الجمهورية اللبنانية
وزارة الشؤون الاجتماعية

ECONOMIC INCLUSION STRATEGY

PATHWAYS FROM VULNERABILITY TO SELF-RELIANCE

ACKNOWLEDGEMENTS

This Economic Inclusion Strategy was prepared under the leadership and guidance of H.E. Haneen El Sayed, Minister of Social Affairs, with technical support from the International Labour Organization (ILO), and financing from the European Union.

The Strategy was developed by a team led by David Robalino, and including Robin Saghbini, Habib Mouawad, Fidel Saad, Souheir Ghali, Marie Ghiya, Siba Mroueh, Giulio Bordon, and Ian Orton.

In addition, MoSA would like to acknowledge the technical inputs and support provided by the World Bank, with particular appreciation to Angela El Zir.

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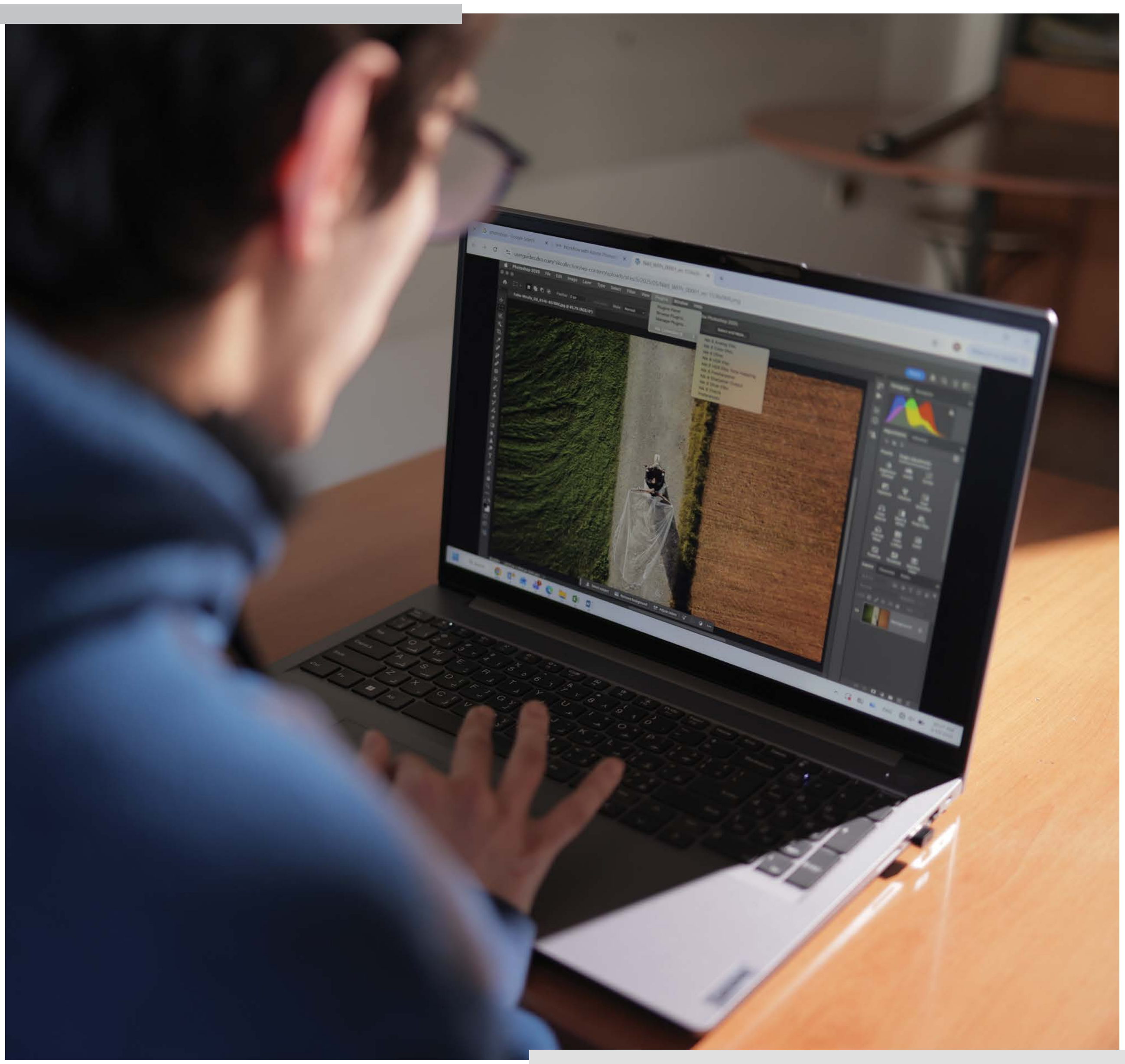
CNSS	National Social Security Fund (Caisse Nationale de la Sécurité Sociale)
CSO	Civil Society Organization
EI	Economic Inclusion
EILA-SC	Economic Inclusion and Labour Activation Steering Committee
KPI	Key Performance Indicator
M&E	Monitoring & Evaluation
MFI	Microfinance Institutions
MoL	Ministry of Labour
MoSA	Ministry of Social Affairs
MSME	Micro Small and Medium-sized Enterprises
NDA	National Disability Allowance
NSPS	National Social Protection Strategy
PBC	Performance-Based Contract
R&A	Rights and Access
RfP	Requests for Proposals
SDC	Social Development Centre
TAC	Technical Advisory Committee

EXECUTIVE SUMMARY



To cope with the social costs of recurrent and overlapping shocks over the past years the Ministry of Social Affairs (MoSA) implemented several emergency measures. These include large-scale cash assistance to the most vulnerable households and the provision of social services via Social Development Centres (SDCs) and partner institutions. Today, 166,000 households equivalent to 750,000 individuals benefit from cash transfers and support services.

More recently, the Government adopted the National Social Protection Strategy (NSPS), which beyond social assistance aims to improve the earnings opportunities of vulnerable populations and promote their human development. To this end, the NSPS is structured around five pillars: Social Assistance, Social Insurance, Social Welfare, Financial Access to Basic Services, and Economic Inclusion and Labour Market Activation. At the institutional level, MoSA's Strategy 2026–2030 translates this into three operational priorities: social assistance, social services, and economic inclusion. The introduction of an economic inclusion pillar marks a significant policy shift towards empowering and enabling poor and vulnerable households to access better economic opportunities in line with their skills and capabilities; improve their livelihoods; and transition from social assistance towards social insurance as the mechanism to mitigate social risks.

The Economic Inclusion (EI) programme also serves as a vehicle for early recovery and economic stabilization in the aftermath of the 2026 conflict. Lebanon's productive base was significantly disrupted, With at least an estimated loss in productivity of USD 7.2 billion, and USD 6.8 billion in physical damages. Small enterprises and local value chains were severely affected, and losses in the agricultural sector alone are estimated at USD 586 million, the result of a 60–85% reduction in harvests. Gross capital formation is below 2% of GDP and the economy is projected to contract by 7–10%. But if geopolitical stability is maintained and the economy starts to rebound, the EI program will play an even more critical role by providing immediate income support and livelihood restoration to households that lost their primary source of earnings during the conflict, and channelling investment into skills development, job placement, enterprise support, and access to finance. In this way, it will help to rebuild human capital, restore productive activity at the local level, and strengthen household resilience against future shocks.

The new EI programme will address the constraints that prolong the time individuals spend in situations ("states") of no or low earnings, most commonly inactivity, unemployment, or low productivity employment *in the informal sector.* To achieve this, the programme will offer beneficiaries an integrated package of support services that can help them transition from inactivity/unemployment into a job or from low- to higher-productivity jobs, either in wage employment or self-employment. These support services include counselling, coaching and mentoring; psychological support; various forms of training to acquire relevant technical and non-cognitive skills; intermediation and job search assistance; wage subsidies in different forms; grants for childcare and care of the elderly; support for people with disabilities; transportation grants; and, for those in own-account or entrepreneurship pathways, technical assistance and business support services as well as credit and/or capital subsidies (including assets transfers).

An important feature in the design of the EI programme is the creation of a quasi-market for service providers, giving them incentives to innovate and better respond to the needs of different beneficiaries; the expectation is that the best models in service delivery will diffuse while less effective interventions are gradually phased out. Thus, MoSA's main role will be to steer and regulate the new system, rather than direct provision of services or design specific support packages for different population groups. Instead, service delivery will be outsourced to specialized institutions – non-profit and for profit – that will make decisions about the best support packages ("treatments") to connect their beneficiaries to better earnings opportunities. In the case of the wage employment pathway, providers will also connect to other initiatives or support programmes managed by the National Employment Office (NEO) at the Ministry of Labour (MoL).

General Architecture and Implementation Arrangements

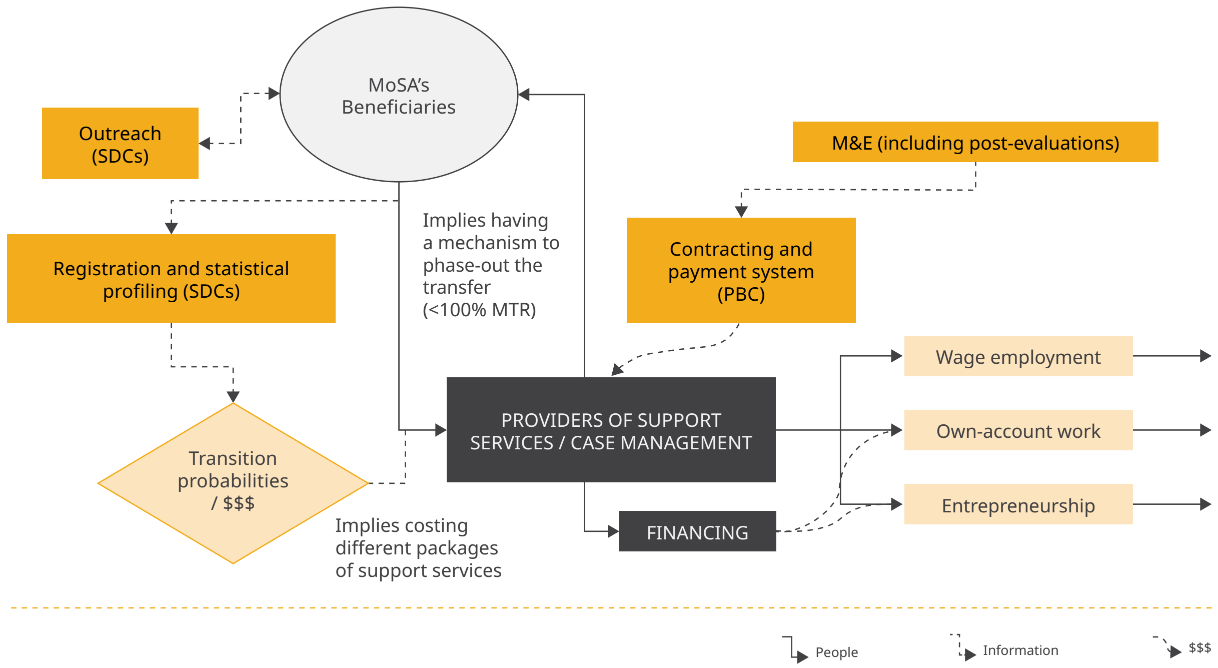
To operate at scale and better respond to the needs of different beneficiaries while controlling unit costs, the proposed design centralizes functions related to the management and regulation of the programme, while outsourcing those inherent to case management and the delivery of services. The rationale is to concentrate existing institutional capacity within MoSA, including at the level of social development centres (SDCs), on functions related to outreach; registration and profiling of beneficiaries; referrals; contracting, payment, and evaluation of service providers; and monitoring and evaluation of the programme, including identifying and handling cases where the beneficiary is lagging behind or providers are underperforming.

At the same time, service providers operate under performance-based contracts (PBCs) and have the responsibility (and flexibility) to design and tailor support services to the needs of different beneficiaries, while ensuring they have agency. Thus, providers need to ensure that work opportunities are appropriate to individuals' skills, aspirations, capacities, health conditions, care responsibilities, geographic realities, and long-term prospects. To this end, providers will have to set up strong individualized case management systems embedding recursive feedback mechanisms. This implies having individualized support planning focused on counselling, problem-solving, and capability development. In addition, it means having regular assessments and follow-ups, and sufficient flexibility to adapt interventions when labour market transitions are not succeeding. Because the focus is on results and not processes, inputs, or outputs, it is expected that providers will have incentives to innovate in these areas while controlling costs. The most successful providers will manage a larger number of beneficiaries and therefore their approaches to economic inclusion will become more prominent within the system (see figure below).

The proposed approach frees up MoSA from having to design specific programmes for different population groups, allowing it to focus instead on managing and regulating the EI system, including ensuring that it promotes dignity and agency. The ministry would be responsible for: 1) defining service eligibility and the expected cost of the package for different population groups; 2) setting minimum standards for service quality; 3) enforcing a code of conduct to prevent abuse, harassment and exploitation; and 4) establishing and managing accessible grievance and appeals mechanisms. In addition, the ministry will ensure that the EI programme promotes dignity, confidence, and agency and does not inadvertently cause perceptions of shame, stigma, or feelings of failure. To this end, a set of general principles will guide the design of the various administrative systems and processes:

- Use non-stigmatizing and respectful language in programme communication;
- Minimize unnecessary compliance burdens and intrusive verification procedures;
- Ensure respectful treatment and procedural fairness in interactions with institutions and social workers;
- Recognize caregiving responsibilities, health limitations, disability, and local labour market constraints; and
- Frame participation in the programmes as a supportive opportunity rather than an obligation enforced through fear of losing benefits.

General Architecture of MoSA's Economic Inclusion Programme



Outreach

Part of the outreach function is to deploy a public campaign targeting MoSA's working-age beneficiaries to inform them about the existence of the programme, the benefits and support services it provides, and the eligibility conditions. This will be carried out first through MoSA's call centre, which will impart information to beneficiaries and respond to any queries they may have about the programme. In addition, social workers in the SDCs will conduct household visits and organize community-level activities, not only to provide information about the programme but also to motivate enrolment.

