



MED MSMEs

Policies for inclusive growth

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SUBJECT OF INTEREST IN THE AREA OF SIMPLIFICATION AND DIGITALIZATION OF INTERNATIONAL TRADE PROCEDURES

LEBANON





Aiming to facilitating cross-border trade

It is reasonable to take the following measures:

1. Reducing the period of stay of goods at customs ports
2. Adopting electronic means in clearing the goods and approving the prior declaration before arrival in an expanded manner whenever possible
3. Reducing non-tariff barriers (NTBs)
4. Removing the restrictions imposed by some government agencies electronically

The application of these measures depends on several pillars:

1. Securing places and spaces for employees to work
2. Securing wired and wireless communication channels between the various participating parties
3. Acquiring computerized electronic equipment to perform this task with its technical requirements
4. Concluding memoranda of understanding between the various parties participating in the Single Window

Business plan:

- 1- Measuring the release time of the goods
- 2- Determine the restrictions applied on goods
- 3- Constructing an Electronic Single Window (ESW)
- 4- Dissemination of information through a trade information portal

Obstacles:

1. Weak financial capabilities due to the economic collapse
2. Lack of skills due to emigration and unwillingness to work at the public sector
3. The lack of the culture of trade facilitation and the unwillingness of the parties to participate in the Single Window
4. Adoption of the real-time analysis after the arrival of the goods
5. The absence of external channels of communication and information exchange between Lebanon and its economic surroundings
6. Old legal texts and not adopting a paperless environment

Aiming at digitalization

Facts:

1. COVID-19 pandemic has changed peoples' lifestyles, making them more reliant on technology to carry out their everyday tasks, but it has also irreversibly altered the way economies function.
2. The pandemic forced consumers to make their purchases online and promoting the adoption of e-commerce,
3. There is an urgent need for SMEs to digitalize their businesses and be supported in undergoing a digital transformation.
4. In the context of Lebanon's current collapse digitalization can foster the ability to access regional and international markets and establish links with global supply chains, allowing SMEs to obtain much needed hard currency.





Main blocking points for Digitalization:

1. *Institutional and regulatory:* The overall level of the digital readiness of both the public and private sectors, as well as the societies in the analyzed countries, is relatively low.
2. *Human capital formation:* Still the owners and staff of more traditional SMEs often do not understand the importance of digitalization, failing to capitalize on the opportunities it offers.
3. *Infrastructure and use of digital innovation:* Although the situation on the ground is improving, internet connection in the Mediterranean countries studied remains relatively expensive, slow and/or not always readily available (ITU, 2019).

Scaling up SMEs Internal Capacity:

1. Providing SMEs with technology support and assistance, through targeted financial support (consultancy vouchers, grants), technology extension programmes (diagnosis, self-assessment tools, e-business solutions, guidance and package of learning material) or a mix of both.;
2. Encouraging SME training and upskilling, by reducing training costs (e.g., tax incentives, subsidies) and promoting workplace training (e.g., via employer's networks and associations, or intermediary "brokers", apprenticeships programmes) or by strengthening management skills in SMEs (e.g. through training, workshops, coaching programmes);
3. Building a data culture in SMEs, by increasing awareness and capacity to manage and protect their data (e.g., through information dissemination, financial support or technical assistance);
4. Raising the digital security profile of SMEs, through awareness campaigns, or providing them with guidance on useful digital security measures, toolkit, auditing, assurance framework, protocols and certification schemes, and training opportunities.

Easing SME access to strategic resources:

1. *Leveraging fintech and alternative sources of finance for SMEs*, by promoting the use of new technologies to lower transaction costs on finance markets; encouraging the deployment of financing and matching marketplaces, as well as the use of mobile banking, or alternative data for credit risk assessment.
2. *Encouraging business innovation and the supply of new digital solutions*, through a range of research and innovation policies (e.g., research grants, public procurement, tax incentives, demand-side regulation, competences centers, public-private partnerships etc.) in the field of digital security, blockchain, AI etc.
3. *Connecting SMEs with knowledge networks, through cooperation programmes* (e.g., with large firms or online platforms), or SME-lead public procurement (e.g., Small Business Innovation Research-type of program) or networking interfaces (e.g., digital innovation hubs, centers of excellence, clusters and co-working spaces)
4. *Providing SMEs with access to data and technology*, through testbeds and experimentation labs, data centers, digital innovation hubs, university transfer offices, co-creation platforms etc.

Other fields of Interest:

- Support the enhancement of the quality infrastructure.
- Developing cross region economic zones.
- Supporting Lebanon in the WTO accession process.
- Increasing value added of Lebanese products: IPR and Geographical Indication, Organic, voluntary labelling.
- Encourage joint investments and exchange through the organization of B2B activities.

