



**POLICIES FOR  
HUMAN  
CAPITAL  
DEVELOPMENT  
LEBANON**

AN ETF **TORINO PROCESS**  
ASSESSMENT

**EXECUTIVE  
SUMMARY**



# PREAMBLE

The European Training Foundation (ETF) assessment provides an external, forward-looking analysis of the country's human capital development issues and VET policy responses in a lifelong learning perspective. It identifies challenges related to education and training policy and practice that hinder the development and use of human capital. It takes stock of these challenges and puts forward recommendations on possible solutions to address them.

These assessments are a key deliverable of the Torino Process, an initiative launched by the ETF in 2010 aimed at providing a periodic review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. In providing a high-quality assessment of VET policy from a lifelong learning perspective, the process builds on four key principles: ownership, participation, holistic and evidence-based analysis.

For the ETF, human capital development is about supporting countries to create lifelong learning systems, providing opportunities and incentives for people to develop their knowledge, skills, competences and attitudes throughout their lives to help them find employment, realise their potential and contribute to prosperous, innovative and inclusive societies.

The main purpose of these assessments is to provide a reliable source of information to enable the planning and monitoring of national education and training policies with respect to human capital development, as well as offering a foundation for programming and policy dialogue in support of these policies by the European Union and other donors.

The ETF assessments rely on evidence from the countries, collected through a standardised reporting template (national reporting framework – NRF) through a participatory process involving a wide variety of actors with a high degree of ownership by the country. The findings and recommendations of the ETF assessment have been shared and discussed with national authorities and beneficiaries. The assessment report starts with a brief description of Lebanon's strategic plans and national policy priorities (Chapter 1). It then presents an overview of issues related to the development and use of human capital in the country (Chapter 2), before moving on to an in-depth discussion of problems in this area that, in the view of the ETF, require immediate attention (Chapter 3). Chapter 4 provides the overall conclusions of the analysis.

The annexes provide additional information: a summary of the recommendations in the report (Annex 1) and an overview of the education and training system in Lebanon (Annex 2). The National Torino Process Report compiled by the country itself can be found here:

<https://openspace.etf.europa.eu/trp/torino-process-2018-2020-lebanon-national-report>.

This report was prepared by Abdelaziz Jaouani, ETF senior expert on human capital development, based on the national Torino process report and consultations with Lebanese stakeholders, including active international organisations and donors. ETF thanks all those who contributed to this consultation.



# EXECUTIVE SUMMARY

The ETF Torino Process assessment<sup>1</sup> provides an external, forward-looking analysis of the country's human capital development issues and VET policy responses from a lifelong learning perspective. Given the very limited official and comparable data, the primary source of this assessment analysis is the National Torino Process report for Lebanon (ETF, 2020), compiled using a standardised questionnaire (National Reporting Framework – NRF), and the related working group consultations organised between July 2018 and February 2020 with national and international stakeholders in a highly participatory process. The secondary sources of information include international data and publications (see References).

At the time the current report was being finalised, the Central Administration of Statistics (CAS) made available the preliminary key findings of the Labour Force and Households' Living Conditions Survey (LFHLCS, conducted in 2019). However, the COVID-19 health crisis and its possible consequences for the socio-economic context, labour market perspectives and key HCD issues are not included in the analysis. The impact of the health crisis will certainly make the current socio-economic situation even worse, while new opportunities could emerge to secure and accelerate system change.

Lebanon has been in the grip of a series of protests since October 2019, the aim of which is to bring down the country's sectarian political system, which has so far failed to provide the most basic services. This report has been compiled at an important point in the political and strategic development of the country and is expected to complement and support the positive trends for reform by setting up priorities for action for national policy makers, including the private sector, the European Union (EU) and international organisations.

