

## LEBANON

### ETF COUNTRY PLAN 2007

#### 1. Socioeconomic background

Lebanon is a country which has regularly suffered from wars and domination by its neighbours, even as recently as July and August 2006.

Lebanon has a free-market economy and a strong laissez-faire commercial tradition. There are no restrictions on foreign exchange or capital movements, and bank secrecy is strictly enforced. There are practically no restrictions on foreign investment. However, the investment climate suffers as a result of corruption, arbitrary licensing decisions, high taxes and fees, archaic legislation, and a lack of adequate protection of intellectual property.

In the first 6 months of 2006 (i.e., before war broke out), the Lebanese economy had been growing at an annual rate equivalent to 5%, compared to close to zero growth in 2005. The most dynamic sectors were construction and real estate, with an increase of 62% in the constructed surface area in one year. The trade and services sector was buoyant, thanks to an improvement in tourism. All financial indicators showed a very positive trend in the economy, particularly in the last decade. During the first half of 2006, moreover, international investments in addition to regular remittances from Lebanese abroad resulted in a balance-of-payments surplus of 2.5 billion USD.

Despite government efforts to develop a strategy for the sector, agriculture's share of total exports remains low and is showing a declining trend (from an average of 5% to 3.8% in recent years). The industrial sector is growing, and has witnessed a major expansion in the jewellery sector (accounting for 31.4% of exports) due to a rise in the price of gold and silver and the high quality of Lebanese production (employing more than 15,000 workers). Excluding jewellery, there has been an average across-the-board growth of 11% in the sector, mainly machinery and technical appliance manufacture. The construction sector, which was booming before the war, is likely to benefit from the reconstruction of the country. During the first half of 2006 this sector grew by 44% in comparison with the same period in 2005.

The trade and services sector has been mainly driven by a growing tourism sector (e.g., a 49.6% increase in tourists in one year). This sector, which employs over 300,000 workers and represents 10%-12% of GDP, is likely to be the first to suffer the direct consequences of the war. Investment had mainly been made by Arab investors who saw potential in the Lebanese tourism sector. This overall satisfactory situation was also reflected by a growth in the sea and air transportation sectors.

Indicators also reflected a positive trend both in imports and exports, with the total volume rising by 22.5% in the first half of 2006 in comparison with the same period in 2005. The complex political situation in Lebanon has not seriously hampered the positive effect of economic resurgence. While public revenues have improved, government expenditure increases have been relatively contained.

Lebanon is preparing to face a period of economic stagnation as a consequence of the war. Donors have initiated the organisation of aid, by concentrating in a single fund, all the resources which will be spent at the government's discretion under the control of the donor community. It is difficult to assess how the country will react to the human and economic consequences of the war. Nevertheless, the strong commitment of the international community (in particular, neighbouring Arab states) in terms of aid, may well contribute to a rapid economic recovery. The capacity of the government and external stakeholders to develop a sound political environment will have a significant impact on the speed of the economic recovery.

## **2. Key policy issues and strategies in human resource development**

According to statistical information made available in 2002, the overall population of Lebanon is 4.1 million, representing an increase of over 6% compared to 1997 and a yearly demographic increase of around 1.3%. Nevertheless, unlike most of its Arab neighbours, Lebanon has an ageing population. Apart from the direct impact on the labour market structure, this may exacerbate the issue of pension provision in the mid-term.

The activity rate of the Lebanese population is one of the lowest in the Mediterranean region. The active population was estimated to be 1.415 million in 2001, representing an economic activity rate of 35.3%, and representing only 70% of the overall working age population. Several factors have been identified as contributing to this situation, namely, the low participation of women in the labour market, the fact that the contribution of declared occupation by women in rural areas is under-estimated, and the importance of the informal economy.