An important part of the information to be shared with potential beneficiaries is about how their current benefits (cash transfers) will be affected. Three critical elements of the design of the programme are relevant here: 1) while participating in the EI programme beneficiaries continue to receive existing cash transfers; 2) beneficiaries can also receive an additional stipend to cover part of the opportunity cost of participating in the programme; and 3) when individuals transition to a job or their current economic activity is able to generate earnings above a certain threshold, existing cash transfers are phased out gradually over time.

Registration and statistical profiling

Participation in the EI programme is largely voluntary, thus working-age individuals who want to benefit from support services need to register. This is an important step that will reveal preferences and show commitment to engage in the different support activities that the programme offers. Only when evidence of the programme's effectiveness is established, participation requirements for working-age beneficiaries may be introduced as a condition for continuing to receive cash transfers, provided that adequate advance notice is given. But during the initial phase of the programme enrolment will remain on a purely voluntary basis.

The registration process involves completing an online questionnaire that collects socioeconomic and demographic information. Part of this information might already exist in the current databases and can be uploaded automatically into the EI system, while other information might need to be updated. Thus, the registration process does not duplicate AMAN's or R&A's recertification processes. Eligibility for the EI programme requires individuals to have been recertified within the previous 12 months. For individuals from low-income households or people with disabilities who would like to register in the EI programme but are not on the AMAN or R&A databases, counselors at the SDCs will provide guidance and facilitate enrolment in those programmes.

The information collected during the registration process will be used in the statistical profiling of beneficiaries, an automated process aiming to assess their likelihood of transitioning successfully from inactivity or unemployment into a job (wage employment or self-employment) or to move from low to higher quality/productivity jobs. The results of the profiling are thus used to estimate the "intensity" of the support that individuals will require and allocate a commensurate per capita budget that will be at the disposal of service providers.

In all cases, the results of the statistical profiling can be reviewed by social workers and discussed with the beneficiaries either in the SDCs or, later, at the level of service providers. It is important, for instance, that beneficiaries have agency and disclose their preferences in terms of occupations and pathways. Thus, it is possible that a given service provider, after a counselling session with a beneficiary, realizes that a pathway different from the one identified by the profiling system is more appropriate. In these cases, the expected set of support services and the budget will be adjusted accordingly (see next section).

Referrals to services providers

Groups of beneficiaries will be referred by the SDCs to services providers operating at the local level that have a performance-based contract (PBC) with MoSA. For each beneficiary, service providers receive a budget that depends on the expected intensity of the support that the beneficiary will receive. Providers cannot refuse any of the beneficiaries who have been assigned to them. This is crucial for avoiding "cream-skimming," and to ensure that all providers are able to handle both light and difficult cases, the latter remunerated at higher rates.

The referral process will be based on three criteria: geographic proximity, caseload, and the specialization of the provider. The issue of specialization is important and will be encouraged. For instance, providers can specialize in transitions into wage employment rather than own-account work or entrepreneurship, or in certain population groups such as women, youth, or people with disabilities.

In general, staff at MoSA or the SDCs do not engage in intermediation functions linking beneficiaries with employers or financial institutions, but they have an important role to play in case management. SDCs are expected to identify cases where beneficiaries are lagging or providers are underperforming. This role is supported by a monitoring and evaluation (M&E) system that is expected to provide real-time data about the situation of each beneficiary and the set of services they have received. The M&E system can flag and inform staff at the SDCs about cases where the beneficiaries are not progressing in their pathway. Staff at the SDCs are then expected to contact providers (and, if needed, beneficiaries) to enquire about the case and identify any remedial measures.

Passporting and social assistance re-entry mechanisms

An important consideration concerns what happens when employment transitions are unsuccessful or unstable. Given the volatility of labour markets and the prevalence of precarious employment, it is important that the system allows individuals to move seamlessly between labour income and social protection without experiencing administrative delays, punitive treatment, or income gaps. International good practice increasingly emphasizes the importance of "reversible transitions" or "passporting" arrangements between welfare support and employment.

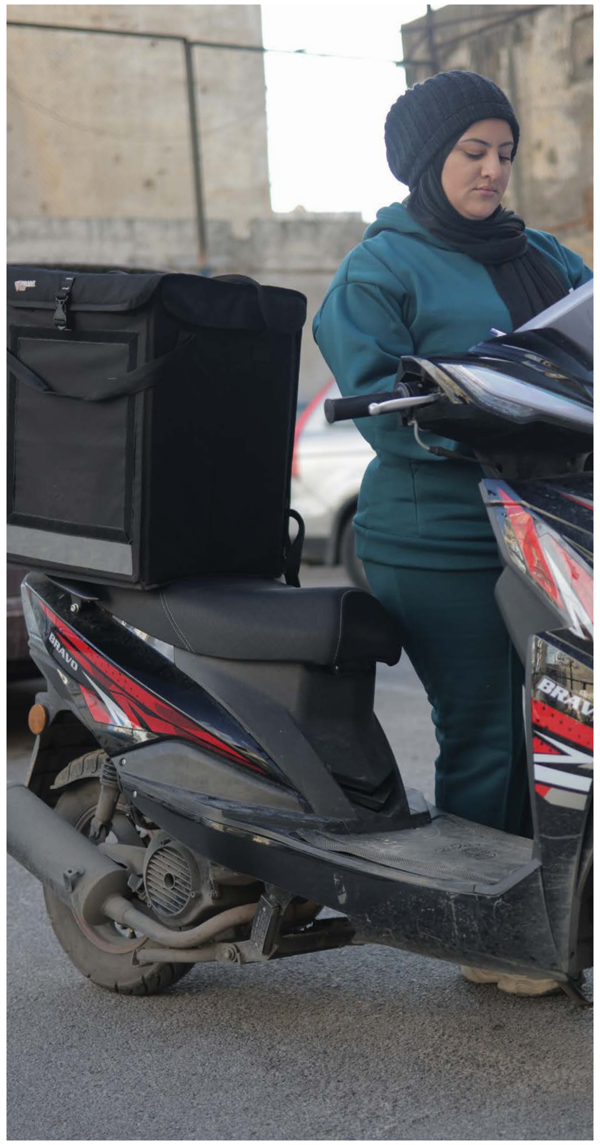
To this end, the EI programme will have: 1) transparent procedures governing partial benefit reduction; 2) clear criteria for benefit cessation once earnings substantially replace transfers; and 3) a rapid, simplified, mechanism of re-entry to social assistance should employment cease or prove unsuitable. Embedding these safeguards will likely strengthen trust in the programme and reduce fear of losing access to support when attempting labour market participation

Delivering services

As discussed, specialized service providers for profit or non-profit, operating under performance-based contracts (PBCs) are at the core of the EI programme. They manage each case, decide on the type of support package ("treatment") offered to a beneficiary based on their preferred pathway, and they are responsible for achieving the necessary results.

The proposed system will rely on 1) clearly defined outcomes for which providers will be accountable; 2) a competitive pricing of the different support services; 3) a payment system that is attractive to providers while providing incentives to innovate and deliver results; and 4) a transparent mechanism to evaluate and rank providers and allocate market shares (the share of beneficiaries allocated to each provider).

In addition, the system will rely on ex-post audits and administrative records from the Ministry of Labour (MoL) and the National Social Security Fund (NSSF) to prevent manipulation or misreporting ("gaming"). To avoid imposing undue delays in payments, the approach is to pay providers based on reports through the M&E system, but with ex-post audits that carry penalties. In addition, at the level of the wage employment pathway, when the transition is to a formal job, the MoL will play a critical role in certifying access to formal wage employment. Indeed, when beneficiaries from the EI programme are placed into a formal job, they need to sign a contract that is registered with the MoL, and the employer is required to register them with the NSSF.



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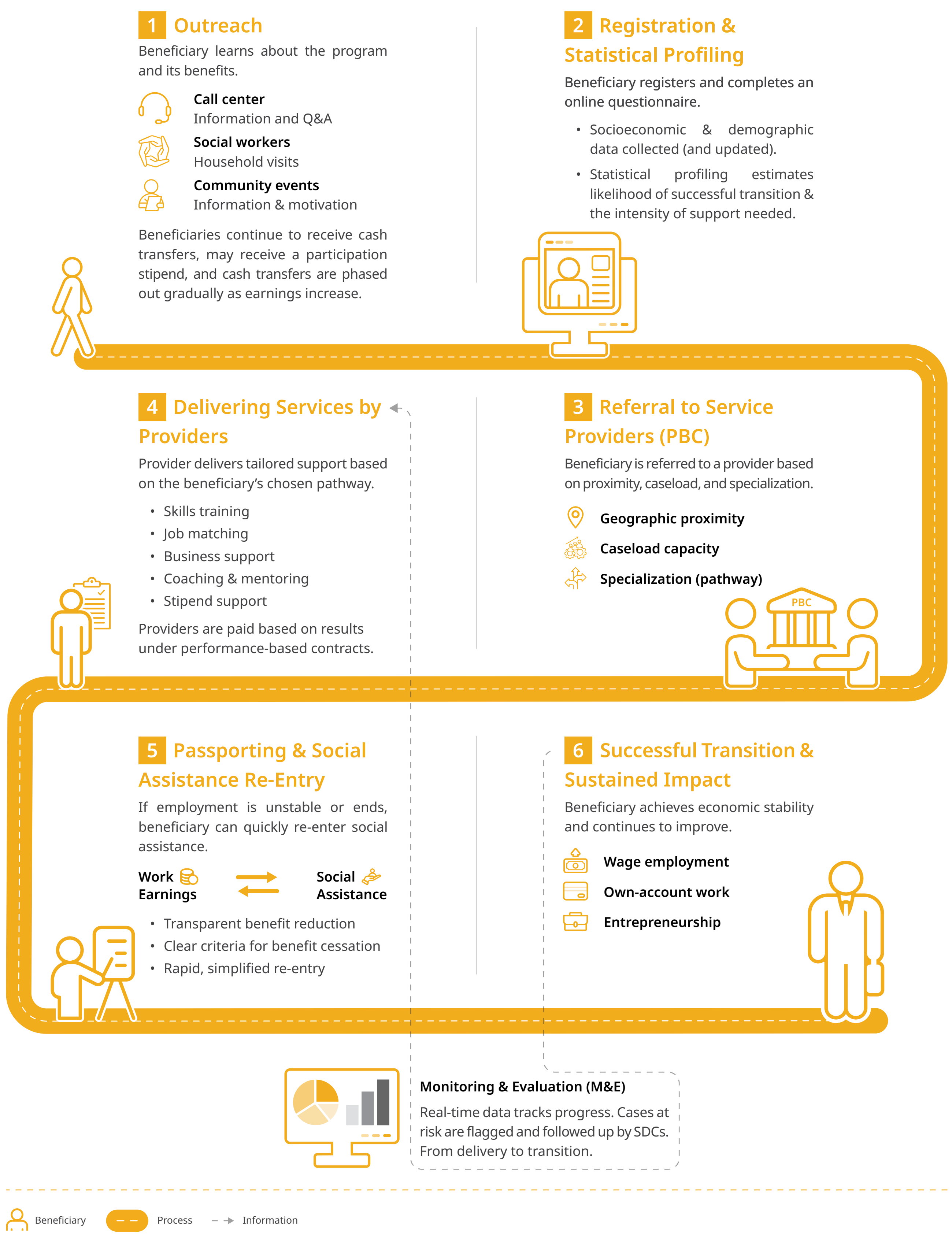
Economic Inclusion Pathway



Institutional and governance arrangements

There will be a **Project Management Unit** (PMU) in charge of the EI programme at the Ministry of Social Affairs. An important function of the PMU is to closely coordinate the implementation of the EI programme with the relevant technical units at the MoL, including the National Employment Office (NEO). This coordination is particularly important at the level of the wage employment pathway. First, it will ensure that, when possible, providers supporting beneficiaries in that pathway draw on the initiatives and programmes deployed by the NEO. Second, it will develop an efficient mechanism to certify when beneficiaries of the EI programme are placed into formal wage employment, using the administrative records of the national social security fund (NSSF).

The PMU has a small management team and technical staff overseeing the operations of three subunits: 1) *Outreach and Case Management*; 2) *Service Delivery*; and 3) *Monitoring and Evaluation*. The PMU will also interact with the SDCs and the administrative units providing general support to MoSA in terms of procurement, ICTs, and client relations:

Outreach and case management. This unit oversees the design and implementation of the outreach strategy of the EI programme, the registration and profiling systems, and the referral system. The unit is initially in charge of mobilizing, deploying and coordinating the technical assistance necessary to set up the new systems, working closely with the SDCs (and the municipalities as needed). In a second phase, the unit oversees the preparation and execution of an action plan to gradually deploy the new systems across regions.

Services delivery. This unit oversees the design and implementation of the services delivery system of the EI programme. Over the short term, the unit is in charge of mobilizing and deploying the technical assistance necessary to structure and cost the integrated package of support services for different population groups; design key performance indicators (KPIs) for the programme and payment systems; design performance-based contracts for providers; and develop the processes and indicators to evaluate providers and allocate market shares. During the implementation phase, the unit is in charge of mobilizing service providers across regions; issuing and managing contracts with the support of the MoSA procurement unit and a third-party institution; and evaluating and ranking providers.

Monitoring and Evaluation. This unit oversees the development and implementation of the systems and data collection instruments necessary to monitor and evaluate the operations of the EI programme. The administrative and survey data (i.e., tracer surveys of beneficiaries) generated will also be critical to implement the PBCs and evaluate providers.

The PMU is also supported by a Technical Advisory Committee (TAC) composed of independent experts in labour economics, entrepreneurship, social protection, gender inclusion, disability, and data systems. The TAC will liaise between the **MoSA Economic Inclusion Taskforce** (see figure below) and the PMU, reporting directly to the taskforce. Its main function is to provide independent technical oversight of programme design and implementation, ensuring that the taskforce's strategic decisions are informed by rigorous technical assessment. This is particularly important given that none of the PMU subunits includes staff with deep thematic expertise in economic inclusion or labour market policy.

The governance of the EI programme will be in line with the National Social Protection Strategy's Economic Inclusion and Labour Activation Pillar. The taskforce will be chaired by the Minister of Social Affairs with the membership of the Minister of Labour. Other ministries can be invited to participate when necessary and will be involved accordingly. The taskforce is responsible for steering the operations of the programme; approving works plans, targets, and KPIs; and approving changes in policies and/or operations.

