

MINISTRY OF TOURISM (MOT)
COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (CDR)
REPUBLIC OF LEBANON

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

THE STUDY ON
THE INTEGRATED TOURISM DEVELOPMENT PLAN
IN THE REPUBLIC OF LEBANON

FINAL REPORT

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Final Report

List of Volumes

- Vol. 1 Executive Summary
- Vol. 2 Master Plan Report
- Vol. 3 Feasibility Study Report
- Vol. 4 Sector Review Report
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Volume Four Sector Review Report

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List of Abbreviations

AFD	Agence Francaise de Development
ATCL	Automobile & Touring Club of Lebanon
ATM	Arab Trade Market
AWTTE	Arab World Travel & Tourism Exhibition
B1~B6	Project code for the Bcharre Study Area
BIA	Beirut International Airport
BK1~BK13	Project code for the Bekaa Valley Study Area
BTAC	Bcharre Tourism Action Council
BTDC	Bcharre Tourism Development Council
BVHC	Bekaa Valley Handicraft Cooperative
BVTDC	Bekaa Valley Tourism Development Council
CAS	Central Administration of Statistics
CDR	Council for the Development and Reconstruction of Lebanon
CHUD	Cultural Heritage and Urban Development
CIF	Cost, Insurance, and Freight
COM	Council of Ministers
Coop.	Cooperative
CREADEL	Social and Economic Development of Lebanon (NGO)
DGA	Directorate General of Antiquities
DGCA	Directorate General of Civil Aviation
DGM	Directorate General of Municipality
DGUP	Directorate General of Urban Planning
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ESTs	Environmentally-sound Technologies
EU	European Union
FAO	Food and Agriculture Organization
Fob	Freight on board
GCC	Gulf Cooperation Council
GCF	Gross Capital formation
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIS	Geographic Information System
GTZ	German Technical Cooperation
IDAL	Investment Development Authority of Lebanon
ITB	International Tourismus-Borse
JICA	Japan International Cooperation Agency
MEA	Middle East Airline

MICE	Meeting, Incentives, Conventions and Exhibition
MOA	Ministry of Agriculture
MOE	Ministry of Environment
MOEW	Ministry of Energy and Water
MOI	Ministry of Interior
MOPWT	Ministry of Public Works and Transportation
MOT	Ministry of Tourism
NCHT	National Council for Health Tourism
NCMS	National Center for Marine Sciences
NGO	Non-governmental Organizations
NTCL	National Tourism Council of Lebanon
OCW	Overseas Contract Worker
OMT	Organization Mundial Turismo
PCO	Professional Congress Organizer
PIU	Project Implementation Unit
SARS	Severe Acute Respiratory Syndrome
SMAP	Short and Medium Action Programme
SWOT	Strengths-Weakness-Opportunities-Threats
TMA	Trans Mediterranean Airline
TOR	Terms of Reference
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
WTM	World Travel Market
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council

Chapter 1 The National Settings

1.1 The People and Economy

1.1.1 People and Culture

(1) Population and People

Lebanon has a population estimated at 3.6 million, of which the overwhelming majority is concentrated in the coastal cities of Beirut, Tripoli, Sidon and Tyre. According to data from the UN Development Programme (UNDP), Lebanon's population is growing at some 2.5% a year, resulting in a young population, with close to 50 % under the age of 24.

Table 1.1.1 Population distribution by governorate, 1997

	Population ('000)	Percent of total
Mount Lebanon	1,508	37.6
North Lebanon	808	20.2
The Beqaa	539	13.5
South Lebanon	472	11.8
Beirut	403	10.1
Nabatiyeh	275	6.9
Total	4,005	100.0

Source: Central Statistics Administration, Household Survey, 1997

With economic activities concentrated on trade and services, some 90% of the population is urban. Rural-urban migration continues, reflecting the poor productive activities in rural areas and the limited employment generation in the agricultural sector. Household size is large by Western standard at an average of 4.8.

Ethnically, the overwhelming majority of Lebanese (about 95%) are classified as Arab.

(2) Education

According to UNDP, overall adult literacy stood at some 86% at the end of 2000, compared with 76% in 1985 and 70% in Syria. Education has traditionally been one of Lebanon's strengths, resulting in a highly literate, multilingual workforce. In the 15-24 year old age group, the literacy figures stood at 95% at the end of 2000, indicating that the overall adult literacy figure will improve further in the coming years.

(3) Health/Welfare

Lebanon has a well developed healthcare system, with high-quality care available for those who can afford it. Average life expectancy for those born in 1995-2000 is one of the highest in the region at 72.6 years, compared with 61 in Egypt and 65 for those born in 1970-75. Infant mortality is relatively low at around 28 per 1,000 live births, well under the Middle East average of 51. In 2000, there was one doctor for every 476 people, compared with 1,320 in

Egypt. The greatest single problem with healthcare is rising costs, which are becoming a burden to the nation. Some 80% of the Ministry of Health's budget pays the healthcare costs of public-sector employees using private hospitals.

Table 1.1.2 Illiteracy rate by age group and gender, 1996

Years	Male (percent)	Female (percent)
10-14	2.0	2.2
15-19	3.6	3.6
20-24	4.1	4.8
25-29	4.6	7.0
30-34	5.5	8.5
35-39	5.8	11.5
40-44	6.9	16.8
45+	22.1	46.0

Source: UNDP

Table 1.1.3 Main Health Indicators

Life expectancy at birth (years, 1995-2000)	72.6
Infant mortality rate (per 1,000 births)	28
	(% of population with access to)
Health services	95
Safe water	100
Sanitation	99

Source: UNDP; Ministry of Health

(4) Culture

The Lebanese place a great importance on family life. Most family occasions, such as weddings, funerals and christenings, are often large celebrations involving the whole community. Behind this jovial exterior is the reality that, in a place where social programs are virtually nonexistent the family is also an employer, an insurance policy, a day-care center and an obligation.

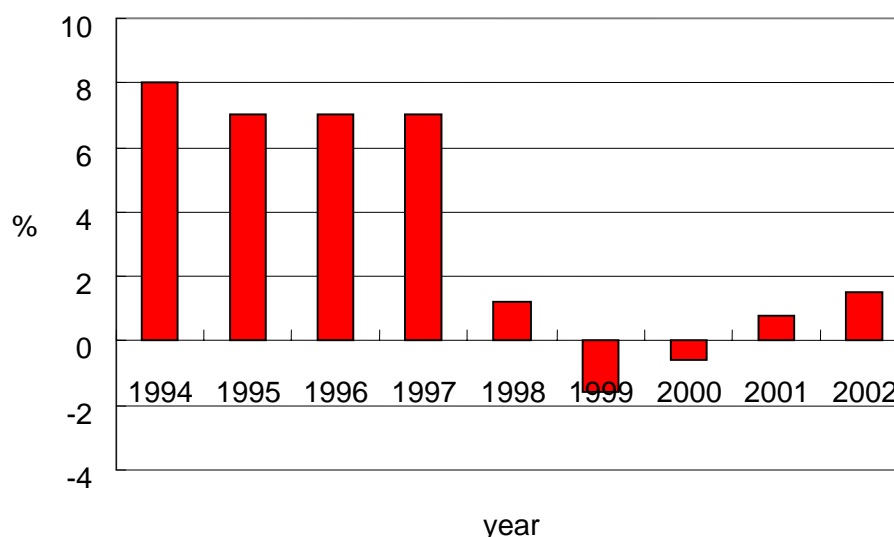
1.1.2 Economy

(1) Overview of Lebanon's Economy

The 1975-91 war seriously damaged Lebanon's economic infrastructure and reduced national output by half, and all but ended Lebanon's position as the Middle East entrepot and banking hub. Peace enabled the central government to restore control in Beirut, begin collecting taxes, and regain access to key ports and government facilities. Economic recovery was helped by a financially sound banking system and resilient small- and medium-scale manufacturers. Family remittances, banking services, manufactured and farm exports, and international aid provided the main sources of foreign exchange. Lebanon's economy made impressive gains since the launch in 1993 of "Horizon 2000," the government \$20 billion

reconstruction program. Real GDP grew 8% in 1994, 7% in 1995, 1996, 1997 but the growth slowed to 1.2% in 1998, -1.6% in 1999, -0.6% in 2000. Growth recovered slightly to 0.8% in 2001, to 1.5% in 2002, and to 2.0 % in 2003¹.

Figure1.1.1 Real GDP % change



Source: The World Fact Book 2002-Lebanon (1994-1997)
Economist Intelligence Unit estimates (1998-2002)

During 1990s annual inflation became almost 0% from more than 100%. Lebanon has rebuilt much of physical and financial infrastructure. The government nonetheless faces serious challenges in the economic arena. It has funded reconstruction by borrowing heavily, mostly from domestic banks.

Table 1.1.4 Comparative economic indicators, 2001

	Lebanon	Jordan	Syria	Egypt
GDP (US\$ bn)	17.0	9.5	21.0	82.6
GDP per head (US\$)	4,676	1,782	1,227	1,168
Consumer price inflation (av;%)	4.0	1.8	0.8	2.7

Source: Economist Intelligence Unit, Country Data

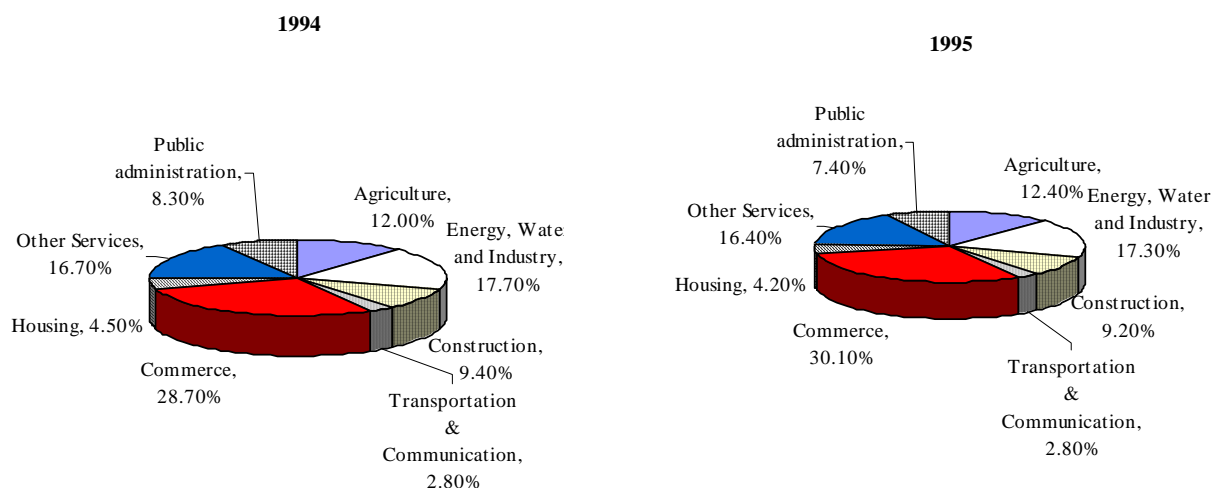
(2) Sectoral Composition in the Economy

No official GDP calculation have been made since 1977. The Central Administration of Statistics (CAS) has calculated the GDP for 1994 and 1995 and is in the process of calculating GDP for 1996 and 1997.

¹ Economist Intelligence Unit estimates.

Figure 1.1.2 shows the composition of the Republic's GDP for the years 1994 and 1995, as calculated by CAS. No data are available for later years but it is believed that the composition of the Republic GDP has not changed significantly since 1995.

Figure 1.1.2 Composition of GDP by sector (at current prices)



Note: Other services include financial services, hotels, restaurants, health services and education.

Source: CAS

(3) Inflation and Exchange Rates²

Changes in the exchange rate of the Lebanese Pound are intertwined with domestic price developments due to the openness of the Lebanese economy. Since the mid-1980s, Lebanon has suffered from rapid increases in prices, peaking at 500 % per annum in Lebanese Pound terms in 1987. This trend was evident until the appointment of the first Hariri government in October 1992. The last quarter of 1992 saw a significant appreciation in the value of Lebanese Pound against major currencies. This together with the gradual appreciation to date has been accompanied by a decline in the rate of inflation. Since 1993, inflation is estimated to have declined to approximately 9 % in 1996, 8 % in 1997, 4 % in 1998, 0.25 % in 1999 and 0.0 % in 2000 and 2001. This marks the first prolonged return to relative price stability. The current level of inflation is attributable to the following principal reasons:

- the implementation by the Central Bank of a tight monetary policy, including maintaining a stable exchange rate and high interest rates on Lebanese Pound assets; and
- the openness of the Lebanese economy, which causes excess demand on the domestic market to be satisfied by a corresponding increase in imports.

Table 1.1.5 Exchange Rates

	(Annual Average)					
	1997	1998	1999	2000	2001	2002
LL:US\$	1,539	1,516	1,508	1,508	1,508	1,508

Source: IMF, International Financial Statistics

² Source: Economist Intelligence Unit/Country Profile 2002, Lebanon

(4) External Sector and Service Receipts³

Lebanon is a predominantly importing country and is characterized by large trade deficit. Typically, import spending is equivalent to 40-50% of GDP. Immediately after the war, the requirement for capital goods for reconstruction, coupled with rising consumer spending on foreign items unavailable during the conflict, made imports more than double from US\$3.4 billion in 1991 to US\$7.5 billion (cif) in 1997.

Table 1.1.6 Balance of Payments, 2002

	(US\$ million)
Exports (fob)	1,046
Imports (cif)	-6,445
Trade balance	-5399
Net invisibles, transfers & capital inflows	6,964
Balance of payments	1,564

Source: Banque du Liban

The largest import item by expenditure is food, accounting for some 20% of total imports, followed by electrical goods at 15% and vehicles at 10%. Europe and the US have established themselves as Lebanon's leading suppliers, accounting for some 60% by value, with Italy and France the largest individual providers with 10.2% and 8.8% respectively in 2001, although the volume of US imports has rapidly improved to put the country fourth.

Lebanon has relied on large net invisible and capital inflows to hold the overall balance in check (Table 1.1.6). Most invisible inflows are receipts from tourism, shipping, and financial services. There are also substantial inward transfers from Lebanon's large expatriate population. In addition, Lebanese nationals collectively hold enormous overseas investment portfolios estimated at some US\$60 billion, and direct investment holdings abroad generate significant profits, interest, and dividend income inflows.

As Lebanon has not released non-merchandise and capital flow data since the war, assessing the nature and scale of these flows is extremely difficult. The Ministry of Tourism, for example, estimates that spending by foreign visitors to Lebanon reached US\$1.6 billion in 2001.

The only reliable data routinely available are changes in the net foreign asset balances of commercial banks and the Banque du Liban (the Central Bank). Taken together with monthly trade data issued by the Central Bank, these data provide a picture of the net value of all non-trade inflows which make it into the banking sector, a figure which clearly overlooks much of the cash inflows into the country. During 1994-2001 these recorded average inflows of US\$ 6.2 billion a year, ranging in value from a peak of US\$ 7.2 billion in 1997 to US\$ 5.2 billion in 2001.

³ Source: Economist Intelligence Unit/Country Profile 2002, Lebanon

(5) Regional Socio-Economic Analysis

This part analyzes the socio-economic conditions by region as a useful reference to understand the characteristics of study areas subject to later analysis.

(i) Demographic profile of the regions

The household size indicator shows high averages in the Bekaa, the South (both 5.0) and the North (5.5). Beirut (4.3) and Mount Lebanon (4.5) are closer to family size standards.

Table 1.1.7 Demographic Profile of the Regions

Regions	Average size of household	Illiteracy rates (%)	Schooling rate (10-15 y.o)	Individuals less than 20 y.o (%)	
Beirut	4.3	8.7	96.1	31.7	
Beirut suburbs	4.6	8.7	94.9	Average	37.2
Remaining	4.4	6.6	98.4	96.6	32.3
Mount Lebanon					34.7
North Lebanon	5.5	16.7	90.0		45.5
South Lebanon	5.0	14.4	93.3		42.9
Nabatiyeh	4.4	14.8	96.8		38.8
Bekaa	5.0	13.5	93.3		41.4
Average	4.8	11.6	93.9		38.9

Source: CAS 1998

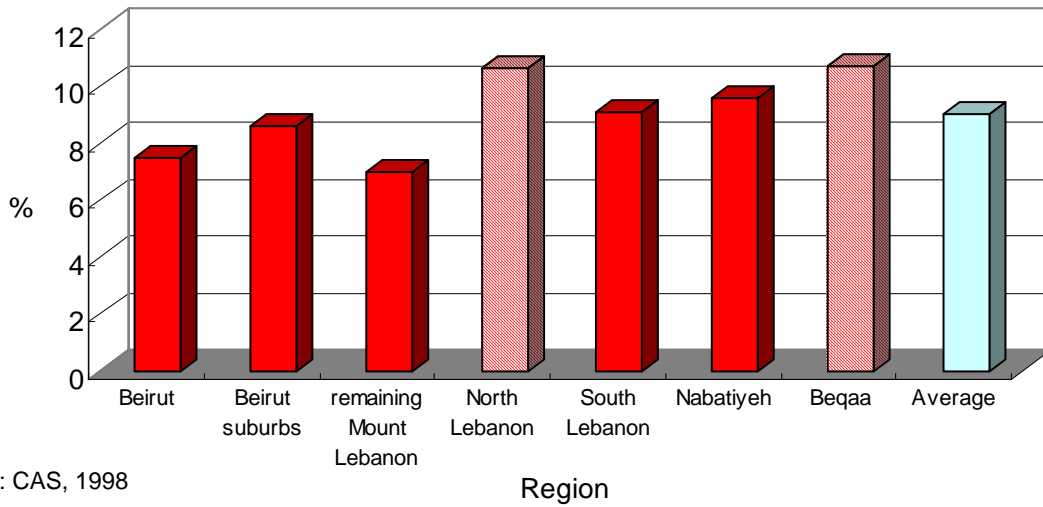
The North have the youngest population (45.5% are less than 20 years old) but the lowest schooling rates in the country (90%). Population is also young in the South (42.9%) and the Bekaa (41.4%), with respectively 12.7 and 10.6 percentage points difference with the data found in Beirut and Mount Lebanon (33.2%), the region that have the highest rates of schooling (more than 96%). In addition, the North appears again well behind in terms of illiteracy rates with the highest proportion of 16.7%. The South (14.8%) and the Bekaa (13.5%) are also quite behind Beirut and Mount Lebanon (both 8.7%).

