

AMERICAN LEBANON EDUCATION FOUNDATION

Our Strategic Plan for rebuilding Investor Confidence in Lebanon

Executive Summary

With a new government in place, the question of whether Lebanon can attract investment remains highly dependent on **political stability, economic reforms, and security guarantees**. While large-scale Foreign Direct Investment (FDI) may be **premature**, specific incentives targeting **Lebanese diaspora, strategic sectors, and international partners** could create opportunities for limited, high-impact investments. This brief outlines key policy measures needed to **restore confidence, attract capital, and rebuild Lebanon's economy**.

1. Political & Security Preconditions for Investment

A. Ensuring Political Stability & Governance Reforms

- The government must implement **credible anti-corruption reforms**, judicial independence, and **depoliticization of state institutions** to regain investor trust.
- **Transparent governance frameworks** should be introduced, including **international monitoring mechanisms** to enforce accountability.

B. Security Guarantees & Disarmament of Armed Groups

- Lebanon's security risks, primarily Hezbollah's armed presence, must be addressed through **compliance with UN Resolutions 1559, 1680 & 1701**.
 - International support for **UNIFIL's expanded role in monitoring border security** can help create a more predictable investment environment.
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2. Key Investment Incentives & Sectors for Growth

A. Tax Incentives & Regulatory Stability

- Corporate tax reductions for **new businesses and foreign investors**.
- **Zero tax for repatriated capital** for Lebanese expatriates investing in Lebanon.

- Protection against **arbitrary capital controls or future banking collapses** through a **clear financial reform framework**.

B. Banking & Financial Sector Reforms

- **IMF-backed financial stabilization measures** must be implemented to restore trust in Lebanon's banking sector.
- **Capital control laws** should be transparent, structured, and **protect foreign investors from arbitrary asset seizures**.

C. Public-Private Partnerships (PPPs) in Infrastructure & Energy

- Investment in **renewable energy (solar, wind) projects** to address Lebanon's energy crisis.
- **Internationally supervised reconstruction of Beirut Port**, similar to the **Singapore Port model**, to ensure efficiency and transparency.
- Expanding **digital infrastructure & technology hubs** to attract international firms.

D. Lebanese Diaspora Investment Fund

- Establish a **diaspora-focused investment vehicle**, backed by IMF, U.S., EU, and GCC partners, ensuring liquidity and legal protections.
 - Create **de-risking mechanisms** to incentivize expatriates to reinvest in Lebanon's economy.
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3. Strategic International Partnerships

A. Engaging with Gulf & Western Allies for Economic Stabilization

- Strengthen economic ties with the **United States, Saudi Arabia, UAE, and France**, leveraging financial support and trade partnerships.
- Encourage **U.S./EU-led economic recovery programs** to rebuild investor confidence.

B. International Oversight & Investment Guarantees

- Foreign investment protection through **international dispute resolution mechanisms** to safeguard against corruption.

- Strengthening **Lebanon's trade agreements** with key partners, including the **U.S. and EU, for preferential trade status.**
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4. Conclusion: A Phased Approach to Investment Recovery

Lebanon's road to economic recovery requires a **balanced approach** by prioritizing **stability, strategic incentives, and international partnerships**. While **full-scale investment remains a challenge**, targeted reforms in **banking, infrastructure, and regulatory transparency** can lay the foundation for future investor confidence. The American Lebanon Education Foundation advocates for a **structured Investment Protection & Economic Recovery Plan**, ensuring that Lebanon can transition from crisis management to **sustainable economic growth**.
