



International
Labour
Organization

PROSPECTS

► Unlocking opportunities for decent job creation in Lebanon's horticulture sector

Synthesis report



► A strategy to improve livelihoods of Lebanese
host communities and Syrian refugees under
the PROSPECTS Partnership



I. The context: improving PROSPECTS for refugees and host communities in Lebanon

For the past 9 years, Lebanon has been at the forefront of one of the most severe refugee emergencies of our time. According to government estimates, up to 1.5 million forcibly displaced Syrians are currently hosted in Lebanon¹, equivalent to a quarter of the Lebanese population, making Lebanon the country with the highest per capita concentration of forcibly displaced persons in the world. With an estimated 68 per cent of forcibly displaced Syrians and 28 per cent of Lebanese living below the poverty line, the situation is dire for Lebanese host communities, and even more so for Syrians.² Pressure on infrastructure and services and competition over jobs are leading to tensions between communities, particularly in already deprived regions, such as the North and the Bekaa.

To make matters worse, Lebanon is facing a severe economic and financial crisis and the outlook is grim. The country's long standing weak macroeconomic conditions characterized by high public debt and tight monetary policy to support the fixed exchange rate have put the country on an unsustainable path. In March 2020, the Government of Lebanon defaulted on its Eurobond payments, effectively placing the country and its banks at the brink of bankruptcy. The negative impact of this downturn on the private sector has already materialized and will likely continue to intensify. At the root of the challenge is a lack of liquidity and a severe shortage of dollars on the market, resulting in parallel exchange rates and inflationary pressures, as well as severe disruptions of essential imports.

Since October 2019, the Lebanese people have taken to the streets to demand political changes, more job opportunities, and the resignation of the government. The protests finally resulted in the Prime Minister's resignation, and a new government has been formed in January 2020. However, the political turmoil also meant additional disruptions for the Lebanese economy and its businesses.

The economic situation in Lebanon was worsened further by the global COVID-19 pandemic that hit the world in early 2020. In response to the pandemic, the Government of Lebanon shut down institutions and public places, and closed its air, sea and land borders to avoid overburdening the already weak health system. Travel restrictions and closure of businesses and institutions have placed an additional strain on Lebanon's fragile economy and in particular on small businesses that constitute the backbone of Lebanon's economy. This rapidly deteriorating situation is impacting the Lebanese population as well as Lebanon's ability to host 1.5 million forcibly displaced Syrians.

In this challenging context, the recently launched "Partnership for improving Prospects for forcibly displaced persons and host communities" (PROSPECTS) aims to improve the resilience of Lebanon and create decent jobs for both forcibly displaced persons and host communities. Funded by the Government of the Netherlands, PROSPECTS brings together five agencies (IFC, ILO, UNHCR, UNICEF, World Bank) to devise collaborative and innovative

¹ According to the UNHCR, 910,256 Syrian refugees are currently registered with the UNHCR in Lebanon

² Government of Lebanon and United Nations (2019): Lebanon Crisis Response Plan 2017-2020

approaches for inclusive job creation, education and protection in eight countries across Eastern Africa and the Middle East.

In Lebanon, the ILO's focus in the partnership is on enhancing resilience of Lebanon's crisis-rattled labour market and creating better livelihoods for both Lebanese host communities and forcibly displaced persons. It will do so by promoting the development of market-relevant skills, enhancing employment placement services and labour market governance, strengthening social protection schemes and promoting micro, small and medium sized enterprises (MSMEs) as well as sectors with potential for decent job creation. In order to create decent job opportunities for both Lebanese host communities and forcibly displaced Syrians, the ILO deployed its Approach to Inclusive Market Systems (AIMS)³ to look at ways to develop the Lebanese greenhouse horticulture sector.

II. The ILO's Approach to Inclusive Market Systems (AIMS)

ILO's SME Unit and the UNHCR Livelihoods Unit joined forces in 2013 to promote livelihoods of forcibly displaced persons and host communities. The objective of the collaboration was to make interventions to promote livelihoods of forcibly displaced persons and host communities more market-based, sustainable and holistic. In this context, the ILO introduced the "Approach to Inclusive Market Systems (AIMS)" that seeks to apply the market systems development approach (also called Making markets work for the poor, or M4P) to the context of forced displacement.

