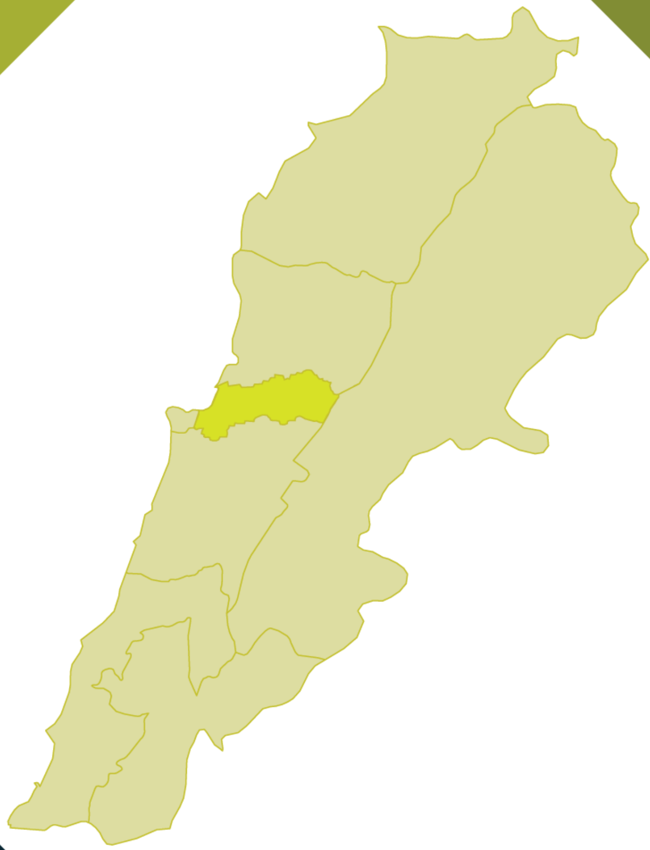
ITALIAN AGENCY FOR DEVELOPMENT COOPERATION

COSV
COORDINAMENTO DELLE ORGANIZZAZIONI PER IL SERVIZIO VOLONTARIO

PUBLIC INTEREST DESIGN LEVANT



2019

SKILLS GAP ANALYSIS OF EL-METN DISTRICT INDUSTRIAL SECTOR

Skills gap analysis of El-Metn[1] District Industrial Sector

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Executive Summary

[1] *Matn (Arabic: قضاء المتن, Qaḍāʾ al-Matn), sometimes spelled Metn, is a district (qadaa) in the Mount Lebanon Governorate of Lebanon, east of the Lebanon's capital Beirut. The district capital is Jdeideh.*

ABBREVIATIONS (A-Z)

AICS - Agenzia Italiana per la Cooperazione allo Sviluppo - http://www.aicsbeirut.org

ALI - Association of Lebanese Industrialists - http://www.ali.org.lb/

CAS - Central Administration of Statistics - http://www.cas.gov.lb/

CBT - Competency Based Training

CCI - Chamber of commerce, industry and agriculture - http://www.cci-fed.org.lb

COSV - Coordinamento delle Organizzazioni per il Servizio Volontario - https://www.cosv.org/

CRDP - Center for Educational Research and Development - https://www.crdp.org

ETF - European Training Foundation - https://www.etf.europa.eu/en/regions-andcountries/countries/lebanon

GDP - Gross Domestic Product

IDAL - Investment Development Authority Lebanon - http://investinlebanon.gov.lb/

ILO - International Labour Organization (Office for Arab States) - http://www.ilo.org.lb/

IMF - International Monetary Fund (Lebanon) - https://www.imf.org/en/Countries/lbn

LCPS - The Lebanese Center for Policy Studies - http://www.lcps-lebanon.org/

MEHE - Ministry of Education and Higher Education - http://www.mehe.gov.lb/

MENA - Middle East and North Africa

MOA - Ministry of Agriculture - www.agriculture.gov.lb/

MOI - Ministry Of Industry - http://www.industry.gov.lb/pages/default.aspx

MOL - Ministry of Labour - http://www.labor.gov.lb/

MOSA - Ministry of Social Affairs - http://www.socialaffairs.gov.lb/MSADefault.aspx

MSMEs - Micro, Small and Medium Enterprises

NEO - National Employment Office http://www.neo.gov.lb/home.aspx

NGOs - Non-Governmental Organisations

NVTC - National Vocational Training Centre

PID - Public Interest Design Levant http://www.pid-levant.org

TVET - Technical and Vocational Education and Training

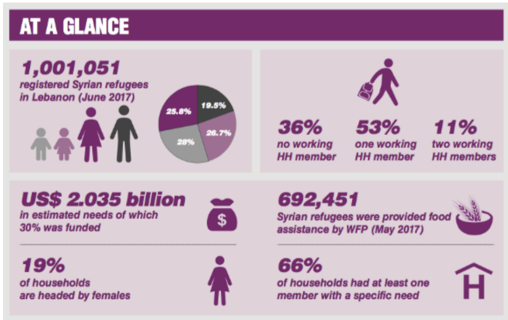
UNICEF - United Nations Children's Fund - https://www.unicef.org/lebanon/

UNDP - United Nation Development Program http://www.lb.undp.org/

VEEP - Vocational Education & Employment Programme

INTRODUCTION

The Lebanese labour market is encountering significant challenges due to internal and external causes. **Lebanon's total population has increased by more than 25%, from 4.3 million in 2010 to just over 6 million in 2016**[2]. The influx of an estimated 1 million Syrian refugees since 2011 and a protracted refugees situation[3] mixed with uncertain conditions about the future of the Area and an economy, driven mainly by real estate, financial services and tourism, that is not growing as before has strained public finances, infrastructure and service delivery.



Host communities, residents and refugees are competing for job opportunities and, given the current negative situation for the Lebanese economy, this is contributing to fuel social tensions that need to be defused. Youth unemployment (aged 15-24) has been increasing dramatically and reached an alarming rate of 16,5% and the female labour force participation rates just over 21 % of the working-age population.

