IDAL
INVEST IN LEBANON

INVESTMENT OPPORTUNITIES IN NORTH LEBANON

2018

INVEST NORTH LEBANON

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NORTH LEBANON

INVEST NORTH LEBANON

I. SOCIO ECONOMIC BASELINE ANALYSIS OF NORTH LEBANON

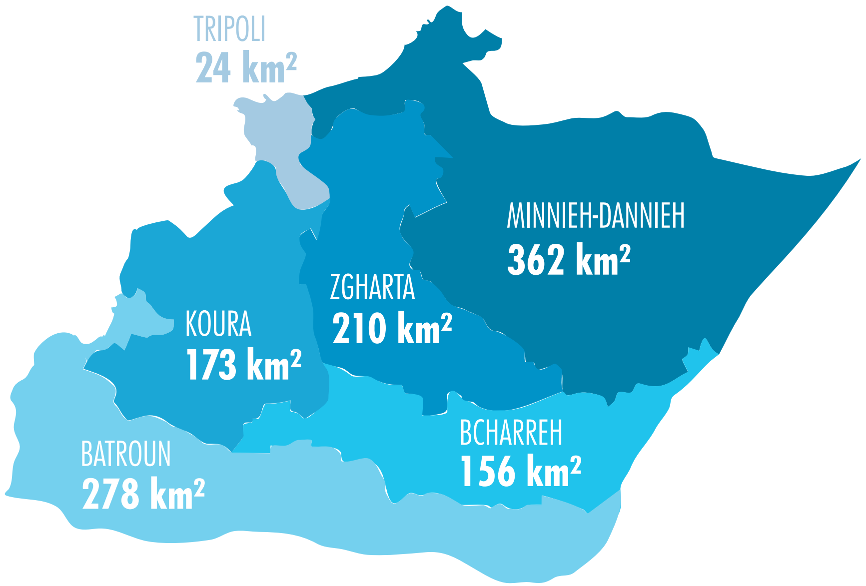
North Lebanon is one of Lebanon's 8 Governorates, and is composed of **6 districts, with Tripoli as its administrative center**

LEBANON'S 8 GOVERNORATES

NORTH LEBANON GOVERNORATE

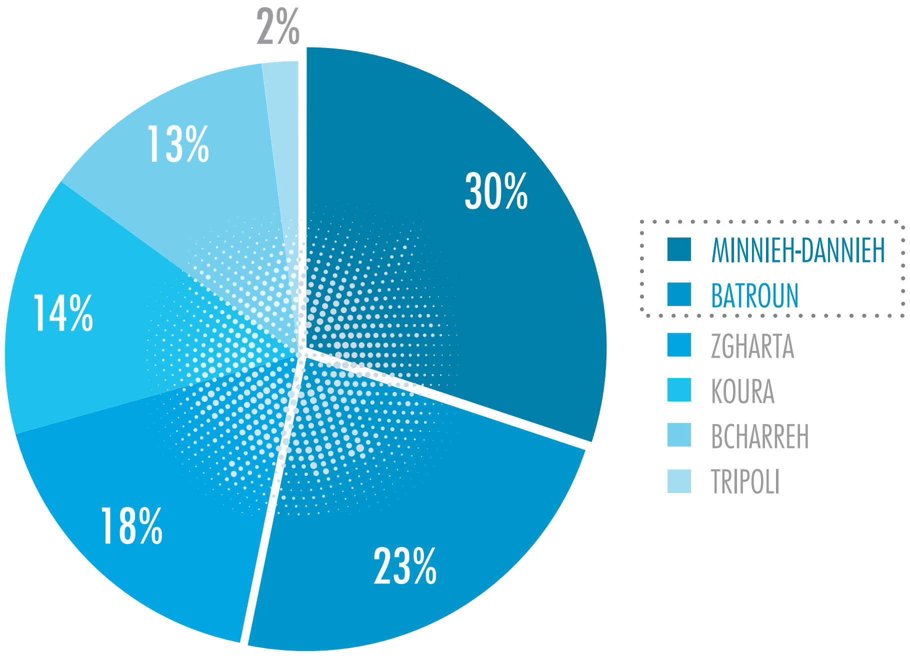
It covers a total area of **1,203 km2**, with Minnieh-Dannieh & Batroun accounting for around **50%** of its area, while Tripoli accounts for for only **2%** of its territory

AREA SIZE OF DISTRICTS IN NORTH LEBANON GOVERNORATE



NORTH LEBANON TOTAL AREA SIZE = **1203 KM²**
% OF TOTAL LEBANESE TERRITORY = **11.5%**

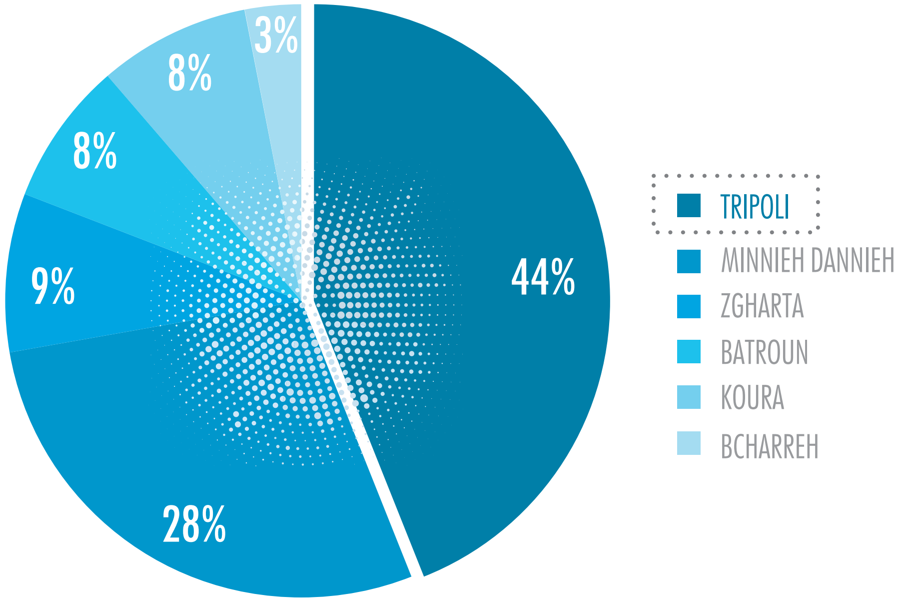
DISTRIBUTION OF NORTH LEBANON AREA SIZE BY DISTRICT



Source: LocaLiban

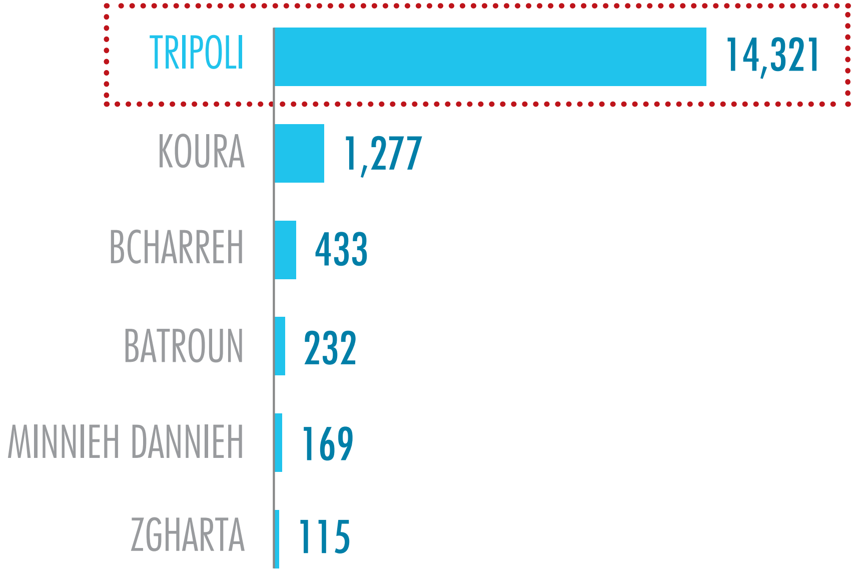
The North has around **1 million inhabitants,** with Tripoli district having the largest share of population and highest population density

DISTRIBUTION OF NORTH LEBANON POPULATION BY DISTRICT
% I2016



NORTH LEBANON TOTAL POPULATION = **781,930**

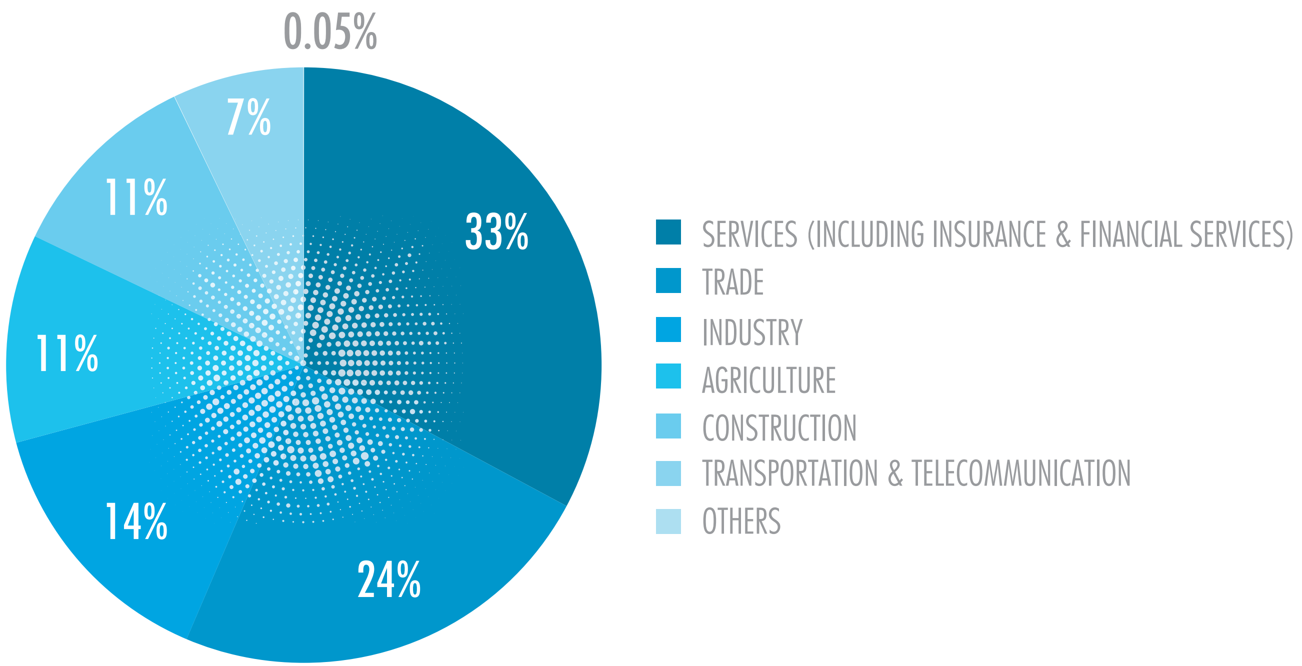
POPULATION DENSITY PER DISTRICT
(NUMBER OF PEOPLE/KM² I 2016)



