SUPPORTING ENTERPRISES IN CRISIS ECONOMIES

A comprehensive program impact and context analysis following the Hezbollah-Israel conflict.

Acknowledgements

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EXECUTIVE SUMMARY

COMPREHENSIVE PROGRAM IMPACT & STRATEGIC CONTEXT ANALYSIS • CESVI LEBANON

PURPOSE & CONTEXTUAL URGENGY

This study, completed and published in June 2026, evaluates the medium-term impact, efficacy, and relevance of economic development interventions implemented across three core CESVI programs providing support to enterprises. While data was collected following the late-2024 ceasefire, its programmatic and impact-related insights have acquired a renewed relevance in May 2026. As Lebanon enters a profound re-escalation of hostilities, the operating environment has rapidly reverted to the conflict dynamics observed in 2024. Given that the structural shocks of conflict inevitably cause market isolation, supply chain disruption, and limited access to finance, Micro, Small, and Medium Enterprises (MSMEs) are no longer transitioning from recovery to growth, with a likely return to the state of survival-driven crisis management.

Consequently, this assessment analyses past crisis responses and entrepreneurs' survival strategies to build a predictive framework that may guide ongoing and future in-crisis development programming. Notably, it evaluates how effectively CESVI's interventions strengthened enterprise adaptability and ability to restabilize after hardship vis-à-vis Lebanon's compounding economic, security, and political crises.

METHODOLOGY

Data collection was conducted between February and April 2025 using a mixed-methods approach. Data collection consisted of surveys with entrepreneurs who participated in projects implemented by CESVI, focus group discussions with a sample of surveyed enterprises to enrich survey findings, and key informant interviews with experts in the enterprise and economic development sectors.

Quantitative Surveys (n=72): Randomized sampling was utilized, except in the case of projects with less than 30 participants. In this case, all entrepreneurs were contacted.

Four Qualitative Focus Group Discussions (FGDs) (n=27): FGD groups were clustered by type of enterprise: 1. microenterprises supported with Beirut blast recovery, 2. youth-led social enterprises, 3. border-proximate enterprises under high conflict exposure, and 4. other actors active in the environmental value-chain.

Two Key Informant Interviews (KIIs) (n=2): Interviews were conducted with leading experts from the Lebanese Social Entrepreneurship Association (LSEA) and Oxfam in Lebanon.

KEY INSIGHTS

The Baseline Contraction Model: Based on 2025 enterprise data and informal check-ins in 2026, conflict reescalation threatens private sector entities with rapid capital exhaustion, market isolation, and operational paralysis. Despite the 2024 ceasefire, widespread military escalations, regional blockades, raw material shortages, displacement and unmet humanitarian needs affected business continuity. Consequently, 15% of entrepreneurs expressed uncertainty regarding restarting operations, a 75% drop in demand, and 72% profit drop in 2025.

Asset Attrition & Idle Capital: Machinery damage due to proximity of attacks or malfunctioning due to machines being idle and unmaintained, as well as raw material loss are likely consequences to hostility reescalation. As of 2025, 40% of enterprises faced total resource loss and supply disruptions due to movement restrictions and displacement. Crucially asset deterioration and material loss incurred steep repair and replacement fees.

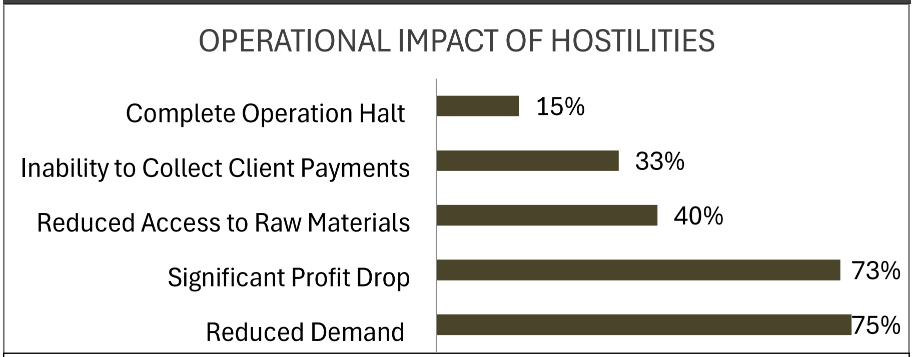
The Psychological Strain Threshold: Entrepreneurs consistently reported that prolonged warfare uncertainty paralyzed long-term strategic planning, generating systemic burnout and entrepreneurial stagnation.

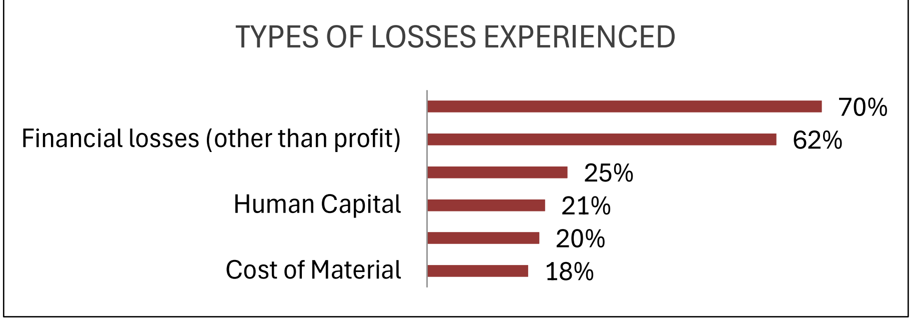
Funding limitations: Widespread transition of donor portfolios from development to immediate humanitarian aid lines reduced funding for pre-profit entrepreneurs, social enterprises, and crisis-affected enterprises, which was compounded by minimal access to and lack of trust in formal credit and investors.

Financing needs vs. the "Grant Dependency" Trap: While there is a strong demand for and dependency on financial support, data indicated a growing frustration with lack of access to financial instruments beyond grants.

CONTEXT ANALYSIS

MSMEs FACING COMPROMISED OPERATIONS AND ADMINISTRATIVE COMPLIANCE, WHICH ARE LIKELY TO EXASCERBATE MEDIUM & LONG-TERM INSTABILITY AND THREATEN RESILIENCE TO HOSTILITY REESCALATION IN 2026





The analysis exposed severe operational strain across all target clusters. **The 2023–2024 conflict cycle reversed the process of stabilization for enterprises**, which had already been fragile after the 2019 currency collapse, COVID-19 repercussions, social instability, and the 2020 Beirut Port Explosion. **Enterprises in the South and Bekaa regions were increasingly isolated.** The conflict triggered **extreme human capital displacement,** with remaining employees **experiencing wage depreciation that** entrepreneurs struggled to address.

Opaque and increasingly inaccessible public, infrastructure, and banking services were highlighted as a key limitation to entrepreneurial growth, together with the **lack of legal framework** regulating social enterprises and the **limited ministerial support to nascent sectors.**

SECTORAL CHALLENGES & VULNERABILITY DRIVERS

1. Environment & Waste Management

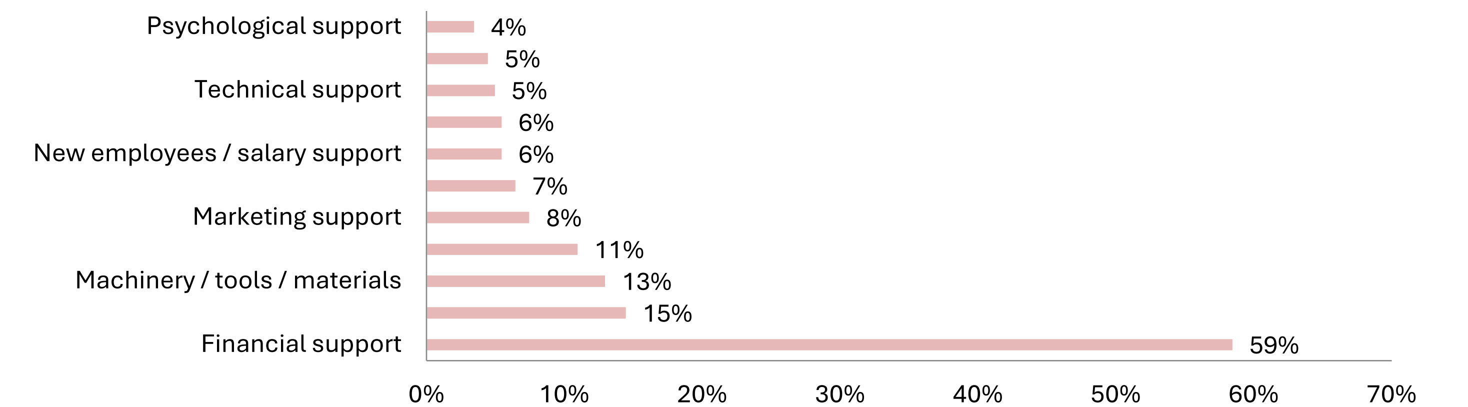
- Price distortions due to unmonitored informal market
- Abrupt legislative shifts regarding PET export bans and intensive lab-testing delays
- Enterprises maintained employee payrolls during the conflict despite halted production
- Consumers deprioritized environmental services due to conflict

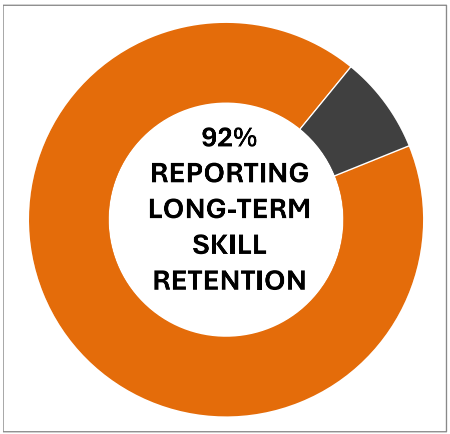
2. Agriculture & Agrifood Processing

- Many farmers lost their stocks and an entire harvest season
- Consumer panic due to fears of white phosphorous soil contamination
- Security limitations delayed post-ceasefire land re-entry during planting season
- Collaborative dynamic seen within the agricultural sector (e.g., providers offering discounted fertilizer, technical and supply chain support to farmers)

3. Hospitality and Tourism: Leisure, culinary, and artisanal retailers outside Beirut, Mount Lebanon and North Lebanon faced complete geographic isolation, even after the ceasefire due to a perception of regional insecurity, nearly wiping vital summer revenue streams.

Type of support needed to start rehabilitating their business, by % of entrepreneurs





According to surveyed participants who participated in CESVI's financial, administrative, managerial, marketing, & operational capacity building programs.

MOST RELEVANT TECHNICAL TRAINING TOPICS FOR FUTURE PROGRAMMING

Financial Mastery	• Accounting & financial management • Legal & financial compliance • Investor access & engagement	• Active business plan revision • Credit utilization frameworks
Operations & Risk	• Risk planning and management, identified as a priority • Organizational policy development • Boosting operational efficiency	• Global standard compliance • HR training & emergency re-structuring • Environmental safeguarding
Growth & Strategy	• Marketing plans • Social media optimization • Proposal writing • Post-conflict business revival	• Quality assessment & improvement • Brand export mapping • Portfolio diversification

STRATEGIC ROADMAP FOR FUTURE CRISIS-EXPOSED PROGRAMMING:

FINANCIAL SUPPORT

CESVI's focus on access to finance and success in delivering impactful financing products implies that several existing financing mechanisms should be retained, while introducing new modalities is also highly relevant.

1. **Embed agility and waiver protocols into grant dissemination strategies** as a pre-emptive measure to ensure grant agility and need-relevance during unexpected crises.
2. **New innovative financing and investment promotion mechanisms**, in addition to retaining successful ones, would enhance contextualized support. **Emergency low or no-interest microloans and training on utilizing crediting schemes** may also be helpful for microenterprises that are suspicious of loans.
3. **Grants for a limited number of high-impact outputs** have a more viable effect on business reach and productive capacity, especially if focused on **brand diversification, quality improvement and enlarging industrial capacities**.
4. **Growing interest in equity-based financing and investment-readiness** suggests a viable path for MSMEs looking to escape the limitations of the NGO-grant ecosystem.

RESTRUCTURING EXISTING DEVELOPING PROGRAMS TO FACILITATE:

1. **Supporting businesses in transitioning their workspaces** by facilitating coworking, temporary production or storage space relocation, and enhanced remote working capabilities.

Overcoming logistical bottlenecks using agile procurement and localized supply networks, as well as cross-sectoral partnerships by connecting public and NGO sector focal points with enterprises, with the goal of sharing resources and knowledge on market demands.