VEEP
البرنامج المهنيّ للتعليم والعمالة

As part of COSV mandate[4] to work on socially cohesive economies for the most vulnerable, COSV in partnership with PID[5] launched a project[6] in the Mount Lebanon Governorate to support refugees and hosting communities, in order to mitigate the effect of the crisis: the **Vocational Education & Employment Programme (VEEP)**[7].

The general idea of VEEP is to train Lebanese and Syrian job seekers on technical and vocational skills needed by the industrial sector, with the help of Vocational Training Centres, and placing them in local companies for an apprenticeship period of 3 months. Hopefully the apprenticeship period will be transformed in full employment once over. The project's main aim is **to create sustainable job opportunities in local businesses for Lebanese residents and refugees**, with special focus on youths and women, contributing to COSV strategy for the MENA region, based on inclusive economic development and social cohesion.

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[2] *Lebanon Country Profile. World Bank World Development Indicators.*

[3] *UNHCR/UNICEF (2017) Vulnerability Assessment of Syrian Refugees in Lebanon*

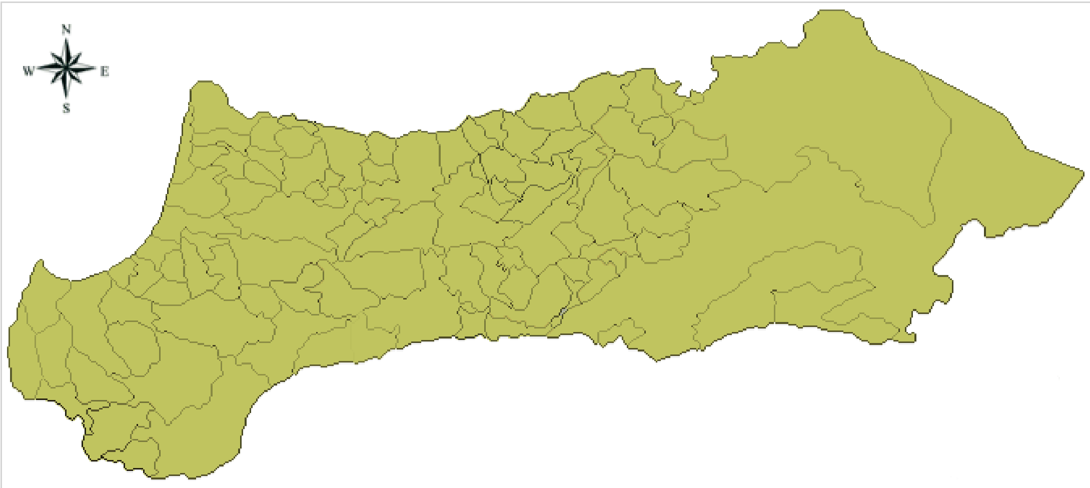
[4] *COSV (Coordinamento delle Organizzazioni per il Servizio Volontario) aims at contributing to the development of more inclusive and cohesive local societies in the MENA Region. To achieve this result it adopts a two-pillar strategy: SOCIAL COHESION (local entities are able to play their role as actors of change and innovation) and INCLUSIVE ECONOMIC DEVELOPMENT (local economies are oriented towards a more inclusive form of business).*

[5] *Public Interest Design - Levant*

[6] *The Vocational Education & Employment Programme (VEEP)*

[7] *A broader description is available in the Annex 1*

COSV chose to operate within the Industrial sector because, due to our researches provided to the Donor during the application phase[8] and the specific condition of a part of the beneficiaries[9], it has resulted that even if the **Industry** is not the main sector of Lebanon in terms of GDP contribution **it's the one with the highest potential of job creation**, especially related to the **sustainable economic inclusion of the most vulnerable**.



A pilot geographic area of **Mansourieh, Daychouniyeh and Mkalles**[10] in the El-Metn District - Mount Lebanon Governorate - was chosen to start the research on the skills gap, mainly due to the presence of a large number of industrial activities in the area and the diversified nature of the beneficiaries.

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[8] For further details see the documents attached to the COSV proposal (08/05/2017)

[9] Syrians by law are allowed to work only in a few sectors in Lebanon - Decree-Law no. 17561, September 18, 1964

[10] Mansouriyeh - Mkalles - Daychouniyeh (الديشونية - المكلس - المنصورية) is a Lebanese local authority which is located in Matn District (Qada'a), an administrative division of Mount Lebanon Governorate (Mohafazah). The municipality is member of Federation of Matn Ech Chemali Es Sahli Oual Aoussat Municipalities.

METHODOLOGY

Lebanon does not have a Labour Market Information System and labour **market data is not systematically collected**. Labour market data and figures are outdated and there are serious data gaps at both national and regional levels, for both the supply and demand sides. There is also a **high level of informal economic activities** all around Lebanon, that makes even more complex to define a proper picture. So, to better understand the structure of the local industrial market and have a clearer view with regards to the skills gap, it was deemed useful to approach it from different perspectives.

First, the present document will present an analysis of a wide variety of updated documents, research papers and analysis from major Lebanese economic and financial bodies[11]. This allowed the authors to present the Lebanese general socio-economic, political and legal landscapes, with current and expected economic trends and the major challenges that the Lebanese society has to face.

Then, the present research paper will present a series of interviews with Key Informants from the area of intervention: mayor international organisations, associations of industrialists, Chamber of Commerce, Industry and Agriculture, Financial Institutions, NGOs working in capacity building for businesses, vocational training centers and a sample of local businesses.

Finally, all findings will be summarized in the conclusive chapter, in which the authors will recap the current status of the Lebanese economy, the skills gap identified through the campaign of interviews with key informants and the solutions undertaken to overcome the problem.

[11] For the full list of sources taken into consideration please refer to the bibliography at the end of the present document.