Hence in the hierarchy of regions for demographic profile, the North comes last, followed by Nabatiyeh, the South, the Bekaa (where figures for the last two regions are close) and then, on top of the scale, Greater Beirut.

(ii) Socio-economic profile of regions

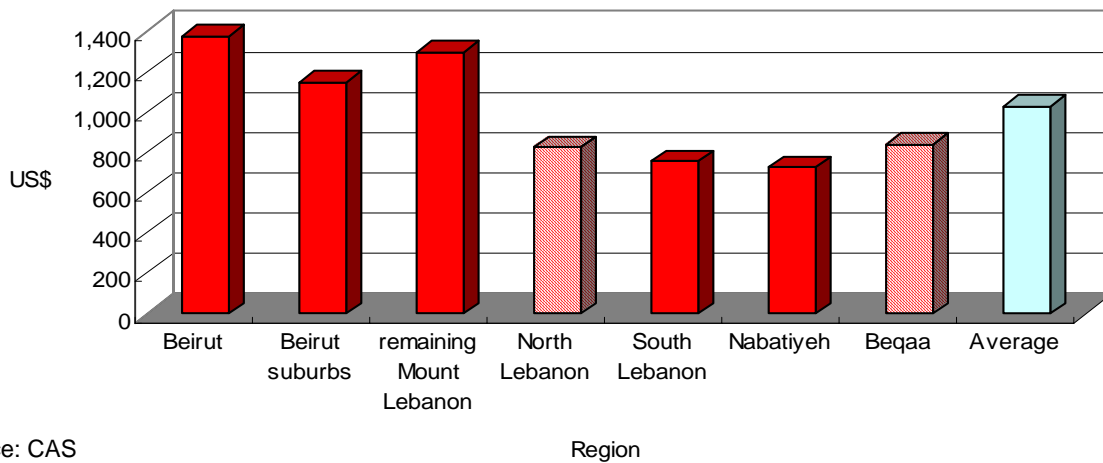
The rate of unemployment is the highest in the Bekaa and the North (10.7%); it averages to 9.1% in the South and Nabatiyeh and decreases to 7.5% in Beirut and Mount Lebanon, with a higher percentage in the Beirut suburbs (8.6%). These data related to income show a similar hierarchy between regions: Beirut and Mount Lebanon average income rates are 38% higher than the average found in the North, the South and the Bekaa, with the lowest for the Bekaa (34%) and the highest for Nabatiyeh (43%).

Figure 1.1.3 Unemployment Rate by Region



Source: CAS, 1998

Figure 1.1.4 Income (USD/month) by Region



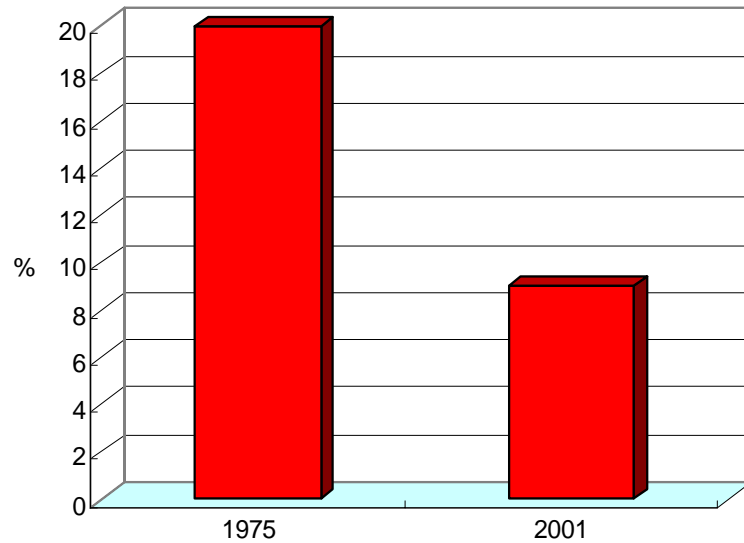
Source: CAS

(6) Impact of Tourism on the Economy

Tourism was the Lebanese economy's backbone before the war. While significantly reduced, it still is a very significant sector in the Lebanese economy.

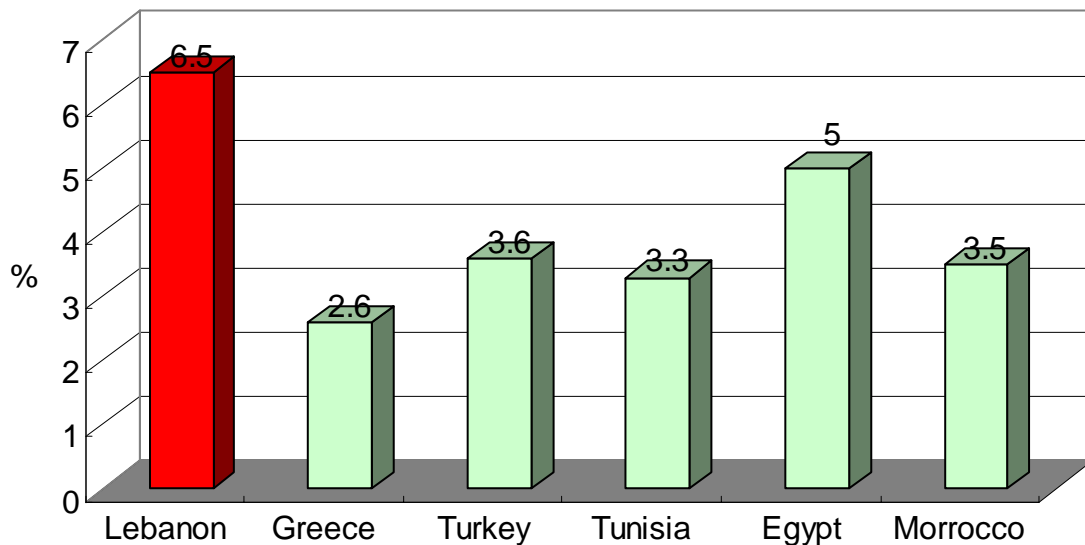
In the pre-war era, the tourism sector represented some 20% of the Lebanon's GDP. Since the war ended, it has recovered to 9 % of GDP in 2001, making the Lebanon's economy more dependent on success in tourism than any other direct competitor (Figure 1.1.5 and Figure 1.1.6).

Figure 1.1.5 Tourism sector as % of GDP in Lebanon



Source: The Economist Intelligence Unit/Country Profile 2002

Figure 1.1.6 Tourism sector as a % of GDP in 1997 for Lebanon and selected countries



Source: WTO "Tourism Highlights 1997", World Bank country data, World Factbook 1999, Ministries of Tourism of Morocco and Tunisia

The outlook of the tourism sector in Lebanon is generally positive. Significant private investment is currently being made in the modernization and expansion of this sector and international hotel companies have returned to Lebanon. Casino du Liban, which historically constituted a major tourist destination, reopened in 1996. Lebanon is the only country in the Arab world that offers skiing and related winter sports opportunities. The largest ski resort in the country has been expanded and modernized. The Government believes that, because of the return of peace and stability to the country and with the development of the necessary

infrastructure, tourism will again contribute significantly to Lebanon's economy. Lebanon's tourism industry also relies on the large number of Lebanese living abroad, who return regularly to the country during the summer season.

1.2 Natural Environment

1.2.1 The Land

(1) Topography

Lebanon covers an area of 10,452 km², with an average width of 48 km and an average length of 220 km. It is located on the eastern shores of the Mediterranean between north latitudes at 33° 03' 38" and 34° 0' 0" and east longitudes at 35° 06' 22" and 36° 37' 22". It is bordered by the Syrian Arab Republic on both the northern and the eastern fronts, and Israel to the south. In spite of Lebanon's limited area, the topography contains a variety of contrasting features.

(2) Geomorphological regions⁴

There are five geomorphological regions distributed as shown in Table 1.2.1.

1) **Coastal zone**, including the shoreline and continental shelf, the coastal plains and the foothills of Mount Lebanon up to elevations of 250 meters. The Lebanese coast is about 250 km long (CDR, 1997);

2) **Bekaa plain**, a land depression separating the Mount Lebanon and the Anti-Lebanon ranges. It comprises an 8-12 km wide fertile corridor and is about 120 km from the North to the South. The Bekaa plain is drained by the Aassi river to the North and by the Litani river to the South;

3) **Mount Lebanon range**, about 160 km long and 25-40 km wide, including middle and high elevation zones above 250 meters. It rises from Jabal Akroum in the north and extends south to the hills of Jabal Amel. Mount Lebanon peaks at 3,088 meters at Kornet es-Saouda in the north;

4) **Anti-Lebanon range**, extending across the Lebanese-Syrian borders. It peaks at 2,629 meters. Slopes are generally more gentle compared to Mount Lebanon. The southern sections of the Anti-Lebanon range include Jabal el Cheikh (Hermon Mountains), which intercepts rainwater and redistributes water into at least three main watersheds across Lebanon, Syria and Israel; and

5) **South Lebanon**, an elevated plateau that extends a short distance inland from the western shores of South Lebanon to the Jabal el Cheikh (Hermon Mountains) foothills in the east. This region is intersected by many seasonal streams flowing from east to west and discharging into the Mediterranean sea.

⁴ Source: State of the Environment Report 2001, MoE

Table 1.2.1 Geomorphological Description and Distribution of the Lebanese Territory

Geomorphological Region	Area	
	Hectare	Percent
Coastal zone including foothills (up to 250 m) and the plain and lower plateau of Jabal Akroum (till 500m)	134,800	13
Bekaa plain (excluding foothills)	150,000	14
Total non-mountainous regions	284,800	27
Mount Lebanon range (to the Litani River, excluding the southern hills and mountains)	480,000	47
Anti Lebanon (includes Jabal el Cheikh)	205,600	19
South Lebanon (Jabal Amel)	70,000	7
Total mountains	760,400	73
Total Area	1,045,200	100

Source: Biodiversity, Project Brief, UNDP

(3) Land Use and Land Cover

The agricultural regions can be divided into the coastal zone, the western slopes of Mount Lebanon, the Bekaa valley, the Anti-Lebanon and Jabal el Cheikh, as well as the southern hills. The coastal zone is cultivated with subtropical crops, (bananas, oranges, avocado, etc.) that intensify in the south along with wheat and a variety of irrigated crops and vegetables that are concentrated in the northern coastal plain of Akkar. The western slopes of Mount Lebanon are mainly cultivated with permanent crops that include olives, fruit trees, and vineyards that blend with existing wooded lands. Agricultural activities intensify in the Bekaa valley and include mainly irrigated cultivation of cereals, fruit trees, and other annual and biannual crops in the south and central Bekaa. The northern part of Bekaa allows for dry farming and some vine growing. On the other hand, the Anti-Lebanon and Jabal el Cheikh only allow for scattered agriculture due to the harsh topography, dry climate, and low population. Finally, the southern hills support the cultivation of olive trees, grapes, fig trees and tobacco (FAO, 1991).

The new land cover and land use maps for Lebanon were published in June 2001. These maps were based on satellite imagery (September to October 1998) and ancillary data. A list of the ancillary data that have been used for the development of the GIS-based land cover/land use maps is presented.

- Existing topographic maps (scale=1/20,000) developed in 1962 by DGA
- Land cover maps (scale=1/50,000) produced by the Food and Agriculture Organization (FAO) in 1990
- Aerial photographs provided by the MoA covering parts of Northern and taken during June 1999
- Land cover maps (scale=1/50,000) produced by Insitute d'Aménagement et d'Urbanisme de la Region ile de France (IAURIF) for Lebanese coast (1997) and for South Lebanon in 2000
- Photographic documentation collected during the field verification program

Table 1.2.2 present the area occupied by each land cover/land use sub-category in terms of the percentage of the total area of Lebanon. Clearly, agricultural areas and grasslands are the most widespread, followed by wooded lands, scrublands, artificial areas, unproductive lands, and wetlands.

Table 1.2.2 Area Coverage of each Land Cover/Land Use Sub-category

Sub-Category	Percentage (%)	Remark
River	0.05	River
Wetland	0.05	Inland wetland, Marine wetland
Road	0.09	Road
Water bodies	0.12	Continental water bodies, Marine water bodies
Unproductive land	4.79	Bare rocks, Bare soils, Beaches, Dunes
Artificial area	6.17	Urban area, Activity area, Non built-up artificial area, Artificial, Non-agricultural vegetated areas
Scrubland	11.9	Scrubland, Scrubland with some dispersed bigger trees, Urban sprawl on scrubland
Woodland	13.32	Dense woodland, Clear woodland, Burnt wood land
Grassland	30.98	Dense grassland, Clear grassland
Agricultural area	32.50	Field crops, Permanent Crops, Intensive agriculture, etc.

Source: Land Cover-Land Use Map of Lebanon: Technical Report, MoE, June 2003

(4) Soils

In Lebanon, most soils are very shallow (mountain areas) but some are meters deep (Bekaa plain). They have mainly evolved from weathered rock and, to a lesser extent, volcanic materials and accumulated plant residues. Many soils in Lebanon arise from transported materials deposited by water (forming so called alluvial soils), or by gravity (so called colluviums). The lithology has contributed to the diversification of soil resources, most of which are base-saturated calcareous soils, except for the sandy soils formed on the basal cretaceous strata. The most widely represented soils are the Terra-Rossa (Red Mediterranean soils) and the Rendzinas, which represent about 70 % of Lebanese soils. Lebanon is predominantly mountainous, and the soils are mostly discontinuous, young, fragile and prone to erosion.

1.2.2 Flora and Fauna

(1) Biological Diversity

“Biological Diversity in Lebanon” is Lebanon’s first such report. The report identified 9,119 species in Lebanon, roughly equally distributed between fauna and flora species. This number, however, is believed to represent only 20 % of the actual number of species in Lebanon and hence the need exists to pursue and intensify research further (MoE/UNDP, 1998).

The MoE developed in November 1998 a national strategy and action plan for biodiversity

conservation with the collaboration of UNDP and GEF. This strategy has defined the following nine goals:

- 1) To protect Lebanon's terrestrial biodiversity from degradation and ascertain their availability for environmental and economic benefits;
- 2) To conserve freshwater biodiversity through the sustainable management and wise use of freshwater resources;
- 3) To protect Lebanon's coastal and marine biodiversity and develop their resources in a sustainable way;
- 4) To protect Lebanon's agricultural biodiversity from degradation, and secure its availability while maximizing both environmental and economic benefits;
- 5) To conserve biodiversity under natural conditions and establish a balanced ecosystem where plants and animals evolve naturally;
- 6) To conserve Biodiversity ex-situ and utilizing existing capacities;
- 7) To protect natural ecosystems from invading species;
- 8) To share global responsibilities in the use, conservation and management of biodiversity; and
- 9) To share knowledge, costs and benefits with individuals and communities.

(2) Flora

Relative to its size, Lebanon boasts one of the highest densities of floral diversity in the Mediterranean basin, which in turn is one of the most biologically diverse regions in the world (Médail and Quézel, 1997). More than 80 % of plant species in Lebanon are terrestrial plants.

(i) Endemic species

Endemism in Lebanon is significant, owing to its geomorphologic diversity and the isolation effect of its diverse topography. Lebanon has a high percentage of endemic plant species, surpassed only by Turkey in a list of six Mediterranean countries (Table 2.2.3). Species endemic to Lebanon are typically found on the high summits of Jabal el Makmel and Jabal Sannine. According to the 2000 Red List, only the Cedar of Lebanon (*Cedrus libani*) is considered an endangered plant species in Lebanon. Specifically, it is denoted "Low risk – near threatened".

Table 1.2.3 Floral Diversity and Endemism in Select Mediterranean Countries

Country	Total surface (km ²)	Area in Mediterranean (km ²)	Number of species		Number of endemic species	
			Total	In Med.	Number	Percent
Egypt	1,000,000	15,000	2,100	1,100	70	3.3
Jordan	97,600	10,000	2,200	1,800	145	7
Lebanon	10,450	10,000	2,600	2,600	311	12
Spain	504,000	400,000	7,500	5,000	730	9.7
Syria	185,000	50,000	3,100	2,600	395	10.6
Turkey	779,000	48,000	8,600	5,000	2651	30.8

Source: Médail & Quézel, 1997

(ii) Forest species

Assuming that the percentage breakdown of forest species did not significantly change since 1966, Table 1.2.4 shows the plausible share of major forest species in Lebanon. Annex 1.2.2 lists 39 forest species widely distributed in Lebanon for quick reference.

Table 1.2.4 Percentage Distribution of Forest Species

Forest Species	%
Oak	58
Pine	24
Juniper	13
Cedar	3
Cypress	1
Fir	1

Source: MoA/UNEP, 1996c

(iii) Economic plant species

Many aromatic plant species are extensively used in Lebanese cuisine and many people, mostly in rural areas, still widely use medicinal plants for the treatment of burns, gastro-intestinal diseases, and other ailments. A Survey of Economic Plants for Arid and Semi-Arid Lands (SEPASAL) found 224 plants of economic importance distributed in Lebanon (SEPASAL, 1999).

(3) Fauna

Of the 4,486 known fauna species in Lebanon nearly half are terrestrial. Insects and butterflies total 1,216 species, or 27 % of the total number of fauna species known.

