

The Bader International Co-Financing Program (BICP)

Lebanon



Antoine Abou-Samra

Website:

<http://www.baderlebanon.com>

 SHARE

- [Employment](#)
- [Economic development](#)
- [Financial services and markets](#)
- [Fundraising](#)
- [Globalization](#)
- [Networking](#)

Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

The BICP is a financing platform that helps Lebanese SMEs with international subsidiaries get access to funding (debt and/or equity) across several countries. Thanks to this international network of financing institutions, every subsidiary can apply for funding in their local market.

About Project

Solution: What is the proposed solution? Please be specific!

From our experience of the Lebanese entrepreneurial ecosystem, we have noticed that many high-impact SMEs work on the following model: the headquarter and/or research and development center is based in Lebanon, the sales/marketing offices (and sometime some technical operations) are located abroad. This model allows SMEs to tap larger market while leveraging local assets and talents. One of the major issue these SMEs faces is how to finance their operations on a multi-country basis. To our knowledge, there has been no cross country financing platform that has been developed yet. By leveraging such a network, it will facilitate the access to financing to cross-national SMEs. SMEs which are approaching international market will very often leverage the competitive advantage of the markets they are involved in. For instance, Lebanon can provide cost competitive and high quality software developers, France will provide customer care specialist, etc. Being present in several countries allows SMEs to capture the most efficient and competitive assets and skills and thus develop a high quality value chain. At the same time, they can tap into larger markets.

Impact: How does it Work

Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.

Brain drain reduction: Lebanese could return to Lebanon to participate in companies with international reach thus having access to increased salary base at home. The solution could also aim at Diaspora members to start a business where they are: we would propose to help them get financing and support services in their countries on the condition they would open their headquarter, R&D center (etc.) in Lebanon where we would support them as well.

About You

Organization:

Bader Young Entrepreneurs Program

About You

First Name

Antoine

Last Name

Abou-Samra

Website

Your Organization

Country

About Your Organization

Organization Name

Bader Young Entrepreneurs Program

Organization Phone

+961 1 612 500 ext 5153

Organization Address

Berytech Building, 5th floor, Damascus Road, Beirut

Organization Country

Organization Type

Non-profit/NGO/Citizen-sector Organization

The information you provide here will be used to fill in any parts of your profile that have been left blank, such as interests, organization information, and website. No contact information will be made public. Please uncheck here if you do not want this to happen..

Your solution

Country your work focuses on

If multiple countries, please list them here. If your solution targets an entire region, please select it below

France, USA,

Region(s) your solution focuses on:

Europe and Central Asia, Middle East and North Africa, North America.

Range of turnover in your target firms, in USD

Less than \$1 Million, \$1-5 Million, \$6-10 Million, \$11-20 Million.

Average turnover in USD of your target firm

Number of employees in your target firms

Fewer than 5, 5-24, 25-49, 50-74, 75-99.

Average number of employees of your target firm

Specify the size, average and range of expected loans or investments in each target firm

It will be market and institution dependent. For instance, in Lebanon, subsidized and guaranteed loan provided by Kafalat cannot exceed \$400,000. In France, institution like OSEO channels loans up to €200,000.

What stage is your solution in?

Operating for less than a year

Innovation

How does your proposed innovation leverage public intervention in catalyzing private SME finance?

By showing the validity and sustainability of the model, we will look to develop a network of private (and still public if need be) institutions that would take part in such a program.

There are definite advantages for financing institutions to be part of the network. First, though they are financing a company which is locally based (relative to them), they are (1) diversifying their risk as they are financing one part of the whole organization and (2) benefiting from an added value operation as it is part of a value chain that feeds into each of its part.

Furthermore, the financing of the SMEs could have different sources: The BICP could act as a referral for SMEs to take part in the program or the BICP would take part into the financing through funds attributed to it. In all the scenarios, the BICP can give a seal of approval for the SMEs applying and eligible to the program. Thanks to its experience in launching the first Business Angel Network (LBA) in Lebanon and providing free support services (mentorships, workshops, clinics, etc.) to entrepreneurs in Lebanon, Bader has acquired an invaluable experience in identifying and supporting potentially successful SMEs. Bader will use its experience to give a "quality seal" to companies applying to the BICP so that network members (the financial institutions) will know that these SMEs have been vetted. This will allow an easier approval process from the network members to accept financing for the SMEs

What barriers does your proposed solution address?

