basic infrastructure and services are absent: 24/7 electricity, 24/7 water, organized public transport, good roads, etc. This absence raises production and export costs for businesses.
- Lebanon faces an overarching need for fiscal reform that requires action in some areas, including both the EdL and civil service. Donors are supporting fiscal reform in a limited capacity. For example, the IFC is supporting some work to reform EdL.
- Tensions between political parties and religious factions are obstructing the launch of new government and donor projects and hindering the progress of existing projects.
- Work procedures in the ministries, airport, port, EdL, and other public institutions are outdated and inefficient. This adversely affects business permitting. Stakeholders called for these procedures to be rewritten by professional consulting firms.
- Regulatory gaps significantly inhibit the growth of the startup ecosystem across sectors.

Access to finance is a significant barrier to the private sector. The underlying causes of insufficient access to markets vary by sector and may require tailored approaches to address them. Lebanon lacks a national access to finance strategy as well as legal/regulatory mechanisms to foster private equity and venture capital. Bank interest rates on loans for businesses are high due to BdL policies (crowding out of the private sector and insufficient promotion of lending incentives). Stakeholders have called for BdL to revise its policies on interest rates and lending procedures. Levels of SME and consumer debt are high and increasing, with implications for ability to access finance.

Additional efforts are needed to ensure access to finance by existing SMEs, startups, and traditionally excluded borrowers, including women and youth. There are persistent obstacles for startups and SMEs to access banks, notably the inability to provide sufficient collateral (including fixed capital) or the inability to use movable assets as collateral. This has a differential impact on women. Access to finance, specifically working capital loans, continues to be a persistent and significant problem facing SMEs.⁵¹ There is insufficient oversight of how grants and loans are spent by recipients; this appears to apply to both commercial loan products and subsidized loan products (e.g., renewable energy loans). Access to finance and delays in delivering committed funding continue to be a persistent and significant problem facing startups.^{52 53}

Within the startup sector, support is most needed at the ideation stage. Ideation is weak in Lebanon, resulting in unsustainable business models among startups. The limited involvement of Lebanese industry in the ideation phase of the startup ecosystem results in startups that do not address local market gaps or that propose unsustainable business plans. As a result, investment funding is left on the table. Established Lebanese companies are looking to invest in the ecosystem

⁵¹ Kafalat has reduced the number of loan guarantee and other financing programs it offers. BdL has raised the threshold for MFI lending to address perceived gaps in access to finance. Interest rates on working capital loans from commercial banks are rising, and commercial banks are extending fewer loans due to the crowding-out of private-sector lending.

⁵² Delays in delivering committed funding are particularly challenging for startups. Delays in executing investment can be detrimental if the idea is superseded by another investor: “Speed to market matters for start-ups.” Start-ups may seek support from multiple incubators/accelerators in order to bridge funding periods and very specific needs, which precludes other promising start-ups from receiving support.

⁵³ Commercial banks do not extend finance to startups. The allocation of funds under Circular 331 can be delayed, hampering startups. There are gaps within the financing chain, especially at the startup level of the business life cycle and for smaller ticket sizes.

but finding few sustainable opportunities. Money available through BdL Circular 331 is fueling the VC ecosystem's growth but not the quality of startups.⁵⁴

Technical clusters or steering committees are needed within the startup ecosystem (e.g., incubators, accelerators, angel funds, and VCs) to understand and assess the technical feasibility of startups.

BEE reforms to permit mergers and acquisitions could foster economic growth in different economic sectors. The current regulatory framework inhibits mergers and acquisitions within the private sector.

BEE reforms to prevent imports dumping and facilitate exports are perceived priorities for parts of the private sector, including agriculture and industry/manufacturing. The GoL offers little support to productive sectors (agriculture, industry, tourism) in subsidies, export facilitation, tax exemptions, dumping ban, etc.

Additional gaps in the BEE have been identified as follows:

- Lebanon lacks an adequate commercial law and competition law. This gap in the BEE limits economic performance across multiple sectors.
- Beirut Port's fees are high, hindering exports. Stakeholders generally called for the Port Authority to be streamlined.
- Municipalities collect high taxes from factories (manufacturing facilities) operating within their areas of jurisdiction, which raises their costs of production. Tax rates vary and are set by each municipality.
- Political relationships and diplomatic ties with Syria are still problematic. This may deny the Lebanese the opportunity to profit from Syria's upcoming reconstruction phase. Stakeholders called for a normalization of political relations between Lebanon and Syria.

Recent reforms in the financial sector specific to the regulation of MFIs may drive consolidation within the subsector. This reform's implications for the sector's performance and access to finance by more vulnerable segments of the economy remain to be seen. A possible winner from recently approved GoL reforms could include fintech.

IFC has a relatively new unit that seems to be especially active in supporting BEE reforms. Coordination with this body may be important to the success of future activities targeting the private sector.

With the recently announced expansion of the Overseas Private Investment Corporation (OPIC), USAID/Lebanon may be able to leverage additional resources to support larger-scale investments by U.S. companies in the Lebanese economy.

⁵⁴ The ecosystem is currently supply-driven and not fueled by strong ideas, business models, or investment opportunities. The availability of equity financing through government and donor programs and the remaining gaps in the market remain to be determined. Kafalat's programs in equity financing seem to be successful.

Agriculture and Agri-Food Industry

Several stakeholders influence the sector's growth and development.

Key enablers include food safety laboratories that can provide national and international certifications, machinery providers, and raw material suppliers.

Tourism and Hospitality

Although some stakeholders believe that Middle East Airlines has a monopoly at the airport and have called for greater competition to reduce air travel prices, this belief seems to conflict with recently published data on actual reductions in airfare costs (<https://www.mea.com.lb/english/about-us/news-and-press-releases/meabod2016>).

Environment/Clean and Renewable Energy

Private firms surveyed report that the BEE's most challenging aspects are contract enforcement, customs clearance, access to finance, and tax registration and administration (four of nine firms indicating each aspect).

Private stakeholders generally indicate that the BEE puts men and women on an equal footing, but then simultaneously note that the environment/clean and renewable energy sector is male-dominated.

Renewable energy investments that will feed into Electricité du Liban's grid may be limited by the company's financial status: As EdL faces persistent financial strain, its guarantee of a purchase price is not accepted by commercial banks to which investors have applied for loans.

Industry/Manufacturing

Private companies report that the most challenging aspects of BEE for the industrial/manufacturing sector are labor regulations and social security (7 of 15 surveyed), customs clearance (5), tax registration and administration (5), and access to finance (4).

Technology/ICT

Although some reform has recently advanced, significant regulatory hurdles remain for financial technology to advance to regional standards. The GoL passed an e-signature law in September 2018, but its implementation and application remain to be seen. BdL has just started exploring the introduction and use of an e-wallet, while Jordan has had regulations in place for two years.

The telecom sector is perceived to be under the political establishment's influence and control. Stakeholders have called for lower telecom prices to encourage local businesses and stimulate economic growth.

Health Care/Medical

Private firms surveyed report that the most important aspects of BEE for their business are contract enforcement and customs clearance. More generally, government corruption is also seen as particularly problematic for the sector.

Financial Sector

An option to address the financial needs of underserved groups would be to support a National Access to Finance Strategy. Developing a strategy that addresses all the issues, including the eventual withdrawal of BdL's economic stimulus programs and bringing in views from the financial industry and other stakeholders, could build consensus around reform priorities and sequencing with due regard to financial stability and integrity concerns.

Creative Sectors

There are no findings or conclusions specific to the creative sector under business-enabling environment.

Real Estate/Construction

Lebanon lacks government regulation on green construction standards and verification.

Private companies identified the most problematic aspects of BEE for the sector as political instability, access to finance, contract enforcement, government paper work (general red tape), taxes, and customs clearance.

Private companies consider the BEE suitable for both men and women.

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

Intervention options to engage and empower gender and youth include opportunities to improve specific BEE provisions (including access to finance) and workforce development programming.

Introducing changes to address discriminatory laws and regulations and implement clear enforcement and accountability mechanisms could incentivize more women to participate in the Lebanese labor market (Elzir Assy and Sayed 2018).

Intervention options for workforce development could target sectors in which women and/or youth are already reasonably present (existing comparative advantage) or sectors in which women and/or youth are less or minimally present. An example of a workforce development program from Ethiopia perceived as successful placed recent female graduates as interns in the male-dominated power sector. USAID covered the cost of the internship, which was very little. Women were retained after the internship for full-time employment at high rates.

Introducing changes to address discriminatory laws and regulations and implement clear enforcement and accountability mechanisms could incentivize more women to participate in the Lebanese labor market (Elzir Assy and Sayed 2018).

Within the area of employment, USAID would like to identify approaches that tackle male-dominated careers and economic roles to move past the traditional ideas of gender roles and challenge cultural attitudes and biases.

A number of findings identified in the 2018 Gender Assessment relevant to economic growth are identified under RQ2, above.

There are no sector-specific findings or conclusions under gender and youth engagement and empowerment under RQ3.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

There are no sector-specific findings or conclusions under technology transfer and business innovation under RQ3.

RQ3.C FINDINGS AND CONCLUSIONS

RQ3. What types of intervention should USAID consider over the next five years?

c) What are the entry points and potential pitfalls for these recommendations?

USAID is perceived to be weak in the dissemination of information and follow-up with key stakeholders. A result may be that the most relevant or needy beneficiaries remain outside the scope of USAID programming. Closed commercial and beneficiary networks are limiting the exchange of good ideas, access to technical assistance, and funding opportunities. Working repeatedly with the same stakeholders tends to repeat previous ideas and performance. Working repeatedly with the same beneficiaries limits the potential impact of USAID assistance.

- Innovation: Stakeholders complain that there is a lack of good ideas for new products and services among startups.
- Innovation: Stakeholders complain that innovations are not oriented to local market needs, whether generated through startups or university-based research.
- Workforce Development: The same firm or individual may benefit from multiple rounds of donor assistance without any clear improvement in skills or employability.

USAID activities are not known to many of the stakeholders interviewed, suggesting a need for expanded public relations. Many private companies and development actors are unaware of USAID activities, let alone how to access support or information. There appears to be a lack of awareness of USAID's economic growth programming among donors and some stakeholders, including those who may have a wider reach to the private sector. A number of stakeholders complain that they do not receive timely or relevant information from USAID about its programs. This lack of awareness could be countered by increased advertising in future USAID economic growth activities. Projects or interventions are subject to duplication because of an inability to build on past success and/or to close the gaps within the sector due to a lack of coordination among donors.

Although it seems unlikely that many local stakeholders may be prepared to implement multimillion-dollar contracts in line with USAID's procurement regulations, there may be scope to expand the role of subcontractors or local partners to build on their knowledge of the economy and the labor force. Several stakeholders noted that they were routinely consulted for information gathering related to USAID/Lebanon project design but failed to benefit as implementing partners.

The significant expansion of support for the current implementing partner under MENA II could risk resulting in a monopoly. The Lebanese startup ecosystem is a nascent sector with many of the actors that support new business startups and financing relying on donor funds to remain operational. In the past few years, a handful of support and financing leaders have emerged driven by donor programs from USAID, EU, the Netherlands' Foreign Ministry, and Agence Française de

Développement (AFD). Although these leaders arguably are closer to a sustainable business model and require additional funds, further support could create a monopoly, which like many industries in Lebanon could erode competition and new entrants, thus stifling innovation and new ideas to the startup ecosystem and venture capital space. To mitigate this problem, creating a wider network, seeking out more partnerships, and supporting smaller yet promising ecosystem actors should be considered.

USAID/Lebanon might consider performance-based contracting mechanisms to address issues of overpromising and underdelivering on contracts. USAID contracting procedures may lead to adverse outcomes for economic growth programming, including overpromising and underdelivering on contract results. Current procedures may incentivize contracting firms to promise unrealistic results in incremental sales, beneficiaries, and jobs created. These promised results may fall short during project performance but without any negative implications for the contracting firm.

Data exist among USAID implementing partners that, if made available and appropriately analyzed, could help to close data gaps and inform programming. Relevant data to economic growth and workforce development programming exist with USAID partners and beneficiaries but are not organized, analyzed, or used. Valuable, statistically significant metadata on economic growth and workforce development outcomes and trends are readily available among USAID partners and beneficiaries and not being analyzed. These data are both specific to and beyond the scope of USAID's activities (i.e., not only performance data). An option to collect these data might be within the context of a broader CLA, through which USAID could collect, organize, and analyze data, information, and lessons learned from implementing partners.

There could be an interesting opportunity to support cross-sectoral data collection, particularly among subsectors or with a directed focus of interest to USAID.

RQ3.D FINDINGS AND CONCLUSIONS

RQ3. What types of intervention should USAID consider over the next five years?

- d) Which entry points and potential pitfalls should be explored further within the scope of the planned political economy assessment?**

Please refer to the corresponding recommendations section.

PAST AND CURRENT CHALLENGES FOR USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – RECOMMENDATIONS

All recommendations presented here are supported by detailed findings and conclusions, presented above and tabulated per RQ and per theme/sector within the findings, conclusions, and recommendations matrix presented in **Annex G**.

RQ1.A RECOMMENDATIONS

RQ1. How has USAID’s current portfolio contributed to CDCS and EG PAD objectives?

- a) **What types of activities (in alignment with thematic and sectoral priorities) should USAID continue/discontinue to fund or scale up?**

TRADE AND INVESTMENT FACILITATION

USAID activities intended to facilitate trade and investment should address the common constraints along the value chain (*e.g.*, quality, sales and marketing) as well as the constraints specific to each actor within the value chain (*e.g.*, post-harvest, industry-specific standards and certifications).

WORKFORCE DEVELOPMENT

USAID should consider creating a standalone workforce development activity with a strong, demand-driven private sector component.

BUSINESS-ENABLING ENVIRONMENT

USAID activities should increase emphasis on BEE within its designed and currently implemented activities, rather than reserving this for a future or standalone activity.

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

Gender and youth engagement and empowerment should be integrated into activities at the design and implementation level as opposed to standalone activities.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

USAID should focus on integrating technology transfer and business innovation within its current activities, based on adaptability and affordability to the local needs.

AGRICULTURE AND AGRI-FOOD INDUSTRY

USAID should scale-up activities focusing on high-quality, value-added, agro-processed products.

USAID should continue to invest in the avocado value chain, specifically by focusing on quality improvement from the post-harvest stages forward, including processing.

TOURISM AND HOSPITALITY

USAID should continue its funding and activities in the rural tourism and ecotourism subsectors as a niche within the tourism/hospitality sector.

A study of the rural tourism and ecotourism subsector should be undertaken to identify specific entry points for intervention, prior to further USAID investment in this subsector.

ENVIRONMENT/CLEAN AND RENEWABLE ENERGY

Aside from environmental objectives, USAID should base future decisions on the (dis)continuation of reforestation activities by evaluating direct economic growth effects, primarily through short-term or seasonal job creation and livelihoods, and indirect effects on rural tourism and ecotourism as well as agriculture.

TECHNOLOGY/ICT

USAID should continue its funding and activities in the technology/ICT sector under MENA II, even if it is a relatively minimal part of the portfolio.

USAID should target its funding and activities to the technology/ICT sector within LED.

FINANCIAL SECTOR

USAID should continue funding activities focusing on access to equity for finance startups and should extend these activities to include SMEs.

USAID might consider the creation of sectoral funds to support equity investment under technically specialized fund management.

LIFE should perform a market segmentation and financial needs assessment for the microfinance sector.

RQ1.B RECOMMENDATIONS

RQ1. How has USAID's portfolio contributed to CDCS and EG PAD objectives?

b) What contextual factors are affecting USAID program success and what do these factors this imply for future programming?

USAID should be prepared to adapt its activity design and implementation to account for the impacts of the identified contextual factors (refer to corresponding findings and conclusions).

USAID should capitalize on foreseen large-scale capital investment projects under CEDRE and target activities to complement these investments within the different regions.

USAID should support donor coordination efforts and data sharing for more effective economic growth programming and could play a leading role in this area.

USAID could capitalize on the diaspora in its activities through linkages to export markets, as a source of investment, and as a source of technology and knowledge transfer (refer to recommendations under RQ3 – Trade and Investment Facilitation). USAID/Lebanon could also promote its development programming to the diaspora as potential beneficiaries.

USAID studies and activity designs should identify and respond to regional/local needs. Within procurements, USAID should require the identification of regional/local partners prior to the awarding process and encourage co-design so that activities are further tailored to the local and national context.

OPPORTUNITIES FOR FUTURE USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – RECOMMENDATIONS

RQ2. RECOMMENDATIONS

RQ2. What sectors and industries offer the greatest potential for USAID to meet CDCS and EG PAD objectives (including PSD and HEP)?

- a) What sectors and industries have the greatest impact opportunities?**
- b) To what extent has USAID been engaged in these sectors and industries?**
- c) Which sectors and industries should USAID prioritize for intervention over the next five years?**
- d) Should USAID focus on promising approaches and opportunities regardless of sector?**

TRADE AND INVESTMENT FACILITATION

USAID should target identified sectors according to its objectives, focusing on economic growth and job creation. In trade and investment facilitation, the recommended sectors to target include:

- Agriculture (avocado, small-ruminant dairy) and Agro-Processing (processed and packaged food)
- Creative industries (film, television, advertising)
- Clean and Renewable Energy (solar PV, energy efficiency)
- Technology/ICT (software development, ICT services)
- Tourism/hospitality (rural tourism and ecotourism)

While USAID should allow for approaches that can address the trade and investment facilitation needs that are common across sectors, targeting priority sectors and allowing for work along a value chain may be particularly relevant for some sectors, including:

- Agriculture and Agro-processing
- Creative Industries (film)
- Technology/ICT
- Tourism/Hospitality

USAID efforts around trade and investment facilitation should:

- Focus on value proposition and value for money to consumers.
- Focus on specialized, high-quality, niche products and services.
- Not compete on volume production or least-cost position.
- Not necessarily focus on high-value production, as Lebanese high-value products are more expensive than competitor products and Lebanon faces problems in quality control and consumer trust.

Under a future trade and investment facilitation activity, USAID should adopt a blended approach to support sectors: Proactively target a limited number of priority sectors, but allow for the participation of firms that self-identify and align with activity objectives.

WORKFORCE DEVELOPMENT

USAID should target sectors according to its objectives, focusing on economic growth and job creation. In job creation and/or workforce development, the recommended sectors to target include:

- Agro-processing and Agro-Industry
- Creative Industries (film, television, advertising)
- Environment/Clean and Renewable Energy (solar PV and solar water-heater installation)
- Industry / Manufacturing
- Health Care/Medical (nursing)
- Real Estate/Construction (energy efficiency)
- Technology/ICT
- Tourism/Hospitality

USAID should adopt a blended approach to support sectors in workforce development: Proactively target a limited number of priority sectors, but also allow for the targeting of skill-sets that can be placed across sectors (*e.g.*, customer service, sales/marketing, soft skills).

BUSINESS-ENABLING ENVIRONMENT

When planning future EG activities, USAID should continue to take into consideration the BEE and address or tackle key obstacles within the limits/constraints of those activities.

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

When planning future EG activities, USAID should continue to take into consideration gender and youth empowerment and engagement and address or tackle key obstacles within the limits/constraints of those activities.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

When planning future EG activities, USAID should continue to take into consideration technology transfer and business innovation and address or tackle key obstacles within the limits/constraints of those activities.

INTERVENTIONS FOR FUTURE USAID/LEBANON ECONOMIC GROWTH PROGRAMMING – RECOMMENDATIONS

RQ3.A & B RECOMMENDATIONS

RQ3. What types of intervention should USAID consider over the next five years?

- a) What types of intervention (activities, target groups, other) should USAID consider over the next five years?
- b) Do local private partnerships or so-called global development alliances (GDAs) present a viable implementation method? If so, how? What private sector firms would make good candidates for such a partnership?

TRADE AND INVESTMENT FACILITATION

Recommendations are organized here according to the components of a proposed trade and investment facilitation strategy, as well as illustrative activities and subactivities (**Annex H**).

I. BETTER TARGETING OF SECTORS AND MSMES THAT PROMOTE ECONOMIC GROWTH

USAID might consider support for agricultural activities focusing on competitive value chains producing higher-value products.

- USAID should consider supporting the small-ruminant dairy value chain as it is inclusive (poor and rural), woman-led, and principally oriented to agro-processing and currently has a strong market demand (domestic and regional).
- USAID should continue investing in the avocado value chain, focusing on activities from post-harvest stages onward to ensure export and market opportunities for the 80,000 additional tons coming online in three to four years.

USAID should continue to support the tourism/hospitality sector and focus its efforts on the rural tourism and ecotourism subsector.

To capitalize on previous activities, USAID should direct rural tourism assistance to stakeholders in direct proximity to or benefiting from the LMT.

Within the startup/innovation ecosystem, USAID should support the establishment of technical steering committees that have the direct participation of the private sector to validate innovations and business models and direct investment.

The film/television/digital media sector appears to be a fast-growing and promising sector that USAID has not supported in the past. Therefore, USAID should contract a consultancy firm specialized in film, television, and digital media to carry out an in-depth sector assessment and development strategy (including validation of the below recommendations).

USAID should avoid a “zero-sum” result within Lebanese businesses (*e.g.*, working with one Lebanese SME results in taking market share from another Lebanese business). Instead, USAID

assistance should focus on expanding a market or replacing a foreign product or service (competition-based import substitution).

USAID should prioritize assistance to formal MSMEs that have a minimally acceptable organizational structure with departments, standard operating procedures, etc. (*e.g.*, franchise-ready MSMEs).

II. IMPROVING MSME PERFORMANCE

USAID assistance to Lebanese MSMEs should prioritize improving the quality of products, services, and experiences to the level of competing products to enhance the Lebanese “brand.”

To concretely build on diaspora networks and commercial links, USAID should develop partnerships with Lebanese—**country name** or foreign business associations.

USAID should focus firm-level assistance on a handful of common yet specific issues within the targeted sectors or business clusters to gain efficiency and economies of scale and promote knowledge sharing.

Due to the generally low-quality BDS support available in the market, USAID should apply a more rigorous assessment of BDS firms with which it subcontracts work and should apply a systematic and transparent process for matching those firms to beneficiary firms under its technical assistance programs. USAID should further require that implementing partners submit relevant data into a common database of BDS firms and their capabilities, across USAID activities. This database would ideally be managed by the implementing partner for USAID’s principal trade and investment facilitation activity.

USAID should develop tools and increase activity resources (time, money, staff) toward business diagnostics to help SMEs identify problems related to job creation. This applies to current and future programming.

USAID should support leading companies to invest in R&D by reducing the financial risk of doing so. This support should combine both technical assistance and seed grants. Partners to provide this technical assistance may include selected domestic universities.

USAID might support the establishment of technical clusters or sectoral steering committees led by the private sector to improve ideation quality and develop or validate business models within the startup ecosystem.

USAID should fund U.S.-based firms that support the startup ecosystem to travel to Lebanon to foster partnerships, knowledge transfer, and investment by demonstrating local capacities and opportunities.

USAID should provide risk-reducing incentives to U.S.-based startup companies (*e.g.*, incubators) to partner with the Lebanese ecosystem and deliver services or expertise. Such incentives might include cost-sharing for office, administrative, and staffing expenditures.

USAID should continue to play a leading role in supporting the Lebanese Venture Capital and Private Equity Association (LVCPA), specifically in its capacity to advocate for BEE improvements.

III. IMPROVING SECTOR-LEVEL PERFORMANCE

Across Sectors

USAID should establish a formal referral system between activities based on sector-specific assistance and assistance type (technical assistance versus technical assistance and grants). For example, LED might refer an agribusiness firm needing sector-specific technical assistance and grant support to LINQ, or a rural tourism firm to LRI-NGO.

USAID should develop and implement a product-consolidation model across sectors to promote quality and economies of scale and emphasize leading companies in an industry/sector to potential international clients/markets.

