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COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

DECEMBER 23, 2021 – DECEMBER 23, 2026

APPROVED FOR PUBLIC RELEASE

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ACRONYMS

ALLC	American Lebanese Language Center
AUB	American University of Beirut
BEE	Business Enabling Environment
CBHE	Capacity Building for Higher Education
CDCS	Country Development Cooperation Strategy
CDP	Community Development Project
CERD	Center for Educational Research and Development
CLA	Collaborating, Learning, and Adapting
CSO	Civil Society Organization
CSP	Community Support Program
DO	Development Objective
DOPS	Direction d'Orientation Pédagogique et Scolaire
EG	Economic Growth
EGRA	Early Grade Reading Assessment
EU	European Union
FCO	UK's Foreign and Commonwealth Office
FFP	Food for Peace
FSN	Foreign Service National
FSO	Foreign Service Officer
FTE	Full-Time Equivalent
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GOL	Government of Lebanon
HA	Humanitarian Assistance
HECD	Higher Education Capacity Development
HEI	Higher Education Institution
HEP	Higher Education Project
HES	Higher Education Scholarship
HLA	Holistic Learning Approach
IFC	International Finance Corporation
IMF	International Monetary Fund
IP	Implementing Partner
IR	Intermediate Result
IRC	International Refugee Council
ISIS	Islamic State of Iraq and Syria
LAU	Lebanese American University
LBP	Lebanese Pounds
LCRP	Lebanon Crisis Relief Plan
LDO	Local Development Office
LED	Lebanon Enterprise Development
LIFE	Livelihoods and Inclusive Finance Expansion
LII	Lebanon Investment Initiative
LINQ	Lebanon Investment in Quality
LIVCD	Lebanon Industry Value Chain Development
LRA	Litani River Authority
LRI	Lebanon Reforestation Initiative
LWP	Lebanon Water Project

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MEHE	Ministry of Education and Higher Education
MEL	Monitoring, Evaluation, and Learning
MENA II	Middle East and North Africa Investment Initiative
MoU	Memorandum of Understanding
MSI	Management Systems International
MSME	Micro, Small, and Medium Enterprise
NGO	Non-Governmental Organization
NPI	New Partnership Initiative
NRW	Non-Revenue Water
NSSG	National Security Strategic Guidance
OECD	Organization for Economic Co-operation and Development
OFDA	Office of U.S. Foreign Disaster Assistance
PAD	Project Appraisal Document
PEA	Political Economy Assessment
PISA	Program for International Student Assessment
PMP	Performance Management Plan
PMSPL II	Performance Management and Support Program for Lebanon
PODA	Project Outside Demonstration Area
PPP	Public-Private Partnership
PRM	Population, Refugees, and Migration
PSC	Personal Services Contractor
PSD	Private Sector Development
QITABI	Quality Instruction Towards Access and Basic Education Improvement
RACE	Reaching All Children with Education
RF	Results Framework
RWE	Regional Water Establishment
SMO	Senior Management Office
SMT	Senior Management Team
SO	Special Objective
TIMSS	Trends in International Mathematics and Science Study
TO	Task Order
TVET	Technical and Vocational Education Training
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UK	United Kingdom
USAID	United States Agency for International Development
USAID/Lebanon	USAID's Mission to Lebanon
USP	University Scholarship Program
USG	United States Government
USP	University Scholarship Program
VASyR	Vulnerability Assessment for Syrian Refugees in Lebanon
WASH	Water, Sanitation, and Hygiene
WDM	Water Demand Management
WFP	World Food Programme
3RF	Lebanon Reform, Reconstruction and Recovery Framework

I. EXECUTIVE SUMMARY

The goal of USAID/Lebanon's 2021-2026 Country Development Cooperation Strategy (CDCS) is *a stable, resilient Lebanon at peace with its neighbors, building on economic, institutional, and community-based opportunities*. Considering Lebanon's country context, the USAID strategy is designed to increase economic resilience including competitiveness, livelihoods and service delivery, vis-a-vis private sector and municipal engagement. The goal takes into account the presence of a large refugee population, a fluid country context; complements the priorities of the Government of Lebanon (GOL), as well as other donors' efforts in economic growth, education, water, and humanitarian assistance. The goal also aligns with Lebanon's 2021 Integrated Country Strategy (ICS). Throughout the implementation of the CDCS, the Development Objectives (DOs) and the learning plan will address relevant cross-cutting themes of gender, youth, anti-corruption, and transparency. At the conclusion of the Strategy, the Mission expects to achieve a series of meaningful results, including a greater number of private sector organizations that have retained or boosted their revenues and improved their resiliency to economic downturns; effective education delivery; a majority of USAID scholarship recipients that have obtained meaningful employment; and an increase in municipal governments that have the capacity to deliver services effectively, in coordination with civil society.

Country Roadmap (2021):

Capacity - Relatively high scores on capacity belie deep-seated, chronic issues including poverty, youth unemployment, brain drain, low literacy and low women's participation in the labor force.

Commitment - Lebanon has relatively low scores on commitment, which underscores the chronically weak performance of the public sector that is currently constraining the country's economic growth and limiting the pace of recovery and long-term progress.

The challenges illustrated by the low commitment scores and reluctance on the part of the national government to reform suggest that in order to achieve meaningful progress towards sustainability, recovery, and sustainable development, it will be necessary to collaborate closely with the private sector and subnational governmental bodies. The Mission articulates this throughout the Strategy, specifically (1) increasing private sector competitiveness and livelihoods (2) improving service delivery.

Strategic Approach: USAID's strategic choices for the 2021-2026 CDCS are enhanced economic opportunities (DO1), effective educational institutions (DO2), effective public service delivery (DO3), and a Special Objective (SO) of meeting humanitarian needs of vulnerable populations (SO4). These approaches are inclusive, multi-faceted, and mindful of interdependencies among the core needs for recovery in the short-term and sustainable development in the long-term. As demonstrated throughout the CDCS, these objectives align with and bolster the goals stated in the 2021 ICS for Lebanon. Most importantly, these DOs/SO also provide USAID/Lebanon with the flexibility to adapt to the country's changing political and socioeconomic contexts, which is characterized by increased fragility due to the multifaceted crises brought about by economic collapse, COVID-19, and the after-effects of the Port of Beirut explosion.

Major shifts in USAID's investments include: Expanding Lebanon's trade from reliance on the East (Gulf and Arab countries) to include more diverse markets, including the West and South; increasing support for agribusinesses with export potential; moving beyond school retention and basic literacy and numeracy to focus on work-oriented soft skills; exploring avenues for increased private sector engagement in basic education and essential service delivery; building on institutional support for regional water institutions to improve wastewater management, sanitation, and water resource conservation; engaging the private sector and local communities in water resource management; and

providing basic support to vulnerable Lebanese and refugee populations. Although not a main focus of this strategy, USAID will also provide targeted support to help private hospitals to more effectively respond to the COVID-19 pandemic and future public health emergencies.

USAID's engagement with the central government will likely continue to be limited. The presence of Hezbollah-affiliated or -appointed ministers and senior officials in some GOL entities complicates certain engagement at the national level. This experience is reinforced by the recent political economy assessment (PEA), which recommends limiting USAID's engagement with the GOL's ministries to only instances where clear opportunities for collaboration arise. At this point, the Mission is planning to work only with the education and water sector entities of the GOL where significant improvements have been made due to USAID's long-term investments in the sectors. Additionally, the inability to collaborate directly with the GOL in key sectors due to the presence of unfavorable actors within government institutions heightens the importance of private sector engagement to drive economic sustainability, reforms and growth in Lebanon.

As Lebanon's economic crisis deepens, the government may look to strengthen its relationship with the People's Republic of China (PRC) as an alternative source of support. The PRC is already Lebanon's top trading partner, with Chinese goods accounting for 40 percent of Lebanon's imports, amounting to an estimated \$2 billion annually. The PRC is also seeking to make inroads in Lebanon through cultural and educational exchange programs and health and defense donations. The Mission will continuously assess the situation and, if needed, develop programming that more directly addresses concerns.¹

The new strategy will support foreign policy goals and align with the Interim National Security Strategic Guidance (NSSG). More specifically, this CDCS describes USAID's current and future activities that will in part seek to counter efforts by certain regional players to undermine Lebanon's sovereignty and territorial integrity. The NSSG identifies these entities as key threats to security and stability in the Middle East region and globally.

Activities envisioned in DO1 - including facilitating the flow of goods, services, and investment funds - will support Lebanon as it moves its economy towards a more integrated regional and international presence. DO1 will support the U.S. Mission Lebanon's ICS as the country transitions to a stable and prosperous trading partner for U.S. businesses interested in developing relationships with counterpart Lebanese businesses. DO1 is linked to ICS sub-objectives 3.1.1 Increase Private Sector Competitiveness, Opportunities for U.S. firms, and Support Inclusive Growth-Enhancing Reforms (DO1). The successes under DO1 will be critically important to combating unfavorable internal and external influences and will give the GOL and the private sector opportunities to expand to new markets, thereby reducing their reliance on Gulf States for exports and the PRC for imports. Moreover, stronger economic solvency will decrease the likelihood that Lebanon succumbs to debt traps or unfavorable international loans.

Activities carried out under DO2 and DO3 will contribute to the achievement of critical foreign policy goals identified under Post's ICS. These include ICS sub-objectives 3.2.1 Expand Access to Education for All Students in Lebanon *and* 3.2.2 Improved Quality of Services Across Lebanon, Especially Water-related Services (DO2), as well as 2.1.1 Bolster Governments at the National and Sub-national level in Achieving Reforms that Lead to Better Governance *and* 2.2.1 Build the Capacity of Lebanese Civil Society Organizations (CSOs) and Empower Civil Society to Be Engaged in Policy Making and Hold the Government Accountable (DO3). Successes under these DOs will be important to indirectly address

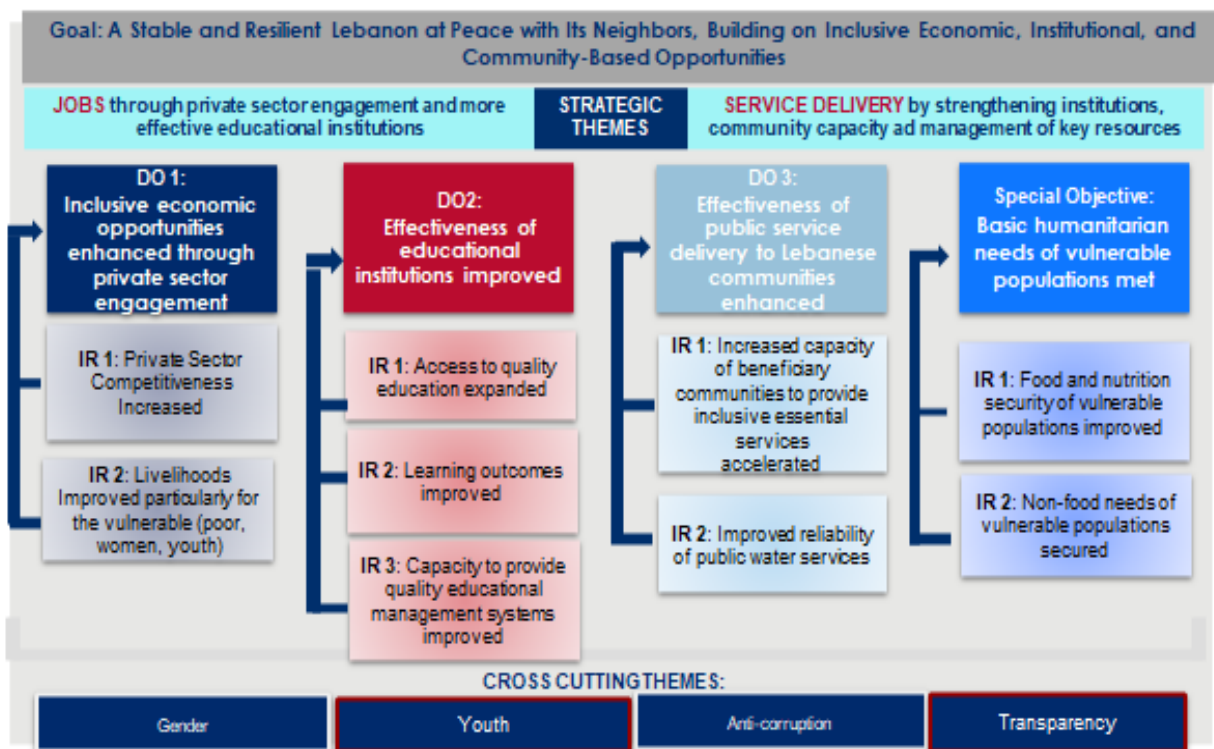
¹According to U.S. Commerce Department: The United States is Lebanon's largest supplier of imported goods, followed by China, Greece, Russia and Italy. <https://www.trade.gov/lebanon>
<https://www.arabnews.com/node/1683276/middle-east>
<https://oec.world/en/profile/country/lbn>

the rise of internal and external unfavorable influences, especially by expanding access to education that is secular and providing scholarships to build a cadre of leaders that will confront these influences and actors head-on as the country emerges from its current set of crises.

