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Report

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Lina S. Maddah

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Executed by Dolly Harouny

Sadat Tower, Tenth Floor
P.O.B 55-215, Leon Street,
Ras Beirut, Lebanon

T: + 961 1 79 93 01
F: + 961 1 79 93 02
info@lcps-lebanon.org
www.lcps-lebanon.org

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Lina S. Maddah

Lina S. Maddah is an Economic Researcher at the Lebanese Center for Policy Studies (LCPS). Her areas of work include economic development, regional economics, industrial location, firm dynamics, and cultural and creative industries (CCIs). Maddah holds a Ph.D. in Economics from Universitat Rovira i Virgili (URV), Spain. Before joining LCPS, she completed an internship at the Organisation for Economic Co-operation and Development (OECD) in Venice, Italy; was a visiting researcher at the Regional Economics Applications Laboratory at UIUC, USA; and an economic researcher at the Department of Economics at URV-Spain. She is the recipient of the Martí i Franquès COFUND Fellowship (2017-2020), a project funded by the European Commission. She has participated in several national and international economic platforms that dealt with regional science, CCIs and local development, and economic geography.

The multiple crises—the financial meltdown, the Covid pandemic, and the port explosion—that have struck Lebanon over the past few years have left small businesses and necessity-driven entrepreneurs (NDEs) struggling for survival, with little or no government assistance. Many NDEs were established originally to cope with difficult economic conditions, and in light of the successive crises, these businesses are struggling to survive. This report is part of a larger project that explores the challenges NDEs in Lebanon’s rural areas are facing, and to offer policy options for local governments to support them.

To carry out the study, three districts from three different governorates were selected for comparative analysis: Rashayya-Bekaa, Fnaidek-Akkar, and Hidab Qattine-South Lebanon. The selection process was based on economic fundamentals, geographical diversity, and rurality characteristics.

In order to pinpoint the challenges that NDEs are facing to remain operational and sustainable in the current crisis, a qualitative research methodology was deployed for data collection. Two data collection methods were used: (1) one-on-one interviews with local decision-makers in each district, (2) focus group discussions with necessity-driven entrepreneurs from the selected sub-sectors in the three districts. For each focus group discussion, up to seven entrepreneurs were recruited from the identified sub-sectors.

This report is the first of a planned series on Lebanon’s rural areas focusing on Rashayya. It concludes with policy recommendations to avoid conventional policy pitfalls, which often disregard the role of municipalities in local economic development. It also highlights the need for a more inclusive entrepreneurial rural policy in Lebanon by: (1) empowering NDEs locally, (2) fostering economic growth, particularly in the agricultural sector, (3) enhancing regional networks, (4) engaging the youth, and (5) empowering women.

Introduction

Simply allowing rural places to die is neither an attractive option nor an acceptable one. (Dick Winchell, Geographical Perspectives on Sustainable Rural Change)

Rashayya, home to the Citadel of Lebanese Independence, cultural heritage, creative activities, tourism, and agriculture is far from being economically resilient today. This report is developed within a larger framework on the assessment of the short-term effects of crises on NDEs in Lebanon's rural areas to guide rural municipalities on local development tools to assist the country. This covers the town's socio-economic, political, and environmental dynamics and challenges linked to productive activities through a disaggregated sectoral analysis.

The crises confronting the Lebanese people, both economically and socially, are inflicting a catastrophic toll on NDEs in the local economies of rural areas. This report aims to highlight a range of challenges confronting NDEs, which have exacerbated the already vulnerable nature of these businesses, highlighting the need for assistance to weather this critical situation. Given the lag in any form of national relief, it becomes crucial that we look for local solutions to support small businesses that can play a role in the entrepreneurial survival and recovery in the medium and long terms.

The purpose of this report is threefold: (1) to explore the challenges NDEs are facing in Rashayya, (2) to assess the effects of the pandemic, the economic/financial crisis, and the Beirut Port Explosion (BPE hereafter) on NDEs in Rashayya, as well as government policy responses, and (3) to provide policy recommendations tailored to each active economic sector (the agricultural sector, livestock, poultry, apiculture, food-processing industries, artisan-based manufacturing activities, ecotourism, and other services) which take into account the characteristics of Rashayya. This study is of paramount interest to NDEs, researchers, policymakers, NGOs (international and local), and other stakeholders.