Source: OCHA, North Lebanon & Akkar Governorates Profile, 2016

North Lebanon's **economy** is mainly services-oriented with industry and agriculture constituting only 14% and 11% respectively of total labor force

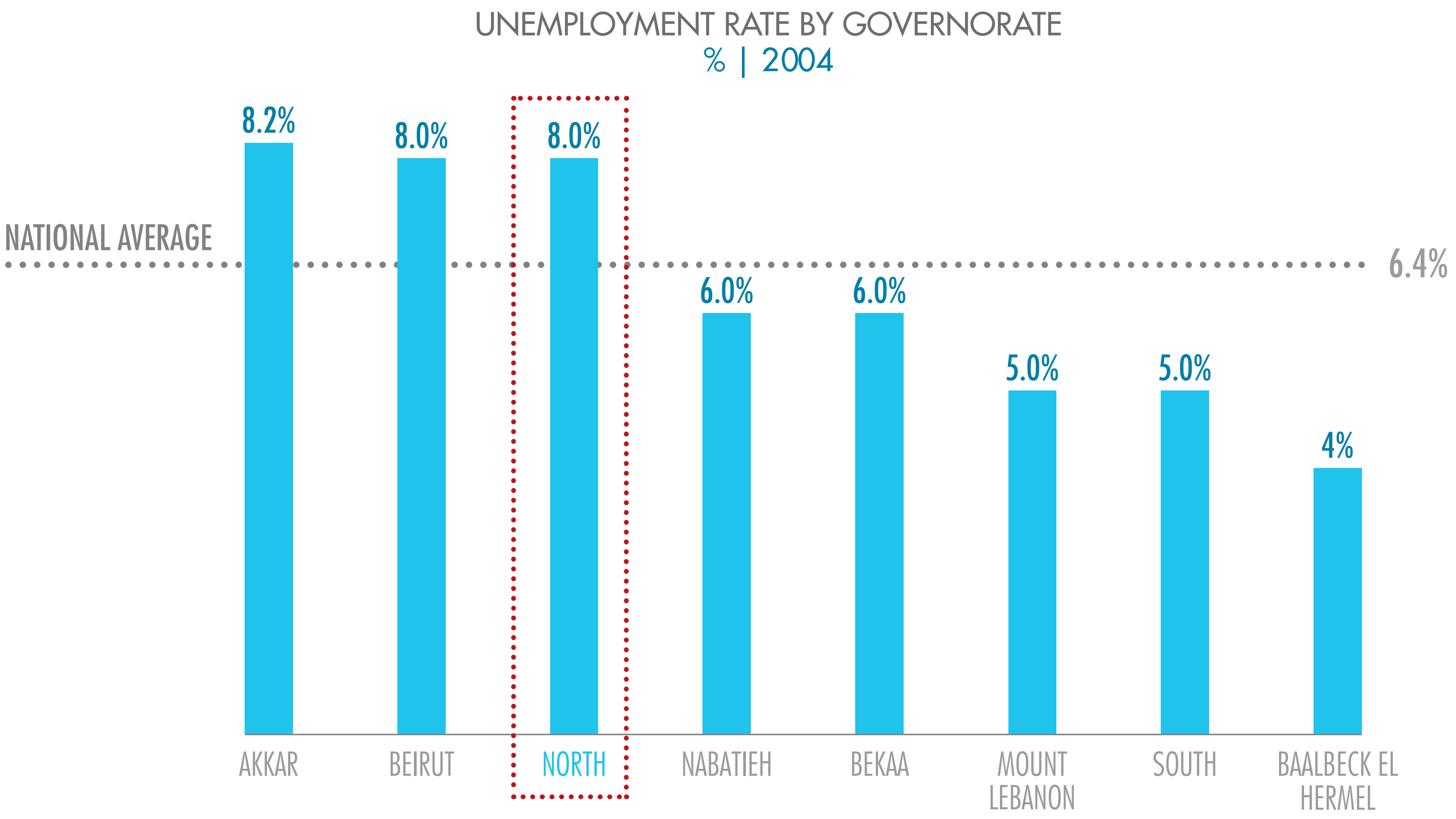
DISTRIBUTION OF LABOR FORCE BY ACTIVITY IN NORTH LEBANON
% | 2004



LABOR IN AGRICULTURE = **21,248**

Source: Central Administration of Statistics, 2004

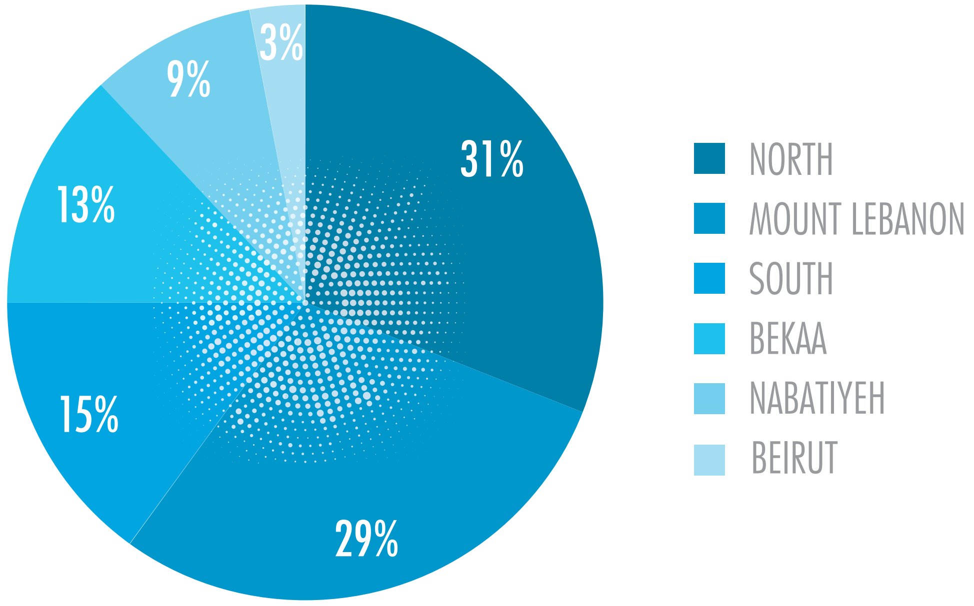
North Lebanon Governorate suffers from above-average **unemployment rate estimated at 8%**



Source: Central Administration of Statistics, 2004

…which explains the **highest** concentration of poor households at a national level

CONCENTRATION OF POOR HOUSEHOLDS PER GOVERNORATE
% | 2014



Source: World Bank.National Poverty Targeting Plan, 2015

II. COMPETITIVE ADVANTAGES OF NORTH LEBANON

The competitive advantages of the district will be assessed along **4 dimensions**

DIMENSIONS FOR ASSESSING NORTH LEBANON

1. **ACCESS TO RESOURCES**
   - Existing Natural Resources
   - Economic Assets

2. **ACCESS TO MARKETS**
   - Infrastructure
   - Exports Performance

3. **ACCESS TO HUMAN CAPITAL**
   - Universities & Vocational Schools

4. **ACCESS TO FINANCE**
   - Accessibility Indicators

1. ACCESS TO RESOURCES

Around **15%** of the governorate area is classified as agricultural area, with the quality of its soil decreasing as we move inland

SOIL CLASSIFICATION IN NORTH LEBANON
2005

LEGEND
SOIL CLASSIFICATION

- VERY GOOD
- GOOD
- MEDIUM
- LOW FERTILITY

MAP OF NORTH LEBANON DOMINANT LAND USE
2005

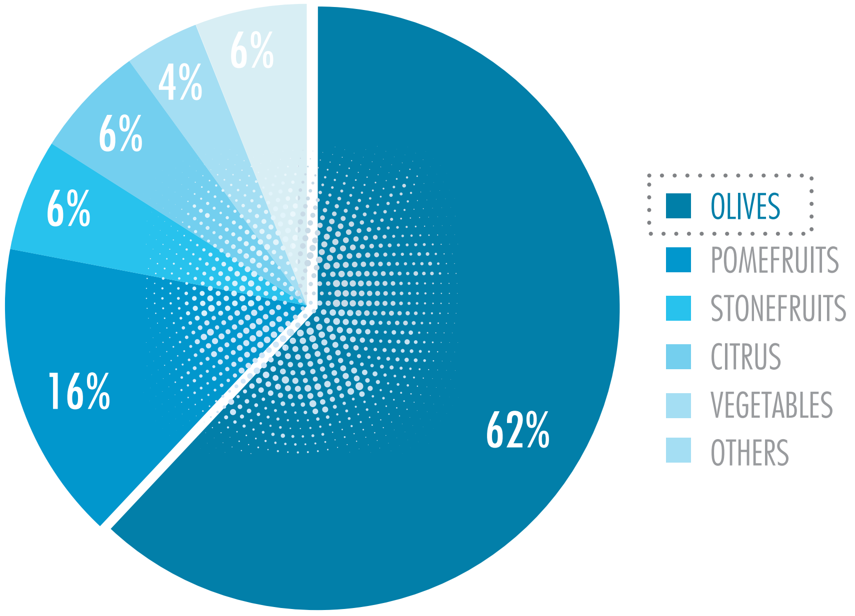
- MAIN AGRICULTURAL AREA
- MIXED RURAL AREA
- NATURAL AREA
- URBANIZED AREA
- AREA OF LARGE AGGLOMERATION