STRENGTHENING ACCESS TO MARKET THROUGHOUT ALL CONTEXTS

1. **Advocacy, strategic partnerships, legislative action, and support from the public administration** may both encourage local clientele to prioritize social enterprises and push enterprises to operate in a more social and sustainable way.
2. **Capacity building that enhances competitiveness with both the local and the international market** would be focused on both brand awareness-raising and intrinsic product quality enhancement

1. Introduction

CESVI is an international NGO operating in over 20 countries with the goal of promoting human rights and empowering individuals to achieve their ambitions through humanitarian response activities and sustainable development. CESVI has been present in Lebanon since 2001, with the long-term objective of *improving the living conditions of the communities residing in Lebanon, and increasing access to services and income-generating opportunities to promote an adaptable and inclusive society*. CESVI's desired impact in Lebanon encompasses four crosscutting impact objectives, which are achieved using the 3E approach:

* **Education and protection:**

  IO1: Reduce hindrances to accessing quality education and learning opportunities, particularly among children facing socioeconomic, contextual, caregiver, or accessibility-related barriers.

  Achieved through: school renovation and infrastructural enhancement; psychosocial support for children and teens from vulnerable backgrounds; educational support for children in and out of school; protection sensitization; and health services for children with disabilities and accessibility requirements.

* **Economic development:**

  IO2: Promote sustainable economic growth and access to income streams within decent working conditions

  Achieved through: technical and business development training and coaching, stakeholder engagement and access to finance initiatives, product enhancement, strategic market access, and legal support to micro, small and medium enterprises (MSMEs); social impact generation, enhancement and retention within the private and social entrepreneurship sectors, youth empowerment and decent labor access; vocational training, on-the-job learning, life skills training.

  IO3: Enhance the capacities of local actors, such as organizations and authorities, and enrich referral systems and coordination mechanisms across private, public, nongovernmental, and educational actors.

  Achieved through: promoting cross-sectoral collaboration for sustainable development; advanced upskilling and service enhancement initiatives targeting local business support organizations and public institutions.

* **Emergency interventions:**

  IO4: Reduce the negative impact of crises across the country, and most prominently the Israel-Hezbollah conflict.

  Achieved through: provision of essential humanitarian needs (food, shelter adaptation, hygiene, and health kits, as well as protection awareness and psychosocial services); urgent transitional livelihoods support through short-term employment & supplementary vocational or jobseeker training for marginalized communities.

This study intends to evaluate the relevance, efficacy, and medium-term impact of CESVI's past and current programming by assessing interventions that have supported the growth, valorization, and sustainability of social and microenterprises from 2020 until the time of the data collection (April 2025). Notably, the analysis conducted and presented in this document aims to provide in-depth insight into 1. the impact and sustainability of CESVI's economic development interventions, 2. the role of CESVI's support to enterprises withstanding challenges posed by the crises and conflict in Lebanon, and 3. the impact of the 2023-2024 conflict on enterprises and their emerging needs, especially relevant now given the reescalation of the Israel-Hezbollah conflict in 2026. The comparative analysis between the 2023-2024 data and current 2026 observations suggests that MSMEs are now operating in a state of "permanent crisis management," where the line between recovery and emergency has become blurred. The 2023-2024 conflict analysis therefore provides a predictive framework for recovery and support efforts following 2026 re-escalation, allowing for faster deployment of risk management utilities and support in redesigning business operations. The analysis also paves the way for developing programs targeting new project participant rosters, as well as collaborations with existing enterprises as potential partners.

In line with its long-term objective, CESVI has implemented three economic development projects in collaboration with several partners from 2020-2026 (CELIM, OXFAM, ISF-MI, POLIMI, SDA, Arc en Ciel, LSEA, CCIABML, Al Majmoua, LMFA, and the Municipalities of Chebaa and Hasbaya). While these three projects offered group training, individual coaching/consultancy, and access to finance, they adopted different methodologies reflecting the context and the service recipients' profile.

The 3 projects assessed in this study are:

- *"Youth Empowerment for Social impact" - NEAR-TS/2019/412-398 (referred to as "YESI" in the report)* - April 2020 to November 2022. The project aimed at promoting youth empowerment through inclusive, innovative, and sustainable models of social entrepreneurship. In particular, the action aimed to empower youth-led CSOs and social enterprises to develop innovative and socially impactful business initiatives. The envisaged outcomes were enhanced capacities, increased access to finance, active networking, and knowledge sharing through peers. To bridge the gap between young social entrepreneurs and access to credit, Microfinance institutions (MFIs) that are part of the Lebanese microfinance association were engaged in a social financing capacity building program on developing innovative social financing products. The institutions were also aided in jointly creating a social enterprise identification and servicing framework. The project followed a Market Systems Development (MSD) approach and strived to enhance the social entrepreneurship ecosystem in Beirut, Mount Lebanon, South Lebanon, and Bekaa.
- *"R.vive: support for the revival of economic activities and rehabilitation of damaged public infrastructure in the municipality of Bourj Hammoud" - AID 012186/01/0 (referred to as "R.vive" in the report)* - May 2021 to August 2022. The project aimed to support MSMEs affected by the Beirut Blast through the provision of unconditional cash assistance, with the objective of mitigating the effects of the complex Lebanese crisis, as well as supporting MSMEs' capacity to continue their activities in the short term. MSMEs received incubation services through business management capacity building, financial grants, and support in business plan remodeling for risk mitigation. Additionally, Cash for Work opportunities were offered to refugees and vulnerable Lebanese individuals, where they aided in rehabilitation needed in Bourj Hammoud after the Beirut Blast.

- *"WASTE or RESOURCE? – Enterprises and municipalities' environmental and social responsibility" - AID 12590/01/08 (referred to as "WASTE or RESOURCE" in the report)* - August 2022 to July 2025. The project aimed at contributing to reducing the negative health and environmental impact of contaminated air, soil, public spaces, and water in Lebanon. Throughout this project, CESVI supported 20 MSMEs contributing to the waste management and environmental service value chain in South Lebanon. This was done by aiding entrepreneurs in creating new or enhancing existing environmental protection products and services, developing their business operations, reducing environmental harm from their own operations, and facilitating cross-sectoral environmental and social collaborations. Support was provided through access to finance, technical and business management capacity building, mentorship, and individual consultancies.

2. Methodology

The evaluation employed two different approaches, depending on the status of each project at the time of data collection:

- An Ex-Post-Evaluation was conducted for the projects YESI and R.vive, providing CESVI with a systematic assessment focusing on the effectiveness, sustainability, and lessons learned of these completed interventions.

- A Real Time Evaluation (RTE) was used for the *WASTE or RESOURCE* project, which was still ongoing at the time of data collection.

Regardless of the different approaches, tools and data collection methodology were consistent across projects, to ensure consistence of data and allow cross-project analysis. The tools employed took into consideration the different sectors of the businesses, the support that they had received during CESVI's interventions, the time elapsed after the end of the project (for YESI and R.vive) or after the end of the activities (for WASTE or RESOURCE), and the external challenges.

The study addressed the following research questions:

Impact:

* What long-term effects do CESVI's interventions have on enterprises participating in the program?
* What damage did the conflict cause to enterprises' supply chain, production, and access to the market, and what is the enterprises' status after the ceasefire?
* How did CESVI's interventions affect the supported enterprises during the height of the conflict, prior to the ceasefire?

Sustainability:

* Was CSEVI's action sufficient to support the enterprises in mitigating challenges caused by the conflict?
* How can the gaps identified by the analysis be addressed and what can CESVI and other local and international actors do to support MSMEs to recover after conflicts?

The analysis was based on data collected through individual surveys administered to a sample of project beneficiaries (enterprises, including MSMEs and social enterprises), as well as to economic and humanitarian actors. In addition, Focus Group Discussions (FGDs) were conducted with participants across the three projects, and Key Informant Interviews (KIIs) were held with representatives of key enterprise support organizations. This data collection complemented information previously provided by beneficiary participants during or immediately after project completion, enabling CESVI to better understand the impact and sustainability of its interventions.

a. Enterprise survey:

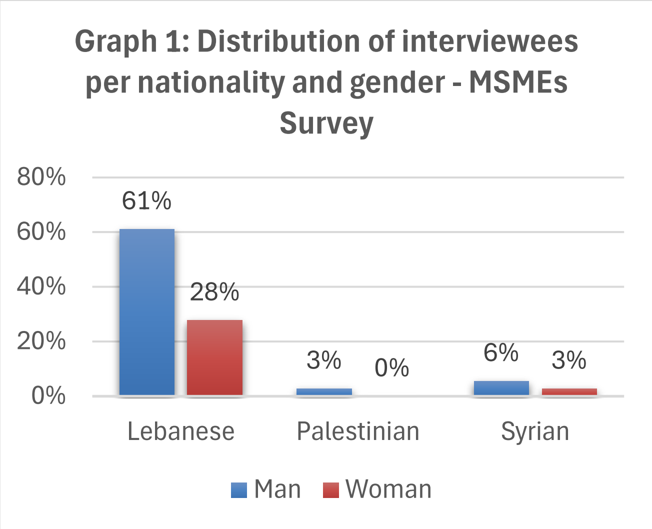
Enterprises were outreached if they had taken part in CESVI's three most recent enterprise support projects. Since the YESI project had two entrepreneurship programs - one being for technical capacity building, while the other was for financial support - the survey sampling was done for each individual program. This meant having four sample pools (i.e., two samples from the YESI project, one sample from the R.vive project, and one sample from the WASTE or RESOURCE project.

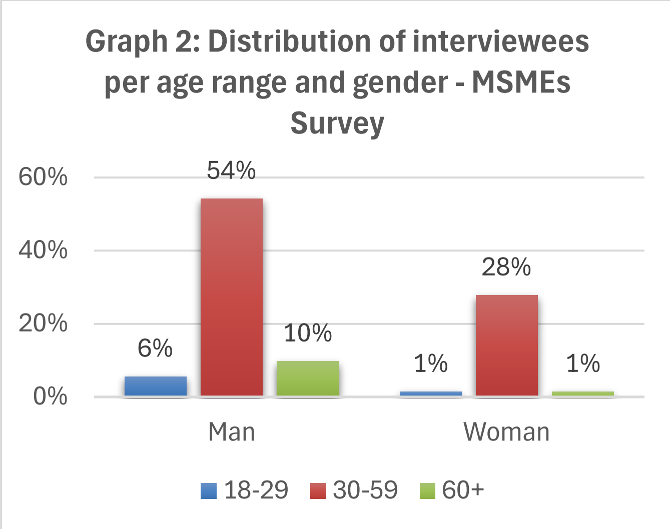
Entrepreneurs from programs with more than 20 participants were randomly selected and outreached. This randomized outreach resulted in 37 surveyed entrepreneurs from the R.vive project and the capacity building program in the YESI project. All 20 entrepreneurs from the WASTE or RESOURCE project and all 15 from the YESI financial support program were outreached and surveyed.

In total, 72 project participants across the three projects were surveyed. Of these, 65% had taken part in capacity building and coaching activities, while 79% had received financial assistance. The survey was administered through Kobo Toolbox by CESVI's trained outreach workers and consisted of both quantitative and qualitative questions (Annex A).

The survey covered the following main elements:

* general information about the business
* the status of the business after the end of the project (YESI and R.vive)
* The status of the business during and after the end of the escalations, and the business' ability to overcome their challenges
* willingness to stay in business
* the employees' status and challenges during the war
* the changes that occurred to the clientele
* demand for products and services, profit, costs, losses, and access to resources
* waste management
* feedback on the support provided by CESVI throughout the assessed projects





b. FGDs with enterprises

FGDs with project participants (Annex B) were conducted by CESVI's Economic Development Strategy Manager. The FGDs enriched survey findings through a deeper dive into key themes, including challenges to the enterprises' growth and sustainability and the impact of CESVI's programming.

FGD participants were clustered using the following criteria:

- Sector of operations
- Location
- Scope of support provided by CESVI

Four separate FGDs were conducted with the following overall attendee profile:

- **FGD 1: Microenterprises recovering after port explosion** (henceforth, "MR FGD"). The FGD was conducted with 6 participants (1 woman and 5 men), who were recipients of the following actions: financial support for rehabilitating their microenterprises located in Bourj Hammoud after being damaged by the blast, business development support through micrograants and essential business management courses focusing on business development (business plan creation and refining, operations plan, marketing, and financial planning). All attendees were part of the R.vive project. 2 out of the 6 attendees have halted business operations completely after the end of the project, including shop closure. The enterprises represented produced diverse outputs (bakery, textile trading, minimarket, beauty and fashion goods targeting African clients, handbags, and 3D printing) but shared their enterprise size and client reach capacity.
- **FGD 2: Youth-led social entrepreneurship** (henceforth, "SE FGD"). The FGD was conducted with 6 participants (1 woman and 5 men) who had received social enterprise development training and coaching within the YESI project; 5 of these had also received organizational development financing through the project's financial sub-granting program (FSGP). Given the lack of SE legal structure in Lebanon, the participants' enterprise structures included privately owned businesses (3) and CSOs focusing on cooperative development, social entrepreneurship support, youth empowerment, and access to civic engagement (3). Business locations were all within Beirut and Mount Lebanon; all 6 of them have remained operational after the end of the project.

