



Investment Development Authority of Lebanon

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We foresee that the current trend of FDI will sustain its levels throughout 2011, supported by a favorable macro-economic environment, low interest rates and a national willingness to improve business investment enablers



The Lebanese economy has witnessed unprecedented growth levels over the last 2 years, making Lebanon one of the region's top performers in terms of economic growth. Despite the worldwide financial crisis and the resulting reduction in liquidity in European and American markets, the increased wealth in the region has opened a new era of opportunities to investments in Lebanon and particularly to greenfield investments. Lebanon was able to attract 6% of the total share of FDI inflows to the region in 2009 due to a series of comparative advantages. IDAL in particular, managed to increase the amount of investments it mediated from previous year's level, supported by incentives provided through Investment Law 360.

While we expect that the overall political environment mixed with national and regional considerations might have impact on investment flows, we foresee that the current trend of FDI will sustain its levels throughout 2011, supported by a favorable macro-economic environment, low interest rates and a national willingness to improve business investment enablers.

Starting 2011, IDAL aims to adopt a more active role in policy-making to support the national government in strengthening the environment that is conducive to doing business in Lebanon. It will strengthen its coordination with the private sector to put in place an investment promotion strategy that will improve the competitiveness of growth promising sectors.

This annual report will highlight IDAL's achievements in promoting and facilitating investments to Lebanon and promoting the export of specific industries. More specifically, this report will provide an overview of the type of investment projects mediated by IDAL and their impact on selected socio-economic indicators, in addition to describing the marketing activities that were conducted to support this increase in investment. The report will also include information on the promotional programs implemented by IDAL to support the export of agricultural and agro-industrial products.

Nabil Itani
Chairman, General Manager





IDAL was established with the aim of increasing and retaining FDI in Lebanon

About IDAL

The Investment Development Authority of Lebanon (IDAL) was established in 1994 by virtue of Decree no. 5778, with the aim of increasing and retaining Foreign Direct Investment (FDI) in Lebanon, and supporting the government's efforts in cutting red tape and simplifying bureaucratic procedures.

In August 2001, Investment Law No. 360 was ratified, expanding IDAL's prerogatives and paving the way for a new era of investment promotion. Investment Law 360 identified a set of priority sectors that showed the most promising opportunities in terms of their FDI potential and their impact on socio-economic growth. Identified sectors include: Industry, Agriculture, Agro-Industry, Tourism, Information, Communication, & Technology, and Media. A set of investment package was developed to improve the competitiveness of IDAL in attracting FDI to these sectors.

Under Law 360, IDAL provides investors with comprehensive services throughout their operations in Lebanon starting with the provision of economic,

commercial and legal information vital for decision-making, through the granting of various types of incentives (fiscal, administrative, labor related, etc..) and the facilitation of procedures required to set-up and operate a project. At the same time, the Authority mediates contacts between entrepreneurs and potential investors (Business Matchmaking service) to support in the expansion of their projects. Law 360 also grants IDAL the prerogatives to participate in the capital of joint-stock companies working in the field of information technology and/ or packaging, and/or processing of Lebanese products.

IDAL is also entrusted with the active promotion of export-oriented products mainly agricultural and agro-industrial products.

IDAL is a government agency that enjoys financial and administrative autonomy and is run by a Chairman/ General Manager and a Board of Directors of 6 members. It reports to the President of the Council of Ministers who exercises a tutorial authority over it.



Functions and Organization Structure

To accomplish the above mentioned objectives and tasks, IDAL is organized into four directorates (Figure 1):

- Studies, Planning, and Statistics directorate
- Information and Promotion directorate
- One-Stop-Shop directorate
- Finance & Administrative Affairs directorate

The **Studies, Planning and Statistics** directorate is mainly responsible for preparing studies, researches, documents, statistics and suggestions in relation to the investment climate in Lebanon and opportunities for investment in various sectors. It is also involved in providing economic, commercial and industrial information, in view of assisting local and foreign investors in investing in various sectors.

On the policy and planning front, the directorate coordinates with public and private entities to identify key issues hindering investments and recommend legislative and policy changes in that regard. It also undertakes research on growth promising sectors to be promoted by IDAL, identifies potential investment opportunities in these sectors, and recommends policy changes to foster investments in these sectors. In that regards, IDAL has put in place a matchmaking platform to assist investors in identifying new opportunities and forming joint-ventures or other forms of partnerships with prospective investors.

The **Information and Promotion** directorate is responsible for promoting investment opportunities in Lebanon and for handling image-building initiatives. In that regard, the directorate undertakes investment missions abroad, organizes visits of potential investors, holds conferences and seminars to highlight investment opportunities, and handles public and media relations for IDAL. In addition, the directorate is responsible for assisting in the support, promotion and marketing of Lebanese products, in particular, agricultural products and material used in the agro-industry as well as Lebanese agro-industrial products. In that regards IDAL has put in place the Export Plus program to promote the export of agricultural products and the Agro Map protocol to promote the agro-industrial sector.

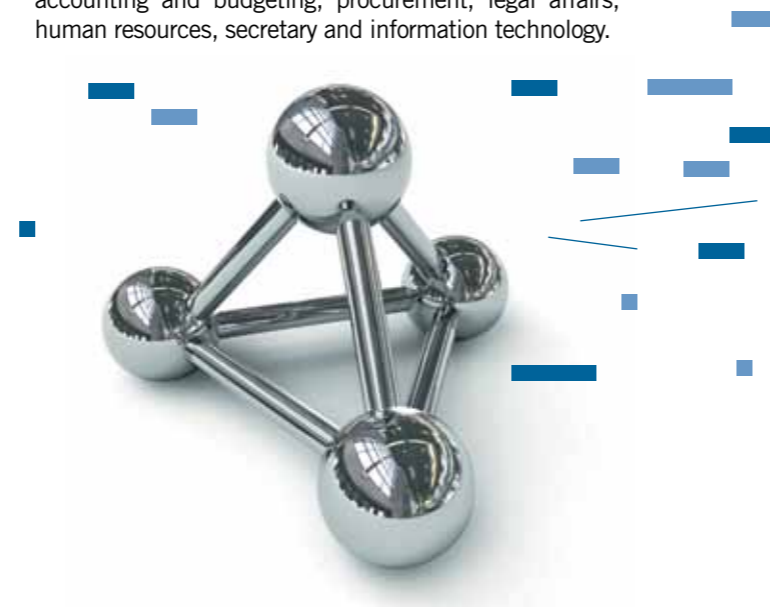
The **One-Stop-Shop (OSS)** directorate is responsible for receiving various applications for licenses, administrative approvals and permits concerning projects governed by this law, studying them from the legal, technological, engineering and technical points of view and prepare relevant reports. For projects governed by this law, the Authority shall exclusively supersede all public administrations, authorities and municipalities in issuing required administrative permits and licenses, except for those granted by the Council of Ministers. The directorate is also tasked with monitoring the progress of investment projects through its aftercare unit, and supporting investors in dealing with bottlenecks.

Incentives granted by the OSS are based on a set of criteria included in Investment Law 360. The two types of incentives provided by the OSS include:

- The **Investment Project (IP)** incentives which are granted to investment projects based on their geographical location, their sector of coverage, and their investment size. Incentives provided include exemptions on income tax over a certain period of time and the provision of work permits. The Investment Project scheme divides Lebanon into three geographical zones (Zone A, Zone B and Zone C). More details on the criteria and incentives provided in these zones can be found on IDAL's website.
- The **Package Deal Contract (PDC)** which is a contract between the Lebanese government and the investor, through which investment projects are granted a package of incentives, exemptions and reductions. Incentives granted under the PDC scheme are function of the project investment size and numbers of jobs created, and are not tied to a project geographical location. Incentives include exemption on land registration fees, exemption from income tax for a certain period of time, exemption from taxes on project dividends, in addition to reduction on construction permits and residence permit fees.