Agriculture and Agri-Food Industry

USAID might address the problem of low barriers to entry, low quality, and weak standards by working with larger agri-food companies or others with the capacity to consolidate production across small producers and processors and raise their quality/hygiene level.

Potential partners under the consolidation model should be the largest agri-food processors or companies.

Outside the consolidation model, USAID should support only agri-food processors producing new or innovative food products that buy primarily domestically produced ingredients and target the domestic market.

USAID should consider an incremental approach to higher-value market access, assisting agro-industries to graduate from their current market to more demanding markets (e.g., from the local supermarket segment to the more demanding regional export markets, then to the most demanding export markets).

In support of the avocado value chain, USAID should work from post-harvest to market, providing technical assistance while co-investing in infrastructure and business models that benefit multiple firms along the entire value chain.

In support of the small-ruminant dairy value chain, USAID should promote improvements in the quality and quantity of milk production, reductions in animal mortality and disease, reductions in production costs, improvements in milk collection and processing focused on hygiene, the continuity of the cold chain, the development of new products, and marketing support for dairy processors and cooperatives, taking into consideration opportunities on both the domestic and international markets.

Tourism and Hospitality

Given the strong market response to the growing demand as well as a perceived over-supply in some areas, USAID should discontinue funding the establishment of new rural accommodation.

USAID assistance should focus on building additional value-added service offerings and channeling those through stakeholders (accommodation, tour operators) along nature trails. Such offerings

would include hikes, tours/visits, equipment rentals, and food and harvest festivals. USAID should prioritize assistance that links to the agricultural and environmental sectors.

USAID should help to upgrade the ICT offerings and app-based information related to nature trail operators (e.g., online booking of rooms or tours). Such an effort should build on the experience of LIVCD to support online bookings, which were not universally successful, and which faced sustainability issues. One possible avenue for this assistance would be to include funding a bootcamp or hackathon to encourage these ICT innovations.

To mitigate uneven and seasonal demand patterns that limit business viability, USAID should promote rural tourism and ecotourism as a year-round activity (i.e., not only summer). In addition, USAID could promote rural tourism and ecotourism during the work-week to both domestic and selected foreign tourists (e.g., Europeans).

USAID should develop and use a comprehensive database gathering information on tourists/visitors and require all beneficiaries under its rural tourism and ecotourism activities to collect and provide information to the database. Such information includes the number of visitors, their origin, the services purchased (nights stayed, activities purchased), etc.

USAID programs should provide regular (quarterly) information on data, activities, results, trends to the Ministry of Tourism to broaden its visibility of the sector.

Environment/Clean and Renewable Energy

There are no recommendations specific to the environment/clean and renewable energy sector in trade and investment facilitation. Cross-sector recommendations noted above apply to the environment/clean and renewable energy sector.

Industry/Manufacturing

USAID should work with local associations to collect and analyze data among its members to help fill the gap in information on sector-level performance and trends in Lebanon.

Technology/ICT

USAID should explore the opportunity to work with local associations to establish and maintain quality control standards and market Lebanon's ICT services abroad.

Health Care/Medical

There are no recommendations specific to the health care/medical sector under trade and investment facilitation. Cross-sector recommendations apply.

Financial Sector

USAID should perform a nationwide microfinance market segmentation and financial needs assessment (under a future activity if this is not possible under LIFE).

USAID should explore a potential partnership with a local online payment provider to support financial inclusion in rural areas.

Creative Sectors

USAID should explore partnerships with a network of top-tier local universities in the establishment of a media incubator to promote and provide (seed) funding for film and television series production.

USAID should support co-financing arrangements for film and television series production, including opportunities for equity financing and/or grant mechanisms.

USAID should support the local cinema representative bodies to improve governance and market of the film subsector.

USAID should explore the creation of representative associations/syndicates within the film/television/advertising subsector specific to stakeholders at the level of production, post-production, and/or media distribution to market the subsector. This marketing should promote Lebanon's competitive advantages, including its diverse scenery, cheaper production costs, flexibility and speed of licensing and approval arrangements, and technical skillset for outsourcing.

USAID should further explore the demand and opportunities for creation and marketing of Arabic-language content through partnerships with global and local online media distributors.

USAID should explore with local insurance companies the possibility of developing local insurance packages to cover U.S.- and Canadian-based production companies and reduce the costs of locating production in Lebanon.

Real Estate/Construction

USAID should monitor future developments in the construction sector, specifically around green construction and energy efficiency, and consider opportunities for LED to support relevant private firms and/or support BEE reforms.

IV. BETTER LEBANESE BRAND

USAID should structure access to market and partnership activities to bring people/companies to Lebanon where they can experience the country/culture as well as the product rather than sending local people/companies to overseas exhibitions.

USAID should promote the export of services and culture both for the direct benefit of export earnings and for indirect benefits, including positive spillover for the export of goods, improvements to the country's image, and knock-on effects for tourism and investment.

In partnership with local organizations, USAID should sponsor sector-specific exhibitions and roadshows in Lebanon with subsidized attendance from U.S.-based companies.

WORKFORCE DEVELOPMENT

Recommendations are organized here according to the of a proposed workforce development activity (**Annex I**).

USAID should consider creating a standalone workforce development activity that has a strong, demand-driven private sector component. The proposed workforce development activity should include the following components:

- Improving Use of Labor Market Data and Information
- Improving Vocational Educational Training Quality
- Better Access to Vocational Educational Training Opportunities
- Improving Access to Quality Employment Opportunities for Lebanese.

I. IMPROVING USE OF LABOR MARKET DATA AND INFORMATION

USAID should consolidate and review all labor market assessment/workforce research and conduct an assessment study to fill the gaps.

To select training partners and beneficiaries, USAID should map the landscape of private TVET schools to assess the range and quality of training programs currently offered, including infrastructure/asset availability.

USAID should publicly market vocations that have significant vacancies through various media outlets.

Under a workforce development activity, and as the quality of training is improved, USAID should work to raise the image of vocational training in Lebanon as well as public awareness of the wages to be earned by qualified technical graduates.

II. IMPROVING QUALITY OF TECHNICAL AND VOCATIONAL EDUCATIONAL TRAINING

USAID should focus on working with/through private TVET schools, as the public ones are still in the institutional development phase (not training-ready.)

USAID should identify and address common organizational management problems across its selected private TVET schools. For example, USAID could build the capacity of private TVET partners to collect and analyze sector-specific labor market data, develop curricula and training materials, and establish and maintain private sector partnerships.

USAID should focus its job creation and workforce development efforts on skilled positions and/or sectors that have little foreign labor competition in the domestic market.

USAID should foster partnerships between private TVET schools and private firms offering in-house training programs to leverage available assets/equipment and specialized technical education.

USAID should work with private TVET schools to update their curricula in line with private sector standards and market them to trainees.

USAID should incorporate soft-skills training programs into every technical training program it will support under the workforce development activity.

USAID should work with private sector associations and TVET schools to create new curricula in digital skills and specialized skills, including visual merchandising, branding, and use of technology in

retail (digital marketing, data analytics). Potential partners in this area are local universities that offer programs in data analytics.

III. BETTER ACCESS TO TECHNICAL AND VOCATIONAL EDUCATIONAL TRAINING OPPORTUNITIES

USAID should implement and promote soft-skills workshops that prioritize rural areas and are open to both university and non-university graduates (*e.g.*, CV writing, interviewing techniques).

USAID should create a TVET scholarship program like the USP scholarship program to improve TVET accessibility, provide practical training, and expand the trainees' professional networks. This could be managed by a single implementing partner with training delivered by multiple TVET schools identified under the mapping (referenced above).

IV. IMPROVING ACCESS TO QUALITY EMPLOYMENT OPPORTUNITIES FOR LEBANESE

USAID should leverage its experience and extensive networks within the private sector to inform workforce development activities and ensure their connection to private sector needs (demand-driven model).

USAID should strengthen the private TVET schools' connection to the private sector to facilitate job placement (for both interns and permanent employees).

USAID should work through private TVET schools and associations/syndicates to provide internships/apprenticeships within the private sector.

USAID should incentivize private firms to offer longer-term (three months or more) internships by applying a phased-subsidized approach. For example, USAID could provide the cost of transportation and stipend for youth on a cost-match basis, which could be reduced over time.

USAID should improve and expand professional networks among jobseekers through sector-specific job fairs.

When designing the workforce development activity, USAID should consider the challenge of labor mobility and possibly design incentives to retain graduates/trainees living and working in Lebanon. These incentives may be better targeted to address the movement of labor to/from the GCC, as opposed to permanent emigration outside the region.

USAID should offer human resources (HR) development grants and/or technical assistance to private firms to establish or improve company recruitment/HR practices. Potential partners in this area are local universities that offer HR programs.

USAID should refer any proposals or requests for support to establish an online or tech-related recruitment/employment platform to the trade and investment facilitation activity (described above). This would help to ensure that the business case and financial sustainability of such a platform is considered upfront.

SECTOR-SPECIFIC RECOMMENDATIONS

Agriculture and Agri-Food Industry

Recommendations for this sector are the cross-sectoral recommendations listed above.

Environment/Clean and Renewable Energy

USAID should pursue workforce development opportunities in the installation, maintenance, digitization, and control of solar water heaters and Photovoltaic technologies.

Industry/Manufacturing

USAID should pursue workforce development opportunities in the repair and maintenance of industrial equipment and machinery.

USAID should pilot health and safety grants to private firms to improve working conditions and attract qualified employees to vacant positions. Under the grant, USAID should measure productivity improvements and (if identified) make a financial argument for businesses to invest in improving work conditions.

Further recommendations for this sector are the cross-sectoral recommendations listed above.

Technology/ICT

USAID could support workforce development in the ICT sector by pursuing a cluster approach to foster cooperation between local companies.

USAID should explore partnership opportunities with local associations specialized in ICT.

Further recommendations for this sector are the cross-sectoral recommendations listed above.

Health Care/Medical

USAID should support workforce development in the nursing subsector. Specific interventions could work to improve branding of the sector, establish a nursing simulation lab, train teaching staff, and support the accreditation of nursing schools.

Further recommendations for this sector are the cross-sectoral recommendations listed above.

Creative Sectors

USAID should support workforce development in the creative sector, specifically the film/television subsector. Specific interventions could work to improve the quality of scriptwriting in partnership with established universities that would offer short courses complementary to their existing curricula.

Further recommendations for this sector are the cross-sectoral recommendations listed above.

BUSINESS-ENABLING ENVIRONMENT

USAID should pursue BEE improvements not as a standalone activity, but rather woven into existing and future activities, including a proposed trade and investment facilitation activity and a workforce development activity. BEE efforts may be across sectors or specific to sector needs, as appropriate.

GENDER AND YOUTH EMPOWERMENT AND ENGAGEMENT

USAID should pursue gender and youth empowerment and engagement not as a standalone activity, but rather woven into existing and future activities, including a proposed trade and investment facilitation activity and a workforce development activity. These efforts may be across sectors or specific to sector needs, as appropriate.

The 2018 Gender Assessment's recommendations for access to finance and livelihoods suggest the following:

- Engage with other donors/networks to support the review/revision of legal and regulatory measures to improve women's access to finance and business development.
- Conduct and/or leverage the existing market analysis and feasibility studies and link programming to national economic strategy to ensure female beneficiaries are being connected with sustainable opportunities and reduce potential unintended, harmful consequences of loan programs targeting women.
- Collaborate and leverage the work done by implementers conducting value chain analyses and market assessments.
- Conduct landscape analysis of the existing women's finance and economic empowerment programs and use findings to inform Project Appraisal Documents to ensure that rural and other potentially marginalized groups of women are appropriately targeted.
- Support both financial literacy and regulatory/business management training and capacity-development programs, not only for prospective beneficiaries/loan applicants, but also on an ongoing basis to address the needs of new business owners.
- Support community- and school-based awareness-raising activities and identify role models to enable both males and females to understand and pursue a variety of market-driven enterprises and roles, not just opportunities in traditional or informal sectors.

The 2018 Gender Assessment's recommendations suggest that workforce development programs targeting women should consider the following:

- Support programming for policy development, advocacy, and incentive structures to encourage businesses to engage in gender-equitable practices, such as proactive recruitment of women (including into management positions), institution of flex-time, and offering parental leave.
- Work with both the public and private sectors to improve disability accommodation with an initial focus on integrating such efforts into the existing private sector programs (including corporate social responsibility initiatives) and other institutional partnerships.
- Leverage youth and educational programming and identify positive male and female role models to; (1) promote more equitable norms around the division of household labor and childcare responsibilities; and (2) provide examples of both men and women working in non-traditional jobs.

Within a workforce development program, USAID should consider job placements or internships that bring women into male-dominated fields.

TECHNOLOGY TRANSFER AND BUSINESS INNOVATION

USAID should pursue technology transfer and business innovation not as a standalone activity, but rather woven into existing and future activities, including a proposed trade and investment facilitation activity and a workforce development activity. Such efforts may be across sectors or specific to sector needs, as appropriate.

RQ3.C RECOMMENDATIONS

RQ3. What types of intervention should USAID consider over the next five years?

c) What are the entry points and potential pitfalls for these recommendations?

USAID should expand public relations and communications around its activities to raise stakeholder awareness.

USAID should collect and analyze data available through its implementing partners in areas of workforce development and SME sectoral trends to inform current and future programming.

RQ3.D RECOMMENDATIONS

RQ3. What types of intervention should USAID consider over the next five years?

d) Which entry points and potential pitfalls should be explored further within the scope of the planned political economy assessment?

What are the causes underlying the current policy reform momentum? Can this be sustained or accelerated? Was this only a reaction to, or a preparation for, the planned elections of 2018?

Industrial Zone/Tripoli Special Economic Zone: What are the political obstacles for the establishment of the industrial zones? What impact (economic/workforce development) could they have?

Which aspects of the BEE (decisions, decrees, laws, or other) could USAID effectively contribute to addressing within a 5- to 10-year period?

E-Commerce: How could e-signature affect economic growth and what can be done to move this toward a law accepted by Parliament?

Savings by MFI: What are the obstacles and opportunities for the MFI to collect savings? How would this impact growth?

SMEs generally do not post vacancies out of concern that a political figure will demand they hire a particular person. What is the extent of that finding? Additionally, does this also connect to poor marketing practices, as a business would be fearful of the perception of success that would lead to obstacles or payments demanded by political elites or government officials?

What are the reasons for the non-implementation of Decree No. 8691 (incentives for the recruitment of first-time employees)?

Is the current GoL pension structure a contributing factor to the low participation rate of women in the labor force in Lebanon? Is the pension structure reinforcing the informal labor market? Is the woman eligible to claim her deceased father's pension if she is formally employed?

At least one stakeholder has alleged that politicians have a conflict of interest in supporting vocational education due to their personal interests/stakes in supporting private universities. Is there any merit to this allegation?

Which ministries are acceptable partners for cooperation with USAID/Lebanon, given the lack of a bilateral agreement?

What are the opportunities for public-private partnership (PPP) between USAID and local bodies?

Which strategies/mechanisms can USAID adopt for working with municipalities, and which could have an impact on economic growth and job opportunities within communities?

LESSONS LEARNED

The following lessons learned have been identified:

- Expertise with deeper knowledge of the local economy, its challenges/opportunities, and its key players has been essential to move from a broad assessment of the entire economy to the identification of promising sectors and the development of appropriate interventions that respond to local needs and realities. Local expertise has further been essential to the identification of key stakeholders and to secure their participation within a relatively narrow timeframe for data collection.
- The ability to undertake more detailed research into potentially promising economic sectors, particularly those for which limited data are available or to which USAID has previously offered limited assistance, could be useful to support future assessments and avoid missed opportunities.
- The inclusion of a significant number of private sector stakeholders within the assessment process has been essential to solicit constructive and focused recommendations that USAID could support to facilitate economic growth. Conversely, some public stakeholders' contribution was simply too broad to translate into program recommendations; in some cases, their tendency to focus on a laundry list of complaints meant that the KII yielded little useful information.

ANNEX A: ASSESSMENT SCOPE OF WORK



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ANNEX B: BIBLIOGRAPHY AND LIST OF DOCUMENTS FOR FURTHER REVIEW

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Additional USAID Documents Reviewed:

- USAID CDCS 2014-2018
- USAID 2018 Gender Assessment
- USAID Workforce Development Assessment
- LED Project Description
- LED MEL Plan
- LIFE Project Description
- LIFE MEL Plan
- LIVCD Project Description
- LIVCD MEL Plan
- LIVCD initial value chain assessments
- LIVCD impact assessments
- LIVCD mid-term evaluation
- LRI Project Description
- LRI MEL Plan
- MENA Project Description
- MENA MEL Plan
- MENA mid-term evaluation
- PSD Project PAD
- PSD Project MEL Plan

Documents for Further Review:

During the course of this assessment, stakeholders referenced a number of potentially relevant documents that will be published in coming months and that may merit review and consideration in informing the USAID CDCS 2019-2023. These are as follows:

- European Training Foundation and National Employment Office – study on labor demands of industry (expected 2019)
- FAO – mid-term review of its land reclamation project (expected end-2018)
- FAO/MOA – agricultural surveys 2015 and 2016 (including agricultural price and yield data)
- IDAL – sub-sector study on soap production
- IDAL – two export market studies (expected end-2018)
- IFC – private sector country diagnostic (expected early 2019)
- ILO – sectoral studies on opportunities for vocational skills and occupations – health, printing/packaging, and public infrastructure (expected end-2018)
- ILO, EU, and Central Administration of Statistics – labor force survey (preliminary results expected November 2018; quarterly bulletins and final publication of complete results to follow)

ANNEX C: DATA COLLECTION INSTRUMENTS

The following protocols are general guides with questions to ask across respondents/groups from each category of stakeholders, such that certain results can be compared across these groups. Depending on the stakeholder, particular questions may be omitted if they are irrelevant. Ultimately, protocols will be specifically tailored for each respondent and group as more relevant details become available.

The protocols listed here have been developed for the inception report and are subject to revision following the in-brief discussion with USAID/Lebanon as referenced above. The tools reflect language specific to the agricultural and agri-food sector, which will be amended as appropriate for other sectors of focus (tourism and hospitality, environment, and emerging sectors and industries such as heavy industry and manufacturing, clean/renewable energy, and ICT).

KII GUIDES - GENERAL LANGUAGE FOR INTRODUCTION AND CONSENT

KII Guides

Economic Growth Assessment (EGA)

Qualitative Interview Protocols

Introduction:

We work for Social Impact, a USAID contractor that provides performance monitoring and evaluation support for various development projects in Lebanon. The purpose of this interview is to gain further knowledge and insight into the opportunities for and barriers to economic growth in Lebanon, and donor-led development interventions in support of economic growth. As a knowledgeable person within your organization, we value your input to our assessment. We anticipate that your responses will help us gain further knowledge and insight into opportunities to accelerate economic growth within Lebanon, understand challenges facing the economy generally as well as donor-led development interventions in particular, and inform recommendations for future programming. Your participation is completely voluntary.

Your answers will be used for data analysis purposes only and will be kept **strictly confidential**. **No interview respondents will be identified by name in the report.**

Before the interview begins, I would like to ask your permission to take notes to capture your responses and to audio record the interview so that we can further enhance our notes for data analysis.

Organization:	Date:
Respondent's Name:	Venue:
Official Title:	

Interviewer:

Note-taker:

COMPREHENSIVE VIEW: PUBLIC / DONOR / NGO

Questions	Prompts
INTRODUCTION	
1. Please describe your role within your organization. - How long have you served in this position?	- Responsibilities - Coordination with Government of Lebanon, donors, or other public-oriented institutions
2. Please describe your professional involvement, if any, with USAID/Lebanon. - How long have you been involved with USAID/Lebanon and in what ways?	- Coordination with USAID
STRATEGIC FOCUS	
3. Which sectors or industries represent the greatest opportunities for economic growth in Lebanon? - On what basis have you come to this conclusion?	-
4. Which sectors or industries represent the greatest opportunities for employment or workforce growth in Lebanon? - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth?	-
5. In which economic sectors or industries is your organization investing? - How do you anticipate this investment to change over the next five years?	-
6. What are the expected goals and outcomes from this investment? - Is this investment achieving its goals and outcomes?	-
7. Are you familiar with USAID's recent portfolio of economic growth activities? - If so, which activities are you familiar with? - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon?	- Awareness of current activities - Successful activities - Unsuccessful activities
TRADE AND INVESTMENT FACILITATION	
8. Are there recent or forthcoming activities or incentives that your organization has supported to facilitate export-oriented trade from Lebanon?	-

<ul style="list-style-type: none"> - Is there a particular sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	
<p>9. Are there recent or forthcoming activities or incentives that your organization has supported to facilitate investment in the Lebanese economy?</p> <ul style="list-style-type: none"> - Is there a particular sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	-
<p>10. How could activities or interventions best be structured to foster export-oriented trade from Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>11. How could activities or interventions best be structured to foster investment in Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
WORKFORCE DEVELOPMENT	
<p>12. How could activities or interventions best be structured to foster job creation in Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>13. In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon in the next five years?</p> <ul style="list-style-type: none"> - For skilled labor? - For unskilled labor? 	<ul style="list-style-type: none"> - Vocational training? - Apprenticeships? - University training? - High school baccalaureate?
BUSINESS ENABLING ENVIRONMENT	
<p>14. Which features of the business enabling environment are most critical to foster economic growth in Lebanon?</p>	<ul style="list-style-type: none"> - Launching a business - Contract enforcement - [Doing Business]
<p>15. How could activities or interventions best be structured to address these BEE features (identified in the preceding question)?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT	
<p>16. Do you address (or target) men's and women's issues equally in annual work or strategic plans?</p>	-

17. Do you address youth issues in annual work or strategic plans?	-
18. If yes, how are your activities designed to reach (involve/benefit) men and women equally? Youth?	-
19. Are there some clear successes or approaches in Gender and Youth engagement that you can highlight?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION	
20. Which new technologies, products or services that are commercially available would have the greatest potential to stimulate economic growth in Lebanon? - On what basis have you come to this conclusion? - How did you learn about this?	-
21. How could activities or interventions best be structured to foster innovation and technology transfer in Lebanon? - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus?	-

COMPREHENSIVE VIEW: PRIVATE SECTOR

Questions	Prompts
INTRODUCTION	
1. Please describe your role within your organization. - How long have you served in this position?	- Responsibilities - Coordination with Government of Lebanon, donors, or other public-oriented institutions
2. Please describe your professional involvement, if any, with USAID/Lebanon. - How long have you been involved with USAID/Lebanon and in what ways?	- Coordination with USAID
STRATEGIC FOCUS	
3. Which sectors or industries represent the greatest opportunities for economic growth in Lebanon? - On what basis have you come to this conclusion?	-
4. Which sectors or industries represent the greatest opportunities for employment or workforce growth in Lebanon? - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth?	-
5. Are you familiar with USAID’s recent portfolio of economic growth activities? - If so, which activities are you familiar with? - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon? - Is your firm able to fully access or engage in USAID activities? - If no, why not?	- Awareness of current activities - Successful activities - Unsuccessful activities - Eligibility requirements? - Qualification requirements? - Sub-sectoral focus? - Don’t know how to participate?
6. What are the key strengths or advantages of the Lebanese economy? On what basis have you come to this conclusion?	- Skilled workforce, Entrepreneurial Culture etc. Location
TRADE AND INVESTMENT FACILITATION	
7. Are there recent government or donor activities or incentives that your firm has participated in to facilitate export-oriented trade from Lebanon? - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive?	-
8. Are there recent government or donor activities or incentives that your firm has supported to facilitate investment in Lebanon?	-

<ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	
<p>9. Looking forward, how could donor activities or interventions best be structured to foster export-oriented trade from Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>10. Looking forward, how could donor activities or interventions best be structured to foster investment in Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? <p>With any geographical focus?</p>	-
<p>9. Do you feel like financing or investment for existing businesses is reasonably accessible? For new businesses? How did you come to that conclusion?</p>	-
WORKFORCE DEVELOPMENT	
<p>11. Which job-relevant skills are most needed by private firms within Lebanon?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>12. Looking forward, how could donor activities or interventions best be structured to foster job creation in Lebanon's (Insert Industry) sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>13. In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon's (Insert Industry) sector in the next five years?</p> <ul style="list-style-type: none"> - For skilled labor? - For unskilled labor? 	<ul style="list-style-type: none"> - Vocational training? - Apprenticeships? - University training? - High school baccalaureate?
BUSINESS ENABLING ENVIRONMENT	
<p>Which features of the business enabling environment are most critical to foster economic growth in Lebanon?</p>	<ul style="list-style-type: none"> - Business registration - Contract enforcement - Commercial law - Trade regulations - Customs clearance - Trade Associations/Syndicates - Access to Finance

14. Of these, which are the most difficult or frustrating to your business? How would you improve them?	-
15. Which features of the business enabling environment are most critical to foster job creation in Lebanon? - Limits specific to women? - Limits specific to youth?	-
16. Which features of the business enabling environment are most critical to foster greater or higher-value trade to and from Lebanon?	-
17. Which features of the business enabling environment are most critical to generate additional investment in Lebanon?	-
18. Looking forward, how could donor activities or interventions best be structured to address these BEE features (identified in the preceding questions)? - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? With any geographical focus?	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT	
19. Do your company business/hiring practices focus on increasing women involvement in the company's activities? If yes how? If no, why?	-
20. Do your company business/hiring practices focus on increasing youth involvement in the company's activities? If yes how? If no, why?	-
21. Do you see any specific roles in your business that women are better suited for? Youth?	-
22. What are the obstacles in increasing women participation in the workforce? Youth?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION	
23. Which new technologies, products or services that are internationally available would have the greatest potential to stimulate economic growth in Lebanon? - On what basis have you come to this conclusion? - How did you learn about this?	-
24. Are you willing to engage or share information with International firms doing the same products/services? With DOMESTIC firms doing the same product/businesses? Do any companies or products come to mind?	-
25. How could activities or interventions best be structured to foster innovation and technology transfer in Lebanon? - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus?	-

SECTORAL VIEW: AGRICULTURE AND AGRI-FOOD INDUSTRY – PUBLIC / DONOR / NGO

Questions	Prompts
INTRODUCTION	
<p>1. Please describe your role within your organization.</p> <ul style="list-style-type: none"> - How long have you served in this position? 	<ul style="list-style-type: none"> - Responsibilities - Coordination with Government of Lebanon, donors, or other public-oriented institutions
<p>2. Please describe your professional involvement, if any, with USAID/Lebanon.</p> <ul style="list-style-type: none"> - How long have you been involved with USAID/Lebanon and in what ways? 	<ul style="list-style-type: none"> - Coordination with USAID
SECTORAL FOCUS	
<p>3. Do you think the agriculture and agri-food sector provides a good opportunity for significant economic growth? Why or Why not? Which sub-sectors or sub-industries?</p> <ul style="list-style-type: none"> - On what basis have you come to this conclusion? 	<ul style="list-style-type: none"> - Dairy - Organic agriculture - Food processing - Agro-tourism
<ul style="list-style-type: none"> - Do you think the agriculture and agri-food sector provides a good opportunity for significant employment or workforce growth within Lebanon’s agriculture and agri-food sector? Which sub-sectors or sub-industries - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth? 	-
<p>4. In which sub-sectors or sub-industries within agriculture and agri-food sector is your organization investing? If not investing, Why not?</p> <ul style="list-style-type: none"> - How do you anticipate this investment to change over the next five years? 	-
<p>5. What are the expected goals and outcomes from this investment?</p> <ul style="list-style-type: none"> - Is this investment achieving its goals and outcomes? 	-
<p>6. Are you familiar with USAID’s recent portfolio of economic growth activities in the area of agriculture and agri-food industry?</p> <ul style="list-style-type: none"> - If so, which activities are you familiar with? - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon’s agriculture and agri-food industry? 	<ul style="list-style-type: none"> - Awareness of current activities - Successful activities - Unsuccessful activities
TRADE AND INVESTMENT FACILITATION	
<p>7. Are there recent or forthcoming activities or incentives that your organization has supported to facilitate export-oriented agriculture and agri-food trade from Lebanon?</p>	-

<ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	
<p>8. Are there recent or forthcoming activities or incentives that your organization has supported to facilitate investment in Lebanese agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	-
<p>9. How could activities or interventions best be structured to foster export-oriented agriculture and agri-food trade from Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>10. How could activities or interventions best be structured to foster investment in Lebanon’s agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
WORKFORCE DEVELOPMENT	
<p>11. How could activities or interventions best be structured to foster job creation in Lebanon’s agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>12. In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon’s agriculture and agri-food sector in the next five years?</p> <ul style="list-style-type: none"> - For skilled labor? - For unskilled labor? 	<ul style="list-style-type: none"> - Vocational training? - Apprenticeships? - University training? - High school baccalaureate?
BUSINESS ENABLING ENVIRONMENT	
<p>13. Which features of the business enabling environment are most critical to foster growth in Lebanon’s agriculture and agri-food sector?</p>	<ul style="list-style-type: none"> - Launching a business - Contract enforcement - [Doing Business]
<p>14. How could activities or interventions best be structured to address these BEE features (identified in the preceding question)?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT	

15. Do you address (or target) men’s and women’s issues equally in annual work or strategic plans?	-
16. Do you address youth issues in annual work or strategic plans?	-
17. If yes, how are your activities designed to reach (involve/benefit) men and women equally? Youth?	-
18. Are there some clear successes or approaches in Gender and Youth engagement that you can highlight?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION	
19. Which new technologies, products or services that are internationally available would have the greatest potential to stimulate economic growth in Lebanon’s agriculture and agri-food sector? - On what basis have you come to this conclusion? - How did you learn about this?	-
20. How could activities or interventions best be structured to foster innovation and technology transfer in Lebanon’s agriculture and agri-food sector? - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus?	-

SECTORAL VIEW: AGRICULTURE AND AGRI-FOOD INDUSTRY – PRIVATE SECTOR

Questions	Prompts
INTRODUCTION	
1. Please describe your role within your organization. - How long have you served in this position?	- Responsibilities
2. Please describe your professional involvement, if any, with USAID/Lebanon. - How long have you been involved with USAID/Lebanon and in what ways?	- Coordination with USAID
SECTORAL FOCUS	
3. Do you think the agriculture and agri-food sector provides a good opportunity for significant economic growth? Why or Why not? Which sub-sectors or sub-industries? What are some strengths or advantages? - On what basis have you come to this conclusion?	- Dairy - Organic agriculture? - Food processing - Agro-tourism
4. Which sub-sectors or sub-industries represent the greatest opportunities for employment or workforce growth within Lebanon’s agriculture and agriculture and agri-food sector? - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth?	-
5. What are 3 critical factors for the ensuring economic growth in the sector? For job creation?	-
6. Within the next 5 years, will you be investing further in the agriculture and agri-food sector is your firm investing? Why or Why not? - How do you anticipate this investment to change over the next five years?	-
7. What are the expected goals and outcomes from this investment? - Is this investment achieving its goals and outcomes?	-
8. Are you familiar with USAID’s recent portfolio of economic growth activities? - If so, which activities are you familiar with? - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon? - Is your firm able to fully access or engage in USAID activities? - If no, why not?	- Awareness of current activities - Successful activities - Unsuccessful activities
TRADE AND INVESTMENT FACILITATION	
9. Are there recent government or donor activities or incentives that your firm has participated in to facilitate export-oriented agriculture and agri-food trade from Lebanon?	-

<ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	
<p>10. Are there recent government or donor activities or incentives that your firm has supported to facilitate investment in Lebanese agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	-
<p>11. Looking forward, how could donor activities or interventions best be structured to foster export-oriented agriculture and agri-food trade from Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>12. Looking forward, how could donor activities or interventions best be structured to foster investment in Lebanon's agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>13. Do you believe that financing or investment for existing agriculture and agri-food businesses is reasonably accessible? For new businesses? How did you come to that conclusion?</p>	-
WORKFORCE DEVELOPMENT	
<p>14. Which job-relevant skills are most needed by private firms within the Lebanese agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>15. Looking forward, how could donor activities or interventions best be structured to foster job creation in Lebanon's agriculture and agri-food sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>16. In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon's agriculture and agri-food sector in the next five years?</p> <ul style="list-style-type: none"> - For skilled labor? - For unskilled labor? 	<ul style="list-style-type: none"> - Vocational training? - Apprenticeships? - University training? - High school baccalaureat?
BUSINESS ENABLING ENVIRONMENT	
<p>17. Which features of the business enabling environment are most critical to foster growth in Lebanon's agriculture and agri-food sector?</p>	<ul style="list-style-type: none"> - Business registration - Contract enforcement - Commercial law - Trade regulations

	<ul style="list-style-type: none"> - Customs clearance - Trade Associations/Syndicates - Access to Finance - Extension
18. Of these, which are the most difficult or frustrating to your business? How would you improve them?	-
19. Which features of the business enabling environment are most critical to foster job creation in Lebanon’s agriculture and agri-food sector? <ul style="list-style-type: none"> - Limits specific to women? - Limits specific to youth? 	-
20. Which features of the business enabling environment are most critical to foster greater or higher-value agriculture and agri-food trade to and from Lebanon?	-
21. Which features of the business enabling environment are most critical to generate additional investment in Lebanon’s agriculture and agri-food sector?	-
22. Looking forward, how could donor activities or interventions best be structured to address these BEE features (identified in the preceding questions)? <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT	
23 Do your company business/hiring practices focus on increasing women involvement in the company’s activities? If yes how? If no, why?	-
24 Do your company business/hiring practices focus on increasing youth involvement in the company’s activities? If yes how? If no, why?	-
25 Do you see any specific roles in your business that women are better suited for? Youth?	-
26 What are the obstacles in increasing women participation in the workforce? Youth?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION	
27 Which new technologies, products or services that are internationally available would have the greatest potential to stimulate economic growth in agriculture and agri-food in Lebanon? <ul style="list-style-type: none"> - On what basis have you come to this conclusion? - How did you learn about this? 	-
28 Are you willing to engage or share information with International firms doing the same products/services? with Domestic firms doing the same product/businesses.? Do any companies or products come to mind?	-
29 How could activities or interventions best be structured to foster innovation and technology transfer in Lebanon? <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? 	-

- With any geographical focus?	
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SECTORAL VIEW: TOURISM AND HOSPITALITY – PRIVATE SECTOR

Questions	Prompts
INTRODUCTION	
1 Please describe your role within your organization. - How long have you served in this position?	- Responsibilities
2 Please describe your professional involvement, if any, with USAID/Lebanon. - How long have you been involved with USAID/Lebanon and in what ways?	- Coordination with USAID
SECTORAL FOCUS	
3 Do you think the Tourism and Hospitality sector provides a good opportunity for significant economic growth? Why or Why not? Which sub-sectors or sub-industries? What are some strengths or advantages? - On what basis have you come to this conclusion?	- Rural Tourism - Cultural Tourism - Religious Tourism - Medical Tourism
4 Which sub-sectors or sub-industries represent the greatest opportunities for employment or workforce growth within Lebanon’s Tourism and Hospitality sector? - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth?	-
5 What are 3 critical factors for the ensuring economic growth in the sector? For job creation?	-
6 Within the next 5 years, will you be investing further in the Tourism and Hospitality sector is your firm investing? Why or Why not? - How do you anticipate this investment to change over the next five years?	-
7 What are the expected goals and outcomes from this investment? - Is this investment achieving its goals and outcomes?	-
8 Are you familiar with USAID’s recent portfolio of economic growth activities? - If so, which activities are you familiar with?	- Awareness of current activities - Successful activities - Unsuccessful activities

<ul style="list-style-type: none"> - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon? - Is your firm able to fully access or engage in USAID activities? <ul style="list-style-type: none"> - If no, why not? 	
TRADE AND INVESTMENT FACILITATION	
<p>9 Are there recent government or donor activities or incentives that your firm has participated in to facilitate foreign tourism into Lebanon?</p> <ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	<ul style="list-style-type: none"> - Sub-sector Domestic/Foreign
<p>10 Are there recent government or donor activities or incentives that your firm has supported to facilitate investment in Lebanese Tourism and Hospitality sector?</p> <ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	<ul style="list-style-type: none"> -
<p>11 Looking forward, how could donor activities or interventions best be structured to tourism into Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	<ul style="list-style-type: none"> -
<p>12 Looking forward, how could donor activities or interventions best be structured to foster investment in Lebanon’s Tourism and Hospitality sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	<ul style="list-style-type: none"> -
<p>13 Do you feel like financing or investment for existing Tourism and Hospitality businesses is reasonably accessible? For new businesses? How did you come to that conclusion?</p>	<ul style="list-style-type: none"> -
WORKFORCE DEVELOPMENT	
<p>14 Which job-relevant skills are most needed by private firms within the Lebanese Tourism and Hospitality sector?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>15 Looking forward, how could donor activities or interventions best be structured to foster job creation in Lebanon’s Tourism and Hospitality sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	<ul style="list-style-type: none"> -

16	In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon's Tourism and Hospitality in the next five years? - For skilled labor? - For unskilled labor?	- Vocational training? - Apprenticeships? - University training? - High school baccalaureate?
BUSINESS ENABLING ENVIRONMENT		
17	Which features of the business enabling environment are most critical to foster growth in Lebanon's Tourism and Hospitality sector?	- Business registration - Contract enforcement - Commercial law - Trade regulations - Customs clearance - Trade Associations/Syndicates - Access to Finance - Extension
18	Of these, which are the most difficult or frustrating to your business? How would you improve them?	-
19	Which features of the business enabling environment are most critical to foster job creation in Lebanon's Tourism and Hospitality sector? - Limits specific to women? - Limits specific to youth?	-
20	Which features of the business enabling environment are most critical to foster greater or higher-value Tourism and Hospitality in Lebanon?	-
21	Which features of the business enabling environment are most critical to generate additional investment in Lebanon's Tourism and Hospitality sector?	-
22	Looking forward, how could donor activities or interventions best be structured to address these BEE features (identified in the preceding questions)? - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus?	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT		
23	Do your company business/hiring practices focus on increasing women involvement in the company's activities? If yes how? If no, why?	-
24	Do your company business/hiring practices focus on increasing youth involvement in the company's activities? If yes how? If no, why?	-
25	Do you see any specific roles in your business that women are better suited for? Youth?	-
26	What are the obstacles in increasing women participation in the workforce? Youth?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION		
27	Which new technologies, products or services that are internationally available would have the greatest potential	-

<p>to stimulate economic growth the Tourism and Hospitality sector in Lebanon?</p> <ul style="list-style-type: none"> - On what basis have you come to this conclusion? - How did you learn about this? 	
<p>28 Are you willing to engage or share information with International firms doing the same products/services? With DOMESTIC firms doing the same product/businesses.? Do any companies or products come to mind?</p>	-
<p>29 How could activities or interventions best be structured to foster innovation and technology transfer for Tourism and Hospitality in Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	

SECTORAL VIEW: INDUSTRY, CONSTRUCTION, OR MANUFACTURING – PRIVATE SECTOR

Questions	Prompts
INTRODUCTION	
1 Please describe your role within your organization. - How long have you served in this position?	- Responsibilities
2 Please describe your professional involvement, if any, with USAID/Lebanon. - How long have you been involved with USAID/Lebanon and in what ways?	- Coordination with USAID
SECTORAL FOCUS	
3 Do you think the heavy industry, construction, and manufacturing sector provides a good opportunity for significant economic growth? Why or Why not? Which sub-sectors or sub-industries? What are some strengths or advantages? - On what basis have you come to this conclusion?	- Dairy - Organic agriculture? - Food processing - Agro-tourism
4 Which sub-sectors or sub-industries represent the greatest opportunities for employment or workforce growth within Lebanon’s heavy industry and manufacturing sector? - Opportunities specifically for Lebanese? - Opportunities for skilled individuals? - Opportunities for less-skilled or unskilled individuals? - Opportunities for women? - Opportunities for youth?	-
5 What are 3 critical factors for the ensuring economic growth in the sector? For job creation?	-
6 Within the next 5 years, will you be investing further in the heavy industry and manufacturing is your firm investing? Why or Why not? - How do you anticipate this investment to change over the next five years?	-
7 What are the expected goals and outcomes from this investment? - Is this investment achieving its goals and outcomes?	-
8 Are you familiar with USAID’s recent portfolio of economic growth activities? - If so, which activities are you familiar with? - In your estimation, are these activities contributing to positive economic outcomes (growth, employment) in Lebanon? - Is your firm able to fully access or engage in USAID activities? - If no, why not?	- Awareness of current activities - Successful activities - Unsuccessful activities
TRADE AND INVESTMENT FACILITATION	
9 Are there recent government or donor activities or incentives that your firm has participated in to facilitate export-oriented heavy industry and manufacturing trade from Lebanon?	-

<ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	
<p>10 Are there recent government or donor activities or incentives that your firm has supported to facilitate investment in Lebanese heavy industry and manufacturing sector?</p> <ul style="list-style-type: none"> - Is there a particular sub-sectoral focus of this activity/incentive? - Is there a particular geographic focus of this activity/incentive? 	-
<p>11 Looking forward, how could donor activities or interventions best be structured to foster export-oriented heavy industry and manufacturing from Lebanon?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>12 Looking forward, how could donor activities or interventions best be structured to foster investment in Lebanon’s heavy industry and manufacturing sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>13 Do you feel like financing or investment for existing heavy industry and manufacturing businesses is reasonably accessible? For new businesses? How did you come to that conclusion?</p>	-
WORKFORCE DEVELOPMENT	
<p>14 Which job-relevant skills are most needed by private firms within the Lebanese heavy industry and manufacturing sector?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>15 Looking forward, how could donor activities or interventions best be structured to foster job creation in Lebanon’s heavy industry and manufacturing sector?</p> <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
<p>16 In your opinion, what is the best approach to prepare Lebanese for private sector employment in Lebanon’s heavy industry and manufacturing sector in the next five years?</p> <ul style="list-style-type: none"> - For skilled labor? - For unskilled labor? 	<ul style="list-style-type: none"> - Vocational training? - Apprenticeships? - University training? - High school baccalaureate?
BUSINESS ENABLING ENVIRONMENT	

17	Which features of the business enabling environment are most critical to foster growth in Lebanon’s heavy industry and manufacturing sector?	<ul style="list-style-type: none"> - Business registration - Contract enforcement - Commercial law - Trade regulations - Customs clearance - Trade Associations/Syndicates - Access to Finance - Extension
18	Of these, which are the most difficult or frustrating to your business? How would you improve them?	-
19	Which features of the business enabling environment are most critical to foster job creation in Lebanon’s heavy industry and manufacturing sector? <ul style="list-style-type: none"> - Limits specific to women? - Limits specific to youth? 	-
20	Which features of the business enabling environment are most critical to foster greater or higher-value heavy industry and manufacturing trade to and from Lebanon?	-
21	Which features of the business enabling environment are most critical to generate additional investment in Lebanon’s heavy industry and manufacturing sector?	-
22	Looking forward, how could donor activities or interventions best be structured to address these BEE features (identified in the preceding questions)? <ul style="list-style-type: none"> - With which partners or beneficiaries? - Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)? - With any geographical focus? 	-
GENDER AND YOUTH ENGAGEMENT AND EMPOWERMENT		
23	Do your company business/hiring practices focus on increasing women involvement in the company’s activities? If yes how? If no, why?	-
24	Do your company business/hiring practices focus on increasing youth involvement in the company’s activities? If yes how? If no, why?	-
25	Do you see any specific roles in your business that women are better suited for? Youth?	-
26	What are the obstacles in increasing women participation in the workforce? Youth?	-
TECHNOLOGY TRANSFER AND BUSINESS INNOVATION		
27	Which new technologies, products or services that are internationally available would have the greatest potential to stimulate economic growth in heavy industry and manufacturing in Lebanon? <ul style="list-style-type: none"> - On what basis have you come to this conclusion? - How did you learn about this? 	-
28	Are you willing to engage or share information with international firms doing the same products/services? With domestic firms doing the same product/businesses.? Do any companies or products come to mind?	-

<p>29 How could activities or interventions best be structured to foster innovation and technology transfer in Lebanon?</p> <ul style="list-style-type: none">- With which partners or beneficiaries?- Which type of assistance (e.g., technical assistance, grants/subsidies, market facilitation)?- With any geographical focus?	
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SECTORAL VIEW: (INSERT PROGRAM AND INDUSTRY) – IMPLEMENTING PARTNER

Questions	Prompts
INTRODUCTION	
<p>1. Please describe your role within LIVCD.</p> <ul style="list-style-type: none"> - How long have you served in this position? - How long have you been involved with LIVCD and in what ways? 	<ul style="list-style-type: none"> - Responsibilities - Ensuring timely implementation of project activities - Coordination with implementation partners - Coordination with MOA - Coordination with USAID
SECTORAL FOCUS	
<p>2. What is your understanding of the current and emerging needs of the (Insert Industry) sector in Lebanon?</p> <ul style="list-style-type: none"> - Please tell us ways in which the Syrian refugee crisis is affecting the (Insert Industry) sector in the country. - In your opinion, has the refugee crisis had an effect on MOA’s priorities? If yes, in what ways. If no, tell us why not? 	<ul style="list-style-type: none"> - Private sector needs of support services - Ministry’s needs in relation to provision of support services to the Lebanese population
<p>3. Are there any untapped opportunities for growth in the (Insert Industry) sector?</p> <ul style="list-style-type: none"> - On what basis have you come to this conclusion? 	<ul style="list-style-type: none"> - Organic agriculture - Food processing - Agro-tourism
<p>4. Which job-relevant skills are most needed by the Lebanese (Insert Industry) sector?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>5. Which sub-sectors of the (Insert Industry) sector represent the greatest opportunities for export-oriented trade for Lebanon?</p> <ul style="list-style-type: none"> - On what basis have you come to this conclusion? 	–
<p>6. Are there any features of the business enabling environment that foster economic growth within the (Insert Industry) sector in Lebanon?</p>	–
<p>7. Are there any features of the business enabling environment that limit or inhibit economic growth within the (Insert Industry) sector in Lebanon?</p>	–
OPPORTUNITIES FOR DONOR INTERVENTION	
<p>8. What is your understanding of the purpose/objective of LIVCD and ways in which the project interventions address the needs of the (Insert Industry) sector?</p> <ul style="list-style-type: none"> - Please describe how each component addresses the sector's needs: C1: Improved / expanded production C2: Expand access to markets for (Insert Industry) producers 	<ul style="list-style-type: none"> - MOA’s emerging and long-term needs/priorities given the Syrian refugee crisis - MOA Strategy 2014-2019 - USAID’s Country Development Cooperation Strategy (CDCS) 2014-2019

