



IDAL
INVEST IN LEBANON

INVESTMENT OPPORTUNITIES IN NABATIEH

2018



NABATIEH

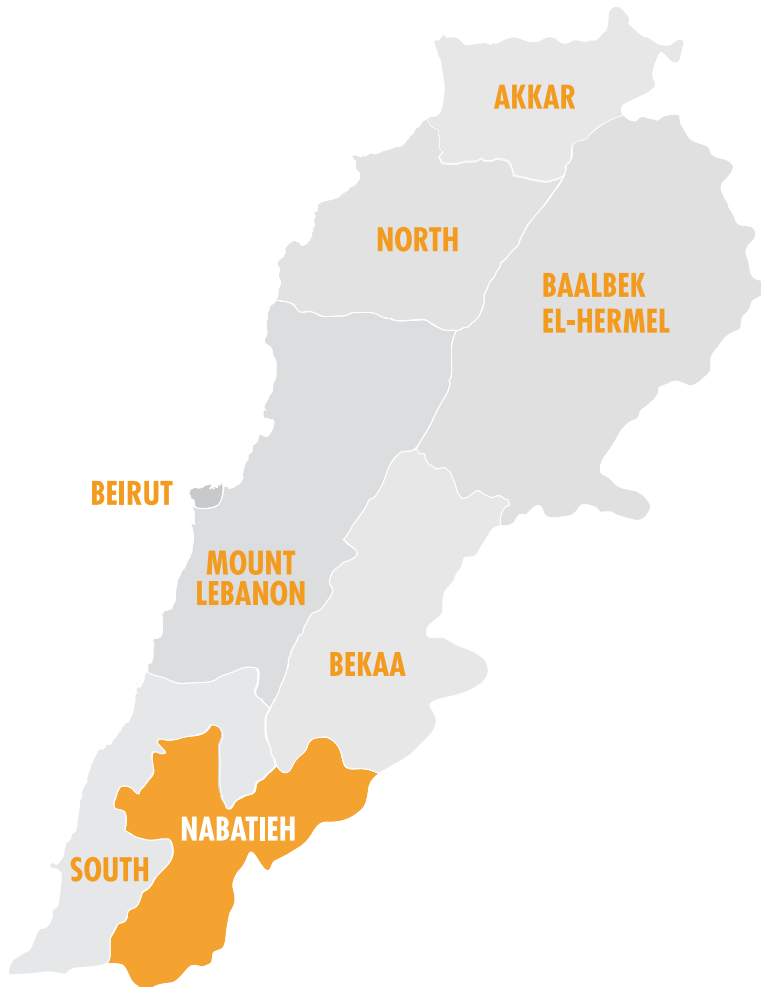


An aerial photograph of a rural landscape. In the foreground, a dirt road curves through a green field. To the left, there is a large olive grove. In the middle ground, there are more fields and some small buildings. The background features rolling hills and mountains under a clear blue sky.

I. SOCIO ECONOMIC BASELINE ANALYSIS OF NABATIEH

The Governorate of Nabatieh is located in the far South of Lebanon,
covering an area of **1,058 km²** or **10% of the total Lebanese territory**

LEBANON'S 8 GOVERNORATES



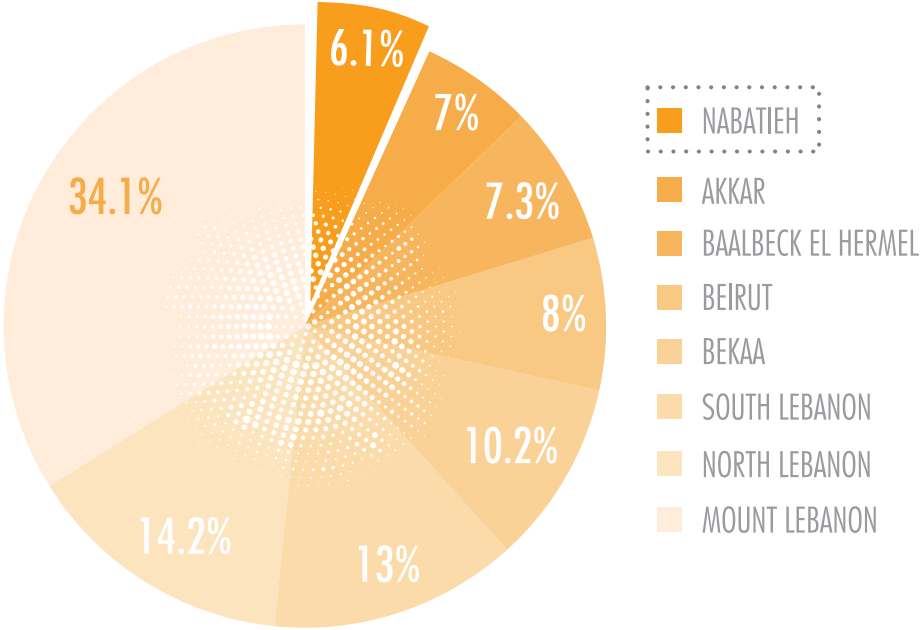
NABATIEH GOVERNORATE



NABATIEH TOTAL AREA SIZE = 1058 KM²
10% OF TOTAL LEBANESE TERRITORY

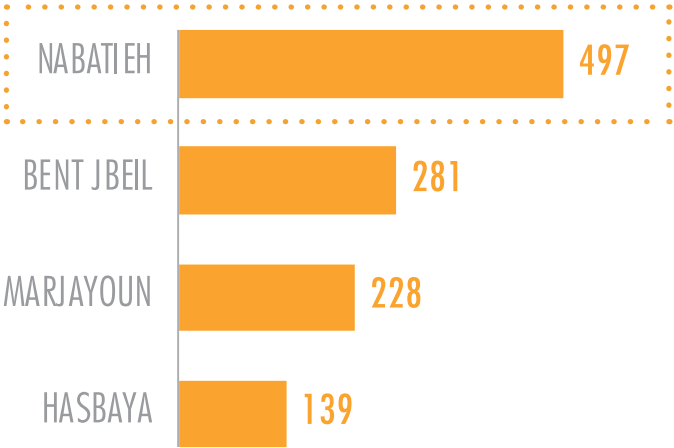
The Governorate has the lowest population share among all Governorates estimated at around 330,000 inhabitants*. This is mainly due to lack of economic opportunities in the area and a history of occupation.

DISTRIBUTION OF POPULATION PER GOVERNORATE
% | 2016



NABATIEH TOTAL POPULATION = **322,541**
POPULATION DENSITY = **305 PEOPLE/KM²**

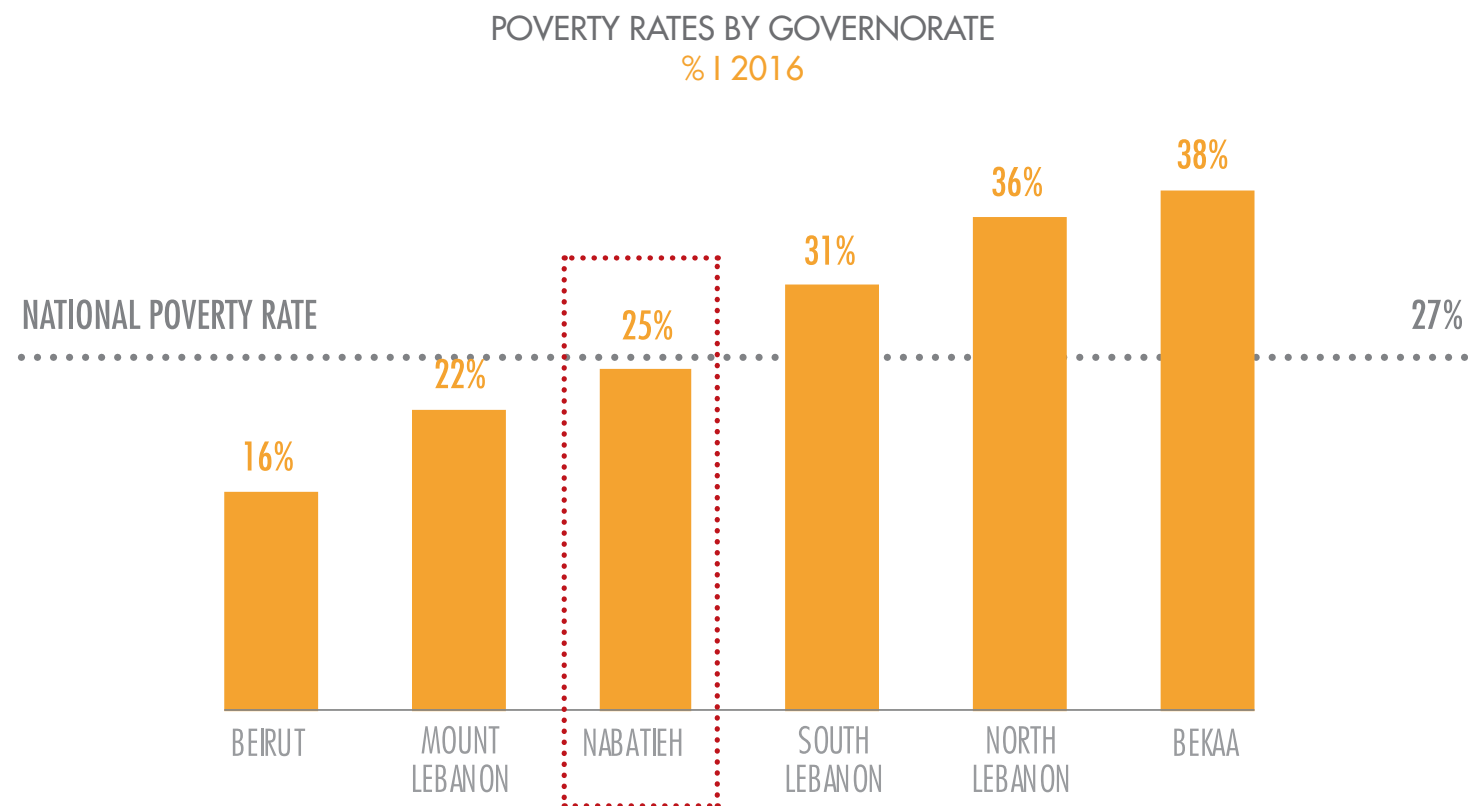
POPULATION DENSITY IN NABATIEH
(NUMBER OF PEOPLE/KM² | 2016)



