

Lebanon Emergency Market Mapping and Analysis (EMMA)

Executive Briefing for Analyses of the Construction, Service Sector and Agricultural Labor Systems

April 2013

1 EMMA IN THE CONTEXT OF THE SYRIAN REFUGEE CRISIS IN LEBANON

The gradual escalation of violence in Syria has resulted in tens of thousands of people fleeing to neighboring Turkey, Lebanon, Jordan, and Iraq. As of the 3rd of April, 2013, 403,766 Syrian refugees have either registered or are awaiting registration in Lebanon[1], with that number expected to exceed one million by the end of 2013. Most refugees in Lebanon lack sufficient assistance, income, or social networks to meet their immediate household needs. Additionally, the growing number of new arrivals and the increasingly protracted nature of the conflict, is gradually leading to increased vulnerability amongst members of the host community. For these reasons, an Emergency Market Mapping and Analysis (EMMA) assessment was launched in early March 2013 in order to assess the potential for humanitarian agencies to promote livelihood opportunities related to the key markets upon which refugees and vulnerable host community members rely for jobs and income. By focusing this EMMA analysis explicitly on identifying programmatic recommendations for market-based livelihood programs, humanitarian actors will be able to better support refugee populations and host community families to increase household income opportunities, in order for beneficiaries to meet their own needs and reduce reliance on humanitarian assistance.

The EMMA assessment approach focuses analysis on specific on key critical market systems in the North and Bekaa governorates of Lebanon. In this assessment, the EMMA focused on three particular markets critical for refugee and Lebanese host communities as sources of income, namely construction labor, agricultural labor, and service-sector (hospitality and restaurant) labor. The assessment of each labour market was guided by 3 main analytical questions:

1) What is the capacity of each labor market system to absorb additional workers (from the host or refugee population)?
2) What are the opportunities for expanding each of these sectors and any constraints to absorbing additional labour? How can humanitarian agencies contribute to overcoming these constraints?
3) To what extent can these income markets contribute to reducing the household income gap for refugee and/or host community families?

Programmatic recommendations to support market-based livelihoods for host communities and refugees are based on the constraints and opportunities identified in the current market system (as compared to a baseline) and taking into account the anticipated future impact of the crisis on the market systems analyzed. Collectively, the EMMA assessments illustrate that the opportunities for promoting or strengthening livelihoods related to the construction, services, or agricultural labor sectors are very limited. The construction, services, and agriculture sectors have each been significantly impacted by the crisis in Syria and in a state

[1] UNHCR Daily Statistics, Syrian Refugees in Lebanon. Wednesday 03 April 2013

of contraction and not capable of absorbing additional workers at a livable wage. Unfortunately, construction, services, and agriculture are the most prominent labor markets to which refugees turn to earn money after arriving in Lebanon, meaning that income-earning opportunities for refugees, and increasingly for host communities, are extremely few and limited. As such, refugees will continue to require humanitarian assistance to meet their household needs for food, income and other services. Additionally, as the labor markets continue to weaken, it is very likely that vulnerable host community families will increasingly require assistance from humanitarian organizations to meet their needs. Despite this outlook of limited opportunities, the EMMA assessment did identify programming recommendations to either create income-earning opportunities in these sectors or to better provide assistance to refugees and hosts in a manner that fosters greater livelihood and income-earning opportunities for the same groups.

2 THE EMMA ASSESSMENT IN PRACTICE

This assessment followed the standard EMMA methodology combining three strands of analysis – market analysis, gap analysis, and response analysis – in order to develop actionable program recommendations to support refugee and host community livelihoods. The analysis compared the current level of market functioning to a baseline time period for each specific critical market system. Data was collected through qualitative and quantitative methods from secondary sources, focus group discussions with target populations, key informant interviews, and individual interviews with a variety of actors in the market system.

The EMMA was initiated and lead by the IRC, with participation of 30 team members from four organizations – IRC, Save the Children, DRC, and Oxfam, and inputs from numerous other organisations throughout the process. Three of the team members had received EMMA training prior to the assessment taking place. This assessment took place from 11-26 March 2013, including a three-day pre-assessment workshop in Beirut, 10 days of field data collection in the Bekaa and North governorates of Lebanon, and two days of analysis and report preparation. The 30 EMMA team members were divided into six sub-teams and each sub-team was responsible for analyzing one critical market system. Three teams assessed the selected critical market systems in Bekaa, and three teams in the North.