<p>9. In your opinion, are the project interventions making adequate progress toward achieving the planned results?</p> <ul style="list-style-type: none"> - If yes, please tell us about those interventions and how are they contributing to achieving the project’s planned results. - If no, please tell us why not. 	<p>Examples of some the key interventions?</p> <ul style="list-style-type: none"> - Component I - Component II - Component III
<p>10. Please tell us about some of the major achievements of LIVCD thus far.</p> <ul style="list-style-type: none"> - In your opinion, what are the factors that played key roles in accomplishing those achievements? 	<ul style="list-style-type: none"> - LIVCD leadership? - Role of LIVCD partners? - Role of USAID? - Role of MOA? - What else?
<p>11. What kinds of challenges did/does LIVCD encounter in working toward those achievements?</p> <ul style="list-style-type: none"> - What kinds of challenges does the presence of Syrian refugees working within the (Insert Industry) sector pose for the implementation of project activities? - Please describe how LIVCD is addressing those challenges. 	<ul style="list-style-type: none"> - Working with MOA? - Working with other implementing partners/service providers (explore coordination versus collaboration) - Working with USAID? - Limitations specific to contract-or mechanism-type?
<p>12. Has the implementation of all project activities been timely?</p> <ul style="list-style-type: none"> - If yes, please tell us about the factors that contribute/d to the timely implementation - If no, please tell us about the activities whose implementation did not take place according to the project work plans. - Please describe the factors that led to the delayed implementation. 	<ul style="list-style-type: none"> - Lack of/inadequate support from MOA - Strained/overwhelmed MOA - What else?
<p>13. In your opinion, will the implementation of all activities be completed before the project ends next year?</p> <ul style="list-style-type: none"> - What steps, if taken, will help LIVCD to efficiently and effectively implement those activities? Who should take these steps? - How would you describe coordination between LIVCD and MOA? Successes? Challenges? 	
<p>14. Please tell us about some of the key accomplishments of LIVCD that benefited/will benefit the MOA?</p> <ul style="list-style-type: none"> - What strategic plans, policies, manuals, curricula, and institutional support model (under C3) developed by LIVCD are/will be adopted and used by MOA. Please provide details. - Please describe ways in which private sector producers within the (Insert Industry) sector will benefit from the project. 	<p>Explore the process through which these were developed:</p> <ul style="list-style-type: none"> - Policies, strategy documents, professional development manuals/curricula developed. -
<p>15. To what extent are the planned interventions of LIVCD sufficient for achieving the desired results?</p> <ul style="list-style-type: none"> - For example, can provision of ICT equipment help expand growth opportunities or facilitate export to foreign markets? - Please describe how these results will contribute toward achieving the project objective. Can you give examples? 	<ul style="list-style-type: none"> - Improve quality of production - Improve volume of production - Increase sales - Expand employment - Improve skills/capacities of employees within the sector - Increase value of exports - Increase investment in the sector

<p>16. Did the project design/implementation include a specific strategy for including women?</p> <ul style="list-style-type: none"> - What steps were/are being taken to ensure participation of women? Explain. - What steps were/are being taken to ensure male and female participants equally benefit from the project activities? - What steps were/are taken to ensure Lebanese and non-Lebanese participants equally benefit from LIVCD activities? 	
<p>17. Did the project design/implementation include a specific strategy for including youth?</p> <ul style="list-style-type: none"> - What steps were/are being taken to ensure participation of youth? Explain. - What steps were/are taken to ensure Lebanese and non-Lebanese participants equally benefit from LIVCD activities? 	
<p>18. Do you have knowledge of other (Insert Industry) programs implemented since 2014 that support improvement in economic growth, employment, and trade and investment outcomes in Lebanon?</p> <ul style="list-style-type: none"> - Please describe how LIVCD coordinates with those projects. - Please explain ways in they might be contributing directly or indirectly toward LIVCD's achievements. 	<ul style="list-style-type: none"> - AFD - FAO - GIZ
<p>19. To what extent does the project design/implementation specifically address sustainability and how?</p> <ul style="list-style-type: none"> - In your opinion, are the project results sustainable? Which ones? - If yes, please describe the factors that contribute/will contribute to the sustainability of LIVCD results. - Please describe factors that might make LIVCD results less sustainable. 	
<p>20. Between now and the end of the project, what steps must LIVCD take and what resources should it mobilize to ensure that key project activities and results are sustainable?</p> <ul style="list-style-type: none"> - How do you see the roles of MOA in the sustainability of the results? - In your opinion, is MOA committed to the institutionalizing the value-chain led model of growth within the (Insert Industry) sector? - What about the maintenance of ICT equipment after the project ends? In your understanding, are project beneficiaries committed and/or do they have the resources to provide ICT maintenance support after the project ends? - What about other equipment that LIVCD has provided / plans to provide? - In your opinion, what kind of support will MOA need to continue project achievements beyond the life of the project? 	
<p>21. If you were to redo/redesign the LIVCD project, what improvements would you introduce?</p>	<ul style="list-style-type: none"> - Suggestions/recommendations for improving future programming

COMPREHENSIVE VIEW: (INSERT PROGRAM AND INDUSTRY) – IMPLEMENTING PARTNER

Questions	Prompts
INTRODUCTION	
<p>1. Please describe your role within the Program</p> <ul style="list-style-type: none"> - How long have you served in this position? - How long have you been involved with LIVCD and in what ways? 	<ul style="list-style-type: none"> - Responsibilities - Ensuring timely implementation of project activities - Coordination with implementation partners - Coordination with MOA - Coordination with USAID
SECTORAL FOCUS	
<p>2. What is your understanding of the current and emerging needs of the Lebanese economy?</p> <ul style="list-style-type: none"> - What are the specific areas of intervention for your program to address these needs? - What types of assistance could compliment your interventions 	<ul style="list-style-type: none"> - Private sector needs of support services - Economies needs in relation to provision of support services to the Lebanese population
<p>3. Are there any untapped opportunities for growth in the Lebanese Economy that can be supported by development programs?</p> <ul style="list-style-type: none"> - Which sectors and at which point in the value chain? - On what basis have you come to this conclusion? 	<ul style="list-style-type: none"> - Organic agriculture - Food processing - Agro-tourism
<p>4. Which job-relevant skills are most needed by the Lebanese economy?</p> <ul style="list-style-type: none"> - Which jobs are unfilled? - Which types of firms need these jobs to be filled? 	<ul style="list-style-type: none"> - Skills specific to technical capacity - Professional skills like communications, customer management, etc.
<p>5. Which sectors represent the greatest opportunities for export-oriented trade for Lebanon?</p> <ul style="list-style-type: none"> - On what basis have you come to this conclusion? 	-
<p>6. Are there any specific features of the business enabling environment that are critical to fostering economic growth in Lebanon?</p>	-
<p>7. Are there any specific features of the business enabling environment that overwhelmingly limit or inhibit economic growth in the Lebanese economy?</p>	-
OPPORTUNITIES FOR DONOR INTERVENTION	
<p>8. What is your understanding of the purpose/objective (insert Program) and ways in which the project interventions address the needs of the Lebanese Economy?</p> <ul style="list-style-type: none"> - Please describe how each component addresses the economy's needs: 	<ul style="list-style-type: none"> - USAID's Country Development Cooperation Strategy (CDCS) 2014-2019
<p>9. In your opinion, are the project interventions making adequate progress toward achieving the planned results?</p> <ul style="list-style-type: none"> - If yes, please tell us about those interventions and how are they contributing to achieving the project's planned results. - If no, please tell us why not. 	<p>Examples of some the key interventions?</p> <ul style="list-style-type: none"> - Component I - Component II - Component III

<p>10. Please tell us about some of the major achievements of (insert Program) thus far.</p> <ul style="list-style-type: none"> - In your opinion, what are the factors that played key roles in accomplishing those achievements? 	<ul style="list-style-type: none"> - (Insert Program) leadership? - Role of (insert Program) partners? - Role of USAID? - Role of Government? - What else?
<p>11. What kinds of challenges did/does (insert Program) encounter in working toward those achievements?</p> <ul style="list-style-type: none"> - What kinds of challenges does the presence of Syrian refugees working within the Lebanese Economy pose for the implementation of project activities? - Please describe how (insert Program) is addressing those challenges. 	<ul style="list-style-type: none"> - Working with local government - Working with other implementing partners/service providers (explore coordination versus collaboration) - Working with USAID? - Limitations specific to contract-or mechanism-type?
<p>12. Has the implementation of all project activities been timely?</p> <ul style="list-style-type: none"> - If yes, please tell us about the factors that contribute/d to the timely implementation - If no, please tell us about the activities whose implementation did not take place according to the project work plans. - Please describe the factors that led to the delayed implementation. 	<ul style="list-style-type: none"> - Lack of/inadequate support from Govt - Strained/overwhelmed Ministries - What else?
<p>13. To what extent are the planned interventions of (insert Program) sufficient for achieving the desired results?</p> <ul style="list-style-type: none"> - For example, can provision of ICT equipment help expand growth opportunities or facilitate export to foreign markets? - Please describe how these results will contribute toward achieving the project objective. Can you give examples? 	<ul style="list-style-type: none"> - Improve quality of production - Improve volume of production - Increase sales - Expand employment - Improve skills/capacities of employees within the sector - Increase value of exports - Increase investment in the sector
<p>14. Did the project design/implementation include a specific strategy for including women?</p> <ul style="list-style-type: none"> - What steps were/are being taken to ensure participation of women? Explain. - What steps were/are being taken to ensure male and female participants equally benefit from the project activities? - What steps were/are taken to ensure Lebanese and non-Lebanese participants equally benefit from (insert Program) activities? 	
<p>15. Did the project design/implementation include a specific strategy for including youth?</p> <ul style="list-style-type: none"> - What steps were/are being taken to ensure participation of youth? Explain. - What steps were/are taken to ensure Lebanese and non-Lebanese participants equally benefit from (insert Program) activities? 	
<p>16. Do you have knowledge of other Economic Development programs implemented since 2014 that support improvement in economic growth, employment, and trade and investment outcomes in Lebanon?</p> <ul style="list-style-type: none"> - Please describe how (insert Program) coordinates with those projects. - Please explain ways in they might be contributing directly or indirectly toward (insert Program) achievements. 	<ul style="list-style-type: none"> - AFD - FAO - GIZ

<p>17. To what extent does the project design/implementation specifically address sustainability and how?</p> <ul style="list-style-type: none"> - In your opinion, are the project results sustainable? Which ones? - If yes, please describe the factors that contribute/will contribute to the sustainability of (insert Program) results. - Please describe factors that might make (insert Program) results less sustainable. 	
<p>18. Between now and the end of the project, what steps must (insert Program) take and what resources should it mobilize to ensure that key project activities and results are sustainable?</p> <ul style="list-style-type: none"> - How do you see the roles of National Government in the sustainability of the results? - In your opinion, what kind of support will (insert government partner) need to continue project achievements beyond the life of the project? 	
<p>19. If you were to redo/redesign the (insert Program) project, what improvements would you introduce?</p>	<ul style="list-style-type: none"> - Suggestions/recommendations for improving future programming

ANNEX D1: LIST OF STAKEHOLDERS

(Unavailable to the public)

ANNEX D2: DISTRIBUTION OF PRIVATE SECTOR KIIS CONDUCTED BY INFOPRO

KII Distribution by Sector and Company Size				
Sector	Small	Medium	Large	Total
Agriculture/Agri-Food Industry	2	5	5	12
Tourism/Hospitality	2	4	4	10
Environment/ Clean and Renewable Energy	2	4	3	9
Industry/Manufacturing	4	6	8	18
Information and Communication Technology (ICT)	4	4	2	10
Construction/Engineering	2	2	2	6
Health/Healthcare	2	4	3	9
Financial Sector	2	2	2	6
Total	20	31	29	80

ANNEX E: DESK REVIEW REPORTS



Agriculture and
Agribusiness



Construction and
Real Estate



Environment



Finance



Health and
Healthcare



ICT



Manufacturing



Renewable Energy



Tourism and
Hospitality

ANNEX F: MYSAY ONLINE POLLING RESULTS

An online polling survey was conducted across 3,000 Lebanese to assess current employment status and preferences. An initial question gathered information on employment status and demographics (gender, age). Additional questions were asked of selected sub-categories of respondents – those who are under-employed, unemployed, part-time employed and not seeking full-time work, or outside of the workforce – to understand the reasons behind their employment status. Given the limited number of responses, and the non-random nature of the online polling survey, the results reported here are interpreted as indicative but not representative of the general Lebanese population.

Approximately 65.2% of survey respondents are active in the workforce, while 34.8% reported that they are inactive. Active in the workforce refers to those who are available in the labor market and productive, whether as full- or part-time employees or as business owners. Most of the active workforce are full-time employees (41.9% of those surveyed). Relatively fewer are part-time employees (9.3%), full-time business owners (9.1%), or individuals who both hold employment and operate a business (4.9%). Inactive refers to those who are available in the labor market but not productive, and those who are unemployed.

Among those active in the workforce, a greater share are men than women (58.3% versus 41.7%). Among those who are inactive, a greater share are women than men (60.7% versus 39.3%).

The proportion of male survey respondents who are active in the workforce (73.6%) is greater than the proportion of female survey respondents (56.3%). Among those active in the workforce, male survey respondents are more likely to report that they are full-time business owners than female survey respondents (14.8% versus 12.7%).

The proportion of older adult survey respondents (26 or older) who are active in the workforce (62.5%) is greater than the proportion of younger adult survey respondents (< 26) (56.3%). Among those active in the workforce, younger adults are more likely to report that they are full-time business owners than older adults (14.6% versus 1.5%). It is unclear if younger adults pursue their own businesses due to preference or a lack of opportunities for employment in the market; or if the survey platform skews towards younger adults who are more entrepreneurial in nature.

Approximately 15.3% of survey respondents are unemployed and searching for a job, while another 19.5% of survey respondents are unemployed but not searching for a job. Among those who are inactive in the workforce, men and women report slightly different reasons, as tabulated below (Exhibit F1).

Exhibit F1. Employment Status among Inactive Workers

Status among Inactive Workforce	Men	Women	Summed (Men + Women)
Unemployed	8.0%	11.6%	19.6%
Student Responsibilities Prevent from Working	1.8%	2.9%	4.7%

Family Responsibilities Prevent from Working	0.9%	1.5%	2.3%
Not in Need of Income	0.3%	0.4%	0.7%
Other	2.8%	4.7%	7.5%
Total	13.7%	21.1%	34.8%

The self-reported rate of unemployment is 19.6%, which is both high and alarming.

Unemployment results reveal a gender disparity: The self-reported rate of unemployment is 14.3% among men, as compared to 24.8% among women.

Similarly, unemployment results reveal a disparity among younger adults (< 26) and older adults (26 or older): The self-reported rate of unemployment is 25.7% among younger adults, as compared to 16.2% among older adults. Among younger adults, the self-reported rate of unemployment is higher among young women (28.0%) than among young men (21.8%).

Under-employed or Unemployed and Searching for a Job

Among those survey respondents who are employed part-time or unemployed and searching for a job, the most important criteria when classifying a job offer are income, alignment with future career plans and ambitions, and social status and social norms. Respondents' first and second most important criteria are tabulated below (percentage reflects share of all responses) (Exhibit F2).

Exhibit F2. Importance of Various Criteria in Evaluating Job Offer

Criteria	Most Important	Second Most Important
Income	31.0%	34.0%
Alignment with future career plans and ambitions	25.6%	19.1%
Social status value and social norms	23.8%	20.6%
Match to current skills and educational level	10.0%	14.1%
Suitability to personality/character	9.9%	12.2%
Total	100.0%	100.0%

Among those survey respondents who are employed part-time or unemployed and searching for a job, the majority (63.7%) indicate that they would be willing to complete technical skills training to work in a vocational trade or craft if they were unable to find a job. Men report a slightly higher willingness to complete technical skills training than women (64.8% versus 63.1%). Younger adults (<

26) report a lower willingness to complete technical skills training than older adults (26 or older) (58.5% versus 67.3%).

Those survey respondents who are employed part-time or unemployed and searching for a job reported that, if they were unable to find a job matching their university degree (or similar qualifications), the skills/profession most preferred to learn would be electrician, followed by car mechanic, electronics/computer maintenance, and photography and video. Approximately 14% of respondents answered “Other,” but unfortunately the polling tool did not allow respondents to provide an explanation as to what the preferred skill/profession would be. A significant number of survey respondents indicated that they are not willing to learn a profession. Complete results are tabulated below (Exhibit F3).

Exhibit F3. Preferred Skill/Profession among Unemployed or Under-Employed

Skill/Profession	First Choice	Second Choice
Electrician	19.3%	23.0%
Other	13.6%	14.3%
Car Mechanic	9.6%	10.3%
Electronics/Computer Maintenance	8.4%	7.7%
Photography and Video	7.7%	6.0%
I am not willing to learn a profession.	7.7%	10.3%
Masonry	6.9%	4.4%
Radio and Television Technology	5.3%	6.7%
IT Networking and Hardware	5.1%	*
Hairdressing	3.9%	3.8%
Fashion Design	3.7%	5.2%
Heating and Cooling	3.1%	1.8%
Digital Media	1.8%	*
Esthetics	1.4%	2.4%
Carpentry/Woodworking	1.4%	1.6%
Plumbing	1.2%	2.6%
Total	100.0%	100.0%

* This response option was incorrectly omitted from the second-choice option within the survey.

Those survey respondents who are employed part-time or unemployed and searching for a job generally indicated a willingness to attend a technical vocational school to learn these skills.

Approximately 63.8% of respondents would be willing to attend a public TVET, while approximately 59.2% of respondents would be willing to attend a private TVET. Male respondents indicated a slightly lower willingness to attend a public TVET than female respondents (63.1% versus 64.7%), but a slightly higher willingness to attend a private TVET. Younger adult respondents indicated lower willingness to attend a TVET – either public or private – than older adults, and these differences appear to be more significant: Approximately 57.1% of younger adults would be willing to attend a public TVET versus 68.4% of older adults. Approximately 55.9% of younger adults would be willing to attend a private TVET versus 61.2% of older adults.

Those survey respondents who are employed part-time or unemployed and searching for a job indicated a preference to start their own business (56.0%) rather than find and hold a full-time job (44.0%). Male and female respondents reported almost identical preferences. Older adults indicated a slightly higher preference to start their own business than younger adults (56.6% versus 52.0%).

Those survey respondents who are employed part-time or unemployed and searching for a job indicated the strongest preference to work or start a business in agriculture (19.0%), agri-food (11.3%), or construction (9.5%). Approximately 25.7% of respondents answered “Other,” but unfortunately the polling tool did not allow respondents to provide an explanation as to which sector/industry. Some variation in preferences was reported across gender. For example, more women indicated a preference to work or start a business in agriculture than men (20.6% versus 17.8%), while more men indicated a preference to work or start a business in agri-food (11.7% versus 7.6%). Full results are presented below (**Exhibit F4**).

Exhibit F4. Preferred Sector/Industry among Unemployed or Under-Employed

Sector/Industry	Total
Other	25.7%
Agriculture	19.0%
Agri-Food	11.3%
Construction	9.5%
Film/Television/Advertising	8.9%
Hospitality/Tourism	8.9%
Clean/Renewable Energy	7.7%
ICT	5.0%
Industry or Manufacturing	4.0%

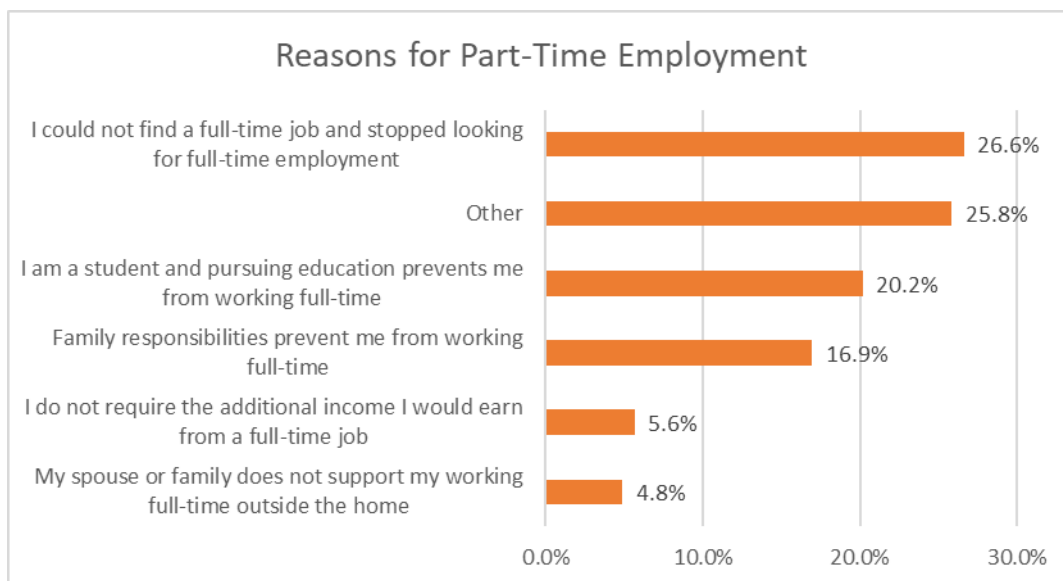
Total	100.0%
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Those survey respondents who are employed part-time or unemployed and searching for a job expressed confidence that they have they appropriate knowledge and skills to secure a full-time job in the sector referenced in the preceding question (approximately 68.1% of respondents answering affirmatively). Female respondents expressed slightly more confidence in their knowledge and skills than male respondents (68.9% versus 67.8%). Older adults expressed significantly more confidence in their knowledge and skills than younger adults (71.4% versus 63.6%).

Part-time Employed and Not Searching for a Job

Among those who are employed part-time but not seeking a full-time job, 26.6% are those who could not find a full-time job and stopped looking for full-time employment. Educational and family responsibilities are also important reasons that some individuals are employed only part-time. Another 25.8% of respondents answered “Other,” but unfortunately the polling tool did not allow respondents to provide an explanation as to what such reasons are. Full results are presented below (Exhibit F5).

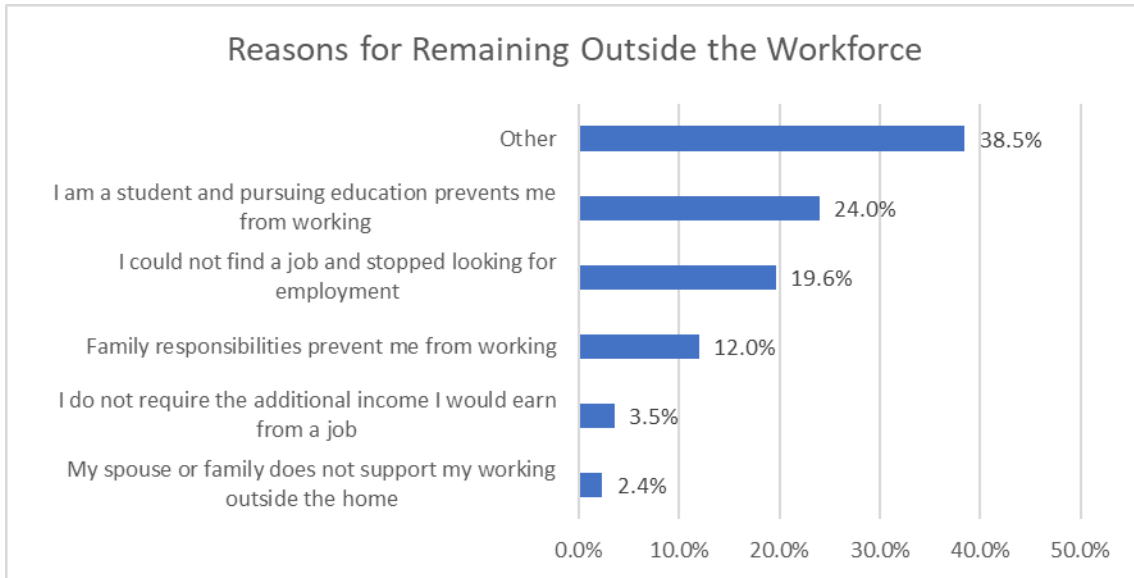
Exhibit F5. Reasons for Part-Time Employment



Unemployed and Not Searching for a Job

Among those who are unemployed and not seeking a job, approximately 24.0% are students and another 19.6% dropped out of the workforce because they could not find a job. The most common response was “Other” (38.5%), but unfortunately the polling tool did not allow respondents to provide an explanation as to what such reasons are. Full results are presented below (Exhibit F6).

Exhibit F6. Reasons for Unemployment



ANNEX G: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS MATRIX

(Unavailable to the public)

ANNEX H: CONCEPT IDEA – TRADE AND INVESTMENT FACILITATION STRATEGY

This annex provides a strategy to improve private sector competitiveness, specifically trade and investment facilitation, within the PSD Project. Within this strategy, we propose a possible structure for the organization of activities and sub-activities that USAID/Lebanon may consider. The strategy, activities, and sub-activities build on the findings, conclusions, and recommendations presented within the body of the EGA assessment report and found in the corresponding matrix (**Annex G**). The concept idea could feed into the overall EG approach to be adopted under the forthcoming CDCS.

