



INVESTMENT DEVELOPMENT
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

■ ■ ANNUAL REPORT
- 2013

OUR
RESOLUTION
IS **DIGITAL**
THIS YEAR



ANNUAL REPORT **2013**





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THE VILLAGE OF KEFRAYA



FOREWORD BY
THE CHAIRMAN





«**2013** WAS A
BUSY YEAR FOR IDAL»

FOREWORD BY THE CHAIRMAN

Dear Readers,

Lebanon had a good investment performance in 2013 compared to other countries in the region. Despite the regional turmoil the country was able to score positively on various economic indicators and was among the largest recipients of Foreign Direct Investments (FDI) among non-oil economies in the region.

It is obvious that the political instability that has taken over the region in the last couple of years has had its toll on the region's ability to attract investments, however, despite this gloomy factor, Lebanon was able to attract a lucrative portion of those investments amounting to 6.3% of the country's GDP. When it comes to FDI stock, Lebanon is still placed as a top performer among countries in the MENA region and even globally, as FDI stock has amounted to 126% of the country's GDP. Consequently, there has been over 113 investment projects and foreign companies operating

in Lebanon in 2013, which reiterates the commitment and faith of foreign investors in Lebanon's economy. FDI inflows to Lebanon have remained steady at USD 2.83 billion.

The Investment Development Authority of Lebanon (IDAL) achieved a lot on the investor servicing front, and was able in 2013 to support and facilitate the establishment of 8 investment projects that are valued at USD 222 million and will create 864 direct and 1,820 indirect job opportunities. IDAL was also able to enhance its outreach activities on the domestic, regional, and international front, through the active participation in economic activities, conferences, and workshops in addition to the revamp of the existing website. The website which is considered to be the main contact point for all enquiries on doing business in Lebanon has been designed in a way to improve investor servicing through up-to-date content and interactive features. Additionally, IDAL has increased its online visibility through the activation of its social media platforms to reach out to a wider audience and showcase the authority's commitment to provide the adequate support and up-to-date content to its target audience.

IDAL, who will be celebrating its 20th anniversary in 2014, will continue to promote Lebanon as a viable investment destination through highlighting the country's regional and global competitiveness, its unique investment climate, and highly-skilled human resources. It will also persevere in promoting for investment opportunities in the promising productive sectors, the active promotion of Lebanese exports, reinforcing the link with the Lebanese diaspora and the support of innovation in various sectors especially the technological.

This report will bring into focus the local investment activities in light of the current economic slowdown and instability. It will cover new sections on the business environment, IDAL's achievements in relation to job creation, export promotion, and investment activities in 2013.

The results that were achieved in 2013 reconfirms the fact that Lebanon is a resilient country and is able to take on and overcome the challenges imposed internally and externally, hoping that the year 2014 will bear a brighter economic prospect for Lebanon and the region.



A handwritten signature in black ink, appearing to read 'Nabil Itani', written over a horizontal line.

Nabil Itani
Chairman, General Manager



BYBLOS



INVESTMENTS TO
LEBANON IN 2013

INVESTMENTS TO LEBANON IN 2013

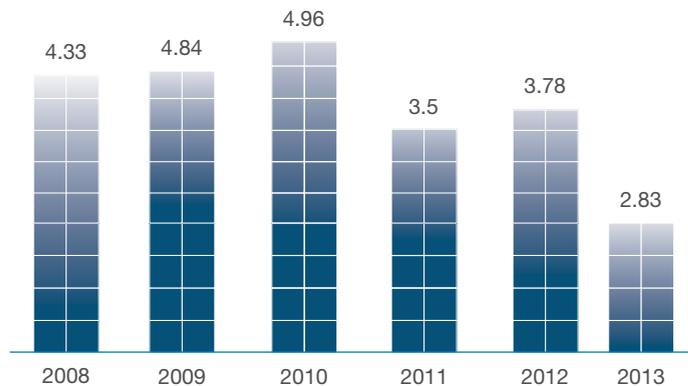
FDI INFLOWS TO LEBANON

Due to the regional instability and the spillover of the Syrian crisis, foreign direct investment flows to Lebanon have declined slightly from previous year's averages, registering a figure of USD 2.83 Billion, down by 26.6% from 2012 levels, in the backdrop of a GDP growth rate of 1.5%, according to UNCTAD's latest World Investment Report (Figure 1).

Despite this decline, foreign investments to Lebanon have never stopped, with various projects being initiated across various sectors, mainly ICT and AgroFood.

The decline in FDI figures has been linked by economic experts primarily to the considerable drop in the FDI flows channeled from Gulf countries into the Lebanese real estate sector.

Figure 1: FDI Inflows to Lebanon (USD Bn) | 2008 – 2013

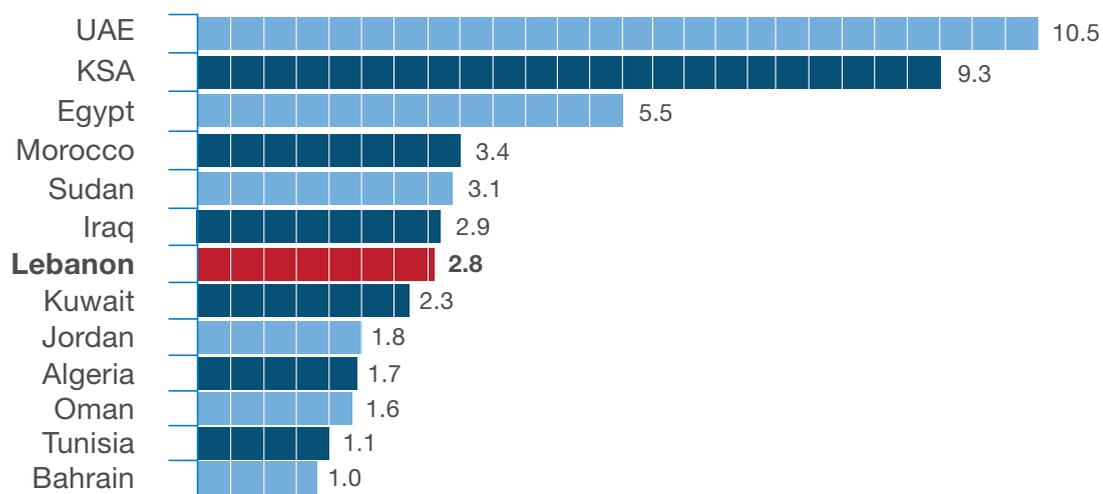


Source: UNCTAD- World Investment Report 2014

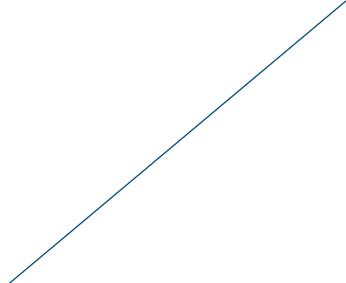
Lebanon fared better compared to other countries, being one of the largest non-oil economies recipient of FDI, as FDI to the region as a whole continued their slide, with the MENA region share of the world FDI dropping in 2013,

compared to 2010 (Figure 2). The political disturbances that swept the region over the last 2 years had by all means an impact on the capacity of the region to attract investments.

Figure 2: FDI Inflows in the MENA Region (USD Bn) | **2013**

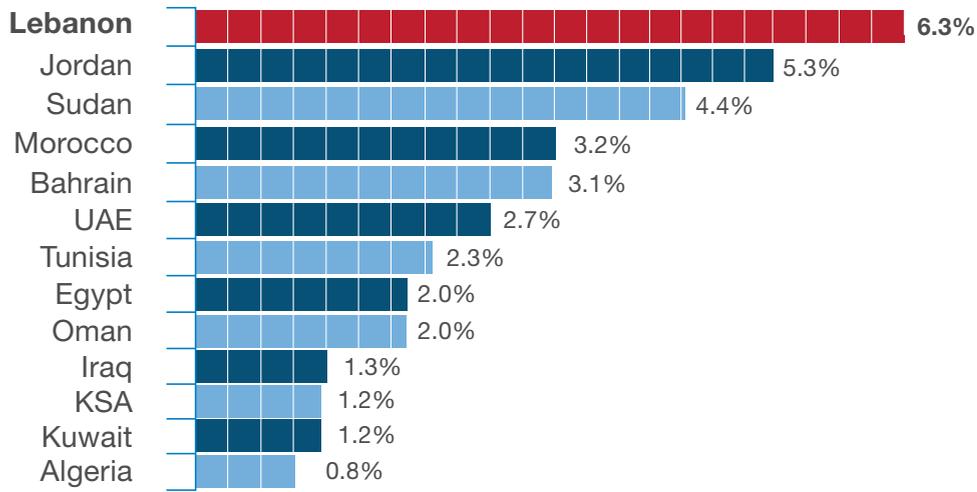


Source: UNCTAD- World Investment Report 2014



In relative terms, when accounting for a country's size and GDP relatively to the FDI inflows into it, Lebanon remains on top of the list, with FDI inflows accounting for 6.3% of GDP (Figure 3).

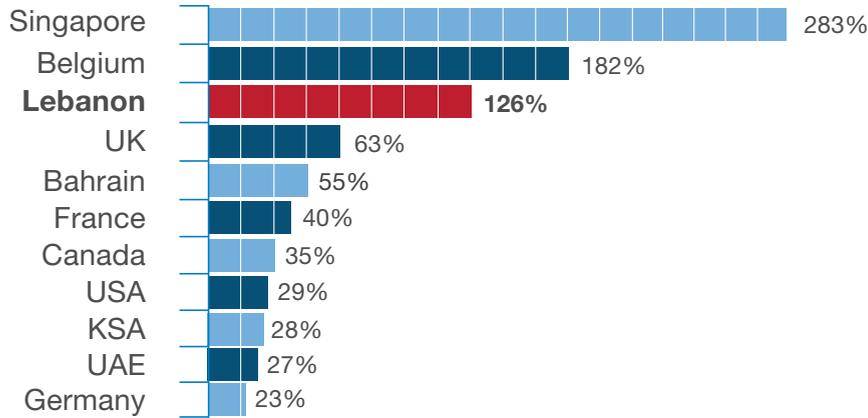
Figure 3: FDI Inflows in the MENA Region as a % of GDP (% share) | **2013**



Source: UNCTAD- World Investment Report 2014, IMF

When talking about FDI stocks, Lebanon not only tops the MENA chart (Figure 4), but also compares with global levels, with its FDI stock constituting 126% of GDP, a level that is higher than the UK (63%), France (40%), Canada (35%) and the USA (29%).

Figure 4: FDI Stocks in the MENA Region as a % of GDP (% share) | **2013**



Source: UNCTAD- World Investment Report 2014, IMF

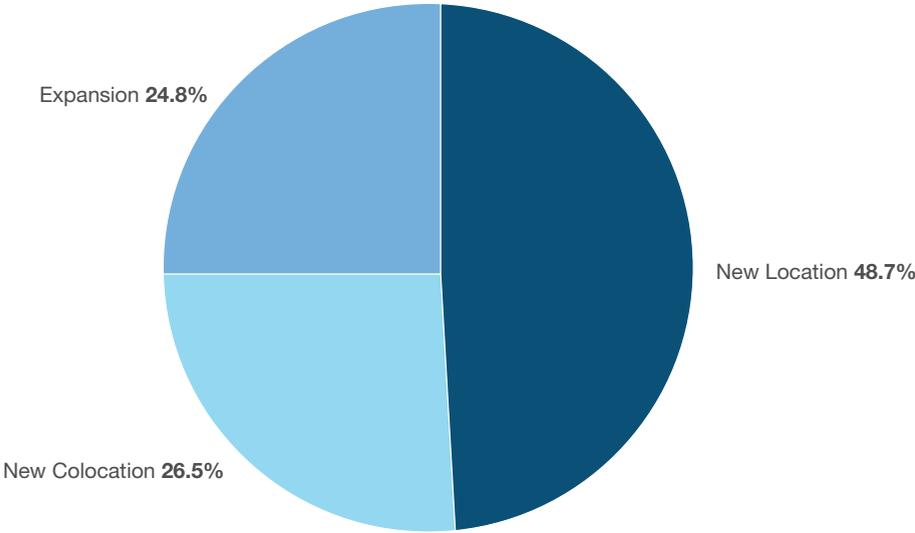


STRUCTURAL CHARACTERISTICS OF FOREIGN INVESTMENTS

Foreign investment flows to Lebanon didn't see major fluctuations as a substantial number of foreign investment projects and foreign partnerships were announced during 2013, highlighting the continuous faith of foreign investors in the Lebanese economy. In total, 113 foreign investment

projects were registered, a number slightly higher than 2012 figures. 55 of those investment projects are new, 30 are existing companies opening new branches, and 28 are expansions of already existing projects through joint ventures and acquisitions (Figure 5).