Source: CDR. National Physical Master Plan of the Lebanese Territory, 2005

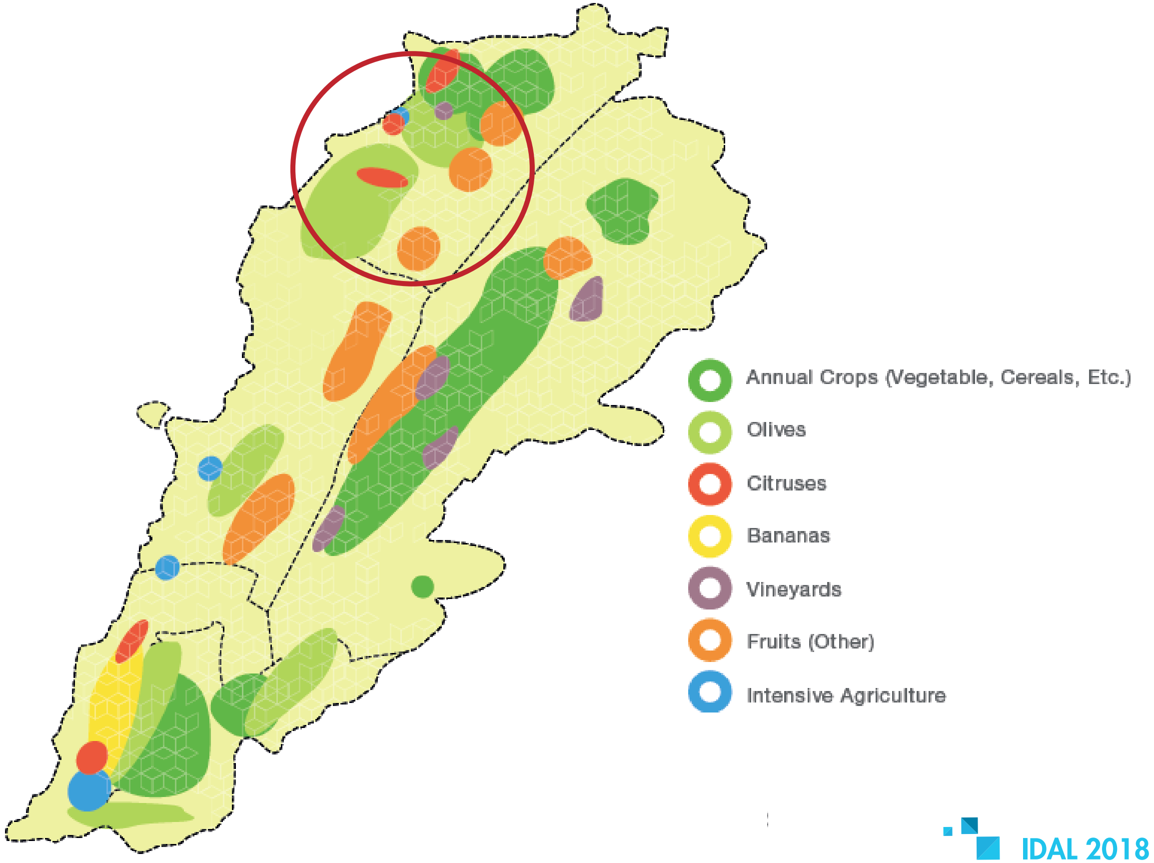
1. ACCESS TO RESOURCES

62% of North Lebanon's cultivated lands are used for the **cultivation of olives**

NORTH LEBANON PERMANENT & TEMPORARY CULTIVATED LAND PER PRODUCE
% | 2015



AGRICULTURAL MAP OF LEBANON
% | 2010

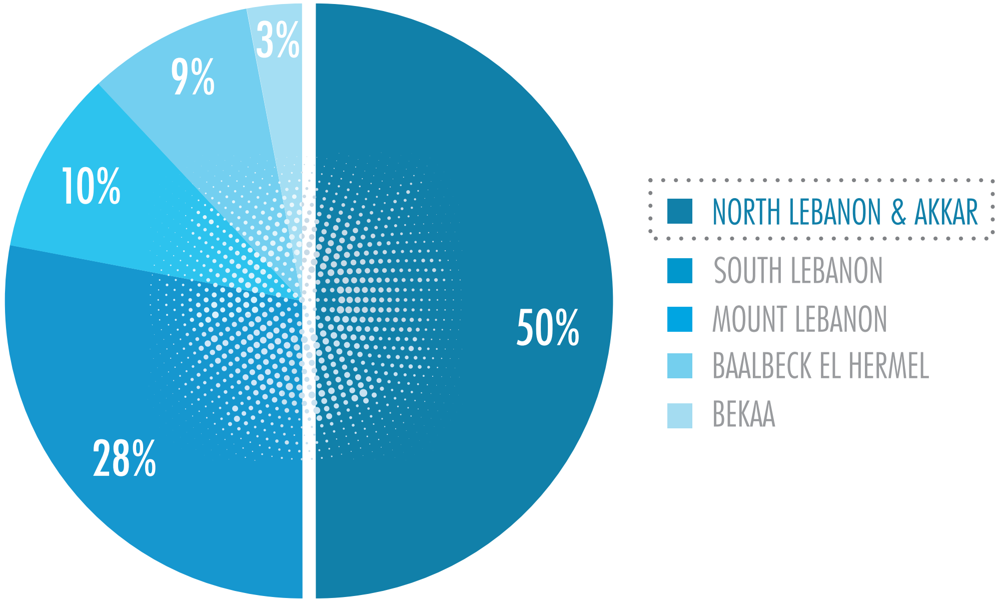


Source: Ministry of Agriculture

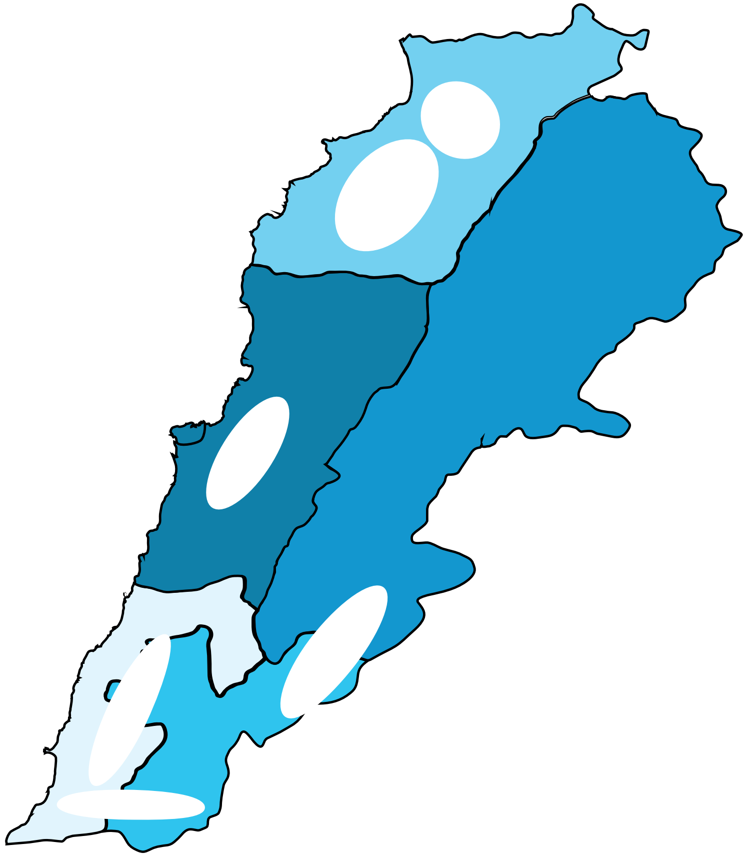
1. ACCESS TO RESOURCES

North Lebanon is home to **50% of Lebanon's olive trees**, the highest concentration in the country…

DISTRIBUTION OF OLIVE TREES IN LEBANON BY HARVESTED AREA*
% | 2015



MAPPING OF OLIVE GROVES IN LEBANON
2010



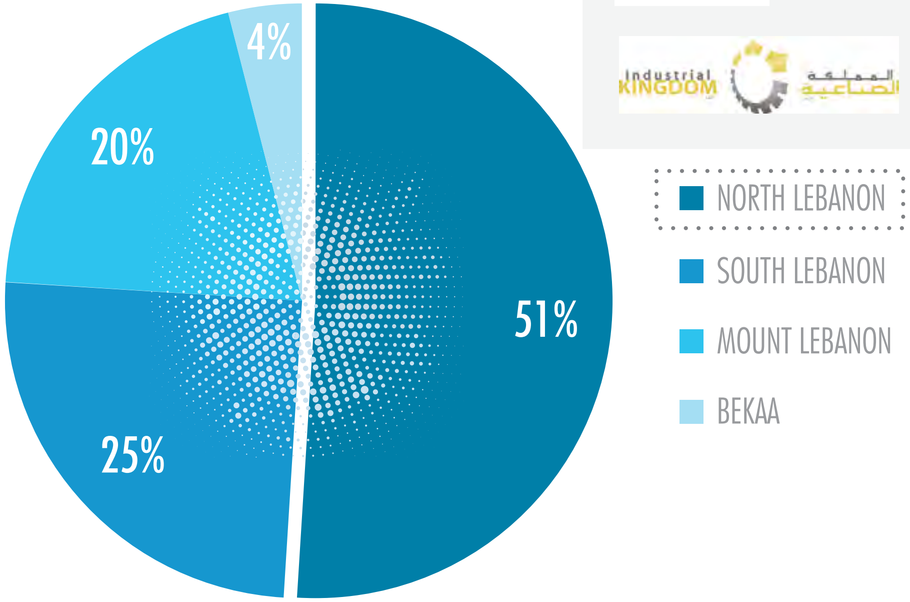
*Includes Akkar

Source: *Ministry of Agriculture (Latest available figures)*

1. ACCESS TO RESOURCES

The Governorate is home to **51% of olive mills** operating in the country thus **creating opportunities to strengthen the olive production** in the area