The taskforce also ensures the horizontal and vertical coordination of programme-related activities within the government, as well as coordination with partners, the private sector and civil society.

Horizontal coordination. This level of coordination takes places within the central government. This is already within the mandate of the existing Economic Inclusion and Labour Activation Steering Committee (EILA-SC). The MoSA EI taskforce will report to the EILA-SC on the activities and development of the EI programme. It will also invite the relevant ministries as needed for deliberation, including the Ministry of Education and Higher Education, the Ministry of Economy and Trade, and Ministry of Agriculture for sector-specific programmes and pilots.

Vertical coordination. This level of coordination involves the central and local governments, mainly municipalities. Beyond their role in outreach to beneficiaries, the municipalities would have a role in liaising with beneficiaries and services providers at the local level, while participating in consultations that inform the decision-making process from the "bottom-up."

Civil society organizations (CSOs) and the private sector. The CSOs are key partners of the EI programme, delivering support services to beneficiaries. The private sector is the main provider of jobs and commercial opportunities, and the main source of financing for the own-account and entrepreneurship pathways. These organizations will be represented in the taskforce, ensuring that their views and interests are also taken into account in the policymaking process.

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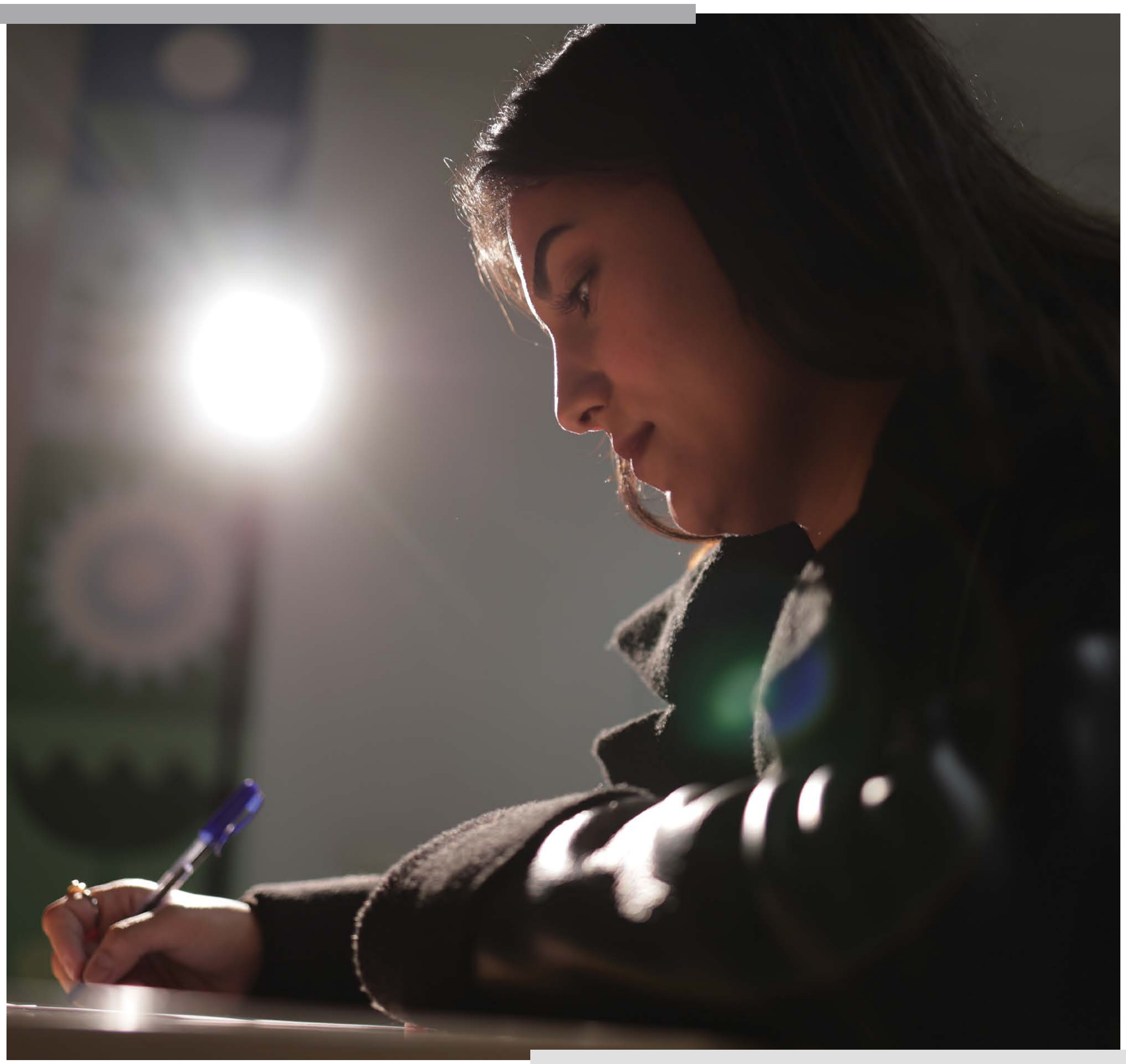
INTRODUCTION



Lebanon's exposure to recurrent and overlapping shocks over the past years has entailed severe economic and social losses. The protracted Syrian refugee crisis, the Beirut Port explosion, a severe financial crisis, the COVID-19 pandemic and, more recently, the escalation of hostilities with Israel deepened employment deficits, increased poverty, and resulted in widespread displacement. It is estimated that in 2022 the poverty rate reached 33% among Lebanese residents, an unprecedent level.[2] Labour market conditions also deteriorated sharply, with national unemployment increasing from 11% in 2018–2019 to 30% in 2022. In addition, an estimated 62% of workers were engaged in informal employment without access to labour protections and social insurance.

To cope with the social impacts of the crisis the Ministry of Social Affairs (MoSA) implemented several emergency measures. These include large-scale cash assistance to the most vulnerable households and the provision of social services via Social Development Centres (SDCs) and partner institutions. It is estimated that close to 800,000 individuals are benefiting from cash assistance. In addition, 164 SDCs across the country provide social services to some 167,000 households.[3]

More recently, the Government of Lebanon adopted the National Social Protection Strategy (NSPS), which beyond social assistance aims to improve earnings opportunities for vulnerable populations and invest in their human capital. To this end, the NSPS is structured around five pillars: social assistance, social insurance, social welfare, financial access to basic services, and economic inclusion and labour market activation. At the institutional level, MoSA's Strategy 2026–2030 translates this into three operational priorities: social assistance, social services, and economic inclusion.[4] The introduction of an economic inclusion pillar marks a significant policy shift towards empowering and enabling poor and vulnerable households to access better economic opportunities in line with their skills and capabilities; improve their livelihoods; and transition from social assistance towards social insurance as the mechanism to mitigate risks.

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[2] World Bank (2024).
[3] MoSA (2026).
[4] MoSA (2026). From Social Affairs to Social Development: Ministry of Social Affairs Strategy 2026–2030 (Beirut: Ministry of Social Affairs, 2026).

The Economic Inclusion (EI) Programme also serves as a vehicle for early recovery and economic stabilization in the aftermath of the 2026 conflict. Lebanon's productive base was significantly disrupted, with at least an estimated loss in productivity of USD 7.2 billion, and USD 6.8 billion in physical damages. Small enterprises and local value chains were severely affected, and losses in the agricultural sector alone are estimated at USD 586 million, the result of a 60-85% reduction in harvests. Gross capital formation is below 2% of GDP and the economy is projected to contract by 7–10%. But if geopolitical stability is maintained and the economy starts to rebound, the EI programme will play an even more critical role by providing immediate income support and livelihood restoration to households that lost their primary source of earnings during the conflict, and channelling investment into skills development, job placement, enterprise support, and access to finance. In this way, it will help to rebuild human capital, restore productive activity at the local level, and strengthen household resilience against future shocks.

This technical note describes the design and modus operandi of the Economic Inclusion (EI) pillar of the Social Protection Strategy and presents preliminary estimates of its expected welfare and fiscal impacts. The note is organized in five sections. Section 2 discusses the economic rationale and policy objectives of the EI programme and presents its theory of change. Section 3 describes the general architecture of the programme and the operationalization of critical processes, including outreach, registration, statistical profiling, referrals, service delivery, and monitoring and evaluation. Section 4 presents the main results of the analysis of welfare and fiscal impacts. Finally, section 5 discusses issues related to institutional organization and governance. An appendix outlines the main elements technical assistance and capacity building that would need to be deployed to accompany the implementation of the new programme.

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ECONOMIC RATIONALE, POLICY OBJECTIVES, & THEORY OF CHANGE

Many countries have adopted economic inclusion programmes to help vulnerable and poor households raise and stabilize incomes. In general, these programmes combine social assistance with integrated interventions that help individuals improve their earnings opportunities through employment, whether wage-based or self-employment. Governments increasingly integrate these interventions into social assistance programmes, using productive inclusion or cash-plus models to deliver them at scale.[5]

The EI programmes aim to address market failures that can prolong individuals' time in situations of no or low earnings, including inactivity, unemployment, underemployment, and low-productivity employment in the informal sector.[6] Some of the most prevalent market failures are:[7]

- *Asymmetric information in the labour market*. These information problems affect both workers and employers. Workers may lack information about available job opportunities and how to access them, while employers may struggle to assess the technical and non-cognitive skills of prospective applicants, particularly first-time job seekers without references or formal qualifications.
- *Skills mismatches*. Many of the beneficiaries of social assistance programmes have low levels of education, or no formal education at all, and are therefore excluded from higher- productivity or skilled jobs. Even among workers with secondary, vocational, or tertiary education, however, the skills they have acquired do not necessarily match those demanded in the local labour market.
- *Limited labour mobility across regions and economic sectors*. Employment opportunities at the local level may be limited because of economic or natural shocks, or because of path dependence, whereby historical patterns of economic development continue to shape local labour markets. Workers are not always able to move to locations where jobs are available, or switch to employment in different economic sectors. Household responsibilities, including taking care of children or elderly family members, can further constrain labour mobility, particularly for women.
- *Behavioural and psychological constraints*. Many workers lack the behavioural traits – perseverance, resilience, initiative, self-control, and emotional intelligence – that influence success in the labour market. Economic distress and insecurity can also lead to psychological barriers and substance abuse, reinforcing pessimism about the future and reducing motivation to enter the labour market.
- *Lack of access to finance*. Workers seeking to engage in own-account work or entrepreneurship might not be able to access capital or credit for acquiring assets or financing working capital. Information asymmetries make it difficult for financial institutions to assess the creditworthiness of new entrepreneurs and the viability of small-scale investment projects, while the small size of such loans also reduces their attractiveness due to economies-of-scale constraints.[8]
- *Employment spillover effects*. Jobs can create social externalities that compound existing market failures. This is particularly the case in settings with high unemployment, inactivity, or informality, where wages do not reflect the real opportunity cost of labour.[9] They also emerge when the social

[5] See Andrews et al. (2018) and Roelen et al. (2020).

[6] The objectives of the programme are in line with the ILO Human Resources Development Convention, 1975 (No. 142) ratified by Lebanon in 2000 that states the following: "The policies and programmes shall encourage and enable all persons, on an equal basis and without any discrimination whatsoever, to develop and use their capabilities for work in their own best interests and in accordance with their own aspirations, account being taken of the needs of society."

[7] See Robalino et al., (2018) and Kluve et al., (2019). It is important to note that these market failures are not descriptive of the macroeconomic constraints that the country is currently facing that affect investments, economic growth, and employment creation.

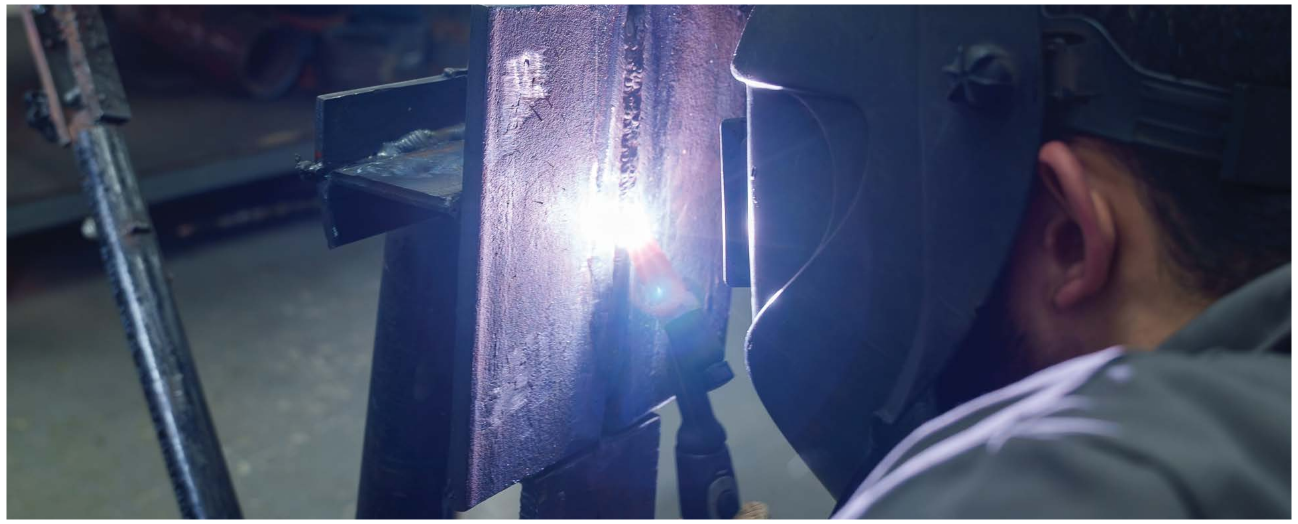
[8] Robalino et al. (2026).

benefits of employment are greater than the value added they generate, which split between workers and firms.[10] For instance, young people in good jobs learn by doing, build human capital, and raise productivity for others in the economy. Access to good jobs reduces mental health problems in the household and improves the physical and psychological development of children. At a broader level, more good jobs increase tax revenues and reduce spending on social assistance and related services. They also strengthen social stability and reduce participation in illegal or risky activities.[11]

Private investors, however, do not take these externalities into account. The level and distribution of private investments may therefore be inefficient from a social point of view; they may not generate the number and distribution of jobs necessary to reduce employment deficits, poverty, and income and regional inequalities.

Economic inclusion programmes therefore offer to beneficiaries an integrated package of support services that can help them transition from inactivity or unemployment into a job or from low- to higher-productivity jobs. These services usually include:

- Counselling, coaching, and mentoring;
- Psychological support;
- Different forms of training to acquire the relevant technical and non-cognitive skills;
- Intermediation and job search assistance;
- Wage subsidies of various forms;
- Grants for childcare and care of the elderly;
- Transportation grants;



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[9] Jenkins et al. (2004).
[10] Robalino et al. (2020) and Rodrik and Sabel (2022).
[11] See Robalino et al. (2026) for a review of the empirical evidence.

- Special arrangements to accommodate the needs of people with disabilities;
- Technical assistance and business services (including support to access markets) for entrepreneurs and own-account workers; and
- Credit provision and/or capital subsidies (including assets transfers) for entrepreneurs and own-account workers.

One of the key lessons from implementation at the international level has been the need to adapt the set of support services to specific constraints facing individuals and local conditions, while controlling unit costs and expanding coverage.[12] Thus, while all beneficiaries are entitled to the same package of services, the actual support package ("treatment") they receive ought to take into account their individual needs and preferences. Indeed, the beneficiary population is highly heterogenous, and the most binding constraints precluding access to quality wage or self-employment vary across individuals. Service providers therefore need the flexibility — and the incentives — to tailor support to different needs through appropriate combinations of services.[13] In addition, they should be encouraged to innovate and adopt cost-effective approaches to service delivery.[14]

The expectation is that by targeting the population of MoSA beneficiaries and addressing the market failures/ constraints discussed above – and if the Lebanese economy recovers and private investment resumes – the likelihood of transiting into quality wage or self-employment will increase, average earnings and living standards will improve, and the share of those who depend on cash transfers will gradually decline. The target population for the programme can be divided into three groups: 1) inactive workers; 2) unemployed or underemployed workers; and 3) the working poor, often informal wage employees or subsistence entrepreneurs. Each of these groups includes individuals with varying levels of vulnerability, among them persons with disabilities and women. In all cases, however, it is possible to increase earnings by transitioning into quality wage or self-employment. Within the wage employment pathway, programme interventions focus on improving incentives to work, improving information flows in the labour market, promoting skills development, and facilitating the mobility of the labour force (see Quality Wage Employment in table 1).

In the self-employment pathway, programme interventions focus on supporting the creation of new businesses, increasing sales and productivity, and improving working conditions in existing business[15], or helping individuals supply goods or services to existing enterprises as own-account workers. Thus, the working poor or individuals with disabilities can either switch jobs, if they are currently wage employees, or increase the productivity of their economic activity, if they are self-employed (see Quality Self Employment in Table 1).

In principle, if the programme is cost-effective and the Lebanese economy recovers and private investment resumes, higher short-term expenditures on economic inclusion activities could be offset by lower social assistance spending over the medium term. This implies that the Lebanese social protection system can become fiscally sustainable, including through higher social security contributions, and less reliant on donors. For a given budget, it is also possible to strike a better balance between interventions that prevent poverty and promote economic inclusion and those focused on delivering social services.

[12] See Packard et al. (2019), Andrews et al. (2018), Buba (2020), and Cho et al. (2015).
[13] Robalino (2026).
[14] L. Hurwicz and S. Reiter (2006).
[15] ILO (2024).

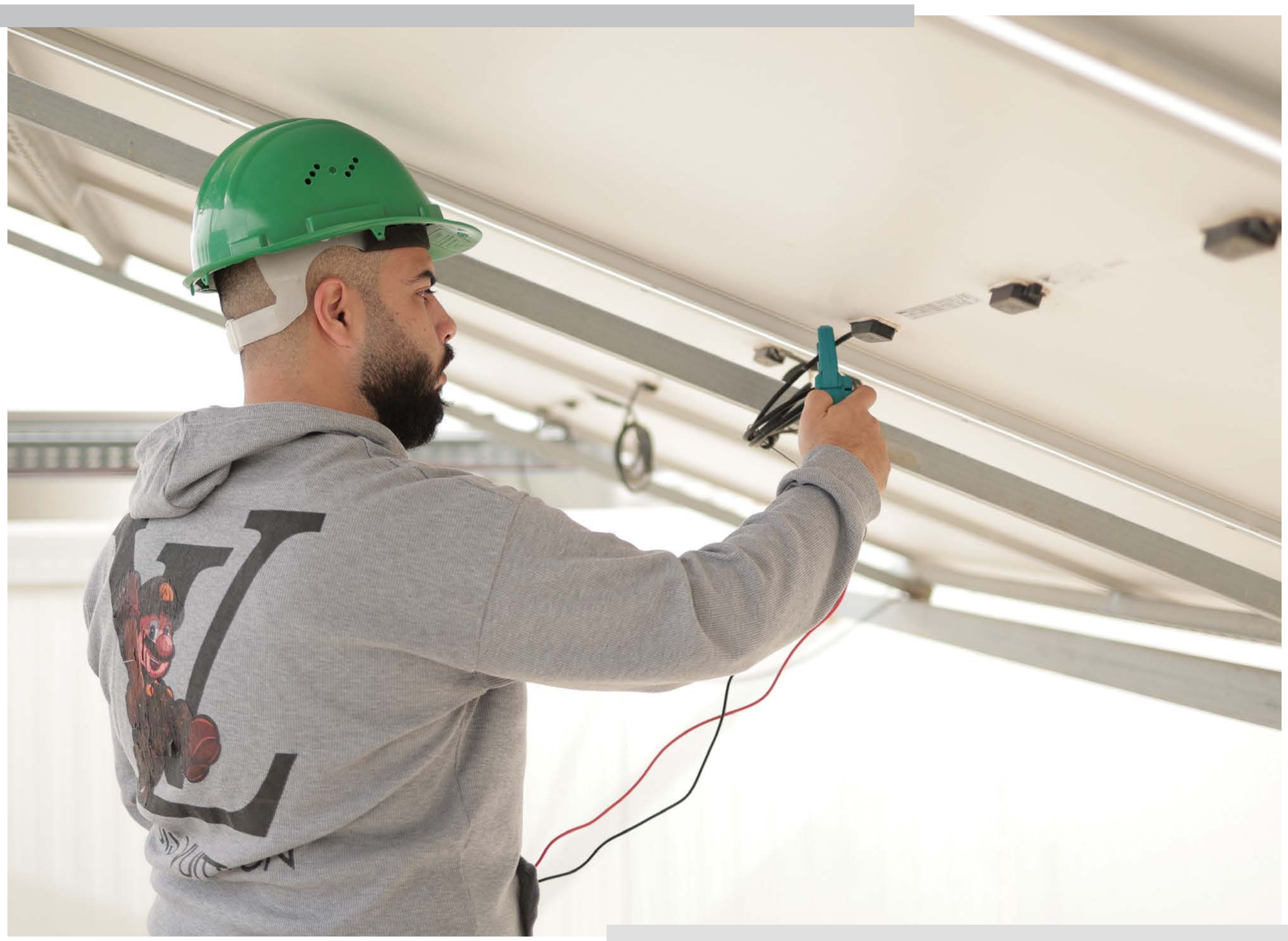
Table 1: Theory of Change of the Economic Inclusion Program

IMPACT	**HIGHER LABOUR EARNINGS, BETTER STANDARDS OF LIVING, AND LESS DEPENDENCE ON SOCIAL ASSISTANCE**							
Final Outcomes	**Quality Wage Employment**					**Quality Self-Employment**		
Intermediate outcomes	Better incentives to work	Better information about job opportunities	Improved labour mobility	Skills aligned with labour demands		Better capacity to deliver goods and services to existing enterprises	Higher likelihood of creating a business	Higher sales and productivity, improved working conditions
Counselling	x							
Coaching and mentoring	x					x	x	x
Intermediation and job search assistance		x						
Training				x		x	x	x
Wage subsidies	x	x						
Child care grants	x		x			x	x	x
Special arrangements for persons with disabilities	x		x			x	x	x
Transportation grants	x		x			x	x	x
Technical assistance						x	x	x
Business support services							x	x
Access to markets							x	x
Access to finance						x	x	x
MoSA beneficiaries	**INACTIVE, UNEMPLOYED, UNDER-EMPLOYED, INFORMAL WAGE EMPLOYEES, SUBSISTENCE ENTREPRENEURS, PERSONS WITH DISABILITIES.**							

Source: Authors.

3

GENERAL ARCHITECTURE & IMPLEMENTATION ARRANGEMENTS

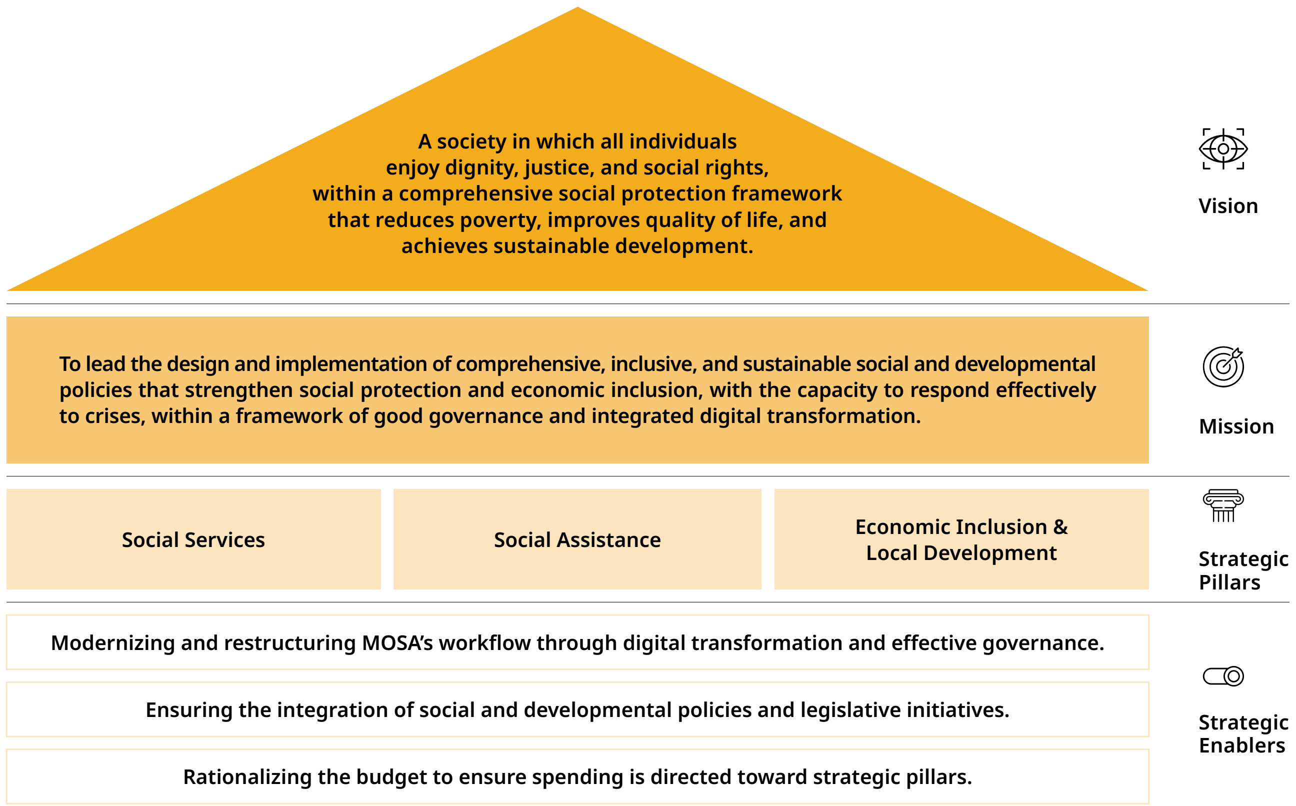


The introduction of the Economic Inclusion programme as a standalone pillar is in line with MoSA's recent five-year strategy for 2026–2030. A central feature of this strategy is the change in the ministry's strategic focus around three core pillars: 1) social assistance; 2) social services; and 3) economic inclusion and local development. These are supported by a set of institutional enablers that address digital transformation, policy modernization, and budget rationalization (see Figure 1). The elevation of economic inclusion as a standalone pillar underscores the ministry's commitment to a sustainable approach to poverty reduction that involves empowering and supporting individuals to participate more fully in economic activities of their choice, whether by entering the labour market or by improving the quality of existing jobs and resulting earnings.

In practice, the main goal of the EI programme is to facilitate the transition of MoSA's beneficiaries from inactivity or unemployment into a job or from low to higher quality or higher productivity jobs through two main pathways: wage employment and self-employment, the latter split into own-account work and entrepreneurship. The distinction between own-account work and entrepreneurship is subtle.

Entrepreneurs receive support to create a business from scratch or increase productivity and earnings in an existing business. They tend to manage other workers – sometimes family members without pay –, and one of the challenges they face is finding clients and entering new markets.

Figure 1: MoSA's Five-Year Strategy for 2026-2030



Source: Authors.

Own-account workers, on the other hand, are more like wage employees. They work for one or more established firms delivering goods and services (the demand is already there) but they do so on their own account. Sometimes these workers are referred to as dependent-autonomous workers because, like wage employees, they are dependent on a few firms to generate their earnings, but they have more autonomy in relation to time management.[16]

Freelance workers operating through a limited set of digital platforms or delivering services to a limited set of established firms would be classified as own-account workers. On the other hand, a self-employed worker selling goods and services to multiple households or firms, probably requiring the support of other workers, would be considered a vocational entrepreneur.

To operate at scale and better respond to the needs of different beneficiaries while controlling unit costs, the proposed design centralizes functions related to the management and regulation of the programme, while outsourcing those inherent to case management and service delivery. The rationale is to concentrate existing institutional capacity within MoSA, including at the level of social development centres (SDCs), on functions related to outreach; registration and profiling of beneficiaries; referrals; contracting, payment, and evaluation of service providers; and monitoring and evaluation of the programme, including identifying and handling cases where the beneficiary is lagging or providers are underperforming (see figure 2).

