Supporting the Production Sectors:
From Institutions to Programs

Small and medium enterprises (SMEs) draw a lot of attention in all countries due to their primary role in national economies in terms of creating new jobs, or in the development of areas remote from the main business centers.

In recent years, Lebanon did not lag in keeping up with new institutions and investments or in supporting them in many areas, especially in the financial realm. It did so through the development of programs and institutions meant to support domestic investment or to develop the technical, administrative and commercial capacities of those institutions. In many cases, they also received funding or technical contributions from international and regional institutions.

The development of policies for supporting investments in Lebanon

Since its independence in 1943, Lebanon adopted a free economic system based on a market structure and without any direct interference from the public sector, with the exception of the state monopolizing the licenses of some services which were considered essential, such as electricity, water, telephone, and audio-visual media, and the exploitation of harbors, airports and railways. Along with the private sector, the Lebanese State also invested in the internal public transport sector through the Railway and Common Transport Organization, and in the health sector through public hospitals and clinics, and in the education sector through public schools and the Lebanese University. The State was forced at times to get involved in some troubled institutions such as banks (especially Intra Bank and its affiliates) and Middle East Airlines. The same took place with regards to the country's two oil refineries: The Lebanese State took over the ownership of the Tripoli Refinery as a result of the nationalization of the oil sector in Iraq, and the ownership of the Zahrani Refinery as well after the closure of the pipeline which supplied it with crude Saudi oil.

In addition to making these direct investments, the State took steps to support a number of sectors and domestic productive institutions in order to stimulate investments in fields that were considered essential for growth, such as agriculture, industry, tourism, and craft work. Moreover, the Lebanese State funded the promotion of the tourism, business and cultural sectors through its governmental agencies concerned.

The governmental support for the private sector centered around several initiatives, including: (1) Administrative decisions to protect the national produce from competitive imports either by increasing customs and tariffs or by limiting the volume of imports partially or totally (2) The creation of specialized financial institutions to support investment in basic sectors, by securing funding or assisting in marketing the merchandise (3) The creation of specialized programs managed by the private sector while being financed by the Lebanese State's Treasury.

What are the most important steps taken in this domain since the early years national independence to this day?

1. Protection through import taxes and tariffs

In this context, the Lebanese State's support decisions mirrored those which most other states do to protect national production from foreign competition, especially in the sectors of agriculture and transformative industry. Among the decisions made were:

a) Increasing customs duty with regards to the types of goods to be protected, such as what is currently the case for vegetables, fruits, wine, poultry, cheese, some metals, and the furniture industry.

b) Limiting total or partial imports of goods similar to products produced in Lebanon, such as olive, citrus, and cement, through the imposition of import licenses by the Ministries of Industry and Agriculture, or the adoption of calendars that prohibit the import of certain agricultural commodities at certain times of the year where domestic production is sufficient to secure the needs of the Lebanese market. In spite of joining some free trade agreements, Lebanon kept a number of these decisions in place instead of cancelling them following the adoption of a new customs law in 2000. That law was based on the removal of all customs duties and their replacement by a value-added tax combined with a flat import fee of 5% on all imports. But the objections made to this law by some economic sectors led the Lebanese State to re-impose tariff protection measures on some categories and abolish the 5% fee on others which were considered as advantageous to national industries.

2. Support to the productive sectors by Governmental Institutions

These institutions proliferated between 1960 and 1975, providing a variety of services from funding to marketing, through to supporting the prices of some input materials and securing some rebates to ease the producers' cost burden. The most important of these institutions are:

a) The State-owned tobacco Régie Company: This institution is responsible for supporting the cultivation of tobacco through the purchase of the national harvest at prices based on the estimated farmers' cost, and for manufacturing and selling it abroad as well. It witnessed several developments and played a positive role in the period before the outbreak of the Lebanese civil war in 1975, especially in the successful manufacture of the bulk of the national production in its domestic factories. But the deterioration of the security situation and the decline of the institution's administrative capacity led to the halt of manufacturing and to the rise of its operating deficit as a result of keeping the entire staff of the institution on the payroll, expanding the tobacco cultivation licenses, the decline in output quality, and the big reduction in the selling price to foreign markets. Some of these costs were brought under control in recent years, but the annual financial deficit remained high in the absence of any viable economic conditions to this type of agriculture or improving its productivity. Those burdens were exacerbated by overlapping political and social factors, namely the consideration of the support for tobacco cultivation as a measure necessary to ensure the resilience of the people of South Lebanon, where the bulk of this agriculture thrives.

