FINANCING OF COMMUNITY DEVELOPMENT

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STARTING POINT

- Environment and Sustainable Development Unit (ESDU) was established in 2001 and has for objective to promote the development of sustainable agriculture in Lebanon and in the Middle East and North Africa (MENA).

- ESDU receives grants mainly from AUB and IDRC as well as international organizations, such as the UN Food and Agriculture Organization, USAID, the International Fund for Agricultural Development, and others. Funding takes place on project to project basis.
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WHAT SHOULD SOLUTION ACHIEVE?

- Support rural development projects
- Increase the number of entrepreneurial ventures in agriculture and in related fields
- Help increasing competitiveness of the Lebanese agricultural sector by connecting it to the knowledge based economy
CHALLENGES FOR ESDu

PROJECT LEVEL

• PROJECT LEVEL FOCUSED
• NOT SYSTEMS BASED
• UNUSED ENTREPRENEURIAL POTENTIAL
• REDUCED EFFECTIVENESS OF R&D
• DONATION CENTRIC
• DECREASES IN FUNDING
• LITTLE ALIGNMENT BETWEEN DIFFERENT STAKEHOLDERS

PRIVATE INVESTMENT

• COLLATERAL CENTRIC RISK MANAGEMENT
• DATA ISSUES
• NO PLATFORM THAT CONNECTS COMMUNITIES/ FARMERS AND PRIVATE INVESTORS

GoL

• NARROW CIRCULAR 331
• SECTORS WITHOUT SPILLOVER
• IGNORES RURAL AREAS
• FOCUS ON TECH FIRMS (POTENTIAL HIGH GROWTH)
• VC EYEING SCALABLE GROWTH- DON'T CARE ABOUT LEBANON
Figure 8:
INDUSTRY BREAKDOWN OF FUNDED COMPANIES

The bulk of funded companies are in the information and communication technology industries, with e-commerce and online services and software development and services accounting for nearly half of all companies that received investment in our sample.
## Funding Tools

<table>
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<tr>
<th>Method</th>
<th>Description</th>
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<tr>
<td>Equity</td>
<td>To grow and gain control over a firm.</td>
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<td>Debt</td>
<td>Served by venture capital &amp; commercial banks</td>
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<td></td>
<td>To fund purchase of fixed assets and solve liquidity needs.</td>
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<td>Impact investing</td>
<td>Investments &quot;made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. It is a form of socially responsible investing that serves as a guide for various investment strategies.</td>
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<td>Social Bonds</td>
<td>Innovative way for Government to contract for social outcomes.</td>
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<td>Micro-Finance</td>
<td>Developed rural products on fit the demand of small sized agri-businesses</td>
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<td>institutions</td>
<td></td>
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<tr>
<td>Others</td>
<td>Governmental support endowment &amp; NGOs</td>
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HOW DO WE NEED TO THINK ABOUT AGRICULTURE AND COMMUNITY DEVELOPMENT?

1. We need to **think about it as a ‘business’** in order to achieve economic sustainability.
2. We need to **align people** with resources (financial/ skills) with people who don’t have resources.
3. We need to render community development and agriculture **economically beneficial for all stakeholders**
4. We need to **de-risk money for private investors**
5. We need to **capitalize on the current ‘entrepreneurship mood’**
“Business Money” (Impact Fund, private Investors)

“Social Money” (agencies, philanthropist, CSR, etc.)

Incubator/Accelerator
THANK YOU FOR YOUR COMMENTS

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