

# IDAL & THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

## THE ROLE OF IDAL IN ACHIEVING THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS IN LEBANON



## INTRODUCTION

In 2016, the UN launched its 2030 Agenda for Sustainable Development, which revolves around 17 Sustainable Development Goals (SDGs) to transform the planet. The UN 2030 Agenda was signed by all 193 member nations, including Lebanon.

This document highlights the activities and initiatives of the Investment Development Authority of Lebanon (IDAL) that support the implementation of the SDGs in Lebanon.

IDAL as the national investment promotion agency plays a key role in advancing the SDGs in Lebanon through the promotion and facilitation of foreign and domestic investments which generate high-added value to the economy and contribute to the sustainable development of Lebanon.

Throughout the years, IDAL's activities evolved and expanded to include in addition to investment and export promotion, business support activities for start-ups and entrepreneurs and market information on key regions of Lebanon. This has made IDAL the go-to national agency for market intelligence, business advice & export support.

## THE ACTIVITIES OF IDAL IN SUPPORT OF THE SDG'S

Most of the activities and services of IDAL support either directly or indirectly the implementation of some of the 17 SDGs in Lebanon.

The SDGs are well integrated into IDAL's strategy and programs. In fact, IDAL has been working on achieving the sustainable development targets ever since the millennium development goals were identified in the early 2000's.

### THE BELOW HIGHLIGHTS THE MAIN SDG'S THAT ARE SUPPORTED BY IDAL'S ACTIVITIES:



## GOAL #1 ELIMINATING POVERTY

**Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions**

IDAL through its official mandate has contributed to the reduction of poverty in Lebanon through the creation of more than 5,000 jobs directly and 14,000 jobs indirectly due to the various investment projects supported by IDAL's One Stop Shop. Around USD 370 million worth of investments were channelled to the peripheral vulnerable areas of Lebanon creating directly and indirectly around 6,000 jobs in the vulnerable areas of the North, South and Bekaa. From these jobs around 70% were concentrated in agro-industrial production thus creating ripple effects on the agriculture value chains and thus farmers.

In addition to supporting the creation of jobs through investments, IDAL has directly supported in the reduction of poverty levels across farmers by putting in place the "Agri Plus" program, which since 2011 has provided 260 exporters with subsidies to export Lebanese agriculture goods to external markets. This has provided the opportunity to more than 2000 farmers to sell their goods and ensure their households subsistence levels. More than 80% of these farmers are located between the North, South and Bekaa thus supporting in the reduction of poverty levels in these areas.

In addition and according to Article 6, Point 5 of the Investment Law No.360, IDAL is responsible for preparing studies and statistics in relation to the investment climate in Lebanon and opportunities for investment in various sectors.

Throughout the years, IDAL has become the main public reference for statistics and market intelligence for all type of decision makers (investors, international organisations, NGO's, academia, etc...). This dissemination of free and reliable information (economic, commercial and legal) helps indirectly to attract investors, generate jobs across the country, reduce unemployment and hence poverty level.

While the impact of such activity is hard to quantify, qualitative assessment and business surveys show that access to up to date investment information is very crucial for any investment decision making.



## GOAL #2 ZERO HUNGER

**Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.**

Since 2004, IDAL has been actively supporting the development of the agriculture and agro food industry in Lebanon through the creation of various export promotion programs. The “Agro-Map” program was developed in 2004 to help agro-food exporters access international fairs and provide them with technical assistance to develop new products using innovative methods. To date IDAL has supported more than 100 agro companies in accessing external markets to promote the distribution of Lebanese agriculture goods and thus support the agriculture value chain.

Another program was launched in 2011: the “Agri Plus” Program to support exporters in the marketing of their agricultural products in regional and international markets.

### The program rests on 3 pillars:

- **Enhancing product quality:** consists in improving the quality of existing products and producing new products based on international markets trends, and promoting sound agricultural practices
- **Improving packaging:** consists in encouraging the modernization of packing houses and cold storage rooms, thus ensuring compliance with international safety standards.
- **Promotion and marketing:** consists in setting a marketing strategy to promote agricultural products through a mix of promotional activities (participation in trade shows, advertising campaigns, and so forth).

The program was able to increase exports of Lebanese agriculture goods by 16% between 2012 and 2014.

The latest program introduced by IDAL to increase productivity in the agriculture sector came in 2015 after the Syrian crisis. IDAL launched the Maritime Lebanese Bridge program (M.LEB) aimed at supporting the export of agricultural and industrial goods to Arab markets through sea routes. The M.LEB program consists of subsidizing the difference between land-route transport costs and maritime transport costs before the closure of borders, for both agricultural and industrial exports to the Arab countries.