Figure 5: Distribution of Foreign Companies in Lebanon by Type of Investment (% share) | **2013**

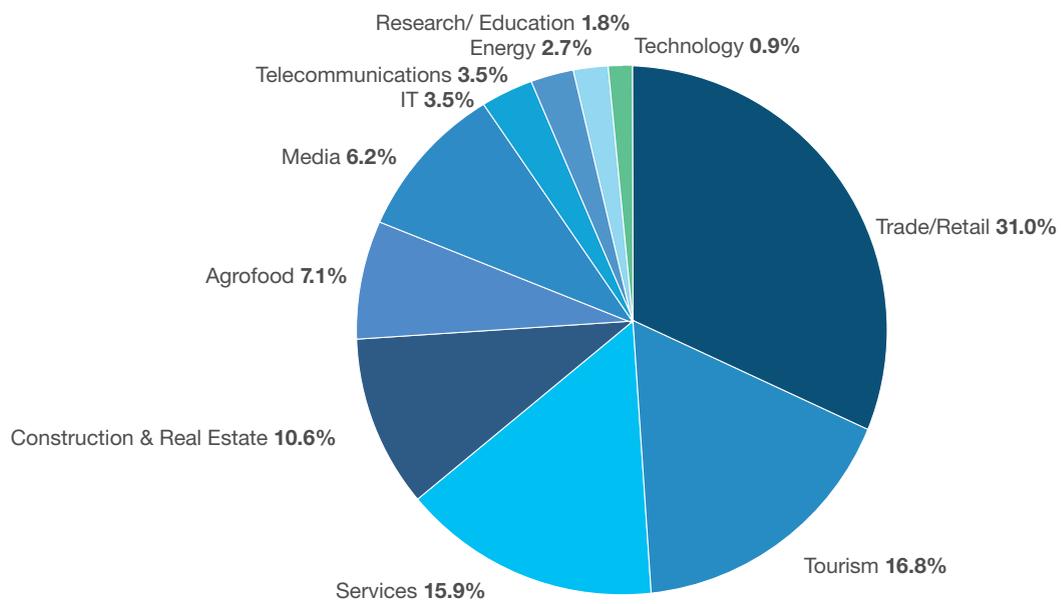


Source: Ministry of Economy & Trade, ANIMA Investment Network, Financial Times

More than 60% of these investment projects were made in the Trade / Retail, Tourism and Services sectors (Figure 6). 35 companies opened Rep offices or branches to sell their products to the local market. They consisted of mainly pharmaceutical & chemical products, clothing, machinery and equipment, as well as food and beverages. The Tourism sector on the other hand saw a surge of new investment projects, mainly in 5 and 4 stars hotels. In 2013, 8 new hotels were announced and are expected to generate 1 Billion USD worth of investments and 3,600 jobs once operational. One of these hotels will be located in the Bekaa region, adding 50 rooms to a region with an under-supply of hotels, 3 in Mount Lebanon and the remaining 4 in Beirut. The Services sector maintained its lion share of foreign investment projects with around 16% of the companies offering financial, consulting, research and education, transport and logistics, and healthcare services.

A trend worth noting is the increase in investments in productive and high value added sectors, mainly in Media (more specifically in production and post-production, broadcasting, etc.,) Information Technology (software development), Telecommunication (mainly 2 Call Centers), accounting for around 16% of total foreign projects, a net surge from 2012 figures.

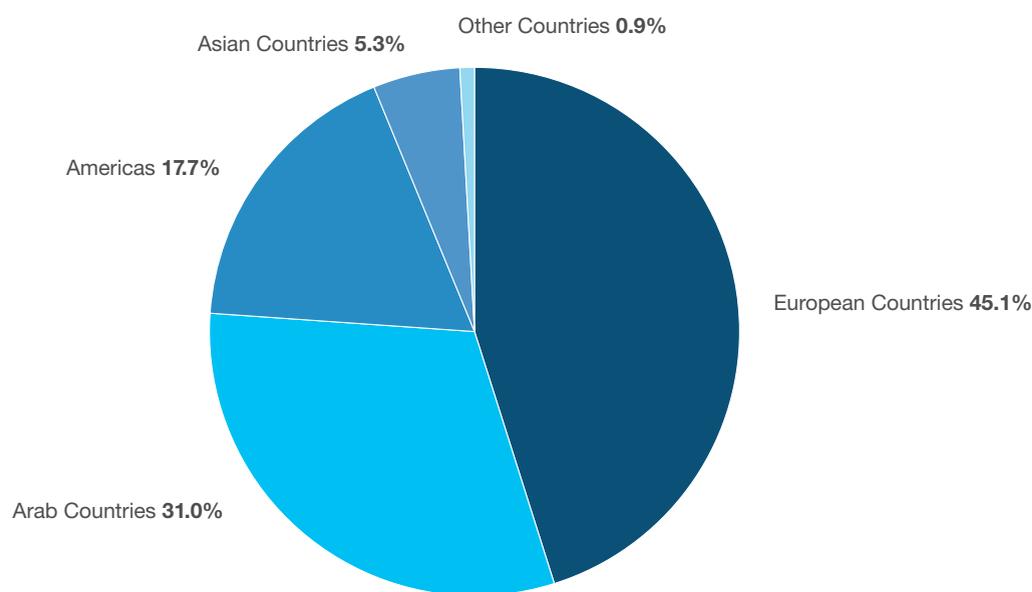
Figure 6: Distribution of Foreign Companies in Lebanon by Sector of Activity | 2013



Source: Ministry of Economy & Trade, ANIMA Investment Network, Financial Times

European companies were the main investors in Lebanon, accounting for more than 45% of the foreign companies in 2013. The three main European countries are France with 13.3%, UK with 8% and Italy 4.4% of total foreign companies respectively, which are also Lebanon's main trade partners. Arab investors on the other hand saw their share of foreign companies in Lebanon decline to reach 31% from the total investors, with the UAE remaining the leader with 17.7% of total foreign companies, followed by Syria and Kuwait with 5.3% and 3.5% of the total respectively. Syrian investments are considerably higher this year and are expected to further increase, due to the massive relocation of Syrians businesses into the country (Figure 7).

Figure 7: Distribution of Foreign Companies in Lebanon by Country of Origin (% share) | **2013**



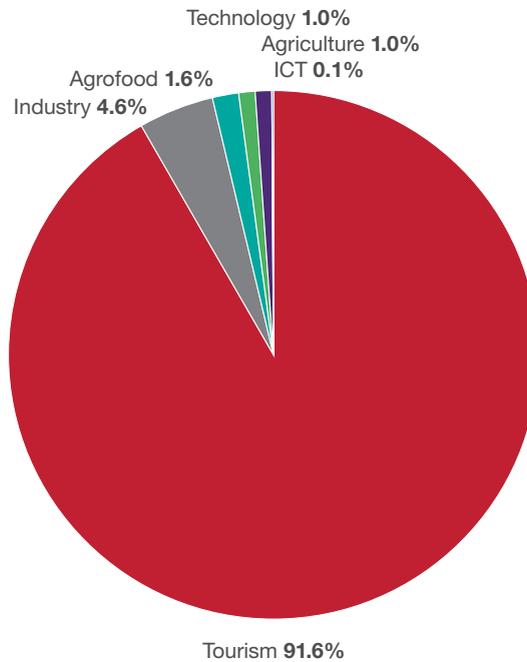
Source: Ministry of Economy & Trade, ANIMA Investment Network, Financial Times

INVESTMENTS MEDIATED BY IDAL

As a national investment promotion agency, IDAL is responsible for providing local and foreign investors, with all types of support ranging from legal and financial advisory to support in obtaining needed permits and licenses. In 2013, the “One Stop Shop” at IDAL processed, 8 investment projects which applied to IDAL in order to benefit from the various financial incentives it provides to companies. **These 8 projects are valued at USD 222 million and are expected to generate more than 864 direct and 1,820 indirect jobs when implemented.** 3 of these

projects are touristic projects, and account for more than 90% of the total investment value (Figure 8). The remaining 5 are scattered across different sectors, namely Industry with 4.6% of the total investment value, Agro-industry with 1.6%, as well as Agriculture and Technology, each with 1% of the total investment value in 2013. However, 3 of these 9 projects have received approval from the Presidency of the Council of Ministers/Council of Ministers to benefit from the incentives granted by Investment Law No. 360, with the remaining 5 still in the pipeline.

Figure 8: Distribution of Projects Processed by IDAL by Sector | 2013



Source: IDAL

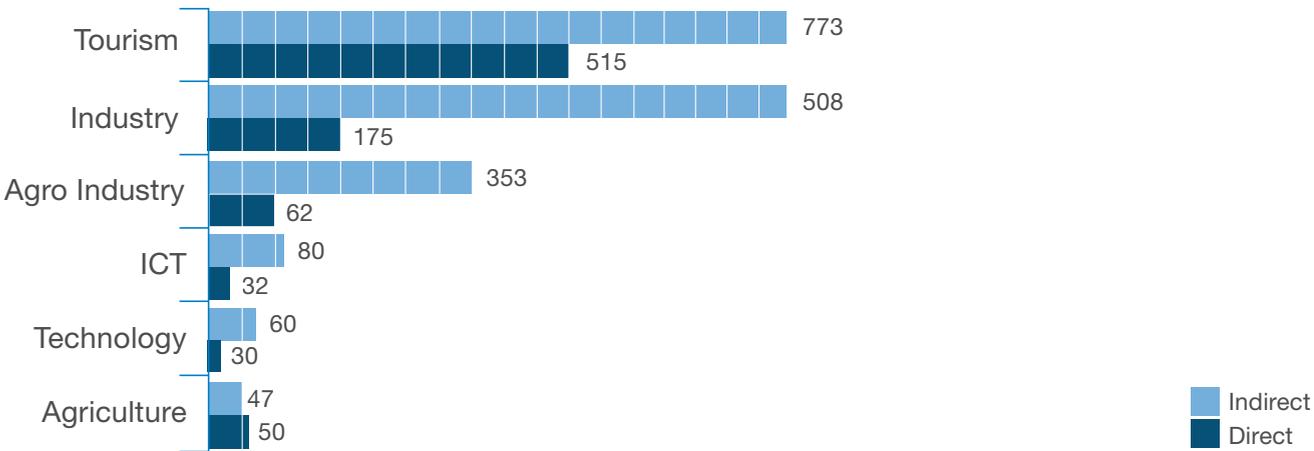
Investors that approached IDAL in 2013 are in majority local investors with only one foreign investor of Qatari origin seeking IDAL’s support. Of the 8 projects, 7 were Greenfield with only one an expansion project.



The processed projects are equally divided into 3 Mohafazat, namely **Beirut, Mount Lebanon and the Bekaa**. As for Beirut, it continues to be a major hub for touristic projects, namely hotels, with the majority being located in the capital, where business tourism is predominant, despite the under supply of 4 and 3 stars hotels in other regions of Lebanon. **As for Mount Lebanon, it remains appealing area for industries** where industrial zones are located and where land costs tend to be lower. The Bekaa on the other hand, is known for its rich and vast lands for the agro-food and agricultural sectors.

All in all, the economic impact of these projects once operational is to generate more than 2,500 jobs, with the Tourism sector responsible of 67.4% of the direct jobs, and the industry sector accounting for 33.5% of the indirect jobs (Figure 9)¹.