The structure of the active population is changing rapidly mainly due to rejuvenation and improved education levels, particularly among women. The highest activity rate is identified for the 25-29 age group, which, in 2001, accounted for 69.4% of the working population (62.7% in 1997). The activity rate for women is increasing steadily (34.4% in 1997 to 45.8% in 2001). Integration of young people in the active working population has benefited the modernisation of the Lebanese economy. The better educated population is particularly attracted to the areas surrounding Beirut and the Mont-Liban region—these attract 46.3% of the workforce, whereas Beirut city—in which the high cost of living is a deterrent—attracts 9.3% of the active population (compared to 11.8% in 1997).

The unstable military and political situation has had a strong impact on the economy. One of the direct consequences has been a contraction in the primary sector, which accounted for only 6.7% of the overall active population in 2001 (19% in 1970). This has had, in turn, a direct impact on rural poverty.

The industrial sector accounts for 14.1% of total employment, showing a slight decrease compared to 1970 (18.8%). The national production sector has not been capable, however, of adapting to the demands of economic globalisation. In addition, the small size of Lebanese enterprises (88% of all enterprises employ fewer than five people) means their products cannot compete with products made in more active economies. It appears that the Lebanese government is not yet very interested in small-scale economic activity, as there is no policy framework for small business development, and—apart from social fund activities supported by the EU—there are as yet no special support programmes for this sector. Moreover, this sector has not organised itself into associations or other representative bodies.

As in most of the countries in the region, the trade and services sector has shown significant growth, accounting for 61.3% of employment in 2001 (compared to 56.8% in 1997). This development is mainly due to economic reconstruction following the 1990s war, which mainly concentrated on banking services, tourism and education. A consequence of the huge reconstruction effort was the creation of a large pool of civil servants recruited to implement reconstruction projects, making the government the first employer in the country.

The workforce is unequally distributed by gender and by region. While educational level may be perceived as evidence of equality (50% of women are educated to university level), women (mainly employed in the services sector) only represent 21.5% of the overall working population.

## **Unemployment**

While official figures are not considered entirely reliable, the estimated unemployment rate in Lebanon has increased steadily (from 8.5% in 1995 to 11.5% in 2001). Unemployment is a particular problem among new labour market entrants (Université Saint-Joseph, 2003). In 2001, the unemployment rate for the 15–24 age group was 19%-22% for young men and an alarming 30% for young women. The unemployment rate for young men is reduced by the fact that around 5% are in the military (and so counted as 'working'). Unemployed young people account for more than 70% of the unemployed population, and around half of these are first-time jobseekers. The general increase in unemployment appears to be primarily a consequence of increased labour participation among women: the unemployment rate for women more than doubled from 7.2% in 1997 to 18.2% in 2001 (ibid.). Each year an estimated 48,000 new jobseekers enter the labour market, of whom some 20,000 are graduates from universities and vocational/technical colleges. The 15-19 age group is particularly affected by unemployment (27.2%), as also the 20-24 age group (21%).

Better educated (11%) and illiterate (10%) individuals are least affected by unemployment, which is possibly explained by an inability of the labour market to develop innovative strategies that would attract workers with intermediate qualifications.

## **Migration**

Migration is featured by two patterns. Firstly (mainly due to the wars), there is the temporary emigration of educated people—including graduates from higher-end technical education—in search of opportunities and higher incomes. This has been estimated as more than 600,000 Lebanese who have left the country in recent decades, with benefits for the economy in terms of substantial remittances. The generally unstable environment and the recent war have contributed to an even bigger flow of migrants in recent months, mainly to Europe, America and the Gulf countries. Secondly, there is substantial immigration of people who take the low-skilled jobs that the Lebanese do not want. These immigrants take up non-qualified occupations in the construction, services, agriculture and health sectors. Most migrant workers are from neighbouring countries such as Syria, Egypt and, more recently, Iraq, but also from the Philippines, India, Sri Lanka and Sudan. The low cost of this labour has had a real impact on unemployment among Lebanese citizens. While a large number of migrants are officially registered, it is estimated that significant numbers are working in the informal sector.