## Context

Lebanon is characterised by its unique political structure, which was put in place after independence in 1943 to guarantee a balance of powers among the different religious groups. Although this special arrangement has so far guaranteed a certain stability, the balance remains very delicate and the current tensions in the region place the country's security and socio-political stability at risk. In addition, the need to always guarantee the representation and involvement of all religious groups at all levels slows down the decision-making process. The abolition of this sectarian governance system is the main demand of the ongoing protests known as 'the revolution'.

The Lebanese economic landscape has been facing severe challenges throughout the last decade: GDP growth plummeted to 0.2% in 2018<sup>2</sup>, exacerbated by a high and growing public debt<sup>3</sup> coupled with a significant decrease in foreign direct investment inflows<sup>4</sup>. Nevertheless, the Lebanese economy remains resilient despite the very challenging socio-economic situation. The government favours a strong role for the private sector through a free-market economy and a strong 'laissez-faire' commercial tradition. Lebanon is an upper-middle-income economy with one of the highest GDPs per

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<sup>1</sup> The complete list of references can be found in the 'References' section.

<sup>2</sup> World Bank and OECD National Accounts data.

<sup>3</sup> McKinsey & Company, Lebanon Economic Vision, Report, 2018.

<sup>4</sup> International Monetary Fund, Balance of Payment Database.

capita in the region (\$13 058 GDP PPP per capita in 2018<sup>5</sup>). However, one-third of its population lives below the poverty line<sup>6</sup>, on less than \$3.84 a day, notably 69% of the Syrians refugees, 65% of the Palestinians and 89% of Syrian Palestinians. The conflict in Syria has massively contributed to this situation by adding 1.5 million registered Syrians to the existing 450 000 Palestinian refugees, making Lebanon the country with the highest number of refugees per capita in the world (about 30% of its population<sup>7</sup>).

The labour market is characterised by low employment rates (43.3%), generally limited labour force participation (48.8%), especially in terms of young people aged 15–24 (39.2%) and women (29.3%, as opposed to 70.4% of men), as well as an increasingly large informal sector (55% of total employment)<sup>8</sup>, a high influx of foreign workers and refugees and a significant number of skilled Lebanese choosing to work abroad. This situation is inflated by inadequate or obsolete policies to address these socio-economic issues, a lack of mechanisms to anticipate and bridge the skills mismatch, weak public employment services (PESs) and active labour market policies (ALMPs), as well as the absence of a labour market information system (LMIS).

Traditionally, Lebanon had an advanced education structure, and well-trained technicians and engineers. Indeed, Beirut used to serve as an education centre for the region. However, a substantial part of this human capital was lost during the 1975–1990 conflict, and the educational system and infrastructure suffered significant damage and lack of investment. In spite of the turmoil, the national educational system has survived and is still highly valued by the Lebanese. One characteristic of the education and training system in Lebanon is the high proportion of private providers. The share of private enrolment in general education and VET is relatively high and remains above 50%<sup>9</sup>. Fifty-four per cent of the country's schools are privately run, while in higher education there is only one public university and 47 private ones.

The current strategic context is characterised, first of all, by the ongoing protests combining political and economic grievances and demanding the end of the country's sectarian political system. The so-called 'revolution' started in October 2019; three weeks later the government resigned and a new government has just been formed that has won the confidence of the Parliament (February 2020).

Other positive strategic initiatives are taking place in the country, including:

- The recent Government's economic vision, developed through the McKinsey study carried out in 2018, aims at increasing economic growth and reducing fiscal deficit and unemployment through 'quick win' actions.
- The National Strategic Framework for TVET (NSF 2018–2022) was endorsed after a wide range of consultations led by UNICEF-ILO.
- The Lebanon Crisis Response Plan (LCRP) 2017–2020, supported by the international community, aims at broadening educational opportunities for refugees and displaced persons, as well as encompassing other initiatives on education and training, notably those assigned within the framework of the European Union (EU) association agreement.

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<sup>5</sup> World Bank, World Development Indicators Database.