Figure 9: Jobs to be Created by Sector | 2013



Source: IDAL

¹The employment multiplier is the highest for the agro food industry which generates 5.7 times the direct number of jobs created. The tourism sector is estimated to generate around 1.5 times the direct number of jobs created. The industrial and agriculture sectors are estimated to generate 2.9 and 0.93 times the direct jobs. The ICT and technology sectors are estimated to generate 2.5 and 2 times the direct jobs respectively (multiplier used in developed economies)

APPROVED PROJECTS

AGRICULTURE

Farms

Taanayel Farms

- Investment Size: **USD 2,025,000**
- Expected Job Creation: **50**
- Description: An Agro Food company that owns brands such as Bonjus and Taanayel Les Fermes, as well as of this Taanayel Farms venture. Taanayel applied to benefit from IDAL's incentives as it is currently undergoing a new development over an area of 30,000sqm in Zahleh, Bekaa with the purpose of creating the first in a series of farms which would contribute to the steady supply of milk quality required by the group's dairy production facilities.
- Benefit from IDAL: Package Deal Contract i.e. a 100% exemption from paying corporate income tax for a period of 10 years

AGRO-INDUSTRY

Food Products

Omran Industrial Food

- Investment Size: **USD 3,035,813**
- Expected Job Creation : **62**
- Description: Lebanese owned company located in the Bekaa region and specialized in the manufacturing of confectionary, more specifically biscuits, chocolate, wafers, juice, sweets, cake, bakery, and the like. The company serves both the local and Middle East market and is planning on expanding to Arab markets in the near future.
- Benefit from IDAL: Package Deal Contract i.e. a 100% exemption from paying corporate income tax for a period of 10 years

TOURISM

Hotels & Resorts

Park Hill

- Investment Size: **USD 131,979,133**
- Expected Job Creation : **202**
- Description: A mixed-use tower in central Achrafieh. The project consists of a high-rise tower divided into 3 sub-sections: a hotel, its affiliated branded residences, and private residential apartments. The hotel will have approximately 120 rooms.
- Benefit from IDAL: Package Deal Contract i.e. a 100% exemption from paying corporate income tax for a period of 10 years

PROJECTS IN PIPELINE

INFORMATION TECHNOLOGY	IT	Logos	<ul style="list-style-type: none"> Investment Size: USD 279,421 Expected Job Creation : 32 Description: A regional information technology and enterprise solution provider. The company provides products and services in the banking, and utility sectors, as well as general purpose financial and human resources solutions. LOGOS is currently expanding its operations. Expected Benefit from IDAL: IP or Investment Project incentive i.e. 100% exemption for paying corporate income tax for more than 10 years
INDUSTRY	Metals, Machinery & Equipment	Dalal Steel Industries	<ul style="list-style-type: none"> Investment Size: USD 8,949,155 Expected Job Creation : 175 Description: Steel factory operational since 1987 involved in fabricating both fully assembled and de-mountable (Flat Stack) portable cabins and housing projects. It mainly caters for the construction industry supplying steel fabrication for commercial offices, public buildings, student accommodations, hospitals, schools, academies, and retail developments. DSI is currently expanding. Expected Benefit from IDAL: Package Deal Contract i.e. a 100% exemptions from paying corporate income tax for a period of 10 years
TECHNOLOGY	Medical	REVIVA Regenerative Medicine	<ul style="list-style-type: none"> Investment Size: USD 2,010,000 Expected Job Creation : 30 Description: Medical technology project that aims to establish an all-in-one medical center focusing on the use of stem cells for therapeutic, cosmetic, and banking purposes. Expected Benefit from IDAL: Investment Project incentive i.e. 100% exemption for paying corporate income tax for more than 10 years
TOURISM	Hotels & Resorts	Le Bristol Renovation	<ul style="list-style-type: none"> Investment Size: USD 14,000,000 Expected Job Creation : 41 Description: Undergoing renovation. Expected Benefit from IDAL: Package Deal Contract i.e. a 100% exemption from paying corporate income tax for a period of 10 years
	Hotels & Resorts	HotelTanios	<ul style="list-style-type: none"> Investment Size: USD 60,443,500 Expected Job Creation : 272 Description: Rebuilding of an ancient hotel located in Aley. The old building will be pulled down to be replaced by a 38,000sqm hotel. Expected Benefit from IDAL: Package Deal Contract i.e. a 100% exemption from paying corporate income tax for a period of 10 years



THE VILLAGE OF FARAYA

An aerial photograph of a mountain town covered in snow. The town features a mix of traditional wooden chalets and modern buildings. A blue hexagonal grid pattern is overlaid on the lower-left portion of the image. The background shows vast, snow-covered mountain slopes under a bright sky. Three dark blue square icons are placed in the upper corners of the image.

IDAL THIS YEAR



IDAL THIS YEAR

During 2013, IDAL embraced many changes that would provide it with the right tools to compete globally and to promote the country's competitive advantages. Internally, IDAL maintained its support to start-ups in line with the national government efforts for putting in place various financial and non-financial schemes to support the ecosystem. In parallel, IDAL also worked to improve its customer management system to provide seamless services to its investors.

EMBRACING THE DIGITAL ERA

With traditional one-way media outlets losing ground to online media, digital marketing is redefining communication as we know it and has changed the way business is conducted worldwide. The recent events in the Arab world and the digital success of virtually unknown companies testify to this major communication shift. IDAL has embraced this digital

shift that guarantees a more transparent, engaging, timely, and interactive form of investor servicing and public relations. Following the offset of a comprehensive digital strategy, we have gone through a series of initiatives that will guarantee a solid digital shift; this included the revamp of our website and the launch of our social media platforms.

Website Launch

A NEW WEBSITE THAT PUTS LEBANON INTO FOCUS

A new website, investinlebanon.gov.lb, has been developed to meet the current needs of investors and business owners in having access to reliable and credible economic information and market intelligence on Lebanon's business environment. The change in domain name in itself was a strategic step for IDAL, who chose to re-design the website so as to reflect the institution's main objective, which is to invest in Lebanon, rather than focus on the institution itself. This shift in focus was coupled with an investor-oriented approach to the content of the website which now includes over 40 pages of targeted up-to-date information on Lebanon's economic, social, financial, legal, and general business environment along with detailed information on sectors, success stories, and financial incentives and support.

The website was sent pre-launch to be assessed by the World Bank Group using the "Global Investment Promotion Best Practices (GIPB)" methodology. To understand to what extent investment promotion websites are being used as a powerful marketing tool to communicate the advantages of a location for investment and convey a sense of the IPI's professional competence in investment facilitation, GIPB makes rigorous, objective, and quantified assessments of over 180 national investment promotion intermediaries' (IPIs) websites.

Each IPI website is assessed in four main dimensions or themes; Information Architecture, Design, Content, and Promotional Effectiveness. Websites are evaluated for a number of aspects relating to the four themes.



Below are IDAL's new scores per dimension, compared to MENA's regional average and the website of the best GIPB 2012 overall performer:

TERMS & WEIGHTING	IDAL'S NEW WEBSITE	REGIONAL AVERAGE (MENA)	BEST OVERALL IPI IN THE WORLD
Information Architecture (10%)	85%	83%	100%
Design (10%)	91%	84%	91%
Content (50%)	82%	56%	89%
Promotional Effectiveness (30%)	83%	69%	91%
Overall	83%	65%	91%

According to the new scores, IDAL is exceeding the regional average in all themes and dimensions, and its overall score of 83% represents a strong performance, positioning IDAL's new site within GIPB's best practice tier.



Social Media

WE HAVE BECOME SOCIAL

In 2013, we officially launched our presence on four social media platforms in order to engage further with our target audience. In less than a year we were able to have an 80% growth rate of our online community reaching 1,000 direct followers through online engagement whether posts, tweets, sharing of information, infographics, and much more. This has ranked us among the global top 50 most active accounts in the investment development industry and 5th among national and sub-national players in a recent study developed by Think Media Labs, taking into account 107 Investment Promotion Agencies registered with the WAIPA and 42 local public and sub-national entities.

MOST ACTIVE TWITTER ACCOUNTS IN THE GLOBAL INVESTMENT DEVELOPMENT INDUSTRY BASED ON NUMBER OF FOLLOWERS TILL FEBRUARY 2014

<p>#2</p> 	<p>UK Trade & Investment (UKTI) @UKTI</p> <p>Lifetime Tweets: 9,796 Followers: 51,000</p>	<p>#13</p> 	<p>Apex-Brasil @ApexBrasil</p> <p>Lifetime Tweets: 2,656 Followers: 12,253</p>
<p>#26</p> 	<p>Invest in Canada @invest_canada</p> <p>Lifetime Tweets: 1,771 Followers: 3,219</p>	<p>#51</p> 	<p>IDAL @Invest_Lebanon</p> <p>Lifetime Tweets: 1,563 Followers: 955</p>
<p>#56</p> 	<p>Invest in Turkey @InvestTurkey</p> <p>Lifetime Tweets: 492 Followers: 782</p>	<p>#61</p> 	<p>Invest in Finland @investinfinland</p> <p>Lifetime Tweets: 368 Followers: 709</p>
<p>#76</p> 	<p>CzechInvest @CzechInvest_CZ</p> <p>Lifetime Tweets: 219 Followers: 352</p>	<p>#103</p> 	<p>Invest in Greece @invest_greece</p> <p>Lifetime Tweets: 1 Followers: 23</p>

TOP 20 NATIONAL AND SUB-NATIONAL ACTIVE TWITTER ACCOUNTS BASED ON NUMBER OF FOLLOWERS TILL FEBRUARY 2014

<p>#1</p> 	<p>Traffic Monitor Center @tmclebanon</p> <p>Lifetime Tweets: 38,800 Followers: 50.5K</p>	<p>#5</p>  <p>IDAL @Invest_Lebanon</p> <p>Lifetime Tweets: 1,563 Followers: 955</p>
<p>#6</p> 	<p>Chamber of Commerce Lebanon @CCIABML</p> <p>Lifetime Tweets: 517 Followers: 879</p>	<p>#8</p>  <p>Ministry of Tourism @MOTourismLB</p> <p>Lifetime Tweets: 0 Followers: 227</p>
<p>#9</p> 	<p>Banque du Liban @Banqueduliban</p> <p>Lifetime Tweets: 21 Followers: 125</p>	<p>#13</p>  <p>Ministry of Economy and Trade @MOETLeb</p> <p>Lifetime Tweets: 38 Followers: 15</p>

We are proud to have been one of the very few public institutions in Lebanon to have achieved the following:

 **Facebook:** We have developed a page for IDAL on Facebook to engage with potential young investors and provide to the public access to information on one of the largest social media platforms. With a constantly growing audience, we have shared 100 stories, reaching thousands of people with 200 mentions in both Arabic and English.

 **Twitter:** It has been our most successful social media presence to date with over 860 followers. Our growth rate has been steady with 21%. We have tweeted over 2,000 times, 39% was on sector news, 22% on services promotion, and 18% on investment promotion. More than 40% of our followers are influencers and potential investors from various sectors, especially ICT. Our main objective in using Twitter as a communication tool is to listen to influential figures/corporations and build active relationships with them through online networking.

 **LinkedIn:** Our presence on LinkedIn is growing with 200+ followers to date, with the majority being in decision-making posts. We have had a 3% engagement to most of our posts and a steady growth rate. LinkedIn has been important for us to communicate with investment professionals and securing a presence on a medium dedicated to professionals.

 **SlideShare:** It was an important platform for us to share with investors and stakeholders information on various topics that were discussed in conferences or forums. Presentations are uploaded on a periodic basis and shared with our audience.

 **YouTube:** Our channel on YouTube aims at educating the general online public and sharing original visual content for information purposes as well as capturing experiences and testimonials. It contains promotional videos on Lebanon and our products and services with over 2,000 views.