(i) Mammals

There are 52 reported mammal species in Lebanon today. In addition, seven mammal species are already extinct, including the Syrian brown bear, the Persian lynx and the Arabian gazelle. Bats make up the largest single group of mammals in Lebanon (16 species). About one third

of existing mammals are rare, including several species of shrews, bats, the weasel, the otter and the Spiny Mouse, and another 39 % are vulnerable species or species in apparent danger. The wolf, wild cat, mongoose and squirrel are close to extinction. The Horsh Ehden Nature Reserve provides one of the last remaining sanctuaries for squirrels in Lebanon. Most commonly hunted mammals include the wild boar (*Sus scrofa lybicus*), the hare (common in the Bekaa and Mount Lebanon), and the hyena, (*Hyaena hyaena syriaca*). Wild boars have reportedly proliferated in recent years in the western Bekaa, in the upper mountains of the Al-Chouf Reserve, and in Horsh Ehden.

(ii) Birds

At least 372 species of birds have been recorded in Lebanon. Of the 80 vagrant species of birds, 36 have not been recorded since 1972. The two extinct breeders are the Lesser Crested Tern (*Sterna bengalensis*) and the Blue-cheeked Bee-eater (*Merops persicus*). The 15 endangered species include the Eurasian Black Vulture, the Spotted Eagle, and the Dalmatian Pelican. The discontinuity of observations in space and time could be leading to inaccurate estimates of the true avian diversity and distribution.

(iii) Marine and Aquatic Life⁵

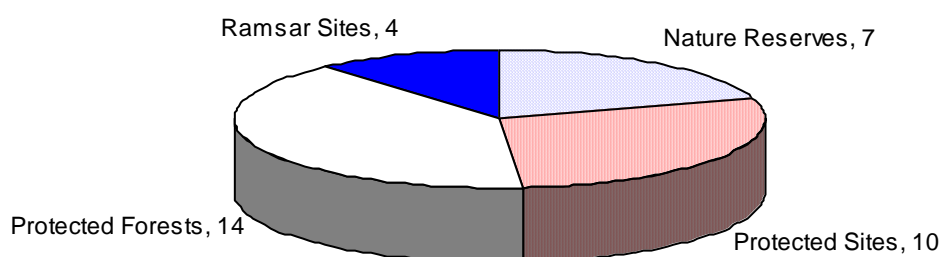
The National Center for Marine Sciences (NCMS) has inventoried 218 marine fish species from 140 genera. An additional 25 species are confirmed to exist in Lebanese freshwater systems (MoA/UNEP, 1996e). Zooplanktons account for the largest share of marine faunal diversity with more than 747 species recorded. Micro-zooplanktons are at the base of the marine food pyramid and are hence essential for maintaining the ecological equilibrium. Other families of marine organisms include the cephalopods (octopuses, cuttlefish and squids), reptiles (loggerhead turtle and green sea turtle) and mammals (dolphins and porpoises and, less common in local waters, whales and seals).

1.2.3 Protective Regulations

There are 35 areas or sites legally protected in Lebanon (Figure 1.2.1). A particular site may appear in more than one category. For example, the cedars of Tannourine were declared “protected forest” in 1996 and “nature reserve” in 1999.

⁵ Source: State of the Environment Report 2001, MoE

Figure 1.2.1 Number of Areas or Sites Legally Protected in Lebanon



Source: JICA Study Team

(1) Nature Reserves

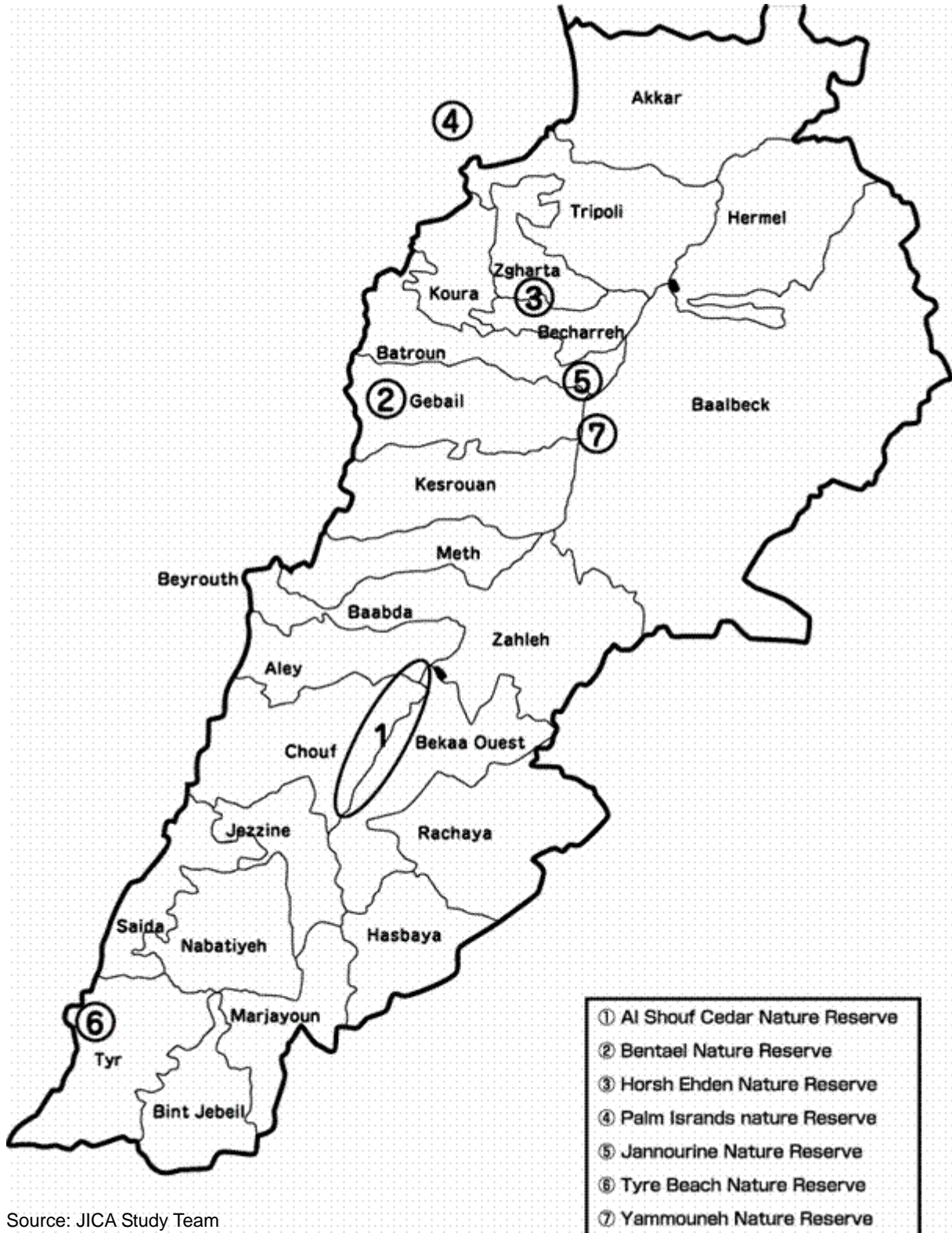
Lebanon now features seven protected areas with legal status and several others established and managed by MOE by ministerial decree, each with a distinguished richness of species (Table 1.2.5). The location of seven nature reserves is indicated in Figure 1.2.2

**Table 1.2.5 The Seven Nature Reserves of Lebanon:
Legal Basis, Approximate Area and Elevation Zone [km²]**

Nature Reserve	Law No.	Year	Approximate Area (km ²)	Elevation Zone (meters)
1. Al Shouf Cedar Nature Reserve	532	1996	160	900-2,000
2. Bentaël Nature Reserve	11	1999	2	250-800
3. Horsh Ehden Nature Reserve	121	1992	17	1,200-1,900
4. Palm Islands Nature Reserve	121	1992	5 marine basin	Sea level
5. Tannourine Nature Reserve	9	1999	1.5	1,300-1,800
6. Tyre Beach Nature Reserve	708	1998	4	Sea Level
7. Yammouneh Nature Reserve	10	1999	17.5	1,400-2,000

Source: JICA Study Team

Figure 1.2.2 Natural Reserved Area



Source: JICA Study Team

(2) Protected Forests

The Forest Code (Law 85 of 1991), amended by Parliament in 1996 (Law 558 of 1996), stipulates that all cedar, fir, cypress, juniper forests and “other forests” in Lebanon are protected de facto. In addition, at least 15 forests were declared protected by ministerial decisions (MOA) under the amended Forest Code, as listed in Table 1.2.6.

Table 1.2.6 Forests Protected by Ministerial Decision under the Forest Code (558/1996)

Decision	Year	Location	Description				
			Cedar	Fir	Juniper	Cypress	Other
499/1	1996	Tannourine/Hadath el Jebbeh, Jajj (Jajj) and Arz el Rab (Bsharre)	X				
587/1	1996	Swayse (Hermel)	X	X	X	X	
588/1	1996	Aamouah (Akkar)	X	X	X	X	Pine
589/1	1996	Karm Chbat (Akkar)	X	X	X		
591/1	1996	Bazbina (Akkar)	X	X	X	X	
592/1	1996	Knat (Knat)	X	X	X		Oak
10/1	1997	Qaryet el Sfina (Akkar)	X				Oak
11/1	1997	Merbine (Wadi Jhannam)	X	X	X		
8/1	1997	Ain el Houkaylat/kornet el kif (Dinniyeh)	X	X	X		Oak
9/1	1997	Jurd el Njas/jabal el Arbain (Dinniyeh)	X	X	X	X	
174/1	1997	Chbaa (Hbaline)	X	X	X	X	Pine
3/1	1997	Bkassine (Jezzine)					Pine

Source: Lebanon State of the Environment Report

(3) Protected Sites

The Ministry of Environment declared five rivers (Dog, Beirut, El Aassi, Aarkah, and Awali), one valley (Damour), two mountain tops (Makmel and Qornet el Sawda), and the Shouf region as protected sites (Ministerial decisions 97/1, 130/1, 189/1, 188/1, 187/1, 131/1, 129/1, and 122/1) in 1998. According to these decisions, MOE will develop, in coordination with the Directorate General for Urban Planning approval standards for the construction and operation of any facility around these sites and within a 500-meter buffer zone.

(4) Ramsar Wetland Sites

Lebanon signed the Ramsar intergovernmental treaty in 1971. There are presently 125 contracting parties to the Convention, with 1,078 wetland sites (totaling 82 million hectares), four of which are located in Lebanon: Ammiq Estate (year 2000), Ras el Chaq'aa (2000), Tyre Coastal Nature Reserve (2000) and Palm Islands (2001). These four sites stand a better chance of benefiting from international funding for conservation management.

(5) World Heritage Sites

Lebanon became a signatory nation of the protection of the world's cultural and natural heritage in 1972. Of the 690 sites on UNESCO's World Heritage List, five are in Lebanon. These are Tyre, Baalbek, Byblos, Aanjar and the Qadisha Valley (Table 1.2.7).

Table 1.2.7 List of World Heritage Sites in Lebanon

Site	Date	Criteria
Baalbek	1984	Cultural heritage
Anjar	1984	Cultural heritage
Tyre	1984	Cultural heritage
Byblos	1984	Cultural heritage
Wadi Qadisha	1998	Cultural and Natural heritage

Source: UNESCO

1.3 Development Strategies and Policies

1.3.1 National Strategy for Development

Lebanon has made remarkable achievements and progress in recovery since the end of the conflict in 1990, notwithstanding the constraints and challenges of complex problems at different levels, most notably in the region. The first phase of emergency rehabilitation was successfully completed. The country is now in the second and most demanding phase of consolidating the reconstruction process and development.

The "National Emergency Recovery Programme (NERP)" established by the Council for Development and Reconstruction (CDR) has been based on maintaining economic stability and supporting the development of the private sector in order to lead the re-emergence of Lebanon as a regional center. The government has decided, in cooperation with the Parliament, to put in place economic policies to stop the escalating debt and to start addressing the structural problems of the fiscal situation.

The efforts at recovery have confirmed the increased importance of investment in the broad social and environment sectors, while the main focus continued to be on basic infrastructure. Reconstruction activities were constrained by the weak capacity of the public administration and difficulties in ensuring government counterpart funding. The government therefore increasingly sought the participation of the private sector which responded positively.

The development strategy of the Lebanese authorities has been presented within the so called "Horizon 2000" plan. Its main objective is the reconstruction of physical and social infrastructures. This plan covers such sectors as electricity, telecommunications, transport, education, public health and environment, agriculture, tourism, industry, and social affairs.

1.3.2 National Strategy for Tourism

Building on the “Horizon 2000” and the World Tourism Organization (WTO) framework strategy, the Government of Lebanon set a national strategy for tourism with the following priority actions (MOT/UNDP, 1996):

- Rehabilitating and management of the historic sites in Tripoli;
- Renovating the old city center in Jounieh;
- Managing the coastal plain of Damour;
- Planning for the management of the Qadisha valley;
- Managing the Qaroun lake;
- Elaborating a plan for the mountain areas;
- Managing the coastal area in Batroun; and
- Rehabilitating and upgrading public beaches.

1.4 Tourism Institutions

1.4.1 Government Institutions

(1) Ministry of Tourism

The Ministry of Tourism (MOT) is the primary government institution with responsibility for administering the sector. MOT maintains informal consultations with other government agencies whose activities affect the Lebanon’s tourism sector. There is an Inter-Ministerial Council for Tourism Development which meets on an irregular basis. Its membership varies depending upon the issues to be discussed at a particular meeting and is convened by the Prime Minister. MOT has officers in charge of the former National Tourism Council of Lebanon (NTCL) and the new National Council for Health Tourism (NCHT). These personnel often represent Lebanon at international tourism trade fairs with assistance from the Reed Group and Aliktissact Wal aanal who buy space for booths. These may be staffed by government and private sector tourism representatives.

MOT currently comprises seven departments including:

- Department of Administration;
- Department of Research Studies and Planning;
- Department of Tourism Development;
- Department of Equipment Tourism Infrastructure;
- Department of Exploitation;
- Department of Tourism Control; and
- Department of Exploitation of Archaeological Sites and Museums.

The organized structure of MOT is provided in Figure 2.4.1.

MOT currently employs around 200 personnel and is provided with a budget equivalent to US\$5 million annually. During 2003, approximately 50 % of the budget was allocated towards marketing and promotion. The remaining 50 % is taken up by administration costs including staff salaries.

In addition to its administrative duties, MOT is required to market and promote Lebanon as a tourism destination both internationally and domestically. It maintains two representative overseas offices located in Egypt and France. There are three regional offices within Lebanon located in Byblos, Zahle and Tripoli, as well as the main tourist information office located in the Ministry building in Beirut. These activities would often be undertaken by a semi-autonomous national tourism promotion agency elsewhere enjoying both government and private sector support.

MOT submits an annual request for budget to the Ministry of Finance for approval. This usually involves requesting a percentage increase on the previous year's budget to offset inflationary cost increases. There would appear to be a lack of adequate communications between departments. Each department head submits his request for budget for approval by the Director General of Tourism. They are then compiled and submitted for approval first to the Minister and then to the Ministry of Finance.

MOT does not have a medium to long-term strategy or short-term action plan. There appears to be no framework for internal planning. Neither are there department plans. There appears to be an urgent need for institutional strengthening and capacity building.

MOT maintains relationships with the tourism industry and other private sector entities as well as tourists with related functions.

The MOT's administrative functions related to the tourism industry include licensing, regulating and monitoring tourism facilities throughout the country. As part of its promotion efforts MOT also maintains a force of tourism police. MOT has also established a website, which is currently in French with English and Arabic sites under construction.

There is consensus amongst tourism industry associations that there is a real need for a public/private sector partnership to market and promote the industry. Reference is often made to the former National Council of Tourism in Lebanon (NCTL) which was set up in 1962 with the responsibility of both marketing Lebanon domestically and overseas and undertaking investment in rural areas of the country. MOT was established in 1966 (Decree 7143) and was expressly forbidden from duplicating NCTL's marketing activities. This changed in 1992 when marketing functions were returned to MOT (Decree 4192).

Beginning in 1993, MOT received technical assistance from the World Tourism Organization

(OMT/WTO) to prepare a Tourism Master Plan, which was completed in 1997. The project was funded by the United Nation's Development Program (UNDP). The Master Plan was prepared by a team of French consultants and is available in French only. Some sections have been translated into Arabic and a few sub-sections have been translated into English. The WTO Master Plan contains up to 72 priority actions. However, owing to the lack of an adequate capacity for planning within MOT, there appears to a constraint to implement the WTO Master Plan recommendations, although certain actions have been taken.

