

# RAPID MARKET ASSESSMENT AND SKILLS GAP ANALYSIS

## Arsal – “The Hidden Town”

LEBANON

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Danish Refugee Council  
Lebanon Office

Paragon Building • Sassine Square  
Achráfieh, Beirut, Lebanon  
Tel: +961 1 339052/3  
[www.drc.dk](http://www.drc.dk)

The Danish Refugee Council (DRC) is a humanitarian, non-governmental, non-profit organisation founded in 1956 that works in more than 40 countries throughout the world. DRC fulfils its mandate by providing direct assistance to conflict – affected populations – refugees, Internally Displaced Persons (IDPs) and host communities in the conflict areas of the world and by advocating on their behalf internationally and in Denmark.



Arsal, Lebanon, Photo by: DRC.

## List of Acronyms

AUB	American University of Beirut
DRC	Danish Refugee Council
FGD	Focus Group Discussion
IGA	Income Generating Activity
ITS	Informal Tented Settlement
LAF	Lebanese Armed Forces
LBP	Lebanese Pounds
KII	Key Informant Interview
NGO	Non-governmental Organisation
UNHCR	United Nations High Commissioner for Refugees
USD	US-Dollars
VT	Vocational Training
WFP	World Food Programme

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**Author:** Kristina Tschunkert

PhD Researcher, Humanitarian and Conflict Response Institute (HCRI), University of Manchester –  
kristina.tschunkert@manchester.ac.uk

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## EXECUTIVE SUMMARY

### Introduction

In response to the Syrian crisis in Lebanon and in particular to the spill-over effects of the conflict to Arsal, DRC Lebanon is implementing livelihoods programmes targeting vulnerable Syrians and Lebanese in the affected area with a special focus on women and youth. DRC commissioned a rapid market assessment and skills gap analysis to identify suitable and viable income generating activities as well as demand for vocational and soft skills in support of the displacement and conflict-affected population in Arsal. The key research question was: What are the most viable segments of the labour market in Arsal with the largest labour supply gaps and future opportunities for displaced and conflict-affected populations? In line with this, the specific objectives of the assessment were:

- Assess the current labour market to identify high potential growth sectors and employment trends where quality, sustained and dignified employment can be created in support of the local economy.
- Assess and identify existing and potential marketable opportunities for vocational skills in Arsal tailored to the local market conditions.
- Determine constraints and barriers faced by vulnerable community members in the labour market.
- Provide DRC with an analytical review of the most viable value chain (VC) that could help beneficiaries, with particular focus on women and youth, generate income and access to local markets.

### Methodology

Responding to the key research questions and objectives outlined above, this assessment being an empirical study, put strategic focus on a horizontal approach to data collection by seeking a wide range of stakeholders in order to gather diverse views on the economic

situation in Aarsal. The amount of data on the area is limited and in its infancy due to the safety situation mentioned above. Due to this and the limited time available, a qualitative approach to this assessment was the most suitable method to explore the questions at hand. The study thus relied on a representative sample that was purposely selected. Altogether 8 KIIs and 5 FGDs were held in 5 days in Aarsal. Among those interviewed were local authorities, VT centres, local and international NGOs, employers and beneficiaries. Data was collected, analysed and processed between 26 December 2017 and 31 January 2018.

## Summary of Key Findings

### Market assessment

Unemployment levels are significant, with 62% of Lebanese and 73% of Syrians reportedly either unemployed or inactive. Unemployment is especially prevalent among youth and Lebanese men are twice as likely to be employed as women, while for Syrians, men are three times as likely to be employed as women (UNHCR 2018).

The main sectors for livelihoods opportunities are perceived to be agriculture, limestone quarries, construction and some livestock / herding. Women mainly find employment as nurses, teachers or in handicraft and local and international NGOs.

While some people find employment in the core agriculture and quarry sectors, as well as in other more marginal sectors, the main problem for employment creation remains to be the weak economy and evident market failures such as asymmetric information between local producers and national wholesalers.

Income levels remain low, especially for Syrians who do not typically earn more than 300 USD per month and household. The type of income is predominantly daily labour where wages can be as low as 1-3 USD. Competition due to the high rates of unemployment is a concurrent challenge. Excess labour supply has distorted the pre-crisis equilibrium resulting in daily wages in the limestone quarries having been cut in half from 20 USD per day to 10 USD. This has been particularly evident as Syrians are reported to typically accept lower wages for similarly skilled positions.

In general, the barriers to employment can be divided into four types that also overlap: the market situation, cultural factors, security (including legal barriers for Syrians in the labour market), and seasonality. These barriers and challenges are not necessarily exclusive but may overlap in the sense that depending on gender, nationality, age and socioeconomic status some people may experience several barriers at once, accumulatively. These barriers need to be carefully considered in any livelihood intervention in order to ensure an approach that is as sustainable as possible, enabling participants to overcome these or some of these challenges wherever possible.

### Evaluation of Viable Economic Sectors

Given the viability assessment of the five main sectors (agriculture, livestock / herding, construction, limestone quarrying and handicrafts), attention should be paid to both the agricultural as well as the handicrafts industries.

Taking all the findings and analyses into account, the construction sector seems to have the most potential for short-term employment and income generating activities while both the

traditional handicraft industry (i.e. carpets, jewellery, tailoring) and the agricultural sector linked to food processing were shown to have the potential to yield a more long-term and sustainable impact on employment and livelihoods more general.

### **Skills Gap Analysis**

Education levels are low due to socio-cultural as well as economic barriers. This is also reflected in the high levels of illiteracy: 55% of Lebanese and 69% of Syrians (UNHCR 2018). Existing skills include construction work, technical skills and handicrafts for women. However, the weak market economy paired with the demand for certain types of trainings and the overall expression of dissatisfaction with the lack of support for the time following trainings shows that it is not advisable to offer stand-alone trainings. Instead training would be more beneficial if directly linked to a specific opportunity for employment afterwards.

There are a number of life skills and vocational training centres in Arsal that teach English, computer skills, nursing, hairdressing, cell phone repairs and other technical skills. Furthermore, there is one technical school in Arsal with around 400 students and 114 technical teachers. In light of the existence of many life skills and VT centres in Arsal, it seems to be the better approach to build their capacity and build partnerships with those organisations already working in this sector instead of adding another player to this field.

### **Conclusions & Recommendations**

The most prevalent perception is that the market economy is weak and that the market in Arsal is unbalanced, leading to few job opportunities and thus high unemployment of both Syrians and Lebanese. While there is no shortage of supply of goods and labour, Arsal exhibits a weak market due to low employability saturating the labour market. Moreover, the market is controlled by a few powerful clans/families who have the capacity to source supplies outside Arsal, creating the presence of a distorted market structure. These clans create a barrier to open market participation. Cash is predominantly injected into the economy by aid, wholesale supply is sourced by a powerful few, and profits immediately leave the local economy to pay suppliers outside of Arsal. Thus, large amounts of the cash injected through humanitarian cash transfer programming do not circulate in the local economy. Local power relations also play a core role in humanitarian interventions in the sense that any supplies needed for projects predominantly have to be sourced through these few powerful actors which further spurs unbalanced power relations linked to unequal benefits and disengagement with the local economy.

