

## **ILO – UNDP PRESS RELEASE**

### **Enterprises in Lebanon 2006-2007**

**Beirut (26 October 2007)** – On the occasion UN Day, the International Labour Organization (ILO) and the United Nations Development Programme (UNDP) are launching a joint publication focusing on the impact of the July 2006 war on micro and small enterprises: *“Enterprises in Lebanon 2006-2007: Impact Assessment One Year On.”*

This report is based on the results of a post-war survey covering 1000 micro and small enterprises in Lebanon, which was undertaken by Consultation and Research Institute (CRI), in partnership with United Nations Development Programme (UNDP) and the International Labour Organization (ILO) and the Swedish International Development Agency (SIDA). The post-war survey used a sub-sample of an earlier comprehensive survey of this sector undertaken by CRI in 2004.

The major findings indicate that:

- All enterprises in Lebanon, irrespective of size and geographic location, were adversely affected by the war;
- The level of earnings and household incomes among entrepreneurs has fallen and this effect is more severe for small entrepreneurs;
- Enterprises have become more inward looking, as manifested in an increased dependence on family labour and on more localized markets;
- Most enterprises were compelled to shed workers and employees during the war; while there is some recovery in labour recruitment following the war, it will take an additional period of time before pre-war employment levels are regained;
- The prevailing view among entrepreneurs and workers is that the war worsened their living conditions and exacerbated the already sub-optimal business environment under which they operate;
- In addition to physical destruction and damage of enterprises, equipment, stocks, markets, and transport infrastructure, the regulatory framework, (including contract enforcement, bargaining power), and financial services for SME's also need redress;
- The most encouraging finding is that despite anticipating difficult conditions in the future the entrepreneurs remain resilient and expect their businesses to rebound.

SME's predominate in the structure of Lebanon's private sector. Of the 198,000 total enterprises in Lebanon, those which employ fewer than 50 employees constitute 88% of that total and with 530,000 employees account for 51% of the total working population. Clearly, reforming the regulatory framework and improving the development environment and performance of this important sector are critical to employment-led economic growth and social equity.

The report recommends, inter alia, the establishment of:

- an Enterprise Recovery Fund for a limited period of three years to assist the enterprise overcome their financial constraints;
- an Employment Fund to help compensate for loss of jobs and incomes, particularly among the poorer strata;
- a National Programme on Enterprise Training to enhance or re-tool skills towards areas of potential market demand and growth.