Fieldwork in Rashayya began on 9 June 2021 with five in-depth interviews with key individuals (officials, local leaders, and activists) followed by four focus groups on the 18th and 19th of the same month, including both female and male participants above 18, and covering NDEs in the following sectors: (1) the agricultural sector, including livestock, poultry, and apiculture (beekeeping), (2) the food processing industry, (3) artisan-based manufacturing activities, (4) eco-tourism, and (5) the construction sector. The total number of participants is 38, of which 30 are informal NDEs (ten are female participants from the homemade provision and traditional craftsmanship sector).

I Major Findings: Sectoral Analysis

The main objective of the study is to assess the short-term effects of multiple crises on NDEs in Rashayya. Generally speaking, the effects of the crises on NDEs are relatively uniform, irrespective of the sector they operate in or the nature and lifecycle of their businesses.

Describing their town's situation, participants have complained that Rashayya is a 'forgotten city,' insisting that it has the potential to be as vibrant as other Lebanese towns with a rich cultural heritage, like Byblos/Jbeil, which many cite for comparison.

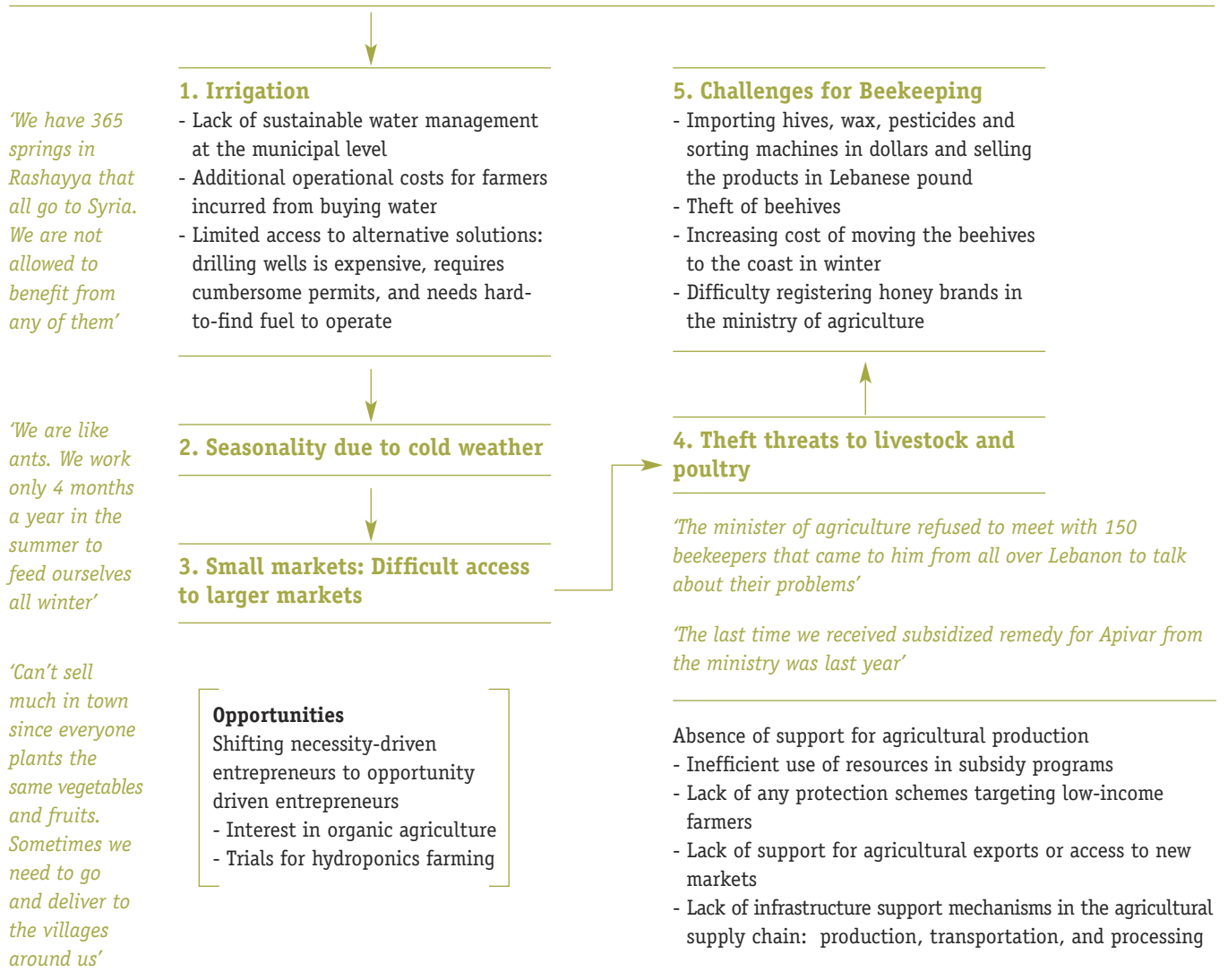
Indeed, participants express a lack of trust in the national government, which they believe has failed in implementing sustainable economic development policies in the Bekaa region over the past years. To make matters worse, the central government has been completely absent when it comes to responding to the recent multiple crises with recovery measures for NDEs. The lack of job opportunities has pushed a large number of the youth to either enlist in the army or emigrate. This highlights that the multilayered crisis that started in the final months of 2019 has both exposed and deepened vulnerabilities in the local economy.