b) The General Directorate of Grains and Sugar Beets: It is the institution in charge of the support of wheat and beetroot cultivation through its purchase of their harvests and securing their marketing domestically. Its action consists of buying the national crop at prices based on the cost of production, which is usually higher than the international market prices. The General Directorate of Grains and Sugar Beets set up a mechanism to finance wheat by consumers effectively, and not by the Treasury, as the Ministry of Economy and Trade - which is responsible for this institution – sells the national wheat production to privately-owned mills at prices higher than world prices to cover the actual cost incurred by the farmers, then the mills effectively incorporate those price differentials into their operational cost, which results in raising flour prices and the price of the ultimate loaf of bread onto consumers.

As for sugar beets, the Ministry actually purchases the sugar output extracted from it, and it pays for the cost of its production at the only available processing plant located in Al-Masnaa. This output is sold to wholesalers in the Lebanese market. In previous years, this exhausting support to the Treasury was abolished; however, the government decided to re-adopt it about 3 years ago. However, the stoppage that had occurred resulted in a large decline of the quantities produced. It’s worth mentioning that the cost of sugar beet processing became high due to the old machinery and techniques of the refining plant characterized by a low production capacity and a high consumption of fuel. The cost of sugar beet support is presently estimated at $ 12 million annually, borne by the Treasury; whereas the support for wheat reaches around $ 25 million annually, borne by the Lebanese consumer.

c) The Green Project: This institution was established in the early sixties of the last century to help in setting the infrastructure and rehabilitation of agricultural land in all Lebanese regions. As such the project benefited a large number of land spaces across Lebanon; it also contributed to the distribution of a large number of seedlings and seeds, in order to introduce new types of agricultural products and to help in foresting some areas. With the entry of Lebanon in its major crisis in 1975, this institution’s services declined and remained marginal to this day. The Green Project lost its equipment and administrative capabilities, so its role has been reduced to distributing seedlings and seeds without any clear and effective agricultural strategy.

d) The Agricultural Bank and the National Bank for Development of Industry and Tourism: Besides securing some services for the agricultural and industrial sectors, adopting tariff protections and reducing imports, the Lebanese government proceeded to the establishment of financial and banking institutions aimed at securing medium and long-term investment loans at low interest. Several industrial enterprises benefited from these loans; however, the depreciation of the Lebanese national currency (Lebanese Lira or Pound) that took place from 1984 until its exchange rate was stabilized in 1997 resulted in the erosion of the capital of these institutions and the marginalization of their services, which made them cease to exist.

e) The Investment Guarantee Institution: In the early eighties of the last century, the Lebanese State attempted to revitalize investment in Lebanon by giving guarantees to investors as to the risk of acts of war, and compensations for the material losses that could result from military operations. The Lebanese State committed to cover those risks from the Treasury's funds in the event of any actual incidents. Only a few private investments subscribed; however, the Lebanese State was forced to pay significant compensations to the cell phone operators in 1996 due to the Israeli aggression on Lebanon of that year which hit their structures and equipment. The services of this institution were gradually canceled, in spite of keeping its administrative structure in place albeit marginally.