SOCIO-ECONOMIC AND POLITICAL FRAMEWORK

ABOUT LEBANON[12/13]

The Republic of Lebanon is situated on the eastern shores of the Mediterranean and covers a total area of 10.450 square kilometers, most of it mountainous. Lebanon's mountainous terrain, proximity to the sea and strategic location at a crossroads of the world were decisive factors in shaping its history. Lebanon is **one of the most densely populated countries in the world**, with an average of over 594 people per square km of land. Around 90% of the population reside in an urban environment.

According to the ETF analysis about "Labour Market and Employment Policies in Lebanon" of 2015 we can find some interesting checked facts:

"The 1975–90 civil war seriously damaged Lebanon's economic infrastructure". This has been rebuilt by borrowing heavily – mostly from domestic banks – saddling the government with a huge debt burden.

"Lebanon has a free-market economy and a strong laissez-faire commercial tradition". The government supports private investment, and public ownership has generally been limited to infrastructure and utilities. In general, the Lebanese economy depends on 'royalties' from real estate and financial markets and other similar sectors, **which do not create sufficient jobs.**

*"Since 2009, the Lebanese economy has witnessed **a reduction in growth due to political and security uncertainties.**"* This economic decline has been **accelerated by the Syrian crisis** and refugee influx which have had a negative impact on economic growth and service provision. This has resulted in reduced foreign investment, reduced tourism and increased demand on government services, including education and health.

According to the World Bank[14] medium-term economic prospects remain sluggish and macro-financial risks high. **Projections of annual growth persist to be around 2 percent over the medium term.**

	2014	2015	2016	2017
GDP (current US$)	47,833,413,749	49,459,296,463	49,598,825,982	51,844,487,742
GDP growth (annual %)	2.0	0.8	2.0	2.0
Inflation, GDP deflator (annual %)	1.9	2.6	-1.7	2.5
Agriculture, forestry, and fishing, value added (% of GDP)	4.1	3.5	3.5	3.5
Industry (including construction), value added (% of GDP)	17.6	15.4	15.4	12.0
Exports of goods and services (% of GDP)	27.6	26.9	25.5	23.6
Imports of goods and services (% of GDP)	53.9	47.2	47.1	46.4
Gross capital formation (% of GDP)	24.2	21.4	24.8	21.8
Revenue, excluding grants (% of GDP)	20.0	17.3	18.3	..

[12] *ETF (2015) Labour Market and Employment Policies in Lebanon*

[13] *World Bank - Databank (2017) http://databank.worldbank.org/data/reports.aspx?source=2&country=LBN*

[14] *http://documents.worldbank.org/curated/en/189231523637982157/pdf/125256-MEM-April2018-Lebanon-EN.pdf*

AN OVERVIEW OF THE INDUSTRY SECTOR

Despite the fact that in 2013, an estimated 5000 industrial companies employed around 90.000 workers (UNDP, 2013) nowadays the industrial sector counts for only 12% of the Lebanese Gross Domestic Product (GDP).

	2014	2015	2016	2017
Industry (including construction), value added (% of GDP)	17.6	15.4	15.4	12.0

The Association of Lebanese Industrialists (ALI)[15] affirms the ability of the industrial sector to mitigate the crisis, creating more jobs and opportunities despite the business environment. But since 2013 the Industry sector is decreasing year after year.

A number of sectors – construction, mining and quarrying, electricity, water and gas**,** wholesale and retail trade, motor vehicle repair, transportation and storage, real estate – **employ mainly low-educated workers[16].** Other sectors – information and communication, finance and insurance, areas involving professional, scientific and technical activities – employ highly educated workers but they shed jobs.

TABLE 2 Lebanon / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2015	2016	2017 e	2018 f	2019 f	2020 f
Real GDP growth, at constant market prices	0.8	2.0	2.0	2.0	2.0	2.0
Private Consumption	3.1	-3.0	6.6	2.0	1.1	0.1
Government Consumption	6.0	12.1	-4.8	5.1	3.6	2.0
Gross Fixed Capital Investment	-2.6	17.3	-10.2	9.1	4.8	2.9
Exports, Goods and Services	7.2	-5.0	0.9	7.2	5.6	2.8
Imports, Goods and Services	6.9	0.2	1.1	8.1	4.3	0.3
Real GDP growth, at constant factor prices	0.3	4.6	1.7	1.0	1.9	2.1
Agriculture	-14.0	1.5	3.4	2.5	0.0	2.6
Industry	-5.5	-2.8	-21.1	3.4	2.5	2.6
Services	2.2	6.1	5.3	0.6	1.9	2.1
Inflation (Private Consumption Deflator)	-3.1	-0.8	4.5	4.5	3.5	3.0
Current Account Balance (% of GDP)	-16.3	-19.9	-21.2	-21.6	-20.4	-18.2
Financial and Capital Account (% of GDP)	22.3	18.8	16.7	17.4	15.5	14.2
Net Foreign Direct Investment (% of GDP)	3.4	4.0	3.3	3.2	3.1	3.0
Fiscal Balance (% of GDP)	-7.8	-9.6	-6.6	-8.3	-8.9	-9.3
Debt (% of GDP)	142.2	151.0	151.1	149.3	149.6	150.6
Primary Balance (% of GDP)	1.2	0.0	3.2	2.1	2.0	2.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate, f = forecast.

In order to tackle these issues the Lebanese government has launched several strategic programs, in particular the Ministry Of Industry (MOI) has developed an "**Integrated vision for the industrial sector**" to be realised before 2025 and the Ministry of Education and Higher Education (MEHE) has presented the **National Strategic Framework for Technical and Vocational Education and Training** (TVET) 2018–2022[17]. Both the strategies has to be implemented and executed in the years to come.

[15] http://www.ali.org.lb/news/state-lebanons-industry

[16] ETF (2015) Labour Market and Employment Policies in Lebanon

[17] This framework is the culmination of year-long deliberations led by the Government of Lebanon, with the support of the United Nations Children's Fund (UNICEF) and the International Labour Organization (ILO), involving a wide array of stakeholders, including the MEHE, the Ministry of Labour (MOL), the Ministry of Agriculture (MOA), the Ministry of Social Affairs (MOSA), the National Employment Office (NEO), the National Vocational Training Centre (NVTC), private sector representatives and non-governmental organizations (NGOs).