The Agricultural Sector, Livestock and Poultry, and Apiculture

Findings from interviews and focus groups reveal that the majority of the relatively new NDEs in Rashayya have turned to the agricultural sector to establish their businesses. This is not surprising, and it is in line with general assumptions about NDEs in developing countries, where communities react to crises by turning to agricultural activities in their villages as an alternative to unemployment. Figure 1 presents the major challenges confronting NDEs in agriculture, livestock and poultry, and apiculture (beekeeping represents a significant portion of agriculture in Rashayya).

Figure 1 Challenges facing NDEs in agriculture, livestock and poultry, and apiculture

'Back to Agriculture': A path forward, yet full of obstacles



Source **Author's elaboration**

The first and most important challenge facing the agriculture sector is related to irrigation and the lack of accessibility to water resources, despite the fact that Rashayya is located at the foot of Mount Hermon, which is rich in water, yet farmers are not allowed to access it. Other problems are related to finding markets to sell agricultural products and the seasonality of agricultural work due to the cold weather.

Despite these major challenges, interviews suggest that NDEs, both old and new, are pursuing new methods, such as the use of hydroponics and organic farming, reflecting a high level of expertise and knowledge among farmers. The other two major areas of interest for NDEs are

livestock and poultry farming and apiculture. A number of ‘animal farms’ consisting of cows, goats, chickens, and rabbits were started by people who have lost their jobs as well as access to their personal savings, due to the recent bank restrictions. Initially, when NEDs establish their farms, their assumption is that their project would likely create job opportunities, but they end up doing everything themselves, or with the help of family members, to reduce the operational costs.

Naturally, some initiatives succeed more than others for a variety of reasons. For example, household demand for dairy products, particularly milk, has made some businesses profitable. On the other hand, demand for eggs is weak. Eggs are considered expensive, even though many poultry farmers are operating at a loss. This highlights the need to look deeper into farming diversification—what works and what doesn’t—to be able to provide effective policy advice.

‘I invested 60 million [Lebanese pounds] to establish this poultry farm. I am working with losses. If I increase the price of the eggs, no one will buy them.’

—Poultry farmer

Beekeeping or apiculture is a noticeable business activity in Rashayya, with a significant number of new NEDs driving the growth of this industry. One beekeeper has enlarged his business to import and manufacture what beekeepers need, like hives, protection suits, and wax, among other equipment. The majority of beekeepers used to have fixed employees (2 to 3), but due to the crisis, they dismissed them and hired part-timers instead.

‘Honey making’ is one of those micro-businesses that was positively affected by the Covid-19 pandemic, with demand growing due to its benefits in increasing the body’s immunity. Rashayya’s honey is mostly sold either locally or in the capital Beirut, with a few beekeepers finding ways to export their products. Although many beekeepers sell their products using brand names, none of them have registered their brands with the Ministry of Economy.

Whereas apiculture is vital for Rashayya and contributes to its economic, environmental, and cultural identity, there is a complete absence of governmental support for this sector, leading to its erosion during the crisis. The effects of the economic and financial crises on beekeepers are many: (1) the lack of adequate access to financial resources, mainly “fresh” dollars, which is essential to importing key

inputs such as hives, wax, sorting machines, knives, protection gear, and pesticides, (2) security concerns, such as the theft of beehives, sorting machines, and knives, (3) cost of moving the beehives to the coast in winter, (4) lack of subsidies for disease-control treatments, and (5) difficulties in registering farmers' brands at the relevant ministry.

