



Enhancement of the Business Environment in the Southern Mediterranean



A project funded by the European Union

A 3D rendering of a globe showing the continents, positioned on the left side of the slide.

Principle 3: Key findings on the implementation of the Small Business Act for Europe



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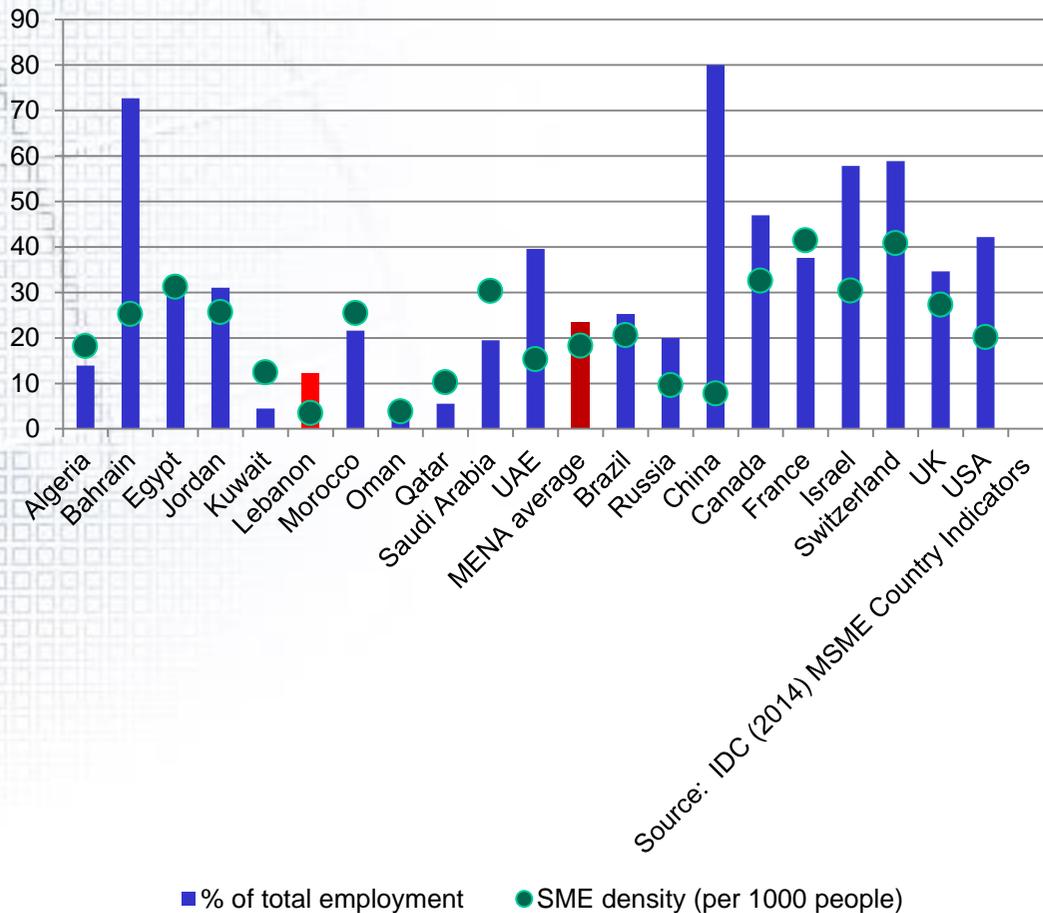
Overview of SMEs in Lebanon



