

Status of SME Strategy implementation

A mapping versus initiatives listed in the Strategy



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1 Summary

An overview of the status of implementation of initiatives listed in the [SME Strategy](#) is listed in table 1.

Wave	#	Initiative	Status	
I	1.1	Develop mentorship networks	Ongoing: MoET and ecosystem partners.	
	1.3	Provide national recognition for SME role models	Not started.	
	2.1	Attract top-tier VC/PE firms and angel investors	Ongoing: MoET and ecosystem partners.	
	2.2	Broaden Circular 331	Ongoing: MoET.	
	2.3	Improve access to debt capital	Ongoing: MoET and ecosystem partners.	
	2.5	Launch iSME project	Done.	
	3.1	Bridge SMEs to large enterprises and multinationals	Ongoing: MoET and ecosystem partners.	
	3.2	Leverage the global Lebanese network	Ongoing: ecosystem partners.	
	3.3	Activate the Lebanese Export Promotion Agency (LEBEX)	Pending.	
	3.4	Improve market competitiveness	Ongoing: ecosystem partners.	
	3.5	Enhance standards of SME products and services	Ongoing: ecosystem partners.	
	3.6	Strengthen relationships with new top trading partners	Ongoing: MoET.	
	4.1	Develop competitive capabilities clusters	Ongoing: ecosystem partners.	
	4.3	Assist SME's technology upgrade	Ongoing: ecosystem partners.	
	4.8	Link industry to academia with innovation vouchers	Ongoing: ecosystem partners.	
	4.11	Assist SMEs in cleaner production and resource efficiency	Ongoing: ecosystem partners.	
			Update ratify and implement first wave of pending laws	Ongoing: MoET.
	5.3	- code of commerce	Ongoing: MoET and ecosystem partners.	
	5.4	- insolvency law	Ongoing: MoET and ecosystem partners.	
	5.5	- Public procurement law	Ongoing: ecosystem partners.	
	5.10	Launch a job matching program	Ongoing: MoET and ecosystem partners.	
	6.1	Focus all efforts on an industry/city	Ongoing: MoET.	
	6.3	Set up an SME observatory	Ongoing: MoET.	
	II	1.5	Establish a women-friendly business environment	Ongoing: ecosystem partners.
		4.2	Repatriate Lebanese expat success stories	Ongoing: ecosystem partners.
		4.4	Introduce apprenticeship programs	Ongoing: ecosystem partners.
		4.7	Establish a commercialization office	Not started, being followed up on by MoFA.
5.1		Twin IPPO with an international counterpart	Not started.	
			Ratify and implement second wave of pending laws	Ongoing: ecosystem partners.
5.6		- domestic and foreign investment promotion law	Ongoing: ecosystem partners.	
5.7		- labor code	Ongoing: ecosystem partners.	
5.9		Attract and facilitate access to skilled labor	Ongoing: ecosystem partners.	
6.2		Establish regional 'SME malls'	Not started.	
6.4		Create/upgrade a full-fledged portal for entrepreneurs and SMEs	Ongoing: MoET.	
III	1.2	Launch entrepreneurship & family business center at the Lebanese University	Not started.	
	1.4	Develop a second-launch restructuring program	Not started.	
	2.4	Introduce SME Exchange and enhance crowd funding	Ongoing: ecosystem partners.	
	4.5	Expand vocational and training programs to meet market needs	Ongoing: ecosystem partners.	
	4.6	Provide incentives for employee training	Ongoing: MoET and ecosystem partners.	
	4.9	Optimize R&D spending on core sectors	Not started.	
	4.10	Introduce R&D expenditure tax credit	Not started.	
	5.2	Upgrade IP framework and patenting process	Ongoing: MoET.	
	5.8	Adapt judicial system to meet SME requirements	Ongoing: MoET and ecosystem partners.	
	5.11	Develop government e-services	Ongoing: MoET and ecosystem partners.	

Table 1: Overall status of implementation of the SME Strategy.

Note that data included in this document does not cover the entire ecosystem in Lebanon and only accounts for those organizations which the Ministry of Economy and Trade has contacted for this purpose and who have responded. For a comprehensive mapping of ecosystem players, the reader is referred to our online guide [What's in Lebanon for SMEs](#) as well as [our webpage for SMEs](#).

2 Details per SME Strategy initiative

Initiatives in the SME Strategy are organized into six strategic thrusts, namely: evolving business leaders, facilitating the “right” funding, improving access to markets, enhancing capabilities and innovation capacity, developing a conducive business environment and national environment, and ensuring coherence and effective coordination.

2.1 Evolving business leaders

Wave	#	Initiatives	Status
I	1.1	Develop mentorship networks	Ongoing: OXFAM ; CESVI .
I	1.3	National recognition for SME role models	Not started.
III	1.2	Entrepreneurship & Family Business center at LU	Not started.
III	1.4	Develop a second launch restructuring program	Not started.
II	1.5	Establish a women-friendly business environment	Ongoing: roundtable on Women Entrepreneurship ; NJCP focus on women and youth; National Strategy for Women in Lebanon 2011-2021 ; PUAMI ; SIF .