Food Processing Industries

It is essential to further shed light on micro-to-small food processing businesses that represent Lebanon's rural food heritage and cultural identity, in addition to being a significant part of the traditional local agricultural systems. In this category, we highlight challenges confronting NDEs operating in homemade provision, distillation, and grape molasses businesses. Homemade provision has significantly increased in the last two years in Rashayya, driven by a rise in the participation of women who have turned to this sector to support their families.

The key homemade provision products include thyme, kishik, pickles, stacked eggplants, grenadine and tomato molasses, jams, and dairy products. In most cases, women entrepreneurs in home provision work in their homes. They market and sell their products either through personal contacts, social networks, and word-of-mouth or by displaying the products in local grocery stores. Distillation products include orange blossom and rose water. In addition, Rashayya is well-known for its grape molasses, which has become unrewarding due to the ongoing crises.

The main challenges confronting NDEs in these businesses can be categorized as follows: (1) Shortage in fuel and electricity, which restricts the minimal processing of plants, fruits, and vegetables. For example, NDEs in Rashayya argue that they 'need electricity to work 24/7, because grapes are delicate and should be pressed immediately.' (2) Inability to forecast fixed and operational costs, in addition to the relatively expensive cost of herbs, plants, fruits, and vegetables that are bought from the Bekaa and coastal cities, as well as other essential supplies, such as the glass bottles or tin cans. (3) Changes in production plans due to emergencies and risks, both natural and economic. (4) Finding markets to sell their product.

Artisan-Based Manufacturing Activities

Cultural and creative industries (CCIs hereafter) are considered essential components of local development today (OECD, 2018), playing a significant role in the regeneration of cities and towns and the stimulation of faltering economies (Lee, 2014). Our findings shed light on artisan-based activities, a major sector of CCIs. These include a large number of old NDEs that traditionally operated in Rashayya, and had little access to formal employment, which led them to start small jewelry stores and/or acquire a craft from their families and friends to survive.

Famously known for their silver crafts, NDEs in Rashayya are at risk of disappearing due to the lack of government support. The financial crisis, along with the pandemic, has impacted this craft dramatically. The main challenge facing these NDEs is having to buy their raw materials, which requires access to dollars, in addition to having to pay operational costs of rent, salaries, and electricity. Many of them were forced to close their shops due to Covid-19 restrictions. This has led several NDEs to dismiss a number of their employees.

‘There were eight silver shops in Rashayya’s old souk, and more than 40 jewelers working there. We used to participate in exhibitions everywhere. In the last decade, only 2 shops survived.’

—Rashayya silversmith

Another famous Rashayya craft is the construction of fireplaces. Likewise, this traditional business is at risk of disappearing. The main challenges currently facing this craft are related to the Covid lockdown. Many have had to close their showrooms during the critical winter season when they do most of their business. This has led to major losses for these NDEs, forcing them to sell at cost in order to survive.

Figure 2 Challenges facing NDEs operating in artisan-based industries

Cultural and Creative Industries in Rashaya: Challenges of Preserving Heritage and Fostering Creativity

1. Fireplace Craftsmanship

- Seasonality of this handicraft business: the peak of selling fireplaces is in autumn. Fireplace craftsmen work all year long waiting for the season. Due to COVID-19, their small showrooms were closed and their losses were big
- Fireplace makers are selling at cost, or even less, in order to survive and are challenged by limited marketing and export avenues or linkages

'Our fireplaces are pieces of art. It's a family business since many generations. People come to us from all over Lebanon and outside Lebanon'



These traditional businesses are at risk of being extinguished due to the lack of government support for artisan-based activities

2. The ancient craft of silversmithing

- Challenges associated with production: jewelers buy raw material in dollars and sell in Lebanese pounds, often at a loss
- To survive, silversmiths cut their staff to a minimum, laying off an average of 3 to 4 (female) workers
- Due to a shortage in raw materials, silversmiths have turned to using old stock to create new jewelry

'There were eight silver shops in Rashayya's old souk, with more than 40 jewelers working in it. We used to participate in exhibitions everywhere. In the last decade, only 2 shops remained in operation'

Source **Author's own elaboration**¹

¹ Pictures from: <https://lebanonuntravelled.com/rashaya-el-wadi-traditional-silver-jewelry/>

Ecotourism

Ecotourism is all about bridging the environment, community, and sustainable travel, and Rashayya has all three. Yet, NDEs in this area are suffering, mainly after the series of crises that Lebanon is undergoing. Our findings reveal that ecotourism has attracted many people to work in the sector in the last 5 years. A few have chosen this sector to earn an additional income, while others have left their jobs to be fully invested in this rural business.