<sup>6</sup> United Nations Economic and Social Commission for Western Asia (ESCWA), 21 Sept. 2018.

<sup>7</sup> UN Population Division (2019), UNHCR (2018), UNRWA (2019).

<sup>8</sup> *The Labour Force and Household Living Conditions Survey (LFHLCS) 2018–2019*, CAS, 18th Dec. 2019.

<sup>9</sup> General Directorate for Vocational and Technical Education and Brite Indicators and Trends, 2019.

## Findings on human capital

Some of the key indicators available on human capital and the outcomes of the Torino Process national report, suggest that human capital is the main asset of the country but also subject to many challenges. The availability and utilisation of human capital is affected by many adverse factors, amongst which sectarian governance, political conflicts and unrest, demographic transformation, and lack of data are the most common. More specifically, human capital development is hampered by low levels of job creation, skills gaps and mismatch, weak public employment services, and limited access to lifelong learning (LLL), as well as a restricted institutional capacity for reform.

The analysis of socio-demographic and economic developments points to four main issues affecting the development and use of human capital in the country.

### 1. Inefficiencies in human capital utilisation due to low levels of job creation and skills mismatch

The Lebanese economy has traditionally focused on non-productive services' sub-sectors, such as real estate and banking. However, these occupations do not generate enough jobs to meet the huge demand in the labour market. In addition, during the last decade there has been a substantial economic regression. This, paired with the absence of skills anticipation and matching mechanisms, weak public employment services, and issues related to VET governance, financing and provision, creates a high risk of skills falling out of step with future changes in the job market.

### 2. Limited institutional capacity and resources for policy reform and ownership, leading to inequity and the disconnection of VET from labour market requirements

The country's limited institutional capacity and resources, together with a serious lack of data, are issues which not only hamper policy making and reform but also impact on the question of ownership, and thus the continuity and sustainability of any national or donor-led reform initiatives. In the skills development sector, this situation has reinforced inequity in education and the labour market, and is one of the main reasons for the long-lasting and significant disconnection of the VET sector from labour market needs.

### 3. Human capital development under pressure because of demographic transformations placing a burden on the education and training sector

Lebanon's total population has increased by 45% over the last decade, rising from 4.7 million in 2008 to over 6.8 million in 2018<sup>10</sup>. The influx of an estimated 1.5 million Syrian refugees since 2011, in addition to the presence of Palestinian refugees, has placed a great strain on public finances, infrastructure and service delivery. On the other hand, the country is experiencing a high level of emigration of its labour force (generally the young and educated). This demographic transition has exerted considerable pressure on the labour market and the education sector, to the detriment of their outcomes.

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<sup>10</sup> UN Department of Economic and Social Affairs Population Division, UNDESA World Population Prospects Database.

## RECOMMENDATIONS

### 1. Promote multi-level and multi-stakeholder governance



- Revive the higher council for VET
- Set up skills councils
- Foster public-private partnerships
- Reinforce school autonomy



### 2. Improve VET responsiveness to labour market needs



- Upgrade the teaching and learning environment
- Mainstream key competences, focussing on digitalisation and entrepreneurship



### 3. Make school to and work to work transition easier



- Upgrade the career guidance system
- Reinforce the national employment office
- Regulate and extend work-based learning



### 4. Develop the quality assurance and national qualifications frameworks



- Establish a system for the validation and recognition of informal and non-formal learning



### 5. Establish a national labour market information system

- Provide the necessary information to bridge skills mismatch
- Upgrade the career guidance system
- Adapt active labour market programmes



### 6. Diversify financing



- Further engage the private sector
- Develop an agreed costing methodology
- Move towards a performance-oriented approach to resource allocation
- Give schools more financial autonomy

### 7. Smooth the transition from donor to country-led VET planning, implementation and monitoring



- Ensure the commitment and collaboration of all stakeholders
- Guarantee the financial capacity and autonomy to support reforms