Source: UN OCHA, 2016
*This includes Syrian and Palestinian refugees

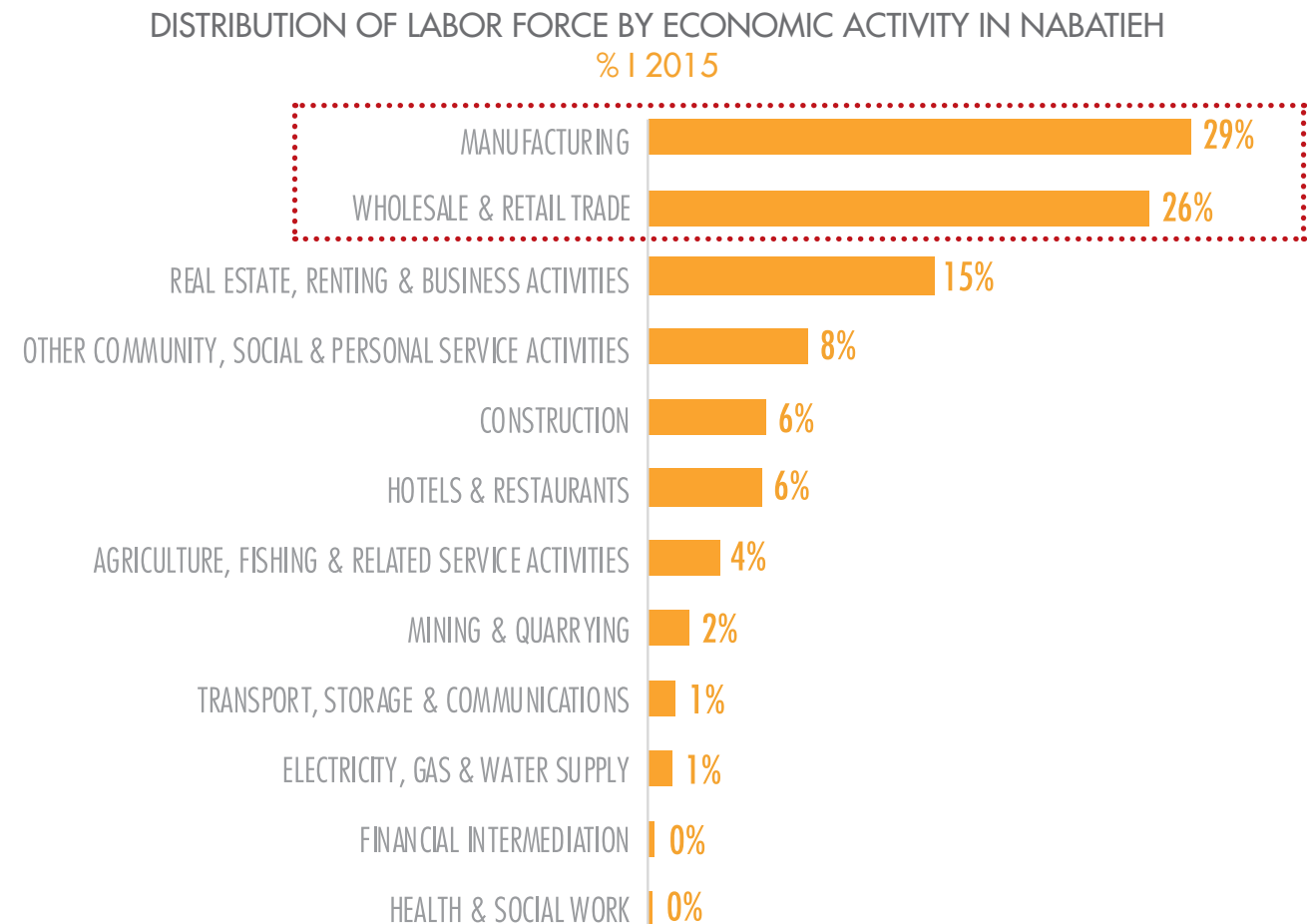
Source: LocalLiban, IDAL's calculations, 2016

Poverty rates in the Governorate are low compared to national levels due to dependency of the Governorate on remittances from external migration and revenues from the government subsidized tobacco agriculture



Source: Measuring poverty in Lebanon using 2011 HBS, Central Administration of Statistics, World Bank 2016

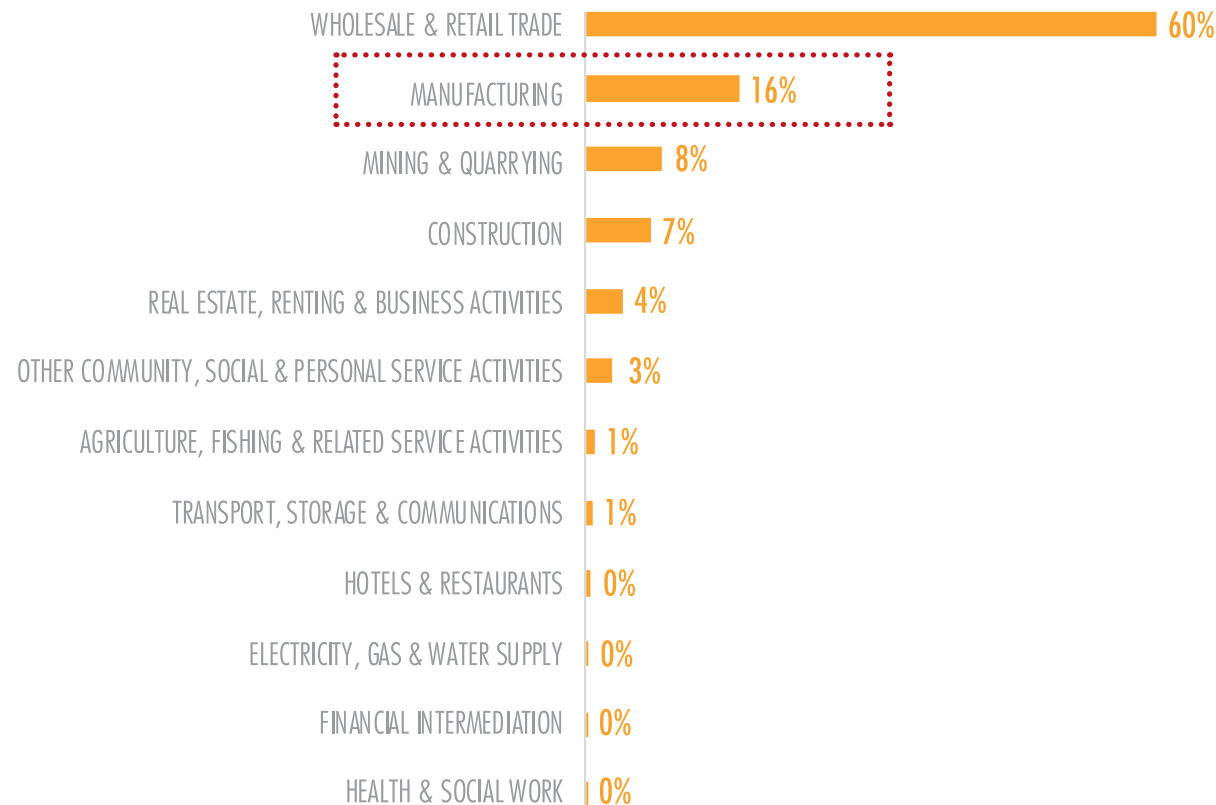
The labor force in Nabatieh is mainly concentrated in the manufacturing and the services sector (retail and real estate).