A separate concept idea has been developed for a targeted workforce development activity, as presented in **Annex I**. That concept idea is intended to be complementary to the ideas presented within Annex H.

BACKGROUND

The Lebanese economy is strongly based on the private sector, which contributes over 85 percent to national expenditure. MSMEs account for 90 percent of the businesses in Lebanon and are ranked well globally in business sophistication, technological readiness, and innovation. A major constraint to economic and employment growth is Lebanon’s macro-economic environment: The country is ranked 114 out of 140 in the world in terms of macroeconomic stability, according to the World Economic Forum’s 2018 Global Competitiveness Index (Schwab 2018).

Ineffective economic policy, slowing market activity due to trade shocks, changes in household consumption patterns, and (until very recently) the closure of export routes due to the Syrian crisis have resulted in many businesses reporting reduced sales and slower turnover. Increased debt to suppliers, outstanding credit to customers, reduced employee numbers, and heightened security risks are deterring local businesses from making new or additional investments, while declining incomes and general uncertainty prevent local consumers from making significant purchases.

With the land borders closed, MSMEs have been limited to using more expensive sea routes for the transportation of goods. This is reducing sales and profit margin, resulting in stagnant hiring or dismissal of employees. In Lebanon, MSMEs are facing increased competition from displaced Syrian companies, many of which are not registered (and therefore not paying taxes). This illegal competition removes incentives for Lebanese MSMEs to invest in their businesses.

STRATEGIC APPROACH

USAID has made considerable investments in economic growth activities in Lebanon since 2000. Most of its programs have been primarily focused around agricultural development, including Action for Sustainable Agro-Industry in Lebanon (ASAIL), Lebanon Business Linkages Initiative (LBLI), Quality Certification and Control (QCC), and Lebanon Industrial Value Chain Development (LIVCD). However, other programs including the MENA Investment Initiative (MENA II) and Livelihoods and Inclusive Finance Expansion (LIFE) have continued to build on this work while guiding approaches for broader economic growth across non-agricultural sectors.

The trade and investment facilitation strategy proposed here builds on USAID’s past and current work using established resources, findings, and partnerships to stimulate broader economic growth in Lebanon. This principle guides the illustrative trade and investment facilitation strategy, activities, and sub-activities proposed below.

The premise of the strategy, which can be adapted to a working theory of change, is that **Better Targeting of Sectors and MSMEs** would allow USAID to select the sectors and MSMEs with the highest potential to contribute to economic growth; while accounting for gender, rural, and pro-poor considerations. By better targeting beneficiaries and partners, the activity's efforts will increase the probability that the approach under the **Improving MSME Performance** component will be successful. Successful improvements of MSME performance will significantly contribute to tangible and measurable results under the **Improving Sector-Level Performance** component. Finally, with improved sector-level performance, this USAID activity can accelerate a **Better Lebanese Brand** that will provide Lebanese businesses with better market access and more interest in investment, and therefore increase trade and investment. It is important to note that the components listed below are to be addressed concurrently depending on the targeted sector, although the resources put into each component would change as improvements begin to take shape. Any future activity implemented under this strategy should take into consideration each of these four components.

The premise for the proposed trade and investment strategy, activities, and sub-activities are their respective contributions to the **PSD Project Purpose**: Increased Productive Employment in Lebanon Through Direct Support for the Private Sector; feeding into **PSD Result 1**: Private sector competitiveness increased [links to CDCS IR2.1] with its three sub-IRs: IR 1.1 Increased domestic and export sales; IR 1.2 Increased workforce development; and IR 1.3 Improved business enabling environment. In addition, the proposed strategy, activities, and sub-activities may further contribute to PSD Result 2: Livelihoods improved, particularly in rural areas and for women [links to CDCS IR2.2] with its three sub-IRs: IR 2.1 Increased access to finance; IR 2.2 Productivity of MSMEs improved; and IR 2.3 Improved environmental management. The expected contribution of the strategy, activities, and sub-activities to the PSD results framework are highlighted below, as appropriate.

I. BETTER TARGETING OF SECTORS AND MSMEs THAT PROMOTE ECONOMIC GROWTH

Under Component 1, there are three sub-components.

1) Assessment of the Economically Productive Value Chains: Small-Ruminant Dairy; Avocado from post-harvest onward; and Film/TV/Digital Media. The small-ruminant dairy sector is one of the most important agriculture value-chains in the country, extending from hundreds of small family-owned businesses to a handful of sizeable, well-established firms. With a strong female participation, the market for processed SR dairy products has been growing rapidly for the past five years⁵⁵ with strong demand from milk processors for goat and sheep milk, especially when quality is assured.⁵⁶ The avocado value chain has benefitted from upgrading activities in recent years under LIVCD. Through LIVCD, an additional 80,000 tons of avocados, representing one-third of current production volumes, will come on line in the next 3 to 4 years. This offers a strong opportunity for international exports, if constraints from post-harvest, processing, and access to market are addressed. The film/television/digital media sector appears to be a fast-growing, promising sector that USAID has not supported in the past. The true potential of the sector merits further consideration and therefore USAID should contract a creative industries strategy consultancy specialized in film, television, and digital media to carry out an in-depth sector assessment and development strategy.

⁵⁵ Saadeh and Mikhael, 2016.

⁵⁶ MercyCorps, 2014.

2) Refresh market analysis and intelligence gathering on: rural tourism and ecotourism, focused on stakeholders located in direct proximity or benefitting from the LMT; and MSMEs with a focus on expanding a market (*e.g.*, not competing with other Lebanese producers) or replacing a foreign product or service (competition-based import substitution) will prioritize assistance to formal MSMEs that have been assessed to have minimally acceptable organizational structure including departments, standard operating procedures, etc. (*e.g.*, franchise-ready MSMEs).

3) Within the start-up/innovation ecosystem, identify and work with the private sector to establish technical clusters or sectorial steering committees to improve ideation quality and develop or validate business models. For ICT, the activities pursued under the strategy should work with the Chief Information Officer Association.

II. IMPROVING MSME PERFORMANCE

Component II will improve MSME performance – both start-up and existing firms – through a range of complementary, tailored interventions. The corresponding activities will assist MSMEs within sectors and criteria listed in Component 1 primarily through technical assistance and co-investments to increase sales and promote employment. Activity assistance will prioritize improving the quality of products, services, and experiences to the level of competing products in order to enhance the Lebanese “brand.” With such an approach, activities and sub-activities pursued under Component II of the strategy are expected to contribute to the achievement of **PSD Result 1**, IR 1.1 Private sector competitiveness increased; and **PSD Result 2**, IR 2.2 Productivity of MSMEs improved.

Many MSMEs can point to a litany of issues facing their businesses. Accordingly, the activities under a trade and investment facilitation strategy will devote resources to improving MSME diagnostics and thereby help MSMEs identify the most critical, specific issue(s) or bottleneck(s) stifling their growth, as well as identify specific organizational developments that contribute to improving productivity and sales. This includes developing tools and increasing activity resources (time, money, staff) toward business diagnostics.

The activities will focus individual firm-level assistance on a handful of common yet specific issues within the targeted sectors or business clusters to gain efficiency, economies of scale, and promote knowledge-sharing. For example, sales and marketing has been identified as a common constraint among ICT firms. Therefore, assistance may focus on the creation of a sales and marketing department, introduction of specialized sales and marketing tools, or tailored trainings to sales teams on evidence-proven sales techniques

Under this component, the activities will contract BDS providers to deliver training and coaching to achieve tangible outcomes. While BDS services are readily available, the quality of the BDS market in Lebanon is variable, fragmented, and opaque. Accordingly, the activities will apply a more rigorous assessment of BDS firms with which they will sub-contract work. They will apply a systematic and transparent process for matching those firms to beneficiary firms under its technical assistance programs. The activities will create a common database of BDS firms and their capabilities, across USAID’s EG activities. This database would ideally be managed under the most significant activity under the trade and investment facilitation strategy.

To facilitate meaningful partnerships, activities under the trade and investment facilitation strategy will concretely build on diaspora networks and existing commercial links, by developing partnerships with various country-level Lebanese business associations.

The activities will support leading companies to invest in R&D by reducing the financial risks of doing so. This support will combine both technical assistance and seed grants. Partners to provide this technical assistance will include universities such as AUB or ELCIM/Lebanese University.

The activities will support entrepreneurship through the start-up ecosystem by cost-sharing travel and related costs with U.S.-based firms to foster partnerships, knowledge transfer, and investment by demonstrating local capacities and opportunities. Furthermore, the activities will provide risk-reducing incentives to U.S.-based start-up companies (*e.g.*, incubators) to partner with the Lebanese ecosystem and deliver services or expertise in Lebanon. Such incentives might include cost-sharing for office, administrative, and staffing expenditures.

To facilitate speedier investments, the activities will play a leading role in supporting the Lebanese Venture Capital Private Equity Association, specifically in its capacity to advocate for BEE improvements through new legislation.

III. IMPROVING SECTOR-LEVEL PERFORMANCE

Component III will address sector-level gaps complementing its activities with MSME improvements in Component II. Illustrative gaps and approaches are presented here for three sectors of focus, though it is recommended that assistance under the trade and investment facilitation strategy be open to other, promising firms and industry organizations that may fall outside the sectors but represent a potentially strong beneficiary. With such an approach, activities and sub-activities pursued under Component III are expected to contribute to the achievement of **PSD Result 1**, IR 1.1 Private sector competitiveness increased and IR 1.3 Improved business enabling environment; in addition to **PSD Result 2**, IR 2.2 Productivity of MSMEs improved and IR 2.3 Improved environmental management.

Agriculture and Agri-Food Industry: In agribusiness and the agriculture sector, the activities pursued under the strategy will address production quality and hygiene issues related to the low barriers to entry, low quality, and weak standards currently present in the sector by working with larger agri-food companies or others with the capacity to consolidate production across small producers (larger companies purchase or otherwise consolidate production of smaller producers, but maintain control of more sophisticated tasks involving higher transaction costs). Partners under the consolidation model should be 20 to 25 of the largest agro-food processors or companies. An example of this is the case of Wadi Al-Akhdar, which currently outsources 15% of its production as compared to 0% several years ago. Under this model, primarily working with large agro-processors will not preclude small businesses from assistance.

To complement the consolidation model, the activities will implement an incremental approach to higher-value market access, assisting agro-industries to graduate from their current market to more demanding markets (*e.g.*, from the local supermarket segment, to the more demanding regional export markets, and finally the most demanding export markets). In support of innovation, the activities will focus support to agro-food processors producing new or innovative food products that primarily source domestically-produced ingredients and that target the domestic market. The

activities will explore the development and implementation of a product consolidation model across other sectors in order to promote quality and economies of scale, and emphasize leading companies in an industry/sector to potential international clients/markets.

In support of the avocado value chain, the activities will work from post-harvest to market, providing technical assistance under Component II, while co-investing in infrastructure and business models that benefit multiple firms along the entire value chain. Co-investment in the value chain might be used only if needed, understanding that many avocado producers are large farmers with the necessary capital to invest in post-harvest improvements provided incentives are present.

In support of the small-ruminant dairy value chain, the activities will promote improvements in quality and quantity of milk production; and reductions in animal mortality and disease; reductions in production costs; improvements in milk collection and processing focused on hygiene and the continuity of the cold-chain; and new product development and marketing support for dairy processors and cooperatives, considering opportunities on both domestic and international markets.

Tourism and Hospitality: Under the tourism and hospitality sector, the activities pursued under the strategy will focus efforts in the rural and ecotourism sub-sector. Activity assistance will focus on building additional value-added service offerings, and channeling those through stakeholders (accommodation, tour operators) along nature trails. Such offerings would include hikes, tours/visits, equipment rentals, food and harvest festivals. The activities will prioritize assistance that links to the agricultural and environmental sectors. The activities will support upgrades to the ICT offerings and app-based information related to the LMT (*e.g.*, online booking of rooms or tours). One possible avenue for this assistance could include funding a bootcamp or hackathon to encourage these ICT innovations. However, given strong market response to growing demand as well as a perceived over-supply in some areas, the activities will not fund the establishment of new rural accommodation.

In an effort to help stabilize the sector and mitigate uneven and seasonal demand patterns that limit business viability, the activities will promote rural and ecotourism as a year-round activity (*i.e.*, not only summer). In addition, the activities will promote rural and ecotourism during the work-week to both domestic and selected foreign tourists (*e.g.*, Europeans). The activities will engage low-cost airlines and local hospitality service providers as partners.

Due to the lack of information and informality of the sector, the activities will develop and make use of a comprehensive database gathering information on tourists/visitors and require all beneficiaries under its rural and ecotourism activities to collect and provide information to the database. Such information includes number of visitors, origin of visitors, services purchased (nights stayed, activities purchased). Local hospitality service providers may be potential partners to develop, manage, and analyze the database. The activities will provide regular (quarterly) information on data, activities, results, and trends to the Ministry of Tourism to broaden its visibility of the sector and encourage public investment. This data might also be used to support the conduct of cost-benefit analysis to assess potential interventions within the sector and ensure the cost-effectiveness of interventions to support both sales and job creation.

Creative Sectors (Film/Television/Digital Media): After validation of proposed recommendations by a specialized consulting firm in the film/television/digital media value chain, the activities will create partnerships with a network of top-tier local universities in the establishment of a media incubator to promote and provide seed funding for film and television series production. Furthermore, the

activities will support co-financing arrangements for film and television series production, including opportunities for equity financing and/or grant mechanisms of up to \$100,000. Funding levels for equity financing could be raised after activity award.

The activities will partner and support the local cinema representative body to improve governance and market of the film sub-sector. Furthermore, the activities will explore the creation of representative associations/syndicates within the film/television/advertising sub-sector specific to stakeholders at the level of production, post-production and/or media distribution to market the sub-sector. This marketing will promote Lebanon's competitive advantages including diverse scenery, cheaper costs of production, flexibility and speed of licensing and approval arrangements, and technical skill set for outsourcing. The activities will assess the demand and opportunities for creation and marketing of Arabic-language content through partnerships with global and local online media distributors. Finally, to further stimulate engagement and co-production by North American film production companies, the activities will develop with local insurance companies (*e.g.*, AXA Middle East) local insurance packages to cover U.S. and Canadian-based production companies and reduce the costs of locating production in Lebanon.

The activities will partner with specialized business associations to collect and analyze data among members in order to help fill the gap in information on sector-level performance and trends in Lebanon. The activities will support local IT associations to establish and maintain quality control standards and to market Lebanon ICT services abroad.

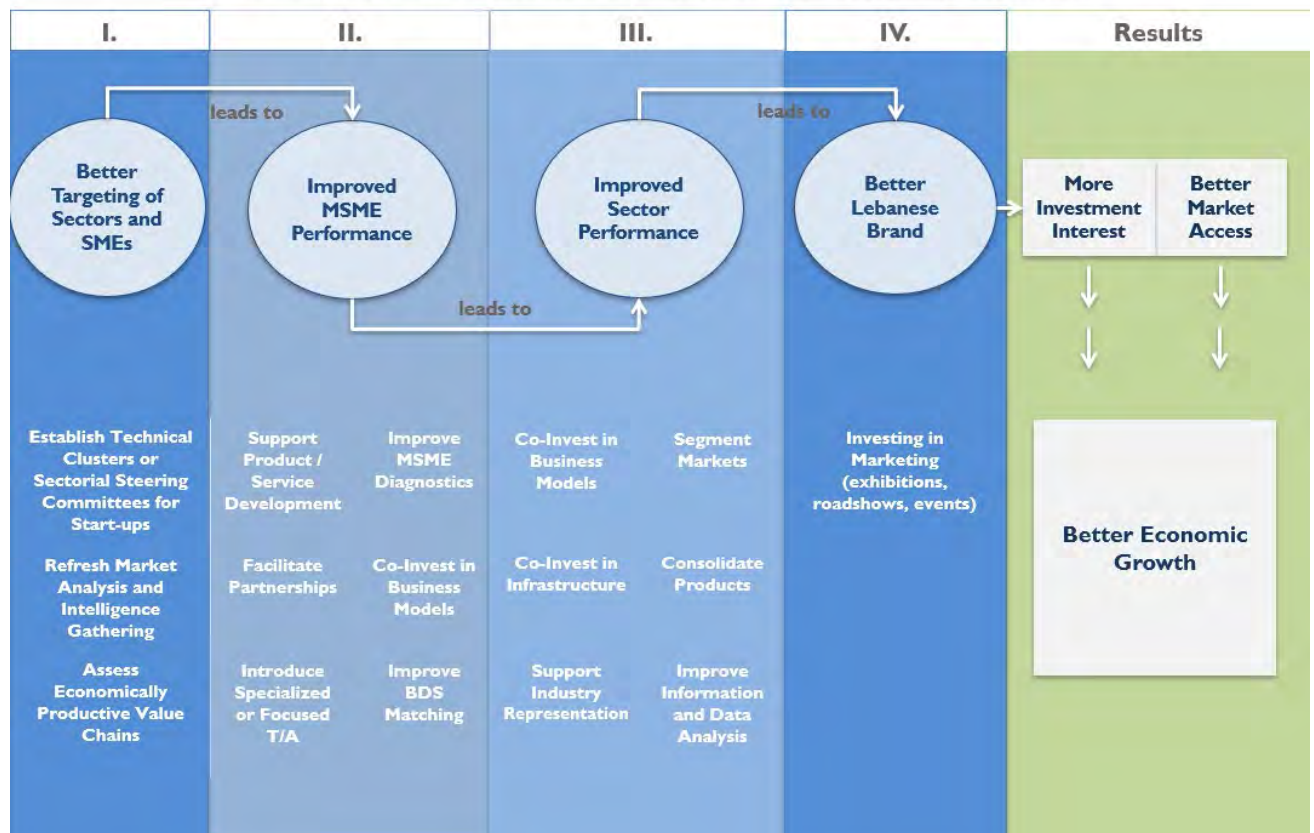
Finally, the activities will establish a formal referral system between activities based on sector-specific and type of assistance (technical assistance versus technical assistance + grants). For example, the activities might refer an agriculture production company or cooperative needing technical assistance and grant support to LINQ; or an environmental firm to LRI-NGO.

IV. BETTER LEBANESE BRAND

Component IV takes firm- and sector-level improvements and markets them to consumers and companies in order to improve the Lebanese brand in both domestic and international markets. Under this component, significant increases to export, domestic sales, and tourist visits will be realized. The activities pursued under the strategy will structure access to market and partnership activities to bring people/companies to Lebanon, where they can experience the country/culture as well as the product, rather than sending people/companies to overseas exhibitions. This includes partnerships for sector-specific exhibitions and roadshows in Lebanon with subsidized attendance from U.S.-based companies. Furthermore, the activities will promote the export of services and culture, such as food, hospitality, and music, both for the direct benefit of export earnings as well as indirect benefits including positive spillover effects for the export of goods, improvements to the image of the country, and knock-on effects for tourism and investment. The activities and sub-activities pursued under Component IV are expected to contribute to the achievement of **PSD Result 1**, IR 1.1 Private sector competitiveness increased and IR 1.3 Improved business enabling environment.

Exhibit H1. Trade and Investment Facilitation Strategy Schematic

Trade and Investment Facilitation Strategy Schematic



Illustrative Activities and Sub-Activities

This section proposes a possible structure for the organization of activities and sub-activities that USAID/Lebanon may consider advancing the trade and investment facilitation strategy as described above.

ILLUSTRATIVE ACTIVITY 1: TRADE AND INVESTMENT FACILITATION HUB (OVERREACHING)

A USAID/Lebanon Trade and Investment Hub would engage with partners across Lebanon or even the MENA region to deepen national and regional economic integration, promote two-way trade with the United States, and attract investment that drives commercial expansion from the local and regional level to global markets. Building a vibrant, broad-based, and export-oriented private sector, encouraging the diversification of exports beyond natural resources, and promoting a business environment that is conducive to trade will foster resilience within Lebanon and among MENA economies and fuel demand for U.S. goods and services.

The Hub will work closely with national and regional governments within Lebanon and the MENA region to engage with private and public sector organizations, business and industry associations, and international development agencies and financial institutions. It will focus on finance and investment to increase U.S. business access and investment in Lebanon and the region (for a regional activity). Similar to other Hubs, it will implement activities in four critical areas: finance and investment, enabling environment/trade facilitation, export competitiveness, and agribusiness. It would serve the following objectives:

- Commercialize agribusiness, consumer goods, and service-based value chains to compete in local, regional, and global markets. Use evidence and strategic communications to advocate for regional and national governments to increase regional trade and integration.
- Facilitate increased foreign and national investments and access to finance within Lebanon and across the MENA region, with an eye toward increasing exports and trade.⁵⁷
- Empower local champions and institutions – especially within the private sector – to lead value chain competitiveness and regional integration initiatives.
- Integrate gender considerations throughout to maximize women entrepreneurs' engagement and competitiveness.

ILLUSTRATIVE ACTIVITY 2: ECONOMICALLY PRODUCTIVE AND COMPETITIVE VALUE CHAINS

This activity would increase the competitiveness of economically productive value chains with a strong contribution to 1) Increased domestic and export sales; 2) Increased workforce development;

⁵⁷ For example, Tunisia has established itself as an “outsourcing hub” in the MENA region, having successfully attracted foreign direct investment in textile production, car assembly, and food processing over the past several years and, more recently, in information technology (IT), customer service and aeronautics. Similarly, Egypt has established itself as an IT Hub with its so-called “Smart Village” in Cairo, which currently employs 22,000 workers, and has attracted IT investment from leading international firms. As a result, Egypt’s IT exports exceeded \$1 billion by end-2010.

and 3) Improved business enabling environment. Any proposed activity should focus on specific value chains and/or complementary value chains through horizontal or vertical integration of services that would best meet the demands of the sector and capitalize on past and current investment of USAID and other donors. Examples of economically productive and competitive value chains include:

- Agriculture and Agro-processing: a) Small-Ruminant Dairy; b) Avocado
- Creative Industry: a) Film/TV/Digital Media
- Tourism/Hospitality Industry: a) Rural Tourism/Hospitality and Ecotourism
- Technology/ICT Industry

ILLUSTRATIVE ACTIVITY 3: MSME BUSINESS COMPETITIVENESS (SECTOR AGNOSTIC)

This activity would improve MSME performance – both of start-up and existing firms – through a range of complementary, tailored interventions such as technical assistance, BDS, marketing support, operations management support, and R&D. Support will focus on specific MSMEs within a specific sector, value chain, or across sectors; and focus on sectors or industries with strong contribution to 1) Increased domestic and export sales; 2) Increased workforce development; and 3) Improved business enabling environment. Increasing sales and promoting employment will be at the core of any firms/MSMEs selected using this approach.

ILLUSTRATIVE CROSS-SECTORIAL SUB-ACTIVITIES

Within a specific activity, implementing mechanisms can choose to focus on specific value chains, sectors, or industries or alternatively to apply a sector-agnostic approach.

Market Analysis & Market Intelligence: Sub-activities will refresh market analysis and intelligence gathering on the different value chain activities financed by USAID over the years. For example, in Rural and Ecotourism focus on stakeholders located in direct proximity or benefitting from the LMT. Outreach on MSMEs with a focus on expanding markets (*e.g.*, not competing with other Lebanese producers). In the agricultural and agro-processing work on replacing a foreign product or service (competition-based import substitution). In ICT, build on unfulfilled gaps within the sector.

Access to Markets: Sub-activities will build on past and existing market research and analysis to expand access to regional, international and global markets for certain competitive products and/or services. To facilitate meaningful partnerships, the trade and investment facilitation strategy and its corresponding activities and sub-activities will concretely build on diaspora networks and existing commercial links, by developing partnerships with various country-level Lebanese business associations.