- **FGD 3: MSMEs with the highest exposure to the Israel-Hezbollah conflict** (henceforth, "HE FGD"). The FGD was conducted with 9 participants (2 women and 7 men) operating in South Lebanon and Bekaa, representing MSMEs currently receiving financial and technical support for enhancing their environmental protection and growing ecopreneurship products and services within the Waste or Resource Project. Core support received included financing for business development and cross-sectoral collaborations, training and coaching on essentials of business management, organizational and project management consulting, and advanced financial and organizational training for advanced MSME clusters. 3 out of the 9 attendees also received business development support under the YESI project, with 1 of the 3 receiving financial support for business development.
- **FGD 4: Environmental businesses not included in the above groups** (henceforth "E FGD"). This FGD was conducted with 6 participants representing 4 MSMEs (3 women and 3 men); 3 of these had received the Waste or Resource project's core support modalities and one had received the social enterprise development training under the YESI project, without any financing. The MSMEs' locations varied across Mount Lebanon. At the time of data collection, the participant from the YESI project had temporarily halted their operations in Lebanon.

c. KIIs:

Two KIIs with representatives from key business support organizations (BSOs) were conducted by CESVI's Economic Development Strategy Manager (Annex C), involving 1- the Secretary General of the Lebanese Social Entrepreneurship Association and Head of Grants & Partnerships at Arc-en-Ciel and 2- the Economic Development & Social Justice Programs Manager at Oxfam in Lebanon. These interviews complemented the study's findings through in-depth engagement with experts in enterprise support programs, highlighting key challenges, market dynamics, opportunities, and systemic barriers.

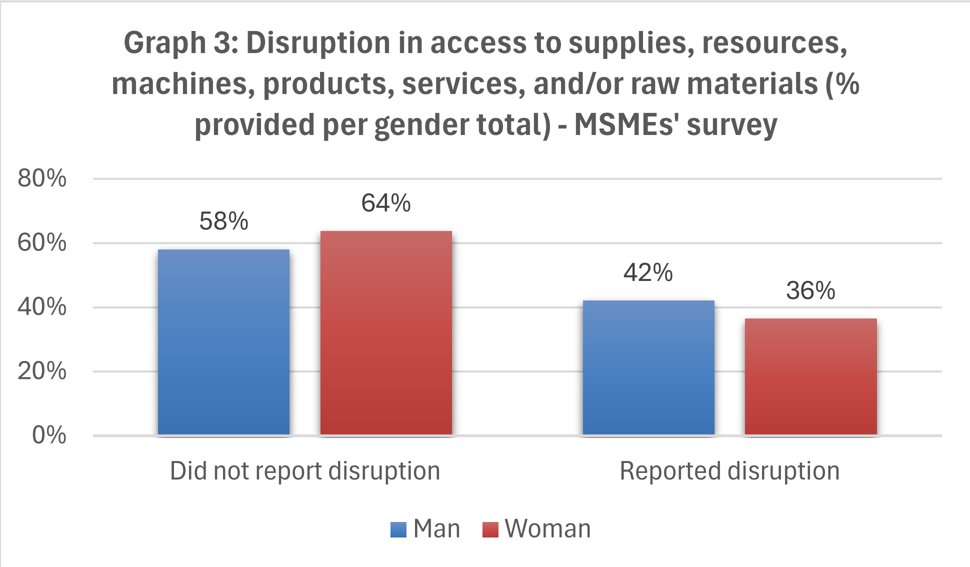
3. Main findings

As Lebanon faces a critical re-escalation of the Israel-Hezbollah conflict in 2026, the findings from the data collected in in early 2025 hold immediate relevance, underscoring the compounding effects of the "compounding crises" described herein. Most importantly, security deterioration and limited mobility, financial service constraints, infrastructural gaps, and lessened access to clientele are likely barriers to enterprises' ability to function. These elements were indeed highlighted in the findings from the data collected in 2025, as well as enterprise positive coping mechanisms, major equity losses, and barriers to planning that entrepreneurs faced as a direct effect. In this analysis, several best practices and key considerations for enhancing future risk management planning and in-risk operations were prominent.

4.1 Compounding crises

Across regions and sectors, enterprises reported that the Israel-Hezbollah conflict exacerbated an already fragile crisis condition characterized by prolonged currency collapse, inflation, and institutional erosion since 2019. Hence, rather than constituting an isolated shock, the conflict disrupted the process of early recovery that had begun to emerge across Lebanon.

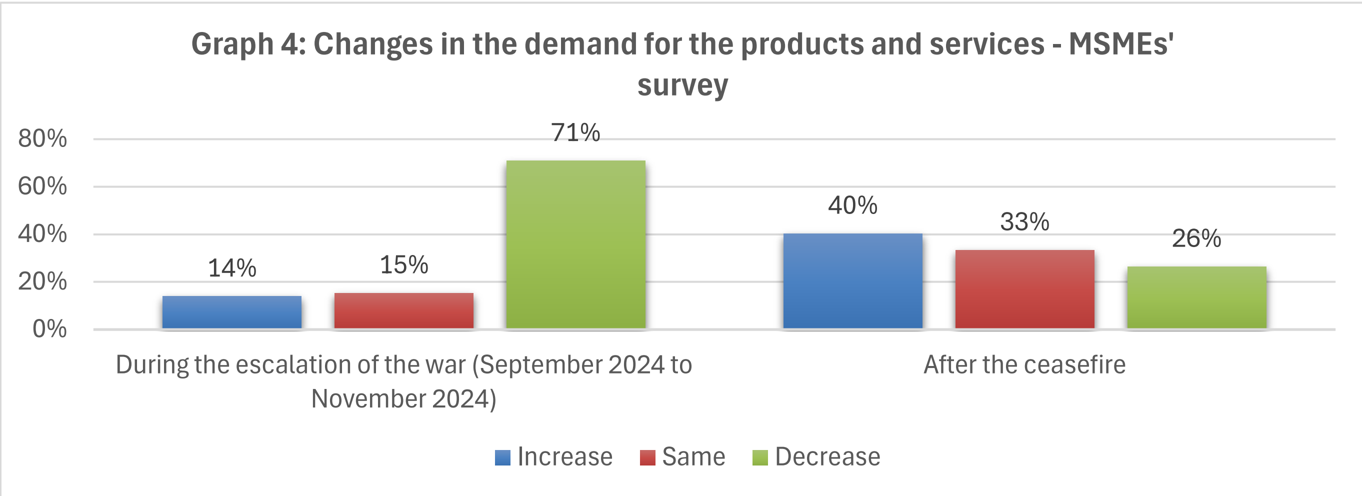
As a result of the conflict, enterprises described facing multiple overlapping stressors: supply-chain disruption, movement restrictions during and post-wartime isolating them from clients and suppliers, unpredictable market shifts, and regulatory uncertainty. Notably, 40% of the MSMEs surveyed reported disruption in access to resources. In 2026, the "crisis-early recovery-crisis resurgence" pattern returns and recovery efforts that have taken place in 2025 are once again threatened due to renewed hostilities.



Economic crisis, COVID-19 & subsequent Beirut port explosion

Prior to the conflict, the financial crisis - which had erupted in the Fall of 2019 and compounded with the dire economic effects of COVID-19 - triggered a sustained depreciation of the local currency, the loss of bank deposits, unregulated pricing, and import-export limitations, and had led to the creation of informal market monopolies. These challenges affected all FGD participants at the time, while the legacy of the informal systems that were reinforced during that period still burdens waste management enterprises today. The operational environment in 2026 remains burdened by these unresolved systemic issues from 2019 and 2020, seen especially through limited access to credit lines and a low ease of doing business ranking for Lebanon in general[1], despite slight GDP growth in 2025, at 3.5%[2].

Microenterprises in the MR FGD were unified in their experience that "the dollar crisis" - in reference to the exponential devaluation of the Lebanese Lira starting fall 2019 – as well as the loss of bank deposits and formal credit meant that even existing cash reserves and payments from clients were insufficient. The diminishing value of the local currency caused by reactive inflation in the market inevitably resulted in the enterprises' clients losing their purchasing power, even if products were discounted. Similar sentiments were echoed by other groups, who mentioned that "revenues were too little in comparison to price changes...no one was controlling the situation" (E FGD). These pressures were further exacerbated by the Beirut port explosion in 2020 , particularly for enterprises serving lower-income communities in densely populated neighborhoods of Beirut, where both consumers and service providers were affected and had limited recovery capacities. FGD participants noted that operations had started to recover prior to October 2024, where enterprises were regaining customers and beginning to adjust to the new market conditions, before this situation was abruptly reversed by renewed insecurity. Survey respondents operating in Beirut expressed the same sentiments (34 out of 38 total in Beirut surveyed).



[1] World Bank, Doing Business 2020: Economy Profile: Lebanon (Washington, DC: World Bank, 2020), https://doi.org/10.1596/32960

[2] World Bank, Lebanon Economic Monitor: Winter 2025 - A Fragile Rebound (Washington, D.C.: World Bank Group) http://documents.worldbank.org/curated/en/099525001212610449

QUICK FIGURES FROM SURVEY RESPONDENTS IN HIGHEST-RISK AREAS

15% of enterprises in South Lebanon completely stopped operating and feel uncertain about their ability to restart, even after the ceasefire. Respondents in the Bekaa reported limited operations due to isolation from supply chains. 1 enterprise in South Lebanon lost all equipment acquired through a previous grant. Many reported not only facility damage, but also that facilities remain inaccessible.

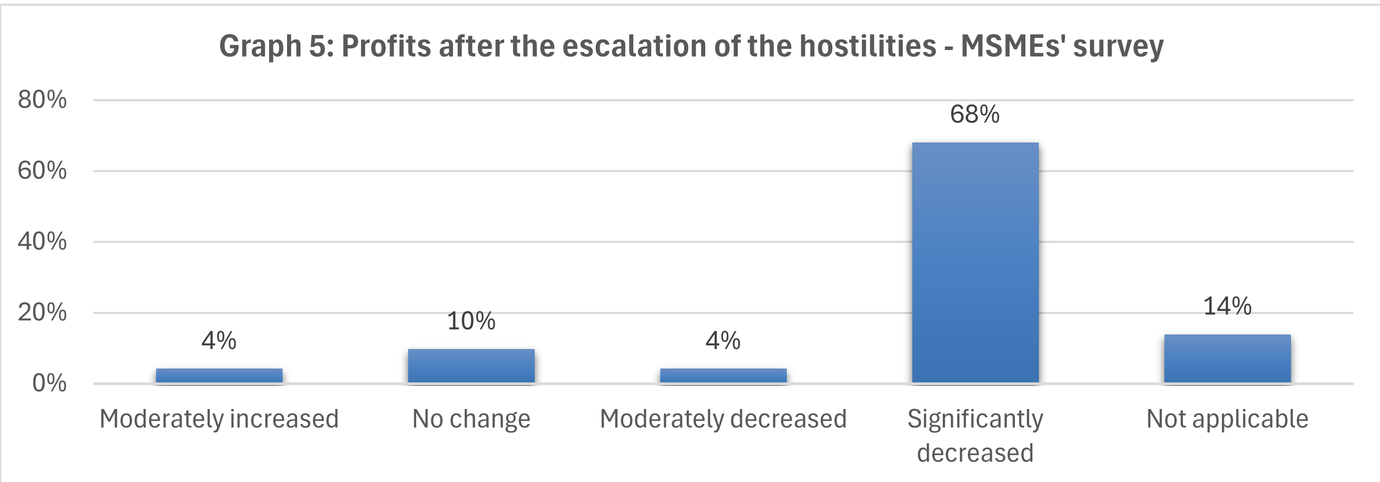
The conflict's initial escalation in 2024 abruptly reversed the recovery momentum and halted the enterprises' adaptation efforts. The attacks in South Lebanon triggered an immediate decline in sales, cancelled bookings, halted exports, and resulted in a loss of clients, particularly for seasonal and tourism-dependent enterprises, as well as nonessential product and service providers. During check-ins done by CESVI with entrepreneurs in 2026, a similar pattern of shrunken clientele pools, risk of equity and enterprise loss, loss of and decreased capacity to reach employees, and emergency relocation was reported.