Source: Ministry of Finance, 2016

While **manufacturing employs the highest number of people in Nabatieh** it only contributes 16% to the gross value added of Nabatieh* demonstrating the low productivity of the sector

DISTRIBUTION OF GROSS VALUE ADDED* OF COMPANIES BY ECONOMIC ACTIVITY IN NABATIEH
% | 2015

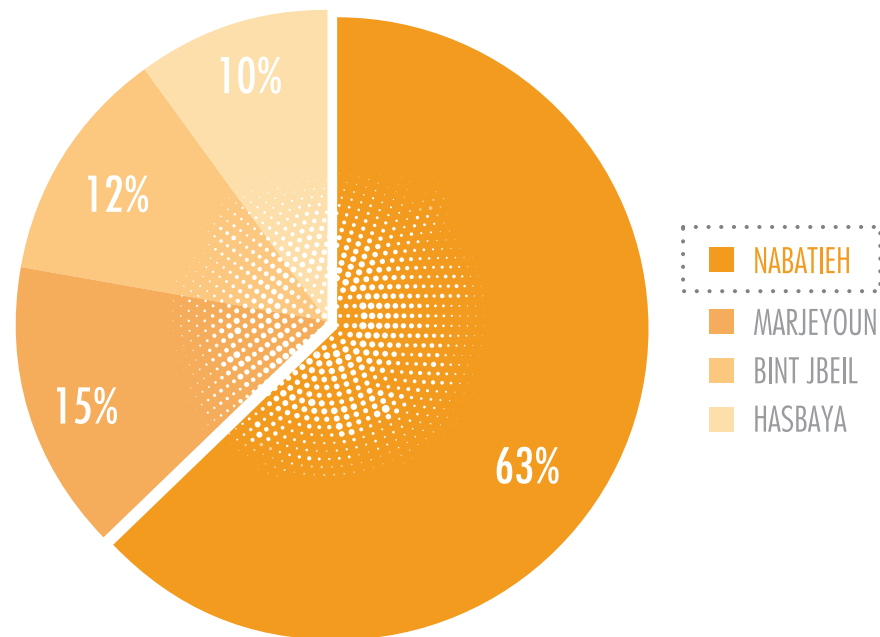


Source: Ministry of Finance, 2016

*Due to the lack of data, turnover of companies is used as a proxy for estimation of gross value added of companies

Nabatieh has the **highest concentration of industrial firms** in the area which could support in the development of industry related clusters in the long term

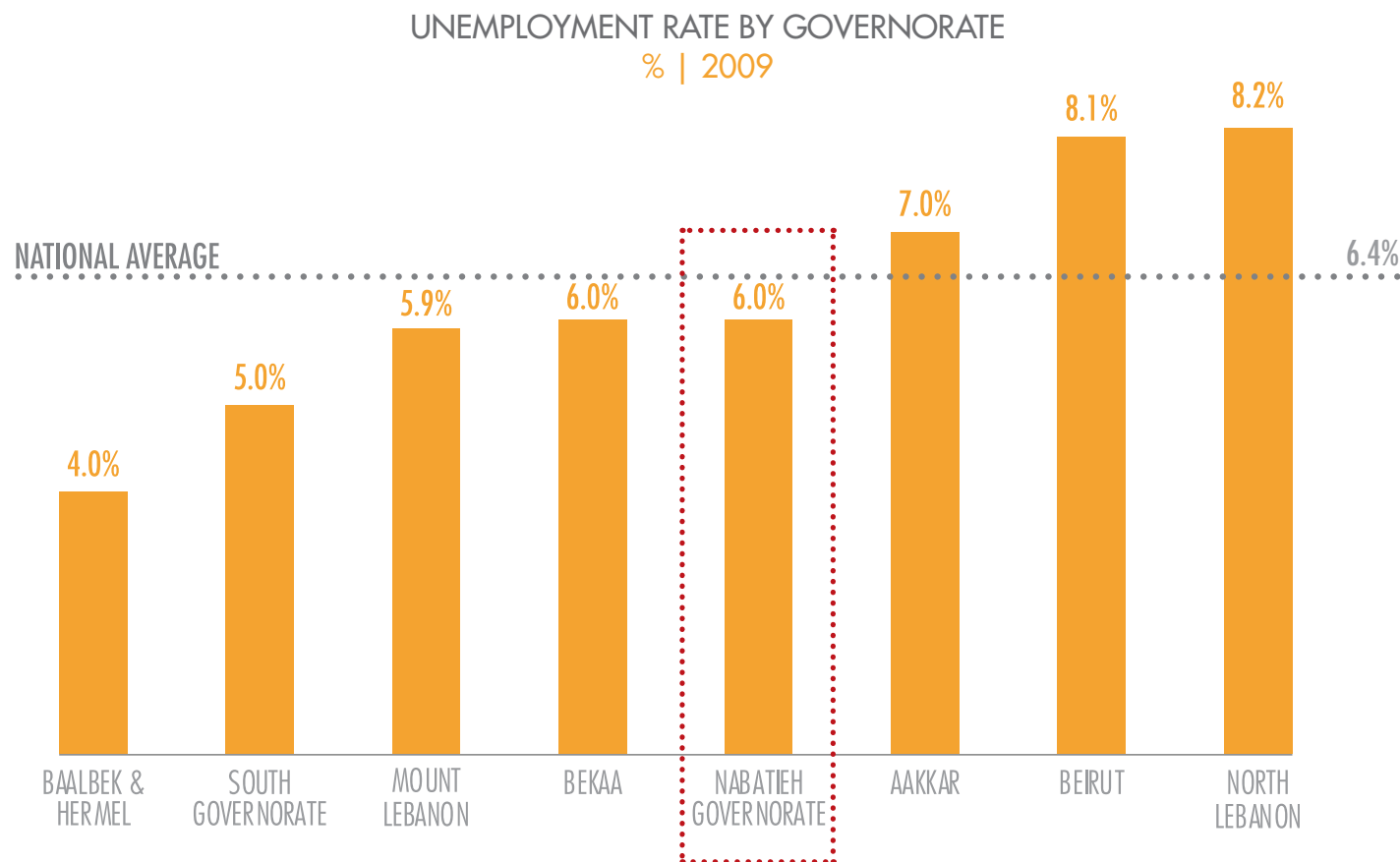
DISTRIBUTION OF INDUSTRIAL FIRMS PER DISTRICT IN NABATIEH
% | 2018



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

Source: Directory of Exports & Industrial Firms in Lebanon, 2018

Unemployment rate is estimated at **6%**, below the national average of 6.4%



Source: Central Administration of Statistics, 2009



II. COMPETITIVE ADVANTAGES OF NABATIEH

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

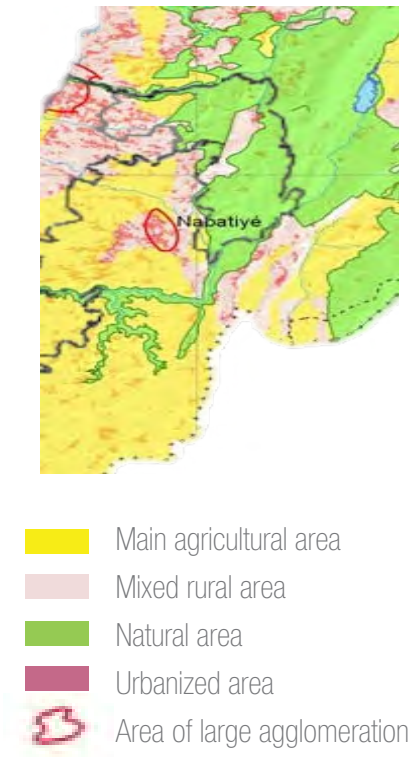
DIMENSIONS FOR ASSESSING NABATIEH

- 1. ACCESS TO RESOURCES**
Existing Natural Resources
Economic Assets
- 2. ACCESS TO MARKETS**
Existing Infrastructure
Export Markets
- 3. ACCESS TO HUMAN CAPITAL**
Universities &
Vocational Schools
Skills level
- 4. ACCESS TO FINANCE**
Loans & Guarantees

1. ACCESS TO RESOURCES

The agriculture sector in Nabatieh was severely undermined due to the decade long Israeli occupation. However the sector has great potential for growth due to natural comparative advantages such as moderate climate, fertile soil and abundance of water resources...