Such initiative was very helpful in particular to the Lebanese farmers and agriculture exporters more than industrialists as 20% of total agricultural exports to the Gulf countries, Jordan and Iraq in 2016 and 2017 have been exported through M.LEB program, while only 5% of total agro-food products have been exported through the program and only 2% of total industrial exports have been exported through M.LEB program. The reason for the low share of industrial and agro-food exporters benefiting from M.LEB is due to the availability of a cheaper transportation option through refrigerated containers which is suitable for non-perishable products but not for agricultural products.

**Table 1: Total Lebanese Exports and Exports through M.LEB to the Gulf countries, Jordan and Iraq (Tons/ 2016 - 2017)**

|                      | TOTAL LEBANESE EXPORTS | M.LEB EXPORTS | % SHARE |
|----------------------|------------------------|---------------|---------|
| AGRICULTURAL EXPORTS | 536,293                | 107,347       | 20%     |
| AGRO-FOOD EXPORTS    | 204,354                | 9,907         | 5%      |
| INDUSTRIAL EXPORTS   | 281,907                | 4,345         | 2%      |

**Source:** Lebanese Customs & IDAL's Calculations

The M.LEB program helped agriculture producers in reducing their revenue losses from the current market conditions and helped them in maintaining a decent quality of living.



## GOAL #8

### DECENT WORK & ECONOMIC GROWTH

#### Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Since the ratification of the law 2001 and the creation of IDAL, more than 50 investment projects have benefited from the various financial and non-financial incentives granted by IDAL with an investment size exceeding USD 1.8 billion generating 6,000 direct and 19,000 indirect work opportunities, thus contributing to the country's socio-economic development.

Furthermore, investments attracted in terms of fixed assets contributed to +5.6% of cumulative GDP, providing more than 600 jobs in high value-added sectors, and ensured the constant increase of labour productivity across the eight productive sectors targeted by IDAL (technology, food and beverages, tourism, industry, information technology, telecommunications, media and agriculture).

The support of IDAL to Lebanese agriculture and industrial goods through financial and non-financial assistance has helped generate additional income to farmers, industrialists and SMEs in addition to other players across the industry value chain and contributed to the increase of exports and revenues to Lebanon.

According to the new strategy plan of IDAL, labor productivity will be a key target for the authority in the coming years. IDAL is developing various projects and initiatives to diversify the Lebanese economy away from the traditional services sectors by providing a new framework for the development of innovative industrial activity across the country that can create high value jobs.

Cluster development is the new tool that will be used by IDAL to encourage investment in the productive sectors in the various regions of Lebanon. IDAL has already conducted a baselines analysis on the economies of each governorate of Lebanon to understand the competitive advantages of each region & has organized various consultative meetings with the various stakeholders in each region to come up with a smart specialization strategy.

The aim for each region is to help it identify one product in which it can differentiate itself from competition and supporting it in developing this product and its by-products. The approach that will be used is a bottom-up approach by focusing on the needs of the residents of the region and help them develop their existing competitive advantages. This will help in creating high-value added jobs across the country and alleviate poverty.

#### Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

IDAL launched in 2018 a new business support unit for local entrepreneurs and start-ups where it provides them with free and tailored legal, tax and accounting advice to support them in setting up their business. This initiative is expected to foster the development of innovative businesses led by the dynamic highly qualified and skilled youth population and increase job opportunities in high-added value sectors such as ICT.

Since the launch of this unit in January 2018, around 30 start-ups have benefitted from the services offered by IDAL and started developing further their business plan. If IDAL continues at the same rate, it is expected by end of 2018 around 120 early-stage entrepreneurs will benefit from this service leading to growth in the micro-, small- and medium-sized enterprises in Lebanon.

As most start-ups assisted so far are established by young entrepreneurs in the digital sector, it indicates that the highest impact of this project is on the educated youth and the innovation sector in Lebanon in general. IDAL is helping young graduates in Lebanon to formalize their business ideas into implementable business plans and divert them from the black labor market or unemployment or emigration.

#### Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training.

IDAL through its business support unit, the new cluster development initiative, and other programmes aimed at attracting large and small investments into the economy, is helping in reducing unemployment and especially of the youth and the reduction of youth emigration in particular the talented ones.