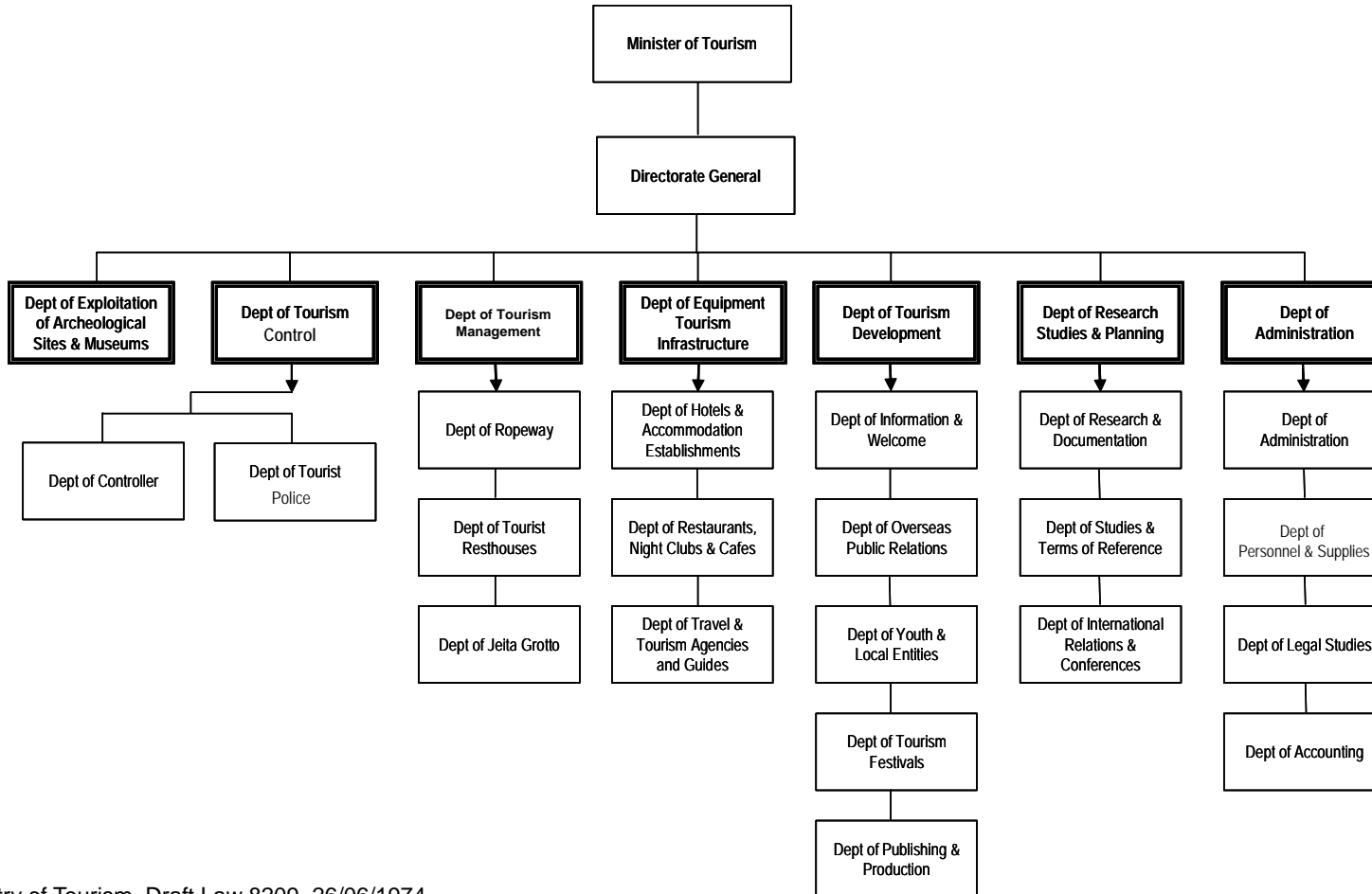
The WTO Master Plan recognized this issue of weak planning capability and proposed a solution to restructure MOT. The structure of the proposed reorganized MOT is provided in Figure 2.4.2. The WTO Master Plan was approved by the Council of Ministers and actions were taken.

MOT employs two advisors who report to the Minister. A draft work program for the period 2003 to 2005 has been drawn up and is currently under consideration. It is apparently based upon a realistic assessment of the resources at MOT's disposal, prevailing market trends and competitive destinations' activities.

MOT maintains links with local authorities, but has yet to establish a complete inventory of tourism resources including historic sites. There is a need to review and update the legislation governing the role and functions of MOT.

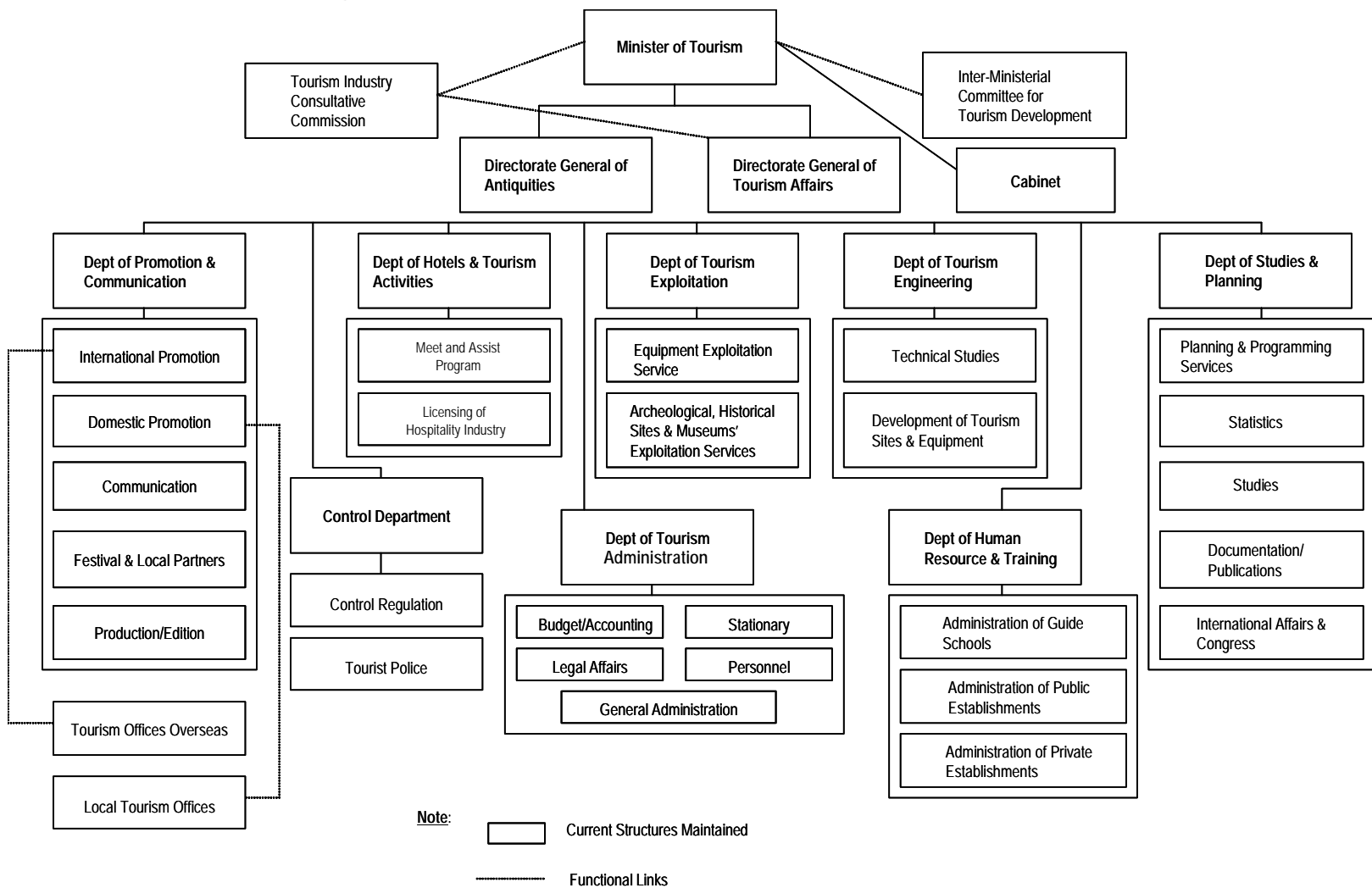
Within the Government, promotion is solely MOT's responsibility. MOT's annual budget is structured into two parts. Part One covers operating and promotional costs, and Part Two applies to project investment. If investment does not occur, the Part Two funds are rolled over into the following year's Part Two budget. Line items within Part One can be moved around, but funds can not be transferred from Part Two to Part One. In the year 2003, MOT's Part One budget for operations and promotion was LL 8,417,926,000 (\$5,611,950). The Part Two budget was LL 7,530,355,000 (\$5,020,236). The budget is voted by the Council of Ministers (COM) and ratified by the Parliament.

Figure 1.4.1: Current Organization Chart of the Ministry of Tourism, Lebanon



Source: Ministry of Tourism, Draft Law 8209, 26/06/1974

Figure 1.4.2: Proposed Structure of the Ministry of Tourism, Lebanon



Source: Lebanon Tourism Master Plan, World Tourism Organization

(2) Council for Development and Reconstruction

CDR was established 1975. Its activities are set out in an annual progress report. The latest covering CDR's activities during 2002 was published in May 2003.

CDR is a public institution having three main roles:

- Formulating plans for specific projects;
- Project implementation; and
- Raising funds for projects.

Its activities are divided into the provision and extension of physical infrastructure, social infrastructure and basic services. CDR also conducts projects to repair damages inflicted on these three areas during the war. Its activities under physical infrastructure include:

- Electricity;
- Post and Telecommunication; and
- Roads, highways and public transport.

CDR's social infrastructure activities include:

- Education;
- Public health;
- Social affairs; and
- Integrated development and environment.

CDR's basic services activities include:

- Water supply;
- Wastewater; and
- Solid waste.

Other activities include:

- Agriculture and irrigation;
- Ports and airports;
- Government buildings; and
- Management and implementation.

In 1992, the Lebanese Parliament formed the Lebanese Company for the Development and Reconstruction of Beirut Central District universally known by its French acronym 'SOLIDERE'. This is a private entity and CDR represents the governments' interests in the reconstruction of downtown Beirut with Solidere.

CDR also conducts mid to long term planning for government investments. It also has the authority to negotiate on behalf of the government with international development and donor agencies for project funding including IBRD (World Bank), UNDP, European Union (EU),

United States Agency for International Development (USAID), etc. An example relevant to this project is the Cultural Heritage and Urban Development (CHUD), a US\$60 million project which is 70 % funded by the World Bank.

Since its inception in 1992 to the end of December 2002, CDR has initiated 2,681 project contracts valued at over US\$6,595 million. By 31 December 2002, some 1,959 project contracts valued at US\$4,129 million had been completed with a further 722 project contracts outstanding with the total value at more than US\$2,466 million.

CDR's activities relating to tourism come under the heading of 'Integrated Development and Environment'. This comprises three components:

- Integrated rural development;
- Land use planning and urban development; and
- Environmental projects.

This JICA project – 'Study of an Integrated Tourism and Development Plan in the Republic of Lebanon comes under land use planning and urban development as does the CHUD project.

CDR has not provided funding for tourist accommodation or tourist attractions to-date. It has the capability of doing so but its main priority is the "public good" rather than private sector assistance. CDR has, however, negotiated a 30 million Euro loan facility from the European Investment Bank (EIB) for potential private sector investors in tourism related facilities outside Beirut.

EIB agreed to create a loan facility for private investors in industry. The fund was negotiated by CDR but is administered by the Central Bank of Lebanon. Some 30 million Euros has been allocated towards the creation or expansion of tourism related facilities outside Beirut. Thus far, some 7 million Euros have been lent through applications via commercial banks.

To access these funds, an investor must first approach his/her commercial bank with a proposal and a feasibility study. If the commercial bank regards the proposal as viable, it has the option of requesting up to 50 % of the project's cost from the Central Bank's EIB facility. The prevailing interest rate is currently around 6 %. The Central Bank adds a 0.25 % administration fee and the commercial bank is allowed to charge an additional 3 to 4 % to cover its risk exposure. However, investors are entitled to claim a rebate on interest charges for private sector projects that may reduce the actual interest charges to around 2 to 3 %.

The reason why only 7 million Euros have been drawn to date vary from lack of confidence in investing in the tourism sector to the 50 % maximum loan being insufficient to protracted procedures. There may also be a lack of awareness of this facility as no brochure for this loan facility has been provided.

(3) Airports and Airlines

Civil aviation is administered fully by the Directorate General of Civil Aviation which acts as a policy authority, regulator and operator at the same time, and it forms an integral part of the government's public sector. Lebanon was the first country in the Middle East that experienced the taste of aviation when a French pilot landed in 1913. In 1943 Lebanon hosted the only and first aircraft building facility in the region when the French built the one seater tail wheel aircraft (RYACK43) at Ryack airport. Lebanon currently has two airlines; Middle East Airline (MEA) as a regular passenger airline and Trans Mediterranean Airline (TMA) as a cargo carrier. The country has three airports of which Beirut International Airport (BIA) is the main and currently only active airport.

The Lebanese government identified two years ago through its economic planning strategy the importance of air transport and the role it can play in the development of the country. It highlighted the country's capabilities through its history, geography and culture and instructed the Ministry of Transport to develop a long term vision for air transport that would achieve the growth required to make Lebanon once again the tourist, cultural, financial, educational, and medical center of the Arab world. The Government has decided on the following actions:

- Liberalization of air transport;
- Total restructuring of the Civil Aviation Administration;
- Privatization of all airports; and
- Review of all safety and security bills.

Lebanon has decided to move forward on liberalization by implementing various measures including "open sky policy", which has resulted in the following:

- Sharp increase in the number of airlines using Beirut Airport, for the first time, as a hub in the region. (13 new airlines in one year);
- Sharp growth in the number of passenger and cargo movements at the most difficult time last year of about 15 % compared with previous years. The growth in the transit movement reached 57 % of earlier years;
- Fair market competition that has resulted in price reduction on sectors enjoying open sky agreements. This has led to a sharp increase in passenger movements among those countries;
- Higher operating standards and the offering of better customer services;
- Higher financial return as a result of traffic growth and privatized activities at BIA;
- Licensing of eight new local charter airlines;
- Additional finance for various airport projects such as VIP terminal, maintenance facilities, cargo village, duty free zone, catering, ground handling and others; and
- Renegotiation of almost all old bilateral agreements to include the liberal open sky initiatives without conditions on designation, pricing, slots, type of aircraft and ownership

and control.

Future developments are expected.

MEA has not been adversely influenced by the liberalization plan. The country's flag carrier is expected to make a profit this year. MEA has approved a plan for replacing all of its nine aircraft fleet with new zero hour Airbus aircraft in order to offer the best services.

The Beirut international airport (BIA) is Lebanon's only operational airport located in the Khaldeh suburb south of the capital and around 8 kms from Beirut downtown. It was opened in 1954 and is the only civil airport in the country. The old airport was renovated in 1977, and the present runways were rehabilitated between 1982 and 1984. The Israeli invasion of 1982 caused considerable damage to most sections of the old terminal building. The first phase of BIA's rehabilitation and development project started in 1994 and was inaugurated in April 1998. The second phase was completed by June 2000. Its utilization rate is currently around 40 % of its total capacity of 6 million passengers throughput. There are few facilities within the airport for arriving passengers though there are car rental agencies and foreign exchange booths. MOT has an information counter.

Beirut is beginning to reclaim its former position as a transport hub for the Middle East. Connections to Europe, Asia and Africa are frequent and more than 40 airlines have services to or via Beirut. MEA has an extensive network including direct flights to Europe as well as other Arab countries. A number of other major airlines serve Beirut including Air France, Alitalia, British Airways, Emirates, Gulf Air, KLM - Royal Dutch Airlines, Malaysia Airlines, Royal Jordanian, Scandinavian Airlines and Turkish Airlines.

(4) Immigration and Customs

All international arrivals must have a valid passport for entry into Lebanon. All nationalities also need a visa to enter Lebanon. Nationals of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxemburg, Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, the UK, the USA and the member countries of the Gulf Cooperation Council (GCC) can get a tourist or business visa on arrival at the Beirut international airport. Visa stamps are sold at a counter before passport control. A stamp for a two week visa costs US\$15 and for a single entry of up to three months' costs US\$34. However, a maximum of one month may be the longest duration available upon arrival.

Procedures at both Immigration and Customs on arrival at the Beirut international airport are reasonably straightforward and swift. However, if luggage is being checked for security purposes, delays may be expected at customs.

The only land borders open to Lebanon are those with Syria. It is not possible to obtain a

Syrian visa in Lebanon but it is now possible to obtain a Lebanese visa at the border when entering from Syria. There are four crossing points between Lebanon and Syria. They are Masnaa on the Beirut-Damascus highway, al-Qaa at the northern end of the Bekaa Valley, Aarida on the coastal road from Tripoli to Lattakia and Aabboudiye on the Tripoli to Homs route.

From May to October, the Louis Tourist Company (Louis Cruise Lines) in Cyprus operates a two day cruise between Limassol and Beirut. The ship departs Limassol on Friday evening and arrives in Beirut on Saturday morning. It departs Beirut on Sunday night arriving in Limassol on Monday morning. The fare costs US\$125 one way including taxes optional excursions to Byblos and Casino Du Liban.

(5) Investment Development Authority of Lebanon

Lebanon is a liberal and open economy. There are no restrictions placed on capital movements in and out of the country. Lebanon has the most liberal banking regime in the Middle East, with bank secrecy strictly enforced. Foreign companies can acquire both property and interests in business enterprises. In 1993, a non-progressive ceiling of 10 % was placed on the tax on profit and income. The liberal investment regime makes it easier for international investors to invest in Lebanon's tourism products.

Since inaugurated in November 2000, Prime Minister Mr. Hariri has emphasized further liberalization and privatization to encourage faster economic growth. His Cabinet has approved a number of reductions in customs duties. The government envisages trade liberalization as an important step towards Lebanon's transformation into a free-trade zone.

Lebanon's chronic fiscal deficits have a negative impact on tourism investment, especially in the short term. Because the government has run budget deficits for such an extended period of time, it has accumulated debt in excess of its gross domestic product (GDP). Chronic deficits mean additional government investment in the tourism industry would be limited. This ranges from tourism infrastructure investment to workforce training, and marketing and promotion. Government borrowing to finance its debt has kept interest rates high, discouraging private sector investment.

The Investment Development Authority of Lebanon's (IDAL) main role is to attract private capital investments, identify and promote investment opportunities and facilitate the establishment of new economic activities in Lebanon. IDAL works in coordination with other relevant ministries and reports directly to the Prime Minister.

IDAL aims to provide investors with fast and reliable access to information and assist them in implementing their projects by offering, among other tasks of investment promotion, the following services:

- Provision of extensive, detailed and dependable information on the investment climate in Lebanon along with the various incentives and opportunities afforded to private investors;
- Coordination of public and private programs to develop important sectors of the national economy, including manufacturing, tourism agricultural and healthcare industries;
- Assistance to private investors in setting up their companies to establish activities in Lebanon;
- Provision of detailed and dependable data on the various permits and licenses needed for establishing a specific project; and
- A 'One-Stop-Shop' service for permits issuance and licensing procedures to investors in coordination with all ministries and public authorities concerned.

The 'One-Stop-Shop' service is a recently created department within IDAL to provide a range of services to investors before and after they have decided to invest in Lebanon. The role of the 'One-Stop-Shop' consists of acting on behalf of investors to expedite and simplify the administrative procedures relative to obtaining the permits and licenses required by various public agencies. The service relies on a number of delegates who represent those agencies (available within IDAL premises) and who are responsible for following-up various applications.