At the same time, service providers operate under performance-based contracts (PBCs) and have the responsibility (and flexibility) to design and tailor support services to the needs of different beneficiaries, while ensuring they have agency. Thus, providers need to ensure that work opportunities are appropriate to individuals' skills, aspirations, capacities, health conditions, care responsibilities, geographic realities, and long-term prospects. To this end, providers will have to set up strong individualized case management systems embedding recursive feedback mechanisms. This implies having individualized support planning focused on counselling, problem-solving, and capability development. In addition, regular assessments and follow-ups should be conducted to ensure interventions can be adjusted when labour market transitions are not succeeding. Because the focus is on results and not processes, inputs, or outputs, it is expected that providers will have incentives to innovate in these areas while controlling costs. The most successful providers can manage a larger number of beneficiaries and therefore their approaches to economic inclusion become more prominent within the system.

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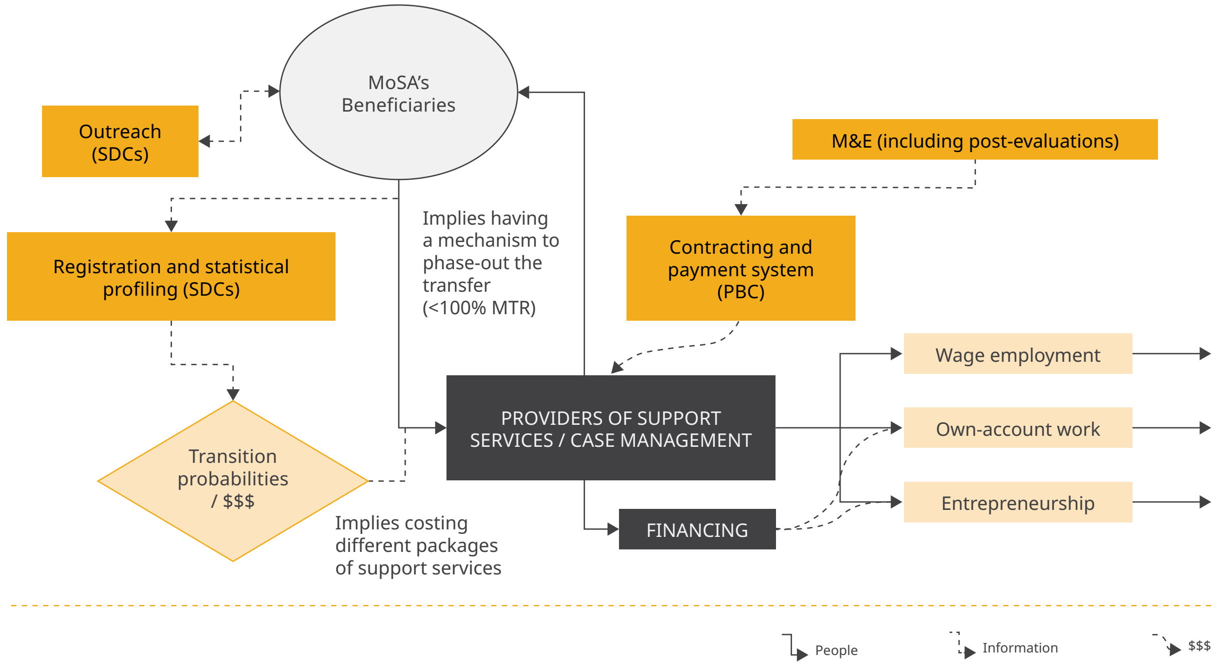
[16] OECD (2017).

Figure 2: General architecture of the programme



Note: MTR stands for Marginal Tax Rate. The idea is that removing a cash transfer as soon as earnings increase above a given level implies a 100% MTR on additional income; this reduces incentives to work or look for better earning opportunities. An alternative is to reduce the subsidy gradually as a function of income and over time.

Source: Authors.

The proposed approach frees up MoSA from having to design specific programmes for different population groups, allowing it instead to focus on the management and regulation of the EI system, including ensuring that it promotes dignity and agency. Some of the main responsibilities of the ministry would be to: 1) define the set of services for which individuals are eligible and the expected cost of the package for different population groups; 2) set minimum standards in terms of the quality of services; 3) enforce a code of conduct to prevent abuse, harassment and exploitation; and 4) set up and manage accessible grievance and appeals mechanisms. In addition, the ministry will ensure that the EI programme promotes dignity, confidence, and agency without unintended consequences in terms of generating shame, stigma, or feelings of failure. To this end, some general principles will guide the design of the various administrative systems and processes:

- Use non-stigmatizing and respectful language in programme communication;
- Minimize unnecessary compliance burdens and intrusive verification procedures;
- Ensure respectful treatment and procedural fairness in interactions with institutions and social workers;
- Recognize caregiving responsibilities, health limitations, disability, and local labour market constraints; and
- Frame participation in the programmes as a supportive opportunity rather than an obligation enforced through fear of losing benefits.

3.1 Outreach, registration & profiling, referrals and re-entry

These are functions managed by MoSA through the SDCs and its call centre. Municipalities are also likely to play a role, particularly in outreach and beneficiary registration given their proximity to communities. However, referrals and core case management remain functions of MoSA through its SDCs. Core case management is part of the continuous monitoring of the systems and involves identifying and managing cases where beneficiaries are lagging behind or service providers are underperforming. This is different from the individualized case management carried out by providers, which involves sustained engagement with beneficiaries. MoSA case management is based on the monitoring and evaluation system that provides the longitudinal view of the programme, and not on regular interactions with all beneficiaries (see subsection: *Referrals and Case Management*).

Outreach

Under its current mandate, MoSA distributes cash assistance through its AMAN programme to more than 166,000 households under the poverty line, equivalent to 750,000 beneficiaries. In addition, MoSA provides services to 69,000 people with disabilities through the Rights and Access (R&A) centres and other specialized institutions, while managing the National Disability Allowance (NDA) programme. These two beneficiary databases – covering AMAN and R&A beneficiaries – are being consolidated into a single beneficiary directory, which will underpin the implementation of the EI programme.

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Part of the outreach function is a public campaign targeting MoSA's working-age beneficiaries to inform them about the existence of the programme, the benefits and support services it provides, and the eligibility conditions. A transparent and accessible communication strategy on eligibility, participation, and benefit rules is a core design principle. Initially, MoSA's call centre will serve as the primary communication channel, providing programme information to beneficiaries and responding to their queries. In addition, social workers in the SDCs will conduct household visits and organize community-level activities – in partnership with municipalities – not only to provide information about the programme but also to motivate participants to enroll.

An important part of the information to be shared with potential beneficiaries is about how their current benefits (cash transfers) would be affected. Three critical elements of the design of the programme are relevant here: 1) while participating in the EI programme beneficiaries continue to receive existing benefits; 2) beneficiaries can also receive an additional stipend to cover part of the opportunity cost of participating in the programme; and 3) when beneficiaries transition into employment, or another economic activity of sufficient quality, that generates earnings above a defined threshold (determined using an objective measure that the central administration system can periodically calculate through the labour force survey), their existing cash-transfer benefits will not stop immediately. Instead, benefits will be reduced gradually according to clear, predictable tapering rules, ensuring a smooth transition into sustainable employment.

Community-level activities will play a critical role in the success of the programme.

International experience suggests that a purely passive outreach strategy is unlikely to be effective for the populations typically targeted by EI programmes. Proactive community engagement will therefore be essential to raise awareness, build trust, and encourage participation among eligible beneficiaries. Sharing information about the programme and waiting for potential beneficiaries to come to SDCs and apply is not enough. Community-level interventions organized around schools, religious, or sports activities – where beneficiaries already enrolled in the programme participate – are effective mechanisms to promote adherence to the programme and registration on site (see next section).

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Registration and statistical profiling

The beneficiaries of social assistance have the right to participate in the EI programme, but their participation is largely voluntary, thus any working-age individual who wants to benefit from support services must first register. This is an important step that will reveal preferences and show commitment to engage in the different support activities that the programme offers. A voluntary registration differs fundamentally from one in which MoSA and/or its SDCs identify eligible individuals through the AMAN and R&A databases and require their enrolment in the EI programme. By contrast, during the initial implementation phase, enrolment will remain entirely voluntary. Later, as evidence of the programme's effectiveness is established, participation requirements for working-age beneficiaries may be introduced as a condition for continuing to receive cash transfers, provided that adequate advance notice is given. At all stages, however, access to basic income security should not be made contingent on accepting unsuitable employment or participating in inappropriate labour market programmes.

To avoid dissuading beneficiaries, the enrolment/registration process requires minimizing transaction costs: Again, social workers in SDCs can provide support and guidance during the registration process. The municipalities can also play a role here. Other options to be considered involve having mobile units visiting different communities or relying on local institutions such as schools, churches, and mosques to receive potential beneficiaries and handle the registration process. Humanitarian and development agencies can also be involved. In addition, the current OMT (Online Money Transfer) network used to deliver cash payments to AMAN and NDA beneficiaries can be an entry point for registration.

The registration process involves completing an online questionnaire that collects socioeconomic and demographic information. Part of this information might already exist in the current databases and can be uploaded automatically into the EI system. Other information might need to be updated, and some might be new information. This registration process is designed to complement, rather than duplicate AMAN's and R&A's recertification processes. Eligibility for the EI programme requires individuals to have completed a recertification within the previous 12 months. Throughout the process, appropriate safeguards must be in place to ensure the privacy, security, and protection of personal data.

For individuals from low-income households or persons with disabilities who would like to register for the EI programme but are not on the AMAN or R&A databases, counselors at the SDCs will provide guidance and facilitate enrolment in those programmes. Where appropriate, the information required to conduct the proxy means test for AMAN eligibility may be collected during the EI application process. In cases where immediate capacity is limited and demand for EI services exceeds supply, eligible individuals may instead be directed to participate in the next available AMAN enrolment cycle.

The information collected during the registration process will be used in the statistical profiling of beneficiaries, an automated process aiming to assess their likelihood of transitioning successfully from inactivity or unemployment into a job (wage or self-employment) or to move from low- to higher- quality/productivity jobs. The results of the profiling are thus used to estimate the intensity of the treatment that individuals will require and allocate a per capita budget that will be at the disposal of service providers (see Section 3.2).

For example, individuals with low predicted probabilities of success would have access to more intensive and costly interventions, while those with higher probabilities may receive lighter-touch support. In some cases, those falling below a critical threshold may not be assigned to any of the pathways and remain under the cash-transfer programme where they can benefit from other social services offered by the SDCs. Ultimately, this system facilitates differentiated service delivery, improves cost-effectiveness, reduces inefficiencies like "parking,"[17] and creates the preconditions for outcome-linked pricing structures.

The statistical profiling system will initially rely on estimates derived from household or labour force surveys, something similar in spirit to the systems used today to means-test the beneficiaries of social assistance programmes. Indeed, the surveys can be used to identify key socioeconomic and demographic variables associated with the likelihood of being in one of six situations: inactive, unemployed, informal wage employment, formal wage employment, subsistence self-employment, or vocational self-employment[18]. As the system evolves, additional information (such as the results of psychometric tests) can be incorporated into the profiling system. Tracer surveys of beneficiaries can also later be used to update the parameters of the profiling system.

[17] Parking takes place when providers avoid working with hard-to-serve individuals referred to them under performance-based contracts because the payment received is too low relative to the cost (see Heckman (2002)).

[18] Often, workers engage in self-employment out of necessity, given the lack of opportunities in wage employment, particularly formal wage employment. They are classified as subsistence entrepreneurs to distinguish them from vocational entrepreneurs who make the choice to run their own business.

In all cases, the results of the statistical profiling can be reviewed by social workers and discussed with the beneficiaries either in the SDCs or, later, at the level of service providers. It is important, for instance, that beneficiaries have agency and disclose their preferences in terms of occupations and pathways. Thus, it may occur that a given service provider, after a counselling session with a beneficiary, concludes that a pathway different from the one identified by the profiling system is more appropriate. In these cases, the expected set of support services and the budget will be adjusted accordingly (see section 3.2).

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Referrals to services providers and case management

Groups of beneficiaries are referred by the SDCs to service providers operating at the local level that have been previously certified and have a performance-based contract (PBC) with MoSA. For each beneficiary, service providers receive a budget that depends on the expected intensity of the support that the beneficiary will receive. Providers cannot refuse any of the beneficiaries assigned to them. This is crucial for avoiding "cream-skimming," and to ensure that all providers are able to handle light and difficult cases, the latter remunerated at higher rates.

There are three main criteria used during the referral process: geographic proximity, caseload, and the specialization of the provider. The issue of specialization is important and will be encouraged. For instance, providers can specialize in transitions into wage employment, rather than own-account work or entrepreneurship, or in certain population groups such as women, youth, or people with disabilities. This specialization can be taken into account during the referral process.

In general, staff in MoSA or the SDCs do not engage in intermediation functions linking beneficiaries with employers or financial institutions. Their main role is to manage the referrals to service providers and then to monitor their performance through the M&E system (see below). There can be circumstances, however, when no service providers are available to manage new cases. Social workers in SDCs can then temporarily manage the case, focusing on counselling functions or the development of non-cognitive skills. When the information is available, they can also connect beneficiaries with prospective employers.

In the monitoring of programmes, SDCs play a critical role in identifying cases where beneficiaries are lagging or where providers are underperforming. This role is supported by a monitoring and evaluation system that is expected to provide real-time data on the situation of each beneficiary (e.g., on standby, in training, or placed into a job or internship) and the set of services they have received (section 3.2). The M&E system can flag and inform staff at the SDCs about cases where the beneficiaries are not progressing in their pathway. Staff at the SDCs are then expected to contact providers (and, if needed, beneficiaries) to enquire about the case and identify any remedial measures. In situations where the M&E system reports a concentration of cases among specific providers, SDCs need to inform these providers and request a remedial plan.

Passporting and social assistance re-entry mechanisms

An important consideration concerns what happens when employment transitions are unsuccessful or unstable. Given the volatility of labour markets and the prevalence of precarious employment, it is important that the system allows individuals to move seamlessly between labour income and social protection without experiencing administrative delays, punitive treatment, or income gaps. International good practice increasingly emphasizes the importance of "reversible transitions" or "passporting" arrangements between welfare support and employment.