Access to Finance: Sub-activities will facilitate equity and loan financing through private-sector partnership, matching investment, equity and loan guarantee funds, and other for MSMEs at different levels including ideation, start-up, acceleration, expansion, growth and other. Both loan and equity matching will be pursued through the different mechanisms. Emphasis on access to finance will focus on gaps at the different funding levels such as start-up, acceleration, or early growth investment.

Technical Knowledge/R&D: Sub-activities will support leading companies to invest in R&D by reducing the financial risks of doing so. This support will combine both technical assistance and seed

grants. Furthermore, within the start-up/innovation ecosystem, the sub-activities will identify and work with the private sector to establish technical clusters or sectorial steering committees to improve the quality of ideation, develop or validate business models. Within ICT, the program should work with leading local associations.

Communication and Networking: Sub-activities will focus on establishing a formal referral system between activities based on sector-specific and type of assistance (technical assistance versus technical assistance + grants). For example, the activity might refer an agriculture production company or cooperative needing technical assistance and grant support to LINQ; or an environmental firm to LRI-NGO.

Marketing and Branding: Sub-activities will focus on improving the branding of Lebanese products and services regionally and globally “Better Lebanese Brand” within a specific value chain, sector, or industry. It will focus on taking firm- and sector-level improvements and markets them to consumers and companies in order to improve the Lebanese brand across the board. For example, under trade and investment, activity will structure access to market and partnership activities to bring people/companies to Lebanon, where they can experience the country/culture as well as the product; rather than sending people/companies to overseas exhibitions. This could include partnerships for sector-specific exhibitions and roadshows in Lebanon with subsidized attendance from U.S.-based companies. For example, under hospitality/tourism as well as creative industries, sub-activities will focus on promoting the export of services and culture, such as food, hospitality, and music, both for the direct benefit of export earnings as well as indirect benefits including positive spillover effects for the export of goods, improvements to the image of the country, and knock-on effects for tourism and investment.

ILLUSTRATIVE SECTOR-LEVEL PERFORMANCE SUB-ACTIVITIES

These sub-activities would address sector-level gaps to complement activities aimed at MSME improvements (sub-activity 2). Illustrative gaps and approaches are presented here for three sectors of focus, though it is recommended that assistance under the trade and investment facilitation strategy and its corresponding activities and sub-activities be open to other, promising firms and industry organizations that may fall outside the sectors but represent potentially strong beneficiaries.

Agriculture and Agri-Food Industry: In agribusiness and the agriculture sector, sub-activities will address production quality, post-harvest,⁵⁸ quality control and certification, food safety and other issues that have contributed to low quality, weak standards, and low barriers to entry into regional, European and American markets. Furthermore, a *consolidation model approach* will be used by working with larger agri-food companies or others with the capacity to consolidate production across small producers. Partners under the consolidation model should be 20 to 25 of the largest agro-food processors or companies. Under this model, primarily working with large agro-processors will not preclude small businesses from assistance.

⁵⁸ For example, in support of the avocado value chain, the activity will work from post-harvest to market, providing technical assistance, while co-investing in infrastructure and business models that benefit multiple firms along the entire value chain.

To complement the consolidation model, the sub-activities will focus an incremental approach to higher-value market access, assisting agro-industries to graduate from their current market to more demanding markets (*e.g.*, from the local supermarket segment, to the more demanding regional export markets, and finally the most demanding export markets).

In support of innovation, sub-activities will focus on agro-food processors producing new or innovative food products that primarily source domestically-produce ingredients and that target the domestic market. The activity will explore the development and implementation of a product consolidation model across other sectors in order to promote quality and economies of scale, and emphasize leading companies in an industry/sector to potential international clients/markets.

Tourism and Hospitality: Under the tourism and hospitality sector, the sub-activities will focus on the rural and ecotourism sub-sector. Activity assistance will focus on building additional value-added service offerings, and channeling those through stakeholders (accommodation, tour operators) along nature trails. Such offerings would include hikes, tours/visits, equipment rentals, food and harvest festivals. The activity will prioritize assistance that links to the agricultural and environmental sectors. It will support upgrades to the ICT offerings and app-based information related to nature trail operators (*e.g.*, online booking of rooms or tours). One possible avenue for this assistance could include funding a bootcamp or hackathon to encourage these ICT innovations. However, given strong market response to growing demand as well as a perceived over-supply in some areas, the activity will not fund the establishment of new rural accommodation.

In an effort to help stabilize the sector and mitigate uneven and seasonal demand patterns that limit business viability, the activity will promote the rural and ecotourism as a year-round activity (*i.e.*, not only summer). In addition, the program will promote rural and ecotourism during the work-week to both domestic and selected foreign tourists (*e.g.*, Europeans). The sub-activities will engage low-cost airlines and local hospitality service providers as partners.

Due to the lack of information and informality of the sector, the sub-activities will develop and make use of a comprehensive database gathering information on tourists/visitors and require all beneficiaries under its rural and ecotourism activities to collect and provide information to the database. Such information includes number of visitors, origin of visitors, services purchased (nights stayed, activities purchased). Local hospitality service providers may be potential partners to develop, manage, and analyze the database. The sub-activities will provide regular (quarterly) information on data, activities, results, and trends to the Ministry of Tourism to broaden its visibility of the sector and encourage public investment.

Creative Sectors (Film/Television/Digital Media): After validation of proposed recommendations by a specialized consulting firm in the film/television/digital media value chain, the activity will create partnerships with a network of top-tier local universities in the establishment of a media incubator to promote and fund (seed funding) film and television series production. Furthermore, sub-activities will support co-financing arrangements for film and television series production, including opportunities for equity financing and/or grant mechanisms of up to \$100,000. Funding levels for equity financing could be raised after activity award. Sub-activities will partner and support the local cinema representative body to improve governance and market of the film sub-sector. Furthermore, the program will explore the creation of representative associations/syndicates within the film/television/advertising sub-sector specific to stakeholders at the level of production, post-

production and/or media distribution to market the sub-sector. This marketing will promote Lebanon's competitive advantages including diverse scenery, cheaper costs of production, flexibility and speed of licensing and approval arrangements, and technical skill set for outsourcing. The activity will assess the demand and opportunities for creation and marketing of Arabic-language content through partnerships with global and local online media distributors. Finally, to further stimulate engagement and co-production by North American film production companies, the activity will develop with local insurance companies local insurance packages to cover U.S. and Canadian-based production companies and reduce the costs of locating production in Lebanon.

ANNEX I: CONCEPT IDEA – WORKFORCE DEVELOPMENT ACTIVITY

BACKGROUND

Unlike its economic growth programs, USAID's investments in workforce development in Lebanon have not been explicit, direct, or structured under a stand-alone project. Any workforce development activities have been part of a larger economic growth program, and job creation or employment was an indirect result of assistance to SMEs. It is important to note, generally-speaking, that donor-funded workforce development programming is new to Lebanon, with programming focused on job creation, employment, skills-based training, and placement being implemented since 2014.

Therefore, the institutional environment, public TVET infrastructure and curricula, stakeholder relationships, private sector leaders, best practices, and lessons learned are still in development. For example, the ILO through EU, USAID, and KFW has just completed a Public TVET Strategy, with a few curricula being upgraded and accredited in 2018. Recently, there have been donor-funded efforts to improve the physical infrastructure and curricula of Ministry of Education and Higher Education (MEHE) and Ministry of Agriculture (MOA). The results of those programs will only start to be known by 2019/2020. At the same time, the private TVET sector has not broadly been a focus of donor-funded programs and represents an opportunity to improve the workforce and technical-vocational education sector in Lebanon. In fact, private TVETs are able to adapt and update their curricula, seek investments for infrastructure, and take on partnerships more quickly than public TVETS, which are hampered by government bureaucracy.

ACTIVITY APPROACH

The recommended workforce development activity would create quality, sustainable employment and contribute to SME productivity. An integrated activity that improves the use of **Labor Market Data and Information**, while **Improving Technical Vocational Training Quality** for stakeholders, and offering better access to **Quality Educational Training Opportunities** and to **Quality Employment Opportunities** through to practical work experiences that allow job-seekers to use their acquired skills, is the best approach to providing sustainable, quality employment. This premise can be adapted to a working theory of change that works simultaneously in four distinct yet related and complementary components.

The components of the proposed workforce development activity are:

- **Improving Use of Labor Market Data and Information**
- **Improving Vocational Educational Training Quality**
- **Better Access to Vocational Educational Training Opportunities**
- **Improving Access to Quality Employment Opportunities for Lebanese**

I. IMPROVING USE OF LABOR MARKET DATA AND INFORMATION

Labor market data and figures for Lebanon are scant, incomplete, outdated, and in some cases contradictory. Due to the lack of information, there is a lack of consensus among stakeholders on the best approaches to improve employment outcomes in Lebanon. Since 2013, numerous labor market studies have been conducted by a myriad of NGOs, donors, and UN agencies. The studies are

generally used to inform the implementers' specific programming and findings have not consolidated or shared widely. In the initial start-up period, the activity will focus on consolidating and reviewing all labor market assessment/workforce research, and conducting an assessment study to fill gaps. The activity will first consolidate quantitative and qualitative data on labor market dynamics and specific private sector employment opportunities with MSMEs and private TVET centers (including forthcoming data that may be published in late 2018 or early 2019 – see **Annex B**). Once any gaps are identified, the activity will then undertake limited and focused labor market study or analysis to fill in missing information specific to those gaps. This study will be used to confirm the appropriate skills training activities; and to identify potential MSME partners and skills gaps among potential employers and employees. The study will identify or validate skills in demand by the job market (including both private and public employers) and employer perceptions of skills. Based on the findings, skills training courses will be developed that are relevant, context-specific, and able to effectively leverage existing local educational infrastructure and assets. The study will also be used to validate anticipated activities in key program sectors.

To enable the activity to select training partners and fully understand the TVET landscape in Lebanon, the activity will map the landscape of private TVETs to assess the range and quality of training programs currently offered, including infrastructure/asset availability, which will commence the activities under component II.

The lack of information and poor perception deters job-seekers from entering specific vocations, for example roles including nurses or industrial technicians. As vocational training options improve, the activity will publicly market vocations that have significant vacancies through various media outlets (Become a Nurse, etc.) as well as public awareness of the wages to be earned by qualified technical graduates. Marketing efforts that focus on the availability and relatively good pay of jobs will help fill positions. In the case of nursing, thousands of vacancies exist, and graduates are almost guaranteed to find a relatively good paying job. The activity will consider the challenge of labor mobility and possibly design incentives to retain graduates/trainees living and working inside Lebanon. These incentives may be better targeted to address movement of labor to/from the GCC, as opposed to permanent emigration outside of the region.

In addition to marketing vocations, and as the quality of training is improved, the activity will work to raise the image of vocational training in Lebanon to improve enrollments. Generally, TVET in Lebanon is perceived poorly, with 40% of job-seekers⁵⁹ responding that they would never attend a TVET regardless of whether the school offered the vocation they are interested in pursuing. Working to raise the image of vocational education in Lebanon would be a complicated, long-term task and would require a strategy and close collaboration across stakeholders, which might be developed as part of the proposed activity. Efforts to raise the image of vocational education in Lebanon might be pursued for one or several sectors (*e.g.*, nursing, film/television/media, IT).

II. IMPROVING VOCATIONAL EDUCATIONAL TRAINING QUALITY

Under this component, the activity will primarily focus efforts on working with/through private TVETs as the public TVETs are still in the institutional development phase (not training-ready.)

⁵⁹ MySay polling (**Annex F**).

Thorough due diligence will be needed to ensure that appropriate private TVET partners are selected for engagement.

While public TVET schools are starting to benefit from focused international assistance, they are generally still poorly equipped with the modern training equipment. For example, the MEHE TVET school in Zahle still teaches a course on car repair based on the repair of engine carburetors not fuel injection due to budget limits in purchasing parts and equipment for this course. Schools struggle to adjust to current employment demands, such as training of skilled individuals in food safety, HAACP, and quality control and assurance due to the lack of teacher skills and challenging government bureaucracy. While a few public TVETs have the necessary equipment available from trainings, the equipment is too big for the size of the school and requires high volumes of cost inputs, such as milk, to operate. Therefore, the manufacturing equipment is rarely used. Instead the focus is on theoretical trainings.

Private TVETs suffer from many of the same issues companies face in other sectors. These issues could include constraints such as poor marketing, human resources, as specific issues to the TVET sector such as teacher capacity and educational infrastructure. The activity will identify and address common organizational management problems across its selected private TVETs using an organization capacity assessment. For example, the activity could build the capacity of private TVET partners to collect and analyze sector-specific labor market data, develop curricula and training materials, establish and maintain private sector partnerships. The capacity assessment will look at the most effective and cost-efficient methods of applying the findings from the LMA and sector assessments for improvements in the school. The assessment will look at management constraints at the school-level and look to provide the appropriate private sector-led trainings for principals and/or heads of departments.

The activity will focus job creation and workforce development efforts on skilled positions and/or sectors that have little foreign labor competition in the domestic market. This focus is because Lebanese are generally not interested in unskilled positions, especially those that have significant foreign labor competition, such as agriculture, construction, and environmental work like waste management. These positions generally do not require technical skills or an educational background.

The program will work with private TVETs identified under the mapping exercise to update curricula in line with private sector standards and market those to trainees. Working closely with activities under component IV, the activity will work with private TVETs to develop short-term and long-term training curricula based on private sector needs.

Most private sector training providers do not provide technical or vocational trainings, rather just soft skills and basic computer trainings. NGOs and government entities fill this gap with mixed results: often there is inadequate equipment appropriate for training, as is often the case in agro-processing, or they do not provide private sector job placement. Very few private companies provide vocational training courses due to the high cost of equipment / material required for such trainings, while many companies have the in-house training programs and assets that are under-utilized. Therefore, the activity will strengthen private TVETs' connection to private sector to facilitate job placement (internship or permanent employment) by fostering partnerships between private TVETs and private sector firms offering in-house training programs in order to leverage partnership opportunities, available assets/equipment, and specialized technical education.

Companies have expressed the need for modern technical skills in the workforce in response to technology trends and changing consumer habits. The activity will work on enhancing skills of the current workforce by introducing new curricula in partnership with private sector associations and TVETs in digital skills and specialized skills including visual merchandising, branding, and use of technology in retail (digital marketing, data analytics). Potential partners in this area may include local universities that offer programs and trainings in data analytics.

A lack of work experience is a challenge for jobseekers in addition to poor or inadequate technical and life skills. Companies reiterated the need for enhanced technical skills along with improving communication and language skills. Therefore, the activity will incorporate soft-skills training programs into every technical training program it will support under the workforce development activity.

III. BETTER ACCESS TO VOCATIONAL EDUCATIONAL TRAINING OPPORTUNITIES

Improvements in the quality of training programs at private TVETs will not be fully effective without efforts to improve access to TVET programs for students. As the primary effort to improve access to TVET programs, the activity will create a TVET scholarship program similar to the USP to improve accessibility of technical/vocational education, to provide practical training, and to expand trainees' professional networks. This activity will be managed by a single partner with training delivered by multiple TVETs identified under the mapping (referenced above). The scholarship program will be similar to USP, offering fully and partial-paid tuition and mandatory requirements for community service or workplace internships, and mentors. Participants will be linked to private sector and alumni networks to improve the probability of employment after graduation. Clear criteria for the selection of TVET partners and individual beneficiaries (*i.e.*, students) should be established and validated as part of the activity. In addition, appropriate efforts should be taken to limit market distortion that will result from selecting some but not all private TVETs to benefit from scholarship programs, possibly using similar efforts as may be taken under the USP program.

Basic professional skills such as resume-writing skills, communication and interpersonal skills, networking and interview skills, as well as basic job-hunting advice vocational training programs in Lebanon will have the most success if they are complemented with technical trainings. Over 20,000 people graduated from donor-funded training programs in 2017⁶⁰, while only 1,500 graduates found a job. Many of those programs not offering the appropriate soft skills to help graduates find a job. Therefore, the activity will implement and promote soft skills workshops that prioritize rural areas and are open to both university and non-university graduates (*e.g.*, CV writing, interviewing techniques) and linked with Private Sector networks.

IV. IMPROVING ACCESS TO QUALITY EMPLOYMENT OPPORTUNITIES FOR LEBANESE.

In addition to technical skills, a myriad of important factors such as social trust, previous work experience, professional relationships and networks, and educational background have a role in strengthening employability. This component focuses on expanding professional networks and trust between job-seekers, training providers and employers to help reduce the skills mismatch prevalent in the labor market.

⁶⁰ United Nations Lebanon 2017.

Lebanon has a dynamic private sector however many private sector training providers do not have established relationships with employers and do not offer job placement or internships as a follow-on to skills building. While the trainee may receive appropriate skills, these skills are often not enough to help individuals secure work. Since many private training centers do not have relationships with the private sector; it is not surprising that they also do not have formal placement processes. The majority of training providers do not have accreditation from international bodies or governmental entities, thus companies do not value / trust most vocational training providers' certificates. Therefore, the activity will leverage USAID's programs' past experience and networks within the private sector to inform workforce development activities and ensure their connection to private sector needs (demand-driven model). These networks are particularly strong within the agri-food sector as well as some reach to the start-up sector, and should grow over time as the current LED activity establishes additional connections with firms.

In addition, the activity will work through private TVETs and associations/syndicates to provide internships/apprenticeships with the private sector strengthening sustainable connections between schools and the private sector. Furthermore, the program will improve and expand professional networks among job seekers through sector-specific jobs fairs (e.g., IT, health) throughout the country.

In a poor economic environment, businesses are reluctant to invest fully in new or unproven activities while practical experience through internships are crucial to overcome barriers to employment. Therefore, the activity will incentivize private sector firms to offer longer-term (three months or more) internships by apply a phased-subsidized approach. For example, the activity will provide the cost of transportation and stipend on a cost-match basis, which could be reduced over time.

In addition to co-sharing internships, the activity will explore offering should offer HR development grants and/or technical assistance to private sector firms to establish or improve company recruitment/HR practices. Potential partners in this area may include local universities that offer academic programs in HR. Furthermore, in the past years HR platforms focused on linking training providers to the private sector have emerged. While these may be promising, it's important to ensure that the business case and financial sustainability of such a platform is considered up-front. Therefore, the Activity will refer any proposals or requests for support to establish an online or tech-related recruitment/employment platform to the trade and investment facilitation activity (described above) for review and possible assistance.

ANNEX J: DONOR ACTIVITY MAPPING

This annex provides an overview of current or planned donor activities in the area of economic growth in Lebanon. Activities are grouped by donor. This annex is based primarily on information obtained through KIIs. As a result, the data may not be comprehensive in the event that stakeholders omitted information; and due to the fact that KIIs were not conducted with all donors operating within Lebanon.

The accompanying table (**Exhibit J1**) presents an overview of donor activities in the area of workforce development.

Canadian International Development Agency (CIDA)

ODA: CIDA has provided MercyCorps with CA\$8 million over a three-year period under a project focused on improving income and employment opportunities for youth through skills training, MSME support, and entrepreneurship in Tripoli, Saida, and Mount Lebanon.

Women's Economic Empowerment: CIDA has provided CA\$8 million to UNDP to implement this program over a period of four years for entrepreneurship, MSME support, and skills training to improve employment opportunities.

Women's Cooperative Support: With the support and finding of CIDA, FAO intends to have a project to work with women's cooperatives for *mouneh* production. Each coop can submit a request based on a business plan. FAO will help the coops to develop and upgrade their production primarily for the domestic market to capture value added; the export market is not to be targeted given the generally low sophistication of coops. FAO will provide support to develop a business plan, technical assistance, and grant funding. The project is supposed to start in early 2019. FAO is seeking to avoid overlap with a similar CIDA-UNDP project that works with coops and SMEs focused on processing.

Department for International Development (DFID)

Subsidised Temporary Employment Programme (STEP) / SME Support Program: The STEP program will support established small businesses, rather than start-ups; the goal is to promote business expansion. DFID does not focus on the supply side of the workforce: DFID tends to view the workforce problem in Lebanon as one of lack of jobs, as opposed to a skills mismatch. This program will build on the earlier CSSF work that DFID undertook with MercyCorps; however, DFID does not expect to run this project in partnership with UNDP. The STEP program is not yet operational, but awaiting approval of the Ministry of Foreign Affairs. In terms of sectors of focus, the STEP program will be oriented to those sectors in which Syrians can work and in which they cannot. No sectors are explicitly ruled out, because DFID wants to see what works. DFID prepared a value chain analysis through the World Bank that pointed to construction and agriculture (potatoes) as promising sectors for job creation. After a pilot phase, DFID expects to narrow the sectoral focus of the program. Funding will be structured as a grant, matched to a loan product. DFID believes there is sufficient liquidity in the banking system for this approach to work well. DFID is trying to crowd-in MFIs and commercial banks to help increase lending to SMEs. In addition, DFID may offer technical assistance via business development services. DFID expects to rely on commercial BDS providers rather than donors or NGOs, which would eventually help the transition toward a sustainable model for SME support/services. Under the STEP program, DFID is following a Gender Equality/Women's Empowerment (GE/WE) strategy to consider how to target women.

Infrastructure: DFID is supporting small-scale infrastructure under a project implemented by UNDP: DFID has provided EUR 20 million to UNDP to implement this program. The work is organized via clusters of municipalities to target larger projects that align with DFID’s economic growth priorities. There is a community participatory process, in which the community identifies its priorities at the cluster level and then DFID prioritizes among those using objective criteria (but not completely override the will of the community). Investments made so far include roads, wholesale markets, wastewater treatment facilities, solid waste management facilities, and a fish market in Sarafand. While the projects are small in number, they are expected to have a larger impact: DFID has chosen labor-intensive approaches for the short-term (*e.g.*, construction), with a goal to stimulate longer-term employment as well. A focus is on sustainability, including management of operating costs and maintenance over the longer term. UNDP has prepared the economic appraisals of the projects, though these have been done after project selection so it more guides how the work will be done rather than which project to pursue. Under the next step of the project, the goal is to select investments on the basis of constraints to local economic growth; the economic appraisals would in that case be done earlier to inform investment selection. The financing for the current program – DFID pays to UNDP – will end in March 2019, but it is likely to continue into the future.

Lebanese Host Communities Program (LHSP): In addition to infrastructure work under LHSP, DFID is supporting UNDP’s work (approximately \$3-5 million) to upgrade value chains and SMEs. Value chains supported include honey, freekeh, food processing, and renewable energy.

European Investment Bank Economic Resilience Initiative: DFID is supporting the European Investment Bank by providing funding to its ERI for regional investment using a combination of concessional financing and technical assistance. This support is structured as a trust fund, offering affordable lending. The funding goes to public recipients.⁶¹

Waste Management: This project is focused on using waste management to improve governance and community engagement with Lebanese host communities, working at the Union and municipal level. The project is implemented by MercyCorps.

Dutch Ministry of Foreign Affairs

AG TVET Program: The Dutch TVET program, implemented by FAO, trains technicians and provides them with hands-on experience. The program targets young people, and delivers trainings requiring a minimal time investment (2-6 weeks) as well as full three-year BT programs. The TVET project is trying to link to private sector jobs via skills (*e.g.*, pruning, landscaping) if not specific value chains. The project is trying to establish an apprenticeship or internship program to help graduates acquire skills and support their formal recruitment. The project is working with the seven (7) agricultural schools under the MoA, one per governorate (North – Al Abdeh; Jbeil – Al Batroun; Beirut – Al Fanar; Mount Lebanon – Baakline; Nabatiyeh – Al Nabatiyeh; South – Al Khiyam; Bekaa – Nasriyeh-Rizk). The TVET project involves the physical rehabilitation of the schools. This work has been delayed due to donor funding issues, but the Dutch have given additional funding and rehabilitation work will start soon. The project will also purchase new equipment (greenhouses, laboratory equipment, educational materials). The project has a major component which is curriculum review and updating for the first time since the 1980s. This will be done in consultation with the Lebanese private sector and a Dutch association of TVET schools. FAO is preparing short-term training courses for both Syrians and Lebanese, as well as a fuller BT program curriculum review and provision of support for

⁶¹ For additional information, visit <http://www.eib.org/en/projects/initiatives/resilience-initiative/index.htm>.