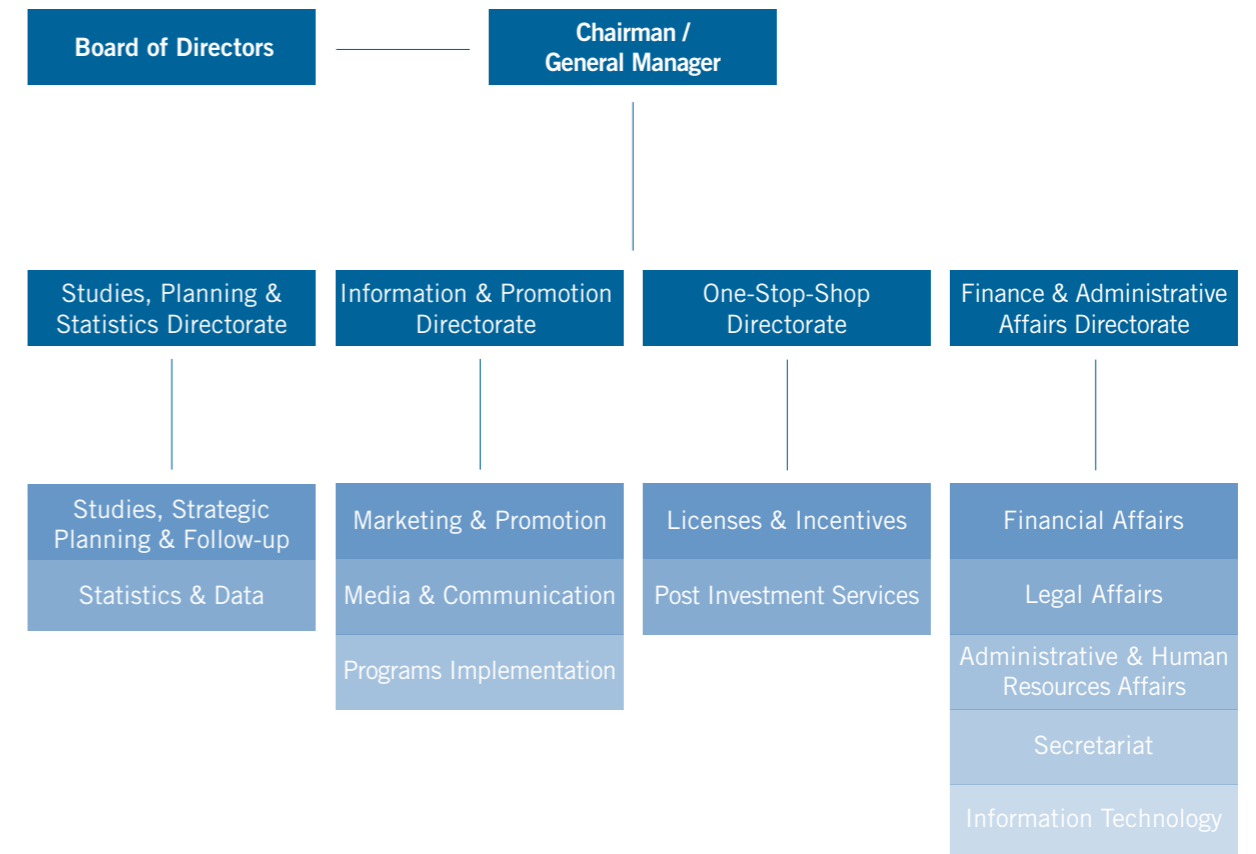
The **Finance & Administrative Affairs** directorate is in charge of general administration matters including accounting and budgeting, procurement, legal affairs, human resources, secretary and information technology.

IDAL is organized into four directorates that support it in achieving its objectives of fostering investments to Lebanon and promoting Lebanese products abroad



IDAL Organizational Structure

Figure 1: Organizational Structure



IDAL Board of Directors

Chairman and General Manager
Mr. Nabil Itani

Board Members
Mr. Georges Kassab | Full Time Member
Mr. Hawlo Tleiss | Full Time Member
Mr. Wassim Audi
Mr. Ramzi El Hafez
Mr. Mourched El-Hajj Chahine
Mr. Farid N. El Kheshen

Government Commissioner
Dr. Nassib Hoteit

Section 1: Investment Achievements and Trends

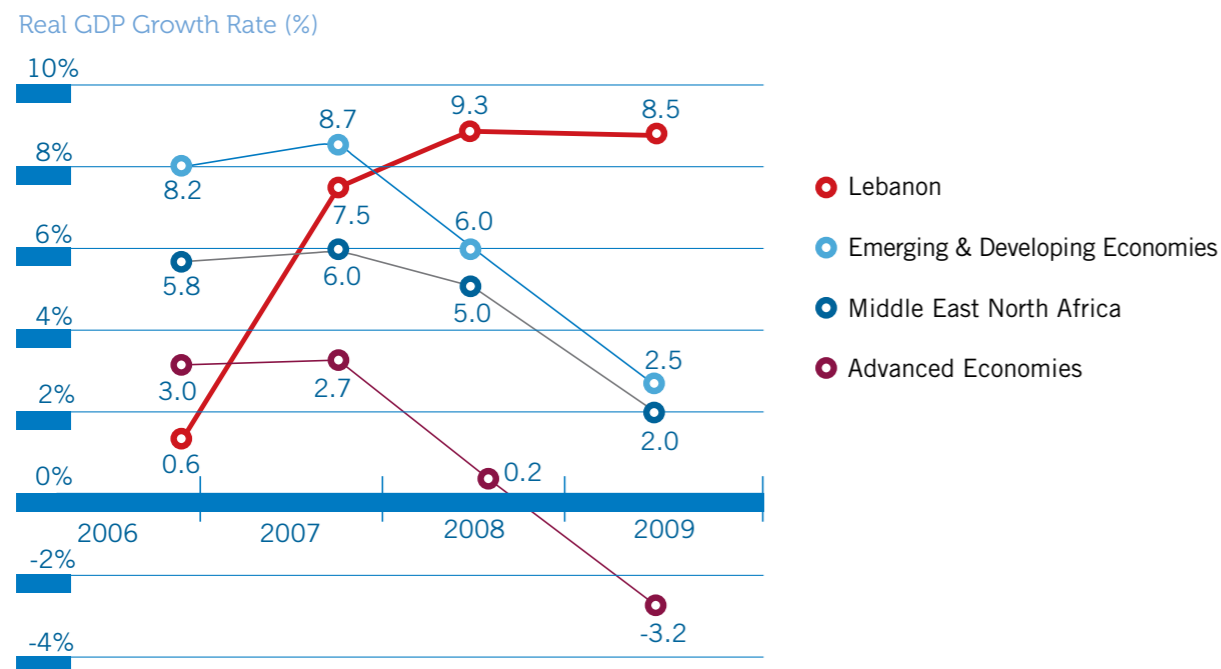
Investment Achievements and Trends

1.1 Economic Performance and FDI to Lebanon

The Lebanese economy witnessed an unprecedented growth over the last 3 years with GDP growth rate registering a figure of 9.3% in 2008, 8.5% in 2009, and an estimated 8% growth figure in 2010. The economic and financial performance of Lebanon was notable in the face of the worldwide financial crisis and Lebanon was one of the few countries on a regional and international level that enjoyed positive and sustainable growth (Figure 2). Its resilient banking system and prudent macroeconomic policies have provided the right tools to weather the consequences of the external crises.

Lebanon was one of the few countries on a regional and international level that enjoyed positive and sustainable growth

Figure 2:
Economic Performance: Real GDP Growth (2006-2009)



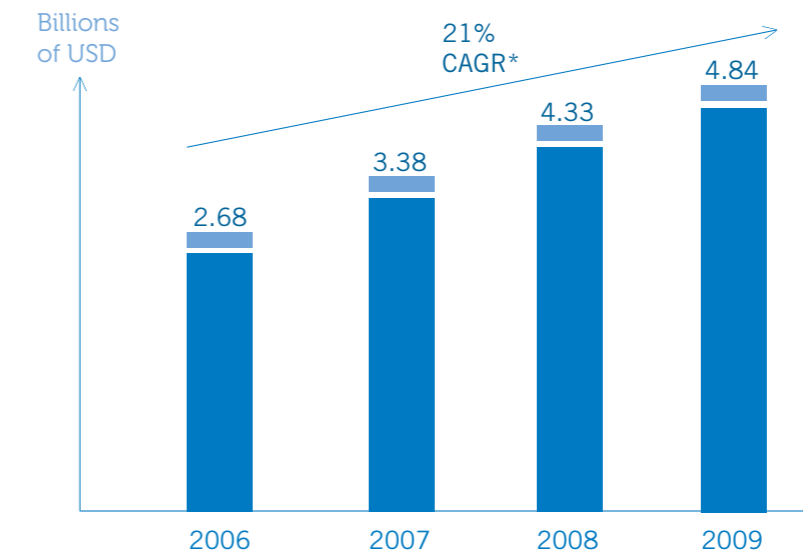
Source: International Monetary Fund, World Economic Outlook database, 2010

This buoyant economic activity was backed by large capital inflows. In 2009, Lebanon received net FDI inflows of USD 4.8 billion, almost two times as much as in 2006. FDI inflows have been increasing at a positive trend, registering more than 25% growth in 2007 and 28% in 2008 (Figure 3), and a compounded annual growth rate of 21% over the period 2006-2009. Moreover, the share of FDI inflows of the country's GDP has been growing and accounted for nearly 15% of the country's GDP in 2009.

