Key challenges and opportunities facing entrepreneurs in the agriculture and agro-food sectors in North-Lebanon and Akkar

Needs Assessment Report Under the Productive Sectors Development Programme
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Under the Productive Sectors Development Programme
Foreword

The “Productive Sectors Development Programme” (PSDP) is a joint initiative implemented in Lebanon by UNIDO, FAO, UNDP, ILO, UN WOMEN, and UNICEF, with overall coordination support from the United Nations Resident Coordinator’s Office. PSDP promotes the “Delivering as One” approach among the implementing UN agencies.

With the aim of promoting the agricultural and agro-food sectors in Lebanon, the ultimate objective of PSDP is to support gender-responsive job creation and economic opportunities in these sectors, prioritizing women and female youth in disadvantaged areas. This joint project is funded by the Lebanon Recovery Fund through generous contribution from the Government of Canada and is designed to include interlinked activities on different intervention levels. On the macro level, the PSDP focuses on improving the enabling policy environment for women’s economic empowerment and participation in productive sectors. On the meso level, PSDP aims to improve access to markets for women and men-led micro, small and medium enterprises (MSMEs). On the micro level, the objective of this joint initiative is to improve the capacity of women farmers, women-led cooperatives and women-led MSMEs, as well as male-led entities in productive sectors, to create and sustain gender equitable job opportunities and adopt environmentally sustainable practices.

The ILO’s intervention within PSDP’s micro-level of intervention focuses on supporting existing and newly created MSMEs by rolling out gender-sensitive business support services, through the delivery of tailored training developed to respond to the needs of MSMEs working in the agricultural sector, especially in light of Lebanon’s economic crisis.

The ILO produced this Needs Assessment Report in order to guide the design of programme activities and ensure an adequate reflection of the beneficiaries’ needs in the implementation of the programme. As the economic situation in Lebanon continues to deteriorate, the assessment has enabled the ILO to capture the impact of the crisis on entrepreneurs and micro and small business owners in the Agricultural and Agro-food sectors and support them in addressing those needs.

This report maps the existing challenges and the enabling factors at the MSME level, and, through crisis responsive insights, provides overall guidance and recommendations for the ILO’s interventions within PDSP. These recommendations include rolling out the “Women Do Business” entrepreneurship training programme in a format adapted to the agricultural sector and the multiple crises in Lebanon, as well as developing an advanced business resilience training package that sustainably strengthens the capacity of PSDP’s beneficiaries.

The ILO team wishes to gratefully thank Ms. Joumana Brihi for conducting the needs assessment exercise and producing this report. Thanks are also extended to the ILO Regional Office for Arab States team comprised of SME Technical Officer Mr. Rayann Koudaih, PSDP Project Coordinator Mr. Rami El Hassan, and PSDP Project Assistant Ms. Ghida El Kaissi for technically backstopping the analysis by participation in field work and coordination with PSDP’s participating UN organizations, as well as for contributing to the report review process.

Ruba Jaradat
ILO Regional Director for Arab States
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## Abbreviations

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<th>Description</th>
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<tbody>
<tr>
<td>CBI</td>
<td>Centre for the Promotion of Imports from Developing Countries</td>
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<td>CCIB</td>
<td>Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>IDAL</td>
<td>Investment Development Authority of Lebanon</td>
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<td>IDRAC</td>
<td>Industrial Development and Research Agro-Agri Center</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>MSME</td>
<td>micro, small and medium-sized enterprises</td>
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<td>NGO</td>
<td>non-governmental organization</td>
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<td>PSDP</td>
<td>Productive Sectors Development Program</td>
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<td>RCO</td>
<td>Resident Coordinator’s Office</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UN Women</td>
<td>United Nations Entity for Gender Equality and the Empowerment of Women</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<tr>
<td>US</td>
<td>United States</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>USIP</td>
<td>United States Institute of Peace</td>
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I. Executive summary

In view of Lebanon’s long-term structural challenges and the profound effects that subsequent crises are having on its economy, there is ongoing need to support job creation and inclusive economic growth, especially for women and youth in the most disadvantaged areas.

The Productive Sectors Development Programme (PSDP) is funded by the Lebanon Recovery Fund through the generous contribution from the Government of Canada and implemented by the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP), the International Labour Organization (ILO), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and the United Nations Children’s Fund (UNICEF), with support from the Resident Coordinator’s Office (RCO) in overall coordination. The programme presents a comprehensive approach to supporting the manufacturing (agro-food) and agriculture sectors in Lebanon, which are identified as having a high potential for job generation for women and youth. The programme was designed to include interlinked activities on the macro, meso and micro levels of intervention and present a flagship example for joint service delivery and for promoting the “Delivering as One” approach between the implementing United Nations (UN) agencies.

ILO’s activities within the PSDP fall under the micro level of the identified intermediate outcomes. The ILO will roll out gender-sensitive business support services and coaching to existing and newly created micro, small and medium-sized enterprises (MSMEs), prioritizing women and youth start-ups in the selected value chain.

In order for the ILO to implement an adequate business management training programme for potential entrepreneurs and existing MSMEs in the agriculture and agro-food sectors, the ILO sought to conduct a needs assessment as a prerequisite to adapt and design existing business management training packages.

The objective of this study is therefore to support the ILO in assessing the needs of existing and potential business owners, with a special focus on women-led MSMEs in the agricultural sector and on the value chain of vegetable, fruit, and nut (including pulses) preparation in the north of Lebanon. This needs assessment also captures the potential challenges faced by the end-line receivers of ILO’s activities and lays out the enabling factors necessary to sustain businesses.

The methodology used to develop the assessment and provide recommendations included a mix of (a) desk review of existing reports and
assessments of the agriculture and agro-food sectors in Lebanon, (b) potential beneficiary interviews (10 women and 10 men) to assess challenges, opportunities and training needs as well as review the previous types of support received by beneficiaries and their impact, and (c) key informant interviews with key players, partners and agro-food sector experts to form a better understanding of the sector and draw conclusions accordingly.

The study identified six main categories reflect the current challenges, trends and context that any start-up or MSME will have to face:

- the political and security situation;
- collapsing infrastructure;
- migration, brain drain and employment challenges;
- currency devaluation and inflation;
- banking sector challenges and access to finance; and
- the Covid-19 pandemic.

Each of these impacts the agro-food sector, potential beneficiaries and the PSDP’s training component in different ways. This report attempts to provide solutions to each challenge as a way to encourage the PSDP consortium and the ILO to design their scope of work accordingly.

These solutions also supported the development of recommendations, including on the choice of business development training beneficiaries, type of trainings that are of interest, logistical and organization aspects, and the continuity or longer-term value of trainings that needs to be secured.
II. Methodology

A. Overall methodology

This assessment utilized qualitative methodologies, including desk reviews, key informant interviews and beneficiary interviews to help identify key challenges, opportunities, training needs of potential beneficiaries, and the ideal audience for the ILO’s business development component (see table 1).