The government's immediate priority in the education sector is, understandably, the reconstruction and rehabilitation of schools, mainly through the Council for Development and Reconstruction, which built 90 new schools in 2004. In parallel, the government has engaged in more qualitative and long-term initiatives, namely, a restructuring of the education system into four cycles, curriculum reform, recruitment and training of teachers, training in the use of the new curriculum, a review of the examination system, and an analysis of student achievements. Nevertheless, a strategic approach to education is still absent.

In 1999, a high-level committee undertook to identify policy goals for the general education system. In 2004 a participatory approach was adopted to identifying key themes for reform in terms of access and equity, financial resources, governance, human resources, quality, and the role of education in Lebanese development. The formulation of this education strategy is as yet incomplete.

In 2001, the government took the first steps towards drafting a strategic framework for the development of the technical and vocational education and training (TVET) sector. A strategy document was prepared and approved, and was subsequently ratified by the Council of

Ministers. This document, which describes the Lebanese TVET context and current status, presents guidelines and a statement of intent in regard to TVET reorientation. It covers issues such as governance, finance and accountability, stakeholders, labour market links, relevance, quality and efficiency, and institutional capacity development and management. Nevertheless, the intention to develop an action plan in 2005 to implement this strategy remains unfulfilled.

Bearing in mind the growing problem of poverty (particularly in rural areas), with up to 65%-70% of the population below the minimum poverty level, the government is presently developing a programme (Immediate Social Action Plan) aimed at complementing its economic reform program and intended for implementation from 2007 onwards. Aimed at creating an enabling environment for achieving Millennium Development Goals, the plan is based on four pillars:

1. Setting up an inter-ministerial development policies committee with a mandate that will include planning policy, coordination among policy-makers to reduce overlapping and duplication of efforts, and development of a regular and comprehensive social policy and social database.
2. Strengthening safety net schemes targeting the poor, empowering enforcement authorities, improving regional development, and redirecting resources towards low-income groups.
3. Developing sectoral reforms in the social, health and education areas so as to regain public trust and confidence by improving quality, efficiency and the coverage of public services, and by investing further in human development.
4. Introducing accountability, transparency and better governance (in the form of institutional reforms).

### **3. EU and other donor policies and interventions**

The Lebanese government has requested the support and assistance of the international community to implement its Immediate Social Action Plan. In the particular context of Lebanon, donors are highly committed to ensuring the success of this reform and it is expected that the January 2007 Paris conference will lead to practical developments.

In December 2006, following the signature of a convention between the Lebanese Ministry of Education and the European Commission (EC), a new VET project was launched as part of a National Indicative Programme (NIP) for 2005-2006. The project, whose specific objective is to promote a sustainable and replicable model for matching skills demand and supply in the agro-food sector, was intended to achieve the following results: (i) an improvement in the ability of the agro-food industry to identify and formulate its skill needs; (ii) the creation of a VET institution through a partnership between the Syndicate of Lebanese Food Industries and the Directorate General of Vocational and Technical Education; and (iii) the provision of information on employment and training opportunities in the agro-food sector to individuals and enterprises.

The ETF has provided support to the EC Delegation and local stakeholders in preparing the ground and ensuring a smooth start for the project. Nevertheless the 2006 war has meant that the agro-food VET institution had not become operational by September 2006, as planned.

#### **Other EU initiatives**

A number of EU-funded projects have supported several NGOs in the development of vocational training, particularly for socially disadvantaged groups. This assistance has included equipment and technical assistance for the development of training courses. Two feasibility studies have also been carried out on the printing and agro-food sectors, to examine the possibility of creating relevant education and training facilities in these two areas.

Since the end of the civil war, Lebanon has received support from a number of different sources, including multilateral and bilateral donors and international NGOs. In terms of financial contributions, although most support has been for the school-building and refurbishment programme, assistance has also been provided to improve the relevance and quality of education and vocational education and training (VET).