Crisis Modifications and Contingencies: Lebanon, at the time of this writing, is facing a number of concurrent crises. USAID remains committed to achieving the objectives laid out throughout the CDCS. However, due to extreme uncertainties in the country, USAID will likely need to adapt to potential shifts in the socioeconomic and political environments as they arise.

To demonstrate this flexibility, the 2021-2026 CDCS includes examples of possible strategic and tactical programmatic pivots, and USAID/Lebanon stands ready to develop and implement these and other adaptations if necessary. The document also clearly articulates how USAID’s DOs align with ICS objectives, thereby ensuring the Agency continues to contribute to USG-wide goals for Lebanon during this difficult period.

RESULTS FRAMEWORK OVERVIEW



USAID/Lebanon will address climate change under DO3, by prioritizing water management and will provide targeted support to help private hospitals more effectively respond to the COVID-19 pandemic. To advance diversity, equity, inclusion and accessibility, the strategy will prioritize an inclusive development approach with particular emphasis on youth and women, and the Special Objective will advance USAID’s commitment to support displaced religious and ethnic minorities. As noted above, throughout implementation, the Mission will address critical cross-cutting themes of gender, youth, anti-corruption, and transparency.

Furthermore, due to legal restrictions, the Mission is limited in its engagement with national institutions, and partner vetting requirements affect the Mission’s ability to engage with a broad range

of local entities. However, in keeping with the Administrator’s Localization Vision, USAID/Lebanon’s strategy will emphasize input from local actors, such as the private sector, non-governmental organizations, and sub-national and local government entities which will play a pivotal role in providing basic services for the Lebanese people. The Mission is also committed to expanding opportunities to work with new, underutilized, and non-traditional actors, by lowering barriers to entry through streamlined procurement and co-creation techniques, while adhering to legal vetting requirements. USAID/Lebanon will also continue to monitor emerging priorities and assess potential impact on our programming and, if needed, the Mission will re-evaluate the strategic approach.

II. COUNTRY CONTEXT

Despite a strong entrepreneurial spirit and a robust private sector before the crisis, Lebanon faces multiple challenges, including having the world’s third highest debt-to-Gross Domestic Product (GDP) ratio and the largest refugee presence per capita, with more than 855,000 registered Syrian refugees out of an estimated 1.5 million refugees in total and over 200,000 Palestinian refugees. Lebanon is also witnessing a massive devaluation of its currency, experiencing high youth² unemployment, witnessing growing brain drain, and suffering from dwindling investment opportunities. In addition, the country’s credit rating has been downgraded several times since 2019. Longstanding frustration with the central government due to entrenched corruption and lack of capacity has led to widespread social unrest throughout the country, adding to the already challenging political landscape. Furthermore, the country is grappling with the presence of a U.S. designated terrorist organization embedded within its government - Hizballah - which functions as a proxy for Iran. These two entities remain influential political actors in Lebanon. USAID’s local development activities in Shia-majority areas work to strengthen civil society partners and local governments to provide transparent, quality essential services, which are critical to provide an alternative to Hizballah. However, the reach of these activities is limited given Hizballah’s dominance in some municipalities and U.S. laws against providing them material support.

Until 2014, USAID/Lebanon worked extensively with the GOL to implement key economic and judicial reforms. However, over the course of this partnership, the Mission recognized that the GOL’s lack of political will to implement meaningful reforms rendered such programming ineffective. Furthermore, the presence of Hizballah ministers and senior officials in many GOL entities complicated certain engagement at the national level. As a result, when designing the current CDCS, USAID/Lebanon focused its assistance on the private sector, non-governmental organizations, and sub-national and local government entities to build legitimate institutions able to provide basic services and jobs for the Lebanese people.

Changes in the economic, political, and livelihood contexts since October 2019

Throughout the drafting of USAID/Lebanon’s CDCS, Lebanon experienced severe economic and financial challenges. In October 2019, hundreds of thousands of Lebanese protested against the government and demanded political change. When the citizens took to the streets, the Lebanese economy was already beset with significant internal challenges largely stemming from ineffective management and corruption. The public sector debt had reached 170 percent of GDP, according to an estimate by the Economist Intelligence Unit.³ The banking sector was functionally bankrupt and illiquid

²² According to Lebanon’s 2012 youth policy, youth is defined as aged 15-29 years old. Retrieved from <https://youthpolicy.org/factsheets/country/lebanon>.

³ Economist Intelligence Unit. (2021, April). [Country Report Lebanon April 2021](#), 10.

after having lent 70 percent of combined deposits to the government.⁴ The economy had been stagnant for a decade with near marginal year-to-year growth. And the political class was effectively impotent and unable to implement any reforms to garner international economic support.

Since the October 2019 protests, the economic situation in Lebanon seriously deteriorated due to the compounded economic and financial crisis - Real GDP growth contracted by 6.7 percent in 2019 and 20.3 percent in 2020, and the World Bank estimated that the economy would contract a further 9.5 percent in 2021.⁵ The Lebanese Central Administration of Statistics reported an inflation rate of 88 percent in 2020, and an annual inflation rate of 121 percent as of April 2021. According to [Lirate.org](https://lirate.org), which reports on parallel market Lebanese pound to U.S. dollar exchange rates, the Lebanese pound depreciated against the dollar from 1,800 on October 31, 2019 to over 20,000 as of November 2021. And the poverty rate continues to rise sharply - the World Bank projected an increase in poverty to 45 percent of the total population and extreme poverty to 22 percent in 2020 alone.⁶

The private sector and citizenry are suffering the painful consequences of the ongoing economic deterioration. Credit facilities are effectively unavailable, and banks have instituted capital controls to limit cash withdrawals. It is widely understood that Lebanon is experiencing (1) a growing 'brain drain' with skilled and educated citizens emigrating, and (2) deteriorating productive capacity from country-wide business closures. Furthermore, food security is a growing concern among Lebanese due to the collapse of real wages and purchasing power as noted by Aljazeera, which reported that food items cost ten times more in August 2021 than in April 2019.⁷

Lebanon's future prospects have dimmed considerably as a result of rising political and economic instability. The aforementioned pervasive corruption and the reluctance of Lebanese politicians to undertake key, crucial reforms have left the country's economy weakened and on the brink of collapse. In October 2019, building public discontent directed at the Lebanese political establishment reached a climax. Public disgust and dissatisfaction with perennial economic mismanagement, the diminishing value of the Lebanese pound, continuously rising taxes; a lack of basic public services, and the central government's failed handling of widespread forest fires erupted into nationwide demonstrations that brought the country to a grinding halt with obstructed roads, angry protests and rioting, and closures of banks and commercial centers due to fears of looting and violence. The devastating blast at the Port of Beirut in August 2020 not only compounded the country's development challenges, but the GOL's feeble response to the blast also highlighted its fecklessness and low accountability towards the people of Lebanon.

Since November 2019, the country witnessed the resignation of two governments - the first in response to the protests that erupted in the fall of 2019, and then again in August of 2020, in response to the explosion at the Port of Beirut. A new national government was formed in August 2021; however, parliamentary elections are expected to take place in March 2022. The demonstrations that started in the fall of 2019 appeared to have largely abated due to the devastation inflicted on the population by the financial crisis and COVID pandemic. However, as the situation continues to deteriorate, protests may return with greater intensity. Meanwhile, civil society and activists began

⁴ The Editorial Board. (2021, March 15). [Lebanon held hostage as it hurtles towards collapse](#). *Financial Times*.

⁵ World Bank Group. (2021, June 1). [Lebanon Sinking into One of the Most Severe Global Crises Episodes, amidst Deliberate Inaction](#).

⁶ World Bank Group. (2021, January 12). [US\\$246 Million to Support Poor and Vulnerable Lebanese Households and Build-Up the Social Safety Net Delivery System](#).

⁷ Al Jazeera News. (2021, August 4). [How much do basic necessities cost?](#) Retrieved November 7, 2021.

playing a major role in publicly educating protestors on the Lebanese constitution and other critical topics, including fighting corruption and developing an economic and financial vision for the country.

According to a report published by the information provider [InfoPro](#), approximately 550,000 people lost their jobs between October 2019 and June 2020, and the number of business closures increased by 20 percent during the same period. By April 2020, most shops and businesses had closed indefinitely as people across the country feared contracting COVID-19 despite strict social distancing measures put in place. The pandemic further aggravated the country's already dismal economic and financial predicament. The market value of the Lebanese pound (LBP), which is officially pegged at LBP 1,507.5 to \$1.00, plunged, reaching the value of LBP 9,500 to \$1.00 in June 2020 and hovering at or above 15,000/1.00 in June 2021.

As many businesses closed and consumers were quarantined at home, the country's economic collapse accelerated. According to the World Food Programme (WFP), 22 percent of Lebanese, 50 percent of refugees, and 33 percent of refugees of other nationalities are food insecure. Food prices have increased by more than 400 percent since early 2020, pushing more households to resort to negative coping mechanisms, including purchasing food on credit, selling domestic assets and reducing spending in other key areas such as health or education. Nearly half of all employed respondents continue to perceive that their wages were lower, consistent with the erosion in the purchasing power of their earnings.

Furthermore, skyrocketing unemployment and hyperinflation have led to other crises - a diesel fuel shortage has decreased the reliability of state-provided electricity, and private generators are no longer able to fully meet demand, resulting in blackouts. The country has experienced an uptick in security incidents, including robberies and car thefts, as well as rising tension among local communities, to which USAID/Lebanon's implementing partners and other international donors have repeatedly expressed growing concern.

The August 2020 explosion at the Port of Beirut, the largest port operation in Lebanon serving import, export, transit (mainly destined for Syria, Iraq and other Gulf countries) and transshipment cargo to other ports on the Mediterranean Sea, caused approximately 230 deaths, 6,000 injuries, \$10-15 billion in property damage, damaged 183 educational institutions (affecting 77,000 students) and left an estimated 172,000 people homeless. Though largely controlled by a temporary committee as the Port Authority for the Port of Beirut⁸ under the Ministry of Public Works, the Port is a source of known corrupt questionable practices with misuse of revenues for personal patronage. Nonetheless, the explosion further exacerbated the adverse effects of the economic crisis, civil unrest, and the COVID-19 pandemic.

Additionally, many businesses suffered extensive damage in densely populated neighborhoods near the Port, contributing to the World Bank's losses in estimated economic activity of between \$2.9 and \$3.5 billion. The cost of repair of the Port itself is estimated at \$140 million. As of November 2020, of a sample of 379 firms surveyed between October 2019-October 2020, one in five is confirmed or assumed to be permanently closed; this is expected to rise to one in four firms by December 2021.⁹ In addition, 61 percent of firms - mainly medium and large firms - decreased their permanent workforce

⁸ The Temporary Committee/Compagnie de Gestion et d'Exploitation du Port de Beyrouth (GEPB) was established as the Port Authority (PA) for the Port of Beirut since the 1990s under the sole supervision of the Ministry of Public Works and Transport (MOPWT). The Port of Beirut was the most important transit port in the Middle East and North Africa before the 1975 civil war.

⁹ Elzir, A. (2021, October 29). [What the mega-crises have done to Lebanese firms and workers](#). World Bank Blog. Two additional waves of interviews have been conducted with results anticipated in December 2021.

by nearly half (43 percent); one in five workers have lost their jobs since October 2019; the economic impact is expected to worsen for informal and micro-sized firms.¹⁰ Previous gains in women's economic empowerment have receded, as net job losses for women are on average 5 percentage points higher for women than men.¹¹ Skilled labor - particularly doctors and nurses - has begun to depart en masse.¹²

It is important to note that the potential for the economic crisis to further deteriorate due to the aforementioned difficulties has significantly increased. It will be integral to closely monitor the state of the investment climate and private sector in the coming years to ensure USAID's programs are responsive and able to adapt to the ever-changing needs of the country.

Ostensibly, the priority of the new GOL should be the implementation of a series of urgent reforms and emergency measures to rescue the country from the ongoing economic crisis and should include significant reforms that target financial, judicial, and regulatory restructuring to reduce deep-seated corruption; preserve and increase productivity and exports; and strengthen the country's social safety nets. Successful implementation of such reforms might potentially unlock foreign support to help Lebanon more effectively alleviate the current crisis. Although multilateral partners and donors, through the Conference Economique pour le Development, par les Réformes et avec les Entreprises (CEDRE) process and the European Union (EU) and World Bank-sponsored \$2.5 billion Reform, Recovery, and Reconstruction Framework for Lebanon (3RF) for people-centered recovery¹³ and reforms and reconstruction, expressed willingness in supporting Lebanon with significant financial support, these efforts have been stymied due to the GOL's inactivity on actual reform implementation, such as those required by the IMF.