f) The National Deposit Guarantee Institution / Kafalat: After the Intra Bank crisis of 1966 the Lebanese State set up the Deposit Guarantee Institution with the participation of the Association of Banks in Lebanon (ABL). The institution aims to guarantee the money of depositors in Lebanese banks in the event of bankruptcy of any of the latter. It was funded through insurance premium installments at the rate of 2 per mil borne equally between the banks and the Treasury over the entire deposits of each bank. These premiums are still paid by the banks, but the Lebanese State stopped paying its share due to its financial difficulties and its argument that the decision of the Central Bank of Lebanon (Banque du Liban – BDL) a few years ago to play the role of guarantor of any bank bankruptcy makes the Deposits Guarantee Institution redundant as an organ of compensation for the losses of small depositors. Indeed, the Deposits Guarantee Institution did not engage in any compensation since its inception. Thus it was able to achieve significant financial accumulations, some of which were transferred to 'Kafalat' Company which was established in 2000 to insure bank loans in the basic sectors, namely agriculture, industry, tourism, crafts and IT. Kafalat is 75% owned by the Deposits Guarantee Institution, and 25% by the Lebanese banks. This partnership allows ensuring an independent public administration that operates on the sound management practices of the private sector.

Since its inception, Kafalat has been able to provide around 11,000 loans worth more than $ 2.5 billion. The industrial sector had the lion's share at about 60% of the value of loans, followed by the tourism sector at about 32%, while the other loans were distributed among IT enterprises at 5% and agriculture and craft workshops at 3%. As for the geographical distribution of Kafalat's loan guarantee scheme, it was better spread in comparison to the totality of the bank loans. In fact, the distribution of Kafalat's loans across the country's regions was more balanced, although there was of course a large share taken by Beirut and Mount-Lebanon where more than 75% of the Lebanese economic activity is centered.

Kafalat has been considered to be one of the most productive institutions of support to Lebanese economic activities, and that for the following reasons:

- Effective management not subject to the conditions of employment in the public sector

- Benefit from the loan support program developed by the Ministry of Finance and managed by the Central Bank of Lebanon

- Secure Support from the Lebanese banks, these being at the origin of loans provided to investors and insured by Kafalat, in addition to being present all over the country. Those loans remain under the management of commercial banks and Kafalat provides loan guarantees to banks, not to borrowers

- The support which Kafalat receives from international donors to Lebanon, such as the World Bank, the European Bank, and the US Agency for International Development – USAID. These organizations have helped to develop Kafalat's programs and expand them to include several investment aspects, such as raising investment ceilings, improving loan conditions, lengthening loan maturities, and allowing for covering new projects — Start ups – as well as raising the ratio of secured loans from 75% to 85%.

Evaluation of public institutions supporting the productive sectors

Except for Kafalat, the institutions in charge of supporting the essential economic activities can be placed at the rank of institutions inefficient and costly to the Lebanese economy and the Treasury. The reasons for this failure are multiple, including:

- Political interference in these institutions which affects employment. As in all public institutions, favoritism supersedes competencies and professionalism in management and appointments.

- The lack of a clear vision for the public sector, which reflects the same on the strategies of support to economic sectors. Plus, not following economic developments thoroughly enough to adjust the support systems that were developed at a certain time but are no longer effective.

- Low administrative capacity of these institutions, especially after the outbreak of the Lebanese civil war in 1975 and the decline in productivity in the public sector since.

- Limited operating costs, unlike the high cost levels that other public institutions supportive of the economic activity incur. Let alone that most of these institutions do not play any active role any more, but their operating costs remain nevertheless in full effect. This is the case in many other public institutions which are completely or partially out of commission, such as oil refineries, railways and public transport organizations…, as these have not only maintained all of their employees on the payroll till now, but some give them productivity bonuses and engage in some extra hiring.

- Failure to make quick decisions to close those institutions or activate them again, especially if the required treatments are based on laws rather than on decrees or ministerial and administrative decisions.

- Weak managerial productivity in the ministries responsible for the implementation of some of the support activities, such as the Ministries of Economy, Agriculture, Finance, and Industry.

- Weak productivity and rampant corruption in many of the institutions meant to support the economy, in addition to being subject to political favoritism but not subject to any accountability or performance indicators for success and productivity.