- In order to ensure access to sustainable employment opportunities, there is a need to support the production of marketable agricultural and manufactured goods in Arsal.
- Encouraging and advocating free or freer competition in importing wholesale goods, given the fact that this now lies in the hands of a powerful few in Arsal, might lead to more efficient economic growth locally and a more equitable distribution of income.
- For short-term employment and income generation, the construction sector promises opportunities as this is one of the few sectors in which activities can be implemented that can include Syrian labourers given legal barriers in many other sectors. Besides waste management projects, NGOs as of today have found the construction sector to be one of the few viable sectors for cash for work programmes mostly focused on infrastructure work such as roads and storm water channels. However, sustainability of this sector for the long-term, given the perception of actors in this sector that employment opportunities are decreasing, is questionable so short-term projects should be the focus.
- For programmes with the aim to support long-term, sustainable employment, given the weak economic and labour market situation, a value chain approach would be the most suitable option. For both the agricultural and handicrafts value chains, production is generally available in Arsal so that increasing the value added of these products at the local level and strengthening the value chain post-production present viable sectors and opportunities for long-term employment.
- One opportunity is the agricultural value chain including processed products such as jam where production can be developed and the value chain be built locally. This could also be supported as the region used to be a cross-border trading point into Syria. By bringing the production of jam to Arsal on a small scale, replacing imported products, can create employment, support diversification of the market, develop links to markets outside Arsal and presents a useful opportunity to combine skills training and employment.
- The relatively embryonic handicrafts value chain, including carpet-making, presents an opportunity to strengthen an existing, very small scale production facility where certain links in the value chain can be strengthened and expanded. This option might be more sustainable as the value chain, even though it is very small scale, already exists in Arsal and does not have to be built more or less from scratch. Here, skills development and employment generation can be combined as well because even though skills in this sector already exist in Arsal, they can be developed and skills regarding marketing of products can be integrated.
- Vocational skills training, given the fact that the economy is weak, VT is not recommended to be a stand-alone activity, but should rather be linked to employment opportunities to avoid further frustration. The aforementioned value chain approach could be a suitable strategy for this. Furthermore, as there is a relatively large number of training facilities in Arsal today, adding another actor to this should be avoided. Capacity building and partnerships with existing actors present a more efficient and sustainable way to skills training in Arsal.

## INTRODUCTION

In response to the Syrian crisis and in particular the spill-over effects of the conflict to Arsal, DRC Lebanon is implementing livelihoods programmes targeting vulnerable Syrians and Lebanese in the affected area with a special focus on women and youth. DRC commissioned a market assessment and skills gap analysis to identify suitable and viable income generating activities as well as demand for vocational and soft skills in support of the displacement and conflict-affected population in Arsal. The main goals for planning and implementing livelihoods interventions in Arsal are to promote self-reliance and dignity, to contribute to durable solutions (integration, resettlement, voluntary repatriation), and to support social stability by designing programmes that generate benefits for the host community and the local economy.

This study supports DRC Lebanon in planning for its livelihoods programming by answering the following key research question: What are the most viable segments of the labour market in Arsal with the largest labour supply gaps and future opportunities for displaced and conflict-affected populations? In line with this, the specific objectives of the study are:

- Assess the current labour market to identify high potential growth sectors and employment trends where quality, sustained and dignified employment can be created in support of the local economy.
- Assess and identify existing and potential marketable opportunities for vocational skills in Arsal tailored to the local market conditions.
- Determine constraints and barriers faced by vulnerable community members in the labour market.
- Provide DRC with an analytical review of the most viable value chain (VC) that could help beneficiaries, with particular focus on women and youth, generate income and access to local markets.

The market assessment and skills gap analysis is an essential exercise in order for DRC to be able to implement evidence and market-based programming. An absence of information on local labour market context and needs can result in unintended consequences such as programme overlap, labour market saturation, exacerbation of intra and inter-community tensions. It is therefore essential to make sure that livelihood programmes are grounded in market realities as a number of dynamic economic, social, cultural, ethnic, political and environmental factors influence the market at different levels that can only be factored into programming if carefully analysed at the grassroots level. Finally, a market and skills gap assessment is necessary in order to identify gaps in the skill sets of the target population that constitute a barrier in accessing employment opportunities which can possibly be overcome by implementing targeted interventions. Furthermore, identifying and assessing existing services aimed at addressing these skills gaps can be supportive of designing and implementing projects efficiently.

In light of this, the study identifies supply-side and demand-side strategies rooted in a thorough understanding of contextual factors as well as in existing capacity and priorities of the targeted populations and local market dynamics identified through secondary as well as primary research in the form of a desk review of existing reports on Arsal and the wider (labour) market situation, key informant interviews (KIIs) and focus group discussions (FGDs). Rooted in these socioeconomic realities, DRC can implement interventions tailored to the affected population.

## ARSAL BACKGROUND – THE ‘HIDDEN TOWN’

Arsal, situated in the north-east of the Bekaa Valley, is a predominantly Sunni town located on the border with Syria on the slopes of the ‘Anti-Mountains’ away from the main road. Its inhabitants refer to it as a ‘hidden’ town suggesting that their “original ancestor must have been a thief! Why else would anyone settle behind this mountain, unless they were in hiding?” (Obeid 2010, p. 331). This is a way to express feelings of geographical, but also political marginality reflecting the neglect of the Lebanese state to the extent that it still lacks basic infrastructure leading to a feeling of disenfranchisement among many residents (International Crisis Group 2016). Livelihoods of Arsal has traditionally relied on herding but population growth and village expansion have seen a significant transformation in livelihoods to mainly fruit production since the 1970s, allowing for diversification in livelihoods (International Crisis Group 2016; Obeid 2006). Since then, an estimated 2 million fruit trees (mainly cherries) have been planted in the area (Obeid 2006). Historically, the border with Syria comprised an essential component of Arsal’s livelihoods mainly through smuggling which flourished during the Civil War (1975-1991) as well as through household grocery shopping in Syria where products are significantly cheaper, which shows the dependency of Arsalis on the border for their daily lives (Obeid 2010). However, as smuggling became increasingly risky due to a rising number of arrests, many decided to invest in the rock industry which came to life with reverse migration during the Civil War (Obeid 2006). In the 1970s the first five quarries were established, increasing to 10 in the 80s and reaching more than 200 quarries by 2003 (ibid.). Especially in the period after the civil war, the demand for construction materials skyrocketed which led to proliferation of quarries with an increase of quarry land use by almost 84 % from 2,873 ha to 5,283 ha throughout Lebanon (Ecocentra 2017).

Movement has not only been important for smuggling but also especially for herding, which traditionally involved seasonal transhumance between the highlands of Arsal in the summer and the lowlands of Syria in the winter (Obeid 2006). This shows the importance of the ties with Syria and the border which ‘leaks’ both ways, for smuggling and herding as well as for migrant workers from Syria to Lebanon (ibid.). Furthermore, rural-urban migration is a phenomenon prevalent throughout Lebanon where especially youth move to cities, Beirut in particular, in search for better living conditions. However, close ties to families in the villages are kept and vacations and weekends are often spent in the villages, especially during harvest time.

Arsal’s population, estimated to be 30,000 in an area of 317 km<sup>2</sup>, is suggested to have almost quadrupled due to the influx of, by most accounts, 80,000 to 90,000 Syrian refugees since 2011 (International Crisis Group 2016; Obeid 2014). In the beginning of the Syrian crisis, refugees who fled to Arsal were cared for solely through philanthropic acts of the town’s residents (Obeid 2014) who warmly welcomed their neighbours initially (International Crisis Group 2016). However, in less than four days in November 2013 more than 12,000 Syrians entered Arsal after heavy fighting in the Qalamoun area in Syria (Ghiras Al-Nahda 2017; Obeid 2014). The magnitude of this crisis increasingly strains these warm relations between refugees and Arsal residents (International Crisis Group 2016) and feeds into pre-existing overwhelming infrastructural and socio-economic problems (Obeid 2014). When Syrian regime forces began to bomb the highlands of Arsal and when shells hit the centre of Arsal, many humanitarian organisations moved their base to Zahlé which meant that the majority of Syrians in Arsal were not able to register as refugees and had little or no access to care (ibid.). After Daesh attacked Arsal in 2014, referred to as the ‘hot August’ by Arsalis, the Lebanese Armed Forces

(LAF) pushed extremist groups to the outskirts of the town. These events have made travel to and from the town difficult and have prevented farmers from reaching their lands, cutting off livelihoods and preventing trade with other villages (USAID 2017).

According to a study by Ghiras Al-Nahda (2017), there are 117 informal tented settlements (ITS) inhabited by 80% of the refugees in Arsal. Due to the lack of employment opportunities in Arsal, most rely on humanitarian aid, including UN food vouchers (ibid.). With the improvement of the security situation in Arsal in the second half of 2017, organisations have now started to resume and expand their activities in the area.

## STUDY DESIGN

Responding to the key research questions and objectives outlined above, this assessment being an empirical study put strategic focus on an horizontal approach to data collection by seeking a wide range of stakeholders in order to gather diverse views on the economic situation in Arsal. Due to the limited amount of data on the area which is at its infancy stage due to the safety situation mentioned above and due to the limited time available, a qualitative approach to this assessment was the most suitable way to explore the questions at hand. Due to these circumstances, it was impossible to draw a scientific sample, so that the study relied on a representative sample that was purposely selected. Altogether 8 KIIs and 5 FGDs were held in 5 days in the field. Among those interviewed were local authorities, VT centres, local and international NGOs, employers and beneficiaries.