More funds for long-stalled reforms are coming from the international communities, considering that only in the last Cedar (CEDRE) Conference in Paris[18] Lebanon won aid pledges exceeding $11 billion[19] for an investment program to boost its economy.

Despite the efforts of the government the Industrialists are critics and According to the latest Socio-Economic Recovery[20] paper published by ALI in 2017, "*in the past years the lack of economic policies, vision and plan by the government resulted in a weak and inefficient activity of the real economy. Bigger finance deficit, dropping revenues, generally less spending with growing debt and declining export/import figures are all indications of a regressing economy in the industrial sector.*"

We have to consider that the report from ALI has been released before the Cedar Conference and before the announcement of the government strategy for the future of Industry and TVET; but according to Dr. Gemayel, president of the Association of Lebanese Industrialists *"over 400 factories closed down in the last 4 years and this data clearly indicates that the industrial sector is regressing."*
On the other hand it must be taken into account that ALI represents only 16% of all registered companies (825 members in ALI out of 5035 companies with permits) because, according to Mr Hijazi - General Director of ALI -*"smaller companies don't enter ALI due to lack of management or awareness"*.

Neither by looking at the total number of VAT licenses[21] it is possible to have a clearer picture of the Industry sector: the government can only provide information on the total amount of companies with VAT, and cannot separate between the active and those who closed down. Furthermore, companies that have less than 15,000,000 LBP (~ 10,000 USD) in revenue are not obliged to declare the VAT.

ABOUT MOUNT LEBANON AND THE EL METN DISTRICT

The Mount Lebanon Governorate spans, except for Beirut, along the Mediterranean coast, limited by the North Lebanon Governorate to its North, and the South Lebanon Governorate to its South. Its Eastern frontier borders the Bekaa and the Baalbek-Hermel Governorates.
Mount Lebanon's economy is mainly based on industrial activities. The Governorate contains the highest concentration of industrial firms in Lebanon, hosting 58% of the total number Lebanese industrial firms. The majority of these firms are agro-food companies (17.93%), accounting for 34% of the total number of agro-food companies in Lebanon. This sector is followed by paper and printing companies, accounting for 13.15% of industrial firms of Mount Lebanon.[22]
Mount Lebanon is also an important agricultural zone, albeit with lower shares of cultivated land than in regions such as the Bekaa, due to its rough landscape.
Mount Lebanon is divided in six districts: Jbeil, Keserwan, Metn, Baabda, Aaley, Chouf.

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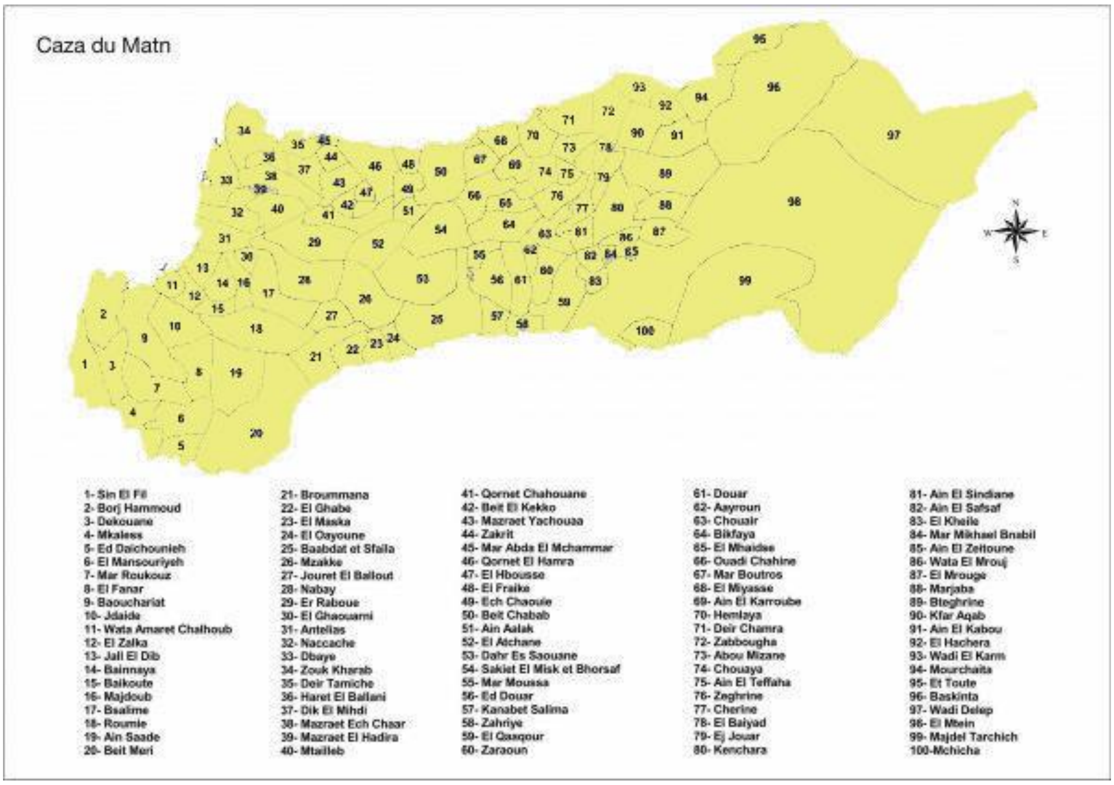
[18] *CEDRE CONFERENCE - Paris - April 6, 2018.*

[19] *The pledges include $10.2 billion in loans and $860 million in grants*

[20] *Socio-Economic Recovery paper - ALI (2017)*

[21] *http://www.finance.gov.lb/en-us*

[22] IDAL - *http://investinlebanon.gov.lb/en/lebanon_at_a_glance/invest_in_regions/mount_lebanon_governorate*



For the Pilot we have selected the district of El Metn[23], one of the most popular areas in Lebanon. El Metn's population is almost entirely Christian with some Druze and Shias in the region.