To this end, the EI programme will have: 1) transparent procedures governing partial benefit reduction; 2) clear criteria for benefit cessation once earnings substantially replace transfers; and 3) a rapid, simplified, mechanisms to re-entry to social assistance should employment cease or prove unsuitable. Embedding these safeguards would likely strengthen trust in the programme and reduce fear of losing access to support when attempting labour market participation.

3.2. Case management and service delivery

As discussed above, specialized service providers – for profit or non-profit – operating under performance-based contracts (PBCs) are at the core of the EI programme. They manage each case, decide on the type of support package they offer to beneficiaries, and how the different services are delivered, and they are accountable for achieving specific results.

It is important to clarify that PBCs are not an "option" for outsourcing services that policymakers can adopt or not; any contract with providers should be expected to make payments based on results. The real policy question is whether the results that trigger payments are related to inputs, outputs, or outcomes. The minimum standard should be triggering payments based on outputs (e.g., hours of counselling or training delivered), but in the case of the EI programme the aim is to target outcomes (see next section). Providers will also be evaluated and ranked based on outcomes to reward those with outstanding performance, and, conversely, to phase out contracts with those unable to meet minimum performance standards.

The proposed system will rely on: 1) clearly defined outcomes at the individual level for which providers will be accountable; 2) a competitive pricing of the different support services; 3) a payment system that is attractive to providers while providing incentives to innovate and deliver results; and 4) a transparent mechanism to evaluate and rank providers and allocate market shares (the share of beneficiaries allocated to each provider).

Defining outcomes

As discussed, although PBCs can track inputs (e.g., training materials) and outputs (e.g., number of hours of training delivered), the focus of the EI programme is on outcomes that depend on the type of pathway. Ultimately, the goal is to increase the level and sustainability of earnings, which can be achieved either when inactive or unemployed workers access quality wage or self-employment, or when informal wage employees or subsistence entrepreneurs transition into better-quality and higher-productivity jobs (see theory of change in section 2).The PBC then constitutes a mechanism that ensures work results in tangible improvements in individual/household economic security over time.

For the wage employment pathway, outcome indicators are related to placement into a job that can be formal or informal, the latter subject to restrictions in terms of quality. A first indicator involves having placed the individual into an internship or apprenticeship that can be paid or not. Providers who achieve this result can receive a portion of the performance payment (see section on payment systems below). Another outcome indicator is having placed the beneficiary into a job with a contract, formal or informal, of at least six months, with higher payments for formal jobs and with minimum standards in terms of working conditions for informal jobs.[19] A third type of indicator relates to the sustainability and duration of employment. For instance, when beneficiaries are still employed after 12 months, providers may receive an additional payment, most likely as a top-up to the initial fee (see Table 2).

For the own-account work pathway, outcomes are related to having a contract (formal or informal) with an existing firm to deliver goods and services. A first outcome indicator involves ensuring that the individual has obtained funding to purchase the equipment or material to deliver the necessary goods and services. Starting work for the company would be another outcome indicator for which providers receive part of the performance payment, this time without distinguishing between formal and informal contracts, but while enforcing minimum standards in terms of working conditions. Finally, as in the case of wage employment, a performance payment may also be considered where the beneficiary remains working for the company after 12 months.

Finally, for the entrepreneurship pathway, outcomes are related to the creation and survival of a business, or an increase in sales/productivity and earnings. For new businesses, a first performance indicator would be whether the beneficiary has completed a business plan and completed activities to register the business. A second, having secured finance to acquire assets and pay for working capital (assets transfers can be accounted here).Furthermore, as for the other two pathways, additional performance payments can be made if the entrepreneur is in business after 12 months. For established businesses, the main outcome indicators can be related to business expansion (increase in sales), increases in productivity (sales or value added per worker), and/or the formalization of informal production units.

[19] These minimum standards will be grounded in Lebanese labour law (Legislative Decree No. 136 of 1983 and its amendments) and would include minimum earnings and compliance with regulated working hours (not exceeding 48 hours per week), entitlement to weekly rest, and basic occupational safety and health conditions. Where the employment relationship does not carry a formal contract, providers would be required to document that these conditions are in place as a prerequisite for triggering the performance payment.

Table 2: Pathways and Outcome Indicators in the EI Program

Pathway	Outcome indicators
WAGE EMPLOYMENT	Beneficiary is placed in an internship of at least 3 months.
	Beneficiary is placed in wage employment with a contract of at least 6 months.
	Beneficiary is placed in wage employment without a formal contract.
	Beneficiary is still employed after 12 months.
	Beneficiary has earnings above 30% of economy wide average earnings.
ENTREPRENEURSHIP	**New businesses**
	Beneficiary completes a business plan.
	Beneficiary registers the business.
	Beneficiary secures funding to initiate operations.
	The entreprise is in business after 12 months.
	Beneficiary has earnings above 30% of economy wide average earnings.
	Existing businesses
	Sales increase by a given percentage.
	Sales or value added per worker increase by a given percentage.
	Informal production unit becomes formal.
	Beneficiary has earnings above 30% of economy-wide average earnings.
OWN-ACCOUNT WORK	Beneficiary has a contract with an existing enterprise to deliver goods and services.
	Beneficiary secures funding to purchase the tools/equipment to deliver the necessary goods and services.
	Beneficiary keeps the contract after 12 months.
	Beneficiary has earnings above 30% of economy wide average earnings.

Source: Authors.

Pricing services

The setting of pricing can be difficult when providers have flexibility in the design and delivery of the service package. Indeed, giving flexibility to providers in defining the appropriate support package for different individuals in different contexts means that at the outset the composition of the service package(s) is unknown. In addition, it will take time for MoSA to accumulate knowledge about the relative costs and effectiveness of services delivered by private providers.

The approach that will be used is a detailed, collaborative, cost analysis of an average service package for each pathway, to be used as a reference in future tenders (see subsection on contracting providers). The first step would be to list the type and volume of services that would be included in the basic package for each pathway (e.g., counselling, different types of training, technical assistance, advisory and networking services) and to establish rates for each. In practice, different beneficiaries will use different quantities of the different services, but what matters here is having an estimate of the cost of the package for the average user. The word "collaborative" is important because the costing analysis will be conducted in consultation with existing public and private providers. Moreover, the rates and the different assumptions used in the analysis will be transparent and available for public scrutiny.

Once the reference cost of the average package has been determined, MoSA will start discussions to define reference top-ups for individuals requiring more expensive and intensive support (e.g., persons with disabilities) and reductions (clawbacks) from those closer to achieving the outcome. As discussed in section 3.1, differentiated pricing is key to avoid "parking" problems (when providers fail to handle the cases of hard-to-serve individuals, instead focusing on those that are more like to achieve the desired outcomes and trigger payments). Data from the profiling system will guide the estimation of these top-ups and clawbacks. In addition, MoSA will conduct consultations with stakeholders, including service providers, trade unions and employers.[20]

Pricing the average package does not imply that future providers will have to be constrained by it; it is important that they have the flexibility to introduce improvements that increase the likelihood of achieving programme outcomes. Although future tenders might insist that certain output indicators be met, providers should have the incentives and latitude to innovate and improve quality. Hence, requests for proposals (RfPs) will emphasize that providers have the freedom to deviate from the reference package by excluding or including services, by changing the composition of services for a given population group, or by rethinking delivery mechanisms. These deviations will change rates for different services and average costs on which providers are expected to compete.[21]

Because cost estimates for both the implementing agency and providers remain uncertain, contracts will include provisions to adjust total fees after an initial experimentation phase. This requires that, during this transitional phase, there is agreement between MoSA and providers to share costs and performance information, facilitated by a commitment to a period of open book accounting. This would allow for terms to be reviewed to ensure value for money.[22]

In addition, given Lebanon's macroeconomic situation and still high inflation rates, there will be provision to index the costs of the services packages with the appropriate price index. Initially this indexation could perhaps take place every six months, with adjustment clauses built into provider contracts to prevent cost misalignment over time.

Pricing systems

The key to the design of the payment system will be to achieve the right balance in the distribution of financial risks between MoSA and service providers; this distribution will affect the incentives the latter have for participating in the system and delivering on programme outcomes. The financial risks facing providers will depend on the share of unit costs plus markup and profits that is paid conditional on achieving specific results. For instance, at one extreme, 100% of the payment could be performance-based, which would in principle provide the strongest incentives to deliver results. This option, however, might deter

[20] This is in line with ILO Employment Policy Convention, 1964 (No. 122).
[21] See, for instance, NRC (2023).
[22] See also discussion in Finn (2014).

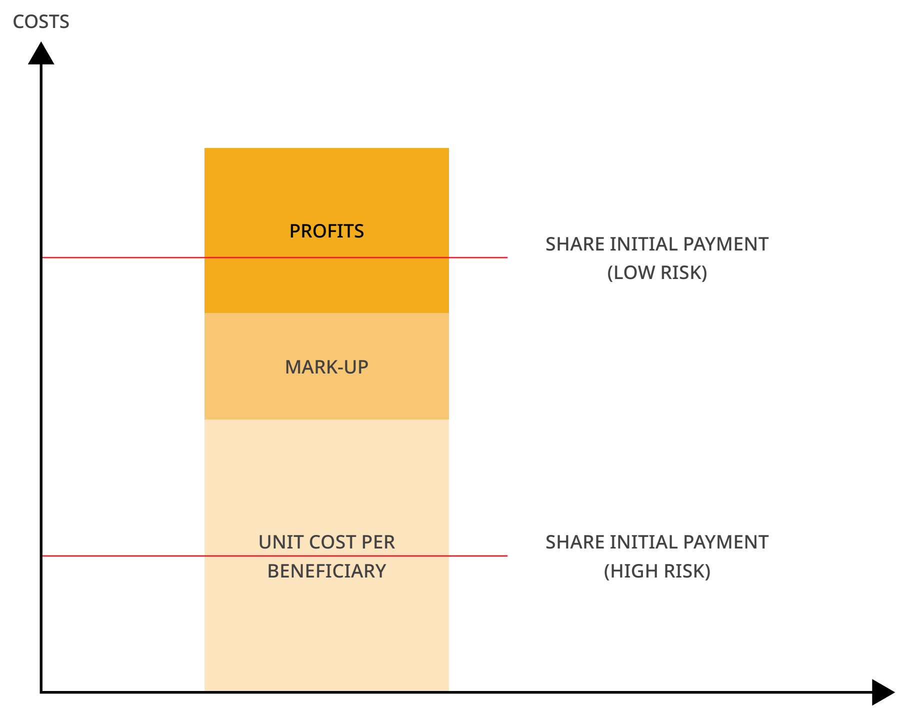
participation in the programme, particularly among providers facing liquidity constraints. At the other extreme, only a small share of the total payment could be linked to performance, providing liquidity and better incentives to participate in the programme but also weaker incentives to innovate and achieve results (see figure 3). In general, the level of financial risks transferred to providers will need to strike a balance between the two extremes.

In practice, the payment mechanism would have four core elements:

- The total or maximum fee the provider can receive per beneficiary, as determined by their classification under the profiling system (see pricing services);
- The initial or attachment payment;
- The performance-based payment that, in principle, can be broken down into a series of payments linked to specific outcomes; and
- A high-performance incentive that depends on the average results achieved during a given period of time.

In any system where payments are based on results (whether outputs or outcomes) and monitoring is costly, there are incentives for manipulation or misreporting, and this risk needs to be managed without imposing undue delays in payments. The proposed approach is to make payments in good faith based on reports through the M&E system, but with *ex post* audits that carry severe penalties. To be manageable, the audits cannot cover all providers and cases but need to rely on samples of cases for each provider. At the same time, the penalties must be sufficiently severe to minimize the risk of "gaming the system". One option, for instance, would be to exclude providers that report outputs or outcomes they have not achieved from future contracts with MoSA, international donors, or other public institutions.

Figure 3: Illustration of the transfer of financial risks to the provider



Source: Robalino (2025).

At the level of the wage employment pathway, the MoL will also play a critical role in certifying access to formal wage employment. Indeed, when beneficiaries from the EI programme are placed into a formal job, they need to sign a contract of a given duration that is registered with MoL. In addition, the employer is required to register them with the national social security fund (CNSS). Hence, administrative records from both the MoL and the CNSS can be used to verify that the placement has taken place.

Contracting providers

There are some general principles that need to be considered to promote competition and control costs but also avoid reduction in service quality and incentivize innovation and high standards in terms of performance.

The selection mechanism should be a two-stage competitive tender. The first stage would be used to filter providers that meet minimum standards in terms of experience and institutional capacity, and the second stage to select providers based on their bidding proposals. As the new delivery system matures, a third-party institution could oversee the accreditation of providers. In this case, the first stage could be eliminated; the public tender would be limited to certified providers with demonstrated capacity.

Regarding the evaluation of the bidding proposals, priority (higher weights) should be given to issues related to quality and, in particular, the commitment to deliver on specific outcomes. To achieve the latter, one option is to let providers compete on the performance-based part of the price of the contract, by asking them to propose the share of the initial/attachment payment and the shares of the subsequent performance-based payments. The financial proposal, by contrast, could receive lower weights. This is partly because the reference costs for the average service packages calculated by the implementing agency –ideally discussed with shortlisted providers and further adjusted during negotiations with selected providers–, can serve as an anchor.

Short-term contracts, of one year or less, should generally be avoided where possible, as they can undermine continuity of service, increase costs, and reduce stability for providers. Longer-term contracts, of two or three years' duration, are preferable, as they enable greater risk transfer, encourage providers to invest in institutional capacity and innovation, and provide sufficient time to manage risks, recover their costs, and improve performance over the contract period.[23] Although long-term contracts also entail risks for the implementing agency given the transaction costs involved in dealing with underperforming providers, these can be managed by setting clear terms and conditions around minimum performance standards and a code of conduct.

Evaluating providers and allocating market shares

In the proposed model, the EI programme will create a quasi-market for support services for beneficiaries that will be managed by MoSA to ensure there is competition and innovation that can lead to quality services at low costs. To this end, MoSA needs to be able to evaluate and rank providers and use the results to inform decisions about the renewal or termination of contracts and the allocation of market shares.

[23] See Finn (2014).