Asymmetry of information, Lack of collateral, Lack of SME access to skills / knowledge / markets, Unavailability of financial products tailored to SME needs.

If you checked any of these barriers, describe how your solution addresses them

Asymmetry of Information: Entrepreneurs in their own country may be aware of financing institutions. However, in foreign countries they may not be aware of the financing opportunities. The BICP will allow SMEs to easily identify financing sources as they are part of the network

Lack of collateral: Very often SMEs lack collateral to get access to financing (especially with banks). Some of the program members can provide such facilities without collateral (for instance Kafalat in Lebanon, OSEO in France)

Lack of financial capacity: Financing for growth is important for any SMEs. When SMEs become international in their operations, financing becomes even more important. The BICP will increase this financing capacity.

Lack of SME access to skills / knowledge / markets: Indirectly, as SMEs will be part of this program, they will benefit from Bader's expertise, know-how, services and networks. Bader offers mentorships, workshops, SME clinics programs as well as access to local and international networks with the Diaspora and international organization.

Unavailability of financial products tailored to SME needs: As mentioned previously, there is no cross-country financing programs that would cater to

the needs of SMEs working and operating in several countries

Impact

Provide empirical evidence of your proposed solution's success/impact at present. If your project is in the idea phase, please provide evidence that speaks to its potential impact

We are currently working with a pilot company that needs this cross national financing. They have one company in Lebanon employing some 25 persons, one company in France with about 5 employees and one company in the USA with 8 employees. They propose internet, e-commerce based turnkey solutions with proprietary platforms. Every company across the different countries brings an added value to the whole chain. They complement each other and strengthen the whole offering.

In order to develop its activity, the head company (as a whole) needs to finance its 3 entities. As such it is hard to find the proper stream of financing across the different countries. We are proposing to help them get these financing with institutions on the 3 continents that would understand how the others are functioning

How many firms do you expect to reach?

If we could reach 20 companies that have at least one subsidiary outside their home country, we would reach at least 40 companies

What is the volume of private SME finance you aim to catalyze?

We would look at a maximum of \$1m per string of companies (head + subsidiaries) for a total of \$20m.

What time frame will be required to reach these targets?

There are 2 time factors involved: the identification of companies that would fit the financing scheme and the development of financial institutions that would be part of the plan. We would look into a time frame of about 24 months

Does your solution seek to have an impact on public policy?

No

What would prevent your solution from being a success?

If financing institutions mistrust each other to be part of the program this would be a major issue for the success of the solution

Sustainability

List all the funding sources that are required for the sustainability of this solution

Debt funding institutions: Kafalat, OSEO, SBA, banks, OPIC, etc.

Equity funding institutions: Lebanese Business Angels, other angel network, VC funds, etc.

Demonstrate how your proposed solution has the capacity to graduate from dependence on public finance. What is the time frame?

This is country dependent. In Lebanon, for instance, Kafalat is a commercial entity. In France, institutions such as OSEO are public. However, because some of the funders are equity based (angels, VC funds, etc.), there is no real dependence on public finance. Right from the start, it may not be dependent on public finance.

Demonstrate how your proposed solution will survive a potential loss of its largest private funding source

The objective of the BICP is to diversify the financing of the SME across the different funders so that the risk and exposure is diversified. Every country will always have financing institutions thus, the more expanded the network is, the less threaten it would be if one of the funders pull out.

Please tell us what kind of partnerships, if any, could be critical to the greater success and sustainability of your innovation

Proper training and information of recipient companies eligible in the program would ensure that they would understand how to manage this multi source financing as well as tackle all regulatory and laws issues that they may face by working across countries and benefiting such program.

Are there non-financial issues that could threaten the sustainability of your proposed solution?

One non-financial issue could be the lack of involvement from financing institutions.

Please tell us if your proposed solution aims to scale up through a high growth sector, expand immediately to multiple sectors, and/or scale up geographically

De facto we are looking at high growth sectors, multiple sectors and international reach

Source URL: <https://www.changemakers.com/SME-Finance/entries/bader-international-co-financing-program-bicp#comment-0>