

AGROFOOD SECTOR

INTRODUCTION

The Food and Agriculture Organization (FAO) identified the agro-food sector as a source of growing employment in Lebanon, contributing an estimated 5 percent to GDP in 2021. The Agrofood sector employs 50,000 people, represents 18% of the manufacturing sector and makes up 25% of all national exports.

While the sector generates 2 billion US Dollars in annual revenues, it remains relatively untapped with a potential to grow exponentially. Innovation needs of the sector have not been met by the necessary political support that could have boosted the sector in the past three years. Political unrest and loss of public order and markets since 2019 further aggravated the situation resulting in export restrictions and hesitation to invest in this sector.

In addition, lack of access to finance has further hampered the sector's expansion, disrupted the supply chain, and slowed the modernization of equipment whilst decreasing working capital.

This hindrance coupled with the absence of infrastructure and basic services like electricity and water as well as inadequate technical workforce development have all contributed to slowing down the progress of this promising sector.

Processing firms, that constitute more than 1200 businesses, face specific challenges, namely gaps in supply chain infrastructure, inadequate primary processing, lack of storage and distribution facilities, insufficient linkages between producers and the market, inability to forecast fixed and operational production costs, as well as labor and skills shortages - especially for semi-skilled and skilled practical workers.

In terms of employment potential, there is a rise in demand for workers with advanced entrepreneurial, technical and managerial abilities, a digitally savvy workforce with marketing and business expertise and workers knowledgeable of quality assurance procedures and equipment maintenance.

Given the country's production knowledge, seven complex target products in the foodstuff communities are attainable. The sector has proven export potentials in areas such as meat and poultry products, beverages, spirits and wine, olive oil, dried fruits, nuts and heritage foods, artisanal chocolate, and dairy products.

POLICY ASKS:

-  Establish a string of third-party accredited and certified laboratories across the board, facilitating testing and improving product development.
-  Revive existing, and form new certifying bodies that attest to all locally sourced raw materials ensuring compliance with international Standards.
-  Set up national traceability programs that break export barriers and facilitate market entry.
-  Form a comprehensive cold chain infrastructure to ensure products are exported under strict weather control.
-  Consolidate vocational schools into excellence centers honing skills for the Agrofood sector in key districts and secure their required funding.
-  Encourage contract farming to link farmers to the agrofood industry
-  Enhance collaboration for innovation and R&D with academia and industry.
-  Develop enabling policies that improve infrastructure and utilities and ensure the availability of financial resources.
-  Create policies that favor investments in renewable energy and water conservation technologies.
-  Implement e-government services, reduce bureaucratic hurdles for import/export activity, and streamline the processes for obtaining licenses and permits.
-  Review and recalibrate existing bilateral trade agreements.
-  Issue laws and regulations to protect local markets from cheap imports whilst safeguarding and empowering local food industries.
-  Create incentives for the industries that follow or work towards Sustainable Development Goals.