To this end, providers will be evaluated in absolute and relative terms, with guidelines about how the results of the evaluations will be used to inform decisions on the continuation of an existing contract and the award of new contracts. Providers will be informed about the minimum score(s) necessary to continue an existing contract (i.e., to avoid contract termination), as well as the thresholds required to be eligible to participate in future tenders or renew existing contracts. The conditions will include full compliance with agreed standards of safety and other aspects that can be enforced through verification visits.

The results of the evaluations will also affect market shares. This implies that the contracts of top performers (e.g., those with scores in the top decile) are more likely to be renewed and that, in principle, they can be allocated a larger share of the population of new beneficiaries after due consideration of institutional and capacity constraints.

The monitoring, evaluation and payment of providers will require a state-of-the-art M&E system capable of generating real-time data about the situation of beneficiaries and the services they have received. Providers are themselves expected to be the main source of administrative data, updating the system for each case they manage on a continuous basis (in much the same way that doctors update the medical records of any patient they treat). These updates can be entered into the M&E system online or offline, in the latter case making uploads with a minimum frequency (e.g., once a day).

In addition to the administrative data generated by providers, the M&E system will rely on regular tracer surveys of beneficiaries. The role of these surveys is to provide information about the situation of beneficiaries after they leave the programme, and their case is no longer handled by the provider. Thus, the surveys will target different cohorts of beneficiaries in the different pathways, defined by the time elapsed between the exit date from the programme and the date of the survey. The sample size of the surveys will be selected to ensure that each provider's cohorts are adequately represented. Managers and policymakers will then be able to infer what happens to beneficiaries in the different pathways after a given time period, as well as identify providers with above- or below-average performance.

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3.3. Access to finance

In the case of beneficiaries in the own-account or entrepreneurship pathways, services providers are also responsible for facilitating access to finance, usually by referring them to financial institutions and supporting them in the preparation of the documentation necessary to apply for a grant, credit, or investment.

Initially, microfinance institutions (MFIs) are expected to be the main source of credit. As the EI programme expands, however, MoSA in partnership with the Ministry of Economy will explore alternative financing mechanisms to expand the set of instruments available to beneficiaries with different financial needs – particularly those in the entrepreneurship pathways – and also to leverage additional funds, including from the government, donors, and the private sector. Two instruments that will be considered for implementation over the medium term are credit guarantees for entrepreneurs and micro, small and medium-sized enterprises (MSMEs) and an impact investment fund for economic inclusion and jobs.

Microfinance institutions.

Microfinance institutions will be a key partner providing not only access to finance but also, in some cases, non-financial services. Although the financial crisis had a major impact on the microfinance sector, there are several financial institutions with a national presence and considerable experience working with vulnerable populations. Some of these MFIs also offer support services to potential or established entrepreneurs including in the preparation of business plans, accounting, and financial management.

As part of the implementation of the EI programme, in the case of the own-account work and entrepreneurship pathways, partnerships between MFIs and other services providers will be encouraged. It is also possible that, in certain cases, MFIs can take on the role of case managers and deliver in-house the non-financial support services needed to facilitate the transition to own-account work or entrepreneurship.

Credit guarantees for entrepreneurs and MSMEs.

Credit guarantees have a role to play outside the EI programme, promoting the development of MSMEs and contributing to the creation of quality jobs.[24] Most countries have adopted this type of facility to reduce problems of asymmetric information in the credit market and provide incentives for commercial banks to finance new investment projects by entrepreneurs and MSMEs, which are in general riskier.[25]

At least indirectly, however, these guarantees can also facilitate access to finance to the beneficiaries of the EI programme. Indeed, even when commercial banks do not directly finance these beneficiaries, it is possible to consider guarantees targeting MSMEs that partner with the EI beneficiaries who are in the own-account or entrepreneurship pathways.

[24] See Robalino et al. (2025).

[25] See, for instance, the credit guarantee fund for MSMEs launched in Iraq with the Central Bank and the associated toolkit on impact measurement: The ILO's Think Impact Toolkit for guarantee instruments | International Labour Organization

Impact investment fund for economic inclusion and jobs.

Impact investments funds are an instrument to mobilize private capital to investment projects with internal rates of return below market rates but high social rates of return because of their impact on relevant social outcomes.[26] In the context of the EI programme, the expected social impacts are transitions from inactivity or unemployment to employment or from low -to higher-productivity jobs. The proposed impact investment fund can be used to fund MSMEs partnering with the beneficiaries of the EI programme (again those in the own-account work and entrepreneurships pathways), as well as groups of own-account workers or entrepreneurs directly.

Most of the investments of the fund would take the form of quasi-equity, a form of debt in which the "interest rate" depends on the earnings or profits generated by the investments. This instrument can finance tangible and intangible assets, as well as working capital and technical assistance. Part of the cost of the investment project includes the cost of the technical assistance and support services tailored to the needs of the entrepreneurs or MSMEs. The fund can thus help to reduce the cost of these services for the EI programme.

As in the case of the credit guarantees, the impact fund can have development goals that go beyond the EI programme, supporting the development of MSMEs and job creation in general. Indeed, the fund is able to finance riskier and more complex investment projects – including those involving multiple actors or firms within strategic value chains – which have high social rates of return because of their impact on jobs, albeit initially generating lower rates of return.

[26] See Robalino et al. (2025).

4

EXPECTED WELFARE AND FISCAL IMPACTS

The fiscal and welfare impact of the programme will depend, primarily, on its coverage, the effectiveness of the intervention, and how efficiently expenditures are targeted to individuals most likely to benefit from the support services. **Coverage** refers to the number of beneficiaries that the programme will target. Given unit costs, the higher the level of coverage, the higher the costs, but also the greater the potential social benefits that correlate to the number of quality jobs created. **Effectiveness** refers to the impact of the programme on the probabilities of succeeding in the various pathways and the probabilities of reverting to the status quo. Improvements in these probabilities – higher success rates and lower rates of reversal – translate into greater social benefits, including the savings from reduced social assistance expenditures. **Efficiency**, on the other hand, refers to the extent to which the programme prioritizes individuals most likely to benefit from the intervention, rather than providing equal access to all individuals. Higher efficiency reduces direct costs, increases savings in social assistance expenditures as more individuals find quality jobs, and therefore lowers net fiscal costs.

The results of the analysis presented here are preliminary, based on the latest available household survey[28] *and micro simulations covering a wide range of scenarios regarding coverage, effectiveness, and efficiency.*

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[28] No MoSA microdata on programme beneficiaries was available at the time of writing.

[29] Given that at this stage there is no panel household or labour force survey, transition probabilities for different individuals cannot be estimated directly. The focus instead is on state-occupancy probabilities that are then used to approximate transition probabilities under the assumption of stationary distributions for each individual type (see companion Technical Appendix).

As discussed in the companion Technical Appendix to this report, the survey is used to estimate the number of potential beneficiaries of the EI programme (working age individuals living in poor households currently receiving social assistance) and to approximate, for each, transition probabilities between six situations ("states"): quality wage employment, low-quality wage employment, quality self-employment, low-quality self-employment, unemployment, and inactivity.[29] These transition probabilities are a function of their individual characteristics and the characteristics of the household and region where they live. The different scenarios adopt the following assumptions:

- **Coverage.** The assumption is that, of the roughly 585,000 individuals currently eligible for social assistance, 120,000 will be targeted over a ten-year period. For the first five years of the programme – the time horizon used in the cost–benefit analysis (60 months) – the analysis assumes different participation targets of 30% and 50%.
- **Effectiveness.** The programme's impacts on the monthly probabilities of success and reversal are assumed to vary between ±0.79 and ±2.35 percentage points (approximately 10–25% annually). Impacts are assumed to be highest for participants in the own-account/entrepreneurship pathway who are already self-employed (established), intermediate for those in the same pathway who are not yet self-employed (potential), and lowest for participants in the wage-employment pathway.
- **Efficiency.** Two extreme scenarios are considered: 1) "first-come, first-served" (without targeting or prioritization); and 2) perfect targeting (individuals with the highest probabilities of success get priority).

The results suggest that the EI programme has the potential to be highly cost-effective when efficiency is a criterion for resource allocation and participants are profiled to prioritize those with the highest probability of success. Under these scenarios, the programme could cover between 5,000 and 10,000 individuals per year over the next five years, at a net fiscal cost (in present value) of USD 15–55 million, depending on the assumed level of effectiveness. At the lowest levels of effectiveness (scenarios 8 and 9) the net fiscal costs of the programme would be USD 30–55 million, depending on coverage, with an average per capita cost of USD 1,740, a success rate of 22%, and an average cost–benefit ratio of 0.7. At the highest level of effectiveness (scenarios 6 and 7) the net fiscal costs of the programme would be USD 15–21 million, due to higher savings in social assistance expenditures. The average cost of the interventions would be USD 1,770 per beneficiary, the average success rate would be around 50%, and the average cost–benefit ratio around 0.21 (see table 3).

Without profiling beneficiaries and prioritizing those most likely to succeed, the programme is unlikely to be cost-effective; net fiscal costs would increase while fewer jobs would be created. The number of individuals effectively benefiting from the programme would fall to between 4,000 and 8,500 per year, reflecting lower business survival rates in the self-employment pathway and therefore a lower likelihood that participants receive the intervention in full. Even with fewer beneficiaries, net fiscal costs would increase to USD 26–60 million per year due to the higher average cost of the intervention (roughly USD 1,800 per participant) and lower savings in social assistance expenditures, as the success rates would fall to 10–30%. As a result, in most scenarios the economic cost of the programme would exceed its social benefits (see table 4).

[29] Given that at this stage there is no panel household or labour force survey, transition probabilities for different individuals cannot be estimated directly. The focus instead is on state-occupancy probabilities that are then used to approximate transition probabilities under the assumption of stationary distributions for each individual type (see companion Technical Appendix).

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Table 3: Fiscal and Welfare Impacts Under Perfect Targeting

	Status-quo	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Impact wage α_w	-	-	-	1.21%	1.21%	1.21%	2.13	2.13	0.79	0.79
Survival wage β_w	-	-	-	-1.21%	-1.21%	-1.21%	-2.13	-2.13	-0.79	-0.79
Impact potential α_p	-	1.28%	-	-	1.28%	1.28%	2.25	2.25	0.83	0.83
Survival potential β_p	-	-1.28%	-	-	-1.28%	-1.28%	-2.25	-2.25	-0.83	-0.83
Impact established α_s	-	-	1.35%	-	1.35%	1.35%	2.37	2.37	0.87	0.87
Survival established β_s	-	-	-1.35%	-	-1.35%	-1.35%	-2.37	-2.37	-0.87	-0.87
Targets		30%	30%	30%	30%	50%	30%	50%	30%	50%
Beneficiaries		11,676	6,272	11,016	28,970	48,284	30,102	50,171	28,476	47,461
Categories			**Job treatment group**							
Potential	1,310.97	3,038.61	-	-	-	-	-	-	-	-
Established	390.07	-	2,059.60	-	-	-	-	-	-	-
Wage employees	1,126.02	-	-	3,847.59	-	-	-	-	-	-
TOTAL	2,827.06	3,038.61	2,059.60	3,847.59	8,878.76	14,797.93	15,626.23	26,043.72	6,224.57	10,374.29
NPV Costs (USD million)		20.3	13.6	16.7	50.6	84.4	53.2	88.7	49.5	82.5
NPV Savings (USD million)		8.4	5.6	10.1	24.1	40.2	38.2	63.7	18.2	30.3
Net Costs (USD million)		11.9	8.0	6.6	26.5	44.2	15.0	25.0	31.4	52.3
With low savings (50%)		*16.1*	*10.8*	*11.7*	*38.6*	*64.3*	*34.1*	*56.8*	*40.4*	*67.4*
Average cost interventions (USD)		1,742	2,166	1,517	1,748	1,748	1,768	1,768	1,739	1,739
Average success rate		26.0%	32.8%	34.9%	30.6%	30.6%	51.9%	51.9%	21.9%	21.9%
Cost-benefit ratio (CBR)		0.61	0.38	0.32	0.41	0.41	0.21	0.21	0.71	0.71

Source: Authors based on household survey (2023) and micro simulation model.

Note: The simulations reported in this table assume perfect targeting, whereby individuals with the highest probability of success are prioritized and assigned to the pathway in which they have the greatest potential. The impact probabilities represent changes in the baseline probabilities of transitioning into wage employment or self-employment, with the latter distinguished between potential and established self-employed individuals (the data does not allow a distinction between own-account workers and entrepreneurs). The survival probabilities represent changes in the baseline probabilities of reversing to the status quo. Results for each scenario – including beneficiaries, jobs created, programme costs, fiscal savings, and the cost–benefit ratio (CBR) are reported as averages across 50 Monte Carlo simulations.

Table 4: Fiscal and Welfare Impacts Under "First-Come-First-Serve"

	Status-quo	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9
Impact wage α_w	-	-	-	1.21%	1.21%	1.21%	2.13	2.13	0.79	0.79
Survival wage Y_w	-	-	-	-1.21%	-1.21%	-1.21%	-2.13	-2.13	-0.79	-0.79
Impact potential α_p	-	1.28%	-	-	1.28%	1.28%	2.25	2.25	0.83	0.83
Survival potential Y_p	-	-1.28%	-	-	-1.28%	-1.28%	-2.25	-2.25	-0.83	-0.83
Impact established α_s	-	-	1.35%	-	1.35%	1.35%	2.37	2.37	0.87	0.87
Survival established Y_s	-	-	-1.35%	-	-1.35%	-1.35%	-2.37	-2.37	-0.87	-0.87
Targets		30%	30%	30%	30%	50%	30%	50%	30%	50%
Beneficiaries		8,901	2,387	9,075	20,351	33,918	20,787	34,646	20,119	33,531
Categories			**Job treatment group**							
Potential	523.24	1,096.58	-	-	-	-	-	-	-	-
Established	138.45	-	691.90	-	-	-	-	-	-	-
Wage employees	405.65	-	-	1,728.07	-	-	-	-	-	-
TOTAL	1,067.34	1,096.58	691.90	1,728.07	3,568.72	5,947.86	5,954.19	9,923.64	2,489.09	4,148.48
NPV Costs (USD million)		32.0	8.4	22.8	63.1	105.2	65.0	108.4	62.4	104.0
NPV Savings (USD million)		3.2	1.8	4.2	9.2	15.4	14.3	23.9	7.0	11.6
Net Costs (USD million)		28.8	6.6	18.6	53.9	89.8	50.7	84.5	55.4	92.4
With low savings (50%)		*30.4*	*7.5*	*20.7*	*58.5*	*97.5*	*57.9*	*96.4*	*58.9*	*98.2*
Average cost interventions (USD)		3,597	3,531	2,512	3,101	3,101	3,128	3,128	3,101	3,101
Average success rate		12.3%	29.0%	19.0%	17.5%	17.5%	28.6%	28.6%	12.4%	12.4%
Cost-benefit ratio (CBR)		3.38	0.83	1.03	1.41	1.41	0.72	0.72	2.48	2.48

Source: Authors based on household survey (2023) and micro simulation model.