In 2009, Lebanon received net FDI inflows of USD 4.8 billion, almost two times as much as in 2006

However preliminary estimates by the World Bank have shown that FDI inflows to Lebanon in 2010 registered a 3.2% decline from previous year levels, with FDI hovering at USD 4.65 billion, in line with the regional drop in FDI levels.

Figure 3:
FDI Inflows to Lebanon (2006 - 2009)

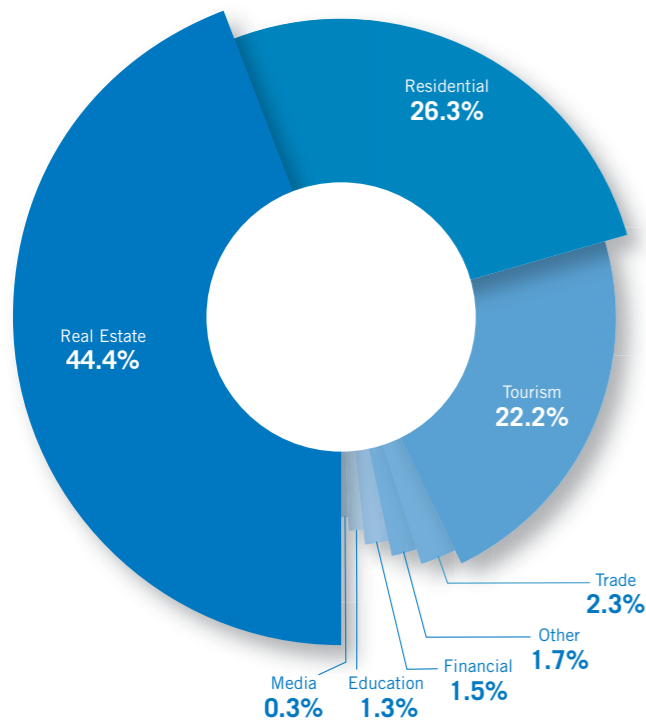


Source: World Bank
*CAGR: Compound Annual Growth Rate

The leading sectors for foreign investments in 2009 were the real estate and residential sectors (Figure 4) which generated around 70% of total FDI inflows, backed by strong demand from Lebanese expatriates and Gulf investors. Tourism is also a key growing sector, attracting around 22% of total FDIs, which are mainly channeled to the hospitality sub-sector. Other service sectors which include media, financial services, education and trade have generated a combined share of 7.1% of total investments for 2009. FDI in industrial and agriculture sectors continue to be low for the time being.

The leading sectors for foreign investments in 2009 were the real estate and residential sectors, which generated around 70% of total FDI inflows

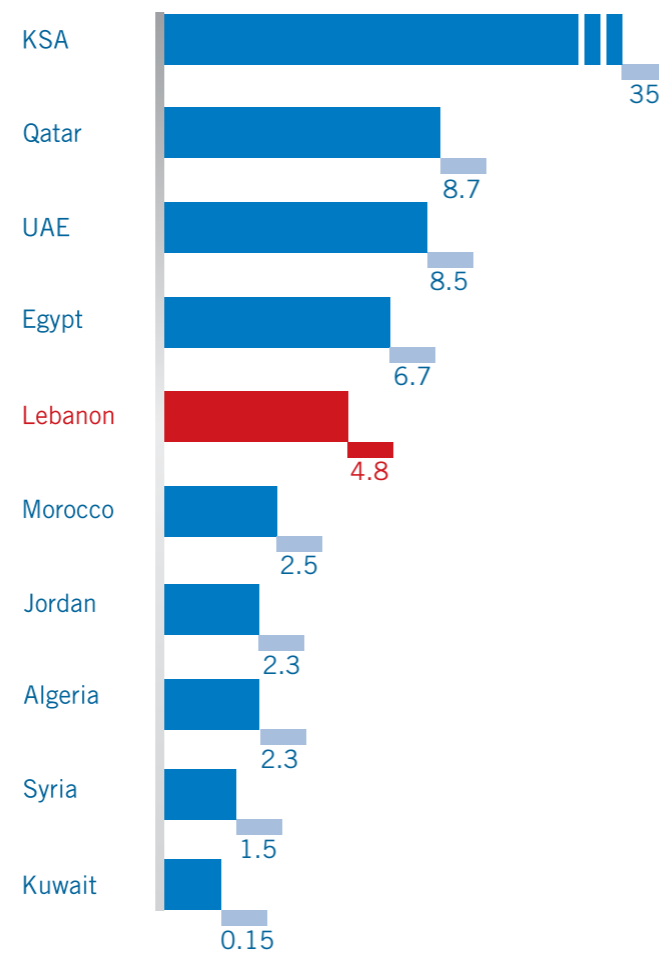
Figure 4:
Distribution of FDIs by Sector (2009)



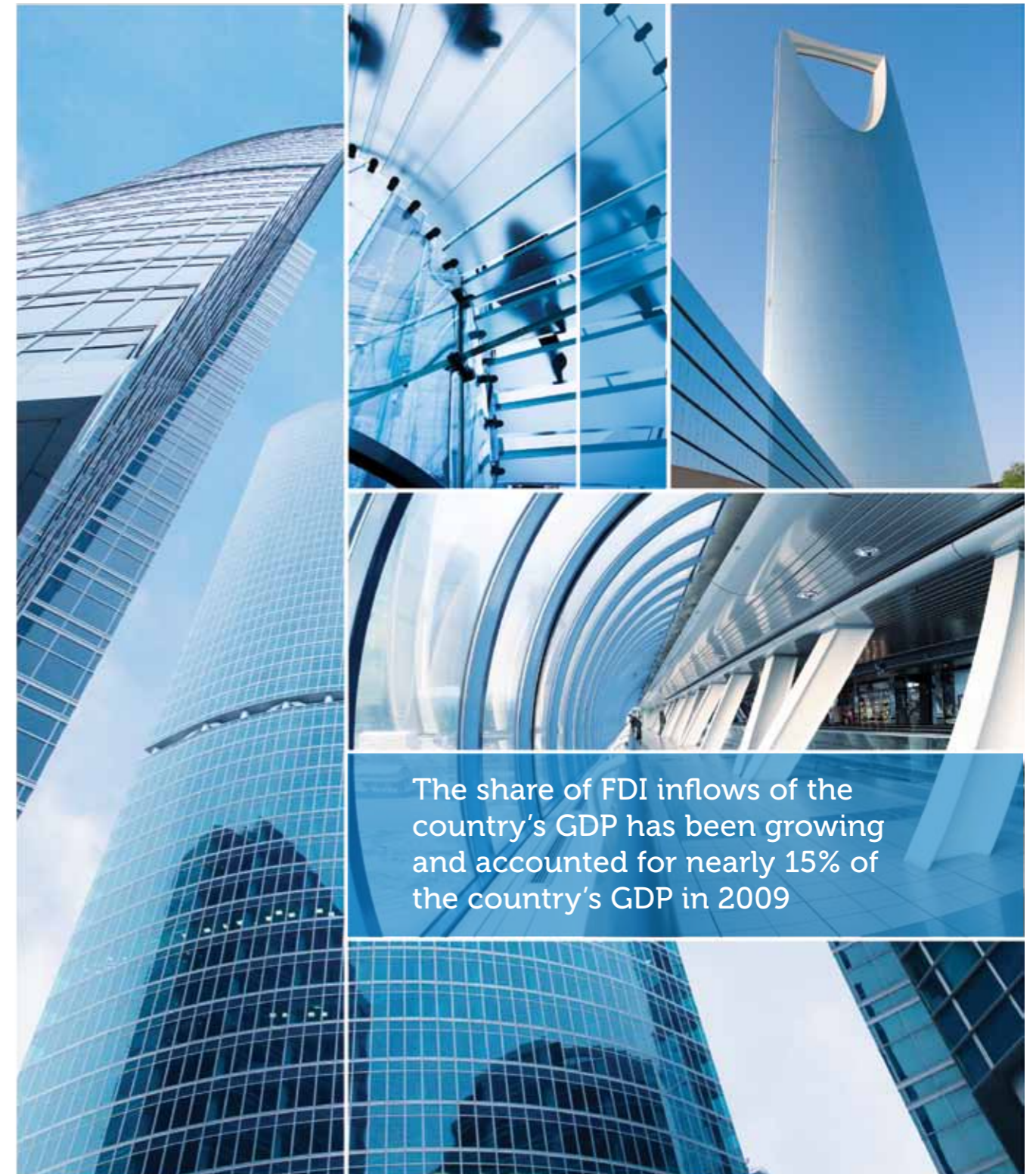
Source: Based on IDAL's estimates and calculations