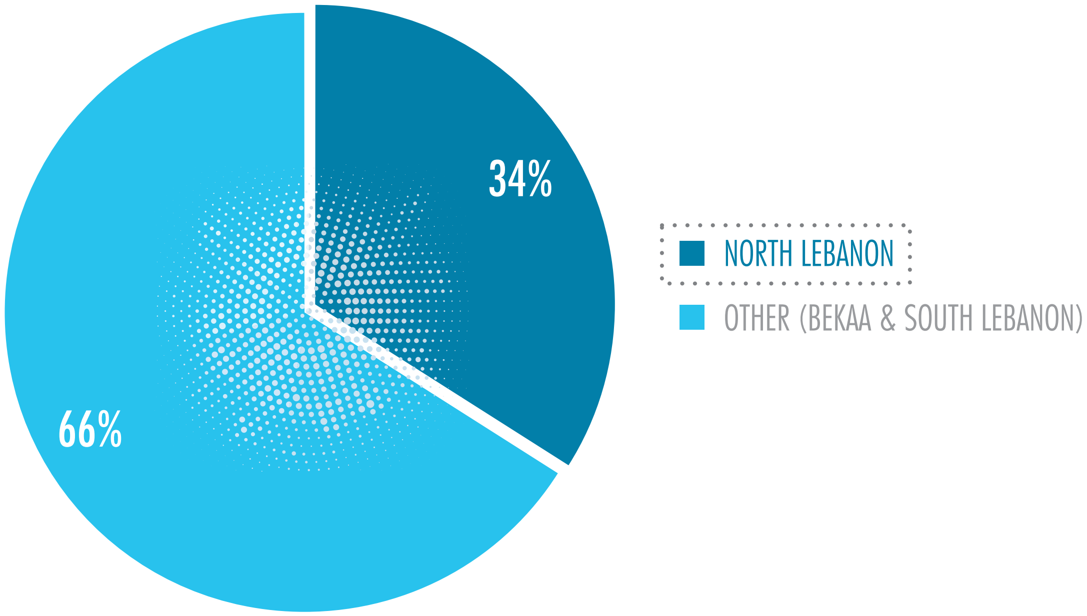
EXISTING OLIVE MILLS PER REGION*
% | 2010



TOTAL NUMBER OF MILLS IS NORTH LEBANON =**274**

*Includes Akkar
Source: Ministry of Agriculture

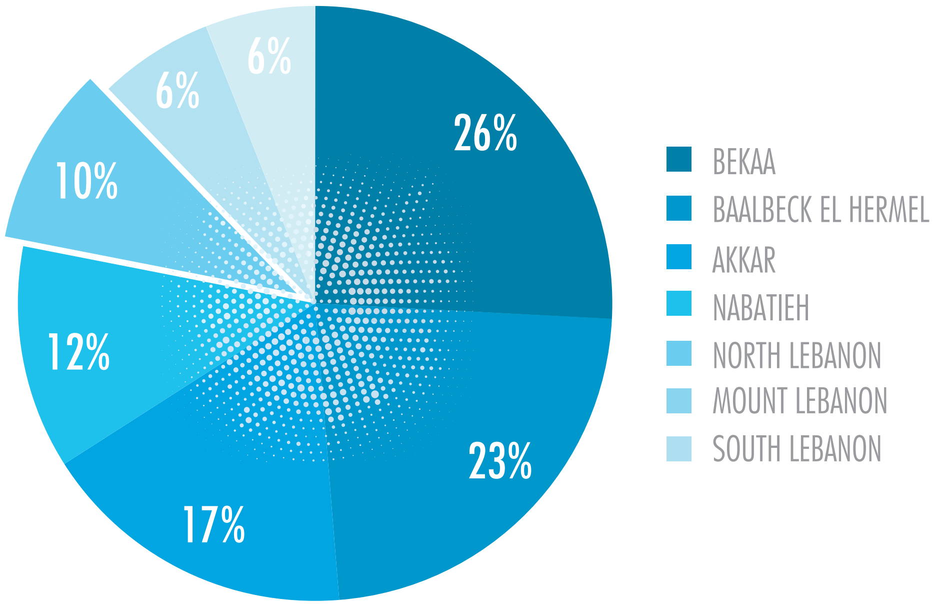
OLIVE OIL EXPORT PER REGION
% | 2016



Source: IDAL's Calculations

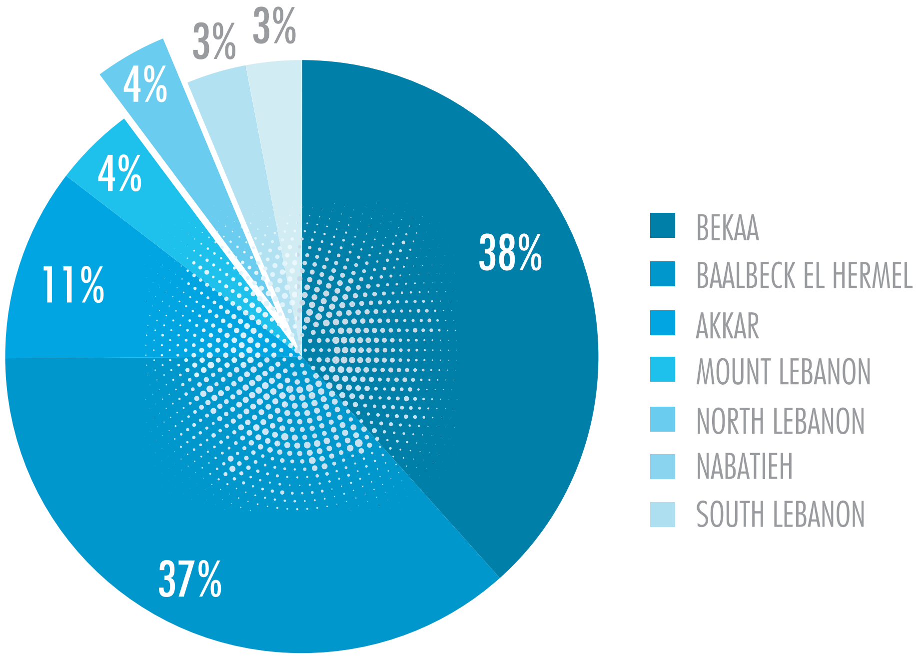
It has **10% of cattle holdings** of the country allowing for production of dairy products

DISTRIBUTION OF CATTLE HEADS IN LEBANON
% | 2015



NUMBER OF CATTLE HEADS IN NORTH LEBANON = **9,023**

DISTRIBUTION OF SHEEP HEADS IN LEBANON
% | 2015



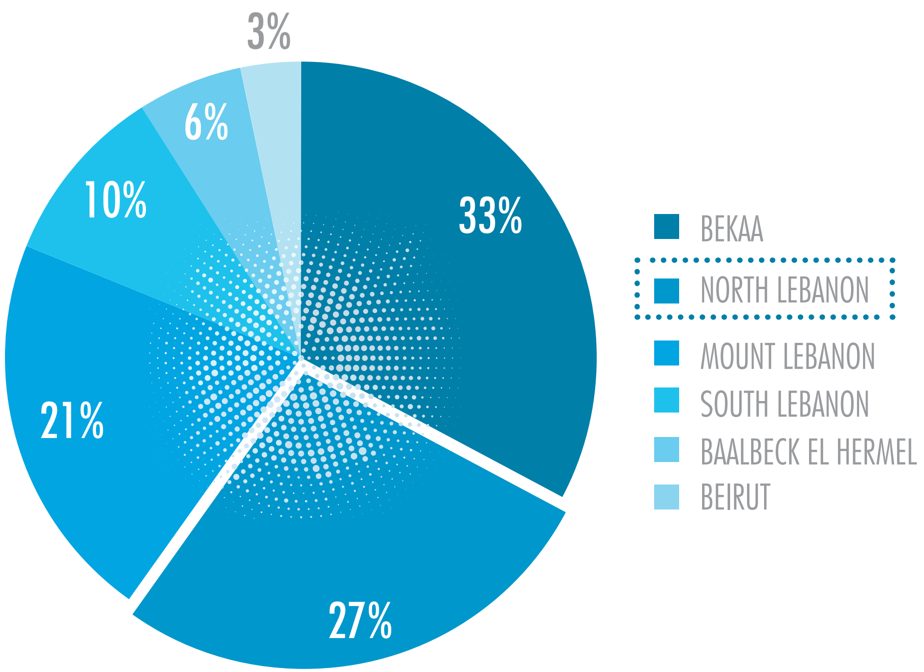
NUMBER OF SHEEP HEADS IN NORTH LEBANON = **14,320**

Source: FAO, Agriculture in Lebanon: Facts & Figures, The Core Module of the Census of Agriculture 2010

1. ACCESS TO RESOURCES

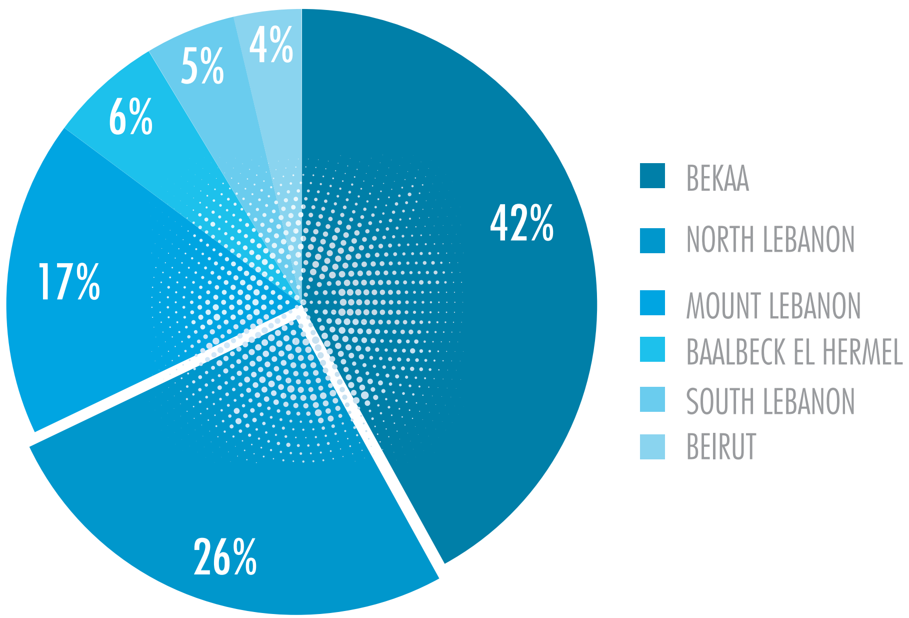
It accounts for **27%** of the country's packing houses and cold storage facilities which could serve the 6 districts' agricultural produces