PROMOTING LEBANON AS OUTSOURCING DESTINATION

- **There are 200 companies involved in Business Process Outsourcing activities in Lebanon**
- **13 of these are call centers and employ around 854 employees.**
- **Companies involved in Information Technology Outsourcing (ITO) activities employ 4143 employees.**
- **In total, the sector employs more than 5050 employees with more than 90% of these employees in high value added services.**
- **Services offered by local companies include Sales & marketing, Technical support, Transaction processing, Customer care, Finance & accounting, CRM consulting & support, Software products, and other businesses.**

■ *BPO: a priority sector*

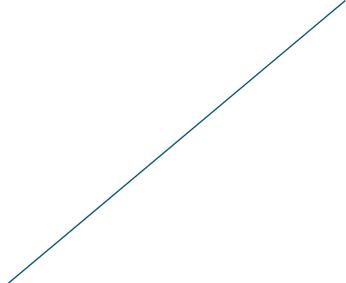
With the outlook for direct investments in the ICT sector looking bleak for 2013, IDAL tailored its strategy to leverage the country's competitive advantages mainly its highly skilled and technical labor force and focus on nurturing the outsourcing capacity of its local companies. As such over the course of 2013, IDAL focused on promoting Lebanon as a hub

for Business Process Outsourcing (BPO) activities. Interviews with concerned stakeholders signaled the need for the government to assume a promotional role in this sector, as has been the case with major outsourcing destinations like India and the Philippines, where respective governments heavily branded and promoted their countries as outsourcing destinations.

■ *Current State of the Sector*

The Lebanese landscape for business process outsourcing activities has been evolving over the last decade with a vast number of Lebanese companies emerging to offer a broad range of outsourcing services under three main subsectors: Call Centers, BPO services (e.g. HR, accounting, etc), and ITO (Information Technology Outsourcing). More than 200 companies are involved in Call Center, ITO and BPO activities. These companies have already established a solid track record and now serve an array of local regional and multinational companies such as Samsung, Toshiba, Orange, Nestle, etc.

The labor pool poses as one of the key advantages for local industry players to attract international clients. Lebanon has one of the best educational systems internationally, allowing it to offer a tri-lingual and highly skilled labor force - a top consideration for outsourcing decisions. In fact, while cost has been the main variable in outsourcing decisions, the past five years have seen a greater heavier shift towards talent and quality considerations, with increased importance allocated to efficiency and customer satisfaction. Where Lebanon cannot position itself in terms of cost and scale, it can definitely compete at the level of productivity. Hiring skilled labor in high value added sectors is one of the key determinants for international companies for choosing Lebanon to serve the region, due to the combination of talent and wages.



■ *IDAL's initiatives throughout 2013*

IDAL has taken several initiatives throughout 2013 as part of its support strategy for the sector. The biggest initiative being its initial participation in the International Outsourcing Forum (IOF), held in Reims, France. In a step taken for the first time in Lebanon, IDAL's representatives joined several other country and city representatives in promoting the attractiveness of their regions as adequate business destinations to a large number of multinationals seeking to identify outsourcing solutions throughout their operations. Multinationals present included Alcatel Lucent, British Petroleum, DHL Express, General Electric, Llyods, Nissan Europe, Orange Business Services, Sanofi-Aventis, and many others. IDAL's representatives were also accompanied by two Lebanese companies who had the opportunity to present their service offering to international companies through customized B2B

meetings. In addition to its participation at the IOF, IDAL has also prepared a branding strategy focused on highlighting Lebanon's competitive advantages, while at the same time advertising the sector internationally through features in specialized outsourcing magazines. Promotional materials were also produced in line with the branding exercise and disseminated throughout local and international events. Moreover, the institution has compiled and now provides information on the sector for interested clients and investors. It has produced a fact sheet on the Call Center industry as well as a comprehensive directory of relevant call center, business services, and IT companies. This information was disseminated on IDAL's website and during relevant events with the aim of creating matchmaking opportunities between potential clients and Lebanese businesses.

■ *Way Forward*

Three main elements usually affect the decision of companies in the outsourcing industry: Labor (both cost and quality), Infrastructure, and an adequate Business Environment. While Lebanon is able to compete successfully at this stage with regards to its labor pool, additional improvements have to be made at the level of the Infrastructure and the Business Environment. Most importantly, Lebanon still has long strides to go in terms of promoting its competitive advantages, while other countries have already invested much needed

efforts into improving their country's image. Going forward, the government of Lebanon, through IDAL, aims to aggressively promote its available talent to the world. By increasing its presence in relevant forums, and utilizing multiple investment promotion tools, IDAL can showcase Lebanon's competitive advantages and position the country among other prominent locations for successful IT and outsourcing operations and, as such, be able to create more job opportunities in the local market.



SUPPORTING START-UPS AND ENTREPRENEURS

In line with the national government efforts to provide much needed boost to start-ups, IDAL actively increased its support to start-ups operating in the field of ICT, Technology and Media, which are considered priority sectors in Investment Law NO.360. Although, historically, multinationals were the main contributor to innovation, it is now start-ups that are taking the lead, due to their size and ability to rapidly introduce new products. Today half the innovation we are seeing is being driven by start-ups.

With the Media, and more specifically, the Digital Media sector expected to play an increasing role in the MENA region, IDAL sponsored a 4-day workshop organized by the Beirut Creative Cluster (BCC) titled “Intelligent Creativity Professional Development Program” aimed at fostering the skills of film festivals and cinema managers needed to boost the sector competitiveness. Along the same lines, IDAL also sponsored the Arab Net 3-day event which is a major platform where new start-ups in the digital media arena see the light. Finally, IDAL sponsored the Seeqnce Investors’ Circle launch of the Lebanese Startups Roadshow, a Seeqnce-organised multi-city tour that will see 7 globally competitive start-ups meet and pitch to top experts and investors in ICT within key cities.

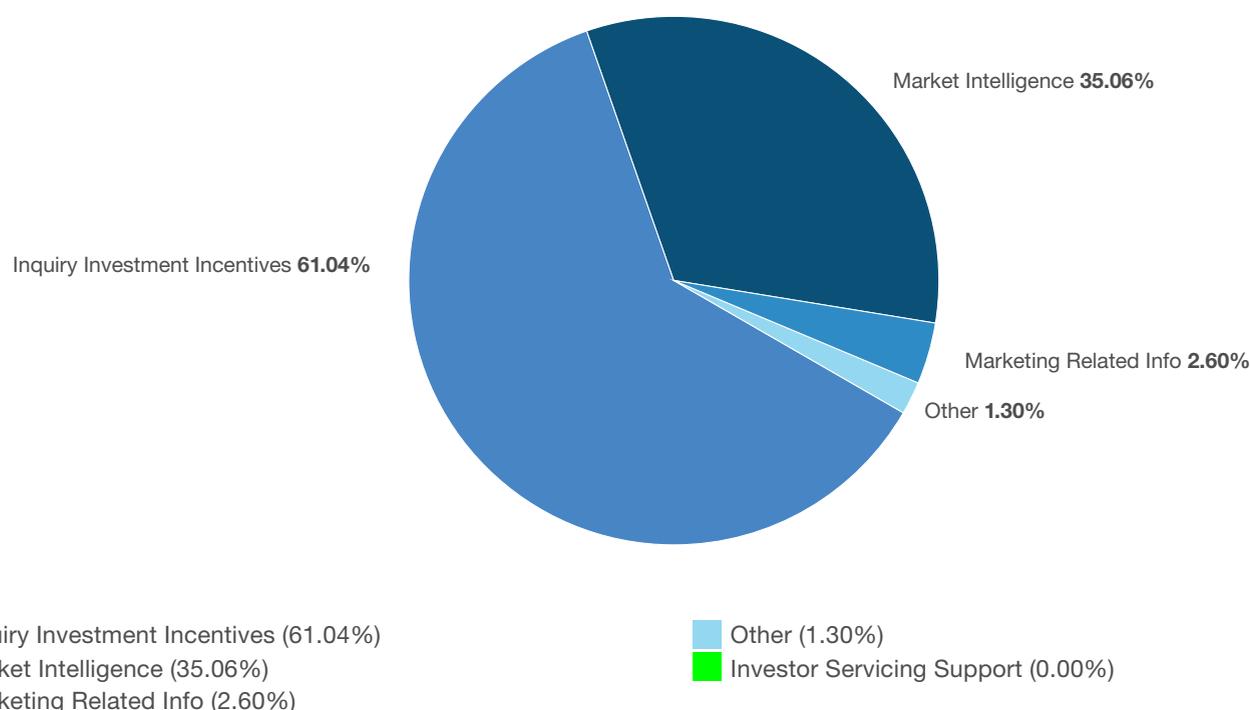
In parallel, and in order to ensure that its support is made available across all regions of Lebanon, IDAL took part and sponsored 2 workshops in the North. The North is currently seeing a surge in start-ups with more than 100 start-ups operating in creative industries, ICT, and Education, among others. Various incubation support services are available to start-ups through the Business Incubator Association of Tripoli (BIAT), the Center for Entrepreneurship at the Beirut Arab University North campus and the Maurice Fadel prize which provides financial support to start-ups. A new incubator targeting ICT is in the process of being set in Akkar and will partner with a local university. In terms of support, IDAL can offer start-ups the following services: (1) the Business Linkage Program, which helps Lebanese companies establish links with foreign companies looking for partners to outsource the development of all or part of their services, and (2) Fiscal incentives including exemption on corporate income tax for a period that can run up to 10 years, among other services.

IDAL TRAFFIC AND MAPPING OF QUERIES

■ General Overview

In 2013, IDAL received more than 100 different inquiries, 61% of which are from potential investors and 35% are related to market intelligence requests (Figure 10).

Figure 10: Distribution of Requests by Type (%) | 2013

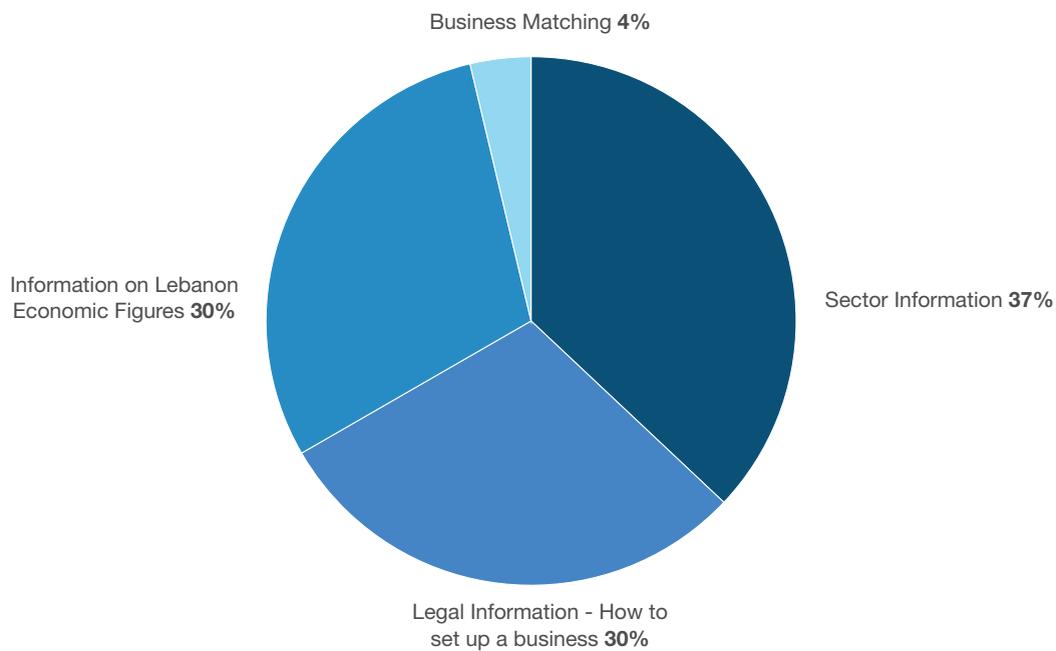


In terms of the distribution of inquiries by country of origin, 73% of the received requests were from Lebanon, 12% from Syria, and the remaining 15% were from various countries, e.g. Australia, Brazil, France and Germany, to name a few.

Market Intelligence

The market intelligence requests received were mostly centered around the sector fact sheets that IDAL develops, which provide in-depth analysis on sectors potential and on inquires on how to set-up a business (Figure 11).

Figure 11: Distribution of Market Intelligence requests (%) | 2013



Source: IDAL

74% of the received requests were from Lebanon and the remaining 26% were from Brazil, Germany, Italy, Martinique, Pakistan, Tunisia, and the USA.