Table 2: Status of initiatives under the Evolving Business Leaders thrust.

2.2 Facilitating the “right” funding

Wave	#	Initiatives	Status
I	2.2	Broaden C331	Ongoing: MoET.
I	2.1	Attract top tier VC/PE and angels	Ongoing: several laws are being worked on (see table 4).
I	2.3	Improve access to debt capital	Ongoing: Kafalat credit guarantees (Kafalat Plus in collaboration with MoET – project ended Dec. 2017); PUAMI ; SIF ; ProVTE ¹ ; ISLAMIC RELIEF ; UNRWA ; ACTED .
III	2.4	Introduce SME exchange and crowdfunding	Ongoing: MoET has helped CMA on building and introducing SME stock exchange; crowdfunding: Zoomal .
I	2.5	Launch iSME project	Done.

Table 3: Status of initiatives under the “Facilitating the Right Funding” thrust.

Law	Description	Status	Implementing decrees partners	Awareness campaign partners
Modernizing the Code of Commerce	Reduce cost, time, and procedures related to doing business (e.g., suppress minimum capital requirements, allowing online creation of a company). IBEL working group at Presidency of the Council of Minister and MoET have completed drafting those recommended amendments to the Code of Commerce chapters on SAL, SARL, and Sole Proprietorship Companies (SPC)	Drafted and in parliament-general assembly 24-9-2018, resent to joint committee on 4-10-2018- now at Ministry of Justice	n/a	n/a
Automation and modernization of Commercial Registry	IBEL and MoJ have launched a project to modernize the Commercial Registry and allow a one-stop-shop for registration of a company	Now in the hands of OMSAR (this is not meant to be a law)	PMO, IFC, MoJ, OMSAR	IFC
Competition law	Ensure competition and enhanced market access, by preventing monopoly and anticompetitive agreements and abuses of dominance	Drafted but not yet in Parliament		
Secured Transaction law	IBEL with technical assistance from IFC has completed drafting a law on secure transaction. The law will allow the	Approved by CoM on 27/03/2018, Parliament,	MoET, IBEL, technical assistance	IFC

¹ Practice Oriented VTE in Lebanon. EU funded project, implemented by [GIZ](#).

	use of movable assets as collateral, increasing access to finance and decreasing the cost credit, thereby facilitating lending to SMEs. After enactment of the law, IBEL, with MoET and IFC will establish a collateral registry to make the registration of movable assets more transparent	joint committee on 18-10-2018	from IFC	
New bankruptcy draft law	IBEL, with IFC and MoJ is working to establish an efficient loan recovery, restructuring, and insolvency system. This shall allow unviable firms to exist efficiently, while viable but financially distressed ones reorganize operations and restructure debt	Approved by CoM on 27/03/2018, joint committee on 4-10-2018 now at Ministry of Justice	IBEL, with IFC and MoJ	IFC
New insolvency practitioners draft law	IBEL, with IFC and MoJ is working to set the legal framework for IPs through a licensing process. The law will create a structure that will attract highly qualified IPs, trained in relevant aspects of commercial law and in accounting and finance, and able to perform their duties. It will be in line with the modernized draft law on restructuring, safeguard, insolvency	Approved by CoM on 27/03/2018, Parliament, joint committee on 4-10-2018 - now at Ministry of Justice	IBEL, with IFC and MoJ	IFC
Private equity fund law & employee stock options law	IBEL and Lebanon for Entrepreneurs (LFE - part of UK-based LIFE) has drafted a private equity fund law	Approved by CoM on 27/03/2018, Parliament, joint committee on 18-10-2018	n/a	LFE
Law on preferred shares	Replacement of article 110 of the Code of Commerce with a new article framing preferred shares	Drafted and in Parliament -general assembly 24-9-2018, resent to joint committee on 4-10-2018 - now at Ministry of Justice	n/a	n/a
Judiciary mediation	The aim of the law is to institutionalize court referred mediation in Lebanon. This will help SMEs and the private sector reduce the time and cost of litigation, help reduce the backlog of cases in courts and to unblock assets caught in disputes	Issued Law No 82 dated 10-10-2018 - published Official gazette No 45 dated 18-10-2018	n/a	IFC
Electronic Transactions law & Protection of Personal Data	Law relating to the recognition of actions done electronically: it regulates among others, electronic transactions, the Proof, E signature-, E banking, E commerce, cybercrimes and protection of personal data	Issued Law No 81 dated 10-10-2018 - published Official gazette No 45 dated 18-10-2018	Technical assistance on drafting the implementing decrees and awareness campaigns are required before and after the implementation phase of the law	
SME Definition law	Law introducing a national definition for SMEs and also covering Women Entrepreneurship and Social Enterprise	Drafted, not yet in Parliament, awaiting Council of Ministers	n/a	n/a

Table 4: Status of laws relating to SMEs.