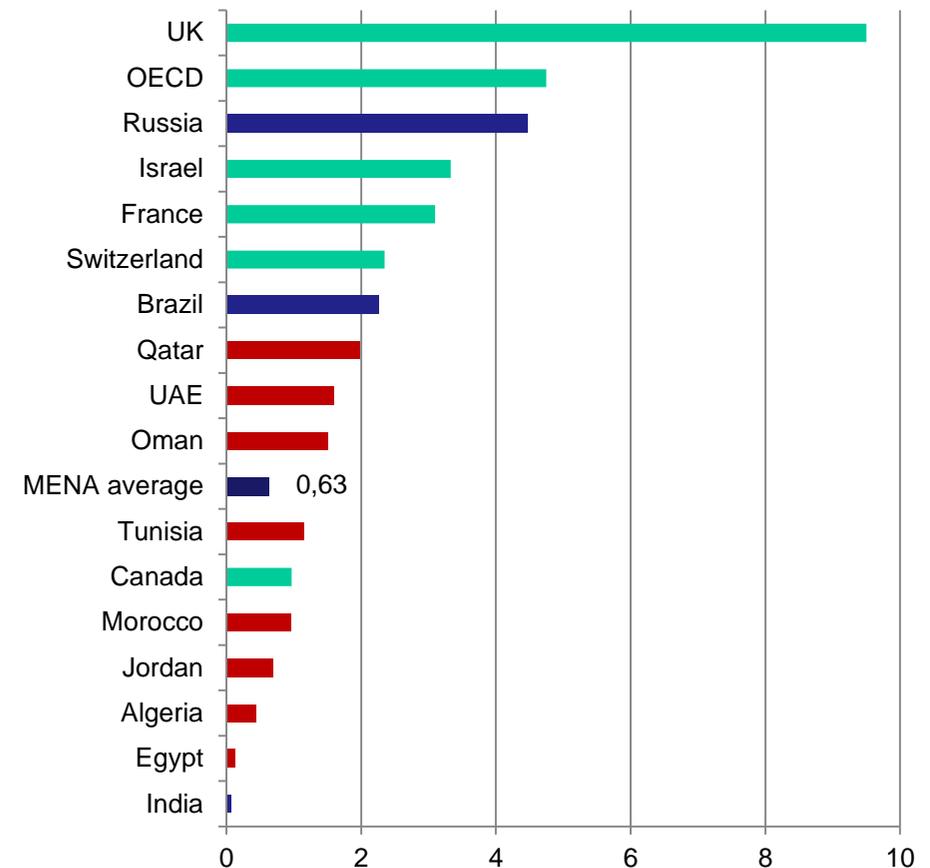
Formal employment in SMEs is relatively low...

