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**Enhancement of the Business Environment in the  
Southern Mediterranean**

**Seminar for Lebanon and Egypt**

**«Conducting Advocacy Research, Preparing Policy  
Papers and Negotiating SME issues»**

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## **ABBREVIATIONS**

BMO	Business Membership Organisation
EBESM	Enhancement of the Business Environment in the Southern Mediterranean
ENP	European Neighbourhood Policy
IMC	Industrial Modernization Centre
MOI	Ministry of Industry
MSME	Micro, Small and Medium Enterprises
NGO	Non-governmental organisation
PPD	Private-public dialogue
SBA	Small Business Act for Europe
SME	Small and Medium Enterprises

## INTRODUCTION

The “Enhancement of the Business Environment in the Southern Mediterranean” project (or briefly: EBESM) is a partnership between the European Union (EU) and the South European Neighbourhood (ENP-South) region composed of the following ten countries : Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia. The project aims to contribute to the development of Micro, Small and Medium Enterprises (MSMEs) at policy level and to foster the development of a favourable business climate in line with EU best practices. The methodology of this support has been outlined in the Small Business Act for Europe (SBA)..

Through the project’s overall objective (“to contribute to the improvement of the business enabling environment for MSMEs in the ENP-South region in line with best European approaches and international best practices”), the private sector in the ENP South countries – proper political framework and sufficient levels of national security provided – is expected to develop towards more robust, inclusive and sustainable growth.

In this regard, the project’s activities wish to:

- Support the expertise and capacities of the Working Party on Euro-Mediterranean Industrial Cooperation in supporting reforms;
- Building-up the capacity of the Euro-Mediterranean SBA Coordinators and related stakeholders to advocate for micro and SMEs sustainable development;
- Raising awareness and facilitate access to financing available for micro and SMEs.

During earlier realizations under auspices of EBESM, the Ministry of Industry (MOI) obtained technical support to establish an appropriate institutional architecture that should lead to conduct a structured dialogue with the Lebanese private sector in order to develop the capacities of Lebanese SMEs and industries to increase their competitiveness in international markets and to promote Lebanese exports. This public-private dialogue mechanism (PPD) shall include representatives from the IT sector, from the electronic boards sector as well as the aromatic herbs sector. From the public side, representatives from other line ministries and related agencies involved in export promotion issues, such as the Ministry of Economy and Trade, the Ministry of Agriculture, the Ministry of Finance, the Customs Authority, OM-SAR, IDAL etc., shall be involved in the PPD.

Moreover, EBESM provided technical support to identify the appropriate architecture for the PPD mechanism as well as a specific agenda, a road map/action plan, and M & E methods and instruments. The installation of the PPD is in line with the Lebanese government strategy to promote SMEs exports, predominantly with the export promotion strategy designed by the Ministry of Industry. The PPD will help improve SMEs export policy-making process through structured, participatory and inclusive approach.

Further to the technical assistance provided by EBESM, the Ministry of Industry started the implementation of this PPD. In this current context, it is now essential to build capacities of selected members of both the public and private sectors to enter more efficiently and effectively into this dialogue process. Therefore, all parties involved in the process requested a focused capacity building activity on developing the respective organisational strategy with regard to the PPD, on writing down identified positions in position papers or similar documents, to evidence advocacy positions thoroughly and to negotiate them effectively.

Hence, EBESM contracted two international consultants to tailor a workshop that responds to the capacity development needs of the PPD members from the public and private sector. In this regard, the experts focused on familiarising the attendees with:

- State-of-the-art expertise on developing advocacy strategies;
- Methods and ways to evidence advocacy positions;
- Tools and approaches to draft position papers and to defend them;
- Tactics and procedures to negotiate advocacy positions plus developing a better understanding of the position of the adversary.

All knowledge transferred was displayed not only through robust and sound theoretical knowledge. The seminar contents were, on the contrary, embedded in real-world cases that originated from tangible, realistic and similar cases. Through presenting these cases, the experts aimed at achieving a higher degree of comprehension among all participants.