### Methods

#### Secondary methods:

An in-depth desk study was conducted in order to understand the context, and to complement information gaps in the assessment. It included reviewing project documents, reports from other NGOs and think tanks and was supported by relevant academic research papers. The main focus was on existing reports and documents on labour market assessments and displaced populations in the Bekaa, with specific focus on Arsal. Furthermore, the wider legal, constitutional, and socioeconomic context of Lebanon and the Bekaa was reviewed in order to understand legal and non-legal barriers to refugees' ability to work. The desk study aimed to inform the subsequent primary data collection stages and to ensure that the study yields results which will be able to guide DRC's livelihoods programming.

#### Primary methods:

Limited existing research on the affected area means that a particular focus had to be laid on collecting primary data in order to answer the research question and achieve the desired objectives and results. KIIs and FGDs were used to gather an in-depth understanding of livelihoods and market structure as well as existing skills and those in demand.

Structured (due to time constraints) KIIs with local stakeholders identified important information about local market dynamics, current livelihoods pursued by the targeted populations, perceived barriers to employment, vocational and soft skills existing and in demand and information on existing VT centres to potentially identify useful partners for DRC

in the future. Furthermore, questions about value chains were integrated. A total of 8 KIIs were conducted lasting 45 – 60 minutes each.

The KIIs were complemented by participatory FGDs with both Lebanese and Syrian participants. FGDs provided qualitative information to enhance understanding of local livelihood markets, income generating activities, as well as demand of and barriers to employment. It was also possible to explore their perceptions towards economic statuses, future opportunities as well as the specific differences and challenges they face in accessing employment opportunity disaggregated by gender, age and nationality. This made it possible to triangulate the information received from KIIs not only against the information from the different interview participants but also against that from the targeted populations themselves and the consultant's own observations. Altogether 5 FGDs were held, 6-10 participants each, lasting about 1.5-2 hours each.

Please see table 1 below for a list of participants.

**Table 1: List of Participants**

Local authorities	1
Local and international NGOs	5
Local retailers	7
Construction companies	6
Agricultural actors	9
Beneficiary committee	1
Shawish	2

Finally, viability of a value chain to be mapped out was pre-selected and assessed as well. Simple selection criteria was used to identify the value chain that contains the best potential for growth and employment (see table 2 below). The assessment was integrated into KIIs and FGDs.

**Table 2: Viability Criteria for Economic Sector**

Short-term employment potential	Income generation potential
Long-term employment potential	Seasonality
Prevalence of women / youth	Ethics
Product / service supply and demand	Working conditions
Growth potential	

The mapping of the pre-selected value chain by tracing a product from initial production through the chain of events and actors to final markets was integrated into KIIs and FGDs as well. This helped to create a systemic approach to livelihood programme design and to identify the most appropriate livelihoods intervention based on where (input, production, distribution, and trade) the value chain can be strengthened and supported with skills training and employment creation. From the information collected, a map was drawn and a SWOT analysis was presented.

## Sampling

Due to time constraints and the fact that data collection is at its infancy state in the affected area, making it impossible to draw a scientific sample, the study relied on a representative sample that was purposely selected. Snowball sampling methods were furthermore used in order to identify other respondents. Particularly useful in contexts where sub-optimal research conditions are possible, such as those outlined above in this case, snowball sampling is thought to be a useful method. It means that one respondent gives the name of another potential respondent to the researcher making the sample group grow like a rolling snowball (Cohen & Arieli 2011). Throughout the sampling processes, wherever possible, special focus was applied on ensuring a gender and age balance.

## Data Analysis

A Thematic Content Analysis Technique was used to group and analyse data by thematic area.

## Study Limitations

This study encountered the following limitations which affected the accuracy of the study:

- Lack of secondary data on the current market and skills context in Aarsal to inform the study.
- Reliability of existing data cannot be guaranteed as a lot of information was found to be contested, varying from one source to another.
- Time allocated for data collection was inadequate to obtain a statistically significant sample size.
- Limited access to some sites due to security risks.
- Working with translations, while a great asset, means that answers were summarised rather than translated word by word which may have resulted in change of meaning and parts of an answer may have been lost in translation.
- It was beyond the scope of the assessment to conduct a detailed value chain analysis for each of the identified value chains.

Therefore, this research is aimed at understanding rather than measuring the phenomena explored in this study. Generalisations were not sought, but the aim was rather to provide solid indications that give an extensive impression of the situation. The external validity of this study should thus be viewed with these limitations in mind.

## Ethical Considerations

Respondents voluntarily consented to participate in this study after having been informed about the purpose of the research. Researchers made sure confidentiality of personal information was kept and that anonymity of respondents was secured.

## FINDINGS & ANALYSIS

The key findings in this study are presented in three parts, 1) the market assessment, 2) the evaluation of the most viable economic sectors and 3) the gap analysis of skills knowledge and training of both host and refugees communities. These parts are then organised in several sub-themes addressing specific objectives and the key research question. In part 1, current livelihoods opportunities and (perceived) barriers to employment are presented and market gaps are explored where a viable value chain for upgrading is recommended and then mapped out. Part 2 discusses the different sectors identified in part 1 and their viability according to criteria outlined in the study design. A SWOT analysis of the agricultural and carpet-making sectors / value chains can be found. Part 3 attends to existing vocational and soft skills, skills demand and existing skills development programmes. Here, recommendations are made regarding skills training opportunities in Arsal based on the findings.

### Market Assessment – Lack of a Functioning Market Economy

#### Market Situation and Livelihood Opportunities

Understanding the market situation and current livelihood strategies was important to identifying the most viable economic sectors that livelihoods interventions could support and build on.

From the FGDs and KIIs it became clear that before the double burden of the two intertwined crises – the influx of tens of thousands of Syrian refugees and the fragile security situation due to clashes in Arsal and its outskirts – the economic situation was bearable due to lively smuggling activities between Arsal and Syrian towns, flourishing cherry and apricot production and export as well as lucrative quarrying business. Even though there is hope for an improved economic situation as the security situation has calmed down, people referred to the current market situation as “saturated”, “weak” and “uncertain”. Markets were shown to be highly reliant on assistance, in particular cash injected in the economy through multi-purpose cash assistance, food vouchers and cash for work activities. From October 2017 to February 2018, 3,356 households were supported with cash assistance.

UNHCR (2018) found that amongst the working-age population (18-65) 62% of Lebanese are either unemployed or inactive. 57% of Lebanese men are reported to be employed while only 20% of Lebanese women are economically active. These trends tend to be more significant for Syrians where 27% of men and only 7% of women are currently pursuing an income generating activity (ibid.). While unemployment remains to be significantly high, sectors that provide the most employment and livelihood opportunities were generally perceived to be agriculture (cherries and apricots), limestone quarrying and construction. These perceptions of livelihood opportunities are consistent with findings in the UNHCR (2018) study confirming that 53% perceive quarrying to be an employment opportunity, 45% agriculture and 42% education (especially for Lebanese women) while construction with 38% is perceived to be an opportunity mainly for Syrian men.

Women and especially Syrian women, as indicated above, mainly stay at home due to a lack of culturally acceptable employment opportunities. Very few work in schools, organisations and as nurses but the majority of economically active women have small shops or work in knitting, crocheting and tailoring as well as handicrafts and accessories. Production is reportedly

available but they lack the capacity to sell their output which shows a lack of marketing opportunities and marketing skills. Even for the production of goods where marketing has been available such as crocheted goods like the taqiyah, a short rounded cap worn for religious purposes, that have been exported to Gulf countries, there remain challenges mainly linked to capital as payments often took more than six months making a continued production process challenging. As there is reportedly no market for this product in Aرسال or Lebanon, this source of employment has decreased.

Unemployment rates among Aرسال youth is particularly high. They often do not attend school or university for social (low awareness about educational benefits) and economic reasons (not being able to pay the education and transportation fees). One example was given where the older brother went to university but could not find employment afterwards, so that the younger brother foregoes education to instead work for \$20 a day in limestone quarrying or agriculture. Even after training in a technical school in Aرسال, young people still go back to working in these sectors despite the training due to low employment opportunities in other sectors. This shows that limestones and agriculture, as explored in the background study on Aرسال, seem to be the “cash cows” of the local economy. However, other sectors that youth reportedly work in include mechanics and electrical work.