The programs for supporting productivity sectors in Lebanon

Besides the institutions established to support the basic sectors in Lebanon, the Lebanese State set up supportive programs to activate the economic cycle and to deal with some challenges that inhibit the proper functioning of some economic activities. The most important of these programs are:

a) The Subsidized Loans Program: This program was developed in 1998 after the bank interest rate on loans rose significantly under the effect of accumulated public debt and high interest rates on Treasury bonds. This rise in interest rates led to a large shift from productive economic investments into the most profitable financial instruments. This created an orientation toward proceeds and revenues because of the profits earned by depositors and investors for many years till now. This exclusion from investment in economic activities which is biased toward financial instruments is known as "Crowding Out Effect". It results in depriving the economy from the investment necessary for the development and improvement of production resources. On the other hand, high interest led to inflating the financial burden of the companies indebted to banks, making them reluctant to borrow for investment and business development. Consequently, the government decided to create a loan support program and entrusted its management to the

Central Bank of Lebanon (BDL) in collaboration with the Lebanese banks, through charging the Public Treasury a part of the interest rates levied by the banks on the investors. This support was designated only for investment loans and not for operational loans, and the benefiting sectors were restricted to five, being Agriculture, Industry, Tourism, Crafts, and IT.

The available facilities were not limited to the Treasury bearing a portion of the interests, but the loans also benefited from extending their maturities to 7 years, along being given a grace period of a year or two depending on the investment sector. The launch of the program coincided with the establishment of Kafalat. This facilitated the granting of loans to small and medium enterprises (SMEs) by providing guarantees to investors who do not have collaterals of a financial or in-kind nature and who normally cannot get investment loans due to their non-disposal of such required guarantees.

Since the inception of this program, the cumulative number of its supported loans reached about 16,000 at a value of $ 12 billion, most of which were concentrated in the sectors of industry (60%) and tourism (32%), and in the areas of Beirut and Mount-Lebanon. The distribution of these loans translated into 5% of the borrowers getting about 40% of the value of loans available, while 60% of the borrowers got 20% of the loan values.

According to the mechanisms in place at the launch of this program, the supported interest rate was defined at 7% for loans that are less than five billion Lebanese Pounds, and at 5% for loans between 5 billion and 15 billion Lebanese Pounds, the latter being the maximum limit per loan. And if the accumulated interests are calculated, the cost per loan will be at an average rate of 27.5% over the span of the loan's life of seven years. This meant that for each loan of one million dollars, the Treasury was bearing $ 270,000 until it was repaid. This cost was considered very high, especially after the total of the granted loans reached one billion dollars in 2010 alone. In 2011 the interest rates were reviewed and consequently reduced to 4.5%, without any distinction in the size of the loan.

This program has allowed the encouragement of investment in the last 15 years and has helped to renew the machinery and equipment in several Lebanese industries, and to launch a large number of touristic establishments.

There are of course a concentration of the volume of investments in the main production areas of Beirut and Mount-Lebanon, but the outlying areas also benefited from this program since many of the heavy industries are located outside the main economic centers due to the existence there of the necessary real estate space needed by such large industries.

In addition, small and medium loans which benefited from Kafalat were distributed in an equitable manner on all Lebanese regions.

Over the past years, the sectors that were not covered by this program requested taking advantage of it too, but their demands were not met despite the promises which they were made. This negative response was due to the non-enactment of public budgets since 2005 on the one hand, and to the Public Treasury running the risk of financial exposure in the event of an amplification of the volume of supported loans on the other hand.

b) Loan programs supported by BDL: BDL did not stop at managing loans supported by the Lebanese Treasury, but also developed programs to support investment loans in a number of sectors that did not benefit from such backing. These programs varied on the basis of the objectives defined by the financial authorities, including support loans for the housing and construction sectors, as well as banking facilities provided to encourage investments in the environmental, energy-saving, technical and creative spheres. In addition, it worked toward expanding into other sectors that do not benefit from the supported loans program. This array of extra loan supports was considered complementary to those provided by the Ministry of Finance.