LABOUR MARKET[24]

"The Lebanese labour market is highly complex and the Labour market data and figures are scant, incomplete, outdated and in some cases contradictory. Characterised by low activity and employment rates; a low contribution of women to economic life; a large informal sector; a high influx of foreign workers; and a large number of skilled Lebanese people seeking and obtaining employment abroad." **A fundamental problem pertaining to youth unemployment is the length of time spent searching for jobs by those who want to enter the labour market for the first time**. Also, young people face challenges related to permanent work and fair wages.

*"**Before the Syrian crisis, labour market conditions in Lebanon were already dire**: high unemployment rates coexisted with **skills mismatch in the labour market and a high prevalence of low-quality and low-productivity jobs."*** The massive and continuous influx of Syrian refugees is expected to further increase labour supply by between 30% and 50% (with the largest impacts on women, young people and unskilled workers).

The most recent data[25] relating to the labour market indicates that the labour force participation rate and employment rate are 49.2% and 43.6% respectively. The labour market is male-dominated: 67.8% of all participants are male. The female activity rate stands at 25.6%.

Unemployment data is the most controversial. The World Bank report of 2012 sets the national rate at 11%; the Central Administration of Statistics (CAS) study of 2011 calculates it at 6%; and other

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[23] *https://en.wikipedia.org/wiki/Matn_District*

[24] *Mainly based on the paper ETF - Labour Market and employment policies in Lebanon (2015) and on the ALI Socio-Economic Recovery of Lebanon Industrial Sector (2017)*

[25] *CAS - Central Administration of Statistics (2009)*

governmental institutions including the Ministry of Labour and the National Employment Office (NEO) estimate it to be between 20 and 25% for the same period.

The youth unemployment rate is particularly high. The National Youth Policy Document, endorsed by the Lebanese government on 3 April 2012, states that the youth unemployment rate is 34% and that unemployment is higher among higher-educated youth: 21.8% among upper secondary graduates and 36.1% among university graduates. For the ILO the numbers are quite different 'cause they estimates that in 2017 the Youth unemployment (aged 15-24) has reached an alarming rate of 16,5%. The numbers are controversial but we can say that the rate has to be considered in both case high.

According to the National Employment Office (NEO)[26], there are an excessive number of universities in Lebanon graduating students that cannot be absorbed by the local job demand, and unfortunately end up being unemployed and/or seeking better opportunities abroad, thus contributing to the so called brain drain. In parallel, there is a negligence of vocational and technical education which is socially condemned to a position of inferiority, while the country is dire need of these sectors.

To complicate even more the scenario since March 2011, **the conflict in Syria has resulted in massive influxes of refugees across the region.** The crisis in Syria is having a particularly dramatic impact on Lebanon. It has created unprecedented inflows of refugees, now exceeding one million or about one-quarter of Lebanon's population. This is the largest level among neighboring countries despite Lebanon's smaller size (IMF, 2014). This unprecedented number of refugees, combined with internal political and economic challenges, has contributed to increased instability throughout Lebanon. **Refugees are competing with Lebanese citizens for jobs, access to public services and infrastructure** and, in particular, already scarce and fragile natural resources, such as land, water and forests. The situation threatens the country's delicate sectarian balance, institutional and political stability, and regional peace and security (FAO, 2014).

[26] [26] The National Strategic Framework for Technical and Vocational Education and Training (TVET) 2018–2022

CHALLENGES AND OPPORTUNITIES

While self-employment appears to be a favored option in Lebanon, promoted by the Government and mayor international organisations such as the World Bank, **the resulting low level of additional job creation has not been able to keep pace with new entries to the labour market.**

The key challenges that are faced are due to **the predominance of MSMEs and informality in the Lebanese economy**; **extensive migration** and **emigration of workers**; **inadequate recruitment services** being provided; recruitment practices restricting information gathering on the labour market and the dearth of reliable data being a hindrance to forming accurate projections on occupational sectors as well as to reducing employment gaps.[27]

Although the crisis is hitting hard on Lebanese economy, there are potential opportunities. The Paris Investor Conference in early April 2018 presented a unique opportunity for Lebanon to effect a sustained boost to the economy, to help stabilize financial and foreign exchange markets, and catalyze job creation. An essential component of this process is the adoption and implementation of a structural reform program and a better coordination of all the stakeholders in the public and private sector.

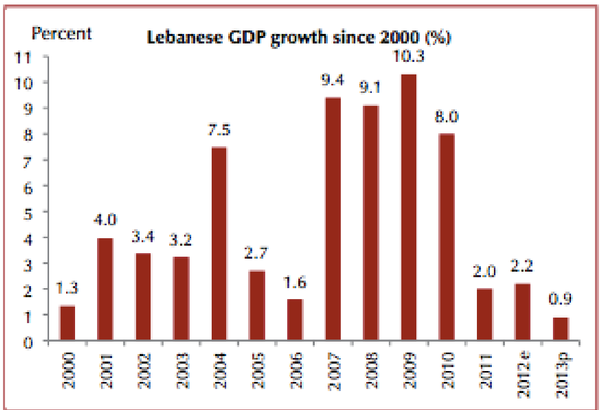

FIGURE 2. Growth in 2013 is at its lowest level since 1999...

Source: Lebanese authorities and WB staff calculations.

According to Mr. Talal Hijazi *"As shown by impressive economic growth achieved by Lebanese economy before 2012, Lebanon possessed and still possesses distinctive human capital, whether skilled and specialized people, educated youth, or entrepreneurs and businessmen who promote Lebanon's image locally and internationally"* (ALI, 2017).

Proof of this is the expansion of Lebanese industrial exports before the crisis from USD 800 million in 2000 to USD 3.6 billion in 2012; in 12 years Lebanese figures have more than tripled.