The market systems approach is based on the premise that instead of helping people directly, development projects should focus on changing the functioning of 'market systems' to make them work better for the poor, marginalized and disadvantaged. Traditional approaches to refugee livelihoods often deliver a variety of goods and services to people in need directly. While this is time-efficient and effective to cover immediate needs, the approach often distorts the market and risks displacing local actors that offer these goods and services on a commercial basis. Moreover, direct delivery of goods and services can only be maintained as long as donor funding is available. Once project funding ends, service delivery ceases, and the situation of recipients has not improved sustainably.

Market systems development instead focuses on understanding the overall system in which people live and make a living and asks why certain groups struggle to access economic opportunities. Applying a market systems approach often means doing things counter-intuitively, for instance by refraining from directly helping people with whatever goods and services they need, but instead taking a step back to understand the 'root causes' of people's problems and design interventions to tackle these. This means that projects often do not work with the target group directly, but rather with a variety of public and private actors to incentivize and capacitate them to deliver goods and services sustainably.

³ For more information on AIMS please check: www.ilo.org/AIMS

To guarantee sustainability, projects seek to create win-win situations whereby both the actor delivering any good or service and the person receiving that service stand to gain from the transaction. For instance, instead of delivering seeds, fertilizers and other inputs to agricultural producers in marginalized rural areas, a market systems development project may work with input suppliers to help them develop a viable business model to sell required inputs to marginalized producers at an affordable price and with options to buy on credit. That way, instead of crowding out commercial suppliers and creating dependencies on donor funds, a win-win situation is created whereby marginalized farmers benefit from sustainable access to affordable inputs, while commercial input suppliers retain their jobs and make profits which might even result in them expanding and employing more people.

III. Constraints and opportunities in Lebanon's horticulture sector

The agricultural sector has traditionally offered livelihood opportunities for both Lebanese and Syrians, albeit in different positions. While most Lebanese in the sector make a living as farm owners, Syrians historically find employment mostly as seasonal workers. Today, Syrians are estimated to make up 75 per cent of the agricultural labour force. Nevertheless, poverty rates are particularly high in the agricultural sector where 40 per cent of agricultural workers are considered poor.⁴

Lebanon remains a net importer of agriculture products and consumer prices have increased over time, indicating scope for import substitution or even export growth if production standards can be met. However, domestic and foreign investment in the agriculture sector remains modest. The conflict in Syria ended the supply of subsidized agricultural inputs from Syria, resulting in higher production costs, lower productivity and increased pest and disease outbreaks. The decline in Syrian purchasing power as a result of the conflict in Syria and the closure of the last border crossing between Syria and Jordan in the spring of 2015 also severely disrupted traditional trade channels and caused the overall volume and value of Lebanese agricultural exports to decline. The already drastic situation became even more challenging with the COVID-19 crisis that further disrupted production and trade, and Lebanon remains a net importer of agricultural products at a time when reliable local agricultural production is sorely needed to ensure food security.

Low productivity and incomes as symptoms of an underperforming sector

Greenhouse production remains relatively small, accounting for 3800 ha or 1.6 per cent of the agriculture land, almost half of which are found in Akkar. This is the case despite the many benefits of greenhouse production over open field production that include productivity gains, efficient land use, and an extended production season. Existing greenhouses are

⁴ Government of Lebanon and United Nations (2019): Lebanon Crisis Response Plan 2017-2020

usually of the traditional single tunnel design which allow for only limited ventilation, affecting the microclimate and thus both productivity and working conditions negatively. Recent research suggests upgrading from tunnel to the multi-span 'chapel' design could increase productivity by up to 50 per cent.⁵ Nevertheless, the popularity of the traditional tunnel design is linked to its affordability relative to more modern and better ventilated designs.