The methodology followed the snowball approach, working by referrals to interview stakeholders who then referred researchers to other respondents to cover different topics. Likewise, potential beneficiaries were identified by reaching out to the selected service center, the Industrial Development and Research Agro-Agri Center (IDRAC).
<table>
<thead>
<tr>
<th>Methodology and units</th>
<th>Details and rationale</th>
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<tr>
<td><strong>Desk review</strong>&lt;br&gt;(20 interviews)</td>
<td>Various reports, studies, and publications produced by national and international organizations including labor market and economic assessments on Lebanon's agriculture and agro-food sectors and different value chains supported the analysis and helped draw conclusions. Examples include:&lt;br&gt;» A market systems assessment for dairy, horticulture and rural tourism value chains (Relief International 2021);&lt;br&gt;» A value chain assessment (USAID 2021);&lt;br&gt;» Lebanon National Agriculture Strategy 2020–25 (Ministry of Agriculture 2020);&lt;br&gt;» A labour market assessment report (Danish Refugee Council 2020);&lt;br&gt;» An export value chain analysis of fresh fruits and vegetables (CBI 2018);&lt;br&gt;» Wageningen University’s greenhouse value chain analysis (Ruijs 2017);&lt;br&gt;» An agro-food sector analysis (IDAL 2016);&lt;br&gt;» Lebanon’s Food Insecurity and the Path Toward Agricultural Reform (Hamade 2020);&lt;br&gt;» The Food And Beverages Sector: Position, Problems And Prospects (El Tabch 2018);</td>
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<tr>
<td><strong>Potential beneficiary interviews</strong>&lt;br&gt;(20 interviews)</td>
<td>Interviews were carried out with 20 potential beneficiaries (10 women and 10 men) from the north of Lebanon to help identify:&lt;br&gt;» the challenges that they are facing and where they need the most support;&lt;br&gt;» opportunities that should be leveraged;&lt;br&gt;» type of support needed;&lt;br&gt;» types of trainings of interest; and&lt;br&gt;» type of support received in the past.&lt;br&gt;Diverse profiles were selected to capture a wider lens of analysis, including equal representation of male and female respondents, young respondents, and respondents with different types of products within the vegetable, fruit and nut (including pulses) preparations value chain. Respondents were all from the north of Lebanon, but from different parts of the north, to reflect differences and help broaden the outlook on potential challenges, opportunities and market considerations for different types of products.</td>
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</table>
Seven key informant interviews were carried out with seven key players in terms of training, access to finance and understanding of the sector:

1. IDRAC
2. Al Majmoua
3. Kafalat
4. FAO
5. UNDP
6. Atayeb el Rif
7. Renee Mouawad Foundation.

Key informant interviews helped to build an understanding of the larger socioeconomic, logistical and other challenges impacting MSMEs and start-ups in the current context; gain information on past experiences with trainings to draw lessons learned and adapt accordingly; and assess training needs among beneficiaries based on these informants’ experiences and knowledge of the sector and MSME environment in the north of Lebanon.

IDRAC was selected through an exercise implemented by UNIDO.
IDRAC was contacted as part of this needs assessment to provide support in identifying potential beneficiaries and to assess the center’s capabilities and ability to host the trainings and support the ILO in outreach.

B. Challenges and limitations

The current situation affecting Lebanon – including fuel shortages and Covid-19 – had a direct impact on the field research and the possibility of engaging in face-to-face meetings with stakeholders. Interviews instead took place by phone, which made the entire process very efficient and allowed the team to carry out all interviews within a relatively short timeframe. Lebanon’s current situation includes:

► **Fuel shortages and traffic**: fuel shortages and the ensuing traffic caused by long queues at stations limited the possibility of traveling to the north of Lebanon to carry out face-to-face meetings, especially in light of the distance between the different beneficiaries and stakeholders interviewed.

► **Akkar explosion**: the explosion of a fuel tanker in the Akkar District in August 2021 added more complexity to the field research, as the entire region was on hiatus for at least one week after the accident.

► **Covid-19**: pandemic precautions made it impossible to carry out any focus groups. One-on-one interviews were extensive to make up for this and cover all key points on an individual basis.

CBI = Centre for the Promotion of Imports from Developing Countries, FAO = Food and Agriculture Organization, IDAL = Investment and Development Authority of Lebanon, IDRAC = Industrial Development and Research Agro-Agro Center, ILO = International Labour Organization, MSME = micro, small and medium-sized enterprises, PSDP = Productive Sectors Development Programme, UNDP = United Nations Development Programme, UNIDO = United Nations Industrial Development Organization, USAID = United States Agency for International Development.
III. Main findings

Lebanon is going through an unprecedented multidimensional crisis which affects all sectors of the economy and is transforming Lebanon’s financial, political and economic system.

According to key informants, the major factors influencing the country since October 2019 are political, monetary, and banking related. While these trends impact Lebanon as a whole, many of them are felt even more strongly in the north of Lebanon where the socioeconomic context is often more fragile. Lebanon’s miseries were exacerbated by the Covid-19 pandemic and the Beirut explosion of August 2020, which further shattered the country’s socioeconomic situation and deepened the crisis.

Potential beneficiaries from the north of Lebanon expressed concern over these trends and how they affect their businesses and initiatives. Many potential beneficiaries had already abandoned their ideas and enterprises at the time of the interviews. That said, many others also saw significant opportunity to expand local production and even be able to export their products abroad at a more competitive price than pre-crisis. Those wishing to expand welcome technical support, including training and business development support. For others, the priority is to secure equipment and material which has become too expensive for them.

This section analyzes the challenges that have emerged from Lebanon’s multidimensional crisis, and how these affect the agro-food sector in general, including the ILO’s selected value chain, potential beneficiaries and entrepreneurs in the north of Lebanon (such as MSMEs, start-ups, independent workers, and entrepreneurs), and the PSDP project, including the ILO’s training component.
C. Political and security situation

Lebanon has been in political turmoil since October 2019, when street protests began and spread throughout the country, leading to months of unrest and political turmoil. Before 2019, Lebanon had already been plunging into an economic crisis caused by a combination of factors. After October 2019, the crisis deepened and affected all sectors of the economy, starting with the banking system, which immediately disintegrated, affecting depositors and the general population very heavily (USIP 2021).

The situation led to two successive government resignations and a lack of coordinated action lasting several months, during which the situation worsened and the economic crisis deepened further. The Beirut explosion in August 2020 added further pressures, deeply impacting businesses, households and individuals and leading to further political disturbances (Strategy& 2020).

As of September 2021, a new government was formed, although it is unlikely to lead to significant positive changes in the short term. The new government came to life within an extremely complex environment and faces unprecedented challenges and the need to urgently engage in reforms that would pull the country out of the current crisis (France24 2021).

Practically, the Lebanese people’s lives are disrupted daily, due to social unrest, road closures, long queues at gas and petrol stations, electricity shortages and the attempt to secure very basic needs for daily life.