### **The World Bank**

The World Bank is a major donor in the education sector. In the late 1990s two loans of 56.57 million USD and 63 million USD were negotiated to fund general education and VET, respectively. These projects failed to achieve their target objectives, and as a result, agreement was reached with the government in early 2004 to adopt an integrated sector-wide approach to the further development of education in Lebanon. This new project focuses primarily on: (i) developing an integrated sector strategy for the general and vocational education streams; (ii) undertaking a comprehensive assessment of the financing of both public and private general and vocational education; (iii) undertaking an organisational review; and (iv) developing an education management information system.

### **Other funding**

The construction of a total of 42 new schools is being financed through the Arab Fund for Social and Economic Development (30 million USD), the Islamic Development Bank (30 million USD) and the OPEC Fund for International Development (4 million USD).

### **Gesellschaft für Technische Zusammenarbeit (GTZ)**

Since 1996, GTZ (German Technical Cooperation Agency) has supported the introduction of a three-year dual vocational education programme in cooperation with the Department for Technical and Vocational Education. The objective of this project (1.5 million EUR) is to improve the availability of skilled workers in the Lebanese labour market through the introduction of a cooperative vocational training system. There are 900 students currently enrolled in the programme. The purpose of the programme is to ensure that students obtain industry-relevant vocational education through the involvement of employers in the definition of needs and curricula and in the delivery of practical training. Other components of the project relate to the development of a three-year post-secondary *meister* programme which follows at least two years of practical work experience after the end of the dual programme or the technical baccalaureate. The project also addresses the training of trainers.

## **4. Mid-term perspective ETF intervention strategies contributing to added value in national, EU and donor reform-support policies**

In a context of the post-conflict reconstruction period, the ETF mid-term objective (2007-2010) will look at proposing support to the EC Delegation so as to better serve its needs. ETF activities will be strictly aligned with EU interventions and specific EC requests. The ETF will support the EC in the implementation of its policies and of the new European Neighbourhood and Partnership Instrument (ENPI), by providing input to the project cycle and relevant information and analyses for policy design and programming needs. Short-term efforts will concentrate on supporting urgent actions to be undertaken by the EU in the HRD sector. Depending on how the situation develops, a revised set of objectives will need to be identified on a yearly basis to serve ETF mid-term perspective plans. The ETF will also support the EC in the implementation of the Euro-Med Charter for Enterprise.

As a matter of priority, the ETF will concentrate on support that ensures a smooth start for the VET programme in the agro-food sector and on identification of priority actions to be undertaken to support VET restructuring in regions affected by the war. The ETF will support both the EC Delegation and Lebanese stakeholders in regard to making a training centre

operational in September 2007. The main outcomes will be the development of curricula and the identification of urgent measures, particularly regarding equipment, continuing training and training of trainers.

Concerning post-conflict measures, the ETF—at the request of the EC Delegation—will analyse the situation so as to take the most urgent decisions in support of actions linked to the development of an HR strategy. The main outcomes will be the development of an analytical report that will include policy recommendations for donors and decision-makers.

In anticipation of a return to a more stable situation, the ETF envisages, from 2008 onwards, working more closely with Lebanese authorities to support the development of a coherent HRD strategy and the development of subsequent policies. A peer-to-peer approach that benefits from recent developments in neighbouring countries may facilitate the achievement of this goal.

In the overall reform context, regional initiatives have also been considered important to ensure exchanges of experience and knowledge. At the regional and international levels, due to EU and ETF efforts, agora for exchanging ideas and experience have been developed in the employment and TVET areas (through the regional Euro-Mediterranean Partnership's Education and Training for Employment (MEDA-ETE) project), in higher education (in particular, through the Tempus programme), and in the statistics area (MEDSTAT). These crucial forums foster the emergence of strategic and concrete ideas of interest to high-level stakeholders (from the private and public sectors) implementing reform processes.