At a session in March 2020, Lebanon's Cabinet voted unanimously to default on a \$1.2 billion Eurobond payment, its first ever default. The ramifications reverberated within Lebanon's financial sector and will have long-term effects on Lebanon's credit rating. Most analysts now believe substantial economic and political reforms are required to forestall complete economic collapse. The GOL started discussions with the International Monetary Fund (IMF) regarding a restructuring plan in 2020, but there was a lack of consensus among bankers, Central Bank, and politicians regarding the contours of the proposed plan, which inhibited the commencement of negotiations.¹⁴

As Lebanon's economic crisis deepens, the government may look to strengthen its relationship with the PRC as an alternative source of support. The PRC is already Lebanon's top trading partner, with Chinese goods accounting for 40 percent of Lebanon's imports, amounting to an estimated \$2 billion annually. The PRC is also seeking to make inroads in Lebanon through cultural and educational exchange programs and health and defense donations.

¹⁰ Elzir, A. (2021, October 29).

¹¹ Elzir, A. (2021, October 29).

¹² [WHO Director-General's remarks at the press conference on Lebanon and Afghanistan](#). (2021, Sept 23); Youmshajekian, L. (2021, Oct 8). [Lebanon's economic war sees mass exodus of skilled workers, devastating health sector](#). *ABC news*. The WHO estimates 2,000 doctors and 1,500 registered nurses have departed, and 600 private pharmacies have closed.

¹³ The 3RF does not duplicate efforts of Lebanon Crisis Response Plan (LCRP), which targets refugees and Lebanese host communities across the country.

¹⁴ At the time of CDCS finalization, discussions have opened after 13 months of deadlock. DW news. (2021, Oct 18). [Lebanon to resume talks with IMF, but the outcome uncertain](#).

Although the presence of Hizballah in the GOL precludes the signing of a bilateral agreement with USAID and restricts where and with whom USAID can work, the CDCS complements the GOL's development priorities and other donors' efforts in the areas of economic growth, education, water management, and humanitarian assistance through the joint GOL-United Nations (UN) Lebanon Crisis Response Plan, which focuses primarily on the needs of refugees in country, and the Emergency Response Plan (ERP), released in August 2021 to focus on the needs of Lebanese and migrants. Currently, USAID coordinates with multiple donors including the EU, France, the United Kingdom, Germany and the Netherlands on activities related to enterprise and agricultural support, ensuring complementarity of actions and sharing experiences. The Mission seeks to expand opportunities for collaboration with additional donors under this CDCS. Should more favorable political circumstances unfold vis-a-vis the GOL, USAID would consider pivoting support to key ministries, particularly the Ministry of Health given the COVID-19 pandemic.

A key factor to consider when designing and implementing development programs is that Lebanon has a particularly weak state with an ineffective government and a collapsed financial sector. In addition, the inadequate capacity of the state is a result of the confessional system in Lebanon, which creates institutional paralysis and policymaking gridlock, and is sustained by robust patronage networks tying sectarian leaders to their respective constituencies. The ability of these leaders to distribute patronage, especially government jobs, is critical to maintaining political and social dominance. Unfortunately, this process adversely impacts the overall capacity and effectiveness of state institutions. The demonstrations in late 2019 strongly rejected sectarianism and demanded an end to corruption.

The country's myriad challenges—particularly the systematic paralysis, economic and financial crises, poor service delivery, and considerable refugee burden—make now an appropriate time to increase private sector competitiveness and livelihoods; strengthen capacity of schools and higher educational institutions; and advance new service delivery initiatives to better address community resilience, economic growth, and youth development. Approximately 33 percent of Lebanon's total resident population is 10-29 years old. As this percentage continues to grow, there is an urgent need to implement relevant and impactful development programming that will ensure young people are able to find decent, meaningful employment and effectively participate in civil society forums. Without these crucial investments, Lebanese youth may become disaffected, potentially leading to further unrest, violence, and outward migration due to a lack of employment and civic engagement opportunities.

USAID will build on Lebanon's comparative advantage with respect to freedom of trade, which is relatively open by regional standards. Lebanon's strategic position in the region, untapped domestic resources, and culture of entrepreneurship are assets and areas where USAID can exert the biggest influence and best support the achievement of foreign policy objectives.

Climate Change

According to USAID/Lebanon's Climate Risk Assessment, climate changes such as increasing temperatures, rising sea levels, declining rainfall, and an accumulation of extreme weather events will lead to the erosion and degradation of beaches, desertification, and an increasing risk of fire, drought, and loss of ecological habitats will adversely affect the tourism sector. Moreover, the impacts of climate changes are expected to reduce the exploitable water supplies by about 1% by 2020, 8% by 2040, and 29% by 2080 and accelerate the depletion of groundwater supplies that are already under pressure from extraction for agriculture. It is also estimated that the Lebanese economy will lose about \$800 million per year in agricultural and food costs that can be traced to direct or indirect climate change-related causes. This happens as higher temperatures, precipitation changes, and extreme weather events (e.g., storms) reduce agricultural productivity, cause flooding, and damage infrastructures. These climate related events are expected to cost Lebanon around \$23,200 million in 2080. To help mitigate

the impacts of climate changes, especially in the water sector, USAID/Lebanon will prioritize assistance (DO3, IR3.1 and IR 3.2) to help improve the operational efficiency of regional water establishments, upgrade infrastructure and provide technical assistance to improve sanitation and water conservation and engage the private sector and local communities in water resource management.

III. USAID'S STRATEGIC APPROACH

Country Roadmap

Lebanon lies on the southeast quadrant of its Country Roadmap, scoring relatively high on *capacity* and relatively low on *commitment*. Despite the country's high scores in some *capacity* metrics, including GDP Per Capita and Poverty Rate, the United Nations High Commissioner for Refugees (UNHCR) estimates that 30 percent of the population lives on less than four dollars a day, and 90 percent of the estimated 1.5 million population of Syrian refugees live below the national poverty line. Only 1 percent of students in Lebanon perform well in basic literacy (compared with an Organization for Economic Co-operation and Development (OECD) average of 9 percent). Lebanese experts estimate that unemployment is at 37 percent for people under 35 years of age and given the current financial crisis the poverty rate among the population has jumped to 55 percent.¹⁵ Without economic opportunities, many of Lebanon's educated youth have and will continue to migrate abroad. Approximately 77 percent of emigrants from Lebanon are below the age of 35, resulting in a major drain on the skilled labor force. Women's participation in the labor force is only 23 percent, well below the OECD average of 63 percent. Women's labor force participation is an important driver (and outcome) of growth and development, though the goal should not only be for a higher quantity of jobs but also for higher quality as well. More significantly, the low scores reflected in the *commitment* metrics, such as Open Government, Liberal Democracy, Economic Gender Gap, and Business Environment, underscore the chronic, dismal performance of the public sector, especially at the national level. This is an area of crucial importance that is severely hindering Lebanon's ability to become self-reliant.

USAID's Strategic Approach

Key strategic shifts in the 2021-2026 strategy include the following:

- Balancing existing development needs and objectives with emerging conditions that may drive increased fragility. Notably, the ongoing economic collapse and political deadlock may necessitate expanded humanitarian assistance and modified development approaches during the 2021-2026 strategic period.
- Expanding Lebanon's trade from reliance on the East (Gulf and Arab countries) to include more diverse markets including the West and South and expanding business solutions to incorporate non-bank financial services and technology. Noting the importance of trade and the private sector's growing preference for trade, emphasis will be placed on supporting exports and import substitution where possible. This will augment high-growth potential businesses with tremendous export potential.
- Transitioning USAID's focus on the forestry sector toward new areas of natural resource management to better support livelihoods and help alleviate the country's deepening poverty.
- Moving from a focus on school retention to expanding literacy efforts, extending into numeracy, exploring avenues for private sector engagement in basic education, further developing the organizational capacity of higher education institutions, engaging with Lebanese and refugee communities in need of life-saving support, and providing education support to refugees through higher education activities and Lebanon's public primary schools.
- Transitioning from only upgrading regional water establishments' (RWEs') institutional platforms and systems to improving their operational efficiency, upgrading infrastructure and

¹⁵ United Nations Economic and Social Commission for Western Asia. (2020). [Poverty in Lebanon Policy Brief](#).

providing technical assistance to improve sanitation and water conservation, and engaging the private sector and local communities in water resource management.

- Expanding assistance to unions of municipalities and clusters of municipalities not controlled by Hizballah or other malign actors to address community needs and ensure economies of scale to boost livelihoods, manage solid waste, and promote renewable energy sources to improve timely delivery of services, a key driver of fragility.
- Empowering civil society to advocate for and advance transparency and accountability, good governance, community services, civil rights, and citizenship.

In the short term, USAID's strategic approach endeavors to maintain stability in an increasingly volatile and difficult operating context driven by sectarian tensions, violence stemming from tensions between refugees and host communities, increased food insecurity among Lebanese, and an economy in free fall. These challenging circumstances could create the perfect conditions for social unrest and violence. USAID strives to prevent the rise of violent extremism due to the presence of Hizballah by strengthening social safety nets, improving delivery and quality of essential social services, and ensuring that impoverished areas are able to maintain critical lifelines to vital employment opportunities with decent wages.

With respect to economic growth, USAID, through IR 1.1 and 1.2, will adapt and tailor its activities to address key challenges and constraints that enterprises face due to the volatile and extremely challenging context. USAID will help enterprises adapt and sustain productive activities, but also take advantage of growth opportunities, particularly in exports and import substitution. In anticipation of an economic recovery, USAID will engage the private sector and other relevant actors to formulate and advocate for reforms to the business enabling environment.

USAID/Lebanon focuses mainly on engagement with the private sector and for the most part does not work directly with central government institutions. Due to political and vetting considerations, the Mission is largely unable to engage with national institutions that directly address economic development and business promotion. As indicated previously, should the Lebanese government begin implementing serious reforms and should the Mission expand its engagement with the Lebanese government, USAID might consider partnering with GOL institutions to improve the business enabling environment in order to boost economic growth. In lieu of working directly with the GOL, USAID will engage the private sector and other relevant actors including, but not limited to business associations, unions, CSOs, think tanks, universities, and media, to identify, develop, and advocate business enabling environment reforms.

USAID education programming outlined in IR 2.2 will seek to improve early grade reading and numeracy skills for students in grades 1-6. USAID observed improvements in the reading abilities of students participating in its prior basic education activity and now seeks to expand programming to include numeracy and social and emotional learning. In addition, USAID is uniquely positioned to contribute to the organizational development of the Ministry of Education and Higher Education (MEHE) and its affiliated organizations in order to improve education delivery and produce better learning outcomes. This will be particularly important in a context in which thousands of families have moved their children from private to public schools due to the devaluation of the Lebanese pound, straining an already overburdened and underfunded¹⁶ public education system. USAID programming, implemented through IR 2.1, will also aim to develop second-tier universities across Lebanon to stimulate competition among educational institutions and improve student learning experiences. Finally,

¹⁶ The GOL's spending on education is low at less than 2 percent of Gross Domestic Product (GDP) in 2020, well below the OECD average of 4.4 percent (2016), and among the lowest in the MENA region (EdStats).

USAID will continue to provide scholarships to academically qualified financially disadvantaged Lebanese and refugee students to obtain jobs and develop their leadership and civic engagement skills.

In this five-year plan, USAID, as detailed in IR 3.2, will move away from supporting institutional platforms and systems of the water sector—an area that USAID has made substantial investments—to water conservation and sanitation, as well as enhancing the efficiency of the water sector. In light of the current financial crisis, USAID will assist regional water establishments in their efforts to reduce costs and remain self-sufficient. However, the main thrust of USAID’s programming will be to successfully address the issue of untreated wastewater in Lebanon.

Since 2013, USAID partnered closely with local municipalities to improve service delivery to the Lebanese people and will continue this partnership through interventions stated in IR 3.1. Working with local municipalities better enables USAID to mitigate the risk of Hizballah deriving any benefit from USG assistance by being able to, more specifically, identify its beneficiaries. The Mission found that engaging with local governmental entities has led to the implementation of tangible reforms, including reduced community tensions over resources and meaningful improvements in service delivery.

