



INTAJ EVIDENCE PAPER

Assessing Results to Date

30 JUNE 2016



Table of Contents

INTRODUCTION 3

SUMMARY OF RESULTS 4

 Skills Results 4

 SME Results 8

 SWMR Results 13

IMPACT 18

RESULTS DASHBOARD 26

 Key Considerations 26

 Skills Data 28

 SME Data 30

 SWMR Data 33

Introduction

With the support of the Government of the United Kingdom, Mercy Corps is implementing Improved Networks, Training and Jobs (INTAJ) to address the economic needs of communities in the Beqaa and North Governorates of Lebanon by building stronger businesses and increasing employment, thereby achieving greater stability and resiliency.

In designing INTAJ, Mercy Corps identified crosscutting constraints to jobs growth in Lebanon that affect actors at the individual, business and market levels of economic activity. To address these constraints and stimulate sustainable jobs growth, Mercy Corps intervenes at each level:

- INTAJ engages established private sector companies and/or non-governmental organisations (NGOs) to provide demand-driven, hands-on, practical skills training and workforce-skills development for individuals.
- INTAJ supports small and medium enterprises (SMEs) with a mix of specialised technical assistance, in-kind grants and linkages to business support services.
- INTAJ supports the development of the solid waste management and recycling (SWMR) sector¹ by working with existing market actors to expand their capacity to process more recyclable solid waste, improve efficiency and quality, and incentivise further investments.

The initial pilot phase of INTAJ ran from 10 September 2015 to 31 March 2016. A key consideration during the pilot phase was the opportunity granted by the UK government to identify those intervention strategies most likely to achieve impact, as well as those that are scalable and transferrable. In order to ensure sufficient learning from the pilot phase, Mercy Corps proposed semi-annual (June 2016 and December 2016) internal evaluations to document a broader range of information and analysis than what is reported in the programme logframe or in quarterly narrative and financial reports.

This Evidence Paper includes supplementary information and analysis from baseline and endline data collection (and is not intended to duplicate what has been reported elsewhere), as well as lessons learned and best practices identified by the programme team. Additionally, this review aims to record major knock-on effects and secondary benefits of INTAJ interventions that are not necessarily captured in the logframe. It also highlights case studies and qualitative data gathered by the team to communicate the rich complexity of programming under INTAJ, as well as better demonstrate value for money offered by the programme.

Analysing the effectiveness of past interventions will help identify opportunities to refine programming on a periodic basis to maximise impact going forward, including a major programmatic strategy review scheduled for early 2017. The information presented below is intended to better inform the conversation between Mercy Corps and the UK government about how to continually improve INTAJ, and ensure that programme results are aligned with its strategic objectives.

¹ The SWMR sector was chosen because of the perceived potential to create green jobs, and because of the timeliness of the intervention given the ongoing national waste crisis in Lebanon.

Summary of Results

Skills Results

As the Syrian crisis extends into a sixth year, the relative stagnation of the Lebanese economy, along with the presence of more than a million Syrian refugees, has resulted in strong competition between Lebanese nationals and refugees in both the formal and informal sectors. As a result of these and other factors, unemployment in Lebanon is estimated to have increased between 5 to 10% since the onset of the crisis.² Vulnerable Lebanese continue to suffer and see their own circumstances deteriorate as the job market is reshaped by the crisis.

Research by Mercy Corps and partner organisations in Lebanon has shown that a major cause of unemployment is the incompatibility of the skills of potential employees with the market demand for professional and technical expertise. To address these constraints, INTAJ partners with small and medium enterprises, non-governmental organisations (NGOS), private technical schools and consultancy firms to train Lebanese people in a wide variety of in-demand technical skills to improve their employability.

From September 2015 to March 2016, INTAJ successfully **implemented 23 skills courses in the Beqaa and North Lebanon**. Within this program over 443 people were trained, with approximately 60% of the trainees being women and 40% men. As of June 2016, this **training enabled at least 99 people to secure full-time, part-time and self-employment**, with an additional 214 individuals expected to secure work by September 2016 (see Figure 1 below).

A key output from the pilot phase of INTAJ was the opportunity for Mercy Corps to refine the private sector-led training model first developed under the EU-funded FORDS programme in South Lebanon. In particular, the INTAJ team developed the processes and capacity to engage potential trainers, assist in capacity building and design adequate curricula for short-term skills building, and effectively monitor courses and teaching to ensure quality results.



SKILLS TESTIMONIAL

Khodr, 19 years old, from North Lebanon is now employed with Roadster Diner, a national chain restaurant, after participating in baking classes provided by INTAJ. He secured the job after excelling in the classes and with active outreach by Mercy Corps linking INTAJ to employers like Roadster Dinner. "I can now work and study at the same time, before I was afraid I might drop out for lack of [financial] means." - Khodr, Chef's Assistant

² Estimates vary depending on source. See: Tana, The Syrian Displacement Crisis and a Regional Development and Protection Programme, February 2015. See also: International Labour Organisation (ILO), Towards Decent Work in Lebanon, June 2015

Key observations and trends

Based on analysis of the data collected through monitoring and evaluation, as well as supplemental focus group discussions conducted with pilot phase beneficiaries, the following conclusions can be drawn regarding the efficacy of the approach:

The strongest determinants of improved employment outcomes for INTAJ beneficiaries were either the ability of the training provider to absorb employees directly, or preparations that the employer made in connecting beneficiaries with the labour market. The most successful courses during the pilot phase were embroidery, *dabke* (folk dancing), health care services, cooking, dental assistance and aluminum works (see Figure 7). However, in the first two cases, the bulk of the students were absorbed by the training provider themselves as part-time employees. In all other cases, students were either employed directly by the trainer, or they secured employment because the training provider had established connections with the labour market.

For example, Dr. Yaghi, a dentist in Baalbek, taught a number of local women the core technical and administrative skills required to be a dentist's assistant. Because of his connections with the regional dentists' association, he was able to make enquiries and introductions on behalf of his most promising students, securing full-time employment for six students, and part-time employment for one more. Likewise, the Tripoli-based training provider LEAD offered courses in elderly care and child care, but had previously negotiated placement for their students with local clinics and other health care services providers.



The content of skills courses may be less important than the connections between training providers and the job market.

This is an important outcome because it speaks to the original design logic of INTAJ, and suggests that the specific content of skills training courses is less important than the characteristics of the training providers, and the strength of their connections to the job market. While many Lebanese complain that a lack of “wasta” (connections, or social capital) keeps them out of the job market, the opportunity offered by INTAJ for trainees to build relationships with trainers, and thereby take advantage of a trainer's professional network, may be the most powerful benefit of the skills component.

Soft skills training may have played an equally important role in positive employment outcomes, particularly for the most vulnerable beneficiaries.³ In both regions, all skills course trainees were offered supplementary training in soft skills such as communication, job searching, workplace conflict resolution, etc. In some instances, these were provided by the training provider themselves, in others INTAJ hired additional trainers. Participants in subsequent focus group discussions said they benefitted from what was their first exposure to basic skills such as: how to write a CV, how to communicate with potential employers, and how to behave in a job interview.

Several training providers noted that soft skills training played an important role in “changing the mindset” of beneficiaries, particularly for those trainees who had been chronically unemployed or came from otherwise

³ INTAJ did not collect reliable data on income and economic status of skills course beneficiaries (as it was based on self-reported information, and participants had a perceived incentive to exaggerate). However, 82.6% of the 443 skills course beneficiaries were unemployed prior to training. Given the subject matter and geographic location of courses, however, economic status of beneficiaries can be imputed.

disadvantaged backgrounds. “One of the trainers told us that we must be tough to get a job,” said one of the child care trainees, who subsequently found work.

“We dedicated a lot of extra sessions for mindset change, bringing in psychologists to talk to the students,” said one of the trainers who offered cooking classes. “There is a big barrier [to employment]. People, especially women, in unprivileged communities are being told all the time that they are useless, that their husband can beat them, that they can’t have a career. We tell them to see their own potential, think about having a career, and we teach them to resolve social barriers—like their husbands don’t want them to work—through conflict resolution and communication.”

The importance of this mindset change is also not lost on employers, many of whom (especially larger employers who require only minimally trained staff whom they will then train themselves) report that they face high absentee and high turnover rates among their staff, many of whom are not sufficiently motivated to complete initial recruitment and training procedures. INTAJ skills training providers who negotiated MoUs or other hiring arrangements ahead of time said that **the soft skills training was a major added value for potential employers.**

Skills course graduates faced subtle discrimination (based on language/accent, physical appearance, gender, etc.) as they searched for employment after INTAJ, which complicates the question of beneficiary selection. Anecdotal evidence from focus group discussions and individual follow up with trainees revealed that many beneficiaries faced these kinds of discrimination in the job market. This seems to have been particularly true in the urban environment of Tripoli where, for example, female trainees reported a reluctance on the part of some employers to hire female wait staff or shopfront assistants who are veiled. (Somewhat paradoxically, the religious and cultural expectation of employers is that women in their own families should be veiled, but that in order to project a “modern image” in their business female employees should not be veiled). Several female INTAJ trainees were told outright by potential employers during interviews that they would need to remove the veil to work (only one complied).

Others reported employer “rules” that limited employment opportunities: for example, someone with a thick regional accent would not be hired as a waiter, whereas a man with facial hair cannot work in the kitchen. In these instances, INTAJ trainees were not hired who might have otherwise found employment. One trainee (a university graduate in the architectural software training course) also



SKILLS TESTIMONIAL

Salma Amro, 25 years old from Baalbek, is now employed in a dental clinic after participating in a dentistry assistance course provided by INTAJ. This is her first job after being unemployed for over 4 years. “The course not only helped me secure a job, but also helped me become more confident and proactive as a citizen. I am happy with my position and my employer. Being a dental assistant gives you a sense of satisfaction when you work and help others.”

suggested that political affiliation can play a role in hiring outcomes: “I am originally from Koura [outside Tripoli], if I apply for a vacancy that requires support from a specific political leader in the city, I would definitely not get the job since I am not a voter in Tripoli.”

Key outstanding (research) questions and next steps

Although the experience of the pilot programme provided significant data and anecdotal evidence of outcomes from the skills training courses, further long-term follow up with the initial cohort of 443 trainees is required in order to truly understand the effectiveness of the component. A gap in the restaffing of the monitoring and evaluation team for INTAJ in the second phase has meant a delay in the next quarterly survey, however the following research priorities are critical in improving the efficacy and quality of the programme going forward:

Continued tracking of disaggregated employment outcomes to identify other factors for success that might suggest more targeted future beneficiary selection. The initial analysis presented above, while highlighting anecdotal challenges faced by particular sub-categories of beneficiaries, does not suggest that careful beneficiary selection is correlated with positive employment outcomes. Under the pilot phase, training providers identified skills beneficiaries—contingent on final approval by Mercy Corps—the chief criterion being potential for employment after training. Under the extension phase, Mercy Corps is rolling out a more rigorous beneficiary selection tool to include more socioeconomic filters. However, given the clear importance of trainer absorption capacity or their labour market connections, it remains to be seen whether this new approach (while allowing for a more tailored beneficiary pool) will be more effective.