SOIL CLASSIFICATION IN NABATIEH



Source: Council for Reconstruction & Development, 2005

MAJOR RIVERS IN NABATIEH



LIST OF RIVERS:

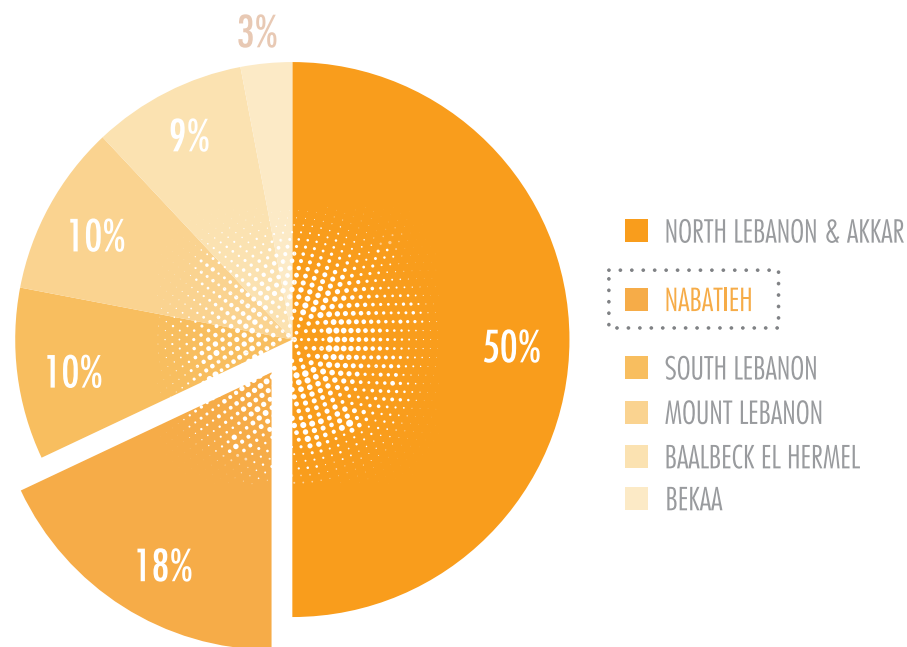
- LITANI
- HASBANI
- ZAHRANI

Source: Fanack

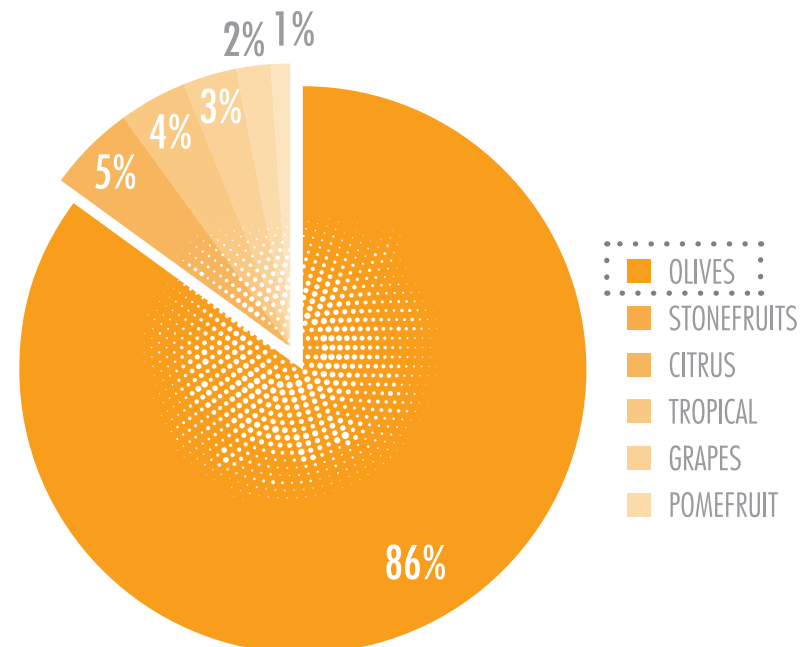
1. ACCESS TO RESOURCES

18% of Lebanon's olives cultivation is in Nabatieh Governorate, **the 2nd highest concentration** in the country after North Lebanon and Akkar...

OLIVES CULTIVATION BY GOVERNORATE
% | 2015



NABATIEH PERMANENT CULTIVATED LAND PER PRODUCE
% | 2015

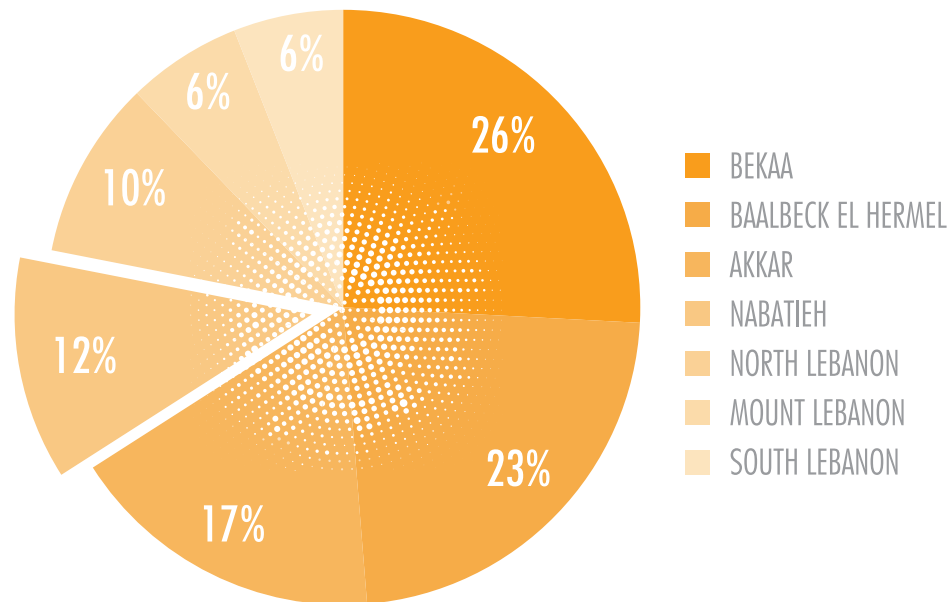


Source: Ministry of Agriculture, 2016

1. ACCESS TO RESOURCES

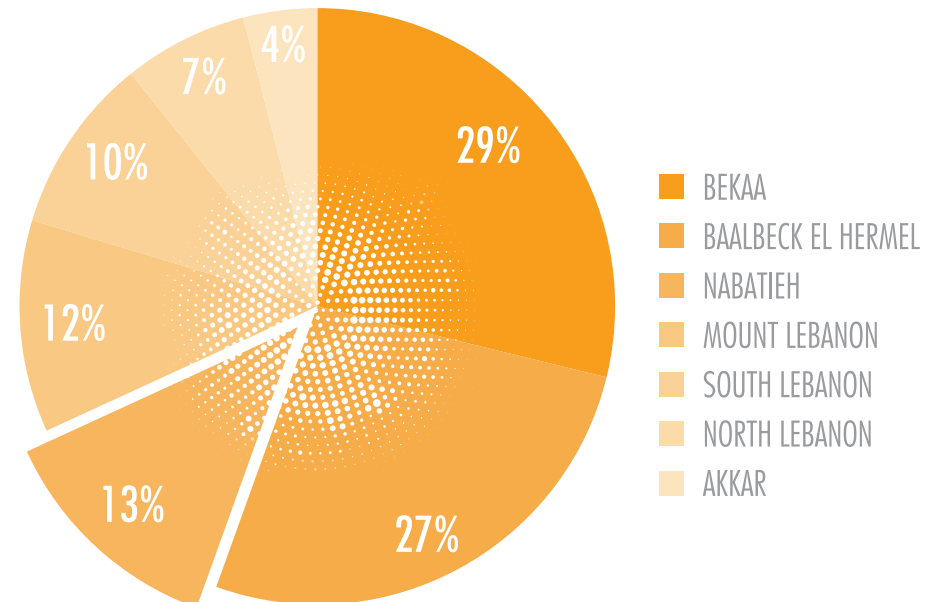
Nabatieh has also a **strong livestock sector** demonstrated by its high share of cattle and goats in the country. It has the **3rd highest share of goats in all Lebanon after Bekaa and Baalbeck**.