The current situation also means that there has been a severe vacuum in policy making and in the Government’s strategies and efforts to boost various sectors. Most initiatives come from donors, international organizations and nongovernmental organizations (NGOs), who cannot introduce rules and regulations or any policy that would benefit any given sector.

a. Impact on the agro-food sector

From a political point of view, the current crisis is affecting all sectors, although some may suffer more severely than others. The current political and security situation has negatively impacted the agricultural and agro-food sectors in Lebanon due to drastic political changes that led to a change of export markets. At the same time, competition in the agro-food sector in the countries of the Gulf Cooperation Council (GCC) – among the top destinations for Lebanese products (IDAL 2020) – is intensifying with more products from Asia, Europe and the Levant reaching retailers in the United Arab Emirates and Saudi Arabia, the region’s largest two markets.

Moreover, in terms of policy making, the last Ministry of Agriculture’s strategy is dated 2020 to 2025 and was published in July 2020. Although it attempts to address all elements of the unfolding crisis, it is unlikely to be implemented in the absence of any follow-up and clear engagement of all relevant stakeholders. In addition, it does not provide tools and tactics to address some underlying and structural problems in the sector. For instance, key stakeholders complain about the absence of linkages between the agriculture and agro-food value chains, whereby some agro-food products require diversity in agricultural outputs that are not always available.
b. Impact on potential beneficiaries and entrepreneurs

A long-lasting lack of sound governance coupled with political turmoil that has lasted for years and culminated in October 2019 has had a negative impact on the country’s MSMEs and start-up ecosystem.

Despite the Lebanese reputation for outstanding creativity, policies and regulations were never fully supportive of Lebanese youth and entrepreneurs. There is no national entrepreneurship strategy that combines transparency with business development. In addition, the political and economic situation rendered public institutions inoperative due to lack of working material or employee strikes. This imposed an additional burden on MSMEs and start-ups that needed to complete registrations and/or government related transactions.

Moreover, despite a clear understanding of the country’s challenges from a labor market perspective and a large number of labor market studies over the past decade, not one national plan for employment and entrepreneurship has been developed according to needs per region and per sector.

Especially during the country’s current multilayered crises, there are no government incentives or major political decisions that can help encourage entrepreneurship (Bizri et al. 2012). Larger, well established companies are in a better position to cope with the current situation and to develop their businesses with little or no support, while smaller ones find it difficult to see and take advantage of an opportunity. They mostly depend initiatives and support provided by international donors and NGOs who have identified the agro-food sector and many of its subsectors and value chains as providing high potential for employment, and therefore invest in its development.

c. Impact on the PSPD

The political and security situation is out of the project’s control; however, the ILO can develop plans to mitigate the potential implications on the training component. Thus, the ILO should consider ways to encourage participation amid the current political and security situation. The format and/or location, accessibility and relevance of trainings should take into consideration the situation. In addition, the trainings’ timeline should take into consideration any mitigation and delays that may be caused by potential security incidents, political tension, roadblocks and protests.

The stressful atmosphere and hopelessness that the general population is living through may affect the appetite of potential beneficiaries to participate in trainings. Many mentioned the need for financial support, securing equipment and other priorities as more important than training at this time.
Table 2

Political and security trends and possible solutions, Lebanon

1. Socioeconomic unrest leading to security concerns
   - Weak or nonexistent public institutions capable of developing adequate policy and support to the sector and to entrepreneurs
   - Target support to start-ups and small family- or women-owned businesses with strong ideas for success

2. Increased competitiveness in the agro-food sector in the GCC
   - Help Lebanese companies look beyond the GCC into markets in Europe, Asia, the United States and elsewhere that may be interested in local products
   - Help Lebanese companies prioritize markets with a high incidence of Lebanese expatriates for Lebanese products

3. Regional export challenges
   - Help Lebanese companies to become increasingly competitive through quality control, competitive pricing, effective business development and expansion planning, and export strategies
   - Plan for in-person trainings, but with a back-up option for online trainings
   - Record trainings to ensure any non-connected participants can listen later

4. Target start-ups or young entrepreneurs for business development support as they are often less experienced and less likely to grow and expand by themselves than larger or well-established companies

Summary
Ministry of Agriculture’s strategy has not been implemented

- Facilitate the implementation of the Ministry of Agriculture strategy by supporting the different actors involved in the agricultural sector and providing access to a database of studies and material that would allow them to better understand the sector, identify tactics and strategies, and remain up to date with any new developments.

- Develop training material that embraces such documentation and research, using case studies to pass on lessons learned to students.

Help connect companies with their ecosystem and give access to useful networks, communities, NGOs and donor funded programmes that can support their vision and future plans.

- Connect companies across value chains and link agriculture and agro-food value chains through extended studies and intervention plans.

No national plan for employment and entrepreneurship

- Engage start-ups and entrepreneurs, youth and women, instilling a sense of hope in their initiatives by providing them with case studies of successful start-ups and benchmarking best practices.

Lack of motivation in youth and potential entrepreneurs, concerns about entrepreneurship

- Highlight the need for training as a means to learn how to navigate the current crisis and manage finances and other challenges during such times.

- Highlight the value of business development trainings in supporting growth despite the limited means and equipment of start-ups.

Low appetite for trainings as opposed to financial support and securing equipment

- Highlight the value of business development trainings in supporting growth despite the limited means and equipment of start-ups.
D. Infrastructure collapse

Lebanon’s infrastructure is collapsing, leaving households, businesses and public institutions with low or no access to electricity (UN News 2021). The Government of Lebanon can no longer secure fuel, not only for the national electricity grid but also for private use, including for gas stations and private generators, on which the entire country now depends (Rose 2021).

Lebanon is also threatened by water and internet shortages. Many regions have already experienced internet blackouts, and telecom lines are underperforming as well.

a. Impact on the agro-food sector
The agro-food sector, like all other sectors of the economy, is under significant pressure from electricity cuts, transportation issues and many other factors. The lack of access to clean water may become a significant challenge. The major concern for the sector will be food safety and security. According to local sources, cases of food poisoning have already risen at an alarming rate due to power cuts. Power cuts, especially extended ones, are leading to loss of refrigeration for food, especially amidst the scorching heat that affected Lebanon in the summer of 2021, increasing the risk of food deterioration, loss of food quality and reduction of shelf-life (Nasser 2021).

Power cuts and transportation issues are impacting the entire value chain, from farmers to producers, wholesalers, retailers, and all other key actors.

b. Impact on entrepreneurs and potential beneficiaries
The direct impact of the infrastructure’s collapse on entrepreneurs includes issues with transportation and product distribution (BBC 2021). Getting products to market has become a challenge: reaching markets, outlets and consumers is now not only more costly but also far more complicated. Electricity supply can be a bigger challenge for smaller players and start-ups who may not be able to secure refrigeration for their products if they have no power at their workplace (which is often also their home).