Pictures: the traditional single tunnel (left) and the multi-span 'chapel' design greenhouse (right)



Inputs including seeds, fertilizers and pesticides are also critical to the productivity of vegetable production and constitute a significant cost element. Consequently, producers are under constant pressure to minimise costs, leading to incidences of misuse of pesticides and/or the use of banned products available across the border in Syria or Turkey. These production practices impact on processing or exporting where tests often show higher bacteria and pesticide levels than permitted or desired. Information on the implications of sub-standard production practices and on the commercial benefits of improved greenhouse technologies remains scarce. Many farmers are unaware of the potential value of new greenhouse designs and/or the relative benefits of quality agrochemical inputs, and few have access to credible data on returns on investment.

Market information flows remain limited and this reinforces the vulnerability of producers vis-à-vis the wholesale market system. The demand in terms of volumes and prices fluctuates almost daily, making investment and planning decisions difficult and risky for producers and, to a lesser extent, for wholesalers. This is both a cause and effect of many farmers producing the same, often low-value, vegetable products at the same times throughout the season. Only a few producers and wholesalers appear to actively target niche or off-season vegetables despite the apparent demand locally and regionally.

Vegetable processing, and thus opportunities to access more diverse and value-added markets, continues to be limited in Lebanon. The industry remains relatively unorganised,

⁵ Wageningen (2019): Enhancing greenhouse agriculture in the Bekaa Valley, Lebanon

much of it based around small scale family-operated micro-enterprises and cooperatives, unlikely to grow or scale their production significantly. The economic crisis has inevitably dampened investment in the agro-processing industry and its weak growth offers only localised opportunities for more consistent and diverse vegetable production. Despite modest growth for a handful of larger, more professional processing factories in recent years, Lebanon remains a net importer of processed foods and is currently unable to take advantage of the local undersupply as well as export opportunities.

Picture: Syrian women producing leafy greens in Akkar



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A sector that provides livelihoods for Syrians but with room to improve working conditions

Agriculture, including fruit and vegetable production, is one of the main sources of income for forcibly displaced Syrians, and one of three sectors where displaced Syrians are legally allowed to work. Indeed, Lebanese farmers have hired seasonal workers from Syria for decades for harvesting and to a lesser degree planting and crop maintenance during the summer season. With the recent decline in job opportunities due to the economic and financial crisis, agricultural work has become increasingly relevant also for vulnerable Lebanese host communities. In particular women play an important role as seasonal workers, albeit often with lower wages.

The Lebanese labour legislation currently does not cover agricultural workers and thus leaves them exposed to protection risks. In particular Syrian agricultural labourers face several specific constraints that impact negatively on their livelihoods:

- ▶ Working conditions are arduous with negative impacts on workers' health. The work is physically demanding and, particularly in greenhouses, done in uncomfortably high temperatures. The handling of various pesticides, including of pesticides that are formally banned, exposes labourers to potentially harmful and toxic substances.
- ▶ Workload and income are irregular as employment follows the various crop cycles. More stable job opportunities are rare and difficult to access for those without local contacts or networks.
- ▶ Salaries are lower than for Lebanese agricultural workers and payment is often delayed or at times withheld.
- ▶ Syrian workers often depend on an informal brokerage system controlled by middle-men called 'shaweesh' that recruit seasonal workers for a commission. The 'shaweesh' system, whilst providing forcibly displaced Syrians with access to jobs, nevertheless also exposes them to risks of exploitation.

That said, the shaweesh system is strongest in the seasonal work sector (particularly fruits, but also open field vegetables like potato) and less significant in the greenhouse sector where the predominant model is for extended families to live and work on farms where the employment relationship is direct with the farmer. Greenhouse labour is characterised by longer-term, often fulltime employment over multi year periods and thus, by definition, represents for many a better employment opportunity than seasonal harvesting work. Increasing profitability and competitiveness of greenhouse production thus has the potential of creating more stable and longer term employment opportunities for Syrians while also decreasing their dependence on the often exploitative shaweesh system.