It also merits mention that USAID does not typically undertake health programming due to an absence of designated health funding as well as because, until August 2021, the Minister of Public Health was nominated by Hizballah. USAID will continue to undertake targeted programming to build capacity and increase training in privately-run Lebanese hospitals and consider aiding public health institutions to more effectively respond to the COVID-19 pandemic. USAID is considering more comprehensive support to address immediate humanitarian health needs to ensure the continuity of health services while closely monitoring related protection needs. While an important contribution, it is important to reiterate that this limited support is not a core part of this CDCS.

Although USAID’s past humanitarian support to WFP helped meet the basic food needs of refugees, other donors in Lebanon have typically taken a more direct role in specifically providing support to refugees while USAID/Lebanon has implemented a more traditional development portfolio.

However, successive crises including the October 2019 protests, the COVID-19 pandemic, the Port of Beirut explosion, and continuing economic deterioration have dramatically increased the Bureau for Humanitarian Assistance’s (BHA’s) activities in Lebanon. Since March 2020, BHA has provided over \$34 million in humanitarian assistance in Lebanon—above and beyond previous contributions to WFP to address the Syrian refugee crisis, which was more than \$755 million since 2012—in response to the COVID-19 pandemic, the Port of Beirut explosion, and increasing poverty rates due to the collapsing economy. In FY2021, BHA provided \$111m in food and non-food assistance for both refugees and Lebanese. Many humanitarian needs in the aftermath of the August 4, 2020 explosion and the country’s economic decline remain unmet. The Mission’s expanded focus on humanitarian assistance and response efforts will likely be sustained during the period of this CDCS. A key goal of this special objective (SO) is to ensure that shorter-term humanitarian assistance better aligns with the Mission’s development programming.

IV. RESULTS FRAMEWORK

Goal Statement and Narrative:

A STABLE AND RESILIENT LEBANON AT PEACE WITH ITS NEIGHBORS, BUILDING ON INCLUSIVE ECONOMIC, INSTITUTIONAL, AND COMMUNITY-BASED OPPORTUNITIES

USAID/Lebanon's goal to **increase Lebanon's stability and resilience** will be advanced through two strategic themes: 1) increase competitiveness and livelihoods and more effective educational institutions; and 2) equitable delivery of services by supporting subnational institutions and civil society actors and improving community capacity and the management of key resources. The Mission will address these themes through an inclusive development approach that engages the private sector and strives to ensure that all people, especially youth and women, are able to participate in and benefit from USAID's development efforts. At the conclusion of the strategy, the Mission expects to achieve meaningful results due to coordination with key stakeholders, including an increase in the number of private sector organizations preserving and then boosting their revenues; a majority of graduating students receiving USAID scholarships who are able to obtain meaningful employment; and a substantial number of municipal governments, civil society actors, that are able to deliver services effectively.

The goal considers the prolonged presence of a large Syrian refugee population (one million across 2,000 communities¹⁷) that is unlikely to repatriate soon and which is sometimes faced with animosity from the Lebanese due to competition over scarce and dwindling resources. The proposed program builds the country's capacity and helps to reduce tensions that arise within underserved host communities due to increasing competition over resources, employment, and infrastructure. The goal also recognizes the need to coordinate USAID's humanitarian assistance more closely with the Mission's development programs to bridge the divide between the two types of assistance, or adapt development programs to respond to unforeseen, contextual realities.¹⁸

The CDCS complements the GOL's priorities and other donors' efforts in economic growth, education, water, and humanitarian assistance. Additionally, these alignments are laid out explicitly under each DO detailed throughout the document.

USAID's strategic choices for the new CDCS are inclusive economic opportunities (DO1), effective educational institutions (DO2), effective public service delivery (DO3), and a Special Objective (SO) of meeting humanitarian needs of vulnerable Lebanese and refugee populations (SO4). These objectives align closely with the GOL's development plans and priorities and complement the work of other donors in these particular areas.

In addition to legal prohibitions that limit USAID's ability to work with the central government, working directly with the GOL has not proved productive in the past due to political paralysis and a reluctance to implement crucial reforms. The Mission also learned from past evaluations, assessments, and stock-taking exercises, that engaging and leveraging the private sector and subnational governments are the most effective methods to tackle Lebanon's development challenges. The exception to this approach is the Mission's work with education-affiliated GOL entities - MEHE and Center for Educational Research and Development (CERD). USAID will also continue working with regional

¹⁷ Concern Worldwide. (2021, December 10). [The 10 Largest Refugee Crises to Follow in 2021](#).

¹⁸ One adaptation is USAID's education project Qitabi II provision of food assistance to 125,000 food-insecure households affected by the Port of Beirut blast to prevent hunger and teacher and student absenteeism.

chambers of commerce, private sector associations, and market drivers to tackle selective reforms to improve the business environment.

Realistically, improving investor confidence in Lebanon will be a significant challenge for the GOL, USAID, other donors, and the private sector for years to come. Without access to legal and regulatory avenues, USAID will work directly with existing private sector actors and their associations - including with investors and investees - to establish a basis to improve investor confidence and a pathway to providing liquidity to struggling businesses. Also, as prioritized in USAID's Economic Growth Policy (2021), USAID/Lebanon will focus on enterprise-driven support to promote resilience and self-sufficiency. The Mission will provide firms with, e.g., technical assistance, potential loan guarantees, and business roundtables, as they navigate the dynamic business environment.

Collaboration and linkages across Mission programs and sectors will be critical to achieving the CDCS goal. For example, inclusive economic growth to sustain and create jobs depends upon effective educational institutions to ensure that youth have skills relevant to employers and entrepreneurialism. Effective and inclusive public service delivery will ensure that basic services, such as water resources, are available for both Lebanese and refugees in targeted communities. USAID's integrated approach across these work streams will seek to reduce the widening income inequality and grievances that can fuel social unrest to support a more stable and resilient Lebanon. Each DO will address relevant cross-cutting themes of gender, youth, climate change, anti-corruption, and transparency through integrating into activity designs; monitoring, evaluation, and learning (MEL) agenda activities; and periodic analyses. In addition, the CDCS Learning Plan will track higher-level data for these issues and adapt programming accordingly, being mindful of results and theories of change.

DOI: INCLUSIVE ECONOMIC OPPORTUNITIES ENHANCED THROUGH PRIVATE SECTOR ENGAGEMENT

Activities under DOI will maintain flexibility and implement an approach to increase private sector competitiveness and livelihoods while also laying the groundwork for long-term economic recovery. More specifically, DOI will enhance inclusive economic opportunities by increasing the adaptability and competitiveness of enterprises and entrepreneurs, improving livelihood outcomes for individuals and communities, and preserving the human, social and productive capital of Lebanon.

The Mission will also implement ground-up activities with the private sector and other relevant actors to drive business enabling environment reforms and contribute to Lebanon's long-term economic recovery and growth. In the near term the Mission will support small and medium-sized enterprises with training, technical assistance, and linked in-kind grants to sustain and improve cash flow from operations and household incomes. As the economy begins to recover, USAID will pursue opportunities to re-establish, expand business operations and/or improve business productivity. Ultimately, when the economy is recovering and reforms are being realized, assistance will pursue activities to support the growth and expansion of enterprises by leveraging available forms of financing.

Development Hypothesis

If the private sector can increase its competitiveness by improving productivity and market access, then the private sector will increase the exports of goods and services, create

employment opportunities, and generate more domestic resources necessary for an economic recovery and ground-up economic reforms.^{19 20}

Lebanon's private sector, a resilient and creative component of Lebanon's broader set of national capacities, is confronted with numerous challenges and constraints that diminish the incentive and ability of firms to undertake new investments and hire and train new workers. The negative impacts of entrenched corruption and patronage networks, the collapse of the financial system, and the lack of political will to implement meaningful reforms have discouraged new foreign investment and inhibited local access to finance. If targeted private enterprises, stakeholders, and vulnerable populations are sustained through the current challenging economic conditions to a point of recovery in the future, then they will be well-positioned to pursue growth and expansion opportunities when economic conditions improve.

In addition, the current multiple crises and the devaluation of the Lebanese currency create an opportunity to increase exports globally, but the Lebanese economy is too dependent on a few select markets, primarily in several Arab and Gulf countries, with limited access to other international markets. Similarly, due to the massive devaluation of the Lebanese Lira, severely restricted withdrawals of dollars, and related high inflation, there is a pressing need to reinvigorate Lebanese local production of consumables, including food items.

Under DOI, USAID/Lebanon will support sustainability and growth for local businesses and livelihoods by providing training, technical assistance, linked in-kind grants, and access to financial resources to better enable firms to maintain their productive assets and retain employees. In addition, USAID/Lebanon will promote domestic production that offers consumers competitive goods and services and leads to export-oriented and import substitution commercial activity. Taken together, these efforts will generate cash flow from operations—potentially in hard currency—that Lebanon needs in order to cope with the economic crisis, regenerate growth, stem the youth “brain drain,” and drive key economic reforms.

With respect to domestic resource mobilization, it is worth noting that according to the World Bank, tax as a percent of GDP averaged 15.3% between 2017 and 2019.²¹ During the same period GDP fell from \$53.14 billion in 2017 to \$33.38 billion in 2019²², representing an estimated loss of approximately \$3 billion in domestic resources. By assisting enterprises and the broader private sector during and through the current economic crisis would contribute to replenishing lost domestic resources.

To accomplish these results, USAID will work vertically through firms and their associated value-chains to address the integrated roles of actors involved in the production and delivery of targeted goods. It will also take a horizontal approach, with a focus on peripheral enterprises that provide goods and services across multiple economic sectors (*e.g.*, financial institutions, transport and distribution providers, business consultants), to increase the productivity of targeted enterprises or value chains and increase the overall productive capacity of the Lebanese private sector.

DOI Relevant Critical Assumptions and Risk Factors

¹⁹ World Economic Forum (n.d.). [What is competitiveness?](#) Retrieved November 7, 2021.

²⁰ Harvard Business School. (n.d.). [Competitiveness and Economic Development](#). Retrieved November 7, 2021.

²¹ World Bank Group. (n.d.). [Tax revenue \(% of GDP\)](#). Retrieved November 7, 2021.

²² World Bank Group. (n.d.). [Gross Domestic Product \(current %\)](#). Retrieved November 7, 2021.

Assumptions and risk factors will be tracked through the implementation of the CDCS Learning Plan in the Performance Management Plan (PMP) and the DOI/project MEL Plan.

Assumptions	Risks
<ul style="list-style-type: none"> ✓ Commitment of business owners, entrepreneurs, and private sector stakeholders to maintain and grow their businesses in Lebanon will persist. ✓ Strong culture of entrepreneurship will persist, along with an efficient private sector, and effective local leadership will seize opportunities of growth. ✓ Growth opportunities and niches will continue to arise along with a restructuring of businesses in key sectors. ✓ There will remain untapped domestic and diaspora resources, and investment opportunities. ✓ Local private sector leadership will continue to have the desire and capacity to work with USAID. ✓ Stakeholders will lobby and push for reforms and prepare for an economic recovery. ✓ New investment opportunities will re-emerge. ✓ Any conflict or further economic decline will not significantly disrupt economic activities concentrated on exports. ✓ USG policies will remain stable regarding Hizballah. 	<ul style="list-style-type: none"> ✓ Lebanon becomes a failed state. ✓ Lebanon fails to restructure its debt and public debt remains among the highest in the world as a proportion of GDP (above 150 percent). ✓ Lebanon fails to have an IMF program, or faces challenges in implementing a macro-fiscal program that will delay the economic recovery. ✓ Lebanon fails to regain trust of investors and potential partners. ✓ There is an increased risk of a persistent financial crisis that limits or inhibits commercial credit and access to finance. ✓ There is an increased risk of persistent economic crisis and recession that limits enterprise development and job creation. ✓ The banking sector fails to restructure, improve its capacity to provide financial services, and regain trust of depositors and businesses. ✓ The Lebanese government fails to make the minimal reforms necessary to support the Lebanese economy. ✓ Lebanon fails to achieve political reforms, remains a weak confessional state, with persistent sectarian cleavages, elite capture, open economy vulnerable to external influences, increasing debt burden, crumbling infrastructure, and host to a significant refugee population. ✓ Persistent or increase of patriarchal and age-old social constructs preclude access by youth and women to entrepreneurship training, credit, and jobs. ✓ Protests or more serious civil unrest interrupt assistance activities.

DOI Intermediate Results (IRs)

DOI seeks to enhance inclusive economic opportunities by increasing the competitiveness of the private sector (IR1.1) and by improving livelihood outcomes for targeted communities (IR1.2). Broadly defined, private sector engagement is the strategic approach, as market-based solutions are the most sustainable way to support Lebanon to achieve development outcomes at scale.