## **SEMINAR OBJECTIVES**

The overall objective of this two-day seminar was to enhance the participants' capacities in developing their advocacy positions and evidence them properly, in drafting meaningful and comprehensive position papers and in engaging in effective and result-oriented negotiations on behalf of a better business environment for SME policy making.

More specifically and in accordance with the terms of reference and the expectations mentioned by the participants prior to the seminar, the objectives of the seminar were defined as following:

- Develop with the seminar participants a common understanding on policy advocacy and how to embed policy advocacy objectives in organisational performance;
- Facilitate a transfer on how policy papers may be communicated to external stakeholders appropriately and how positions papers shall be used strategically;
- Instruct seminar participants – by using best practice examples – how to develop and to draft position papers and how to defend them;
- Allow participants to negotiate policy positions more consciously and more effectively by using a set of psychological techniques;

The participants were briefed about the three topics of the seminar (policy advocacy, position paper, negotiation) prior to the seminar. In order to prepare the seminar content thoroughly and in accordance with the level and the learning needs of the participants, the latter were given a questionnaire where they were asked to provide the trainers with their respective specific expectations. These focused predominantly on the question how to identify the appropriate policy to promote private sector development and how to shape existing private sector institutions in order to enhance their advocacy on behalf of the Lebanese SME sector.

## **PARTICIPANTS**

The approximately 30 participants came mainly from the private as well as from the public sector: sector in Lebanon and in Egypt;

Composition of participants from Lebanon:

Public sector: Ministry of Industry, Republic of Lebanon

- Private sector: Lebanon Chamber of Commerce and Industry, several private sector associations from the IT and herbal medicine sector, selected company representatives;
- Civil society: several associations representing small farmers and producers.

Two of the three participants from Egypt work as employees in the Industrial Modernisation Centre (IMC), a public institution that caters for private sector development by providing demand-driven services to SMEs and enterprises. The third participant from Egypt represents the Egyptian Association of Young Entrepreneurs. All were involved in a PPD established in Egypt, with the support of EBESM.

Gender-wise, the pattern of the participants presented a balanced figure, i.e. providing a sound mixture of male and female participants.

it was the first time that the EBESM was inviting representative of other countries, namely, Egypt, to attend national seminars, and it was a very good initiative to share experience and to encourage South-South dialogue.

## **SEMINAR OUTLINE AND DISCUSSIONS**

The generic methodological approach to this two-day seminar was a mix between technical inputs provided by the trainers and application of the inputs by the participants. The technical inputs focused around the following themes:

- Policy advocacy:
  - Definition of policy advocacy and distinction from lobbying;
  - Presentation of case studies with regard to lobbying and advocacy;
  - Introduction of a 5-step model towards designing appropriate advocacy strategies and campaign;
  - Presentation of a stakeholder model embracing parties having stakes in an issue/topic and application of this stakeholder model to different real-world scenarios from the participants' different contexts;
  - Presentation of communication approaches related to advocacy;
  - Elaboration of tactical considerations in policy advocacy;
  - Identification and discussion around required evidence in policy advocacy;
- Drafting position papers for policy reform:
  - Presentation of ways of communicating policy positions and of policy papers as one specific approach;
  - Discussion of target groups of policy papers;
  - Elaboration of structure of policy papers in accordance with the target group tackled;
  - Identification of real-world cases from participants' different contexts in order to elaborate position papers in three working groups;
- Negotiating policy reforms:
  - Introduction of various communication models facilitating negotiations with mutual gains;
  - Reflection on the appropriate addressee of the negotiation
  - Behavioural aspects for successful discussions;
  - Dimensions and importance of personal attitudes in negotiations;
  - Developing strategies for negotiations incl. objectives, approach, best and worst outcomes, search for compromises etc.

As said above, the seminar attendees were given extensive time and opportunity to apply the theoretical content of the seminar to their respective contexts and contingencies.