Syrians to enroll. To date, only 15 Syrians have enrolled so far due to the inability of students to commit to a long-term program as well as to obtain the necessary papers/documents from Syria. Once the curriculum review is done, the TVETs will follow a training-of-trainers approach to reach a wider number of students. Over the longer term, the FAO plans to push the MOA to have the seven TVETs specialize and not offer the same curriculum across all TVETs; and to critically assess whether Lebanon really needs seven TVETs or if there is scope for consolidation given lack of funding and generally low student enrollment rates. The goal of the project is, through upgrades, to make the TVETs more attractive for students to apply and also to better link the training to actual employment.

Land Rehabilitation Project: The second major strand of FAO programming, the land reclamation project is done in collaboration with the Green Plan, with FAO generally following their approach. This project is demand-driven, meaning farmers decide what the investment will be: If a farmer wants to invest in apples, then the project lets the farmer choose. FAO provides matching grants but not more than 50%. The reclamation begins with leveling, wall construction, and irrigation installation. The farmer invests once the funding is secured, meaning decisions on what to plant may be delayed. Some farmers are already established and want to expand production of their existing crops. To date, the majority of farmers are planting fruit trees, because fruit production on reclaimed/terraced land makes most sense. The type and variety of fruit trees depends on the farmer and region. There has been some limited investment in pines (*snoubar*). The project is getting ready for a mid-term review, which should be done by end-2018 and would have empirical data on what farmers are doing in terms of investment decision, employment impacts, etc. This project is scheduled to run for another year under current funding from the Dutch. FAO may organize a donor meeting to secure donor funding after the Dutch funding stops.

Livelihoods and Workforce Development: MercyCorps is implementing a Dutch-funded, 3-year, \$5 million program focused on improving employment and educational opportunities by providing private sector led-trainings, improvements to public and private TVET infrastructure, MSME support, and short-term courses through public and private TVETS. The program covers Chouf, Saida, Zahle, and West Bekaa.

European Bank for Reconstruction and Development (EBRD)

Multi-Donor Trust Fund: EBRD has a regional multi-donor trust fund that is used to provide technical assistance and capacity building in support of its investments in the Southern and Eastern Mediterranean (SEMED) region, or rim of the Mediterranean.⁶²

Private Sector Investment: EBRD can provide investment funds on a competitive basis to the private sector, either in the form of equity or through commercial bank lending channels. EBRD does not subsidize interest rates or reduce collateral requirements, but offers longer tenures and repayment periods than commercial lenders. EBRD funding can range in size: EUR 1 million minimum, an average of EUR 6-10 million, up to EUR 50-60 million (though formally no nominal limit). EBRD is working with local banks/financial sector, at approximately one-third of its total portfolio, to establish credit lines mostly for SMEs. As of mid-September 2018, EBRD had made one equity investment in Bank Audi to support product lines targeting new sectors. An area of emphasis is green infrastructure, and EBRD will develop a range of products including green bonds to incentivize

⁶² For additional information, visit <https://www.ebrd.com/who-we-are/our-donors/multi-donor-funds.html#semed>.

lending for green investment. EBRD also plans to sign an agreement to support officers (consultants) placed within commercial banks who can incentivize investment in green/environment lending. EBRD offers technical advisory support to SMEs but on for-fee basis: SMEs must pay for up to 50% of the cost, with the remainder paid through EU funds.⁶³

Women in Business Line of Credit: EBRD plans to offer a targeted line of credit targeting women, through a commercial bank. As of mid-September 2018, EBRD was in talks with commercial banks including BLC to develop this line of credit.

Public Sector Investment: EBRD can provide investment funds on a competitive basis to the public sector. EBRD's public sector projects are largely oriented to ministries, and much less commonly at the municipal level. EBRD funding can range in size: EUR 1 million minimum, an average of EUR 6-10 million, up to EUR 50-60 million (though formally no nominal limit). Within a public sector project, EBRD requires more stringent procurement rules and financial standards, to reinforce best practices with regard to transparency and the regulatory and enabling environment and thereby facilitate private sector co-investment. EBRD is currently looking to support the Beirut-Okaibeh expressway project under a PPP under the CIP.

Infrastructure Project Preparation Facility (IPPF): Under the IPPF, EBRD provides resources and crowds-in other donor resources to facilitate large-scale investment projects. Under the IPPF, EBRD is preparing a feasibility study of the Beirut-Okaibeh expressway project.⁶⁴

European Union (EU)

The current portfolio of EU projects (EUR 200-350 million) are largely oriented to respond to the refugee crisis, working in education, water, production, livelihoods, and local governance to build the capacity of municipalities. The EU has dedicated approximately \$80 million to bilateral assistance.

Generation Entrepreneur: This EU project seeks to develop and sustain an environment of entrepreneurship throughout North Africa and the Levant by providing training to youth across the Southern and Eastern Mediterranean region, with a special focus on support for the creation of youth business enterprises.⁶⁵

Workforce Development Projects: Implemented by GIZ, the aim of the ProVTE project is to improve responsiveness and quality of vocational education, by building the capacity of the MEHE TVETs to respond to the demands of the employer through infrastructure improvements and curriculum development. The purpose is to develop a more modular, practice-based vocational education and to promote a competence-based model in the schools and employers.

⁶³ A list of all current EBRD projects, including both private and public sector investments, is available online at <https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?1=1&filterCountry=Lebanon>.

⁶⁴ For additional information, visit <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395253567924&d=Mobile&pagename=EBRD%2FContent%2FHublet>.

⁶⁵ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7913/generation-entrepreneur_en.

In addition, GIZ is implementing the EU-Madad funded QUDRA program focused on **education infrastructure** (improving school infrastructure and access to extracurricular activities); **skills development** (expanding and improving basic vocational skills); and **social cohesion** (strengthening social cohesion through access to information and community-based services).

Higher Education on Food Security and Rural Development: This EU project works to improve on-going postgraduate programs offered by the International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) through the implementation of complementary actions.⁶⁶

Developing Women Empowerment: The project supports women of the Euro-Mediterranean region in their quest for empowerment and gender equality. It is done via specific actions including the dissemination of gender-related information and organizations involved in women and gender equality.⁶⁷

Blue-Green MED CS / Strengthening Civil Society in Environment and Water: The overall goal of the project is to strengthen existing, and promote new, cooperation and financial opportunities among Euro-Mediterranean Civil Society Organizations (CSOs) dedicated to water and environment, thereby maximizing their contribution to sustainable development in the region. This involves working with municipalities on solid waste management and provision of water to vulnerable communities.⁶⁸

UNIDO Culture and Creative Industries: The Union for the Mediterranean (UfM) Secretariat will complement the EU-UNIDO program (€5.6 million) entitled “Support the Development of Culture and Creative Industries and Clusters in the Southern Mediterranean” with a project aiming to establish a regional platform for dialogue and foster entrepreneurial cooperation within the Southern Mediterranean region.⁶⁹

Rural Development & Agriculture: This project focuses on the competitive edge of communities and what they can do well. Agriculture is an important sector for these communities in terms of jobs and economic growth. In agriculture, the EU has worked on cherries, grapes, and citrus as well as small crafts in wood processing and furniture in Tripoli.

Regulatory Reform: The EU has supported efforts to review and improve policies, sanitary questions, private sector development, and others in Lebanon.

Media and Culture for Development in the Southern Mediterranean Region: This project contributes to inclusive growth by reinforcing the media and culture sectors as vectors of development.⁷⁰

⁶⁶ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7912/higher-education-food-security-and-rural-development_en.

⁶⁷ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7911/developing-women-empowerment_en.

⁶⁸ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7910/blue-green-med-cs-strengthening-civil-society-environment-and-water_en.

⁶⁹ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7909/unido-culture-and-creative-industries_en and <https://www.medcreative.org/>.

⁷⁰ For additional information, visit https://eeas.europa.eu/delegations/lebanon/7907/media-and-culture-development-southern-mediterranean-region_en.

Food and Agriculture Organization (FAO)

Statistical Capacity: FAO has supported the collection and publication of agricultural data through the MOA. The 2015 and 2016 representative sample studies should be published shortly, including data on production, costs of production, labor use, and profitability. The FAO is hoping that the MOA can eventually extend this work without ongoing donor support, but early signs are that the MOA may not have the resources to independently undertake the 2020 agricultural census.

International Finance Corporation (IFC)

Debt and Equity Investment: IFC can provide investment in the form of debt, equity, and guarantees. Of IFC's \$700 million portfolio in Lebanon, the majority has been routed through the banking and commercial banking sector. IFC funding is used to support longer-term financing (longer grace period, longer tenure of 7-10 years); and can match finance with technical assistance and advisory services. IFC has also invested in equity funds including Euromena, the Levant SME fund, and regional venture capital funds. Equity investments are typically not less than \$30 million, barring opportunities for additionality.

Sustainable Energy Finance/Green Bank Bond: ⁷¹

PPP Advisory Fund: Targeting the private sector, IFC's PPP Advisory Fund can lead transactions on behalf of the government. IFC may use this mechanism to support planned investments under the CIP in the Beirut airport and two power plants (gas terminals).

IFC Cities: This project may extend municipal finance, likely targeting larger municipalities across Lebanon.

Policy Reform Efforts: IFC has supported policy reform efforts in Lebanon, most frequently working through the Office of the Prime Minister. Efforts are directed through two IFC units – the Finance, Competitiveness, and Innovation (FCI) Practice and the Microeconomy, Trade, and Investment (MTI) Practice.

International Labour Organization (ILO)

TVET Strategy: ILO is working with partners to advance the TVET strategy for Lebanon. The strategy was recently adopted, which represents positive forward movement. ILO is now working with tripartite partners to adopt the TVET strategy which the Prime Minister has signed. The strategy lays out the issues within TVETs, and how the system should seek to develop. The strategy highlights 8 main building blocks for focus. ILO is currently building out an action plan to move ahead. Implicated ministries include MEHE, MOL, MOSA, and MOA.

TVET Curriculum Development: The ILO is working with FAO on the MOA TVETs to improve/develop the curriculum. They have held 5 curriculum sessions with the private sector. The approach follows a DACUM model, applying reverse engineering by starting with the private sector to determine what roles and competencies are needed. ILO will be bringing in the DACUM trainers. They have specifically considered dairy and poultry sub-sectors and how to reverse engineer the curriculum.

⁷¹ For additional information, visit <https://www.reuters.com/article/us-lebanon-banks-bonds/as-levants-first-banking-green-bonds-issued-ifc-targets-ramp-up-in-investment-idUSKBN1HX277>.

Support to Agricultural Cooperatives: ILO has worked with the Federation of Cooperatives on a tool called My.Coop.⁷² It has multiple components, is adapted to Lebanese context, and uses a training-of-trainers approach. The tool was piloted in three regions (North, South, Bekaa) and training was delivered to 32 coops. Funding for the project has stopped, so ILO has handed over to FAO through an MOU. FAO is to continue what ILO started. A related part of this effort was to review the coop law, identify the gaps in the law, and put forth recommended legal changes; again, ILO handed over to FAO to continue the work. ILO has also developed a website for the Federation of Cooperatives (not yet launched) and an app. Part of website is supposed to track the payment of dues to the coops and into the federation. The app, REEF Online, allows farmers to upload what they have available for sale, and buyers to purchase through the app. The app is not currently working to facilitate the delivery but is linked to a GPS system. The app should be managed by the Federation of Cooperatives, and all coops and farmers will be given access to the app as potential sellers. The coops have a role to play in vetting information posted by the farmers. The app is available on Google and Apple stores for download, but the site has not been launched yet and thus no one is able to use the app yet.

Statistical Capacity: ILO is working with the Central Administration of Statistics (CAS) and the EU on the first fully fledged labor force survey, running over one year in four quarters. It will cover 40,000 households. It is currently halfway through data collection; work was delayed due to the elections and re-scheduled such that ILO has just finished Q2 data collection. The labor force survey is being administered by the CAS with ILO technical support, supported by EU funding. ILO expects preliminary results in the next month, with publication of quarterly bulletins to follow, and then a final publication of complete results. Geographic disaggregation to the caza/district level will only be upon the release of the full survey. Modules cover labor force (participation, employment, unemployment, working time, hours of work, with disaggregation by education/gender/sex), living conditions, household demographics (health, disability), and income. The modules are structured to allow cross-tabulation. After the survey is conducted, a follow-on activity is planned to support analysis within Ministry of Labor, and to work with other partners to develop a national employment policy.

KfW

Labor-Intensive Infrastructure Program: KfW has provided EUR 10 million to UNDP, IRC, and UNRWA to implement an employment-intensive infrastructure and workforce training program focused on providing short-term income opportunities for all vulnerable populations in the agricultural, environment, and construction sectors. However, the IRC and UNDP programs seem to only be working with Syrians.

Food for Assets/Food for Training Program: KfW is also funding the World Food Programme's Food for Assets and Food for Training Program focused on improving small-scale community infrastructure for Lebanese villages, income opportunities and employability skills for Syrians.

⁷² For additional information, visit https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/genericdocument/wcms_384404.pdf.

Regional Development and Protection Program (RDPP) / (DANIDA) ⁷³

Multi-Donor Trust Fund: Managed by the Danish Agency for International Development (DANIDA), a multi-donor fund works with vulnerable populations including Lebanese, Syrians, and Palestinians to improve livelihoods outcomes. Activities include home-based skills trainings, vocational trainings, entrepreneurship, and MSME support. Programs are implemented by several INGOs.

United Nations Industrial Development Organization (UNIDO)

Industrial Parks: UNIDO has supported the concept/design of industrial parks in Lebanon, leading to the preparation of feasibility studies for two parks (Baalbak-Tourbal and Akkar).

SME Support: UNIDO has supported SMEs in different parts of Lebanon. UNIDO provides technical assistance, technology transfer, marketing support, and access to markets in addition to a cost-share.

Energy Technology Transformation: UNIDO has a project to support creative industrial and expertise, including support to incubators and establishment of training centers. A training center set up under the MOE TVET delivers 40 hours of basic, intermediate, and advanced training particularly oriented to manufacturing. UNIDO recently launched an effort in cooperation with France (AFD) to support the furniture sector in North Lebanon.

Productive Sector Development Program: UNIDO and FAO will lead a project supported by 8 UN agencies to support job creation in manufacturing with a special focus on women, youth, and disadvantaged areas. The project was not yet launched/operational as of end-September 2018 but is expected to run in two phases (Phase I 2019, Phase II 2020), each with a budget of approximately \$20 million.

World Bank (IBRD)

Lebanon National Jobs Program: The World Bank launched this \$400 million program in April 2018.⁷⁴ The program has three results areas, of which two are policy-oriented and one is programmatic.

- Support for the Higher Council of Privatization: Under this results area, the World Bank will develop a pipeline of projects, and take those into the market within two years of implementation. Once Parliamentary approval is received, the World Bank will work on building the institutional capacity of the HCP. The projects in question are not yet identified but will probably include a cloud system and the airport expansion. Under this results area, the World Bank is also supporting credit infrastructure legislation, specifically a package of four (4) laws related to secured lending and establishing a movable assets registry and an insolvency law. Under this results area, The World Bank is also supporting trade facilitation via cost and time reductions in line with a strategic business plan of the Higher Council of Customs. A draft is done but the World Bank is going to develop it further and prepare an implementation plan which will include identifying authorized economic operators and supporting appropriate risk management. This results area is structured as a “program for

⁷³ For additional information, visit <http://rdpp-me.org/RDPP/index.php>.

⁷⁴ For additional information, visit <http://projects.worldbank.org/P163576?lang=en>.

results,” meaning that the World Bank will lend to the GOL based on achievement of results. If the GOL passes a customs strategic plan that meets certain criteria, then the World Bank will disburse money to the government in selected tranches.

- **Special Economic Zones:** The second results area is firm-oriented and should help to address the needs of women, youth, and regions outside of Beirut and Mount Lebanon. It is linked to the support of the special economic zones to be established. The World Bank is trying to get private developer-operators involved, as it wants more private sector involvement to compete with the government. This work also supports broadband development in lagging regions; when the GOL will reach its target for 3,000 broadband subscribers, a tranche of funds will be disbursed by the World Bank.
- The third results area is oriented around a value chains program, which includes two sub-areas of work. The first is developing the complete value chain analysis for 1-4 sectors (e.g., ICT and agribusiness), and will flow from the work of MOET and McKinsey. The second sub-area is a matching grant fund to support investments in those value chains; the work will be overseen by MOET but the fund will be implemented by Kafalat. This program will be different from the iSME program at Kafalat. The matching grant is co-financing (up to 50%) of groups of firms’ or coops’ investments. The World Bank has made a strategic decision to not work through the commercial banking sector, instead it will treat the Kafalat co-financing as new chunk of money. Kafalat will issue a call for proposals and will review the proposals for feasibility, projected job creation, etc. Kafalat will do the due diligence, but this project will be different in that there is no collateral base underpinning this line of work. As the program will target lagging regions of Lebanon, there will be an outreach component although Kafalat will not necessarily establish offices in those regions.

Job Skills Program: The World Bank is working to support active labor market programs focused on youth, women, and the unemployed. The project will be implemented by the Ministry of Labor/National Employment Office, which will identify and profile beneficiaries and direct them to specific training programs that will be implemented by private sector providers. Training programs will be both technical and soft/professional in nature. After training, the project will also focus on placement into jobs. MOL will be paid on performance-based contracts. The World Bank will cover the cost of training, but the funds are only paid based on results. The targets under this project are 12,000 Lebanese trained and a high portion (8,000) placed in jobs; and 3,000 Syrians trained (lesser training package) with a focus on vocational training but not the additional soft skills or job placement components. Under this program, youth (question if 18-34 or 18-29) and women at all ages will be targeted. The World Bank will provide a risk subsidy for 12 months for the Lebanese beneficiaries only, to offset the firm’s contribution via NSSF (21%). The World Bank is currently developing the operational manual and determining who will be targeted geographically, but there is a general intention to work nationally. It is as-yet unclear if beneficiaries will have to be unemployed or if the underemployed can also qualify. As of mid-September 2018, the World Bank had not yet developed a training assessment or identified the missing skills to be targeted; rather, these will be identified by the private sector actors when they come forward with proposals. This program requires Parliamentary approval to move forward, and the World Bank is hoping for a January 2019 start-up to the five-year program.

iSME Program: The World Bank’s iSME program supports Kafalat to invest in accelerators. The World Bank and Kafalat have re-designed the iSME program last year and based on a mid-term review they can extend investment in the form of both grants and equity and now can give money to bigger

tickets. Nevertheless, there is still a gap in financing for start-ups and innovative businesses. Recipients of assistance include the Lebanese Women’s Angel Fund and Seeders; a possible investment in the SPEED accelerator is on hold pending SPEED’s current restructuring.⁷⁵

Entrepreneurship Fund: The World Bank plans to establish an entrepreneurship fund under MOET, which would be similar to the grant component of the iSME program of Kafalat. This fund will support early-stage business plan development and entrepreneurship skills. MOET will oversee the fund but private sector partners will implement it. The planned structure for implementation will be that private sector actors will submit proposals, then selection will follow based on the proposals’ ability to meet both financial and non-financial targets. This program will be focused on women and youth.

Statistical Capacity: In addition, the World Bank is supporting the GOL’s statistical capacity. Support to the Ministry of Women’s Affairs includes plans to develop household surveys with a focus on gender, and to develop a unit that will focus on gender across all types of statistical measurements. Separately, the World Bank is working with the MOET to develop an SME observatory to focus on gathering data. The approach will be to start gathering what data is already available, including on both formal and informal firms. The goal of this effort is to replace the missing gaps in data that, in other countries, might be filled by quasi-independent think tanks that do separate research.

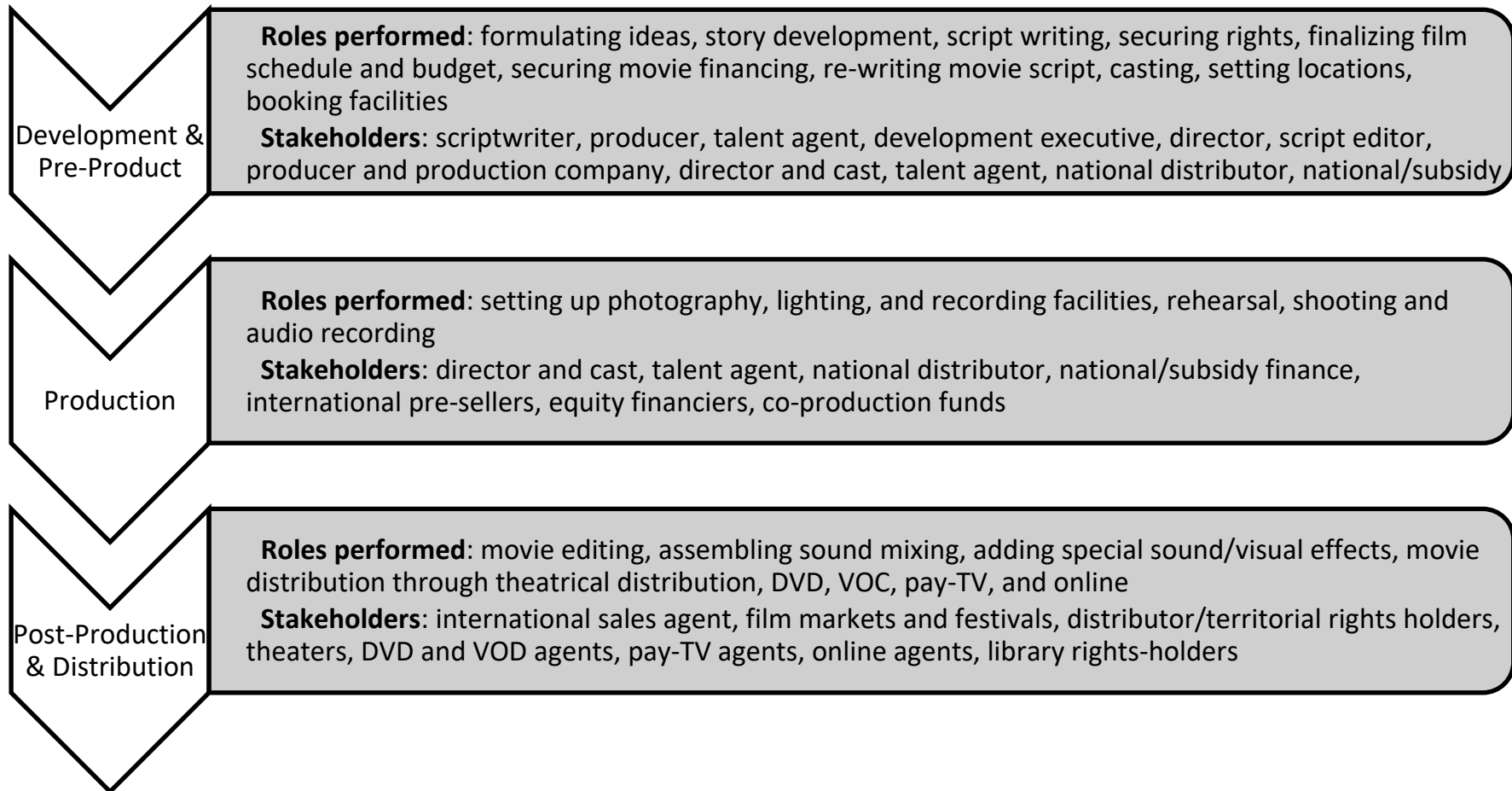
⁷⁵ For additional information, visit <http://projects.worldbank.org/P127306/lb-innovation-sme-growth?lang=en>.