IRI.1: Private Sector Competitiveness Increased for MSMEs²³

IRI.1 will help firms recover, become more productive and facilitate investment, and enhance exports of Lebanese goods and services. IR I.I will improve private sector competitiveness in order to create jobs and sustain livelihoods in businesses that pay taxes. The Mission will develop trust and cooperation among private sector stakeholders to effectively drive business enabling environment reforms. As USG laws and policies permit and opportunities arise to partner with the GOL, the Mission might also provide direct technical assistance to vetted GOL entities to support targeted Business Enabling Environment (BEE) reforms or support economic institutions with macro-economic management. Areas of implementation activities for IRI.1 include increasing market access and sales and improving private sector-driven workforce readiness, with wider opportunities for youth and women.

IRI.1 Linkages to Other DOs and IRs

SO IR4.2: *Non-food needs of vulnerable populations secured* will be linked with IRI.1's workforce readiness results by providing skill training to either facilitate employment or increase earnings. DO2 will enhance IRI.1's workforce readiness for youth - particularly women - from low-income families by introducing socio-emotional skills and early career counseling. DO3 will be mutually supportive through providing workforce development skills at the local level. IRI.1 linkages will be tracked through the PMP and DOI MEL Plan and Learning Agenda.

IRI.1 Partners

Local strategic partners collaborating with IRI.1 will include farmers, exporters, commercial banks, investment funds, other financial institutions, private firms and enterprises, business development hubs, universities, business accelerators and start-ups, chambers of commerce, business associations, vocational training centers, secondary and tertiary educational institutions, youth bodies (formal and informal groups, organizations, associations, and unions), media, and other relevant private and public sector actors.

USAID participates in various *Economic Growth Donor Coordination Groups*. They cover various subjects including agriculture; small and medium enterprises; and Port of Beirut rehabilitation, reforms, and development. Participating donors include the World Bank, the IMF, various UN Agencies, the EU, the British, French, German, Canadian, Dutch, Swedish, Japanese, and Italian bilateral development agencies.

Other donors, primarily the EU, have been trying to reform public technical and vocational education training (TVET) for years with limited results. USAID will focus on private TVET providers and expand their course offerings based on demand signals from the private sector, improve training delivery, and develop their commercial viability through follow-on employment rates.

IRI.2: Livelihoods Improved Particularly for the Vulnerable (Poor, Women, Youth)

IRI.2 will seek to address Lebanon's income disparity and preserve and improve the livelihoods of targeted populations, including those living in rural areas with the highest rates of poverty. Reducing barriers to participation in the workforce for vulnerable groups will be critical. Each of USAID's interventions under IRI.2 will increase incomes and improve financial security, which are vital factors affecting the poorest and most vulnerable segments of Lebanese society. To enhance the resilience of

²³ The U.S. Agency for International Development (USAID) defines a microenterprise as a very small enterprise owned and operated by poor people, usually in the informal sector. For USAID program purposes, the term is restricted to enterprises with 10 or fewer workers, including the microentrepreneur and any unpaid family workers. USAID generally defines a small enterprise as one with 11 to 49 employees, and a medium enterprise as one with 50 to 249 employees.

these groups, USAID will support rural-based sectors and micro-enterprises with training, technical assistance, and in-kind grants.

IR1.2 Linkages to Other DOs and IRs

SO IR4.1: *Food and nutrition security of vulnerable populations improved* will support IR1.2 by promoting beneficiaries receiving assistance via cash cards and electronic payments. DO3 will contribute to the achievement of IR1.2 (improved resource management) by supporting local entities and local governments to provide better services related to natural-resource management.

IR1.2 Partners

Local partners working with IR1.2 include farmers, micro-enterprises, agribusinesses, cooperatives, households, CSOs, community-based organizations (CBOs) (including youth-focused), private and public sector partners, organizations, and alliances involved in resource management.

DO2: EFFECTIVENESS OF EDUCATIONAL INSTITUTIONS IMPROVED

Lebanon's educational system is in desperate need of reform to modernize curricula and improve education quality and delivery so that Lebanese children and youth at the primary and post-secondary levels are well-equipped with the essential skills to secure employment and contribute to Lebanon's human, social and economic recovery. DO2 will improve the effectiveness of educational institutions by expanding access to quality education (IR2.1), improving learning outcomes (IR2.2), and improving the capacity to provide quality educational management systems (IR2.3).

Development Hypothesis

If quality education is more consistently available for all children and youth in Lebanon, then students will stay in school and learn, and university graduates will be more competitive for jobs and prepared to enter the workforce; this will contribute to Lebanon's economic recovery and growth, inclusive democratic development, and the stability of the country.

The Lebanese public school system suffers from chronic neglect and lacks the human and financial resources necessary to provide quality education and to improve learning outcomes. School completion rates in primary (78 percent) and lower secondary (59 percent) schools are declining. Half of 18-year-olds from the lowest economic quintile groups complete school. Furthermore, Syrian refugee children (estimated at 356,000) are enrolled in formal and non-formal education, which places an additional load on the education system, requiring two daily shifts of classes in most regions of the country. In the last six years, the education system had to increase its capacity by 77 percent to accommodate non-Lebanese students, which account for nearly half of all students,²⁴ through second shift schools.²⁵ It is worth noting that donor financing towards education to accommodate Syrian refugees increased, but not enough. Despite best efforts, Syrian refugee students' access to education remains dire - 40 percent of primary age and 90 percent of secondary school-age Syrian children are

²⁴ Abdul-Hamid, H. and Yassine, M. (2020). [Political Economy of Education in Lebanon](#). World Bank.

²⁵ In 2015, the Ministry opened 147 public schools for an afternoon shift to accommodate Syrian refugee students. The morning shift integrates some Syrians into mainly Lebanese student classes.

out of school. Students with disabilities (estimated at 45,000 between the ages of 5-14) though legally granted the right to education, health and basic rights - face discrimination in school, if enrolled at all.²⁶

Students are not obtaining basic literacy skills. In the FY2021 Country Roadmap, Lebanon scores 0.43 in Education Quality. In 2018, the World Bank's Human Capital Index stated that Lebanon had an average Learning-Adjusted Years of Schooling (6.8) for its income level. Among 10 low- and middle-income countries in the Middle East and North Africa with data, four countries (Iran, Jordan, West Bank/Gaza, and Algeria) perform better on learning-adjusted years of schooling. Lebanon ranks at the 35 percentile globally in learning outcomes (ranking 92 of 141 countries).²⁷ Only 1 percent of 15 year old students in Lebanon perform well in basic literacy - reading, math and science - according to Program for International Student Assessment (PISA) results (compared with an OECD average of 9 percent). Moreover, there are differences of more than *three years of schooling* between students in the top and bottom income quintiles, revealing a larger equity problem in access to quality education.²⁸ and ²⁹

The multiple crises that Lebanon has been facing since 2019, namely the economic downfall, shrinking household incomes, political uncertainty, COVID-19 pandemic school closures³⁰ and ongoing teacher strikes have negatively impacted the sector. Over a year of lost schooling has had disastrous consequences on student learning and wellbeing in times of crisis. Learning levels are expected to deteriorate further as new data from the effects of school closures emerges.

Confidence in Lebanon's public school system has long been low, and until 2019, 60 percent of Lebanon's 1.25 million student population had been enrolled in private schools.³¹ According to an October 2019 citizen perception survey, only 11 percent of respondents were very satisfied with the public education services while 38 percent were dissatisfied to very dissatisfied. In 2019, the high cost of private education was mentioned as a top three household expense. However, with private schools' tuition becoming increasingly unaffordable due to the current economic crisis, parents are increasingly compelled to send their children to public schools. Approximately 55,000 students - 11 percent of public sector students - from the private sector have reverted to public sector institutions due to current economic conditions. This is a worrying sign that parents are less able and/or committed to pay for schooling and could lead to greater shifts to private schools or worse, dropouts. A July 2021 UNICEF report noted more drastic measures of sending children to work in agricultural fields, garages or construction sites; marrying off their young daughters and skipping meals.³² These difficult circumstances cause a greater sense of urgency to effectively reform and improve the quality of the

²⁶ Human Rights Watch. (2018, March 22). ['I Would Like to Go to School': Barriers to Education for Children with Disabilities in Lebanon.](#)

²⁷ Abdul-Hamid, H. and Yassine, M. (2020), p.7.

²⁸ 2019 PISA results cited in World Bank. (2021, July). [Foundations for Building Forward Better: An Education Reform Path for Lebanon](#), p.15.

²⁹ More than 83 percent of students in grades 2 and 3 performed at the GOL's lowest benchmark. In grade 2, 10 percent of children were not able to read a single word, and a total of 37 percent were not able to read more than 10 words. QITABI. (2017). Early Grade Reading Assessment.

³⁰ Schools closed over 75 percent of the school year between January 2020 and February 2021. World Bank. (2021, July). [Foundations for Building Forward Better](#). The 21-22 school year began one month later than planned.

³¹ Most private tuition is paid by households; 41 percent of private schools, affiliated with religious institutions, receive a direct subsidy from the government (per student enrolled). World Bank. (2021, July). [Foundations for Building Forward Better](#).

³² Over 30 percent of families had at least one child who skipped a meal. In addition, 77 percent of households reported not having enough food. UNICEF. (2021, July). [Lebanon: Children's future on the line.](#) (July 2021).

education system and support students' nutrition, social and emotional health, and wellbeing. Social and emotional skills in particular can help children heal from experiences with tragedy and violence, assist them with relationships in and out of school, and increase a sense of social cohesion and stability that can empower individuals to resist violence even in difficult circumstances. Lebanese youth require the knowledge base and essential skills to compete for jobs both domestically and abroad.

Lebanese institutions of higher education need the skills and expertise to improve their organizational services; develop their capacity in various areas and improve the effectiveness of the education they provide; and focus on job readiness and soft skills needed in today's labor market in order to enhance Lebanon's economic prosperity. USAID's assistance will enable the graduates of these universities to be more competitive and prepared to enter the workforce, which will contribute to Lebanon's economic recovery and growth, inclusive democratic development, and to the overall sustainability of the country. Additionally, universities are suffering from faculty brain drain that drastically affects the quality of education delivered. The acute economic crisis has eroded middle-income families' ability to finance their children's higher education.

As per USAID's Education Policy,³³ a country's education system should enable all children and youth, both male and female, to acquire the education and skills needed to be productive members of society. USAID will support Lebanon's education system to sustainably deliver quality services that equitably improve learning outcomes and skills for all children and youth, at both the primary and higher education levels.

DO2 focuses on meeting key education needs, with the goal of boosting learning outcomes and improving the effectiveness of educational institutions. Given the current challenges in student learning and the ever-pressing need for skilled labor that meets the dynamic labor market demands, USAID investments in basic education and higher education are critical. Currently, USAID/Lebanon does not directly target secondary education, although secondary classes benefit indirectly through USAID's work on organizational development with individual schools, within MEHE, and through policy development assistance. USAID would consider increasing activities with at-risk or vulnerable youth, or early childhood education³⁴ to compete with high-performing private schools, if there were sufficient funding, adequate management capacity, and strong political will within the relevant institutions.

In basic education, assistance will include training primary school teachers and educators on early grade reading and numeracy, and social and emotional learning, providing teaching and learning materials and equipment to schools, and strengthening the ability of Lebanese education providers to deliver quality education services nationwide. Equity, work readiness, and civic engagement are three themes closely integrated with this DO. The role of schools in civic engagement is rather weak; this is evidenced by 1) inadequate curricula, 2) poor communication and coordination between schools and local communities, and 3) inflexibility of the internal systems of schools. USAID, through its collaboration with MEHE, along with its targeted education and community support interventions, will emphasize civic and community engagement where feasible.

Since 2010, USAID has invested over \$150 million under the University Scholarship Program (USP)/Higher Education Scholarship (HES) activities for full scholarships to over 1,550 academically

³³ [USAID Education Policy](#). (2018, November).

³⁴ The [Global Child THRIVE Act 2020](#)'s definition of Early Childhood Development (ECD) programs includes "an[y] early learning (36 months and younger), preschool, and basic education program for children until they reach 8 years of age or complete primary school."

meritorious yet financially disadvantaged Lebanese and refugee scholars. Two hundred and fifty additional scholars will be enrolled under the HES between 2021 and 2023. In higher education, assistance will strengthen the organizational development of universities to improve the quality of their academic programs and help students graduate with skills that are relevant and in-demand in today’s labor market. USAID will continue to provide scholarship support to meritorious and economically disadvantaged students (including refugees) to access American institutions of higher learning in Lebanon. USAID will also seek to broaden outreach to recruit underserved students, especially refugees with poor access to higher education. Monthly stipends - paid in fresh dollars - have shown to successfully retain disadvantaged students during higher education institutions (HEIs)’ COVID-19 pivot to online learning. USAID will also continue to develop students’ leadership and civic engagement to reinvest in Lebanon’s recovery.