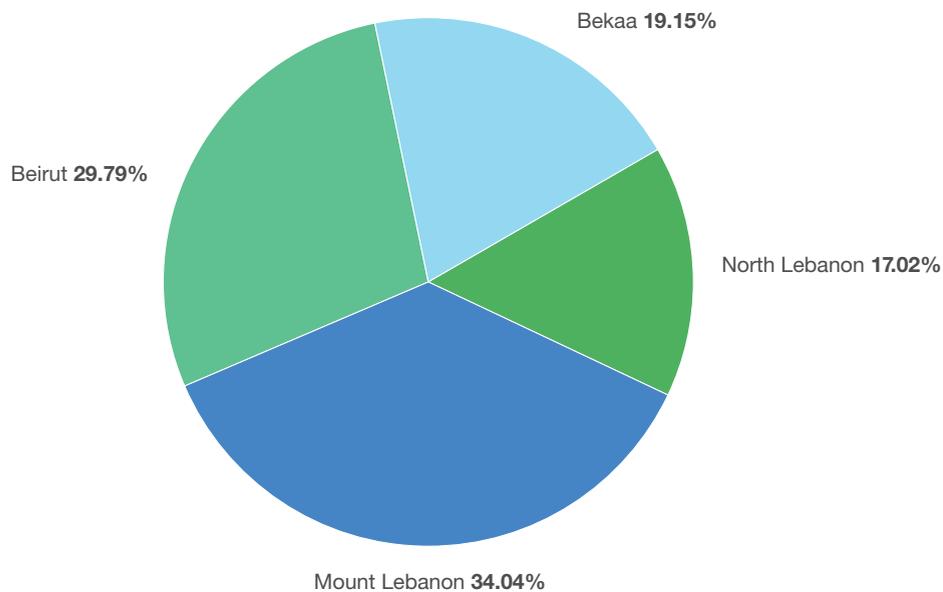
Investment Projects

The number of investors that approached the Investment Development Authority of Lebanon to benefit from its fiscal incentives stood at 47, a 32% drop from last's year number which stood at 69. 80% of these investors are Lebanese, with the remaining 20% foreign (mostly Syrian). In terms of the nature of these investments, the majority (90%) are new or Greenfield projects, while the remaining 10% expansions are made up of previously established projects.

From the 47 projects that were reviewed, 30 are eligible for IDAL's incentives while 2 could be qualified depending on the projects' location which would affect their eligibility criteria. 17 projects have been rejected due to their low investment size & number of jobs created, sector, and year of establishment.

In terms of the distribution of projects by Muhafaza, 34% of these investments are in Mount Lebanon, 30% in Beirut, 19% in Bekaa, and 17% in North Lebanon (Figure 12).

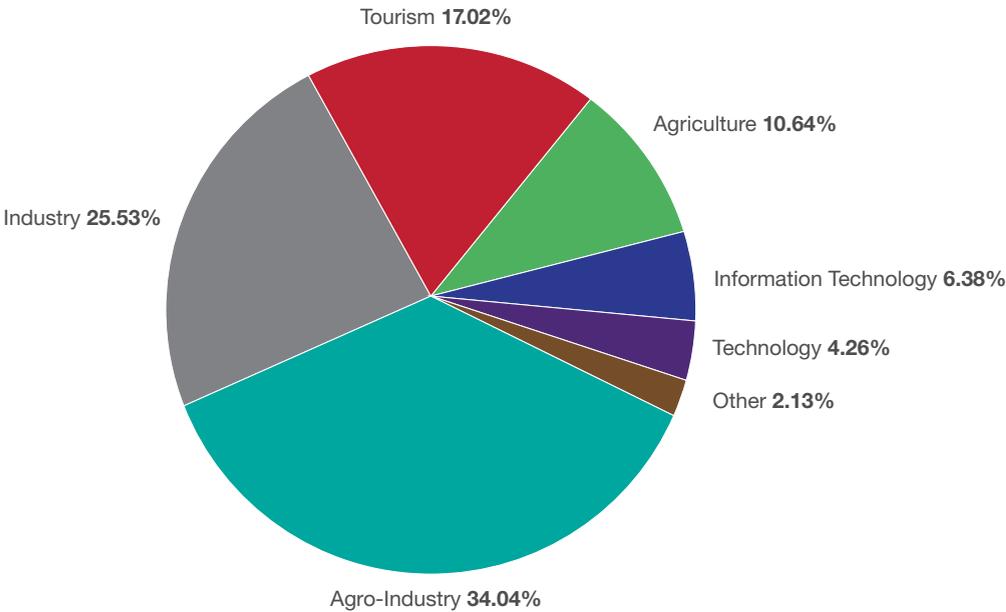
Figure 12: Distribution of Investment Projects by Mohafaza (%) | 2013



Source: IDAL

In terms of the distribution of projects by sector of activity, 34% are in the Agro Industrial sector, 26% in the Industrial sector, 17% in the Tourism sector, 11% in the Agriculture sector, 6% in the Information Technology (IT) sector, 4% in the Technology sector, and 2% in other sector (Figure 13).

Figure 13: Distribution of Projects by Sector of Activity | 2013



A more in depth analysis of the projects brought forward in the Agriculture sector show that 5 of the received investment proposals include building 2 packing houses, the production of a strawberry seeding, a farm, and an aqua culture and fishing project.

In the Agro-industry sector plans were brought forward for investments in 3 beer factories, 4 canned and frozen foods plants, 2 candy factories, 1 processed meat plant, 1 oriental sweets factory, 1 potato chips plant, 1 mineral water bottling factory, and 2 olive oil factories. Also, an expansion project by a local bakery is expected to employ 600 people once the expansion plans are completed.

The Industrial sector has seen 12 investment proposals covering various sub sectors. These proposals include 2 textile manufacturing plants, a cables production

plant, a plant dedicated to the production of fibers, a glass bottling factory, a tin can production plant, a pharmaceutical plant, 2 steel plants, an aluminum plant, a carton recycling factory, an agriculture factory, and a prefabricated houses factory.

In the Information Technology sector, 3 investments in the software development were received. For the Technology sector, a green technology plant and a rubber recycling plant will be established. A shared service center project has been reviewed, however it is not qualified for IDAL's incentives.

8 projects are planned to be developed in the tourism sector, which consist of 4 hotels, 2 boutique hotels, and 2 residences for furnished apartments.

IDAL'S ACTIVITIES AND EVENTS

Foreign Delegations and Diplomatic Visits

Throughout the year, IDAL has been in constant contact with various embassies and foreign delegations in order to ensure that constructive business exchanges are being realized and mutually beneficial opportunities are being discussed. This year we had the chance to meet with delegations visiting Lebanon to scout business opportunities, take part in Lebanese delegations abroad, and meet with commercial attachés from various embassies to ensure that business relations between both countries are consistent.

10 JAN, Cypriot Delegation: The Chamber of Commerce, Industry, and Agriculture in Beirut organized a visit for a delegation of business people executives from Cyprus with the interest of doing business in Lebanon. IDAL had the chance to present the country's economic performance, investment opportunities, and financial incentives.

21 MAR, Ukrainian Delegation: A Ukrainian delegation interested in exporting agricultural products visited Lebanon for an exploratory visit by invitation from the Ministry of Agriculture and in coordination with the Chamber of Commerce, Industry, and Agriculture in Beirut. IDAL organized the field visits for the delegation which included a tour of the leading packaging houses in the South and the Bekaa.

19 SEP, Visit of Mexican Ambassador: We received an acquaintance visit from the Mexican Ambassador in Lebanon, Mr. Jaime Garcia Amaral, during which we discussed ways to enhance investment and trade relations between both countries. Chairman of IDAL and Amaral addressed the obstacles facing Lebanese exports to Mexico and vice versa and looked into how these challenges can be overcome especially with the wide presence of Mexicans from Lebanese descent in Mexico.

10 OCT, Visit of the First Secretary at the Japanese Embassy: We have met with the First Secretary of the Japanese Embassy, Mr. Masami Aishii, to activate the economic ties between Lebanon and Japan. The meeting addressed the foundations of investment in Lebanon and the economic relations between the two countries in terms of investment and trade. It also addressed common activities that can result from collaboration between IDAL and Japanese associations, in an attempt to enhance the trade balance and facilitate investments between both countries.

27 NOV, Meeting with the Trade Attaché of the Vietnamese Embassy in Istanbul: We have met with the Trade Attaché of the Vietnamese Embassy in Istanbul Ly Quoc Think and the Commercial Consultant Nguyen Tuan Quang to discuss bilateral trade and investment relations between both countries. The opportunities available for investment in Vietnam, according to the delegation included the industrial, agriculture, real estate, and financial services sectors.

12-16 MAY, Trade Mission to the Netherlands: In the framework of promoting the investment climate in Lebanon as well as strengthening the Lebanese productive sectors and their exports, we participated in the business tour organized by the Lebanese Dutch Business Association to Amsterdam in cooperation with the Netherlands Embassy in Beirut. This tour aimed at reinforcing the Lebanese-Dutch economic ties and activating the frameworks of cooperation, particularly in the commercial and investment fields. The Lebanese delegation also visited the city of Venlo, where it took notice of the latest techniques for fresh fruit and vegetable packaging and packing, while also learning from several experiences that could benefit the Lebanese industry.



Executive Meetings

With the current global economic slowdown and regional instabilities, most economic entities are looking into ways to improve their national economies through increasing intra-investments and regional collaborations. This year we took part in an array of meetings and workshops whose main objective is to ensure that business relations between countries, especially between Europe and the Arab world, are optimized for that same purpose.

12-13 JAN, Private Sector Forum in Preparation for the 3rd Arab Development Summit: We participated in the Private Sector Forum in preparation for the Third Arab Economic and Social Development Summit entitled “Efficient Participation of the Private Sector in the Arab Development and Economic Integration Initiatives” in Riyadh, Saudi Arabia. The Chairman of IDAL addressed the work and the main missions carried out by investment promotion institutions and called for exerting the necessary efforts to improve the investment rates between Arab countries, to attract foreign investments to the region through the support of investment promotion bodies in the Arab countries, and to establish a coordination network that connects them together.

4-6 FEB, Opportunities and Challenges for FDI Attraction in MENA: We took part in this workshop, organised by the World Bank Group, in Muscat, Oman, through interventions and business-to-business meetings with experts. The workshop was specifically beneficial prior to the launch of our new website, since we were able to assess the site by professionals from the World Bank and work on improvements for optimal performance and investor servicing.

11-12 FEB, WAIPA World Investment Conference: We have announced at this year’s conference our nomination for Director of the MENA region of the World Association of Investment Promotion Agencies (WAIPA). During the session, we were able to pitch our three years plan to enhance collaboration between investment promotion agencies in the region.

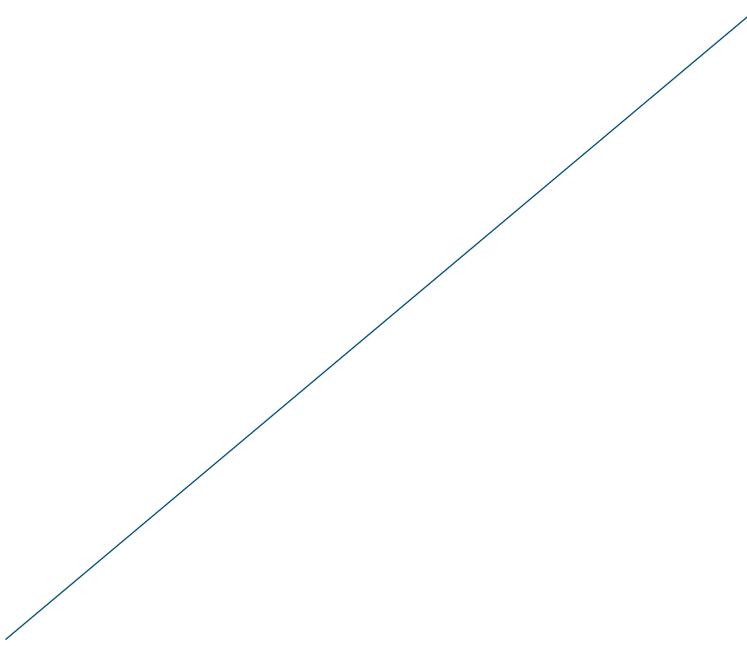
11-13 MAR, Workshop on “Amendments to the Iraqi Investment Law”: IDAL got invited to this event as an experienced investment promotion agency in the region to take part in a knowledge sharing session on the investment law, its advantages, and modality. The event was held in Istanbul, Turkey.