Exhibit J1. Donor Mapping – Workforce Development Programming in Lebanon

Workforce Development Programming in Lebanon														
Current Programs			Trainee Nationalities			Public TVET			Private TVET			Other Activities		
Donor	Program Name(s)	Implementing Partner(s)	Palestinian	Syrian	Lebanese	TVET Infrastructure	TVET Curriculum	TVET Training	TVET Infrastructure	TVET Curriculum	TVET Training	Studies and Assessment	Direct Private Sector Trainings	Job/Intern Placement with Private Sector
AFD		IEDC	★	★	★				★	★	★	★	★	★
CIDA	ODA, UNDP	UNDP MercyCorps		★	★						★	★	★	★
Dutch Ministry of Foreign Affairs	FORSA, Various	ILO, UNDP, MercyCorps, FAO, WFP	★	★	★	★	★	★	★	★	★	★	★	★
EU	<u>ProVTE</u>	GIZ	★	★	★	★	★	★				★		
EU Madad	<u>Oudra</u>	GIZ		★	★			★			★	★		
<u>KfW</u>	N/A	IRC, UNRWA, UNDP		★					★	★		★		
RDPP	Various	Several INGO and Local Partners	★	★	★						★	★		★
WFP	Food for Training	Several INGOs		★							★	★		

ANNEX K: FILM INDUSTRY VALUE CHAIN

The following material is adapted from IDAL 2015a.



ANNEX L: USP-LAU BENEFICIARY AND GRADUATION DATA

Approximately 500 individuals have benefitted from the University Scholarship Program (USP) at the Lebanese American University (LAU) under its various cycles, with the support of USAID. Cumulative enrollment under USP-LAU was 519 as of fall 2018.⁷⁶

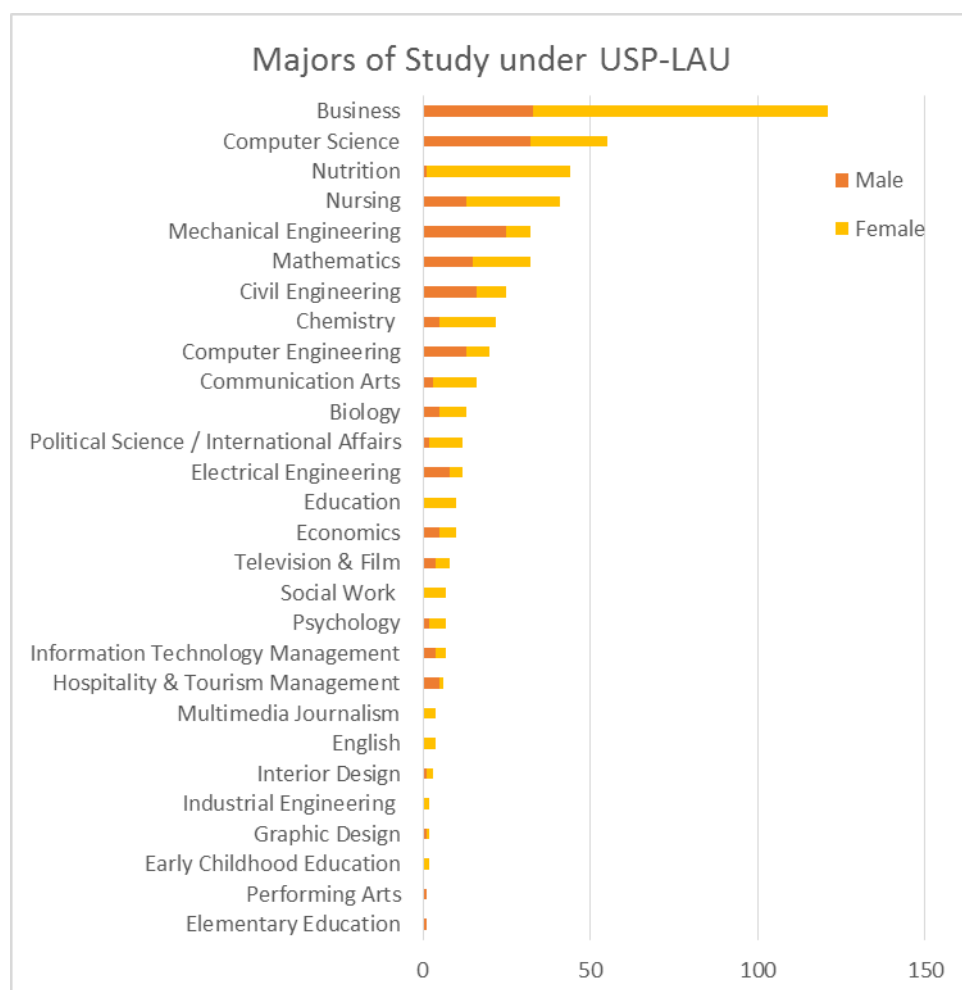
The USP-LAU beneficiary profile is imbalanced in terms of gender of participants, though this imbalance favors female beneficiaries. A total of 324 or approximately 62% of all students enrolled at LAU under the USP are female, as compared to 195 or 37.6% of all students who are male.

Under the USP as administered at LAU, beneficiaries are permitted to select the academic major of their choice, subject to admissions criteria, with relatively few exceptions. According to USP administrators, only a few majors are excluded from USP based on the perception of weak opportunity for post-graduation employment, and/or the inability of the program to provide additional scholarship for graduate-level studies. For example, more recent USP cycles have not permitted students to study biology, which is often used as a pathway to study medicine (USP-LAU). To date, USP beneficiaries have selected from among 28 academic majors offered at LAU.

The most popular academic majors among USP beneficiaries cover a range of disciplines including business, science/engineering/math, and health-related fields. Approximately 23.3% of beneficiaries (across all cohorts) have studied business, clearly the most popular selection. The shares of beneficiaries selecting other popular majors are as follows: computer science (10.6%), nutrition (8.5%), nursing (7.9%), mechanical engineering (6.2%), and mathematics (6.2%). The selection of all academic majors among all USP-LAU cohorts is displayed in **Exhibit L1** below.

⁷⁶ Per data provided by USP-LAU in September 2018.

Exhibit L1. Selection of Majors under USP-LAU, by Gender



There are gender disparities in the selection of some, but not all, academic majors. A significantly higher share of female beneficiaries has chosen to study majors including nutrition and business. For example, a significantly higher share of females than males pursued business degrees (27.2% of all female beneficiaries versus 16.9% of all male beneficiaries). Conversely, a significantly higher share of male beneficiaries has chosen to study science and engineering disciplines including mechanical engineering, computer science, civil engineering, and computer engineering. Alternatively, some majors where one might expect to find a gender disparity do not reveal such stark differences, for example nursing, early childhood and elementary education, and industrial engineering. The disparity in selection of major across genders is tabulated below (**Exhibit L2**).

Exhibit L2. Gender Differences Across Majors Studied under USP-LAU

Major	% of Males Studying	% of Females Studying	In-Major Gender Disparity: Female - Male (percentage points)
Nutrition	0.5%	13.3%	12.8%
Business	16.9%	27.2%	10.2%
Education	0.0%	3.1%	3.1%
Chemistry	2.6%	5.2%	2.7%
Communication Arts	1.5%	4.0%	2.5%
Social Work	0.0%	2.2%	2.2%
Political Science / International Affairs	1.0%	3.1%	2.1%
Nursing	6.7%	8.6%	2.0%
English	0.0%	1.2%	1.2%
Multimedia Journalism	0.0%	1.2%	1.2%
Early Childhood Education	0.0%	0.6%	0.6%
Industrial Engineering	0.0%	0.6%	0.6%
Psychology	1.0%	1.5%	0.5%
Interior Design	0.5%	0.6%	0.1%
Biology	2.6%	2.5%	-0.1%
Graphic Design	0.5%	0.3%	-0.2%
Elementary Education	0.5%	0.0%	-0.5%
Performing Arts	0.5%	0.0%	-0.5%
Television & Film	2.1%	1.2%	-0.8%
Economics	2.6%	1.5%	-1.0%
Information Technology Management	2.1%	0.9%	-1.1%
Hospitality & Tourism Management	2.6%	0.3%	-2.3%
Mathematics	7.7%	5.2%	-2.4%
Electrical Engineering	4.1%	1.2%	-2.9%
Computer Engineering	6.7%	2.2%	-4.5%
Civil Engineering	8.2%	2.8%	-5.4%
Computer Science	16.4%	7.1%	-9.3%
Mechanical Engineering	12.8%	2.2%	-10.7%

Among those beneficiaries who have graduated from USP-LAU under the various cohorts, the majority have found employment. A total of 283 beneficiaries have completed their studies under USP-LAU between fall 2014 and spring 2018.⁷⁷ Of these, approximately 57.2% are employed, 26.1% are unemployed, and 16.6% are pursuing graduate studies. As expected, unemployment rates are higher among later cohorts – for example, more than 60% among USP VI but only 5.2% among USP I – who are presumably more recently entered into the labor market than earlier cohorts. Results are tabulated below (Exhibit L3).

Exhibit L3. Employment among USP-LAU Beneficiaries, by Cohort⁷⁸

	Employed, No Graduate Studies	Employed, with Graduate Studies	Pursuing Graduate Studies	Unemployed	Total
Number					
USP I	35	9	11	3	58
USP II	43	5	7	8	63
USP III	42	6	17	23	88
USP IV	N/A	N/A	N/A	N/A	N/A
USP V	16	0	11	29	56
USP VI	6	0	1	11	18
Total	142	20	47	74	283
Share (within cohort)					
USP I	60.3%	15.5%	19.0%	5.2%	100%
USP II	68.3%	7.9%	11.1%	12.7%	100%
USP III	47.7%	6.8%	19.3%	26.1%	100%
USP IV	N/A	N/A	N/A	N/A	N/A
USP V	28.6%	0.0%	19.6%	51.8%	100%
USP VI	33.3%	0.0%	5.6%	61.1%	100%
Total	50.2%	7.1%	16.6%	26.1%	100%

⁷⁷ Per data provided by USP-LAU in September 2018. The difference between total beneficiaries enrolled and those graduated (calculated at 236) is understood to be due to those students who are still pursuing their undergraduate studies.

⁷⁸ LAU does not administer USP IV.

ANNEX M: INFOPRO KIIS – SUPPLEMENTAL DATA ANALYSIS

This annex provides supplemental data analysis based on the KIIs conducted by InfoPro with 79 private sector stakeholders.

Firm Profile

Those firms surveyed represent a range of sizes, though more than half self-classified as medium- or large-sized. Approximately 14% of firms interviewed (11 firms) self-identified as micro-sized firms with a total of 1-5 employees. Approximately 9% of firms interviewed (7 firms) self-identified as small-sized firms with a total of 6-10 employees. Approximately 42% of firms interviewed (33 firms) self-identified as medium-sized firms with a total of 11-50 employees. Approximately 35% of firms interviewed (28 firms) self-identified as large-sized firms with a total of more than 50 employees.

The distribution of firms by size and sector are tabulated below (Exhibit M1). Because firms were specifically selected for inclusion in KIIs to ensure coverage of sectors and size, the distribution of firms should not be taken to reflect all firms operating within Lebanon or in a given sector.

Exhibit M1. Size of Firms Surveyed, by Sector

Sector	Firm Size			
	Micro	Small	Medium	Large
Agriculture and Agribusiness	0	2	5	5
ICT	3	0	3	2
Industry	3	2	7	6
Tourism and Hospitality	1	0	5	4
Real Estate and Construction	0	1	3	2
Health and Healthcare	2	1	3	4
Environment	0	1	5	3
Financial	2	0	2	2
Total	11	7	33	28

Business Performance Trends

Firms generally reported negative business performance over the preceding three years. Among those responding to the question, 53% (41 firms) reported that business had declined over the past three years, as compared to 14% (11 firms) that reported stability and 32% (25 firms) that reported growth over the same period. Looking across sectors, the most robust performance is reported by firms in the agriculture and agribusiness, health and healthcare, and financial sectors (Exhibit M2). By size, the most robust performance was reported by small-sized firms while the worst performance was reported by micro-sized firms (Exhibit M3).

Exhibit M2. Recent Business Performance

Sector	How Has Your Firm's Business Performed Over the Past Three Years? (% of firms responding, per sector)		
	Decrease	Stable	Increase
Agriculture and Agribusiness	25%	17%	58%
ICT	38%	38%	25%
Industry	76%	6%	18%
Tourism and Hospitality	78%	11%	11%
Real Estate and Construction	100%	-	-
Health and Healthcare	30%	20%	50%
Environment	33%	22%	45%
Financial	50%	-	50%
Total	53%	14%	32%

Exhibit M3. Recent Business Performance

Sector	How Has Your Firm's Business Performed Over the Past Three Years? (% of firms responding, per classification)		
	Decrease	Stable	Increase
Micro	73%	18%	9%
Small	43%	-	57%
Medium	59%	9%	31%
Large	41%	22%	37%
Total	53%	14%	32%

More than half of the firms surveyed reported that they have difficulty in accessing access to finance. Among those firms responding to the question, 58% (45 firms) reported that they do find it easy to access finance. Looking across sectors, firms within the ICT sector, the health and healthcare sector, and the environmental sector appeared to report greater ease in accessing finance. Conversely, firms in the agricultural and agribusiness sector reported the highest rates of dissatisfaction in accessing finance.

Exhibit M4. Firm Perceptions of Access to Finance

Sector	Is It Easy to Access Finance? (% of firms responding, per sector)	
	No	Yes
Agriculture and Agribusiness	75%	25%
ICT	25%	75%
Industry	61%	39%
Tourism and Hospitality	67%	33%
Real Estate and Construction	60%	40%
Health and Healthcare	50%	50%
Environment	56%	44%
Financial	67%	33%
Total	58%	42%

Employment Trends

Firms were roughly evenly split between those that have reduced and those that have expanded their workforce within the past three years. Of the 58 firms responding to the question, 52% (30 firms) indicated that they had reduced the number of employees in the preceding three years, as compared to 48% (28 firms) that had increased the number of employees. Looking across sectors, the strongest increases in hiring over the past three years were reported in the health and healthcare, financial, agriculture and agribusiness, and environment sectors.

Exhibit M5. Recent Hiring Patterns

Sector	How Has Hiring Changed in Your Firm in the Past Three Years? (% of firms responding, per sector)	
	Decrease	Increase
Agriculture and Agribusiness	36%	64%
ICT	40%	60%
Industry	75%	25%
Tourism and Hospitality	75%	25%

Real Estate and Construction	100%	-
Health and Healthcare	-	100%
Environment	38%	63%
Financial	20%	80%
Total	52%	48%

When pressed to quantify the level of workforce expansion, a total of 41 firms indicated that they had expanded their workforce by an average of approximately 35% in the previous three years. Looking across sectors, firms in the environment and tourism and real estate sectors reported the most significant increase in hiring over the past three years. The reason for the inconsistency between this question and the previous question – for which the real estate and construction sector reported a decrease in hiring – is unclear.

Exhibit M6. Recent Hiring Patterns

Sector	By How Much Has Your Firm Expanded Hiring in the Past Three Years? (average per sector)
Agriculture and Agribusiness	24%
ICT	31%
Industry	35%
Tourism and Hospitality	50%
Real Estate and Construction	30%
Health and Healthcare	23%
Environment	65%
Financial	20%
Total	34%

Only 46% of firms surveyed reported that they are currently hiring. Looking across sectors, the highest proportion of firms currently hiring are in ICT, tourism and hospitality, and agriculture and agribusiness. Conversely, only a third of firms within the industrial sector, real estate and construction, and the financial sector reported that they are currently hiring.

Exhibit M7. Current Hiring Patterns

Sector	Is Your Firm Currently Hiring? (% of firms responding, per sector)
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	No	Yes
Agriculture and Agribusiness	50%	50%
ICT	35%	75%
Industry	67%	33%
Tourism and Hospitality	40%	60%
Real Estate and Construction	67%	33%
Health and Healthcare	60%	40%
Environment	56%	44%
Financial	67%	33%
Total	54%	46%

Among those firms that reported needing employees, the majority emphasized the need for skilled employees. Approximately 86% of firms responding to the question (60 of 70 firms responding to the question) indicated that they primarily require additional skilled labor. Regardless of sector, skilled employees appear to be in greater demand. Notably, firms in the ICT, health and healthcare, and financial sectors only reported demand for skilled labor. Demand for unskilled labor was reported most strongly by firms in the agriculture and agribusiness sector (**Exhibit M8**).

Exhibit M8. Firm Demand for Skilled and Unskilled Employees

Sector	Which Types of Employees Do You Require? (% of firms responding, per sector)	
	Unskilled	Skilled
Agriculture and Agribusiness	36%	64%
ICT	-	100%
Industry	14%	86%
Tourism and Hospitality	22%	78%
Real Estate and Construction	20%	80%
Health and Healthcare	-	100%
Environment	12%	88%
Financial	-	100%
Total	14%	86%

Looking forward, a majority of firms (66% of those responding) predict stability in future employment. Approximately 26% of firms responding (20 of 77 firms responding) predicted an expansion in hiring. Only a minority of firms predict a reduction in future hiring (8%). Looking across

sectors, firms appear to be most optimistic on future hiring in the ICT and financial sectors, followed by agriculture and agribusiness and real estate and construction (**Exhibit M9**). Notably, firms in the tourism and hospitality industry reported a more stable (and slightly pessimistic) outlook with regard to hiring than firms in other sectors.

Exhibit M9. Recent Hiring Patterns

Sector	How Does Your Firm Expect Hiring to Change in the Next Three Years? (% of firms responding, per sector)		
	Decrease	Stable	Increase
Agriculture and Agribusiness	9%	55%	36%
ICT	-	50%	50%
Industry	12%	76%	12%
Tourism and Hospitality	20%	80%	-
Real Estate and Construction	-	67%	33%
Health and Healthcare	-	70%	30%
Environment	11%	67%	22%
Financial	-	50%	50%
Total	8%	66%	26%

More than half of firms surveyed (61% or 46 of 76 firms responding) reported that they provide formal training to employees (**Exhibit M10**). Notably, half or more of all firms reported that they provide formal training to employees with the exception of firms in the agriculture and agribusiness sector. Among firms offering training, most firms report that they primarily provide internal training (60% or 28 of 47 firms responding), with relatively fewer indicating that they provide external training (21% or 10 of 47 firms responding) (**Exhibit M11**). Approximately 19% of all firms (9 of 47 firms responding) provide both internal and external training for employees. Firms within the real estate and construction, tourism and hospitality, and health and healthcare sectors reported the greatest reliance on internal training,

Exhibit M10. Firm Provision of Formal Training for Employees

Sector	Does Your Firm Provide Formal Training for Employees? (% of firms responding, per sector)	
	No	Yes
Agriculture and Agribusiness	64%	36%
ICT	-	100%

Industry	50%	50%
Tourism and Hospitality	50%	50%
Real Estate and Construction	67%	33%
Health and Healthcare	11%	89%
Environment	25%	75%
Financial	33%	67%
Total	39%	61%

Exhibit M11. Firm Provision of Formal Training for Employees – Type of Training

Sector	Which Type of Training Does Your Firm Provide for Employees? (% of firms responding, per sector)		
	Internal	External	Both
Agriculture and Agribusiness	50%	50%	-
ICT	50%	50%	-
Industry	44%	22%	33%
Tourism and Hospitality	80%	-	20%
Real Estate and Construction	100%	-	-
Health and Healthcare	75%	13%	13%
Environment	71%	-	29%
Financial	25%	25%	50%
Total	60%	21%	19%

Engagement with Business Partners and Customers

Approximately 90% of firms surveyed (68 of 76 firms responding) report that they attend business exhibitions, presumably as a means to learn about new trends or innovations in their respective sectors. The highest proportion of firms attending exhibitions are within the agriculture and agribusiness, real estate and construction, and environment sectors.

Exhibit M12. Firm Attendance at Exhibitions

Sector	Does Your Firm Attend Exhibitions? (% of firms responding, per sector)	
	No	Yes

Agriculture and Agribusiness	-	100%
ICT	13%	88%
Industry	22%	78%
Tourism and Hospitality	13%	88%
Real Estate and Construction	-	100%
Health and Healthcare	10%	90%
Environment	-	100%
Financial	17%	83%
Total	11%	89%

A strong majority of firms surveyed (82% or 60 of 73 firms responding) indicated that they would be willing to partner with an international firm in order to advance their business. Looking across sectors, the highest reported willingness to partner with an international firm is reported by firms in the ICT, environment, and financial sectors. Conversely, only 53% of firms (38 of 72 firms responding) indicated that they would be willing to partner with a domestic firm in order to advance their business. Looking across sectors, the highest reported willingness to partner with a domestic firm is reported by firms in the financial, health and healthcare, and agriculture and agribusiness sectors.

Exhibit M13. Firm Willingness to Engage in Partnerships

Sector	Is Your Firm Willing to Partner with Other Firms? (% of firms responding, per sector)	
	International	Domestic
Agriculture and Agribusiness	90%	70%
ICT	100%	38%
Industry	71%	44%
Tourism and Hospitality	56%	33%
Real Estate and Construction	67%	33%
Health and Healthcare	88%	75%
Environment	100%	56%
Financial	100%	83%
Total	82%	53%

Firms are split on the perceived quality of their respective partnerships. Approximately 24% of firms (19 of 78 responding) indicated that the quality of partnerships is poor, as compared to 42% reporting fair quality and 33% reporting excellent quality. Firms within the tourism and hospitality,

health and healthcare, and environment sectors reported the most optimistic perspective on the quality of their partnerships.

Exhibit M14. Firm Perspective on Respective Partnerships

Sector	What Is the Quality of Your Firm's Partnerships? (% of firms responding, per sector)		
	Poor	Fair	Excellent
Agriculture and Agribusiness	27%	45%	27%
ICT	13%	50%	35%
Industry	28%	44%	28%
Tourism and Hospitality	40%	20%	40%
Real Estate and Construction	-	83%	17%
Health and Healthcare	40%	20%	40%
Environment	-	56%	44%
Financial	33%	33%	33%
Total	24%	42%	33%

Firms are also split on the perceived strength of their respective online presence. Approximately 41% of firms (32 of 78 firms responding) indicated that they have low or limited online presence, as compared to 33% reporting an average presence and 26% reporting a high or strong online presence. Firms within the ICT, tourism and hospitality, and financial sectors report the greatest confidence in the extent of their online presence; conversely, firms in the real estate and construction, industry, and agriculture and agribusiness sectors report the lowest confidence in their online presence.

Exhibit M15. Firm Perspective on Online Presence

Sector	What Is the Extent of Your Firm's Online Presence? (% of firms responding, per sector)		
	Low	Average	High
Agriculture and Agribusiness	55%	27%	18%
ICT	13%	38%	50%
Industry	67%	22%	11%
Tourism and Hospitality	10%	40%	50%
Real Estate and Construction	100%	-	-
Health and Healthcare	20%	60%	20%

Environment	33%	44%	22%
Financial	17%	33%	50%
Total	41%	33%	26%

Engagement with USAID

Of the 79 firms interviewed by InfoPro, only a minority (24% or 19 firms) reported that they are or have engaged with USAID. The highest average rates of engagement were reported by firms within the environmental sector, the agricultural and agribusiness sector, and the financial sector. In terms of firm size, the highest rates of engagement were reported by large- and small-sized firms.

Exhibit M16. Firms Reporting Engagement with USAID, by Sector

Sector	Firms Reporting Engagement with USAID	
	# of Firms in Sector	% of Firms in Sector
Agriculture and Agribusiness	6	50%
ICT	1	13%
Industry	5	28%
Tourism and Hospitality	0	-
Real Estate and Construction	0	-
Health and Healthcare	0	-
Environment	5	56%
Financial	2	33%
Total	19	24%

Exhibit M17. Firms Reporting Engagement with USAID, by Size

Sector	Firms Reporting Engagement with USAID	
	# of Firms in Classification	% of Firms in Classification
Micro	1	9%
Small	2	29%
Medium	7	21%
Large	9	32%

Total	19	24%
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