In relative terms, Lebanon's share of FDI projects in the Middle East/North Africa (MENA) was around 6% (5th place) in 2009, higher than the share of most of its immediate regional neighbors, highlighting the importance of Lebanon as key investment destination (Figure 5).

Figure 5:
FDI inflows to selected countries in the MENA Region (2009) (Billions of USD)



Source: Arab Investment & Export Credit Guarantee Corporation



The share of FDI inflows of the country's GDP has been growing and accounted for nearly 15% of the country's GDP in 2009



1.2 Investments Mediated by IDAL

A. Investment Trends since 2003

The Investment Development Authority of Lebanon (IDAL) has played an important role in channeling investments to Lebanon by providing investors with a set of fiscal, labor, and administrative incentives to facilitate the set-up and operation of their projects in selected growth generating sectors mainly: Industry, Agriculture, Agro-Industry, Tourism, Information, Communication & Technology, and Media.

Since 2003, IDAL oversaw the implementation of 35 projects, mobilizing USD 1.08 Billion worth of investments, and generating 4,760 jobs spread across the various economic sectors and regions of Lebanon. With 8 projects in the pipeline, IDAL would have facilitated the set-up of 43 projects.

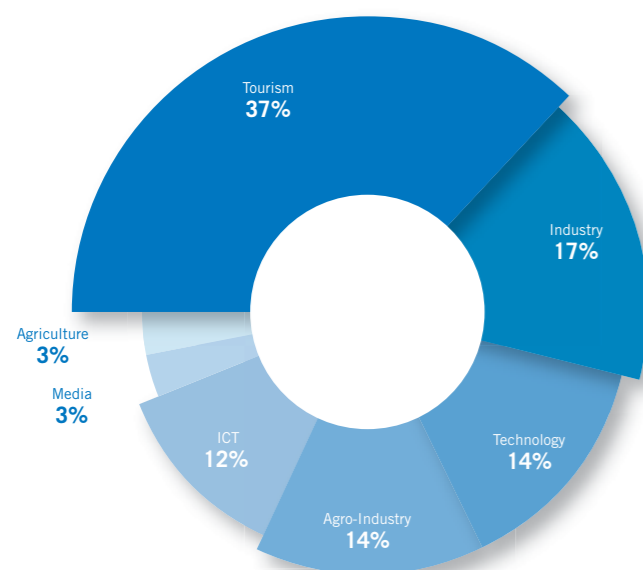
The majority of investments mediated by IDAL were channeled to the **Tourism sector** (37% of total projects or 13 projects) (Figure 6) which generated around USD 860 million worth of investments in 7 years (79% of total invested value). Investments were mostly focused on building five-star hotels, and to a lesser extent on building new leisure facilities (e.g. Metropolitan Park). It is worth noting that in 2010, hotels in Beirut have witnessed an occupancy rate of 65.2%, the third highest in the region after Dubai

and Jeddah. The Tourism sector remains one of the fastest growing economic sectors in Lebanon, with tourist traffic registering an annual growth of around 40% in 2009. This trend is expected to continue in the future, fueling additional investments in the hospitably and leisure sub-sectors, as well as in cultural & religious tourism projects. The Tourism sector has been particularly attractive to investors due to the quality of the Lebanese environment, the strategic location of the country, a rich cultural heritage, and the availability of a multilingual workforce. The Lebanese government is currently in the process of implementing a cultural & religious tourism strategy which is expected to generate additional investments across the entire value chain of the tourism sector.

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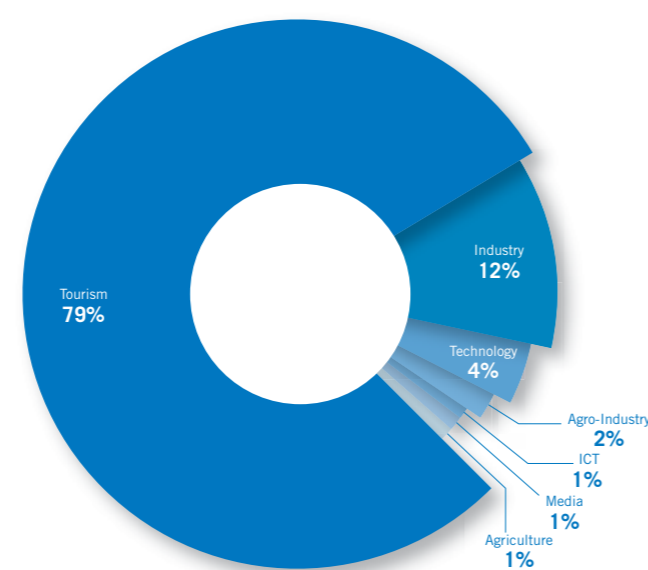
Figure 6:
Distribution of FDIs Mediated by IDAL (2003- 2010)

A. By Number of Projects



Number of Projects: 35
Total Invested Value: USD 1.08 Billion

B. By Investment Value



The traditional **Industrial sector**, which accounts for around 8.8% of the country's GDP (based on 2008 figures) has captured the second largest share of projects (17% of total projects or 6 projects) since 2003, and has generated USD 131 Million worth of investments. In particular, the Metal, Machinery & Equipment sub-sector received the majority of industrial investment flows. Other sub-sectors which benefited from IDAL's incentives include the Textile, and Timber, Rubber & Chemicals sub-sectors.

Investments in **Emerging Industries** which are classified in IDAL's Law within the **Technology sector** ranked third in terms of total attracted projects (14% of total projects or 4 projects), with an investment value of USD 40 Million. Type of technology investments includes medical and manufacturing projects (pharmaceutical and other) using advanced technology. Investments in **medical technology** projects have the potential to flourish as Lebanon offers an appealing base for manufacturing medical devices facilitated by the availability of a large pool of doctors and medical centers (According to the WHO, Lebanon has one of the highest concentration of doctors per inhabitant regionally and internationally), and increased demand for medical services by local, and international patients. In 2010, IDAL facilitated the set-up of a world leading dental company, provider of sophisticated digital manufacturing center solutions in the field of dentistry.

Along the same line, **pharmaceutical projects** making use of advanced technology have also benefited from IDAL's incentives. IDAL facilitated the set-up of 3 projects in the pharmaceutical sub-sector.

The **Information, Communication & Technology (ICT) sector** has attracted 12% of total projects with a total investment value of USD 16 Million. IDAL mediated investments in one **software related project** and 2 projects in the **wireless industry**. The Information & Technology (IT) sector presents ample opportunities as new technological innovations make their appearance into the market. In addition, it benefits from an educated workforce,

the availability of a large pool of IT graduates from top-tier universities. The importance of this sector to the economy has materialized in the design of special investment incentive schemes by IDAL to attract investments to this sector.

The Telecommunications sector on the other hand has attracted a small share of investments, with one project mediated by IDAL since 2003. Ericsson is an excellent example of a telecommunication company which has established a global service delivery center in Lebanon to serve the MENA region. This center is one of Ericsson's 19 offices globally. Today, Ericsson employs around 300 engineers in Lebanon, having initially started with a head count of 100.