11 APR, Workshop on enhancing investments between “UK, Italy, and the MENA region”: The workshop which took place in London, UK, was organized by the Arab-British Chamber of Commerce and the Chamber of Industry and Commerce in Italy. The workshop’s main aim was to look into ways to improve investment and trade between the UK, Italy and the MENA region. Discussions revolved around the possibility of putting forth a financial framework that will facilitate doing business between the EU and the Middle East.

10-11 MAY, Arab Economic Forum: IDAL sponsored the event organised by Al Iktissad Wal Aamal which took place in Beirut. The forum tapped into investments and challenges of specific sectors especially the Oil and Gas.

5-6 JUN, Workshop on Enhancing Turkish-Arab Investments: The event which took place in Cairo, Egypt, was organized by the Arab League in collaboration with the Turkish Ministry of Foreign Affairs. The main objective of the workshop was to assess the common vital economic indicators between both factions and looked into ways to improve those indicators and enhance business relations.

12 JUN, Mediterranean Transit Migration Interactive Map Meeting: We participated at the “Mediterranean Transit Migration Interactive Map Expert Meeting” which took place in Marseille, France, and tackled the subject of “Migrant Entrepreneurship -Migration and Development”. The project is financed by the European Union and organized by the French Ministry of Foreign Affairs and the International Centre for Migration Policy Development (ICMPD). IDAL was represented by Chairman Itani who gave a presentation on “Lebanese Immigrants: Fostering Migrant Entrepreneurship”.



12-13 SEP, Arab-European Economic Forum: IDAL was a main sponsor of this forum which was organized by the Union of Arab Chambers in collaboration with the European Investment Bank. The forum brought together potential investors interested in doing business in Lebanon and the region. IDAL, who was present during the forum through an exhibition booth, was also able to present Lebanon's investment climate through a comprehensive presentation to potential investors.

21-24 SEP, Third Euromed Migration II Summit: The summit which was held in Slovenia, was attended by officials and representatives of ENPI (European Neighborhood and Partnership Instrument) South partner countries and the European Union, in addition to representatives of several migration organizations. IDAL participated on the first day of the summit through an intervention that revolved around local partnerships between the government and the business sector, highlighting how such partnerships enhance the contribution of Lebanese expatriate businessmen to development.

21-23 OCT, 3rd Global Free Trade and Economic Zones Summit: We have participated in the Third Global Free Trade and Economic Zones Summit held in Dubai through an intervention on "Establishing and Efficiently Running a One-stop-shop – Best Practices in Tenant Aftercare, Development, and Retention". Through our expertise in this area, we were able to share our knowledge with attendants by highlighting reform measures undertaken by several governments, the impact of this service on reducing bureaucracy, and the major influence it has on reducing the costs of setting up projects and increasing the investment flow.

9-10 DEC, ICMPD closing conference on strengthening African and Middle Eastern Diaspora Policy through S-S Exchange (AMEDIP): The event took place in Rome, Italy and was attended by Chairman of IDAL. It was a closing meeting, following two previous sessions earlier in the year, to discuss the output of the AMEDIP project.

10-13 DEC, ICMPD: 2nd Migration and Development Workshop: This workshop was attended by executive staff members in Madrid, Spain. It was running in parallel to the planning meeting attended in Rome by heads of institutions. The workshop looked into ways to manage migrants, capitalize on diaspora's successes and to ensure an effective diaspora direct investment.







Academic Lectures

University students are an important asset to the country and with the surge of start-ups and the local successes of micro businesses, many have exhibited a tendency to follow the entrepreneurship path and establish their own operations once they graduate. It is important for IDAL to provide support to those young academics through making sure that they have access to market intelligence and relevant economic information that will help them make informed decisions regarding their upcoming endeavour.

18 APR, Lecture on “Investment Law: Facts and Legislations”: During the cultural week at the Beirut Arab University, the University hosted the Chairman of IDAL, who gave a lecture at the Faculty of Architecture on «Investment Law: Facts and Legislations» in the presence of BAU President, Dr. Amr Jalal Al-Adawi and other faculty members.

23 MAY, International Convention on Sustainable Energy and Socio-Economic Impact: We participated at the International Convention on Sustainable Energy and Socio Economic Impact at the Saint-Joseph University (USJ) with Chairman Nabil Itani discussing Lebanon’s Investment Climate.

Sector-Related Activities

IDAL is entrusted with the active promotion of Lebanon’s prime economic sectors. This year we took part in meetings, exhibitions, trade shows, and forums in order to promote for the ICT, Agrofood, and Agriculture sectors, whether through networking, business-to-business meetings, visibility, or business scoping.

ICT SECTOR

11 SEP, Meeting with Stakeholders in the BPO Industry: We have invited companies engaged in Business Process Outsourcing (BPO) activities along with representatives from the Ministry of Telecommunications for a round-table discussion aimed at looking into ways to support the industry in Lebanon, including the outsourcing of shared services, call center activities and IT services. The meeting covered IDAL’s participation at the International Outsourcing Forum (IOF) and defined a roadmap for promoting the business process outsourcing industry in Lebanon.

3-4 OCT, International Outsourcing Forum: IDAL participated for the first time at the International Outsourcing Forum, held in Reims, France, where it promoted Lebanon as an outsourcing destination for multinational companies. IDAL’s participation in this event comes within the institution’s overall strategy to promote Lebanon as a key investment destination in the region for outsourcing activities mainly ICT services and Call Centers, two activities, in which Lebanon presents a competitive advantage. During the two-day conference, IDAL’s representatives joined several other country and city representatives in promoting the attractiveness of their regions as adequate business destinations to a large number of multinationals seeking to identify outsourcing solutions throughout their operations.



AGROFOOD AND AGRICULTURE SECTORS

6-8 FEB, Fruit Logistica: We have participated this year, along with the Union of Chambers and the Ministry of Agriculture in organizing and sponsoring the Lebanese Pavilion at the exhibition. The pavilion which spanned over 56 sqm of space held together 46 Lebanese exhibitors from the Agriculture sector.

4 MAR, Sponsorship of Lebanese Pavilion at Gulfood: Within the framework of its support for the Lebanese productive sectors and its export promotion, IDAL sponsored the Lebanese food industry pavilion at the Gulfood exhibition held in Dubai, UAE. The pavilion has been inaugurated by the Chairman of IDAL, Mr. Nabil Itani, in the presence of the Consul of Lebanon in Dubai, the President of the Syndicate of Lebanese Food Industrialists, and representatives of the Ministry of Agriculture and the Union of Lebanese Chambers, and a group of industrialists. Lebanon's participation at the exhibition confirmed the international and regional presence and competitiveness of the Lebanese food industry.

9 APR, AGROFOOD NATIONAL DAY: Year on year, and in an effort to promote the Agro Food sector in Lebanon domestically, we were present at the HORECA Trade Show as part of the Agrofood National Day activities in Beirut. We highlighted through our participation the sector's main strengths and IDAL's incentives in that regard.

18 MAY, Lebanese Wine Day in France: IDAL participated in the 1st Edition of "Lebanese Wines in France" in Paris, France. This event was under the auspices of the President of the Republic, General Michel Sleiman, in collaboration with the Ministry of Agriculture and the International Organisation of Vine and Wine.

18 SEP, AGRO INVEST Exhibition and Conference: With the aim of «promoting innovative investments in the Agro-food industry», The Chamber of Commerce, Industry and Agriculture in Saida and South of Lebanon (CCIAS) and the South Business Innovation Center (SouthBIC) organised a conference that brought together Agro-industrialists and key actors of this value chain from across the country to discuss important issues related to the sector trends and development in Lebanon and the innovation in the Agro-Industry.

19 SEP, Tour of Packaging Houses in Bekaa: In order to be exposed first hand to the developments of the packaging houses that fall under the AGRI PLUS program, the Chairman of IDAL, Mr. Nabil Itani, has toured some of those factories in the Bekaa region. The tour was necessary to assess whether they are meeting the criteria and standards set forth by the program in order to receive the quality certification necessary to support exports under AGRI PLUS.

11 NOV, Tour of Olive Oil Mills and Bottling Houses in the North: In the framework of the Agri Plus Program, Mr. Nabil Itani, accompanied by the Secretary General of the Federation of Lebanese Chambers and Treasurer of the Chambers of Commerce, Industry, and Agriculture in Tripoli, made a tour of a number of olive oil mills as well as bottling and packaging houses in the North region. A meeting was then held in the Chamber of Tripoli between Itani and Dabboussi to discuss olive oil subsidies, production surplus disposal through exports, and the strengthening of economic facilities in Tripoli.

■ IDAL Supporting Start-Ups and Entrepreneurs

As a national investment promotion agency, IDAL has actively worked over the last few years not only on increasing awareness on investment opportunities across its promising economic sectors but also on putting in place the right policies and programs that would increase investments to the country and thus promote economic growth. In 2013, as part of its strategy to support the growth of the various economic sectors and increase their attractiveness to foreign investors, IDAL sponsored a series of workshops, lectures, and events that encourages start-ups and young entrepreneurs to build solid and successful businesses.

22 FEB, Lecture at the LIONS club: We took part in a lecture organized by the Ecole Supérieure des Affaires (ESA) to young entrepreneurs and start-ups from the LIONS club. The lecture highlighted Lebanon's strengths and surging business opportunities that are appealing to start-ups.

24-28 MAR, "Intelligent Creativity Professional Development Program": This 4-day workshop aimed at fostering the skills of film festivals and cinema managers, needed to boost the media sector competitiveness. The workshop was an initiative of the Beirut Creative Cluster (BCC) and the British Council, which culminated in the official launch of the BCC on April 2.

4 APR, "Success Stories from North Lebanon": As part of its mission to promote regional development, and in line with its strategy to promote investments in the North, IDAL sponsored in collaboration with the Central Bank this event at the Chamber of Commerce in Tripoli, organized by the Business Incubator Association in Tripoli (BIAT). The event showcased success stories and the support entrepreneurs can receive from the various government agencies.

26-28 APR, North Lebanon Start-up Weekend: Along the same objectives, IDAL sponsored the North "Lebanon Start-Up Weekend" organized by the Center for Entrepreneurship at the Beirut Arab University and the Start Up Weekend organization. The aim of this event was to teach and promote entrepreneurship in local communities. It brought together developers, designers, marketers, product managers and startup enthusiasts to share ideas, form teams, build products and launch startups.

4 APR, "Lebanese Startups Roadshow": IDAL sponsored the Seeqnce Investors' Circle launch of the Lebanese Startups Roadshow, a Seeqnce-organized multi-city tour that will see 7 globally competitive start-ups meet and pitch to top experts and investors in ICT in key cities including Beirut, Dubai, Istanbul, Paris, San Francisco, New York, DC, and London as part of its mission to highlight investment opportunities in Lebanon. The Lebanese Startups pitched to leading investors, high-net-worth individuals, key stakeholders, as well as press from Lebanon and the Arab World.

21 MAR, Arabnet: IDAL, for the second year in a row, was a key sponsor in Arabnet's 2013 Digital Summit in Beirut which brought together ICT stakeholders from all over the Arab world. We had the chance to be present to inform young entrepreneurs on the benefits of investing in Lebanon and through IDAL's services. The forum also gave us the chance to showcase our revamped website and updated social media channels to our target audience.

5-7 JUL, Scaling Online Start-ups: IDAL partnered with Astrolab and Bader Young Entrepreneurs Program for the "Scaling Online Startups" (SOS) workshop. The workshop brought together more than 10 companies involved in e-commerce activities. The aim of the partnership was to highlight opportunities in the ICT sector and encourage investments in the sector.

18 APR, Business Entrepreneurship Forum: We were present at the Business Entrepreneurship Forum in BIEL, Beirut, to answer all questions regarding investments in Lebanon, opening a business, and what IDAL can do for business owners. The forum which attracts thousands of start-ups and business owners each year, was the perfect platform for us to reach out to business people who are in the process of establishing or expanding their business in Lebanon.