While agriculture used to be a sector that generated a lot of employment, with the start of the armed conflict in and around Aرسال in 2014, farmers have not had access to their lands. After 3 years, when they went to check on their trees, they found most of them dead, uprooted, cut very short or infested with disease and mice. Agricultural land is owned by more than 1000 Aرسال farmers as well as some Syrians in the outskirts closer to the border. There is a lack of legal papers that regulate ownership and land rights are mainly preserved by “the word of influential families” which shows highly unbalanced power dynamics and a heavy reliance on social relations. Income from cherries and apricots used to be 10 million USD per year and farmers used to employ up to 4,000 Syrian daily workers especially in the picking season from August until September. 12% of the turnover used to be spent on wages. However, due to the situation and a resulting lack of capital, farmers are now mostly using family labour and each other’s help for the work which decreases employment opportunities for daily labourers. Furthermore, the outskirts where the farms are located are still kept inaccessible to most Syrians by LAF and farmers have shared their concerns about Syrians going to the mountains due to fear of renewed clashes.

Moreover, the agricultural sector has been heavily reliant on the export market in particular to the Gulf and Syria which shows that this sector is more dependent on other markets rather than the Lebanese. High-quality fruit used to be exported to the Gulf and lower quality fruit to Syria for further processing mainly into jams. Due to tensions with Gulf countries and due to border closures with Syria these opportunities have significantly decreased. However, as FGDs with shop owners in Aرسال have shown, the border seems to be porous as they still purchase much of their supply from Syria.

In winter, unemployment is reported to be even higher due to the seasonality of the sectors explored above. Syrians largely rely on WFP and UNHCR food vouchers and mazout cards. These are, however, reportedly often stopped for reasons that are either not provided or not understood. This cash assistance is perceived to be beneficial for shops in the local market as cash is fungible and other resources made available due to the injection of cash is often spent in the local economy. However, as an interview with a mini market owner shows, purchasing

power in Aرسال remains very low which was made clear with the example of a chocolate bar. The packaging indicates a price of 750 LBP but she has to sell the bar at 500 LBP in Aرسال in order to stay competitive. Furthermore, according to her, these higher priced bars are for the "Zahlé people" who move in and out of Aرسال for humanitarian work; Aرسالis buy chocolate that is lower priced.

The Syrian competition for employment and businesses in the Aرسالi economy is often resented by the local community due to the (pre-existing) weak economy and high level of unemployment. However, food shops owned by Syrians purchase their products at local wholesalers as for Syrians it is almost impossible to travel outside Aرسال especially for the estimated 8,000 to 10,000 unregistered refugees (and also for the estimated 40,000 registered Syrians) (UNHCR 2017) in order to buy products at better prices there. This shows that some local, Lebanese owned businesses benefit from Syrian economic activity in Aرسال. Movement of Syrians, in particular men, outside Aرسال is very risky because they may face going to jail for reasons of informal entry into Lebanon.

NGO activities for employment creation have thus far mainly focused on mobile phone repair shops and beauty salons which have saturated these markets.

In conclusion, it can be said that while some people find employment in the 'cash cow' sectors of the market, namely agriculture and quarrying, as well as in other more marginal sectors, the main problem for employment creation remains to be the weak economy and a lack of access to a functioning market to sell their output. As one Syrian woman told us *"most women stay unemployed, not because of gender issues but because of the weak economic situation"*.

### **Income Generation**

This section gives an overview of the types of income that Lebanese and Syrians that pursue economic activity receive.

The perception and reality of the Aرسالi market situation as outlined above is that employment levels are extremely low and the overall population is very large, not least because of demographic shifts due to the large influx of Syrian refugees in the last 7 and especially the last 5 years. Due to this, there are only few employment opportunities for both Lebanese and Syrians and those that do work reportedly often work for 1 - 3 USD per day only. According to WFP (2016) 73% of Syrian households in Lebanon had at least one family member of working-age that pursued an income-generating activity, meaning that 27% of households did not have a working family member. This was higher for female-headed households at 54% while 21% of male-headed households reported no active family member (ibid.). There are no data on this for Aرسال, but given the weak economy and labour market situation, it is expected to be a similar if not more extreme situation.

Most Syrians receive an income through food vouchers of 27 USD per person per month as well as multi-purpose cash assistance of up to 175 USD per household per month. A study conducted by Ghiras Al-Nahda (2017) confirms that 78% of Syrians rely on food aid. Remittances and informal loans are other possible income sources. While there is no information for Aرسال, informal loans are reported to be an income source for more than 60% of households in Keswane, West Bekka, Zahle, Nabatieh, Saida, Hermel and Baalbek (WFP 2016) and similar, if not more extreme, figures can be expected for Aرسال. However, in order

to make a living, they often pursue informal, daily work in sectors outlined above (mainly quarrying, agriculture and construction). UNHCR (2018) found that 92% of economically active Syrians work informally in part-time and daily jobs usually earning between 100-300 USD per month (83% of Syrians) or between 301-500 USD (17%) (ibid.). Lebanese workers usually engage in part-time or full-time work and earn 100-300 USD per month (29%), 301-500 USD (17%), 501-700 USD (18%), 701-1000 USD (29%), 1001-1500 USD (3%) and above 1500 USD (3%) (ibid.). Lebanese informal employment amounts to about 66% (ibid.).

Informal and daily paid work (90% Syrians and 56% Lebanese (ibid.)) are mostly found in the agricultural, quarrying and construction sectors. According to UNHCR (2018), daily pay in the quarrying sector was cut in half from 20 USD to 10 USD per day due to Syrian competition in the job market who often accept lower wages. As someone told us, *“the ‘Syrian hand’ (al 3amel l Suri) is cheap”* which is thoroughly taken advantage of. Research by NRC shows that there was a Lebanese person working in a sawmill for 3 USD per day who was then laid off for a Syrian who would accept a payment of 1 USD (Drury 2017). As it is the case throughout Lebanon, (perceived) competition over jobs has been shown to fuel tensions between Syrian refugees and Lebanese host communities (Al-Masri & Abla 2017; ILO 2013).

In the construction sector, there are skilled workers, who can be called ‘foreman’ and lower skilled workers who are their assistants. Some of the skilled workers receive 35 USD per day and pay their assistants 10 USD. In this sector, it is also common to be paid per m<sup>2</sup> and it occasionally happens that for the amount of work the labourer is supposed to receive 200 USD but after the work is finished, receives 100 USD only. As they said, there is nothing they can do about it due to lack of accountability and legal systems. This is one of the problems of the informal economy.

### **(Perceived) Barriers to Employment**

Capturing the perceptions of people regarding barriers to employment helps understand the challenges that the implementation of any livelihood project faces and has to try and overcome. In general, the barriers to employment can be sub-divided into 4 types that also overlap: the market situation, cultural factors, security and seasonality.

As outlined before, the economy in Arsal is extremely weak and there is no access for businesses to a functioning market economy. UNHCR (2018) found that turnover of businesses has decreased tremendously and that businesses expect this downward trend to continue. However, they also argue that the job market is resilient and relatively stable (ibid.), which does not correspond to the findings of this study. If turnover has decreased and if there is no access for businesses to a functioning market, that in turn means that they lack capital to employ the same number of workers as before the crises. Our qualitative data show that many businesses are now run by family members only and that due to this market situation they are unwilling and unable to employ paid labour. Farmers said that they even asked their children who study in Beirut to come back to Arsal frequently to help on the farm. This is reflected in the notion that individual pursuits such as education have to be subordinated to the common good (Obeid 2006). Children who go to the cities to study continue to have close ties with their families in the villages and often spend vacations and weekends in these villages, like in this case, especially during harvest time. Before the crises, there had always been both legal and illegal transiting of goods to Syria but now that crossing the border has become more difficult and because the market in Syria is hardly functioning as well, this revenue is missing

in the economy. The labour market is perceived to be saturated and some perceive the reason for this saturation to be the additional Syrian labour while others perceived NGO activities in certain sectors such as cell phone repair services and beauty salons to have saturated these sectors where no more work can be found despite training.