The general director of ALI is convinced that *"Even though export gradually fell by almost 30% over the course of the last 3 years, the way Lebanese industries answer to the challenges of this crisis is a clear sign of the strengths and capabilities of the industrial sector. The industrialists who positively adjusted to the tough market conditions shifted their focus back on the strengths for which Lebanese are well known for and turn them into a competitive advantage. Lebanese industrialists have resorted to their ability to achieve excellence through creativity and innovation, rather than relying on mass production export. They have found opportunities lying in niche and foreign markets. With particular regards to the latter industrial investment cooperation agreements could be signed with countries such as Iraq, Iran, and several African Countries, where factors of production are still low", as pointed out by ALI"* and that *"to further mitigate the regional crisis in Lebanon it is important to develop Public – Private partnerships to enhance services level which will create new job opportunities for the younger generations."*

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[27] ILO - AICS (2016) Matching skills and Jobs in Lebanon: Main features on the labour market - challenges, opportunities and recommendations

KEY INFORMANTS INTERVIEWS

In order to define the skills gap it was deemed useful undertaking a campaign of interviews through key informants in the sectors of industry and commerce, vocational education, finance, governmental agencies, international organisations and with NGOs offering capacity building in business and management. This first group include interviews with the Association of Lebanese Industrialists, the Chambers of Commerce Industry and Agriculture of Beirut and Mount Lebanon, Kafalat, the Dutch NGO PUM, the National Employment Office, the World Bank, IDAL, UN ILO and the GIZ Technical Assistance for a more practice oriented VTE in Lebanon and several Technical Schools in the area of greater Beirut.

Furthermore, to be more accurate, a second campaign of interviews with key informants in the industrial market of Mkalles, Daychouniyeh and Mansourieh was organised. The second group includes interviews with Chedid & Ayoub Service Center, Polytextile (Mr. Paul Abi Nasr), I.D Design (Mr. Pierre Boutros), Mr. Antoine Azzam Service Center and IFP (Mr. Albert Aoun).

A full report with all the interviews is available but in order to give you an insight of what we have discovered the informations have been collected and organised according to four main challenges: Labour Market; Vocational Training Education, Growth expectations & Job opportunities; Suggested Solutions by Key Informants.

Labour Market

1.1 Skills gap and attitude

"Most of the companies in Lebanon lack skilled staffs in quality control if their ultimate goal is to export to the EU."
Marwan Nasr (PUM)

"Lebanese companies are moving towards more technologically advanced machinery"
_Mansour Mechaalani (Head of ALI, Mkalles)

The new recruit often arrive lacking the proper skill set, requiring the employer to take charge of their training, with an investment in time and money. The investment is often unreturned as in many cases, once the employee has gathered enough skills, experience and confidence, they will leave and start their own business, thus creating a new vacancy and increasing competition for the same market share.
Furthermore, another issue that was often mentioned by interviewees is the working attitude of the young Lebanese workers:

"Young Lebanese usually have an attitude of superiority, are not willing to start at the bottom and learn by experience as most of the business owners did themselves"
_Antoine Azzem (Industrialist)

Still according to the interviewed employers they do not want to work in what they consider is beneath them. This attitude negatively reflects in their presentation skills and their ability to relate and engage with clients; as well as in their ability to perform physical tasks such as loading/unloading machineries, tasks for which they usually show very scarce dedication. This attitude pushes many employers to rely more on Syrian workers, whose attitude is quite the opposite of that of the Lebanese: they have a more humble approach, are willing to work in all the requested tasks, without prejudices, and often willing to perform the tasks of several different roles at the same time. On the other hand though, employers believe that once the socio-political and economic situation in Syria will become more stable, Syrian workers will supposedly leave the workplace and return home. This would result in an open vacancy and wasted investment in time and money spent to train the worker.

1.2 Salaries and investments

"When the students goes out of the institution and is employed,
the manager will have less know-how than the employee
which creates a conflict of interest between the new employee and the manager."
_Jean Merhi (Instructor)

As well as one might expect, salary is one of the most important factors that interviewed employers keep into consideration when hiring workers. There are several reasons that push employers towards the hiring of Syrian workers. First and foremost, given the current negative condition for the Lebanese economy with many industrialists facing financial problems, Syrian workers represent a cheaper solution, as they don't have high salary expectations as per their Lebanese competitors. Furthermore, Lebanese workers have a higher cost in terms of taxes. Finally, some employers believe that the current status of the Lebanese economy doesn't encourage employers to invest in technology, as there is not enough market opportunities to allow them to return the investment. Many rather prefer hiring less expensive workers, with lower or zero contractual costs and the possibility to operate in forms that resemble the zero hour contracts present in foreign countries. For almost all the interviewed employers the choice of hiring a worker with fixed contractual costs must be justified by the added value they can generate.

Other employers chose to offer a very low salary to their entry levels. They justify this choice by creating a parallelism with the costs incurred by university students, who pay high tuition costs for their education. Those employers believe that the training they provide should be paid for by their entry level, and therefore retain a proportion of the salary as cover for the know-how, hard and soft skills they teach.

Vocational Training Education

"Those who are currently not active in searching for a job
will not be interested in TVET training
because not interested in working in industrial jobs."
_Enzo Sciolla (TVET Expert - GIZ)

According to interviews with industrialists in the pilot area of the project[28], there are no clear or sustainable communication channels between the industrialists/employers and the job seekers.

Hence, another area to focus on is strengthening the relationship between the Industrialists and the Vocational Training Centers (VTCs). This would provide the opportunity to satisfy the demand created by the industrialists, thus adapting to the new emerging circumstances of the market.

We have to notice that - in order to have a better coordination of all the stakeholders - a specific framework[29] has been developed recently by the Ministry of Education and Higher Education (MEHE) in collaboration with the support of the United Nations Children's Fund (UNICEF) and the International Labour Organization (ILO), involving a wide array of stakeholders, including the MEHE, the Ministry of Labour (MOL), the Ministry of Agriculture (MOA), the Ministry of Social Affairs (MOSA), the National Employment Office (NEO), the National Vocational Training Centre (NVTC), private sector representatives and non-governmental organizations (NGOs).