■ *Investor Support*

IDAL is constantly following-up and supporting investors who took advantage of its incentives and services. This year we saw the inauguration of one of the main investment projects we supported.

18 DEC, Launching the Production Process in Arwan Plant: “Arwan Pharmaceutical Industries” plant, a project that benefited from IDAL’s package deal contract, held an inauguration ceremony to launch its production process at its headquarters in the region of Jabra, Caza of Chouf. The launch was carried over under the auspices of the Lebanese Minister of Health represented by the Director General of the Ministry and in the presence of the Chairman of IDAL.

■ *Staff Training and Development*

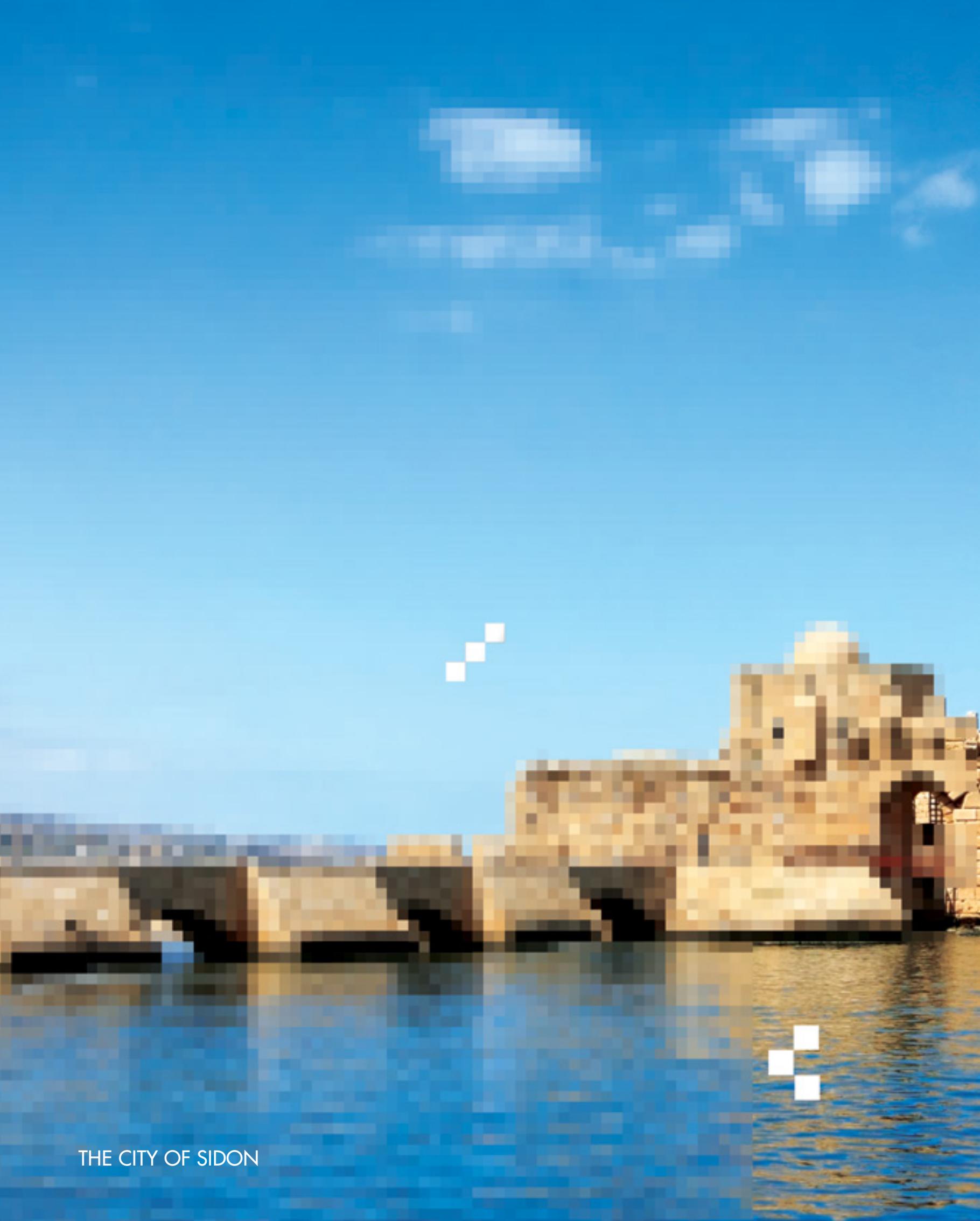
We are functioning in a very competitive environment that requires our staff to be always up-to-date with the latest trends and methodologies related to investment promotion. We have worked this year with various partners including other IPAs to make sure that our staff is exposed to knowledge sharing and capacity building opportunities.

11 MAR, Workshop on Principles of Agreements Drafting: our staff participated at a workshop organized by the ESCWA on the principles of agreement drafting between countries and institutions.

1-9 NOV, Customer Service Training: This training which involved all staff members was organized in partnership with The Office of the Minister of State and Administrative Reform (OMSAR). The aim of the training was to refine the customer service skills of front-desk staff in order to serve investors and stakeholders better. The training also involved the drafting of customer service excellence standards for the institution, to be applied by staff across all departments.

10-15 NOV, MIDA: Capacity Building Program for Investment Promotion Officials: For the second year in a row, our staff got the chance to be part of the Malaysian Investment Development Authority’s capacity building program in Kuala Lumpur. The program focused on best practices in attracting FDI and managing a one-stop-shop. The program also included a tour of Malaysia’s tech city and trade free zones.

21 NOV, Social Media Training: Key staff at IDAL were trained in social media usage in targeting investors and promoting the institution. The training which was delivered by Think Media Labs covered most social media platforms that are relevant to IDAL and looked into ways to optimize the current channels.



THE CITY OF SIDON



EXPORT
PROMOTION
IN 2013



EXPORT PROMOTION IN 2013

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, Agro-Industry and IT sectors. Through its existing programs, which primarily offers financial as well as other non-financial services to exporters, IDAL has successfully managed to boost outbound trade of agricultural products. Going forward, IDAL, in cooperation with concerned ministries will focus on providing the needed support to improve the competitiveness of Lebanese industries, foster their entry into new markets and increase their re-investments in Lebanon.

PROMOTING AGRICULTURAL EXPORTS

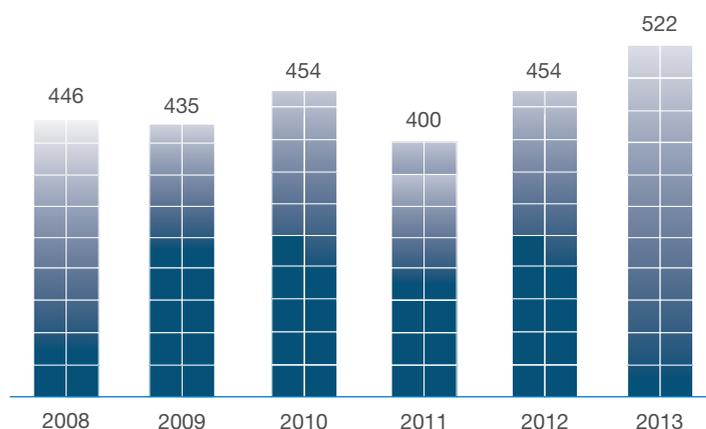
In 2012, IDAL initiated the implementation of the new “Agri Plus” program designed to support the growth of Lebanese agricultural exports. The program include 3 components, namely (1) Production streamlining, which consists in providing exporters with the adequate training to improve quality of production, (2) Packaging improvement which consists in supporting exporters in improving packaging and cooling centers to meet international quality standards and (3) Marketing & promotion to promote the sector regionally and internationally.

The performance of the program was positive in 2013 despite the negative impact of the Syrian crisis on the Lebanese economy, keeping in mind that most of Lebanon’s agricultural and industrial exports are transported through Syrian territory and only a fraction of these products are shipped by sea and by air. In 2013 the program had 143 adherents. What were the results achieved?

Export Performance

Total agricultural exports registered 522,000 Tons in 2013, a 15% increase from previous years levels (Figure 14).

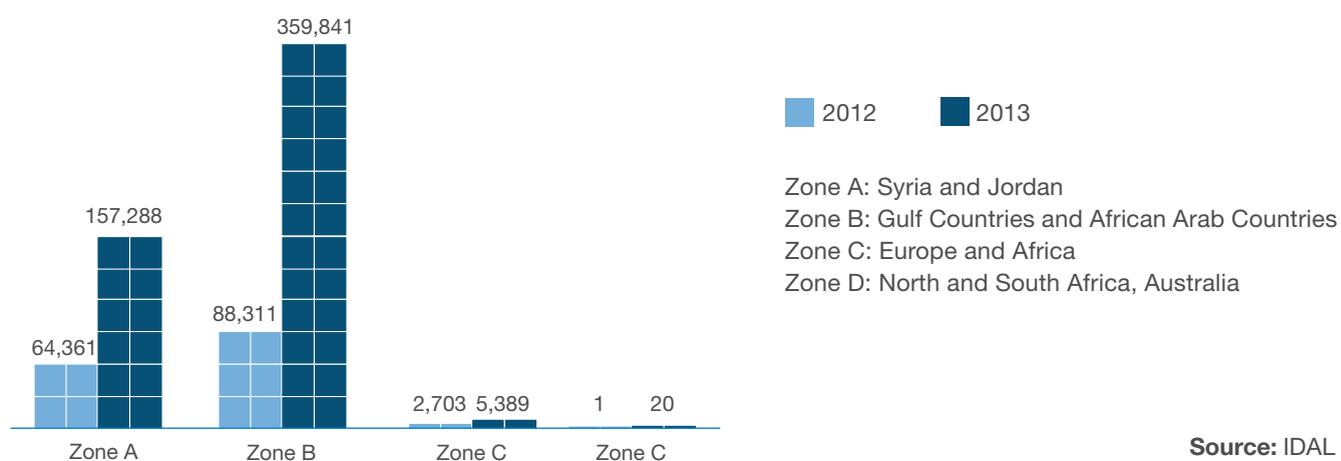
Figure 14: Agricultural Exports ('000 Tons) | **2008-2013**



More particularly, nearly all agriculture products have seen their exports rise. Particularly, exports of potato and other vegetables have increased by 91% and 31% respectively. The only products whose exports fell were Citrus, Malus and Banana (-21%, -17% and -6% respectively).

Similarly, agriculture exports have increased in all export zones with the exception of Zone C. An encouraging figure is that of Zone D where Lebanese agricultural products are finally starting to penetrate (Figure 15).

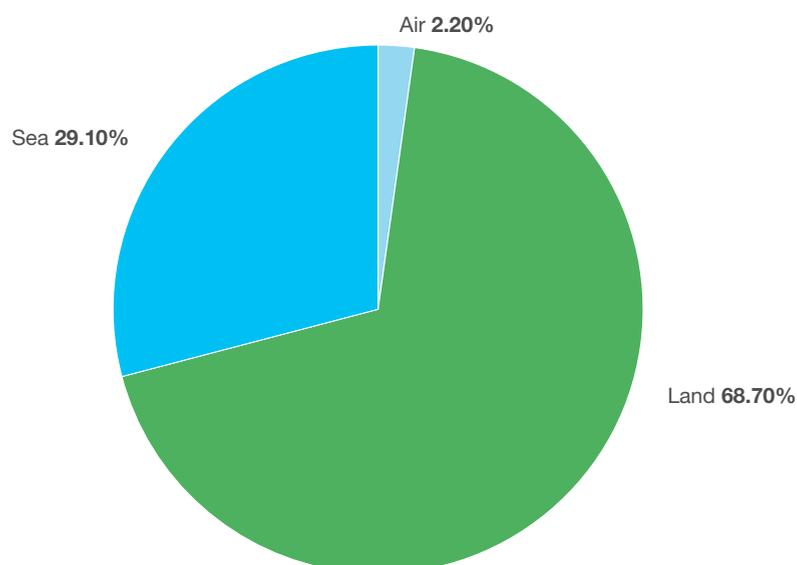
Figure 15: Exports of Agricultural Products by Zone (Tons) | **2012-2013**



■ *Transportation*

As a result of the closing of the Syrian border, there was a notable shift in the transport mode for agricultural produces from truck usage to maritime usage (Figure 16).

