



## **EU Private Sector Development programme**

***European Union Delegation to Lebanon***

# EU assistance to the private sector in Lebanon

- Acknowledge the role of the private sector in economic development: +95% of micro and SMEs in Lebanon - main driver of job creation => makes it an important partner for achieving growth
- Previous PSD14 programme provided support to:
  - - business incubators (Berytech, BIAT and SouthBic)
  - Kafalat (access to finance)
  - franchising sector
  - improvement of the National Quality Infrastructure (QUALEB)
  - support to innovation (IRI)
  - business enabling environment: upgrade of laws/Regulations & institutional capacity-building
- 3 levels of intervention: **macro** (policy level); **meso** (intermediary, e.g providers of business development) and **micro** (direct support)

# Lessons learnt and new PSD programme

- Many constraints: unstable political situation, absence of Strategies; underdeveloped infrastructure and Institutions; high fragmentation, informal economy, poor access to information
- Lessons learnt & recommendations from PSD14:
  - overall successful but scattered intervention
  - difficult to work at macro level due to Lebanese environment and weak institutions => focus at meso and micro levels, e.g. be as close as possible to businesses
  - be more sector-focused and have a greater outreach in the regions
  - 'stimulate' competition among actors
- New programme: bottom-up approach, e.g. integrated and market-oriented

## Key objectives:

- Promote economic development and support SMEs to become more competitive
- € 15 M over 4 years (2016-2020), implemented by Expertise France
- Focus on value chains and clusters
- Criteria: untapped potential, production values and volumes; opportunity for job creation and socio-economic impact; complementarity with other Donors
- Target sectors: wood processing; agriculture
- *Demonstration effect!*

## **How will the Programme intervene concretely ?**

- ✓ *Identify markets and access requirements (diagnostic)*
- ✓ *Re-organize small businesses into stronger groups (optimization of resources)*
- ✓ *Product development and diversification*
- ✓ *Upgrade work practices and technologies*
- ✓ *Quality management*
- ✓ *Assistance in loans applications*
- ✓ *Networking with EU organizations and programmes & exchange of know-how*

## Outputs

- 1) SMEs are reorganised into stronger groups for a more efficient and cost-effective use of resources
- 2) Market positioning and market access of SMEs in the targeted sectors are expanded
- 3) Access to finance is facilitated and available funding instruments are better used
- 4) New jobs/better increase as a result of increased production and sales

## Many other tools

- Regional instruments (Euromed-Invest; SWITCH-Med; Creative industries)
- Horizon 2020
- NIF: financial mechanism with European Finance Institutions to mobilise additional funding (blending of grants and loans)
- TAIEX; Twinning
- To come: Social economy; Innovation for growth (pilot)