IV. Unlocking opportunities for decent job creation in Lebanon's horticulture sector

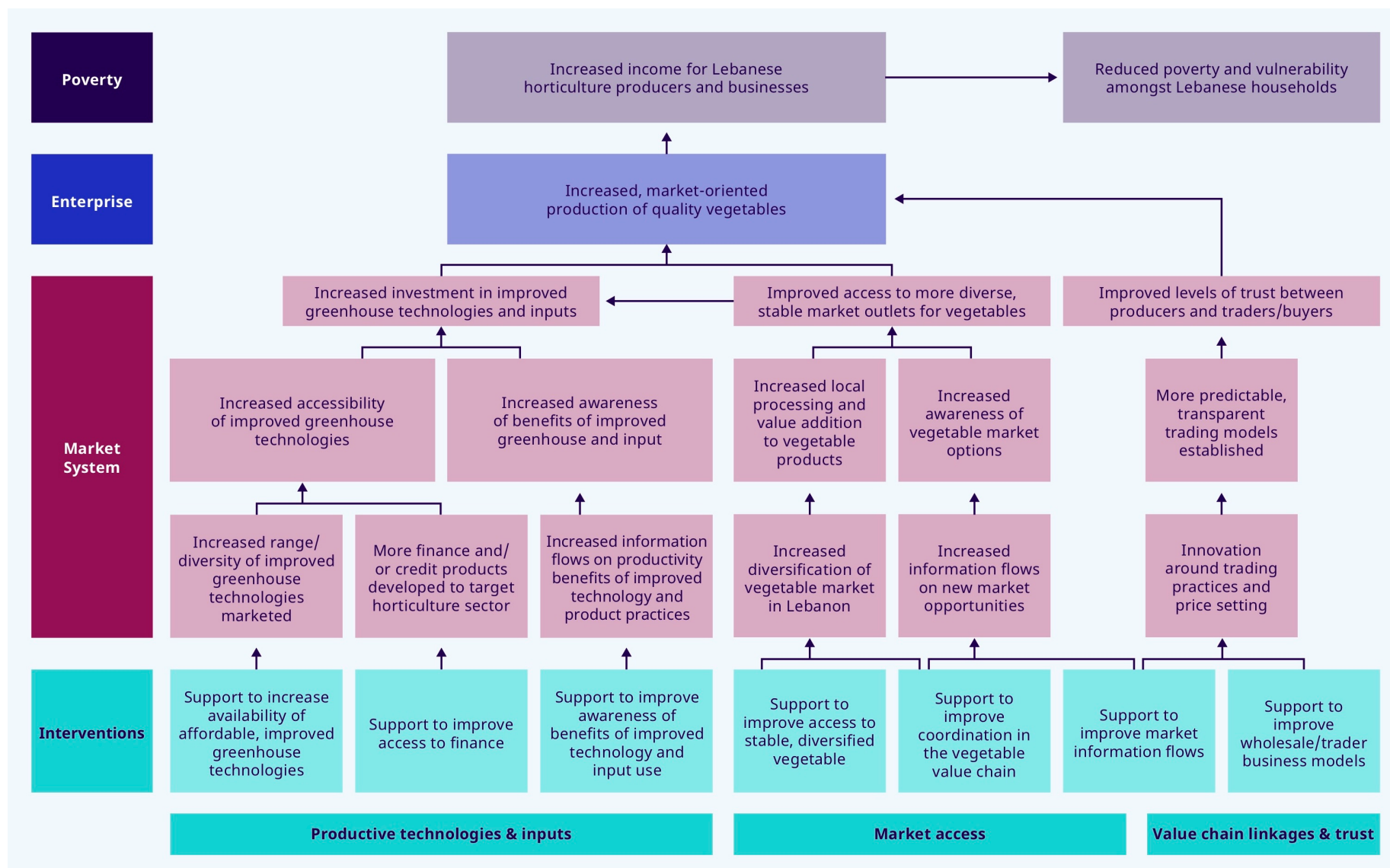
When deploying AIMS, the ILO follows a two-pronged approach that seeks to improve livelihoods for both Lebanese farmers and Syrian workers in the sector. The opportunities apparent in the horticulture sector are however different for the Lebanese and Syrian communities. For Lebanese farmers, the opportunity lies in strengthening horticulture as a business and unlocking potential for increased competitiveness, profitability and thus income, whereas for both Syrian and Lebanese agricultural workers it remains imperative that the form and direction of sector growth creates new opportunities for long-term employment with fair wages and under safer conditions.

The ILO's strategy to develop the horticulture market system in Lebanon will thus aim to:

- ▶ Increase economic opportunities and benefits for Lebanese farming households and where possible agriculture related sectors, and
- ▶ Improve employment-related job stability, working conditions and incomes for Syrian refugees whilst residing in Lebanon

A visualization of the intervention strategy and theory of change can be found in Figure 1 (on following page).

Figure 1: The theory of change for interventions to develop the horticulture market system for both Lebanese host communities and forcibly displaced Syrians*



*This theory of change illustrates a comprehensive intervention strategy based on constraints and opportunities identified in the market systems analysis. However, as budget and staff capacity is limited, ILO will have to prioritize and focus efforts, at least in a first stage, on interventions to improve working conditions and productivity, as these are deemed most promising and relevant. Further intervention areas may be explored at a later stage.

Increasing economic opportunities and benefits for Lebanese farmers

To increase economic opportunities and benefits for Lebanese farmers, ILO will work to support farmers in making more effective use of modern productive technologies and inputs, while also increasing their access to more stable markets. In line with the market systems development approach, ILO will refrain from providing farmers with modern greenhouses, inputs or information directly, but rather work with input suppliers, off-takers as well as public and private extension and business development services providers to tackle farmers' constraints sustainably.

In order to encourage farmers to invest in more productive and appropriate greenhouse technologies, the programme will work with one or more suppliers to identify, market and distribute alternative modern greenhouse technologies. Support will aim to make modern greenhouses and related technologies more affordable and accessible to farmers, and incentivize both suppliers and customers to invest in improved technologies. This will likely include measures to address declining access to credit of farmers, potentially by exploring both formal and informal mechanisms to extend credit lines to farmers through the supply chain, starting with international suppliers.

To increase the uptake and appropriate use of quality inputs, the programme will work to improve production practices while also raising awareness on the economic benefits of better quality products. This will entail working with input suppliers to develop and deliver more and better information to farm owners and managers as well as Syrian workers involved in applying pesticides and fertilizers. Furthermore, public partners will be supported to provide reinforcing extension information to farm owners and managers to encourage more quality-oriented buying habits.

In order to reduce the sectors' reliance on the volatile fresh market, the programme will attempt to encourage current and new processing businesses to expand product ranges and their use of domestic supplies. This may entail support for processors to develop strategies to exploit the growing demand for processed products nationally and encourage more formal contracting models between processors and wholesalers or large farmers. Linked to these efforts the programme will aim to strengthen organisation and coordination in the value chain and in the trading and wholesale segment in particular. Improving market information flows is critical, both to reinforce coordination efforts and to better inform producers and enable them to respond in a more timely and effective manner to market needs. The emphasis will be on seasonal trends and predictions, working with key buyers and farmer groups to support better prediction of market trends and improved information flow to help producers make more informed decisions regarding products and varieties.

Improving job stability, working conditions and incomes for displaced Syrians

Interventions to provide more reliable employment opportunities and improve working conditions for Syrians link directly to the above-mentioned efforts to increase up-take of new greenhouse technologies and better pesticide utilization in order to raise productivity of horticulture farms. Modern greenhouses and improved pesticides utilization will provide for a more comfortable and safe working environment for the women and men working in them. New greenhouse technology will improve ventilation and reduce heat and humidity in the houses, while better and safer utilization of pesticides will help to mitigate health risks for workers in greenhouses.

Next to improving working conditions in greenhouses, the programme also aims to create more job opportunities for both Syrian and vulnerable Lebanese agricultural workers. Working with market actors to improve information flows and create links to new markets, and encouraging the expansion of processing activities should ultimately incite farmers to increase production volumes, expand greenhouse production and recruit more greenhouse workers.

Support will also include building awareness amongst producers and farm owners of the long-term economic benefits of improved working conditions and productivity in greenhouses. The programme will work with key input suppliers to enhance information flows and extension services, as well as post-sales support and training where appropriate. These services will explicitly target Syrian workers alongside greenhouse owners to improve product application and effectiveness. Better access of Syrian greenhouse workers to information and extension services will not only result in greater productivity and commercial returns for the farm, but also contribute to the development of relevant skills and know-how of Syrian workers to increase their employability whilst residing in Lebanon and following their return to Syria.