DISTRIBUTION OF PACKING CENTERS IN LEBANON
% I 2017



NORTH LEBANON PACKING CENTERS = **33**
CAPACITY = **3,341 TONS/DAY**

DISTRIBUTION OF COLD STORAGE HOUSES IN LEBANON
% I 2017



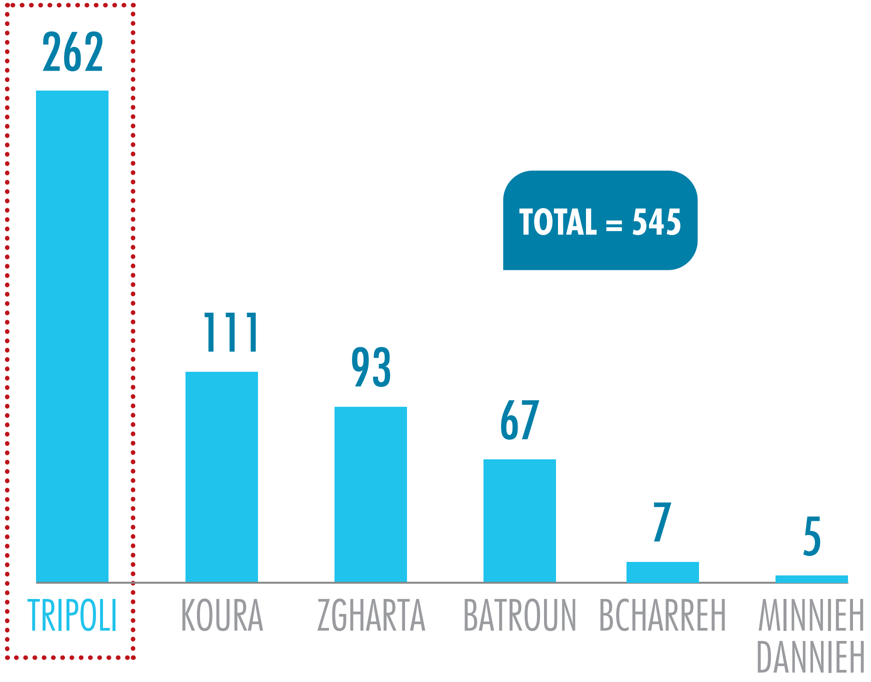
NORTH LEBANON COLD STORAGE HOUSES = **21**
CAPACITY = **19,630 TONS**

Source: IDAL's Calculations

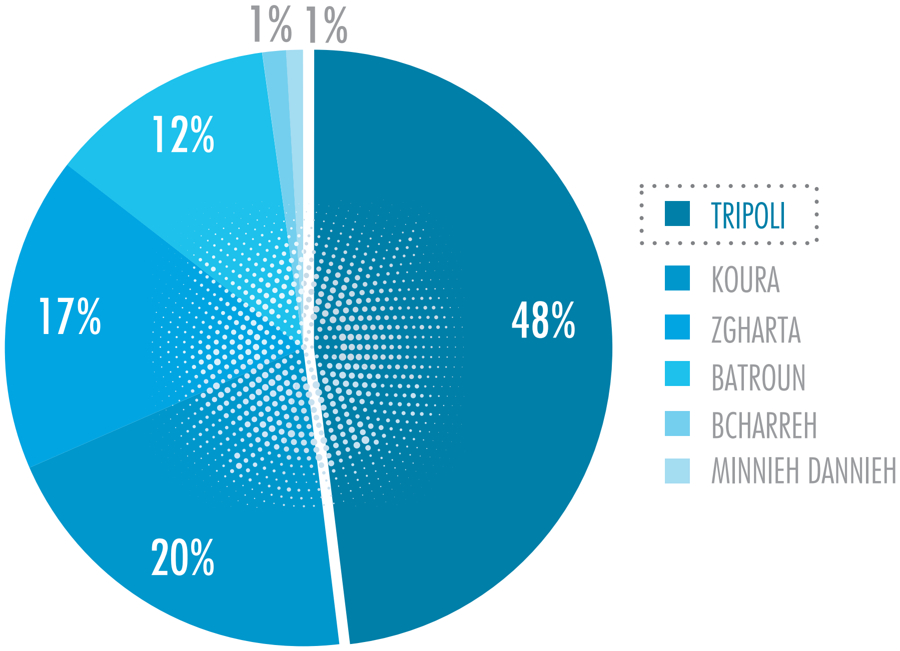
1. ACCESS TO RESOURCES

On the industrial front there are **545 companies** operating in the North with around **48% in Tripoli**

NUMBER OF INDUSTRIAL FIRMS PER DISTRICT IN NORTH LEBANON
2017-2018



DISTRIBUTION OF INDUSTRIAL FIRMS PER DISTRICT IN NORTH LEBANON
2017-2018

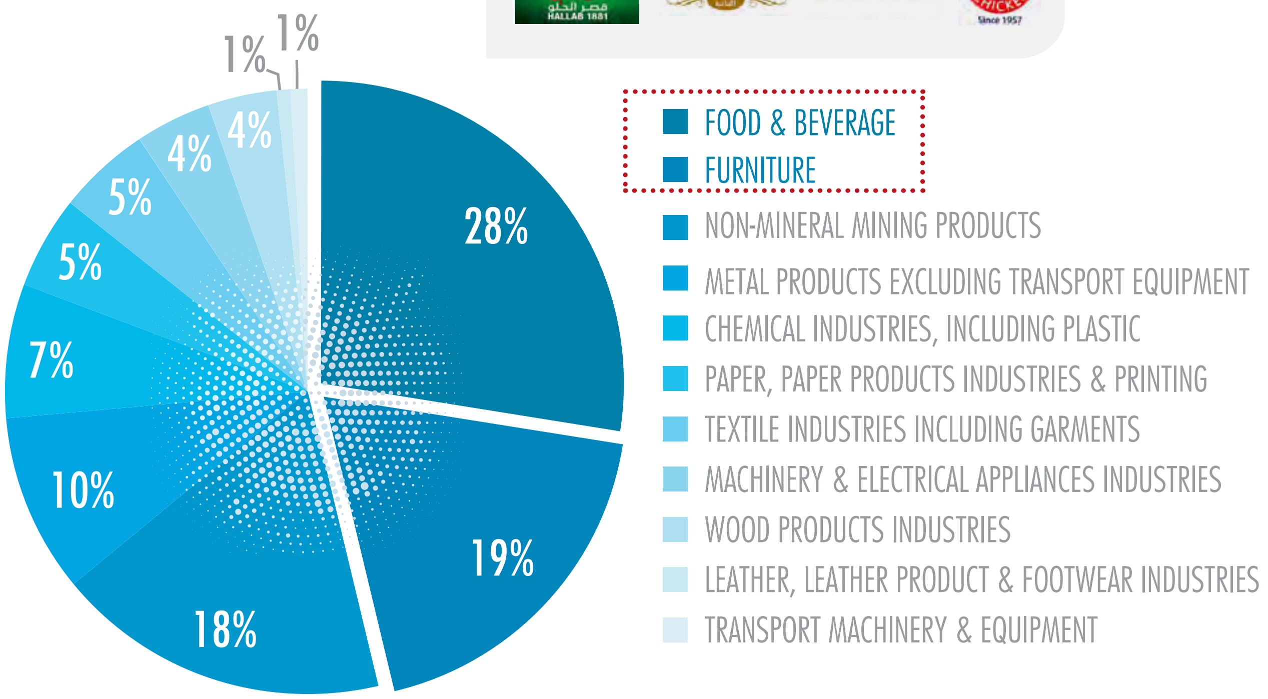


This source only considers firms with at least 8 employees.

Source: Directory of Exports & Industrial Firms in Lebanon, 2017-2018, IDAL's Calculations

28% of these companies operate in the Agro-Food sector, followed by 19% in the Furniture sector

DISTRIBUTION OF INDUSTRIAL FIRMS PER SECTOR IN NORTH LEBANON*
2017-2018

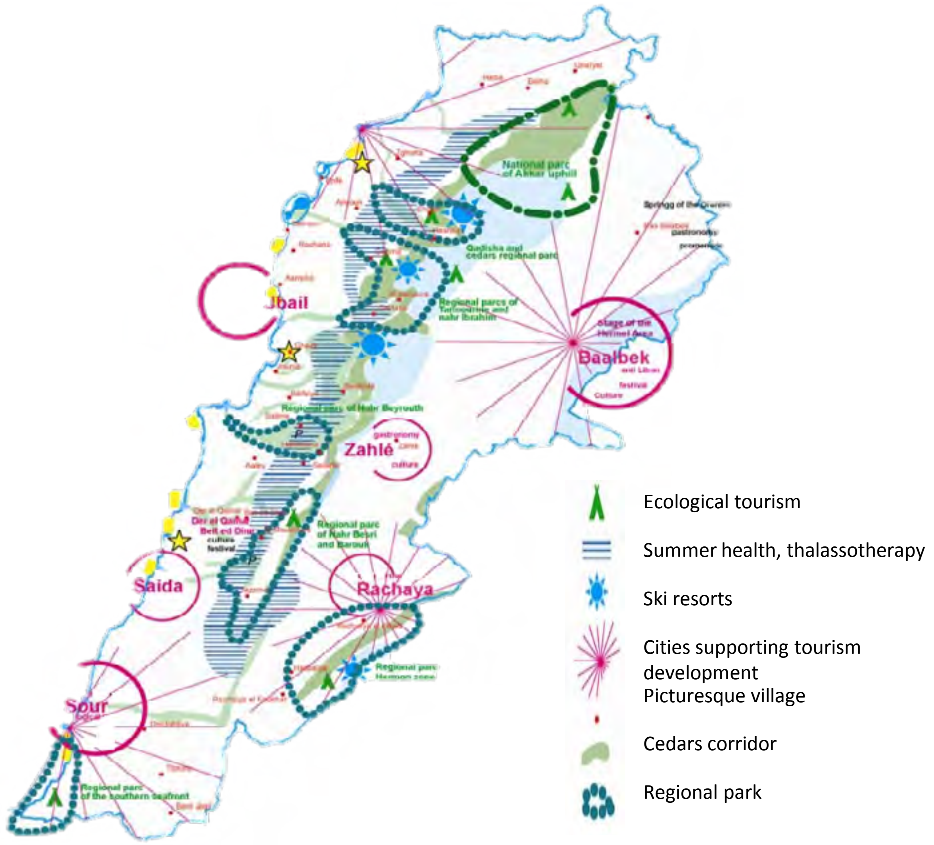


*This source only considers firms with at least 8 employees.