Moreover, consumers can no longer drive to markets that are far from home and may therefore not reach specific points of sale where their preferred products are sold. The north of Lebanon, especially remote areas in the Akkar District, can easily find themselves disconnected from the rest of the country and from major urban markets.

c. Impact on the PSDP
For the PSDP and its training component, the main issue is lack of transportation and capacity to attend trainings in person. However, the solution – online training – is complicated by internet issues, electricity supply, and other concerns that prevent participants from connecting to the internet to follow courses and/or trainings online.

Moreover, the relevance of certain trainings may be compromised in the face of such a deep crisis, whereby start-ups and small businesses are more concerned about their capacity to survive and overcome major infrastructure problems than with any other aspects of their businesses.
Infrastructure challenges and possible solutions, Lebanon

- **Lack of power and electricity, affecting product quality**
- **Focus on *mouneh* products, which are long-shelf-life products that require no or little refrigeration.**
- **Difficulty reaching markets and getting products to consumers amidst fuel crisis**
- **No access to refrigeration in workplace or at home**
- **Focus on carpooling, joint actions, and developing cooperatives or collectives of producers working together to share transportation.**
- **Transportation issues for participants in the trainings**
- **Priorities focused on survival and crisis management**
- **Record and share trainings with participants for viewing at a time that is convenient to them.**
- **Secure ILO-provided transportation for all participants to ensure that they are able to attend.**
- **Include a crisis management component in the training.**
- **Provide recommendations on how to overcome infrastructure issues.**
- **Introduce online sales trainings and provide easy tools and solutions for businesses to connect with online sales platforms despite infrastructure challenges.**
- **Consumers unable to reach markets and find their preferred products**
- **Focus on better and easier ways to make the infrastructure for online sales available.**
E. Migration, brain drain, employment challenges

Lebanon’s current multilayered crisis is leading to migration, “brain drain” or the emigration of educated workers, and employment challenges (Vohra 2021). Employers can no longer sustain the same salary levels as they did before 2019; many had to downsize or even discontinue operations, leading to unemployment and/or significant reductions in salaries. Public sector employees and some private employees are still paid in Lebanese pounds at the official exchange rate of 1,515 pounds per United States (US) dollar, which effectively means that their salaries have been reduced by 90%. Companies that were able to increase salaries did, but very few were able to match the inflation and rapid deterioration of the Lebanese pound. The currency devaluation and inflation in prices rendered the salaries insignificant compared to the dramatic rise in prices that pushed many Lebanese to accept jobs abroad to secure fresh funds for themselves and their families.

With unemployment levels increasing sharply to approximately 30 per cent in 2020 (Consultancy-me 2021), the skilled workforce found themselves encouraged to apply for jobs abroad to secure a living. There is no systematic way to estimate unemployment in Lebanon, and the real unemployment level could be far higher (Brihi et al. 2019).

Young Lebanese individuals are desperate, impoverished, and unable to find opportunities in Lebanon. Many have chosen to migrate, if and when they are able to do so. Unemployment was already higher and more prevalent in the north of Lebanon where the economy is smaller and less diverse than in major urban areas, including the capital city and its surroundings. The problem in the north is therefore even greater, although the possibilities for residents of the area to migrate can be more limited because of less developed skills, including the language and technical skills required to find employment abroad.

a. Impact on the agro-food sector

Brain drain and migration may have complicated effects on the agro-food sector. The workforce in the sector is already ageing because older farmers and landowners have struggled to retain their children and families and engage them in the sector. Over the past 30 years, Lebanese youth have chosen sectors and industries that are perceived as more prestigious and lucrative, like financial services, banking, engineering, architecture and, more recently, information and communication technology. Agriculture and agro-food were no longer attracting young Lebanese. Young Lebanese talents are needed to support the development of the agriculture and agro-food industries and a new generation of farmers is required. With so many Lebanese graduates and professionals leaving
the country in search of a better life elsewhere, this may have a deep impact on the sector.

But while a large number of Lebanese have decided to leave the country and seek opportunities abroad, this choice is not available to everyone. The world economy is not at its best in the wake of the pandemic, and Lebanese individuals with no other passport than a Lebanese passport will find it hard to compete in Europe or other Western markets. The GCC too has become increasingly competitive and employment packages there are less attractive than in the past.

Lebanese doctors and nurses have talents that are in-demand and there has been a mass migration among healthcare workers who have found employment in the United States, Europe and the GCC. However, those working in more generic types of industries and sectors, like banking or marketing may not find it as easy to find employment abroad. And for those, agro-food may well be an attractive sector despite, and even in light of, the crisis.

Lebanon’s multilayered crisis is leading to a food crisis that requires solutions, innovation and forward-looking ideas. The development of the agriculture and agro-food sector is therefore being prioritized by donors and donor funds: they could well contribute to retaining some talent and creating opportunities for young people to hone their skills in the sector.

b. Impact on potential beneficiaries and entrepreneurs

Young unemployed Lebanese should be encouraged to engage in the agriculture and agro-food sectors. Their contributions could help develop the sectors. There have already been many reports of entire families, including young people, returning to their lands and villages in order to engage in farming and other agricultural activities. This is an opportunity. That said, it may be increasingly challenging to find and retain talent to work in agro-food enterprises and this could affect the quality of operations and of products. It could also affect the sustainability of start-ups and small businesses which already struggle to remain afloat.

While small entrepreneurs and startups will emerge, their sustainability and capacity to scale is questionable because of their lack of means and access to finance, and also because of the lack of human capital and resources, know-how and expertise to help plan any growth and expand further.

Technical support, trainings and workshops are essential in this context, as they contribute to empowering and improving the skills and capabilities of entrepreneurs.

Agro-food businesses in the north of Lebanon have easy access to raw material (fruit and vegetables) because of the extensive arable lands and agriculture lands in the region. There is generally a good understanding of the sector and likely more people interested to work in the sector. However, the business development aspect of the business is often lacking and could be of significant added value. Moreover, newcomers, including city dwellers who might have lands in the region and started an agro-food business, may have the business development know-how without the in-depth understanding of the sector.
**c. Impact on the PSDP**

The business development training component of the PSDP might be impacted by the lack of enthusiasm and motivation among many who have lost faith in their businesses and capacity to grow, and who might be prioritizing immigration. This may lead to an increase in the drop-out rate. However, this may be solved by carefully selecting participants and beneficiaries according to criteria that measure the beneficiaries’ seriousness and commitment to their business and long-term vision for it. This also further entrenches the idea and necessity of working with young start-ups, fresh entrepreneurs and new ideas, rather than with larger companies and their employees.

Many business owners are facing challenges with their employees, from attitude to commitment, because of their low salaries and lack of motivation. Employers can no longer impose long working hours or ask for extra commitment and effort from their staff as long as they are not able to significantly increase their salaries. And this can affect attendance to any company-imposed trainings.