DISTRIBUTION OF CATTLE HEADS IN LEBANON
% | 2015



NUMBER OF CATTLE HEADS IN NABATIEH = 11,269

DISTRIBUTION OF GOAT HEADS IN LEBANON
% | 2015

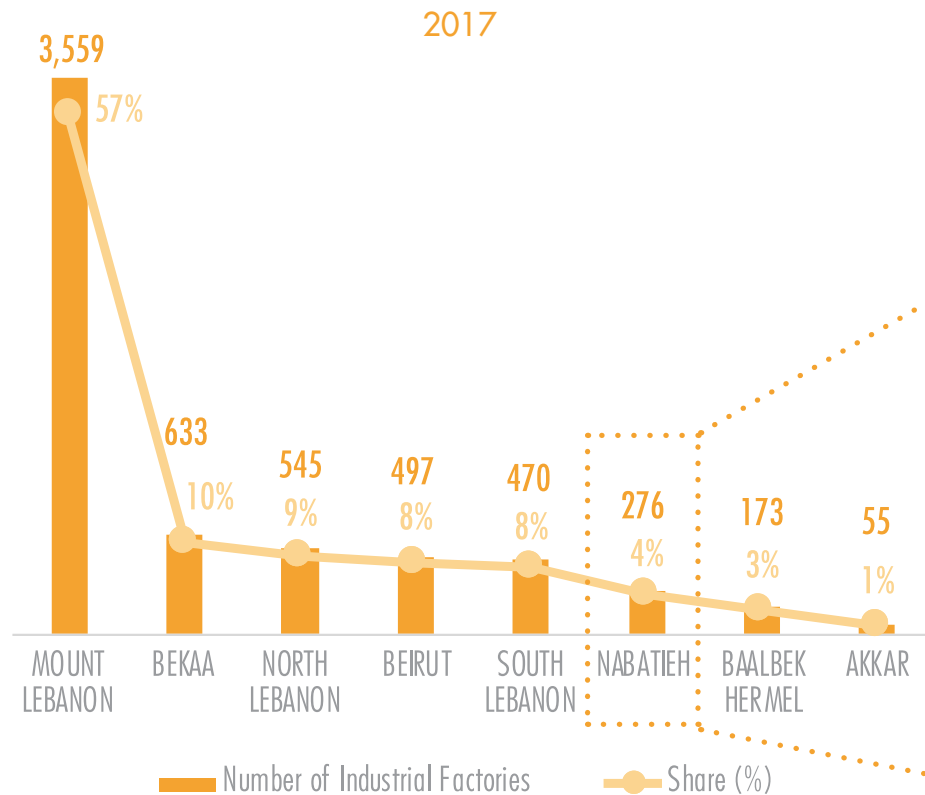


NUMBER OF GOAT HEADS IN NABATIEH = 50,607

1. ACCESS TO RESOURCES

Although the industrial sector is still weak in Nabatieh accounting only for 4% of total industrial firms in Lebanon, **it is forecasted to witness fast growth due to the development of various mega projects that will support its development**

NUMBER & DISTRIBUTION OF INDUSTRIAL ESTABLISHMENTS BY GOVERNORATE



Tebna Industrial City is a major project in South Lebanon Governorate that will be developed on a total land area of 1.2 million square meters, making it one of the biggest industrial projects in all Lebanon.

The project is being developed by a private developer (Achour Development) and all factories will benefit from IDAL's incentives (50 % tax cut on corporate income tax for 5 years, work permits, and a total tax exemption on the project's income for two additional years).

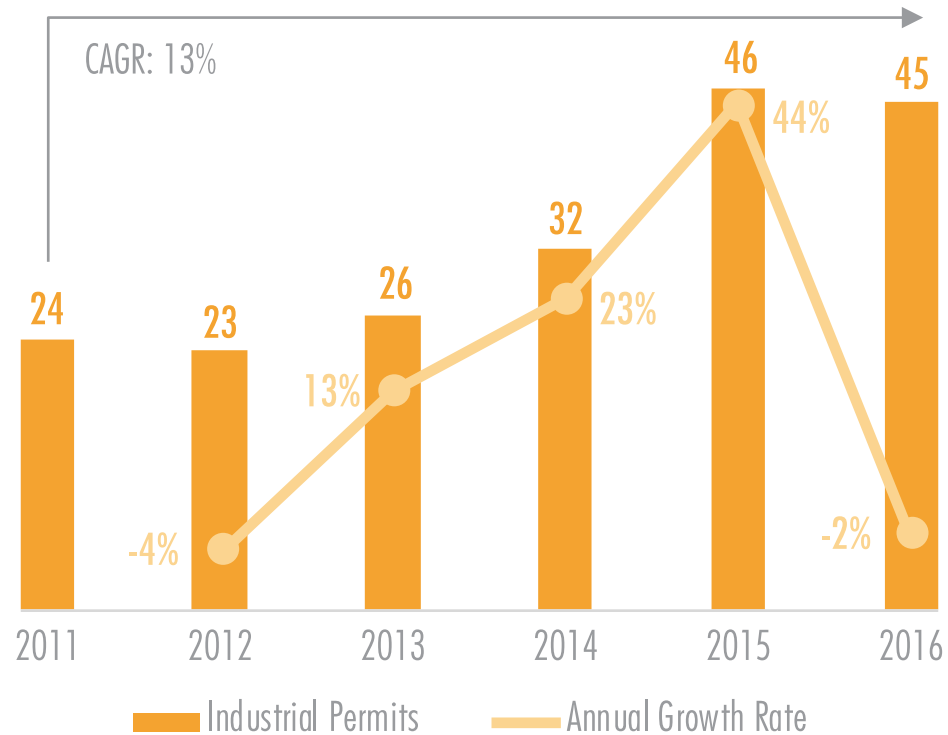
**This source only considers firms with at least 8 employees.*

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

1. ACCESS TO RESOURCES

One evidence of the **growth of the industrial sector** in Nabatieh is the growth in the industrial permits in the area: Between 2011 and 2016, there was a 13% compounded annual growth rate of industrial permits, one of the highest growth rates in all Lebanon.

GROWTH OF INDUSTRIAL PERMITS IN NABATIEH GOVERNORATE
2011-2016



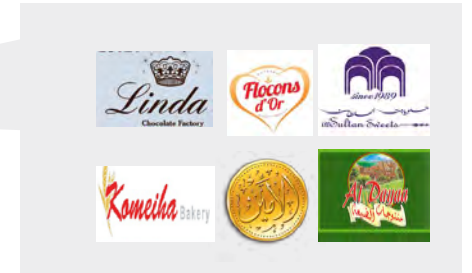
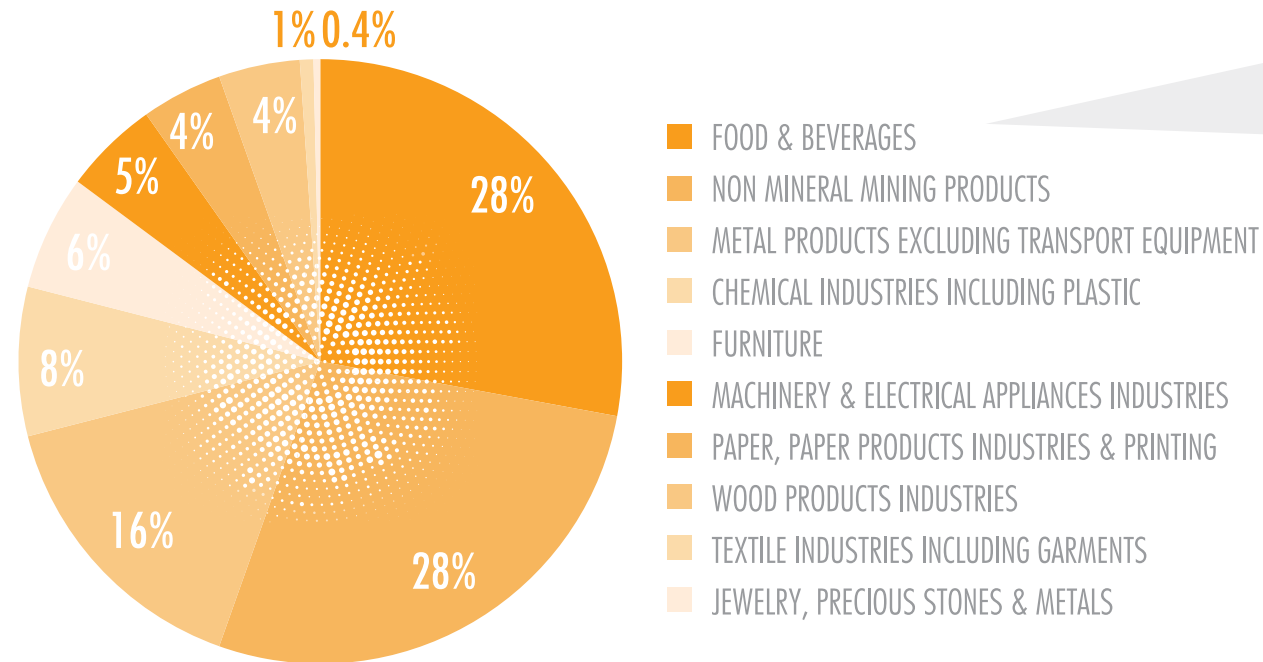
**This source only considers firms with at least 8 employees.*

Source: BLOM Research Indicators and Trends in the Economy

1. ACCESS TO RESOURCES

The largest industrial sector in Nabatieh is the **food and beverages sector** with around **28%** of firms concentrated in it

DISTRIBUTION OF INDUSTRIAL FIRMS PER SECTOR IN NABATIEH
% | 2017-2018



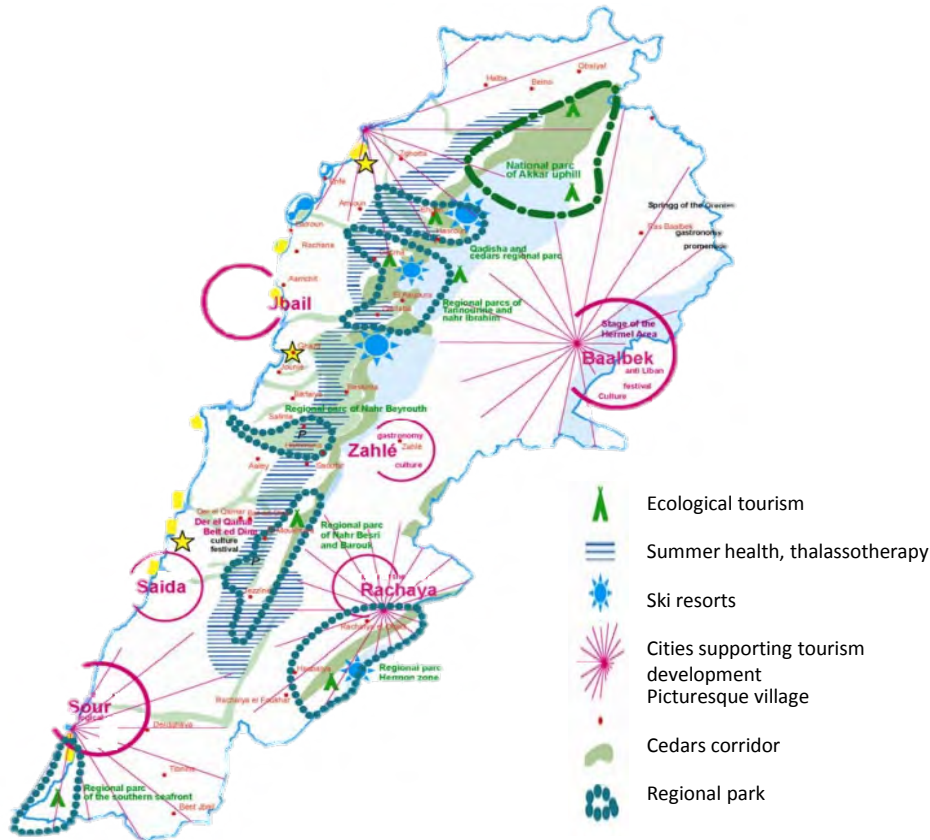
**This source only considers firms with at least 8 employees.*

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

1. ACCESS TO RESOURCES

Nabatieh has a strong **tourism potential** due its natural and archeological attractions spread across its four districts

MAP OF LEBANON'S TOURISTIC ATTRACTIONS

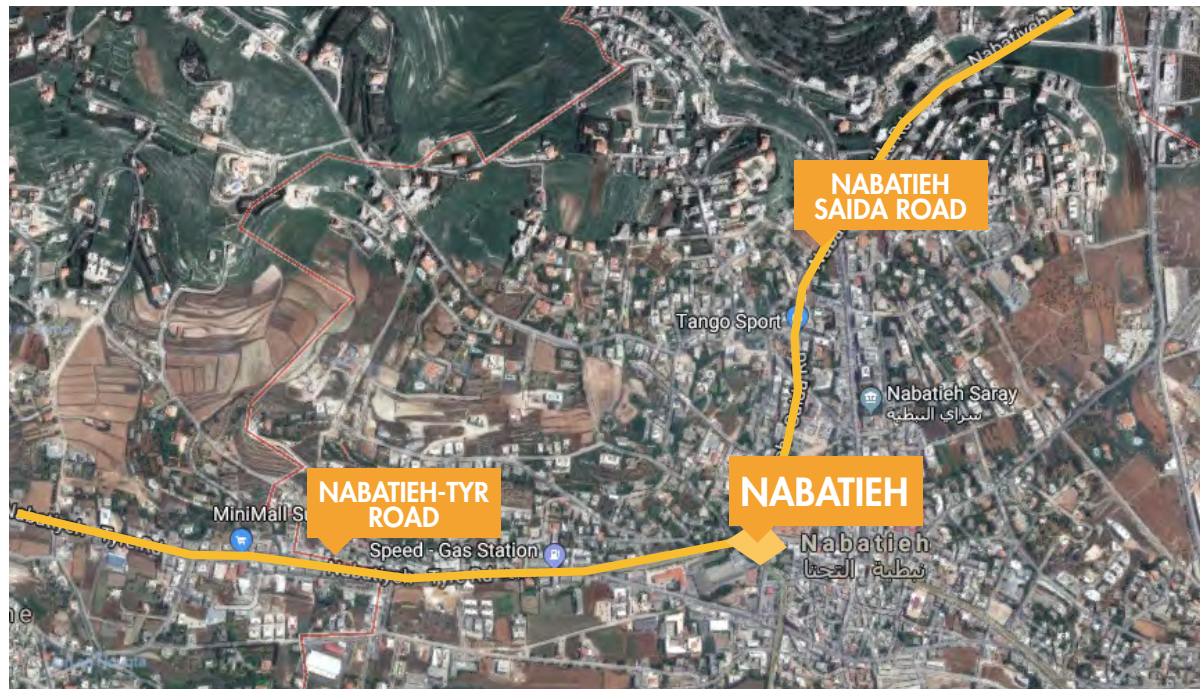


MAP OF NABATIEH'S TOURISTIC ATTRACTIONS



Source: Council for Reconstruction & Development, 2005

Nabatieh is connected to Saida and Tyr through 2 major highways making the area easily accessible for trade and tourism



► PORT OF SAIDA:

Overview: Ancient port, mainly used as a fishing port and for accommodating small freighters

Performance: About 200 ships enter the port of Sidon each year from Europe, Africa and Arab countries

► PORT OF TYR:

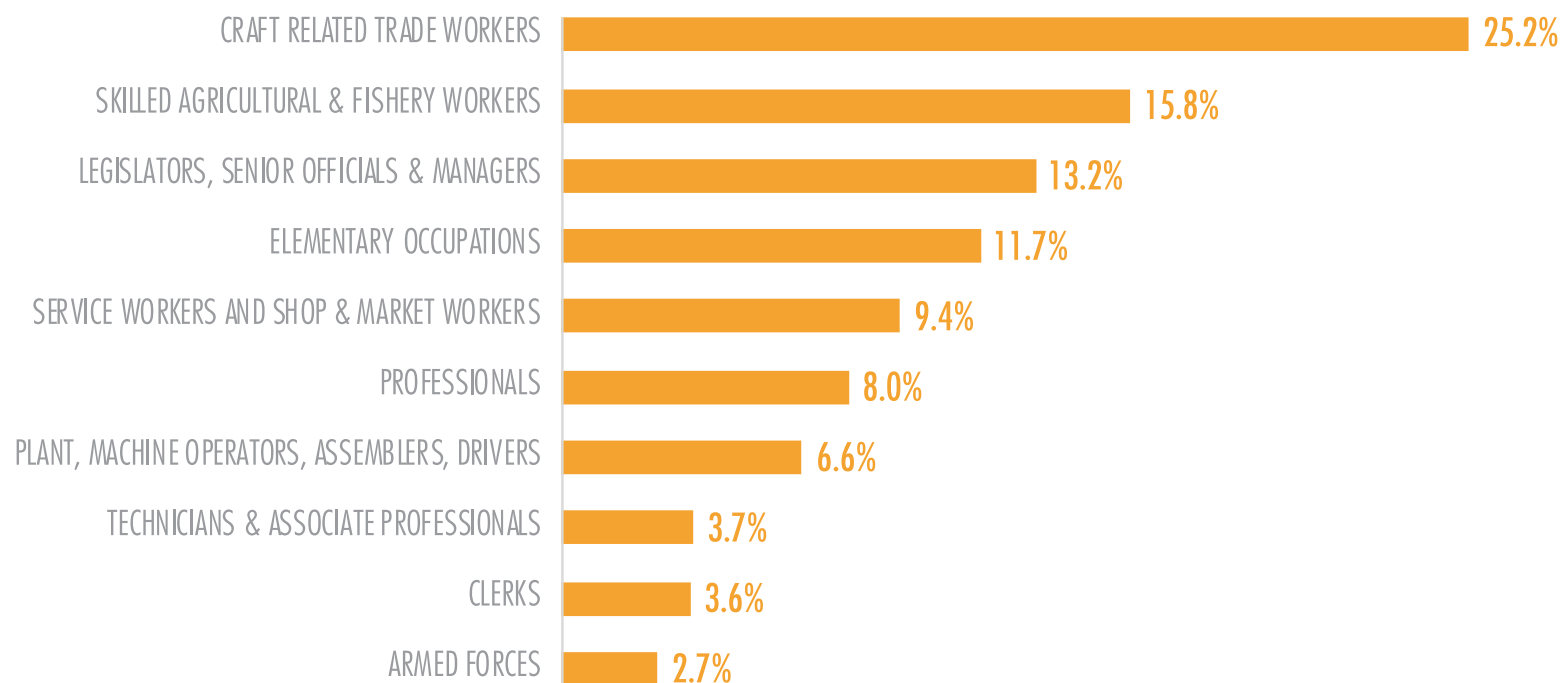
Overview: Small marina harboring fishing boats and some private pleasure crafts or sailing boats

Performance: only 2 to 3 vessels per month, mainly smaller RORO's (Roll-On, Roll-Off) discharging passenger cars from Europe

3. ACCESS TO HUMAN CAPITAL

The human capital in Nabatieh is specialized in commerce & agriculture which represents a great asset for the development of innovative agriculture projects in the area

DISTRIBUTION OF EMPLOYED ACCORDING TO CURRENT WORK IN NABATIEH
% | 2009

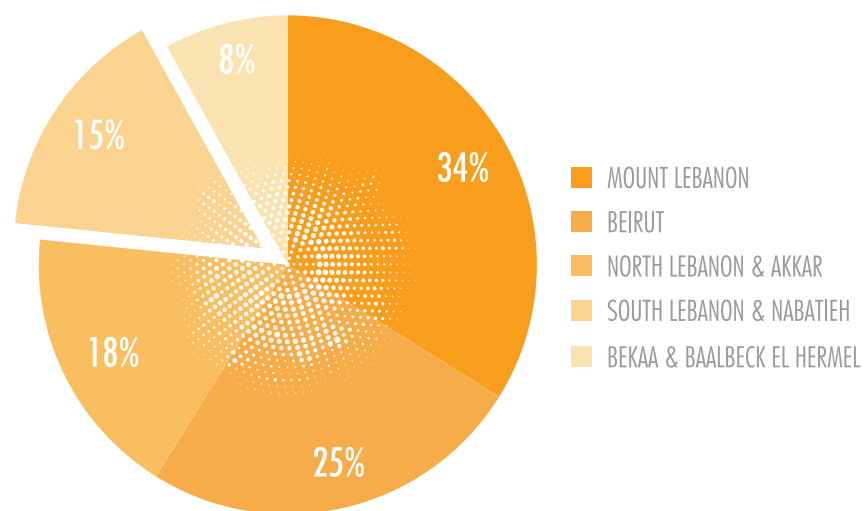


Source: Central Administration of Statistics, 2009

3. ACCESS TO HUMAN CAPITAL

There are mainly three private universities along with a branch of the Lebanese University with 2 faculties serving the Nabatieh region

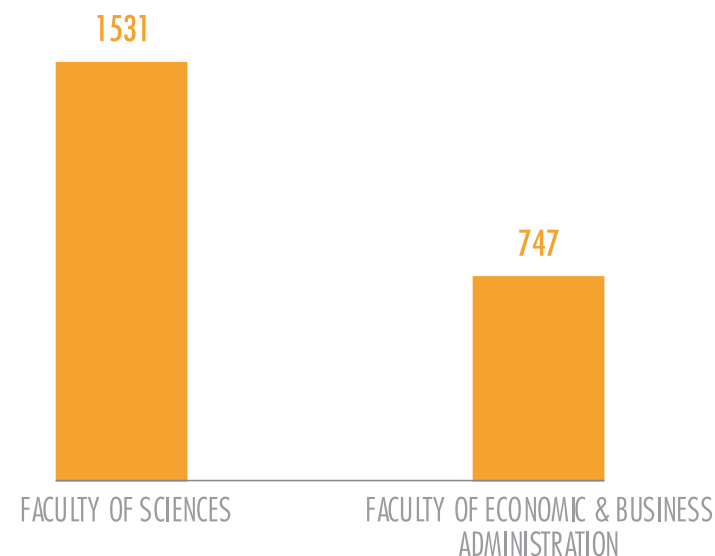
DISTRIBUTION OF UNIVERSITIES BRANCHES BY GOVERNORATE
% | 2016



NO. OF BRANCHES IN SOUTH LEBANON AND NABATIEH = 19

Source: Ministry of Education & Higher Education, IDAL Analysis, 2016

DISTRIBUTION OF REGISTERED STUDENTS IN LEBANESE UNIVERSITY BY MAJOR
2016



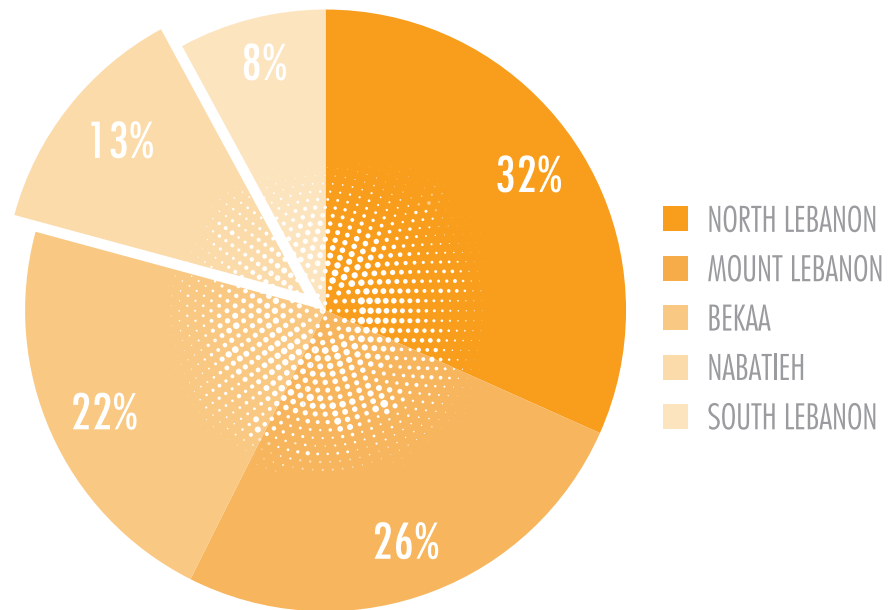
TOTAL REGISTERED STUDENTS IN LEBANESE UNIVERSITY, NABATIEH = 2,278

Source: Central Administration of Statistics, 2016

3. ACCESS TO HUMAN CAPITAL

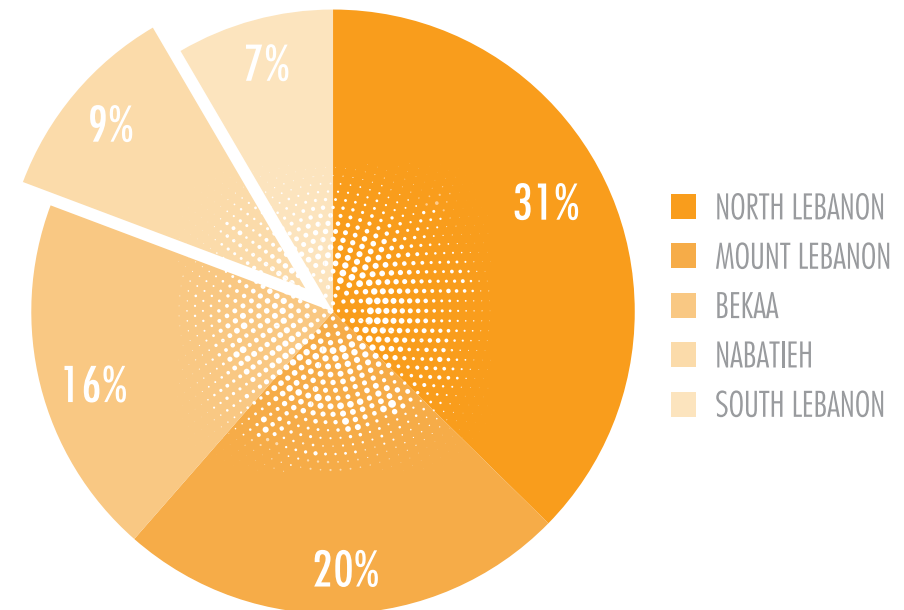
Vocational training plays an important part in the development of the human capital in Nabatieh. The region is home to 13% of the total public technical schools in Lebanon and 9% of the total students