The framework has been presented but no specific actions have been taken until now[30]. A possibility in the short term that would allow to quickly react to the everlasting mutating nature of the market, and to meet the vocational needs of both students and medium-long term unemployed can be found in the Competency Based Training (CBT). The trainings are usually of shorter duration (2 to 3 months) and aimed at ensuring that the trainee has achieved a well-defined set of practical skills, and be ready to work at the end of the course. The CBT is based on real professions, requires knowledge, skills and attitudes that affect the job and it is correlated with job performance, which can be measured against specific standards. A close cooperation between industrialists and VTCs aiming at developing CBT curricula that are relevant for the job market, on a periodic basis, would ultimately help improving efficiency of the labour market.

In parallel, reintroducing refugees to the workforce is just as important, in order to provide vocational education opportunities to all those affected by the war, and therefore who have been prevented from attending school or finishing their studies. Furthermore, vocational education would prove useful for all those already working in hands-on fields although not holding a proper degree. Finally, vocational education would support refugees recreating economic independence and not relying on welfare.

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[28] *Municipality of Mkalles, Mansourieh, Daychouniyeh.*
[29] *The National Strategic Framework for Technical and Vocational Education and Training (TVET) 2018–2022*
[30] *November 2018*

Growth expectations & Job opportunities

"I'm having a difficult time finding good skilled workers, because most of the "smart" students are living abroad or leave Lebanon as soon as possible."
_Pierre Boutros (Entrepreneur)

"We don't need only quick win, we need a more strategic and valuable approach"
_Yasser Ali (ILO)

Interviewed employers have been asked about their methods for selecting new workers and employees, and a variety of answers have been recorded. The majority of industrialists agree that there is a lack of tools to find qualified workers and employees; and that they do not refer to Vocational Training Centres or National Employment Office to fill their vacancies. They rather prefer to resort to their networks of contacts (Word of Mouth) or wait for job seekers to present their CV's in person (or sometimes even just a phone number with their professional role e.g. carpenter, welder, etc…). The latter form of submission of interest mostly applies to Syrian refugees. Some interviewees acknowledge trying to hire through Vocational Training Centres, receiving no response to their job openings from students. Some tried using a more proactive approach by placing advertisements in newspapers such as Wassit and Diyar, or visiting technical institution such as Kafalat and the Dekwaneh Technical Institute, but without result.

Looking at job positions often researched by the employers, it is possible to identify few emerging categories.

Operators/Maintenance workers are frequently needed for running the machineries and keep them operational. In the past these used to be distinct job positions but, due to the current financial crisis, many employers now seek for workers that can cover both roles.

Welders/Carpenters and similar hands-on jobs (depending on the type of work done at the different companies) are also needed.

Industries that are moving towards more technologically advanced machinery are searching for **basic software/AutoCAD Designers** and **draftsman**. The required tasks involve preparing different designs/layouts for the production machines. Mr. Pierre Boutros (I.D. Design) for instance, is currently looking for fresh graduates that have basic AutoCAD skills and he is willing to further train them in-house on the specific machinery he uses.

Technicians are also required, due to a shortage in number for this category. Many interviewed employers believe that there could be plenty of opportunities for Lebanese who are willing to cover this professional role. Others acknowledge that is becoming more and more difficult to find qualified technicians confronted with the past, and therefore they either resort hiring engineers that graduated from university; or by taking a novice and training them in-house through hands on experience. In the first case there will be an over skilled resource who can perform the duties of a technician (and eventually grow into the position of foreman); in the latter it will be the already described case of in-house training.

Suggested Solutions by Key Informants

Due to a lack of common strategy and long-term vision all the employers interviewed have developed their own individual response to the skills gap (while still hoping that the government will address it at a higher level). As already seen in the previous paragraph, in house training represents the preferred solution. However, there are different models that deserve to be presented.

Employers who believe that Lebanese are too costly / don't have the right attitude, but at the same time don't want investing in the training of Syrian refugees as they may be tempted to return home once the political situation in Syria will become stable, resort to hire nationals belonging to other minorities present in the Country. That is so as they often act as guarantor for those workers, and therefore they are reassured that for 5 years at least those workers will work with them, having the opportunity to return the investment costs for their in house training.

Other employers have developed solutions that are more articulated. That is the case of the Dual System designed and implemented by Polytextile. The Dual System sees workers been involved in part time vocational training and part time work. In this way, Polytextile is able to train its workers in house, while at the same time returning of the investment giving them the possibility to start working immediately part time. Workers receive an incentive to take part in the Dual System, equal to the salary earned for their part-time work.

Unfortunately, only 3 out of 60 people who took part in the system remained with Polytextile for the whole program duration, while others left seeking for higher salary opportunities. According to Polytextile, having participants starting the program at 15 years old would have enhanced their chances to complete it, as they would be satisfied with a lower salary.

Furthermore, almost all employers agree that any chosen training methodology should aim at providing and testing the acquisition of specific competencies related to job professions. This opinion is in line with the current focus that most national and international actors operating in the field of vocational education attribute towards the Competency Based Training (CBT).

Finally, when asked about the possibility of adhering to an electronic system for job matching, employers have stressed that this would be greatly beneficial for the Lebanese labour market.

"We need to know the data, we requested the launch of a national survey regarding the employment, the training needs and the technical needs."

_Talal Hijazi (General Manager ALI)

CONCLUSIONS

The socio-economic situation in Lebanon requires a greater effort of interpretation and planning. In the short term not only it aims to buffer a situation of objective difficulty, sharpened by the Syrian crisis, but it **aims at creating a virtuous system of inclusive and sustainable growth** where all subjects, from those most in need to corporate captains, can prosper.