There are, however, many enthusiastic small businesses in the north of Lebanon who are welcoming the idea to learn more about business development, including entrepreneurs who are new to the sector itself. Because of the importance of agriculture in that region, many of those who have lost their jobs and cannot find employment may be increasingly interested in setting up and/or developing their own business, and this is a positive trend for the level of interest in trainings.
Migration and employment challenges and possible solutions, Lebanon

**Quality and efficiency of operations and/or product is affected due to the lack of skilled workforce and understanding of the sector**

- Focus trainings on providing a good understanding of business operations and business development, with a strong focus on the sector itself and its specificities.

**Donor funding and projects are supporting agro-food and could create jobs and opportunities in the sector**

- Find innovative ways to attract youth and beneficiaries and choose training topics that are of real added value.
- Highlight the added value of working in agriculture and agro-food and the contribution this would bring to Lebanon and to fighting food insecurity.

**Lack of enthusiasm to participate in trainings**

- Create linkages with other donors and projects to make sure that beneficiaries are given a full, in-depth understanding of the sector and how to succeed in it.
- Develop engaging and attractive training formats.

**Challenges in raising employee salaries leading to lack of motivation and engagement**

- Help connect entrepreneurs with the entire ecosystem, including donors, donor-funded projects and programmes, and NGOs that can support their growth.
- Connect with networks of proficient students or professionals in the agriculture sector and recruit best-in-class talent.

**Focus on the human resources aspect of business development and how to optimize existing resources.**

- Avoid trainings with large companies or employee trainings at a time when employment and commitment to work is volatile.
- Focus on younger, smaller initiatives that have potential and a true commitment by their creators.
F. Currency devaluation, inflation

Banks closed for days at a time in October 2019 and began imposing unofficial capital controls upon reopening, limiting withdrawals of cash in US dollars to very small amounts per week. In January 2020, withdrawals in foreign currency became impossible (Al-Mahmoud 2021).

Those holding US dollar bank accounts can only withdraw cash in Lebanese pounds at a rate currently set by the banks at 3,900 pounds per dollar, while the real market rate has been constantly changing and is hovering above 27,000 pounds per dollar as of December 2021.

In essence, Lebanon now has several exchange rates for its currency: the official central bank of Lebanon rate of 1,500 Lebanese pounds per US dollar, the bank rate of 3,900 pounds per dollar for dollar withdrawals, and the real market rate, which fluctuates on a daily basis. The real market rate is leading to increasing poverty; the negative impact at a socio-economic level resembles the style of hyperinflation experienced in the Bolivarian Republic of Venezuela where the size of the economy shrank by 86% between 2013 and 2020 (Abuelafia and Saboin 2020).

Instability and the increase in prices is making food security the main concern of the Lebanese consumer (Hoteit et al. 2021). Consequently, consumers changed their food basket and diet. For instance, we witnessed a shift towards sustainable and cheaper options such as vegetables and mouneh – long-shelf-life products that require no or little refrigeration – rather than meat, as well as a rise in home gardening (Azhari 2021).

a. Impact on agro-food sector

Any company whose business depends on imports is finding it increasingly difficult to compete in such a challenging environment. The agro-food sector is not safe. Declining export revenues and incoming remittances create greater challenges for food-importing countries like Lebanon, which will find it difficult to foot their import bills, risking significant currency devaluation and inflation.

Disrupted access to imported inputs coupled with limited access to finance and reduced access to export markets may reduce safe access to food. It has become difficult for agro-food businesses to import raw material necessary to process their manufacturing. Also, the high cost of imported diesel forced many agro food plants to shut their doors.

Anticipated shifts in household consumption – coping through reduced or lower quality food consumption – are expected but not yet documented. The combined effects of high reliance on food imports, soaring food prices, and loss of livelihood could yield levels of hunger not seen since the early 1900s.

Despite the currency devaluation’s negative impact on the economy, the agro-food sector is experiencing some growth in production and export. Consumers’ inability to pay for imported goods is driving them towards local brands and products. Consequently, manufacturers and farmers increased their production and introduced new lines of products to fill the gap in the market. Even start-ups and small agro-food entrepreneurs are experiencing a spike in sales.
b. Impact on potential beneficiaries and entrepreneurs

International transfers in US dollars are prohibited, except for urgent personal reasons. This has crippled trade activity, with importers unable to pay their suppliers in US dollars and thus forced to purchase US dollars at the market rate to do so. For small businesses, this means paying in “fresh dollars” – dollars held as cash or received after October 2019 – for any imported raw material, packaging material, equipment or machinery. Those who have no access to fresh dollars cannot trade normally, as they need to change their Lebanese pounds to dollars at a very high rate that is detrimental to their businesses’ income and profitability.

Moreover, this is making it increasingly challenging to set a price for the sale of products and services (Ariss 2012). Most Lebanese individuals still earn salaries in Lebanese pounds based on the former 1,500 pounds per dollar rate and therefore cannot afford to pay higher prices of goods and services.

Additionally, as small businesses sell their stock to retailers, by the time the products are sold to the end customer, the exchange rate may have increased, which leads to further losses for businesses.

Entrepreneurs require advice on best possible price that can ensure fairness to their customers while guaranteeing some returns. Young entrepreneurs and MSMEs are often choosing to close their businesses when facing an impasse because of price setting and financial considerations.

The lack of access to finance means that despite a willingness among businesses to expand, they are often faced with a situation in which they cannot purchase any machinery, equipment and the basics that are needed to expand.

The north of Lebanon often benefits from many donor projects and programmes, which is making grants readily available and quite frequent in the area, especially in the agriculture and agro-food sector. This can provide assistance for entrepreneurs and businesses in the north of Lebanon.

c. Implications for the PSPD

When designing training programmes during the crisis, the ILO should take into account the need for crisis management skill training, as many business owners and youth were assessed to be lacking these skills which are crucial to survive during these difficult times.

The changing consumer behavior created opportunities and gaps in the market which made the sector more appealing for local entrepreneurs. Youth and women are encouraged to start their own businesses in agriculture and agro-food processing (Mckelvey 2021). The ILO can target these groups to support them in their entrepreneurial journey.

In addition, there is an increase in agro-food exports as producers are becoming keener to export their products in order to generate fresh funds. Most producers showed interest in exporting their goods and are aware of the necessity to become exporters in order to sustain their business; however, they lack the knowledge and the skills to do so. Some need help to raise the quality of their products to international standards, while others need guidance on how to export and require linkages with international market players. The PSPD can tackle these needs to help local producers enter the export market.
Currency devaluation and inflation and possible solutions, Lebanon

**d. Summary**

- **Table 5**

**Constantly fluctuating exchange rate and difficulty setting prices**

- Recommend avoiding setting prices in advance, update prices daily based on a fixed US dollar value exchanged at the daily market rate.
- Recommend not labelling products with prices.
- Recommend setting a ceiling or fixed price that will not fluctuate despite currency fluctuations.

**Help businesses generate fresh dollars through exports.**

**Lack of access to “fresh dollars” for imports**

- Help businesses to:
  - Work towards expanding into export markets, learn about legislation and administrative requirements for export, as well as quality requirements.
  - Learn about international markets’ demand and identify potential markets for any given product.
  - Develop online sales platforms or a digital marketing strategy that would allow products to be sold on existing platforms.