"Some of us were forced to sell at cost just to survive, leading to major losses "

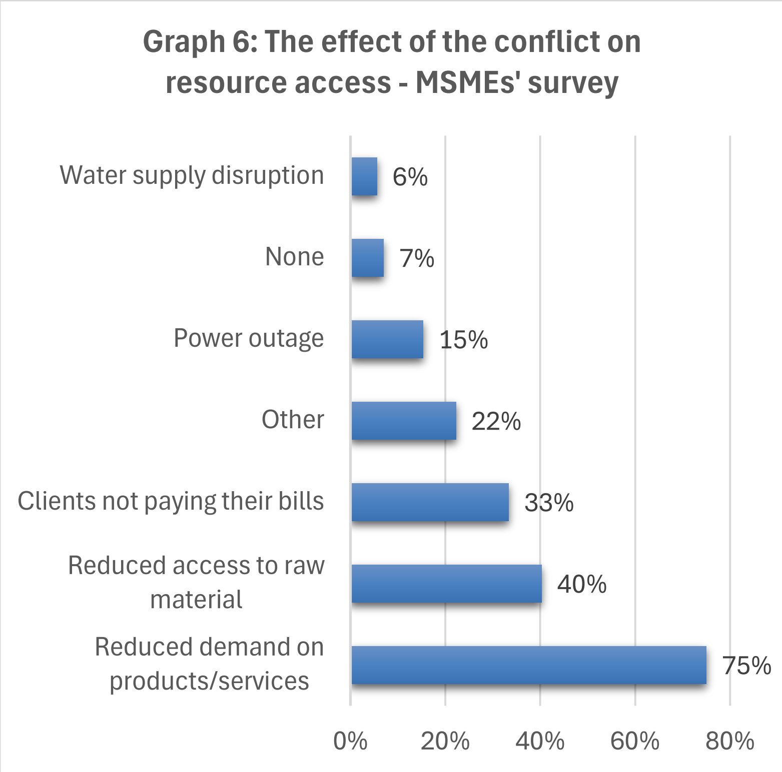
Owner of an industrial chicken farm in Hasbaya, Lebanon.

In the areas most targeted by Israeli attacks, the compounding effect of the lingering crises and the new conflict was most evident. HE FGD participants noted that the conflict had a dramatic impact on enterprises, as customers residing in South Lebanon fled their homes, smuggling from across the Syrian border pushed prices further down, and security risks made operating and planning nearly impossible.

Three compost and agriprocessing enterprises reported that during the conflict, their clientele and suppliers were unable to harvest, which resulted in the disruption of sales. Loss of access to inventory created major losses, as described by an apple snacks vendor in the HE FGD. For MSMEs working in waste management, recyclables requiring processing accumulated as demand collapsed. Another FGD participant explained the negative effects of leaving machinery idle, disrupting use and maintenance schedules which caused malfunctions and additional costs, a challenge echoed by all other entrepreneurs attending the HE FGD, except



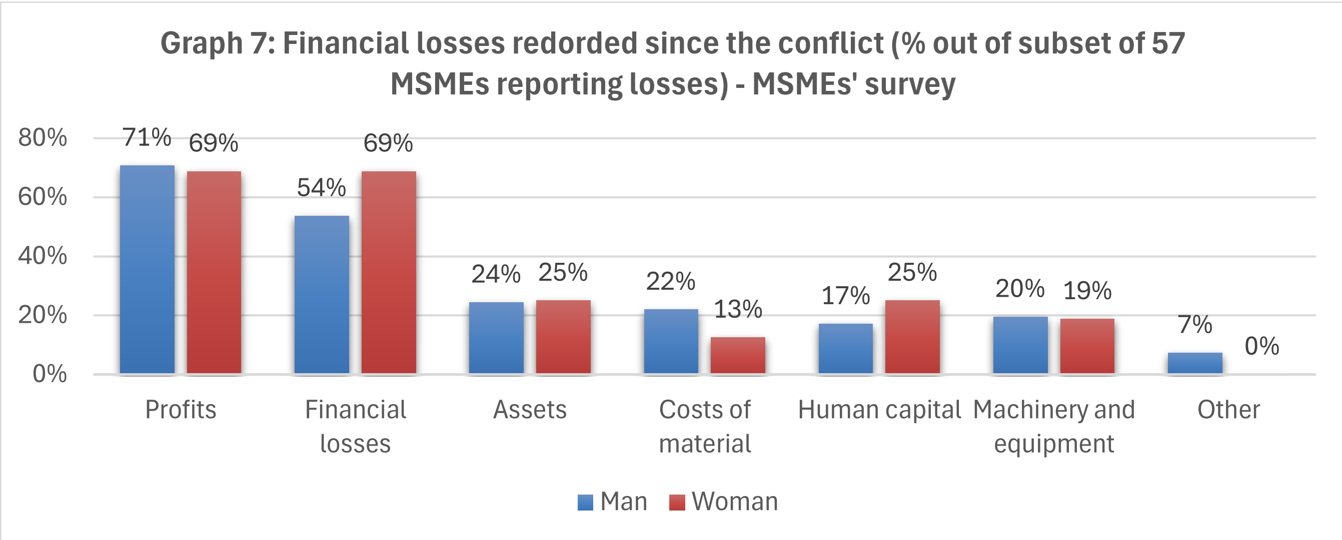
for those in Hasbaya. Respondents to the survey highlighted similar trends, with 75% having experienced reduced demand and 72% reporting a decrease in profits.



More than one-third of interviewees also mentioned limited access to raw materials (40%) and an inability to collect payments from clients due to insecurity-related mobility restrictions (33%). FGD participants also mentioned how limited mobility delayed production, prevented access to suppliers, and halted expansion plans. Clients faced access barriers: one MR FGD participant explained that he had to leave his shop to visit potential clients and advertise his samples, reducing sales due to time spent locating potential clients and in transportation. Survey respondents and FGD participants alike described it as "starting from zero again," repeatedly rebuilding after cycles of loss. Respondents in the highest-risk areas notably emphasized the psychological burden of warfare, prolonged uncertainty, and inability to plan. This was reflected by one participant, who mentioned that their MSMEs had to cancel planned events and campaigns due to the conflict, while the budgeted resources for an official brand launch were completely lost. The deterioration of internal security impacted enterprises even further, due to limited access to security in at-risk areas and institutional overwhelm. Two enterprises reported theft of raw materials and machinery, while one was also affected by a fire incited by a local political faction.

Despite the ceasefire having been signed over a quarter before data collection and due to continued attacks from Israel in Southern Lebanon, businesses in the South reported a sustained contraction in their client base in the post-war period, including those in areas that were generally unaffected. This was mirrored in statements by survey respondents, who reported a great decrease in the demand for products and services compared to before the conflict, with only a partial recovery after the ceasefire. Enterprises operating in seasonal and touristic sectors were most affected, and unalleviated financial strain due to the extended conflict made product and service diversification challenging. This effect is not only expected to repeat during and after the resurgence of hostilities in 2026 but may also be intensified due to the current occupation and lockdown of towns south of the Litani river. This means that employees, clients, service providers, raw material sources, and logistics providers in these towns will no longer be accessible to entrepreneurs in the short term, while their long-term ability to service clients and take advantage of resources beyond the Litani river remains unclear. What seemed to have further exacerbated hopelessness among MSMEs based in Southern Lebanon was the isolation and prejudice experienced, as mentioned by FGD respondents from the region. For example, one entrepreneur expressed the hope that a media campaign could take place to alleviate fears of venturing to Southern villages, showing that "some areas are still safe and capable of welcoming tourists."

Significant financial losses, including loss of assets, machinery, materials and of human capital were experienced by 79% MSMEs as reported during the survey, undermining both livelihoods and productivity. Slight gender-based differences were observed; women reported financial and human capital losses more often, while men more frequently reported higher material costs.



It is interesting to note that one social enterprise providing package-free food and housekeeping essentials doubled its sales during the conflict, however, they were the only social enterprise among the FGD participants to experience this phenomenon. While this is in line with studies on SEs booming during crises, it is worth noting that this SE also experienced detrimentally increased costs and isolation from several suppliers. Since barriers to SEs did not differ from other MSMEs, it suggests an important nuance to literature on SEs' resilience during crises, as protracted crises that affect regional access and force displacement may ultimately limit SEs' servicing capacity as well. At the same time, this insight still reinforces the fact that SEs may be considered a saving grace during times of crisis, granted that they are offering essential products and services. This distinction is worth making as the social entrepreneurship ecosystem in Lebanon witnessed a boom in impactful business operations, yet crises can shift priorities so that the projected social impact of an SE becomes less relevant or obsolete. This reinforces the necessity for supporting enterprise adaptability and restructuring mechanisms, which was a gap identified by the majority of FGD attendees.

4.2 Driven by growth and sustainability, but unsure about the direction

Despite the perduring instability, all participants expressed strong motivation to grow and sustain their enterprises. Discussions centered on concrete aspirations: acquiring new and upgrading existing equipment, expanding product lines, entering new markets, and obtaining international certifications. Most entrepreneurs exhibited a solid capacity to consider different solutions and think systematically about diversifying operations and client niches.

IN-CRISIS DEEP DIVE: WASTE MANAGEMENT SECTOR

Waste management enterprises felt that they had little capacity for planning and control due to legal barriers and illegal waste collectors, as well as the challenges of operating in a logistics-driven sector during a conflict that strained mobility and supply chain access. Given the waste management sector's reliance on exporting to processors abroad, frequent changes to export rules for PET materials, including export bans, reduced operational capacity through formal channels. Lab testing requirements for export-grade compliance further strained operations due to long testing times. One enterprise even reported stockpiling baled recyclables locally and relying on branches in other countries for fund continuity until market conditions stabilized.

A primary waste-specific barrier, reported across surveys and FGDs alike, is the unmonitored informal market for sourcing and selling recyclables. Respondents continually struggled due to the informal market's price distortions, which became a severe challenge for them since the beginning of the economic crisis. This distortion continues to force formal businesses to sell recyclables far below standard export rates.

The Israel-Hezbollah conflict further intensified pressures on enterprises operating in sector, as waste volumes increased due to population displacement while sales fell sharply. During this period, enterprises continued operations and maintained salaries, while covering fuel and packaging costs despite minimal revenue, which severely eroded their capital. Cross-border exporting logistics also deteriorated, becoming more expensive due to border control by different actors and transport diversions. More generally, public and market attention shifted away from environmental issues and discussions on sustainability were rejected entirely, despite Lebanon's decade-long struggle with waste mismanagement.

However, for some enterprises, the direction of this ambition remained unclear. Entrepreneurs from the MR recovery group struggled to articulate medium- and long-term plans, timelines, or strategic pathways. This uncertainty was often attributed to repeated disruptions, low market confidence, and difficulty visualizing growth following prolonged exposure to crisis conditions. This may also reflect the long-standing small scale of operations among some microenterprises. Across FGDs, 7 participants were unable to reflect on business potential beyond immediate survival or continued NGO-based support. While the findings reflect uncertainties about the future in 2025, psychological exhaustion caused by repeated disruptions to livelihoods, future planning and uncertainties about safety is a prominent barrier to entrepreneurship capacity. This lens, which centers the entrepreneur's capacities as a key driver to enterprise success and sustainability as opposed to the enterprise as a mechanistic entity, is therefore worthy of further exploration considering the resurgence of large-scale hostilities in 2026 when considering programs targeting enterprises in Lebanon.