In this context, BDL's program facilitated for the commercial banks to put into beneficial use 60% of their mandatory reserves deposited at BDL, which were not earning interest otherwise. It allowed the banks to subscribe to Treasury bills, provided that the interest earned would subsidize the interest they charge to their borrowers. This program provides support to approximately 4% of the interest paid by investors to the Lebanese banks.

For the sectors which the Ministry of Finance's program did not grant loan support facilities, BDL set a ceiling per loan at 60 billion Lebanese Pounds or about 40 million dollars. And since the Ministry's loan support ceiling was at $ 10 million, BDL allowed investors in industrial and touristic projects to take advantage of its own backed loans for investments in excess of $ 10 million.

BDL's program was a resounding success with Lebanese banks and borrowing investors, but it quickly reached its upper limits due to its association with the banks' compulsory reserve. For the banks were exhausting all the potential upon which that reserve could allow them to extend credit.

Besides using the commercial banks' compulsory reserve, BDL resorted to lending the banks at low interest for the purpose of encouraging applications for housing and the provision of loans for the purchase of apartments and houses, thus keeping the construction sector active. In the first phase, BDL did not specify ceilings for loans, but introduced them gradually. Today they are specified at 800 million Lebanese Pounds per loan. As for other sectors, BDL allocated a part of the loans for green projects that seek to protect the environment or for investments in energy savings means.

In 2014 BDL introduced a new kind of economic support through the allocation of loans for banks at low interest, to be invested directly in the capital of creative industries and modern technologies, not just through lending institutions. And despite the enthusiasm that the associated Circular No. 331 caused, this program faced implementation challenges due to the scarcity of available opportunities, and to the low capacity of the commercial banks to contribute in the management of these investments. So the banks set up investment funds or contributed to existing ones on the grounds that those funds would manage the institutions which they would invest in. For it was realized that this kind of fund management was different from the traditional business of the commercial banks, let alone that the banks didn't necessarily have the expertise in enterprise management.

It's premature to evaluate the latter program, especially in light of the current political and economic crisis which inhibits investment in the first place, even if funding was made available.

Besides securing loans to institutions and encouraging banks to invest in some creative activities, BDL, in cooperation with the Association of Banks in Lebanon, showed flexibility in the management of some commercial loans whose beneficiaries faced difficulties in repayment due to the current economic conditions. This was made possible through re-scheduling measures or securing exceptional funds to avoid those institutions faltering or going bankrupt. These operations are conducted on a case-by-case basis and according to the particular situation of each institution, especially in the real estate sector, where collateral is available but is difficult to liquidate as a result of the stagnation that this sector is currently undergoing.

c) Agricultural Exports Support Program: About 15 years ago Lebanon developed a program to support its agricultural exports, to compensate for the additional costs which exporters incur at the land border crossings in their export operations to the Arab countries which attract more than 90% of these exports. These burdens arise from administrative decisions or arbitrary measures imposed by importing countries. These measures include: Fixed rigid times for trucks to circulate on their roads, waiting periods at the border, prohibition of filling their tanks from their subsidized fuel, subjecting them to administrative fees which are unjustified, and health control at strict conditions inexistent in the laws of international trade. Further, added constraints result from bribes and corruption in many of the customs services of the neighboring countries.

The management of the agricultural export subsidies program was assigned to the Lebanese governmental agency for the promotion of investments, IDAL, with the collaboration of international monitoring institutions, such as Veritas and TÜV. An effective monitoring mechanism was put in place to avoid manipulation and financial waste. This experience was considered one of the most successful programs of support to the agricultural sector, as it facilitated the flow of agricultural goods abroad on the basis of quality improvement and a commitment to the technical and assurance specifications necessary for the exporters to benefit from the system’s refunds. The improvements had an impact on the domestic market, as they imposed on the agricultural traders to abide by agricultural production specifications and packaging certified for export.

This program met with some negative criticism, such as high costs on the Treasury and delays in the payment of refunds by the Ministry of Finance. All this had a negative impact on farmers, as the traders linked their purchase of crops, their pricing and their payment terms to the actual collection of refunds. This situation confused the farmers and brought them to accept such terms out of their need for cash.