In its recent history Lebanon has experienced various difficulties that made the work of the government in creating and implementing policies particularly complex. International cooperation can be a decisive factor, but we need to distinguish between emergency and structural policies in order to develop policies able to allow Lebanon to move forward. Obviously both must take into account all of the stakeholders. However, while emergency can be implemented and successfully bring immediate relief to those most in need, structural policies allow longer term planning thus creating the preconditions for Lebanese institutions and national and international organisations to lay the foundations for **a sustainable future where Lebanon may increasingly be less dependent on international aid and increasingly able to grow adequately with its own strength.**

According to the scenario described in the previous chapters Lebanese Industrial sector is losing weight towards the national GDP. According to our key informants the best outlook for Lebanese industry is expected for more technology oriented sectors rather than labour oriented. Regardless of what nationality workers the industrialists hire, it is possible to identify a common pattern towards in-house training as the main solution to the skills gap. That is so as Lebanese industrialists don't trust the current vocational training programs provided by the governmental institutions.

This lack of trust is not only limited to TVET programs, but involves the future of Industry itself. For this reason most of the Lebanese industrialists in Mount Lebanon Governorate are not investing either in new machineries or in trained workers. Instead they resort to hiring of Syrian skilled labor, mainly because of their lower wage requests. And despite believing this to be a practical short-term solution they are also worried on the medium-long term. Indeed once the political situation in Syria will become stable and Syrian refugees will supposedly return to their home Country, Lebanese industrialists will lose skilled workers they have trained at their own expenses.

There is another interesting pattern that can be noticed: the choice whether to employ Lebanese versus Syrians nationals relies merely on the financial situation of the employer. Those industrialists who are financially struggling more because of the crisis tend to hire Syrian workers mainly for their lower salary request and their willingness to cover more than one role, therefore enabling the employer to save on personnel costs. On the other hand, those who are better established employ a 'wait and see' method and can still afford the hiring of Lebanese nationals, taking the risk to see them quitting their posts once they have reached a plateau in their learning and earning curves.

All of the above considered, it is possible to provide few recommendations: first and foremost **a closer coordination between the government, NGOs, industrialists and providers of vocational trainings, either public or private, is deemed essential to ensure that Lebanese youth receives education consistent with the demand of the employers**. This closer communication and cooperation will ensure that job seekers will always be equipped with updated and relevant skills needed by the job market. Furthermore, **it is highly recommended that vocational training programs would be certified by national** (Ministry of Education; Ministry of Labour) **and international** (ILO) **institutions** before becoming effective, in order to guarantee common qualitative standards.

On the other hand, in Lebanon young people are not encouraged to pursue vocational education, and on the contrary there is a social stigma that must be recorded towards this educational sector, as it is often correlated to failing to graduate from school or to enter into university. This situation results in a surplus of graduate students which cannot be absorbed by the job market, with the only alternative to unemployment represented by emigration (brain drain). **An effort by the government to break the social stigma on Vocational Training** through proper marketing channels, the introduction of vocational training in university programs and re-educating the market on the advantages of attending and graduating from VT's is crucial for the future of Lebanese workers and industries. To recap, notwithstanding the current negative outlook for the Lebanese economy, a closer cooperation between businesses and public and private providers of vocational education would benefit the industrial market as a whole: on one hand it will reduce the skills gap lamented by the industrialists; on another hand it will positively tackle the high unemployment rate recorded for Lebanese youth. Additional cooperation with international organisations (e.g. ILO) would guarantee higher qualitative standards. Finally, the government should consider a campaign to promote life-long learning and vocational education, as Lebanon is affected by a misallocation of resources, producing too many graduate students that are not absorbed by the local job demand and are forced to emigrate as alternative to unemployment, while failing to provide skilled graduate in vocational education with the skills to justify their employment by local businesses, which are very often required to carry out a proper in house vocational training.

Throughout our campaign of interviews with Key Informants of Lebanese Industrial market we have seen that all actors are asking for reforms: from government offices, to entrepreneurs to workers, everyone wants to implement changes, even substantial ones, to improve their situation. These positive energies must be coordinated though. Even by limiting our analysis to the area of reference for the pilot (Mount Lebanon Governorate), it is very clear that there is no willingness to invest if there is no trust in the future. If on the one hand an emergency policy for the inclusion of people in needs in the labour market is important, providing them with relatively simple jobs that do not require a multi-year preparation, there are still major questions to be asked: will it be possible to continue for years with "cash for work" policies? Or will it be more fruitful training people with the skills to work in a different labour market? And what jobs are going to exist in the next future? What the most relevant sectors for occupation? The future is the place we have to look for if we want a sustainable and inclusive growth for Lebanon. That is why we need to broaden our gaze to the international context, because at this specific moment several countries are making a profound reflection on the structure of their labor market. This can be regarded as an opportunity to be grasped as well: thanks to its size, its demographics and its demonstrated resilience and ability to rise from ashes despite everything that happens, Lebanon can be the pilot of a broader and useful development strategy for the world. A strategy where the development and coordination of TVET programs and self-entrepreneurship policies will represent a successful solution to be competitive in a complex world, which need articulated and sustainable solutions.

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Annex I

VEEP

البرنامج المهنيّ للتعليم والعمالة

The Italian NGO COSV is currently implementing the **Vocational Education & Employment Programme** (VEEP) on behalf of the Italian Cooperation Agency.

VEEP operates in the framework of the response to the Syrian Crisis, whose effects affect the neighboring Countries as well.

In Lebanon VEEP focuses on two main topics:

Addressing the shortage of qualitative supply of skilled labour lamented by employers;

Supporting vulnerable groups in Mount Lebanon Governorate.

In order to better define its activities, VEEP has produced a **Skills gap analysis of El-Metn district industrial sector,** reflecting the opinion of all major stakeholders (ALI, CCIABML, Governmental Agencies, VET providers, local and international NGOs, Financial Institutions, etc…).

On the other hand, VEEP is currently developing a **Data Management System (DMS**), to be available on mobile platforms, which will connect the two ends of the labor market, job seekers and entrepreneurs. The DMS will be then donated to local actors operating in the labor market.

Finally, **204 beneficiaries have received training in professions linked to the construction sector** (A/C installer and maintenance worker; plumber; welder; Home electrician), based on the Competency Based Training (CBT) approach sponsored by ILO. The beneficiaries went through a selective process and the best 103 are now involved in job placements at local professionals, industries and/or companies.

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