Less tangible factors are aligned with perceived socio-cultural barriers. There is a common perception that people in other regions outside Aarsal have stereotypes about Aarsali people, especially youth, who are reportedly seen as terrorists. A study by International Crisis Group (2017) confirms this finding. The study presents anecdotes of lived experiences of Aarsali people who think that the whole society has turned against them and that when they apply for jobs outside Aarsal they are rejected because of the fact that they are from Aarsal. Another socio-cultural barrier not to employment per se but to more sustainable and dignified employment for youth seems to be early marriage for which young men leave school in order to earn some money to build a family at an early age, barring them from pursuing higher-skilled labour. This seems to be a transgenerational problem where a lack of awareness for education in order to pursue meaningful livelihoods is passed down generations.

For women, there are other socio-cultural barriers to employment. Aarsal, like many parts of Lebanon, is a patriarchal society which is well illustrated in this quote: *“my wife has a bachelor’s degree in geography and I have only finished 5th grade, but when my brother says Aleppo is the capital of Syria, she will agree”*. It was agreed that *“a woman who really has an income is the woman who has a voice in the household”*. Even though women often do the majority of work in for instance shops co-owned with their husbands, legal barriers in the patriarchal society that Lebanon is, makes it almost impossible for women to own businesses. In order for a woman to open a shop, for instance, she usually needs a male family member. Women can only open shops in their name if they are widowed, or have a protection case in the family. In case of a mini mart in Aarsal, the shop was opened in the name of the daughter because her husband had been arrested which made her eligible to run a shop.

For pursuing other types of employment, women stated that certain jobs are inappropriate for them, either because the work is perceived to be mainly for men such as construction or because they feel unsafe moving around the town, especially without legal papers, for activities such as street cleaning which has been an activity that NGOs have pursued in Aarsal for cash for work. There are only few opportunities in sectors that women can find work in such as nursing, teaching and organisations. While some Syrian women have been able to volunteer for NGOs, paid employment is often inaccessible in these sectors due to restrictions on the sectors that they are allowed to work in so that teaching, nursing and NGO work is often possible for Lebanese women only.

The security situation in Aarsal has made movement in and out of Aarsal as well as to the mountains where farms are located difficult. For this reason, work opportunities in agriculture have decreased significantly. Especially for Syrians, this is an issue, as they neither find work outside of Aarsal nor go to their own farms along the borders or work on Lebanese farms. The security situation has been challenging when during frequent raids by the LAF in the ITS many men and youth are arrested which has made movement even more challenging. Moreover, many stated that they are afraid of local authorities as they believe that they perceive them as terrorists which makes finding a decent job difficult. Local authorities have reportedly put restrictions on some forms of Syrian labour such as taxi drivers and shops which have partly been closed according to some informants.

Finally, in winter it is particularly hard to find employment as agricultural work as well as work in the quarries is seasonal. A similar situation can be found in construction where work with cement as well as painting and brick laying is usually not possible due to low temperatures so that only work inside such as electrical work, carpeting and the like is possible.

These barriers and challenges are not necessarily exclusive but may overlap in the sense that depending on gender, nationality, age and socioeconomic status some people may experience several barriers at once, accumulatively. These barriers need to be carefully considered in any livelihood intervention in order to be able to ensure an approach that is as sustainable as possible, enabling participants to overcome these or some of these challenges wherever possible also after the specific activity has ended.

### **Market Gaps – Assessment of Viability of Business Sectors for Livelihood Interventions**

Building on this understanding of the above market assessment, the next step is to evaluate businesses and income generating activities (IGAs) in order to identify and recommend the most viable economic activities in Arsal which DRC Lebanon interventions could successfully and sustainably support.

Table 1 above outlines the criteria and indicators used to assess and evaluate the viability of the different economic sectors identified in the market assessment. The evaluation can be found in Table 3 below. A + means that during KIIs and FGDs respondents have made a positive indication for the specific indicator and sector, a – where this was negative and a ++ when neither positive nor negative, so a more neutral indication was made. Where no direct mentioning of the indicators for the sectors was made, the evaluation was inferred from other indirect statements made by respondents.

**Quarries:** the quarrying sector is very well developed in Arsal and as of today there are 150 quarries employing 5 labourers each and 300 workshops with 10 employees each (UNHCR 2018). The turnover per month amounts to 640,000 USD and due to competition in the labour market, wages have been cut in half from 20 USD per day to 10 USD (ibid.). The lack of state presence in Arsal has led to unregulated quarrying where people have turned their own private lands into quarries and, more widely, have ‘borrowed’ communal land for this purpose (Obeid 2006). Several attempts have been taken by the government to regulate the sector with several decrees issued between 1996 and 2009. In 2002, regulated the licensing process but activities in the Anti-Mountains where Arsal is located remained to be unregulated and operated freely (Ecocentra 2017). While this sector presents short-term employment opportunities in summer also because the sector is very well developed and in-depth training of workers is not necessary, there are no jobs in the winter and working conditions are harsh. As one respondent stated *“where are the human rights in this?”* This is a highly informal sector where businesses are not registered and where workers do not have any insurance despite the dangerous working conditions. It furthermore presents environmental problems and the sustainability of this sector is highly questionable. As one respondent puts it: *“the limestones will finish one day”*.

**Agriculture:** According to farmers, there are about 1,250,000 trees in Arsal producing and selling 33.3 million tons per year. The Lebanese market is worth 31 billion LBP while the Syrian market amounts to 15 billion LBP. The UNHCR (2018) study found that they produce 8,000

tons of cherries, apricots and almonds annually which is worth 12 billion LBP which means that numbers are contested. The cost of per kg of apricots and cherries ranges between 1,000 LBP to 4,000 LBP with higher prices at the beginning of the season which then decrease. The export market used to be valuable but now due to difficulties of accessing the Syrian market especially, this has decreased. However, farmers indicated optimism that export could improve again soon given the improvement of stability in Syria. As mentioned before, a large amount of trees are dead or infested with disease due to recent conflict which shrinks this sector and due to the lack of income for the farmers during this time of crisis, income short- and long-term employment opportunities have declined. However, it is still one of the largest sectors in Aarsal and short- and long-term employment potential is given under the condition that farmers can get the capital to renew their production capacity and that Syrians will have access to the mountains again.

Seasonality is a challenge also for the agricultural sector where most of the daily workers would be needed between August and September for the picking season and between October and December for cutting the trees and maintaining the land. Especially cherries from Aarsal are famous as the conditions there make the cherries crunchy and they stay fresh for a long time. Farmers claim that no pesticides are used and production is mostly organic which was achieved with the help of the agricultural department of the American University of Beirut (AUB). Challenges include fluctuating prices in that they are never sure what revenue they can generate each year. It was suggested that the agriculture that is already here should be strengthened before thinking about introducing new kinds of fruits to the production in an attempt to diversify the market. This implies that a value chain approach to the agricultural sector might be the most suitable way of introducing livelihood activities in this sector, including processed products that have traditionally been made in Syria which is not accessible anymore. Some more background information on the value chain can be found in Box 1.

### **Box 1: Agricultural VC Information – Processed Foods**

#### **Fruit:**

- grown in Aarsal is sold in Bekaa (Aarsal, Marej & Ferzol), South and Tripoli (best market)
- Output: > 33.3 million tons annually
- Transport: small farmers rent truck to go to markets, larger farmers use own trucks
- Export: dealing with a distributor in Bar Elias for export to Gulf; lower-quality fruit traditionally sold to Syria for jam production

#### **Jam: (USAID 2014)**

- 47% of jam market imported, local production 4,362 tons of jam (2012)
- Input: packaging & raw fruit; jars available through local suppliers, raw fruit locally sourced
- Simple production in small batches, labour intensive

**Livestock / Herding:** Aarsal is a traditional herding culture, however, due to demographic shifts and due to the hard labour associated with herding, livelihoods have been more diversified

and a shift from herding to tree planting and the quarrying sector in particular has been taken place. In the first half of the 20th century, Arsal was one of the places with the largest number of livestock in Lebanon, estimated at 80,000 sheep and goats compared to 65,000 before the Syrian crisis. With the conflicts in Arsal in the last few years, this number has reportedly been cut in half as herders were unable to reach their livestock in the outskirts of Arsal. 165 families are involved in herding today (UNHCR 2018). Originally, wool was used for carpet-making, but today the wool is discarded and livestock is mainly raised for the meat. However, production cost is much higher than in Syria due to taxes on grazing grounds in Lebanon (UNHCR 2018). Previously, dairy products were produced in Arsal but due to these shifts in livelihoods and the high production cost associated with herding, these products are now bought from the market (Obeid 2006) and mainly sourced from outside Arsal. Targeting herders is associated with difficulties as they are on the move for much of the year. However, with fewer opportunities of movements between Lebanon and Syria, there is also limited movement of herders as traditionally they moved between the highlands of Arsal in the summer and the lowlands of Syria in the winter (Obeid 2006). With a decline in livestock activities, short- and long-term employment opportunities have decreased as well and due to the hard labour associated with this sector and the fact that it has been overhauled by other sectors that are perceived to be more profitable, youth in particular are not interested in working with livestock. The main barrier to dairy and egg production was perceived to be the lack of facilities that would have to be provided by the municipality.