Source: Directory of Exports & Industrial Firms in Lebanon, 2017-2018 IDAL's calculations

North Lebanon also offers endless opportunities of **religious, cultural and eco-tourism activities…**

MAP OF LEBANON'S TOURISTIC ATTRACTIONS



MAP OF NORTH LEBANON'S TOURISTIC ATTRACTIONS

Source: Council for Reconstruction & Development, 2005

…With more than 150 religious touristic attractions

NON EXHAUSTIVE

RELIGIOUS TOURISTIC ATTRACTIONS IN NORTH LEBANON

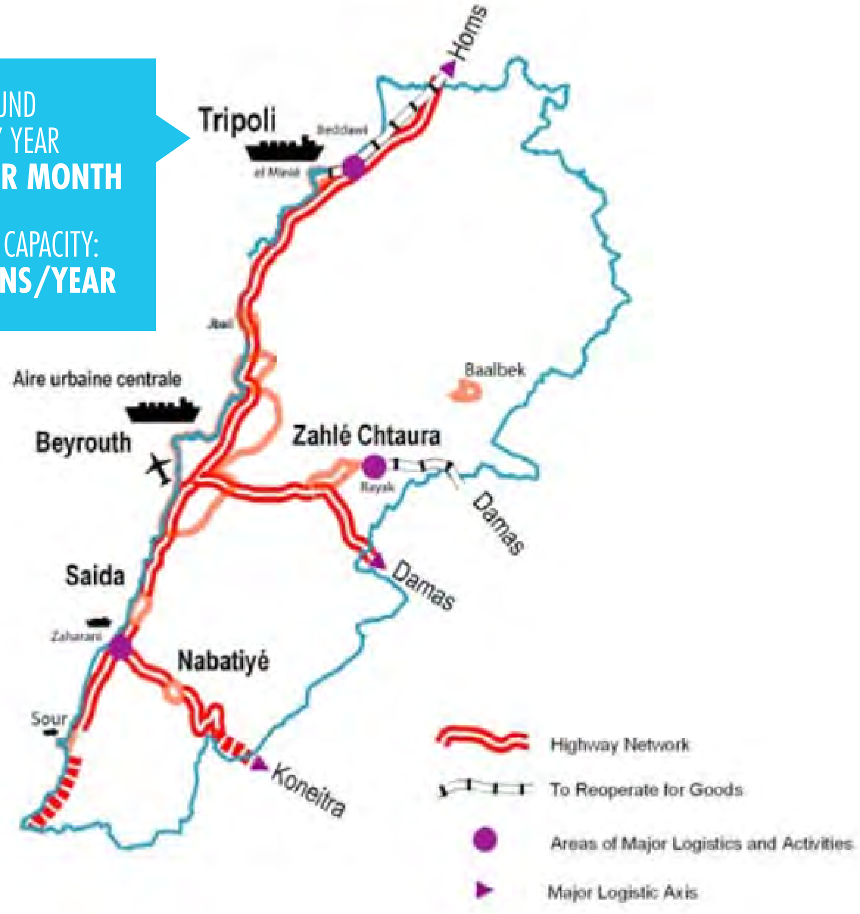
				NUMBER OF SITES
	BCHARREH & ZGHARTA	▪ Wadi Qadisha ▪ Deir Saydet Qannoubin ▪ Monastery of Saint Eliseus ▪ Monastery of Saint Serjurs ▪ Monastery of the Cross	▪ El Baher Mosque ▪ Barbar Mosque in I'al ▪ Ain El-Jami' prayer hall	55 SITES
	KOURA & BATROUN	▪ Churches of Amioun ▪ Monastery of our Lady of Hammatoura- Kousba ▪ Deir Balamand ▪ Churces of Anfeh ▪ The Covent of Virgin Mary-Keftoun	▪ Beshmezine Mosque ▪ Barbar Mosque in I'al	48 SITES
	TRIPOLI & MANNIEH-DANNIEH	▪ Church of Saint John ▪ Church of Saint Salomé ▪ Deir Saydet El Qalaa ▪ The Churches of Qobayyat	▪ The Great Mosque ▪ Tainal Mosque ▪ El Burtasi Mosque ▪ El Attar Mosque ▪ El Tawbah Mosque ▪ El Baddawi Mosque	50 SITES

Source: *Live Love Lebanon*

The governorate is home to **the 2nd largest and fastest-growing sea port, the port of Tripoli**

MAP OF TRANSPORTATION INFRASTRUCTURE
2005

- RECEIVES AROUND 450 SHIPS EVERY YEAR = **37 SHIPS PER MONTH**
- TOTAL ANNUAL CAPACITY: **9 MILLION TONS/YEAR**

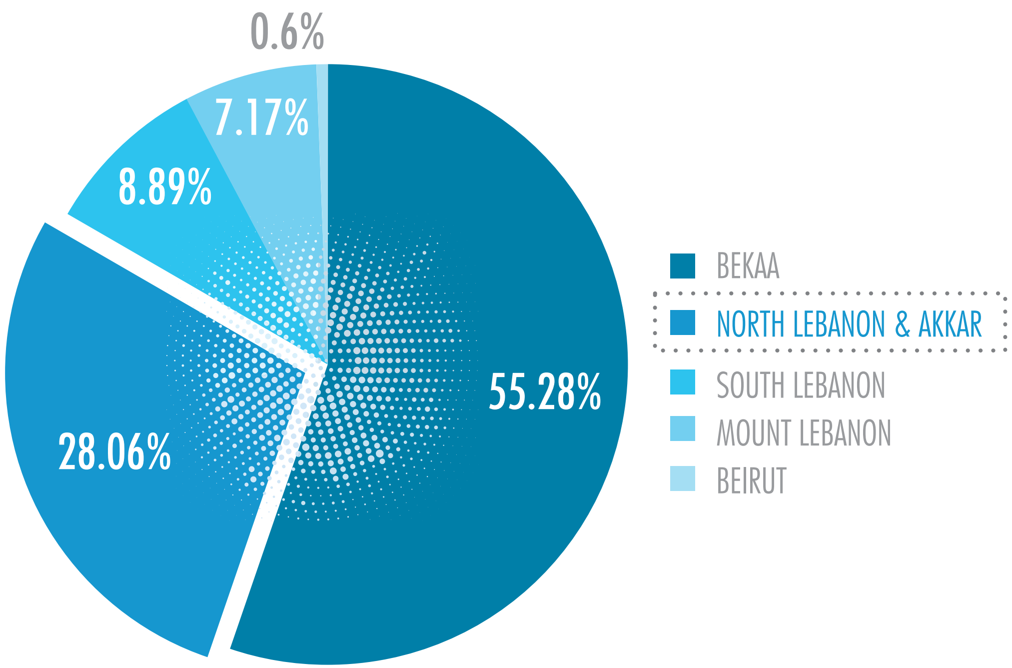


Source: Council for Reconstruction & Development, port of Tripoli

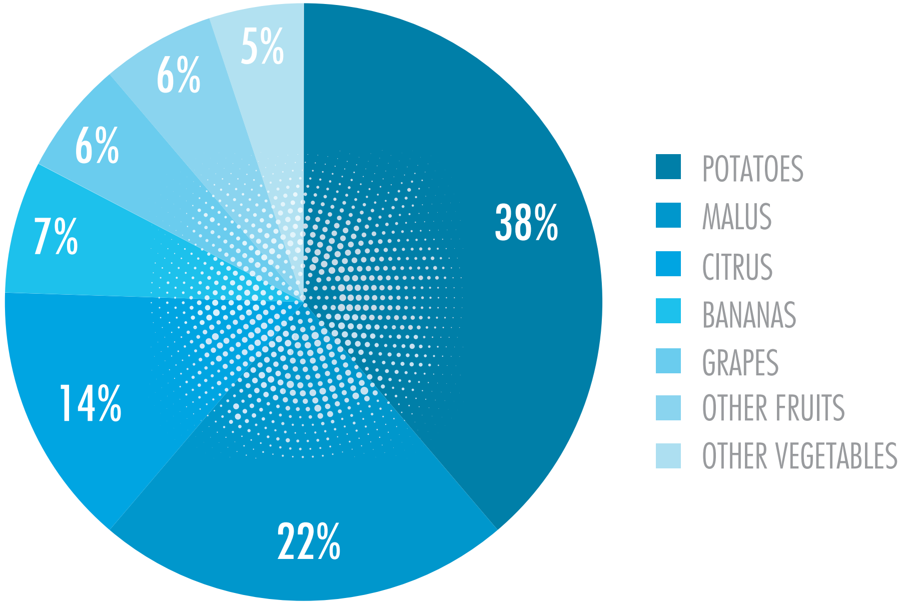
2. ACCESS TO MARKETS

Due to its strategic location and high quality infrastructure, **the region is the 2nd largest exporter of fruits & vegetables in the country**

DISTRIBUTION OF LEBANESE FRUITS & VEGETABLES EXPORTS BY REGION
% I 2017



LEBANESE FRUITS & VEGETABLES EXPORTS
% I 2017



POTATOES EXPORTED QUANTITIES = **130,191 TONS**
MALUS EXPORTED QUANTITIES = **77,531 TONS**
CITRUS EXPORTED QUANTITIES = **48,816 TONS**
TOTAL EXPORTED QUANTITIES = **344,621 TONS**

Source: IDAL's Calculations

Various **planned infrastructure and logistics** projects are expected to enhance the Governorate's access to International Markets