New NDEs in ecotourism provide a variety of services (guides for hiking, hostels/guesthouses, and restaurants). The main challenges facing these NDEs are: (1) falling demand on such services, resulting from the pandemic, financial crisis, and fuel shortages, (2) the effects of the Syrian war, mainly the inability to guarantee the hikers/visitors safety on Mount Hermon, which straddles the Lebanese-Syrian border, (3) the increasing cost of the services.

‘Everything is expensive now. And even the foreign tourists pay us in Lebanese liras, because they come to us through agencies.’

—Rashayya ecotourism NDE

Tourism has proven to be a tool for economic diversification and a major employment engine with a multiplier effect on other sectors that contribute to rural development (UNWTO, 2021). More specifically, local policies to support craftsmanship and eco-tourism in Rashayya can particularly benefit disadvantaged groups, such as women and youth, given that it is among the most dynamic forms of CCIs that offer positive externalities to host communities.

Other Services

In addition to eco-tourism, other NDEs highlighted in our findings are the owners of restaurants and sweets shops. The majority of them are new entrepreneurs who have studied, traveled, and gained experience in their vocations. They came back to their village willing to start with a branch, and then expand their business to other areas in Lebanon. The crises have completely shattered their plans. The main challenges they face are the following: (1) estimating operational costs as the price of raw materials are constantly rising, (2) securing basic ingredients used in their products, like certain kinds of bread, cheese, and sauces, among others, (3) the reduced purchasing power of consumers in the local market (soldiers or public sector employees),

in addition to the absence of visitors and expatriates, (4) the high cost of raw materials that are no longer subsidized, such as sugar, wheat, oil, and eggs.

'Distributors used to come every week, but in the last 2 years it's once a month. They say the roads are closed by the protestors or they don't have petrol to drive to Rashayya.'

—Rashayya shop owner

Construction Sector

Blacksmiths, carpenters, painters, builders, granite cutters, and tile polishers are among the NDEs working in the construction sector in Rashayya. Their main clients are local residents, such as soldiers, salaried employees, and farmers. With the depreciation of the Lebanese lira, work in construction has almost stopped, with no new houses built in the last three years. The main difficulties that these NDEs are dealing with are: (1) the local market has lost its purchasing power, (2) fierce competition from Syrian workers, and (3) the high prices of raw materials.

'Even if we search outside our town, the situation is the same in all villages. Construction works became an unaffordable luxury.'

—Rashayya construction worker

II Conclusions and Policy Recommendations

Disappointed with the lack of government intervention and development programs executed at the national level, and further aggravated by what many NDEs believe to be a lack of governmental concern for their plights and future, rural communities are increasingly choosing to promote locally-driven development initiatives. In the following, a set of specialized and comprehensive recommendations are offered for each sector/industry with a substantial number of active NDEs:

Agriculture: Local stakeholders (universities, farmers, and local NGOs) must develop an agriculture plan to study what to cultivate and where, and draw conclusions as to what are the most suitable forms of agriculture. This guidance is fundamental, primarily for new NDEs in the agricultural sector.

‘We are new to agriculture, and we need to know what is the best thing to cultivate. We have lost many seasons as a result of not choosing the right thing to plant.’

—Rashayya farmer

- Initiate research and discussions about maintaining agricultural self-sufficiency, by taking advantage of Mount Hermon’s rich plant life, for example.
- Adopt a human-centered strategy for designing and implementing smart ‘diversification’ agricultural investments. Agricultural diversification in terms of species, varieties, breeds, and also types of production in agricultural development should be a top priority. One example is the introduction of the cultivation of oats, which is a highly demanded input for food manufacturing by local brands in Lebanon, and consistent with the ecosystem in Rashayya.
- Modernize existing NDEs by improving rural facilities and infrastructure, particularly irrigation infrastructure.
- Assist farmers in establishing large livestock (goats and cows) farms to produce dairy products and cultivate fodder, instead of importing them. Further assistance can take the form of acting as a liaison between the local farmers and the ministry of agriculture to facilitate the distribution of the subsidized fodder. The ministry of agriculture, along with some NGOs, has funded and distributed Swiss goats to farmers in Rashayya, yet several farmers have had to sell their goats because they couldn’t access subsidized fodder. Thus, it is essential to take into account ways of supporting NDEs that are consistent with their needs.
- Encourage new agricultural techniques and listen to new farmers who are trying to seek opportunities in organic agriculture and hydroponics, by providing educational and technical assistance for such initiatives, which have the capacity of shifting NDEs to opportunity-based entrepreneurs.