Likewise, while the analysis so far has examined the characteristics of those beneficiaries who secured employment (99 of 443), it may in fact be more informative to scrutinise those beneficiaries who fail to secure employment over the long-run. This approach may help determine more accurately whether beneficiaries face systemic discrimination or other barriers to entry into the labor market (based on gender, socioeconomic status, geographic location, geographic mobility, etc.). So far, employment outcomes do not seem to be strongly correlated with any of these factors (see Figure 6 for example).

Identify opportunities to further refine the training model (in terms of linking course content and structure to employer demand) in order to further improve employment outcomes. Market assessments to identify sector-specific demand for labour have proven poor guides for skills course design. However, both trainers and Mercy Corps staff have coordinated with employers in Beqaa and North Lebanon who have expressed interest in INTAJ skills trainees, but in limited quantities and with a more tailored training. For example, hospitality sector employers require a specific set of food preparation skills as a minimum standard (rather than a general knowledge of cooking techniques). Meeting this demand would require closer collaboration with larger employers (a process started through negotiation with Roadster Diner mentioned above), as well as likely smaller class size with more rigorous beneficiary selection, and therefore potentially higher costs per job. While this approach might increase the percentage of INTAJ skills beneficiaries who achieve a positive employment outcome, it may also increase the administrative burden on Mercy Corps in managing a greater number of smaller training courses.



More tailored training may improve employment outcomes, but raise costs and administrative burdens.

Further disaggregate the effects of soft skills training versus other course content. While some employers and trainees noted the importance of soft skills, to the extent possible INTAJ monitoring and evaluation should track whether the technical content of courses or the soft skills themselves were more effective in securing positive employment outcomes. Anecdotal evidence that some skills beneficiaries found employment, but not in the field in which they were trained, suggests an opportunity to refine the INTAJ approach and perhaps focus on providing soft skills training to vulnerable groups or the long-term unemployed in order to effect the “mindset change” described above. This then deserves a closer look at what aspects of soft skills training proved most relevant (e.g. specific communications skills like CV writing, or simply the mentoring provided by trainers).

SME Results

Lebanon’s economy has suffered a severe slowdown in the past five years with GDP growth forecasts dropping to 1-2% per annum between 2011-2015 from an average of 8% in the four previous years. As a result, decreased demand for goods and services negatively impacts local businesses. In this economic climate, businesses are discouraged from making new or additional investments leading to a further decrease of sales and a slower turnover.

Through INTAJ, Mercy Corps is working closely with Lebanese small and medium-sized businesses (SMEs) to help them survive and succeed in this challenging economic environment:

- INTAJ identifies businesses with the strongest growth and employment potential, and provides grants to support their improvement and growth plans.
- INTAJ provides coaching and a package of intensive, expert management support to analyse existing business problems and develop a plan for improving competitiveness, including recommending energy efficiency practices.
- INTAJ facilitates networking and access to key business support services such as branding and design, training, quality control, health and safety training and certification service, and others.

From September 2015 to March 2016, INTAJ successfully **finalised intervention plans and support to 19 businesses** (out of an initial pool of 22 beneficiaries), **seven in the Beqaa and 12 in North Lebanon**, in a range of sectors including food production (mostly dairy and baked goods) and commercial manufacturing (of metal, paper, detergents, furniture, etc.). In-kind grants were provided covering both goods such as raw material and equipment, and services such as branding support, maintenance and repairs, and government registration support. This support resulted in 39 people securing full-time employment (see Figure 13), with an additional 54 individuals expected to secure jobs by September 2016.

The key output from the pilot phase of INTAJ was the development of a well-defined and scalable SME assistance package—and perhaps more importantly, a rigorous outreach and due diligence process for selecting future beneficiaries. The key lessons learned (as detailed below) include the importance not only of correctly assessing beneficiary needs, but also of developing a modality for engaging with those beneficiaries in order to ensure that the greatest impact and value for money are achieved.

Key observations and trends

This component generated an enormous amount of data relative to both Skills and SWMR components, as a result of the extensive work of both the INTAJ SME support staff and the various consultants who studied closely the business models of the beneficiaries in order to design effective intervention plans. However, the key findings from the initial phase included observation on how to improve both the content and structure of the assistance.

The large labor market assessment conducted by external consultants proved ineffective at identifying promising beneficiaries. A Labour Market Assessment (LMA) conducted by external consultants in October 2015 surveyed more than 200 businesses in the Beqaa and North Lebanon to gather data on SME constraints, plans and employment related data. Near simultaneously, the SME support team conducted more than 100 structured interviews with businesses in the North and Beqaa to gather basic information about potential beneficiaries and help inform the intervention plan. While both studies provided important information, in the end all but two of the final INTAJ beneficiaries came directly from Mercy Corps outreach (see Figure 8 and Figure 9). While neither outreach process was perfect, the key lesson was that beneficiary selection requires careful review of business profiles, as well as delicate relationship building, and therefore cannot be outsourced.

Program visibility proved to be a key constraint to successful outreach and selection of businesses with viable growth potential. The direct outreach approach used during the pilot phase proved challenging in terms of building trust with potential beneficiaries. As trust towards international NGOs or government-backed financial support schemes is lacking in Lebanon, potential beneficiaries were wary of engaging with INTAJ, particularly when it came to divulging financial or other sensitive information. In fact, three out of the 22 shortlisted beneficiaries were eventually dropped due to lack of cooperation and transparency that prevented INTAJ from developing meaningful intervention strategies for the beneficiaries.

Limited management abilities and quantitative decision making by businesses means beneficiary selection and intervention design is complex and time consuming. The pilot phase revealed that Lebanese SMEs (a large portion of which are family businesses) tend to be highly centralised, lack a layer of middle management, and do not engage external experts or other professional service providers. Business owners tend to have limited insight regarding their company's performance, and do not use internal data and analysis to inform decision making



SME TESTIMONIAL

Rashaya Gardens is a women's cooperative that encourages rural women to work producing traditional Lebanese mouneh (artisanal dairy products and other preserves). They had limited production capabilities and wished to increase their sales. INTAJ supported Rashaya Gardens and procured several pieces of production and storage equipment for them. INTAJ also suggested a business sales plan to expand their market and increase their sales.
"Increasing our production capacity will enable us to recruit more women to produce our products." Linda, Owner

(related to pricing strategies, marketing promotions, client contracts, etc.)

During the INTAJ pilot phase, only 48% of business owners interviewed by the SME support team claimed they had a plan for the future of their business. Of those, half were unable to articulate that plan even at a high level to describe financial requirements, competition, major risks, etc. Moreover, the baseline survey conducted on INTAJ beneficiaries showed that 12 out of 22 SMEs lacked appropriate accounting systems for financial management and forecasting purposes, and 19 of 22 companies did not have a marketing and sales system to track and plan commercial activities.

Perhaps most critically from the perspective of employment creation, most businesses surveyed have insufficient human resource planning and management, including ad hoc recruitment services, minimal employee retention and motivation schemes, and limited formal training. Not coincidentally, businesses surveyed in the LMA cited employee dissatisfaction, high turnover rates, and job mismatch as key constraints to their growth.

Providing technical assistance is directly correlated with achieving higher business confidence,⁴ and lowers the average cost per job created (see Figure 14 and Figure 15). While nearly all business owners want financial support in securing new equipment or services to improve their production, in cases where only equipment is provided, jobs created have tended to be lower-skill and lower-wage, with the potential for high turnover. Adding technical assistance to improve management practices stimulated the creation of higher paid jobs for skilled employees such as in sales, marketing and middle management. In the case of one INTAJ beneficiary, technical assistance in the form of a management coach and new sales strategy persuaded the business owner to increase the salaries of his existing staff and introduce new commission schemes for sales staff.

Technical assistance ranged from customised support for business owners to training courses targeting both business owners and employees (for those businesses large enough to have specialised employees, such as in sales). Customised support was provided in the fields of marketing, sales, organisational development, finance, and strategy.



Merely supporting additional equipment tends to result in lower skill, lower wage jobs.

Overall 13 SMEs were coupled with business experts and consultants to identify gaps and develop business plans. Mercy Corps hired both firms and individual experts in business with a track record of working with private businesses (and limited experience in working with NGOs). This mix of service providers complicated tracking the outcomes of technical assistance as different service providers achieved varying levels of success through individual approaches. Overall, outsourced technical assistance through a mix of service providers required a great deal of coordination and created risks associated with having variable methodologies.

However, **technical assistance in the form of traditional business consulting is not suitable for all SMEs**. The ability of business owners and managers to benefit from such assistance is a major risk factor for the intervention design. Given the capacity limitations above, most SME beneficiaries require capacity building in management as opposed to one-off business solutions. This was clearly seen in the pilot phase, in which hands-on coaching was strongly correlated with increased business confidence and readiness to

⁴ Defined as “confidence in knowledge of the market, business growth and business influence.”

hire.⁵ Support in planning showed more modest results, where business owners did not realise the benefits of technical assistance. Longer-term capacity building improved business owner buy-in, created more sustainable impact and higher value for money, and improved relationships with beneficiaries.

An unintended (but positive) consequence of technical assistance has been the network effects of introducing SME owners to business consultants, and creating linkages to other business service providers. Engaging with local consultants and private business service firms created opportunities for further collaboration between SME beneficiaries and these service providers even after the intervention is completed.

Incentivizing and facilitating the use of business services highlighted their value and potential for SME beneficiaries who previously would have been wary or financially reluctant to use them. More broadly, engaging with firms experienced in advising private businesses created an opportunity for beneficiaries to access a large network of businesses as potential clients, business partners, or suppliers.

Additionally, local consulting firms have the incentive to follow up with the beneficiary as a potential future client. In the case of at least four SME beneficiaries from the pilot phase there have been follow on contracts negotiated independently of INTAJ. Most significantly, following an initial introduction via INTAJ, one beneficiary (a dairy producer in North Lebanon) independently hired one of Mercy Corps's health and safety services providers under a 6-month contract to improve workflow efficiency and distribution valued at £35,000.