### **1.1. DISCUSSIONS AND SEMINAR ELABORATIONS IN THE CONTEXT OF POLICY ADVOCACY**

The technical input in the context of the seminar component "policy advocacy" are documented in the MS PPT (for details see the uploaded presentation via: <http://www.ebesm.eu/template/default/files/Lebanon%20III/3%20Policy%20Advocacy.pdf>). In the context of applying the inputs given, the seminar attendees elaborated on three cases from their own working environments.

- How to increase capacities among Lebanese SMEs in order to enhance their competitiveness on export markets?

- How to improve the overall enforcement of “Organic”-labels in the Lebanese retail market?
- How to increase the speed of internet in Lebanon in order to enable Lebanese IT companies, predominantly start-ups, to better harness their potential overseas?

For all of the four issues, the participants developed a stakeholder pattern of those stakeholders that have a rapport to the topic. Moreover, according to a model provided by the trainers, the seminar attendees had to analyze and weight the influence and impact of the stakeholders identified on the topic.

Consequently, tactics how to deal with the different importance and influence of the various stakeholders were discussed. In preparation for the position paper-related session, participants identified the target audience of the different advocacy and inclusion strategies and discussed communicative approaches to reach and to attack the target audience.

## 1.2. DISCUSSIONS AND ELABORATIONS IN THE CONTEXT OF WRITING POSITION PAPERS FOR POLICY REFORM

Again, the technical input given can be discovered through the project’s online documentation. During the session on how to elaborate position papers, the seminar attendees made use of the three cases given in the course of the first seminar component (see above). Through the input, participants were given a, rather basic, five-point structure of position papers (summary, background, problem, assessment, recommendations). In the course of this second seminar component, participants had to identify the content required for writing the different parts of the position paper and to come up with a presentable draft.

### 1.2.1. Case 1: Internet speed and access

Summary / Background	Internet is too slow, unreliable, expensive Assumption: both Ministry of Communication and the regulator for overseeing the development of the tele-communication market do not work effectively
Evidence required	Compare costs of internet use in Lebanon with those in the tighter and wider MENA region (Jordan, Egypt, Gulf); Compare level of internet use in Lebanon with those in neighbouring countries
Problem	<ul style="list-style-type: none"> <li>• Local business development, predominantly in the IT sector, is hampered</li> <li>• Lebanese endeavours to decentralize its administration are jeopardized</li> <li>• International investments and start-ups are repelled</li> <li>• The quality of life is degraded</li> </ul>
Assessment	<ul style="list-style-type: none"> <li>• stop the prevention of expansion of internet infrastructure;</li> <li>• Enable PPPs for realizing the installation work;</li> </ul>
Recommendation	<ul style="list-style-type: none"> <li>• Pressure on political stakeholders to promote and facilitate the expansion of internet infrastruc-</li> </ul>



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However: third-party consultancy is required in order to elaborate this case more into depth.

### 1.2.2. Case 2: Marketing organic products in Lebanon

Summary / Back-ground	Use of the “organic” label in Lebanon by Lebanese producers that do not produce organically
Evidence required	Around 20 producers of organic products are affected; impact on business should be demonstrated
Problem	<ul style="list-style-type: none"> <li>• Producers of organic products, who have to compete with illicit trade and cannot compete price-wise are the affected</li> <li>• Also customers are affected: instead of purchasing “organically produced” items, they in fact buy products of dubious origin and with no certification.</li> <li>• Customers are not aware of the quality behind a certificate like “organic” and cannot differentiate between genuine and falsified certificates/labels.</li> </ul>
Assessment	<ul style="list-style-type: none"> <li>• Improve law enforcement and punish deceitful producers! The responsible authorities in Lebanon have to be instructed to survey the market and to apply existing laws!</li> </ul>
Recommendation	<ul style="list-style-type: none"> <li>• Awareness campaign required: instruct customers how the real “organic” label looks like!</li> </ul>

Given the outreach and financial ramifications of this campaign, the seminar attendees opted for elaborating this paper further in order to make it presentable to funding agencies and donors.