... As is enterprise creation

SME "density" and employment, 2009 or latest

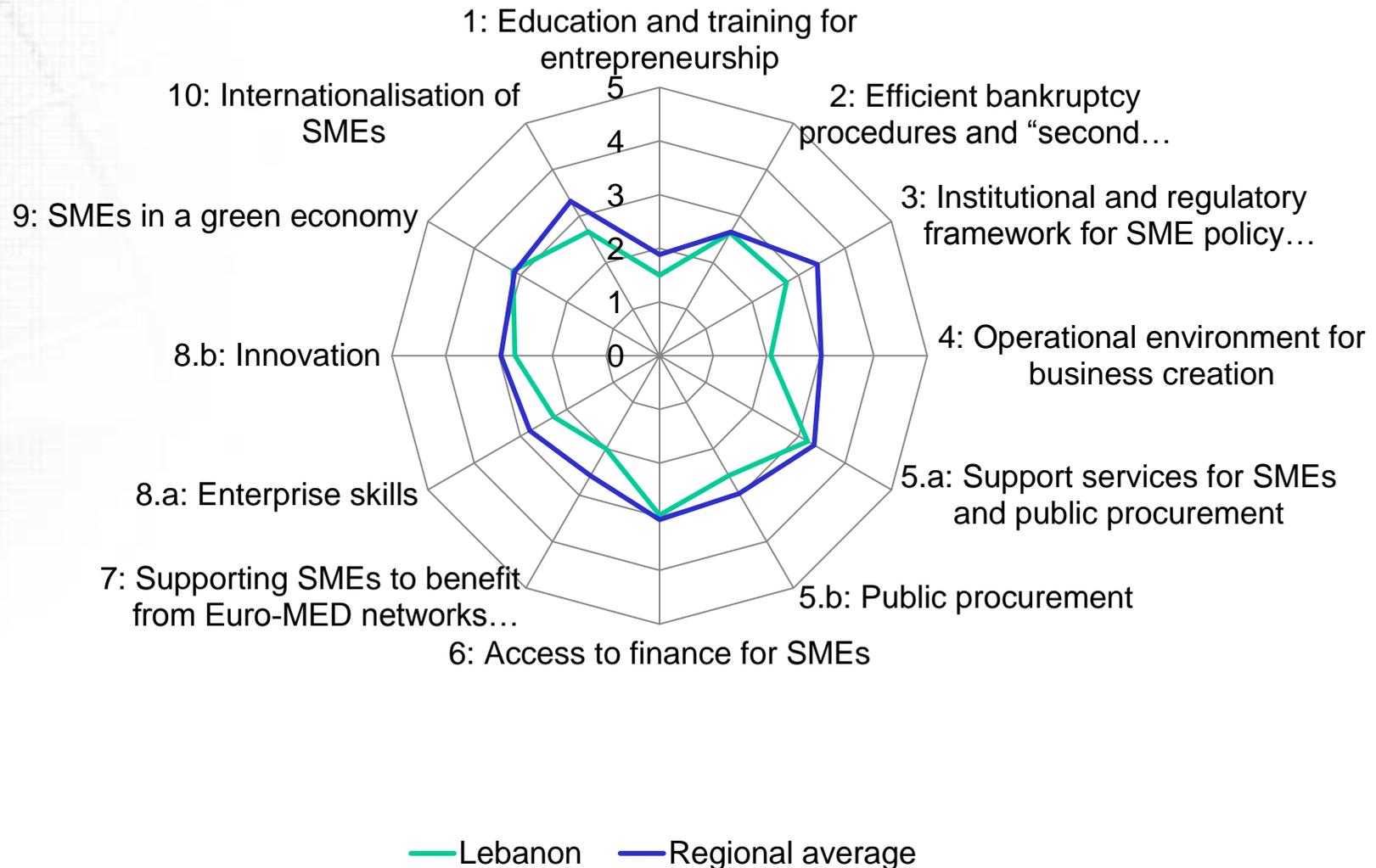


New limited liability companies per 1 000 working age people, average 2004-2012

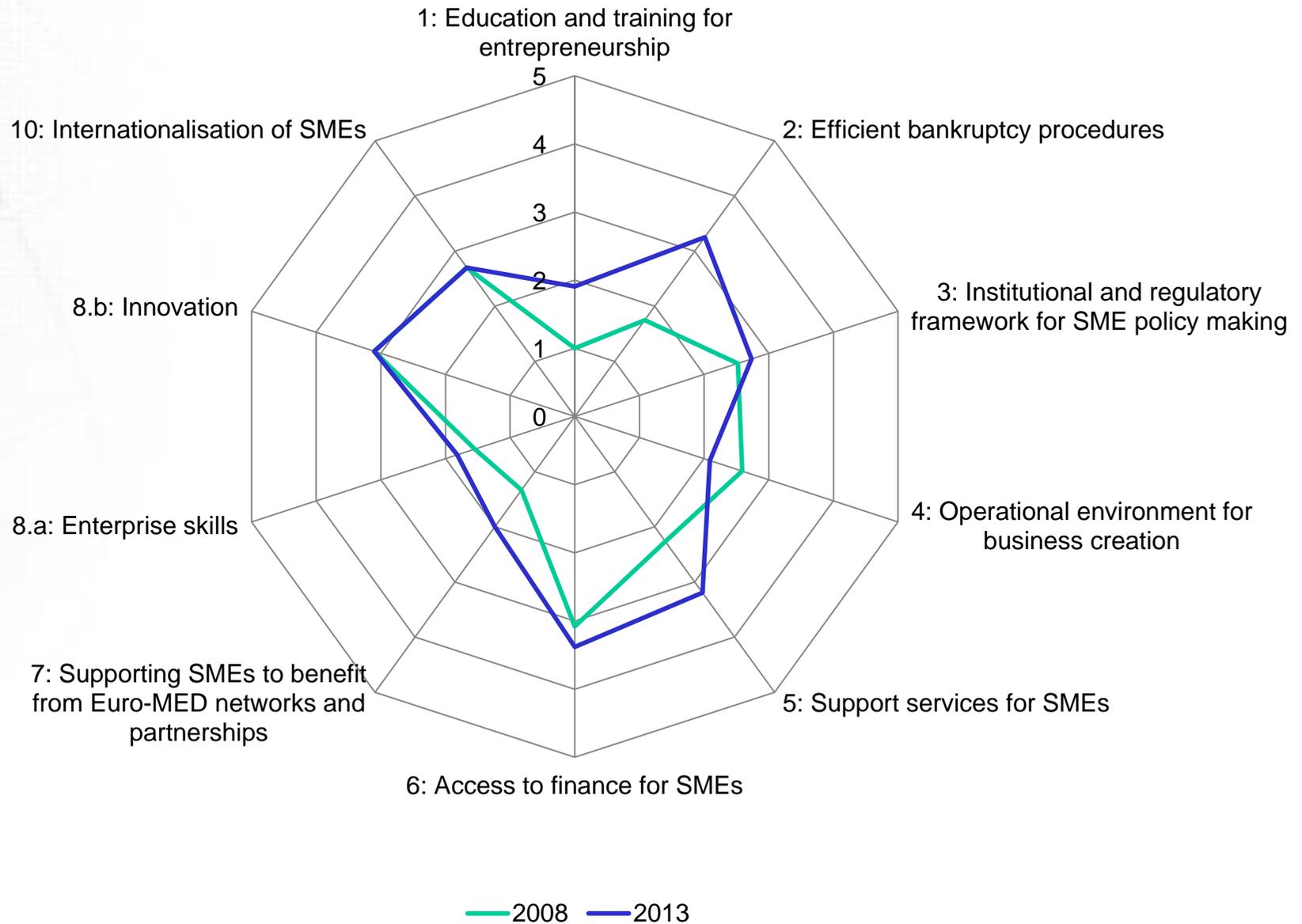




Lebanon v/s Regional Average

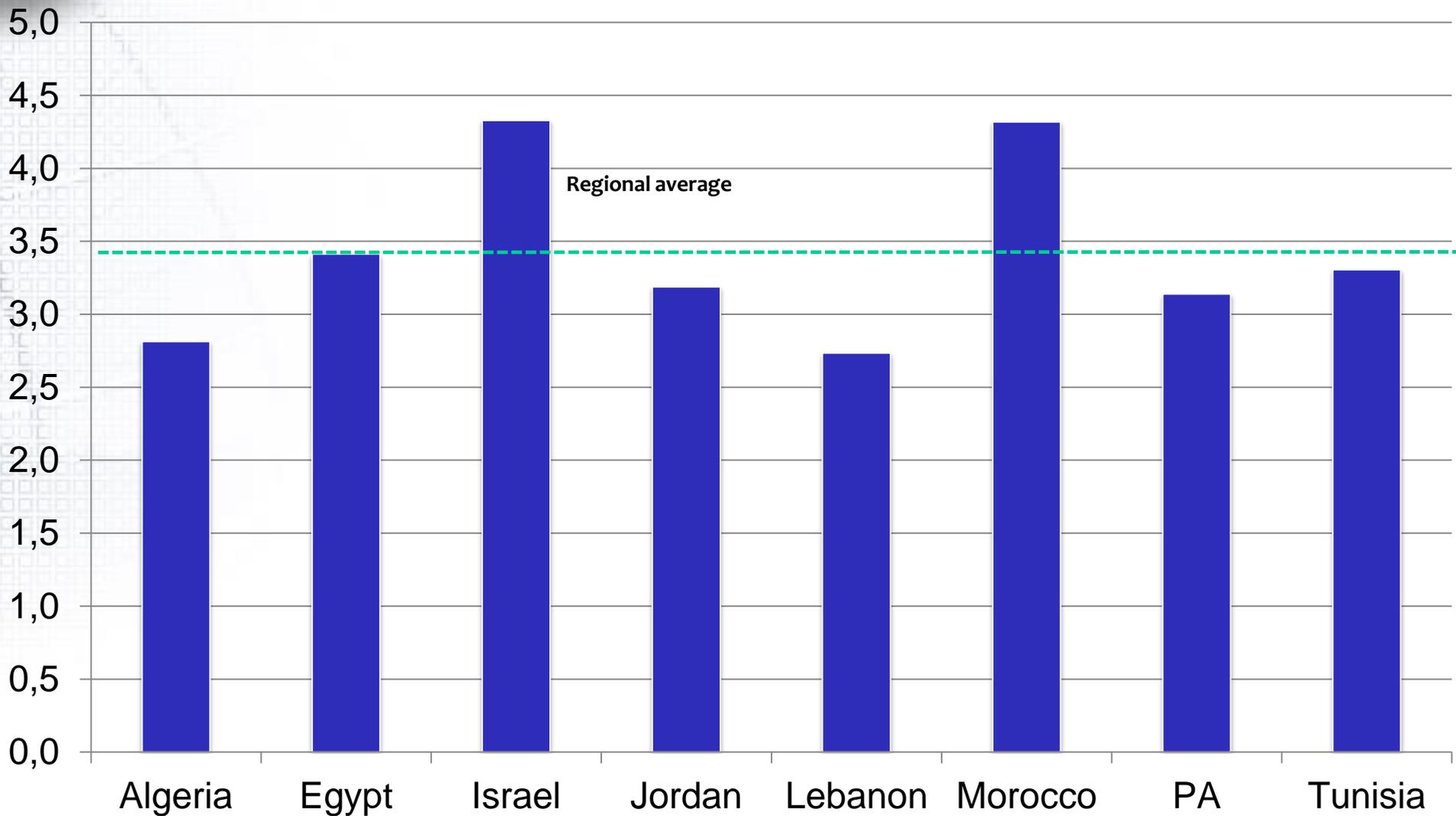


Assessment results for Lebanon Progress since 2008





Dimension 3: Institutional and regulatory framework for SME policy making





Key findings – Principle 3



- Limited improvements in the SME policy framework
- Presence of a number of independent initiatives and institutions operating according to high international standards (e.g. three regional business development centres, technological incubators, Kafalat, etc.) in a relative policy vacuum;
- Situation compounded by the prevalent *laissez faire* government approach, whereby the government refrains from conducting a proactive SME policy.



Key findings (continued)



- The quality of the business environment affected by the presence of out-dated regulations, while well-organised professional organisations defend their privileges and resist reforms (eg. the company registration process reform);