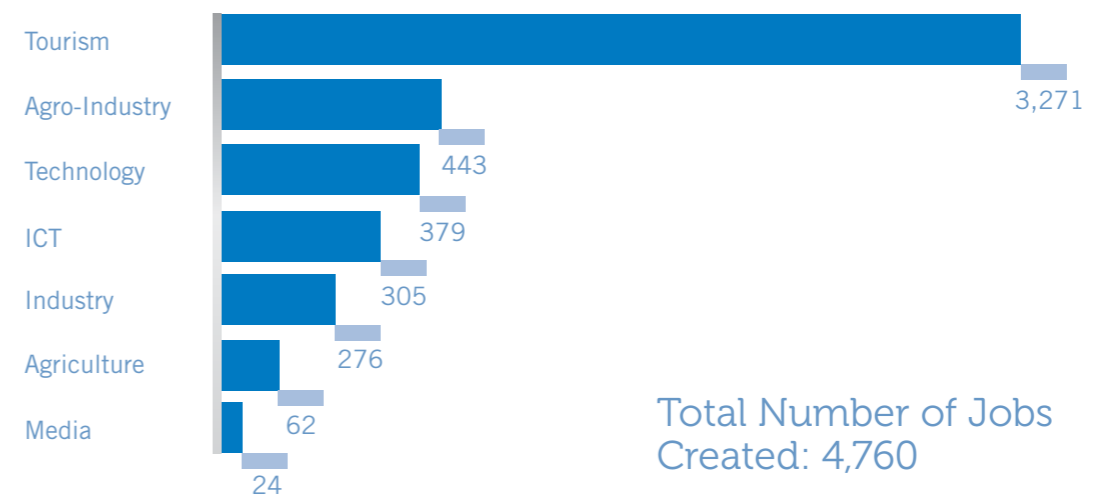
The **Agro-Industry & Agriculture sectors** which account for around 8% of Lebanon's GDP, have managed to jointly attract 17% of total investment projects (or USD 30 Million worth of investments). Most projects in these two sectors are located in the Bekaa and North provinces (being the two areas best suitable for rural activities), and have focused mainly on the production of potato chips, beverages, and cereal meals. Lebanon is endowed with vast agricultural land which is still not fully utilized, leaving room for areas of improvement.

Finally, the **Media sector** has attracted a relatively small share of investments. This sector has received funds for a single project during the 2003-2010 span.

The Tourism sector attracted 37% of total projects, followed by the Industrial sector with 17% of projects.

Through its incentive scheme, IDAL was able to create job opportunities across the various economic sectors of Lebanon. The **tourism sector** has generated the largest amount of jobs in a 7 year span (73% of total jobs) (Figure 7). The industrial sector as a whole (Industry + Agro-Industry) contributed to the creation of 719 jobs.

Figure 7:
Jobs Created by Sector through Investments Mediated by IDAL (2003 - 2010)

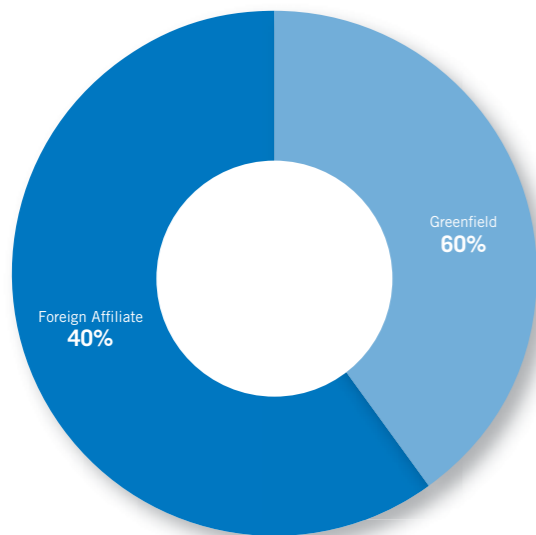


Total Number of Jobs Created: 4,760

B. Forms of Investments Mediated by IDAL since 2003

A significant proportion of investment flows that were mediated by IDAL over the last few years were in the form of Greenfield investments (Figure 8), which are new investments that directly create or expand production capacities. Greenfield projects are mostly seen in the industrial sector. The decision of companies to venture into such projects reflects confidence in the Lebanese economy and its expected potential. At the same time, IDAL mediated a series of foreign affiliate projects, especially in the tourism sector. There were no mergers & acquisitions deals mediated by IDAL, or foreign acquisition of manufacturing companies.

Figure 8:
Distribution of Projects Mediated by Form (2003- 2010)



C. Profile of Investors

Investments mediated by IDAL and undertaken by companies of Lebanese origins ranked 1st both in terms of number of projects and number of jobs created. Indeed, statistics show that more than 80% of investors that benefited from IDAL's incentives were of Lebanese origin for the period spanning from 2003 to 2010. In 25% of cases, companies were formed by a joint participation of foreigners and Lebanese nationals. Foreign investors were mostly of Arab origins (Saudis, Emiratis, Kuwaitis, Syrians, and Iraqis). A limited number came from European countries, mainly the United Kingdom and Sweden. Due to the prolonging effects of the financial crisis on Western economies, the geographical distribution of investors in Lebanon has witnessed an increase in proportion of Arab investors.

More than 80% of investors that benefited from IDAL's incentives were of Lebanese origin

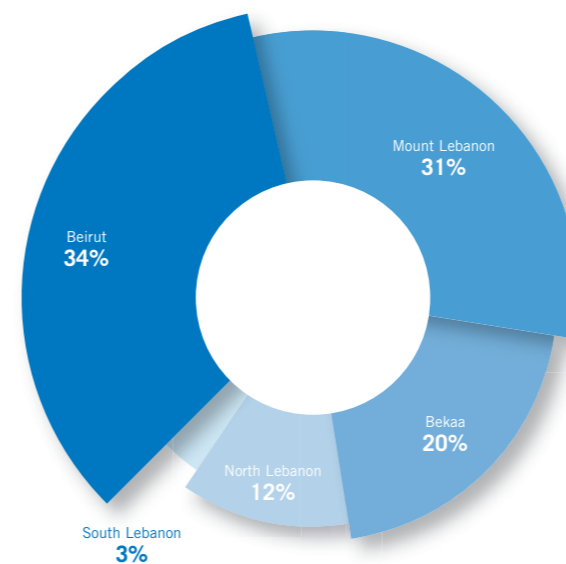
D. Attractive Regions for Investments

The greatest number of investments coordinated by IDAL was in Beirut and Mount Lebanon, which were chosen by 23 companies (or 65% of total companies) for the establishment of their projects (Figure 9). Projects in Beirut were concentrated in the Tourism sector, and specifically in the hospitality industry, which requires large amounts of capital investments. Mount Lebanon was as popular a region as Beirut with 10 investment projects mostly in the Technology and Media sectors. Such investments are supported by low investment requirements set by Investment Law 360, the presence of an educated

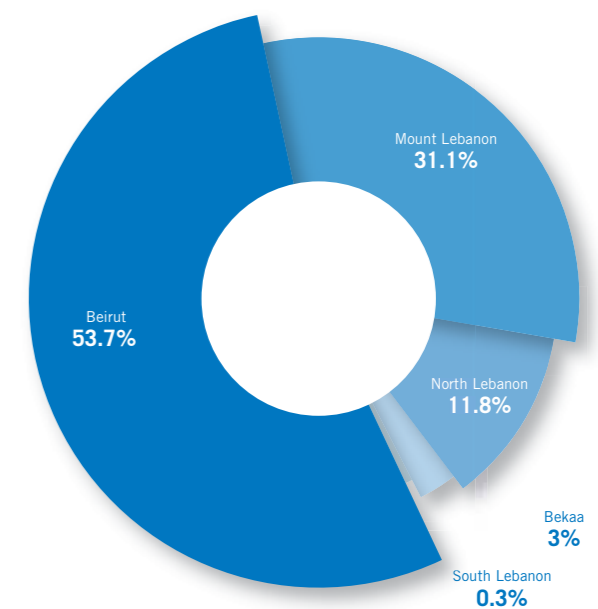
and skilled workforce, a proximity to universities and research centers, low real estate cost and the availability of a supportive infrastructural network. The Bekaa region has witnessed the completion of 7 projects in the agriculture and agro-industry sectors, given the nature of the area, and the availability of agricultural land. The North of Lebanon has mostly attracted industrial projects. Villages located in the border areas and which have displayed socio-economic challenges, have only attracted a small share of investments, in agricultural or agro-industrial projects.