Key outstanding (research) questions and next steps

As outlined above, the learning process during the pilot phase allowed for the SME support staff and INTAJ management team to draw strong conclusions about which technical approaches worked, and where there were gaps in the overall process for identifying beneficiaries and developing credible intervention plans. However, based on these conclusions, INTAJ is pursuing significant changes to the SME component, and it remains to be seen how these changes may influence employment outcomes and other measures of programmatic success. Specifically, the following themes are worthy of further careful study:



› SME TESTIMONIAL

A dairy producer in North Lebanon wanted to expand its product line by launching a new brand of ayran, a salty yoghurt drink, but were hesitant due to the unstable business environment. To support their goal, INTAJ procured new production equipment, along with the installation of a cooling and insulation system to one of the company's trucks. "These procured items enabled us to hire two individuals to ensure the production of our new product line. Within the upcoming months, we will hire two more people." - Mohsen, Production Manager.

⁵ Given the limited sample size of 19 beneficiaries, this conclusion is more qualitative and less quantitative. The business owners who received close support from consultants were both more appreciative and projected greater increases in staff.

Track how a broader outreach effort (and larger beneficiary pool) will affect the development of detailed and meaningful intervention plans for SMEs. In order to address the challenge that poor program visibility and lack of trust in international NGOs posed during the initial outreach phase, Mercy Corps in the extension phase has partnered with municipalities and local business associations in order to access a larger number of potential SMEs. Achieving visibility and credibility by partnering with local players is key to successful outreach. With the growth and increased exposure of the program, the INTAJ brand gained credibility, and more businesses were ready to apply, while existing beneficiaries showed more trust and cooperation.

This new outreach approach involves a two-step application and interview process, followed by a strict three-step internal evaluation process to identify businesses and entrepreneurs with potential for success. However, given the relative business acumen of the average Lebanese SME owner, it remains to be seen whether this new process is sufficient to correctly identify potential beneficiaries with clearly articulated business expansion or improvement plans—and in the volume required (60 per year).

Understand how revisions to the technical approach may influence the quality of beneficiary outcomes. Although INTAJ significantly exceeded its targets within the SME component during the pilot phase (the number of businesses with improved management, operational or production practices; and the number accessing new business support services), it remains to be seen whether the same quality of assistance can be maintained with a larger pool of beneficiaries. While the SME team has revised the plan for technical assistance in order to reduce the administrative burden (e.g. working with a few larger local consulting companies, rather than many individual consultants, to ensure quality and improve coordination) and capitalise on lessons learned from the pilot phase (introducing longer one-on-one coaching programs for business owners and managers), working at greater scale will no doubt come with its own unique, and as yet undiscovered challenges.



It remains to be seen whether the new outreach process can identify promising beneficiaries at the required scale.

Monitor how the composition of the INTAJ SME portfolio changes over time, and what that means for the structure of the assistance package. During the pilot phase, all but one of the businesses in the beneficiary pool could be characterised as a manufacturing businesses (see Figure 10), although they were involved in different sectors, and working at different scales. One reason for this potential selection bias is that manufacturing businesses tend to be fairly capital intensive, which means the pathway to expanded employment is fairly clear: more production requires more machinery, which requires more workers to operate that machinery. Although the final INTAJ interventions in these businesses were not that simplistic (and did not all involve machinery), it is possible that service sector businesses were less compelling during the initial rush to identify SME beneficiaries in the pilot phase because their required interventions are more complex or less tangible (a product being easier to market than a service, for example).

What the concentration of manufacturing businesses during the pilot phase did mean for INTAJ, however, is that there was limited basis for a sector-specific analysis of employment outcomes. Although SME beneficiaries in food production (see Figure 13) generated more jobs to date and did a better job of meeting projected employment growth than, say, commercial-scale manufacturing, the small sample size and relative similarity in intervention strategies makes it difficult to draw meaningful conclusions. It is possible that continued strong demand for food products given the overall economic malaise in Lebanon was one reason

for relative outperformance of those beneficiaries, however the evidence is not sufficient to support a significant change in beneficiary selection criteria going forward.

Continue monitoring beneficiaries from the pilot phase to better understand minimum and average payback periods for INTAJ SME interventions. Although INTAJ exceeded its logframe targets, as of June 30 the number of jobs created through the SME component still significantly lagged projections (39 vs 93 projected, see Results Dashboard below). The expectation is that with more time, the results should come into line with original projections. Continued monitoring will confirm the efficacy of the original intervention plans, as well as better inform discussions of value for money of any INTAJ SME strategy.

SWMR Results

Lebanon has an underdeveloped recycling sector with only an estimated 7% of solid waste recycled. There are major challenges in waste management that have prevented this industry from growing and contributing to the country's economy, as well as minimising the impact of post-consumer waste on the environment. Using a value chain approach, Mercy Corps is working closely with communities on recycling initiatives to create new jobs and develop this important industry in Lebanon:

- INTAJ collaborates with local government and other organisations to encourage home sorting of waste and improve municipal waste management services. This not only improves the efficiency and working conditions of existing sorting facilities, but also increases the amount of recyclable material available for businesses in Lebanon to process, sell and export; allowing them to become more productive and increase employment.
- INTAJ supports businesses that process recyclable waste to minimise their energy costs, improve their organisational structure and access new markets for their recycled products, thereby increasing their market competitiveness and boosting total demand for recyclables.
- INTAJ cultivates innovation in the recycling industry, including the development of new products made from recycled materials such as blown glass, jewelry and sustainable construction material.

From September 2015 to March 2016, INTAJ successfully provided support to 13 entities in the solid waste management and recycling (SWMR) value chain across Lebanon, including initiating home sorting of waste and improving waste collection services and supporting companies that create modern product designs from recycled materials. **Through this support, 53 individuals secured full-time employment.**

A key output from the pilot phase of INTAJ was the mapping and value chain analysis of Lebanon's SWMR sector. The greater understanding of market actors and dynamic trends identified during field research has helped identify the opportunities, constraints and risks facing interventions to expand local employment opportunities in the sector. The strategy is now focused on: increasing the supply of recyclable material for processors through strengthening household and municipal sorting of waste; improving competitiveness and cost efficiency of existing processors; supporting access to new markets for Lebanese recycled commodities; and improving working conditions at processor facilities to promote decent work in the sector.

Key observations and trends

During the pilot phase, activities in the SWMR component were designed to stimulate investments in the value chain by developing market driven relationships that improve efficiency and quality of key market actors, while building the private sector's ability to collect, process and sell more recyclable products. At the same time, an analysis of the component's budget (see Figure 16) reveals that nearly 90% of funding went to two core activity categories: the rehabilitation of the waste processing facility at the sanitary landfill for the Union of Zahle-Maalaka, and support to community-based organisations (CBOs) in four regions of Lebanon to pilot home sorting and sustainable municipal waste collection models. Based on a close examination of these activities, the following conclusions can be reached:

The refurbishment of the Zahle waste processing facility allowed for sizeable job creation and greatly improved capacity, although impact on recyclables extraction requires more time for full impact to be felt and recorded. The original 150 tons/day sorting line was constructed in 2005, and has experienced a major deterioration in efficiency due in part to an average 32.1% increase in the volume of solid waste between 2012 and 2015. This declining performance of the sorting line has caused the total volume of recyclable materials extracted to fall 65.6%, equivalent to 3,100.90 tons, much of which was entering the landfill rather than being diverted for processing by the local recycling industry (worth at least £200,000, depending on seasonality of pricing and composition of the waste).

INTAJ supported the Zahle facility through the provision of services by a local contractor to refurbish the existing sorting line, as well as repair the existing electro-magnet and install a new eddy current separator to improve the extraction rates of valuable ferrous and non-ferrous metals. Additionally, INTAJ procured equipment (such as a forklift, balers and a wheel loader) needed at the facility to make the collection and processing of solid waste more efficient.

As of June 30, although the refurbished line had been in operation for nearly two months, which allowed for a doubling of shift workers (from 24 to 48) on the sorting line, much of the rest of the equipment had not yet been put into full operation. This is due in part to the decision of the operator to wait until after the peak summer season for waste collection before introducing new practices afforded by the equipment (during the summer tourism season, Zahle reports receiving as much as 300 tons of waste per day).



SWMR TESTIMONIAL

INTAJ partnered with Lebanese House Establishment for the Environment (LHEE), an NGO, to train volunteers in home waste sorting, distribute recycling bins and conduct awareness training for 3,000 households. INTAJ also gave them a grant for a vehicle and processing equipment, allowing them to collect the sorted waste to process and sell. Four people were hired and 70+ volunteers trained. "The INTAJ program has empowered us to take control of the waste in our communities and turn it into an opportunity for community cohesion and prosperity"- Sheikh Nizam Abou Khzam, President, LHEE.

From the perspective of the INTAJ SWMR sector strategy, another few months are required before the volume and value of increased recyclables extraction can be measured. The change in operations at the facility, coupled with delays in public auctions for extracted recyclables (associated in part with the recent municipal elections), means the first batch of new data on the facility's performance won't be available until September 2016.

Monitoring different approaches by CBOs has provided evidence needed for a uniform approach to awareness programs, but questions remain about the sustainability of municipal collection of waste sorted as source. During the pilot phase INTAJ supported Youth Dialogue Association (YDA) in Donnieh, SOILS Permaculture Association Lebanon in Jezzine, the Akkar Network for Development (AND) and the Lebanese House Establishment for the Environment (LHEE) in rolling out recycling awareness and collection programs in over a dozen municipalities. The bulk of the grants given to these organisations (see Figure 18) covered the costs of awareness materials, bins for collection and processing equipment—all of which were needed to introduce the relatively unheard of practice of recycling to their respective areas in Lebanon.

The CBOs achieved broad success in training volunteers to conduct awareness sessions for communities, including directly reaching 22 businesses, 23 schools and thousands of students, along with nearly 6,000 households. Based on internal evaluations of the efficacy of the various approaches, there were three clear conclusions: the use of unsupervised communal waste collection points (as opposed to household level pickup) should not be supported in areas that lack municipal scale sorting facilities because of the likelihood of dumping and waste mixing; additionally, CBOs must include awareness sessions in the form of municipal meetings or town hall meetings followed by repeated household visits in order to secure greater buy-in from community leaders and residents. While regional and local politics in Lebanon are extremely variable, it was clear that the organisation that most explicitly targeted and included local community leaders had the greatest success in persuading municipal officials to modify their own practices in support of greater waste sorting and recycling.



Awareness sessions should also target community leaders to secure greater buy-in from municipal officials.

Hard data on extracted recyclables and associated revenue from the municipal waste streams remains elusive due to time constraints and limited capacity of CBO and municipal partners.

Although all CBOs were trained on mobile data collection in order to monitor their progress in conducting household awareness sessions, only one organisation was able to provide both detailed information on household level sorting and the volumes of recyclables diverted from the local waste stream: SOILS in Jezzine found an average of 72% of 180 households across 9 villages sorted their waste at home, generating just over three tons of recyclables. Other CBOs supported were able to provide information on total volume of recyclable waste collected (i.e. 6.5 tons of waste were collected over 2 months in Akkar during the pilot phase).

