The Entrepreneurship Eco-System
in Lebanon
April 2013

The Employment Miracle

- Middle East and North Africa regions have the highest youth unemployment rates worldwide (25% according to the World Bank – twice the world average)
- 10 Million youth enter the job market every year
- 40 Million jobs need to be created in 10 years
- Average of less than one new firm are registered per 1,000 people every year, compared to more than four in high-income countries

⇒ Need a new economic model to increase productivity and competitiveness
What Drives ICT Startups?

In Lebanon and most countries ICT is driven by:

1. Youth
2. Creativity
3. Education

ICT is an integral part of the entire ecosystem and an enabler. There is much interest from youth about ICT Start-ups, web services, mobile apps, etc.

MIT Enterprise Forum Arab Startup competition:
50% of semi-finalists from the ICT, internet services, and mobile sector

Government Initiatives

1. MPT: Beirut Digital District, Touch Cloud, MIT (WB)
2. MPT/MEHE: Education Tablets
4. MOF/PCM: iSMEs project (WB)
5. BDL/Kafalat: Subsidized loans, Loan guarantees
Beirut Digital District

- Inaugurated on September 3, 2012.
- Beirut Digital District (BDD) started with 5,000 m² in 2012 and will eventually cover 40,000 m².
- Provision of space, facilities & incubator site (Berytech)
- The cluster effect of BDD will create the right ecosystem of IT infrastructure coupled with state-of-the-art services where ICT companies can increase their productivity and competitiveness and thus grow.

Touch Cloud

- Cloud-based back-end service.
- Includes a set of scalable, on demand web services that allow developers to build & run web and mobile apps in a fast and reliable way. These services are clustered under 4 categories:
  - Identity: Includes APIs for identity management, such as user registration & authentication
  - Persistence: used to maintain databases and content & media management
  - Messaging: allows for sending mail, SMS or push notifications
  - Orchestration: enabling apps to connect with 3rd party services, such as Twitter or Facebook
- Allows the developer to focus his efforts on critical front-end development, and adding features that users value and demand.
Education Tablets

- Enable greater access to the new information technology among the younger generation.
- Phase I includes 15,000 3G and WiFi enabled tablets, with secure navigation, offered to school students at a discounted subscription price through BDL.
- The market potential is assessed at 500,000 tablets.
- Phase I also donates to the Ministry of Education 1,500 tablets for its project that aims to replace books with tablets in the long run.

The Innovation Voucher Project

- The Innovation Voucher is designed to encourage innovation by offering useful resources for SMEs, individual researchers and research institutes.
- This helps to create new products, processes, services and to come up with innovative business models; it will especially answer the needs of small industries that do not have the means to finance their own research and development projects.
- The voucher system grants researchers with a valid project up to 10,000 Euros covering some of their costs related to consulting and research, development and related simulation or prototyping.
Lebanon SoftShore Cluster

• Created in 2007 to offer software development services to international companies, especially in Europe, US and the Middle East.

• With currently 15 software companies and a pool of over 400 software developers, this cluster represents a unique spectrum of skills, expertise and worldwide market experience.

• Offers an excellent and famous education system to recruit from and a long-standing reputation for on-time delivery.

• Ideal partners for European and Middle East software development.

iSME’s Project

Support to Innovation and SME Growth Project
(USD 30 Million with World Bank)

The Government of Lebanon will co-fund innovative concept ideas and start-ups and increase the availability of equity investments for growing innovative firms

- Grants for concept development (10% of the loan)
- Equity investment (90% of loan)
Case Study: Entrepreneurship in Lebanon

Exponential Organic Growth: New Comers in 2012-2013

Source: Zawiya and Endeavor Lebanon
Basic Pillars for Entrepreneurship

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<th>Institutional</th>
<th>Education</th>
<th>ICT</th>
<th>Ecosystem</th>
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<td>- Political environment</td>
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<td>- Regulatory environment</td>
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<td>- Public Private Partnership (PPP)</td>
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<td>- Competitiveness</td>
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<td>- early childhood education</td>
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<td>- Access and penetration</td>
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<td>- Usage of ICT in businesses and households</td>
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<td>- Intellectual property</td>
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<td>- Access to finance</td>
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<td>- Collaboration</td>
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<td>- Entrepreneurship and more!</td>
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Elements of the Entrepreneurial Ecosystem

- Personal Enablers:
  - Mentors/Advisors
  - Informal Education
  - Formal Education
- Financial Enablers:
  - Equity Investors
  - Banks & SME Financing
  - Microfinancing
  - Government Programs
- Business Enablers:
  - Professional Services
  - Incubators
  - Network Associations
- Environmental Enablers:
  - Regulatory Framework
  - Infrastructure
  - Lobbies & Entrepreneurial Organizations
  - Media & Culture
**ENTREPRENEURSHIP ECO-SYSTEM**

- People
  - Entrepreneurs
  - Investors
  - Decision Makers
  - Role Models

- Education
- Money
- R & D
- Support
- Business Environment
- Global Markets

**PLAYERS are public sector, private sector, civil society, academia**

- Capital Markets
  - Regulations
  - New Business Models

- Coaching
  - Mentoring
  - Legal Advice
  - Training
  - Incubating

- Trust
- Fear of failure
- Ambition
- Social classes
- Collaboration

- Regulatory Framework
- PPP
- Infrastructure
- Intellectual Property
- Competitiveness
- Ease of Doing Business

Presidency of the Council of Ministers

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**Improve and Influence the Entrepreneurial Ecosystem**

- Mentor
- Change Behaviors
- Bring Entrepreneurship to the classroom
- Bring Entrepreneurship to the office
- Do no Imitate
- Encourage new ideas by fostering a mixed culture
- Break the stereotype
- Embrace the diaspora
- Eliminate red tape
- Go beyond funding and provide a support structure

Presidency of the Council of Ministers
Success Stories

• ANGHAMI
• BUTTERFLEYE
• CARDIODIAGNOSTIC
• CINEMOZ
• DERMANDAR
• FOO
• GAMABOX
• POU
• WIXEL STUDIOS

THANK YOU
For more information please contact:

Salam Yamout
National ICT Unit Coordinator
Presidency of the Council of Ministers
Grand Serail, Beirut, Lebanon
Telephone: +961 1 980890 ext 603
E-mail: syamout@pcm.gov.lb