### 8. Pay more attention to Lebanese emigrants



- Foster exchange programmes for Lebanese nationals
- Offer entrepreneurship training to returnees
- Establish incentives for investment in productive activity



#### 4. Sustainable development goals review highlights issues in the public education sector and youth employment

The main priorities identified in the Lebanon Voluntary National Review of Sustainable Development Goals (2018) are poverty eradication, upgrading public sector education, reducing unemployment (especially amongst young people), enhancing the critical infrastructures, conserving natural resources, and addressing the impacts of the Syrian crisis on sustainable development. Education and training institutions are reporting to this monitoring exercise although they are facing significant development challenges.

These four human capital issues are described in Chapter 2 and the analysis of the related policy answers, gaps and recommendations are dealt with in Chapter 3. While this report focuses on the first two human capital issues, the recommendations cover, by extension, the other two, broader, issues (demographic transformation and sustainable development).

### Recommendations for action

The first series of recommendations refers mainly to the issue of inefficiencies in human capital utilisation and calls for various concrete ways to accelerate current efforts in addressing skills gaps and mismatch. We believe that this requires structuring reforms calling for a mix of investments, policies and actions, along with institutional capacity building for institutions and actors involved in VET policy design and delivery.

#### R.1.1 Create conducive conditions for the establishment of a multi-level and multi-stakeholder governance ecosystem

It is widely recognised that centralised governance is one of the main factors that hampers the effectiveness of VET in Lebanon. This issue covers the national, sectoral and local levels and impedes both VET's effectiveness and its attractiveness to learners and employers. The current recommendation proposes a comprehensive and coherent approach to addressing this urgent issue by fostering the conditions conducive to a multi-level and multi-stakeholder governance ecosystem that can steer skills development to respond effectively to the country's socio-economic needs.

- **National:** Reactivate and operationalise the Higher Council for VET and foster all kinds of PPP;
- **Sectoral:** Set up skills councils in priority/growing sectors;
- **Local:** Reinforce schools' autonomy and integration with their environment.

#### R.1.2 Improve VET provision for better responsiveness to labour market needs

The Torino Process National Report (ETF, 2020) and other studies have pointed to the problems of VET provision in the country, discussed in section 3.1.1. These issues call for a revision of the uneven distribution of students, teachers and schools, updating the curricula, further professional development for teachers, with a revision of their status and mode of recruitment, the upgrading of infrastructure and equipment, and the expansion of career guidance services, etc.

The National Strategic Framework also specifies detailed actions that should be undertaken to improve VET provision. The current recommendations have multiple aspects and focus on the main provision issues that need to be tackled as a matter of priority to achieve better responsiveness to labour market needs.

- Improve the teaching and learning environment for effective VET provision;
- Mainstreaming key competences with a focus on digitalisation and entrepreneurship.

### R.1.3 Create the conditions for an ecosystem easing the school- and work-to-work transition

The issues of education, training and employment are currently considered as part of a single process, the school-to-work transition, defined typically as the period between the end of compulsory schooling and the attainment of full-time, stable employment. In the case of Lebanon, this transition can be painful for VET graduates due to the gaps between education and training supply and labour market needs, among other issues. Professional mobility and work-to-work transition is also difficult due to limited or inadequate policies and the weak institutional capacity for reform, notably in the areas of labour market measures, career guidance services, work-based learning and apprenticeship, etc.

- Review and consolidate a comprehensive and more effective career guidance system;
- Reinforce the role of the National Employment Office (NEO) to fully accomplish its role of labour market intermediation;
- Regulate and extend work-based learning for more effective and faster transition into employment.

### R.1.4 Developing a QA framework and completing the NQF project for greater quality, transparency and mobility of qualifications and recognition of prior learning

In the effort to bridge the gap of skills mismatch and improve employability, the completion and institutionalisation of previous endeavours to develop frameworks, such as Quality Assurance (QA), the National Qualifications Framework (NQF) or the Validation of Non Formal and Informal Learning (VNFIL) should be considered. These frameworks, if implemented, would also confer benefits on vulnerable populations such as migrants, NEETs (people aged 15–24 who are Not in Education, Employment or Training), women and those with a low level of education.