Incentives for the tourism sector are the following.

- Imported hotel equipment is subject to 6 % customs provided that the operating period is for at least 10 years, and the imported products are not found on the local market. Imports of buses for tourism agencies are also subject to 6 % customs duties.
- Increasing building ratio to encourage the construction of hotels. The recent promulgation of Law (No. 402/95) exempts developers from certain requirements of Decree-Law 148/83 (construction law regulations) and allows to double up the existing building plot ratio for hotel construction.
- The Government grants through Central Bank order no. 7743 dated 4/1/2001 interest rate support on loans related to tourism sector. If someone applies for loan at a commercial bank, he or she would pay a maximum interest of 6 % on the dollar or 8 % on the Lebanese Lira (LL) and the remaining interest will be paid by the Central Bank if the loan is less than LL5 billion or its equivalent in US\$, the individual will pay a maximum of 8 % on US\$ and 10 % on the LL.
- Tourism companies with government participation can acquire more than 50,000 m² of land in Lebanon notwithstanding the law on foreign acquisition of property which fixes their maximal acquisition areas at 50,000 m².
- 30 million Euro loan provided by the European Investment Bank for the construction of hotels in Lebanon.
- The Loan Guarantee Agency (KAFALAT) provides loans to small and medium firms according to the following.

Beneficiaries	small and medium sized firms that have less than 20 employees
Conditions to benefit from the loan	<ul style="list-style-type: none">• extent of guarantee: 75 % of the loan and its interests;• lending banks: banks operating in Lebanon; and• loan amount: a max of LL300 million or the equivalent amount in foreign currencies.

At the end of the war, the government set a ten-year reconstruction plan designed to rebuild the necessary basic infrastructure damaged during the war, taking into account the economic and social constraints. This investment programme started in 1993 and was scheduled to last until 2002. Unfortunately, the tourism sector was not considered as a priority within this plan, since only US\$190 million, out of US\$11.7 billion, were to be invested by this sector (1.6 %), during the period 1998 till 2002. It appears that the government did not consider seriously the concept of sustainable tourism and provide it with enough resources to empower the tourism sector in general.

(6) Institutional Arrangements for Sustainable Tourism

The Council of Ministers is the body authorized to approve all development projects at the national level. The execution is carried out through the ministries in charge, governorates and/or municipalities. However, since CDR replaced the Ministry of Planning (Decision no. 5 in year 1977), it became the national executing agency for all national development projects, especially internationally funded ones. Its duties include:

- To plan and recommend economic, financial and social policies;
- To propose to the Council of Ministers laws for reconstruction and development;
- To advise the Council of Ministers on models of execution, finance and control of the government approved programmes and projects;
- To ask various ministries, municipalities and other public institutions to prepare projects that suit public reconstruction and development goals; and
- To provide the ministries, municipalities as well as public and private institutions with relevant required data.

The Code of the Environment pointed to the establishment of a National Council for the Environment (Art. 10) that would encompass representatives of various ministries, NGOs, scientists and others. The main duties of the Council will be to review the main amendments pertaining to environmental policies and environmental priorities, to assess environmental repercussions upon implementation of a given activity, to coordinate orientations of institutions and ministries, and finally to review and adopt all amendments made to laws, regulations and standards relative to the protection of the environment. This is still under review at the Parliament.

Decision making on development projects is made through CDR, the Ministry in charge and/or

the Mohafazats (Governorates).

The concept of sustainable tourism is not yet considered coherently on the national level. However, all tourism issues are under the jurisdiction of MOT. At the local level, MOT works in co-ordination with the local authorities (municipalities). There is no legislation applicable to sustainable tourism.

The Capacity 21 Programme in Lebanon is implementing Local Agendas 21 in four areas in Lebanon (West Bekaa Valley, Jal el Dib, Bourj el Barajneh and the qaza of Aley). Only the Caza of Aley includes within its local agenda an action plan that will promote sustainable tourism.

Up till now, the decision-making process has been restricted to the government level. Newly elected municipalities consider for the moment rehabilitation projects as their only targeted priorities. Non-governmental organizations (NGOs) are largely involved through activities that they undertake and promote.

The Protected Areas Programme of the Global Environment Facility (GEF) is conducted in five nature reserves. It was launched in November 1996 and has among its objectives developing nature-based tourism in the reserves and the surrounding villages.

Rapid recovery in the tourism sector is likely to have an impact on the environment through the accelerated denationalization of the beaches and the development of holiday accommodation along the coastal zone. The current highly seasonal nature of tourism also imposes a stress on the environment. The increased demand for water and the generation of liquid effluents and solid wastes may have detrimental environmental impact.

Currently, nature-based tourism is promoted through a variety of tour companies and to a lesser extent NGOs. Their activities are limited to natural site visits and provisions of locally-made food. NGOs, for example, include the Association for Forest Development Conservation, Arz Shouf (Cedars) Society and the Environment Protection Committee-Tripoli. The government has established a Ecotourism Committee, where several Ministers are involved.

According to the United Nations Economic and Social Development's Agenda 21's Economic Aspects of Sustainable Development in Lebanon report, the constraints affecting sustainable tourism include:

- Lack of professional staff: It is estimated that 3400 employees already working in the tourism field which are, supposed to be qualified, require technical upgrading;
- The expansion of urbanised areas to the detriment of green ones;

- The increase in number of secondary residences, hastily built with concrete, along the coast and inland;
- The disappearance of buildings with traditional architecture;
- The progressive desertion of rural areas and the abandonment of agricultural terraces and small family farms;
- Lack of environmental education and awareness within the general public;
- Government failure to introduce and integrate sustainable issues within their programmes and specifically the tourism sector; and
- Lack of need assessments at the local, regional and national level.

(7) Capacity Building, Education, Training and Awareness-raising

Only a few training programmes for sustainable tourism have been formulated for the tourism industry, despite increasing needs. The WTO tourism plan for reconstruction and development highlighted this issue, but it is still not being implemented. Tourism technical high schools started this year to introduce sustainable tourism (ecology-based tourism and nature-based tourism) within their curricula.

There are no specific programmes to educate policy makers in the concept and policy design of sustainable tourism since tourism is not within the main policy makers' priorities. No awareness campaigns have been undertaken by the government either. Sustainable tourism practices are currently left to NGOs to be promoted indirectly within their environmental and awareness activities, such as promoting locally made products, nature tours, etc.

Efforts underway to use established tourist centres or literature to promote sustainable tourism include:

- The Barouk Cedar Reserve is currently establishing a tourist and visitor centre that will be used partially to promote environmentally responsible tourism and nature based activities as well as locally made products; and
- According to the United Nations Economic and Social Development's Agenda 21's Economic Aspects of Sustainable Development in Lebanon report, literature in Lebanon is rare in this field, and it is currently restricted to some articles released in specialised magazines or newspapers. However, it is worth mentioning that nature based tourism and the economic feasibility of tourism in protected areas are currently under study at the American University of Beirut, in the context of master research.

Although MOT created its statistics department in 1994, data on tourism remain rather sketchy. Few available tourism data are found in documents or references concerned with development or nature conservation.

Mapping and inventory of natural resources were conducted through several studies:

- Tourism Plan for Reconstruction and Development, Ministry of Tourism (1996);
- The Regional Environmental Assessment Report on the Coastal Zone of Lebanon, Council for Development and Reconstruction (1997);
- Land cover mapping, Ministry of Agriculture and FAO;
- The biological Diversity of Lebanon, Ministry of Agriculture (1996); and
- The State of Environment Report, Ministry of Environment (1995).

Information is available through respective institutions and agencies. The only report available on Internet that could be of value for this area is the <http://www.agriculture.gov.lb/biological-diversity-report>. MOT has a website, but data are restricted to general service information (hotels, restaurants, etc.).

Not all hotels are applying the minimum requirements of environmental management systems, as the application of such systems is totally voluntary. Until now, sustainable tourism has not been subject to any national, regional or international financial assistance. Attempts have been made by local NGOs such as the Association for Forest Development and Conservation to obtain funds through the Short and Medium Action Programme (SMAP) allocated by the European Union, in order to promote sustainable tourism in the Mount Lebanon area. A final decision has not yet been obtained. Lebanon has no cooperation programmes in the area of sustainable tourism.

1.4.2 Non-Governmental Organizations (NGOs)

There are currently 326 NGOs registered with the UNDP's Lebanon office. They are categorized by sector, type and geographic area (national, provincial and local). Tourism is not specifically identified; however, many undertake activities that have a direct or indirect impact on the tourism sector. A meeting was arranged with the UNDP representative responsible for NGOs. The aim is to identify those NGOs which would be relevant to the JICA Study.

1.4.3 Private Sector

(1) Hotel Operators' Syndicate

The hotel industry expects that sizable funding for promotion requires the ability to prove tangible results in both increased visitor arrivals and greater visitor expenditures. Future funding of a national tourism promotional agency should be linked to the economic benefits derived from both domestic and international tourism.

The hotel industry is concerned that MEA does not market Lebanon as a tourist destination. They feel it concentrates on the regional business market. Coordination between MOT and MEA in promotional and marketing activities is expected to be enhanced. In the short-term, however, the individual industry syndicates need to overcome their internal divisions and

establish a code of ethical practices based on that developed by the World Tourism Organization (WTO) to which Lebanon is a member.

There appears to be a rift in the hotel association between those local operators who continued to remain open for businesses during the war in the hinterland of Lebanon and the international hotel chains which abandoned the country. The international chains operating in Beirut have formed their own association which is currently called 'Club Dix' (Club 10) comprising the leading 5 star hotels in the capital.

Club Dix is firmly of the opinion that the pre-war European markets will not return and that future marketing activities should be focused on regional and domestic markets. They regard the Arab World Travel & Tourism Exhibition (AWTTE) as the most important travel trade fair for Lebanon followed by the World Travel Market (WTM) in London. Representation at these two events is considered vital for the hotel industry.

Hotel industry operators are convinced that in the absence of a coordinated marketing and promotion strategy by MOT, inferior promotional materials are being distributed by local travel agents and tour operators.

(2) Tour Operators' Syndicate

A survey of nine tour operators active in Lebanon was conducted as part of the Study. The survey covered:

- Anastasia Travel, Tourism and Limousine;
- Nakhal and Company;
- Rida Travel;
- Tania Travel;
- Tour Vacances;
- Al-Attar Rashed;
- Pascal Abdallah;
- Kurban Travel; and
- Liban Trek.

Each was sent a standard questionnaire via email and asked to respond to 34 specific questions. Most offered a variety of services for inbound international tourists including airport/hotel transfers, guided tours and bookings of accommodation. Car rentals are offered by some tour operators.

Lebanese tour operators use a variety of promotional tools. It is generally agreed that attendance at the annual AWTTE is vital followed by WTM and Internationale Tourismus-Börse (ITB) in Berlin. Increasingly, it seems tour operators are looking towards Russia as a potentially significant source market and some now regularly attend the Moscow Tourism Fair.

A number of tour operators have established good working relationships with counterparts in Syria and Jordan. A tour of the three nations may have a duration of up to fourteen days of which three to five may be within Lebanon. They sometimes act as ground handling agents for European tour operators such as Cox and Kings, and Voyages Jules Verne.

There appears to be a general consensus amongst tour operators that both MOT and MEA could do more to promote Lebanon as a safe and stable tourist destination. The usual perception portrayed in the international media about Lebanon is of political instability in a region of conflict. Both organizations need greater financial resources and better trained human resources, particularly for marketing outside the region. It is felt that regional markets understand the true situation in Lebanon and do not have any reservations about visiting the country over personal safety.

(3) Tour Guides' Syndicate

MOT lacks the resources – financial and experienced personnel – to be effective in the administration of the tourism sector. The war saw many experienced and knowledgeable people leave MOT and the industry including tour guides. While the Lebanon's economy made a remarkable recovery from the war, the tourism has not developed even to the pre-war level to generate sufficient and attractive job opportunities.

MOT does not enforce its own regulations regarding the education and training of licensed tour guides. An annual payment equivalent of US\$15 is all that is required to obtain a license. The standards of tour guide training courses are not adequately maintained. The tourist police does not enforce the existing regulations for tour guides. Tour groups from Syria and Lebanon are allowed to bring their own tour guides to Lebanon but Lebanese tour guides are not allowed to accompany tour groups out of Lebanon into either Syria or Jordan.

Currently there is a lack of enforcement of existing regulations. As a result, the standards of tour guides has been falling. In particular, there is a real need for language training to help with tourists from Europe and Japan.

The Tour Guide Syndicate currently has around 200 members. It is a legally recognized entity which has the authority to regulate and discipline its members.

1.5 Socioeconomic Setting for Tourism Development

1.5.1 Macroeconomic Context

(1) Problem Structure of Macro- economy

The macro economy of Lebanon is characterized by the large and increasing trade deficits, that are compensated by capital inflow and remittance from overseas Lebanese to maintain the overall balance of payments. The trade balance was a deficit of \$US 5.4 billion in 2002 with the import exceeding the export by six times (Table 1.5.1). With the substantial net income and transfer, the current account balance was a deficit of \$US 3.0 billion in 2002. The significant net non-merchandise and capital flows of \$US 7.0 billion made the overall balance a surplus of \$US 1.6 billion in 2002.

Table 1.5.1 GDP and Balance at Payments in Lebanon, 1990, 2000-2002

(Unit: US\$ million)									
Year	GDP	Export Value	Import Value	Trade Balance	Net Income	Net Current Transfer	Current Account Balance	Net Non-Mercandise & Capital Flow	Overall Balance
1990	2,838	511	2,836	- 2,325	622	1,818	115		
2000	16,488	2,141	6,228	- 4,087	932	90	- 3,065		
2001	16,788	889	7,291	- 6,402	942		- 3,775	(5,257)	(-1,145)
2002	17,220	1,049	6,445	- 5,400		(2372)	(-3,028)	(6,964)	(1,564)

Sources: World Bank, World Development Indicators, 2002 (for 1990, 2000).

World Bank Project Appraisal Document for the cultural Heritage and Urban Development, March 2003 (2001, 2002).

Economic Intelligence Unit, County Report April 2003, Lebanon (data in parentheses).

The problem structure of the macro-economy in Lebanon may be further clarified by comparison with the neighboring countries of Syria and Jordan. As shown in Table 1.5.2, Syria maintains the sound balance between the investments and the savings with small reliance on external aids. Both Lebanon and Jordan have significant investment-savings gaps. Jordan fills the gap by large foreign direct investments and external aids, while contributions of these sources of capital are relatively small in Lebanon. Overseas remittance is the more important source of fund in Lebanon.

Table 1.5.2 Comparison of Investment- Savings Structure for Lebanon, Syria and Jordan

Country/Year	Gross Capital formation (GCF) (% of GDP)		Gross Domestic Savings (% of GDP)		Foreign Direct investment (% of GCF)		External Aids (% of GCF)	
	1990	2000	1990	2000	1990	2000	1990	2000
Lebanon	18	18	- 64	- 7	1	10	4.7	6.6
Syria	17	21	17	24	3	3	11.6	4.5
Jordan	32	20	1	- 6	3	33	24.3	32.7

Source: World Bank, World Development Indicators, 2002

(2) Overseas Remittance and Tourism Revenue

The difference between the trade balance and the current account balance indicates that the net income and the net current transfer combined accounted for some \$US 2.5 billion in 2001 and 2002 (Table 1.5.1). The difference between the merchandise export (\$US 889 million) and the export of goods and services (\$US 2,390 million) implies the net service export of some US\$ 1.5 billion in 2001. The tourism revenue is estimated separately at \$US 1,150 million in 2001 (MOT), accounting for 7% of the GDP.

While the macro-economic data are not always consistent, the analysis above indicates that contributions of the tourism revenue and the overseas remittance to the macro-economy of Lebanon are more or less comparable. That is, both are larger than \$US 1.0 billion corresponding to 7-10 % of the GDP, respectively, in recent years.

1.5.2 Social Setting for Tourism Development

(1) Overview

Tourism resources in Lebanon are represented by multi-cultural heritage with a variety of archaeological sites, historical buildings, natural sites, unique or original cuisine and handicrafts as well as people of different religious and cultural backgrounds. These resources constitute the major source of strength for the tourism development in Lebanon that attracts, in turn, tourists of widely varying backgrounds and orientations. The major challenge for the further development of tourism in Lebanon is to preserve and enhance unique tourism resources, while communicating with a wider range of people from all over the world, not only at the personal level but also through increasing trade of various kinds in the open economy.

The age structure of population in Lebanon reflects the large number of victims and emigrants during the war. Three characteristics are observed. One, the Lebanon's population is still growing at a relatively high rate of 2.5% per annum, and the young generation under 24 years of age constitutes about a half of the total population. Two, the ratio of working age population to the total population or the labor force coefficient is relatively low at 65.4% nationally. The labor force coefficient is even lower in the Study areas as a result of job seeking outmigration. The national coefficient will increase rapidly as the large young generation enters the labor force. Three, there exist a large number of overseas Lebanese and their descendants.

Main issues for tourism development in Lebanon from the social point of view, therefore, are the following. First, it is essential for the young generation to become important actors in tourism development of Lebanon in the increasingly open society. Second, tourism should contribute to generating large number of high earning employment opportunities for expanding labor force. Third, overseas Lebanese should be effectively utilized for the tourism development in Lebanon. Each issue is discussed further. Also issues related to women and other socially disadvantaged people are mentioned.

(2) Young generation

The young generation holds a key for further development of tourism in Lebanon. First, they are expected to inherit the centuries-old cultural and historical heritage, enhance its assets, and pass them to the next generation. Second, many of them are expected to become entrepreneurs to support the tourism industry directly and indirectly. For further development of tourism in different regions under increasingly competitive conditions, regional economics would have to add depth through inter-industry/inter-sector linkages between tourism and other socioeconomic activities. Third, the young generation should become active agents to promote communications between people of different backgrounds.