Figure 9:
Regional Distribution of FDIs Mediated by IDAL (2003- 2010)

A. By Number of Projects



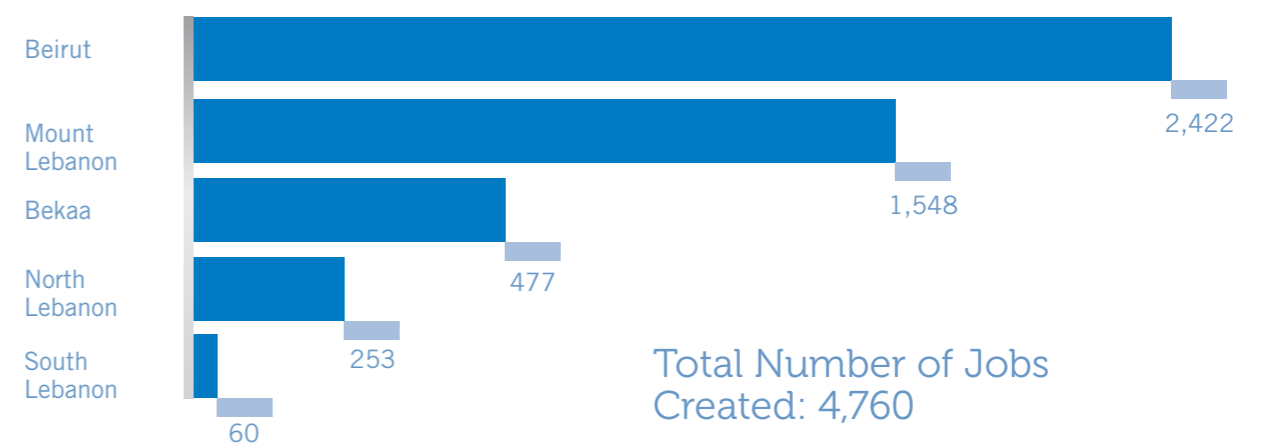
B. By Investment Value



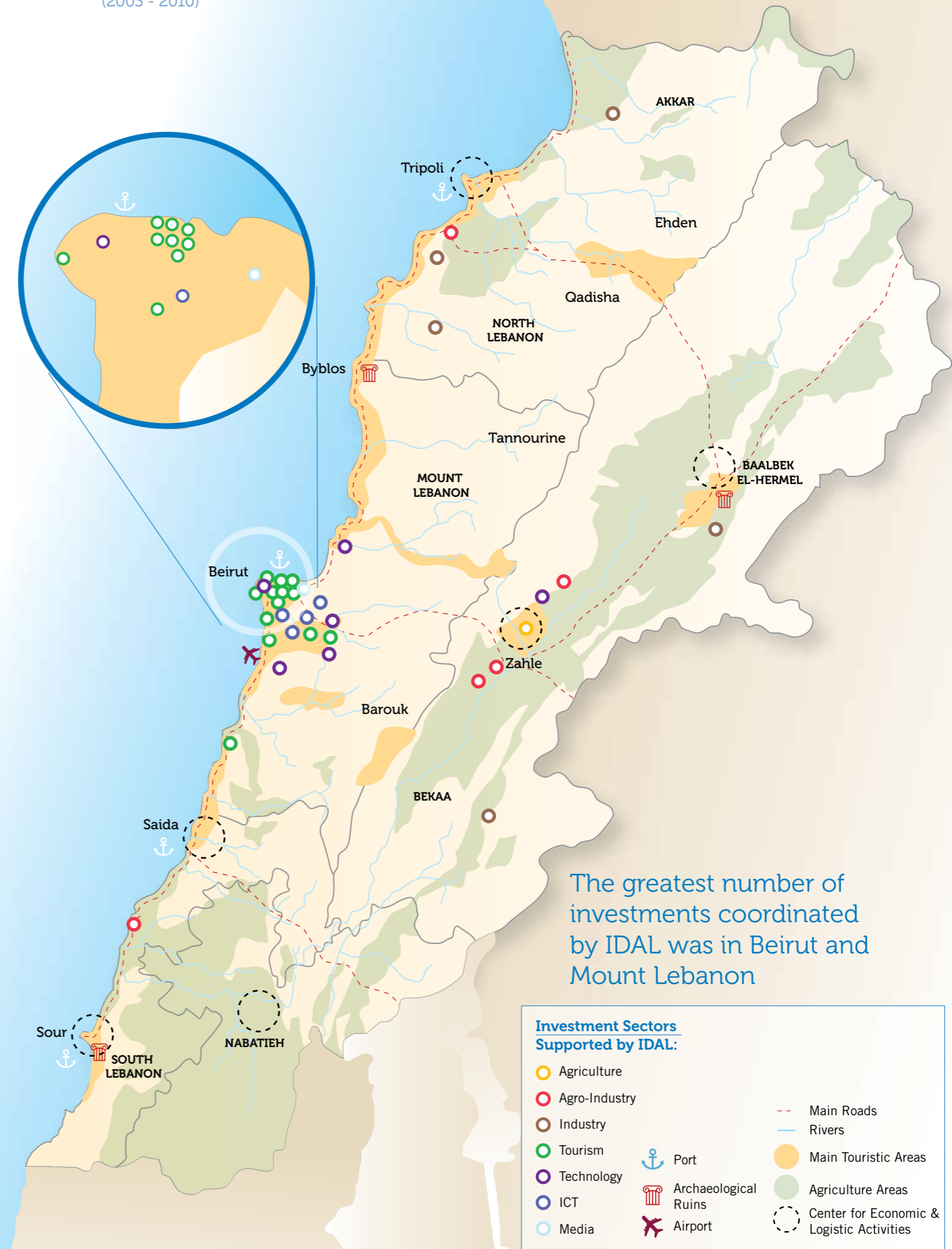
Number of Projects: 35
Total Invested Value: USD 1.08 Billion

In terms of jobs created, Beirut and Mount Lebanon have generated the largest share of jobs compared to the other regions of Lebanon (82% of total) (Figure 10).

Figure 10:
Jobs Created by Region through Investments Mediated by IDAL (2003 - 2010)



Mapping of Investments Mediated by IDAL to Geographical Areas. (2003 - 2010)



E. 2010 – A Successful Year in Number of Projects Received by IDAL

In terms of number of applications received by IDAL, 2010 could be considered one of the most successful years since 2003. In total, twelve applications were submitted to IDAL (Table 1). Four of these have been successfully processed, and the projects are now in the construction phase. These projects are distributed across the Agro-Industry (2), Technology (1) and ICT (1) sectors.

Two are foreign affiliated companies, Cynoprod and Waves (ICT), and the remaining two are Greenfield projects, Tayyebat and Cedars Beverage (Agro-Industry). Cynoprod, which has offices in Canada and several MENA countries has set-up a production center in Lebanon to cater for a growing demand on high quality CAD/CAM manufactured prostheses in the region. While contributing to the local economy through the creation of new jobs, Cynoprod's transfer of know-how will be placing Beirut as a regional

hub on the world dental map. As for the remaining eight applications, they are still under evaluation. Combined, these projects are expected to generate 1074 jobs (45% in the Tourism sector, 19% in the Industrial sector, 18% in the Technology sector, and the remaining distributed across the other sectors), and an investment value of USD 336 Million, which corresponds to twice the size processed in 2003. 2010 has moreover displayed a clear trend for increased investments in technology-related sectors and media outlets.

In terms of number of applications received by IDAL, 2010 could be considered one of the most successful years since 2003

Table 1: Investments Mediated by IDAL in 2010

Approved projects	4
Jobs created	183
Invested amount (USD)	19,307,211
Projects under evaluation	8
Expected job creation	891
Expected invested amount (USD)	317,083,991

Below is a brief description of the projects mediated by IDAL in 2010 (Table 2) Lebanese investors were the most active in undertaking investment projects in 2010. This reflects the trend of previous years where Lebanese companies accounted for the largest portion of projects supported by IDAL.