**Construction:** The construction sector, including infrastructure, is one of the few sectors where NGOs have so far been able to implement short-term cash for work projects. While short-term employment and income potential are given in this sector, especially for Syrian men, there are problems with the informal nature of it as outlined above. The main work in this sector is found in ITS and other more permanent buildings around the town. However, growth potential is limited as workers perceive opportunities to decline due to the notion that the cheap Syrian labour in this sector was taken advantage of especially in the beginning so that most of the construction work was done and finished and workers have experienced a decline in inquiries. Working conditions can be harsh and dangerous and similar problems as with the quarries regarding this can be observed. Seasonality is an issue as well since large parts of the construction work cannot be conducted in the winter, especially if temperatures drop below 4 degrees. Opportunities for short-term employment are perceived to be in infrastructure, mainly roads especially those leading to the mountains as many have been damaged and asphalted roads are needed as the dust and gravel constitute a risk to the fruit production.

**Handicrafts/Carpet-making:** Handicrafts and carpet-making are sectors in Arsal that have been pursued traditionally. Today, especially women, work in handicrafts, accessories, tailoring, carpet making, knitting and crocheting. In particular carpet making and crocheting have been pursued but production depends on demand in urban markets as Arsal is not a functioning market and does not have the capacity to absorb these products. As one respondent said: *"it is easy to have vocational training in carpet making, the problem is access to markets and this is what needs to be taught"*. The carpet market today is underdeveloped due to high cost of production, foreign companies and competition and low technical capacity (UNHCR 2018). Other respondents indicated that help in teaching and designing would be useful to strengthen this sector as there is an opportunity to market carpets from Arsal which are often sold to ministries and foreigners. The carpet making sector is dominated by Lebanese and access to Syrian women, except for cheap labour, is difficult and should be handled with care.

**Table 3: Evaluation of Viability of Economic Sectors**

Indicator / Sector	Limestones	Agriculture	Livestock / Herding	Construction	Handicrafts (including tailoring and carpet-making)
Short-term employment potential	+	+	-	+	+
Long-term employment potential	-	+	-	-	+
Prevalence of women	-	+ -	+	-	+
Prevalence of youth	+	+ -	-	+	+
Product supply	+	+	-	+	+
Product demand	+	+	+	-	-
Growth potential	-	-	-	-	+
Income generation potential	-	+	-	+ -	+ -
Seasonality	-	-	-	-	+
Ethics	-	+	+	+ -	+
Working conditions	-	+ -	-	+ -	+

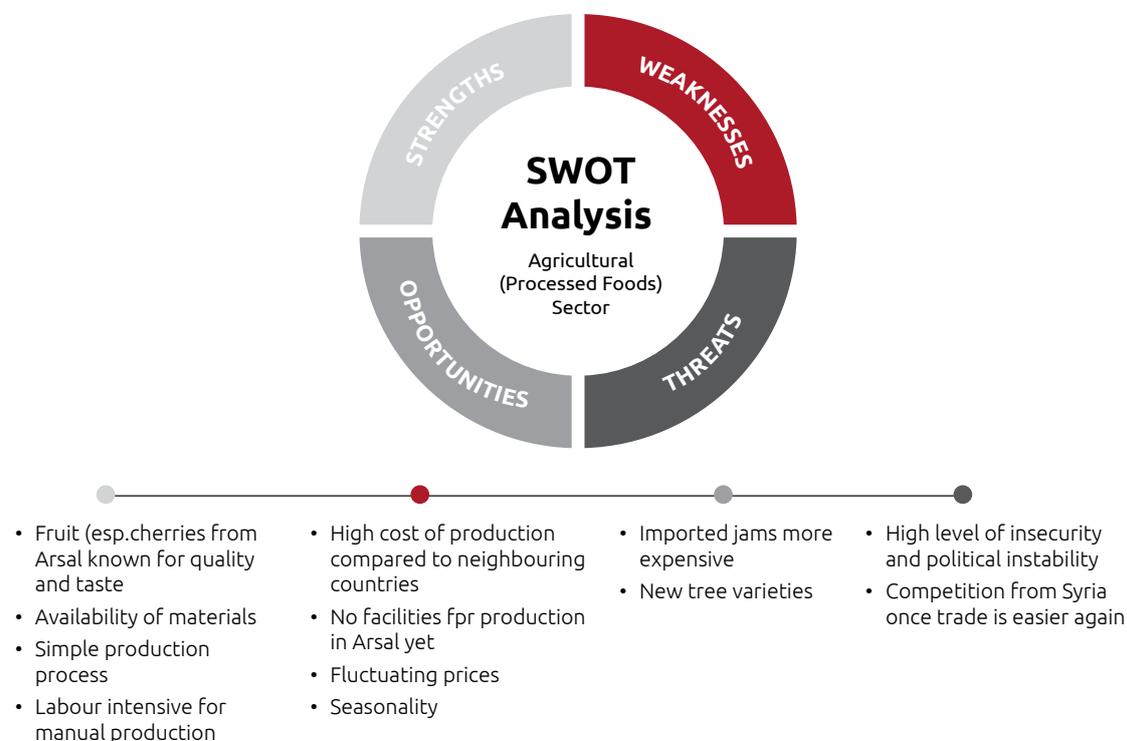
A Syrian woman told us that it is *“a Lebanese business that we do not want to interfere in in order to avoid tensions”*. Syrians, on the other hand, are more experienced in knitting and tailoring which they do in their tents today but they lack the capacity to sell their output. For carpet-making, due to the fact that it is an established (small) business in Arsal, a value chain approach might be an efficient way to implement sustainable as well as short-term livelihood activities in order to strengthen links in the chain that help the business grow and generate employment. Some general background information of the carpet value chain can be found in box 2.

**Box 2: Handicraft VC Information – Carpets**

- Material sourced locally and regionally (Syria)
- One small Lebanese cooperative
- Founded with help of AUB
- 25 workers
- One Arsali woman transports carpets to Beirut
- Sold at approx. \$50 depending on size

Given this viability assessment of the four main sectors as outlined above, attention should be paid to both the agricultural (processed foods) as well as the carpet-making industries. A brief SWOT analysis for both can be found in figures 1 and 2 below.

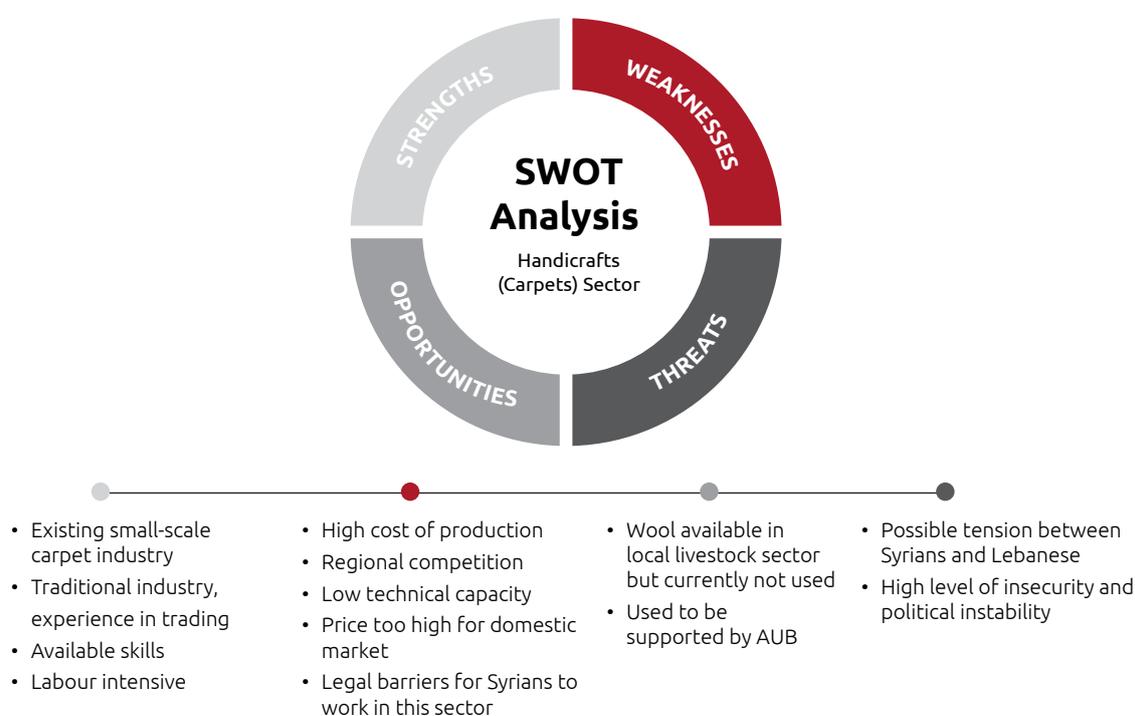
**Figure 1: SWOT Analysis Agricultural (Processed Foods) Sector**



Cherries from Arsal are known for their quality and taste which could give processed products from Arsal linked to fruit a competitive advantage. Raw fruits and packaging materials are either available locally in Arsal or can be sourced regionally. The production process on a small scale is simple and labour intensive especially liked to sorting, washing, pitting and cutting

which could present an opportunity to integrate training not only regarding the production itself but also regarding marketing of products as discussed before to employment generating activities. However, the production costs are expensive in relation to those in neighbouring countries, especially Syria, which is also linked to a threat that once border activities and trading picks up again, production might be relocated back to Syria again due to the lower production cost which questions the sustainability of jam production in Arsal. Furthermore, there are no production facilities in Arsal as of today, prices on the cherry market tend to fluctuate and availability of cherries is seasonal. On the other hand, new tree varieties are reportedly being sought in Arsal which could decrease this seasonality and there is an opportunity to potentially make food vouchers eligible for spending on weekly local markets where jam could be sold. Besides the competition for production in Syria, another threat is the volatile security situation in Arsal and the political instability there and in Lebanon more generally which is beyond the influence of any livelihoods programme.

**Figure 2: SWOT Analysis Handicrafts (Carpets) Sector**



In Arsal it has been tradition to make carpets using traditional techniques, sold for utilitarian purposes. An advantage is the existing business in Arsal, even though it is small-scale. The existence of this business as well as the fact that carpet-making is a traditional exercise in Arsal means that skills are available in the area and can be built upon. Production is labour intensive which presents an opportunity for employment generation. Production costs are reportedly high and carpets have to be sold at relatively high prices which do not correspond with the quality, especially since regional neighbours such as Egypt, Turkey and Jordan produce better quality carpets at a much more competitive price. Furthermore, Syrians are legally not allowed to work in this sector. Opportunities in Arsal include the wool of sheep that herders in Arsal hold which is currently thrown away (UNHCR 2018). Furthermore, according to a respondent, AUB used to support the Arsal carpet industry which means that DRC could learn from their experience or at best cooperate with them. In interviews it was illustrated that the carpet

industry is Lebanese owned and even though Syrian women work in this sector, a (conflict) sensitive approach should be taken in order to avoid tensions between Syrians and Lebanese. Finally, the security situation in Arsal is volatile and there is political instability there and in Lebanon more generally which is beyond the influence of any livelihoods programme.

In conclusion, taking all the findings and analyses into account, the construction sector seems to have the most potential for short-term employment and income generating activities while both the carpet industry and the agricultural sector linked to food processing were shown to have the potential to yield a more long-term and sustainable impact on employment and livelihoods more general.

## **Gap Analysis of Skills Knowledge and Training**

### **“I don’t want training, I want a job!”**

An objective of this study is to assess and identify existing and potential marketable opportunities for vocational skills in Arsal tailored to the local market conditions. Therefore, this section outlines existing skills in the population, the demand for certain skills and it discusses existing vocational training facilities in Arsal.

#### **Existing and Demanded Skills**

Research has made clear that youth, especially young men, do not often attend university and drop out of school early because there is low awareness about educational benefits in the society because they see that students who come back from university do not find employment in Arsal that fits their educational level. Another reason for not attending higher education is the high cost associated with university linked to tuition fees and transportation as well as accommodation cost as the closest universities are located either in Zahlé or Beirut which are 1.5 hours’ and 3 hours’ drive away and living cost is much higher in these places, too. Many youth have reportedly attended an official technical school in Arsal that trains about 400 students with 114 technical teachers but they were still not able to find a job in Arsal afterwards. They are interested in proper employment but after all the workshops, schools and other vocational trainings they attend, there are few opportunities for them to find employment and so they often keep working in agriculture or limestones.

This low school attendance is reflected in high levels of illiteracy. According to UNHCR (2018), 55% of Lebanese and 69% of Syrians in Arsal are illiterate. Both awareness for educational benefit and access to the labour market after school and trainings seem to be the most vital factors to attendance and interest in trainings. A girl who dropped out of school after 4th grade insisted to learn English and computer skills which shows that if this awareness and the perception that such trainings will be useful in the labour market exist, there is interest in learning and then using this knowledge in the market economy. Many mentioned the fact that they had undergone vocational and life skills trainings, but most said they did not benefit from them as there was no access to the labour market. This was reiterated by most respondents; women for instance perceived knitting and other handicraft skills to be beneficial as such but made clear that the problem was access to markets which is what should really be taught. Most women, especially Syrian women, already possess skills linked to handicrafts, accessories, knitting and crocheting and already work in this from their tents which shows that support in marketing their goods could be beneficial. Even though these skills are available, legal barriers to employment of Syrians in this sector pose a barrier for women to sell their goods.

The carpet-making industry, while small, exists in Arsal and women working in this sector mentioned needs for trainings in design and the 'modern ways' of the carpet industry as making new forms and styles to diversify their current product lines might help them increase their income. It is mainly a Lebanese business, but Syrian women told us that they had received on-the-job training for carpet-making after which they then worked in the business.

Vocational training needs in general were identified as electrical repairing, fixing big machines, agricultural expertise, tailoring and working with leather. Youth in particular are interested in mechanical and electrical training and work, but again, it is of utmost importance to support them also once the trainings as such finish in order to identify and find employment in the market. While there is this overall dissatisfaction with a lack of opportunities and thus the perception that trainings are useless, certificates for youth are perceived by some to be vital for their future: *"I was trained as a pharmacist, but then worked in trade. Later I came back to Arsal and opened a pharmacy, so the initial certificate even though at first I didn't work in it was the most important thing in my life"*. This awareness and such 'success stories' need to be disseminated even though awareness alone will not benefit youth in the current weak state of the labour market in Arsal.

Another large need for trainings was identified as advice for agriculture. In Hizirta (close to Zahlé) cherries are grown and then sold at a higher price than in Arsal as the quality can be better because they use agricultural engineering to cut the trees in the best way and to make the right space between trees.

Finally, there is also a contradiction in supply and demand of skills trainings. A challenge was reported to be that training centres provide trainings because employers indicated that they would need such trainings but in the end, job opportunities are still not offered.

The weak market economy as explained in the market assessment of this report paired with the demand for certain types of trainings and the overall expression of dissatisfaction with the lack of support for after trainings shows that it is not advisable to offer stand-alone trainings which seem almost obsolete in this situation. Instead trainings would be more useful and efficient if they were directly connected and very specific to an opportunity for employment afterwards.

### **Existing Skills Training Centres**

Vocational and life skills trainings in Arsal are offered by both local and international NGOs. Some focus on Syrian children aged 10 to 14 in order to help them catch up to speed with the Lebanese public school systems. They are taught French, Arabic, Maths and Science for about 96 hours for 2.5 to 3 months after which they can take an exam in order to enter public schools. However, due to a lack of capacity in public schools, there are also 12 Syrian managed schools in Arsal. Other organisations tend to young adults offering courses ranging from English, computer skills and civic (peace) education to VTs in nursing, hairdressing as well as cell phone and solar system repairs. Courses last up to 6 months after which a new group of students is admitted. There are about 20 to 25 students per class for approximately 4 hours per week, gender separated and with both Syrians and Lebanese, although not necessarily with a ratio of 50/50.

The success of the life skills and vocational trainings is unclear. While one organisation told us that after their nursing and hairdressing trainings 70-80% started working afterwards (either

in Arsal or back in Syria where they followed up with them), others indicated that due to the weak economy and low levels of employment opportunities in Arsal, they did not see the desired results after their apprenticeship programmes. Another organisation explained that every year they have about 20 graduates each from a school of accounting, computer and nursing but hardly anyone finds employment afterwards.

Speaking with beneficiaries of such trainings, the latter perception was underscored. Most respondents indicated the imminence of basic needs rather than trainings that in the end are not perceived to have any benefit for their economic situation given the weak economy in Arsal. One woman told us that she used to attend trainings for hairdressing and nursing but neither one benefitted her as there was no access to the labour market since the skills do not fit employment opportunities, or said more bluntly, job opportunities in general are very scarce. *"I don't want training, I want a job!"* She said that everyone was benefitting from the training, the teacher, the organisation and the taxi drivers that picked her up and dropped her off at the organisation which was in walking distance: *"I want to be a taxi bus driver because they seem to be the only ones benefitting!"*

Another issue identified with existing trainings is that there was no long-term view and therewith no long-term gain as activities are stopped after a maximum of 6 months which is perceived to be unsustainable if trainings are given just for the sake of them rather than linking them with existing, real employment opportunities.

Thus, in light of the existence of many life skills and VT centres in Arsal, it seems to be the better approach to build their capacity and build partnerships with those organisations already working in this sector instead of adding another player to this field that is, in any case, perceived to be rather dysfunctional given the challenging economic environment.

## CONCLUSIONS & RECOMMENDATIONS

Considering the findings and analyses above, the most prevalent perception is that the market economy is weak and that the market in Arsal is unbalanced, leading to few job opportunities and thus high unemployment of both Syrians and Lebanese. While there is no shortage of supply of goods and labour, Arsal is a weak market because there is extremely low employability saturating the labour market and the market is controlled by a powerful few clans/families who have the capacity to source supplies outside Arsal and who create a barrier to open market participation. Arsal relies on goods produced elsewhere as it has no local production. A selected few benefit by controlling access to the market while small local actors across all sectors endure fierce competition and suffer reduced profits. This also leads to an unfair competition at the wholesale level which in turn results in a lack of a balanced economy in the local community. As argued earlier, cash is predominantly injected into the economy by aid, wholesale supply is sourced by a powerful few, and profits immediately leave the local economy to pay suppliers outside of Arsal. Thus, large amounts of the cash injected through humanitarian cash transfer programming do not circulate in the local economy. Local power relations also play a core role in humanitarian interventions in the sense that any supplies needed for projects have to be sourced through these few powerful actors which further spurs these unbalanced power relations linked to unequal benefits and disengagement with the local economy.

This situation, moreover, has an impact on existing and potential life skills and vocational training programmes as trainings that do not fit the current employment situation are perceived to be obsolete, frustrate the beneficiaries, and do not yield the desired results. Hence, as the market and employment situation is feeble, stand-alone skills trainings, even though they might be well-intentioned and delivered in the best possible way, can hardly have a positive impact.

The main livelihoods opportunities and strategies pursued are found in the agricultural sector which has gained more and more significance in the economy of Arsal since the 1970s as well as in the limestone quarrying sector. Both of these sectors have been pursued for decades as a way of diversifying livelihoods away from a traditional herding economy. These sectors can be considered the main economic drivers in Arsal, or the 'cash cows' of the economy. Besides this, Syrian men especially find employment in the construction sector. For women the handicrafts and carpet-making industries present the best opportunities to earn an income even though access to a functioning market remains challenging. Youth do not see the added value of employment, partly due to socio-cultural factors and economic factors including the weak market situation.

This conclusion implies two issues. First, in order to ensure access to sustainable employment opportunities, there is a need to **support the production of marketable agricultural and manufactured goods** in Arsal. And second, **encouraging and advocating free or freer competition** in importing wholesale goods, given the fact that this now lies in the hands of a powerful few in Arsal, might lead to more efficient economic growth locally and a more equal distribution of incomes. Competition is the 'invisible hand' that guides individual self-interest into maximising social welfare which is, however, only possible if there is an adequate number of participants so that no one single actor can influence the outcome of an economic exchange (Timmer, Falcon & Pearson 1983), which is a condition currently lacking in Arsal. Humanitarian livelihoods actors need to step up to endorse such developments.

According to the evaluation of sectors, the most viable opportunities for short- and long-term livelihoods programmes are the following: For **short-term employment**, the **construction sector** promises opportunities as this is one of the few sectors in which activities can be implemented that can include Syrian labourers given legal barriers in many other sectors. Besides waste management projects, NGOs as of today have found the construction sector to be one of the few viable sectors for cash for work programmes mostly focused on infrastructure work such as roads and storm water channels. However, sustainability of this sector for the long-term, given the perception of actors in this sector that employment opportunities are decreasing, is questionable so short-term projects should be the focus.

For programmes with the aim to support **long-term, sustainable employment**, given the weak economic situation, a **value chain approach** would be the most suitable option. Due to the fact that respondents perceived lack of market access as the most relevant barrier to employment and income generation, a value chain approach is useful in that it aims to help the target population derive more income from a livelihood activity by supporting them to add value to a product or by helping them access markets where there is greater demand for their product (IRC 2016). A value chain approach is market-driven, focusing on linking households to growing markets, it seeks sustainable solutions by creating systems and relationships to address underlying constraints in the long-term and it emphasises leverage in facilitating actions of market actors rather than providing direct services which can result in greater scale (Lundy et al. 2007). Focusing on strengthening links in the value chain might also make it

possible to contribute, in one sector, to the aforementioned recommendation to encourage more balanced and equal competition that could lead to local economic growth and more equal income distribution. The unequal power relations prevalent in the economy of Arsal allows some actors to exploit other market chain actors unfairly which can be counteracted by developing the value chain, building actors' capacity along the chain to work towards shared goals and to maximising their roles in the chain and by building better relationships between the different actors. By focusing on these issues, common problems among actors in the chain as well as solutions that generate win-win outcomes, yielding tangible benefits, can be identified (Donovan et al. 2015).

One opportunity in the **agricultural value chain** are processed products such as **jam** where production can be developed and the value chain can be built locally as it used to be a cross-border activity from Syria. By bringing the production of jam to Arsal on a small scale and reducing the reliance on imported products, one can create employment, support diversification of the market, develop links to better functioning markets outside Arsal and it presents a useful opportunity to combine skills training and employment.

The **handicrafts value chain**, including artisanal **carpet-making**, presents an opportunity to strengthen an existing, small scale production facility where certain links in the value chain can be strengthened and expanded. This option has a potential to be sustainable as the value chain, even though it is very small scale, already exists in Arsal and does not have to be built from scratch. Here, skills development and employment generation can be combined because even though skills in this sector already exist in Arsal, they can be developed and skills regarding marketing of products can be integrated.

Should a value chain approach be adopted, **further research** into finding the most suitable way to promote and upgrade the market should be undertaken in order to ensure positive impact on skills development and employment generation as well as an efficient and sustainable approach of the livelihoods programme.

**Vocational skills training**, given the fact that the economy is weak, vocational training is not recommended as a stand-alone activity, but should rather be linked to employment opportunities after the training finishes in order to avoid further frustration. The aforementioned value chain approach could be a suitable strategy for this. Furthermore, as there are a relatively large number of training facilities in Arsal today, adding another actor to this field should be avoided. Capacity building and partnerships with existing actors present a more efficient and sustainable way to address skills training in Arsal.

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