## GOAL #9

### INDUSTRY, INNOVATION & INFRASTRUCTURE

**Target 9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.**

IDAL through its investment law encourages sustainable investment in eight priority sectors including the industrial sector. IDAL played a key role in the formation of the largest 22 industrial companies in Lebanon, exceeding the USD 1 billion in value.

The law stipulates various criteria and requirements that guarantees the respect of the environment and sustainability practices. Investors applying to IDAL incentives need to submit an Environmental Impact Assessment of their projects and other studies on the overall socio-economic impact of the project in order to benefit from IDAL incentives. This process ensures that only sustainable and sound developments that benefit the whole population are accepted to proceed.

**Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets**

IDAL through its newly established business support unit is helping small enterprises and start-ups to develop a sound business plan to have better access to funding from financial institutions.

The business support unit team members act as business consultants by helping the entrepreneur right from the planning stage till the implementation and then the growth stage. The unit assists in later stages the entrepreneurs to access international value chains and markets through IDAL's network of contacts and events. This support all along the business cycle creates confidence and trust in the established system and guarantees higher chances of success for the supported start-ups.

**Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending**

IDAL is working on the promotion and support of cluster development in various regions of Lebanon. The cluster model includes besides the industrial production companies, research and development centres that support the industries to innovate and create added-value products that can compete at a global scale. This new ecosystem is expected to benefit not only the industrial sector but the overall economic development of Lebanon by investing in research and technological capabilities in all traditional and emerging sectors to enhance the quality of Lebanese products.





## GOAL #10 REDUCED INEQUALITIES

**Target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average**

IDAL, through its One-Stop-Shop, provides investment projects that fall under its eight economic sector with financial and non-financial incentives that can go up to 100% exemptions on capital income tax depending on the location of the project.

Indeed incentives are not only based on the size of the investment and number of jobs created but also on the region where this investment will be located. Projects located in regions with the highest socio-economic challenges are provided with additional incentives. This contributes to reduce inequalities between regions, create jobs for the locals in the rural area and reduce poverty in those communities.

Moreover, by disseminating market intelligence on the potential investment opportunities in the various regions and Governorates of Lebanon to potential local, diaspora and foreign investors, IDAL is contributing indirectly to the economic growth of the regions with the most vulnerable groups.

IDAL is actively engaged with the municipalities and the various chambers of commerce in the different regions in Lebanon through the organization of meetings, workshops and seminars to understand their needs & support them to attract investment into their region.

Between 2003 and 2007, 84% of projects supported by IDAL were in Beirut and Mount Lebanon, however IDAL managed to reduce this share to 55% between 2013 and 2017 reflecting the successful efforts of IDAL to promote investments in all the regions of Lebanon. This policy by IDAL has led to a decrease in the unemployment rate in the region of the Bekaa and North-Lebanon by 12% and 5% respectively, providing the residents with decent work and registration to the national security scheme.

| IDAL'S<br>AXES OF<br>INTERVENTIONS | 1 NO<br>POVERTY | 2 ZERO<br>HUNGER | 8 DECENT WORK AND<br>ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION<br>AND INFRASTRUCTURE | 10 REDUCED<br>INEQUALITIES |
|------------------------------------|-----------------|------------------|--------------------------------------|----------------------------------------------|----------------------------|
| Market<br>Intelligence             | ✓               |                  | ✓                                    |                                              | ✓                          |
| Export Promotion                   | ✓               | ✓                | ✓                                    |                                              | ✓                          |
| One-Stop-Shop                      | ✓               |                  | ✓                                    | ✓                                            | ✓                          |
| Business<br>Support Unit           |                 |                  | ✓                                    | ✓                                            |                            |
| Cluster<br>Development             | ✓               |                  | ✓                                    | ✓                                            | ✓                          |

## WAY FORWARD

### **Technical assistance to strengthen statistical reporting and capacity for evaluation of economic and social impact**

As part of its strategic plan, IDAL is seeking technical assistance from the International Organizations to help it develop the right methodologies in calculating FDI and estimating their impact on the economy (in terms of GDP growth, direct and indirect jobs created). This will help in return to better assess IDAL's contribution in achieving the SDGs in Lebanon.

### **Technical support to IDAL to assist it in the achievement of the SDG's through its core activities**

IDAL is looking into partnerships with international organizations to assist in conducting feasibility studies and the development of concept plans for projects aimed to create jobs and increase productivity in rural areas. Technical assistance from international organizations is highly needed to advance the projects of IDAL and increase its socio-economic impact.



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