### 1.2.3. Case 3: Improve SME access to export

Summary	SMEs – 98% of all companies registered in Lebanon – may be a major source of economic growth. However, access to markets – both international and national ones – is limited, thus hampering SMEs to unfold their economic potential.
Background	Imports of 18m USD into Lebanon do not match the low levels of exports that arrive only at 3m USD annually; high tendency to import products hinders the development of SMEs that might be, appropriate market protection provided, able to deliver.
Problem	<ul style="list-style-type: none"> <li>• SMEs are mainly in the informal sector</li> <li>• SMEs have not the needed information and market intelligence at their disposal in order to expand towards new markets</li> <li>• SMEs are not as productive as suppliers from overseas and cannot, as a consequence, compete price-wise</li> <li>• The Lebanese government does not provide programs and/or agencies to promote exports</li> </ul>
Assessment	1. Mapping of all governmental and non-governmental actors involved in SME support schemes is required in order to identify

	<p>existing duplications and possible synergies;</p> <ol style="list-style-type: none"> <li>2. Simplification of business registration procedures is required;</li> <li>3. The overall certification process should be facilitated and simplified;</li> <li>4. Linkages between key market actors shall be established, e.g. for organizing international trade participations, fair trade-access etc.</li> </ol>
Recommendations	<ul style="list-style-type: none"> <li>• Build upon 2020 SME Roadmap as elaborated by the MoET to work on the above solutions.</li> <li>• Ownership should be in the hands of the Chamber of Commerce and Industry.</li> <li>• <b><i>If nothing is done, Lebanon will miss out a tangible opportunity to secure vital and required economic growth!</i></b></li> </ul>

### 1.3. DISCUSSIONS AND ELABORATIONS IN THE CONTEXT OF IMPROVING NEGOTIATION SKILLS

The negotiation-related component of the seminar extrapolated the aspects of how to negotiate the proposed business policy reforms from the participants' position as elaborated and outlined in the position papers (see section 4.2 above). The participants who provided an issue or a case (see section 4.1 on how these topics were identified) presented their issue in a role-play with an opposite party that had to be involved in the case. The settings for two negotiations (the case 4.2.1 – Accelerating the internet speed and quality in Lebanon – did not prove tangible enough in order to be modelled in a role play) were the following:

- Case 4.2.2: Negotiation among representatives of the herbal plant sector with the Ministry of Economy and Trade in order to convince the latter to apply harsher market surveillance procedures;
- Case 4.2.3: Negotiation among representatives of Lebanese SME institutions with the Lebanon Chamber of Commerce and Industry in order to bring the latter on board as the owner of a generic approach towards promoting the SME sector through various technical assistance schemes;

Although, the amount of time allocated for this component was with a half day rather short. Therefore, the role-plays could only scratch the surface of the complex issues related to successful negotiation techniques and how to engage in discussion under the auspices of achieving mutual gains and win-win agreements. In a feedback session, role-play participants found the exercise very useful to formulate and to defend a complex issue in a way that is not accusing and blaming but instead productive.

## RECOMMENDATIONS

### 1.4. FOR FURTHER CAPACITY DEVELOPMENT ACTIVITIES

#### 1.4.1. Focusing on needs of private and public sector separately

Given the increasing demand for specific capacity development in the sphere of policy reforms and how to advocate for them, it became apparent during the 2-day workshop that on one hand organisational strategies, even if developed only sketchily, on what policy reforms should look like are different. In other words, the solutions presented by government representatives for improving the business climate differ from what private sector representatives will consider essential for achieving a better business environment. Though this clash of per-

ceptions might not appear productive at the first place, it is irrevocable for developing a common vision of required reforms in the context of economic development, predominantly in such an ambitious context of promoting exports. In this regard, capacity development needs are rather different among seminar attendees from private and public sector. This difference, or gap, in capacity development needs cannot always be breached in seminars that tackle an audience from both sectors plus civil society people. Therefore, a more focused, i.e. differentiated, approach, toward building specific capacities at both sides is recommended.