- Develop a quality assurance framework (QAF);
- Complete and formalise the National Qualifications Framework (NQF);
- Set up a system for the validation of non-formal and informal learning (VNFIL).

**The second series of recommendations** focuses on policy-making capacity and the reinforcement of institutional arrangements and organisational settings in order to **ensure more policy coherence, consolidation and ownership**. The momentum created around the national VET strategic framework and the prospective political transition could present an opportunity to put the agreed measures into action, avoiding past mistakes and political constraints. The National Strategic Framework (NSF) defines the mission of VET reform in the following terms: ‘... *The VET system in Lebanon will be tripartite-led, fit for purpose and inclusive. It will provide competencies and life skills to meet the skills demand in the labour market, forming part of a larger education system with multiple pathways to encourage lifelong learning.*’

### R.2.5 Create the conditions to gradually establish a national labour market information system (LMIS)

An efficient and coherent LMIS system has to rely on the institutional arrangements and procedures that coordinate the collection, processing, storage, retrieval and dissemination of labour market information. As there is no general blueprint for a single and effective LMIS, a first step would be to

define the aim, scope (education, employment, economy, etc.) and level (national, regional, sectoral) of the most-needed analysis. The VET system is an important part of an LMIS and should build its own information system. The main purpose of data collection and analysis should be to provide labour market actors with the necessary information to bridge skills gaps and any labour/job market mismatches in general, but it also needs to support career guidance services and adapt ALMPs to skills requirements in specific sectors. This requires a substantial reinforcement of capacity building and high levels of cooperation with the private sector, CAS, the Ministry of Labour (MoL) and the NEO.

### **R.2.6 Diversifying the financial mechanisms to address policy priorities, further engage the private sector and ensure greater sustainability**

A shared governance approach to addressing policy priorities should also cover VET financing and the diversification of its sources. The ETF recommends initiating this reform through a review of the current budget formation and allocation procedure and VET providers' efficiency in providing the right skills. This should lead to:

- Developing an agreed costing methodology to ensure accurate and sustainable budget formation and execution;
- Diversifying funding sources and increasing the share of non-state resources to implement the current ambitious strategy and engage the private sector in practical ways.
- Moving towards a more performance-oriented approach to resource allocation. Currently, the budget is determined by a simple historic incremental approach.
- Give more management and financial autonomy to VET schools so that they can respond to local labour market needs and promote innovation.

Policy planning should take into account the various sources of funding, both public and private (including private VET providers and donors' contributions), in order to bridge the current gap between strategies and actual achievements, while ensuring greater visibility and transparency and making the policy more credible.

### **R.2.7 Ensure a progressive transition from donor- to country-led VET planning, implementation and monitoring**

This is a generic and important recommendation for policy makers to ensure greater relevance, coherence and sustainability in the field of skills development in Lebanon. Policy makers should gradually take the helm in terms of VET planning, implementation and monitoring. This will require organisational and capacity review and reinforcement.

- Full ownership would require a broader base of stakeholder commitment and collaboration.
- Policy uptake and ownership means also having the financial capacity and autonomy to support reforms.
- A monitoring and evaluation system needs to be established to assess the progress of policy implementation.

Lebanon remains in need of extensive support from the international community because of its limited capacity and resources, as well as its substantial deficits in the area of human capital development and use. Current and upcoming development and aid support should clearly anticipate the need for appropriation activities as well as an exit strategy so that the outcomes can be sustained.