DO2 Relevant Critical Assumptions and Risk Factors

Assumptions and risk factors will be tracked through the implementation of the CDCS Learning Plan in the PMP and the DO2/project MEL Plan.

Assumptions	Risks
<ul style="list-style-type: none"> ✓ MEHE will continue to be a ministry with which USAID can engage. ✓ The GOL continues to prioritize improvements in the delivery of public education to its citizens. ✓ MEHE/CERD and international donors are committed to work with the education system to ensure that maintaining and improving the quality of education for Lebanese and Syrian students remains a priority. ✓ USAID Lebanon will continue to be able to adapt programming based on limitations and opportunities in Lebanon, as they arise. 	<ul style="list-style-type: none"> ✓ USAID education activities are implemented in collaboration with MEHE, thus, inaction on the part of MEHE or a decline in political will could adversely affect activities. ✓ MEHE is currently the only GOL Ministry with which USAID partners; a change in political leadership within MEHE could adversely affect USAID’s ability to engage with the ministry, and even with the private sector. ✓ Protests or more serious civil unrest may interrupt assistance activities or compel further adaptation not anticipated within the scope of existing activities.

The Mission’s Education Office is preparing for contingencies that entail not partnering with the GOL - including working only with low-cost private schools and autonomous government agencies, such as CERD, and engaging with other non-state actors - should MEHE not follow through with its commitments or reduce its level of cooperation or should future elections result in political changes within the GOL that preclude USAID from continuing its partnership and cooperation with MEHE. USAID would also consider continued support to remedial education for catch-up learning and pre-primary education or adding formal or non-formal education modalities to support at-risk youth.

DO2 Intermediate Results

As a result of USAID’s assistance in expanding equitable access to quality education, improving learning outcomes, and strengthening the capacity of educational institutions, more students will gain the needed knowledge and skills to lead productive lives, gain meaningful employment, and contribute positively to their communities and society.

IR2.1: Access to Quality Education Expanded

IR2.1 addresses issues of both quality and access. As per the U.S. Government's Basic Education Strategy (2019-2024)³⁵ and USAID's Education Policy, access to education is crucial, but arguably, the quality of education and improving learning outcomes is paramount. Simply improving access for students to schools is not enough. Studies show that if students acquire few skills because of poor quality education, even high levels of school enrollment will not translate into gains in economic growth. High-quality education gives students the cognitive and critical thinking skills that they need to prosper in the job market. USAID/Lebanon will develop the capacity of educational institutions to provide better services at various levels including MEHE, CERD, public schools, charity, and faith-based low-cost private schools and universities to address the needs of all students, including those with special needs and disabilities.

USAID's higher education scholarship programs will target academically meritorious and financially disadvantaged Lebanese and refugee students currently graduating secondary schools, both public and low-cost private schools. Additionally, this DO will target students graduating from select universities to provide programs that emphasize academic excellence, workforce preparedness, citizenship values, and life skills.

IR2.1 Linkages to Other DOs and IRs

Through SO IR4.2: *Non-food needs of vulnerable populations secured*, USAID will alleviate the impact of refugees on the education system by providing improved education services for refugees who are attending Lebanese schools. USAID will provide these students the opportunity to access quality higher education in private universities. Through university-based training in soft skills, civic engagement and leadership, there are linkages to DOI's workforce readiness initiatives and DO3's vocational education and municipal development initiatives for non-academic streamed students.

IR2.1 Partners

Strategic partners collaborating with IR2.1 will include MEHE and CERD. Due to the GOL's current political dynamics, it may not always be possible to work with government institutions to make sustainable improvements. USAID's basic education program will include a substantial private sector engagement component that will bring in low-cost private schools, non-governmental, actors and/or innovative financing to amplify our efforts to address development challenges. In this IR, USAID will work with MEHE for basic education and directly with the universities for tertiary education. Other significant donors in the education sector include the UK, Germany, Canada, EU, and Norway among others.

IR2.2: Learning Outcomes Improved

Although it is as yet unclear what learning loss has occurred due to civil unrest beginning in October 2019 and the COVID-19 pandemic-related school closures, USAID will focus on the educational system's ability to deliver learning outcomes at the classroom level. This will be achieved by implementing a modern curriculum, evidence-based teaching methods, monitoring student academic performance, and supporting student and teacher well-being. With improved learning outcomes, students will advance to higher levels of education and with this, they will be better prepared for jobs, civic engagement, and family life.

IR2.2 Linkages to Other DOs and IRs

³⁵ [U.S. Government Strategy on International Basic Education](#) (2018); [USAID's Education Policy](#) (2018).

There is a linkage with SO IR4.2: *Non-food needs of vulnerable populations secured*, as the Lebanese education system will be able to provide better education services to Lebanese and refugee children to improve literacy, numeracy, and social and emotional skills. USAID's flagship education activity, Quality Instruction Towards Access and Basic Education Improvement (QITABI 2) ("my book" in Arabic), targets the entire public school system and as such, refugees enrolled in the system will benefit from USAID's interventions. The GOL has adopted an open policy with regards to admitting non-Lebanese students in Lebanese public schools regardless of their official legal residency designation. There are direct linkages with DOI (Economic Growth), specifically through the University Scholarship Program (USP) and the Higher Education Capacity Development (HECD) activities. USAID will facilitate and promote more collaborative engagements with other USAID activities, such as the signed memoranda of understanding (MoUs) between the respective universities and USAID's Community Support Program (CSP), which provides opportunities to young scholars to actively participate in the development of their communities through internships or volunteer activities with community projects at partner municipalities or with local CSOs.

IR2.2 Partners

Strategic partners collaborating with IR2.2 will include MEHE, CERD, Ana Aqraa (a local education NGO specializing in literacy and numeracy), the American Lebanese Language Center (ALLC), International Rescue Committee (IRC), and charity and faith-based private schools that cater to disadvantaged or vulnerable children. Due to the current political dynamics of the GOL, it may not always be possible to work with government institutions to make sustainable improvements. USAID's basic education program will include a substantial private sector engagement component to expand the partner base to advance learning outcomes across the whole sector (public, private, semi-private, NGO, religious, etc.). In this IR, USAID will work with MEHE, CERD and charity and low-cost faith-based private schools for basic education and explore innovative financing mechanisms to leverage greater impact. USAID is a major donor working in the education system to improve student learning outcomes in literacy and numeracy. Aside from the UK, no other donors have made significant investments in this area. Most donors contribute to pooled funding mechanisms, such as the Lebanese Crisis Response Program (LCRP), Reaching All Children with Education (RACE), etc.

IR2.3: Capacity to Provide Quality Educational Management Systems Improved

USAID/Lebanon will continue to partner with MEHE, CERD, and low-cost private faith-based schools to improve their institutional capacity, coordination, and performance, service delivery, and strategic partnerships with non-state actors (including the private sector and other non-governmental entities). USAID will support these institutions to develop, monitor, and test policies, strategies, and guidelines in priority areas as identified in MEHE's sector development plan. USAID's assistance will be flexible and adapt to the sector's needs as it develops its response to both systemic issues as well as humanitarian challenges. However, all support to MEHE will be anchored in meeting the objectives of Sub-IRs 1 and 2 of DO2's Results Framework and will extend into other areas.

USAID will provide targeted technical assistance to selected MEHE and CERD units and relevant departments to improve their monitoring and reporting abilities. Such entities might include MEHE's Guidance and Counseling Unit (DOPS), which observes teachers' performance in the classroom and provides teacher coaching. Assistance will be based on improving MEHE's central oversight of those activities undertaken to reinforce early grade reading and boost MEHE's efforts to manage the policies, guidelines, and activities linked to supporting the most vulnerable Lebanese and Syrian students.

At the higher education level, USAID's higher education activities will better enable institutions to equip students with job readiness skills to excel in the labor market. It will do so by enhancing these

institutions' internal systems and capacities to support career resource centers and job readiness programs.

IR2.3 Linkages to Other DOs and IRs

Through linkage with SO IR4.2: *Non-food needs of vulnerable populations secured*, the Lebanese education system will be able to provide better service to Lebanese and non-Lebanese children to build their literacy, numeracy, and socio-emotional skills. There is a linkage with DOI to improve higher education in order to meet workforce development needs. There is also a connection with CSP Task Order 4 (TO4) under the DO3 vocational training, relevant to IR 2.3.2, along with the accelerator entrepreneurship focus under DOI.

As mentioned, Lebanon's Education Quality score is just 0.43. This is reflected in the October 2019 Citizen Perception Survey where only 11 percent of respondents were very satisfied with the public education services while 38 percent were dissatisfied to very dissatisfied. Expenses for private education were mentioned in the top three household expenses.

IR2.3 Partners

Strategic partners collaborating with USAID under IR2.3 are MEHE, CERD, charity and low-cost faith-based private schools, and higher education institutions to improve their organizational capacity. USAID will also work with higher education institutions across the country (HECD will be working with at least 12 out of 30 universities). Another key donor under IR2.3 is the EU, which funds the ERASMUS (European Community Action Scheme for the Mobility of University Students) student exchange program, which includes Capacity Building for Higher Education (CBHE) institutions.

DO3: EFFECTIVENESS OF PUBLIC SERVICE DELIVERY TO LEBANESE COMMUNITIES ENHANCED

Development Hypothesis

If local government and other service providers deliver key essential services to communities more effectively and if citizen awareness of and involvement in local decision-making processes increases, then partner Lebanese communities will enjoy a higher standard of living and increased social cohesion³⁶

USAID's development hypothesis is rooted in observations that Lebanon's dysfunctional political system has led to significantly diminished or, in some instances, a complete absence of essential services that are supposed to be provided by the central government. As a result, the burden of providing these services has shifted substantially from the central government to other subnational and non-state actors, such as municipalities, RWEs, non-profit organizations, and the private sector. Moreover, inadequate essential public services have been one of the core drivers of protests and heightened community tensions since October 2019. DO3 will focus on improving municipalities' delivery of these services throughout the country, placing particular emphasis on underserved communities hosting Syrian refugees, and those affected by the economic crisis and explosion at the Port of Beirut. The main

³⁶ Marei, Fouad G. (2019). [Are Municipalities in Lebanon Delivering? Survey Results on Solid Waste Management, Public Safety and Government Transparency?](#) Democracy Reporting International; Mourad, L. and Piron, L. (2016, July). [Municipal Service Delivery, Stability, Social Cohesion and Legitimacy in Lebanon An Analytical Literature Review](#). Developmental Leadership Program (University of Birmingham) in partnership with the Issam Fares Institute for Public Policy and International Affairs (American University Beirut). Lebanese Center for Policy Studies. (1998, January). *The Reality of Municipalities in Lebanon: Obstacles to Local Participation and Balanced Development* (F. Saab Ed.).

focus of USAID’s assistance interventions is to identify small-scale public works, based on identified community needs, and, where possible, providing cash-for-work opportunities for local residents. In addition, these interventions will drive down costs for partners that have been deeply affected by the ongoing financial crisis, which has been worsened by the COVID-19 pandemic and Port of Beirut blast.

The term “essential services” is broadly interpreted to include potable water and wastewater management, renewable energy supply systems, farming irrigation systems, solid waste management, disaster preparedness, and other projects that improve the well-being and livelihoods of communities, such as community centers and hiking trails to boost tourism. Although education might also be considered an essential service, this is addressed under DO2 since it requires working with the MEHE and other educational institutions. DO3 assistance will focus on supporting civil society actors, municipalities, and Lebanon’s regional water utilities. Coordination with cognizant ministries, such as the Ministry of Energy and Water (MOEW) and the Ministry of Interior and Municipalities (MOIM), and the Ministry of Environment will be maintained to ensure USAID’s activities are consistent with national strategies. This DO further supports the key Administration priorities to combat climate change, strengthen environmental stewardship, and promote sustainable clean energy solutions.

USAID local development assistance interventions contain elements that seek to reduce corrupt practices, increase transparency, and promote civic engagement on timely public policy issues. USAID’s primary approach will be to invest in civil society organizations that promote transparency and accountability. USAID’s assistance may support the ongoing Lebanon Reform, Reconstruction, and Recovery Framework (3RF), led by the World Bank and UN. A potential area of intervention might include enhancing transparency and accountability in the management of public funds. In addition, USAID will integrate anti-corruption elements in its other activities undertaken in the Local Development Office (LDO). For example, water sector programming emphasizes improved service delivery through improved strategic planning, use of metering, and reducing costs. USAID’s municipal-focused interventions involve significant levels of citizen engagement and municipal communication with residents. Until there is political will at the national level to address corruption, USAID will limit its interaction with cognizant government entities to sector strategy coordination, where appropriate. The multiplicity of actors at the local level provides flexibility to work with partners that are committed to working in an open and transparent manner.