'Rashayya is very large. Its outskirts are 77 square kilometers. We need to bring 50,000 goats, like it used to be before, and produce dairy products.'

—Rashayya farmer

Apiculture: Given that beekeeping is an integral part of agriculture in Rashayya and a major source of income for some NDEs, it is essential that support be provided at the local level, including:

- Placing the apiculture sector on the economic and sustainability agenda of the municipality, with long-term plans to increase the number of beekeepers and financing to NDEs in this sector, in addition to developing new direct support measures to local beekeepers.
- Building on the willingness of Rashayya beekeepers to transfer knowledge to the younger generation, it is essential to support beekeepers in developing and providing vocational programs, which not only include beekeeping methods, but also education on environmental practices, pollination, and engagement with other agricultural producers.
- Actively seeking regional and international funds that provide participants with opportunities to undertake research and development projects on beekeeping in rural areas, which in turn contributes to the strengthening of the sector and improving its capacity to resist natural and market crises. This involves the engagement of research centers in the governorate, environmental and economics departments in universities, environmental NGOs.
- Assisting beekeepers in combating diseases by training them on effective remedies and treatments and facilitating their access to them.
- Supporting honey production NDEs during the cold weather season, particularly by helping to transport the beehives to coastal.
- Understanding the specific needs of the NDEs highlighted in this brief and looking for additional measures to correct existing problems and providing sustainable solutions, such as supporting the restocking of beehives and wax, or the recycling of existing ones, the transportation to Beirut, among others.
- Benefiting from the decentralized practices of registering beekeepers, and assisting them in reducing the excessive time and costs needed to become a registered producer.

Home provision: The home-provision distillation and grape molasses NDEs are relatively specialized businesses, therefore requiring policies that take into account the particularities of those industries, including:

- Enhancing the NDEs' access to agricultural cultivation on a cooperative basis and ensuring the production of the minimum anticipated quantity for home-provision, molasses, and distillation for the region.
- Informing NDEs about new technologies that are simple and easy for them to adopt.
- Conducting market surveys for NDEs in home provision to better understand consumer behavior and changing consumption patterns in the current crisis. This would allow NDEs to develop their marketing and pricing strategies.
- Encourage NDEs to adopt new models, for example, the extraction of rose oil, in addition to rose water, which is an essential ingredient in the production of local fragrances, shower gels, and shampoos—a local market that is also growing due to the high prices of imports.

Cultural and creative (including artisan-based industries, services, and ecotourism): Rashayya is a rural town that is rich, both culturally and ecologically—these sectors should be at the forefront of local economic development:

- Reviving Rashayya's historic downtown: Given the many historic landmarks and tourist attractions in and around Rashayya, the municipality should consider the regeneration of the downtown area to support NDEs. This can be achieved through designing a smart specialization strategy for arts, craft industries, and ecotourism, along with cluster policies that foster creative industries' development. Essentially, specialization in industry-specific Cultural and Creative Industries (CCIs) should be consistent with the specific local settings and firmly associated with local conditions (Maddah, 2021). The findings of this report highlight niche CCI activities that can promote innovation and spillover effects in Rashayya, in addition to the resources needed to maintain the survival of NDEs in the short run. This can start by recognizing these opportunities in the downtown areas, which are in need of renovation and upgrading.
- Encouraging ecotourism through leveraging digital media to promote the town's beautiful landscape and rural tourism alternatives.
- Supporting workers in the craft sector by providing them with raw materials and equipment.
- Organizing vocational training on blacksmithing, carpentry, painting, etc.

A final set of general recommendations for the municipality:

- Consider developing a digital platform that connects expatriates with NDEs, to help identify non-conventional sources of capital investment and bring stakeholders closer together. The resulting dialogue can further facilitate the export and marketing of local products by NDEs.
- Progressively play an active role in supporting female participation and ensure that the support and assistance it provides are inclusive.
- Engage residents, expatriates, universities, and local NGOs to provide training and capacity-building to bridge the skills gaps.
- Focus on community involvement in addressing quality-of-life issues.

Finally, amid the ongoing crises that have left the Lebanese hopeless, rural areas can benefit from small businesses. Municipal services should address the social and economic needs of NDEs. In the complete absence of any comprehensive government intervention, using a bottom-up approach to understand the needs of NDEs can help overcome the existing challenges.

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