INFRASTRUCTURE & LOGISTICS PROJECTS IN NORTH LEBANON

RASHID KARAMI INTERNATIONAL FAIR

- Area of 1 million sqm (not fully operational)
- 5th among the largest exhibition centers in the world
- Includes an exhibition space, a guest house and a theatre with 100 seat capacity

QLAYAAT AIRPORT

- Civil & military airport with a runway of 3km by 45m
- The plan is to activate the airport to accommodate commercial planes mainly low cost airlines and general cargo
- Capacity (per year): 1 million passenger and 200,000 tons of freight

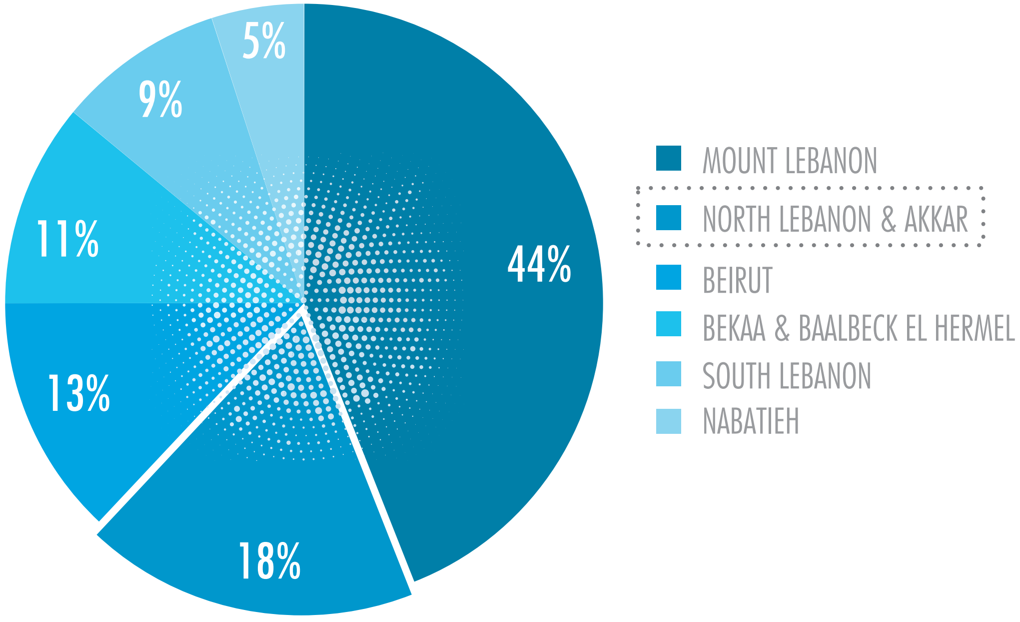
TRIPOLI SPECIAL ECONOMIC ZONE (TSEZ)

- Provides companies with fiscal, financial, as well as non-financial incentives.
- TSEZ was established in 2008 through law No 18 which created the framework for the zone and the authority that will regulate it.
- The zone is expected to become operational by 2020

Source: IDAL North Profiling, 2015

18% of total Lebanese labor force is located in North Lebanon & Akkar, the second highest share in the country after Mount Lebanon

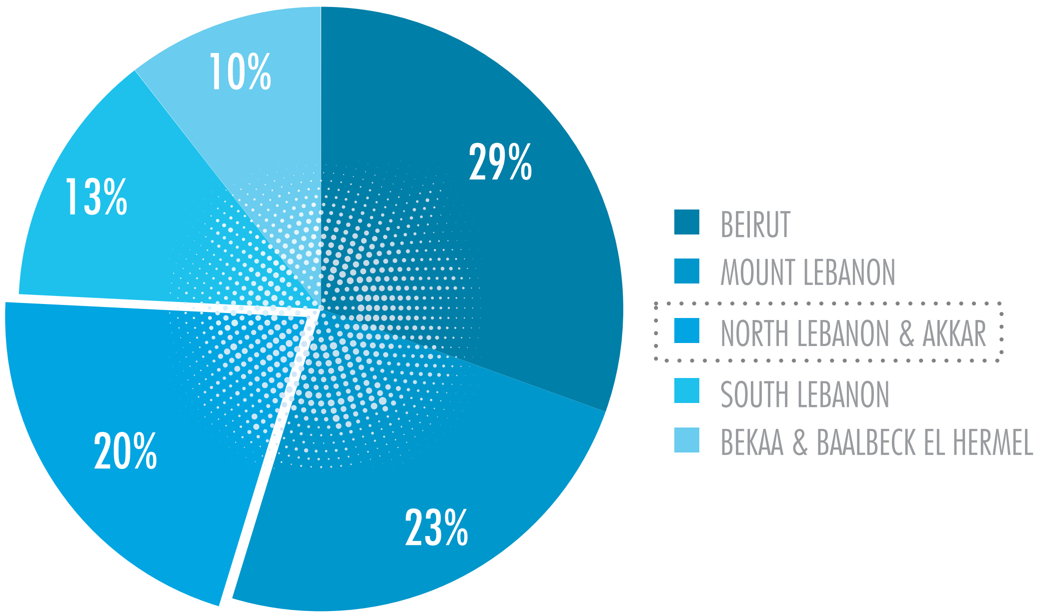
DISTRIBUTION OF LABOR FORCE BY GOVERNORATE
% | 2004



Source: Central Administration of Statistics, 2004

The Governorate has one of the highest concentration of private universities after Beirut and Mount Lebanon

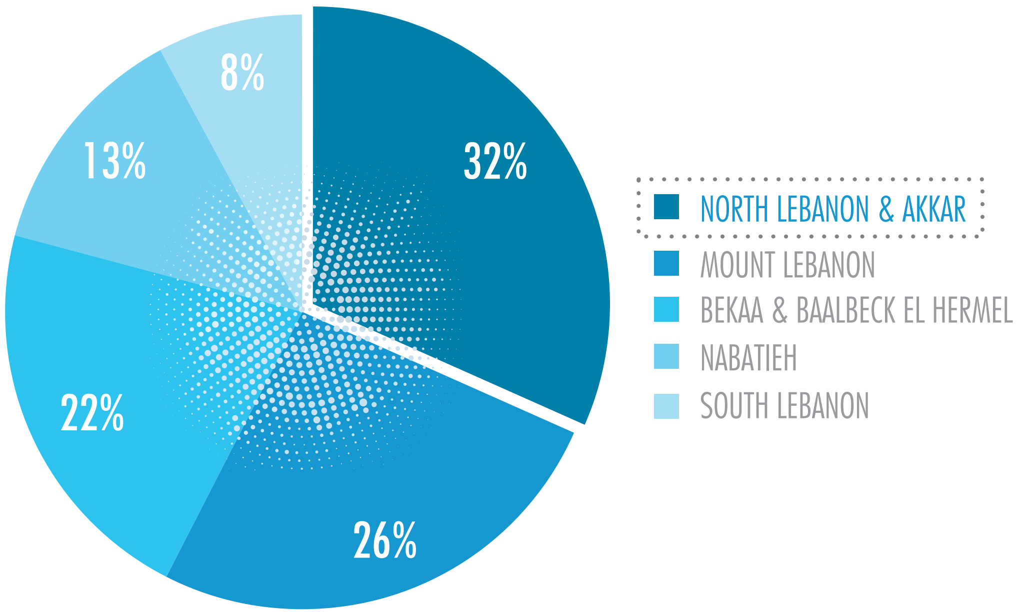
DISTRIBUTION OF PRIVATE UNIVERSITIES PER GOVERNORATE
% | 2017



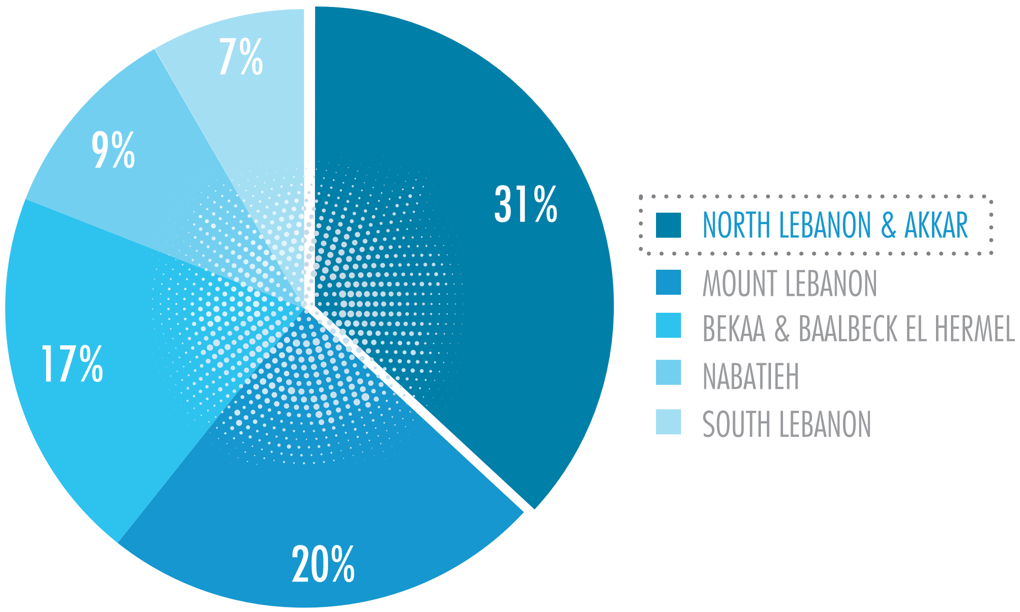
Source: Ministry of Education and Higher Education , IDAL Analysis

The Governorate has the **highest share** of Lebanon's public technical schools and students

DISTRIBUTION OF PUBLIC TECHNICAL SCHOOLS BY GOVERNORATE
2016-2017



DISTRIBUTION OF PUBLIC TECHNICAL SCHOOL STUDENTS BY GOVERNORATE
2016-2017



Source: The Center for Educational Research & Development, 2017

Various initiatives are being put in place to **upgrade the entrepreneurship and technology** skills of the youth in the Governorate

INITIATIVES TO DEVELOP ENTREPRENEURSHIP IN NORTH LEBANON

BIAT

BIAT's mission is to identify, incubate, host, network, train, and support value added business opportunities.