Table 2: Overview of Projects Mediated by IDAL in 2010

Economic Sectors	General Description of Projects Mediated and Approved by IDAL
Agro-Industry	<p>Tayyebat is a factory specialized in the production of frozen potatoes located in Saida (South Lebanon). This project benefited from the Package Deal Contract and is expected to generate 60 job opportunities.</p> <p>Cedars Beverage is a factory that produces juices and soft drinks, located in Koura (North Lebanon). This project benefited from the Package Deal Contract and is expected to generate 63 job opportunities.</p>
Technology	<p>Cynoprod is a factory for the production of dental manufacturing facility located in Beirut. This project benefited from the Investment Project Incentives and is expected to provide jobs for 10 people.</p>
ICT	<p>Waves is a company working in the delivery of high-speed internet, Wi-Max technology, located in Jdeydeh (Mount Lebanon). This project benefited from the Investment Project Incentives and is expected to generate 50 job opportunities.</p>



Cedars Beverage Factory in Koura



Mada 3D in Mount Lebanon



Cedars Beverage Factory in Koura



Tayyebat Factory in Saida



Tayyebat Factory in Saida

Section 2: Activities Undertaken
by IDAL in 2010

Activities Undertaken by IDAL in 2010

2.1 Marketing and Promotion Activities

The Marketing and Promotion team makes use of a wide range of tools to communicate with local, regional and international investors. In 2010, IDAL sponsored a set of conferences and forums aimed at increasing awareness on IDAL's activities and services, and promoting investment opportunities in Lebanon. Below is a description of the events in which IDAL was a key sponsor:

- Forum on "Investment Promotion and Export Development" aimed at combining the efforts of Arab Chambers of Commerce and investment promotion agencies in increasing levels of FDIs to Arab countries and opening new export markets. This forum witnessed the participation of the Arab League of Nation, and director generals of the joint Arab-foreign chambers of commerce.
- The "Arab-Economic Forum" witnessed the participation of 800 participants representing 250 companies from 20 countries. The main objective of this forum was to enhance economic ties between Arab countries and encourage partnerships in various sectors.
- "Planet Lebanon 2010" conference targeting the Lebanese diaspora and aimed at promoting Lebanon's investment opportunities to its large pool of expatriate business communities, located mostly in the Americas and Africa.
- "Summer Lebanon" Conference targeted at Gulf businessmen who have shown a strong interest in Lebanon as a key tourist destination. This conference attracted around 350 businessmen from 12 countries in the MENA region.
- "Lebanon Business and Investment Summit (Euro-Convention)" was held in the third quarter of 2010 and was co-organized by IDAL. It brought together European investors who were introduced to opportunities in the various economic sectors.

IDAL also had the opportunity to promote Lebanon as a key investment destination by participating in international fairs and forums organized locally and abroad. In 2010 IDAL delivered presentations at 6 forums, including: The Lebanese-Turkish Conference for socio-economic relations; the Lebanese-Italian Economic Forum and the Thirteenth Conference for Arab Businessmen.

In addition, IDAL was active in organizing individual meetings with investors, providing them with information on the country's competitive advantages, laws and procedures regulating investments, and the various available incentives.

In that context, IDAL received in 2010 various economic delegations. Some of them included:

1. A Brazilian delegation, mainly formed of Brazilian investors from Lebanese origin looking for opportunities in the real estate and other productive sectors.
2. A French economic delegation interested in latest improvements in the investment climate enablers.
3. A Chinese delegation formed of businessmen from the public and private sectors and from the CCPIT (China Council for Promotion of International Trade) interested in Lebanon as new area for investment opportunities.
4. A Turkish delegation, looking for new investment opportunities in Lebanon.
5. An Iranian delegation formed of private sector representatives.
6. A Polish delegation mainly interested in investments in alternative energy resources.
7. A Bulgarian delegation seeking investment and trade opportunities with Lebanon.



Chinese Delegations



Euro-Convention



Invest Promotion and Export Enhancement Forum



Saif Lubnan



Brazilian Delegations



Saif Lubnan



In 2010, some 30 articles and reports published by foreign and local magazines featured IDAL and its activities including CNBC Magazine, Valeurs Actuelles, Capital Magazine, Time Magazine (for the foreign), as well as Hebdomagazine, Commerce du Levant, Executive Magazine, Al Iktissad Wal Aamal, Newsweek (for the local), in addition to all local newspapers and news agencies. Reports on IDAL were also broadcasted in a number of local and regional television networks.

IDAL also makes use of Online Media to target investors. On its website www.idal.com.lb IDAL offers a wide range of information available in two languages. It includes details on the business environment in Lebanon, a list of investment opportunities in the various economic sectors. In 2010, IDAL's website recorded 36,509 visitors.

During 2010, IDAL participated in various workshops and presented various recommendations on improving investment enablers in Lebanon



2.2 Workshops & Training Events

During 2010, IDAL participated in various workshops and presented various recommendations on improving the investment enablers in Lebanon. Some of the workshops include:

- A workshop organized by ANIMA¹ on "Territorial Marketing": The workshop tackled the performance of investment promotion agencies (IPAs) in promoting investments in the MENA region and identifying new areas of opportunities in various economic sectors. The workshop also aimed at encouraging dialogue between Mediterranean countries.

¹ANIMA Investment Network is a multi-country platform for the economic development of the Mediterranean. The network gathers around 70 governmental agencies and international networks.

- A workshop organized jointly by IDAL and the OECD (Organization for Economic Cooperation and Development). The purpose of this workshop was to shed light on the experience of IPAs in attracting investments through the One-Stop-Shop. The workshop was attended by representatives from IPAs in Iraq, Egypt, Portugal and other countries.

- Workshop organized by UNCTAD in Lebanon where the experience of IDAL was selected as a case study to highlight the efforts undertaken by IDAL to attract FDI, the policies developed to support this, and the role of IPAs in implementing these policies. This workshop was attended by representatives from regional IPAs.

2.3 Cooperation Agreements

The Lebanese Government signed bilateral agreements and Memoranda of Understanding (MOUs) with a series of countries to foster and promote capital flow and protect investors. These agreements include:

- An agreement for the promotion and the protection of investments with the Syrian Government. This agreement will replace the already existing agreement with Syria signed in 1997.

- A Memorandum of Understanding (MOU) was signed between IDAL and the General Authority for Investment (GAFI) of Egypt in June 2010. This memorandum aims at encouraging the reciprocal exchange of information, laws and projects of mutual interest. The MOU also aims at boosting the exchange of business delegations and the organization of conferences bringing together Lebanese and Egyptian potential investors, in addition to encouraging the exchange of technical expertise and training in the various fields of investment laws and statistics.

- A Cooperation Agreement was signed between IDAL and the Italian Institute for Foreign Trade (ICE) in June 2010. This agreement aims at enhancing cooperation between Lebanon and Italy by adopting measures that will facilitate investments through the identification of sectors and potential projects of mutual interest. The agreement also aims at fostering economic and commercial relations between companies from both countries, establishing joint ventures, and exchanging information and business strategies.

- IDAL renewed its membership in the WAIPA (World Association for Investment Promotion Agencies). The objectives of the association are to (1) to promote and develop understanding and cooperation amongst IPAs, and (2) to share country and regional experiences in attracting foreign investments and enhancing outward investments.

Section 3: Export Promotion Achievements in 2010



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Export Promotion Achievements in 2010

Apart from supporting the inflow of investments, IDAL is also responsible as per its mandate, to promote the export of Lebanese products, mainly in the Agriculture and Agro-Industry sectors. Through its Export Plus and AGROMAP programs, which primarily offer subsidies as well as other non-financial services to exporters, IDAL has successfully managed to boost outbound trade of agricultural products. Below are detailed sections for each program and the sector it sponsors.

IDAL has successfully managed to boost outbound trade of agricultural products.

3.1 Programs for Promoting Agricultural Exports

To promote the export of the agricultural sector, IDAL has put in place a financial support scheme targeting exporters (Export Plus Program), supplemented by programs aimed at assisting exporters in tapping new export markets (including technical capacity building and promotional support programs).



1.1 Export Plus Program Overview & Performance

The Export Plus Program was put in place by IDAL in 2001 (Decree Number 6041 / 2001) to support exporters in marketing their agricultural products in regional and international markets.