In addition, this program was criticized for its lack of periodical evaluation and adjustments so that it corresponds to developments at the levels of production and the market. This particularly related to the linking of the refunds to the actual productivity of exports since some refunds were sometimes more than half the actual value of exports (for example, watermelon and sweet potato exports) at a time when other exports needed higher refunds to allow them to compete and enter new markets. The refunds were not associated with quality improvements of the produce or with capacity building programs and advanced monitoring methods which would allow it to have an enhanced quality and to enter new markets.

From programmed support to crisis management

With the entry of the Syrian political crisis in its fifth year and given the negative repercussions of the "Arab Spring" in many Arab countries, the Lebanese economy and institutions face great difficulties in maintaining the earlier levels of growth and securing access to traditional foreign markets, especially to Arab countries. In the first phase of the Syrian crisis, the Lebanese exporting enterprises faced a big increase in the costs of export by land, but they were able to cope with this new reality, especially with a large part of these channels having remained open for exports.

With the intensification of the crisis, all land crossings gradually closed and became a few months ago totally blocked. Today, exporting from Lebanon can only happen by sea or air, which imposes high costs that cannot be borne by the Lebanese exporting companies. In addition, foreign entities, Arab in particular, hesitate to import from Lebanon in view of the difficulties that the Lebanese companies face to ensure exports are made regularly and certainly, thus putting the importers at the risk of unsteady supply lines and losses in case the Lebanese exporters fail to deliver timely. This is accentuated by the fact that most of the Gulf countries do not currently encourage imports from Lebanon on security and political grounds, and they prohibit their citizens from traveling to Lebanon. This ban resulted in a big drop in the number of Gulf tourists, which deprived a lot of Lebanese touristic institutions of their traditional customers who had a high purchasing power. Available indicators show that the figures in the luxury business sectors fell at high rates, with the decline estimated from 15% to 30% in the last four years. The current crisis is not only affecting the overall export sector, but the trade and tourism sectors as well, both effectively being part of the most important activities of the Lebanese economy.

In an attempt to mitigate the effects of these new risks, the Lebanese Government devised some alternatives to external transport by securing cargo ships, a solution that allows avoiding the Syrian land borders and channeling goods through Turkish, Egyptian and Saudi ports, on the basis of the Lebanese Treasury bearing a large part of the additional cost. But these solutions faced technical obstacles, namely the lack of sufficient volumes for export in a periodical and regular fashion, let alone the exposure of exported goods to damage and pilferage due to loading and offloading at ports, and the inspection and control measures that accompany these operations, leading to delays in delivery times. Because of these difficulties, the Lebanese Government has been unable to secure regular services for exporters, especially that the Lebanese public sector lacks the right system that would provide a good management of these issues. Moreover, in view of the internal political and administrative stalemate, it is also difficult to resort to sub-contracts with the private sector, as the latter is not enthusiastic to take part in projects that are costly and have no clear objectives. Add to that the difficulty in securing the refunds from the Lebanese Treasury on time.

The Lebanese government is also trying to extend the validity of certain permits and the due times of some taxes in order to assist companies to overcome their financial and monetary difficulties. But the economic bodies view these steps as shy and short of helping business institutions to cope with the crisis. They also invoke the absence of a clear vision as those measures are associated with sole decisions by the Minister of Finance. Further, these measures are often seen as fragmented. The tax administration has intensified its tax controls on companies, especially the institutionalized ones, but its actions are criticized as being random and discretionary, as well as relying on a harsh interpretation of the laws and tax regulations. The economic bodies and sectors also consider that these actions obstruct the business environment in an already difficult crisis situation which all productive activities and companies have been experiencing for the last four years, and which is characterized by a lack of viable solutions in the short and medium runs.

The economic bodies do not consider that the flexibility in the application of tax measures helps tax evasion, but that it is rather necessary to stimulate growth, especially in light of foreign competition. In its annual report, the World Bank considers that Lebanon is one of the weakest states in securing an economic environment that fosters investment, and that it does not update its laws and administrative mechanisms in all aspects related to the business environment.