## R.2.8 Give more policy attention to Lebanese emigrants, including those in the pre-departure stage, the diaspora and returnees

Emigration is a key aspect of Lebanese history and its present socio-economic situation, but its potential has not been sufficiently exploited in relation to local development and job creation. Further investment should be dedicated to supporting Lebanese emigrants, including those in the pre-departure stage, the diaspora and returnees. Investment, particularly in promoting the employability of emigrants, can positively impact on the development of both the receiving countries and Lebanon, yielding economic returns that could potentially be much higher than the initial investment (ETF, 2017b). Incentives and new schemes for remittances could also be created to redirect such sums away from consumption and towards productive activities that could generate jobs and increase the amount of migrant inward investment, which has decreased from 18% of GDP in 2010 to 12.5% in 2019<sup>11</sup>.

This calls for more engagement on the part of the international private sector, in particular the Lebanese diaspora, to generate social, cultural and economic benefits in Lebanon. This could include activities such as:

- Mapping the profile of Lebanese emigrants (including returnees);
- Exchange programmes for Lebanese nationals studying and working abroad to attract them back to the country (even temporarily);
- Business management and entrepreneurship training for returnees;
- Micro-credit schemes;
- Remittance schemes for investing in productive activities in Lebanon, including components such as skills development<sup>12</sup>.

## R.2.9 The potential of the private sector should be more effectively tapped and anchored in policy making and reform of the skills system

The private sector is a strong asset in Lebanon that should be given more space in national policy making and socio-economic development and monitoring. If it were fully involved in the policy cycle, as proposed by almost all the recommendations of this analysis, the private sector could play a more prominent role in improving employability and reducing skills gaps and mismatch at both the national and international (see R.2.8) levels. This involvement could range from contributing to VET governance and financing to the amelioration and reinforcement of skills provision and monitoring.

## R.2.10 Reinforce adult education and training from a lifelong learning perspective to improve employability, close mismatch gaps and ensure greater equity

The NRF confirms the absence of regulations related to lifelong learning (LLL) and the detachment of VET authorities and public providers from adult education and training (AET). This has obvious and negative consequences for human capital development and utilisation, such as exclusion, unemployment and skills mismatch, and affects economic productivity and competitiveness in general. In addition, the situation of young people remains problematic in Lebanon, with persistently high numbers of NEETs and refugees. In order to moderate this negative impact, the ETF recommends

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<sup>11</sup> World Bank estimates based on IMF balance of payments data and OECD GDP estimates.

<sup>12</sup> Recommendations of the ETF, Migrant Support Measures from an Employment and Skills Perspective (MISMES): Lebanon report, September 2017.

that the authorities should urgently develop a lifelong learning policy aimed at improving knowledge, skills and/or qualifications for personal, social and/or professional reasons. Lifelong learning is a conceptual and policy approach that optimises formal, non-formal and informal learning on a continuous basis throughout the life course.

## Conclusion

This report appears at a turning point in Lebanon political history. There is some hope that long-awaited change will now take place, including the much-needed reforms proposed in this report and others, to capitalise on the huge human capital potential of the country. In the complex Lebanese governance setting, reforms have always been difficult to achieve and fragmented in nature. One example of this disjointed approach is the running of pilot schemes that never lead to real reforms. Instead of fostering a silo mentality, what is needed is a comprehensive and coherent reform process linking policy actions to an effective monitoring and evaluation system. This is universally true but nowhere more so than in the context of human capital development.

More specifically, reform in the area of skills development needs to start with a more open, shared and multilevel governance structure that actively involves social partners and other actors in the design, implementation and monitoring of skills policy priorities.

To this end, the government has to send a clear public signal that it is serious about the reform process through the allocation of attention and resources. In parallel, the private sector must make a greater effort to cooperate with government; otherwise, the mistrust between government and the private sector will remain and the reforms won't be achieved. However, it is the responsibility of the government to break this vicious cycle.



The ETF launched the Torino Process in 2010 as a periodical review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. While providing a quality assessment of VET policy from lifelong learning (LLL) perspective, the process builds on four key principles: ownership, participation, holistic and evidence-based analysis.



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