2.3 Improving access to markets

Wave	#	Initiatives	Status
I	3.4	Improve market competitiveness	Ongoing: value chain analysis with EU (chosen sectors were potatoes and waste management); training programs and analysis for SMEs in North and South by different NGOs and EU embassies (Netherlands) to help MSMEs improve productivity, learn new skills that would enable them to improve market competitiveness; Mercy Corps .
I	3.1	Bridge SMEs to large enterprise & multinationals	Ongoing: working on having commercial attaches in Embassies to promote Lebanese products in foreign countries ² ; trainings for SMEs to improve product standards to access new markets especially European markets; Lebanon Business Network ; IDAL (IT, Agro) ; Mercy Corps ; MoU

² This is a new decision taken by MoFA, Lebanese embassies will have commercial attaches, in the coming months the appointed attaches will start their duties in their designated countries.

			between MoET and Zoodel ; International Trade Center.
I	3.2	Leverage the global Lebanese economic and diplomatic networks	Ongoing: LDE (Lebanese Diaspora Energy); Lebanon Business Network .
I	3.3	Activate the Lebanese export promotion agency (Lebex)	Pending.
I	3.5	Enhance standards of SME products	Ongoing: trainings from various NGOs for SMEs to improve product standards to access new markets especially European markets, in addition to the value chain analysis with the WorldBank ; IDAL ; Mercy Corps ; ACTED ; Qualeb.
I	3.6	Strengthen relationships with new top trading partners	Ongoing: work by MoET to improve trade relations (e.g., MERCOSURE, China, and Armenia).

Table 5: Status of initiatives under the “Improving Access to Markets” thrust.

2.4 Enhancing capabilities and innovation capacity

Wave	#	Initiatives	Status
I	4.1	Develop competitive capabilities clusters	Ongoing: IDAL ; OXFAM ; Lebanon Softshore Cluster .
II	4.2	Repatriate Lebanese expat success stories	Lebanese Diaspora forums.
I	4.3	Assist SME’s technology upgrade	Ongoing: OXFAM ; Berytech .
II	4.4	Introduce apprenticeship programs	Ongoing: Makhzoumi Foundation ; OXFAM ; CESVI .
III	4.5	Expand TVET to meet market needs	Ongoing: National Strategic Framework for Technical and Vocational Education and Training in Lebanon, 2018-2022 (also see ILO); CESVI ; SIF ; ProVTE ³ ; ISLAMIC RELIEF ; ACTED .
III	4.6	Provide incentives for employee training	Ongoing: LCRP , LHSP .
II	4.7	Establish a commercialization office	Not started, being followed up on by the Ministry of Foreign Affairs.
I	4.8	Link industry to academia	Ongoing: LIRA , UK Tech Hub .
III	4.9	Optimize R&D spending on core sectors	Not started.
III	4.10	Introduce R&D expenditure tax credit	Not started.
I	4.11	Assist SMEs in cleaner production and resource efficiency	Ongoing: ACTED .

Table 6: Status of initiatives under the “Enhancing Capabilities and Innovation Capacity” thrust.

2.5 Developing a conducive business and national environment

Wave	#	Initiatives	Status
II	5.1	Twin IPPO with an international counterpart	Not started.
III	5.2	Upgrade IP framework and patent process	Ongoing: registering online now at MoET .
II	5.3, 5.4, 5.5, 5.6, 5.7	Update, ratify and implement pending laws	Ongoing: several laws are being worked on (see table 4).
III	5.8	Adapt judicial system to meet SME requirements	Ongoing: several laws are being worked on (see table 4).
II	5.9	Attract and facilitate access to skilled labor	Ongoing: reducing skill gaps with trainings from different NGOs and international organizations to increase skilled labors. Universities are adding more entrepreneurship courses to their curricula and other courses to help teach students new skills (see MoET’s page on the subject).
I	5.10	Launch a job matching program	Ongoing: World Bank National Job Creation Program (NJCP).
III	5.11	Develop government e-services	Ongoing: OMSAR and IPR at MoET .

Table 7: Status of initiatives under the “Developing a Conducive Business and National Environment” thrust.

³ Practice Oriented VTE in Lebanon. EU funded project, implemented by [GIZ](#).

2.6 Ensuring coherence and effective coordination

Wave	#	Initiatives	Status
I	6.1	Focus all efforts on an industry/city	Ongoing: Recommendations of the McKinsey study.
II	6.2	Establish regional "SME malls"	Not started.
I	6.3	Set up an SME observatory	Ongoing: MoET has worked with the World Bank on developing a feasibility study and funding is expected through the NJCP .
II	6.4	Create a full-fledged portal for entrepreneurs and SMEs	Ongoing: SME portal on MoET website is live and receives constant updates.

Table 8: Status of initiatives under the "Ensuring Coherence and Effective Coordination" thrust.