Most HE FGD enterprises in the South and Bekaa demonstrated advanced planning both during the FGDs and throughout their participation in CESVI programs, but were repeatedly hindered by security incidents, high-risk operating environments, and disrupted supply chains. A restaurant owner in Hasbaya described his situation as "dreams put on hold". All participants in this group expressed that they related to this sentiment,

POST-CONFLICT DEEP DIVE: AGRICULTURE SECTOR

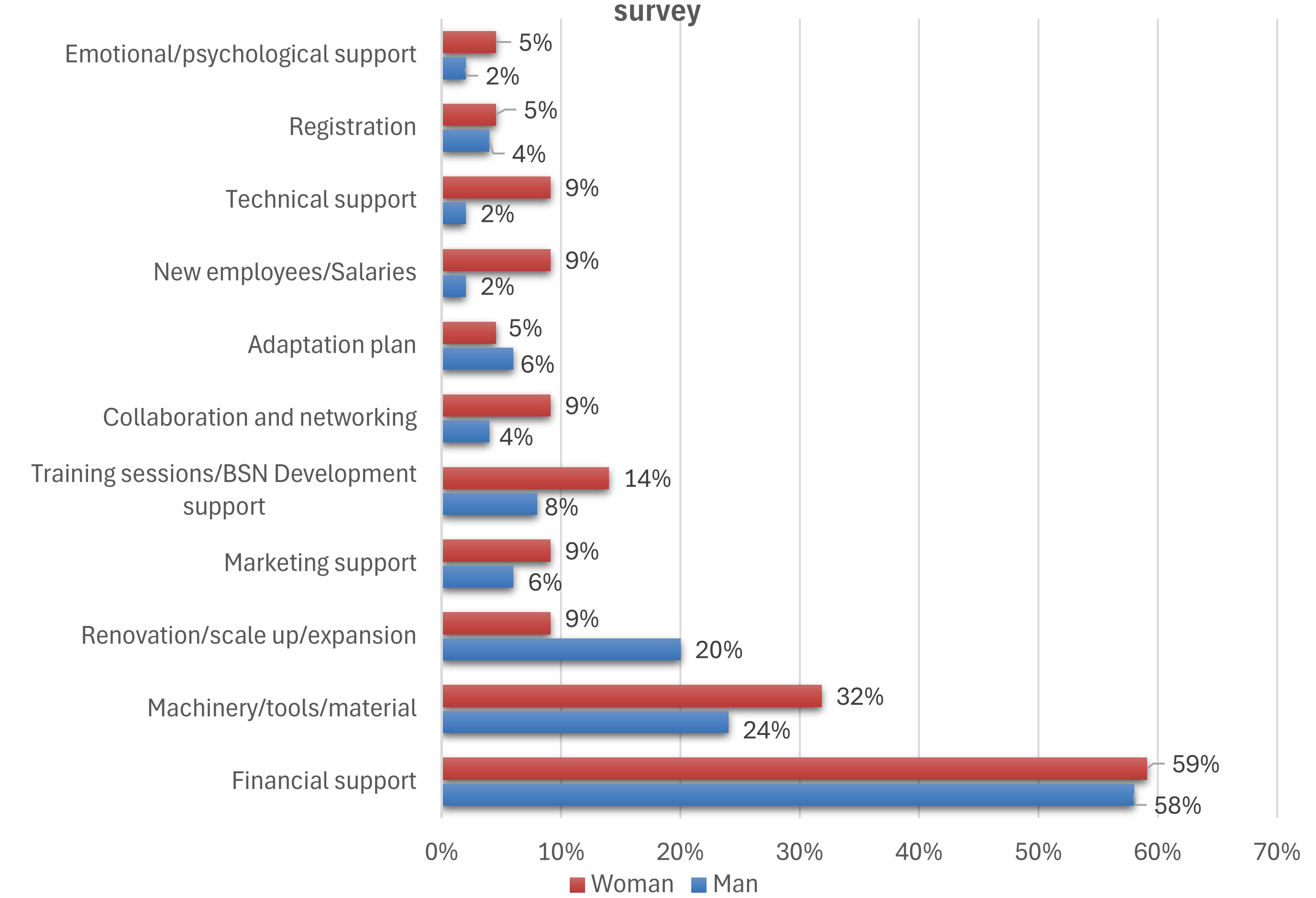
The depth of disruption within the agrifood sector was particularly evident among enterprises whose primary clients are farmers. Survey findings indicate that agriculture was among the most severely affected sectors, with significant crop and stock losses and a reduced number of active farmers. Some FGD respondents described recovery as slow and fragmented: farmers were hesitant to return to planting, and many reported having lost an entire harvest season. Farmers operating in high-risk areas in Southern Lebanon were hit hardest, as widespread movement restrictions had prevented them from accessing their land. Widespread debate and the circulation of news articles questioning the possibility of phosphorus-related contamination of olive oil further weakened an already fragile demand.

Even after the conflict subsided, many farmers remained unable to assess damage to land and trees, delaying their return to production. Businesses serving farmers attempted to stimulate demand through discounted fertilizer applications, yet sales continued to fall short of expectations. Agrifood MSMEs unanimously emphasized that recovery in this sector requires long-term investment and sustained support. Despite these challenges, several enterprises described efforts to re-engage farmers, reflecting collaborative relationships and technical support roles within their supply chains.

with others sharing that they felt as though they are always "starting from zero” and permanently unable to pursue their aspirations: "we actually have a lot of ideas, but everything is currently on hold".

During the survey, respondents expressed a willingness to overcome the difficulties and to survive, even though they were facing major constraints. The strong demand for financial support, mentioned by 58% of the respondents, shows the tremendous effect of the conflict on the businesses and suggests that liquidity constraints constitute a major barrier to continuity and growth. The need for machinery and tools, and for renovation and expansion, shows the gap in productive assets, while the lower demand for training, marketing, and networking support reflects the need for more immediate survival support rather than long-term growth. It is crucial to note that two businesses expressed the need for emotional and psychological support, which signals burn out and stress among business owners and workers. Gender variations were observed in the type of support needs highlighted, as women respondents emphasized the demand of materials and tools, whereas men identified renovation and expansion as priority areas for support.

Graph 8: Organization's main needs (% provided per gender total) - MSMEs' survey



4.3 Access to finance and keeping up with costs

Reflecting the complexity of the Lebanese financial ecosystem, access to finance emerged as a key challenge in both FGDs and survey responses. Traditional financing mechanisms (loans, investments, cashflow diversification) were exciting for some, confusing for many, and inaccessible *en masse*. In tandem, enterprises faced hardships in focusing on creative income generation, cost saving, and access to finance as they were instead racing to stay afloat considering the costs they needed to cover, which were exponentially increasing from the onset of the conflict. The newly stifling cost of stock and operations further jeopardized their ability to support employees, despite entrepreneurs identifying this as a priority.

Unsustainable costs

A dominant concern across discussions was the difficulty of matching revenues with rapidly rising operational costs, both during the conflict and after the ceasefire. Across the board, FGD participants reported substantial increases in nearly all expense categories, including rent, electricity, raw materials, transportation, and labor. Enterprises continue to struggle with maintaining pricing structures that are aligned with declining customer purchasing power. During the conflict, clients shifted toward essential goods, resulting in reduced sales for value-added or niche products. Particularly, microenterprises were unable to pivot services, while others tried different mechanisms with limited success.

South-based producers were forced to sell at cost simply to avoid total losses, as reported by enterprises operating in South Lebanon. FGD participants emphasized a lack of tools and consistent financing mechanisms to manage rising costs constructively. On a capacitive level, survey respondents across sectors and regions expressed the need for practical, non-harmful cost-reduction strategies and innovative approaches to managing high cost of services and raw materials. Rises in the cost of human capital continue to be a ruthless financial constraint, while finding skilled labor has been exceptionally challenging, as reported by the majority FGD and survey respondents alike, despite many businesses downsizing. Syrian and Lebanese workers migrated or were internally displaced, and those who remained requested higher wages. Several business owners mentioned that they tried to cut profits, pooled funds from savings during the height of the conflict, expressed feelings of guilt regarding their inability to support employees further. Despite these measures, providing competitive salaries was considered impossible, as expressed by one enterprise owner in the MR FGD: “I tried my best to stick with them then and to keep the business going because I did not want to stop their job.” This is also in line with human capital losses expressed by survey respondents, similarly, reflecting the difficulty of restoring pre-conflict workforce levels after the war. The 2026 displacement of labor and loss of life has likely exacerbated the human capital shortage, with competitive wages potentially becoming an even greater operational impossibility for formal MSMEs.

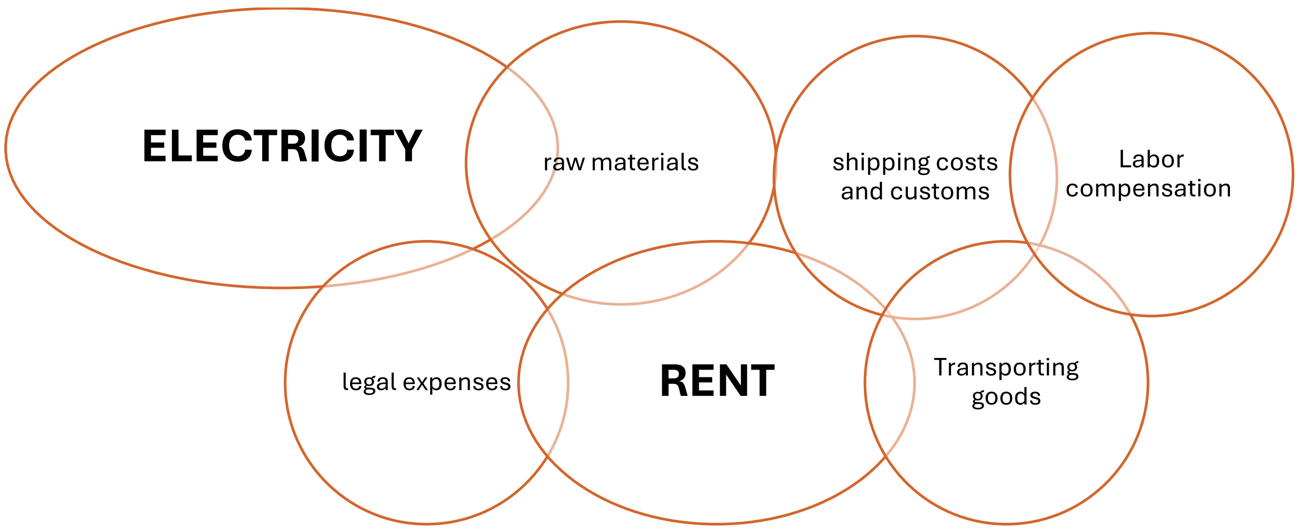


Figure 1: When entrepreneurs reflected on challenges operating costs remain the harshest, with rent and electricity being the steepest fees.

Businesses faced cascading losses as the 2024 conflict worsened already unreliable power supply and high energy costs, while they continued paying rent and employees despite halted operations. These pressures were followed by sharp post-conflict increases in raw material prices, operational expenses, accumulated administrative fees, and machinery repair costs due to disrupted operations and maintenance. Several participants found themselves forced to raise prices, isolating customers that relied on their accessible pricing and requiring several MSMEs to scramble to reach new markets.

A pressing need for financial management knowhow and adaptive financing mechanisms

Improved access to funds was consistently identified as a need across all FGD clusters. Many FGD attendees emphasized the need for technical support on cost-reduction strategies, financial literacy, business plan revisions, revenue stream diversification, and in-house production, especially during the conflict. In addition, 2 participants mentioned that an emergency microloan during the war could have served as a critical lifeline. Survey results further indicate a demand for low-interest or zero-interest loans, with 39% of the survey respondents and 4 FGD participants expressing loan appetite. Interest was most pronounced among respondents in South Lebanon.

However, after initial consideration and a group brainstorming, all microenterprises in the MR FGD ultimately rejected loans as a viable option, with fears of repayment and renewed conflict acting as the key deterrents. Similarly, one participant in the HE FGD expressed deep mistrust in the banking system, as he was in the process of upgrading his production cycle when the financial crisis spiraled and halted access to loans, and his own deposits cost him his production license. Several social enterprises in the SE FGD also steered away from loans, preferring grants. Interestingly, some SEs expressed frustration regarding a perceived phenomenon of grant monopolization and network-enabled granting, as well as of limited transparency in grantee selection criteria and sectors prioritization. On the other hand, SE survey respondents and FGD SEs with a CSO registration reported struggling during the war due to grants being redirected to emergency and humanitarian support, a struggle which continued after the conflict due to the global decline in funding from large donors. Additionally, during the HE FGD, during a discussion on grants, a tension emerged between the need to rely on grants for survival and the sense of discomfort stemming from a perceived dependency and indebtedness. Similar sentiments emerged across groups, with participants expressing a desire to transition toward more independent financing models. This shift is particularly relevant to ongoing discussions around grant dependency and increased competition for risk-free financing within the NGO funding system. In 2026, grant dependency and access are an increasingly complex realities for enterprises, as emergency donor reallocations have further reduced the availability of business development funding.

Remaining FGD participants expressed hesitation toward both loans and grants, citing fear of future crises, uncertainty about repayment, mistrust in banks and restrictive loan conditions. Survey and FGD respondents described banking procedures as complex, inaccessible and unrealistic, particularly among younger entrepreneurs that were not business owners pre-2019. Some noted that they trusted some loan providers, but that these providers' loan eligibility criteria rarely aligned with their operations (e.g. EBRD SME loans were perceived as a good opportunity but inaccessible given the prioritization of specific sectors).

Conversely, investment appetite emerged more clearly across survey and FGD responses, including among social enterprises. Two SE FGD participants reported actively seeking investors, indicating increased comfort with equity-based financing despite potential ownership dilution. This trend may reflect growing investment-readiness initiatives, increased local investor outreach to SMEs, frustration with grants, and continued aversion to loans.

4.4 Systemic limitations

Across the four FGDs, respondents described intersecting operational, financial, legal, and socio-political challenges that significantly constrained their ability to stabilize or grow. These challenges varied in form and severity across the regions but revealed clear structural and systemic patterns that can be categorized into infrastructural, institutional, and social barriers. As the resurgence of attacks affecting already weakened public infrastructure takes place in 2026, systematic gaps and further inaccessibility of essential services is projected, posing another set of barriers to enterprises. Increased intercommunal tensions and intracommunal friction contributing to systemic discrimination and service access is a major concern, as well as heightened prejudice towards marginalized communities.

A recurring theme across all groups was the difficulty of operating in a context where foundational services (i.e. energy, regulation, mobility, banking, and digital infrastructure) remain unreliable, particularly during conflicts. Beyond these infrastructural gaps, institutional and legal hurdles related to unclear registration processes, permits, and licensing requirements significantly impeded operational stability. For example, one entrepreneur reported a two-year delay in trademark registration, while social enterprise founders highlighted a systemic lack of livelihood support or incubation mechanisms to support young founders during early-stage development. Insecure dependence on institutions that do not have the capacity to support them unconditionally was also ratified in the same year, in relation to the halt of USAID funding. One entrepreneur reflected on his plans to open a new branch in August 2024, which collapsed after the USAID funding cuts.

Finally, several entrepreneurs faced socio-political and discriminatory dynamics, which are severe social barriers to growth. One Syrian entrepreneur found opening a bank account nearly impossible and faced discriminatory treatment during conflict-related movement restrictions, eventually feeling compelled to leave Lebanon. Additionally, sectarian and ingroup favouritism can isolate businesses; one enterprise used a CESVI grant to open a new store but struggled to gain community acceptance as an “outsider,” which restricted sales despite offering affordable products that were not competing with existing market actors.

4.5 Solution building & entrepreneurial mindsets

Capacity to explore alternatives and diversify client reach, products and services, plan for risks, and adapt to ecosystem changes was highly variable among FGD attendees, with those in the MR FGD mostly expressing that they could not see a solution other than more funding. Attendees in this FGD group also hesitated to suggest solutions to challenges mentioned by peers, although some participants shared suggestions related to marketing, social media advertising, and access to support projects.

On the other hand, at the time of data collection, MSMEs from other groups were adapting their business plans, operations, products, and client reach, with many doing so independently of CESVI’s support. While the enterprises participating in the YESI and Waste or Resource projects were already strong and promising businesses prior to their involvement, several FGD attendees across clusters expressed that CESVI’s support enhanced their agility, market access, expertise, and independence. Notably, several MSMEs were in the process of introducing new products and strategically targeting new clients to expand their market share, while some respondents mentioned that they had developed or were developing e-commerce solutions to increase access to the market. Most enterprises were also trying to identify new points of sale and local distribution networks across different Lebanese regions to mitigate high transport costs. *E-commerce outputs may be a lifesaving adjunct to enterprises’ traditional outputs in the context of 2026 as well, especially for businesses with limited mobility and major in-person client loss.* For example, one enterprise adapted to these burdens in 2024 by doing trials with several distribution companies to reach customers directly. Additionally, enterprises were connecting existing projects across countries to increase opportunities and agility in the face of risk or recession, while one MSME was collaborating with the Union of Municipalities and representatives from the agricultural sector, independently from CESVI’s collaborative project financing. Finally, the representative of one social enterprise mentioned that they would focus on the financial-social return ratio to ensure sustainability and escape seasonality. Across FGD clusters, there was significant interest in partnerships, exporting, and geographic expansion. A general interest in expansion, machine acquisition, international certifications, and new product development was also expressed by survey respondents across sectors, sizes, and regions. The study participants also mentioned several areas where capacity development is required, as shown in the figure below.

4.6 Reflections on CESVI's support and engagement

Participants' feedback on the intervention: stabilization and expanded capacities

All participants expressed appreciation for CESVI's programs, with some FGD attendees specifically highlighting the relevance and usefulness of trainings, capital injections, business management support and rehabilitation financing. Most survey and FGD respondents reported having acquired long-lasting skills in bookkeeping, financial management, organizational efficiency, marketing, reporting and project management. Additionally, they stressed that the support provided had strengthened their operations and their capacity to conduct them independently. A critical lesson drawn from these interventions, especially relevant to the current heightened conflict, is the necessity of consistent programmatic flexibility and human centric engagement.

Several entrepreneurs, particularly those in South Lebanon and the Bekaa who participated in the WASTE or RESOURCE project, emphasized the value of the emotional support they received from CESVI's regular check-ins during the worst periods of the conflict. The rationale behind this simple but effective choice to remain connected and provide vital breathing space to project participants stems from the goal of reframing KPI-driven entrepreneurs into individuals experiencing the stress of enterprise in parallel with the trauma and uncertainty of war. While the primary aim was to validate entrepreneurs and support them during their feelings of unease, helplessness, and fear of uncontrollable loss, entrepreneurs felt open to express the new challenges they are facing. *This sharing allowed CESVI to pursue informed advocacy for program adaptations and project extensions with donors, and to begin integrating risk management as a consistent enterprise support output, shown to be valuable in 2026.*

SUCCESS STORY: EXPANSION AND MARKETWIDE INFLUENCE

Development Inc. is an MSME that collects, processes, and sells recyclables, as well as upcycles typically nonrecyclable materials into highly resilient construction material. The enterprise used the grant to purchase a second truck dedicated to glass recyclables transport and crushing only. After this purchase, not only did Mohammad strengthen his ability to profit from this recyclable category, but the enterprise also went on to influence what was once akin to a monopoly within the recyclables market. The enterprise's founder reported that after he began collecting, processing and utilizing glass at a larger scale, the market rate of burnt glass went from $10/ton to $170/ton. This represents a major impact, indicating a strengthened demand for glass recyclables that have historically been undervalued due to processing burdens and a lack of dedicated glass processors.

Enterprises reported that the support received under the assessed interventions addressed chronic infrastructural and market access bottlenecks. This resulted in improvements that directly enabled cost saving, increased operational capacity, and even continuity of operations during the conflict. Operational capacities of waste and environmentally driven MSMEs appeared to be most visibly strengthened by CESVI's support, as emphasized by FGD participants.[3] FGD respondents that received more tailored training and grants generally reported that CESVI's support catalysed measurable gains in productivity, workforce size, and overall market presence. One enterprise reported a projected increase of USD30,000 in revenue, which enabled it to triple its staff to 18 employees while increasing its annual reduction in packaging waste from 7 to 18 tons after the WASTE or RESOURCE intervention enabled their new branch opening. Agonista, a social enterprise and coffee shop that was part of the YESI project, can now produce desserts in-house and opened a new branch; during the FGD, the representant of this enterprise reported that, while these were only two parts of the support received, they helped expand his catering service and create new jobs.

CESVI's purposeful targeting of MSMEs that had not been recipients of considerable funding before also proved to be valuable and reflects CESVI's organisational strategy of diversification within sectors, project participant profiles, and forms of support to ensure that support services provided match the capacities needed. One entrepreneur experiencing a decline in sales noted that CESVI was the only NGO willing to support their healthy snacks distribution channels at the time they were onboarded. He noted that this provided critical revenue stability during a continuous financial downturn and allowed them to access more institutional funding.

All six microenterprise owners in the MR FGD group described tangible improvements in their businesses due to CESVI's support. The majority used the grants to buy essential products or equipment, while one allocated part of the funds to relocate to a more affordable shop, which allowed them to sustain operations for longer. However, the enterprise was later closed due to pricing inflations and low demand. It is worth noting that until this FGD took place, CESVI's team was not aware of this of the dire challenges to continuity faced by this entrepreneur. This indicates the importance of enhanced follow-up with past participants and stronger referral systems between BSOs. Establishing permanent, in-house business model coaching may also be a viable

[3] This may be since most of the environmental MSMEs were part of the WASTE or RESOURCE project, which is the most recent and currently active project under the economic development program. This poses a potential limitation to longitudinal appraisals of operational capacities.

solution to help program participants in navigating support cutoffs. This is in line with the study's findings, which show the entrepreneurs' consistent gaps in risk management and operational diversification, and a need for smooth program exit plans inclusive of post-program planning and networking opportunities.

In sum, CESVI's interventions proved to be multidimensional and mutually reinforcing; the flexibility and adaptability of CESVI's program, as well as regular support and check-ins from staff supported program participants during times of crisis. The support reported by participants demonstrated a consistent pattern of providing structural improvements, enabling operational continuity, and creating new pathways for growth, but the extent and form of these effects varied considerably across project groups. The key programmatic factors contributing to this variability were funding logic (i.e. what did the enterprise purchase with the grant, and how long does the effect of these purchases last), project exit distance and access to continuity (i.e. how long ago did the project the entrepreneur was involved in end, and what options did they have for future operations). This implies the importance of strategic, low diversity financing - as detailed above - and individualized project exit plans for each entrepreneur, as well as referral systems among other organizations with program complementarity.

VALUE FROM NICHE DIVERSIFICATION MECHANISMS

Founder of Amin Olive Mill: "When I worked with CESVI on this collaborative project (distributing biofuel logs to individuals with low socioeconomic capacities, in collaboration with the Red Cross), it created more comfort and trust with clients. This will allow me to increase the quantity of compressed olive peat I produce. I dream of establishing a partnership with a company that can export this product abroad."

Other MSMEs deepened the connection with their communities and gained a leading position in their sector. One enterprise reported that they became a renowned expert and a supportive channel for farmers interested in fruit and vegetable drying, while another is now considered a leading actor in their community due to its waste management initiatives, which were strengthened by CESVI's financial and technical support.

Challenges encountered by respondents as program participants

Difficulties complying with grantee requirements

Proposal submission, procurement and reporting requirements were described as burdensome, particularly during emergencies. FGD Participants requested more flexibility in crises and additional support to navigate documentation and difficulties matching vendor capacities with formal requirements, explaining that at times of conflict, quick action is needed. This was particularly reported by those who attempted organisational restructuring or operated within the highest-risk areas. In addition, the need to rely on new suppliers with whom they had no prior relationship made it challenging to explain documentary requirements and ensure compliance. While CESVI has worked on reducing reporting complexity, further efforts may be needed to advocate for minimized procurement expectations among donors for grantees. *The 2026 re-escalation has made the need for* *pre-emptive funding redirection and emergency procurement waivers even more evident, given the worsened strain on supply chains.*

Funding cut-offs and support limitations

Continuity of funding beyond CESVI's programmatic support was a major challenge reported by participants in both discussions and surveys. Many said that funding amounts did not fully offset the effect of rising costs or repeated crises, and microenterprises felt that inflation quickly reduced the value of the support. Given the market and fiscal volatility present in the country, combining business and financial management training with targeted, high-impact funding for specific business outputs is likely effective for long-term success. While CESVI usually does this, at times there is also a considerable portion of funding segmented to cover immediate financial burdens and tools that contribute to productivity to a limited extent. In other words, mostly investing in a small pool of investments that boost business productivity (e.g. reaching economies of scale, upgrading machineries, facilitating service staff communication and logistics) , quality (e.g. expert consultancies, hygiene standards, HR onboarding guidelines, standard operating procedures and certifications) and reach (e.g. client segmentation, modern marketing, networking, brand export) may yield more durable and results. This may mean using most of each grant for key areas such as scaling the business in terms of operating locations and production capacity, diversifying products, improving in-house production, and accessing expert support for quality improvement and business development to reach new markets.

Among grantees in the FGDs who reported that grants were effective but not sustainable, the main barriers included seasonal operations (for five MSMEs), limited financial support for organizational structures and essential personnel (such as developing standard operating procedures and covering volunteer reimbursements), and a lack of funding for enterprises that have not yet reached profitability. The need for financial literacy and a more efficient financial management was also mentioned by survey respondents, as many admitted to weak financial management skills.

Uncertainty and delays during the conflict

One MSME representative operating in South Lebanon pointed out that responses to requests were delayed during the war. Similar sentiments regarding initial difficulties in communication were expressed by other participants, who reported the fear that conflict would results in cancellation of grants, ineligibility of anticipated purchases, and even discontinuation of MSME support programs.

While times of emergency naturally generate challenges and organisational overwhelm, risk management strategies may be enhanced through pre-emptive funding redirection schemes, emergency HR restructuring and recruitment plans, outreach frameworks for past and present project participants, and guidance on crisis response business plan remodelling. This may be complemented by support for displaced entrepreneurs to network with new clients, suppliers and partners, as requested by a HE FGD attendee who was displaced to North Lebanon. In addition, given the inaccessibility of workspaces faced by enterprises in highest-risk areas, the setup of transitional operating spaces may also be considered within this crisis management framework.

Maintaining support to program participants during crises not only allows participants to stay afloat, but may also be done in ways that have major effects on end consumers, particularly those in humanitarian need. As expressed by one participant and generally seen throughout the program, many enterprises and CSOs are keen to be social service and product providers, as demonstrated by the proactivity of MSMEs in developing environmental collaborations with public and NGO sector actors, as well as their willingness to use their own grant funds to provide reduced-fee products and services for collaborators providing social assistance to IDPs during the conflict.

RECAP AND INSIGHTS FROM 2026

* The 75% demand increase and 73% profit decrease recorded by enterprises in the previous conflict cycle serves as a predictive baseline for the 2026 contraction.
* Entrepreneurs are forced to manage consecutive displacements, losses, and psychological strain, which necessitates support to livelihoods and individual rehabilitation post-conflict.
* Access to raw materials and foundational services remains a primary challenge in light of attacks in 2026 further eroding infrastructure. Logistics-heavy sectors may face significant capital erosion. Interventions that fill these gaps would greatly benefit highly affected supply chains.
* Discriminatory dynamics, prejudice, and regional isolation are a potential major concern for livelihoods and entrepreneurship support in the coming period.
* The demand for transitional operating modalities and networking in 2025 is still highly relevant today and underscores the need for agile crisis management frameworks.
* Grants that mainly fund a limited number of high-impact outputs impact enterprise reach and production more viably, as opposed to grants that mainly focus on MSME survival.
* Deep mistrust in the banking sector and the "grant dependency" cycle remain the primary obstacles to independent financing. However, growing interest in equity-based financing and investment-readiness suggests a viable path for MSMEs looking to escape the limitations of the NGO-grant ecosystem.
* The use of independent distribution networks, digital transformation, and cross-sectoral collaborations (e.g., with Municipalities) are the emerging strategies for bypassing the logistical paralysis caused by conflict, according to the findings.

4. Insights From Sectoral Experts

The experts interviewed validated and enriched the study findings through their longstanding experience in programs that engage enterprises across various sectors during protracted crises, matched with regulatory and funding insight. Key informants described the Lebanese enterprise environment as operating under prolonged instability since 2019, with repeated shocks preventing recovery cycles from fully materializing. As of 2026, this instability has reached a critical stage, largely endangering previous recovery efforts and forcing a return to survival-based operations. However, policy and sector-level insights into corrective mechanisms, if implemented without delay, may effectively minimize the detrimental losses caused by the resurgence of widespread hostilities. Enterprises have had to respond simultaneously to currency collapse, funding volatility, supply chain disruption, and security-related interruptions. Rather than transitioning from recovery to growth, many businesses remain focused on short-term survival, particularly those in the most affected areas such as Bekaa, South Lebanon and the Beirut southern suburbs. From a sectoral standpoint, informants identified agriculture, agri-food processing, waste management, ICT-enabled services, and light manufacturing as areas with the highest recovery and growth potential. In agriculture and food production, alignment with seasonal calendars, promotion of local consumption, and improved standards were described as critical conditions for the sector’s sustainability.

5.1 Policy, environment, and institutional gaps

Key informants interviewed in 2025 pointed to persistent policy and governance gaps that constrain enterprise development, mentioning the disconnect between ministries’ priorities and the productive sectors’ needs as a major barrier to development. At the same time, they noted that while inconsistent incentives and private sector engagement have hindered local production, targeted ministerial support for developing sectors (such as textiles, shoe production, furniture, construction, and agriculture) would have a significantly positive impact on their growth. Some key approaches mentioned were synchronizing to agricultural calendars, incentivizing local pesticides, and facilitating agritech transformation. One informant also noted that lack of regulation of informal market practices, particularly in sectors such as waste management, continues to distort competition and undermine compliant enterprises. The interviews also highlighted the extent to which NGOs have taken responsibility for the provision of services typically associated with public institutions. While this has been necessary in the short term, informants stressed that sustainable recovery requires gradual transition toward public sector leadership, particularly at municipal and sectoral levels, which is highly relevant given recent NGO fund shrinkages.

5.2 Sustainable supply chain restructuring and private sector recovery through public sector advocacy

Key informants emphasized the importance of local production systems and circular economic practices during periods of crisis, both to mitigate supply chain disruptions and to reinforce local businesses. This is especially true in the context of the economic crisis, which escalated rapidly starting 2019, as well as during the conflict. One of the informants noted that while many industries did shift to local production during this period, they eventually reverted to imports. In other words, circular economic approaches were largely reactive rather than embedded within long-term private sector development strategies actioned by public institutions.

In conjunction to these considerations, an informant noted that short-term barriers to imports may be an integral measure to support local enterprises but should be matched with quality assurance and increasing production standards to reduce the import bounce-back effect. Both informants believed that there is a need to enhance the competitive edge of enterprises entering external markets with global product access, e-commerce, and advanced technical integration. The need to educate on export compliance and transparency requirements was also stressed upon, considering retaliatory temporary sanctions placed on Lebanese exports in the past. In addition, without quality enhancement, local product promotion and market regulation, enterprises are left to absorb the cost of adaptation individually, limiting the scalability and durability of these practices.

5.3 Neighborhood effects of conflict and emerging humanitarian needs

Geographic disparities due to the Israel-Hezbollah conflict were emphasized throughout the interviews. On the one hand, enterprises operating in the North were described as having greater room for growth and informants reported that they managed to expand their clientele segmentation strategies during the conflict. On the other hand, those in the South and parts of the Bekaa continued to face unresolved challenges related to displacement, workforce availability, infrastructure damage, restricted access to markets, and major mental health barriers after the ceasefire in November 2024. Entrepreneurs that had remained in conflict-affected areas or had been displaced from these areas faced and continue to face acute humanitarian challenges such as displacement, bereavement, impoverishment, and inaccessibility of nutrition. Similarly, according to one informant, MSMEs from Bekaa moved from a position of high employment capacity and market expansion to struggling for basic financial survival. Women entrepreneurs are particularly affected by the conflict's resulting socioeconomic impacts on gender-based violence and child protection risks, loss of shelter and safety nets and decreased availability of education services. This reality is critical in 2026, whereby a large section of South Lebanon remains inaccessible to its residents, elongating displacement effects and isolating entrepreneurs and staff from their workspaces.

5.4 Social Enterprises: the phenomenon of sidelining sustainable impact

Social enterprises (SEs) were identified as particularly vulnerable during and after the conflict. While often perceived as more resilient due to income streams linked to essential social needs, as well as community ties and continued provision of services to marginalized communities during crises, informants noted that social enterprises in fact faced heightened exposure to disadvantages. Reduced consumer purchasing power, declining demand for non-essential goods and donor reallocation toward humanitarian priorities have constrained both earned income and grant-based support.

In this context, financial strain among SEs was also heightened by their grant dependency due to little understanding of sustainability via profit generation and credit leveraging. In relation to this, an informant shared the concern that continuously financing enterprises that are already established may reinforce a vicious grant dependency cycle.

At the same time, legislation on social entrepreneurship - including concrete SE identification standards and unique benefits for SEs (i.e., taxation relief, ministerial incentivization, SE promotion) - is a dire need for SEs. Combining this with environmental standards promotion, targeted financial services, and social procurement on the level of ministries and public policy would serve as concrete, encouraging incentives for up-and-coming

SEs in need of support for their business longevity. Conversely, continued exposure to social demands and vulnerability among entrepreneurs without corresponding financial or institutional backing risks accelerating burnout, mission dilution and even closure.

> *"Many people are changing and shifting their business model, and some see that it's even more profitable in Lebanon to focus on green production. In fact, many businesses shift their business models towards circularity without even knowing."*
>
> On MSMEs shifting to solar energy, packaging reduction, efficient transport, and food preservation products.

Key informants also shared insights on protection from shocks. Firstly, enterprises with diversified operations or cross-sectoral activities are likely better able to withstand shocks: organizations operating across agriculture, food production and processing and waste management (with a capacity to shift between these sectors) enjoy constant or even higher demand during crises as they provide essential services.

Similarly, businesses with housing or hosting capacity remain active during health pandemics and violent conflicts that result in displacement. Sectoral adaptability was identified as a critical protective factor and suggests a need for enterprises in crisis economies to develop risk management portfolios, relative to their operating capacities.

5.5 Financing constraints and shifting attitudes

Financing emerged as a central concern, as also reported by entrepreneurs participating in this study. Key informants reported that, while enterprises express strong demand for capital, appetite for loans remains limited. Investment and diaspora engagement were identified as potential alternatives, though one informant emphasized the absence of structured mechanisms linking enterprises to investors and a lack of clarity on who is investing locally. Existing investment opportunities were described as fragmented, relationship-based, and inaccessible to most MSMEs. Informants highlighted the need for coordinated platforms involving financial institutions, diaspora networks, actors in the private sector and academic institutions.

RECAP AND INSIGHTS FROM 2026

* Protracted instability prevents MSMEs from transitioning from survival to growth in 2026.
* Institutional gaps widen as public institutions do not address productive sector needs.
* Reactive circular economy models require long-term private sector development strategies to last.
* Geographic disparities increase as 2026 hostilities paralyze South and Bekaa operations.
* Diaspora investment is a prime alternative to loan-aversion and banking mistrust but remains a vague pathway.

5. Conclusion & Recommendations

The analysis of CESVI's interventions across the projects YESI, R.vive, and WASTE or RESOURCE reveals that the action had a positive impact on the MSMEs involved, who generally have been able to successfully translate technical and financial support into operational enhancement. At the same time, systemic fragility, a longstanding lack of access to business development channels outside of NGO training and grant programs, and entrepreneurial burnout exacerbated by humanitarian crises and security threats are evident barriers for growth. The targeted SEs have operated against a backdrop of compounding crises, where recovery from one crisis is swiftly challenged by another, compelling the entrepreneurs to shift to survival-oriented coping mechanisms while continually lacking dynamic risk management strategies. During the Israel- Hezbollah conflict from 2023-2024 and following into its aftermath and later reescalation, enterprises in the South and Bekaa faced severe isolation from clients and opportunities, supply chain ruptures, and physical inaccessibility to facilities. The study further highlights that while MSMEs possess a strong will to thrive, support in developing their strategic vision for long-term growth is essential.

6.1 Impact and effectiveness of the intervention during a crisis period

The evaluation confirms that CESVI's support mechanisms - ranging from impact-contingent grants, recovery cash assistance, and technical capacity building – contributed to stabilizing operations and, in several

Figure 2: development planning within crisis economies

cases, catalyzing growth for study participants within the lifespan of the project and beyond it. Interventions successfully provided structural improvements and enabled operational continuity during the conflict, particularly for environmental MSMEs and for some agri-food and socially driven enterprises. Specific interventions also led to measurable job creation, increasing waste reduction capacities even amidst instability, as well as strengthened solution building capacities among entrepreneurs. An additional finding of the study is that entrepreneurs' adaptability and ability to withstand challenges was reinforced not only through strategic technical guidance, but also due to feeling emotionally supported by CESVI staff during times of psychological hardship.

6.2 Considerations for future programming

Development in crisis economies

An important consideration for future programming is to integrate preemptive crisis frameworks into development projects, focusing on different layers of crises and the potential constraints that programs may inadvertently foster if not readapted to emerging contextual needs and nuances. In parallel, strategies for reintegration into precrisis programming would be invaluable for MSMEs after facing stagnation and insecurity. Close collaborations with relevant ministries on advocacy dissemination related to private sector support during and after crise would further reinforce development proactivity across sectors.

Access to finance

The study highlighted the value of innovative financing mechanisms that adapt to enterprise needs and fund management capacities while promoting impact, and how these mechanisms are also relevant to the entrepreneurship support context in 2026. One of the program's key strengths has been its ability to bridge the gap between grant dependency and sustainable financing through targeted training and consultancy support, connections to investors, funded cross-sector collaborations, and strategic grants designed to unlock significant revenue streams. In future programming, it may be relevant to include additional financial instruments based on MSMEs' interest, such as impact crediting, interest subsidization, facilitating diaspora support and investment, and brand exporting, as well as transitional operation support for displaced entrepreneurs.

Strengthening supply chains and market access

CESVI's contributions to the sustainability of essential value chains have partially – and in many cases significantly - reduced vulnerability to external shocks, based on the study findings. In the current context, which sees supply chains and mobility heavily impacted, support targeting supply chain connectors as product and service providers to program MSMEs, infrastructural rehabilitation may spearhead these challenges.

While current programming already integrates several strategic components related to quality, R&D and marketing, a more dedicated focus on quality enhancement, iterative product and venture validation, creative market and client diversification techniques, effective supply chain appraisal, and digital transformation may enable MSMEs to better compete with imported products and stabilize following several hostility escalations. At the same time, continued consumer appetite for products from impact-driven enterprises requires advocacy from - and strategic partnerships with - the public sector. Awareness campaigns that focus on real consumer pain points may facilitate perspective shifts that ultimately encourage consumers and businesses to buy and invest locally, socially, and sustainably (e.g., by framing renewable energy and packaging reduction as cost-saving profitability measures). Future programming in this area may therefore benefit from innovative advocacy styles that engage more proficiently with different consumer profiles, e.g., through social media partnerships, market fairs, and design-savvy products. On the supply side, enterprise development programs may be enhanced through support in achieving economies of scale to provide more affordable products and services targeting B2B procurement.