Note: In the simulations presented in this table all individuals who apply to the EI program are accepted (up to the target) and they follow the pathway for which they have the highest potential. The rest is the same as in Table 3 above.

5

INSTITUTIONAL ARRANGEMENTS AND GOVERNANCE

The success of the new EI programme will depend on having the right organizational and institutional capabilities within MoSA, and strong coordination mechanisms with the MoL, particularly with regard to the formal wage employment pathway. In addition, a governance structure is needed that promotes accountability for results and facilitates the emergence of partnerships between government, the private sector, and civil society. The first part of this section discusses the proposed institutional organization to deliver the centralized functions of the programme and those related to the management of the delivery system. The second part focuses on governance arrangements for oversight, coordination, and partnerships.

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5.1. Management of the new programme

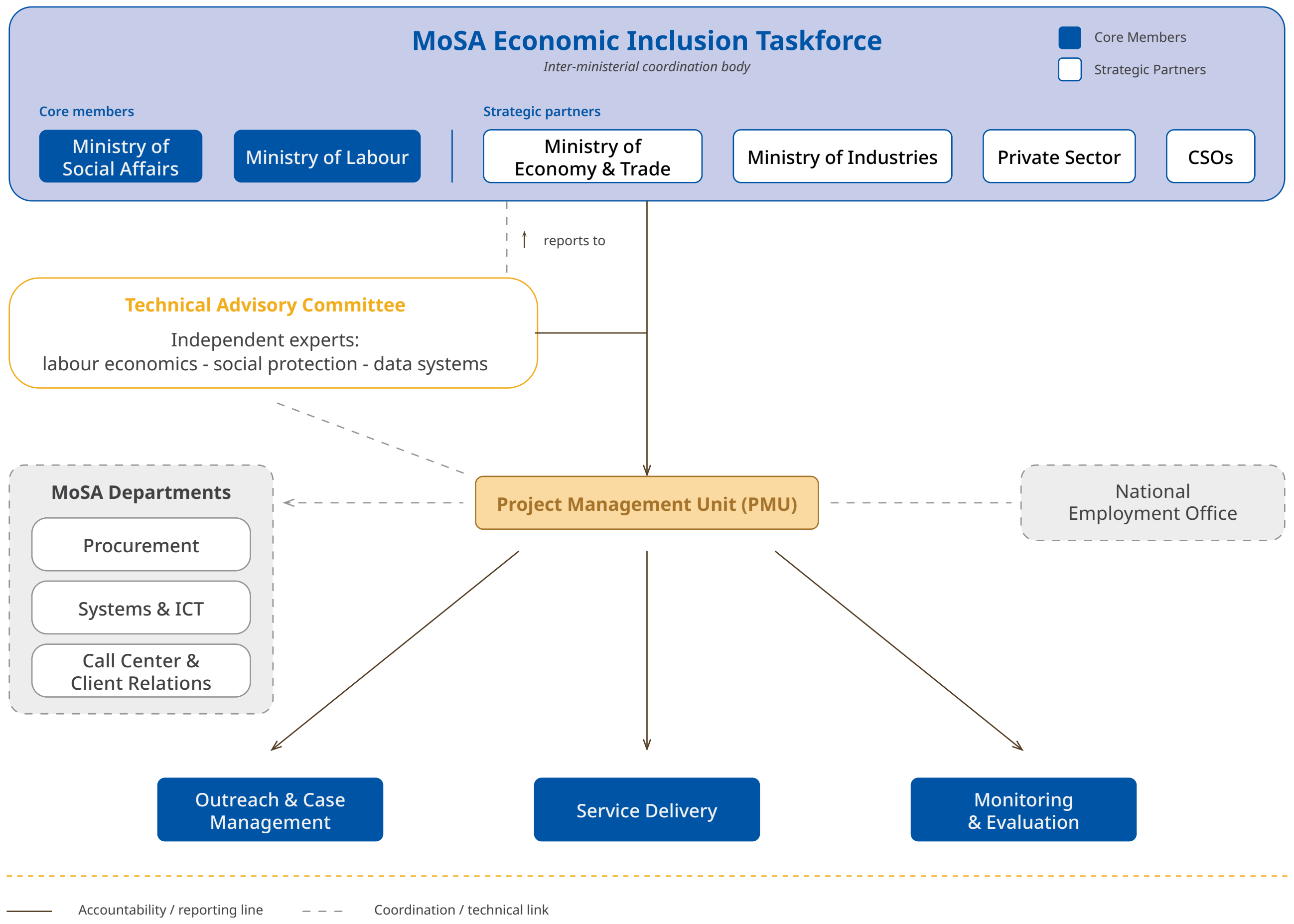
Several departments within MoSA already include, in their mandates, some of the institutional functions and structure needed for the EI programme (e.g., Planning and Programmes, Statistics and Information, and Legal Studies), and it makes sense to leverage their existing resources and institutional knowledge. However, this should be viewed as a medium-term objective, to ensure coherence between the new business processes and the roles, responsibilities, and resources of each of the institutional units involved in the management of EI programme.

Hence, initially, the proposal is to have a dedicated **Project Management Unit (PMU)** handling the EI programme, through three operational arms:

- **Outreach and Case Management**
- **Service Delivery**
- **Monitoring and Evaluation**

The PMU would also interact with the SDCs and three administrative units providing general support to

Figure 4: Proposed governance and organizational chart



Source: Authors

MoSA in terms of: 1) procurement; 2) systems and ICTs; and 3) call centre and client relations (see figure 4).

Programme Management Unit. This is the central unit that manages the overall EI programme and oversees the implementation process. It relies on a manager and a small team of support staff who ensure that the programme is implemented as per the guidelines provided in this document.

An important function of the PMU is to closely coordinate the implementation of the EI programme with the relevant technical units at the MoL including the NEO. This coordination is particularly important at the level of the formal wage employment pathway. First, it ensures that, when possible, providers supporting beneficiaries in this pathway draw on initiatives and programmes implemented by the NEO. Second, it supports the development of an efficient mechanism to certify when beneficiaries of the EI programme are placed into formal wage employment, using administrative records of the national social security fund (CNSS).

Outreach and Case Management. This unit oversees the design and implementation of the outreach strategy of the EI programme, the registration and profiling systems, and the referral system. The unit mainly comprises technical and support staff, initially tasked with mobilizing, deploying and coordinating the technical assistance necessary to set up the new systems, working closely with the SDCs (and the municipalities as needed).

In a second phase, the unit oversees the preparation and execution of an action plan to gradually deploy the new systems across regions. At this stage, the Outreach and Case Management unit is working closely with the Service Delivery Systems Unit.

Service Delivery. This unit oversees the design and implementation of the service delivery system of the EI programme. The unit comprises technical and support staff who, in the short term, are responsible for mobilizing, deploying and coordinating the technical assistance required to structure and cost the integrated package of support services for different population groups; designing KPIs for the programme and payment systems; developing performance-based contracts for providers; and developing and managing the quasi-market for different types of services, including the processes and indicators used to evaluate providers and allocate market shares.

During the implementation phase, the Service Delivery Systems unit is in charge of mobilizing services providers across regions and developing partnerships; issuing and managing contracts with the support of the procurement department; clearing payments for providers with the support of the M&E unit; evaluating and ranking providers; and allocating market shares, also in coordination with the procurement department.

Monitoring and Evaluation. This unit oversees the development and implementation of the systems and data collection instruments necessary to evaluate and pay providers, and monitor the operations of the EI programme. The goal is to ensure that MoSA's leadership and the MoSA EI Taskforce (see next section) have access to real-time data to assess the performance of the programme and introduce corrective measures as needed. The administrative and survey data generated (i.e., tracer surveys of beneficiaries) will also be critical to implement the PBCs and evaluate providers.

It is also expected that the M&E unit will have the capabilities to become an Observatory for Economic Inclusion. It should be able to produce analytical work about the impacts of the EI programme among different population groups, its cost-effectiveness, and social rates of return. It should also be able to build a best practices knowledge bank documenting the most successful combinations of support services and delivery mechanisms for different pathways. Although the new unit will initially focus on the EI programme, it is possible that over time it can serve other departments in MoSA.

Administrative units. The administrative units provide services to different departments in MoSA, but in the context of the implementation of the EI programme they will have to upgrade their capabilities, particularly at the level of:

- *Procurement and contracts.* This unit is instrumental in the recruitment of service providers and the implementation of the performance-based contracts (PBCs). It will be in charge of developing RfPs based on the initial design of the Service Delivery Systems unit, and managing the two-step procurement process. The unit will also manage the payment process after clearance from the Service Delivery Systems unit.
- *ICTs.* This unit must have the capabilities to manage and maintain the new information systems, from the registration and statistical profiling system to the new M&E system.
- *Call centre and client relationships.* This unit has already been providing critical services to the existing programmes, managing the relationships with beneficiaries. It has a sophisticated IT system that allows operators to answer queries from beneficiaries, run surveys, and disseminate information. In the context of the EI programme, these functions will have to be tailored to new operational needs and might need to be scaled up.

Role of SDCs. In the context of the EI programme, the SDCs are mainly tasked with outreach, registration, profiling and referral functions, and case management. They will lead and coordinate the outreach effort with the municipalities and partner civil society institutions, leveraging local channels to disseminate information about the new programme. Social workers in SDCs will also support the registration and profiling process. In addition, they will manage referrals in coordination with the Service Delivery Systems unit.

As discussed in section 3, the SDCs are also involved in case management based on inputs provided by the M&E system. The M&E system can flag and inform staff about cases where the beneficiaries are not progressing in their pathway. Staff in the SDCs are expected to contact providers (and if needed beneficiaries) to enquire about the case and identify remedial measures if any.

Role of Municipalities. The municipalities, being the local centres of government power, will actively communicate on the national EI programme through their existing channels, including locally elected representatives (moukhtars) and partner stakeholders such as social and religious institutions. Municipalities will thus intervene in outreach functions and redirect beneficiaries to SDCs for registration. It is also possible that when SDCs are not locally present the municipalities will take over the registration process.

5.2. Technical Advisory Committee

The PMU will be supported by a **Technical Advisory Committee (TAC)** composed of independent experts in labour economics, entrepreneurship, social protection, gender inclusion, disability, and data systems. The TAC sits between the MoSA Economic Inclusion Taskforce and the PMU, reporting directly to the taskforce. Its main function is to provide independent technical oversight of programme design and implementation, ensuring that the taskforce's strategic decisions are informed by rigorous technical assessment rather than purely administrative or political considerations. This is particularly important given that the PMU's subunits are structured around operational and systems functions – procurement, ICT, outreach, and monitoring – rather than thematic expertise in economic inclusion or labour market policy.

The TAC fulfils several distinct functions. First, it provides technical quality assurance over programme design decisions, including the structure of performance-based contracts, the definition of outcome indicators, eligibility and targeting criteria, and the design of service provider certification standards. Second, it reviews and validates monitoring, evaluation and learning (MEL) frameworks and data systems, ensuring that the evidence generated by the programme is methodologically sound and actionable. Third, it advises on equity dimensions of programme design, including gender-responsive and disability-inclusive approaches to service delivery, beneficiary profiling, and outcome measurement – areas where technical depth is essential and where gaps in design can have significant consequences for inclusion outcomes. Fourth, it provides an independent channel for flagging implementation risks or design weaknesses directly to the taskforce, without these assessments being filtered through the PMU.

TAC members serve in an advisory capacity and do not hold executive authority over programme decisions. They are appointed for fixed terms, with staggered renewal to ensure continuity of institutional memory. To preserve independence, TAC members may not simultaneously hold positions with service providers operating under PBCs with MoSA, nor with organizations receiving grants or contracts under the EI Programme. The TAC meets at minimum quarterly, with the option of convening ad hoc sessions at the request of either the taskforce or the PMU when time-sensitive technical questions arise.

5.3. Governance

The governance of the EI programme will be in line with the National Social Protection Strategy's Economic Inclusion and Labour Activation Pillar. Thus, the above-mentioned **MoSA Economic Inclusion Taskforce** will be chaired by the Minister of Social Affairs with the membership of the Minister of Labour. Other ministries can be invited to participate when necessary and will be involved accordingly. The taskforce is responsible for steering the operations of the programme; approving works plans, targets, and KPIs; and approving changes in policies and/or operations. The taskforce also ensures the horizontal and vertical coordination of programme-related activities within the government, as well as coordination with partners, the private sector and civil society.

- **Horizontal coordination.** This level of coordination takes places within the central government. This is already within the mandate of the existing EILA steering committee (EILA-SC). The MoSA EI taskforce will report to the EILA-SC on the activities and development of the EI programme. It will also invite the relevant ministries as needed for deliberation, including the Ministry of Education and Higher Education, the Ministry of Economy and Trade, and Ministry of Agriculture for sector-specific programmes and pilots.

- **Vertical coordination.** This level of coordination involves the central and local governments, mainly municipalities. Beyond their role in the outreach of beneficiaries, the municipalities would have a role in liaising with beneficiaries and services providers at the local level, while participating in consultations that inform the decision-making process from the "bottom-up."

- **Civil society organizations (CSOs) and the private sector.** The CSOs are key partners of the EI programme delivering support services to beneficiaries. The private sector is the main provider of jobs and commercial opportunities, and the main source of financing for the own-account and entrepreneurship pathways. These organizations will be represented in the taskforce, ensuring that their views and interests are also taken into account in the policymaking process.

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