Although the potential return on investment of SWMR interventions is high relative to the other components, these activities are relatively more expensive and time consuming, and the risks of failure are higher. In addition to the work detailed above, INTAJ also supported activities across the SWMR value chain to encourage innovation and incentivise risk taking by existing market actors. In particular, INTAJ supported energy audits for waste processors to lower their production costs; a grant to an NGO looking to introduce recyclable materials into a digital fabrication process for jewelry and handicrafts;

and a combination of interventions to encourage the development of the market for recycled coloured glass (which is currently extremely limited in Lebanon).

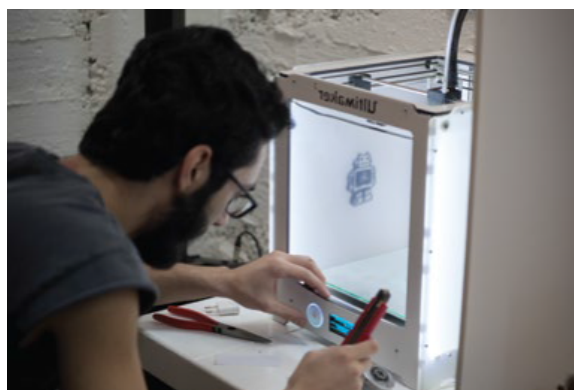
The energy audits in particular yielded very promising results, although continued cooperation with beneficiaries may be required before any major returns will be captured. Specifically, some £22,000 of energy audits financed by INTAJ on behalf of three recyclable waste processors (Lebanese Recycling Works, Lefico, and EzzedinePlast) of their power systems, thermal systems, industrial processes, lighting, and motors and fans, showed these firms that £2.9 million worth of investment in more energy efficient systems could result in £321,000 in annual savings. All three beneficiaries are now very seriously considering the investment, and are looking at the financing options available in Lebanon to support their investment. Were such an investment to take place, the implied return on the initial £22,000 investment by INTAJ would far outstrip the returns seen in other components, in addition to whatever expanded production and hiring may eventually result from the annual cost savings.

Key outstanding (research) questions and next steps

An analysis of activities under the SWMR component during the pilot phase was hindered by the lack of data, which resulted from limited capacity of Mercy Corps and its partners to monitor the full effects of activities, or because more time is required to measure their impact. As such, the following themes are worthy of further careful study:

Refine CBO awareness model to ensure consistency and maximum impact. Even prior to the completion of the pilot phase, the growing brand of INTAJ and awareness of its activities meant that Mercy Corps was approached by at least eight CBOs and some municipalities who are looking to introduce waste sorting and recycling in their areas of Lebanon. Given the lessons learned from the pilot phase, and the experience working with local partners to develop awareness materials and a targeting strategy, it is important to encourage all CBOs to embrace a consistent model (household collection, outreach to local officials).

Another important step to ensure sustainability is the inclusion of comprehensive waste management plans for municipalities and unions of municipalities working with INTAJ-supported CBOs. These plans include background data collection on waste characterization of residential (source-sorted) organic and recyclable waste, as well as



SWMR TESTIMONIAL

With our support, Public Interest Design (PID), an NGO based in Beirut, trained 24 participants on digital fabrication for jewelry development and how to use recycled materials in 3D printing for design. INTAJ also provided a 3D printer and scanner and milling machines to facilitate the training and produce products from recycled materials. “The invaluable support from INTAJ has helped us achieve our goal of fusing the design and recycling sectors. We hope our trainees will break new ground in these sectors in Lebanon” - Ibrahim Zahreddine, Strategist, PID.

the development of waste collection and processing plans. The end result is a technical, financial and operational investment plan that allows municipal government to understand the true financial and technical requirements of waste collection, and allows INTAJ to understand the number and types of jobs to be created through supporting these plans. These data collection and planning can be provided by qualified and specialised external service providers. The SWMR team has already begun this type of technical support approach by working with the unions of municipalities in Jezzine and the Upper Chouf to develop a composting plan for residential organic waste.

Continue to build on the work of the Zahle intervention in order to maximise return on investment, and reinforce the value chain approach. While the data on how refurbished and new equipment has improved the performance of the Zahle facility will be instructive in demonstrating impact, the information from future auctions of extracted recyclables will help Mercy Corps better understand how plastics, paper and metal flow through the value chain from the facility to processors (or intermediary traders). This data in turn may expose price and quality dynamics that can suggest further opportunities for interventions to expand production and create more jobs in the industry. Additionally, the new mayor has signaled his interest and willingness to partner with Mercy Corps to introduce a home sorting model to Zahle. This work could build on the experience of INTAJ with other CBOs, and help further improve the efficiency of the waste processing facility.

Develop a working group or other coordination mechanism to harmonise ongoing efforts within the SWMR sector in Lebanon. Given the significant and growing interest in recycling in Lebanon, thanks to the national garbage crisis that began in 2015, many CBOs and now international NGOs are moving to work in the SWMR sector. Given the lessons learned during the pilot phase, and the clear path forward to the SWRM component under INTAJ in the extension phase, it is imperative that more effort be made to coordinate activities to ensure that duplication of effort is avoided, and to ensure that best practices are being applied consistently. Mercy Corps has been approached by several other INGOs, in addition to many potential future INTAJ partners in this sector, but a more formal coordination mechanism might be difficult to achieve in the absence of explicit donor or Lebanese government (national or municipal) support. (It is worth recognising, however, that there are significant differences of opinion among technical experts about optimal waste treatment methods in this field, so Mercy Corps is not advocating a one-size-fits-all approach.)

Improve tracking of positive externalities from investments within the value chain. Although the SWMR team has collected data on commercial linkages established through INTAJ intervention in the value chain (at least 39 suppliers of goods and services were contracted by Mercy Corps or subgrantees), more effort could be spent to quantify and report on the knock-on economic impact of this support. For example, Bou Chalhoub is one of the established leaders in the manufacture and sale of waste processing equipment in Lebanon. At least two partners (Zahle and LHEE) received equipment from Bou Chalhoub, but it is almost certain that these orders further raised the profile of Bou Chalhoub, and may have altered the behaviour of other market actors. Likewise, if the energy audits described lead to major investments by beneficiaries, it would be important to record and measure not only the size of those investment, but also how other market actors might be influenced to follow suit in the uptake of a given technology. The time horizon and monitoring effort required for tracking such effects, however, would be significant.

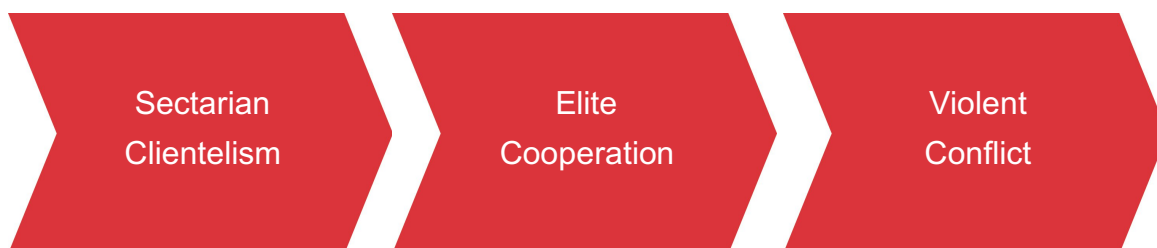
IMPACT

INTAJ was specifically developed in consideration of Lebanon's conflict dynamics, with the aim of mitigating social tension. Throughout implementation, Mercy Corps has continued to explore the relationship between conflict, stability and economic opportunity in order to ensure that INTAJ is conflict sensitive and that programme outputs are in line with INTAJ and UK government priorities.

Understanding Conflict and Stability in Lebanon

As part of the longer-term strategy for INTAJ programme design, Mercy Corps commissioned a study by the Lebanese Centre for Policy Studies (LCPS), a leading local research organization, to better understand the connection between stability and livelihoods/economic opportunities in Lebanon.

The LCPS report presents a framework for understanding Lebanese political economy by examining how political elites in Lebanon have employed various strategies since the end of the Civil War to maintain control over the state: playing up sectarian divisions and rhetoric, and entrenching clientelist networks to build allegiance; deploying targeted violence and non-state security forces (militias) to intimidate and in some cases eliminate rivals; and cooperating with other elites to shut out non-traditional power brokers ranging from civil movements to armed opponents. Critically, while these strategies have resulted in (at least the appearance of) stability in Lebanon, they have prepared the country for discontent from various points on the political spectrum to take more violent expressions.



According to LCPS, “the elites have carefully crafted a political system that circumvents any accountability mechanism that would hold them responsible for the wellbeing of their electorate.” Because the interests of the population at large are not their driving motivation, political elites do not cooperate over real socio-economic challenges. This has serious ramifications for national development, and the public at large suffer the consequences of state paralysis, poor service delivery, and deteriorating infrastructure.

Sectarian clientelism

Legislative process and fiscal policies in the post-war era have followed a *distribution logic* that preserved national political stability by allocating resources according to confessional composition and electoral strategies. The state has therefore generally served the interests of private capital accumulation by an influential business class with close ties to the political elite. This approach has come at the expense of broader-based development objectives, favoring entrenched sectors such as banking and real estate, and neglecting more labor-intensive or productive sectors such as agriculture or manufacturing.

The effects of this approach are apparent in peripheral areas of Lebanon, which suffer from high unemployment and poor public service provision, and generally lag in development. Perversely, these regional disparities have reinforced a dependency on sectarian organizations in welfare regimes; citizens

depend on political elites for provision of services, and these practices have become deeply embedded in communities—making it harder to break the cycle of sectarian clientelism.

Elite cooperation

Although political elites routinely engage in pitched sectarian rhetoric to rally their base, they are perfectly willing to cooperate with each other in order to maintain the status quo, and exclude potential rivals. This includes emerging civil society actors that advocate progressive policy reforms (from equal rights and economic inclusiveness to sustainable environmental management), as demonstrated most recently in the 2016 municipal elections. It also includes the coordinated use of force to eliminate individuals or groups, including radical Islamists and other militant factions, who challenge the status quo.

Violent conflict

Rural inequalities have continued to serve as a root cause of social unrest in the post-war era, and successive armed clashes and crime rates can be attributed in part to imbalances in regional development, unemployment and poverty. According to LCPS, increasing unemployment and deteriorating living conditions of already impoverished communities has fostered the emergence of armed actors and a higher incidence of conflict. At the same time, some political elites have cultivated and instrumentalised these armed groups in order to exert targeted pressure on rivals.

This political economy and pattern of political behaviour is the stage on which the Syrian conflict, and the influx of over one million Syrian refugees, is playing out. The influx of refugees occurred largely in already marginalised areas, exerting additional pressure and further revealing preexisting structural failures, and weak state institutions. However, an examination by LCPS of conflict dynamics at the community level suggest that social tensions (among Lebanese, or between Syrian refugees and Lebanese) rarely result in violent conflict because they have so been contained by several stabilizing factors: trust in state security institutions and local judicial mechanisms; the importance of maintaining community and social networks; and fear of economic retribution (i.e. job loss).

On the other hand, by continuing to bypass the constitution, disregard the needs of the population, and incite divisive sectarian discourse, **this pattern of elite behaviour threatens stability in the long run.** While elite cooperation may have delivered relative calm and security at present, it is nevertheless a “hollow stability” of underdevelopment and a failure of basic governance by the state, with all of the negative implications for the country’s social fabric, economy, and public well-being. Moreover, it has left Lebanon extremely vulnerable to violent spillovers from Syria, and questions remain about the ability of the political elites to contain renewed outbreaks of violence.



Lebanon today is relatively stable, but it is a “hollow stability” of failed governance that threatens stability in the long run.

Observations from the field level

LCPS supplemented this conceptual framework with quantitative and qualitative field assessments in both the Beqaa and North Lebanon that were carried out between February and May 2016. Based on experiences and reported perceptions of key informants, focus group participants, and survey respondents, LCPS has determined the following key observations:

Both communities face challenges in securing sufficient income. Access to employment and jobs featured as the most frequently cited need for host participants, and second-most frequent need for displaced participants. Both reported concerns in their ability to secure sufficient incomes to meet household needs. Both communities report the absence of job opportunities, unequal opportunities, and nepotism. Employment rates for Lebanese respondents averaged 44% compared to 41% for Syrians. While Syrian women report 14% employment rates, compared to 18% for their Lebanese counterparts, the challenge of displacement has forced them to enter the labor market for the first time, presumably creating an additional stress.

Lebanese blame both Syrian workers and Lebanese employers for increased job competition. Most Lebanese FGD participants said that “Syrians are taking our jobs” and many indicated that they, or that members of their families and acquaintances, have been laid off from their jobs and replaced with cheaper Syrian labor.

Lebanese respondents also attributed competition over jobs to the “greediness” of Lebanese employers who have benefitted from the influx of low-wage Syrian labor.⁶ On the other hand, Lebanese participants fear losing their jobs if they complain about hiring Syrians or other frustrations about their working conditions and salaries.



Underperforming public service provision leaves significant space for non-state actors to emerge, potentially affecting stability.

Employment pressures face businesses, not just individuals. Although an increase in population brought by the Syrian refugees has boosted consumer demand for certain Lebanese products, the influx of Syrian micro and small enterprises are straining Lebanese markets. Because of cheaper labor costs, informal business practices (i.e. not registering, not paying taxes, not paying for utilities), these Syrian businesses producing goods and services at much lower prices, posing serious threats to small Lebanese businesses. Ironically, while many Lebanese participants resent this situation, they nonetheless shop at these stores.

Poor infrastructure limits access to services, and additional strains are caused by refugee influx. Both Lebanese and Syrian respondents reported significant strains on public services and infrastructure, compounding existing structural problems prevalent in service delivery and limited resources. The main drivers of tension differ among communities, but mainly include proximate causes such as youth violence and youth unemployment (67%), competition for overstretched resources (67%), access to and quality of basic public services (56%), and economic competition over jobs and livelihood opportunities (31%). Syrians reported that the highest level of tensions result from housing issues (20%) and job shortages (15%) followed by overstretched resources (12%).

Non-state actors are filling the gaps in service provision. Only 23% of Lebanese respondents reported receiving assistance in service provision from politicians or state institutions (although survey results also proved that Lebanese citizens who are affiliated to political parties tend to have greater and better access to services). This underperforming public service provision leaves significant space for non-state actors to supply basic social and protective services. Communities resort mostly to religious leaders (30%), local community figures (50%), municipalities (30%), and family and friends (60%) for help in accessing basic services and protection.

⁶ It is possible that the most affected by the influx of Syrian refugees were Syrian workers who worked in Lebanon before the crisis, with competition over low-waged jobs, not traditionally taken by the Lebanese, further lowering wages of Syrians.

Repressed tensions contribute to mounting anger and victimization, and these manifest in low levels of violent conflict. Tensions between Syrian refugees and Lebanese nationals competing for the same resources and services are recorded in the negative views that both communities have for each other. Data from individual surveys revealed that approximately 15 percent of Lebanese respondents and 8 percent of Syrian respondents reported violent conflict between their communities in the last three months. However, almost double the proportion of respondents reported occurrences of non-violent conflict⁷ in these localities.

Dire socio-economic conditions exacerbate inter-community tensions but rarely lead to violent conflict. Personal conflicts are often related to issues such as female honor and inheritance disputes. In some cases, conflicts arise from competition over jobs, but almost never turn violent. Such conflicts very often end abruptly, as protagonists choose not to react. However, this likely further contributes to mounting anger and victimization on all sides.

Trust in (or fear of) state security and legal institutions controls mounting tensions. According to the survey results, 12% of workers have faced conflict at the workplace and only 3% of those were violent. When asked why some individuals don't react violently, most respondents said fear of security forces and legal repercussions are the main deterring factor (especially for Syrians). Additionally, LCPS found a statistically significant negative correlation between occurrence of conflict and reported trust in the judiciary.

Community networks play an essential role in supporting livelihoods, checking violence, and enhancing social cohesion. Respondents emphasised the importance of networks for enhancing employment opportunities, and access to services. Both Lebanese and Syrians report that they use word of mouth or social connections as their primary means of job hunting. More critically, these same networks of personal and familial ties exercise control over those individuals most at risk of committing (isolated acts of) violence, or become the chief vehicle for resolving conflict (kidnappings, family or tribal feuds). However, the types of interactions supported or facilitated by these networks needs to be carefully considered: LCPS found that more frequent interactions between Lebanese and Syrians was associated with *lower* reported levels of social stability/cohesion.⁸

(Re)Designing INTAJ for Conflict and Stability in Lebanon

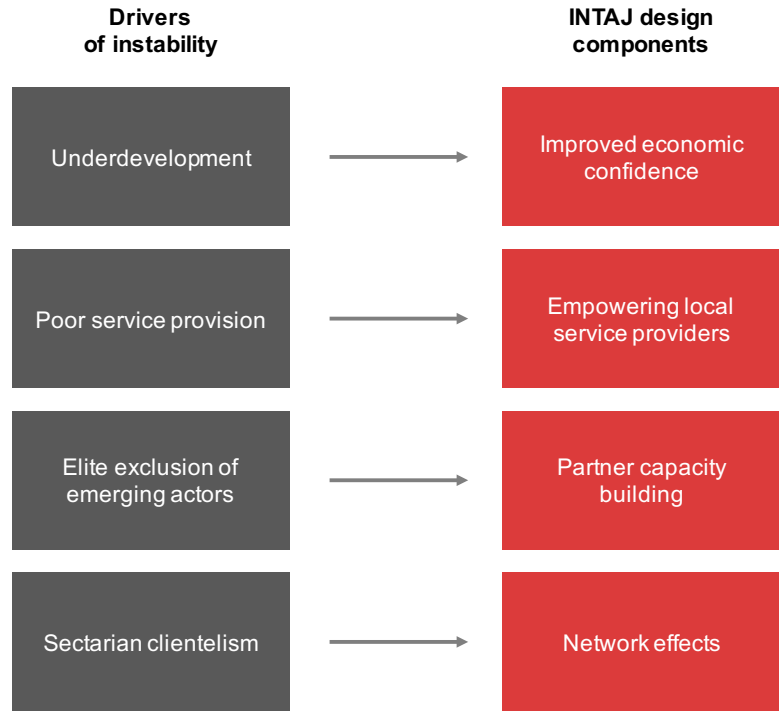
INTAJ was designed first and foremost as a livelihoods program, with the impact statement: “Improved stability and resiliency in target communities in Lebanon through reduced unemployment and increased income for businesses.” As such, the activities completed during the pilot phase of the programme, and refined for the extension phase, are grounded in an economic logic. Given the political economy framework and field research findings of LCPS, however, it should be evident that the design of INTAJ also accommodates many programmatic goals related to the larger issues of conflict and stability in Lebanon.

Although INTAJ is divided into three components (skills building, SME support and SWMR value chain upgrades), the results of the pilot programme include larger effects that touch upon the drivers of conflict

⁷ Due to the sensitivities surrounding these issues, incidents of abuse, exploitation and/or sexual violence are often underreported.

⁸ It is unclear the extent to which this simply represents population density and urban areas, and the different social dynamics (and levels of tension) than would be expected in rural areas.

described above, and help contribute to or achieve “improved stability and resiliency in target communities in Lebanon.” Consider the figure below:



Underdevelopment and poor service provision—particularly in peripheral geographic areas—are key drivers of discontent among the (especially vulnerable) public that undermine the ability of Lebanon to cope with increasing challenges both internally and from regional conflict spillover. Elite exclusion of emerging actors and sectarian clientelism are political behaviours that result in a sclerotic body politic, delayed reforms, and increase the probability and scale of future conflict within Lebanon. Each of these four drivers of instability identified in the LCPS research is addressed (albeit outside core programme design) by INTAJ:

Improved economic confidence

The impact indicator for INTAJ was “number of individuals (in targeted communities) reporting increased confidence in economic future.” This was intended as a proxy indicator for the myriad economic benefits that INTAJ aims to achieve for a diverse pool of beneficiaries across a variety of activities—while still being rooted in stability.

Among individual skills beneficiaries, 227 of 443 (or 51.2%) reported increased economic confidence. 18 of 19 (or 94.7%) of SME beneficiaries reported increased business confidence (an aggregate of confidence in knowledge of the market, business growth and business influence—see also Figure 14). Within the SWMR component, of the 4,180 households surveyed directly by implementing partners (3 of 4 CBO partners), some 3,518 (or 84.2%) reported increased economic confidence due to the introduction of recycling in their area.

Focus group discussions with both skills beneficiaries and SME beneficiaries in June 2016 showed that economic confidence (or improved employment outcomes generally) are not the sufficient condition for improved stability, but that they are a necessary condition. Indeed, beneficiaries noted that in Tripoli in particular, poverty is perceived as being a driver of violence (of dissatisfaction which manifests itself as

“terrorism” or support for “terrorism”), but also that economic uncertainty itself stymies investment and hiring decisions, and ultimately exacerbates the ongoing political crises. This corresponds to similar findings presented by LCPS above.

Empowering local service providers

Across all three components, INTAJ helps mitigate community tensions by reducing the strain on public institutions and improving the quality of public service provision. Support to the Zahle municipal waste facility or to CBOs that are working with municipalities to address the waste crisis are the most visible (and easily recognised) aspect of this work. However, the same is true of employment and business support providers, including a partnership with the Chamber of Commerce, Industry and Agriculture in Tripoli (CCIAT), or new linkages between skills beneficiaries and the National Employment Office or similar service providers (both public or private).

The intended effect of these activities is to: (1) improve the quality of service delivery, particularly in marginal areas that have been neglected by the state and political elites; (2) to address the accountability gap by engaging with these service providers in a way that is difficult if not impossible for the broader public; and (3) creating shared value among various social groups that engage with these service providers.



INTAJ supports decentralization of service provision that compensates for central government failure.

Fundamentally, these activities support a decentralization of service provision that compensates for the failure of the central government and addresses immediate needs of the public. Less abstractly, SWMR sector activities have brought ordinary citizens into more frequent contact with municipal officials in ways that would have been previously difficult if not impossible. Anecdotal monitoring data from these activities also confirms greater citizen engagement with municipal government, as well as increased confidence among the public in the ability of (some) municipal governments to address their needs.

Partnership capacity building

In the course of establishing the programme design during the pilot phase, INTAJ evolved a heavy emphasis on partnerships in order to achieve its objectives. These included myriad skills training providers, business support providers, and CBOs focused on environmental awareness. In all cases, INTAJ closely engaged with these service providers and other partners in order to ensure the quality of their work, and in so doing developed an informal capacity building function.

Again, although it is not an explicit part of the original programme design, support from INTAJ to these local partners helps support the emergence of new and/or more capable civil society actors. This was especially evident in the case of USpeak, a skills training provider in Baalbek (and one of the only employment services providers there). INTAJ not only worked with USpeak to deliver skills trainings, but also offered a small grant to improve its physical infrastructure and expand capacity. The documentation and application process required to secure the grant improved the administrative capacity of USpeak management, which has subsequently gone on to engage several new donors (including the US embassy, SMEX and MEPI) for continued expansion of its services.

Additionally, INTAJ staff worked with other training service providers to improve curricula and make training more relevant to the current job market. This included first time trainers such as ADARO in Bebnine or LEED in Tripoli—both startup NGOs in deeply underserved areas of the country, which had excellent technical expertise but limited experience of how to organise and conduct skills trainings. It also included support to the Tripoli Entrepreneurs Club, which organised a business plan competition and helped expand the “entrepreneurship ecosystem” in Tripoli, in addition to improving their own capacity to engage organizations like Mercy Corps and develop programme proposals for future such activities.

Although engagement was fairly time limited, close partnership monitoring and capacity building by INTAJ will have a lasting positive effect on these organizations. To an extent, this support will also help counteract the pernicious effects of elite exclusion of emerging civil society actors—and ensure that those non-state actors who do emerge to challenge the status quo offer a positive, progressive agenda.

Network effects

The original program design of INTAJ placed a clear emphasis on the importance of building (or overcoming gaps in) social trust in a post-conflict context like Lebanon. The pilot phase proposal emphasised that “[a] focus on building social trust among beneficiaries, strengthening and growing networks of existing market actors, and sharing of information will ... improve the sustainability and heighten the legacy effects of the proposed interventions.” Indeed, the logframe for INTAJ includes specific indicators measuring the creation of new linkages in each component, all of which were met or exceeded during the pilot phase of the programme:

Output Indicator 1.3.1	% of programme participants reporting increased access to employment support services.
Output Indicator 2.2.1	% of target enterprises reporting accessing new business support services, information, training.
Outcome Indicator 3.1	% of target enterprises in SWM/R that report an expanded commercial network as a result of programme activities.

However, from both the lessons learned during the pilot phase, and from the research by LCPS, it is clear that these linkages and related network effects have significant implications for conflict and stability in Lebanon. Specifically, many of the linkages recorded during the pilot phase are creating new economic and social relationships that allow individuals and institutions to transcend traditional sectarian divides, as well as class and other potentially relevant social divides.

As noted in the Results section above, this includes individuals who are introduced to new potential employers through skills training; businesses who are introduced to new service providers, or new customers through SME support; individuals who engage with their community or local government through environmental awareness activities; and CBOs or other INTAJ partners that engage other organizations in different regions of the country.

The variety and number of these network effects are difficult to capture, but it is clear that this has become a positive secondary benefit of the programme. In Tripoli, focus group discussions with skills beneficiaries in

Tripoli revealed that participants who met each other during child care training have now formed their own voluntary organization to support a local orphanage, for example. Several SME beneficiaries in the Beqaa and North Lebanon have now begun sharing ideas and information in order to continue to develop their business plans. Collaboration between CBOs across the country in designing environmental awareness programs, and more effective waste management strategies, continues even after the pilot programme.

While sectarian rhetoric and other confessional dynamics remain deeply entrenched not only in official public life but in the society at large, these recorded network effects within INTAJ have shown enormous potential to foster stability and stem conflict. At the same time, as is clear from the LCPS research, simply increased interaction or increased exposure across confessional or national (Lebanese vs Syrian) lines is not sufficient to ensure greater stability—in fact, the opposite might be true unless the incentives for interaction (in this case, economic or social benefits) are properly established.

A Question of Scale

The opportunity for INTAJ to contribute to greater stability in Lebanon is clear. However, the question of scale lingers in the background of any discussion of potential future impact. It is critical to acknowledge that INTAJ is a £5 million per year programme, split across three complex technical components and two main geographic areas, operating in a £35 billion economy.⁹ The likelihood of “moving the needle” except in particular isolated cases (i.e. a neighborhood or specific municipality) is remote, and so the question of promoting stability must be seen within the broader humanitarian response context in Lebanon.

At the same time, the extension phase comes with its own scale up, and it remains to be seen what effect this will have on the quality of INTAJ activities and results. As noted in the Results discussion above, Mercy Corps has taken steps to ensure that programme quality will be preserved despite higher volume of work and larger numbers of beneficiaries. It may also be the case that scale up begins to amplify the network effects and other components that are related to drivers of instability. In other words, it is possible that scale up of activities in the extension phase may result in a clearer picture of INTAJ’s effect on stability and conflict in Lebanon.



Ultimately, INTAJ is a £5 million programme aiming for impact in a £35 billion economy.

Another option to amplify the effect and overcome limitations of scale is through enhanced communications and outreach—something that is a central part of the renewed design under the extension phase, and is being closely coordinated with the UK government. Particularly through media outreach promoting INTAJ and its positive outcomes, there may be scope to record improved economic confidence of a broader segment of the Lebanese population, as well as influence discussions of conflict and stability themes.

Unless a decision is made to narrowly reduce geographic or technical focus (in which case the question of scaling up activities becomes even more acute), a clear narrative of the full impact of INTAJ will remain elusive. It is too early in the life cycle of the programme, however, to determine how that focus could be narrowed. As noted above, more data is required to properly evaluate the effectiveness of programme design in the extension phase.

⁹ \$47.1 billion in 2015.

Results Dashboard

The logframe indicator results included in the Project Completion Report submitted on May 31 2016 are not reproduced below. Rather the charts and tables below provide a quick view of key program results per INTAJ component (Skills, SME, SWMR) as of June 30 2016, disaggregated according to other metrics recorded through monitoring and evaluation. It is worth noting as well that INTAJ performance should not be measured according to the data in Figure 1 (and others) below, which is presented for discussion, but rather by the indicators and results in the agreed upon logframe (presented in the quarterly reports and project completion report for the pilot phase).

Figure 1. Job Placement / Creation by Component (as of June 30)

	Skills	SME	SWMR	INTAJ Total
No. of jobs created/filled to date	99 ¹⁰	39	53	191
Original endline (3-6 month) projections	313	93	74	480
Budget ¹¹	£283,479.00	£259,185.00	£853,291.00	£1,395,955.00
Per job average to date	£2,863.42	£6,645.77	£16,099.33	£7,308.66
Per job average projections	£905.68	£2,786.94	£11,530.96	£2,908.24

Key Considerations

What is a job?

The programme design of INTAJ and logframe captures various changes in employment status of beneficiaries. This includes full-time and part-time employment, as well as self-employment. All the jobs reported above in SME and SWMR components are full-time, while the Skills results are disaggregated below by type. INTAJ monitoring and evaluation also includes questions related to increases in income for individuals as a result of participation in INTAJ programme activities (e.g. as of the March 2016 endline, 97 skills trainees reported an average 18% increase in net income, including 23 who received raises in their current job).

¹⁰ A gap in the restaffing of the monitoring and evaluation team for INTAJ in the second phase meant that a full revised endline of all 443 skills training beneficiaries could not be conducted by June 30. This data collection is scheduled to take place in July, after Ramadan. It is very likely that the number of jobs filled to date under this component is higher than the 95 reported here.

¹¹ This includes only activity costs directly related to job placement or job creation, and does not include other research and business support activities from the programmatic budget. For example, an additional £33,903 was spent within the SWMR component on energy audits; an additional £67,585 was spent on support to business service providers, which in theory created 15 jobs (3 at USpeak, and 12 self-employed people through TEC). But these activities were intended to improve business support services for a broader population of beneficiaries, or to stimulate further investment and build commercial linkages, and not to directly facilitate job creation in the short-term.

Qualifying the *cost per job* metric

There are at least three important issues to consider when calculating *cost per job*, and particularly when comparing costs across components. First and foremost, there is a critical time factor. The March 2016 endline data included projections on potential job creation or placement for each component. Mercy Corps expects the number of jobs created/filled to continue to rise and approach the original projections for all three components, thereby further lowering the average cost per job.

Additionally, it is worth considering the extent to which direct comparison of cost across components is valid. The cost per job under Skills is simply the cost of training required (ideally) to fill an existing gap in the labour market. By its nature that cost will be lower than in the SME and SWMR components, in which (costlier) capital investments and technical assistance are provided to *increase* demand for labour within the market. This is particularly the case in the SWMR component, in which INTAJ not only supports market actors working in highly capital-intensive production, but also supports market actors who promote behavioural changes to encourage the development of new market activities (from home sorting of recyclable waste to adoption of more energy efficient technology by waste processors).

Finally, although it can be useful for assessing value for money offered by INTAJ, *cost per job* may be a poor metric to inform programmatic decisions because taken on its own it implicitly incentivises “lowest cost per job” activities. Not only does this add pressure to shift resources to lower cost components, but even within components (especially the SME sector) it may skew technical decision making towards supporting lower-skill agricultural or manufacturing jobs that (especially within the context of Lebanon’s labour market) are more likely to be filled by foreign labourers (Syrians, Egyptians, South Asians, etc.). This in turn could exacerbate inter-communal tensions over livelihoods and therefore work against the larger conflict and stability objectives of INTAJ.

Skills Data

Figure 2. Skills Trainees by Nationality

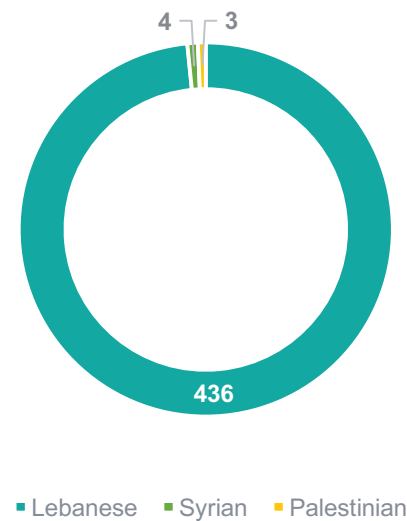
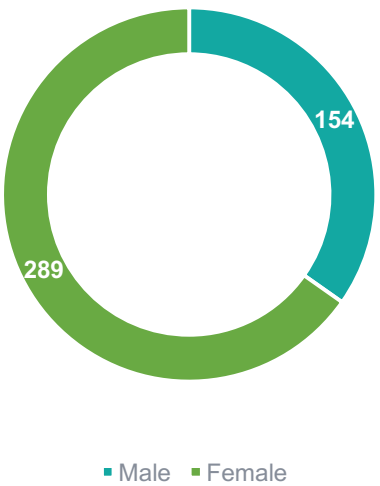
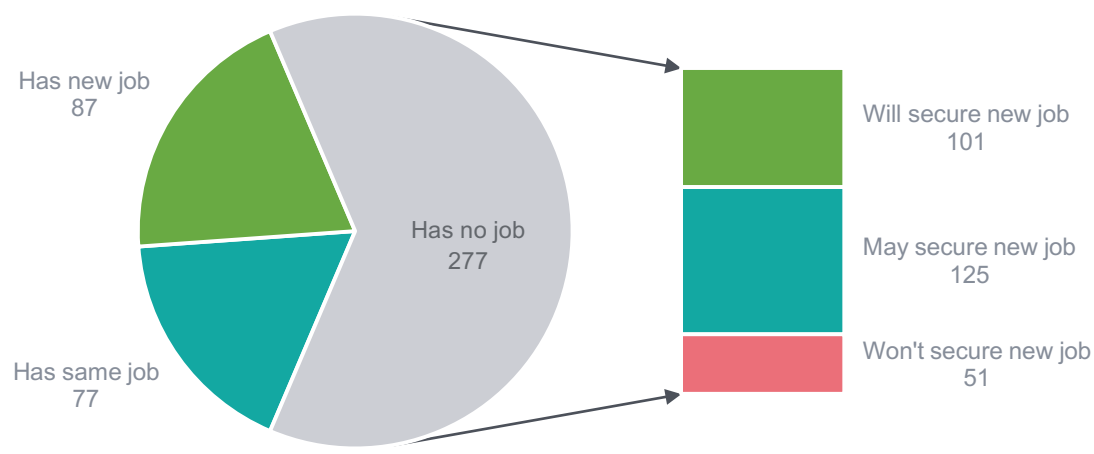


Figure 3. Skills Trainees by Gender



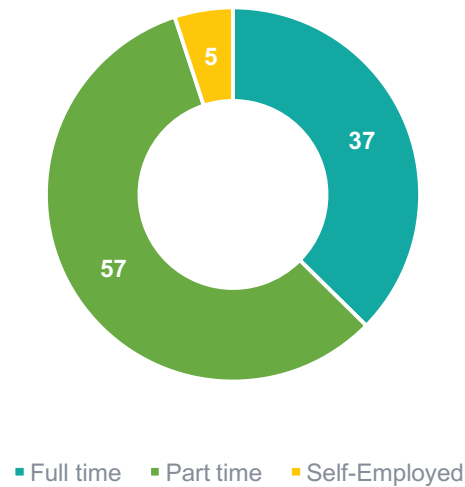
Following employment restrictions placed on Syrian nationals by the Lebanese government in 2015, the skills courses during the pilot phase focused on Lebanese workers (although a decision was made not to exclude anyone who wanted to participate and stood a good chance of subsequent employment). The larger share of women among beneficiaries was accidental, and potentially the result of delays in developing technical skills courses more culturally appropriate for men.

Figure 4. Skills Trainee Job Placement Outcomes and Projections (as of March 31)



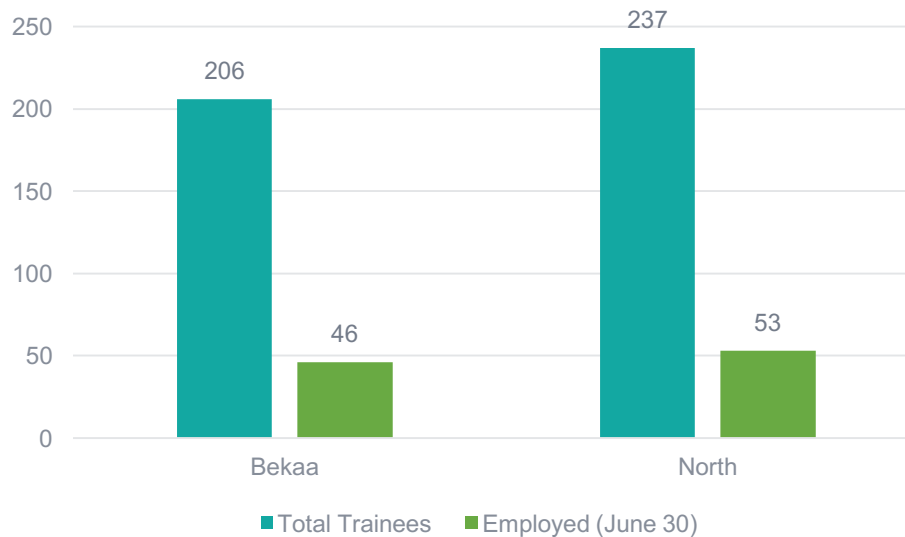
The endline survey conducted by March 31 yielded the results above. 87 of 443 beneficiaries had found a new job following participation in INTAJ, while 277 were still searching. Of those 277, 226 were certain or confident that they would secure employment within the next 3 to 6 months.

Figure 5. Skills Trainees Placement by Job Type (as of June 30)



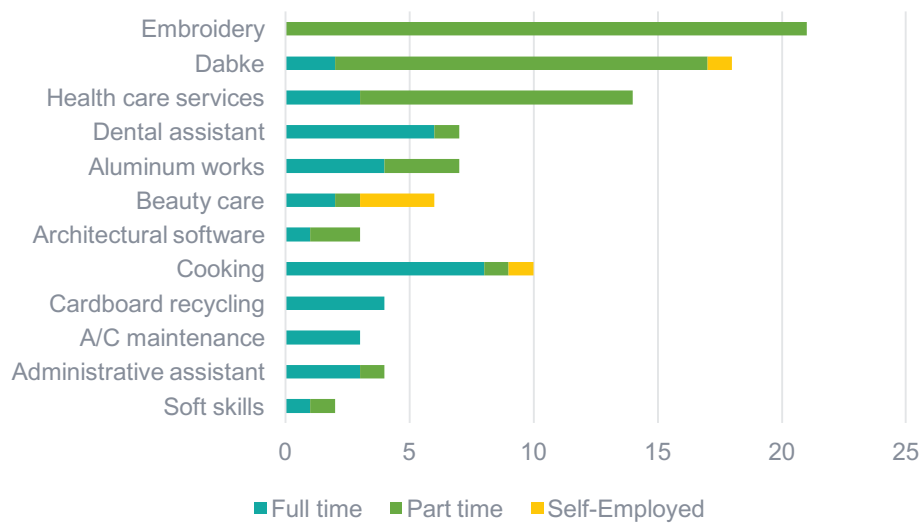
Of the 99 skills trainees who reported having found work as of June 30 (following an informal refresh of the baseline data based on continued reported relationships between beneficiaries and the training providers), 37 had secured full-time employment, 57 part-time employment, and 5 were self-employed.

Figure 6. Total Skills Trainees and Placement Rate by Region (as of June 30)



The geographic division of skills trainees was relatively even, as was the proportion of trainees who found employment following INTAJ. This suggests that (positive) employment outcomes do not seem to be strongly correlated with geography.

Figure 7. Skills Trainees Placement Rate and Job Type by Course (as of June 30)



The most successful courses during the pilot phase in terms of positive employment outcomes were those in which the bulk of the students were absorbed by the training provider themselves as part-time employees (especially embroidery and *dabke*). This suggests that INTAJ should retain training providers who can either absorb employees directly, or have strong connections with other employer and the labour market.

SME Data

Figure 8. SMEs Reviewed in Outreach

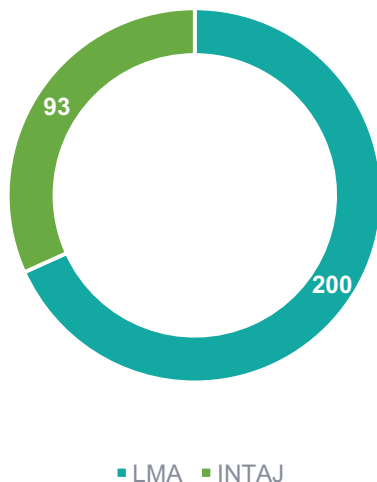
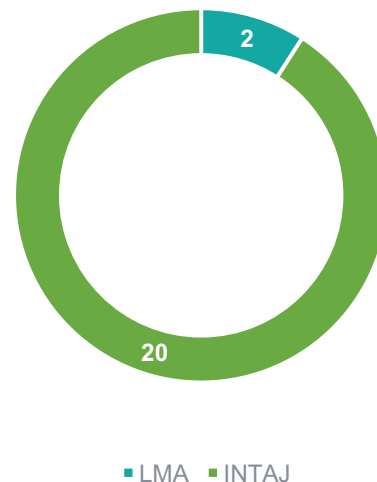
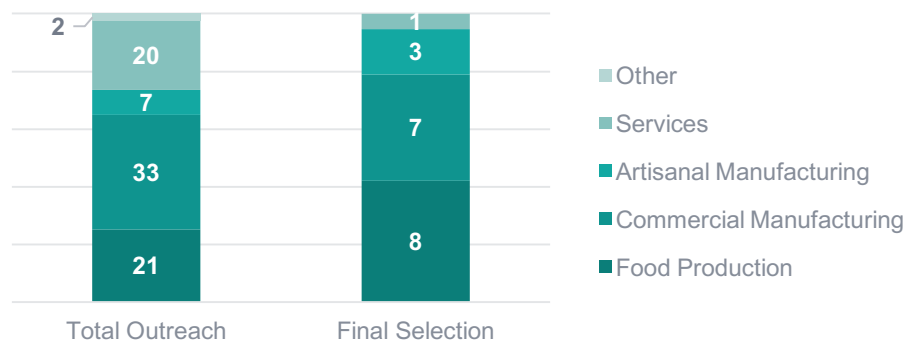


Figure 9. SMEs Selected After Outreach



A total of 293 SMEs were approached as potential beneficiaries during the initial design phase: 200 as part of a labour market assessment (LMA) conducted by external consultants, and an additional 93 identified by INTAJ field staff. A final 22 beneficiaries were selected, 20 of which came from the INTAJ field visits.

Figure 10. Final SME Portfolio Selection by Sector



Manufacturing in one form or another accounts for nearly the entire portfolio (18 of 19) of SMEs. The highest sub-sector was food production (mostly dairy and baked goods) followed by commercial manufacturing (of metal, paper, detergents, furniture, etc.).

Figure 11. Final SME Portfolio by Staff Size

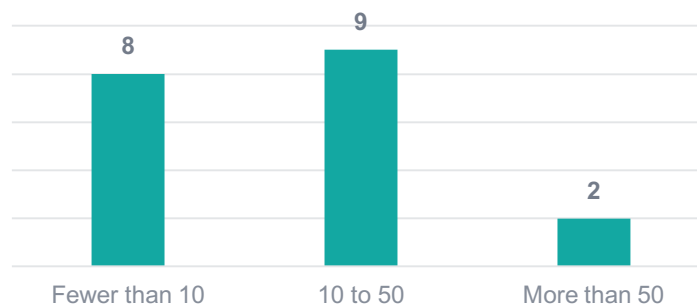
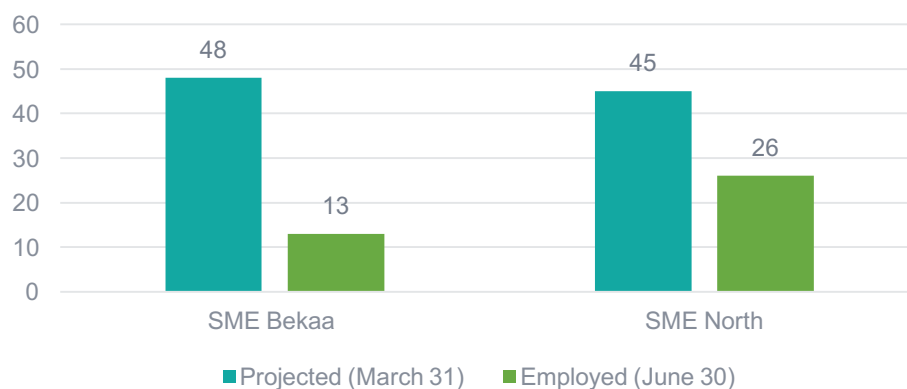
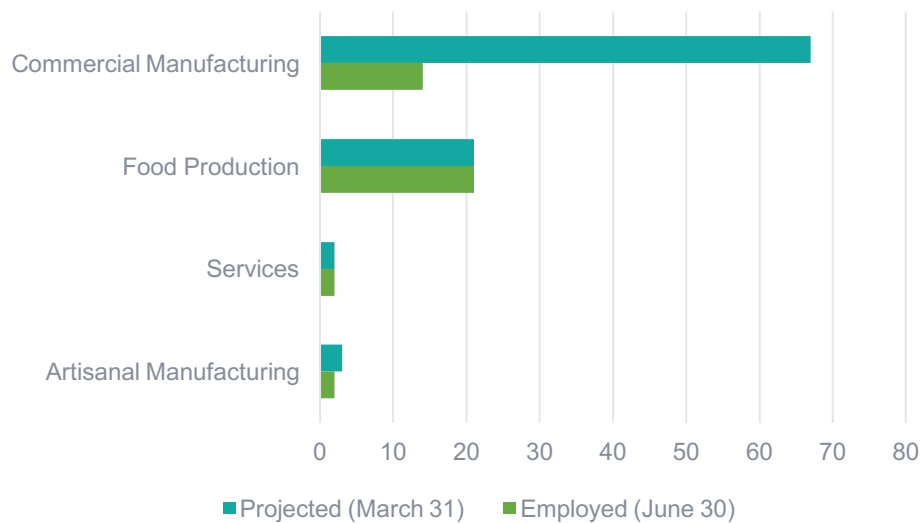


Figure 12. SME Job Creation by Region



All but the two largest (50+ employees) SME beneficiaries were identified through direct outreach by INTAJ staff (see Figure 9 above). The external consultant who conducted the LMA focused on larger businesses, which made developing clear intervention plans more complex. Additionally, the number of jobs created by region as of June 30 is disproportionately higher in the North, although this likely reflects only that 12 of 19 SME beneficiaries are located in that region.

Figure 13. SME Job Creation by Sector



To date jobs created by commercial manufacturing beneficiaries have significantly failed to meet March 31 projections, particularly as compared with those beneficiaries involved in food production, services or small scale artisanal manufacturing. While it is too early to determine whether this is a meaningful trend that could influence future programme design, it does highlight the questions of whether commercial manufacturing jobs require more time to materialise.

Figure 14. Reported Beneficiary Business Confidence

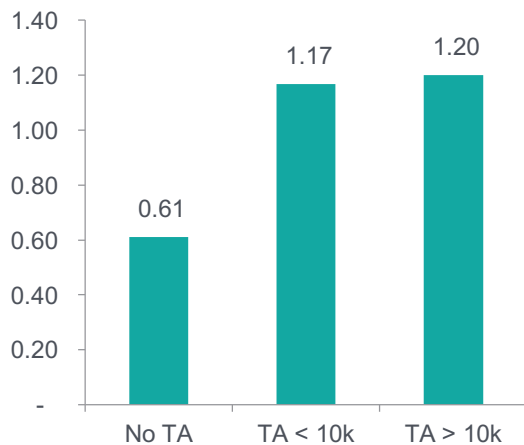
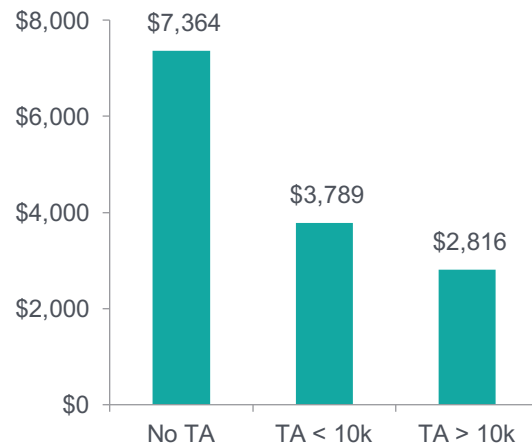


Figure 15. Cost / Job (USD) with Technical Assistance



SMEs who received technical assistance reported higher business confidence, including confidence in knowledge of the market, business growth and business influence. The average cost per job created in the case of SMEs was nearly double for those receiving only in-kind grants (i.e. equipment) than for those that received technical assistance. However, it is worth reiterating that in all cases the sample size is very small, and therefore the chance to skew the analysis very high.

SWMR Data

Figure 16. Percentage Share of SWMR Activities Budget

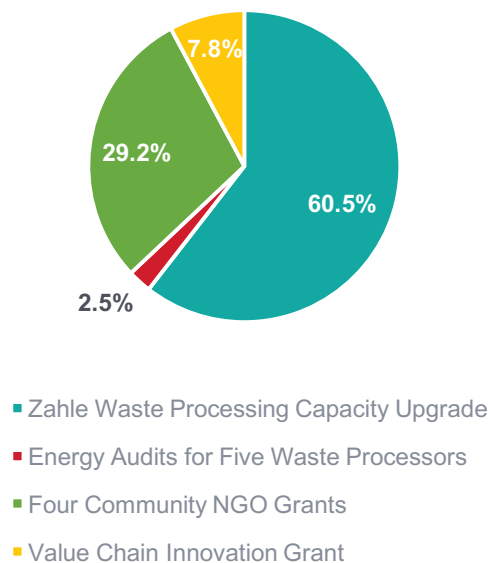
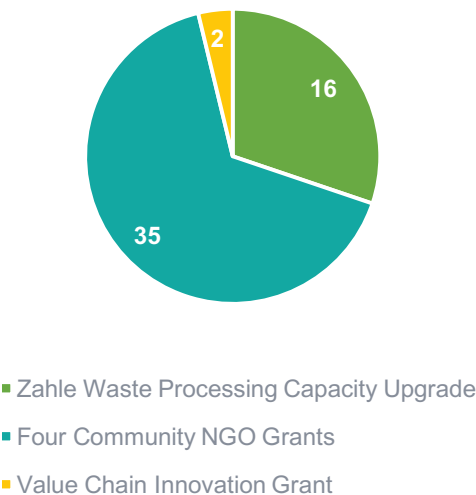
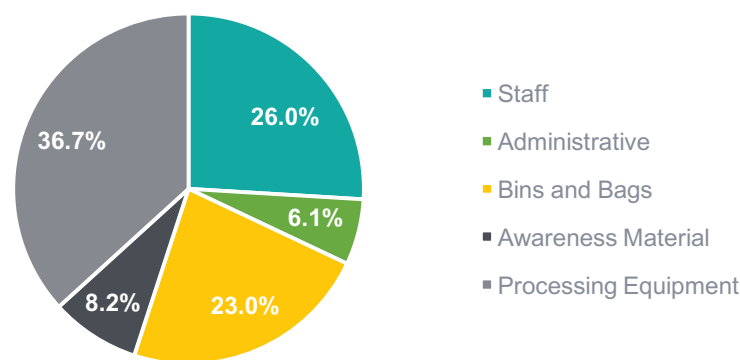


Figure 17. Long-Term Jobs Created by Activity



Although the SWMR component covered a wide range of activities, it is important to note through the budget analysis in Figure 16 that nearly 90% of funds went to only five activities: the Zahle landfill and four CBO initiatives. It is encouraging to note, however, that the creation of jobs under this component also roughly corresponds to the distribution of funds.

Figure 18. Average Cost Breakdown of Community NGO Grants



While the Zahle intervention was devoted to equipment and refurbishment costs, the average breakdown shows that the majority of costs under CBO grants were divided among awareness materials, bins for collection and processing equipment.

CONTACT

Antoine Karam
Programme Manager | INTAJ
akaram@mercycorps.org

About Mercy Corps

Mercy Corps is a leading global organisation powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



Bee Center
Alfred Naccache Street
Achrafieh, Beirut - Lebanon
+961.1.425.466
mercycorps.org