ANNEX A. SURVEY CONTENT

"Good morning, my name is … I am a Data Collector with CESVI.

This survey is meant to understand the current situation of the enterprise, how the war has impacted the enterprise, what is needed by the enterprise for recovery and if the project conducted by CESVI had any kind of impact on the enterprise (since the end of the project for YESI and R.vive).

Your participation is voluntary and will help us to design future interventions, as per the needs.

The duration of this assessment is approximately 15 minutes. However, in our report, your names will not be mentioned.

Thank you for listening."

Note for data Collector: Project WASTE or RESOURCE. is still ongoing. Projects YESI and R.vive ended around 2 years ago.

0.a Do you give the consent to be interviewed?

- Yes
- No

0.b Interviewer name

0.c Project:

- YESI
- R.vive
- WASTE or RESOURCE

» A. General data:

1. Name

- [Text response]

2. Gender:

- Man
- Woman
- Other
- Prefer not to say

3. Age

- [Number response]

4. Enterprise or organization's name

- [Text response]

5. Enterprise or organization's registration type (if relevant)

- [Text response]

6. Location(s) of enterprise or organization's operation (if you are filling this as a representative of an entity)

- [Text response]

» B. Survey content:

1.a. Have you been able to continue operating your business after the end of CESVI's project (before the escalation of the war in September 2024)?

- Completely stopped.
- Momentarily stopped but I've restarted.
- Operations have not stopped but have been limited.
- Operating as normal

1.a.2 If the operations have completely stopped, please specify when and why? Specify if the operation has completely stopped or if the business has shut down completely.

- [Text response]

1.a.3 If operations momentarily stopped but you have restarted, please specify when and why?

- [Text response]

1.a.4 If operations have not stopped but have been limited, please specify when and why?

- [Text response]

1.b. Have you been able to continue operating your business after the escalation of the war in September 2024?

- Completely stopped.
- Momentarily stopped but I've restarted.
- Operations have not stopped but have been limited.
- Operating as normal

1.b.2 If the operations have completely stopped, please specify when and why? Specify if the operation has completely stopped or if the business has shut down completely.

- [Text response]

1.b.3 If operations momentarily stopped but you have now restarted. Please specify when and why?

- [Text response]

1.b.4 If operations have not stopped but have been limited, please specify when and why?

- [Text response]

1.b.5 If the business has completely stopped (operations stopped or business completely shut down), are you able to continue working on your business at this time, and would you like to?

- Yes
- No
- Not sure how or if possible

1.b.6 If you answered "Yes" or "Not sure how or if possible", what support do you think you would need to restart?

- [Text response]

1.b.7 If the business has momentarily stopped but has now restarted, the operations have not stopped but have been limited or if it's operating as normal, how would you describe the current situation of your enterprise/organization and its operations?

- [Text response]

2. Have you had to shut down or relocate your location(s) of operation, or location(s) of client servicing?

- Yes
- No

2.2 If yes, was it because of the war?

- Yes
- No

2.3 When did it happen? Please explain

- [Text response]

3. Have you had to halt or slow down any projects you were previously working on with INGOs or Local NGOs? Or your own projects such as expansion, new service types, new collaboration, ...

- Yes
- No

3.2 Please explain.

- [text response]

4. How has the war affected your business?

- Clients not paying their bills
- Reduced demand on products/services

- Reduced access to raw material
- Power outage
- Water supply disruption
- None
- I don't know
- Other
- If other, specify.

4.2 Were you able to remedy these issues?

- Yes
- No

4.3 Please explain.

- [text response]

5. How many employees do you currently have?

- [number response]

Count all the employees including the person you are conducting the interview with.

- [number response]

5.2 Explain (full time, partime, seasonal, ...)

- [text response]

5.3 Has the number of employees decreased, increased or still the same because of the escalation of the war? Please explain.

- [text response]

5.4 And compared to the end of CESVI's project. Please explain.

- [text response]

6. Have your employees been affected by the war (not just admin, sales, and officers but also daily workers, drivers, sanitation staff, cleaners, etc.)?

- Yes
- No

6.2 And if yes, have you been able to continue working with the affected employees?

- Yes
- No

6.3 Were specific categories affected more than others (female, other nationalities, ...)

- Yes
- No

6.4 Which categories were affected more? Please explain.

- [text response]

7. Have the salaries changed due to the war?

- Yes
- No

7.1 Please explain (how did it change and why?)

- [text response]

8. Have you changed your short-term goals, client/beneficiary targeting strategy, or business plan because of the war?

- Yes
- No

8.2 Please explain.

- [text response]

9. How many clients, on average, have you been servicing over the past month?

- [number response]

9.2 Is this less than before the war?

- Yes
- No

9.3 Have you seen a change in how many clients you've serviced since the ceasefire?

- Decrease
- Increase
- Same

9.4 If decreased or increased, do please provide an estimated number or percentage of Increase/decrease

- [text response]

10. Has there been any changes to the demand for the products and services during the escalation of the war (September 2024 to November 2024)?

- Decrease
- Increase
- Same

10.2 And after the ceasefire?

- Decrease
- Increase
- Same

10.3 Please explain

- [text response]

11. Have you expanded your clientèle after the end of the project, before the escalation in September 2024?

- Yes
- No

12. What have your profits been over the past month?

- [text response]

13. How has the profit changed compared to before the escalation of the war?

- Significantly decreased
- Moderately decreased
- No change
- Moderately increased
- Significantly increased
- Not applicable
- Don't know
- Prefer not to answer

14. Have your bills gotten cheaper or more expensive since before the conflict? Please explain either by mentioning how much was paid before, or by comparing it to the yearly averages if you have them.

- [text response]

14.2 Electricity, generator fuel, water, benzene, office supplies and consumables etc. running costs

- [text response]

14.3 Same for supplies?

- [text response]

14.4 Human capital?

- [text response]

14.5 Machinery and equipment?

- [text response]

15. Have you recorded any financial losses since the conflict? A loss or damage to assets, equipment, or stock? Any extraordinary costs incurred related to your employees due to the war?

- Costs of material
- human capital
- Profits
- Financial losses
- Machinery and equipment
- Assets
- Other
- None

15.2 If other, please specify.

- [text response]

15.3 Please elaborate further (add % of losses under each option mentioned)

- [text response]

16. Has your access to supplies, resources, machines, products, services, and/or raw materials been disrupted? (this includes also internet, fuel, water, electricity)

- Yes
- No

16.2 Please explain.

- [text response]

17. Have you been having a harder time with waste processing or waste removal?

- Yes
- No

17.2 If yes, can you provide some details (i.e. how has waste pickup and disposal changed, how much is the reduction of waste processing capacity)

- [text response]

18. Has your business received any support since the end of CESVI's project?

- Yes
- No

18.2 What was it? And who provided the support?

- [text response]

18.3 How would you evaluate the relevance or efficacy of the support given?

- [text response]

19. Has your business received any support during the war?

- Yes
- No

19.2 What was it? And who provided the support?

- [text response]

20. Has your ability to partner or collaborate with other entities been affected (public sector, investors, other companies)? Or have current and/or potential partners and collaborators requested changes in partnerships or collaborations due to the situation?

- Yes
- No

20.2 If yes, please explain.

- [text response]

21. Did CESVI's project support you to enhance your skills in specific areas, such as strategic planning, planning new opportunities, creating innovative servicing and/or production, networking strategies, marketing strategy, operation, production, market access, ...?

- Yes
- No

21.2 If yes, explain how?

- [text response]

21.3 If not, why not? And what could have been done to do so?

- [text response]

21.4 What are the most important skills/knowledge acquired through CESVI project that helped you after the end of the project?

- [text response]

21.5 What are the most important skills/knowledge acquired through CESVI project that helped you during the war?

- [text response]

21.6 How long do you find that CESVI actions impact lasted?

- [text response]

21.7 What do you think should have been done for your business to better sustain?

22. Have you faced any challenges to operating or made any changes in your activities that you have not yet mentioned in your previous responses?

- Yes
- No

22.2 If yes, please explain. (what, why, how, ...)

- [text response]

23. What are your organization's main needs during these times? Explain.

- [text response]

24. What are your plans for the business? (restructure, expand, sell, ...)

- [text response]

24.2 In case you are willing to expand, scale up or repair, do you think of taking a loan?

- Yes
- No

25. Has collaborating with CESVI affected you and/or your business positively during this time of crisis?

- Yes
- No

25.2 If yes, how has it remained relevant?

- [text response]

25.3 If not, what is missing?

- [text response]

26. Do you have any other comments?

- [text response]

27. Interviewer comment.

- [text response]

“Thank you for taking the survey! If you have any questions, suggestions or complaints please contact us on 81110074 or

cesvilebanon_cfhm@cesvioverseas.org.”

ANNEX B. FGD PROMPTS

1) When you think of your business and its potential right now, what is the first word, or the first few words, that pop up in your head?
2) What are some of the main challenges that you've faced in the past year? This can be related to the local market, financial crisis, the war or post war market dynamics, challenges on a personal level or anything in between.
3) If you're here, then you have a relationship with CESVI through one of their business development support programs. I want you to take a moment to draw on a piece of paper the timeline of key events of your business over the past 2 years, and how it has developed over time. Then, on this timeline, I want you to indicate where CESVI's support fits or where it had an impact, either directly or indirectly. (exercise for 10 minutes then there is a cluster group discussion for 5 minutes)
4) On this same timeline, I want you to indicate where you faced challenges that could have been alleviated had you been supported the way you were hoping to be supported by CESVI or other institutions (similar exercise to above)
5) How did you manage to overcome the challenges you mentioned or other peers have mentioned? What challenges are you still trying to find solutions for?
6) What do you think are possible solutions for the challenges mentioned by your peers?
7) During the war, CESVI tried to keep the program going despite limitations, What are some things we did right?
8) What is something we could have done better, or we could have done but didn't?
9) What types of clients would you like to reach but you are you unable to currently, and why?
10) Imagine that overnight, the country, and particularly private sector support institutions, functioned exactly as you think it should and so you are in an environment where you are able to achieve your best hopes and wishes for your business. What would be different in your life tomorrow that would tell you this change had happened? What would be different in this business environment?
11) When thinking about access to funding opportunities, what kinds of financing, traditional or alternative, interest you? This can be anything from loans, investors, financed acceleration programs, finance in exchange for social impact or reduced fee agreements, or any kind of financing scheme that you may think of that is specific to your business.

ANNEX C. KII PROMPTS

"This interview aims at assessing the needs in terms of challenges, needs and opportunities of MSMEs. Your participation will help us to design future interventions in the area, as per the needs. Duration of this assessment is approximately 30 minutes. Thank you for participating. Do you give the consent to be interviewed?"

1) BIODATA:
    a. Institution/Organization name:
    b. interviewee name:
    c. number:
    d. email:
    e. gender:
    f. position in the institution:
2) Can you give a brief description of your institution's activities in relation to the private sector and social entrepreneurship?
3) What do you think are the main challenges and the emerging needs of the private sector during and after the war? By social entrepreneurship? How do you think they are overcoming these challenges or filling these needs? How do you think they should be supported to overcome these challenges?
4) In the current context, do you think some specific groups have faced different challenges than others? Women? Youth? PWD? What are these challenges?
5) From your institution/organization's perspective, what are the primary needs and challenges within the private sector? How does this differ between different economic sectors?
6) Over the past 5 years, what are the sectors that had more opportunities to develop compared to others?
7) What is your opinion about the private sector's commitment to environmental harm reduction activities? Do you think the private sector would be interested in such activities? Why? What are the challenges that they face?
8) What is your perception of the social enterprises sector in Lebanon? Do you think such enterprises are viable? Do they have specific needs and challenges? What are they? And how could this be mitigated?
9) How would you evaluate the collaboration between the private sector and the public sector? What are the main gaps and needs?
10) (For LMFA mainly) From your perspective how would you describe the impact CESVI's project support to the private sector and social entrepreneurs? Have the MFIs been able to utilize the social entrepreneurship tools codeveloped with CESVI?
11) Were you still operational during the war? Did you change something in the way you service private sector and social impact actors during the war, and after the ceasefire?

12) Is there something that has changed in terms of private sector needs? How do you envision support requirements to differ?

13) Are clients returning to microfinance institutions and programs?

14) When looking at how the events of the last few years have affected the private sector, have the social enterprises in the LSEA been affected uniquely? Have they had the opportunity to access more funds?

15) How have changes in global financing structures affected you/your business development capacities?

16) Do you have any plans for restructuring services that have been catalyzed by the war itself or related events?

17) What trends are you noticing in MSMEs' loan and funding appetite?