Given the authors' experience in private sector development and their exposure to the private sector and its related institutions such as chambers of commerce and business associations, for the private sector-related part this could translate into specific seminars for:

- Identification of appropriate sources of evidence in order to develop properly referenced advocacy positions;
- Design of collaborations with research institutes and think tanks for obtaining statistical and other data;
- Development and design of communication mixes for business membership organisations;

#### **1.4.2. Inclusion of organisational development-related topics for business membership organisation (BMO)**

Given the weakness of many, predominantly the SME sector representing business membership organisations, a technical approach to boost the capacities and capabilities of private sector institutions, predominantly those business membership organisations representing smaller companies and SMEs, is recommended. This technical support should embrace capabilities of BMOs how to:

- Set up an appropriate organisational structure
- Attract and retain members,
- Design and provide customer-focused services;
- Generate income and manage funds;
- Advocate effectively and sustainably on behalf of the respective BMO clientele.

As experiences in the implementation of PPD mechanism often showed, it is for private sector institutions like BMOs frequently difficult to achieve a similar and comparable level of intelligence that governmental institutions usually have. The rationale for this lies often in the access to information that is far easier for governmental institutions than for NGOs like business associations. Moreover, BMOs are in a more delicate financial position, i.e. often having difficulties in funding and entertaining executive structures like secretariats where professionals would research, obtain and manage information. For this required capacity development package, a number of appropriate seminars and activities should be designed and delivered.

### **1.5. POLICY RECOMMENDATIONS**

#### **1.5.1. Inclusion of relevant ministries in the PPD**

It turned out through the seminar that many issues identified require the involvement of more public authorities, namely in this context the Ministry of Economy and Trade, the Ministry of Telecommunication, the Ministry of Agriculture and the National Bureau of Standards, in order to create an institutional framework that may respond effectively to the prevailing challenges.

Seminar participants from the private sector acknowledged the positive perception of how SME issues should be dealt with at the MOI. However, they deplored simultaneously that re-shaping, for instance, the overall situation and outline in the telecommunication sector in or-

der to allow a more competitive internet/broadband connection network to thrive is beyond the competences of the MOI. The same applies to an overall improvement of investment conditions and the investment climate, i.e. private sector issues that go beyond mere SME promotion. Likewise the enforcement of standards lies beyond the competences of the MOA. In this regard, it was concluded that the inclusion of more than one public authority has to be filled with life in order to make the PPD successful and to leverage the potential of the PPD results.

### **1.5.2. Establishment of online methods for tracking PPD results**

Given the fact that not the circle of institutions but the circle of participants in EBESM activities and in realizations under auspices of the PPD Lebanon particularly will change over time, it is recommended to develop appropriate online-based monitoring tools that will help both PPD members and affiliated organisations to keep track with the PPD-related agreements and how these agreements/recommendations will be transformed into reality, i.e. concrete policy reforms. Since the secretariat of the PPD is so far facilitated by the EBESM project itself, the follow-up and current update of the “PPD tracker” should be done by the involved parties, e.g. through a rotation of responsibilities according to a fixed schedule.

### **1.6. TRAINER FEEDBACK**

All participants showed great interest and engaged actively and constructively in the discussions. They also used the chance for intensive exchange between the representatives of the public and private sector. The issues were discussed lively not only during the training hours but continued during the lunch- and tea-breaks.

The three participants from Egypt added value to the debate by sharing their experiences and lessons learned from previous policy campaigns. Though the Egyptian context of policy advocacy and economic reforms differs rather substantially from Lebanon, predominantly the approaches in Egypt how to organise a, often dispersed, private sector in order to come up with positions that represent the private sector as a whole are an important example for the Lebanese situation where private sector institutions face difficulties in developing a common position.

The continuously high presence over both days also contributed to the overall very productive atmosphere.