To support the tourism development, the young generation should be educated to enhance their awareness for archeological sites, historical buildings, natural sites and other unique features as the assets. Also they should be trained as tour guides and operators and other service providers at hotels, restaurants, shops and social facilities; conversely, tourism can be used as media to educate and train them for the evolving opportunities in the open economy and free trade. Entrepreneurship training would also be necessary for them to support the robust regional economy.

(3) Job creation

The tourism revenue in Lebanon accounted for 7% of the GDP in 2001, which increased to 8% in 2002, according to the MOT estimates. With generally higher value-added ratios of tourism services, the contribution of the tourism sector to the total employment is still less than 5%. Tourism, however, contributes to the generation of job opportunities and large income in other related sectors, which in fact is more significant. Development of linkages between tourism and other socioeconomic activities would make the regional tourism less volatile and also contribute to the generation of much larger employment opportunities. Not only increased supply of agricultural produce to tourists, but more agro-processing and specially products manufacturing should also be developed. In fact, the idea of regional tourism development is to develop local industries related directly and indirectly to tourism, and service employment in the tourism industry is only a small part of the overall employment generation.

(4) Women in Tourism as a Development Strategy

The UNDP Human Development Report (1997) listed gender equality as one of six priorities to reduce the world's poverty. Tourism is labor intensive and employs a relatively high proportion of women compared to other sectors. Tourism is also consumed at the point of production, which is of benefit to women in marginal rural areas who work from home and do not have access to outside markets.

Rural tourism can be built upon existing cultural assets and traditions, such as handicraft and agro food production, and women have access to those skills. As little infrastructure is

required, women have access to economic benefits without expensive start-up costs. Rural tourism can maximize linkages amongst women and minimize leakages of tourism revenue from the local market. Domestic and regional tourism can be more important than the international market to rural women in food production, who do not have access to well designed and standardized product packaging.

Entrepreneurship can give women a stronger voice in the community and a stronger sense of empowerment. In rural areas, such as the Bekaa, women in al-Fakiha have been able to develop complimentary products. For example, the Taiibat (Delicacies) agricultural cooperative manufactures traditional jams, pickles, and smoked trout and salmon. The business evolved from a YMCA food-processing training course, as part of a USAID rural development program. Trainees observed that Cypriot companies were importing fresh trout from the Orontes river fisheries, and then re-exporting smoked fish to Lebanon for local consumption. The entrepreneurial women began purchasing the trout directly from the fisheries on the Orontes river and smoking it themselves. The 14 members of the work force earn a higher income than many in the northern Bekaa, and the women's success has changed their status in the community. The head of this cooperative is also involved in the Atayeb al-Reef (Delicacies of the Countryside), one of the only marketing cooperatives in Lebanon.

Opportunities for women in tourism include lodging, food preparation, agro production including honey and specialty dried and preserved products, fruit selling, music and dance, handicrafts, traditional medicine, services for campsites (cleaning and laundering), school and village tours, and as trainers of cultural traditions.

In traditional cultures, such as those of the Bekaa, rural tourism development should respect cultural sensitivities and take them into account in the development of facilities such as rural gites or bed and breakfast accommodations.

1.5.3 Importance of Overseas Lebanese for Tourism Development

It is estimated that there exist more or less 12 million overseas Lebanese and their descendants all over the world. Many of them have strong ties with Lebanon, and some 40,000 of them returned to Lebanon after the war and resettled. Remittance by overseas Lebanese is estimated to total over US\$ 1.0 billion, comparable to the total tourism revenue.

Overseas Lebanese and their remittance are important for tourism development in Lebanon in a few specific ways. First, the remittance has been contributing to maintaining the macro-economic stability of the country, filling in the trade deficit and the investment-savings gap substantially. Second, the remittance is seen as potential sources of investments for tourism development. When a substantial increase in public investments cannot be expected by the government, whether for tourism or else, in order to maintain the

macroeconomic stability, the overseas remittance may offer an effective alternative. So far, the remittance tends to be used primarily for consumptive purposes of recipient families, followed by investments into personal property such as housing. Use of remittance for investments into economic activities is not common, to say nothing of infrastructure investments.

Third, overseas Lebanese constitute potentially a very important segment of tourism market. Many of them have strong wish to come back to Lebanon, visit their home towns and buy some local products to take back with them. This may be called “nostalgia tourism”. A good thing about this type of tourism is that they would stay in the Country relatively long, make repeaters and purchase lots of local products. Even during their stay overseas, they may constitute “nostalgia market” for those local products.

Some mechanism may be introduced both to encourage overseas Lebanese to invest in tourism development in Lebanon and to develop this important market segment for tourism. To encourage investment, a credit guarantee fund may be established by the Government and entrusted to a respectable bank for transparent operation. With the credit guarantee, more overseas Lebanese would borrow money to make investments in economic activities and infrastructure.

To make investments more effective, recipient families would be organized by municipality, business association or any other group to pool the remittance for more sizable investments into their common interests. This would also make the operation of the credit guarantee fund more effective as joint guarantee by any organized borrower would serve as additional collateral.

Overseas remittance may be used also to subscribe for shares of the local shareholding company. In the case of a development corporation by public-private partnership, the government may offer additional incentives to encourage the subscription by the private sector. One way is to provide a matching fund corresponding to the contribution by any private entity, and the other is to subsidize dividends to the shares. The latter should be offered only during initial years of the corporation until it becomes fully operational and financially self-sustaining.

Chapter 2 Tourism Demand

2.1 International Market

2.1.1 Arrival Trend

In the recent five years from 1999 to 2003, international visitor arrivals to Lebanon have increased from 0.67 million to over one million (1.02 million), registering a healthy growth of 11.1 % per annum (Table 3.1.1). The majority of arrivals consist of intra-regional entries from the Middle East; i.e., dominantly Arab countries of Jordan, Egypt, Saudi Arabia and Gulf states in the region, with an average annual growth of 11.9 % per annum.

The share of intra-regional arrivals of Middle East increased by 3.2 % in the five years from 37.6 % in 1999 to 40.8 % in 2003. Because of the technical difficulty to count Syrian arrivals which are allowed to enter/exit Lebanon with only ID card, the official intra-regional arrivals do not include Syrian entries. According to a WTO document (Inbound Tourism to the Middle East and North Africa, WTO Special Report No. 23, September 2002), some 2.9 million Syrians are estimated to have crossed Lebanese borders in 2001.

Inter-regional arrivals, excluding the intra-regional arrivals of Middle East, have registered a growth of 10.6 % per annum for the same period, expanding from 0.42 million to 0.60 million. Although the arrival number did record a nominal increase, the share of inter-regional arrivals in the total arrivals into Lebanon decreased in the five years from 62.4 % in 1999 to 59.2 % in 2003. This is due to the fact that the intra-regional arrivals expanded much more than that of the inter-regional arrivals, particularly in 2002 (a steep increase of 22.1% over the previous year). Two factors account for this.

One, Intra-regional travelers are reluctant to visit traditionally favored destinations in the West (Europe and Americas) to avoid tightened security measures at entry/exit and general wariness observed in the West toward Middle Eastern visitors after the September 11 attack in 2001. Two, alternative destinations within the region are preferred, particularly Lebanon where similar liberal ambience and sophisticated services as in the West can be expected.

Among the inter-regional arrivals, two contrasting trends can be observed. Europe lost its share by a rather substantial 7.0 percentage points in five years from 33.3 % in 1999 to 26.3% in 2003, while Americas share remains almost unchanged with 12.6 % in 1999 and 11.8% in 2003.

South Asia recorded by far the highest per-annum average growth of 23.5%. However, the majority of this phenomenal growth is ascribed to "overseas contract workers" or OCW comprising housemaids, laborer, etc. from the Indian sub-continent (Sri Lanka, Bangladesh, India) that do not contribute much to Lebanese tourism receipt.

Table 2.1.1 Visitor Arrivals from 1999 to 2003 by Major Source Regions (by nationality)

	1999	2000	2001	2002	2003	Average Annual Growth (%)
Grand Total	673,261(12.3%)	741,648(10.2%)	837,072(12.9%)	956,464(14.3%)	1015,793(6.2%)	11.1%
Middle East	253,423(7.4%)	288,083(13.7%)	329,945(14.5%)	403,000(22.1%)	414,122(2.8%)	11.9%
Europe	223,945(14.3%)	228,960(2.2%)	237,411(3.7%)	250,817(5.6%)	266,691(6.4%)	6.4%
Americas	84,516(23.7%)	89,962(6.4%)	101,199(12.5%)	108,339(7.1%)	120,249(11.0%)	12.0%
East Asia & the Pacific	46,986(14.7%)	55,638(18.4%)	54,266(-2.5%)	60,543(11.6%)	65,590(8.3%)	9.9%
South Asia	36,004(2.1%)	51,313(42.5%)	82,183(60.2%)	95,646(16.4%)	101,421(6.0%)	23.5%
Africa	27,887(11.9%)	24,183(-13.3%)	29,995(24.0%)	37,227(24.1%)	46,479(24.9%)	14.6%
Others	500(-98.4%)	3,509(701.8%)	2,073(-41.0%)	892(-57.0%)	1,241(39.8%)	--- %

Source: MOT, WTO, and JICA Study Team

2.1.2 Intra-Regional Market (Levant, GCC, Saudi, and other Middle East)

Ten most productive markets in the Middle East are listed in Table 3.1.2. Although WTO statistics do not count Iran and Turkey in the Middle East market because of their different ethnicity, the table below includes the figures of these religiously Islamic countries for analytical convenience and their growing numerical importance particularly of Iran.

Saudi Arabia invariably dominates the top of the list from 1999 to 2003, growing with a very robust rate of 17.9% per annum average for the five years and almost doubling the number from 83,000 in 1999 to 162,000 in 2003. Jordan and Kuwait occupy the second and the third consecutively through the four years to 2002, although Iran takes over the third rank in 2003 instead of Kuwait.

The highest average annual growth is recorded by Iran with phenomenal 63.9%, followed by Bahrain of 34.2% and Iraq of 19.7%. Egypt marked an annual average loss of 0.1% over five years.

**Table 2.1.2 Visitor Arrivals from 1999 to 2003
by 10 Most Productive Middle East/Intra-Regional Markets (by nationality)**

	1999	2000	2001	2002	2003	Average Annual Growth (%)
Saudi Arabia	82,646(16.2%)	98,343(19.0%)	116,938(18.9%)	144,569(23.6%)	162,230(12.2%)	17.9%
Jordan	63,559(13.7%)	71,830(13.0%)	74,450(3.6%)	81,705(9.7%)	87,798(7.5%)	9.5%
Kuwait	41,058(2.2%)	47,630(16.0%)	52,907(11.1%)	69,516(31.4%)	70,400(7.8%)	6.8%
Iran	14,043(135.8%)	23,180(65.1%)	51,096(120.4%)	65,318(27.8%)	55,959(-19.5%)	63.9%
Egypt	34,363(-13.0%)	35,691(3.9%)	36,358(1.8%)	38,571(6.1%)	39,022(1.2%)	-0.1%
Bahrain	6,304(2.5%)	8,024(27.3%)	13,360(66.5%)	20,947(56.7%)	25,002(19.4%)	32.4%
UAE	9,308(-8.2%)	9,742(4.7%)	10,269(5.4%)	14,127(37.6%)	20,261(43.4%)	14.8%
Qatar	4,524(-2.1%)	4,802(6.1%)	5,409(12.6%)	7,986(47.6%)	10,728(34.3%)	18.4%
Iraq	5,969(46.8%)	6,183(3.8%)	10,759(74.0%)	13,467(25.2%)	7,863(41.6%)	19.7%
Turkey	4,446(-3.1%)	4,638(4.3%)	5,349(15.3%)	6,421(20.0%)	6,799(5.9%)	8.2%

Source: MOT, WTO

2.1.3 Inter-Regional Market (Europe, Americas, Asia/Pacific, Others)

Ten most productive countries in the inter-regional markets of Europe, Americas and East Asia and the Pacific are listed in Table 2.1.3.

France invariably dominates the top of the list reflecting her past political and social association with Lebanon including Franco-phone affinity, although its annual growth is somewhat leveling off with a moderate average per annum growth of 5.5% over the five years. U.S.A. ranks the second for five consecutive years marking a two-digit growth of 13.8%, although her growth has become rather moderate compared to the remarkable growth in 1998 (43.4%) and 1999 (28.5%). Canada, Germany and Australia rank the third, the fourth and the fifth, alternating the ranks among the three each year, followed by UK in the sixth for five consecutive years.

It is understood that arrivals from France, U.S.A, Canada and Australia contain a substantial number of ethnically Lebanese descent passport holders of each nationality (Diaspora Lebanese).

Concerns are voiced by some incoming tour operators interviewed for a sign of continued demand shrinkage from Europe, the traditionally strong source of culture-based tourism to Lebanon. Even allowing the serious negative impact of Sept. 11 incident, the decline of arrivals, for example, in the following three markets underline the concern expressed by industry representatives:

Italy – average annual loss of 2.2 % over the five years, although year 2003 saw a 6.3 % growth reversing the 3-year consecutive losses (2000, 2001, 2002),

Germany – minimal one-digit level growth in 2001 (0.9%) and 2002(1.6%) in contrast to the substantive two-digit growth before 2000 (47.9% in 1998, 17.9% in 2000), although year 2003 saw some sign of recovery at 6.9%, and

Belgium – decrease for two consecutive years from 2000 even before the Sept. 11 incident in contrast to a substantive two digit growth of 22.5% in 1999.

Although the volume is still very small, Japan is one of the very promising and lucrative markets for Lebanon to tap because of her large market size (16 million departures), keen culture tourism interest and high spending propensity. The Sept. 11 incident most seriously affected this market with more than 30% decrease in 2001 in contrast to very hefty growth of 48.3% in 1999 and 31.2% in 2000. If there were no Sept. 11, the Iraq war and SARS outbreak, Japan would have reached 10,000 arrival mark in 2002.

Table 2.1.3 Visitor Arrivals from 1999 to 2003 by 10 Most Productive Inter-Regional Markets (by nationality)

	1999	2000	2001	2002	2003	Average Annual Growth (%)
Europe						
France	66,977(14.4%)	64,766(-3.3%)	66,312(2.4%)	70,872(6.9%)	76,409(7.8%)	5.5%
Germany	30,015(10.6%)	35,396(17.9%)	35,729(0.9%)	36,287(1.6%)	37,942(4.6%)	6.9%
UK	22,344(1.4%)	24,281(8.7%)	24,802(2.1%)	28,581(15.2%)	28,074(-1.9%)	4.9%
Sweden	9,984(32.1%)	10,412(4.3%)	11,746(12.8%)	13,407(14.1%)	14,732(9.9%)	14.3%
Italy	15,793(7.6%)	14,706(-6.9%)	13,503(-8.2%)	12,332(-8.7%)	13,119(6.4%)	- 2.2%
Belgium	7,839(22.5%)	7,466(-4.8%)	6,834(-8.5%)	7,090(3.7%)	7,136(0.7%)	2.2%
Americas						
USA	40,383(28.5%)	43,343(7.3%)	48,012(10.8%)	52,571(9.5%)	60,050(14.2%)	13.8%
Canada	28,087(25.8%)	30,209(7.6%)	36,523(20.9%)	39,685(8.7%)	43,136(8.7%)	14.1%
East Asia & the Pacific (*)						
Australia	27,580(13.7%)	30,628(11.1%)	27,888(-9.0%)	30,122(8.0%)	38,009(26.2%)	9.4%
Japan	5,213(48.3%)	6,839(31.2%)	4,710(-31.1%)	3,944(-16.3%)	3,046(-22.8%)	-2.8%

Source: MOT, WTO

(*) Philippines (18,069 in 2003) and Indonesia (6,466 in 2003) were not listed, since the majority of these arrivals are assumed to represent those on “overseas contract worker (OCW)” such as housemaid, laborer, etc.

2.2 Visitor Arrivals at Major Sites

MOT keeps track of visitor arrivals in eleven major tourist sites of archaeology, museum and other nature under its control through entrance ticket sales in the last four years (the last three years for some sites). Latest available figures recorded for each site are listed in Table 2.2.1.

Some preliminary diagnostics gained from the visitor numbers recorded include the following points.

- In the total visitor arrivals in eleven major sites, the number of visitors continues to diminish since 2000, the first year when site-by-site numbers became available for all the eleven sites. The decrease furthered in 2002 almost in two-digit loss (9.8%) over the previous year of 2001 (4.9% loss), although some signs of moderation are observed in the result of 2003 (-6.0%). Serious concerns over this declining visitor number are shared by both MOT and those related in the tourism industry.
- Among the nine archaeological sites, Baalbek holds a dominant share of visitor arrivals corresponding to its claim as the icon of Lebanese tourism. However, its visitor volume also shrank by 45% in the four years from 1999 (128,000) to 2003 (70,000). Arrivals at Fakra, Byblos and Tripoli in 2003 recorded more than 20% loss over the numbers in 2002. Aanjar, Niha, Saida and Beirut Musee also recorded more than 10% loss in 2003 arrivals over those gained in 2002.
- Jeita Grotto, the only nature-based site where visitor records are available, suffer much less damage than the other archaeological sites (only 0.3% annual average loss over the five years). This is interpreted that the majority bulk of Grotto arrivals consist of local Lebanese and visitors from the Middle East for recreational purpose with families. Year 2003 saw a substantial growth of 10.4 %.