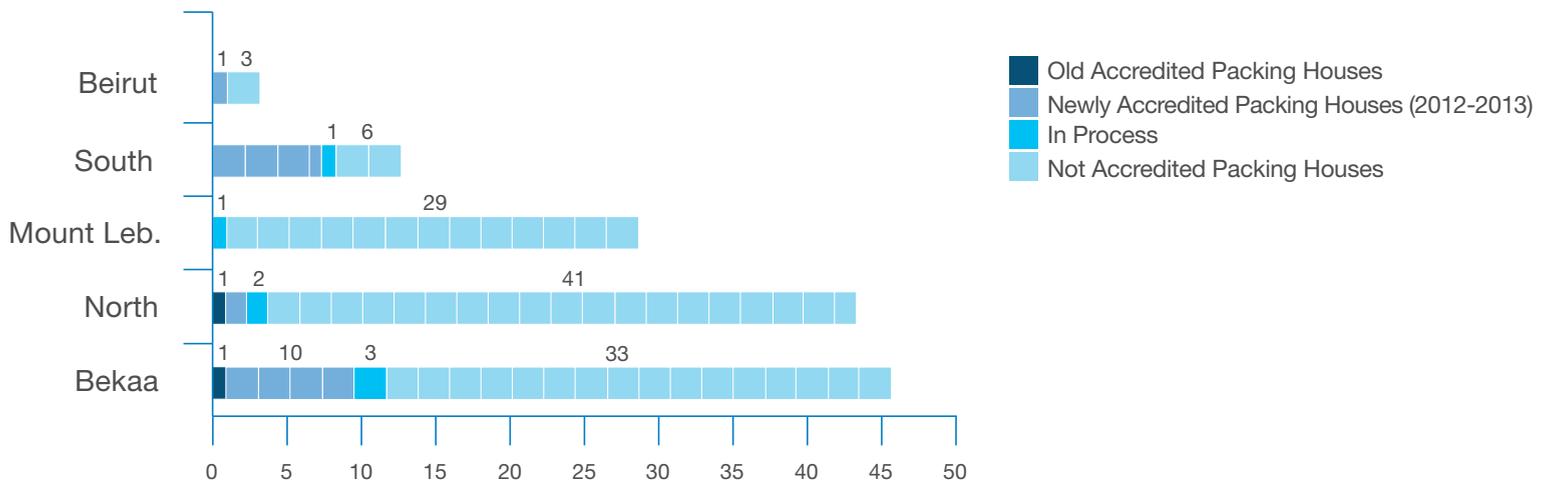
Figure 16: Means of Transportation (%) | **2013**



Packing Houses

With the aim of encouraging exporters to improve the quality of their products, IDAL granted 20% additional subsidies to exporters who obtain a certificate of quality for their products along with a certificate for the packing houses where the product is being packaged. Both growing and packaging procedures must adhere to the highest international standards. This year, 141 packing houses were able to fulfil IDAL's criteria and conditions and were registered in the program. The graph below (Figure 17) shows the distribution of packing houses by province.

Figure 17: Packing houses Accreditation Status | 2013



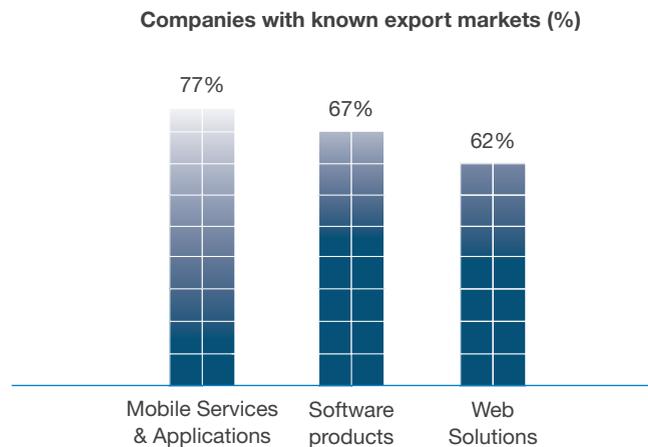
In summary, the positive performance of the program highlighted in the improved packaging conditions and increase in export volumes showcase the success of the Agri Plus program in achieving its stated targets.

PROMOTING THE EXPORT OF THE IT SECTOR

In 2013, IDAL launched a series of activities aimed at increasing the penetration of Lebanese IT products in external markets. The majority of Lebanese IT companies are export oriented, **with at least 67% of total firms selling their products to one or more foreign markets. Mobile applications and services companies are the major exporters**, with 77% of

these companies exporting their products (Figure 18), compared with 67% of software products companies and 62% of web solutions companies. These numbers confirm Lebanon's capacity to serve international markets from the local base and the high levels of integration and innovation that make Lebanese IT products on the top of traded products.

Figure 18: % of Companies within Sectors of Activities engaged in Export | 2013



Source: IDAL

Web solutions companies export mostly to the MENA region (35.4%) followed by Europe (19.2%), North America (12.1%), Africa (5.1%) and to other regions (2.0%). 40.7% of software products companies export to the MENA region, followed by

15.2% for Europe, 10.3% for Africa, 7.6% for North America, and 4.1% to other regions. Mobile applications and services companies export mainly to the MENA region (33.3%), followed by Europe (17.8%), Africa (15.6%), North America (13.3%), and to other regions (8.9%)

The program's objective consist in creating business linkages with business partners, improve the ease and efficiency in which a local companies assesses market opportunities and support potential international clients in identifying suitable partners.

The following initiatives were developed to achieve the above objectives:

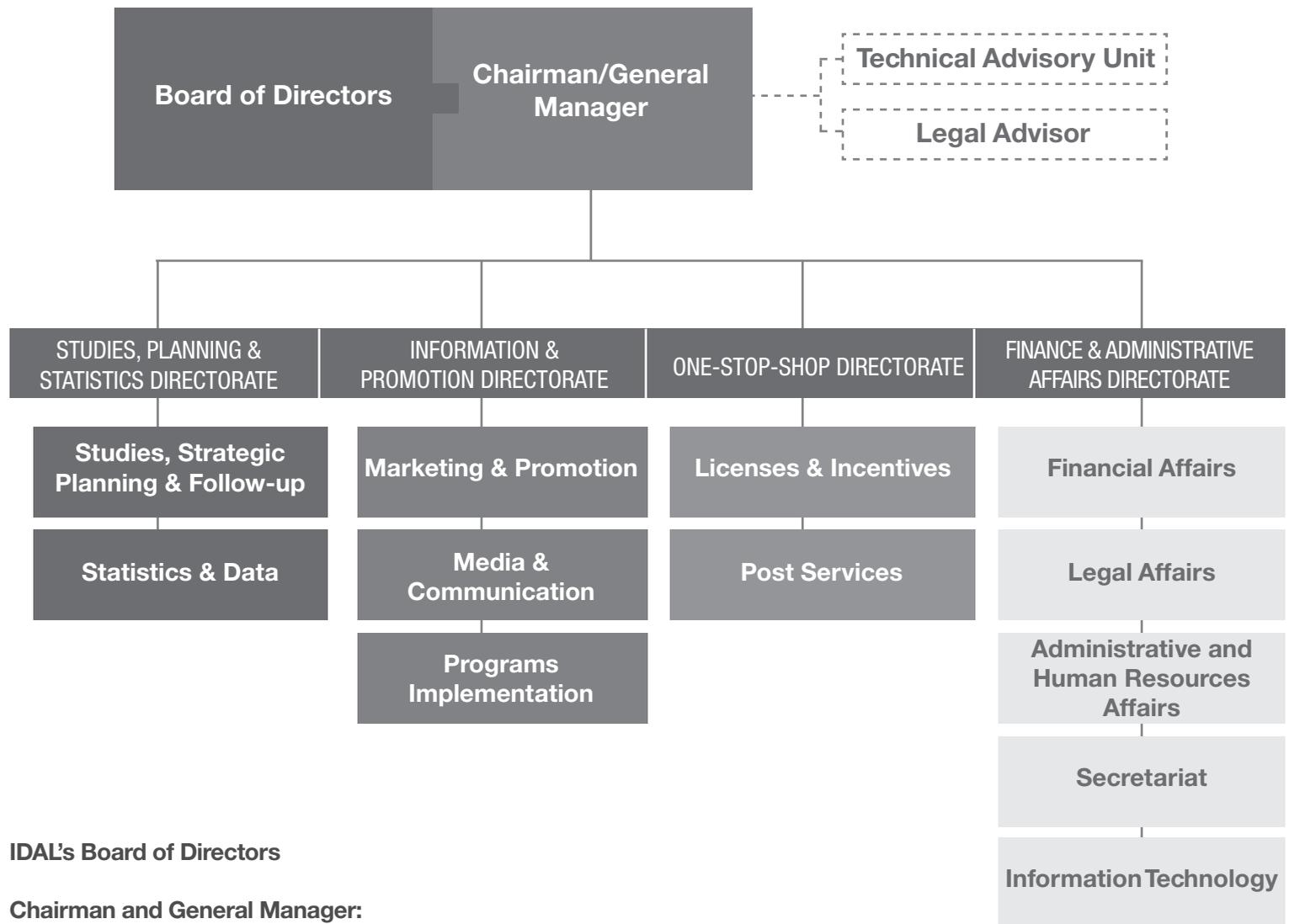
- Provide market intelligence services on the sector potential
- Provide information on potential export markets and export procedures
- Participate in trade missions or export focused conferences
- Sponsor the participation in trade fairs (see Appendix for a detailed program)
- Develop and maintain a network of specialists
- Develop a set of promotional marketing materials

In 2013, we launched our Global bids service which basically makes available to Lebanese companies a series of international bids they can participate in. The service will expand in the upcoming year to streamline our efforts in supporting the export of ICT products.

APPENDICES

APPENDICES

ORGANIZATION AND GOVERNANCE STRUCTURE



IDAL's Board of Directors

Chairman and General Manager:

■ Mr. Nabil Itani

Board Members:

- Vacant (Full-Time Board Member)
- Mr. Georges Kassab (Full-Time Board Member)
- Mr. Wassim Audi
- Mr. Ramzi El Hafez
- Mr. Mourched El-Hage Chahine
- Mr. Farid N. El Kheshen

Government Commissioner:

■ Dr. Nassib Hoteit

IDAL BRIEF

■ *Who We Are*

The Investment Development Authority of Lebanon (IDAL) is the national investment promotion agency that was established in 1994 with the aim of promoting Lebanon as a key investment destination, and attracting, facilitating and retaining investments in the country. IDAL enjoys financial and administrative autonomy and reports to the Presidency of the Council of Ministers who exercises a tutorial authority over it.

■ *What We Do*

Investment Law No.360 that was enacted in 2001 reinforced IDAL's mission, providing a framework for regulating investment activities in Lebanon, and providing investors with a range of incentives and business support services. In addition to its role as investment promotion agency, IDAL is entrusted with the active promotion and marketing of Lebanese exports including agricultural and agro-industrial products.

■ *Our Services*

- Facilitating the issuance of permits and licenses required for starting and operating a business through coordinating with corresponding public institutions.
- Granting various types of fiscal exemptions and fees reduction to investment projects as stipulated in Investment Law No. 360.
- Providing economic, commercial, legal, industrial and other information relevant for investment decisions.
- Identifying and promoting investment opportunities in various growth promising sectors.
- Mediating contacts between investors and entrepreneurs to identify potential joint-venture opportunities.
- Providing information on economic sectors with investment potential.
- Participating in the capital of joint-stock companies in specific fields.
- Providing advice on issues affecting the investment climate in Lebanon.
- Arranging for business meetings with officials from both private and public sectors.
- Providing after-care service for investment projects.

■ *Identified Target Sectors*

Investment Law No.360 identified a set of priority sectors that showed the most promising opportunities in terms of their investment potential and impact on socio-economic growth.

The identified sectors include:

- Tourism
- Industry
- Telecommunication
- Agro-Industry
- Information Technology
- Agriculture
- Media
- Technology