Objectives of the Program:

- Increase the quantity of Lebanese agricultural exports to traditional markets
- Create new export markets for Lebanese produce in non-Arab countries
- Control the quality of Lebanese agricultural products set for export, and ensure compliance with international standards
- Transfer know-how and knowledge to farmers and exporters

Key Beneficiaries of the Program:

- The program was designed to directly target exporters (farmers, or representatives of agricultural cooperatives)
- Today around 144 exporters (2010 figures) benefit from this program and they represent a large share of total exporters

Program's Modus Operandi:

- Cash Subsidies are directly provided to exporters that meet certain criteria to cover a portion of their transportation costs. From 2001 until 2006, the program was subsidizing a large portion of transportation cost
- Products that receive the subsidy include fruits, vegetables, eggs and flowers

In 2006, a government decision was passed to gradually remove cash subsidies by a rate of 20% on an annual basis until 2011, the time by which a new mechanism of support is to be put into effect.

Despite the reduction in subsidies which have reached 20% in 2010, the export of agriculture products supported by the Export Plus program didn't witness any major reduction compared to the same period last year. More specifically, export figures for the 1st three quarters of 2010 reached 305,440 tons compared to a volume of 309,255 tons in 2009.

This performance can be attributed to a suitable seasonal climate which helped achieve high quality agricultural produces that were introduced to international markets at higher prices.

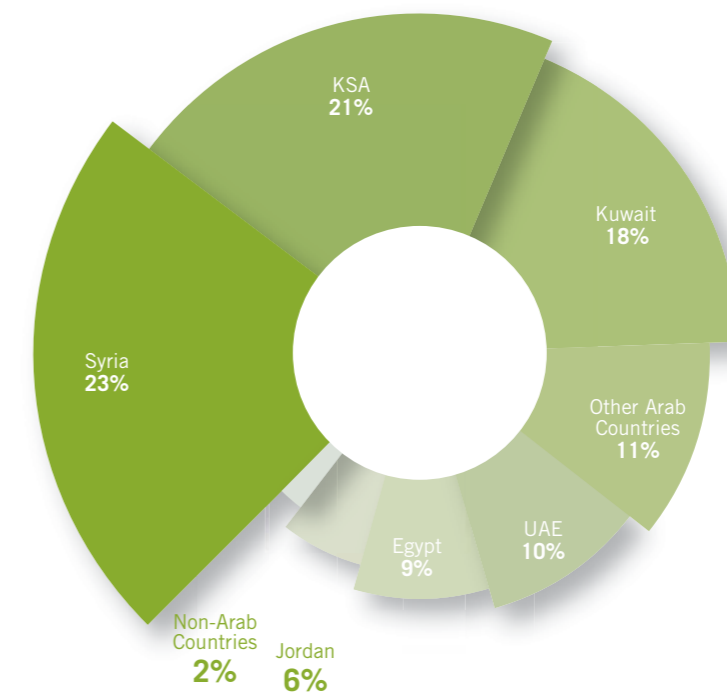
Moreover, the exports of eggs attained 326,547 boxes (360 eggs/box) realizing a decrease of 2.9% compared to 336,277 boxes exported in 2009. This drop could be related to the decrease in the demand for Lebanese productions, after the penetration of Ukrainian suppliers to the Gulf market.

Export figures for the 1st three quarters of 2010 reached 305,440 tons compared to a volume of 309,255 tons in 2009

Subsidized products are mostly destined to Arab countries (98%) (Figure 11), with European, American and Asian markets not yet tapped. Syria is the leading export partner of Lebanese agriculture products with 23% share of exported products. Until the third quarter of 2010, exports to Syria amounted to 70,755 tons (23% of total exports). They are followed by exports to Saudi Arabia and Kuwait that reached 65, 838 tons and 54,689 tons respectively (21% & 18% of total exports).

Subsidized products are mostly destined to Arab countries (98%)

Figure 11:
Export Plus Program: Share of Export Partners (2010)



In terms of products, potatoes and oranges accounted for the highest share of exports (24% each), followed by bananas and apples (15% each). The table below (Table 3) lists the quantity exported for each agricultural product subsidized by IDAL.

Potatoes and oranges accounted for the highest share of exports

Table 3:
Export Plus Program: Quantity Exported Q1 -Q3 2010

PRODUCE	QUANTITY (tons)
Potatoes	73,563
Oranges	72,796
Bananas	45,617
Apples	44,771
Mixture of vegetables	24,544
Lemons	19,593
Mixture of fruits	15,415
Grapes	7,860
Tomatoes	1,280
TOTAL	305,440

1.2 Marketing Activities for Export Promotion

In addition to providing financial support to exporters, IDAL has put in place a series of programs to support exporters in tapping new markets: In 2010, IDAL sponsored the organization of a food fair in Erbil, Iraq to showcase agricultural produce.

As part of its activities to support the export of agricultural products, IDAL also provides exporters with technical assistance programs. In fact, the quality control company SGS, organized in cooperation with IDAL a seminar on packaging centers, and on the hazards that can affect agricultural products during the process of transport and storage. The training also tackled the definition of good agricultural practices that conform with the specifications of the British Retail Consortium.



3.2 Programs for Promoting Agro-Industrial Exports

Due to the importance of the sector to the economy, IDAL has put in place a program that assists exporters in tapping new markets by helping them get introduced to new potential buyers.

AGROMAP

Description of the Program:

AGRO Market Access Program - AGROMAP is a cooperation protocol signed in 2004 between IDAL and the Syndicate of Lebanese Food Industries to promote the Lebanese agro-food sector and support Lebanese industrialists in expanding the export of their products. The program sponsors the participation of Lebanese industrialists at leading regional and international fairs and exhibitions by subsidizing a portion of the exhibition set-up fee.

Objectives of the Program:

- Provide agro-food exporters with the opportunity to market their products in international fairs
- Introduce Lebanese products and market to foreign investors
- Introduce local producers to latest technology in the field and increase awareness on external regional competition
- Increase the export potential of existing exporters and provide the opportunity for non-exporting companies to access new markets



IDAL provides financial support to support the export of agro-industrial products



Gulf Food Exhibition



Since the signing of the AGROMAP Protocol, IDAL has managed to subsidize the organization of 9 regional and international fairs, disbursing an estimated value of USD 414,000 and enabling the showcase of products of at least 30 Lebanese producers.

The **Gulf Food 2010**, the Middle East's largest food, drink and food service exhibition, which received financial subsidy by IDAL, ended on a high note with record numbers of exhibitors, visitors and business deals reported. More than 38 Lebanese Agro-Food companies participated in the Lebanese pavilion which extended over an area of 400 square meters. Canned foods, spices, coffee, cereals, pickles, and jams were among the main products exhibited. Lebanese companies secured more than 273 contracts worth 6 Million USD according to estimates from the Syndicate for Agro-Industry.



Section 4: Internal Restructuring Activities and Medium-Term Plan

Internal Restructuring Activities and Medium-Term Plan

In 2010 IDAL's team implemented a series of internal restructuring activities that were aimed at strengthening the Authority's internal operation and improving its delivery of service to investors. Below is a list of activities undertaken by IDAL's team during the course of 2010:

Developed a **medium-term plan** (3-year action plan) that lays out the Authority targets, priority areas and strategic objectives. The plan's main objectives include:

- Developing and implementing an investment promotion strategy for investments
- Providing world-class services in order to facilitate the establishment and operation of existing and potential projects
- Enhancing the image of Lebanon as a key investment destination
- Providing promotional support for sectors that need marketing abroad
- Providing accurate and reliable information to investors on a regular basis in order to facilitate project management and decision-making
- Providing studies on growth promising sectors and related investment opportunities by region

Initiated the **restructuring of IDAL's website**, with its new version expected to be launched in 2011. IDAL's existing website has won the "E-Government Web Award for Technical Achievement".

Initiated the **development of an "Investor Manual"** which will provide investors with an overview of all the procedures and requirements needed to open and operate a business.

Set-up a **"Policy and Planning Unit"** composed of 8 team members that will provide technical capacity to IDAL's management.

IDAL's vision starting 2011 is to re-activate its role in policy advocacy, and to pro-actively lead the way in identifying key obstacles to investment, while recommending new investment legislations and regulations to improve the business and investment environment for FDIs

In that same context, IDAL will adopt a policy-making role and actively support the national government in formulating economic development policies and regulations that impact the investment climate. In addition, IDAL will lead the process for developing and monitoring the implementation of an investment promotion strategy. In that role, IDAL might need to reassess the sectors it is currently promoting and identify new high-value add sectors that match the country's comparative and competitive advantages, in addition to revising its current product offerings (incentives criteria) to attract new and additional investments.

