

ORGANIZATIONAL MECHANISM OF ATTRACTING FOREIGN INVESTMENT IN LEBANON

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Relevance. The importance of building a new mechanism of attracting foreign direct investment (FDI) in Lebanon is a significant concern from all parties and for many reasons where these reasons are in line with solutions for problems in infrastructure development, corruption, employment, economic growth, technology transfers, productivity, and many other causes, based on what is progress, The common form for upgrading this process is public-private partnership in which It could increase the prosperity for citizens and support local production sectors and services in increasing domestic investment and take advantage of the expertise of the private sector that characterized by transparency and discipline and rationalization of expenditure and curbs corruption, trains the public human resources to enhance their skill sets, bridging the gap between education and employability, improving product quality.

The purpose of the research is to show the process of attracting FDI in Lebanon.

The research method is to create some scenarios on how to attract FDI and a description of the mechanism used. So as to do so we adopt three real ways: the public-private partnership, Capital Investment Plan and alternative plan.

Results. The Lebanese Government has identified trends towards encouraging investment in infrastructure and the various sectors of the Lebanese economy – from here it was adopted the public-private partnership law, which regulates the participation of the private sector in public infrastructure projects in Lebanon (the fields are electricity, roads, public transportation, telecommunication and waste management).

The second variant of the Government’s strategy is to organize several conferences to support Lebanon. Because of this a plan appeared (Paris Conference 4 or “CEDRE” (economic conference for development, reform and enterprise) – Capital Investment Plan (CIP) [1].

The alternative plan includes projects negotiated between the Government and the German investment group (JM associations) under the new reforms (through Majd for Investment Company) which can be based on the BOT or BTO.

Here we will present a summary of these schemes (figure 1 and figure 2).

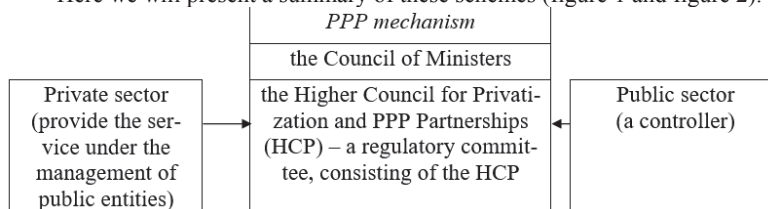


Figure 1. Schemes of attracting foreign direct investment in Lebanon according PPP law

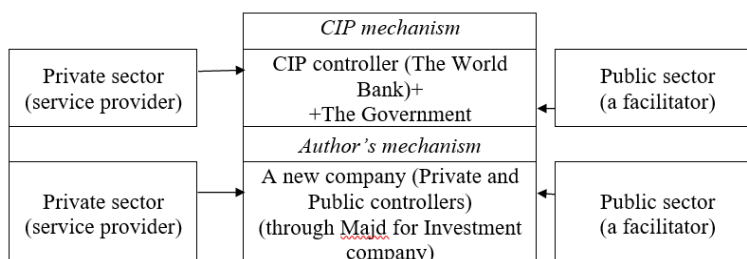


Figure 2. Schemes of attracting foreign direct investment in Lebanon according CIP and author's recommendations

The role of Majd for Investment company is to follow-up, association and public relations between the private and public sectors and the group of companies that are funded and implemented for investment projects.

The differences in PPP, CIP and alternative strategy is the role of the controller (PPP - Public sector control and get part of the profit, in CIP – a controller – The World Bank (WB) and Government, in alternative variant – the controller is a new company (public sector and investors from Lebanon).

Conclusion. CIP and author's variants has lower level of a corruption than in PPP model because of having independent controller. And it is better way to have a supervisor (a controller) who knows the country, traditions, culture, regulations very well.

Reference

1. CEDRE Conférence économique pour le développement, par les réformes et avec les entreprises. Economic Conference for Development through Reforms with the Private sector. Joint Statement. Paris. 2018. 3 p. Available at: diplomatie.gouv.fr (accessed 7.09.2018).

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Summary

The foreign direct investment helps the Lebanese economy to develop economic, social and ecological fields.

There is a mechanism of attracting foreign investment in Lebanon in the article. It includes several scenarios. The first scenario is the public-private partnership (PPP) when private investors from Lebanon provide the service under the management of public entities. The second scenario appeared as a capital investment plan (CIP) after four conferences in Paris when private investors are in share with public sector under The World bank and Lebanese Government control. These two scenarios it is easy to combine in one – the government way. The last scenario repeats the World bank plan but the controller is a new company which has the duty to provide all services and to manage the project each specialized in domain (building, operation, infrastructure, etc).