DO3 Relevant Critical Assumptions and Risk Factors

Assumptions and risk factors will be tracked through the implementation of the CDCS Learning Plan in the PMP and the DO3/project MEL Plan.

Assumptions	Risks
<ul style="list-style-type: none"> ✓ There will be continued support from and coordination with the Ministry of Energy and Water and Lebanon’s water utilities for USAID water-related assistance. ✓ Water users can be incentivized or made aware of the importance of practicing water conservation. ✓ Communities can be incentivized to implement and manage community-based services on their own. ✓ Municipalities have the capacity to engage in public-private partnerships and alliances with the private sector. 	<ul style="list-style-type: none"> ✓ Gaps in central government funding to municipalities can affect program implementation. ✓ Economic downturn negatively affects the ability of communities to partner effectively on assistance activities, e.g., provide in-kind support ✓ Financial crisis limits the ability of the private sector to engage in public-private partnerships ✓ Limitations on assistance and its impact will exist in areas where designated terrorist organizations are present.

Assumptions	Risks
<ul style="list-style-type: none"> ✓ Models of youth engagement in community environment management are transferable to service delivery. ✓ Sub-national government actors are willing to avail themselves of technical expertise present in CSOs and to collaborate with them on developing public policy. 	<ul style="list-style-type: none"> ✓ Deterioration of the security situation hinders the implementation of assistance activities. ✓ Persistence of COVID-19 pandemic hinders the implementation of assistance interventions. ✓ Protest or more serious civil unrest may interrupt assistance activities.

DO3 Intermediate Results

IR3.1: Increased Capacity of Beneficiary Communities to Provide Inclusive Essential Services

USAID/Lebanon’s assistance interventions in the area of service provision takes a distinctly decentralized approach by collaborating with municipalities, the country’s regional water utilities, non-governmental organizations, and private sector entities, as the burden of providing essential public services has shifted substantially from the central government to subnational and non-governmental actors. USAID will furnish critical supplies and equipment, support the construction of critical infrastructure, provide complementary technical assistance to organizational beneficiaries (municipalities, water utilities, cooperatives, CSOs, FBOs, local firms, etc.), and offer cash-for-work opportunities for local residents.

Essential services targeted for support by USAID may include, but are not limited to, small-scale potable water and wastewater management, renewable energy supply systems, farming irrigation systems, solid waste collection, disaster preparedness, and projects to improve communities and livelihoods, such as community centers and hiking trails for tourists. The Mission will implement activities in primarily rural areas across the country (especially the North, South, Beqaa, and rural areas of Mount Lebanon) where needs are most urgent, and communities are most vulnerable. Alleviating tensions between host communities and Syrian refugees, as well as between Lebanese confessional communities competing over resources, will be given special consideration. USAID will emphasize engaging youth, women, and vulnerable populations in participatory decision-making processes of the design and implementation of service delivery projects.

IR3.1 Linkages to Other DOs and IRs

IR3.1 will contribute to SO4 IR4.2 by improving the capacity of local entities, particularly CSOs and municipalities, to address the needs of host communities. DOI will support the achievement of DO3 by providing workforce development skills at the local level. DOI will identify, coordinate, and support technical and vocational education to create jobs for youth and women in the targeted beneficiary communities. DO3 will provide youth engagement and job opportunities that will contribute to DO2 sub-IRs 2.2.2 and 2.2.3. At the same time, youth involved in education and training interventions carried out under DO2 will contribute to service delivery objectives.

In relation to the FY 2021 Country Roadmap, Lebanon has historically had weak central governments due to its confessional-based political system. Based on the Mission’s Citizen Perception Survey, 46 percent of the surveyed population state ‘government inefficiency’ as one of the main obstacles to improved public service delivery.

IR3.1 Partners

Local strategic partners for IR3.1 include municipal councils/governments, private sector businesses, CSOs and other non-profit service providers, cooperatives, and water utilities. Key donors are the World Bank (supports municipal infrastructure and basic service delivery), UNDP (helped build the capacity of Lebanese institutions, focusing on crisis management and rule of law), the EU (Governance, job opportunities, migration and mobility, security and countering terrorism), and the German *Gesellschaft für Internationale Zusammenarbeit* (GIZ) (social cohesion).

IR3.2: Improved Reliability of Public Water Services

USAID will support improved governance and protection to promote sustainable water use in an integrated and efficient manner. USAID will continue to support the RWEs to strengthen their financial viability sustainability through several measures, such as: 1) improving/upgrading their internal financial management systems (e.g., internal financial audits, customer registry, and billing and collection); 2) promoting the adoption of a Water Demand Management (WDM) approach that includes metering for volumetric billing; 3) adopting legal subscription to RWE facilities in lieu of private tanker suppliers or illegal tapping, and sensitizing citizens on the benefits of adoption of a consumption-based tariff in lieu of the current prevailing yearly flat tariff; and 4) upgrading the RWEs' infrastructure facilities in order to reduce leakages and breakdown times as an indirect means for reduction of production costs and hence aid in cost recovery. USAID will also engage water users, CSOs, local communities, and the private sector to promote water stewardship. USAID will identify funding opportunities for these entities in order for them to assume some role in water management within the 'water user' context.

IR3.2 Linkages to Other DOs and IRs

IR 3.2 will contribute to SO4 IR2 since it aims at improving the reliability of water services, thus ensuring that water is available for host communities and refugees. IR 3.2 will contribute to DOI by working with private firms to adopt water saving technologies that will improve the bottom line of firms and supply better, more reliable water services for those firms where water is an important component in their services or manufacturing processes.

IR3.2 Partners

Local strategic partners for IR3.2 include water utilities, private sector businesses, agribusinesses, business associations, and municipal councils/governments. Key donors include the World Bank (water distribution, wastewater collection networks), the European Investment Bank (construction of a wastewater treatment plant and rehabilitation of the wastewater network), the EU (water sector), and the Government of Italy (sewage networks, water distribution network, technical assistance).

SO4: BASIC HUMANITARIAN NEEDS OF VULNERABLE POPULATIONS MET

Considering Lebanon's large refugee population, political instability, social unrest, the COVID-19 pandemic, and overall economic deterioration, USAID/Lebanon has introduced a new special objective (SO) to address basic humanitarian needs that will be able to adapt to the changing realities on the ground. The SO will help track USAID's Washington-based support to refugees through BHA and allow USAID/Lebanon to be better attuned to opportunities for complementary support through the bilateral development program for improved education services, expanded opportunities to access higher education institutions, and greater participation in community development projects.

Development Hypothesis

If the basic humanitarian needs of vulnerable, particularly refugee populations are met through inclusive and cross-sectoral approaches, those groups' resilience will be strengthened, strains on Lebanese support networks reduced, and tensions that result in conflict mitigated.

Food security and the general well-being of Syrian refugees have deteriorated in 2020-2021. Nine out of ten Syrian refugees in Lebanon live in extreme poverty. Unemployment has risen to more than 35 percent and inflation has reached an all-time high of approximately 146 percent. Multiple overlapping emergencies - including the ongoing governance impasse, the COVID-19 pandemic, the financial and economic crisis, and the devastating port explosion in Beirut - have exacerbated these socioeconomic vulnerabilities. According to WFP's Vulnerability and Food Security Assessment for March-April 2021, 47 percent of households reported challenges accessing basic needs and food insecurity among Lebanese households is found to be 22 percent. These overlapping crises have also increased the number of vulnerable Lebanese in need of some form of humanitarian assistance, as over a third of all Lebanese are now under the poverty line as of October 2021, and these numbers continue to increase. Given the protracted nature of the crisis, the refugees' limited resources are continuing to diminish, leaving their circumstances increasingly precarious.

USAID's primary mechanism for assisting vulnerable populations, particularly refugees from Syria, is through BHA's contributions to the WFP's cash/food assistance activity. A continued donor commitment in Lebanon with well targeted programming is essential to keep the situation from deteriorating further. USAID will continue to work with other donors to promote food security for conflict-affected populations by strengthening local markets with the use of e-cards, which support domestic markets and bring program beneficiaries into the formal financial system. USAID will consider how to better boost the resilience of youth and women, which is often particularly vulnerable to chronic shocks and stressors.

Humanitarian assistance has expanded well beyond contributions to WFP for the Syrian refugee crisis. Lebanon has suffered multiple shocks in 2020-2021, including currency and economic shocks, the COVID-19 pandemic, and the Beirut port explosion. USAID/BHA has funded multi-sector interventions with multiple partners that target Syrian refugees, refugees of other nationalities, and Lebanese nationals affected by the explosion. To date USAID/BHA has contributed more than \$183 million (FY2020-FY2021) towards humanitarian assistance efforts in Lebanon. Interventions include food assistance to vulnerable refugee and Lebanese populations; integrated health and water, sanitation, and hygiene (WASH) support in response to COVID-19; the Beirut Port explosion; and assistance to private hospitals with pandemic response and mitigation. The rapid change in the operational environment, and the likelihood of further economic deterioration, has also led BHA, in coordination with USAID/Lebanon, to assign a dedicated BHA advisor to Lebanon for the foreseeable future.

BHA and USAID/Lebanon support both the food and non-food needs of vulnerable populations. This SO is new and will evolve over the life of this CDCS. USAID's assistance will help Lebanon sustain services to vulnerable refugee populations that are unable to engage fully in Lebanon's economy or are otherwise severely constrained due to their temporary status. Activities procured and implemented by USAID through SO4 will address various humanitarian issues affecting the country, beyond the current refugee crisis, to also address increasing poverty rates among refugees and Lebanese, the tremendous depreciation of the Lebanese pound, dramatic price increases for food and other commodities, and cessation of government commodity subsidies.

Activities under this SO will involve crisis and disaster planning, mitigation, and response and will complement BHA's food assistance program provided through WFP. USAID will prioritize the needs of women, youth, and other vulnerable populations in the design and delivery of assistance under this SO, as well as engage with these populations, so that they are active participants in the delivery of

humanitarian services. Leveraging other technical areas in the Mission, USAID’s non-food assistance will continue to include improved education services for Lebanese and refugee populations, opportunities to access higher education institutions, and participation in community service projects.

USAID’s primary objective under SO4 is to facilitate humanitarian assistance and humanitarian response, which more often than not supersedes measures of development progress. However, where possible and appropriate, USAID will work with GOL bodies involved in humanitarian response to improve their organizational capabilities and capacity to provide assistance during protracted periods of crisis. Likewise, USAID will strive to work with and through local organizations to strengthen Lebanese capability and boost response efforts to the current and future humanitarian crises.

Humanitarian assistance, which is structured to address the needs of the most vulnerable in times of crisis for relatively limited timeframes, is fundamentally different from longer-horizon development goals. That said, coordination between humanitarian and development actors will be essential for any response. Through SO4, USAID will more fully develop and leverage synergies from other technical areas within the Mission to improve development outcomes. For example, USAID provides full merit-based university scholarships to economically disadvantaged Lebanese and refugee youth under DO2, whose activities also directly benefit refugee populations enrolled in public schools. Complementary to SO4, and to advance USAID Administration’s priorities to support displaced religious and ethnic minorities, the Mission will provide an Activity Manager for a USAID/Washington-funded activity with the Tony Blair Institute to advance youth dialogue and promote diversity and tolerance for religious and ethnic minority populations.

SO4 Relevant Critical Assumptions and Risk Factors

Assumptions and risk factors will be tracked through the implementation of the CDCS Learning Plan in the PMP and the SO MEL Plan.

Assumptions	Risks
<ul style="list-style-type: none"> ✓ Prolonged economic decline. ✓ Refugee population will remain static or decrease for the duration of the CDCS. ✓ Lebanon will not enter an armed conflict with its neighbors. ✓ The situation in Syria will continue to stabilize. Planning anticipates no change in the status of Palestinian refugees in Lebanon. ✓ The skills provided to both service providers/institutions and individual beneficiaries will improve service provision, organizational effectiveness, and individual economic potential. ✓ Donors or the GOL will provide commensurate resources to the strengthened organizations to continue supporting vulnerable groups. ✓ Participating organizations are able to access non-USG resources to conduct their work, and individual 	<ul style="list-style-type: none"> ✓ Complete economic collapse in Lebanon. ✓ Severe political and social upheaval. ✓ Increasing tensions between refugees and Lebanese host communities could build to a point where violence occurs (either sporadically or broadly) and/or vulnerable groups are displaced internally within Lebanon. ✓ If the situation in Syria deteriorates, or the Government of Syria does not allow the refugees to return, tensions in Lebanon between refugees and host communities could become exceedingly difficult to manage. ✓ An increase in the movement of people, whether voluntary, encouraged, coerced, or forced, would negatively impact the displaced communities and the affected Lebanese. ✓ Protest or more serious civil unrest may interrupt assistance activities.