With regard to regional cooperation, the ETF, as the implementing body of the regional MEDA-ETE project until its termination in 2010, will continue to fully involve Lebanese stakeholders. In addition, the ETF intends to involve Lebanon in a project which aims to reinforce policy learning and knowledge and good-practice exchanges with peers, namely network projects and the Euro-Med Charter for Enterprise.

- **The MEDA-ETE regional project**

This project, which resulted from the Barcelona process, is financed by the EC and implemented by the ETF. Its objective is to support MEDA partners in the design of relevant TVET policies that can contribute to promoting employment through a regional approach. It also constitutes a platform for exchanges and a framework for cooperation between the EU and the MEDA partners in education and training for employment. The MEDA-ETE project is made up of four components and a number of sub-components, to be implemented between 2006 and 2008. For 2007, the project covers the following:

**Component 1:** A Euro-Med Annual Forum on Education and Employment (anticipated to take place on 18-20 April 2007).

**Component 2:** The creation of a Euro-Mediterranean education and training network, and its three sub-components:

- Promoting the Euro-Mediterranean observatory function (OF).
- Implementing comparative analyses of apprenticeships and enterprise-based training.
- Conducting a thematic study on TVET quality.

**Component 3:** Support to MEDA-region national service providers specialising in support for the creation of micro-enterprises and the promotion of self-employment.

**Component 4:** Development of e-learning for teachers and trainers in the information and communication technologies and vocational education.

In terms of expected results, the project will make it possible for partner countries to improve their capacities in the different fields covered by the project, to network with other countries in the same area, and to learn from successful experiences of both MEDA and EU countries.

- **The ENPI networks project**

The ENPI networks project aims at seeking new ways for the ETF to relate to partner countries in line with its evolving mandate and functions (more focus on policy and system development in the broader field of HRD). This is part of a greater effort by the ETF in terms of revising its approach to, and management of, relationships with corporate networks at various levels (including with member states, international organisations, donors, internal bodies, etc.), through the establishment of an International Advisory Panel. Since the current advisory forum will remain in place until a new Council regulation takes effect in 2008, in 2007 there will be adequate time for extensive internal discussions and piloting exercises in relation to the new forms of networks. This should guarantee a proper bottom-up approach to improving the outputs produced to date by the ETF networks.

- **Support for implementation of the Euro-Med Charter for Enterprise**

In collaboration with the Enterprise and Industry DG and in the form of distance coaching, ETF will provide support to the Lebanese national coordinator in charge of the implementation of the Euro-Med Charter for Enterprise, particularly in regard to the introduction of entrepreneurship in the VET sector. The ETF will also participate in missions for the monitoring of this project in Lebanon, organised by the Enterprise and Industry DG. For this purpose the ETF and the Enterprise and Industry DG will develop an ad hoc methodology that will include specific indicators. This support will connect up with the regional MEDA-ETE project and will share, with the persons responsible for implementing the Charter, the results of Component 3 of the ETE project focusing on the development of entrepreneurship. In 2007 the ETF intends to contribute to the dissemination of the principles of the Charter in support of EU initiatives. This will keep the main stakeholders informed on progress and status in line with the objectives of the Lebanon Charter for Enterprise, and enable comparisons with other countries in the MEDA region, so as to work towards creating synergies and disseminating and exchanging experiences.

The main outcomes will be the development of informative materials on developments in a variety of countries, analysis of the relevance of the Euro-Med Charter for Enterprise and its priorities in the Lebanese context, the provision of data and information on Lebanon's progress with regard to implementation of Charter, and full Lebanese membership of the network of Euro-Med Charter countries.

Given the latest developments and the relative political unrest in Lebanon, if security reasons restrict travel, the ETF will put in place a number of contingency measures, such as the provision of additional tele-support, video and phone conferencing facilities, so as to minimize delays and ensure that development work can continue.

## 5. Work programme 2007: objectives and indicators

ETF objectives for Lebanon: To support implementation of EC policies and programmes in Lebanon and enhance national capacities for implementation of VET reform via expert input and exchanges at the regional level.