3 THE EMMA PROCESS: TARGET GROUPS AND CRITICAL MARKETS

Target population

The EMMA assessment focused the North and Bekaa Governorates of Lebanon, the two regions that have received the highest influx of refugees since the conflict in Syria started. Within this geographic area, the assessment sought to assess the market-related livelihood opportunities for two principal population groups – refugees from Syria and the members of host communities receiving refugees from Syria. Syrians who had previously come to Lebanon as migrant workers (many of whom work in the agriculture, services, or construction labor market systems) are included in this analysis as a sub-set of the refugee population.

Selection of critical market systems

The EMMA methodology is based on the analysis of specific markets which are critical for supplying goods or income for the targeted crisis-affected population. As agreed between the participating agencies prior to the launch of the assessment, this EMMA would focus primarily on market systems which are critical for supporting the livelihood and income needs of host community members and refugees, with the intention of promoting livelihoods that are economically feasible and linked to market conditions. Additionally, the participating agencies agreed that the analysis should include market systems offering income opportunities to women and youth, as well as men, and cover both rural and urban contexts.

A two-step approach was used for identifying and then prioritizing three critical markets for this study. Prior to the launch of the EMMA assessment, participating agencies first developed a long-list of ten possible market systems which could contribute to the livelihoods of host and refugee populations. At the start of the assessment, the team then ranked these 10 income market systems according to 6 criteria in order to determine which market systems are the most appropriate for supporting livelihoods in the targeted regions. Based on this ranking exercise, the teams in Bekaa and the North prioritized agricultural labour, construction labour and service sector labour as the key market systems for analysis.

4 EMMA FINDINGS

The findings listed below are a summary presentation of the market analysis and gap analysis components of the EMMA assessment process. Market analysis and response analysis provide the inputs to conduct the response analysis supporting the selection of appropriate programming recommendations, listed in Section 5, below.

A. Income Gap Analysis – Key findings

The EMMA assessment teams used secondary sources and interviews with members of the target population to analyze the income and expenditure patterns of host communities and refugees. This analysis attempted to assess the 'gap' between income and expenditure requirements needed to meet household needs for each population group.

For refugees in the North and Bekaa, the gap analysis compared an average cost of living against the average income levels refugees are able to earn from construction, service, or agricultural labor. The EMMA showed that it is extremely difficult to secure consistent work in each of these sectors, with most refugees working only sporadically. However, even if full-time work was available, the monthly wages would only cover a portion of household expenditure needs. For construction and service sector labor, full-time wages cover on average 30-60% of expenditure needs, and only 30-45% for agricultural workers. In reality, only a small number of refugees are able to access these levels of income from full-time work, and even at these levels the income is insufficient to meet household needs. Continued reliance on humanitarian assistance is necessary to close the income gap.

For Lebanese host families, the income gap was analyzed by comparing worker wages in 2004 to wages of workers found during the EMMA assessment. Interestingly, monthly income for agricultural labourers was lower in 2012 than in 2004, had remained about the same between 2004 and 2012 for the service sector, and had increased significantly since 2004 in the construction sector. When taking into account the increased expenditures host households must incur to support refugees and others impacted by the conflict in Syria, particularly in border areas where hosting burdens are high and market prices have increased, agricultural and service-sector workers are facing strained economic situation. Construction labourers are relatively better off than Lebanese workers in the other sectors.

B. Agricultural labour market analysis findings

The following bullet points highlight the key findings from the agricultural labor market system:

- Agriculture is one of the major livelihoods in Syria and one of the most likely livelihood options for refugees in Lebanon. More than 10% of refugees were involved in agriculture-related professions in Syria and 20% are accessing work in agriculture.
- Women are the primary labor force in agriculture due to the traditional gender divisions of labor. Seasonal agricultural activities which require patience and precision are performed by women, while men handle heavy machinery, greenhouse construction and transport the crops.
- Male and female seasonal migrant workers live adjacent to agricultural lands in tented communities managed by a community leader known as “Shawish”. These communities are increasingly absorbing refugees seeking shelter. Shawish connect refugees with farm or other work opportunities in exchange for a portion of the worker’s pay. In some areas, Shawish are exploiting this situation by taking a larger proportion of the payment provided by employers.
- The agriculture industry is facing a crisis in marketing Lebanese produce. Before the influx of Syrian refugees, the agriculture industry was not expanding, due to a combination of high input costs and difficulties in storing and/or processing high-value crops. Since fighting in Syria intensified, farmers lost access to overland export routes for produce to the Gulf countries, and face stiff competition on domestic markets from Syrian produce sold cheaply inside Lebanon, resulting in large in sales of Lebanese produce.
- Landowners and managers are hiring less labor, as a result of the significant decrease in sales. At the same time, the available workers looking for a job in the agriculture sector has doubled due to the influx of the refugees from Syria.
- Wages for agricultural workers have decreased by up to 50%. Wage decreases have also affected Lebanese workers, who are forced to accept lower wages or be replaced by refugees.
- The predictability of work has also reduced significantly, with refugees only working a maximum of one or two days per week, versus 5 in 2012. In many places employers have implemented work ‘shifts,’ cutting the hours of work available for each labourer.
- The agricultural labor market systems in the North and Bekaa have key differences in seasonality and land ownership patterns which need to be taken into account when designing livelihood programmes.

- There is distinct potential for helping farmers to maintain the current number of farm jobs, or potentially hire more workers, by improving the sale and marketing of agricultural products.

C. Construction labour market analysis findings

The key findings on the functioning of the construction labour market analysis are as follows:

- Lebanon's construction sector experienced an overall decline of 11.7 % in 2012 relative to 2011, due principally to the decline in new home construction by diaspora and others from outside Lebanon. The north witnessed a particularly steep decrease in construction activity.
- Since the end of 2012 the licensing procedures new construction are being more rigorously enforced, restricting new construction projects and the associated labour opportunities.
- There is a continuously expanding pool of Syrian labour (migrants and refugees) trying to access work in construction, displacing both unskilled and increasingly also skilled Lebanese workers.
- Wages of skilled and unskilled workers have decreased country-wide; whilst the predictability and duration of employment is also continually decreasing.
- Owners of unfinished buildings have little incentive to finish partially-built skeleton structures as they are able to rent those out to refugees for relatively high returns.
- There are significant child labor issues in the construction labor market, and the number of children working in the sector is likely to increase as the economic situation of households deteriorates.
- Given the surplus availability of qualified labour and excess capacity of construction companies, there is a distinct window of opportunity to generate work opportunities for refugees and host community workers through existing or planned humanitarian shelter rehabilitation activities.

D. Services sector labour market analysis findings

The points below summarize the key findings from the assessment of service sector labour market:

- The majority of workers in the hospitality sector are male, whilst female workers tend to be found more in managerial and administrative positions.
- In 2011, there were 1.65 million arrivals of tourists and others into Lebanon, representing a 23.66% decrease over 2010. In 2012 there was an even more rapid and precipitous decline in tourists and holiday returns of diaspora, principally as a result of the deteriorating security situation. The drop in visits was particularly steep among Arab tourists who normally comprise about 40% of the visitors to Lebanon.
- The tourism season in Lebanon, the driver of hospitality and restaurant services, is about to begin, with a bleak outlook. Employers are not hiring for the summer peak in business and do not anticipate doing so.

- Graduates of tourism and hospitality programs are struggling to get hired, or can only find employment with very poor working conditions and low wages.
- Connections are critical to accessing job opportunities in the sector, therefore opportunities for Syrian refugees are very scarce, and competition for jobs has increased (compounded by the decrease in available jobs). Syrians accessing jobs are primarily those who had been working in Lebanon prior to the crisis.
- In the Bekaa, there has been an in Syrian-run shops and restaurants providing cheaper services, and undercutting local business.
- Although hotel occupancy rates have plummeted relative to 2010, many hotels in Bekaa, North, and Beirut are being supported by Syrians staying for short periods until the situation at home calms, or by humanitarian workers. Hotels in Bekaa were found to be more affected by the plummeting tourism than the hotels in Tripoli, where the lack of affordable housing has caused a number of Syrians to rent rooms.
- The number of refugees in Lebanon in 2013 is expected to surpass the number of tourists lost, representing an economic opportunity for the service sector (and other market sectors). Refugees and tourists naturally have different spending patterns, however refugees are spending significantly longer in the country than tourists, and have distinct consumption needs. Humanitarian assistance that supports refugee expenditures in local markets (through cash assistance or voucher programs) helps to overcome the significant constraints facing the service-sector labour market system, and can create opportunities for refugee and Lebanese workers.
- The assistance provided by humanitarian actors was found, in some situations, to be job-generating. Food vouchers, and to a lesser extent fuel vouchers, were found to have led to an increase in people working for supermarkets and fuel stations. Stimulating demand for services through cash or voucher programming does stimulate income-earning opportunities related to the services sector.

5 RECOMMENDATIONS FOR LIVELIHOODS PROGRAMMING

The key findings of the EMMA provide challenging answers to the analytical questions posed at the outset of the assessment. It is clear that the 3 major income markets analysed in this assessment have been severely impacted by the current crisis. Each sector is experiencing a decline as an indirect consequence of the conflict in neighbouring Syria, meaning job opportunities are more limited, whilst the demand for labour continues to increase. Job opportunities through these markets will not be sufficient to meet the income gap of the target populations. However, there are opportunities for the humanitarian sector to intervene within these markets, and maximise the use of existing skills. The main recommendations from the three labour market assessments are grouped into the 6 themes below. The table of recommendations has extracted specific recommendations from each report, linked to each of these themes.

1) **Support refugee and host community families to close and/or better manage their household income gap** – The most refugee households and a growing number of host community families will be unable to meet their minimum expenditure needs, even if the construction, services, or agricultural labour market systems labor

markets were strengthened and able to provide income opportunities for more people. As a result, continued and scaled-up humanitarian assistance is essential.

2) **Market-smart humanitarian programs** – There is significant potential for existing and planned humanitarian programs to support local supply and demand of commodities and labour and thus promote refugee and host livelihoods, and stimulate local economic development. To date, humanitarian interventions in Lebanon have not been designed in support of local commodity or labour markets.
3) **Improve labour market efficiency –** There are significant time and knowledge inefficiencies in the way the target population access the limited labour opportunities available. Interventions should therefore be designed to support information and communication related to employment opportunities, and employability skills.
4) **Stimulate existing labour markets** – Specific constraints to the growth of existing labour markets have been identified by this assessment. Interventions can be designed to address labour constraints through the provision of wage top-ups or subsidies, or through Cash for Work activities supporting the functioning of these markets.
5) **Vocational training –** Whilst vocational training in the 3 sectors analysed is not recommended due to oversupply of (often well-trained) workers, there are pockets of opportunity for training, which should be focused on youth. Vocational training has the potential to improve income generation in this context if linked to distinct opportunities (which may indeed be provided by humanitarian programs).

RECOMMENDATION THEME	APPROACH	SPECIFIC RECOMMENDATIONS	KEY RISKS AND ASSUMPTIONS
1) SUPPORT REFUGEE AND HOST COMMUNITY FAMILIES TO CLOSE AND/OR BETTER MANAGE THEIR HOUSEHOLD INCOME GAP	→ Continued humanitarian assistance to support immediate and longer-term needs → Support life-skill development in affected communities	→ Continue to scale-up of unconditional financial assistance to meet household income gap → Improve financial literacy, numeracy, budget management skills and foster linkages with formal or informal financial services	→ *Requires government approval of financial assistance to refugee population and host community* → *Sustained humanitarian funding*
2) MARKET-SMART HUMANITARIAN PROGRAMMES	→ Procurement of goods locally → Broadening of existing voucher systems to include more local food stores → Support to local traders → Link shelter programs with excess hotel availability	→ Include in shelter rehabilitation programming specific requirements for number of workers (skilled and unskilled), wages, and hiring practices → Organize local produce markets and expand food vouchers to include these vendors → Expand number of food voucher shops → Subsidize refugees to stay in hotel rooms as alternative shelter strategy	→ *Requires shift in procurement practices for humanitarian actors and strong market assessments* → *Coordination between shelter and livelihoods actors*
3) IMPROVE LABOUR MARKET EFFICIENCY	→ Support improved employability and skills matching	→ Draw from other local expertise in employment services (NEO, ILO, UNRWA) to provide support in job search and employability of host community members and refugees → Increase youth employability through training and awareness	→ *Needs to be managed by agencies with significant experience in this area (i.e. ILO)* → *Risk of creating additional competition and tension for certain job opportunities*

4) STIMULATE EXISTING LABOUR MARKETS	→ Work with government to support potential export markets → Work with private sector to subsidise labour costs → Cash for Work in support of existing labour markets and linked to humanitarian needs	→ Humanitarian agencies to pay wage subsidies or top-ups for employers (preferably export-focused) reducing staff numbers or wages due to market constraints → CFW for rubbish collection and composting activities for agricultural use → CFW for preparation of land for construction and/or temporary shelters → Income-generating opportunities at household level (household-based food processing; composting; recycling)	→ *Requires strong engagement with private sector and willingness of private sector to accept terms imposed by humanitarian agencies*
5) VOCATIONAL TRAINING	→ Avoid large-scale vocational training programmes in the assessed labour markets → Specific opportunities for vocational training can be exploited within the agriculture & construction markets with a focus on youth	→ Small-scale start-up toolkits for plumbers, plasterers, electricians (with focus on youth) → Micro-enterprise set up focused on food processing and marketing → Skills development linked to humanitarian needs (teaching assistants and child protection workers)	→ *Requires linkages between vocational training graduates and existing job opportunities (particularly those provided, or created by the humanitarian sector)*