Development of future support programs to the economic sectors

In spite of the many disadvantages that accompanied the specialized institutions and the programs of support to the productive sectors, it remains important for the public sector to continue developing them. In the framework of a clear plan and effective mechanisms that help to secure high productivity, this would support and encourage national production, and reduce as much as possible financial waste and the costs to the Treasury. The framework of this support is summarized as follows:

1. The adoption of a comprehensive plan for government support programs, as opposed to taking partial steps in a random and hasty manner which get enacted under crisis, or under pressure from economic sectors or political agendas.

2. Integrating the support programs together for best results. Benefiting from subsidized loans or refunds could be conditional to the beneficiaries being subject to training programs of their human resources or enhancing their managerial competencies or improving the quality of their product and its specifications.

3. No differentiation between economic sectors and activities, as in not considering agriculture or the transformative industry as primary sectors in contrast to the services sector which accounts for more than 80% of national production, especially that the Lebanese manufacturing and traditional agriculture are no more in a position to compete regionally and internationally, and clinging to them is costly and not economically viable. What’s needed is a thorough study of policies and plotting them along timelines with definite milestones, deliverables and key performance indicators.

4. Periodic assessment of the programs, determination of their actual results, and comparison of those results to the objectives set at the time of laying out the programs. This assessment includes the costs borne by the Treasury or the citizen or any other institution on the one hand, and the financial, economic and social outcomes on the other hand, such as job creation or anchoring the inhabitants of rural areas in their regions.

5. Making the necessary adjustments as would be derived from regularly made assessment to avoid any financial downturns that would have a negative impact on public financial resources or would increase the burden on citizens in their consumption activities. Such adjustments would not be limited to the financial indicators, but would also include administrative corrections to the institutions and programs. In addition, they would take into account regional and international trade liberalization agreements which Lebanon has adhered to and whose effects the country will work on improving.

6. Not just relying on the programs of financial support for the Lebanese producers, but expanding the scope of programs to include training, capacity building, and targeting special categories of human resources, especially women and the unemployed, in addition to fresh university graduates and dwellers of rural and remote areas.

7. Developing guidance and administrative support systems, and motivating consultants and owners of large companies to support projects and SMEs for the purpose of providing them with the necessary expertise and advice that would enable them to improve their productivity, gain access to finance, and expand their markets, domestic and foreign. These endeavors would also include giving fiscal and financial incentives to SMEs in their project pioneering efforts, in addition to providing expertise and professional tips to their owners, which would overall be conducive to the success of their businesses.

8. Developing initiatives for the restructuring of the troubled institutions, and giving incentives to new investors to contribute to the re-launch of these institutions and to allow for their perpetuity, including the protection of the jobs they provide.

9. Attracting companies, domestic and foreign investment funds through various incentives, including giving them partial guarantees for their investments, such as those enjoyed by the banks under Kafalat, and allowing them to take advantage of subsidized loans.

10. Activating the Lebanese institution for exports support (LEBEX) through specific and clear programs, such as ensuring promotional operations in a way that the exporters co-funding promotional activities in foreign exhibitions would see part of their costs covered in case they could not afford to realize the appropriate level of sales in their target markets.

11. The launching of entrepreneurship centers in private universities and in all the faculties of Lebanese University in order to develop the students' entrepreneurial spirit and motivate them to launch projects based on their creativity.

12. Supporting the development of enterprises run by women through incentives, distinct policies, and specialized training, in addition to encouraging the creation of associations and initiatives aimed at empowering women in entrepreneurship.

13. Taking advantage of available international and regional programs to launch most of these initiatives. For Lebanon has long been on the list of beneficiaries but missed a lot of opportunities which those programs presented for helping in the success of its projects relative to the support of institutions.

14. Ensuring the success of these programs with the active participation of the institutions and professional associations of the private sector. For these can determine the needs and successful projects that would strengthen institutions and assist them in developing plans and clear policies that help companies to cope with the rapid changes taking place in the global economy.