PROJECT NUMBER	PROJECT TITLE	SPECIFIC COUNTRY OBJECTIVE	EXPECTED OUTCOMES Outcome = short-term and medium-term effects of an intervention's output (during or by the end of the project)	ACHIEVEMENT INDICATORS Quantitative or qualitative variables measuring achievements against expected outcomes	SOURCES OF VERIFICATION	(YEARLY) OUTPUTS Products and services resulting from activities	PROJECT DURATION
ENPI07-01	Facility to respond to EC requests	To support the delivery of EU assistance to Lebanon in the HRD field	<p>Analysis and technical assistance from ETF to support launching of MEDA project on agro-food</p> <p>If situation allows, recommendations on VET development in post-conflict situation in South Lebanon</p> <p>Analysis and relevant information provided as input to EU programming and in contribution to the definition and monitoring of EU external policies</p>	<p>Terms of reference (TOR) for MEDA project on agro-food include ETF recommendations</p> <p>Analytical report concerning priority needs in VET sector in post conflict area (tbc)</p> <p>ENP Action Plan monitoring reports include some ETF inputs</p>	<p>EC Delegation, national stakeholders</p> <p>EC procurement website</p> <p>ETF quarterly reports</p> <p>ETF mission reports</p>	<p>TOR for TA finalised</p> <p>Expert input provided to bridge the gap until project TA is on site, regarding curriculum and school management</p> <p>Analytical report to EC Delegation concerning priority needs in VET sector in post-conflict area</p>	2007
ENPI07-02	Entrepreneurship learning and skills development	To support the EC in the implementation of the Euro-Med Charter for Enterprise	<p>Data on progress and status in line with the objectives of Charter prepared for Lebanon to enable comparisons with MEDA region countries.</p> <p>Synergies created between developments in the Charter and MEDA-ETE</p> <p>Dissemination and exchange of experiences between Charter and MEDA regional project participants on entrepreneurship and skills development</p>	<p>Contribution to the working group on entrepreneurship</p> <p>Monitoring indicators for Charter developed and put in place</p> <p>Participation in mission organised by Enterprise and Industry DG</p>	<p>Enterprise and Industry DG</p> <p>National coordinators for implementation of the Charter</p> <p>Progress reports</p> <p>Mission reports</p>	<p>Progress report 2008</p> <p>Report by the working group on entrepreneurship</p>	2007 and 2008



ENPI07-03	MEDA-ETE	To support MEDA partners in the design of relevant technical and vocational education and training policies that can contribute to promoting employment through a regional approach	<p>Enhanced national capacities on specific issues linked to education and training reform</p> <p>Consolidated permanent Lebanon OF network</p> <p>Relevant information and analysis on issues relevant to education and training reform in Lebanon (in particular apprenticeship and quality)</p> <p>Enhanced dissemination and exchange of experiences on issues related to education and training reform between EU member states, partner countries and other donors</p>	<p>Project forum organised each year</p> <p>Events organised for each component</p> <p>Annual work plan and six monthly progress reports approved from CE I</p>	<p>EC</p> <p>National authorities in MEDA countries</p> <p>Mission reports</p> <p>Progress report</p>	<p>Annual project forum</p> <p>Yearly workplan</p> <p>Six monthly progress reports</p>	2007-2010
ENPI07-07	ENPI networks	To reinforce regional exchanges of experiences on sector policy development and implementation	<p>Strengthened policy formulation and implementation capacities of national stakeholders in overall or specific reform issues</p> <p>Dissemination and networking activities carried out to expose national stakeholders to EU policies and other partner country experiences on education and training sector reform</p>	<p>Selected stakeholders participation in network activities and provision of relevant input when requested</p> <p>New networks fully operational in an integrated manner at the national and regional levels, in coordination with other ETF networks</p>	<p>ETF quarterly reports</p> <p>Project plan for 2008</p>	<p>Concept note and work plan prepared</p>	2007-2013