DISTRIBUTION OF PUBLIC TECHNICAL SCHOOLS BY GOVERNORATE
% | 2016-2017



NO. OF SCHOOLS IN NABATIEH = **18**

DISTRIBUTION OF PUBLIC TECHNICAL SCHOOL STUDENTS BY GOVERNORATE
% | 2016-2017



NO. OF STUDENTS IN NABATIEH = **5,156**

3. ACCESS TO HUMAN CAPITAL

In order to encourage innovation and entrepreneurship in the region, a business innovation center with an outreach location was **established in Nabatieh** Southbic supported by the Chamber of Commerce of Saida and Sidon

SOUTHBIC BUSINESS INNOVATION CENTER

CREATED IN 2013



SERVICES

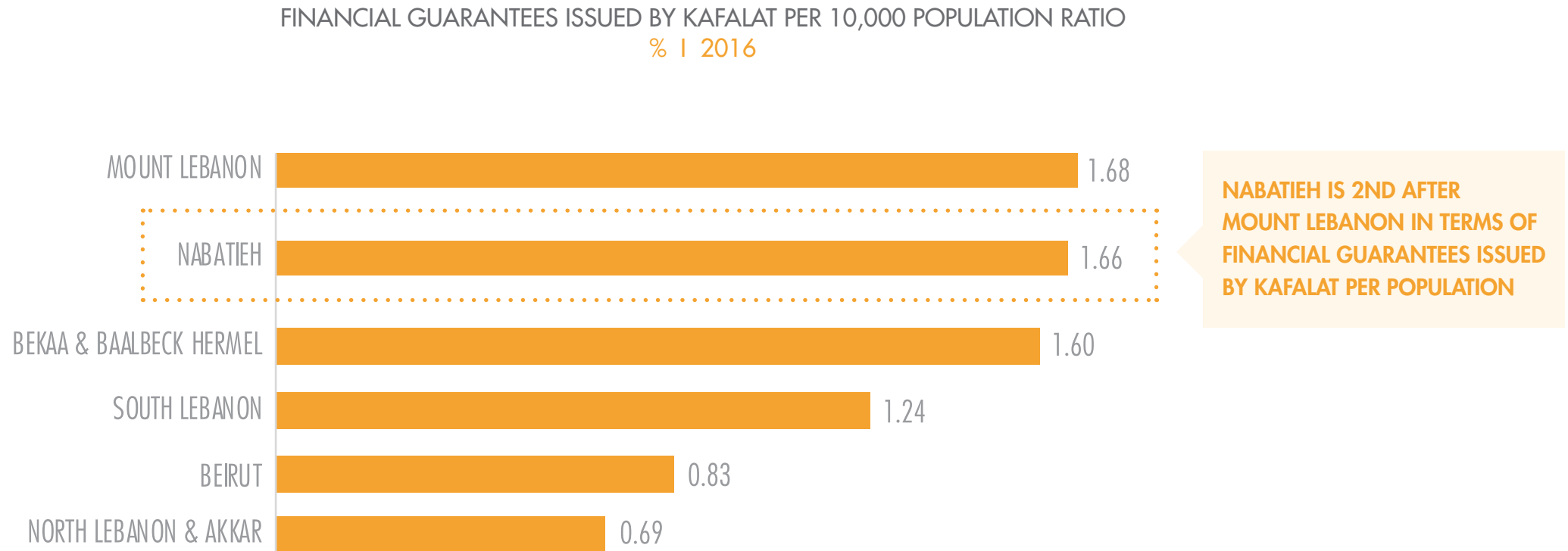
- Incubation space services
- Training
- Marketing services
- Access to finance assistance (investment financing, company valuations, as well as investor matching)
- Product development and quality
- Legal clinic

NUMBER OF INCUBATED COMPANIES

More than 8 companies have benefited from southbic services

4. ACCESS TO FINANCE

Nabatieh has also considerably **better access to financing** than other regions in the country



Source: IDAL Analysis, 2017

The competitive advantages of the Governorate can be summarized as follow

DIMENSIONS FOR RATING NABATIEH

1.

ACCESS TO RESOURCES

- **Natural Resources:** 3 rivers, fertile land and moderate climate
- **Economic activities:** 18% of Lebanon's olive's cultivation;
 - Growing industrial sector with the development of the Tebna Industrial zone
 - High potential tourism sector due to the existence of various natural & archeological attractions

2.

ACCESS TO MARKETS

- **Infrastructure:** access to the Saida seaport (30min) and proximity to one of the largest consumer markets in Saida & Tyr

3.

ACCESS TO HUMAN CAPITAL

- **Three private universities branches** and several other branches for the Lebanese University serving the population of the region
- **Technical and Vocational schools:** around 13% of the countries vocational schools are located in Nabatieh
- **Labor force concentrated in the services & trade sector**
- **Existence of a business innovation center** to help start-ups in the region

4.

ACCESS TO FINANCE

- **Banks & Financial Institutions:** high ratio of financial guarantees to loans compared to population

A photograph of an olive grove at sunset. The scene is filled with mature olive trees, their gnarled trunks and dense foliage creating a textured canopy. The ground is covered in green grass and low-lying plants. The sky is a warm, golden-orange color, suggesting the time is either dawn or dusk. A semi-transparent dark band across the middle of the image contains the title text.

III. CLUSTER DEVELOPMENT STRATEGY IN NABATIEH

Based on the comparative advantages of the Governorate, **IDAL identified one main cluster that can be strengthened to increase its competitiveness**

OLIVE OIL CLUSTER IN HASBAYA



The olive oil cluster in Hasbaya has high-potential for growth despite local and international competition

OLIVE OIL CLUSTER IN HASBAYA



STRENGTHS

- **86% of the permanent crops cultivation** in Nabatieh is dedicated to olives
- **25% of olive mills in Lebanon** are located in the South of Lebanon Governorate including Nabatieh;
- **18% of olive trees** are cultivated in Nabatieh's districts mainly Hasbaya
- **Agribusiness manufacturing constitutes the largest share of industrial firms** in the Governorate at 28% including 23 olive oil-related firms

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 Hasbaya can partner with other olive oil clusters in the country to increase competitiveness

OLIVE OIL CLUSTER IN HASBAYA



STRENGTHS

- **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** where there is a quota of 1,000 tonnes of olive oil to be exported duty free to the EU.
- **Olive oil exports** reached USD 24.3 million in 2017 and increased by 9% between 2014 and 2017.

WEAKNESSES

- **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 PROPOSED TRIPLE HELIX MODEL FOR CLUSTER DEVELOPMENT

ILLUSTRATION

RESEARCH & DEVELOPMENT INSTITUTES

- LARI STATION AT HASBAYA
- LIRA PROGRAM
- PRIVATE UNIVERSITIES IN SOUTH LEBANON & NABATIEH

PRIVATE SECTOR

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

GOVERNMENT



SUPPORT INSTITUTIONS



جمعية الصناعيين اللبنانيين
ASSOCIATION OF LEBANESE INDUSTRIALISTS



Chamber of Commerce, Industry &
Agriculture in Sidon and South Lebanon

The public private partnership model between the various actors of a cluster makes it more effective and productive

THE PROPOSED 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 & subsidies
- Coordinating with the various stakeholders of the cluster

SUPPORT INSTITUTIONS

Support institutions can assist the cluster members by:

- Technical know-how
- Training & networking events
- Funding

CONTACT US

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