Table 2.2.1 Visitor Arrivals at Major Sites

	1999	2000	2001	2002	2003 ⁱⁱ	Average Annual Growth (%)
Grand Total	N/A	640,556(--.-%)	610,542(-4.7%)	550,552(-9.8%)	532,781(-3.2%)	-6.0% ⁱⁱⁱ
Archaeology/History						
Baalbek	128,761(--.-%)	88,369(-31.4 %)	92,670(4.9%)	77,594(-16.3%)	70,350(-9.3%)	-14.0%
Beit ed Dine	N/A	64,241(--.-%)	65,268(1.6%)	65,034(-0.4%)	60,606(-6.8%)	-1.9% ⁱⁱⁱ
Musee, Beirut	N/A	62,799(--.-%)	52,310(-16.7%)	43,746(-16.4%)	38,146(-12.8%)	-15.3% ⁱⁱⁱ
Byblos	61,798(--.-%)	56,632(-18.4%)	54,041(-4.6%)	45,881(-15.1 %)	31,207(-32.0%)	-15.7%
Aanjar	17,704(--.-%)	32,721(84.8%)	28,372(-13.3%)	21,932(-22.7%)	18,023(-17.8%)	0.4%
Saida	44,662(--.-%)	31,075(-30.4%)	26,679(14.1%)	20,216(-24.2%)	16,712(-17.3%)	-21.8%
Tyr	18,050(--.-%)	14,727(-18.4%)	9,122(-38.1%)	10,448(14.5%)	10,990(5.2%)	-11.7%
Tripoli	17,631(--.-%)	8,185(-53.6%)	10,806(32.0%)	8,260(-23.6%)	6,411(-22.4%)	-22.3%
Fakra	15,265(--.-%)	8,665(-43.2%)	7,993(-7.8%)	7,066(-11.6%)	3,913(-44.6%)	-28.8%
Niha	1,704(--.-%)	1,429(-16.1%)	914(-36.0%)	883(-3.4%)	726(-17.8%)	-19.2%
Nature						
Jeita Grotto ⁱ	278,283(--.-%)	271,713(-3.4%)	262,367(-3.4%)	249,492(-4.9%)	275,440(10.4%)	-0.3%

i) Composition of Adults/Children available here. Adults 81% against children 19% on the average.

ii) The visitor figure for December not available except for Jeita Grotto. Accordingly assumed the same number of visitors as was in December, 2002 and assumed 2003 total visitor number is obtained.

iii) Average Annual Growth for 3 years (2000-2003)

Source: MOT and JICA Study Team

MOT keeps track of visitor arrivals in major sites by nationalities as well for the year 2003. The numbers recorded for typically indicative major markets are listed in Table 2.2.2. Some

interesting diagnostics gained from the numbers recorded are noted in the following subsections. To avoid complexity, the percentages quoted below are calculated by the following formula:

Site arrival number of nationality A at Baalbek divided by total frontier arrival number of nationality A.

Similar trends are observed in most other sites:

Table 2.2.2 Visitor Arrivals at Major Site by Nationality – Year 2003

Visitors Arrivals from Inter-Regional Markets

	France	Germany	Italy	UK	NL*	Belgium	Sweden
Baalbek	3,333	2,352	1,294	114	558	524	434
Beit ed Dine	2,961	723	279	551	217	136	11
Musee,Beirut	2,881	2,730	330	373	168	176	49
Byblos	2,392	954	847	1,128	273	252	66
Aanjar	2,118	224	225	226	86	73	---
Saida	1,889	1,247	---	780	---	---	---
Tyr	2,222	106	134	300	19	35	---
Tripoli	859	75	70	103	16	22	---
Fakra	410	77	37	45	---	---	---
Niha	114	63	17	22	---	---	---

	Poland	Russia	Czech	USA	Canada	Australia	Japan
Baalbek	751	398	372	49	415	415	254
Beit ed Dine	82	164	---	467	36	18	43
Musee,Beirut	202	102	15	28	138	115	252
Byblos	326	777	---	437	325	106	201
Aanjar	12	22	---	226	40	6	478
Saida	---	---	---	---	---	---	---
Tyr	---	16	---	49	---	---	105
Tripoli	13	18	5	64	21	11	44
Fakra	---	36	---	15	---	70	3
Niha	---	---	---	6	---	---	28

Source: MOT * Netherlands

Visitor Arrivals from the Middle East

	UAE	Saudi Arabia	Egypt
Baalbek	1,488	1,200	250
Beit ed Dine	1,416	3,986	1,285
Musee, Beirut	428	---	---
Byblos	226	772	240
Aanjar	20	104	36
Saida	83	---	---
Tyr	17	5	---
Tripoli	16	44	27
Fakra	---	73	3
Niha	---	---	---

Source: MOT

Visitor Arrivals from Lebanon/Foreigners Compared – Year 2003*

	Total	Lebanon (%)	Foreigner(%)
Jeita Grotto	275,440	N/A	N/A
Baalbek	54,915	37,339(68.0)	17,576(32.0)
Beit ed Dine	49,901	32,091(64.3)	17,810(35.7)
Musee, Beirut	30,232	20,066(66.4)	10,166(33.6)
Byblos	21,395	9,073(42.4)	12,322(57.6)
Aanjar	12,726	9,124(66.5)	4,602(33.5)
Saida	13,156	9,157(69.6)	3,999(30.4)
Tyr	8,195	5,239(63.9)	2,956(36.1)
Tripoli	4,562	2,886(63.3)	1,676(36.7)
Fakra	3,237	2,354(72.7)	883(27.3)
Niha	644	364(56.5)	280(43.5)

*) except Jeita Grotto, the number represents arrivals for nine months from January to September 2003 since the nationality breakdown data are not available yet for the three months from October to December.

Source: MOT

2.2.1 Inter-Regional Markets

- Generally higher percentages of culture interest visitors are observed among most European nationals: Italian (9.9%), Netherlands (8.2%), Belgian (7.3%), etc.
- France and Germany hold rather moderate percentages of culture interest contingent of 4.4% and 6.2% respectively among European visitors. UK, USA, Canada and Australia hold very low percentages of culture visitor contingent of 0.4%, 0.08%, 1.0% and 1.3% respectively. These figures lead to an assumption that national total arrivals from these countries contain a substantive percentage of Lebanese descent passport holders. In this regard, questionnaire survey result of departing passengers at Beirut international airport unquestionably confirms that this assumption is correct, as detailed in Section 2.3.2-(1) Departing Passenger Survey at BIA.
- Emergence of East Europe/Russia is a remarkable change observed in 2003, with Poland (28.0%), Czech (23.4%) and Russia (5.1%). Other East Europe countries include Hungary, Romania and Bulgaria.

2.2.2 Intra-Regional or Middle East Market

- In the first place, there is severe data availability constraint for this market. Data in the meaningful number are available only for three countries of UAE, Saudi Arabia and Egypt.
- With due allowance given to the above data availability constraint, quite contrasting signals appear from this market, that is:
UAE has a very high percentage of culture interest contingent (7.3%), while Saudi Arabia and Egypt have very low percentages of 0.7% and 0.6% respectively.
- Despite general low interest among Arab visitors in cultural sites, higher visitation is notable in Beit ed Dine and Byblos. Proximity of the two sites to Greater Beirut Area, where Arab summer visitors concentrate, may explain this variation.

2.2.3 Domestic Market

- Importance of domestic market in national tourism development is very well recognized in all developed economies in the West (U.S. A, France and other EU members) and East Asia (Japan). Importance of domestic tourism cannot be over-emphasized in a developing economy like Lebanon where affluent middle class population is rapidly increasing.
- Site arrival numbers of Lebanese (domestic visitors) and foreigners are compared at 10 archaeological sites and one nature site where MOT monitors the numbers by admission ticket sales. Because of the dual pricing policy of Lebanese/foreigner, foreign arrivals can be counted separately from Lebanese in archaeological sites, but the same distinction cannot be possible in Jeita Grotto where the uniform pricing is in place.
- Jeita Grotto boasts of a quarter million visitors, quite a dominant figure around five times the visitor number of Baalbek, about nine times those of the National Museum. The majority of Jeita visitors consist of Lebanese and Middle Eastern holiday families/friends on day-trip recreational purpose from Greater Beirut region.
- In archaeological sites, some 60 to 70 % of visitors are domestic Lebanese, with Fakra at the highest of 72.7% and Byblos at the lowest of 42.4%. Higher percentages generally relates to the sites with easier access/short distance drive (National Museum, Fakra or Saida) and the lower percentages relate to the sites with longer drive (Niha or Tyr).

2.3 Lebanon as Seen by the Markets

2.3.1 Typical Tour Packages Offered in the Market

Typical tour package catalogs are collected in the inter-regional market of:

- France, Germany and UK, as representing the traditional mid-haul markets of the West, and
- Japan as a representative long-haul market from East Asia.

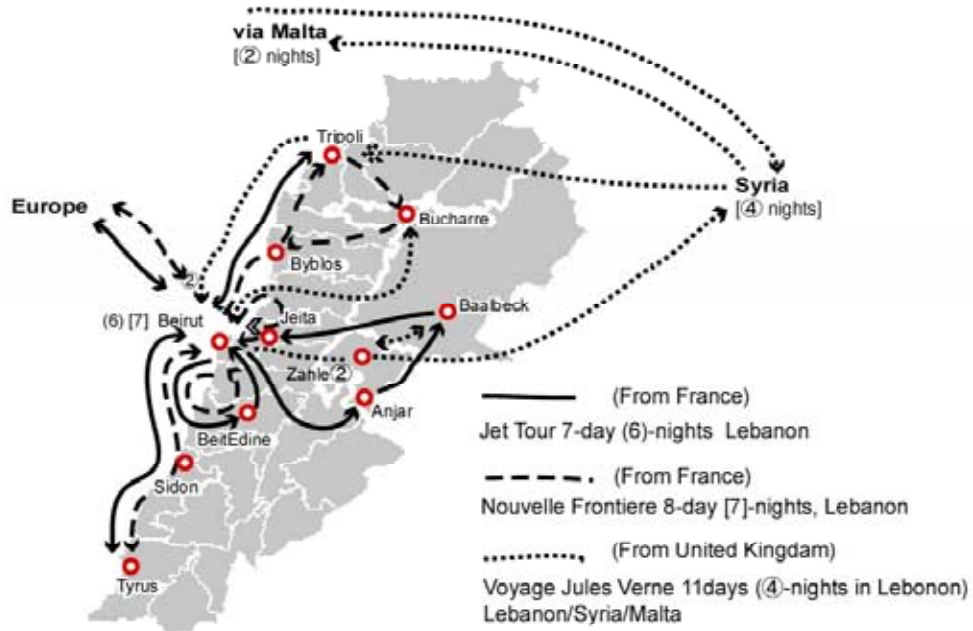
with a view to analyzing typical tour patterns, total length of stay and overnight distribution within Lebanon, site visits featured and preferences particular to each market.

Two types of the packages are chosen:

- Popular packages marketed for general interest public for culture circuit, and
- In-depth package marketed for niche special interests of in-depth circuit, discovery and adventure.

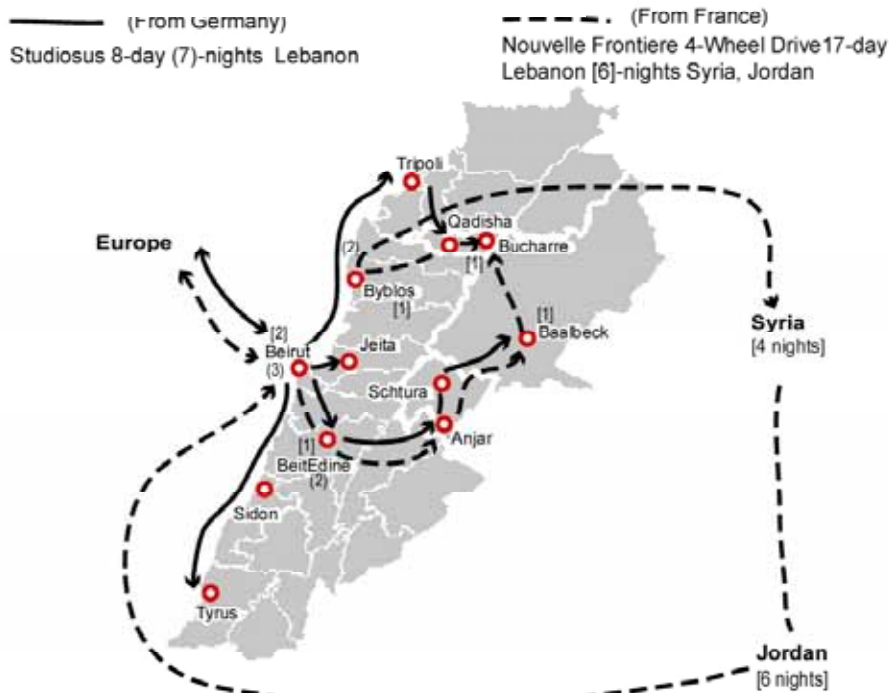
The following four Figures, 2.3.1, 2.3.2, 2.3.3 and 2.3.4, graphically illustrate the examples of tour patterns followed by each market. The exercise reveals some interesting points.

Figure 2.3.1 Europe Popular Package



Source: JICA Study Team

Figure 2.3.2 Europe In-depth Package



Source: JICA Study Team

Figure 2.3.3 Japanese Popular Package

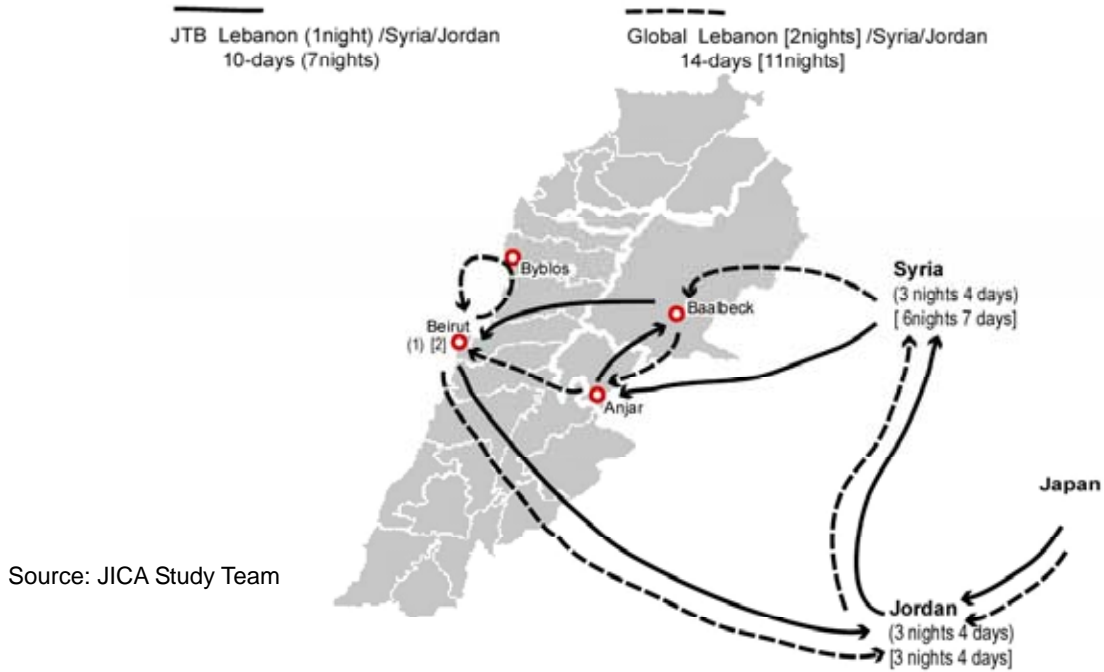
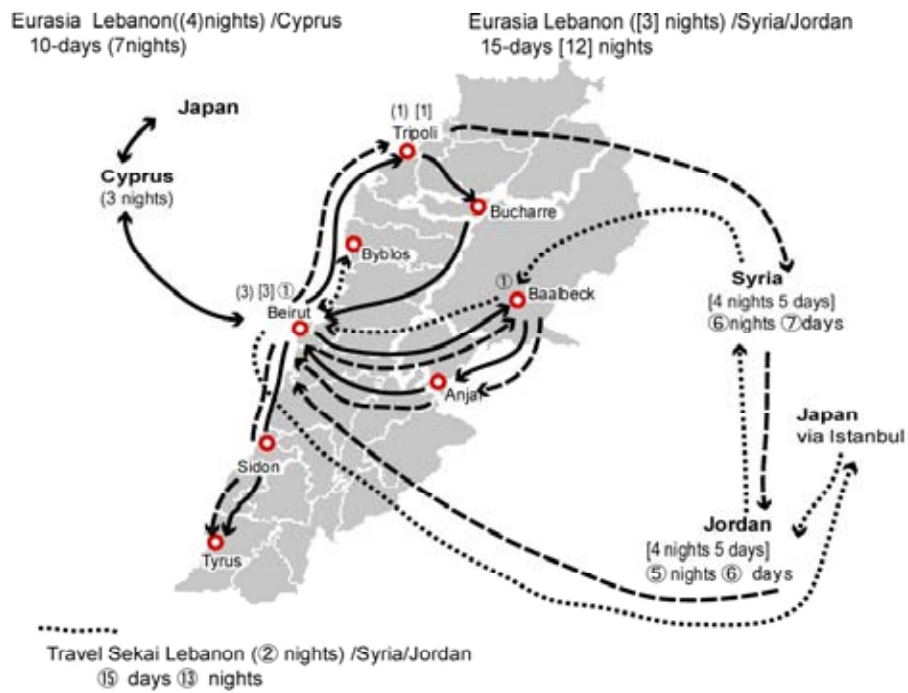


Figure 2.3.4 Japanese In-depth Package



(1) Focus on world-class sites

Despite Lebanon's claim for variety and diversity of tourism resources ranging from archaeological ruins, historic, cultural and religious monuments, nature reserves, mountains to urban amenities, casino or beaches, most packages focus largely on well-known, world-class sites, notably archaeology of Baalbek, Tripoli or Byblos, cultural heritage of Beit ed Dine and nature wonders of Cedars or Jeita Grotto. Admittedly, the chosen tour catalogs mainly target general culture circuit clientele in the markets. Yet, the featured sites are confined within around six to seven well-recognized resources.

(2) Combination with neighboring countries

Most packages combine Lebanon with Syria and/or Jordan, sometimes with longer stays allocated in Syria and Jordan than in Lebanon. Typically in Japan where Lebanon visit involves a long-haul flight, all Lebanese packages are sold in combination with Syria and Jordan. Some even feature combination with Malta (UK package) or Cyprus (Japanese package) as a new add-on highlight to entice new appetite of the markets.