**Hyperinflation coupled with low disposable incomes**

- Help businesses to:
  - Study prices to match consumers’ purchasing power.
  - Position the product adequately: will it target higher end consumers (the small minority that still earns fresh dollars), lower end consumers, or others.

- Price and distribute accordingly to the target market.

- Replace imported packaging material by sustainable packaging that can be made in Lebanon.
Lack of know-how and expertise to reach export markets

Provide training and development of skills, know-how and expertise to entrepreneurs to make sure that they can export.

Challenges in expanding because of lack of funding for machinery, equipment

Provide support to entrepreneurs in networking with and identifying NGOs, donor programmes and projects, and opportunities to raise funds from alternative sources.

Provide proposal writing and business planning trainings to make sure that entrepreneurs can sell their ideas to potential investors and donors.

Support small businesses, mouneh makers, and others in getting to consumers more easily, through, for example, new marketing techniques and access to village markets and souks.

Increasing demand for local products, mouneh, locally made and sourced products

Market to younger consumers and city dwellers and not only older people and rural areas.
G. Banking sector challenges, access to finance

Lebanon’s banking sector was the first to be deeply impacted by the crisis and created a domino effect on all other sectors of the economy. The sector is struggling to remain afloat (Arnold and Francis 2021). Foreign exchange inflows dried up and dollars exited Lebanon, leading to the capital controls, which have yet to be formalized and regulated.

Banks are naturally unable to provide loans and have become brokers or middlemen, only used by customers to retrieve their funds in cash.

Depositors have lost trust in the system and are attempting to retrieve all their funds out of banks. Meanwhile, more and more payments are made in cash to avoid the banking system. The central bank’s reserves are almost fully depleted and will run out in 2021. The central bank of Lebanon has started to discontinue subsidies on essentials such as fuel, medicine and flour. Subsidies on grains and other commodities were already lifted.

b. Impact on potential beneficiaries and entrepreneurs

The most worrying concern for MSMEs, start-ups and entrepreneurs is the lack of access to finance through banks, which can no longer provide loans, whether corporate or personal. Moreover, loan providers, such as Kafalat, that depend on the banking sector and have long supported sectors like tourism, hospitality and agriculture are equally affected, which makes it ever more challenging for start-ups to consider new ventures.

Microfinance providers like Al Majmoua or small loan providers under donor or NGO programmes are currently the best option for young entrepreneurs, but they cannot support small to mid-sized businesses’ survival or expansion as they only secure limited funding (Chehade 2021). Another key challenge is that microfinance providers are giving loans.

a. Impact on the agro-food sector

The banking sector’s collapse has directly impacted all sectors of the economy that operate through Lebanese banks, limiting access to finance for the agro-food sector and all other sectors. Loans are no longer possible, and financial service providers like private banking, wealth management and funds are also struggling and no longer provide a safety net to investors. The lack of funding is driving many businesses in the sector to bankruptcies and closures.

Lebanese banks employ more than 22,000 employees: 72 per cent of them are university graduates, with representation of Lebanese women reaching 46 per cent, well above the country’s average of 25 per cent. Moreover, banks have historically been a major employer of young graduates in Lebanon. With that sector impaired, unemployment among the youth will grow further (Barbuscia 2021). But that also means that many young Lebanese are shifting sectors and looking for jobs in new industries. Agro-food and agriculture has attracted a large number of urban dwellers who either own land or have an interest in agriculture. Employees in banking and other sectors who have suffered the most are trying to find jobs in more resilient sectors like agro-food.
in Lebanese pounds, which often are not enough to cover essentials and continue to be insufficient in the face of the rising exchange rate of the US dollar.

Young entrepreneurs are finding it increasingly challenging to fund any new business or get a personal loan to start a new life, get married, or meet other life goals. They are unable to use the savings they had in banks to support their entrepreneurial endeavors. Potential entrepreneurs are more inclined to choose safe employment or to migrate when they can.

Most entrepreneurs and young start-ups in the north of Lebanon are turning to international donor and NGO grants to support them financially. This has become the most viable route for them to access funding. That said, few have the capabilities to write proposals and apply to such grants, and many need support in responding to calls and tenders.

c. Impact on the PSPD

Capital being the main drive for growth, support in absence of finance might go in vain. Businesses are unable to secure investments, loans or any kind of funding (Barbuscia 2021). They often depend on their own personal finances to purchase equipment and machinery. Those who cannot afford it though are left with no choice than to either quit operations or maintain a very small size and scope.

Thus, the PSPD should look into training its beneficiaries on how to get financial support during the current crisis in addition to linking them to microfinance providers or help them find angel investors, move towards crowdfunding and alternative sources of finance.
d. Summary

Banking and finance challenges and possible solutions, Lebanon

- Banks no longer a route for financing or investing in small businesses
- Alternative finance institutes like microfinance companies such as Al Majmoua or others can be of help.
- Start-ups and small businesses need to be redirected towards those alternative options that can guarantee some capital.
- Connecting businesses to angel investors is also essential and can be of tremendous support to young and/or women entrepreneurs and others.
- Depositors’ money, including small businesses’, stuck in banks
- An opportunity rather than a challenge, this means that many newcomers in the sector may not have an agro-food background and could require trainings on the sector itself.
- Microfinance providers giving loans in Lebanese pounds
- While microfinance institutes may be an option, their loans are limited in size.
- Start-ups and small businesses will have to learn to diversify their sources of investments and funding as much as possible.

Workers previously employed in banking or other strongly affected sectors shifting to other sectors

- Provide agro-food business training for non-agro-food professionals.
The provision of grants is essential to the survival and/or growth of businesses in such an economic climate. Many will find grants to be their only option to fund any equipment and material needed to increase production, expand or sustain operations.

Grants should be carefully studied by donors and provided only (1) in relation to funding aspects of the business that will guarantee its sustainability or boost its long-term prospects and (2) to businesses with the best chances of growing and succeeding.

A scorecard should be developed to assess each business against a set of criteria for grant eligibility including, for example: (1) financial viability of the business (supported by a business plan and any other documentation); (2) planned use of the funds/grant and foreseen impact on the business; and (3) potential impact on other key actors in the fruit, vegetable and nut preparations value chain.
H. Covid-19

The Covid-19 pandemic began in March 2020, bringing nationwide lockdowns to Lebanon until early June. Although the pandemic was under control until the summer of 2020, the situation worsened from August 2020 until the end of 2020, when the number of daily cases exceeded 1,000 every day and reached as high as 6,000. Hospitals filled up and intensive care unit (ICU) beds became scarce as of November 2020 (Todman and McCaffrey 2021).