It has incubated more than **50 companies**

DIGITAL OPPORTUNITY TRUST DOT

DOT Lebanon delivers training programs that equip vulnerable populations and people with entrepreneurship & technology skills.

INSTITUT EUROPEEN DE COOPERATION ET DE DEVELOPPEMENT

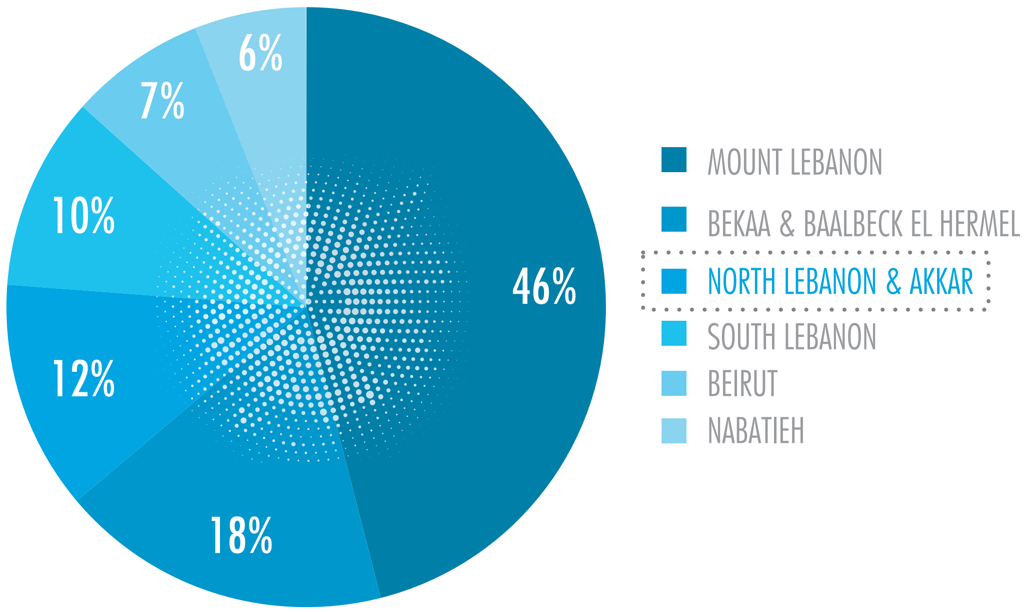
IECD is a French development organization that provides technical training to small entrepreneurs in Tripoli.

In 2011, **110 entrepreneurs** have been trained.

Source: IDAL

In terms of finance, **North Lebanon has the 3rd largest share of Kafalat Loans** in Lebanon for the Small and Medium Enterprises in the productive sectors

DISTRIBUTION OF KAFALAT LOANS IN LEBANON
% I 2017



Source: Kafalat

The competitive advantages of the Governorate can be summarized as follow

DIMENSIONS FOR RATING NORTH LEBANON

1. ACCESS TO RESOURCES

- **Natural Resources:**
  - 3 rivers and fertile land on the coast
  - Home to 41% of Lebanon's olive groves
- **Economic activities:**
  - 41% of Lebanon's olive groves
  - 19% of total production of furniture in Lebanon
  - 30% of industrial firms operate in the F&B sector

2. ACCESS TO MARKETS

- **Infrastructure:** access to the second largest seaport in addition to infrastructures and logistics projects to enhance access to international markets
- **Exports:** 28% of Lebanese fruits and vegetables are exported from North Lebanon

3. ACCESS TO HUMAN CAPITAL

- **Universities:** 18 private universities offering business & law, and engineering programs
- **Technical and Vocational schools:** around 32% of the countries vocational schools and 3 entrepreneurship programs
- **Labor pool:** The second largest labor force in the country

4. ACCESS TO FINANCE

- **Financing:** The third largest share of kafalat loans to small and medium enterprises in the country

III. CLUSTER DEVELOPMENT STRATEGY TO NORTH LEBANON

Based on the comparative advantages of the Governorate, **IDAL identified 2 main clusters** that can be strengthened to increase their competitiveness

1. WOOD PROCESSING & FURNITURE CLUSTER IN TRIPOLI

2. OLIVE OIL CLUSTER IN KOURA

The furniture cluster in Tripoli has all the right ingredients to flourish but lacks strong institutions to formally organize it

1. WOOD PROCESSING & FURNITURE CLUSTER IN TRIPOLI

STRENGTHS

- A large cluster membership of around 500 craftsmen with a diversified range of products; The furniture sub-sector constitutes the second largest share of total industrial firms in North Lebanon;
- Concentration of the firms of the cluster in 3 areas of Tripoli;
- High quality experienced craftsmanship at competitive costs.
- Existence of two associations governing the sector: Syndicate of furniture and wood production of Tripoli headed by Mr. Abdallah Harb and the Union of Furniture Manufacturers headed by Mr. Jawad Sharafeddine.

WEAKNESSES

- Modest economies of scale;
- Lack of automation and industrialization in the manufacturing process;
- Deficiency in export market knowledge: Exports of furniture constitute only 2% of total Lebanese exports.

Various upcoming **opportunities** in the city of Tripoli are expected to boost the furniture sector and make it more competitive

1. WOOD PROCESSING & FURNITURE CLUSTER IN TRIPOLI

OPPORTUNITIES

- **Strong design capacity** & brand recognition in Beirut.
- **Various projects are planned for the city to upgrade its export infrastructure** and make it easier to access foreign markets (e.g. Reactivate Qlayaat Airport and Rashid Karami International Fair, Development of Tripoli SEZ).
- **Funding support from International Organizations:** UNIDO in Lebanon is helping in upgrading the furniture cluster in Tripoli by providing skill development trainings especially for the youth and investment in modern equipment.

RISKS

- Decreasing customs tariffs on imported furniture;
- Lack of collaborative spirit between firms of the cluster.

The cluster development strategy for the furniture industry in Tripoli is based on **the triple Helix model**

THE TRIPLE HELIX MODEL FOR CLUSTER DEVELOPMENT

RESEARCH & DEVELOPMENT INSTITUTES

- INDUSTRIAL RESEARCH INSTITUTE
- LIRA PROGRAM
- LEBANESE UNIVERSITY IN TRIPOLI
- OTHER PRIVATE UNIVERSITIES IN TRIPOLI

PRIVATE SECTOR

- WOOD & FURNITURE CRAFTSMAN
- MANUFACTURERS
- DISTRIBUTORS
- EXPORTERS

GOVERNMENT

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REPUBLIC OF LEBANON
MINISTRY OF INDUSTRY

REPUBLIC OF LEBANON
MINISTRY OF ECONOMY & TRADE

SUPPORT INSTITUTIONS

جمعية الصناعيين اللبنانيين
Association Of Lebanese Industrialists

BIAT
Business Incubation Association in Tripoli

غرفة التجارة والصناعة والزراعة
Chamber of Commerce Industry & Agriculture
of Tripoli & North Lebanon

UNIDO

The olive oil cluster in Koura has high-potential for growth even though its share in the global market will remain small

2. OLIVE OIL CLUSTER IN KOURA

STRENGTHS

- **93%** of Koura's agriculture territory is dedicated for olive cultivation;
- **50%** of olive mills in Lebanon are located in the North of Lebanon Governorate;
- **34%** of total Lebanon's olive oil exports originate from North Lebanon.
- **Agribusiness** manufacturing constitutes the largest share of industrial firms in the Governorate at 28%.
- **Many players that govern the industry** including the Association of Olive farmers in koura which is headed by Georges Constantine, Lebanese Interprofessionnal Syndicate of Olive Oil (SILO)...

WEAKNESSES

- **Lebanon is considered a minor player in the global olive oil market** which is dominated by Spain, Italy, Greece, and Tunisia.

The olive oil cluster in Koura is facing fierce **competition** in the region but can overcome those risks by investing in research and innovation

2. OLIVE OIL CLUSTER IN KOURA

OPPORTUNITIES

- **Production of olive oil in Lebanon increased** from 6 thousand tonnes in 1990 to 23 thousand tonnes in 2017 (International Olive Oil Council);
- **The EU-Lebanon Association Agreement (AA)** where there is a quota of 1,000 tonnes of olive oil to be exported duty free to the EU.

RISKS

- **Increased regional competition**
- **Issues in quality and standards**

The cluster Development Strategy for the olive oil industry puts at its core the private sector and enables it through the right policies and incentives

THE TRIPLE HELIX MODEL FOR CLUSTER DEVELOPMENT

RESEARCH & DEVELOPMENT INSTITUTES

- LARI
- LIRA PROGRAM
- LEBANESE UNIVERSITY IN TRIPOLI
- OTHER PRIVATE UNIVERSITIES IN TRIPOLI

PRIVATE SECTOR

- OLIVE FARMERS
- OLIVE OIL MILLS
- OLIVE OIL PROCESSORS (SOAP MAKERS & OTHER DERIVATIVES)
- DISTRIBUTORS
- EXPORTERS
- ECO-TOURISM OPERATORS

GOVERNMENT

IDAL
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REPUBLIC OF LEBANON
MINISTRY OF INDUSTRY

SUPPORT INSTITUTIONS

Association Of Lebanese Industrialists

BIAT

Chamber of Commerce Industry & Agriculture of Tripoli & North Lebanon

UNIDO

FAO FIAT PANIS

The public private partnership between the various actors of the cluster is expected to make it more effective and productive

THE TRIPLE HELIX MODEL FOR CLUSTER DEVELOPMENT

RESEARCH & DEVELOPMENT INSTITUTES

R&D centers can assist the cluster members by:

- Providing advice on new techniques of production and processing
- Accelerate innovation in the cluster and upgrade of quality of production

PRIVATE SECTOR

- Those private sector players are at the core of the cluster.
- Through membership and commitment to the cluster, they can upgrade the marketing channels of the cluster, the branding, and ensure the sustainability of the cluster initiative.

GOVERNMENT

IDAL can assist the cluster members by:

- Accessing funding for member firms
- Providing incentives
- Coordinating with the various stakeholders of the cluster

SUPPORT INSTITUTIONS

Support institutions can assist the cluster members by:

- Technical know-how
- Training and networking events

CONTACT US

INVESTMENT DEVELOPMENT
AUTHORITY OF LEBANON

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