In contrast, there are many French packages featuring only Lebanon. This is presumably due to her past close political and social relation with Lebanon coupled with Franco-phone affinity. There are also in-depth discovery packages such as 8-day German Studiosus devoted solely to Lebanese discovery and exploration.

(3) Beirut centered stay

As anticipated, Beirut dominates as the favored venue for lodging as typified by French Jet Tour (Air France subsidiary tour operator) 7-day package with all six nights in Beirut only. Other than Beirut, Tripoli, Byblos, Baalbek or Bcchare is favored, but with only one-night stand. Tight-scheduled, time-constrained Japanese popular packages only spend one or two nights only in Beirut or in whole Lebanon.

2.3.2 Field Surveys to Help Understand the Markets Better

The following two field surveys were conducted during the month of August by a Lebanese consulting firm selected through a competitive bidding and sub-contracted in close consultation with MOT:

- Questionnaire Survey of Departing Passengers at Beirut International Airport (BIA), and
- Interview Survey of Ground Service Operators (Incoming) and Airlines in Lebanon.

(1) Questionnaire Survey of Departing Passengers at BIA

The survey design

The survey was conducted in the following way:

- The survey was conducted at the BIA departure lounge for 21 working days from August 2, 2003;

- A supplementary survey was conducted in an effort to capture those visitors who enter Lebanon without using the BIA – mainly Syrians and Jordanians; questionnaire forms were distributed in restaurants and hotels in Zahle for 2 working days (week-end) from August 9, 2003; and
- The numbers of samples collected are 3,135 at the BIA and 120 in Zahle.
- The questionnaire form used for the survey is provided as Annex 2.3.2

Major Findings

- Of all surveyed visitors, only about one fifth travel on a pre-packaged tour (17.4%) and the rest, i.e. more than four fifth (82.6%) do not travel on a packaged tour. By market region, a higher proportion travels in a package in Middle East (23.7%), while it is lower for Europe (12.4%) and the lowest for Anglo-phone (5.5%). The low proportion of packaged visitors all across the market regions may reflect the seasonality of the survey period (August), when the majority of visitors to Lebanon are presumed to be either long-stay summer vacationers from Middle East or Lebanese descent nationals for visit friends and relatives (VFR).
- Two thirds of visitors are travelling either with “family” (39.3%) or “alone” (34.1%). Remaining one thirds are with “friends” (13.6%) and “spouse” (9.5%). By market region, higher “family”/“friend” and lower “alone” for Middle East, while higher “alone” and lower “family” for Europe, and higher “family”/“alone” and lower “friends”/“spouse” for Anglo-phone.
- The majority of visitors have well-traveled in the past, with 65.4% who traveled overseas “more than 10 times” and 16.0% with “5 – 9 times.” By market region, a slightly higher proportion of “2-4 times” for Middle East, while higher “10 times/more” for Europe and more “5-9 times”/“2- times” for Anglo-phone compared to Middle East/Europe.
- Those who visited Lebanon “3 times/more” account for 60.4%, with “2 times” for 13.4%. About a quarter is the “first time” visitors (26.3%). By market regions, Middle East and Europe follow the general proportion, while for Anglo-phone much higher “3 times/more” (72.9%) and fewer “first time” (14.3%).
- On average, visitors stayed for about 23 days in Lebanon. The longest “stay-over period” was spent in Beirut, as expected, for more than four nights (76.4%). By markets region, Middle East and Europe average 21.4 days respectively, while Anglo-phone the longest for 31 days. Reflecting majority summer vacationers from Middle East or VFR of Lebanese descents, few combine Lebanon visit with neighboring countries of Syria (82.7% for 0 night) and Jordan (89.6% for 0 night).
- Two main reasons dominate for choosing to visit Lebanon: “Leisure/holiday” (26.8%) and “VFR” (26.4%). “Nature/scenery” (19.2%) and “Cultural/historical” (13.3%) are secondary motivations for Lebanon visit. “Business/work” accounts only for 7.1%. By market region, “Leisure/holiday” (29.4%) and “Nature/scenery” (27.8%) are dominant in Middle East, while “VFR” is dominant in Europe (31.8%) and Anglo-phone (36.4%) with “Cultural/historical” (17.2% in Europe and 13.6% in Anglo-phone) cited as the secondary

reason, reflecting high composition of Lebanese diaspora among Europe and Anglo-phone visitors.

- The dominant source of information regarding Lebanon is “recommended by friends” (47.8%), with “others” (16.9%) and “tour brochure/travel agency” (11.3%) cited as secondary source and “guidebook” (9.8%) and “website” (8.9%) as tertiary source.
- Visitors expressed a primary need for more information on “tourist sites” (21.0%) and “city activities” (20.8%). Secondary need is felt for “map” (17.6%) and “transportation” (14.1%).
- Ratings for their experience in Lebanon indicate scores out of 3 (3=good, 2=fair and 1=poor) as below

Table 2.3.1 Visitor Experience Rating

Accommodation:		Tours:	
Room	2.7	Baalbek	2.7
Services	2.6	Bcharre/Cedars	2.7
Facilities	2.5	Zahle	2.7
Meals	2.8	Qadisha Valley	2.6

Source: JICA Study Team

- Main souvenirs purchased (multiple answers) are “handicrafts” (40.2%) and “dress/clothes” (40.0%), followed by “wine/foods” (29.4%) and “woven goods” (12.8%). Quality of souvenirs is generally rated “good” (72.0%) to “fair” (26.9%), services provided by shop attendants “good” (65.9%) to “fair” (29.9%), while some variance is noted for price rating of “expensive” (35.2%) against “reasonable” (56.0%).
- More than 95% of visitors tried a restaurant outside the hotel they were staying in; and they rated food/menu “good” (83.8%) to “fair” (14.9%) and service from waiter/waitress “good” (68.2%) to “fair (28.8%).” Some variances are noted for pricing – “expensive” (34.6%) and “reasonable” (55.9%), and hygiene – “fair” (38.8%) and “good” (56.3%).
- Lebanon is well rated (good over 70%) in terms of cultural/historic sites, nature/scenic wonders and hospitality. Fair rating (fair over 35%) is given in terms of tradition/folk life, security and tourist attraction. Poor rating (poor over 15%) is given in terms of sanitary conditions, tourist transport (highest 23.8%), tourist information (second highest 21.4%), tourist guide and custom/immigration, hinting at room for improvement.
- Very positive intention to return to Lebanon again is expressed by 82.3% of the samples choosing “Yes,” with 15.2% of “Maybe.” “No” is a negligible 2.5%. Similar positiveness is expressed by 81.8% of “Yes” to recommend Lebanon visit to friends and relatives, with 14.4% of “Maybe.”
- The demographic profile of visitors surveyed are as follows.
Gender:
 - Male 65.4%
 - Female 34.6%
 Age Groups:
 - 15-19 9.1%

- 20-29 29.4%
- 30-39 31.7%
- 40-49 19.7%
- 50-59 7.8%
- 60/over 2.3%

Occupation:

- Professional/Administrative 27.8%
 - Office/Sales Clerk 12.5%
 - Self-Employed 13.8%
 - Official/Diplomat 2.1%
 - Housewife 5.9%
 - Retired 1.6%
 - Student 19.7%
 - Other 16.0%
- As a whole, 51.3% of the visitors state that they are of Lebanese descent. By market region:
 - Anglo-phone domains highest from 70% to 85% (Canada 85%, USA 74.0%, Australia 71.4%)
 - Europe; roughly 50% (highest in Germany: 55.9%, France 49.5%, UK 46.0%)
 - Middle East; few Lebanese descents from Saudi Arabia, Kuwait, Bahrain, UAE, but the highest in other Middle East (83.2%). Closer check into the samples revealed that some 58% are presumed to be Lebanese and/or Lebanese descent who are holding dual passports long residing in other Middle East countries such as professionals, academics, students, etc.

(2) Interview Survey of Ground Service Operators (Incoming) and Airlines in Lebanon

The survey design

- The interview survey was conducted at the offices of chosen operators/airlines during the last week of July, 200; and
- Seven important operators and two airlines were chosen in close consultation with MOT.

The questionnaire form with 33 open questions used for the interview survey and the full report text are provided as Annex 2.3.2

Major findings

- Main market segments
 - By market region, Middle East, Europe and North Americas are the three main segments, with more focus on Middle East particularly after Sept.11 2003 to compensate declining market shares of Europe/North Americas. One operator cites East Europe as an emerging and rewarding market to cultivate.
 - By visitor type, leisure/holiday and cultural visit are the two main types commonly cited by most operators. One operator cites business/conference as a potential segment with a sign of increase. The other operator tries to develop a niche segment of adventure/discovery tours. Leisure/holiday mainly for Middle East market and cultural visits common for Europe.
- Lebanon's main draws
 - Leisure/good climate/greenery and scenic beauty for Middle East.
 - Archaeology/culture/history for cultural visitors of all markets.
 - Diverse product mix in a small country – beach, climate, mountains, ski, and culture for all markets.
 - Crossroad of East and West for cultural visitors, notably in Far East.
 - Proximity to Europe for Europe.
- Most popular sites/products requested
 - Baalbek, Byblos and Jeita Grotto are the three “star attractions” of Lebanon, followed by Beit ed Dine, Sour, Cedars and Qadisha as secondary attractions.
 - One operator quotes ski package and Beirut leisure as most popular products for its main market of Middle East.
- Competitive destinations for Lebanon
 - Most operators consider Turkey, Egypt, Dubai and Cyprus as Lebanon's main competitors.
 - Most consider competitive pricing, aggressive promotion and superior infrastructure as the three areas of advantages enjoyed by these competitor destinations.
- Lebanon vis-à-vis Syria and Jordan
 - Most operators consider Syria and Jordan as complementing destinations for Lebanon tourism, not as competitive ones like Turkey or Dubai.

- Some consider Lebanon tourism victimized by unfair/unhealthy competition (e.g., cheaper tour/coach fares in Syria/Jordan, Syrian coach/tour guide allowed in Lebanon, while Lebanese coach/guide not allowed in Syria).
- Baalbek – How to make visitors stay longer?
 - Contradicting opinions are expressed as to hotel capacity; one says more hotels needed, while the other doubts practicality of any more hotels due to short summer season.
 - Many feel town infrastructure need upgrading including sanitary conditions/site preparations. One mentions town security as well (insecure for female visitors to walk alone in the evening). Need for more/better evening entertainment is also cited.
- Niha – Can it be included in Baalbek/Aanjar circuit?
 - Two operators focusing on Middle East assert no demand yet. Most cite lack of infrastructure/service as Niha’s disadvantage to receive more visitors.
 - Generally short Lebanon circuits in overseas tour operator programs precludes one operator from including even Aanjar, not to mention of Niha.
 - One operator focusing on niche adventure/discovery market expresses keen interest for Baalbek/Aanjar circuit with Niha and winery visit en route. It even suggests one night in traditional lodging in the area, an encouraging opinion supporting a master plan project recommendation (BK-6, Niha Eco-lodge Project).
- Bcharre – Potentials and constraints
 - Most see big potential in Bcharre and agree its readiness for tourism expansion. Main constraints relate infrastructure (need for upgrading/expansion, poor signs, etc.) and capacity (hotels not up to tourist needs).
 - An interesting opinion of one operator is that Bcharre is more ready than Baalbek to receive tourism (villages are better organized).
- Qadisha – Potentials and constraints
 - Most cite the poor road access as the major obstacle for further Qadisha development, making Valley floor exploration prohibitive for average visitors (tough access/long walk).
 - One operator suggests a cable car installation linking Rim villages to Valley floor.
 - Another cites big potential for religious tourism. Another operator cautions that unspoiled local characters should be left intact as they are.

Table 2.3.2. Comments and Opinions of Major Lebanese Tour Operators

Comments/ Opinions Operators	Main Markets handled	Most Common Sites Requested	Lebanon's Main Draws	Lebanon's Image In the Markets	Segment/Product for Future Expansion	Main Constraint/ Issue critical for Destination Development	Competitive Destinations/How to compete with them?	Lebanon vis-a-vis Syria/Jordan	Baalbek How to extend tourist stay	Niha Can it be included In Baalbek/Aanjar circuit?	Bcharre Potential? Constraint?	Qadicha Potential? Constraint?
Kurban Tours Est.: 1952 Employ: 50	- Arab 90% - Europe 10% -	1. Baalbek 2. Byblos 3. Jeita	1. culture 2. leisure	- Arab good - Europe weak - Asia very weak - Diaspora good	- potential big, but need quality product development - MICE slowly growing	- regional political instability - significantly higher price than neighbors - lack of coordination in product development.	- Turkey - competitive pricing, infrastructure upgrading and beaches.	- should complement each other. - but in reality, unfair & unhealthy competition going (cheaper in Syria, coach & guide allowed in Lebanon.	- improve surrounding and town security (insecure to walk alone) -	- not frequently requested. - not ready/lack infrastructure and services.	- ready for tourism - only at local level due to capacity. - infrastructure expansion needed.	- big potential if combined with Cedars. - road major obstacle. - suggest cable car installation.
Nakhal & Co. Est.: 1959 Employ: 70	- Arab 50% - Europe 30%	1. Baalbek 2. Jeita 3. Beit ed Dine	1. leisure for Arab 2. medical conference	- negative image in most foreigners due to regional instability - Diaspora good	- main potential for culture - need improvement for access/ infrastructure	- regional political instability - more MOT effort needed. - Gov't position needed to prioritize tourism sector.	- Dubai - dynamic/qualified people to take the lead.	- complementing each other.	- no suggestion -	- Arab not interested. - camping along Assi river to facilitate circuit.	- ready for tourism development.	- short visit to easy access site only (e.g., Qozhaiya) - full-day visit too tiring for average visitor (tough access/long walk).
Saad Tours Est.: 1950 Employ: 32	- Arab 80% - East Europe 20%	1. Baalbek 2. Jeita 3. Beit ed Dine	1. diverse products in a small country (beach, climate, mountains, ski, nature, etc.)	- Arab good - other foreigners negative image - Diaspora good	- diverse assets of mountain, sea, nature and culture - dispersal needed from Beirut to all across country.	- regional political instability - more effort needed to counter negative image. - More fund needed for tourism development.	- Egypt, Turkey, Dubai and Cyprus - Aggressive promotion needed.	- should complement each other, but in reality competing at expense of Lebanon. - Govt. should work: 1 visa for 3 country & easier cross border.	- more hotels needed. - better entertainment, especially for evening -	- not familiar with Niha -	- poor signs/ infrastructure - hotels not up to tourist needs. - more activities needed.	- inaccessible by large coaches. - infrastructure improvement needed if the area wishes to receive more volume.
Anastasia Travel Est.: 1992 Employ: 75	- Arab 80% for leisure, 20% for business and conference	1. Ski packages 2. Beirut leisure 3. Baalbek/Byblos	1. leisure for Arab	- media's negative image most damaging	- diverse assets of culture, beach, mountain. - hospitality and multi-lingual capacity.	- perception of high price in Lebanon (not so in quality-wise) - high airport tax - relaxation of visa formalities	- Egypt and Dubai - more promotion needed for culture/ religious tourism.	- compete each other. - Syrian operators handle Liban tour. - Syrian operator promotes Baalbek as Syrian site.	- focus more on Europe culture packages. - Arab not interested in 7-hour culture tour.	- no demand as yet. -	- skiing only potential. - infrastructure need improvement. -	- road/infrastructure need improvement. - sites need well maintained. - ideal for eco/ discovery tourism.
Tania Travel Est.: 1979 Employ: 32	- Egypt	1. Baalbek 2. Jeita 3. Cedars	1. good climate 2. natural landscape 3. archeaology	- negative image due to regional instability. - Diaspora good	- mainly for leisure tourism.	- almost everything constrained (facilities, services, infrastructure, lodging, transport, air capacity, etc.)	- no competitor - Lebanon has its own character: nightlife, modernity, open society.	- complement each other -	- no suggestion - no use building more hotels, since tourists visit summer only.	- Niha not requested. - signs/area's infrastructure upgrading will help.	- infrastructure/ hotel need improved. -	- ready for tourism - Mar Antonios Qozhaiya worth visiting.
Al Attar Est.: 1994 Employ: 6	- Europe 30% - N. America 30% - Far East 30%	1. Baalbek 2. Byblos 3. Sour	1. diverse mix of products: culture and nature 2. crossroad of East and West	- media's negative image -	- culture, history, archaeology. - climate, mountain and nature/scenery. - need investment to improve	- regional political instability - negative perception - high air fare	- Cyprus and Turkey -	- complement each other. - compete for Europe due to huge price difference (cheaper in Syria/Jordan).	- town infrastructure upgrading - site cleaned, sanitary needed.	- time too short for day package to include Niha. - even Aanjar omitted due to lack of time in Baalbek.	- big potential - more ready than Baalbek to receive tourism (village well organized). -	- big potential for religious tourism - road improvement urgently needed.
Lebanese British Club Est.: 1996 Employ: 5	- France, UK - culture tour - adventure/ discovery tour	1. Baalbek 2. Byblos 3. Qadicha	1. culture/history 2. geographical diversity 3. proximity to Europe	- media's negative image affects most Europeans -	- a lot of potential. - nothing done to exploit potentials.	- regional political instability - good 2/3-star hotels - too much Beirut centered, need cross country dispersal.	- Turkey, Egypt and Cyprus - competitive pricing and more aggressive promotion needed.	- joint effort needed. - contrary to general belief of higher Lebanese price, group fare cheaper than Syria/Jordan.	- sell/exploit town more (Jdeidet el Fekha, oud/carpet). - town infrastructure upgrading - surrounding monasteris	- B to A circuit with Niha/winery possible - ideally, one night in traditional lodging in the area.	- make tour operators more aware/better informed. - more involvement of local community.	- unspoiled local character to be left the way they are. -

Source: JICA Study Team