Lebanon imposed local lockdowns in the most affected areas, and then reimposed a two-week national lockdown at the end of November 2020. The pandemic brought significant challenges and added pressures to Lebanon, taking a toll on its healthcare sector and impacting many other sectors that were already reeling from the weak economy and Beirut explosion.

a. Impact on the agro-food sector

Like other sectors, supply chains in the agro-food sector were somehow disrupted for a time (Francis and Knecht 2020), leading to concerns about food safety and security. The most concerning aspect of Covid-19 was the extended closure of food and beverage outlets, which meant that on-trade consumption came to a halt for several months. Upon the reopening of the country, Lebanon was already in a far graver economic situation, which meant that consumers could no longer afford eating out. Lebanon’s silver lining has been the returning expatriates, but in the long term, the combined impacts of Covid-19 lockdown and the economic crisis meant that many restaurants, bars and other food and beverage outlets could not survive (Azhari 2020). That limits the market for products that target this type of outlet, and strategies need to shift to selling directly to consumers rather than businesses.

This sector has, however, shown more resilience to the pandemic compared to other sectors. People tended to seek food safety and security, especially those economically affected by the pandemic. Home gardening and fruit and vegetable growing became a trend during the lockdown. People have also been confined in rural areas and back in their villages or mountain regions, where they have taken time off and taken on hobbies which include agriculture and agro-food. The trend has caught on throughout the country.

b. Impact on potential beneficiaries and entrepreneurs

Lebanese businesses have not benefited from any relief packages or economic stimulus packages the same way businesses around the world have; for many, weeks of closure have pushed them over the edge into business closure. The Covid-19 pandemic has left businesses with no other option than to go digital – whether through e-commerce, online education, workshops, or events. Some may have succeeded in doing so and others found it more difficult.
Online food and grocery delivery applications and services have thrived during lockdowns, and this may have paved the way for new creative ideas for start-ups. New health related ideas and concepts have also emerged, and laboratories thrived on polymerase chain reaction (PCR) tests for Covid-19, including at-home services. Some businesses shifted to manufacturing masks and personal protective equipment (PPE) locally, with many new brands and products observed in the market.

c. Implications for the PSPD

The pandemic will have direct implications on the implementation of the project. The PSPD should be ready to implement the project in a safe environment for its workers and beneficiaries. In addition, the ILO should develop coping strategies to avoid delays caused by a potential lockdown.

Under the previous lockdown, similar development projects offered online trainings to their beneficiaries, but their experience was not encouraging. Beneficiaries did not receive the expected benefits as many lost interest due to difficulties connecting online, while others did not fully engage with trainers through the online platforms. In addition, a high number of dropouts was reported under the lockdown. Thus, creative solutions should be provided by the implementing agencies to reach the objectives of the PSDP amid the pandemic.

A few beneficiaries mentioned sessions being recorded and sent to them later on, to make sure that all the participants could view and benefit from the trainings.
Covid-19 challenges and possible solutions, Lebanon

### Covid-19 lockdowns and supply chain disruptions

- The successive lockdowns have favoured growth in online shopping, and consumers – even older, less digitized ones – have become familiar with online sales platforms.
- Online commerce should be an integrated part of any new startup of small business.
- Trainings should be provided for this purpose.

### Home gardening

- Home gardening has become a topic of interest to many consumers in light of food safety and security concerns brought about by Covid-19 and further exacerbated by the crisis – trainings on home gardening could add much value for aspiring agro-food entrepreneurs.

### Covid-19 lockdowns and food and beverage bankruptcies/closures

- Start-ups and small businesses need to consider selling directly to consumers rather than to businesses.
- Find the opportunity for at-home consumption: what does it mean for the type of products, demand trends.
- Create a backup plan for lockdown situations, such as training online, trainings in small groups, and recording trainings.

### Covid-19 lockdowns and attending trainings

- Covid-19 lockdowns and attending trainings

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**Table 7**

- Covid-19 lockdowns and supply chain disruptions
- Home gardening
- Covid-19 lockdowns and food and beverage bankruptcies/closures
- Covid-19 lockdowns and attending trainings
IV. Recommendations

A. Beneficiaries to be targeted

Based on insights from discussions with key informants and an analysis of the responses and comments of potential beneficiaries, it is recommended that the ILO’s business development component, as part of the PSDP, target the following beneficiaries:

**Young start-ups, home-based businesses and “solopreneurs” with ideas offering a high potential in light of the current situation and dynamics in the agro-food sector.**

- **Young start-ups** include new businesses that have been operational for less than two years and are experiencing growth and an increase in demand. Those start-ups are likely to be fully registered and already well-versed administratively. However, they require better know-how and expertise to be able to understand their market and expand their reach and distribution locally, as well as expand internationally by exporting to countries where demand is ripe and relevant and where their products can succeed. Unlike larger enterprises, these startups are still avid to learn and experiment and to allocate time to trainings and development. One interviewee commented, “Existing and larger MSMEs are more interested in coaching and technical assistance that can be delivered at their workplace, they do not have time to attend and commit to trainings in class and groups”.

- **Home-based businesses** include women-led businesses and very small artisanal productions with high potential to act as import substitution and fill a gap in the market or create new demand. According to key informants, many of those artisanal producers working from home are playing a key role in shaping the future of the sector: “They have good ideas; they are starting a new life in the sector. Artisanal products are doing great”. One of the most pressing needs for those artisanal, home-based businesses is to acquire a trading authorization and to be registered on the commercial registry as this would allow them to export.
“Solopreneurs” include young individuals, including women, working alone and with a smart idea that has proven its potential to some extent and requires support to further expand and develop. According to key informants, “Women and young individuals starting a new business have time and commit to attend trainings, they need information and want the know-how to grow their ideas”. There is interest in training in class and the exchange of ideas for youth.

In terms of geographical targeting, one key informant from the Chamber of Commerce indicated the importance of targeting Akkar, which is often too forgotten and where there are many eager entrepreneurs and small businesses. Akkar is an agriculture hub and a highly populated area where young people are unemployed and in search of new opportunities.

B. Format, logistics and organization

The trainings’ format should be made engaging and appealing to attendees in light of the high volume of trainings that are being offered and the “training fatigue” – experienced when too many trainings are offered to the same beneficiary – which has occurred among many potential beneficiaries. Moreover, logistical issues such as internet connectivity and transportation should be taken into consideration in light of the multilayered crises affecting Lebanon. The following recommendations draw from the desk research, key informant interviews and beneficiary interviews to help address all of the challenges and maximize the impact of trainings:

- **WhatsApp Group**: WhatsApp groups are one way to keep in touch with participants in between trainings, before and after trainings, to gather feedback, engage them and create a more participatory approach.

- **Short videos**: short videos with tips and pointers created and shared via WhatsApp can help engage trainees and start a conversation among them and with trainers via WhatsApp.

- **Supporting material**: trainings are being approached in an untraditional way through animated videos, in-depth question-and-answer sessions and other useful supporting material to ensure that participants remain interested and engaged. Even PowerPoint presentations should be made visually appealing, engaging, with little text and more graphics.
Case studies: one way of further engaging young start-ups and entrepreneurs, youth and women is by highlighting success stories and best practices from Lebanese small agro-food enterprises, instilling a sense of hope in their initiatives by showing to them how their efforts can eventually generate income and become successful. In this context, inviting speakers and successful businessmen would add value to training sessions.

