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Agriculture as catalyst for growth, jobs



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Up to 20 percent of Lebanon's population depends on the agrifood sector for their subsistence. The sector's contribution to livelihood occurs at production stage and also all along the agriculture value chains, including in processing, packaging and distribution. Agriculture can be a catalyst for the creation of employment in several related sectors in the rural areas, such as rural services, transport, manufacturing, communication and agro-tourism.

The economic potential for agriculture has been largely neglected in Lebanon's postwar economic model. On average, agriculture and industry account for only 4 percent and 13 percent of GDP, respectively. This compares with over 73 percent of GDP for services. Moreover, the sector's employment generation potential, at the full range of skill level, has been largely untapped. In fact, most jobs created in Lebanon have been in low-productivity sectors demanding low-skilled workers; between 2004 and 2009, the main contributors to net job creation were trade (61 percent) and low-productivity services (33 percent), followed by construction (10 percent). Agriculture and industry shed jobs.

Over the past several decades, Lebanon's agriculture sector has proved to be dynamic and resilient and able - with appropriate support - to consolidate and to make a leap forward.

Agro-ecological conditions, unique quality and reputation, consumer recognition and demand from key markets within the Gulf Cooperation Council and the Middle East are all drivers of Lebanon's comparative advantage, as evidenced in recent trends in production and exports.

However, the status quo should not be taken for granted, as it will likely not be self-sustaining. Building a long-term sustainable development path for Lebanon's agriculture that will capitalize on its comparative advantage and position its products on high-end markets, is critical to enable the sector to play a potentially more significant role in the economy. With this in mind, the Food and Agriculture Organization of the United Nations, the World Bank and academic institutions are teaming up to assist the Agriculture Ministry in developing a new national agriculture strategy. The potential for growth is solid, but much more attention is needed from the government and all stakeholders to modernize and transform the sector.

Lebanon's agriculture production base is among the smallest in the region and faces severe constraints such as diverse agricultural methods, increasing water scarcity, high production costs and loss of arable land to more lucrative real estate. As a result, Lebanon's exporters can hardly compete on a cost basis alone and face severe

difficulties in diversifying markets, in order to decrease their dependence on Middle East importers.

This new strategy requires a two-pronged approach. On the one hand, current market shares for products that already enjoy recognition - apples, potatoes, citrus, cherries and grapes - need to be consolidated, requiring enhanced productivity and introduction of new products and varieties, as competition is expected to increase, in addition to investment in efficient water management strategies for irrigation and water collection.

On the other hand, Lebanon's agrifood industry should build a strong competitive advantage on the high-end markets for differentiated and processed high-value products such as off-season fresh fruit and vegetables, as well as dried, processed, pre-cut/prepacked or frozen products. The bottom line is that competing on costs alone will be increasingly difficult. Thus, the long-term objective should be to build an export industry focused on quality, high value and product differentiation.

A successful agriculture sector transformation strategy requires determination and coordination, but also careful planning, with the following key actions:

r Increasing investment in farm advisory services and applied research. Examples of a successful model would be countries that have adopted the agriculture extension model, which is a partnership between the public and the private sector and includes extension, research and education. This is essential to reach large numbers of small farmers, widen the use of digital agriculture technologies and introduce innovative business extension approaches targeting small producers.

r Improving the implementation of food safety standards to reverse the shortcomings from the lack of clarity in the implementation of food safety measures, weak capacity for certification, low awareness about costs and benefits of modern food safety, limited enforcement of safety standards and insufficient farmers' training and awareness.

r Enhancing irrigation efficiency and on-farm water productivity. A significant percentage of irrigated areas in Lebanon already use modern irrigation techniques such as sprinkler and drip systems. However, given the increasing water scarcity resulting from climate change, there is a need to disseminate and expand such techniques to most irrigated areas as well as to improve farmers' irrigation practices. There is also a potential to mobilize additional water resources for irrigation through investments in water-harvesting infrastructure as well as the reuse of treated sewage water for irrigation in coordination with the National Water Sector Strategy prepared by the Energy and Water Ministry. This exercise requires a review of the cropping system and crop selection that require less water.

r Improving infrastructure and logistics. At present, intermediate links for aggregating, processing and adding value to primary products appear to be underdeveloped. As public funds are scarce, synergies should be forged through public-private partnerships to leverage private investment in critical marketing infrastructure, such as export platforms, consolidation centers, and cold storage, sorting and packing facilities.

r Accompany the investments above with a broad national dialogue that is not limited to agriculturists but crosses borders into other disciplines, reaching out to the social sciences, public health, engineering and medicine. There is a basket of healthy products and innovations that, with critical support and determination, can contribute to the economy.

It is with confidence that we embark on this long-term program of support to Lebanon's agrifood industry. While priorities are starting to be defined, the coming weeks and months will be crucial, to ensure that actions will build on what works best in and for the Lebanese economic, social and natural environment.

Agrifood industry is central to Lebanon's economy and society. However, it does not always receive the level of political attention it deserves.

Agrifood industry could deliver far more economic and social benefits with an appropriate incentive package in place. We urge the government and all stakeholders to take immediate action, support reforms and boost investments to unleash the sector's potential and help create more businesses, more jobs and spur growth.

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