Assumptions	Risks
beneficiaries are able to utilize the skills provided to increase/subsidize their household income.	

SO4 Intermediate Results

SO IR4.1: Food Security of Vulnerable Populations Improved

Since the start of the Syria crisis in 2011, BHA has contributed more than \$598 million to WFP to assist over 305,000 refugees (approximately 61,000 families) through monthly electronic food vouchers and cash transfers for food purchasing, redeemable at more than 500 shops nationwide. USAID will continue to track the numbers of beneficiaries (individuals and households) that are receiving USG food assistance.

SO IR4.1 Linkages to Other DOs and IRs

SO IR4.1 will support the achievement of DOI IR1.2 (Increased financial inclusion) by improving financial inclusion for beneficiaries receiving assistance via cash cards and electronic payments.

SO IR4.1 Partners

Strategic partners for SO IR4.1 include the U.S. Department of State's Bureau for Population, Refugees, and Migration (PRM); UNHCR; WFP and its NGO partners; the GOL (various ministries and offices involved in refugee affairs and local government leaders), and the Lebanese private sector. Key donors include Germany, Canada, Japan, Australia, Netherlands, EU, and other key donors to WFP and UNHCR.

SO IR4.2: Non-Food Needs of Targeted Vulnerable Populations Secured

At present, workforce development—including vocational training—is carried out under DOs 1 and 3. Beneficiaries may include refugees and other vulnerable groups, but there are currently no stand-alone vocational training activities contemplated under this SO. The Mission envisions that non-food support for targeted vulnerable populations will continue to include access to basic and higher education and community development activities. SO4 will also contemplate engaging with at-risk or otherwise vulnerable youth—particularly those within the school system—and with activities that target religious and ethnic minorities. Given the protracted political and economic crises in Lebanon and the potential for the current situation to worsen, USAID will consider appropriate humanitarian-assistance activities other than health, WASH, and shelter.

SO IR4.2 Linkages to Other DOs and IRs

IR4.2 will support DOI's IR1.1 (workforce development) by providing skills training to either facilitate employment or grow earnings. DO3's IR3.1 will contribute to IR4.2 by improving the capacity of local entities, particularly CSOs and municipalities, to address the needs of their communities. DO3's IR3.2 will contribute to IR4.2 as this IR aims to improve the reliability of water services, thus ensuring that water is available for the host community and the refugees. DO3 also promotes social cohesion between Lebanese and Syrian refugee youth. DO2 will contribute to enhancing the government's capacity to provide better education for refugees attending public schools. It will offer the opportunity for refugees to attend higher education in private universities.

SO IR4.2 Partners

Strategic local partners for SO IR4.2 include the U.S. Department of State's PRM Bureau, UNHCR, WFP and its NGO partners, UNDP, UNICEF, the GOL (various ministries and offices involved in refugee affairs and local government leaders), the Chaldean Church of Lebanon, Caritas Lebanon, Lebanese Members of Parliament, and Lebanese CSOs. Key donors include the United Kingdom, Germany, Canada, Australia, Netherlands, and the EU.

V. MONITORING, EVALUATION, AND LEARNING

USAID, supported by a Monitoring, Evaluation and Learning (MEL) contractor, will implement a rigorous MEL approach to track the achievement of its CDCS DOs and IRs by aligning all DO project monitoring and evaluation plans with the new CDCS, while integrating gender and youth as cross-cutting themes at the various program cycle levels. USAID/Lebanon will develop a new Mission-wide PMP to provide a basis for continuous assessment and learning for progress achieved toward the Mission's intended results and to be able to adapt both its programmatic approaches and intended results as the Lebanon country context continues to shift. By identifying a core set of performance indicators that USAID will use to measure progress toward the CDCS development objectives, the PMP facilitates analysis and discussion around the theory of change articulated in the CDCS and provides opportunities for USAID to learn from emergent knowledge and better respond to changing contextual conditions. For example, due to the civil unrest, COVID-19 lockdowns, and movement restrictions, USAID deployed remote monitoring in order to ensure that MEL activities were not disrupted, and that programmatic progress was captured.

Another hurdle that is particular to the Lebanese context is the presence of the Hizballah, restricting USAID staff's access to some areas. This is mitigated by the ability of MEL contract staff to conduct field visits to those non-permissive areas. Data from the PMP are expected to help the Mission's staff and partners to better understand and respond to operational constraints and opportunities throughout the program cycle.

In addition to standard indicators, USAID will track and report on specific customized indicators captured at the activity and project levels. It will also track a number of other contextual indicators to inform its broader learning agenda, recognizing that progress cannot be attributed solely to USAID's assistance. In Lebanon's current volatile environment, context indicators and assessments of the political economy will help the Mission to be aware when managerial adjustments may be necessary.

A key element of the PMP will be the CDCS Learning Plan, which is the program-wide learning plan implemented through USAID's collaborating, learning and adapting (CLA) process. The Learning Plan integrates learning, monitoring, and evaluation at the DO level to better understand progress toward the CDCS's goal and will carry out the following:

- Address knowledge gaps through learning questions, evidence-gathering tasks, and learning products;
- Integrate relevant content from the Mission's updated project-level learning agendas;
- Systematically track key context factors through systems, collaboration tools, and analyses such as PEAs, USAID's Local Systems Framework, etc.; and
- Carry out a periodic review of development hypotheses, assumptions, risks, special topics (pluralism, vulnerable populations, and host communities), key principles, and cross-cutting themes (gender, youth, anti-corruption, and transparency).

Through the PMP, the CDCS monitoring and evaluation plans will be implemented at the DO/SO/project level based on existing project MEL Plans to be updated for the new CDCS Results Framework.

DO/SO LEARNING QUESTIONS**DO1: Inclusive economic opportunities enhanced through private sector engagement**

- How can private sector stakeholders be engaged in finding and implementing solutions needed to increase productive employment?
- How does context, particularly economic and political issues, influence the process and impacts of project interventions?
- What are the key pathways to increase employment and wealth-creating opportunities for women and youth, considering factors such as barriers in access to finance, employment, entrepreneurship, or skills training?
- What are the key learning approaches from previous interventions?
- How can new tools, including ICT, clustering productive capacity, or financial mechanisms, be leveraged to increase productive employment?

DO2: Effectiveness of educational institutions improved

- What factors, interventions and structures can mitigate learning loss/backsliding in Lebanon given COVID-19 and economic uncertainty - especially for lower socio-economic groups, women and the disabled?
- How can improved education outcomes catalyze economic growth, health, and governance outcomes?
- How can learning outcomes resulting from USAID's coordination efforts with the GOL be sustained and institutionalized?
- How can we maintain a collaborative environment among stakeholders to improve Lebanon's education system capability and sustainability?
- How has USAID's HEI scholars' civic engagement efforts deterred or responded to COVID-19 in communities served?
- How can USAID better recruit, and assist qualified Syrian and other refugees through higher education scholarships?
- What opportunities exist in pre-service education to diminish the gap between students in public and primary schools?
- How did COVID-19 affect youth's decisions to obtain higher education or leave education in favor of economic activities?
- What evidence-based interventions could be adapted to the Lebanese context to work with at-risk or otherwise vulnerable children and youth through formal or non-formal education?
- How does context—including economic and political crises—influence the process and impact of project interventions?

DO3: Effectiveness of public service delivery to Lebanese communities enhanced

- How can USAID incentivize communities to improve and enhance public service delivery that responds to their needs?

- What innovative approaches can we take to expand the scope of services provided by municipalities?
- How can youth participation advance service delivery effectiveness?
- How can the Private Public Partnership Law be used to advance the program assistance goals?
- What roles should civil society play in service delivery?
- How does context—including economic and political crises—influence the process and impact of project interventions?

SO: Basic humanitarian needs of vulnerable populations met

- What are the externalities of the cash vouchers provided by UNHCR and UN WFP on the Lebanese economy beyond the point of sale?
- What gaps in the labor market exist that refugees and vulnerable groups could legally, with the correct skills, fill?
- How can tensions among Lebanese and refugee populations be mitigated should refugee populations in Lebanon remain static for an extended period of time?
- How effective is the use of cash vouchers and electronic payment methods for humanitarian assistance provision in promoting financial inclusion?
- How can partnering with development actors reduce reliance on humanitarian assistance?
- How does context—including economic and political crisis—influence the process and impact of project interventions?

VI. ANNEX

ANNEX A: CLIMATE RISK ASSESSMENT

Please find Annex A linked [here](#).

UNCLASSIFIED

ANNEX B: FY 2021 LEBANON COUNTRY ROADMAP



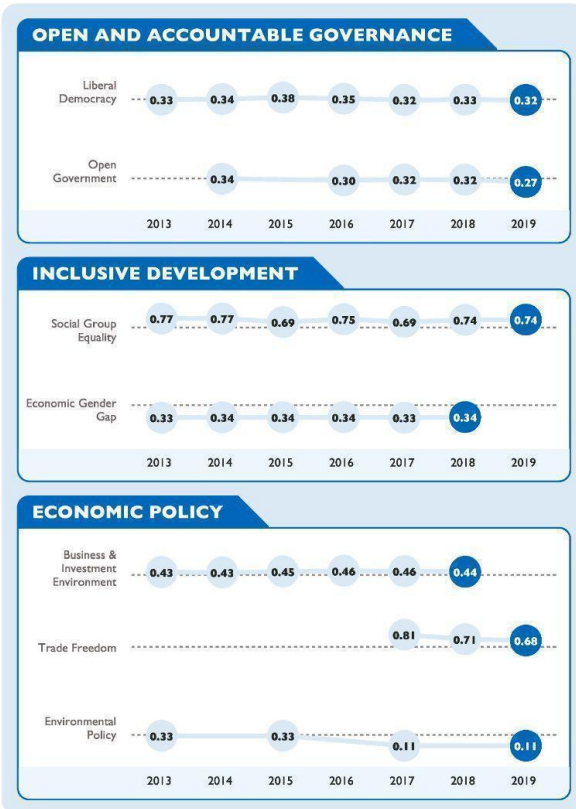
LEBANON

JOURNEY TO SELF-RELIANCE: FY 2021 COUNTRY TRENDS

LEGEND



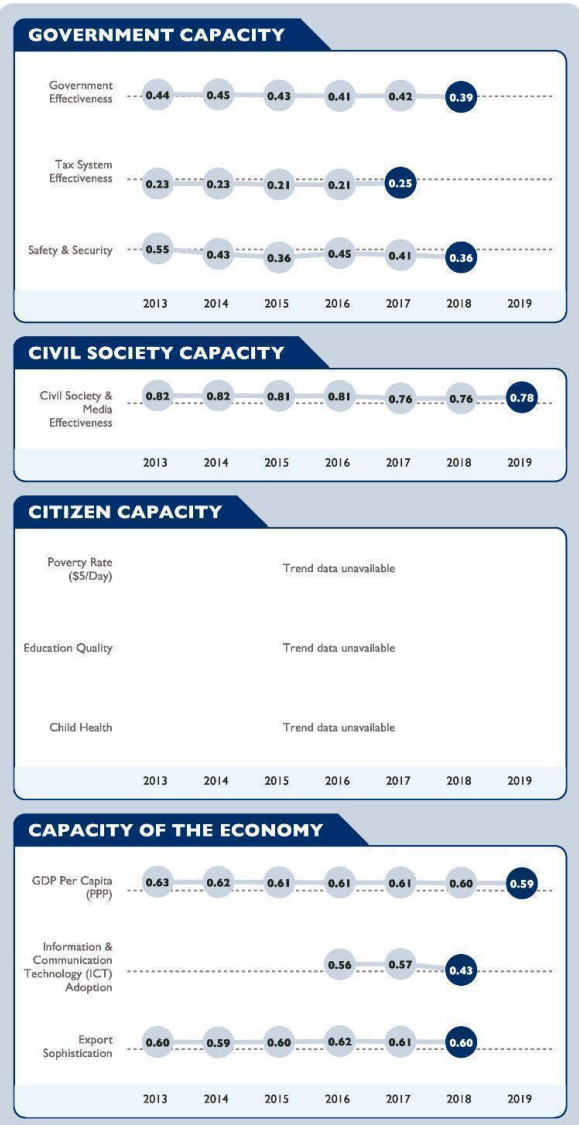
COMMITMENT



METHODOLOGICAL NOTES

FY 2021 Country Roadmap results (darker shaded points) and prior year results (lighter shaded points) are normalized in the same manner to ensure comparability. In some instances, USAID has taken several additional measures to maximize comparability of results across time, including adjusting source reporting year to actual year of measurement and removing historical data that are no longer comparable due to methodological revisions. For more detail, please see the [USAID J2SR Country Roadmap Methodology Guide](#).

CAPACITY





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FROM THE AMERICAN PEOPLE