Online versus offline: in-person trainings in small groups should be prioritized as they are more engaging and guarantee that participants will be interested and truly focused on the sessions. Participants’ engagement and interest cannot be guaranteed through online trainings, as they may not follow the session, can encounter internet connectivity issues and may be diverted by something else taking place at home. This can particularly affect women with children who may require their attention while at home. Whether trainings take place online or offline, they should be recorded for later viewing or listening by those who are unable to attend or face issues.

Transportation: in light of the current fuel crisis, transportation should be secured by the ILO if possible, to make sure that all participants are given an equal chance to attend.

C. Training topics

According to key informants and potential beneficiaries, there are a number of topics that can be covered by the ILO’s business development training component, including the following:

Understanding agro-food

- Despite the more general nature of business development trainings, it is essential – in the current context of the country and of the agro-food sector – to provide a good understanding of the sector and to relate business development to the sector itself. Many new entrepreneurs may come from a different background, with little awareness and understanding of agro-food.
- Such trainings should also aim at highlighting the added value of working in agriculture and agro-food and the contribution this would bring to Lebanon and to fighting food insecurity.

Crisis management

- Specific and crisis-centric management training should be given to participants in an effort to try to teach them how to navigate the current crisis and manage finances as well as all other aspects that can affect a business and its potential growth in such times.
- Coping mechanisms and mitigation plans should be developed by small businesses and start-ups to ensure their sustainability and help them survive a difficult economy. Pricing strategies are one of the important aspects of Lebanon’s specific crisis.
- Entrepreneurs should, for example,
avoid setting prices in advance and update prices daily based on a fixed US dollar value exchanged at the daily market rate. Entrepreneurs should learn to navigate a volatile currency while meeting the expectations and means of the local population.

► **Financial management and accounting**

- This is one of the most essential business-related topics that small businesses will need to truly grasp, especially as most do not have accountants and will need to manage their finances for auditing purposes.

- Different subtopics should be included in this training, including debt management, as this is one area that affects many startups and entrepreneurs: learning what is a dead loan or a good loan, how to save and negotiate, and the principles and basics of accounting.

- Learning to raise funds and understand the workings of microfinance companies and other available sources of funds in such a difficult economy is also essential. Start-ups and small businesses need to be redirected towards alternative finance companies that can allocate at least some capital, or to identify angel investors and learn how to present a budget and pitch an idea to those investors.

- Grant writing and proposal writing to access funding from international organizations should be an integral part of the trainings, as this is now the main source of funding for many start-ups and businesses.

► **Export planning and export markets insights**

- Most potential beneficiaries are interested in expanding their exports and reaching beyond borders if they have not yet done so, in order to generate fresh dollars and sustain their businesses.

- Entrepreneurs should learn how to identify and reach out to markets: understand what markets can be attractive beyond the GCC, for example in Europe, Asia or the United States. Markets with a high incidence of Lebanese expatriates, for example, could be prioritized for Lebanese products.

- Entrepreneurs need to understand the legislation and administrative requirements for export, as well as quality requirements for different destination markets.

► **Food safety and security**

- Food safety and security has become an imperative concern for all agriculture and agro-food companies, including start-ups. Traceability, accessibility, and the proven safety and nutritiousness of products is a key selling point, not to be ignored by entrepreneurs.

- The link with business development is more about the marketing side of food safety and security. Start-ups and artisanal products have the added value of often being organic and considered safe because they do not engage in mass production and the sometimes-detrimental practices that can come with large businesses. Entrepreneurs should be made aware of the business-related aspects of food safety and security to maximize their chances of success.
• Home gardening has become a topic of interest to many consumers in light of food safety and security concerns brought about by Covid-19 and further exacerbated by the crisis – such trainings could add much value for aspiring agro-food entrepreneurs.

➤ General management:
• All too often, small entrepreneurs and businesses lack the basic skills of managing a company and a team. They may have a brilliant idea but lack the tools to bring it to life and grow it, or to institutionalize their business.
• General management trainings should integrate leadership, team management and human resources trainings, strategy development and business planning.

➤ Marketing and communication: marketing and communication is at the very heart of business development efforts for entrepreneurs.
• Market research: the basics for any marketing and communication strategy is understanding the market. Lebanese companies should learn more about their target market and audiences, the demand trends, and general trends, and even about the national strategy for agriculture. They should know how to access databases of studies and find material that would allow them to better understand the sector, identify tactics and strategies, and remain up to date with any new developments.
• Networking: companies need to be well connected with their ecosystem, and to be given access to useful networks, communities and NGOs or donor funded programmes that can support their vision and future plans. Moreover, companies should connect with key players across value chains to identify any partnership opportunities that would support business development.
• Packaging: not only should the packaging of products be attractive and appealing to consumers, but it should also be sustainable packaging that ensures a longer shelf life given the current situation and electricity problems. Moreover, businesses should replace imported packaging material by locally sourced material, and this too can be an edge in their communication and marketing strategy.
• Sales: sales strategy is also one of the key components in marketing. In the current environment and context, online sales should be central to this topic. Businesses need to understand how to fully leverage the digital environment, whether through placing products on tertiary websites or creating their own platforms.
• Online and digital communication: to accompany and boost online sales, online and digital communication tools including social media and others should be well understood by entrepreneurs and new businesses.
• Advertising: differences between products can often be small and hardly noticeable, and yet what can really set a brand apart is the advertising and communication effort that is invested into it. An attractive tagline, logo, packaging, video or TV commercial, and one simple and catchy message can make the difference. Several beneficiaries
found advertising trainings to have a great and unique added value.

• **Pricing and positioning**: pricing and positioning are also an integral component of marketing and communication; pricing should be studied according to the purchasing power of consumers and to the socioeconomic/demographic segments targeted. The product should be positioned differently whether it is targeting higher end consumers (the small minority that still earns fresh dollars), lower end consumers, or others.

• **Distribution**: How to work with middleman and wholesalers as well as sellers is key to any expansion strategy. How to work effectively within the value chain is therefore essential.

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**D. Customization, follow-up and coaching**

➤ Given training fatigue and the perceived repetitiveness of trainings provided by donor programmes and projects and NGOs across Lebanon, it is essential to show long term value to the ILO’s business development trainings among participants.

➤ Such value can best be offered through long-term coaching or customized trainings addressing the specific needs of each person/business.

➤ A situation assessment, overview of their weaknesses, strengths, opportunities and threats should be developed to make sure that the true challenges of each business is addressed. This will engage them and guarantee responsiveness.

➤ More advanced support can include helping beneficiaries to develop at least a small business plan based on their needs or to come up with a five-year plan while being accompanied by a proficient coach.

➤ Other types of specific and targeted follow-up can be discussed and decided upon with each participant.
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