- Political tensions has led to prolonged legislative paralysis;
- Therefore, business legislation fallen behind international standards, (e.g. the code of commerce and bankruptcy legislation).



Key findings (continued)



- The SME Support Unit, under the Ministry of Economy and Trade, started to elaborate a new SME development strategy;
- The Government launched a programme aimed at improving the business climate and improving the regulatory framework (2010);
- Supporting SMEs, indications of the degree of implementation, effectiveness and impact remain limited;
- Many of the SME support initiatives are conducted at a local level, with the support of donors and local community.



Key findings: Public-private consultation



- Many active private sector organisations in Lebanon with a high level of representation, particularly among professional associations
- There is a tradition of public-private consultation, but an **institutional framework** is still lacking
- Consultations take place *ad hoc*, when important legislative measures are drafted.
- In 2012, a new policy was introduced stating that any new draft law or amendment should be published for consultation, for a period of at least 15 days, during which the public is allowed and encouraged to provide comments and suggestions.
- The launching of the IBEL programme, and the on-going elaboration of the new SME strategy, have created the opportunity for a more structured dialogue with private sector organisations and professional associations on a number of business environment issues.



The Way Forward



- Strengthening inter-ministerial co-ordination, particularly between the Ministry of Industry and the Ministry of Economy and Trade and their affiliated agencies as they have mandates related to the SME policy area.
- Introduce a consultative committee on SME policy open to all stakeholders, including independent experts, donors and private sector representatives.
- The consultative committee should promote the exchange of information and good practices among various initiatives conducted at the local level or outside government structures.
- Implement a system to monitor and evaluate the success of these nascent measures.



Thank you for your attention

Project implemented by:

